

# Consolidated Business Results for FY 2007

April 24, 2007

Name of listed company: JSR Corporation

Code #4185

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Date of shareholders' meeting: June 15, 2007

Date of the release of Asset Securities Report: June 15, 2007

Date of the start of Dividend Payment: June 18, 2007

Head Office: Tokyo, Japan

(URL <http://www.jsr.co.jp>)

## 1. Consolidated Business Results for FY2007 (April 1, 2006 to March 31, 2007)

### (1) Consolidated Operating Results (Figures are rounded down to the nearest million.)

|        | Net sales       |      | Operating income |      | Ordinary income |      | Net income      |      |
|--------|-----------------|------|------------------|------|-----------------|------|-----------------|------|
|        | Millions of Yen | %    | Millions of Yen  | %    | Millions of Yen | %    | Millions of Yen | %    |
| FY2007 | 365,831         | 8.2  | 55,242           | 3.5  | 54,719          | 3.3  | 33,654          | 10.1 |
| FY2006 | 338,159         | 10.7 | 53,357           | 17.7 | 52,980          | 20.2 | 30,554          | 10.9 |

|        | Net income per share | Net income per share after latent share adjustment | Return on Equity | Ordinary income/total assets | Operating Margine |
|--------|----------------------|--|------------------|------------------------------|-------------------|
|        | Yen                  | Yen  | %                | %                            | %                 |
| FY2007 | 133.10               | 133.06   | 15.0             | 13.9                         | 15.1              |
| FY2006 | 119.63               | 119.61   | 15.5             | 15.0                         | 15.8              |

Note: Equity in earnings of affiliated companies: 1,438 million yen for FY2007; 1,718 million yen for FY2006

### (2) Consolidated Financial Position

|        | Total assets    | Net assets      | Shareholders' equity/ Total assets | Net Assets per share |
|--------|-----------------|-----------------|------------------------------------|----------------------|
|        | Millions of Yen | Millions of Yen | %                                  | Yen                  |
| FY2007 | 408,949         | 239,986         | 57.5                               | 932.47               |
| FY2006 | 381,096         | 212,750         | 55.8                               | 836.31               |

Note: Shareholders' equity: 235,186 millions yen for FY2007; - million yen for FY2006

### (3) Consolidated Statement of Cash Flows

|        | Cash flows from operating activities | Cash flows from investment activities | Cash flows from financing activities | Cash and cash equivalents at end of year |
|--------|--------------------------------------|---------------------------------------|--------------------------------------|--|
|        | Millions of Yen                      | Millions of Yen                       | Millions of Yen                      | Millions of Yen                          |
| FY2007 | 46,471                               | 30,363                                | 23,776                               | 53,655                                   |
| FY2006 | 44,881                               | 26,015                                | 5,160                                | 60,845                                   |

## 2. Dividend

| Date of standard   | dividend per share |          |       | Total dividend paid (Annual) | Dividend payout ratio (Consolidated) | Dividend on equity (Consolidated) |
|--------------------|--------------------|----------|-------|------------------------------|--------------------------------------|-----------------------------------|
|                    | Inerim             | Year-end | Total |                              |                                      |                                   |
|                    | yen                | yen      | yen   | Millions of Yen              | %                                    | %                                 |
| F Y 2007           | 12.00              | 12.00    | 24.00 | 6,053                        | 18.0                                 | 2.7                               |
| F Y 2006           | 10.00              | 10.00    | 20.00 | 5,084                        | 16.7                                 | 206.0                             |
| F Y 2008(Forecast) | 14.00              | 14.00    | 28.00 |                              | 20.5                                 |                                   |

## 3. Forecast for FY 2008 (April 1, 2007 to March 31, 2008)

|                  | Net sales       |     | Operating income |     | Ordinary income |     | Net income      |      | Net income per share |
|------------------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|------|----------------------|
|                  | Millions of Yen | %   | Millions of Yen  | %   | Millions of Yen | %   | Millions of Yen | %    | Yen                  |
| 1st half, FY2008 | 192,000         | 7.2 | 26,500           | 3.6 | 26,500          | 3.8 | 15,500          | 10.3 | 61.45                |
| Full FY2008      | 397,000         | 8.5 | 56,000           | 1.4 | 56,000          | 2.3 | 34,500          | 2.5  | 136.79               |

## 4. Others

(1) Change in scope of Consolidation: None

(2) Change in Accounting Policies

① Change due to the Modification in Accounting Method: Yes

② Any other changes: None

(3) Number of shares Issued as of the End of the Term (common stock):

① Number of shares Issued (Including Treasury Stock): 255,855,166 for FY2007; 255,885,166 for FY2006

② Number of Treasury Stock at the End of the Term: 3,664,774 for FY2007; 1,663,063 for FY2006

Reference: Financial Summary (Non-consolidated)

1. Non-consolidated Financial Business Results for FY2007 (April 1, 2006 to March 31, 2007)

|        | Net sales       |      | Operating income |      | Ordinary income |      | Net income      |     |
|--------|-----------------|------|------------------|------|-----------------|------|-----------------|-----|
|        | Millions of Yen | %    | Millions of Yen  | %    | Millions of Yen | %    | Millions of Yen | %   |
| FY2007 | 249,812         | 7.5  | 42,889           | 0.4  | 45,596          | 2.2  | 29,216          | 6.4 |
| FY2006 | 232,315         | 13.3 | 43,080           | 17.3 | 44,621          | 17.8 | 27,463          | 9.2 |

|        | Net income per share |  | Net income per share after latent share adjustment |  |
|--------|----------------------|--|--|--|
|        | Yen                  |  | Yen  |  |
| FY2007 | 115.55               |  | 115.51   |  |
| FY2006 | 107.74               |  | 107.72   |  |

(2) Financial Position

|        | Total assets    |  | Net assets      |  | Shareholders' equity/ Total assets | Net Assets per share |
|--------|-----------------|--|-----------------|--|------------------------------------|----------------------|
|        | Millions of Yen |  | Millions of Yen |  | %                                  | Yen                  |
| FY2007 | 348,731         |  | 208,189         |  | 59.7                               | 825.15               |
| FY2006 | 329,629         |  | 190,992         |  | 57.9                               | 750.99               |

Note: Shareholders' equity: 208,119 millions yen for FY2007; - million yen for FY2006

2. Forecast for FY 2008 (April 1, 2007 to March 31, 2008)

|                  | Net sales       |     | Operating income |     | Current income  |     | Net income      |     | Net income per share |
|------------------|-----------------|-----|------------------|-----|-----------------|-----|-----------------|-----|----------------------|
|                  | Millions of Yen |     | Millions of Yen  |     | Millions of Yen |     | Millions of Yen |     | Yen                  |
| 1st half, FY2008 | 131,000         | 6.7 | 22,000           | 4.8 | 23,500          | 1.7 | 15,000          | 2.5 | 59.47                |
| Full FY2008      | 272,000         | 8.9 | 45,000           | 4.9 | 48,000          | 5.3 | 31,000          | 6.1 | 122.91               |

\* Since the above forecast is prepared based on judgements from information currently available, it includes a variety of uncertain factors.

Actual business results may differ from the above forecast figures, depending on the economic status of the market surrounding the company.

## 2 . Consolidated Balance Sheet for FY2007

(Unit: Millions of Yen)

|   | March FY2006           | March FY2007           | Increase/decrease |
|---|------------------------|------------------------|-------------------|
|   | (As of March 31, 2006) | (As of March 31, 2007) |                   |
| Assets  |                        |                        |                   |
| Current assets                                    | ( 231,065 )            | ( 249,238 )            | ( 18,173 )        |
| Cash and deposits                                 | 25,520                 | 15,586                 | 9,934             |
| Notes and accounts receivable                     | 78,315                 | 93,340                 | 15,024            |
| Marketable securities                             | 35,355                 | 38,418                 | 3,063             |
| Inventories                                       | 60,186                 | 67,220                 | 7,033             |
| Deferred tax assets                               | 4,528                  | 5,073                  | 544               |
| Other current assets                              | 27,303                 | 24,691                 | 4,034             |
| Allowance for bad debt                            | 145                    | 97                     | 1,641             |
| Non-current assets                                | ( 150,031 )            | ( 159,710 )            | ( 9,678 )         |
| Tangible assets                                   | 92,011                 | 98,182                 | 6,170             |
| Building and structures                           | 27,704                 | 29,206                 | 1,501             |
| Machinery, equipment and transportation equipment | 37,975                 | 36,971                 | 1,003             |
| Land  | 17,109                 | 16,957                 | 151               |
| Construction in progress                          | 2,585                  | 7,580                  | 4,994             |
| Others  | 6,637                  | 7,466                  | 828               |
| Intangible assets                                 | 6,130                  | 5,712                  | 417               |
| Investment and other non-current assets           | 51,889                 | 55,815                 | 3,926             |
| Investment securities                             | 44,545                 | 44,306                 | 238               |
| Long-term loans receivable                        | 2,762                  | 4,726                  | 1,964             |
| Deferred tax assets                               | 2,177                  | 2,462                  | 284               |
| Others  | 2,572                  | 4,505                  | 1,933             |
| Allowance for doubtful accounts                   | 168                    | 185                    | 16                |
| Total assets                                      | 381,096                | 408,949                | 27,852            |

## 2 . Consolidated Balance Sheet for FY2007

(Unit: Millions of Yen)

|   | March FY2006<br>(As of March 31, 2006) | March FY2007<br>(As of March 31, 2007) | Increase/decrease |
|---|--|--|-------------------|
| <b>Liabilities</b>  |  |  |                   |
| Current liabilities   | ( 138,654 )                            | ( 142,100 )                            | ( 3,445 )         |
| Notes and accounts payable  | 78,462                                 | 87,952                                 | 9,489             |
| Short-term loan payable   | 19,277                                 | 15,523                                 | 3,753             |
| Long-term debt due within one year                                      | 10,000                                 | -                                      | 10000             |
| Income taxes payable  | 10,975                                 | 10,794                                 | 180               |
| Other current liabilities   | 19,938                                 | 27,828                                 | 7,890             |
| Non-current liabilities   | ( 25,735 )                             | ( 26,862 )                             | ( 1,127 )         |
| Long-term loans payable   | 1,607                                  | 2,745                                  | 1,138             |
| Reserve for retirement benefits   | 13,921                                 | 14,782                                 | 860               |
| Allowance for environmental expenses                                    | 3,093                                  | 3,294                                  | 200               |
| Deferred tax liabilities  | 4,537                                  | 3,290                                  | 1246              |
| Other current liabilities   | 2,575                                  | 2,750                                  | 4,573             |
| <b>Total liabilities</b>  | <b>164,389</b>                         | <b>168,962</b>                         | <b>10,751</b>     |
| Minority interests  | 3,957                                  | -                                      | -                 |
| <b>Shareholders' equity</b>   |  |  |                   |
| Common stock  | ( 23,320 )                             | ( - )                                  | ( - )             |
| Additional paid-in capital  | ( 25,179 )                             | ( - )                                  | ( - )             |
| Retained earnings   | ( 155,433 )                            | ( - )                                  | ( - )             |
| Difference from securities revaluation                                  | ( 11,151 )                             | ( - )                                  | ( - )             |
| Account for exchange rate adjustments                                   | ( 564 )                                | ( - )                                  | ( - )             |
| Treasury stock  | ( 2,898 )                              | ( - )                                  | ( - )             |
| <b>Total shareholders' equity</b>                                       | <b>212,750</b>                         | <b>-</b>                               | <b>-</b>          |
| <b>Total liabilities, minority interests, and shareholder's equity.</b> | <b>381,096</b>                         | <b>-</b>                               | <b>-</b>          |
| <b>Net assets</b>   |  |  |                   |
| Shareholders' equity  | -                                      | ( 223,573 )                            | -                 |
| Common stock  | -                                      | 23,320                                 | -                 |
| Additional paid-in capital  | -                                      | 25,179                                 | -                 |
| Retained earnings   | -                                      | 183,374                                | -                 |
| Treasury stock  | -                                      | 8,299                                  | -                 |
| Adjustments for valuation, foreign currency translation and others      | -                                      | ( 11,612 )                             | -                 |
| Difference from securities revaluation                                  | -                                      | 10,087                                 | -                 |
| Account for exchange rate adjustments                                   | -                                      | 1,525                                  | -                 |
| Stock acquisition right   | -                                      | ( 70 )                                 | -                 |
| Minority interests  | -                                      | ( 4,729 )                              | -                 |
| <b>Total net assets</b>   | <b>-</b>                               | <b>239,986</b>                         | <b>-</b>          |
| <b>Total liabilities and total net assets</b>                           | <b>-</b>                               | <b>408,949</b>                         | <b>-</b>          |

## 3. Consolidated Income Statement for FY2007

(Unit: Millions of Yen)

|  | <b>March FY2006</b><br>(April 1, 2005 to<br>March 31, 2006) | <b>March FY2007</b><br>(April 1, 2006 to<br>March 31, 2007) | <b>Increase/decrease</b> |
|--|---|---|--------------------------|
| Sales  | 338,159   | 365,831   | 27,671                   |
| Cost of sales                                  | 230,011   | 252,752   | 22,740                   |
| Gross profit on sales                          | 108,148   | 113,078   | 4,930                    |
| General sales and administrative expenses      | 54,790  | 57,835  | 3,044                    |
| Operating income                               | 53,357  | 55,242  | 1,885                    |
| Non-operating income                           | ( 5,272 )   | ( 5,434 )   | ( 161 )                  |
| Interest and dividend income                   | 635   | 1,030   | 395                      |
| Investment income according to equity method   | 1,718   | 1,438   | 279                      |
| Other non-operating income                     | 2,918   | 2,965   | 46                       |
| Non-operating expenses                         | ( 5,649 )   | ( 5,958 )   | ( 308 )                  |
| Interest charges                               | 420   | 398   | 21                       |
| Other non-operating expenses                   | 5,229   | 5,559   | 330                      |
| Current income                                 | 52,980  | 54,719  | 1,738                    |
| Extraordinary income                           | ( 30 )  | ( 227 )   | ( 196 )                  |
| Gains on sale of non-current assets            | 30  | 227   | 196                      |
| Extraordinary losses                           | ( 3,973 )   | ( 1,505 )   | ( 2,467 )                |
| Loss from disposal of non-current assets       | 299   | 843   | 544                      |
| Loss from disposal of asbestos                 | -   | 460   | 460                      |
| Loss on allowance for environmental expenses   | 3,093   | 201   | 2,892                    |
| Impairment losses                              | 579   | -   | 579                      |
| Net income before tax for the current quarter  | 49,037  | 53,440  | 4,402                    |
| Corporate tax, resident tax and enterprise tax | 19,222  | 20,127  | 905                      |
| Adjustment of income tax                       | 1,486   | 1,136   | 350                      |
| Minority interests                             | 747   | 794   | 46                       |
| Net income for the current quarter             | 30,554  | 33,654  | 3,099                    |