

## Consolidated Business Results for 3rd Quarter of FY 2007

January 29, 2007

Name of listed company: JSR Corporation

Stock Exchange: Tokyo and Osaka, Japan

Code #: 4185

Head Office: Tokyo, Japan

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### 1. Statements regarding preparation of quarterly financial information, etc:

- Is a simple method used for financial processing?  
Yes. We calculate tax expenses by a simple method.
- Has the financial process changed recently from a consolidated fiscal year?  
No.
- Has the scope for consolidation and application of the Equity Laws been changed?  
No.

### 2. Consolidated business and financial position for 3rd quarter of March 2007 term (April 1, 2006 to December 31, 2006)

(1). Progress of consolidated business results (Note: Figures are rounded down to the nearest million.)

|                          | Net sales       |      | Operating income |      | Current income  |      | Net income for current quarter |      |
|--------------------------|-----------------|------|------------------|------|-----------------|------|--------------------------------|------|
|                          | Millions of Yen | %    | Millions of Yen  | %    | Millions of Yen | %    | Millions of Yen                | %    |
| 3rd quarter March FY2007 | 287,832         | 9.8  | 42,641           | 5.3  | 42,092          | 3.1  | 25,743                         | 3.5  |
| 3rd quarter March FY2006 | 250,269         | 10.2 | 40,502           | 23.3 | 40,824          | 24.4 | 24,866                         | 19.8 |
| (Reference) March FY2006 | 338,159         | 10.7 | 53,357           | 17.7 | 52,980          | 20.2 | 30,554                         | 10.9 |
|                          |                 |      |                  |      |                 |      |                                |      |

|                          | Net income per share (for current quarter) | Net income per share after latent share adjustment |
|--------------------------|--|--|
|                          | Yen  | Yen  |
| 3rd quarter March FY2007 | 101.74                                     | 101.70   |
| 3rd quarter March FY2006 | 97.81                                      | 97.79  |
| (Reference)March FY2006  | 119.63                                     | 119.61   |

(Note) % for net sale, operating income, etc. shows the rate of increase/decrease year-on-year.

## (2). Consolidated Financial Position

|                                      | Total assets    | Shareholders' equity | Shareholders' equity per total assets | Shareholders' equity per share |
|--------------------------------------|-----------------|----------------------|---------------------------------------|--------------------------------|
|                                      | Millions of Yen | Millions of Yen      | %                                     | Yen                            |
| 3rd quarter March FY2007             | 404,922         | 232,149              | 56.2                                  | 902.33                         |
| 3 <sup>rd</sup> quarter March FY2006 | 373,695         | 206,035              | 55.1                                  | 810.45                         |
| (Reference) March FY2006             | 381,096         | 212,750              | 55.8                                  | 836.31                         |

## **3. Consolidated statement of cash flow**

|                          | Cash flow from operating activities | Cash flow from investment activities | Cash flow from financing activities | Cash and cash equivalent at year end |
|--------------------------|-------------------------------------|--------------------------------------|-------------------------------------|--------------------------------------|
|                          | Millions of Yen                     | Millions of Yen                      | Millions of Yen                     | Millions of Yen                      |
| 3rd quarter March FY2007 | 24,857                              | △17,883                              | △12,588                             | 55,543                               |
| 3rd quarter March FY2006 | 23,843                              | △14,211                              | △4,981                              | 51,610                               |
| (Reference) March FY2006 | 44,881                              | △26,015                              | △5,160                              | 60,845                               |

## 1. Consolidated Income Statement for 3rd quarter of FY2007

(Unit: Millions of Yen)

|   | 3rd Quarter of<br>March FY2006<br>(April 1, 2005 to<br>Dec. 31, 2005) | 3rd Quarter of<br>March FY2007<br>(April 1, 2006 to<br>Dec. 31, 2006) | Increase/decrease | March FY2006<br>(April 1, 2005 to<br>March 31, 2006) |
|---|---|---|-------------------|--|
| Sales   | 250,269   | 274,832   | 24,563            | 338,159  |
| Cost of sales                                   | 168,654   | 189,295   | 20,641            | 230,011  |
| Gross profit on sales                           | 81,614  | 85,537  | 3,922             | 108,148  |
| General sales and administrative expenses       | 41,112  | 42,896  | 1,784             | 54,790   |
| Operating income                                | 40,502  | 42,641  | 2,138             | 53,357   |
| Non-operating income                            | ( 4,236 )   | ( 4,026 )   | ( △ 209 )         | ( 5,272 )  |
| Interest and dividend income                    | 486   | 791   | 305               | 635  |
| Investment income according to equity<br>method | 1,328   | 1,067   | △ 260             | 1,718  |
| Other non-operating income                      | 2,420   | 2,167   | △ 253             | 2,918  |
| Non-operating expenses                          | ( 3,913 )   | ( 4,575 )   | ( 661 )           | ( 5,649 )  |
| Interest charges                                | 324   | 312   | △ 11              | 420  |
| Other non-operating expenses                    | 3,589   | 4,262   | 673               | 5,229  |
| Current income                                  | 40,824  | 42,092  | 1,267             | 52,980   |
| Extraordinary income                            | ( 30 )  | ( 227 )   | ( 196 )           | ( 30 )   |
| Gains on sale of non-current assets             | 30  | 227   | 196               | 30   |
| Extraordinary losses                            | ( 650 )   | ( 1,483 )   | ( 833 )           | ( 3,973 )  |
| Loss from disposal of non-current assets        | 70  | 843   | 773               | —  |
| Loss from disposal of asbestos                  | —   | 438   | 438               | 299  |
| Loss on allowance for environmental<br>expenses | —   | 201   | 201               | 3,093  |
| Impairment losses                               | 579   | —   | △ 579             | 579  |
| Net income before tax for the current quarter   | 40,204  | 40,835  | 630               | 49,037   |
| Corporate tax, resident tax and enterprise tax  | 15,096  | 14,591  | △ 504             | 19,222   |
| Adjustment of income tax                        | △ 398   | △ 119   | 279               | △ 1,486  |
| Minority interests                              | 640   | 619   | △ 20              | 747  |
| Net income for the current quarter              | 24,866  | 25,743  | 877               | 30,554   |

## 2. Consolidated Balance Sheet for 3rd quarter of FY2007

(Unit: Millions of Yen)

|   | March FY2006<br>(As of March 31, 2006) | 3rd Quarter<br>March FY2007<br>(As of Dec. 31, 2006) | Increase/decrease | 3rd Quarter<br>March FY2006<br>(As of Dec. 31, 2005) |
|---|--|--|-------------------|--|
| <b>Assets</b>   |  |  |                   |  |
| Current assets  | ( 231,065 )                            | ( 251,363 )  | ( 20,298 )        | ( 233,548 )  |
| Cash and deposits   | 25,520                                 | 19,374   | △ 6,146           | 26,122   |
| Notes and accounts receivable   | 78,315                                 | 96,123   | 17,807            | 86,938   |
| Marketable securities   | 35,355                                 | 36,366   | 1,011             | 25,518   |
| Inventories   | 60,186                                 | 66,160   | 5,973             | 61,357   |
| Other current assets  | 31,831                                 | 33,437   | 1,605             | 33,750   |
| Allowance for bad debt  | △ 145                                  | △ 97   | 47                | △ 137  |
| Non-current assets  | ( 150,031 )                            | ( 153,559 )  | ( 3,527 )         | ( 140,146 )  |
| Tangible assets   | 92,011                                 | 93,770   | 1,758             | 87,778   |
| Intangible assets   | 6,130                                  | 5,796  | △ 334             | 3,241  |
| Investment and other non-current assets                                 | 51,889                                 | 53,992   | 2,103             | 49,126   |
| Investment securities   | 44,545                                 | 43,801   | △ 743             | 42,566   |
| Others  | 7,512                                  | 10,358   | 2,846             | 6,725  |
| Allowance for doubtful accounts   | △ 168                                  | △ 168  | 0                 | △ 165  |
| <b>Total assets</b>   | <b>381,096</b>                         | <b>404,922</b>                                       | <b>23,825</b>     | <b>373,695</b>                                       |
| <b>Liabilities</b>  |  |  |                   |  |
| Current liabilities   | ( 138,654 )                            | ( 144,551 )  | ( 5,897 )         | ( 129,309 )  |
| Notes and accounts payable  | 78,462                                 | 85,785   | 7,322             | 87,863   |
| Short-term loan payable   | 19,277                                 | 16,757   | △ 2,520           | 18,742   |
| Long-term debt due within one year                                      | 10,000                                 | 10,000   | —                 | —  |
| Other current liabilities   | 30,913                                 | 32,009   | 1,095             | 22,703   |
| Non-current liabilities   | ( 25,735 )                             | ( 28,221 )   | ( △ 2,486 )       | ( 34,523 )   |
| Bonds payable   | —                                      | —  | —                 | 10,000   |
| Long-term loans payable   | 1,607                                  | 2,668  | 1,061             | 2,497  |
| Reserve for retirement benefits   | 13,921                                 | 15,016   | 1,094             | 14,314   |
| Allowance for environmental expenses                                    | 3,093                                  | 3,294  | 201               | —  |
| Other current liabilities   | 7,112                                  | 7,242  | 129               | 7,712  |
| <b>Total liabilities</b>  | <b>164,389</b>                         | <b>172,773</b>                                       | <b>8,384</b>      | <b>163,833</b>                                       |
| Minority interests  | 3,827                                  | —  | —                 | 3,827  |
| <b>Shareholders' equity</b>   |  |  |                   |  |
| Common stock  | ( 23,320 )                             | ( — )  | ( — )             | ( 23,320 )   |
| Additional paid-in capital  | ( 25,179 )                             | ( — )  | ( — )             | ( 25,179 )   |
| Retained earnings   | ( 155,433 )                            | ( — )  | ( — )             | ( 149,744 )  |
| Difference from securities revaluation                                  | ( 11,151 )                             | ( — )  | ( — )             | ( 10,712 )   |
| Account for exchange rate adjustments                                   | ( 564 )                                | ( — )  | ( — )             | ( △ 26 )   |
| Treasury stock  | ( △ 2,898 )                            | ( — )  | ( — )             | ( △ 2,894 )  |
| <b>Total shareholders' equity</b>                                       | <b>212,750</b>                         | <b>—</b>   | <b>—</b>          | <b>206,035</b>                                       |
| <b>Total liabilities, minority interests, and shareholder's equity.</b> | <b>381,096</b>                         | <b>—</b>   | <b>—</b>          | <b>373,695</b>                                       |
| <b>Net assets</b>   |  |  |                   |  |
| Shareholders' equity  | —                                      | ( 215,666 )  | —                 | —  |
| Common stock  | —                                      | 23,320   | —                 | —  |
| Additional paid-in capital  | —                                      | 25,179   | —                 | —  |
| Retained earnings   | —                                      | 175,462  | —                 | —  |
| Treasury stock  | —                                      | △ 8,295  | —                 | —  |
| Adjustments for valuation, foreign currency translation and others      | —                                      | ( 11,920 )   | —                 | —  |
| Stock acquisition right   | —                                      | ( 43 )   | —                 | —  |
| Minority interests  | —                                      | ( 4,518 )  | —                 | —  |
| <b>Total net assets</b>   | <b>—</b>                               | <b>232,149</b>                                       | <b>—</b>          | <b>—</b>   |
| <b>Total liabilities and total net assets</b>                           | <b>—</b>                               | <b>404,922</b>                                       | <b>—</b>          | <b>—</b>   |