JSR Corporation
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Consolidated Business Results for FY2009

April 27, 2009

Name of listed company: JSR Corporation
Stock Exchange: Tokyo and Osaka
Code # 4185
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Expected date of the shareholders' meeting: June 16, 2009
Expected date of the release of Asset Security Report: June 16, 2009
Expected date of dividend payment: June 17, 2009

（Figures are rounded down to the nearest million）

1. Consolidated Business Results for FY2009 (April 1, 2008 to march 31, 2009）

(1) Consolidated Operating Results

（% implies the rate of increase/decrease year-on-year）

	Net sales		Operating income		Current income		Current net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2009	352,502	△13.4	30,347	△49.4	31,111	△44.5	13,981	△62.2
FY2008	406,967	11.2	60,010	8.6	56,063	2.5	36,994	9.9

	Net income per share	Net income per share after latent share adjustment	Current net income/capital equity	Current income/total assets	Current income/net sales
	Yen	Yen	%	%	%
FY2009	56.36	56.31	5.7	8.2	8.6
FY2008	147.26	147.19	15.2	13.6	14.7

Note: Equity in earnings of affiliated companies: 1,149 million yen for FY2009; 1,248 million yen for FY2008.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2009	339,497	241,985	71.0	986.33
FY2008	416,950	257,662	60.6	1,009.27

Note: Equity capital: 240,896 million yen for FY2009, 252,538 million yen for FY2008

(3) Consolidated Statement of Cash Flows

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalent at end of year
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
FY2009	33,920	△36,464	△19,152	37,125
FY2008	53,890	△32,239	△13,400	61,724

2. Status of Distribution

	Dividend per share			Total dividend (Year)	Dividend ratio (Consolidated)	Net asset dividend rate (Consolidated)
(Reference Date)	Interim term end	Term end	Full year			
	Yen	Yen	Yen	Millions of Yen	%	%
FY2009	16.00	16.00	32.00	7,863	56.8	3.2
FY2008	16.00	16.00	32.00	8,020	21.7	3.3
FY2010 (Expected)	13.00	13.00	26.00		63.5	

3. Forecast results for FY2008 (April 1, 2008 to March 31, 2009)

（Note: % for full year and interim term implies the rate of increase/decrease year-on-year and term-on-term, respectively)

	Net sales		Operating income		Current income		Current net income		Current net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
1st half, FY2010	135,000	△35.1	1,500	△94.	1,500	△94.6	△1,500	—	△6.14
Full FY2010	290,000	△17.7	15,000	△50.	16,000	△48.6	10,000	△28.5	40.94

4. Others

(1) Changes to major subsidiaries during the current fiscal year (changes to subsidiaries during the current fiscal year, accompanied by the scope of consolidation): N/A

(2) Changes to accounting principles, procedures, and presentation when preparing consolidated financial statements (changes to Fundamental Information for Preparing Consolidated Interim Financial Statement)
i A. Changes accompanying the revision of accounting standards: Applied
ii Changes other than A: N/A
(Note) For the details, please refer to "Fundamental information for preparing consolidated financial statements" on page 25.

(3) Number of shares issued (common shares)
i The number of shares issued at the end of the fiscal year (including own shares)
FY2009 255,885,166 shares FY2008 255,885,166 shares
ii The number of own shares
FY2009 11,648,666 shares FY2008 5,666,693 shares
(Note) For the number of shares used as the basis for calculating the current net income per share (consolidated), please refer to "Information per share" on page-35.

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for FY2008 (April 1, 2008 to March 31, 2009)

(1) Non-consolidated operating results (Note: % refers to the rate of increase/decrease year-on-year)

	Sales		Operating income		Current income		Current net income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
FY2009	230,952	△16.9	20,448	△55.4	22,777	△49.2	9,858	△66.7
FY2008	278,057	11.3	45,892	7.0	44,856	△1.6	29,601	1.3

	Current net income per share	After latent share adjustment (Current net income per share)
	Yen	Yen
FY2009	39.74	39.71
FY2008	117.83	117.77

(2) Non-consolidated financial position

	Total assets	Net assets	Capital equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2009	290,249	209,650	72.1	857.12
FY2008	353,700	220,329	62.2	879.77

(Reference) Equity capital 209,340 million yen for FY2009, 220,135 million yen for FY2008

Descriptions herein concerning the future information including estimated business results are based on information that we are currently available and assumptions that we determined reasonable. Thus, actual results can greatly vary due to various factors.

1. Operating Results

1) Analysis of Operating Results

Operating Results for FY2009, ended March 31, 2009

The Japanese economy experienced a downturn in export growth and GDP that, along with such concerns as the price hike in crude oil, increased uncertainty for the first half of fiscal 2009. For the second half of fiscal 2009, the global financial crisis lowered stock prices worldwide and triggered a rise in the yen. As a result of the substantially negative impact on real economy, including a rapid slowdown of the global economy, the Japanese economy entered an unprecedented, serious recession phase.

In major industries, where JSR Group's products are in demand, demand for automobiles, tires, paper manufacture, semiconductors, and flat panel displays (FPDs) declined rapidly on a global scale from the second half of fiscal 2009, and an extensive adjustment in production was required.

Under these conditions, for the first half of fiscal 2009 in the Petrochemicals Business, prices of major raw materials continued to rise—mainly due to the price hike in crude oil. Additionally, as production at ethylene centers was reduced, our procurement of raw materials was restricted. Under such severe circumstance, we aimed to stabilize earnings and made efforts to raise prices to improve profitability and secure major raw materials. In the Fine Chemicals and Other Products Business, centering on information electronics materials, we continued to launch cutting-edge materials to further grow our business, with a focus on business development in the global market.

In the second half of fiscal 2009, in response to the sudden deterioration of the business environment, all JSR Group companies jointly implemented emergency measures to maintain earnings in both the Petrochemicals Business and the Fine Chemicals and Other Products Business, with a focus on cutting fixed costs. However, sales fell drastically due to the sharp and substantial decrease in demand, resulting in an extensive decline in earnings.

For these reasons, consolidated net sales for fiscal 2009 fell 13.4% year-on-year to 352.502 billion yen. Operating income decreased 49.4% to 30.347 billion yen. Current income dropped 44.5% to 31.111 billion yen. Net sales declined 62.2% to 13.981 billion yen. Both sales and income decreased in fiscal 2009.

(Unit: Millions of yen)

Business Segment	FY2008		FY2009		Increase/decrease	
	Sales	Proportion	Sales	Proportion	Sales	Proportion
Elastomers	128,952	31.7%	117,855	33.4%	△11,097	△8.6%
Emulsions	26,993	6.6%	23,432	6.7%	△3,560	△13.2%
Plastics	68,844	16.9%	64,829	18.4%	△4,015	△5.8%
Fine Chemicals and Other Products	182,176	44.8%	146,385	41.5%	△35,791	△19.6%
Total	406,967	100.0%	352,502	100.0%	△54,464	△13.4%

Sales in Japan	240,577	59.1%	208,956	59.3%	△31,620	△13.1%
Overseas sales	166,390	40.9%	143,546	40.7%	△22,844	△13.7%

	FY2008		FY2009		Increase/decrease	
	Amount	Income to sales	Amount	Income to sales	Amount	Income to sales
Operating income	60,010	14.7%	30,347	8.6%	△29,662	△49.4%
Current income	56,063	13.8%	31,111	8.8%	△24,951	△44.5%
Net income	36,994	9.1%	13,981	4.0%	△23,013	△62.2%

△ indicates a negative figure.

Outline of Segment Information

Elastomers Business

In the market for synthetic rubber in Japan, both volume and monetary sales of general-purpose synthetic rubber products, including styrene butadiene rubber (SBR) and polybutadiene rubber, fell below the level seen in the previous fiscal year, despite a price raise in response to the surge in raw material prices in the first half of fiscal 2009. This was because procurement of raw materials was restricted due to production adjustment at the ethylene center. Additionally, demand declined rapidly in line with the adjustment of production of automobile tires.

Both volume and monetary sales of special-purpose synthetic rubber, including nitrile rubber, ethylene propylene rubber, and butyl rubber, fell below the previous fiscal year's levels, despite a price rise in response to the increase in raw material prices in the first half of fiscal 2009. Major reasons for the fall included the sharp decrease in the production of automobiles, which began in the second half of fiscal 2009.

With regard to exports, both volume and monetary sales of general-purpose and special-purpose synthetic rubber fell below those of the previous fiscal year due to the suddenly reduced production of automobiles and tires.

For Japan and the export market, both volume and monetary sales of thermoplastic elastomers (TPE), including butadiene resin and styrene butadiene thermoplastic elastomers, fell below the previous fiscal year's levels. We made efforts to raise prices in the Japanese market in the first half of fiscal 2009, but demand declined in response to reduced production in the automobile and other major industries, where the JSR Group's products are in demand, from the second half of fiscal 2009. Additionally, demand for butadiene thermoplastic elastomers to be exported to Europe as well as Central and South America deteriorated sharply from the second half of fiscal 2009.

In respect of production, JSR attained the right to purchase 30,000 tons per year, or 50%, of products produced on production lines that have been newly constructed by a DOW company in Europe. The major purpose of obtaining this right was to respond to the mid-term growth in demand for solution-polymerized styrene butadiene rubber, which is to be used in fuel-cost efficient and highly-functional automobile tires. Additionally, we intend to diversify sources to procure raw materials. With this move, we will strive to further strengthen our supply system for high-quality products and promote our global business development based in Japan and Europe.

Earnings in this segment fell significantly below the level seen in the previous fiscal year, despite efforts to increase sales of value-added products and the promotion of the Cost-Reduction Plan "E-100 Projects." We raised prices in response to the price hike of raw materials in the first half of fiscal 2009 and executed Group-wide emergency measures so as to maintain earnings and further reduce costs in the second half of fiscal 2009. However, the rapid decline in demand had a significantly negative impact on earnings in this segment.

For these reasons, consolidated sales in the Elastomers Business decreased 8.6% year-on-year to 117.855 billion yen, and operating income fell 28.1% to 8.026 billion yen.

Elastomers Business (Unit: Millions of yen)

	FY2008	FY2009	Increase/decrease	%
Sales	128,952	117,855	△11,097	△8.6%
Operating income	11,168	8,026	△3,141	△28.1%
Operating income to sales	8.7%	6.8%	△1.9%	—

△ indicates a negative figure.

Emulsions Business

The usage amount of paper-coating latex, the JSR Group's key product in this segment, increased in the first half of fiscal 2009. This was because operations of newly added production lines began in rapid succession at coated paper manufacturers. However, from the second half of fiscal 2009, demand for coated paper decreased drastically. As a result, both volume and monetary sales of paper-coating latex fell below those of the previous year. Demand for acryl emulsion declined in the field of adhesives, centering on products used for building materials. For this reason, both volume and monetary sales of acryl emulsion were lower than the previous fiscal year.

To improve earnings, we promoted the Cost-Reduction Plan "E-100 Projects" and price-raising efforts in response to the surge of raw material prices in the first half of fiscal 2009. The entire Group united to execute emergency measures to maintain earnings with the aim for further cutting costs in the second half of fiscal 2009. However, earnings in this segment fell considerably below the previous year's level due to the extensively negative influence caused by a sudden decline in demand that lowered volume sales.

For these reasons, consolidated sales in the Emulsions Business fell 13.2% year-on-year to 23.432 billion yen, and operating income decreased 66.5% to 516 million yen.

Emulsions Business (Unit: Millions of yen)

	FY2008	FY2009	Increase/decrease	%
Sales	26,993	23,432	△3,560	△13.2%
Operating income	1,542	516	△1,025	△66.5%
Operating income to sales	5.7%	2.2%	△3.5%	—

△ indicates a negative figure.

Plastics Business

In Japan, sales of heat-resistant ABS, weather-resistant AES and ASA resins for automobiles showed healthy growth in the first half of fiscal 2009; however, from the second half of fiscal 2009, the production of automobiles and housing starts decreased. The negative impact of this induced a sharp decline in demand in the fields of automobiles, building materials, and home appliances. As a result, both volume and monetary sales fell below the previous fiscal year's levels.

For exports, both volume and monetary sales in this segment were slightly higher than the previous fiscal year, despite the steep decrease in demand from the second half of fiscal 2009. Major contributing factors included the expansion of sales in the amusement field. However, it was insufficient to cover the decline in sales in Japan, and both volume and monetary sales in the entire Plastics Business fell below the levels seen in the previous fiscal year.

JSR and Mitsubishi Chemical Corporation terminated their business tie-up regarding their joint venture, Techno Polymer Co., Ltd., a key JSR Group company in the Plastics

Business, effective March 31, 2009. JSR acquired the all 40% of shares Mitsubishi Chemical held in Techno Polymer to make Techno Polymer a wholly owned subsidiary. With this move, JSR will strive to strengthen its Plastics Business in pursuit of swifter decision-making and efficient utilization of management resources.

Earnings in this segment extensively declined year-on-year despite making efforts to promote the Cost-Reduction Plan “E-100 Projects” and raising prices in response to the rise in raw material prices. In the second half of fiscal 2009, all Group companies executed emergency measures to maintain earnings with efforts for further cost reduction. However, a sudden decrease in demand significantly lowered volume sales year-on-year.

For these reasons, consolidated sales in the Plastics Business fell 5.85% year-on-year to 64.829 billion yen, and operating income declined 56.6% to 1.308 billion yen.

Plastics Business (Unit: Millions of yen)

	FY2008	FY2009	Increase/decrease	%
Sales	68,844	64,829	△4,015	△5.8%
Operating income	3,012	1,308	△1,704	△56.6%
Operating income to sales	4.4%	2.0%	△2.4%	—

△ indicates a negative figure.

Fine Chemicals and Other Products Business

In the field of materials for semiconductor manufacture, sales of multi-layer materials increased extensively due to sales expansion efforts and an increase in demand following the startup of ArF immersion-exposure. However, sales of photoresists, the JSR Group’s key products in this segment, fell below the previous year’s level due to an adjustment of production on the part of end-users from the second half of fiscal 2009. Additionally, some major users faced financial problems, which induced an extensive decline in demand.

In September 2008, we opened a representative office in Singapore as a business base to market and sell cutting-edge materials, centering on materials for semiconductor manufacture, in Southeast Asia. Through these measures, the JSR Group will strive to further strengthen its competitiveness in the field of state-of-the-art materials.

In the field of flat panel display (FPD) materials, sales of liquid crystal display (LCD) materials showed steady growth in accordance with the expansion of markets for personal computers and liquid crystal TVs at the beginning of fiscal 2009. However, in the middle of the first half of fiscal 2009, demand, centering on personal computers, turned sluggish, and production of liquid crystal panels was reduced, and prices declined due to the imbalance in supply and demand. Moreover, from the second half of fiscal 2009, the worldwide recession further decreased consumption. For this reason, in the industries in which JSR Group's products are in demand, inventories were required to be adjusted to a large extent. Particularly in Japan and Taiwan, demand declined considerably, resulting in the decrease in sales year-on-year.

In the field of optical materials, sales of optical fiber coatings, the JSR Group's key product in this field, fell below that of the previous fiscal year. This was because investment in fiber cables was restricted in Japan. Additionally, demand for optical fibers for export declined from the second half of fiscal 2009, although it was favorable in the first half of fiscal 2009.

Sales of antireflective coatings and surface-protective coatings exceeded the previous fiscal year's level, despite a sudden decline of demand in the second half of fiscal 2009. This was because the JSR Group's products were newly adopted in the field of value-added products to accommodate the trend in high-definition flat-screen TVs.

Sales of the heat-resistant transparent resin Arton® fell below that of previous fiscal year despite positive progress in the fields of resin sales and precision processing. This was due to fierce competition in the field of optical film, which is a major industry where the JSR Group's products are in demand. Additionally, demand decreased in the second half of fiscal 2009.

Earnings in this segment extensively fell below the previous fiscal year's level despite efforts to increase sales of differentiated products and to promote the Cost-Reduction Plan "E-100 Projects" against intensifying pressure for price reduction due to the price decline of products in the major industries where JSR Group's products are in demand. In the second half of fiscal 2009, all JSR Group companies conducted emergency measures to maintain earnings through further cost reduction efforts. However, a steep decrease in demand had a significantly negative influence on volume sales in this segment.

For these reasons, consolidated sales in the Fine Chemicals and Other Products Business decreased 19.6% year-on-year to 146.385 billion yen, and operating income fell 53.7% to 20.496 billion yen.

Fine Chemicals and Other Products Business (Unit: Millions of yen)

	FY2008	FY2009	Increase/decrease	%
Sales	182,176	146,385	△35,791	△19.6%
Operating income	44,287	20,496	△23,791	△53.7%
Operating income to sales	24.3%	14.0%	△10.3%	—

△ indicates a negative figure.

Outlook for FY2010

The Japanese economy for fiscal 2010 is anticipated to continue to face a severe situation under the worldwide recession, following fiscal 2009. Demand is likely to reduce in accordance with a cooling global economy. The deterioration of corporate earnings is estimated to have a comprehensively negative impact on consumer spending. Particularly in the major industries that use our products, demand for automobiles, tires, paper manufacture, semiconductors, and FPDs is anticipated to continue to be sluggish and to require time to recover.

Under these circumstances, we reviewed the actual results for the first half of the medium-term business plan, “JUMP 2010.” This plan covers a four-year period, beginning fiscal 2008. Taking the results into consideration, we have extensively revised our numeric goals and action plans for the second half of the plan, beginning fiscal 2010. The fundamental strategies remain unchanged, with the focus on developing next-generation growth businesses and to expand earnings in the Fine Chemicals and Other Products Business and the Petrochemicals Business. However, we will strive for a thorough cost reduction in the Petrochemicals Business and the Fine Chemicals and Other Products Business, including the Semiconductor Materials Segment and the FPD Materials Segment. Additionally, we hope to reconstruct competitiveness in these businesses. We will focus on accelerating the development of next-generation growth businesses by strengthening systems and the allocation of resources. We will aim to swiftly promote these measures to return to growth when the market environment recovers. We resolve to achieve our goals by making an all-out effort.

Consequently, for fiscal 2010, we project consolidated net sales of 290.0 billion yen (down 17.7% over the previous fiscal year), operating income of 15.0 billion yen (down 50.5%), current income of 16.0 billion yen (down 48.6%), and net income of 10.0 billion yen (down 28.5%).

The forecast exchange rate for the period is calculated at 95 yen/dollar, with naphtha prices at 35,000 yen/KL.

2) Analysis of Financial Position

Analysis of Assets, Liabilities, and Net Assets

Total assets as of March 31, 2009 were 339.497 billion yen, a decrease of 77.453 billion yen from a year earlier.

Current assets amounted to 190.463 billion yen. Major changes in comparison with the end of previous fiscal year included a decrease of marketable securities by 25.343 billion yen and a decrease of notes and accounts receivable by 34.172 billion yen. The decrease of notes and accounts receivable mainly attributable to the fact that sales declined toward the end of fiscal 2009. The decrease of marketable securities was caused primarily by the decrease of cash reserves. As a result, total current assets decreased by 68.186 billion yen.

Non-current assets amounted to 149.034 billion yen. Major items included tangible non-current assets at 91.476 billion yen, intangible non-current assets at 6.723 billion yen, and investments and other non-current assets at 50.834 billion yen. Major changes in comparison with the end of the previous fiscal year included a decrease of machinery, equipment and vehicles by 8.704 billion yen and a decrease of investment securities by 12.097 billion yen. The decrease of investment securities was mainly due to a decrease of unrealized gains on securities. The decrease of machinery, equipment and vehicles was attributed to the loss posted due to the impairment. As a result, total non-current assets decreased by 9.266 billion yen.

Liabilities amounted to 97.511 billion yen. Major items included current liabilities at 76.169 billion yen and non-current liabilities at 21.342 billion yen. Major changes in comparison with the end of the previous fiscal year included a decrease of notes and accounts payable by 43.809 billion yen, and a decrease of income taxes payable by 7.395 billion yen. The decrease of notes and accounts payable was caused mainly by the fact that we refrained from purchasing raw materials in response to the decrease in sales toward the end of fiscal 2009. As a result, total liabilities decreased by 61.776 billion yen.

Total net assets amounted to 241.985 billion yen. Major items included shareholders' equity at 244.797 billion yen, valuation and translation adjustments at (minus) 3.9 billion yen, subscription rights to shares at 310 million yen, and minority interests at 778 million yen. Major changes in comparison with the end of the previous fiscal year included an increase of retained earnings by 6.011 billion yen, a decrease of treasury stocks by 8.593 billion yen, a decrease of valuation adjustment of unrealized gains on securities, net of taxes by 4.161 billion yen, and a decrease of minority interest by 4.151 billion yen. As a result, total net assets decreased by 15.676 billion yen.

Analysis of Cash Flows

As of March 31, 2009, cash and cash equivalents ("cash") on a consolidated basis amounted to 37.125 billion yen, a decrease of 24.599 billion yen from the end of the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased 37.1% year-on-year to 33.920 billion yen.

Major adjustments for net income before taxes and other adjustments of 20.803 billion yen included depreciation costs at 24.833 billion yen (21.179 billion yen for fiscal 2008), a decrease of notes and accounts receivable of 30.234 billion yen (5.379 billion yen for fiscal 2008), an increase in inventories of 7.104 billion yen (5.692 billion yen for fiscal

2008), a decrease of notes and accounts payable of 38.012 billion yen (2.352 billion yen for fiscal 2008), and income taxes paid of 15.787 billion yen (20.583 billion yen for fiscal 2008).

Compared to the figure for the previous fiscal year, cash provided by operating activities decreased by 19.969 billion yen. This was mainly due to a decrease of net income before taxes and other adjustments.

Cash Flows from Investing Activities

Net cash used in investing activities increased 13.1% year-on-year to 36.464 billion yen. Major items included payments for the purchase of non-current assets at 22.736 billion yen (27.122 billion yen for fiscal 2008), and payments for acquisition of stock shares of an affiliated company of 6.384 billion yen (490 million yen for fiscal 2008).

Cash used in investing activities for fiscal 2009 decreased by 4.225 billion yen, compared to the previous fiscal year, mainly due to the increase in payments for the purchase of stock of the affiliated company.

Cash Flows from Financing Activities

Net cash used in financing activities increased 42.9% year-on-year to 19.152 billion yen. Major items included payments of dividends of 7.974 billion yen (7.033 billion yen for fiscal 2008) and payments for purchase of treasury stock of 8.611 billion yen (5.328 billion yen for fiscal 2008).

Cash used in financing activities increased by 5.751 billion yen compared to the figure for the previous fiscal year, mainly due to the increase of payments of dividends and payments for acquisition of treasury stock.

Trends in Cash Flow-related Indexes

	FY2005	FY2006	FY2007	FY2008	FY2009
Equity ratio	56.1%	55.8%	57.5%	60.6%	71.0%

Equity ratio at market prices	165.4%	233.5%	167.8%	135.3%	82.4%
Ratio of cash flows to interest bearing debts	1.0	0.7	0.4	0.3	0.5
Interest coverage ratio	59.0 times	107.0 times	113.1 times	212.0 times	122.9 times

Equity ratio: equity divided by total assets

Equity ratio at market prices: total market value of stock shares divided by total assets

Ratio of cash flows to interest bearing debts: interest bearing debts divided by cash flows

Interest coverage ratio: cash flows divided by interest payment

Notes

1. All figures used in the calculations above are the same as the figures used in the consolidated financial statements.
2. The total market value of stock shares is calculated based on the number of issued stock shares except for treasury stock.
3. Cash flows from operating activities are applied to the cash flows above.
4. The interest bearing debts above equal to all debts for which interests were paid among debts posted in the consolidated balance sheet.

3) Basic Policy for Returning Profits, and Dividends for FY2009 and FY2010

The Company considers that the most important management task is to strengthen its research and development from a long-term perspective, to fortify its competitiveness through the development of new businesses, and to improve its corporate performance on a long-term basis.

Based on this premise, we have set our basic policy to maintain long-term stable payment of dividends and further return profits in accordance with growth in our consolidated earnings. In setting dividends, we take into account retained earnings needed to support future business expansion.

We will allocate retained earnings for research and development, and strategic investment to induce new growth. We will strive to enhance the corporate value and to return profits to shareholders by using retained earnings to purchase our shares in the medium to long run.

Based on this policy, we set the interim dividend per share to 16 yen.

Although we face severe environment in terms of earnings, we plan to pay a year-end dividend of 16 yen per share, as announced earlier. This would translate into a dividend of 32 yen per share applicable to fiscal 2009.

To execute flexible capital measures, we decided to repurchase our shares. Based on the resolution at the Board of Directors meeting held on July 31, 2008, the Company purchased 2,985,200 shares at 5,328,122,200 yen on or before November 21, 2008. Additionally, based on the resolution at the Board of Directors meeting held on November 25, 2008, the Company acquired 3,000,000 shares at 3,276,000,600 yen on or before March 24, 2009. Through these measures, total repurchase of treasury stock for fiscal 2009 amounted to 5,985,200 shares at 8,604,122,800 yen.

For fiscal 2010, we project paying 13 yen per share each for interim and year-end dividends, amounting to 26 yen per share for annual dividends.

2. JSR Group Companies

The JSR Group consists of the JSR Corporation, 32 subsidiaries, and 12 affiliated companies. The Elastomers Business is engaged in by five subsidiaries and six affiliated companies, the Plastics Business by nine subsidiaries and two affiliated companies, and the Fine Chemicals and Other Products Business by 15 subsidiaries and four affiliated companies. JSR Trading Co., Ltd. (consolidated subsidiary) engages in all business segments, and Emulsion Technology Co., Ltd. (consolidated subsidiary) engages in the Elastomers Business and the Fine Chemicals and Other Products Business. JAPAN COLORING Co., Ltd. (consolidated subsidiary) engages in the Elastomers Business and the Plastics Business.

The JSR Group's major business description and constituent Group companies in each business segment are summarized in the chart below.

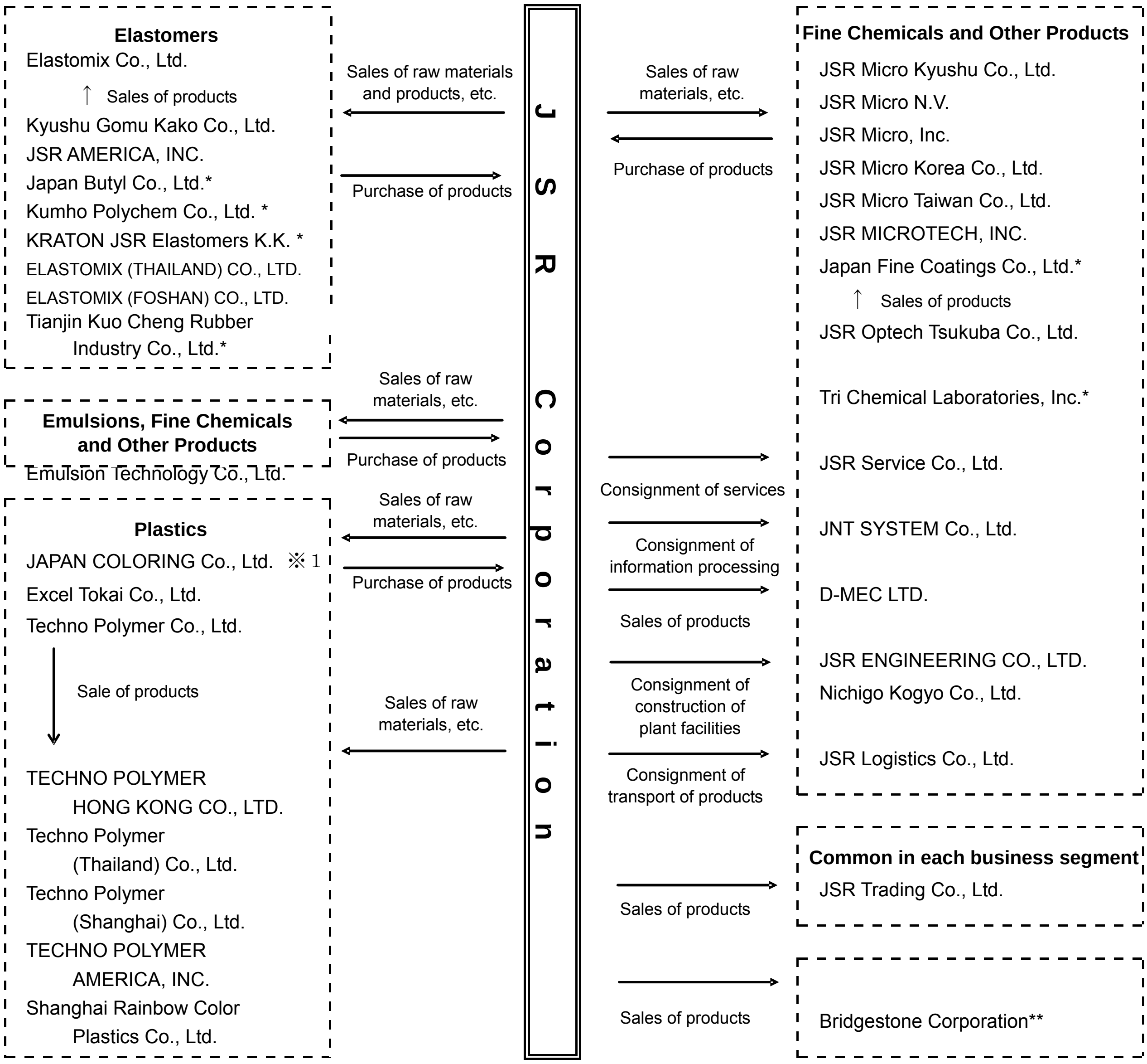
Business segment	Major products	Major Group companies
Elastomers	Synthetic rubber and compounded products; thermoplastics elastomers and other products	JSR Corporation Elastomix Co., Ltd. Kyushu Gomu Kako Co., Ltd. JSR AMERICA, INC. Japan Butyl Co., Ltd. Kumho Polychem Co., Ltd. KRATON JSR Elastomers K.K. ELASTOMIX (THAILAND) CO., LTD. ELASTOMIX (FOSHAN) CO., LTD. Tianjin Kuo Cheng Rubber Industry Co., Ltd. JAPAN COLORING Co., Ltd. JSR Trading Co., Ltd.
Emulsions	Latex and other products	JSR Corporation Emulsion Technology Co., Ltd. JSR Trading Co., Ltd.
Plastics	Plastics (ABS, etc.)	Techno Polymer Co., Ltd. JAPAN COLORING Co., Ltd. Excel Tokai Co., Ltd. JSR Trading Co., Ltd. TECHNO POLYMER HONG KONG CO., LTD.

		Techno Polymer (Thailand) Co., Ltd. Techno Polymer (Shanghai) Co., Ltd. TECHNO POLYMER AMERICA, INC. Shanghai Rainbow Color Plastics Co., Ltd.
Fine Chemicals and Other Products	Semiconductor materials, flat panel display (FPD) materials	JSR Corporation JSR Micro Kyushu Co., Ltd JSR Micro N.V. JSR Micro, Inc. JSR Micro Korea Co., Ltd. JSR Micro Taiwan Co., Ltd. Tri Chemical Laboratories, Inc.
	Optical fiber coatings	JSR Corporation Japan Fine Coatings Co., Ltd. JSR Optech Tsukuba Co., Ltd.
	Other products	JSR Corporation Emulsion Technology Co., Ltd. D-MEC LTD. JSR Logistics Co., Ltd. JSR ENGINEERING CO., LTD. Nichigo Kogyo Co, Ltd. JSR Trading Co., Ltd. JSR Service Co., Ltd. JNT SYSTEM Co., Ltd.

Notes

1. Group companies engaging in multiple business segments are listed in each business segment.
2. For more information about major products in each business segment, please refer to Note 2. Major Products by Business Segment in the item 1) Segment Information by Business Segment in the section of Segment Information on page 27.

Business relations of the JSR Group companies are specified in the systematic diagram below.



※1. JAPAN COLORING Co., Ltd. engages in the Elastomers Business other than the Plastics Business.

Affiliated companies marked with * (Equity method is applied).

Related party marked with **.

Other companies are consolidated subsidiaries.

3. Basic Management Policy

(1) JSR Group's Basic Management Policy

The JSR Group has further specified Corporate Social Responsibility (CSR) activities, and has established a new management policy and corporate philosophy with the aim of becoming a company that contributes to society. We exert ourselves to materialize our policy and philosophy.

Our corporate philosophy is Materials Innovation — supplying new materials and using the value generated to help create a better world (for people, society, and the environment). Taking the opportunity to celebrate the 50th anniversary of the foundation of JSR Corporation in December 2007, we adopted a new corporate slogan—"With chemistry, we can"—in pursuit of further improvement in the value of the corporate brand.

Taking the slogan as a guideline, all employees in the JSR Group proactively promote activities and complement the corporate philosophy of Materials Innovation.

The following is the specific management policy of the JSR Group.

① Aiming for a technology-oriented company that always seeks revolution, and continues to evolve on a global scale.
② Enhancing management efficiency, pursuing transparency and soundness, and maintaining the trust of stakeholders.
③ Implementing Responsible Care* activities for the future of the Earth.

Under this policy, we swiftly and flexibly respond to any severe environmental changes in the economy and businesses, and emphasize research and development to become a technology-oriented company. We strive to develop our businesses globally by utilizing our proprietary technologies in pursuit of sustainable growth. We focus on safety and environment issues as a company-wide task.

The JSR Group, as an Innovation Company, strives to contribute to technological innovation though the creation of new materials, and to respond to the trust of society.

* Responsible Care is defined as autonomous management activities, conducted by corporations involved in producing and handling chemical substances. These companies carry out and improve policies related to safety, health and environment as part of their public commitment in management policy.

(2) JSR Group's Medium- to Long-term Business Strategies, Target Management Indexes, and Issues to Be Solved

Progress for FY2009 and Business Strategies from FY2010

The JSR Group promotes the new medium-term business plan "JUMP 2010," which covers the four-year period from fiscal 2008, to achieve the vision in 2010. The plan is currently at the final stage of business structural reform, which began from fiscal 2002. In fiscal 2009, a turning point for the first half of "JUMP 2010," real economy around the world contracted for a short period of time, and the business environment worsened. Sales in both the Petrochemicals Business and Fine Chemicals and Other Products Business declined sharply. Despite the implementation of the Cost-Reduction Plan "E-100 Projects" and Group-wide emergency measures for the maintenance of earnings, both sales and income significantly fell below the original targets.

In fiscal 2010 onward, in the major industries that use the JSR Group's products, demand for automobiles, tires, paper manufacture, semiconductors, and FPDs is anticipated to continue to be sluggish and to require time to recover.

Under these conditions, and in consideration of the results for the first two years of "JUMP 2010," we have revised the numeric targets and action plans for the second two years, beginning from fiscal 2010, to a large extent, while original fundamental strategies have been maintained with the focus on the development of next-generation growth businesses and the expansion of earnings in the Fine Chemicals and Other Products Business and the Petrochemicals Business. In our basic business—the Petrochemicals Business, and the Fine Chemicals and Other Products Business, including the Semiconductor Materials Segment and the FPD Materials Segment—we will strive for thorough cost-cutting and a reconstruction of our competitiveness. Renaming "next-generation growth businesses" as "strategic businesses," we will accelerate the development of the businesses by strengthening systems for promoting strategies and the allocation of resources. We will focus on swift execution of these measures. To return to growth when the market environment recovers, we are pursuing speedy business administration.

Target Management Indexes

The JSR Group positions consolidated operating income ratio and ROE (Return on Equity) as significant target management indexes.

The chart below shows the achievements and the revised numeric targets for the second two years of “JUMP 2010.”

Management Indexes and Consolidated Targets
in the New Medium-term Business Plan "JUMP 2010"

	FY2009 Original forecast	FY2009 Results	FY2010 Forecast	FY2011 Revised targets	FY2011 Original targets
Consolidated net sales	437 billion yen	352.5 billion yen	290 billion yen	Over 360 billion yen	Over 500 billion yen
Consolidated operating income	61 billion yen	30.3 billion yen	15 billion yen	36 billion yen	Over 75 billion yen
Consolidated operating income ratio	14%	8.6%	5.2%	Over 10%	Over 15%
ROE (Return on Equity)	14%	5.7%	4.1 %	Over 10%	Over 14%

Issues to Be Solved

Petrochemicals Business

We maintain our basic scenario of increasing sales of value-added products by utilizing our distinctiveness and technological superiority. We will also focus on maintaining and expanding earnings through cost reductions and an improvement in productivity by using innovative technologies. However, in major industries in Japan where our products are used, demand for automobiles, tires, and paper manufacture is anticipated to require time to recover. On the assumption that demand in part will shift to overseas markets, we will diversify sources for the procurement of raw materials and to develop overseas businesses—particularly for competitive products. We will proactively shift our business structure to accommodate the scale of demand.

In the field of solution-polymerized styrene butadiene rubber to be used in fuel-cost-conserving and highly-functional automobile tires, continuous expansion of demand can be expected from a medium-term perspective. For this reason, we have obtained a right to purchase 30,000 tons per year, or 50%, of products produced on new production lines that have been constructed by a DOW company in Europe. Commercial production at the new production lines began in March 2009. By positioning the production bases in Japan and Europe as the core, we will strive to develop our global businesses.

Additionally, to improve earnings, we will promote the Cost-Reduction Plan "E-100

Projects" and reconstruct fundamentals of our cost structures. We will aim to reduce fixed costs by integrating production lines and by improving productivity to a large degree.

Fine Chemicals and Other Products Business

In the Fine Chemicals and Other Products Business, centering on information electronics materials, large-scale production adjustment is required in major industries for semiconductors and FPDs, where the JSR Group's products are in demand. This is due to the drastic recession that began in the second half of fiscal 2009. Sales growth for fiscal 2010 is anticipated to be negative.

Under these circumstances, we position the Semiconductor Materials Segment and the FPD Materials Segment as our basic businesses, and restrengthen cost reductions and competitiveness in these fields. For effective execution of these measures, we will promote the Cost-Reduction Plan "E-100 Projects." Additionally, we will strive to reduce fixed costs by restructuring the production sections and to thoroughly cut relevant costs in the sales, administration, and research and development sections. We will aim to optimize business costs in accordance with the scale of the market.

Moreover, we will utilize our overseas bases in South Korea, Taiwan, and Singapore to increase sales in the emerging Asian markets. We will pursue the development of innovative materials in the peripherals area by utilizing our cutting-edge technologies to expand our businesses.

From the next-generation growth businesses, as termed so far, we have selected five businesses: precision materials and processing, the environment and energy, bio medical care, performance chemicals, and information-communication-related materials, and positioned them as our strategic businesses. We intend to fortify the systems for swift promotion of these businesses. In the first two years of "JUMP 2010," we achieved some positive results in the field of optical film and lithium ion capacitors.

With respect to production, JSR's wholly owned subsidiary, JM Energy Corporation, which engages in the lithium ion capacitor business, completed construction of the Yamanashi HQ Plant in November 2008. Additionally, facilities for commercial production of hydrocarbon electrolyte membranes for fuel batteries were also completed at the Yokkaichi Plant in February 2009. We will continue to prioritize the allocation of resources, utilize superior material development and precision process technologies, and accelerate the startup of the businesses.

Others

Under our policy for human resource development with an emphasis on employees' autonomic growth, we will strive to accelerate measures for human resources development in pursuit of the fortification of our organizational ability.

The JSR Corporation has established a basic policy for an internal control system based on company law in Japan to enhance its internal control. In accordance with the plan, the Internal Audit Department of the Company will conduct internal audit on business operations and compliance in each division and department of JSR and its Group companies. By confirming company-wide compliance, we will strive to ensure the effectiveness and further improvement of internal control.

With regard to the internal control system for ensuring the appropriateness of business results, which is controlled under the Financial Instruments and Exchange Law of Japan, we will pursue proper operations and administrations to further fortify our internal control measures.

Moreover, the JSR Group has promoted Responsible Care and corporate ethics activities under the Corporate Social Responsibility (CSR) Committee for the purpose fulfilling our CSR. In June 2008, we established the Risk Management Committee and the Social Contribution Committee in addition to existing committees: the Corporate Ethics Committee and Responsible Care Committee placed under the CSR Committee. With this four-committee system, the JSR Group further strengthens its CSR activities.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet for Full FY2009 （Unit: Millions of Yen）

	Full FY2008 (March 31, 2008)	Full FY2009 (March 31, 2009)	Increase/Decrease	
	Amount	Amount	Amount	%
(Assets)				
Current assets				
1 Cash and assets	16,537	16,909	372	2.3
2 Notes and accounts receivable	86,954	52,782	(34,172)	(39.3)
3 Marketable securities	46,835	21,492	(25,343)	(54.1)
4 Inventories	72,317	76,955	4,638	6.4
5 Other current assets	36,005	22,323	(13,681)	(38.0)
Total Current Assets	258,649	190,463	(68,186)	(26.4)
Non-current assets				
1 Tangible assets				
(1) Buildings and structures	31,406	29,289	(2,116)	(6.7)
(2) Machinery and transportation equipment	41,295	32,590	(8,704)	(21.1)
(3) Real estate	16,778	16,869	91	0.5
(4) Construction in progress	8,141	4,097	(4,044)	(49.7)
(5) Others	7,909	8,628	719	9.1
Total tangible assets	105,531	91,476	(14,055)	(13.3)
2 Intangible assets	6,466	6,723	256	4.0
3 Investments and other non-current assets				
(1) Investment securities	35,656	23,558	(12,097)	(33.9)
(2) Investments in unconsolidated subsidiaries and affiliated companies	—	4,927	4,927	—
(3) Deferred tax assets	—	8,703	8,703	—
(4) Others	10,646	13,644	2,998	28.2
Total Investments and other non-current assets	46,302	50,834	4,531	9.8
Total Non-current Assets	158,300	149,034	(9,266)	(5.9)
Total Assets	416,950	339,497	(77,453)	(18.6)
(Liabilities)				
Current liabilities				
1 Notes and accounts payable	83,445	39,635	(43,809)	(52.5)
2 Short-term loans payable	16,808	14,339	(2,468)	(14.7)
3 Other current liabilities	37,462	22,194	(15,268)	(40.8)
Total Current Liabilities	137,716	76,169	(61,546)	(44.7)
Non-current liabilities				
1 Reserve for retirement benefits	14,679	14,820	141	1.0
2 Reserve for environmental expenses	3,294	3,204	(89)	(2.7)
3 Others	3,598	3,316	(282)	(7.8)
Total Non-current Liabilities	21,572	21,342	(229)	(1.1)
Total Liabilities	159,288	97,511	(61,776)	(38.8)
(Net assets)				
Shareholders' equity				
1 Common stock	23,320	23,320	—	—
2 Additional paid-in capital	25,179	25,179	—	—
3 Earnings surplus	212,503	218,515	6,011	2.8
4 Treasury stock	(13,623)	(22,216)	(8,593)	63.1
Total Shareholders' equity	247,379	244,797	(2,581)	(1.0)
Differences from securities revaluation				
1 Other differences from securities revaluation	4,806	645	(4,161)	(86.6)
2 Foreign currenty translation adjustments	352	(4,546)	(4,898)	—
Total differences from securities revaluation	5,159	(3,900)	(9,060)	—
Stock acquisition rights	193	310	116	60.1
Minor shareholders' interests	4,929	778	(4,151)	(84.2)
Total Net Assets	257,662	241,985	(15,676)	(6.1)
Total Liabilities and Net Assets	416,950	339,497	(77,453)	(18.6)

(2) Condolidated Income Statement

（Unit: Millions of Yen）

	FY2008 (April1, 2007 to March 31, 2008)	FY2009 （April 1, 2008 to March 31, 2009）	Increase/decrease	
	Amount	Amount	Amount	%
Net sales	406,967	352,502	(54,464)	(13.4)
Cost of sales	284,430	263,018	(21,412)	(7.5)
Gross profit on sales	122,536	89,484	(33,052)	(27.0)
General sales and administrative expenses	62,526	59,136	(3,389)	(5.4)
Operating income	60,010	30,347	(29,662)	(49.4)
Non-operating income	4,233	4,981	747	17.7
1 Interest income	656	700	44	6.8
2 Dividents income	652	528	(123)	(19.0)
3 Equity in earinings of affiliates	1,248	1,149	(99)	(7.9)
4 Others	1,675	2,601	926	55.3
Non-operating expenses	8,180	4,217	(3,963)	(48.4)
1 Interest expenses	255	270	15	5.9
2 Foreign exchanges losses	2,036	993	(1,042)	(51.2)
3 Depreciation	—	1,091	1,091	—
4 Others	5,889	1,862	(4,026)	(68.4)
Current income	56,063	31,111	(24,951)	(44.5)
Extraordinary income	377	398	21	5.7
1 Gain on sales of noncurrent assets	—	398	398	—
2 Gain on sales of investment securities	377	—	(377)	(100.0)
Extraordinary losses	1,573	10,707	9,133	580.3
1 Impairment loss	—	6,042	6,042	—
2 Loss on valuation of investment securities	—	1,887	1,887	—
3 Loss on valuation of invenetories	—	1,685	1,685	—
4 Loss on abandonment of noncurrent assets	1,573	—	(1,573)	(100.0)
5 Others	—	1,091	1,091	—
Net income before tax	54,866	20,803	(34,063)	(62.1)
Corporate tax, resident tax, and enterprise tax	18,112	6,217	(11,894)	(65.7)
Adjustment of income taxes and others	□776	□76	699	□90.2
Minority interests	536	681	144	27.0
Net Income	36,994	13,981	(23,013)	(62.2)

JSR Corporation
With chemistry, we can.

(3) Statements of Changes of Consolidated Net Assets

Consolidated FY2009 (April 1, 2008 to March 31, 2009)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	212,503	△13,623	247,379
Changes during the fiscal year					
Distribution of surplus			△7,959		△7,959
Net income			13,981		13,981
Increase of treasury stock				△8,611	△8,611
Disposal of treasury stock			△10	17	7
Net changes other than shareholders' equity during the fiscal year					—
Total changes during the fiscal year (Millions of yen)	–	–	6,011	△8,593	△2,581
Balance at March 31, 2009 (Millions of yen)	23,320	25,179	218,515	△22,216	244,797

	Valuation and translation adjustments, etc.			Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2008 (Millions of yen)	4,806	352	5,159	193	4,929	257,662
Changes during the fiscal year						
Distribution of surplus						△7,959
Net income						13,981
Increase of treasury stock						△8,611
Disposal of treasury stock						7
Net changes other than shareholders' equity during the fiscal year	△4,161	△4,898	△9,060	116	△4,151	△13,094
Total changes during the fiscal year (Millions of yen)	△4,161	△4,898	△9,060	116	△4,151	△15,676
Balance at March 31, 2009 (Millions of yen)	645	△4,546	△3,900	310	778	241,985

△ indicates a negative figure.

Consolidated FY2008 (April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007 (Millions of yen)	23,320	25,179	183,374	△8,299	223,573
Changes during the fiscal year					
Distribution of surplus			△7,043		△7,043
Net income			36,994		36,994
Increase of treasury stock				△5,328	△5,328
Disposal of treasury stock			△5	5	0
Decrease resulting from Increase in consolidated subsidiaries			△1,048		△1,048
Increase resulting from increase in affiliated companies by equity method			232		232
Net changes other than shareholders' equity during the fiscal year					—
Total changes during the fiscal year (Millions of yen)	—	—	29,129	△5,323	23,805
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	212,503	△13,623	247,379

	Valuation and translation adjustments, etc.			Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2007 (Millions of yen)	10,087	1,525	11,612	70	4,729	239,986
Changes during the fiscal year						
Distribution of surplus						△7,043
Net income						36,994
Increase of treasury stock						△5,328
Disposal of treasury stock						0
Decrease resulting from Increase in consolidated subsidiaries						△1,048
Increase resulting from increase in affiliated companies by equity method						232
Net changes other than shareholders' equity during the fiscal year	△5,280	△1,173	△6,453	123	200	△6,129
Total changes during the fiscal year (Millions of yen)	△5,280	△1,173	△6,453	123	200	17,676
Balance at March 31, 2008 (Millions of yen)	4,806	352	5,159	193	4,929	257,662

△ indicates a negative figure.

連結キャッシュフロー：省略

(4) Condolidated Statement of Cash Flows for FY2009

(Unit : Millions of Yen)

	FY2008 (April 1, 2007 to March 31, 2008)	FY2009 (April 1, 2008 to March 31, 2009)
	Amount	Amout
Cash flows from operating activities		
Net income before taxes	54,866	20,803
Depreciation	21,179	24,833
Interests and deividents income	(1,309)	(1,229)
Interest charges	255	270
Investment income according to the equity method	(1,248)	(1,149)
Gain on sales of noncurrent assets	—	(398)
Gain on sales of investment securities	(377)	—
Impairment loss	—	6,042
Loss on sales of Investment securities	—	1,887
Loss on abandonment of noncurrent assets	1,573	—
Decrease (increase) in note and accounts receivable	5,379	30,234
Decrease (increase) in inventories	(5,692)	(7,104)
Increase (decrease) in accounts payable	(2,352)	(38,012)
Others	(77)	11,216
Sub total	72,197	47,392
Interest and dividend income received	2,530	2,592
Interest charges paid	(254)	(275)
Income taxes paid	(20,583)	(15,787)
Cash flows from operating activities	53,890	33,920
Cash flows from investement activities		
Expenses for acquisition of non-current assets	(27,122)	(22,736)
Income from sales of non-current assets	—	407
Expenses for acquisition of investment securities	(1,652)	(635)
Income from sale of investment securities	600	7
Income from redemption of investment securities	500	2,000
Expenses for investment in subsidiaries/affiliates	(490)	(6,384)
Expense for loans	(2,683)	(5,802)
Increase from loans	1,576	2,880
Others	(2,967)	(6,202)
Cash flows from investment activities	(32,239)	(36,464)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(221)	(1,162)
Expenses for reimbursement of long-term loans	(475)	(1,234)
Expenses for acquisition of treasury stocks	(5,328)	(8,611)
Dividends paid	(7,033)	(7,974)
Dividends paid for minority interests	(341)	(166)
Others	0	(3)
Cash flows from financing activities	(13,400)	(19,152)
Conversion difference of cash and cash equivalents	(820)	(2,903)
Increase/decrease in cash and cash equivalents	7,429	(24,599)
Operating balance of cash and cash equivalents	53,655	61,724
Increase in cash and cash equivalents due to change in consolidated scope	639	—
Closing balance of cash and cash equivalents	61,724	37,125

(3) Statements of Changes of Consolidated Net Assets

Consolidated FY2009 (April 1, 2008 to March 31, 2009)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	212,503	△13,623	247,379
Changes during the fiscal year					
Distribution of surplus			△7,959		△7,959
Net income			13,981		13,981
Increase of treasury stock				△8,611	△8,611
Disposal of treasury stock			△10	17	7
Net changes other than shareholders' equity during the fiscal year					—
Total changes during the fiscal year (Millions of yen)	–	–	6,011	△8,593	△2,581
Balance at March 31, 2009 (Millions of yen)	23,320	25,179	218,515	△22,216	244,797

	Valuation and translation adjustments, etc.			Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2008 (Millions of yen)	4,806	352	5,159	193	4,929	257,662
Changes during the fiscal year						
Distribution of surplus						△7,959
Net income						13,981
Increase of treasury stock						△8,611
Disposal of treasury stock						7
Net changes other than shareholders' equity during the fiscal year	△4,161	△4,898	△9,060	116	△4,151	△13,094
Total changes during the fiscal year (Millions of yen)	△4,161	△4,898	△9,060	116	△4,151	△15,676
Balance at March 31, 2009 (Millions of yen)	645	△4,546	△3,900	310	778	241,985

△ indicates a negative figure.

Consolidated FY2008 (April 1, 2007 to March 31, 2008)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007 (Millions of yen)	23,320	25,179	183,374	△8,299	223,573
Changes during the fiscal year					
Distribution of surplus			△7,043		△7,043
Net income			36,994		36,994
Increase of treasury stock				△5,328	△5,328
Disposal of treasury stock			△5	5	0
Decrease resulting from Increase in consolidated subsidiaries			△1,048		△1,048
Increase resulting from increase in affiliated companies by equity method			232		232
Net changes other than shareholders' equity during the fiscal year					—
Total changes during the fiscal year (Millions of yen)	—	—	29,129	△5,323	23,805
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	212,503	△13,623	247,379

	Valuation and translation adjustments, etc.			Subscription rights to shares	Minority interests	Total net assets
	Unrealized gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments			
Balance at March 31, 2007 (Millions of yen)	10,087	1,525	11,612	70	4,729	239,986
Changes during the fiscal year						
Distribution of surplus						△7,043
Net income						36,994
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Total changes during the fiscal year (Millions of yen)	△5,280	△1,173	△6,453	123	200	17,676
Balance at March 31, 2008 (Millions of yen)	4,806	352	5,159	193	4,929	257,662

△ indicates a negative figure.

連結キャッシュフロー：省略

(5) Notes on Assumption as a Going Concern

N/A

(6) Basis of Presenting Consolidated Financial Statements

Scope of Consolidation

1) Number and names of consolidated subsidiaries

Number of consolidated subsidiaries: 28

Names of consolidated subsidiaries: Elastomix Co., Ltd., Kyushu Gomu Kako Co., Ltd., JSR AMERICA, INC., ELASTOMIX (THAILAND) CO., LTD., ELASTOMIX (FOSHAN) CO., LTD., Emulsion Technology Co., Ltd., Techno Polymer Co., Ltd., JAPAN COLORING Co., Ltd., Excel Tokai Co., Ltd., TECHNO POLYMER HONG KONG CO., LTD., Techno Polymer (Thailand) Co., Ltd., Techno Polymer (Shanghai) Co., Ltd., TECHNO POLYMER AMERICA, INC., Shanghai Rainbow Color Plastics Co., Ltd., JSR Micro Kyushu Co., Ltd., JSR MICROTECH, INC., D-MEC LTD., JSR Optech Tsukuba Co., Ltd., JSR Micro N.V., JSR Micro, Inc., JSR Micro Korea Co., Ltd., JSR Micro Taiwan Co., Ltd., JSR Logistics Co., Ltd., JSR ENGINEERING CO., LTD., Nichigo Kogyo Co., Ltd., JSR Trading Co., Ltd., JSR Service Co., Ltd., JNT SYSTEM CO., LTD.

2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries:
Techno Polymer Shanghai Technical Development Co., Ltd., and others
Reason for excluding them from the scope of consolidation:
Total assets, net sales, net profit/loss (at the amount worth for the equity), retained earnings (at the amount worth for the equity), etc. were all too small to be included in the consolidated financial statement as a whole; therefore, these companies were excluded form the scope of consolidation.

Items in relation to application of equity method

1) **Number of affiliated companies to which equity method is applied and names of major companies**

Number of affiliated companies to which equity method is applied: 6
Names of major affiliated companies: Japan Butyl Co., Ltd., Kumho Polychem Co., Ltd., KRATON JSR Elastomers K.K., Japan Fine Coatings Co., Ltd., Tianjin Kuo Cheng Rubber Industry Co., Ltd., Tri Chemical Laboratories, Inc.

From consolidated fiscal 2009, Tri Chemical Laboratories, Inc. is included in the scope of consolidated companies, to which equity method is applied, due to the acquisition of the stock shares.

2) **Names of non-consolidated subsidiaries and affiliated companies to which equity method is not applied**

Names of major companies
Non-consolidated subsidiaries: Techno Polymer Shanghai Technical Development Co., Ltd., and others
Affiliated companies: Tobu Butadiene Co., Ltd., and others
Reason for not applying equity method: Non-consolidated subsidiaries (e.g. Techno Polymer Shanghai Technical Development Co., Ltd.) and affiliated companies (e.g. Tobu Butadiene Co., Ltd.) are immaterial in terms of consolidated net profit/loss and retained earnings, etc. As they have no significant impact on the consolidated financial statements as a whole, they are excluded from the scope of consolidated companies to which equity method is applied.

3) **Special note for application of equity method**

Each company’s financial statements, in accordance with their fiscal year, are used for the consolidated financial statement, even if Group companies to which equity method is applied close their books on a different date from the consolidated financial statement.

Closing date of consolidated subsidiaries

Of consolidated subsidiaries, the following eight companies close their accounts on December 31 each year: JSR AMERICA, INC., ELASTOMIX (THAILAND) CO., LTD., ELASTOMIX (FOSHAN) CO., LTD., TECHNO POLYMER HONG KONG CO., LTD., Techno Polymer (Thailand) Co., Ltd., Techno Polymer (Shanghai) Co., Ltd., TECHNO POLYMER AMERICA, INC., and Shanghai Rainbow Color Plastics Co., Ltd. In preparation of consolidated financial statements, financial statements closed on the above date are used. Any material transactions between the individual closing date and the consolidated closing date are adjusted where necessary on the consolidated financial statements.

Effective fiscal 2009, a consolidated subsidiary, JSR Micro N.V., has changed its closing date from December 31 to March 31.

Accounting Standards

1) Valuation standard and method for significant assets

i. Marketable securities

Available-for-sale securities

Available-for-sale securities with available fair market value are stated at fair market value based on the quoted market prices as of the fiscal year-end. The related valuation differences are directly charged or credited to the shareholders' equity, and cost of securities sold is computed using moving-average cost.

Available-for-sale securities with no available fair market value are stated at moving-average cost or amortized cost.

ii. Derivatives

Derivatives are stated at fair market value.

iii. Inventories

Inventories are stated mainly at cost, which is determined by the average method. The write-down method based on a decrease in earnings is applied to amounts in the balance sheet.

2) Depreciation method of important depreciable assets

i. Tangible non-current assets (except for lease assets)

Tangible non-current assets are depreciated using the declining-balance method (partially, the straight-line method). However, buildings acquired on or after April 1, 1998 are depreciated by the straight-line method, except for building attachments. Useful lives and remaining balances are determined in accordance with methods prescribed in the Corporation Tax Law of Japan.

ii. Intangible non-current assets (except for lease assets)

Intangible non-current assets are depreciated by the straight-line method. Useful life is determined in accordance with methods prescribed in the Corporation Tax Law. However, goodwill is amortized over five years using the straight-line method. Software for its own use is amortized over the estimated useful life (five years) using the straight-line method.

iii. Lease assets

For lease assets in relation to finance lease transactions that do not transfer ownership to lessees, the lease period is regarded as useful life, and the straight-line method without residual value is adopted for depreciation.

For finance lease transactions, which do not transfer ownership to lessees, lease transactions that began on or before March 31, 2008 are accounted for in the same manner as ordinary lease transactions.

3) Accounting for significant allowances

i. Allowance for doubtful accounts

Allowance for doubtful accounts is provided in amounts sufficient to cover possible losses on collection. Allowance for doubtful accounts consists of the estimated uncollectible amount with respect to specific items, and the amount calculated using the actual percentage of collection losses in the past with respect to other items.

ii. Allowance for bonuses to directors

To provide for payment of bonuses to directors, accrued bonuses are recorded in an amount expected to be paid at year-end.

iii. Allowance for retirement benefits

To provide for the payment of employees' retirement benefits, accrued retirement benefits are recorded in an amount expected to be paid at year-end, based on projected benefits obligation and the fair value of the pension assets at year-end.

Actuarial differences of the Company are recognized as expenses at once in the following consolidated fiscal year.

Prior service costs are recognized as expenses using the straight-line method over three years, which is not more than the estimated average remaining service lives.

iv. Allowance for environmental expenses

An allowance for expenses is provided based on estimated costs for the disposal of polychlorinated biphenyl (PCB).

4) Other accounting standard for preparing consolidated financial statements

i. Significant hedge accounting method

Interest rate swaps that qualify for hedge accounting and meet specific matching criteria are recognized and included in interest expanses or income as incurred.

ii. Accounting for consumption tax, etc.

Accounting for consumption tax and local consumption tax is based on the tax-exclusion method.

5) Valuation of assets and liabilities of consolidated subsidiaries

The Company adopts the full fair value method.

6) Scope of funds in the consolidated statements of cash flows

Such funds as cash and cash equivalents in the consolidated statements of cash flows include cash on hand, readily available deposits, and short-term highly liquid investments with insignificant risks of changes in value and with maturities not exceeding three months at the time of purchase.

(7) Changes in Basis for Presenting Consolidated Financial Statements

i. Accounting standards for measurement of inventories

In the past, inventories that were held for the purpose of ordinary sales were stated mainly at cost, which was determined by the average method; however, from consolidated fiscal 2009, “Accounting Standard for Measurement of Inventories” (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan (the “ASBJ”) on July 5, 2006) are adopted to state inventories at cost, which is determined by the average method (write-down method based on the decrease in earnings for amounts in the balance sheet). Additionally, disposals of inventories have changed to be categorized from nonoperating expenses to selling costs.

This change decreased operating income by 2.859 billion yen, current income by 248 million yen, and net income before taxes and other adjustments by 1.934 billion yen, compared to the conventional method.

ii. Accounting standards for lease transactions

Previously, finance lease transactions that did not transfer ownership to lessees were accounted for in the same manner as ordinary lease transactions; however, from consolidated fiscal 2009, "Accounting Standard for Lease Transactions" (Financial Accounting Standard No. 13 revised by the ASBJ lately on March 30, 2007) and "Implementation Guidance on Accounting Standard for Lease Transactions" (Financial Accounting Standard Implementation Guidance No. 16 revised by the ASBJ lately on March 30, 2007) are applied to change accounting for lease transactions in the same manner as sales transactions.

The implementation of the standard has a minor impact on profit/loss.

Meanwhile, if finance leases that do not transfer ownership to lessees begin before the first fiscal year to implement accounting standards for lease transactions, accounting for conventional lease transactions is adopted.

iii. Accounting treatment of overseas subsidiaries for consolidated financial statements

"Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No. 18 issued by the ASBJ on May 17, 2006) are adopted from consolidated fiscal 2009, and necessary adjustments are reflected on the consolidated business results.

The adoption of this standard has a minor impact on profit/loss.

Additional information

JSR Corporation and its consolidated subsidiaries in Japan changed useful lives of part of machinery and equipment in accordance with "Ministerial Order Concerning Durable Years of Depreciable Assets" (revised on April 30, 2008) from consolidated fiscal 2009.

This change has had a minor influence on profit/loss.

(8) Notes for Consolidated Business Results

Consolidated Balance Sheet

	Consolidated FY2008 (March 31, 2008)	Consolidated FY2009 (March 31, 2009)
Accumulated depreciation of tangible non-current assets (incl. accumulated impairment loss)	269,721 million yen	288,462 million yen
Allowance for doubtful accounts deducted directly from assets	Net notes and accounts receivable 114 million yen Investment and other assets 241 million yen	Net notes and accounts receivable 553 million yen Investment and other assets 147 million yen
Pledged assets	12,201 million yen	10,912 million yen
Balance of liabilities on guarantee	162 million yen	77 million yen
Export bill discount	273 million yen	— million yen

Consolidated Income Statement

Consolidated FY2009 (April 1, 2008 to March 31, 2009)

Impairment of non-current assets

Major use	Location	Asset category	Amount (Millions of yen)
Production facilities for heat-resistant transparent resins	Ichihara-shi, Chiba Pref.	Buildings and structures	454
		Machinery, equipment, and vehicles	1,950
		Others	101
	Yokkaichi-shi, Mie Pref., etc.	Buildings and structures	781
		Machinery, equipment, and vehicles	1,921
		Others	235
Production facilities for plastics	Satte-shi, Saitama Pref.	Buildings and structures	256
		Machinery, equipment, and vehicles	245
		Others	96

Statements of Changes of Consolidated Net Assets

Consolidated FY2009 (April 1, 2008 to March 31, 2009)

1) Type and number of common stock issued and treasury stock

Type of stock	No. of shares at March 31, 2008	Increase	Decrease	No. of shares at March 31, 2009
Common stock issued (thousand shares)	255,885	—	—	255,885
Treasury stock (thousand shares)	5,666	5,990	8	11,648

Notes:
1. The increase in the number of treasury stock is attributed to 4,000 shares fractional share repurchase and 5,985,000 shares acquired by purchase based on the resolution at the Board of Directors meetings on July 31, 2008 and November 25, 2008.
2. The decrease in the number of treasury stock is attributed to 8,000 shares acquired by exercising stock options.

2) Subscription rights to shares

Company name	Breakdown	Balance at March 31, 2009 (Millions of yen)
Company	Subscription rights to shares as stock option	310

3) Dividends

i. Cash dividends paid

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 13, 2008 Annual shareholders' meeting	Common stock	4,003	16	March 31, 2008	June 16, 2008
October 27, 2008 Board of directors meeting	Common stock	3,955	16	September 30, 2008	November 27, 2008

ii. Reference date in FY2009 and effective date in FY2010

Resolution	Type of stock	Resource for dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 16, 2009 Annual shareholders' meeting	Common stock	Retained earnings	3,907	16	March 31, 2009	June 17, 2009

Consolidated FY2008 (April 1, 2007 to March 31, 2008)

1) Type and number of common stock issued and treasury stock

Type of stock	No. of shares at March 31, 2008	Increase	Decrease	No. of shares at March 31, 2009
Common stock issued (thousand shares)	255,885	—	—	255,885
Treasury stock (thousand shares)	3,664	2,004	2	5,666

Notes:
1. The increase in the number of treasury stock is attributed to 4,000 shares fractional share repurchase and 2,000,000 shares acquired by purchase based on the resolution at the Board of Directors meeting on August 21, 2007.
1. The decrease in the number of treasury stock is attributed to 2,000 shares acquired by exercising stock options.

2) Subscription rights to shares

Company name	Breakdown	Balance at March 31, 2009 (Millions of yen)
Company	Subscription rights to shares as stock option	193

3) Dividends

i. Cash dividends paid

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 15, 2007 Annual shareholders' meeting	Common stock	3,026	12	March 31, 2007	June 18, 2007
October 24, 2007 Board of directors meeting	Common stock	4,017	16	September 30, 2007	November 27, 2007

ii. Reference date in FY2009 and effective date in FY2010

Resolution	Type of stock	Resource for dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 13, 2008 Annual shareholders' meeting	Common stock	Retained earnings	4,003	16	March 31, 2008	June 16, 2008

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Consolidated Statements of Cash Flows

Relationship between closing balance of cash and cash equivalents, and amounts of items in the consolidated balance sheet

	Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
	(as of March 31, 2008)	(as of March 31, 2009)
Cash	16,537 million yen	16,909 million yen
Cash equivalents of marketable securities	46,484 million yen	21,492 million yen
Total	63,021 million yen	38,402 million yen
Time deposit saved over three months	△1,296 million yen	△1,276 million yen
Cash and cash equivalent	61,724 million yen	37,125 million yen

△ indicates a negative figure.

Segment Information

1) Information by Business Segment

Consolidated FY2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Elastomers	Emulsions	Plastics	Fine Chemicals and Other Products	Total	Elimination and/or corporate	Consolidated
I. Sales and operating profit/loss							
Sales							
1) Sales to outside customers	117,855	23,432	64,829	146,385	352,502	—	352,502
2) Inter-segment sales/transfer	521	4,180	—	16,931	21,633	(21,633)	—
Total	118,377	27,613	64,829	163,316	374,136	(21,633)	352,502
Costs and expenses	110,350	27,096	63,521	142,820	343,788	(21,633)	322,155
Operating income	8,026	516	1,308	20,496	30,347	—	30,347
II. Identifiable assets, depreciation, capital expenditures							
Identifiable assets	120,321	19,312	30,144	131,341	301,120	38,377	339,497
Depreciation	6,000	1,786	1,618	15,426	24,833	—	24,833
Capital expensidures	6,204	2,039	1,639	9,197	19,081	—	19,081

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Consolidated FY2008 (April 1, 2007 to March 31, 2008) (Millions of yen)

	Elastomers	Emulsions	Plastics	Fine Chemicals and Other Products	Total	Elimination and/or corporate	Consolidated
I. Sales and operating profit/loss							
Sales							
1) Sales to outside customers	128,952	26,993	68,844	182,176	406,967	—	406,967
2) Inter-segment sales/transfe	536	4,300	—	15,357	20,195	(20,195)	—
Total	129,489	31,294	68,844	197,534	427,162	(20,195)	406,967
Costs and expenses	118,321	29,751	65,832	153,246	367,152	(20,195)	346,957
Operating income	11,168	1,542	3,012	44,287	60,010	—	60,010
II. Identifiable assets, depreciation, capital expenditures							
Identifiable assets	130,586	24,861	34,374	160,523	350,346	66,604	416,950
Depreciation	5,074	1,501	1,545	13,057	21,179	—	21,179
Capital expensidures	7,185	1,226	1,834	18,830	29,076	—	29,076

Notes:

1. Business segmentation method
   Business segments are classified according to the purpose and size of business, i.e. Elastomers, Emulsions, Plastics, and Fine Chemicals and Other Products.

2. Major products by business segment

Business segment	Major products
Elastomers	Synthetic rubbers (SBR, BR, EPDM, etc.) and compounded products, Thermoplastics elastomers and other products
Emulsions	Latex (SBR Latex, AE, etc.) and other products
Plastics	Plastics (ABS, AES, AS, etc.)
Fine Chemicals and Other Products	Semiconductor materials (photoresists, CMP materials, packaging materials, antireflective coatings, etc.), flat panel display materials (color LCD materials, PDP materials, etc.), optical-fiber materials (optical-fiber coatings, functional coatings, antireflective coatings, heat-resistant transparent resins, functional films, etc.), performance chemicals (high-performance coatings, multifunctional high-performance dispersants, particles for industrial and medical use, etc.), chemicals and chemical products, circuit-testing fixtures, packaging materials, manufacturing technology for polymers, etc.

3. Of assets, major corporate assets, included in items of elimination and/or corporate, are surplus fund (deposits and marketable securities) and long-term investment fund (investment securities), etc. at the parent company.

Consolidated FY2008 66,604 million yen Consolidated FY2009 38,377 million yen

2) Segment Information by Location

Consolidated FY2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating profit/ loss						
sales						
(1) Sales to outside customers	262,324	71,654	18,523	352,502	—	352,502
(2) Inter-segment sales/transfer	54,039	72	4,600	58,711	(58,711)	—
Total	316,363	71,727	23,123	411,214	(58,711)	352,502
Costs and expenses	291,227	67,939	21,701	380,867	(58,711)	322,155
Oprating income	25,136	3,788	1,422	30,347	—	30,347
II. Assets	257,379	28,222	15,518	301,120	38,377	339,497

Consolidated FY2008 (April 1, 2007 to March 31, 2008) (Millions of yen)

	Japan	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating profit/ loss						
sales						
(1) Sales to outside customers	308,757	74,552	23,657	406,967	—	406,967
(2) Inter-segment sales/transfer	64,878	66	4,422	69,368	(69,368)	—
Total	373,636	74,619	28,080	476,335	(69,368)	406,967
Costs and expenses	319,679	70,236	26,409	416,325	(69,368)	346,957
Oprating income	53,956	4,382	1,671	60,010	—	60,010
II. Assets	296,347	34,873	19,125	350,346	66,604	416,950

Notes: 1. Major countries/areas in the items other than Japan
(1) Asia: China, South Korea, Taiwan, Thailand
(2) Other areas: United States, Europe
2. Amounts included in elimination and/or corporate and major contents are identical to Note 3 in the "Information by Business Type" of the "Segment Information."

3) Overseas Sales

Consolidated FY2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Asia	North America	Other areas	Total
I. Overseas sales	117,657	12,077	13,811	143,546
II. Consolidated net sales				352,502
III. Percentage of overseas sales to consolidated sales (%)	33.4	3.4	3.9	40.7

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Consolidated FY2008 (April 1, 2007 to March 31, 2008)

(Millions of yen))

	Asia	North America	Other areas	Total
I. Overseas sales	133,837	15,863	16,689	166,390
III. Consolidated net sales				406,967
III. Percentage of overseas sales to consolidated sales (%)	32.9	3.9	4.1	40.9

Notes: 1. Segmentation of countries/areas is based on geographical proximity.
2. Major countries/areas in the items
(1) Asia: China, South Korea, Taiwan, Thailand, Singapore
(2) North America: United States
(3) Other areas: Europe
3. Overseas sales are sales from JSR and consolidated subsidiaries in countries/areas other than Japan.

Significant Transactions and Balances with Related Parties

Consolidated FY2009 (April 1, 2008 to March 31, 2009)

1. Parent company and major corporate shareholder

Type	Company name	Holdings of voting right (%)	Relation		Description of transaction	Transaction amount (Millions of yen)	Item	Balance at March 31, 2009 (Millions of yen)
			Interlocking directorate	Business relationship				
Major shareholder	Bridgestone Corporation	Direct 16.7	0	Sales of our products	Sales of elastomer products	38,663	Accounts receivable	9,157

Transaction conditions and policy

i. Prices and other transaction conditions are determined through negotiation in consideration of market conditions.

2. Subsidiaries and affiliated companies

Type	Company name	Holdings of voting right (%)	Relation		Description of transaction	Transaction amount (Millions of yen)	Item	Balance at March 31, 2009 (Millions of yen)
			Interlocking directorate	Business relationship				
Affiliated company	KRAYTON JSR Elastomers K.K.	50%	3	Consignment of production of elastomer products	Purchase of products	10,867	Accounts payable	4,219
Subsidiary	JM Energy Corporation	100%	0	Loan	Loan	3,000	Loan	3,000

Transaction conditions and policy

i. Concerning source gas, we propose our recommended price in consideration of market price, and determine final price through negotiation.

ii. Interests on loans are negotiated and determined in view of interests in the market.

Note: Transaction amount does not include consumption tax and other taxes. Term-end balance includes consumption tax and other taxes.

Tax Effect Accounting

1. Breakdown of deferred tax assets and deferred tax liabilities

(Unit: Millions of yen)

	Consolidated FY2008 (March 31, 2008)	Consolidated FY2009 (March 31, 2009)
Deferred tax assets		
Excess retirement benefits	5,435	5,809
Impairment loss	—	2,451
Excess bonuses accrued	1,710	1,631
Provision for environmental expenses	1,337	1,302
Unrealized gains on sale of non-current assets	1,130	1,093
Unrealized gain on sales of inventories	1,134	769
Other	4,423	2,333
Total deferred tax assets	15,172	15,392
Deferred tax liabilities		
Deferred gain on sale of non-current assets	△2,655	△2,962
Unrealized gains on securities, net of taxes	△3,315	△447
Other	△1,198	△898
Total deferred tax liabilities	△7,169	△4,308
Net deferred tax assets	8,002	11,083

△ indicates a negative figure.

2. Differences between the statutory tax rate and the Company's effective tax rate after applying tax effect accounting

(Unit: %)

	Consolidated FY2008	Consolidated FY2009
Statutory tax rate	40.7	40.7
(Adjustments)		
Lower tax rates for foreign consolidated subsidiaries	△5.0	△5.5
Tax credit on research and development costs	△3.2	△4.4
Equity in earnings of affiliated companies	△0.9	△2.2
Foreign tax credits	△0.5	△1.2
Other	0.4	2.2
Effective tax rate	31.6	29.5

Marketable Securities

1. Available-for-sale securities with available fair value

(Unit: Millions of yen)

		Consolidated FY2008 (March 31, 2008)			Consolidated FY2009 (March 31, 2009)		
		Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost	Equity securities	9,903	19,272	9,368	8,069	11,323	3,254
Securities with book value not exceeding acquisition cost	Equity securities	3,427	2,239	△1,188	6,040	3,925	△2,114
Total		13,331	21,511	8,179	14,109	15,249	1,139

△ indicates a negative figure.

2. Available-for-sale securities sold for Consolidated FY2008 and FY2009

(Unit: Millions of yen)

	Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
Total sales	492	7
Gain	377	—
Loss	—	2

3. Details of the book value of available-for-sale securities with no available fair value

(Unit: Millions of yen)

	Consolidated FY2008 (March 31, 2008)	Consolidated FY2009 (March 31, 2009)
	Book value	Book value
Available-for-sale securities		
Non-listed equity securities	3,107	1,065
Commercial paper	33,984	7,492
Preferred subscription certificate	2,000	—
Certificate of deposit	9,500	10,000
Loan trust	3,000	4,000
Non-listed foreign bonds	351	—

Employees' Severance and Retirement Benefits

1. Summary of adopted severance and retirement benefit system

JSR Corporation and its consolidated subsidiaries in Japan employ the corporate pension fund system, the approved retirement annuity system, and the retirement lump-sum grants system as defined-benefit plans.

2. Retirement benefit liabilities

(Unit: Millions of yen)

		Consolidated FY2008 (March 31, 2008)	Consolidated FY2009 (March 31, 2009)
a.	Projected benefit obligation	△49,067	△49,493
b.	Less fair value of pension assets	35,037	33,268
c.	Unfunded retirement benefit liabilities (a+b)	△14,029	△16,225
d.	Unrecognized prior service costs	△61	—
e.	Unrecognized actuarial differences	536	1,693
f.	Net retirement benefit liabilities (c+d+e)	△13,553	△14,531
g.	Prepaid pension costs	1,125	289
h.	Employees' retirement benefits (f-g)	△14,679	△14,820

△ indicates a negative figure.

Note: Some subsidiaries use a simplified method of calculating retirement benefit liabilities.

3. Severance and retirement benefit expenses

(Unit: Millions of yen)

		Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
a.	Service costs (Note)	1,789	2,292
b.	Interest cost on projected benefits obligation	896	877
c.	Expected return on plan assets	△445	△368
d.	Amortization of prior service costs	△61	△61
e.	Amortization of actuarial differences	△50	417
g.	Severance and retirement benefit expenses (a+b+c+d+e)	2,127	3,156

△ indicates a negative figure.

Note: Severance and retirement benefit expenses of consolidated subsidiaries that employ a simplified method are included in "a. Service costs."

4. Basics for calculating severance and retirement benefit liabilities

(Unit: Millions of yen)

	Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
a. Periodical allocation method of estimated retirement benefits	Fixed amount for term	Same as on the left
b. Discount rate	Mainly 1.96%	Mainly 2.11%
c. Expected return on plan assets rate	Mainly 1.28%	Mainly 1.11%
d. Years for prior service costs	Prior service costs are recognized as expenses using the straight-line method over three years, which falls within the estimated average remaining service lives, commencing with the following period.	Same as on the left
e. Disposition period of actuarial differences	Actuarial differences are recognized as expenses at once in the following period, and some of consolidated subsidiaries use the straight-line method over 10 years within the estimated average remaining service lives, commencing with the following period.	Actuarial differences are recognized as expenses at once in the following period.

Per Share Information

Per share information

	Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
Net assets per share	1,009.27 yen	986.33 yen
Net income per share	147.26 yen	56.36 yen
Diluted net income per share	147.19 yen	56.31 yen

Net income per share and diluted net income per share

	Consolidated FY2008 (April 1, 2007 to March 31, 2008)	Consolidated FY2009 (April 1, 2008 to March 31, 2009)
Net income	36,994 million yen	13,981 million yen
Net income not available to common shareholders	—	—
Net income available to common shareholders	36,994 million yen	13,981 million yen
Weighted average shares during the fiscal year	251,217,000 shares	248,081,000 shares
Net income adjustments used for calculation of diluted net income per share	—	—
Increase in the number of common shares used for calculation of diluted net income per share	Subscription rights to shares 128,000 shares	Subscription rights to shares 190,000 shares
Diluted shares not included in the calculation of diluted net income per share due to no dilution effect	—	—

Subsequent Events

N/A

As there is not sufficient need to disclose lease transactions, derivative transactions, and stock options in consolidated business results, disclosure thereof is omitted.

5. Non-consolidated Business Results

(1) Balance Sheet

(Units: Millions of yen, %)

	FY2008 (March 31, 2008)	FY2009 (March 31, 2009)	Increase/decrease	
	Amount	Amount	Amount	%
Assets				
I. Current assets				
1. Cash	2,193	2,341	147	6.7
2. Notes receivable	3,291	1,922	△1,368	△41.6
3. Net accounts receivable	68,125	40,243	△27,881	△40.9
4. Marketable securities	46,484	21,492	△24,991	△53.8
5. Products	33,966	43,370	9,404	27.7
6. Products in process	2,097	1,791	△305	△14.6
7. Raw materials and stored items	14,384	11,989	△2,395	△16.7
8. Other current assets	32,362	16,688	△15,673	△48.4
9. Short-term loans to affiliated companies	—	7,255	7,255	—
10. Deferred tax assets	2,681	1,167	△1,513	△56.4
11. Other current assets	4,617	724	△3,893	△84.3
Total current assets	210,205	148,988	△61,217	△29.1
II. Non-current assets				
1. Tangible non-current assets				
(1) Buildings	17,645	17,014	△630	△3.6
(2) Structures	4,365	4,416	50	1.2
(3) Machinery and equipment	28,725	22,172	△6,552	△22.8
(4) Vehicles	82	64	△17	△21.3
(5) Tools, furniture and fixtures	6,639	7,487	848	12.8
(6) Land	14,343	14,567	224	1.6
(7) Construction in progress	5,454	1,229	△4,225	△77.5
Total tangible non-current assets	77,256	66,952	△10,303	△13.3
2. Intangible non-current assets				
(1) Goodwill	1,302	651	△651	△50.0
(2) Software	1,619	1,239	△380	△23.5
(3) Other intangible non-current assets	2,818	3,323	505	17.9
Total intangible non-current assets	5,740	5,213	△526	△9.2

3. Investment and other non-current assets				
(1) Investment securities	26,135	16,030	△10,104	△38.7
(2) Stock of affiliated companies	14,400	20,039	5,638	39.2
(3) Investment in affiliated companies	64	64	—	—
(4) Long-term loans to affiliated companies	15,745	17,765	2,019	12.8
(5) Long-term advance payments	1,820	7,904	6,083	334.2
(6) Deferred tax assets	540	5,513	4,972	920.2
(7) Other investment and non-current assets	1,792	1,777	△14	△0.8
Total investment and other non-current assets	60,498	69,094	8,595	14.2
Total non-current assets	143,495	141,261	△2,234	△1.6
Total assets	353,700	290,249	△63,451	△17.9

△ indicates a negative figure.

(Units: Millions of yen, %)

	FY2008 (March 31, 2008)	FY2009 (March 31, 2009)	Increase/decrease	
	Amount	Amount	Amount	%
Liabilities				
I. Current liabilities				
1. Accounts payable	67,743	30,137	△37,605	△55.5
2. Short-term loans payable	14,843	13,663	△1,180	△7.9
3. Accrued liabilities	7,216	3,948	△3,268	△45.3
4. Accrued expenses	10,737	7,927	△2,809	△26.2
5. Deposits from affiliated companies	8,292	6,977	△1,315	△15.9
6. Other current liabilities	6,822	326	△6,495	△95.2
Total current liabilities	115,656	62,981	△52,674	△45.5
II. Non-current liabilities				
1. Long-term loans payable	1,500	1,500	—	—
2. Employees' retirement benefits	12,168	11,976	△192	△1.6
3. Allowance for environmental expenses	3,033	2,954	△78	△2.6
4. Other non-current liabilities	1,014	1,186	172	17.0
Total non-current liabilities	17,715	17,617	△98	△0.6
Total liabilities	133,371	80,598	△52,772	△39.6
Net assets				
I. Shareholders' equity				
1. Common stock	23,320	23,320	—	—
2. Capital surplus				
Additional paid-in capital	25,179	25,179	—	—
Total capital surplus	25,179	25,179	—	—
3. Retained earnings				
(1) Earning reserve	3,710	3,710	—	—
(2) Other retained earnings				
Special depreciation reserve	467	237	△230	△49.3
Deferred gain on sale of non-current assets	3,727	3,761	34	0.9
Provision of special reserve for deferred gain on sale of non-current assets	143	556	413	288.3
Other reserve	42,431	42,431	—	—
Deferred retained earnings	130,029	131,701	1,671	1.3

Total retained earnings	180,509	182,398	1,888	1.1
4. Treasury stock	△13,623	△22,216	△8,593	63.1
Total shareholders' equity	215,386	208,681	△6,705	△3.1
II. Valuation and translation adjustments				
1. Unrealized gains on securities, net of taxes	4,748	658	△4,089	△86.1
Total valuation and translation adjustments	4,748	658	△4,089	△86.1
III. Subscription rights to shares	193	310	116	60.1
Total net assets	220,329	209,650	△10,678	△4.8
Total liabilities and net assets	353,700	290,249	△63,451	△17.9

△ indicates a negative figure.

(2) Income Statements

(Units: Millions of yen, %)

	FY2008 (April 1, 2007 to March 31, 2008)	FY2009 (April 1, 2008 to March 31, 2009)	Increase/decrease	
	Amount	Amount	Amount	%
I. Sales	278,057	230,952	△47,105	△16.9
II. Cost of sales	190,702	170,795	△19,907	△10.4
Gross profit on sales	87,355	60,156	△27,198	△31.1
III. Selling, general and administration expenses	41,462	39,707	△1,755	△4.2
Operating income	45,892	20,448	△25,443	△55.4
IV. Nonoperating income	5,977	6,753	775	13.0
1. Interest income	344	405	61	17.8
2. Dividend income	3,640	3,884	243	6.7
3. Other nonoperating income	1,993	2,463	470	23.6
V. Nonoperating expenses	7,013	4,424	△2,588	△36.9
1. Interest expenses	245	256	11	4.6
2. Foreign exchange losses	2,822	1,717	△1,104	△39.1
3. Depreciation	740	1,091	350	47.4
4. Other nonoperating expenses	3,205	1,358	△1,846	△57.6
Current income	44,856	22,777	△22,079	△49.2
VI. Extraordinary income	681	398	△282	△41.4
1. Gains on sale of non-current assets	—	398	398	—
2. Gains on sales of investment securities	377	—	△377	△100.0
3. Gains on transfer of business	304	—	△304	△100.0
VII. Extraordinary losses	1,033	10,043	9,009	871.5
1. Impairment losses	—	5,444	5,444	—
2. Loss on devaluation of investment securities	—	2,574	2,574	—
3. Loss on devaluation of inventories	—	1,500	1,500	—
4. Loss on disposal of non-current assets	1,033	—	△1,033	△100.0
5. Other extraordinary losses	—	524	524	—
Net income before taxes	44,504	13,132	△31,371	△70.5
Corporate tax, resident tax and enterprise tax	14,773	3,928	△10,845	△73.4
Adjustment of income taxes	129	△653	△782	—
Net income	29,601	9,858	△19,743	△66.7

△ indicates a negative figure.

(3) Statements of Changes of Net Assets

FY2009 (April 1, 2008 to March 31, 2009)

	Shareholders' equity						
	Common stock	Capital surplus	Retained earnings				
		Additional paid-in capital	Earning reserve	Other retained earnings			
				Special depreciation reserve	Deferred gain on sale of non-current assets	Special reserve for deferred gain on sale of non-current assets	Other reserve
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	3,710	467	3,727	143	42,431
Changes during the fiscal year							
Distribution of surplus							
Net income							
Reversal of special depreciation reserve				△241			
Provision of special depreciation reserve				10			
Reversal of deferred gain on sale of non-current assets					△251		
Provision of deferred gain on sale of non-current assets					286		
Reversal of special reserve for deferred gain on sale of non-current assets						△143	
Provision of special reserve for deferred gain on sale of non-current assets						556	
Increase of treasury stock							
Disposal of treasury stock							
Net changes other than shareholders' equity during the fiscal year							
Total changes during the fiscal year (Millions of yen)	—	—	—	△230	34	413	—
Balance at March 31, 2009 (Millions of yen)	23,320	25,179	3,710	237	3,761	556	42,431

△ indicates a negative figure.

	Shareholders' equity			Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Retained earnings / Other retained earnings / Deferred retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of taxes		
Balance at March 31, 2008 (Millions of yen)	130,029	△13,623	215,386	4,748	193	220,329
Changes during the fiscal year						
Distribution of surplus	△7,959		△7,959			△7,959
Net income	9,858		9,858			9,858
Reversal of special depreciation reserve	241		—			—
Provision of special depreciation reserve	△10		—			—
Reversal of deferred gain on sale of non-current assets	251		—			—
Provision of deferred gain on sale of non-current assets	△286		—			—
Reversal of special reserve for deferred gain on sale of non-current assets	143		—			—
Provision of special reserve for deferred gain on sale of non-current assets	△556		—			—
Increase of treasury stock		△8,611	△8,611			△8,611
Disposal of treasury stock	△10	17	7			7
Net changes other than shareholders' equity during the fiscal year				△4,089	116	△3,973
Total changes during the fiscal year (Millions of yen)	1,671	△8,593	△6,705	△4,089	116	△10,678
Balance at March 31, 2009 (Millions of yen)	131,701	△22,216	208,681	658	310	209,650

△ indicates a negative figure.

FY2008 (April 1, 2007 to March 31, 2008)

	Shareholders' equity						
		Capital surplus	Retained earnings				
				Other retained earnings			
	Common stock	Additional paid-in capital	Earning reserve	Special depreciation reserve	Deferred gain on sale of non-current assets	Special reserve for deferred gain on sale of non-current assets	Other reserve
Balance at March 31, 2007 (Millions of yen)	23,320	25,179	3,710	827	3,800	—	42,431
Changes during the fiscal year							
Distribution of surplus							
Net income							
Reversal of special depreciation reserve				△437			
Provision of special depreciation reserve				78			
Reversal of deferred gain on sale of non-current assets					△224		
Provision of deferred gain on sale of non-current assets					150		
Provision of special reserve for deferred gain on sale of non-current assets						143	
Increase of treasury stock							
Disposal of treasury stock							
Net changes other than shareholders' equity during the fiscal year							
Total changes during the fiscal year (Millions of yen)	—	—	—	△359	△73	143	—
Balance at March 31, 2008 (Millions of yen)	23,320	25,179	3,710	467	3,727	143	42,431

△ indicates a negative figure.

	Shareholders' equity			Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Retained earnings / Other retained earnings / Deferred retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains on securities, net of taxes		
Balance at March 31, 2007 (Millions of yen)	107,187	△8,299	198,157	9,962	70	208,189
Changes during the fiscal year						
Distribution of surplus	△7,043		△7,043			△7,043
Net income	29,601		29,601			29,601
Reversal of special depreciation reserve	437		—			—
Provision of special depreciation reserve	△78		—			—
Reversal of deferred gain on sale of non-current assets	224		—			—
Provision of deferred gain on sale of non-current assets	△150		—			—
Provision of special reserve for deferred gain on sale of non-current assets	△143		—			—
Increase of treasury stock		△5,328	△5,328			△5,328
Disposal of treasury stock	△5	5	0			0
Net changes other than shareholders' equity during the fiscal year				△5,213	123	△5,089
Total changes during the fiscal year (Millions of yen)	22,842	△5,323	17,229	△5,213	123	12,139
Balance at March 31, 2008 (Millions of yen)	130,029	△13,623	215,386	4,748	193	220,329

△ indicates a negative figure.

(4) Notes on Assumption as a Going Concern

N/A