JSR Corporation

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Consolidated Business Results for FY2010

April 26, 2010

Name of listed company: JSR Corporation
Stock Exchange: Tokyo and Osaka
Code # 4185
URL http://www.jsr.co.jp
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Expected date of the shareholders' meeting: June 18, 2010
Expected date of the release of Asset Security Report: June 18, 2010
Expected date of dividend payment: June 21, 2010

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for FY2010 (April 1, 2009 to March 31, 2010)

(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	%
FY2010	310,183	-12.0	20,230	-33.3	22,377	-28.1	13,644	-2.4
FY2009	352,502	-13.4	30,347	-49.4	31,111	-44.5	13,981	-62.2

	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	%	%	%
FY2010	55.87	55.81	5.6	6.3	6.5
FY2009	56.36	56.31	5.7	8.2	8.6

Note: Equity in earnings of affiliated companies: 1,764 million yen for FY2010; 1,149 million yen for FY2009.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2010	373,565	250,700	66.8	1,021.31
FY2009	339,497	241,985	71.0	986.33

Note: Equity capital: 249,440 million yen for FY2010, 240,896 million yen for FY2009

(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
FY2010	58,655	-27,343	-7,325	61,404
FY2009	33,920	-36,464	-19,152	37,125

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
FY2010	13.00	13.00	26.00	6,350	46.5	2.6
FY2011 (Expected)	16.00	16.00	32.00		31.3	

3. Forecast results for FY2011 (April 1, 2010 to March 31, 2011)

(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, FY2011	170,000	18.9	17,500	431.8	18,500	495.3	11,000	—	45.04
Full FY2011	347,000	11.9	38,000	87.8	39,500	76.5	25,000	83.2	102.36

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 details, please refer to "Notes on significant matters serving as the basis for the production of consolidated financial statements" on page 26.

(3) Number of shares issued (common shares)

i The number of shares issued at the end of the fiscal year (including own shares)

FY2010 255,885,166 shares FY2009 255,885,166 shares

ii The number of own shares

FY2010 11,650,235 shares FY2009 11,648,666 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 42.

(Reference) Summary of non-consolidated business results

1. Non-consolidated business results for FY2010 (April 1, 2009 to March 31, 2010)

(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	212,465	-8.0	14,277	-30.2	16,725	-26.6	8,721	-11.5
FY2010	230,952	-16.9	20,448	-55.4	22,777	-49.2	9,858	-66.7

	Current net income per share	After latent share adjustment (Current net income per share)
	Yen	Yen
FY2010	35.71	36.67
FY2009	39.74	39.71

(2) Non-consolidated financial position

	Total assets	Net assets	Capital equity ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
FY2010	320,367	214,290	66.8	875.65
FY2009	290,249	209,650	72.1	857.12

(Reference) Equity capital 213,863 million yen for FY2010, 209,340 million yen for FY2009

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

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1. Items related to the Current Status of the JSR Group

(1) Progress and Business Results

Business Environment and Results

Japan's economy in the current fiscal year ending on March 31, 2010 has slowly headed towards recovery after having bottomed out at the end of the previous fiscal year. This was due to recovery in exports to improving economies in Asia, especially China, as well as the additional effects of economic policies and increase in production, reflecting progress in inventory adjustments. However, there remain concerns, due to factors such as large supply/demand gaps, over continuing low levels of capital investment and harsh employment and personal income circumstances. Conditions were still harsh compared to the level before the global economic crisis.

In major user industries of the JSR Group, domestic and foreign economic stimulus packages led to demand in LCD TVs exceeding the previous fiscal year and firm production of flat panel displays. However, annual production of automobiles, automotive tires and semiconductors remained below that of the previous fiscal year, although production recovered to year-on-year growth during the second half of the current fiscal year.

Looking at raw materials, the price of naphtha rose at the start of the current fiscal year after a steep decline at the end of the previous fiscal year. In addition, price increases in both utilities and major raw materials for the petrochemical products business such as styrene monomer and acrylonitrile adversely affected earnings.

Under these circumstances, in the petrochemical products business, the JSR Group expanded export sales, mainly to Asian countries and increased product prices in response to the surge in prices of major raw materials. In its fine chemicals and other products business which focuses on information electronics materials, the Group made a serious effort to develop global marketing. In addition, the Group strove to reduce costs across all group companies by taking additional measures to boost earnings mainly through further reduction of fixed costs while firmly proceeding with the Cost-Reduction Plan "E-100 Projects". Amidst the global economy still unrecovered to its previous level, decrease in demand adversely impacted on the results of the Group.

As a result, sales and profit declined in the current fiscal year; consolidated net sales decreased by 12.0% year-on-year to ¥310,183 million, operating income declined by 33.3% to ¥20,230 million, ordinary income decreased by 28.1% to ¥22,377 million, and current net income decreased by 2.4% to ¥13,644 million.

(Unit: Millions of Yen)

Segment		Previous term		Current term		Increase/decrease	
		Amount	Composition ratio	Amount	Composition ratio	Amount	Ratio
Net Sales	Elastomers business	117,855	33.4%	104,605	33.7%	-13,250	-11.2%
	Emulsions business	23,432	6.7%	16,997	5.5%	-6,435	-27.5%
	Plastics business	64,829	18.4%	48,041	15.5%	-16,788	-25.9%
	Fine chemicals & other products business	146,385	41.5%	140,539	45.3%	-5,845	-4.0%
	Total	352,502	100.0%	310,183	100.0%	-42,319	-12.0%

Domestic sales	208,956	59.3%	171,304	55.2%	-37,652	-18.0%
Overseas sales	143,546	40.7%	138,879	44.8%	-4,666	-3.3%

Segment	Previous term		Current term		Increase/decrease	
	Amount	Sales ratio	Amount	Sales ratio	Amount	Ratio
Operating income	30,347	8.6%	20,230	6.5%	-10,117	-33.3%
Current income	31,111	8.8%	22,377	7.2%	-8,733	-28.1%
Current net income	13,981	4.0%	13,644	4.4%	-336	-2.4%

Segment Information

Elastomers Business

(Sales of Synthetic Rubber)

With regard to domestic sales of synthetic rubber, net sales of general-purpose synthetic rubbers such as styrene butadiene rubber and polybutadiene rubber were substantially lower than those of the previous fiscal year as overall demand for automotive tires remained low despite the recent recovery trend. Net sales of special purpose synthetic rubbers such as nitrile rubber and ethylene propylene rubber declined from the previous fiscal year, reflecting lower annual automobile production although production during the second half of the current fiscal year recovered and exceeded the level of the previous fiscal year due to measures such as the introduction of tax incentives for fuel efficient automobiles.

Concerning export sales of synthetic rubber, net sales grew substantially year-on-year as a result of efforts by the Group to expand exports of general-purpose synthetic rubber to Asian countries such as China where there are high growth rates of automobile production.

(Sales of TPEs)

For Thermoplastic Elastomers（TPEs）such as polybutadiene, styrene and butadiene TPEs, net sales were the same as those in the previous fiscal year. Despite low sales during the first half of the fiscal year demand for automobile applications and shoe sole applications in Europe and South America became robust during the second half.

(Measures to Improve Earnings)

In regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Projects," along with additional measures to boost earnings mainly through the further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw material prices. Despite the recent signs of improvement in earnings reflecting gradual recovery in overall demand, the business recorded an operating deficit as a result of decline in profit margins caused by a significant decrease in demand especially in the first half as well as inevitable production adjustments.

As a result, consolidated net sales in the elastomers segment declined by 11.2% year-on-year to ¥104,605 million, with a decrease in operating income by ¥8,530 million year-on-year, leading to a deficit of ¥504 million.

【Elastomers Business】 (Unit: Millions of Yen)

	Previous term	Current term	Amount of increase/decrease	Rate of increase/decrease
Net sales	117,855	104,605	-13,250	-11.2%
Operating income	8,026	-504	- 8,530	—
Operating income to sales	6.8%	-0.5%	—	—

Emulsions Business

(Sales of Emulsion Products)

For paper coating latex (PCL), the main product of this segment, the drop in production of coated paper contributed to a substantial decline in net sales year-on-year. Net sales of latex for other industrial use were much lower than those of the previous fiscal year due to sluggish domestic demand for construction and automobiles, despite steady exports mainly to China and Taiwan.

(Measures to Improve Earnings)

In regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Projects," along with additional measures to boost earnings mainly through the further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw material prices. Despite these efforts, demand declined substantially and profits fell far below those of the previous fiscal year.

As a result, in the emulsions segment, consolidated net sales declined by 27.5% year-on-year to ¥16,997 million with operating income declining by 46.2% year-on-year to ¥277 million.

【Emulsions Business】 (Unit: Millions of Yen)

	Previous term	Current term	Amount of increase/decrease	Rate of increase/decrease
Net Sales	23,432	16,997	-6,435	-27.5%
Operating income	516	277	-238	-46.2%
Operating income to sales	2.2%	1.6%	-0.6%	—

Plastics Business

(Sales of Plastics)

In the domestic market, net sales year-on-year were lower as a result of dull performance by user industries as a whole, including lower overall annual sales for automobiles despite a recent trend of recovery and low demand for building materials and in the entertainment sector. In the export market, net sales were substantially lower as sales for automobile use declined on an annual basis despite a recent trend of recovery. In addition, low demand both for office appliances and in the entertainment sector resulted in a substantial decline in net sales year-on-year.

(Measures to Improve Earnings)

With regard to earnings, the Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Projects," along with additional measures to boost earnings mainly through the further reduction of fixed costs. Efforts to increase product prices were also made in response to higher raw material prices. Despite these efforts, a substantial drop in demand combined with the impact of the appreciation of the Japanese yen did not make up for the decline in profit margins, which led to an operating deficit.

As a result, in the plastics segment, consolidated net sales declined by 25.9% year-on-year to ¥48,041 million, with a decrease in operating income by ¥1,311 million, leading to a deficit of ¥3 million.

【Plastics Business】 (Unit: Millions of Yen)

	Previous term	Current term	Amount of increase/decrease	Rate of increase/decrease
Net Sales	64,829	48,041	-16,788	-25.9%
Operating income	1,308	-3	-1,311	—
Operating income to sales	2.0%	-0.0%	—	—

Fine Chemicals and Other Products Business

(Sales of Semiconductor Materials)

With regard to semiconductor materials, annual net sales during the whole fiscal year were lower compared with the previous fiscal year although there have been clear signs of recoveries in the sales of ArF (Argon Fluoride) photoresists, packaging materials, and CMPs, reflecting increasingly visible recovery trends in the demand for semiconductors, especially those for laptop computers and smart phones, in Japan, Asia and the U.S.

A new plant for advanced lithography materials began operating at the Yokkaichi Plant, which commenced commercial production of ArF photoresists in November 2009. This will enable the Group to firmly enhance its competitive edge not only by meeting higher demand for ArF photoresists arising from the full scale launch of 40 nanometer generation semiconductor processes, but also by satisfying customer requirements for higher quality by strengthening its capabilities to efficiently and stably supply products .

(Sales of Flat Panel Display Materials)

With respect to materials for FPDs (Flat Panel Displays), net sales exceeded the level of the previous fiscal year due to higher demand in LCD panels for TVs boosted by domestic and foreign economic stimulus packages and to the steady demand for laptop computers as a result of the introduction of a new OS (Operating System) despite a declining trend of prices of LCD panels. At JSR Micro Kyushu Co., Ltd., a consolidated subsidiary, the Group completed an expansion of a production facility for advanced LCD materials in August 2009 and started commercial production in April 2010 after a successful trial production and customer approval. The Group is committed to meeting growing demand for LCD materials by effectively utilizing this new plant together with its Yokkaichi Plant, JSR Micro Korea, and JSR Micro Taiwan.

(Sales of Optical Materials)

With regard to optical materials, in which the main product of the segment is optical fiber coating materials, domestic demand of optical fiber cables was weak. However, sales were steady overall due to strong export demand of optical fibers to China and other emerging markets. Anti-reflective coating materials and protective coating materials were increasingly adopted in high value-added applications following the trend towards flat screen TVs with higher definition panels. ARTON® resin (heat-resistant transparent resin) saw more intense competition in the optical film sector, but was steady in resin sales and the precision processing sector. For optical materials as a whole, net sales increased year-on-year.

(Progress in the Strategic Businesses)

JSR has specified the sectors in which large future growth is expected as "strategic businesses" namely, precision materials and processing, biomedical materials, as well as the environment and energy, and has been enhancing the structure to promote these businesses.

The strategic businesses are producing solid results. During the current fiscal year, JSR launched a new series of high-luminance LED related materials under the name of LUMILON™, such as encapsulants, highly refractive coatings and insulation materials; JSR also started marketing commercial samples of touch panel sheets/films for mobile terminals and touch panel PCs; and there is growing acceptance and adoption of binder materials for lithium-ion batteries both in the domestic and foreign markets.

(Measures to Improve Earnings)

With regard to earnings, the JSR Group has vigorously made efforts to reduce costs through the promotion of the Cost-Reduction Plan "E-100 Projects," along with additional measures to boost earnings mainly through the further reduction of fixed costs. Despite these efforts, profits were the same as in the previous fiscal year due to weak demand, the appreciation of the yen, and higher costs involved in the strategic businesses which receive priority allocation of resources.

As a result, in the fine chemicals and other products segment, consolidated net sales declined 4.0% year-on-year to ¥140,539 million, with an annual decrease in operating income by 0.2% to ¥20,460 million.

【Fine chemicals and other products business】 (Unit: Millions of Yen)

	Previous term	Current term	Amount of increase/decrease	Rate of increase/decrease
Net Sales	146,385	140,539	-5,845	-4.0%
Operating income	20,496	20,460	-35	-0.2%
Operating income to sales	14.0%	14.6%	0.6%	—

(Fiscal 2011 Outlook)

In FY2011, effects of economic stimulus packages which have driven Japan's economy thus far will gradually dwindle, with concerns that this will affect personal consumption. However, it is expected that the economy will continue to recover due to factors such as the support of exports to recovering overseas economies, an end to declines in capital investment, and with the employment and income environments steadily heading toward recovery.

For the JSR Group, in industries such as automobiles and automotive tires which are the main demand industries for the petrochemicals business, it is forecast that although demand will remain below previous levels, there will be a gradual trend toward recovery. The semiconductor and flat panel display industries are the main demand industries of the fine chemicals and other products business. While there are prospects of a trend toward lower prices and the fear of changes in overseas economic stimulus packages which have underpinned consumption thus far, relatively fast growth is expected due to factors such as demand in emerging markets.

Based on these circumstances, JSR forecasts the following numerical targets for FY2011: consolidated net sales increasing 11.9% year-on-year to ¥347 billion, operating income increasing 87.8% to ¥38 billion, current income increasing 76.5% to ¥39.5 billion, and net income to improve by 83.2% to ¥25 billion. The above projections assume a yen exchange rate of ¥90 to the US dollar, and a naphtha price of ¥50,000 per kiloliter.

(2) Analysis of Financial Position

Analysis of Assets, Liabilities and Net Assets

Total assets at the end of fiscal 2010 increased by ¥34.0 billion compared with the end of fiscal 2009, to ¥373.5 billion. The main changes in current assets compared to the end of fiscal 2009 were: cash and deposits increased ¥19.7 billion, marketable securities increased ¥12.5 billion, notes and accounts receivable-trade increased ¥20.3 billion, and inventories decreased ¥18.8 billion. In the second half of fiscal 2009, the economic crisis resulted in decreased sales and inventory buildup, but sales rebounded from a bottom in the fourth quarter due to demand recovery and active sales growth in fiscal 2010. This led to a decrease in inventories, while notes and accounts receivable-trade and cash on hand increased. Total current assets increased by ¥39.1 billion.

Fixed assets were ¥143.9 billion of which tangible fixed assets were ¥88.3 billion; intangible fixed assets were ¥5.8 billion, investment and other assets were at ¥49.7 billion. The main changes in fixed assets compared to the end of fiscal 2009 were: machinery, equipment and vehicles decreased ¥3.3 billion, other tangible fixed assets decreased ¥3.4 billion, and investment securities increased ¥4.5 billion. Tangible fixed assets decreased as JSR held down capital investment, but investment securities increased due to a rise in the value of securities held. Total fixed assets decreased ¥5.0 billion.

Liabilities were at ¥122.8 billion of which current liabilities was ¥100.7 billion and fixed liabilities were ¥22.1 billion. The main changes in liabilities compared to the end of fiscal 2009 were: notes and accounts payable-trade increased ¥20.0 billion, and accrued income taxes increased ¥4.8 billion. Notes and accounts payable-trade increased due to increased production and higher raw material prices. Total liabilities increased ¥25.3 billion.

Net assets were ¥250.7 billion. This was comprised of ¥250.1 billion shareholders' equity, negative ¥0.7 billion valuation and translation adjustments, ¥0.4 billion subscription rights to shares, and ¥0.8 billion minority interests. The main changes compared to the end of fiscal 2009 were: a ¥5.3 billion increase in retained earnings, and unrealized gains on securities increased ¥2.9 billion. Total net assets increased ¥8.7 billion.

(Cash Flow Analysis)
Consolidated basis cash and cash equivalents (hereafter, "cash") as of the end of fiscal 2010 increased by ¥24.3 billion over the end of fiscal 2009, to ¥61.4 billion.

(Cash Flows from Operating Activities)
Fiscal 2010 operating cash flows increased 72.9% year-on-year to ¥58.7 billion. The main adjustments to reconcile net income before income taxes and minority interests from ¥19.457 billion were: ¥22.4 billion depreciation and amortization (¥24.8 billion in fiscal 2009), ¥20.5 billion increase in notes and accounts receivable-trade (¥30.2 billion decrease in fiscal 2009), ¥19.5 billion decrease in inventories (¥7.1 billion increase in fiscal 2009), and ¥18.9 billion increase in notes and accounts payable-trade (¥38.0 billion decrease in fiscal 2009). Fiscal 2010 cash flows from operating activities increased by ¥24.7 billion over the previous period, mainly due to decreased inventories and income tax payments.

(Cash Flows from Investing Activities)
Investing cash flows in fiscal 2010 were a negative ¥27.3 billion (down 25.0% from fiscal 2009). The main components were ¥19.0 billion (¥22.7 billion in fiscal 2009) due to payments for the purchase of fixed assets, and ¥6.0 billion due to payments for the purchase of securities. Net cash used in investing activities decreased by ¥9.1 billion compared to fiscal 2009, mainly due to the elimination of payments for the purchase of investment of subsidiaries and affiliates.

(Cash Flows from Financing Activities)
Decrease in funds in fiscal 2010 from financing activities was ¥7.325 billion (down 61.8% compared to fiscal 2009). The main item was payment of ¥7.081 billion in dividends (¥7.974 billion in fiscal 2009). In fiscal 2010, expenditures related to financing activities decreased by ¥11.826 billion mainly due to the decrease in payback expenditures.

(Cash Flow related Indices)

	FY ending March 2006	FY ending March 2007	FY ending March 2008	FY ending March 2009	FY ending March 2010
Capital/asset ratio	55.8%	57.5%	60.6%	71.0%	66.8%
Capital/asset ratio at market value base	233.5%	167.8%	135.3%	82.4%	127.7%
Cash flow vs. interest-bearing debt ratio	0.7	0.4	0.3	0.5	0.3
Interest coverage ratio	107.0 times	113.1 times	212.0 times	122.9 times	336.2 times

Capital/asset ratio: Equity capital ÷ total assets
Capital/asset ratio at market value base: Value of shares ÷ total assets
Cash flow versus interest-bearing debt ratio: Interest-bearing debt ÷ cash flow
Interest coverage ratio: Cash flow ÷ interest payment

(Notes)
1. All figures are calculated based on consolidated financial data.
2. Value of shares is calculated based on the number of shares issued, excluding the company's own shares.
3. Operating cash flows are used for the purposes of this data.
4. Interest-bearing debt refers to all liabilities reported on the consolidated balance sheets, of which interest has been paid.

(3) Basic Policies regarding Profit Allocation; Dividends for the Current Term and Next Term

With a long-term outlook in mind, the JSR Group strives to enhance research and development (R & D). By strengthening the company's competitiveness through initiatives such as new business developments, JSR considers the long-term improvement of the company's business results to be of utmost importance.

Based on this stance, the Group has a basic policy to continuously maintain stable dividends, as well as allocate profits in response to enhancing consolidated performance. Dividends are determined by comprehensively taking into consideration conformity with necessary internal retainage for future business developments.

With regard to internal retainage, JSR will allocate funds toward strategic investment and R & D leading to new growth, with the aim to enhance corporate value. For the mid to long-term, in utilizing retainage for paybacks, JSR will endeavor to return profits to shareholders.

Based on these policies, dividends for the end of Q2 FY2010 were ¥13 per share. As previously announced, with regard to dividends for the current term, the amount will be ¥13 and on a yearly basis, dividends are due to be ¥26 per share.

With concern to dividends for FY2011, considering JSR's forecasted performance, dividends per share are expected to be ¥16 for the end of Q2 and ¥16 per share for year-end dividends, leading to an annual amount of ¥32 per share.

2. The JSR Group

The JSR corporate group is made up of JSR Corporation (the "Company"), 30 subsidiaries and 11 affiliated companies, of which five subsidiaries and six affiliated companies belong to the elastomers business; eight subsidiaries and one affiliated company are part of the plastics business, whilst 13 subsidiaries and four affiliated companies fit into the fine chemicals and other products business. In addition, JSR Trading Co. Ltd. (a consolidated subsidiary) is relevant to all businesses; consolidated subsidiary E-TEC Co. Ltd. covers the emulsions business as well as the fine chemicals and other products business. Similarly, Japan Coloring Co. Ltd. (consolidated subsidiary) covers the elastomers business in addition to the plastics business, and JSR Trading (Shanghai) Co. Ltd (consolidated subsidiary) covers the elastomers business, the emulsions business and the fine chemicals and other products business.

In operating the corporate group, the main business content and the relevant business positions of the companies (including organizations such as affiliated companies) which make up each business segment are as per the table below.

Business Segment	Main Products	Main affiliated companies
Elastomers business	Synthetic rubbers, compounded products, thermoplastic 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., JSR Trading (Shanghai) Co. Ltd.
Emulsions business	Emulsions and other products.	JSR Corporation, E-TEC Co. Ltd., JSR Trading Co. Ltd., JSR Trading (Shanghai) Co. Ltd.
Plastics business	Plastics such as ABS resins	Techno Polymer Co. Ltd., Japan Coloring 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., JSR Trading (Shanghai) Co. Ltd.
Fine chemicals & other products business	Materials for semiconductor manufacture, materials for flat panel displays, etc.	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 coating materials	JSR Corporation, Japan Fine Coatings Co. Ltd., JSR Optech Tsukuba Co. Ltd.
	Other products	JSR Corporation, E-TEC Co. Ltd., JSR Microtech Inc., D-MEC Ltd., JSR Logistics Co. Ltd., JSR Engineering Co. Ltd., Nichigo Kogyo Co. Ltd., JSR Trading Co. Ltd., JSR Trading (Shanghai) Co. Ltd., JSR Business Service Co. Ltd., JM Energy Corporation.

(Notes)

1. In the case where several businesses operate, the companies have been included in each respective business.
2. Kyushu Gomu Kako Co. Ltd. is expected to dissolve in September 2010.
3. For details about the main products in each business segment, please refer to Segment Information on page 33: (1) Segment Information per Business Segment and (notes 2): Main products in each business segment.

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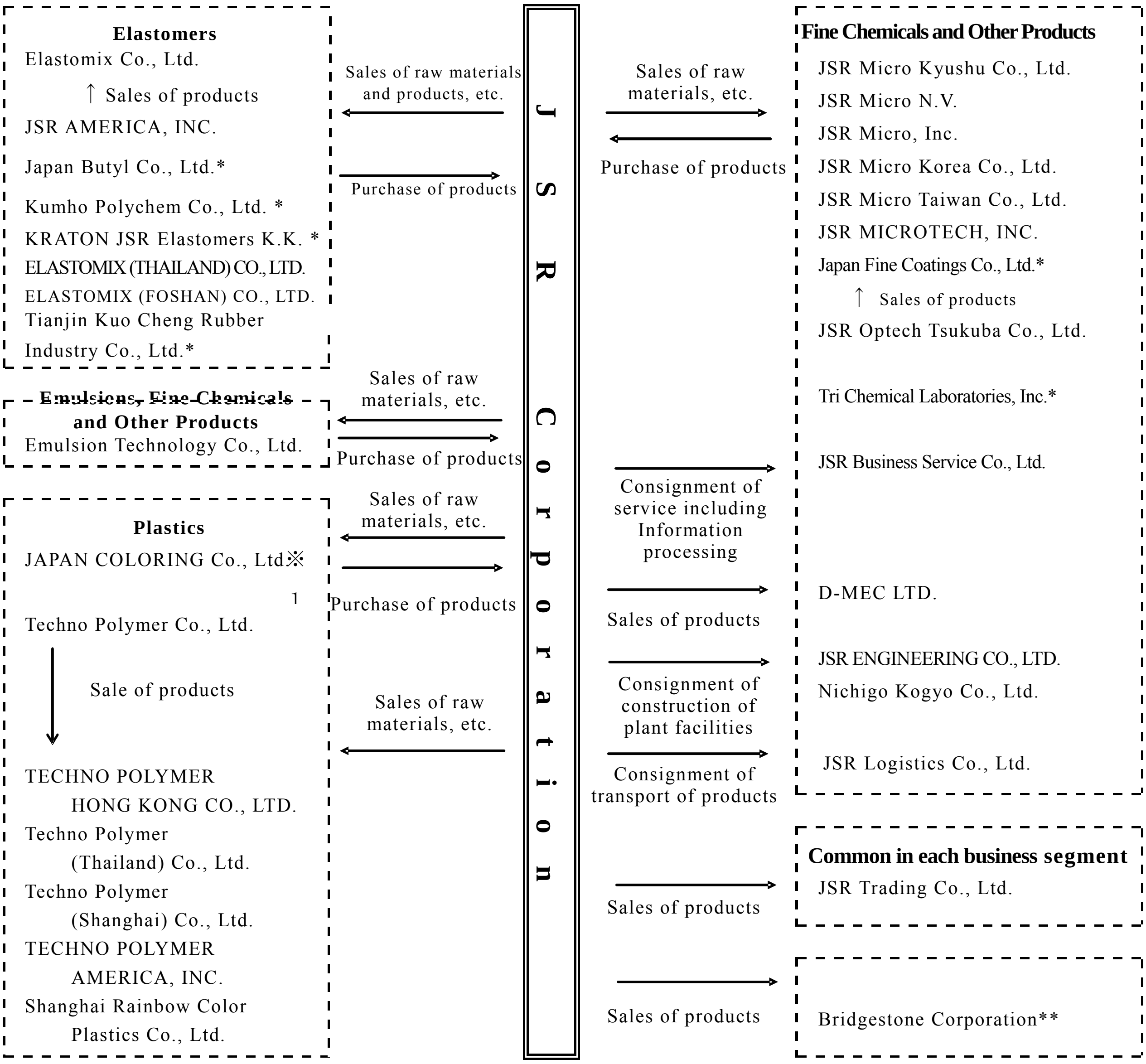
Business relations of the JSR Group companies are specified in the systematic diagram below.



※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 Policies

(1) The Group's basic management policies

The JSR Group is working to further specify its approaches toward Corporate Social Responsibility (CSR) and has formulated a corporate philosophy as well as management policies, aiming to be a company that contributes to society, and is taking steps toward implementation.

The company upholds the corporate philosophy and catch phrase of "Materials Innovation": "to provide new materials, and through their value strive to contribute to the realization of an affluent human society (people, society and the environment)." In addition, to celebrate 50 years since the company's foundation, a new corporate slogan: "With chemistry, we can." was established in December 2007, with an aim to enhance the corporate brand. As well as actively developing the company, the slogan complements the "Materials Innovation" philosophy, and all employees share this common value, when engaging in work tasks.

The following are the company's management policies.

(1) Persistently challenge "revolution", continuously "evolve" globally, and strive to be a technologically-oriented company.

(2) Pursue a highly efficient, transparent and sound management system and strive to be a company that is trusted by stakeholders.

(3) Practice responsible care* for the world's future.

Under these policies, the company will promptly and flexibly respond to changes in the economic and business environments, and place great importance on research and development in order to be a "technologically-oriented company." Whilst undertaking global business development based on original and high technological capabilities, JSR will aim for sustained growth. Environment and safety issues will be a task to be approached and focused upon by the whole company.

Through the creation of new materials, JSR will contribute to technological revolutions as an "innovative company", and strive to be a company that lives up to the public's trust.

**Responsible care* refers to the "autonomous management activities on the part of corporations involved with the manufacture and handling of chemical substances, aimed at carrying out policies related to 'the environment and safety' as part of a company's public commitment to its management policies.

(2) The Group's mid and long-term management strategies, management benchmarks and remaining challenges

<u>Progress during the current term</u>

As the final stage to the JSR Group's business structure reform which started in fiscal 2003, the "JUMP2010" midterm business plan began in fiscal 2008 as a four-year plan, promoted with an ideal company position for 2010 in mind. Facing the global financial crisis of two years ago, the numerical targets and plan of action for the latter two years of "JUMP2010" were adjusted at the beginning of the term.

In the current term, the Group focused on expanding export sales in the petrochemicals business and revised prices in response to rising costs of major raw materials. In the fine chemicals and other products business, mainly information electronic materials, the Group focused on expanding into the global market. In addition to the "E-100" Cost Reduction Project which has been implemented thus far, measures were taken to raise earnings by focusing on the reduction of fixed costs. Due to such approaches, both net sales and profit resulted in exceeding the revised plan.

Forthcoming management strategies

Fiscal 2011 is the final year of "JUMP2010". Under the basic strategy of "creating next-generation growth businesses and enhancing earnings in the petrochemicals business as well as the fine chemicals and other products business"; in the core businesses such as the flat panel display materials business, materials for semiconductor manufacturing and the petrochemicals business, these segments will be globally expanded, mainly in the rapidly-growing, newly-emerging markets. In particular, the Chinese market is showing remarkable growth. The company's Chinese subsidiary, JSR (Shanghai) Co. Ltd ("JSR Shanghai") will be utilized as a base to establish a locally-attached marketing system. JSR will continue to promptly respond to customer needs in a growing and expanding Chinese market, setting up a system in which to supply high quality products. Moreover, in order to increase profitability, cost reduction measures (mainly through the continued implementation of the "E-100 Projects") will be in place, with an aim to enhance global competitiveness.

At the beginning of the current term, precision materials and processing, medical materials, and the environment and energy domains were defined as "strategic businesses"; these are next-generation growth domains in which large, future growth is expected. These businesses received strategic allocation of resources. The strategic business domains will continue to have an enhanced distribution of resources and JSR's competitive materials and precision processing technologies will be capitalized in order to accelerate the launch of businesses.

These measures will make solid progress for the Group to return to a growth track, and JSR will make a collective effort to achieve its goals.

Fiscal 2011 is a year in which to formulate the next mid-term business plan, with an aim for sustained growth for next year and beyond. With the business environment up to the year 2030 in mind, the Group will set out to meet its ideal position for 2020, and move forward to meet higher goals. Additionally, while response to environmental issues is rapidly becoming more important, JSR will extract what "environment and energy" means for the Group and formulate an environmental management policy that looks at both risk handling and approaches toward gaining business opportunities, linking it to the next midterm business plan.

Target management benchmarks

The JSR Group considers consolidated operating income to sales and return on equity (ROE) to be important management benchmarks to aim for.

The following table shows achievements for the current term and numerical targets for the following term.

	Revised FY2010 plan (October 2009)	FY2010 results	FY2011 forecast
Consolidated net sales	¥307.0 billion	¥310.1 billion	¥347.0 billion
Consolidated operating income	¥16.0 billion	¥20.2 billion	¥38.0 billion
Consolidated operating income to sales	5.2%	6.5%	11.0%
ROE	4.0%	5.6%	9.7%

Challenges for the JSR Group

(Challenges for Petrochemical Products Business)

Among the major user industries of the petrochemical products business, such as automobiles and automotive tires, there are concerns that large growth cannot be expected in the near future and that long-term stagnation will occur. However, it is expected that needs for high-value-added materials that contribute to the reduction of environmental impact will grow, and that continuous expansion in emerging markets (mainly China) will be seen. In regard to the management of major raw material supplies, there are also concerns about constrained availability caused by consolidations of domestic ethylene crackers.

Amidst this awareness of the business environment, the JSR Group will strive to expand global sales of highly competitive products having originality and technical edge, and to optimize the supply chain of its products. Specifically, by utilizing Dow Europe GmbH, from which JSR obtained capacity rights for 30,000 tons, the Group will further strengthen the growing sales of solution polymerization SBR (S-SBR) for fuel efficient and high performance tires for users in Europe and Asia. To respond to the increased demand for butyl rubber (IIR) used for the inner tubes of large-sized automotive tires for vehicles such as buses and trucks, as well as radial tires for vehicles, JSR has decided to increase the production capacity of IIR by 18,000 tons at Japan Butyl Co., Ltd., an equity method affiliate. This increase in production capacity is set to be complete by the end of 2010. The Group will strive to make this capacity enhancement functional and effective.

In expanding and emerging markets, especially the Chinese market, the Group will endeavor to strengthen marketing activities by effectively utilizing JSR Shanghai, and to further expand sales.

In regard to ensuring the stable supply of raw materials, the Group will focus on securing new raw material sources from overseas.

To further enhance profitability, the Group will continue to put effort into promoting the “E-100 Projects,” along with drastic cost-structure reforms, such as reducing fixed costs, and remarkable improvement in productivity, including the integration of production lines.

(Challenges for the Fine Chemicals and Other Products Business)

-- Core Businesses --

Looking at the major user industries of the core businesses of the JSR Group’s fine chemicals and other products business, such as information electronics, the semiconductor and flat panel display industries, these areas are expected to mark fast overall global growth as there will be growing demand especially in emerging countries for final products containing semiconductors or flat panel displays. On the other hand, it appears that, while there are increasing needs for value added materials through development and progress in new technologies, there are clear declining trends towards lower prices as a result of increasing commoditization of digital technologies.

Based on this understanding of the business environment, the Group is committed to expanding its product lines to meet new needs utilizing cutting-edge technologies for the businesses of semiconductor materials and flat panel display materials, as well as to actively expand in emerging markets, especially China. The Group is working to expand the semiconductor materials business by launching new products such as next generation lithography materials and the flat panel display materials business by introducing new alignment films to satisfy customer requirements. In the Chinese market, the Group is establishing a strongly localized marketing organization with JSR Shanghai as its base, and is developing the organization to supply high quality products. To meet the trend towards lower prices, JSR is cutting business costs and boosting its competitive strength by further promoting the "E-100 Projects," optimizing its globally expanding production bases, and globalizing raw material procurement, etc.

-- Strategic Businesses--

The JSR Group will further focus on the strategic allocation of resources, and utilize superior materials and precision processing technologies to accelerate the development of these strategic businesses into a third source of earnings, alongside the petrochemical products business and the information electronics materials business.

Specifically, the Group will accelerate the establishment of the precision materials and processing business, such as touch panel sheets/films. In the biomedical materials business, the Group will work toward solid progress by building business infrastructure in areas such as immunodiagnostic agents and reagents, based on particle technologies. The Group will work to further expand the environment and energy business by solidly developing a wide range of uses, such as battery materials and LED materials. JM Energy Corporation, a consolidated subsidiary, is developing lithium-ion capacitor devices, which are increasingly used in devices which compensate for a momentary drop in voltage and power failures; JSR will develop further uses and strive to expand the business globally.

（Other Corporate Challenges）

-- Personnel Training --

With regard to the development of human resources, the JSR Group recognizes that personnel training is a high priority issue necessary for the company’s sustainability and long-term development. The Group will accelerate the measures necessary for strengthening the organizational skills of its employees with the policy to encourage self-motivated educational efforts. In addition, *diversity* and *work-life management* are themes being promoted across the entire group to enhance flexibility within the organization by utilizing diverse personnel and values arising from the trend of qualitative and quantitative changes in the labor force reflecting the trend of an aging population and low birth rate.

-- Internal Control --

In accordance with the Companies Act, the JSR Group has established "A Basic Policy Regarding the Internal Control System" and is working towards enhancing and reinforcing internal control. During the current fiscal year, JSR enhanced its effectiveness of management, function of internal control and governing management by enhancing and securing independency and professional business skills of the auditors by way of newly appointing a lawyer as an external corporate auditor in addition to a certified public accountant, etc. The Group will continue to make efforts to strengthen and improve corporate governance, as well as maintain credibility of financial reports, with the aim to improve and reinforce internal control.

-- CSR --

The JSR Group believes it should carry out Corporate Social Responsibility (CSR) and has implemented corporate ethics actions, responsible care, risk management and social contribution activities under the CSR Committee. In particular, as part of the chemical industry, JSR regards the environment and safety to be key issues underlying management, and aims to effectively promote this across the entire company. The Group will strive to raise this level of awareness, enhancing CSR activities which correspond to diverse values. In addition, in April 2009, JSR participated in the "Global Compact", a policy initiative for businesses operated by the United Nations. The Company acknowledges this participation as declaration of a global company to internationally practice responsible business conduct and will actively pursue CSR activities, meeting diverse values as well as requirements for safety and the environment.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet for Full FY2010 (Unit: Millions of Yen)

	Full FY2009 (March 31, 2009)	Full FY2010 (March 31, 2010)
	Amount	Amount
(Assets)		
Current assets		
1 Cash and assets	16,909	36,676
2 Notes and accounts receivable	52,782	73,132
3 Marketable securities	21,492	34,000
4 Inventories	76,955	58,130
5 Deferred tax assets	—	4,290
6 Other current assets	22,323	23,340
Total Current Assets	190,463	229,570
Non-current assets		
1 Tangible assets		
(1) Buildings and structures	29,289	30,653
(2) Machinery and transportation equipment	32,590	29,201
(3) Real estate	16,869	19,435
(4) Construction in progress	4,097	3,854
(5) Others	8,628	5,176
Total tangible assets	91,476	88,321
2 Intangible assets	6,723	5,883
3 Investments and other non-current assets		
(1) Investment securities	24,158	28,734
(2) Investments in unconsolidated subsidiaries	4,927	—
(3) Deferred tax assets	8,703	6,299
(4) Others	13,044	14,756
Total Investments and other non-current assets	50,834	49,790
Total Non-current Assets	149,034	143,995
Total Assets	339,497	373,565
(Liabilities)		
Current liabilities		
1 Notes and accounts payable	39,635	59,653
2 Short-term loans payable	14,339	14,161
3 Income taxes payable	—	5,836
3 Other current liabilities	22,194	21,099
Total Current Liabilities	76,169	100,750
Non-current liabilities		
1 Reserve for retirement benefits	14,820	15,903
2 Reserve for environmental expenses	3,204	3,183
3 Others	3,316	3,026
Total Non-current Liabilities	21,342	22,113
Total Liabilities	97,511	122,864
(Net assets)		
Shareholders' equity		
1 Common stock	23,320	23,320
2 Additional paid-in capital	25,179	25,179
3 Earnings surplus	218,515	223,890
4 Treasury stock	-22,216	-22,219
Total Shareholders' equity	244,797	250,170
Differences from securities revaluation		
1 Other differences from securities revaluation	645	3,610
2 Foreign currently translation adjustments	-4,546	-4,340
Total differences from securities revaluation	-3,900	-730
Stock acquisition rights	310	426
Minor shareholders' interests	778	833
Total Net Assets	241,985	250,700
Total Liabilities and Net Assets	339,497	373,565

(2) Consolidated Income Statement

(Unit: Millions of Yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 2009 to March 31, 2010)
	Amount	Amount
Net sales	352,502	310,183
Cost of sales	263,018	235,478
Gross profit on sales	89,484	74,704
General sales and administrative expenses	59,136	54,474
Operating income	30,347	20,230
Non-operating income	4,981	5,467
1 Interest income	700	276
2 Dividends income	528	291
3 Equity in earnings of affiliates	1,149	1,764
4 Subsidy income	964	828
3 Foreign exchanges gains	—	962
4 Others	1,636	1,344
Non-operating expenses	4,217	3,320
1 Interest expenses	270	172
2 Foreign exchanges losses	993	749
3 Depreciation	1,091	—
4 Others	1,862	2,398
Current income	31,111	22,377
Extraordinary income	398	—
1 Gain on sales of noncurrent assets	398	—
Extraordinary losses	10,707	2,919
1 Loss on disposal of inventories	—	1,728
2 Restructuring loss	—	1,191
3 Impairment loss	6,042	—
4 Loss on valuation of investment securities	1,887	—
5 Loss on valuation of inventories	1,685	—
6 Others	1,091	—
Net income before tax	20,803	19,457
Corporate tax, resident tax, and enterprise tax	6,217	6,642
Adjustment of income taxes and others	-76	-881
Minority interests	681	52
Net Income	13,981	13,644

(3) Consolidated statement of changes in net assets

(Unit: Millions of Yen)

	FY 2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Shareholders' equity		
Capital		
Ending balance for previous term	23,320	23,320
Change from current term		
Total change from current term	—	—
Ending balance for current term	23,320	23,320
Capital surplus		
Ending balance for previous term	25,179	25,179
Change from current term		
Total change from current term	—	—
Ending balance for current term	25,179	25,179
Accumulated earnings		
Ending balance for previous term	212,503	218,515
Change from current term	-7,959	-7,082
Current net earnings	13,981	13,644
Disposal of treasury stock	-10	—
Change of scope of consolidation	—	-1,186
Total change from current term	6,011	5,375
Ending balance for current term	218,515	223,890
Own shares		
Ending balance for previous term	-13,623	-22,216
Change from current term		
Payback	-8,611	-2
Disposal of treasury stock	17	—
Total change from current term	-8,593	-2
Ending balance for current term	-22,216	-22,219
Total shareholders' equity		
Ending balance for previous term	247,379	244,797
Change from current term		
Dividends of surplus	-7,959	-7,082
Current net earnings	13,981	13,644
Payback	-8,611	-2
Disposal of treasury stock	7	—
Change of scope of consolidation	—	-1,186
Total change from current term	-2,581	5,373
Ending balance for current term	244,797	250,170

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Valuation and exchange rate changes etc.		
Other marketable securities valuation difference		
Ending balance for previous term	4,806	645
Change from current term		
Change from current term (net) for items other than shareholders' equity	−4,161	2,965
Total change from current term	−4,161	2,965
Ending balance for current term	645	3,610
Foreign currency translation adjustments		
Ending balance for previous term	352	−4,546
Change from current term		
Change from current term (net) for items other than shareholders' equity	−4,898	205
Total change from current term	−4,898	205
Ending balance for current term	−4,546	−4,340
Total valuation and exchange rate changes etc.		
Ending balance for previous term	5,159	−3,900
Change from current term		
Change from current term (net) for items other than shareholders' equity	−9,060	3,170
Total change from current term	−9,060	3,170
Total change from current term	−3,900	−730
New share subscription rights		
Ending balance for previous term	193	310
Change from current term		
Change from current term (net) for items other than shareholders' equity	116	116
Total change from current term	116	116
Ending balance for current term	310	426
Minority equity		
Ending balance for previous term	4,929	778
Change from current term		
Change from current term (net) for items other than shareholders' equity	−4,151	55
Total change from current term	−4,151	55
Ending balance for previous term	778	833
Total net assets		
Ending balance for previous term	257,662	241,985
Change from current term		
Dividends of surplus	−7,959	−7,082
Current net earnings	13,981	13,644
Payback	−8,611	−2
Disposal of treasury stock	7	—
Change of scope of consolidation	—	−1,186
Change from current term (net) for items other than shareholders' equity	−13,094	3,341
Total change from current term	−15,676	8,714
Ending balance for current term	241,985	250,700

(4) Consolidated Statement of Cash Flows for FY2010

(Unit : Millions of Yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
	Amount	Amount
Cash flows from operating activities		
Net income before taxes	20,803	19,457
Depreciation	24,833	22,379
Interests and dividends income	-1,229	-567
Interest charges	270	172
Investment income according to the equity method	-1,149	-1,764
Gain on sales of noncurrent assets	-398	—
Impairment loss	6,042	—
Loss on sales of Investment securities	1,887	—
Decrease (increase) in note and accounts receivable	30,234	-20,453
Decrease (increase) in inventories	-7,104	19,484
Increase (decrease) in accounts payable	-38,012	18,890
Others	11,216	-1,327
Sub total	47,392	56,271
Interest and dividend income received	2,592	2,089
Interest charges paid	-275	-174
Income taxes paid	-15,787	468
Cash flows from operating activities	33,920	58,655
Cash flows from investment activities		
Expenses for acquisition of securities	—	-6,000
Expenses for acquisition of non-current assets	-22,736	-18,982
Income from sales of non-current assets	407	—
Expenses for acquisition of investment securities	-635	—
Income from sale of investment securities	7	188
Income from redemption of investment securities	2,000	—
Expenses for investment in subsidiaries/affiliates	-6,384	—
Expense for loans	-5,802	-3,548
Increase from loans	2,880	2,618
Others	-6,202	-1,619
Cash flows from investment activities	-36,464	-27,343
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	-1,162	-220
Expenses for reimbursement of long-term loans	-1,234	-4
Expenses for acquisition of treasury stocks	-8,611	-2
Dividends paid	-7,974	-7,081
Dividends paid for minority interests	-166	-11
Others	-3	-4
Cash flows from financing activities	-19,152	-7,325
Conversion difference of cash and cash equivalents	-2,903	36
Increase/decrease in cash and cash equivalents	-24,599	24,023
Operating balance of cash and cash equivalents	61,724	37,125
Increase in cash and cash equivalents due to change in consolidated scope	—	255
Closing balance of cash and cash equivalents	37,125	61,404

(5) Notes related to assumptions as a going concern

N/A

(6) Notes on significant matters serving as the basis for the production of consolidated financial statements

(Matters related to the scope of consolidated accounting)

1) Number of consolidated subsidiaries and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 28 companies

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.,
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 Business Service Co., Ltd., JM Energy Corporation and
JSR Trading (Shanghai) Co., Ltd.

Effective from the current consolidated fiscal year, JM Energy Corporation and JSR Trading (Shanghai) Co., Ltd. have been included within the scope of the consolidated subsidiaries from the point of significance in accounting.

Effective from the current consolidated fiscal year, EXCEL TOKAI CO., LTD., which was no longer a subsidiary of the Company due to transfer of all shares thereof, has been excluded from the scope of the consolidated subsidiaries.

JSR Service Co., Ltd. merged with JNT Systems Co., Ltd. through acquisition effective from June 16, 2009 and re-named as JSR Business Service Co., Ltd. on the same day.

2) Name of major non-consolidated subsidiaries etc.

Name of major non-consolidated subsidiaries:

Techno Polymer Shanghai Technical Development Co., Ltd. etc.

Reasons for exclusion from the scope of consolidation:

Non-consolidated subsidiaries are excluded from the scope of application of consolidated accounting as their net assets, sales, net income or loss (the amount corresponding to equity), retained earnings (the amount corresponding to equity), etc. are all small in scale, and, even when combined, they do not have a significant effect on consolidated financial statements.

(Matters related to application of the equity method)

1) Number of affiliates and names of major companies to which the equity method is applied;

Number of affiliates to which the equity method is applied: 6 companies

Names of major companies to which the equity method is applied:

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., and Tri Chemical Laboratories, Inc.

2) Names of non-consolidated subsidiaries and affiliates to which the equity method is not applied

Names of major companies:

Non-consolidated subsidiaries: Techno Polymer Shanghai Technical Development Co., Ltd. etc.,

Affiliated companies: Tobu Butadiene Co., Ltd., etc.

Reason for non-application of the equity method: Non-consolidated subsidiaries (Techno Polymer Shanghai Technical Development Co., Ltd. etc.) and affiliated companies (Tobu Butadiene Co., Ltd., etc.) are excluded from the scope of application of the equity method as they are small in scale from the perspectives of consolidated net income or loss and retained earnings, etc. and, even when combined, they do not have a significant effect on consolidated financial statements.

3) Matters to be specially mentioned concerning the procedure for application of the equity method

Of the companies to which the equity method is applied, we used the financial statements covering the business year of the company if the accounting closing date of the company differs from the consolidated account closing date.

(Matters related to the business year of consolidated subsidiaries, etc.)

Of consolidated subsidiaries, the end of the business year of the following 9 companies is December 31;

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., Shanghai Rainbow Color Plastics Co., Ltd., and
JSR Trading (Shanghai) Co., Ltd.

On production of the consolidated financial statements, we used the financial statements as of the account closing date mentioned above. With respect to significant transactions arising prior to the consolidated account closing date, we made the relevant adjustments required in consolidated accounting.

(Matters related to accounting standards)

(1) Standards and methods of valuation applicable to significant assets

1) Securities

Other securities:

Securities carrying market value	…	Valued by market method based on fair market value prevailing on the account closing date. Any valuation difference is recorded directly in shareholders' equity, and the cost of sale of relevant securities was calculated on the basis of moving average method.
Securities not carrying market value	…	Valued by cost method based on moving average method or by depreciation cost method.

2) Derivatives

Valued by market method

3) Inventories

Mainly stated at cost based on gross average method (devaluated book value on the balance sheet in the event of lower profitability)

(2) Standard and method of depreciation applicable to significant depreciable assets

1) Tangible fixed assets (excluding lease assets)

The declining-balance method (straight-line method in part) is applied for depreciation.
The straight line method is applied, however, to the buildings (excluding accessory equipment) acquired on or after April 1, 1998.
As for the useful life and the residual value, the same standards are applied as those stipulated in the corporate tax law.

2) Intangible fixed assets (excluding lease assets)

The straight-line method is applied.
As for the useful life, the same standards are applied as those stipulated in the corporate tax law.
However, Goodwill is depreciated in the straight line-method (five years) while the costs of software for the Company's own use are amortized over the estimated useful life (five years) using the straight-line method.

3) Lease assets
Lease assets concerning finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee.
The straight-line method is applied with the lease terms being useful life and no residual value.
However, similar methods to those used for ordinary lease transactions are applied to finance lease transactions other than those in which leasehold ownership is deemed to have moved to the lessee that commenced on or before March 31, 2008.

(3) Standards applicable to reporting of significant reserves

1) Allowance for doubtful accounts

In order to prepare for loss on claims, the amount is determined and reported on the basis of actual past losses in the case of general claims, and on the basis of anticipated unrecoverable amounts in the case of certain specified claims such as those involving the risk of loss.

2) Allowance for Directors' and Corporate Auditors' bonuses
In order to prepare for payment of Directors' and Corporate Auditors' bonuses, the amount that is deemed to have accrued at the close of the current consolidated fiscal year is reported on the basis of anticipated amounts.

3) Allowance for employees' retirement benefits
In order to prepare for payment of employees' retirement benefits, the amount that is deemed to have accrued at the close of the current consolidated fiscal year is reported on the basis of anticipated amounts of retirement benefits obligations and annuity assets as of the close of the current consolidated fiscal year.
Mathematical variances in the retirement benefits accounting system are treated as one lump-sum expense during the term immediately following the accounting term in which they accrue.
We have reported the amount proportionally divided by the straight-line method over a fixed period (three years) within employees' average remaining service period at the time of cost emergence as past service liability.
（Changes in accounting policies）
We have applied, effective from the current consolidated fiscal year, "Partial Amendments to Accounting Standard for Retirement Benefits（Part3）"(Accounting Standards Board of Japan Statement No.19, July 31, 2008), which have not significantly affected the liabilities of retirement benefits and net income.

4) Allowance for environmental costs
We have recorded our estimate of costs involved with disposing polychlorinated biphenyl (PCB) and other materials.

(4) Other significant matters serving as the basis for the production of consolidated financial statements

1) Hedge accounting
A special-measures treatment is applied to interest rate swap transactions if the requirements for special-measures treatment are fulfilled.

2) Accounting treatment method applicable to consumption tax, etc.
The accounting treatment of the consumption tax and the local consumption tax is based on the tax exclusion method.

(5) Matters related to valuation of assets and liabilities of consolidated subsidiaries

In the valuation of assets and liabilities of consolidated subsidiaries, we apply the mark to market method.

(6) Extent of Funds related to Consolidated Statements of Cash Flows

Funds (cash and cash equivalents) on the consolidated statements of cash flows are cash on hand, readily available deposits that can easily be converted into cash and short-term investments that are low-risk (with concern to changes in value), having maturities not exceeding three months at the time of purchase.

(7) Changes to important matters related to the preparation of Consolidated Financial Statements

N/A

(8) Notes for Consolidated Business Results

(Consolidated Balance Sheet)

	Consolidated FY 2009 (fiscal year ending March 31 2009)	Consolidated FY2010 (fiscal year ending March 31 2010)
Accumulated depreciation of tangible non-current assets (incl. accumulated impairment loss)	288, 462 million yen	300,819 million yen
Allowance for doubtful accounts deducted directly from assets	Net notes and accounts receivable 553 million yen	Net notes and accounts receivable 765 million yen
	Investment and other assets 147 million yen	Investment and other assets 103 million yen
Pledged assets	10,912 million yen	9,668 million yen
Balance of liabilities on guarantee	77 million yen	49 million yen
Export bill discount	— million yen	5 million yen

(Consolidated Income Statement)

Consolidated FY2010 (April 1 2009 to March 31 2010)

Business restructuring losses include the impairment loss etc. of 663 million yen for the decision to dissolve Kyushu Gomu Kako Co., Ltd., a loss of 420 million yen due to stock sales of Excel Tokai Co. Ltd. and 106 million yen for expenses spent on the closure of Japan Coloring Co. Ltd.'s Satte Plant.

Impairment loss amounts involved with business restructuring losses

Major use	Location	Asset category	Amount (Millions of Yen)
Processing equipment to compound raw rubber materials	Tosu-shi, Saga Pref.	Buildings and structures	117
		Machinery, equipment and vehicles	68
		Others	25

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 FY2010 (April 1 2009 to March 31 2010)

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

Type of stock	No. of shares at March 31, 2009	Increase	Decrease	No. of shares at March 31 2010
Common stock issued (thousand shares)	255,885	—	—	255,885
Treasury stock (thousand shares)	11,648	1	—	11,650

(NB) 1. The increase in the number of treasury stock is attributed to the purchase of fractional shares.

2) Subscription rights to shares

Company name	Breakdown	Balance at March 31, 2009 (Millions of yen)
Company	Subscription rights to shares as stock option	426

3) Dividends

i. Cash dividends paid

Resolution	Type of stock	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 16, 2009 Annual shareholders' meeting	Common stock	3,907	16	March 31, 2009	June 17, 2009
October 26, 2008 Board of directors meeting	Common stock	3,175	13	September 30, 2009	November 26, 2009

ii. Reference date in FY2010 and effective date in FY2011

Resolution	Type of stock	Resource for dividends	Total dividends (Millions of yen)	Dividends per share (Yen)	Reference date	Effective date
June 18, 2010 Annual shareholders' meeting	Common stock	Retained earnings	3,175	13	March 31, 2010	June 21, 2010

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

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

Type of stock	No. of shares at March 31, 2009	Increase	Decrease	No. of shares at March 31, 2010
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 meeting held 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, 2010 (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 FY2010 and effective date in FY2011

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 Statements of Cash Flows)

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

	Consolidated FY2009 (April 1, 2008 to March 31, 2009)	Consolidated FY2010 (April 1, 2009 to March 31, 2010)
	(as of March 31, 2009)	(as of March 31, 2010)
Cash and deposits	16,909 million yen	36,676 million yen
Cash equivalents of marketable securities	21,492 million yen	28,000 million yen
Total	38,402 million yen	64,676 million yen
Time deposit saved over three months	-1,276 million yen	-3,272 million yen
Cash and cash equivalents	37,125 million yen	61,404 million yen

- indicates a negative figure.

Segment Information

1) Information per Business Segment

Consolidated FY2010 (April 1 2009 to March 31 2010)

(Unit: Millions of Yen)

	Elastomers	Emulsions	Plastics	Fine Chemicals & Other Products	Total	Elimination and/or Corporate	Consolidated
I. Net Sales & Operating profit/loss							
(1) Sales to external customers	104,605	16,997	48,041	140,539	310,183	—	310,183
(2) Inter-segment sales/transfer	433	2,953	—	11,965	15,351	(15,351)	—
Total	105,038	19,950	48,041	152,504	325,535	(15,351)	310,183
Operating expenses	105,542	19,672	48,044	132,044	305,305	(15,351)	289,953
Operating income	-504	277	-3	20,460	20,230	—	20,230
II. Assets, depreciation allowance, impairment loss & capital expenditures							
Assets	121,913	17,524	26,652	134,757	300,848	72,717	373,565
Depreciation allowance	7,081	1,581	1,445	12,271	22,379	—	22,379
Impairment loss	210	—	—	—	210	—	210
Capital expenditures	5,395	840	920	10,551	17,707	—	17,707

Consolidated FY2009 (April 1 2008 to March 31 2009)

	Elastomers	Emulsions	Plastics	Fine Chemicals & Other Products	Total	Elimination and/or Corporate	Consolidated
I. Net Sales & Operating profit/loss							
(1) Sales to external 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
Operating 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. Assets, depreciation allowance, impairment loss & capital expenditures							
Assets	120,321	19,312	30,144	131,341	301,120	38,377	339,497
Depreciation allowance	6,000	1,786	1,618	15,426	24,833	—	24,833
Impairment loss	—	—	598	5,444	6,042	—	6,042
Capital expenditures	6,204	2,039	1,639	9,197	19,081	—	19,081

(Notes) 1. Segmenting of Businesses

Business segments are classified according to the purpose and six of the business, i.e. elastomers, emulsions, plastics and fine chemicals and other products.

2. Main products in each business segment

Business Segment	Main Products
Elastomers	General-purpose rubbers, functional specialty rubbers, thermoplastic elastomers, compounded products of raw (rubber) materials, etc.
Emulsions	Paper coating latex, general-purpose industrial latex, acrylic emulsions, compounded products of raw (latex) materials, etc.
Plastics	ABS resins, AES resins, AS resins, ASA resins, color-pigmented plastic products, etc.
Fine Chemicals & Other Products	Materials for semiconductor manufacture (photoresists, CMP materials, packaging materials, multi-layer materials, etc.), materials for flat panel displays (materials for colored liquid crystal displays, etc.), optical materials (optical fiber coating materials, functional coating materials, anti-reflective coating materials, heat-resistant transparent resins & functional films, etc.), performance chemical materials (high functional coating materials, multi-functional/high performance dispersants, particles for industrial use, medical related particles, etc.), chemical products, circuit testing fixtures & devices, etc. of parts for electronic hardware.

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

Consolidated FY2009 38,377 million yen Consolidated FY2010 72,717 million yen

2) Geographic Segment Information

Consolidated FY2010 (April 1 2009 to March 31 2010)

(Unit: Millions of Yen)

	Japan	Asia	Other regions	Total	Elimination and/or Corporate	Consolidated
I. Net Sales & Operating profit/loss						
(1) Sales to external customers	232,135	65,234	12,814	310,183	—	310,183
(2) Inter-segment sales/transfer	51,620	172	4,768	56,561	(56,561)	—
Total	283,755	65,406	17,583	366,745	(56,561)	310,183
Operating expenses	267,897	61,230	17,387	346,515	(56,561)	289,953
Operating income	15,853	4,176	195	20,230	—	20,230
II. Assets	254,968	30,296	15,584	300,848	72,717	373,565

Consolidated FY2009 (April 1 2008 to March 31 2009)

(Unit: Millions of Yen)

	Japan	Asia	Other regions	Total	Elimination and/or Corporate	Consolidated
I. Net Sales & Operating profit/loss						
(1) Sales to external 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
Operating expenses	291,227	67,939	21,701	380,867	(58,711)	322,155
Operating 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

(Notes) 1. The main countries and regions other than Japan are segmented as follows:

Asia: China, Korea, Taiwan and Thailand.

Other regions: USA, Europe

2. Amounts and main content included under the item: "elimination and/or corporate" are the same as (note: 3) in "Information per Business Segment."

3) Overseas sales

Consolidated FY2010 (April 1 2009 to March 31 2010)

(Unit: Millions of Yen)

	Asia	North America	Other regions	Total
1.Overseas sales	117,502	9,076	12,300	138,879
II. Consolidated net sales				310,183
III. Percentage of overseas sales to consolidated sales (%)	37.9	2.9	4.0	44.8

Consolidated FY2009 (April 1 2008 to March 31 2009)

(Unit: Millions of Yen)

	Asia	North America	Other regions	Total
1.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

(Notes) 1. Countries and regions are segmented depending on geographic location.

2. Main countries and regions that belong to each segment.

(1) Asia: China, Korea, Taiwan, Thailand, Singapore

(2) North America: USA

(3) Other regions: Europe

3. Overseas sales refer to net sales in countries and regions other than Japan (i.e. sales other than those from JSR Corporation and consolidated subsidiaries)

Notes on transactions with related parties

Consolidated FY2010 (April 1 2009 to March 31 2010)

(1) Parent company and major corporate shareholder

Attribute	Name of company	Voting rights ownership rate (%)	Contents of relationship		Contents of transactions	Transaction amount (million yen)	Item	Balance at the end of the current fiscal year (million yen)
			Directors and/or Corporate Auditors serving concurrently	Business relationship				
Major shareholder	Bridgestone Corp.	Direct ownership 16.7	1	Sales of our products	Sales of elastomer products	27,748	Accounts receivable	13,328

Terms and conditions of transactions and the policy for determining the terms and conditions, etc.

1. Prices and other terms and conditions are determined upon price negotiations considering market prices.

(2) Subsidiary and affiliated company etc.

Attribute	Name of company	Voting rights ownership rate (%)	Contents of relationship		Contents of transactions	Transaction amount (million yen)	Item	Balance at the end of the current fiscal year (million yen)
			Directors and/or Corporate Auditors serving concurrently	Business relationship				
Affiliated company	Tobu Butadiene Co. Ltd.	50	1	Purchase of raw material gas and butadiene gas	Supply of raw material gas	7,606	Accounts receivable	3,960
					Purchase of butadiene gas	9,854		4,826

Terms and conditions of transactions and policies for determining the terms and conditions, etc.

1. With regard to the supply of raw material gas, the company proposes a preferred price considering market prices. The actual price is determined upon price negotiations.
2. With regard to the purchase of butadiene gas, the company proposes a preferred price considering market prices and overall costs.

(NB) Costs such as consumption tax have not been included in transaction amounts. Costs such as consumption tax have been included in the term-end balance.

(Tax Effect Accounting)

1. Breakdown of Deferred Income Tax Assets and Deferred Tax Liabilities

(Unit: Millions of Yen)

	Previous consolidated fiscal year (as of March 31 2009)	Current consolidated fiscal year (as of March 2010)
Deferred income tax assets		
Accrued pension costs	5,844	6,185
Impairment loss	2,451	1,787
Bonuses accrued	1,630	1,588
Provision for environmental expenses	1,302	1,292
Unrealized gain on sale of inventories	769	1,179
Unrealized gain on sale of property, plant and equipment	1,093	1,054
Other	2,303	2,719
Total deferred income tax assets	15,395	15,807
Deferred tax liabilities		
Deferred gain on sale of fixed assets	-2,962	-2,698
Net unrealized holding gains on securities	-447	-2,474
Other	-902	-725
Total deferred tax liabilities	-4,312	-5,899
Net deferred tax assets	11,083	9,908

2. Breakdown of main items causing a difference between statutory tax rates and the corporate tax burden ratio (after tax effect accounting has been applied)

(Expressed as percentages %)

	Previous consolidated fiscal year	Current consolidated fiscal year
Statutory tax rate	40.7	40.7
(Adjustments)		
Tax credit on research and development costs	-4.4	-6.9
Lower tax rates for foreign consolidated subsidiaries	-5.5	-6.8
Equity method investment gain	-2.2	−3.7
Foreign tax exemptions	−1.2	−0.6
Other	2.1	6.9
Effective tax rate	29.5	29.6

(Marketable Securities)

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

(Unit: Millions of yen)

		Consolidated FY2009 (March 31, 2009)			Consolidated FY2010 (March 31, 2010)		
		Acquisition cost	Book value	Difference	Acquisition cost	Book value	Difference
Securities with book value exceeding acquisition cost	Equity securities	8,069	11,323	3,254	9,786	16,136	6,349
Securities with book value not exceeding acquisition cost	Equity securities	6,040	3,925	-2,114	2,296	2,035	-261
Total		14,109	15,249	1,139	12,083	18,171	6,088

- indicates a negative figure.

2. Available-for-sale securities sold for Consolidated FY2009 and FY2010

(Unit: Millions of yen)

	Consolidated FY2009 (April 1, 2008 to March 31, 2009)	Consolidated FY2010 (April 1, 2009 to March 31, 2010)
Total sales	7	176
Gain	—	37
Loss	2	—

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

(Unit: Millions of yen)

	Consolidated FY2009 (March 31, 2009)	Consolidated FY2010 (March 31, 2010)
	Book value	Book value
Non-listed equity securities	1,065	2,865
Commercial paper	7,492	—
Certificate of deposit	10,000	30,000
Loan trusts	4,000	4,000

(Employee Retirement Benefits)

1. An outline of the retirement benefit scheme adopted

JSR Corporation and its domestic consolidated subsidiaries have instituted a corporate pension fund system and a retirement lump sum grant system, as defined-benefit systems.

2. Items related to accrued benefit liabilities

(Unit: Millions of Yen)

	FY2009 (as of March 31 2009)	FY2010 (as of March 31 2010)
(a) Accrued benefit liabilities	−49,493	−49,044
(b) Pension assets	33,268	34,361
(c) Unfunded retirement benefit liabilities (a + b)	−16,225	−14,683
(d) Unrecognized actuarial differences	1,693	−1,220
(e) Net retirement benefit liabilities (c + d)	−14,531	−15,903
(f) Prepaid pension costs	289	—
(g) Employees’ retirement benefits (e – f)	−14,820	−15,903

(NB) Some subsidiaries adopt a compendium method to calculate accrued benefit liabilities.

3. Items related to retirement benefit expenses

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
(a) Service costs (see note)	2,292	1,758
(b) Interest costs	877	946
(c) Expected return on plan assets	−368	−324
(d) Amortization of prior service costs	−61	—
(e) Amortization of actuarial differences	417	1,678
(f) Retirement benefit expenses (a + b + c + d + e)	3,156	4,059

(NB) Retirement benefit expenses for consolidated subsidiaries which adopt a compendium method have been included in (a) service costs.

4. Basics for calculating severance and retirement benefit liabilities

(Unit: Millions of yen)

	Consolidated FY2009 (April 1, 2008 to March 31, 2009)	Consolidated FY2010 (April 1, 2009 to March 31, 2010)
a. Periodical allocation method of estimated retirement benefits	Fixed amount for term	Same as on the left
b. Discount rate	Mainly 2.11%	Mainly 2.16%
c. Expected return on plan assets rate	Mainly 1.11%	Mainly 1.03%
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.	—
e. Disposition period of actuarial differences	Actuarial differences are recognized as expenses at once in the following period.	Same as on the left

(Information per share)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Net assets amounts per share	¥986.33	¥1,021.31
Current net income per share	¥56.36	¥55.87
Current net income per share of residual securities after adjustments	¥56.31	¥55.81

Current net income per share and Current net income per share of residual securities after adjustments

	FY2008 (April 1 2008 to March 31 2009)	FY 2010 (April 1 2009 to March 31 2010)
Current net income	¥13,981 million	¥13,644 million
Amounts attributed to ordinary shareholders	—	—
Current net income for common stocks	¥13,981 million	¥13,644 million
Paid average number of shares for common stocks	248, 081, 000 stocks	244, 235, 000 stocks
Current net income adjustments used for caluculation 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 190,000 shares	Subscription rights to 264,000 shares
Diluted shares not included in the calculation of diluted net income per share due to no dilution effect	—	—

(Important subsequent events)

N/A

Disclosure of matters related to items such as lease transactions, derivative transactions and stock options have been deemed unnecessary for the purposes of this document and have thus been omitted.

5. Individual Financial Statements

(1) Balance Sheet

(Unit: Millions of Yen)

	FY2009 (fiscal year ending March 31 2009)	FY2010 (fiscal year ending March 31 2010)
Assets section		
Current assets		
Cash and deposits	2,341	23,361
Notes receivable	1,922	1,345
Accounts receivable-trade	40,243	59,323
Marketable securities	21,492	34,000
Inventory assets	57,151	37,977
Deferred tax assets	1,167	1,707
Other accounts receivable	16,688	21,925
Short-term loans of affiliated companies	7,255	3,605
Other	724	798
Total current assets	148,988	184,043
Fixed assets		
Tangible fixed assets		
Buildings (net)	17,014	18,270
Structures (net)	4,416	4,163
Machinery and equipment	22,172	20,729
Motor vehicles and transport equipment (net)	64	49
Tools, furniture and fixtures (net)	7,487	4,268
Land	14,567	17,201
Construction in progress	1,229	570
Total tangible fixed assets	66,952	65,254
Intangible fixed assets		
Goodwill amortization	651	—
Software	1,239	2,609
Other	3,323	1,528
Total intangible fixed assets	5,213	4,138
Investments and other assets		
Investment securities	16,030	20,644
Shares in affiliated companies	20,039	19,057
Investment in affiliates	64	64
Long-term loans of affiliates (net)	17,765	13,326
Long-term prepaid expenses	7,904	8,283
Deferred tax expenses	5,513	4,007
Other	1,777	1,547
Total investments and other assets	69,094	66,932
Total fixed assets	141,261	136,324
Total assets	290,249	320,367

(Unit: Millions of Yen)

	FY2009 (fiscal year ending March 31 2009)	FY2010 (fiscal year ending March 31 2010)
Liabilities section		
Current liabilities		
Accounts payable-trade	30,137	48,048
Short-term debts payable	13,663	13,663
Accrued liabilities	3,948	1,742
Accrued income tax etc.	—	4,271
Outstanding expenses	7,927	8,296
Deposits payable of affiliated companies	6,977	9,818
Other	326	1,186
Total current liabilities	62,981	87,025
Long-term liabilities		
Long-term debts payable	1,500	1,500
Accrued pension costs	11,976	13,536
Provision for environmental expenses	2,954	2,944
Other	1,186	1,071
Total long-term liabilities	17,617	19,052
Total liabilities	80,598	106,077
Net assets section		
Shareholders' equity		
Capital	23,320	23,320
Capital surplus		
Capital reserve	25,179	25,179
Total capital surplus	25,179	25,179
Accumulated earnings		
Earned reserves	3,710	3,710
Other accumulated earnings		
Reserve for special depreciation	237	62
Reserve for deferred gains on fixed assets	3,761	3,747
Reserve for advanced depreciation of fixed assets	556	186
Other reserves	42,431	42,431
Retained earnings brought forward	131,701	133,898
Total accumulated earnings	182,398	184,036
Own shares	-22,216	-22,219
Total shareholder's equity	208,681	210,316
Valuation and exchange rate changes etc.		
Unrealized gain (loss) on available-for-sale securities	658	3,546
Total valuation and exchange rate changes etc.	658	3,546
New share subscription rights	310	426
Total net assets	209,650	214,290

Total liable net assets	290,249	320,367

Profit and Loss Statement

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Net sales	230,952	212,465
Sales cost	170,795	160,884
Gross operating profit	60,156	51,581
Selling and general administrative expenses	39,707	37,303
Operating income	20,448	14,227
Non-operating income		
Interest received	405	385
Dividends earned	3,884	2,751
Rental payments received	—	652
Earnings from subsidies	964	—
Other revenue	1,498	1,591
Total non-operating income	6,753	5,379
Non-operating expenditures		
Interest paid	256	190
Allowance for depreciation	1,091	716
Foreign currency gain or loss	1,717	—
Miscellaneous disbursements	1,358	2,025
Total non-operating expenses	4,424	2,932
Current earnings	22,777	16,725
Extraordinary profit		
Gain from sale of fixed assets	398	—
Total extraordinary profit	398	—
Extraordinary loss		
Loss on disposal of obsolete inventories	—	1,728
Provision for the allowance of doubtful accounts	—	1,700
Provision for the allowance of investment loss	—	600
Impairment loss	5,444	—
Loss on revaluation of investments in securities	2,574	—
Loss on revaluation of inventory assets	1,500	—
Other	524	254
Total extraordinary loss	10,043	4,282
Pre-tax current net earnings	13,132	12,442
Corporate tax, residential tax and enterprise tax	3,928	4,736
Income taxes-deferred	-653	-1,014
Total corporate tax etc.	3,274	3,721
Current net earnings	9,858	8,721

(2) Statements of Changes in Net Assets

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Shareholders' equity		
Capital		
Ending balance for previous term	23,320	23,320
Change from current term		
Total change from current term	—	—
Ending balance for current term	23,320	23,320
Capital surplus		
Capital reserve		
Ending balance for previous term	25,179	25,179
Change from current term		
Total change from current term	—	—
Ending balance for current term	25,179	25,179
Total capital surplus		
Ending balance for previous term	25,179	25,179
Change from current term		
Total change from current term	—	—
Ending balance for current term	25,179	25,179
Accumulated earnings		
Earned reserves		
Ending balance for previous term	3,710	3,710
Change from current term		
Total change from current term	—	—
Ending balance for current term	3,710	3,710
Other accumulated earnings		
Reserve for special depreciation		
Ending balance for previous term	467	237
Change from current term		
Reversal of reserve for special depreciation	−241	−174
Provision of reserve for special depreciation	10	—
Total change from current term	−230	−174
Ending balance for current term	237	62
Reserve for deferred gains on fixed assets		
Ending balance for previous term	3,727	3,761

Change from current term		
Reversal of reserve for advanced depreciation of fixed assets	−251	−410
Provision of reserve for advanced depreciation of fixed assets	286	395
Total change from current term	34	−14
Ending balance for previous term	3,761	3,747
Reserve for special account for advanced depreciation of fixed assets		
Ending balance for previous term	143	556

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Change from current term		
Reversal of reserve for special account for advanced depreciation of fixed assets	-143	-556
Provision of reserve for special account for advanced depreciation of fixed assets	556	186
Total change from current term	413	-370
Ending balance for current term	556	186
Other reserves		
Ending balance for previous term	42,431	42,431
Change from current term		
Total change from current term	—	—
Ending balance for current term	42,431	42,431
Retained earnings brought forward		
Ending balance for previous term	130,029	131,701
Change from current term		
Dividends from surplus	-7,959	-7,082
Current net earnings	9,858	8,721
Reversal of reserve for special depreciation	241	174
Provision of reserve for special depreciation	-10	—
Reversal of reserve for advanced depreciation of fixed assets	251	410
Provision of reserve for advanced depreciation of fixed assets	-286	-395
Reversal of reserve for special account for advanced depreciation of fixed assets	143	556
Provision of reserve for special account for advanced depreciation of fixed assets	-556	-186
Disposal of treasury stock	-10	—
Total change from current term	1,671	2,197
Ending balance for current term	131,701	133,898
Total accumulated earnings		
Ending balance for previous term	180,509	182,398
Change from current term		
Dividends from surplus	-7,959	-7,082
Current net earnings	9,858	8,721
Disposal of treasury stock	-10	—
Total change from current term	1,888	1,638
Ending balance for current		

term	182,398	184,036
Own shares		
Ending balance for previous term	-13,623	-22,216
Change from current term		
Payback	-8,611	-2
Disposal of treasury stock	17	—
Total change from current term	-8,593	-2
Ending balance for current term	-22,216	-22,219

(Unit: Millions of Yen)

	FY2009 (April 1 2008 to March 31 2009)	FY2010 (April 1 2009 to March 31 2010)
Total shareholders' equity		
Ending balance for previous term	215,386	208,681
Change from current term		
Dividends from surplus	−7,959	−7,082
Current net earnings	9,858	8,721
Payback	−8,611	−2
Disposal of treasury stock	7	—
Total change from current term	−6,705	1,635
Ending balance for current term	208,681	210,316
Valuation and exchange rate changes etc.		
Other marketable securities valuation differences		
Ending balance for previous term	4,748	658
Change from current term		
Change from current term (net) for items other than shareholders' equity	−4,089	2,887
Total change from current term	−4,089	2,887
Ending balance for current term	658	3,546
Total valuation and exchange rate changes etc.		
Ending balance for current term	4,768	658
Change from current term		
Change from current term (net) for items other than shareholders' equity	−4,089	2,887
Total change from current term	−4,089	2,887
Ending balance for current term	658	3,546
New share subscription rights		
Ending balance for previous term	193	310
Change from current term		
Change from current term (net) for items other than shareholders' equity	116	116
Total change from current term	116	116
Ending balance for current term	310	426
Total net assets		
Ending balance for previous term	220,329	209,650
Change from current term		
Dividends from surplus	−7,959	−7,082
Current net earnings	9,858	8,721
Payback	−8,611	−2
Disposal of treasury stock	7	—
Change from current term (net) for items other than shareholders' equity	−3,973	3,003
Total change from current term	−10,678	4,639
Ending balance for current term	209,650	214,290

(4) Notes related to assumptions as a going concern

N/A

6. Director Personnel Changes

Personnel changes for directors are yet to be determined. Changes will be announced as soon as decisions have been made.