



Consolidated Business Results for the 1st Half, FY2011

October 25, 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 dividend payment: November 25, 2010

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: Yes (For Institutional investors and analysts)

(Figures are rounded down to the nearest million)

1. Consolidated Business Results for the 1st Half of FY2010 (April 1, 2010 to September 30, 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	%
1st half, FY2011	170,315	19.1	20,079	510.2	21,479	591.1	13,315	-
1st half, FY2010	142,943	-31.3	3,290	-87.4	3,107	-88.8	-448	-

	Net income per share	Net income per share after latent share adjustment
1st half, FY2011	Yen 54.52	Yen 54.45
1st half, FY2010	-1.84	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
1st half, FY2011	381,296	257,432	67.2	1,048.48
FY2010	373,565	250,700	66.8	1,021.31

Note: Equity capital: 256,077 million yen for the 1st half, FY2011, 249,440 million yen for FY2010

2. Status of Distribution

(Reference date)	Dividend per share				
	1 st quarter, end	2 nd quarter, end	3 rd quarter, end	Term end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2010	—	13.00	—	13.00	26.00
FY2011	—	16.00	—	—	—
FY2011 (Expected)	—	—	—	16.00	32.00

(Note) Changes of expected dividend during the term: N/A

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

(Note: % for full year implies the rate of increase/decrease year-on-year, 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
Full FY2011	340,000	9.6	38,000	87.8	40,500	81.0	26,000	90.5	106.45



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) Simplified accounting method or special accounting method for preparing quarterly financial reports adopted : Yes
(Note) For details, please refer to "Outline of simplified accounting methods and unique accounting treatment" on page 7.

(3) 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: N/A

ii Changes other than A: N/A

(Note) For details, please refer to "Outline of changes in accounting principles, procedures, indication methods, etc." on page 7.

(4) Number of shares issued (common shares)

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

1 st half, FY2011	255,885,166 shares	FY2010	255,885,166 shares
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ii The number of own shares

1 st half, FY2011	11,647,851 shares	FY2010	11,650,235 shares
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iii The average number of shares (during the term)

1 st half, FY2011	244,235,450 shares	1 st half, FY2010	244,236,063 shares
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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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* The Company held an explanatory meeting for investors as scheduled below. The documents that will be distributed at the meeting will be available on the Company's website soon after the start of the meeting.

Business Results Explanatory Meeting for Institutional Investors and Analysts:

Monday, October 25, 2010

1. Qualitative Information about Consolidated Business Results, etc. for 1st Half, FY2011

(1) Qualitative Information about Consolidated Operating Results

Operating Results for 1st Half, FY2011 (April 1, 2010 to September 30, 2010)

The Japanese economy in the first half of consolidated fiscal 2011 showed signs of slow recovery. Against a backdrop of economic growth in emerging countries in Asia, exports and production showed steady movement, and signs of recovery in personal spending were observed. However, during the second half of the period, uncertainties about the economic prospect increased, including concerns about the financial instability in Europe, the slowdown of the U.S. economy, and the sharp rise in the Japanese yen.

In major industries, where JSR Group's products are in demand, the production volume of automobiles and tires exceeded the level seen in the same period of the previous fiscal year as a result of the positive effects of government incentives in providing tax reductions and subsidies for the purchase of eco-cars. Likewise, the production of semiconductors showed favorable growth due to the increased demand for personal computers and the globally expanding market for smartphones and multifunctional portable devices. In the field of flat panel displays (FPDs), the production of liquid crystal display (LCD) televisions also exceeded the previous fiscal year's level under economic stimulus measures enacted in Japan and overseas; however, in August 2010, signs of a deteriorating balance between demand and supply began to be seen, including an adjustment in production to accommodate an increase in inventories.

With regard to raw materials, the price of naphtha showed a rising trend from the first quarter of the previous fiscal year, and the prices of all major raw materials in the petrochemical business went up, which put pressure on earnings.

Under these conditions, the JSR Group focused on increasing sales and made efforts to raise selling prices in response to the price hike in major raw materials in the Petrochemical Business. In the Fine Chemicals and Other Products Business, mainly in information electronic materials, the JSR Group focused on expanding sales of cutting-edge materials. Additionally, all Group companies made efforts to reduce costs though the promotion of the cost-cutting "E-100 Projects."

As stated above, demand recovered dramatically, and compared with the level seen in the same period of the previous fiscal year—when the negative impact caused by Lehman's fall still weighed heavy, the JSR Group's performance also improved; however, we recognize that the current situations are part of an ongoing recovery, and we will aim for a further improvement in performance through collective efforts.

As a result, net sales for the first half of fiscal 2011 rose 19.1% year-on-year to 170.315 billion yen, operating income increased 510.2% year-on-year to 20.079 billion yen, current income grew 591.1% year-on-year to 21.479 billion yen, and net income amounted to 13.315 billion yen (a loss of 448 million yen in the same period of the previous fiscal year). Accordingly, sharp increases in both net sales and incomes were achieved, compared with the previous fiscal year's levels.

(Unit: Millions of yen)

Business Segment	1 st half, FY2010		1 st half, FY2011		Increase/decrease	
	Sales	Proportion	Sales	Proportion	Sales	%
Elastomers	58,152	40.7%	78,669	46.2%	20,516	35.3%
Plastics	22,612	15.8%	26,119	15.3%	3,506	15.5%
Fine Chemicals and Other Products	62,178	43.5%	65,527	38.5%	3,348	5.4%
Total	142,943	100.0%	170,315	100.0%	27,372	19.1%

Sales in Japan	77,025	53.9%	96,698	56.8%	19,673	25.5%
Overseas sales	65,917	46.1%	73,616	43.2%	7,698	11.7%

	1 st half, FY2010		1 st half, FY2011		Increase/decrease	
	Amount	Income/loss to sales	Amount	Income to sales	Amount	%
Operating income	3,290	2.3%	20,079	11.8%	16,788	510.2%
Current income	3,107	2.2%	21,479	12.6%	18,371	591.1%
Net income/loss	△448	△0.3%	13,315	7.8%	13,764	—

△ indicates a negative figure.

Note: New business segments, effective fiscal 2011, are applied to the above sales figures for the first half of fiscal 2010.

Outline of Segment Information

Effective from the first quarter of fiscal 2011, "Accounting Standards for Disclosure of Segment Information, etc." are applied to change conventional business segments. Details are explained in (5) Segment Information on Page 16. Figures for the first half of fiscal 2010 (the same period of the previous fiscal year) in Segment Information indicate figures based on the newly adopted business segments.

Elastomers Business

① Sales situation for synthetic rubber products

In the Japanese synthetic rubber market, sales—in terms of both volume and monetary amount—of general-purpose synthetic rubber products, including styrene butadiene rubber (SBR), exceeded the level seen in the same period of the previous fiscal year. This was because the production of automobiles and tires increased steadily, and selling prices were effectively raised in response to the rise in major raw material prices. Both volume and monetary sales of special-purpose synthetic rubber products, including nitrile rubber, also grew year-on-year due to the increased production of automobiles and the effective price rise to accommodate the price hike in major raw materials. Volume sales of both general- and special-purpose rubber products derived from exports fell below the previous fiscal year's levels; however, monetary sales exceeded the previous fiscal year's levels as a result of the effective rise in price in response to the increased prices of major raw materials.

On the production front, the JSR Group decided to strengthen its production capacity for the solution-polymerized SBR (S-SBR) by 25,000 tons per year to 60,000 tons per year at the Yokkaichi Plant to accommodate the increased demand for fuel-efficient tires in the rapidly growing markets, mainly in Japan and Europe. The construction of production facilities is due to be completed in November 2011. By utilizing Styron Europe GmbH (former Dow Europe GmbH) in Europe, for which JSR obtained capacity rights for 30,000 tons per year, JSR will further strengthen the Japan-Europe supply system to proactively enhance the S-SBR business on a global scale.

② Sales situation for TPEs

In Japan, sales of thermoplastic elastomers (TPEs), including butadiene and styrene butadiene TPEs, grew favorably in the automobile industry and in the market for the

reformulation of plastics in Japan, where the JSR Group's products are in demand. Additionally, both volume and monetary sales from exports exceeded the previous fiscal year's levels as a result of the recovery in demand for butadiene TPEs, mainly in Europe as well as Central and South America.

③ Sales situation for emulsions

Sales of paper-coating latex, the JSR Group's key emulsion product, increased year-on-year in terms of both volume and monetary sales. This was due to efforts made to expand sales and the effective rise in price in response to the higher costs of major raw materials, despite the sluggish production of coated paper. In the field of industrial-use latex, both volume and monetary sales exceeded the previous fiscal year's levels as a result of steady growth in coatings for external walls and latex for automobile-related adhesives.

④ Measures to enhance earnings

To enhance earnings in this segment, the JSR Group promoted "E-100 Projects" in consideration of ongoing efforts to reduce costs.

As a result, consolidated sales for the first half of fiscal 2011 in the Elastomers Business increased 35.3% year-on-year to 78.669 billion yen, with an operating income of 6.415 billion yen (a loss of 4.685 billion yen in the same period of the previous fiscal year).

Elastomers Business		(Unit: Millions of yen)		
	1 st half, FY2010	1 st half, FY2011	Increase/decrease	%
Sales	58,152	78,669	20,516	35.3%
Operating income/loss	△4,685	6,415	11,101	—
Operating income/loss to sales	△8.1%	8.2%	—	—

△ indicates a negative figure.

Plastics Business

Both volume and monetary sales in this segment exceeded the previous fiscal year's levels, due to the steady production of automobiles—a major industry, where the JSR Group's products are in demand. Additionally, demand for entertainment devices provided a steady undertone, and the price increase in response to higher major raw materials costs

functioned effectively.

From exports, volume sales remained the same level year-on-year due to the recovery in demand for automobiles and office equipment—despite the decline in demand for entertainment devices. Monetary sales exceeded the previous fiscal year's level due to the effective increase in selling prices in response to the price hike in major raw materials.

Earnings deteriorated due to the negative impact caused by the sharp rise in the Japanese yen; however, the JSR Group promoted "E-100 Projects" as part of continuous cost-reduction efforts.

For these reasons, consolidated sales for the first half of fiscal 2011 in the Plastics Business rose 15.5% year-on-year to 26.119 billion yen, with an operating income of 1.496 billion yen (a loss of 621 million yen in the same period of the previous fiscal year).

Plastics Business		(Unit: Millions of yen)		
	1 st half, FY2010	1 st half, FY2011	Increase/decrease	%
Sales	22,612	26,119	3,506	15.5%
Operating income/loss	△621	1,496	2,118	—
Operating income/loss to sales	△2.8%	5.7%	—	—

△ indicates a negative figure.

Fine Chemicals and Other Products Business

① Sales situation for semiconductor materials

In the field of materials for semiconductor manufacture, demand for personal computers increased, and the market for smartphones and multifunctional portable devices grew on a global scale. For these reasons, sales expanded, mainly in argon fluoride (ArF) photoresists and multilayer materials. Furthermore, packaging materials and chemical mechanical planarization (CMP) also showed favorable growth, and sales exceeded the level seen in the same period of the previous fiscal year. As a result, overall sales of semiconductor materials exceeded the previous fiscal year's level.

② Sales situation for FPD materials

In the field of FPD materials, the market for LCD televisions grew steadily under economic stimulus measures implemented in Japan and overseas. Additionally, demand for personal computers also expanded. As a result, sales of LCD materials exceeded the previous fiscal year's level. Particularly, the adoption of new alignment films for LED televisions, which require high-definition images, expanded dramatically. Meanwhile, the consolidated subsidiary JSR Micro Kyushu Co., Ltd. strengthened its production facilities for cutting-edge LCD materials and began commercial production in April 2010. JSR Micro Kyushu will strive to meet the growing demand for LCD materials together with the Yokkaichi Plant, JSR Micro Korea in Korea, and JSR Micro Taiwan .

③ Sales situation for optical materials

In the field of optical materials, optical-fiber coating materials—JSR key product in this segment—were influenced negatively by the sluggish growth of optical-fiber cable facilities in Japan. As a result, sales decreased year-on-year. Sales of anti-reflective coating materials, protective coating materials, and ARTON® resin (heat-resistant transparent resin) fell below the previous fiscal year's levels due to the intensifying competition in the field of optical films—a major industry, where JSR Group's products are in demand.

④ Progress in Strategic Businesses

The JSR Group positions sectors in which large future growth is expected as "strategic businesses," these are: precision materials and processing, environment and energy, and medical materials. We are striving to strengthen measures to promote these sectors or accelerate the start of businesses. During this period, there was growth in domestic and overseas adoption of binder materials for the electrodes used in lithium-ion batteries. In the field of medical materials, adoption of antibody conjugated magnetic beads is increasing. Moreover, the JSR Group developed and launched touch panel sheets/films for smartphones and tablet PCs. Due to these efforts, these strategic businesses are producing solid results.

⑤ Measures to enhance earnings

The JSR Group promoted "E-100 Projects" as part of continuous efforts to reduce costs, despite the decline in profit margins resulting from the negative impact caused by the sudden rise in Japanese yen.

For these reasons, consolidated sales for the first half of fiscal 2011 in the Fine Chemicals and Other Products Business grew 5.4% year-on-year to 65.527 billion yen, and operating

income rose 41.5% year-on-year to 12.167 billion yen.

Fine Chemicals and Other Products Business

(Unit: Millions of yen)

	1 st half, FY2010	1 st half, FY2011	Increase/decrease	%
Sales	62,178	65,527	3,348	5.4%
Operating income	8,598	12,167	3,569	41.5%
Operating income to sales	13.8%	18.6%	4.8%	—

(2) Qualitative Information about Consolidated Financial Position

Financial Position

Total assets as of September 30, 2010 had increased 7.731 billion yen to 381.296 billion yen from the end of the previous consolidated fiscal year.

With respect to current assets, negotiable deposits and other marketable securities increased 14.999 billion yen. As a result, total current assets increased 15.660 billion yen.

With regard to non-current assets, tangible assets decreased 5.066 billion yen due to restricted investment in plant and equipment. Additionally, investment and other assets decreased 2.601 billion yen as a result of the negative impact caused by the fall in stock prices. As a result, total non-current assets decreased 7.928 billion yen.

Liabilities increased 999 million yen in comparison with the end of the previous consolidated fiscal year to 123.864 billion yen.

As to current liabilities, other current liabilities decreased 3.497 billion yen due to payments of facilities and other relevant items; however, notes payable and accounts payable increased 4.498 billion yen. As a result, total current liabilities increased 1.837 billion yen.

There were no major changes in non-current liabilities, and total non-current liabilities decreased 837 million yen.

With respect to net assets, retained earnings increased 10.181 billion yen, and the foreign

currency translation adjustment was reduced 2.374 billion yen due to the strong Japanese yen. Accordingly, total net assets increased 6.731 billion yen to 257.432 billion yen, compared with the end of the previous fiscal year. As a result, equity ratio accounted for 67.2%, and net assets per share amounted to 1,048.48 yen.

Cash Flows

As of September 30, 2010, cash and cash equivalents ("cash") on a consolidated basis amounted to 53.428 billion yen, a decrease of 7.976 billion yen from the end of the previous fiscal year.

① Cash flows from operating activities

Cash flows from operating activities for the first half of fiscal 2011 amounted to 26.616 billion yen. Major adjustments for net income before taxes and other adjustments of 20.306 billion yen included depreciation costs of 9.441 billion yen and payments of income taxes of 5.785 billion yen.

Compared with the figure for the first half of the previous fiscal year, net income before taxes and other adjustments for the first half of fiscal 2011 increased 20.081 billion yen, payments of income taxes and others increased 7.519 billion yen, and inventories decreased 13.805 billion yen due to the influence caused by the adjustment in inventories in the same period of the previous fiscal year. Consequently, cash flows from operating activities decreased 2.746 billion yen.

② Cash flows from investing activities

Cash flows from investing activities for the first half of fiscal 2011 were a negative 30.643 billion yen. Major items included an increase in time deposits of 11.0 billion yen, payments for the acquisition of marketable securities of 14.0 billion yen, and payments for the purchase of non-current assets of 6.173 billion yen.

Compared with the first half of the previous fiscal year, payments for the purchase of non-current assets decreased 5.880 billion yen. Time deposits increased 11.0 billion yen, and payments for the acquisition of marketable securities accounted for 14.0 billion yen. As a result, cash used in investing activities for the first half of fiscal 2011 increased 18.143 billion yen (implying a decrease in cash).

③ Cash flows from financing activities

Cash flows from financing activities for the first half of fiscal 2011 were a negative 3.244 billion yen. Major items included payments in dividends of 3.175 billion yen.

In comparison with the figure for the first half of the previous fiscal year, cash flows from financing activities decreased 710 million yen (implying a decrease in cash), mainly due to a decrease in payments of dividends by 730 million yen.

(3) Qualitative Information about Forecast Consolidated Business Results

The business environment in the Japanese economy during the second half of fiscal 2011 is anticipated to further increase uncertainties, such as facing the risks of economic recession, including slowing overseas economy, mainly in the United States and Europe, weak exports due to rapid rise in Japanese yen, and a looping back of economic policy effects.

In the JSR Group's Petrochemical Business in the second half of fiscal 2011, a severe business environment is anticipated to continue to reduce earnings on the rebound upon the completion of subsidies for purchasing eco-cars in major industries such as automobiles and tires, where JSR Group products are in demand. Additionally, the price of naphtha is set to rise again. Under such circumstances, the need for fuel-efficient tires and other products that will lower impact on the environment is soaring so that needs for these products are expected to further increase. For these reasons, the JSR Group aims to develop its business on a global scale with a focus on its highly competitive products that demonstrate the Group's distinctiveness and technological superiority. The Group is also striving to further strengthen its supply system in Japan and overseas. In the Fine Chemicals and Other Products Business, demand is anticipated to decrease in such major industries as semiconductors and FPDs, where the JSR Group's products are in demand. Along with the slowing economy in the United States and Europe, economic prospect in China began to be uncertain due to the restrictive monetary policy. Moreover, the trend toward a strong Japanese yen is estimated to restrict growth in earnings. Under such conditions, in the semiconductor materials business, the JSR Group will promote the expansion of its business through the launch of new products, including next-generation lithography materials. In the FPD materials business, the Group will consistently introduce such cutting-edge materials as innovative alignment films in pursuit of the expansion of

business on a global scale. Furthermore, we will continue to focus on the cost-reduction "E-100 Projects" to improve earnings throughout all Group companies.

We forecast our business results for full fiscal 2011 with consolidated net sales increasing 9.6% year-on-year to 340 billion yen, operating income rising 87.8% to 38 billion yen, current income growing 81.0% to 40.5 billion yen, and net income to improve by 90.5% to 26 billion yen. The above projections assume a yen exchange rate of 82 yen to the U.S. dollar, and a naphtha price of 46,000 yen per kiloliter.

2. Other Information

(1) Material Transfer of Subsidiaries

N/A

(2) Outline of Simplified Accounting Methods and Unique Accounting Treatment

Calculation of tax expenses

To calculate tax expenses, the effective tax rate was reasonably estimated after applying accounting for income taxes against net income before tax and other adjustments for consolidated fiscal 2011, including the first half of consolidated fiscal 2011. Tax expenses were calculated by multiplying net income before tax and other adjustments for the first half of fiscal 2011 by the aforementioned effective tax rate. Income tax and other adjustments are included in income taxes in the financial statements.

Evaluation of inventories

The Company applies the inventory write-down method only to inventories with obviously lower profitability to write them down to the estimating net selling prices.

(3) Outline of Changes in Accounting Principles, Procedures, Indication Methods, etc.

Changes in indication methods

Semiannual consolidated income statements related

Due to the application of Cabinet Office regulations (Cabinet Office Regulation No. 5, issued on March 24, 2009), which have partially revised the rules of financial statements, etc. based on "Accounting Standards for Consolidated Financial Statements" (Financial Accounting Standards No. 22, December 26, 2008), changes in the indication methods are specified in the account: "net income before adjustment of minority interests" for the first half of consolidated fiscal 2011.

3. Financial Statement for 1st Half of FY2011
 (1) Consolidated Balance Sheet for 1st Half of FY2011

(Unit: Millions of Yen)

	1st Half of FY2011 (As of September 30, 2011)	Full FY2010 (As of March 31, 2010)
Assets		
Current assets		
Cash and assets	38,700	36,676
Notes and accounts receivable	70,314	73,132
Marketable securities	48,999	34,000
Inventories	59,972	58,130
Other current assets	27,243	27,630
Total Current Assets	245,230	229,570
Non-current assets		
Tangible assets	83,255	88,321
Intangible assets	5,621	5,883
Investments and other non-current assets	47,188	49,790
Total Non-current assets	136,066	143,995
Total Assets	381,296	373,565
Liabilities		
Current liabilities		
Notes and accounts payable	64,151	59,653
Short-term loans payable	14,165	14,161
Income tax payable	6,669	5,836
Other current liabilities	17,602	21,099
Total Current Liabilities	102,588	100,750
Non-current liabilities		
Reserve for retirement benefits	15,199	15,903
Reserve for other expenses	3,014	3,183
Other non-current liabilities	3,062	3,026
Total Non-current liabilities	21,276	22,113
Total Liabilities	123,864	122,864
Net assets		
Shareholders' equity		
Common stock	23,320	23,320
Additional paid-in capital	25,179	25,179
Earning surplus	234,072	223,890
Treasury stock	-22,214	-22,219
Total Shareholders' equity	260,357	250,170
Differences from securities revaluation		
Other differences from securities revaluation	2,435	3,610
Foreign currency translation adjustments	-6,715	-4,340
Total Differences from securities revaluation	-4,279	-730
Stock acquisition rights	485	426
Minor shareholders' interests	869	833
Total net assets	257,432	250,700
Total liabilities and net assets	381,296	373,565

(2) Consolidated Income Statement
For 1st Half FY2010

(Unit: Millions of Yen)

	1st Half of FY2010 (April 1 to September 30, 2009)	1st Half of FY2011 (April 1 to September 30, 2010)
Sales	142,943	170,315
Cost of sales	112,442	124,463
Gross profit on sales	30,501	45,852
General sales and administrative expenses	27,210	25,772
Operating income	3,290	20,079
Non-operating income		
Interest and dividend income	644	1,551
Other non-operating income	1,359	1,139
Total Non-operating income	2,004	2,691
Non-operating expenses		
Foreign exchange losses	-	471
Other non-operating expenses	2,187	819
Total Non-operating expenses	2,187	1,291
Current income	3,107	21,479
Extraordinary losses		
Loss on valuation of investment securities	-	1,173
Loss on abandonment of inventories	1,728	-
Restructuring loss	1,154	-
Total Extraordinary losses	2,883	1,173
Net income before tax for the current quarter	224	20,306
Corporate tax, resident tax and enterprise tax	673	6,935
Net income before adjustment of minority interests	-	13,370
Minority interests	0	55
Net income for the current quarter	-448	13,315

(3) Consolidated Statement of Cash Flows for 1st Half of FY2011

(Unit: Millions of Yen)

	1st Half, FY2010 (April 1 to September 30, 2009)	1st Half, FY2011 (April 1 to September 30, 2010)
Cash flows from operating activities		
Net income before taxes	224	20,306
Depreciation	10,246	9,441
Interests and dividends income	-325	-354
Interest charges	133	76
Investment income according to the equity method	-644	-1,551
Loss on sales of evaluation securities	-	1,173
Increase in notes and accounts receivable	-8,549	1,962
Increase in inventories	13,805	-2,820
Increase in accounts payable	10,908	5,773
Others	1,006	-2,104
Sub total	26,806	31,901
Interest and dividend income received	959	577
Interest charges paid	-137	-77
Income taxes paid	1,733	-5,785
Cash flows from operating activities	29,363	26,616
Cash flows from investment activities		
Increase in fixed deposit (- means increase)	758	-11,000
Expends for acquisition of marketable securities	-	-14,000
Expenses for acquisition of non-current assets	-12,054	-6,173
Expenses for loans	-2,063	-1,063
Collections on loans	1,328	1,356
Others	-469	236
Cash flows from investment activities	-12,499	-30,643
Cash flows from financing activities		
Increase in short-term loans payable	-38	-132
Dividends paid	-3,906	-3,175
Dividends paid for minority interests	-2	-5
Others	-7	68
Cash flows from financing activities	-3,955	-3,244
Conversion difference of cash and cash equivalents	-44	-828
Increase/decrease in cash and cash equivalents	12,862	-8,099
Opening balance of cash and cash equivalents	37,125	61,404
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	255	123
Closing balance of cash and cash equivalents	50,243	53,428

(4) Notes about Assumption as a Going Concern

N/A

(5) Segment Information

I. Outline of reportable segments

With respect to the Company's reportable segments, separate financial information by business segment based on the Company's constituent business units is available. The board of directors' meeting regularly reviews reportable segments to decide the distribution of management resources and to evaluate business results.

The Company has set business division/department by product at its head office. To conduct business activities, each business division/department plans comprehensive strategies for relevant product in Japan and overseas. In the Plastics Business, core Group companies set comprehensive strategic plans for relevant product in Japan and overseas to develop business activities.

Therefore, the JSR Group's businesses consist of business segments by product based on business divisions/departments and core Group companies. The three reportable segments are: the Elastomers Business, the Plastics Business, and the Fine Chemicals and Other Products Business.

The Elastomers Business engages mainly in manufacture, marketing, and sale of general-purpose synthetic rubber products for automobile tires, special-purpose synthetic rubbers for automobile parts, thermoplastic elastomers for the reformulation of plastics, and synthetic rubber latex for coated paper. The Plastics Business primarily manufactures, markets and sells ABS plastics for automobiles, office automation equipment, and entertainment devices. The Fine Chemicals and Other Products Business is involved principally in manufacture, marketing, and sale of photoresists for semiconductor manufacture, color LCD materials, and optical-fiber coatings.

Major products by business segment

Business segment	Major products
Elastomers	Styrene butadiene rubbers, polybutadiene rubbers, ethylene polypropylene rubbers, other synthetic rubbers and compounded products; thermoplastic elastomers and compounded products; styrene butadiene latex, acrylic emulsions and other emulsions and compounded products; chemicals
Plastics	ABS, AES, AS, ASA plastics
Fine Chemicals and Other Products	Semiconductor materials (photoresists, CMP materials, packaging materials, multilayer materials, etc.), flat panel display materials (color LCD materials, antireflective coatings, etc.), optical-fiber materials (optical-fiber coatings, functional coatings, heat-resistant transparent resins, functional films, etc.), performance chemicals (high-performance coatings, multifunctional high-performance dispersants, particles for industrial and medical use, etc.), testing fixtures and equipment for electronic circuits

Major changes from the previous fiscal year are as follows.

- The Emulsions Business, previously categorized as an independent business segment, is included in the Elastomers Business due to the similar product nature and manufacturing methods as well as the small scale of the Emulsions Business.
- Chemicals, including butadiene monomers, were previously categorized in the Fine Chemicals and Other Products Business; however, due to the similar product nature and manufacturing processes, chemicals are included in the Elastomers Business.
- Income/loss of consolidated subsidiaries that provide business support in the fields of engineering, distribution, information system services, etc. mainly for other Group companies are proportionally distributed to relevant business segments based on rational standards.

II. Sales, income/loss by reportable segment

1st half, FY2011 (April 1, 2010 to September 30, 2010)

	Reportable segment				Adjustment (Millions of yen)	Total (Millions of yen)
	Elastomers (Millions of yen)	Plastics (Millions of yen)	Fine Chemicals and Other Products (Millions of yen)	Total (Millions of yen)		
Sales						
(1) Sales to external customers	78,669	26,119	65,527	170,315	—	170,315
(2) Inter-segment sales /transfer	2,201	—	—	2,201	(2,201)	—
Total	80,871	26,119	65,527	172,517	(2,201)	170,315
Income by segment (operating income)	6,415	1,496	12,167	20,079	—	20,079

III. Differences between total amount of income/loss by reportable segment and in the semiannual consolidated income statement as well as specifics of major differences (items in relation to adjustment of differences)

Total amount of income by reportable segment corresponds to the amount of operating income in the semiannual consolidated income statement.

Additional information

Effective from the first quarter of fiscal 2011, the Company applies “Accounting Standard for Disclosure of Segment Information, etc.” (Financial Accounting Standard No. 17, issued on March 27, 2009) and “Implementation Guidance on Accounting Standard for Disclosure of Segment Information, etc.” (Financial Accounting Standard Implementation Guidance No. 20, March 21, 2008).

Information by business segment (former classification) for the first half of fiscal 2010 is as follows:

1st half, FY2010 (April 1, 2009 to September 30, 2009)

	Elastomers (Millions of yen)	Emulsions (Millions of yen)	Plastics (Millions of yen)	Fine Chemicals and Other Products (Millions of yen)	Total (Millions of yen)	Elimination and/or corporate (Millions of yen)	Consolidated (Millions of yen)
Sales							
(1) Sales to external customers	43,656	7,764	22,716	68,807	142,943	—	142,943
(2) Inter-segment sales /transfer	230	1,479	—	7,257	8,968	(8,968)	—
Total	43,887	9,243	22,716	76,064	151,911	(8,968)	142,943
Operating income/loss	△4,328	△279	△652	8,550	3,290	—	3,290

△ indicates a negative figure.

Notes: 1. Business segmentation method

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

2. Major products by business segment

Business segment	Major products
Elastomers	General-purpose synthetic rubber, special-purpose synthetic rubber, thermoplastic elastomers, and other compounded products of raw rubbers
Emulsions	Paper-coating latex, general-purpose latex, acrylic emulsions, and other compounded products of raw latex
Plastics	ABS, AES, AS, ASA plastics, coloring products for plastics
Fine Chemicals and Other Products	Semiconductor materials (photoresists, CMP materials, packaging materials, multilayer materials, etc.), flat panel display materials (color LCD materials, PDP materials, etc.), optical-fiber materials (optical-fiber coatings, functional coatings, antireflective coatings, heat-resistant transparent resins, functional films, etc.), performance chemicals (high-performance coatings, multifunctional high-performance dispersants, particles for industrial and medical use, etc.), chemicals, and testing fixtures and equipment for electronic parts

For reference, information by business segment for the first half of fiscal 2010 can be revised as follows on the assumption that the new segmentation method, effective from fiscal 2011, is applied.

Reference: 1st half, FY2010 (April 1, 2009 to September 30, 2009)

	Reportable segment				Adjustment (Millions of yen)	Total (Millions of yen)
	Elastomers (Millions of yen)	Plastics (Millions of yen)	Fine Chemicals and Other Products (Millions of yen)	Total (Millions of yen)		
Sales						
(1) Sales to external customers	58,152	22,612	62,178	142,943	—	142,943
(2) Inter-segment sales /transfer	1,710	—	—	1,710	(1,710)	—
Total	59,863	22,612	62,178	144,654	(1,710)	142,943
Segment income/loss (operating income/loss)	△4,685	△621	8,598	3,290	—	3,290

△ indicates a negative figure.

(6) Notes about Material Variation in Shareholders' Equity if Any

N/A

4. Supplementary Information

(1) Consolidated Income Statement — Quarterly Trends

(Unit: Millions of yen)

	FY2010					FY2011	
	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter	Full Year	1 st Quarter	2 nd Quarter
Sales	67,652	75,291	84,154	83,085	310,183	86,225	84,090
Operating income/loss	△3,175	6,466	8,011	8,927	20,230	10,032	10,046
Current income/loss	△2,494	5,602	8,925	10,343	22,377	10,370	11,109
Net income/loss	△4,609	4,160	6,524	7,569	13,644	5,601	7,714

△ indicates a negative figure.

(2) Segment Information — Quarterly Comparison

(Unit: Millions of yen)

	1 st Quarter, FY2011		2 nd Quarter, FY2011		Increase/decrease	
	Sales	Operating income	Sales	Operating income	Sales	Operating income
Elastomers	39,543	3,103	39,126	3,312	△416	208
Plastics	12,984	620	13,134	875	150	254
Fine Chemicals and Other Products	33,697	6,308	31,829	5,859	△1,868	△449
Consolidated	86,225	10,032	84,090	10,046	△2,134	13

△ indicates a negative figure.

(3) Consolidated Cash Flow Statements — Year-on-year Comparison

(Unit: Millions of yen)

	2 nd Quarter, FY2010	2 nd Quarter, FY2011	Increase/decrease
Operating cash flows	29,363	26,616	△2,746
Investing cash flows	△12,499	△30,643	△18,143
Financing cash flows	△3,955	△3,244	710
Cash and cash equivalents	50,243	53,428	3,184

△ indicates a negative figure.