



Consolidated Business Results for the 1st Half, FY2014

October 28, 2013

Name of listed company: JSR Corporation

Stock Exchange: Tokyo

Code # 4185

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

Representative: Mitsunobu Koshiba, President

Inquiry to: Masanao Kojima, Corporate Communications Department

TEL: (03)6218-3517

Expected date of the release of Asset Security Report: November 8, 2013

Expected date of dividend payment: November 27, 2013

Supplementary information for the quarterly financial statements to be prepared: Yes

Meeting to explain for the quarterly financial statements 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, FY2014 (April 1 to September 30, 2013)

(1) Consolidated Operating Results (% implies the rate of increase/decrease year-on-year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of	%	Millions of	%	Millions of Yen	%	Millions of	%
1st half, FY2014	188,785	3.4	17,847	4.6	20,380	3.2	13,147	-3.5
1st half, FY2013	182,574	7.2	17,057	-12.4	19,748	-3.4	13,622	17.3

Note: Comprehensive Income: 18,310 million yen (72.8%) for the 1st half, FY2014, 10,598 million yen (13.2%) for the 1st half, FY2013

	Net income per share	Net income per share after latent share adjustment
	Yen	Yen
1st half, FY2014	55.37	55.24
1st half, FY2013	56.47	56.35

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio	Net assets per share
	Millions of Yen	Millions of Yen	%	Yen
1st half, FY2014	473,185	330,011	68.4	1,362.05
FY2013	482,935	315,733	63.9	1,299.77

Note: Equity capital: 323,436 million yen for the 1st half, FY2014, 308,641 million yen for FY2013

2. Status of Distribution

(Reference date)	Dividend per share				
	1st quarter, end	1st half, end	3rd quarter, end	Term end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2013	-	17.00	-	17.00	34.00
FY2014	-	19.00			
FY2014 (Expected)			-	19.00	38.00

Note: Changes of expected dividend during the term: No

3. Forecast results for FY2014 (April 1, 2013 to March 31, 2014)

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Yen
Full FY2014	400,000	7.7	37,000	5.1	40,000	-8.0	26,500	-12.5	111.60

Note: Changes from the latest forecasts released: Yes



* Notes

(1) Changes to major subsidiaries during the current fiscal year (changes to subsidiaries during the current fiscal year, accompanied by the scope of consolidation): No

(2) Application of special accounting treatments for quarterly financial statements: Yes

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1) Changes due to revisions of accounting policy, etc. : No

2) Changes in policy other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

(4) Number of shares issued (common shares)

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

1st half, FY2014	237,973,205 shares	FY2013	237,973,205 shares
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2) The number of treasury stocks

1st half, FY2014	509,668 shares	FY2013	515,440 shares
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3) The average number of shares issued within the fiscal year

1st half, FY2014	237,458,672 shares	1st half, FY2013	241,244,756 shares
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* Implementation status about the quarterly review

These financial statements are exempt from quarterly review procedures as required by the Financial Instruments and Exchange Act. A part of quarterly review based on Financial Instruments and Exchange Act were not completed at the time of the disclosure of these financial statements.

* Statement regarding appropriate use of forward-looking statements and other notes

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the JSR Group's actual performance and financial results to differ substantially from management's projections and plans.



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Review of Operations by Segment

① Elastomers Business Segment

Sales of synthetic rubbers remained relatively flat over the same period the previous year. In Japan, sales decreased from the previous year, due to the fading of last year's upsurge in demand supported by the government's Eco car subsidy program. On the other hand, in the overseas market, a recovery in production by key customers brought about a year-on-year rise in sales volume. Operating income increased, mainly due to the decrease in regular repair costs.

Consequently, net sales for the Elastomers Business for the First half of FY2014 increased by 0.4% from the same period the previous year to ¥96,408 million, and operating income increased by 9.1% to ¥8,567 million.

② Plastics Business

Net sales of the Plastics Business increased from the same period the previous year. This was because, coupled with the effect of the weak yen, an increase in sales volume for automobiles in the overseas market more than offset a decrease in sales volume in the Japanese market due to falling demand in the automobile market. Operating income increased as a result of the revision of selling prices in response to the increases in major raw material costs as well as an increase in revenues.

Consequently, net sales for the Plastics Business for the First half of FY2014 increased by 2.8% from the same period the previous year to ¥26,491 million, and operating income increased by 30.8% to ¥1,875 million.

③ Fine Chemicals and Other Products Business

Sales of semiconductor materials remained flat from the same period the previous year. This was because the strong demand for materials for smart phones and multi-functional mobile devices was offset by continuing weak demand for personal computer materials.

Sales of flat panel display materials increased from the same period the previous year, supported by the recovery of production volumes by major panel manufacturers, coupled with the effect of the weak yen.

In the Precision Materials and Processing Business, sales of transparent conductive films for touch panels (ITO films) increased, but the shipping volume of ARTON®, retardation films made of heat resistant transparent resin for materials for smart phones and multi-functional mobile devices, decreased. Accordingly total sales of the business decreased from the same period the previous year.

In addition, investments in advanced technologies placed a burden on operating income.

Consequently, net sales of the Fine Chemicals and Other Products Business for the First half of FY2014 increased by 8.4% from the same period in the previous year to ¥65,886 million, operating income decreased by 4.8% to ¥7,404 million.

(2) Explanation of the Revision in Forecasts, including Consolidated Performance Forecasts

Looking in detail at developments in the 2nd half of FY2014, within the industries of the major customers of the JSR Group, production of automobile tires is expected to recover, but the downturn in the semiconductor market is likely to continue, with a slow recovery expected to be on the way. In addition, there is concern that FPD panel manufacturers might adjust production.

Under this business environment, the JSR Group will aim to secure steady profitability. Specifically, the Elastomers



Business focuses on sales expansion of synthetic rubber tires for low fuel consumption, and the Fine Chemicals and Other Products Business places importance on sales expansion of lithography materials for advanced semiconductor packaging applications as well as mobile display materials.

In the light of the recent business trend, the JSR Group revised its consolidated performance forecasts for the full-year of FY2014 from those announced on April 24, 2013. As a result of the revision, the Group forecasts consolidated net sales of ¥400,000 million (+7.7% from the same period the previous year), operating income of ¥37,000 million (+5.1%), ordinary income of ¥40,000 million (-8.0%), and net income of ¥26,500 million (-12.5%)

(Full-year consolidated performance forecasts)

	Current forecasts (A)	Previous forecasts (B)	Change from previous forecasts (A – B)	Percent change from previous forecasts
Net sales	¥400,000 million	¥415,000 million	-¥15,000 million	-3.6%
Operating income	¥37,000 million	¥43,000 million	-¥6,000 million	-14.0%
Ordinary income	¥40,000 million	¥47,000 million	-¥7,000 million	-14.9%
Net income	¥26,500 million	¥31,500 million	-¥5,000 million	-15.9%

2. Matters related to Summary Information (notes)

(1) Adoption of Special Accounting Treatments for Consolidated Quarterly Financial Statements

(Tax expenses)

The effective tax rate expected to be imposed on pretax net income (after tax effect accounting) applicable to the tax year in which this First half is included was estimated based on reasonable assumptions. Tax expenses for the First quarter were then calculated by multiplying the pretax net income for the First half by the estimated effective tax rate.



3. Financial Statement for 1st half of FY2014

(1) Consolidated quarterly balance sheets for 1st half of FY2014

	Full FY2013	1st Half of FY2014
	(As of March 31, 2013)	(As of September 30, 2013)
Assets		
Current assets		
Cash and deposits	32,190	35,864
Notes and accounts receivable-trade, net	91,511	78,477
Securities	79,412	79,963
Inventories	74,687	79,680
Other	42,617	29,580
Total current assets	320,419	303,566
Noncurrent assets		
Property, plant and equipment	93,205	94,074
Intangible assets	6,309	6,733
Investments and other assets		
Investment securities	50,531	57,747
Other	12,469	11,062
Total investments and other assets	63,001	68,810
Total noncurrent assets	162,516	169,618
Total assets	482,935	473,185
Liabilities		
Current liabilities		
Notes and accounts payable-trade	97,225	72,766
Short-term loans payable	14,210	14,106
Income taxes payable	6,888	7,081
Other	23,521	21,654
Total current liabilities	141,846	115,609
Noncurrent liabilities		
Long-term loans payable	6,625	7,854
Provision for retirement benefits	15,211	15,019
Other	3,518	4,692
Total noncurrent liabilities	25,355	27,565
Total liabilities	167,201	143,174
Net assets		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	25,179
Retained earnings	253,009	262,125
Treasury stock	-930	-920
Total shareholders' equity	300,577	309,704
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	8,470	11,025
Foreign currency translation adjustment	-407	2,707
Total accumulated other comprehensive income	8,063	13,732
Subscription rights to shares	728	757
Minority interests	6,364	5,816
Total net assets	315,733	330,011
Total liabilities and net assets	482,935	473,185



(2) Consolidated quarterly statements of income

	1st Half of FY2013	1st Half of FY2014
	(April 1 to September 30, 2012)	(April 1 to September 30, 2013)
Net sales	182,574	188,785
Cost of sales	137,161	140,028
Gross profit	45,413	48,756
Selling, general and administrative expenses	28,355	30,909
Operating income	17,057	17,847
Non-operating income		
Foreign exchange gains	—	593
Equity in earnings of affiliates	2,707	1,429
Other	928	879
Total non-operating income	3,636	2,903
Non-operating expenses		
Foreign exchange losses	367	—
Other	577	370
Total non-operating expenses	945	370
Ordinary income	19,748	20,380
Extraordinary loss		
Loss on abandonment of inventories	—	241
Loss on valuation of investment securities	305	135
Other	—	23
Total extraordinary losses	305	401
Income before income taxes and minority interests	19,443	19,979
Income taxes	5,811	7,276
Income before minority interests	13,631	12,703
Minority interests in income (loss)	9	-444
Net income	13,622	13,147

(3) Consolidated quarterly statements of comprehensive income

	1st Half of FY2013	1st Half of FY2014
	(April 1 to September 30, 2012)	(April 1 to September 30, 2013)
Income before minority interests	13,631	12,703
Other comprehensive income		
Unrealized gains on securities, net of taxes	-1,662	2,563
Foreign currency translation adjustment	-1,470	2,197
Share of other comprehensive income of associates accounted for using equity method	99	846
Total other comprehensive income	-3,033	5,606
Comprehensive income	10,598	18,310
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,817	18,816
Comprehensive income attributable to minority	-218	-506



(4) Consolidated quarterly statements of cash flows

	1st Half or FY2013	1st Half or FY2014
	(April 1 to September 30, 2012)	(April 1 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	19,443	19,979
Depreciation and amortization	8,595	8,576
Interest and dividends income	-408	-445
Interest expenses	67	55
Equity in (earnings) losses of affiliates	-2,707	-1,429
Decrease (increase) in notes and accounts receivable-trade	93	14,426
Decrease (increase) in inventories	-6,226	-3,907
Increase (decrease) in notes and accounts payable-trade	10,982	-26,048
Other, net	2,255	13,030
Subtotal	32,096	24,237
Interest and dividends income received	804	858
Interest expenses paid	-61	-47
Income taxes paid	-6,626	-6,915
Net cash provided by (used in) operating activities	26,212	18,132
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	0	8,499
Decrease (increase) in short-term investment securities	-21,500	15,500
Purchase of noncurrent assets	-12,302	-12,541
Purchase of investment securities	-231	-654
Purchase of stocks of subsidiaries and affiliates	—	-834
Payments of loans receivable	-764	-1,326
Collection of loans receivable	1,621	1,067
Other, net	44	109
Net cash provided by (used in) investing activities	-33,132	9,820
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-1,284	-124
Proceeds from long-term loans payable	2,574	940
Cash dividends paid	-3,859	-3,938
Cash dividends paid to minority shareholders	-13	-40
Other, net	-7	-8
Net cash provided by (used in) financing activities	-2,590	-3,171
Effect of exchange rate change on cash and cash equivalents	-513	943
Net increase (decrease) in cash and cash equivalents	-10,023	25,725
Cash and cash equivalents at beginning of period	67,198	53,818
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	5,983	—
Cash and cash equivalents at end of period	63,157	79,543

(4) Notes to Consolidated Quarterly Financial Statements

(Note regarding Assumption of a Going Concern)

Not applicable

(Note regarding Significant Changes in the Value of Shareholders' Equity)

Not applicable

(Segment Information)

I. First Half of FY2014 (April 1, 2013 to September 30, 2013)

1. Information relating to net sales, income, or losses for each reporting segment

	Reporting segment				Reconciliation (Millions of yen)	Consolidated (Millions of yen)
	Elastomers (Millions of yen)	Plastics (Millions of yen)	Fine chemicals and other products (Millions of yen)	Total (Millions of yen)		
Net sales						
Sales to external customers	96,408	26,491	65,886	188,785	-	188,785
inter-segment sales/transfers	2,025	-	-	2,025	-2,025	-
Sales total	98,433	26,491	65,886	190,810	-2,025	188,785
Operating income	8,567	1,875	7,404	17,847	-	17,847

2. Major differences (amounts and descriptions) between the total income (or loss) of each reporting segment and the amount reported on the consolidated quarterly income statement for the First half of FY2014 (matters related to reconciliation)

The total income of each segment agrees with the operating income reported on the consolidated quarterly income statement for the First half of FY2014.

II. First Half of FY2013 (April 1, 2012 to September 30, 2012)

1. Information relating to net sales, income, or losses for each reporting segment

	Reporting segment				Reconciliation (Millions of yen)	Consolidated (Millions of yen)
	Elastomers (Millions of yen)	Plastics (Millions of yen)	Fine chemicals and other products (Millions of yen)	Total (Millions of yen)		
Net sales						
Sales to external customers	96,007	25,760	60,807	182,574	-	182,574
inter-segment sales/transfers	3,154	-	-	3,154	-3,154	-
Sales total	99,161	25,760	60,807	185,729	-3,154	182,574
Operating income	7,849	1,433	7,774	17,057	-	17,057

2. Major differences (amounts and descriptions) between the total income (or loss) of each reporting segment and the amount reported on the consolidated quarterly income statement for the First half of FY2013 (matters related to reconciliation)

The total income of each segment agrees with the operating income reported on the consolidated quarterly income statement for the First half of FY2013.