



## Consolidated Business Results for the 1st Quarter, FY2014

July 29, 2013

Name of listed company: JSR Corporation

Stock Exchange: Tokyo

Code # 4185

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

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Expected date of the release of Asset Security Report: August 9, 2013

Expected date of dividend payment: -

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 quarter, FY2014 (April 1, 2013 to June 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 Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
1st quarter, FY2014	91,727	-1.3	9,313	6.8	10,990	9.0	6,882	1.0
1st quarter, FY2013	92,955	10.2	8,718	-5.6	10,086	-1.2	6,816	25.5

Note: Comprehensive Income: 10,211 million yen (115.2%) for the 1<sup>st</sup> quarter, FY2014, 4,744 million yen (-18.9%) for the 1<sup>st</sup> quarter, FY2013

	Net income per share	Net income per share after latent share adjustment
	Yen	Yen
1st quarter, FY2014	28.99	28.92
1st quarter, FY2013	28.26	28.21

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity capital ratio
	Millions of Yen	Millions of Yen	%
1st quarter, FY2014	479,750	321,928	65.7
FY2013	482,935	315,733	63.9

Note: Equity capital: 315,094 million yen for the 1st quarter, FY2014, 308,641 million yen for FY2013

### 2. Status of Distribution

( Reference date )	Dividend per share				
	1st quarter, end	2nd quarter, end	3rd quarter, end	Term end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2013	-	17.00	-	17.00	34.00
FY2014	-				
FY2014 (Expected)		19.00	-	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
1 <sup>st</sup> half, FY2014	195,000	6.8	18,500	8.5	20,500	3.8	13,500	-0.9	56.85
Full FY2014	415,000	11.7	43,000	22.1	47,000	8.1	31,500	4.0	132.66

Note: Changes from the latest forecasts released: No



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): 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 quarter, FY2014	237,973,205 shares	FY2013	237,973,205 shares
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2) The number of treasury stocks

1st quarter, FY2014	515,820 shares	FY2013	515,440 shares
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3) The average number of shares issued within the fiscal year

1st quarter, FY2014	237,457,519 shares	1st quarter, FY2013	241,242,049 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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## 1. Quantitative Information on Consolidated Quarterly Financial Results

### (1) Overview of Business Results

Overview of the First Quarter of FY2014 (April 1, 2013 to June 30, 2013)

Within the industries of the major customers of the JSR Group, automobile production was strong in North America, supported by robust demand, while automobile production in Japan decreased from the same period in the previous year, a rebound from the demand upsurge in the previous year created by the government's Eco-car subsidy program. Automobile production in Europe also decreased due to the economic slow-down in the region. The production of automobile tires was low in Japan in line with the weak demand for new cars. Demand for replacement tires was also low in Europe. In the semiconductor market, demands for materials for smart phones and multi-functional mobile devices were strong, while demand for PC materials was low. The production of flat panel displays (FPDs) increased from the previous year, supported by the recovery of production by major panel manufacturers.

Under these circumstances, the JSR Group strengthened the functions of technically-competitive products in the petrochemical materials business and implemented global sales expansion activities. In the fine chemicals and other product businesses focused on the data processing & electronic materials, we implemented activities to expand sales of mobile display materials, focusing on materials suitable for advanced semiconductor technologies.

In the first quarter ended June 30, 2013, we reported consolidated net sales of ¥91,727 million (-1.3% from the same period in the previous year), operational income of ¥9,313 million (+6.8%), ordinary income of ¥10,990 million (+9.0%), and net income of ¥6,882 million (+1.0%).

	1st Quarter of FY2013 (April 1 to June 30,2012)		1st Quarter of FY2014 (April 1 to June 30,2013)		Year-on-year change	
	Millions of yen	% of Net Sales	Millions of yen	% of Net Sales	Millions of yen	The rate of increase/ decrease
Net sales						
Elastomers	49,459	53.2%	47,076	51.3%	-2,383	-4.8%
Plastics	13,195	14.2%	12,698	13.9%	-497	-3.8%
Fine chemicals and other products	30,299	32.6%	31,952	34.8%	1,653	5.5%
Total	92,955	100.0%	91,727	100.0%	-1,228	-1.3%
Sales in Japan	50,288	54.1%	45,121	49.2%	-5,167	-10.3%
Overseas sales	42,666	45.9%	46,605	50.8%	3,939	9.2%

	1st Quarter of FY2013 (April 1 to June 30,2012)		1st Quarter of FY2014 (April 1 to June 30,2013)		Year-on-year change	
	Millions of yen	% of Net Sales	Millions of yen	% of Net Sales	Millions of yen	The rate of increase/ decrease
Operating income	8,718	9.4%	9,313	10.2%	595	6.8%
Ordinary income	10,086	10.9%	10,990	12.0%	904	9.0%
Net income	6,816	7.3%	6,882	7.5%	65	1.0%



## Review of Operations

### (1) Elastomers Business Segment

Sales of synthetic rubbers decreased from the same period in the previous year due to the rebound from last year's upsurge in demand supported by the government's Eco car subsidy program, and weak exports to Europe. However, operating income increased mainly due to the decrease in regular repair costs.

Consequently, net sales for the Elastomers Business for the first quarter of FY2014 decreased by 4.8% from the same period in the previous year to ¥47,076 million, and operating income increased by 7.0% to ¥4,710 million.

### (2) Plastics Business

Net sales of the Plastic Business decreased from the same period in the previous year due to falling demand in the automobile and amusement markets. Operating income increased as a result of the revision of selling prices in response to the increases in major raw material costs and the improvement in the profitability supported by the yen depreciation.

Consequently, net sales for the Plastics Business for the first quarter of FY2014 decreased by 3.8% from the same period in the previous year to ¥12,698 million, and operating income increased by 87.0% to ¥907 million.

### (3) Fine Chemicals and other products business

Sales of semiconductor materials decreased from the same period in the previous year due to the continuing weak demand for personal computer materials, which could not be offset by the strong demand for materials for smart phones and multi-functional mobile devices.

Sales of flat panel display materials increased from the same period in the previous year, supported by the recovery of production volumes by major panel manufacturers.

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 in the previous year.

Investments in advanced technologies placed a burden on the operating income.

Consequently, net sales of the Fine Chemicals and Other Products Business for the first quarter of FY2014 increased by 5.5% from the same period in the previous year to ¥31,952 million, operation income decreased by 3.6% to ¥3,695 million.

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

Forecasts are unchanged from those announced in April 24, 2013.

## 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 quarter 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 quarter by the estimated effective tax rate.



3. Financial Statement for 1st quarter of FY2014

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

( Unit: Millions of Yen )

	Full FY2013 (As of March 31, 2013)	1st Quarter of FY2014 (As of June 30, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	32,190	31,727
Notes and accounts receivable-trade, net	91,511	89,592
Securities	79,412	72,971
Inventories	74,687	79,206
Other	42,617	38,683
Total current assets	320,419	312,182
Noncurrent assets		
Property, plant and equipment	93,205	93,556
Intangible assets	6,309	6,561
Investments and other assets		
Investment securities	50,531	55,128
Other	12,469	12,321
Total investments and other assets	63,001	67,449
Total noncurrent assets	162,516	167,567
<b>Total assets</b>	<b>482,935</b>	<b>479,750</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	97,225	90,319
Short-term loans payable	14,210	14,223
Other	30,409	25,750
Total current liabilities	141,846	130,293
Noncurrent liabilities		
Long-term loans payable	6,625	7,913
Provision for retirement benefits	15,211	15,364
Other	3,518	4,250
Total noncurrent liabilities	25,355	27,528
<b>Total liabilities</b>	<b>167,201</b>	<b>157,822</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	25,179
Retained earnings	253,009	255,855
Treasury stock	-930	-931
Total shareholders' equity	300,577	303,423
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	8,470	9,934
Foreign currency translation adjustment	-407	1,736
Total accumulated other comprehensive income	8,063	11,671
Subscription rights to shares	728	754
Minority interests	6,364	6,078
<b>Total net assets</b>	<b>315,733</b>	<b>321,928</b>
<b>Total liabilities and net assets</b>	<b>482,935</b>	<b>479,750</b>



(2) Consolidated Quarterly Income Statement and Comprehensive Income Statement

Consolidated quarterly statements of income (Unit: Millions of Yen)

	1st Quarter of FY2013 (April 1 to June 30, 2012)	1st Quarter of FY2014 (April 1 to June 30, 2013)
Net sales	92,955	91,727
Cost of sales	70,016	67,191
Gross profit	22,938	24,535
Selling, general and administrative expenses	14,220	15,222
Operating income	8,718	9,313
Non-operating income		
Foreign exchange gains	—	813
Equity in earnings of affiliates	1,360	659
Other	549	447
Total non-operating income	1,909	1,920
Non-operating expenses		
Foreign exchange losses	222	—
Other	318	243
Total non-operating expenses	541	243
Ordinary income	10,086	10,990
Extraordinary loss		
Loss on valuation of investment securities	—	145
Total extraordinary losses	—	145
Income before income taxes and minority interests	10,086	10,844
Income taxes	3,286	4,243
Income before minority interests	6,799	6,601
Minority interests in loss	-17	-281
Net income	6,816	6,882

Consolidated quarterly statements of comprehensive income (Unit: Millions of Yen)

	1st Quarter of FY2013 (April 1 to June 30, 2012)	1st Quarter of FY2014 (April 1 to June 30, 2013)
Income before minority interests	6,799	6,601
Other comprehensive income		
Unrealized gains on securities, net of taxes	-1,267	1,466
Foreign currency translation adjustment	-1,357	1,538
Share of other comprehensive income of associates accounted for using equity method	570	605
Total other comprehensive income	-2,054	3,610
Comprehensive income	4,744	10,211
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,014	10,490
Comprehensive income attributable to minority interests	-270	-279



(3) 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 Quarter of FY2014 (April 1, 2013 to June 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	47,076	12,698	31,952	91,727	-	91,727
inter-segment sales/transfers	1,043	-	-	1,043	-1,043	-
Sales total	48,119	12,698	31,952	92,770	-1,043	91,727
Operating income	4,710	907	3,695	9,313	-	9,313

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

The total income of each segment agrees with the operating income reported on the quarterly income statement.

II. First Quarter of FY2013 (April 1, 2012 to June 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	49,459	13,195	30,299	92,955	-	92,955
inter-segment sales/transfers	1,664	-	-	1,664	-1,664	-
Sales total	51,124	13,195	30,299	94,620	-1,664	92,955
Operating income	4,401	485	3,831	8,718	-	8,718

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

The total income of each segment agrees with the operating income reported on the quarterly income statement.