



Consolidated Business Results for the 1st Quarter, FY2015, ending March 31, 2015

July 28, 2014

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 8, 2014

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, FY2015 (April 1, 2014 to June 30, 2014)

(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, FY2015 | 96,069 | 4.7 | 8,131 | -12.7 | 8,372 | -23.8 | 5,373 | -21.9 |
| 1st quarter, FY2014 | 91,727 | -1.3 | 9,313 | 6.8 | 10,990 | 9.0 | 6,882 | 1.0 |

Note: Comprehensive Income: 4,915 million yen (-51.9%) for the 1st quarter, FY March 2015, 10,211 million yen (115.2%) for the 1st quarter, FY March 2014

| | Net income per share | Net income per share after latent share adjustment |
|---------------------|----------------------|--|
| | Yen | Yen |
| 1st quarter, FY2015 | 22.86 | 22.81 |
| 1st quarter, FY2014 | 28.99 | 28.92 |

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity capital ratio | Net assets per share |
|---------------------|-----------------|-----------------|----------------------|----------------------|
| | Millions of Yen | Millions of Yen | % | Yen |
| 1st quarter, FY2015 | 489,617 | 338,385 | 67.9 | 1,415.79 |
| FY2014 | 501,319 | 337,259 | 66.1 | 1,409.06 |

Note: Equity capital: 332,668 million yen for the 1st quarter, FY2015, 331,283 million yen for FY2014

2. Status of Dividends

| (Reference date) | Dividend per share | | | | |
|--------------------------|--------------------|------------------|------------------|----------|-----------|
| | 1st quarter, end | 2nd quarter, end | 3rd quarter, end | Term end | Full year |
| | Yen | Yen | Yen | Yen | Yen |
| FY March 2014 | - | 19.00 | - | 19.00 | 38.00 |
| FY March 2015 | - | | | | |
| FY March 2015 (Expected) | | 20.00 | - | 20.00 | 40.00 |

Note: Changes of expected dividend during the term: No

3. Forecast results for FY2015 (April 1, 2014 to March 31, 2015)

(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 st half, FY2015 | 200,000 | 5.9 | 17,000 | -4.7 | 17,500 | -14.1 | 12,000 | -8.7 | 51.04 |
| Full FY2015 | 410,000 | 4.0 | 38,000 | 5.4 | 39,000 | -1.6 | 28,000 | 11.2 | 119.09 |

Note: Changes from the latest forecasts released: No



*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. : Yes

2) Changes in policy other than 1) : No

3) Changes in accounting estimates : No

4) Restatements : No

(4) Number of shares issued (common stocks)

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

| | | | |
|----------------------------|--------------------|---------------|--------------------|
| 1st quarter, FY March 2015 | 237,973,205 shares | FY March 2014 | 237,973,205 shares |
|----------------------------|--------------------|---------------|--------------------|

2) The number of treasury stocks

| | | | |
|----------------------------|------------------|---------------|------------------|
| 1st quarter, FY March 2015 | 3,003,273 shares | FY March 2014 | 2,862,706 shares |
|----------------------------|------------------|---------------|------------------|

3) The average number of shares issued within the fiscal year

| | | | |
|----------------------------|--------------------|----------------------------|--------------------|
| 1st quarter, FY March 2015 | 235,005,125 shares | 1st quarter, FY March 2014 | 237,457,519 shares |
|----------------------------|--------------------|----------------------------|--------------------|

* 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. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

Overview of the First Quarter of FY 2015 (April 1, 2014 to June 30, 2014)

Among the JSR Group's main customers' industries, automobile production in China and North America was robust, while it also increased from the previous year in Japan. Automobile tire production was strong in tires for new cars in Japan, although production of replacement tires was below the previous year's level.

In the semiconductor market, shipments were robust as demand for smartphone and multifunctional mobile terminal applications as well as for PC replacements were strong. Production of flat panel displays (FPDs) increased from the previous year, supported by greater demand for large-screen TVs and continued strong demand for mobile equipment.

Amid these circumstances, the JSR Group increased its production capacity in terms of products with technological advantages and tried to expand its sales globally in the Petrochemical Materials Business. The Group focused on developing materials that correspond to cutting-edge semiconductor technology and strove to boost the sales of materials used for mobile equipment displays in the Fine Chemicals and Other Products Business, centering on information electronic materials.

In the first quarter of FY 2015, the Company reported net sales of 96,069 million yen (up 4.7% year-on-year), operating income of 8,131 million yen (down 12.7% year-on-year), ordinary income of 8,372 million yen (down 23.8% year-on-year), and net income of 5,373 million yen (down 21.9% year-on-year).

(Unit: Millions of Yen)

| | 1st Quarter of FY2014 (April 1 to June 30, 2013) | | 1st Quarter of FY2015 (April 1 to June30, 2014) | | 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 | 47,076 | 51.3% | 46,221 | 48.1% | -854 | -1.8% |
| Plastics | 12,698 | 13.9% | 13,244 | 13.8% | 546 | 4.3% |
| Fine chemicals and other products | 31,952 | 34.8% | 36,604 | 38.1% | 4,651 | 14.6% |
| Total | 91,727 | 100.0% | 96,069 | 100.0% | 4,342 | 4.7% |

| | | | | | | |
|----------------|--------|-------|--------|-------|-------|-------|
| Sales in Japan | 45,121 | 49.2% | 44,324 | 46.1% | -797 | -1.8% |
| Overseas sales | 46,605 | 50.8% | 51,745 | 53.9% | 5,139 | 11.0% |

| | 1st Quarter of FY2014 (April 1 to June 30, 2013) | | 1st Quarter of FY2015 (April 1 to June30, 2014) | | 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 | 9,313 | 9.1% | 8,131 | 8.8% | -1,182 | -12.7% |
| Ordinary income | 10,990 | 11.1% | 8,372 | 10.1% | -2,617 | -23.8% |
| Net income | 6,882 | 7.7% | 5,373 | 6.9% | -1,509 | -21.9% |



(i) Elastomers Business Segment

The sales volume of synthetic rubbers in Japan decreased from the previous year because the production of automobile tires decreased. Overseas sales volume stayed flat from the previous year but net sales decreased due to sluggish markets.

Operating income fell from the previous year due to a decrease in sales volume as well as an increase in costs such as regular repair expenses.

As a result, the Elastomers Business segment posted operating income of 2,223 million yen (down 52.8%) on net sales of 46,221 million yen (down 1.8%) in the first quarter of FY 2015.

(ii) Plastics Business Segment

Total sales of plastics products increased from the previous year due to a recovery in demand in China, despite a drop in demand for shipment for amusement goods and for Thailand, the latter due to the impact of political unrest.

Operating income decreased from the previous year due to a drop in profitability owing to a rise in raw material prices.

As a result, Plastics Business segment posted operating income of 430 million yen (down 52.5%) on net sales of 13,244 million yen (up 4.3%) in the first quarter of FY 2015.

(iii) Fine Chemicals and Other Products Business Segment

Sales of semiconductor materials grew from the previous year due to robust demand for smartphone and multifunctional mobile terminal applications as well as for PC replacements, in addition to the start of a full-scale mass production of the cutting-edge 20nm (nano-meter) generation, in which the Company has a large share.

Sales of FPD materials increased from the previous year due to panel manufacturers' production remaining above the previous year's level owing to strong shipments for mobile phones and large-screen TV.

Operating income of the Fine Chemicals and Other Products Business segment exceeded that of the previous year because sales of semiconductor materials and FPD materials increased.

As a result, the Fine Chemicals and Other Products Business segment posted operating income of 5,476 million yen (up 48.2%) on net sales of 36,604 million yen (up 14.6%) in the first quarter of FY 2015.

(2) Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results

JSR Corporation has not revised its forecast of consolidated business results for the first six-month period and the full term of the fiscal year ending March 31, 2015 as announced in the "Consolidated Business Results for FY March 2015" on April 23, 2014.

2. Items Concerning Summary Information (notes)

(1) Adoption of Special Accounting Methods for Preparing Quarterly Consolidated Financial Statements (Calculation of tax expenses)

Tax expenses are calculated by rationally estimating the effective tax rate after applying deferred tax accounting for net income before income taxes for the consolidated fiscal year, including the first quarter under review, and multiplying net income before income taxes for the quarterly period by the said estimated effective tax rate.

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

Changes in accounting policy

(Application of accounting standard for retirement benefits)

Starting with the first quarter of the fiscal year ending March 31, 2015, JSR has applied the Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012; hereinafter referred to as the "Accounting Standard") and the Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter referred to as the "Guidance") with regard to the provisions prescribed in the main text of Section 35 of the Accounting Standard and Section 67 of the Guidance. As a result, the calculation methods of retirement benefit obligations and service costs were reviewed, the period attribution method of the expected amount of retirement benefits were changed from straight-line attribution to benefit calculation standard, and the decision method of the discount rate was changed.

For the application of the above Accounting Standard and other Sections, in accordance with the transitional handling prescribed in Section 37 of the Accounting Standard, at the beginning of the first quarter of the current fiscal year the effect of the changes in the calculation methods of retirement benefit obligations and service costs were adjusted in retained earnings.

As a result, liabilities pertaining to retirement benefits at the beginning of the first quarter of the fiscal year under review decreased by ¥1,498 million and retained earnings increased by ¥964 million. The application of the Accounting Standard did not have a material effect on operating income, ordinary income and net income before income taxes of the consolidated cumulative first quarter of the current fiscal year.



(1) Consolidated quarterly balance sheets for 1st quarter of FY March 2015

(Unit: Millions of Yen)

| | Full FY2014 (As of March 31, 2014) | 1st Quarter of FY2015 (As of June 30, 2014) |
|---|---------------------------------------|--|
| Assets | | |
| Current assets | | |
| Cash and deposits | 33,390 | 30,986 |
| Notes and accounts receivable - trade, net | 87,613 | 81,233 |
| Securities | 81,004 | 83,497 |
| Inventories | 78,689 | 81,040 |
| Other | 45,804 | 34,248 |
| Total current assets | 326,504 | 311,006 |
| Non-current assets | | |
| Property, plant and equipment | 95,630 | 98,035 |
| Intangible assets | 7,250 | 7,396 |
| Investments and other assets | | |
| Investment securities | 60,952 | 62,033 |
| Other | 10,982 | 11,146 |
| Total investments and other assets | 71,935 | 73,179 |
| Total non-current assets | 174,815 | 178,610 |
| Total assets | 501,319 | 489,617 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 85,333 | 75,088 |
| Short-term loans payable | 15,578 | 12,300 |
| Other | 31,529 | 31,352 |
| Total current liabilities | 132,442 | 118,742 |
| Non-current liabilities | | |
| Long-term loans payable | 11,069 | 12,887 |
| Net defined benefit liability | 15,242 | 13,903 |
| Other | 5,305 | 5,699 |
| Total non-current liabilities | 31,617 | 32,490 |
| Total liabilities | 164,059 | 151,232 |
| Net assets | | |
| Shareholders' equity | | |
| Common stock | 23,320 | 23,320 |
| Capital surplus | 25,179 | 25,179 |
| Retained earnings | 269,620 | 271,310 |
| Treasury shares | -5,087 | -5,355 |
| Total shareholders' equity | 313,033 | 314,455 |
| Accumulated other comprehensive income | | |
| Unrealized gains on securities, net of taxes | 11,467 | 11,778 |
| Foreign currency translation adjustment | 6,971 | 6,576 |
| Remeasurements of defined benefit plans | -188 | -141 |
| Total accumulated other comprehensive income | 18,250 | 18,213 |
| Subscription rights to shares | 792 | 814 |
| Minority interests | 5,183 | 4,902 |
| Total net assets | 337,259 | 338,385 |
| Total liabilities and net assets | 501,319 | 489,617 |



(2) Consolidated Quarterly Income Statement and Comprehensive Income Statement
Consolidated quarterly statements of income

(Unit: Millions of Yen)

| | 1st Quarter of FY2014 (April 1 to June 30, 2013) | 1st Quarter of FY2015 (April 1 to June 30, 2014) |
|---|---|---|
| Net sales | 91,727 | 96,069 |
| Cost of sales | 67,191 | 71,685 |
| Gross profit | 24,535 | 24,384 |
| Selling, general and administrative expenses | 15,222 | 16,253 |
| Operating income | 9,313 | 8,131 |
| Non-operating income | | |
| Dividend income | 168 | 150 |
| Foreign exchange gains | 813 | - |
| Other | 938 | 590 |
| Total non-operating income | 1,920 | 741 |
| Non-operating expenses | | |
| Foreign exchange losses | - | 164 |
| Other | 243 | 335 |
| Total non-operating expenses | 243 | 500 |
| Ordinary income | 10,990 | 8,372 |
| Extraordinary losses | | |
| Loss on valuation of investment securities | 145 | - |
| Total extraordinary losses | 145 | - |
| Income before income taxes and minority interests | 10,844 | 8,372 |
| Income taxes | 4,243 | 3,257 |
| Income before minority interests | 6,601 | 5,115 |
| Minority interests in loss | -281 | -257 |
| Net income | 6,882 | 5,373 |



Consolidated quarterly statements of comprehensive income

(Unit: Millions of Yen)

| | 1st Quarter of FY2014 (April 1 to June 30, 2013) | 1st Quarter of FY2015 (April 1 to June 30, 2014) |
|--|--|--|
| Income before minority interests | 6,601 | 5,115 |
| Other comprehensive income | | |
| Unrealized gains on securities, net of taxes | 1,466 | 309 |
| Foreign currency translation adjustment | 1,538 | -30 |
| Remeasurements of defined benefit plans, net of tax | - | 47 |
| Share of other comprehensive income of entities accounted for using equity method | 605 | -526 |
| Total other comprehensive income | 3,610 | -200 |
| Comprehensive income | 10,211 | 4,915 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 10,490 | 5,262 |
| Comprehensive income attributable to minority interests | -279 | -347 |



(3) Notes on the quarterly consolidated financial statements

(Notes on the going concern assumption)

Not applicable.

(Notes when there was a significant change in the amount of shareholders' equity)

Not applicable.

(Segment information, etc.)

[Segment Information]

I Cumulative first quarter of the previous consolidated fiscal year (April 1, 2013 to June 30, 2013)

1. Information on the amount of net sales and profit or loss by 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 | 91,757 | - | 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. The difference between the total amount of profit or loss of the reporting segments and the amount posted in the quarterly consolidated profit and loss statement, and the key details of the said difference (matters related to difference adjustment)

The total amount of profit of the reporting segments and the operating income of the quarterly consolidated profit and loss statement have coincided.

II Cumulative first quarter of the current consolidated fiscal year (April 1, 2014 to June 30, 2014)

1. Information on the amount of net sales and profit or loss by 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 | 46,221 | 13,244 | 36,604 | 96,069 | - | 96,069 |
| inter-segment sales/transfers | 751 | - | - | 751 | -751 | - |
| Sales total | 46,972 | 13,244 | 36,604 | 96,821 | -751 | 96,069 |
| Operating income | 2,223 | 430 | 5,476 | 8,131 | - | 8,131 |

2. The difference between the total amount of profit or loss of the reporting segments and the amount posted in the quarterly consolidated profit and loss statement, and the key details of the said difference (matters related to difference adjustment)

The total amount of profit of the reporting segments and the operating income of the quarterly consolidated profit and loss statement have coincided.