

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2014 (Based on Japanese GAAP)

January 26, 2015

Company name: JSR Corporation
 Stock exchange listing: Tokyo
 Stock code: 4185 URL <http://www.jsr.co.jp>
 Representative: Representative Director and President Mitsunobu Koshiba
 General Manager, Corporate
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 Scheduled date to file Quarterly Securities Report: February 6, 2015
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended December 31, 2014 (from April 1, 2014 to December 31, 2014)

(1) Consolidated financial results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2014	305,789	6.1	30,379	19.4	33,051	13.2	23,002	15.7
Nine months ended December 31, 2013	288,087	4.6	25,451	2.1	29,191	(4.3)	19,878	(6.1)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2014	98.14	97.90
Nine months ended December 31, 2013	83.71	83.52

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2014	546,333	354,451	63.8	1,508.54
As of March 31, 2014	501,319	337,259	66.1	1,409.06

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	–	19.00	–	19.00	38.00
Year ending March 31, 2015	–	20.00	–	–	–
Year ending March 31, 2015 (Forecast)	–	–	–	20.00	40.00

3. Forecast of consolidated financial results for the year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

Percentages indicate year-on-year changes

	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 year	410,000	4.0	40,000	10.9	43,000	8.5	30,000	19.2	128.00

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2014
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2014	237,973,205 shares	As of March 31, 2014	237,973,205 shares
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Number of treasury shares at the end of the period

As of December 31, 2014	7,005,777 shares	As of March 31, 2014	2,862,706 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2014	234,369,025 shares	Nine months ended December 31, 2013	237,460,031 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.

Table of Contents for Attached Materials

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

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

2. Items Concerning Summary Information (notes)

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

(2) Changes in Accounting Policy, Changes in Accounting Estimates, and Restatements

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(2) Consolidated Statements of Income (cumulative) and Consolidated Statements of Comprehensive Income (cumulative)

Consolidated Statements of Income (cumulative)

Consolidated Statements of Comprehensive Income (cumulative)

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Assumptions of Going Concerns)

(Notes on Significant Changes in Shareholders' Equity)

(Segment Information, etc.)

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

(i) Overview of the First Nine-month Period of FY 2015 (April 1, 2014 to December 31, 2014)

Here is an overview of the JSR Group's major customers' industries.

Due to the effects of the consumption tax rate hike among other factors, domestic automobile production remained at the level below the previous year, and automobile tire production in Japan remained virtually unchanged on a year-on-year basis. On the contrary, both automobile production and automobile tire production increased from a year earlier on a global scale.

In the Petrochemical Products Business, margin spreads narrowed as a result of a global easing of the supply-and-demand balance of butadiene and elastomers, despite the signs of improvement in spreads currently observed.

In the Fine Chemicals and Other Products Business, our shipments to the semiconductor market remained steady, supported by PC replacement demand in addition to demand for smartphone and multi-functional mobile terminal applications. The production of flat panel displays (FPDs) increased from the previous year, due to the expansion of demand for large-sized televisions and continued growth of demand for mobile equipment.

Amid these circumstances, the JSR Group expanded its production capacity of products with technological advantages in the Petrochemical Products Business, with global sales expansion. In the Fine Chemicals and other Products Business, centering on information-electronics materials, the Group focused on developing materials that corresponded to cutting-edge semiconductor technology and strengthened technical support services for materials used for large-sized televisions in the East Asia region.

In the first nine-month period of FY March 2015, we reported consolidated net sales of 305,789 million yen (up 6.1% from the previous year), operating income of 30,379 million yen (up 19.4%), ordinary income of 33,051 million yen (up 13.2%), and net income of 23,002 million yen (up 15.7%).

(Unit: million yen)

	3rd Quarter of FY March 2014 (April 1 to December 31, 2013)		3rd Quarter of FY March 2015 (April 1 to December 31, 2014)		Year-on-year change	
	Millions of yen	% of Net sales	Millions of yen	% of Net sales	Millions of yen	Rate of increase/ decrease
Net sales						
Elastomers	147,169	51.1%	150,789	49.3%	3,619	2.5%
Plastics	40,837	14.2%	41,520	13.6%	683	1.7%
Fine chemicals and other products	100,080	34.7%	113,479	37.1%	13,398	13.4%
Total	288,087	100.0%	305,789	100.0%	17,702	6.1%
Sales in Japan	143,561	49.8%	144,006	47.1%	444	0.3%
Overseas sales	144,525	50.2%	161,783	52.9%	17,257	11.9%

	3rd Quarter of FY March 2014 (April 1 to December 31, 2013)		3rd Quarter of FY March 2015 (April 1 to December 31, 2014)		Year-on-year change	
	Millions of yen	% of Net sales	Millions of yen	% of Net sales	Millions of yen	Rate of increase/ decrease
Operating income	25,451	8.8%	30,379	9.9%	4,927	19.4%
Ordinary income	29,191	10.1%	33,051	10.8%	3,860	13.2%
Net income	19,878	6.9%	23,002	7.5%	3,123	15.7%

(Review of Operations by Segment)**(Elastomers Business Segment)**

The sales volume of synthetic rubbers for the first nine-month period of this fiscal year decreased from the previous year, despite a recovery trend from a decline in the first half of this fiscal year. Meanwhile, net sales increased from the previous year due to a price revision associated with rising raw material costs and the impact of foreign exchange fluctuations. Operating income for the first nine-month period of this fiscal year decreased from the previous year owing to an increase in regular repair expenses in addition to the continued easing of the supply-and-demand balance, although margin spreads have been improving recently on the back of a plunge in raw material prices. As a result, the Elastomers Business segment posted operating income of 8,910 million yen (down 22.3%) on net sales of 150,789 million yen (up 2.5%) in the first nine-month period of this fiscal year.

(Plastics Business Segment)

Total sales of plastics products, chiefly automobile applications, for the first nine-month period of this fiscal year dropped on a year-on-year basis, despite a recovery trend from a decline in the first half of this fiscal year. Meanwhile, net sales increased from the previous year due to a price revision associated with rising raw material costs and the impact of foreign exchange fluctuations. Despite a recent recovery on the back of an increase in sales volume, operating income for the first nine-month period of this fiscal year decreased overall from the previous year due mainly to a decline in sales volume. Consequently, the Plastics Business segment posted operating income of 1,910 million yen (down 30.3%) on net sales of 41,520 million yen (up 1.7%) in the first nine-month period of this fiscal year.

(Fine Chemicals and Other Products Business Segment)

Sales of semiconductor materials increased from the previous year due to the start of a full-scale mass production of the cutting-edge 20 nm (nano-meter) generation by main customers, in which the Company holds a large share, in addition to robust demand for smartphone and multi-functional mobile terminal applications as well as for PC replacements. Sales of display materials increased from the previous year due to strong demand for large-sized television and mobile equipment applications. The operating income of the Fine Chemicals and Other Products Business segment exceeded that of the previous year due to robust sales of semiconductor materials and FPD materials. As a result, the Fine Chemicals and Other Products Business segment posted operating income of 19,558 million yen (up 74.1%) on net sales of 113,479 million yen (up 13.4%) in the first nine-month period of this fiscal year.

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

In light of the operating results for the first nine-month period of this fiscal year, JSR Corporation has revised its forecast of consolidated business results for the fiscal year ending March 31, 2015 announced on April 23, 2014. The Company's revised forecast includes net sales of 410,000 million yen (up 4.0% from the previous year), operating income of 40,000 million yen (up 10.9%), current income of 43,000 million yen (up 8.5%) and net income of 30,000 million yen (up 19.2%). Consolidated financial results forecasts for the fiscal year ending March 31, 2015 exceed the forecast announced on April 23, 2014, due mainly to the continuous sound shape of the Fine Chemicals Business, including semiconductor materials and display materials, and also the depreciation of the yen.

(Forecast of consolidated financial results for the fiscal year ending March 31, 2015 (April 1, 2014 to March 31, 2015))

	Revised forecast (A) (millions of yen)	Previous forecast (B) (millions of yen)	Difference (A-B) (millions of yen)	Percentage of difference (%)
Net sales	410,000	410,000	-	-
Operating income	40,000	38,000	2,000	5.3%
Current income	43,000	39,000	4,000	10.3%
Net income	30,000	28,000	2,000	7.1%

For details, please refer the "Revision to Consolidated Financial Results Forecasts for the Fiscal Year ending March 31, 2015" announced today (January 26, 2015).

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 third quarter under review, and multiplying net income before income taxes for the quarterly period by 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 the "Accounting Standard") and the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012; hereinafter 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 Company reviewed the calculation methods of retirement benefit obligations and service costs, applied the benefit formula standard for the method of attributing expected retirement benefit to periods, and changed the calculation method of discount rates.

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 nine-month period of the current fiscal year the effects of the changes in the calculation methods of retirement benefit obligations and service costs were reflected in adjustments in retained earnings.

Consequently, net defined benefit liability decreased by 1,498 million yen, and retained earnings increased by 964 million yen at the beginning of the first nine-month period of FY March 2015. The application of the Accounting Standard did not have a material effect on operating income, ordinary income or net income before income taxes in the first nine-month period of FY March 2015.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2014	As of December 31, 2014
Assets		
Current assets		
Cash and deposits	33,390	53,350
Notes and accounts receivable - trade, net	87,613	99,066
Securities	81,004	71,997
Inventories	78,689	83,466
Other	45,804	42,110
Total current assets	326,504	349,992
Non-current assets		
Property, plant and equipment	95,630	108,268
Intangible assets	7,250	7,949
Investments and other assets		
Investment securities	60,952	69,272
Other	10,982	10,849
Total investments and other assets	71,935	80,122
Total non-current assets	174,815	196,340
Total assets	501,319	546,333
Liabilities		
Current liabilities		
Notes and accounts payable - trade	85,333	99,352
Short-term loans payable	15,578	16,420
Other	31,529	38,182
Total current liabilities	132,442	153,956
Non-current liabilities		
Long-term loans payable	11,069	16,190
Net defined benefit liability	15,242	14,078
Other	5,305	7,656
Total non-current liabilities	31,617	37,925
Total liabilities	164,059	191,881
Net assets		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	25,179
Retained earnings	269,620	284,239
Treasury shares	(5,087)	(13,580)
Total shareholders' equity	313,033	319,158
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	11,467	15,912
Foreign currency translation adjustment	6,971	13,400
Remeasurements of defined benefit plans	(188)	(47)
Total accumulated other comprehensive income	18,250	29,265
Subscription rights to shares	792	850
Minority interests	5,183	5,177
Total net assets	337,259	354,451
Total liabilities and net assets	501,319	546,333

(2) Consolidated Statements of Income (cumulative) and Consolidated Statements of Comprehensive Income (cumulative)**Consolidated Statements of Income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Net sales	288,087	305,789
Cost of sales	215,761	226,445
Gross profit	72,325	79,344
Selling, general and administrative expenses	46,873	48,964
Operating income	25,451	30,379
Non-operating income		
Foreign exchange gains	1,884	2,631
Other	3,029	1,493
Total non-operating income	4,914	4,124
Non-operating expenses		
Share of loss of entities accounted for using equity method	–	357
Other	1,174	1,095
Total non-operating expenses	1,174	1,452
Ordinary income	29,191	33,051
Extraordinary income		
Gain on transfer from business divestitures	–	325
Total extraordinary income	–	325
Extraordinary losses		
Loss on valuation of investment securities	–	509
Loss on abandonment of inventories	241	–
Other	23	–
Total extraordinary losses	265	509
Income before income taxes and minority interests	28,925	32,867
Income taxes	9,872	10,576
Income before minority interests	19,052	22,291
Minority interests in loss	(825)	(710)
Net income	19,878	23,002

Consolidated Statements of Comprehensive Income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2013	Nine months ended December 31, 2014
Income before minority interests	19,052	22,291
Other comprehensive income		
Unrealized gains on securities, net of taxes	4,519	4,451
Foreign currency translation adjustment	5,204	6,387
Remeasurements of defined benefit plans, net of tax	–	141
Share of other comprehensive income of entities accounted for using equity method	1,605	602
Total other comprehensive income	11,329	11,583
Comprehensive income	30,382	33,874
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	31,138	33,943
Comprehensive income attributable to minority interests	(755)	(69)

(3) Notes on Consolidated Quarterly Financial Statements**(Notes on Assumptions of Going Concerns)**

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Based on the resolution at the Board of Directors' Meeting held on October 27, 2014, the Company acquired treasury stock amounting to 4,004,500 shares in total by the end of the third quarter under review. As a result, treasury stock increased 8,228 million yen in accordance with this resolution, to 13,580 million yen as of the end of the current consolidated third quarter under review.

(Segment Information, etc.)

[Segment Information]

I. 3rd Quarter of FY 2014 (April 1, 2013 to December 31, 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	147,169	40,837	100,080	288,087	-	288,087
inter-segment sales/transfers	3,427	-	-	3,427	-3,427	-
Sales total	150,597	40,837	100,080	291,515	-3,427	288,087
Operating income	11,473	2,741	11,236	25,451	-	25,451

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

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

II. 3rd Quarter of FY 2015 (April 1, 2014 to December 31, 2014)**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	150,789	41,520	113,479	305,789	-	305,789
inter-segment sales/transfers	3,225	-	-	3,225	-3,225	-
Sales total	154,014	41,520	113,479	309,014	-3,225	305,789
Operating income	8,910	1,910	19,558	30,379	-	30,379

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

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