

Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2015 (Based on Japanese GAAP)

July 27, 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
 Inquiries: Communications Department Masanao Kojima TEL 03-6218-3517
 Scheduled date to file Quarterly Securities Report: August 10, 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 three months ended June 30, 2015 (from April 1, 2015 to June 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2015	95,435	(0.7)	7,407	(8.9)	7,069	(15.6)	4,950	(7.9)
Three months ended June 30, 2014	96,069	4.7	8,131	(12.7)	8,372	(23.8)	5,373	(21.9)

(Note) Comprehensive Income 5,436 million yen (10.6%) for Three months ended June 30, 2015 4,915 million yen (-51.9%) for Three months ended June 30, 2014

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2015	21.51		21.46	
Three months ended June 30, 2014	22.86		22.81	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2015	520,145	365,167	69.2	1,564.05
As of March 31, 2015	534,592	364,673	67.0	1,557.08

(Reference) Equity 359,904 million yen as of June 30, 2015 358,302 million yen as of March 31, 2015

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, 2015	–	20.00	–	20.00	40.00
Year ending March 31, 2016	–				
Year ending March 31, 2016 (Forecast)		25.00	–	25.00	50.00

(Note) Revision of the latest forecast of cash dividends : No

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2015	200,000	0.0	16,000	(10.8)	16,500	(14.8)	12,000	(7.7)	52.15
Full year	420,000	3.9	41,000	7.7	42,000	0.9	31,000	3.6	134.72

(Note) Revision of the latest forecast of consolidated financial results : No

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2015
(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 June 30, 2015	237,973,205 shares	As of March 31, 2015	237,973,205 shares
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Number of treasury shares at the end of the period

As of June 30, 2015	7,862,039 shares	As of March 31, 2015	7,861,771 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2015	230,111,335 shares	Three months ended June 30, 2014	235,005,125 shares
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* Implementation status about the audit procedure

These financial statements are exempt from audit procedure as required by the Financial Instruments and Exchange Act. A part of audit 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 March 2016 (April 1, 2015 to June 30, 2015)

Among the JSR Group's main customers' industries, automobile production was robust in North America, while remaining sluggish in China and falling below the previous year's level in Japan. Domestic automobile tire production was also below the previous year's level. In addition, the supply-demand balance in synthetic rubber and butadiene continued to deteriorate.

In the semiconductor market, demand was robust mainly for smartphone and multifunctional mobile terminal applications. The production of flat panel displays (FPDs) saw strong demand for large-screen TVs.

Amid these circumstances, the JSR Group is trying to expand its sales globally in terms of products with technological advantages in the Petrochemicals Business, while in the Fine Chemicals and Other Products Business, it is focusing on materials that correspond to cutting-edge semiconductor technology, and is striving to boost sales of materials used for displays in the Chinese market, where strong growth is expected.

In the first quarter of FY March 2016, the Company reported net sales of 95,435 million yen (down 0.7% year-on-year), operating income of 7,407 million yen (down 8.9% year-on-year), ordinary income of 7,069 million yen (down 15.6% year-on-year), and net income attributable to the owners of the parent company of 4,950 million yen (down 7.9% year-on-year).

(Unit: million yen)

Segment	1st Quarter of FY March 2015 (April 1 to June 30, 2014)		1st Quarter of FY March 2016 (April 1 to June 30, 2015)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio
Net sales						
Elastomers	46,221	48.1%	43,559	45.6%	(2,661)	(5.8%)
Plastics	13,244	13.8%	13,332	14.0%	88	0.7%
Fine Chemicals and Other Products	36,604	38.1%	38,543	40.4%	1,939	5.3%
Total	96,069	100.0%	95,435	100.0%	(634)	(0.7%)
Sales in Japan	44,324	46.1%	42,027	44.0%	(2,296)	(5.2%)
Overseas Sales	51,745	53.9%	53,408	56.0%	1,662	3.2%
Segment	1st Quarter of FY March 2015 (April 1 to June 30, 2014)		1st Quarter of FY March 2016 (April 1 to June 30, 2015)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio
Operating income	8,131	8.5%	7,407	7.8%	(724)	(8.9%)
Ordinary income	8,372	8.7%	7,069	7.4%	(1,303)	(15.6%)
Net income attributable to owners of parent company	5,373	5.6%	4,950	5.2%	(422)	(7.9%)

(i) Elastomers Business Segment

The sales volume of synthetic rubbers increased from the previous year due to the start of full-scale sales of S-SBRs at the Thai joint venture. However, net sales decreased on the back of a decline in sales volumes of some products as well as a drop in raw material prices.

Operating income fell significantly from the previous year due to a narrowing of spread margins owing to the deterioration of the supply-demand balance in synthetic rubber and butadiene, as well as cost increases at the joint venture in Thailand.

As a result, the Elastomers Business segment posted operating income of 842 million yen (down 62.1% year-on-year) on net sales of 43,559 million yen (down 5.8%) in the first quarter of FY March 2016.

(ii) Plastics Business Segment

Total sales of plastics products were roughly the same as the previous year due to a drop in raw material prices, despite an increase in sales volumes in Japan for miscellaneous products and amusement goods, as well as overseas for use in automobiles.

Operating income increased from the previous year due to a rise in sales volumes in addition to an improvement in profitability on the back of a drop in raw material prices.

As a result, the Plastics Business segment posted operating income of 1,369 million yen (up 217.9%) on net sales of 13,332 million yen (up 0.7%) in the first quarter of FY March 2016.

(iii) Fine Chemicals and Other Products Business Segment

Sales of semiconductor materials were roughly the same as in the previous year due to continued robust demand for smartphone and multifunctional mobile terminal applications.

Sales of FPD materials increased from the previous year due to strong shipments of large-screen TVs.

Operating income of the Fine Chemicals and Other Products Business segment decreased from the previous year due to an increase in manufacturing/development costs for cutting-edge field products, despite robust sales of semiconductor materials and FPD materials.

As a result, the Fine Chemicals and Other Products Business segment posted operating income of 5,195 million yen (down 5.1%) on net sales of 38,543 million yen (up 5.3%) in the first quarter of FY March 2016.

(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, 2016, as announced in the “Consolidated Business Results for FY ending March 2015” on April 22, 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 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 standards for business combinations)

Starting with the first quarter of the fiscal year ending March 31, 2016, JSR has applied the “Revised Accounting Standard for Business Combinations (ASBJ Statement No. 21 issued on September 13, 2013), the “Revised Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22 issued on September 13, 2013), the “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7 issued on September 13, 2013) and other standards, has changed its expression of net income, etc., and has changed “minority interests” to “non-controlling interests.” Financial statements for the first quarter of the previous fiscal year, as well as the entire previous fiscal year, have been reclassified to reflect these changes.

3. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	47,984	42,035
Notes and accounts receivable - trade, net	83,122	77,647
Securities	67,997	70,996
Inventories	79,320	80,310
Other	40,971	29,579
Total current assets	319,396	300,568
Non-current assets		
Property, plant and equipment	115,913	118,536
Intangible assets		
Goodwill	6,479	6,377
Other	7,818	7,546
Total intangible assets	14,298	13,924
Investments and other assets		
Investment securities	74,509	74,998
Other	10,473	12,118
Total investments and other assets	84,983	87,116
Total non-current assets	215,195	219,577
Total assets	534,592	520,145
Liabilities		
Current liabilities		
Notes and accounts payable - trade	72,441	61,045
Short-term loans payable	18,639	18,983
Other	35,245	30,143
Total current liabilities	126,327	110,172
Non-current liabilities		
Long-term loans payable	20,387	21,206
Net defined benefit liability	13,745	13,940
Other	9,458	9,657
Total non-current liabilities	43,591	44,805
Total liabilities	169,918	154,978
Net assets		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	25,179
Retained earnings	291,151	291,742
Treasury shares	(15,329)	(15,330)
Total shareholders' equity	324,321	324,911
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	19,257	19,703
Foreign currency translation adjustment	14,575	15,176
Remeasurements of defined benefit plans	148	113
Total accumulated other comprehensive income	33,981	34,992
Subscription rights to shares	852	873
Non-controlling interests	5,518	4,389
Total net assets	364,673	365,167
Total liabilities and net assets	534,592	520,145

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

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	96,069	95,435
Cost of sales	71,685	70,081
Gross profit	24,384	25,354
Selling, general and administrative expenses	16,253	17,947
Operating income	8,131	7,407
Non-operating income		
Dividend income	150	248
Equity in earnings of affiliated companies	75	299
Other	515	311
Total non-operating income	741	859
Non-operating expenses		
Foreign exchange losses	164	614
Other	335	583
Total non-operating expenses	500	1,197
Ordinary income	8,372	7,069
Extraordinary losses		
Loss on sales of investments in capital of subsidiaries and associates	–	344
Total extraordinary losses	–	344
Income before income taxes and minority interests	8,372	6,724
Income taxes	3,257	2,526
Profit	5,115	4,198
Loss attributable to non-controlling interests	(257)	(752)
Profit attributable to owners of parent	5,373	4,950

Consolidated Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	5,115	4,198
Other comprehensive income		
Unrealized gains on securities, net of taxes	309	477
Foreign currency translation adjustment	(30)	953
Remeasurements of defined benefit plans, net of tax	47	(35)
Share of other comprehensive income of entities accounted for using equity method	(526)	(156)
Total other comprehensive income	(200)	1,238
Comprehensive income	4,915	5,436
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,262	6,200
Comprehensive income attributable to non-controlling interests	(347)	(764)

(3) Notes on Quarterly Consolidated Financial Statements**(Notes on Assumption of Going Concern)**

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

Not applicable.

(Segment Information, etc.)

[Segment Information]

I Cumulative first quarter of the previous 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**

(Unit: million yen)

	Reporting Segment				Reconciliation	Consolidated
	Elastomers	Plastics	Fine chemicals and other products	Total		
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 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 coincide.

II Cumulative first quarter of the current consolidated fiscal year (April 1, 2015 to June 30, 2015)**1. Information on the amount of net sales and profit or loss by reporting segment**

(Unit: million yen)

	Reporting Segment				Reconciliation	Consolidated
	Elastomers	Plastics	Fine chemicals and other products	Total		
Net Sales						
Sales to External Customers	43,559	13,332	38,543	95,435	—	95,435
Inter-segment Sales/Transfers	962	—	—	962	(962)	—
Sales Total	44,521	13,332	38,543	96,398	(962)	95,435
Operating income	842	1,369	5,195	7,407	—	7,407

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 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 coincide.