

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Based on Japanese GAAP)

January 25, 2016

Company name: JSR Corporation
 Stock exchange listing: Tokyo
 Stock code: 4185 URL <http://www.jsr.co.jp>
 Representative: Representative Director and President Mitsunobu Koshihira
 General Manager, Corporate
 Inquiries: Communications Department Masanao Kojima TEL 03(6218)3517
 Scheduled date to file Quarterly Securities Report: February 10, 2016
 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, 2015 (from April 1, 2015 to December 31, 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	%
Nine months ended December 31, 2015	294,478	(3.7)	29,466	(3.0)	27,888	(15.6)	19,774	(14.0)
Nine months ended December 31, 2014	305,789	6.1	30,379	19.4	33,051	13.2	23,002	15.7

(Note) Comprehensive Income 12,657 million yen (-62.6%) for Nine months ended December 31, 2015 33,874 million yen (11.5%) for Nine months ended December 31, 2014

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2015	86.78		86.54	
Nine months ended December 31, 2014	98.14		97.90	

(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, 2015	534,480	361,561	66.2	1,568.09
As of March 31, 2015	534,592	364,673	67.0	1,557.08

(Reference) Equity 353,719 million yen as of December 31, 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				
Year ended March 31, 2015	–	20.00	–	20.00	40.00
Year ending March 31, 2016	–	25.00	–		
Year ending March 31, 2016 (Forecast)				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
Full year	400,000	(1.0)	41,000	7.7	39,500	(5.1)	30,000	0.3	131.08

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

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
- (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, 2015	226,074,545 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 December 31, 2015	501,118 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)

Nine months ended December 31, 2015	227,873,664 shares	Nine months ended December 31, 2014	234,369,025 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 Business Results

Overview of the First Nine Months of FY March 2016 (April 1, 2015 to December 31, 2015)

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

In the semiconductor market, demand for smartphones and multifunctional mobile terminal applications stagnated in the latter half of the period. The production of flat panel displays (FPDs) was almost unchanged from the previous year on an area basis.

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, as well as expand the life science area of strategic businesses field.

In the first nine months of FY March 2016, the Company reported net sales of 294,478 million yen (down 3.7% year-on-year), operating income of 29,466 million yen (down 3.0% year-on-year), ordinary income of 27,888 million yen (down 15.6% year-on-year), and net income attributable to the owners of the parent company of 19,774 million yen (down 14.0% year-on-year).

(Unit : Millions of Yen)

Segment	First Nine Months of FY March 2015 (April 1 to Dec. 31, 2014)		First Nine Months of FY March 2016 (April 1 to Dec. 31, 2015)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio
Net sales						
Elastomers	150,789	49.3%	135,247	45.9%	(15,541)	(10.3%)
Plastics	41,520	13.6%	40,610	13.8%	(910)	(2.2%)
Fine Chemicals and Other Products	113,479	37.1%	118,620	40.3%	5,141	4.5%
Total	305,789	100.0%	294,478	100.0%	(11,310)	(3.7%)
Sales in Japan	144,006	47.1%	130,535	44.3%	(13,470)	(9.4%)
Overseas Sales	161,783	52.9%	163,943	55.7%	2,160	1.3%

Segment	First Nine Months of FY March 2015 (April 1 to Dec. 31, 2014)		First Nine Months of FY March 2016 (April 1 to Dec. 31, 2015)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Change	Component Ratio
Operating Income	30,379	9.9%	29,466	10.0%	(912)	(3.0%)
Ordinary Income	33,051	10.8%	27,888	9.5%	(5,163)	(15.6%)
Net income attributable to owners of parent company	23,002	7.5%	19,774	6.7%	(3,227)	(14.0%)

(Review of Operations by Segment)

(Elastomers Business Segment)

The sales volume of synthetic rubbers decreased due to sluggish automobile tire production in Japan. Net sales also decreased partly owing to weak markets.

Operating income fell below the previous year's level due to the continued narrowing of spread margins owing to the deterioration of the supply- demand balance in synthetic rubber and butadiene, as well as a decrease in sales volume.

As a result, the Elastomers Business segment posted operating income of 6,834 million yen (down 23.3% year-on-year) on net sales of 135,247 million yen (down 10.3% year-on-year) in the first nine months of FY March 2016.

(Plastics Business Segment)

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

As a result, the Plastics Business segment posted operating income of 4,026 million yen (up 110.8% year-on-year) on net sales of 40,610 million yen (down 2.2% year-on-year) in the first nine months of FY March 2016.

(Fine Chemicals and Other Products Business Segment)

Sales of semiconductor materials were roughly the same as in the previous year amid stagnation in demand for smartphone and multifunctional mobile terminal applications in the latter half of the period.

Sales of FPD materials fell below the previous year's level due to a drop in the utilization rate.

Sales of strategic businesses and others increased significantly from the previous year due to a rise in sales of diagnostic reagents in the life science field, as well as the consolidation of KBI Biopharma, Inc. and Medical & Biological Laboratories Co., Ltd. The lithium-ion capacitor business is carrying out reconstruction measures at a subsidiary for early turnaround.

Operating income of the Fine Chemicals and Other Products Business segment decreased from the previous year due to a drop in profits on the back of decreased sales of FPD materials.

As a result, the Fine Chemicals and Other Products Business segment posted operating income of 18,605 million yen (down 4.9% year-on-year) on net sales of 118,620 million yen (up 4.5% year-on-year) in the first nine months of FY March 2016.

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

The JSR Group has not revised its forecast of consolidated business results for the full-year of FY March 2016 as announced in the Consolidated Business Results for FY March 2016 on October 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 standards for business combinations)

Starting with the first quarter of the fiscal year 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 nine months of the previous fiscal year, as well as for 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 December 31, 2015
Assets		
Current assets		
Cash and deposits	47,984	54,287
Notes and accounts receivable - trade, net	83,122	89,644
Securities	67,997	60,009
Inventories	79,320	82,072
Other	40,971	28,635
Total current assets	319,396	314,649
Non-current assets		
Property, plant and equipment	115,913	113,343
Intangible assets		
Goodwill	6,479	10,253
Other	7,818	7,109
Total intangible assets	14,298	17,363
Investments and other assets		
Investment securities	74,509	71,809
Other	10,473	17,315
Total investments and other assets	84,983	89,124
Total non-current assets	215,195	219,831
Total assets	534,592	534,480
Liabilities		
Current liabilities		
Notes and accounts payable - trade	72,441	73,309
Short-term loans payable	18,639	22,693
Other	35,245	30,280
Total current liabilities	126,327	126,283
Non-current liabilities		
Long-term loans payable	20,387	23,957
Net defined benefit liability	13,745	13,986
Other	9,458	8,690
Total non-current liabilities	43,591	46,635
Total liabilities	169,918	172,919
Net assets		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	25,179
Retained earnings	291,151	277,588
Treasury shares	(15,329)	(982)
Total shareholders' equity	324,321	325,105
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	19,257	17,510
Foreign currency translation adjustment	14,575	11,065
Remeasurements of defined benefit plans	148	37
Total accumulated other comprehensive income	33,981	28,613
Subscription rights to shares	852	927
Non-controlling interests	5,518	6,914
Total net assets	364,673	361,561
Total liabilities and net assets	534,592	534,480

(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, 2014	Nine months ended December 31, 2015
Net sales	305,789	294,478
Cost of sales	226,445	211,786
Gross profit	79,344	82,692
Selling, general and administrative expenses	48,964	53,226
Operating income	30,379	29,466
Non-operating income		
Dividend income	751	744
Foreign exchange gains	2,631	—
Equity in earnings of affiliated companies	—	1,302
Other	742	878
Total non-operating income	4,124	2,925
Non-operating expenses		
Equity in losses of affiliated companies	357	—
Foreign exchange losses	—	2,664
Other	1,095	1,839
Total non-operating expenses	1,452	4,503
Ordinary income	33,051	27,888
Extraordinary income		
Gain on transfer from business divestitures	325	—
Gain on step acquisitions	—	1,757
Total extraordinary income	325	1,757
Extraordinary losses		
Loss on valuation of investment securities	509	—
Impairment loss	—	5,975
Other	—	593
Total extraordinary losses	509	6,569
Income before income taxes and minority interests	32,867	23,076
Income taxes	10,576	5,062
Profit	22,291	18,014
Loss attributable to non-controlling interests	(710)	(1,759)
Profit attributable to owners of parent	23,002	19,774

Consolidated Statements of Comprehensive Income (Cumulative)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Profit	22,291	18,014
Other comprehensive income		
Unrealized gains on securities, net of taxes	4,451	(1,729)
Foreign currency translation adjustment	6,387	(2,011)
Remeasurements of defined benefit plans, net of tax	141	(111)
Share of other comprehensive income of entities accounted for using equity method	602	(1,504)
Total other comprehensive income	11,583	(5,357)
Comprehensive income	33,874	12,657
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	33,943	14,705
Comprehensive income attributable to non-controlling interests	(69)	(2,048)

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

Not applicable.

(Notes on Significant Changes in Shareholders' Equity)

In accordance with the resolution at the meeting of the Board of Directors held on October 26, 2015, JSR canceled 11,898,660 treasury stock as of November 2, 2015. As a result, both retained earnings and treasury stock decreased by 23,318 million yen in the first nine months of FY March 2016, totaling 277,588 million yen and 982 million yen, respectively, at the end of the first nine months of FY March 2016.

(Segment Information, etc.)

[Segment Information]

I First nine months of the previous consolidated fiscal year (April 1, 2014 to December 31, 2014)

1. Information on the amount of net sales and profit or loss by reporting segment

(Unit : Millions of Yen)

	Reporting Segment				Reconciliation	Consolidated
	Elastomers	Plastics	Fine Chemicals and Other Products	Total		
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. 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 First nine months of the current consolidated fiscal year (April 1, 2015 to December 31, 2015)

1. Information on the amount of net sales and profit or loss by reporting segment

(Unit : Millions of Yen)

	Reporting Segment				Reconciliation	Consolidated
	Elastomers	Plastics	Fine Chemicals and Other Products	Total		
Net Sales						
Sales to external customers	135,247	40,610	118,620	294,478	-	294,478
Inter-segment sales/transfers	3,040	-	-	3,040	(3,040)	-
Sales total	138,288	40,610	118,620	297,519	(3,040)	294,478
Operating Income	6,834	4,026	18,605	29,466	-	29,466

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.