

**Translation**

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## Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (under IFRS)

April 25, 2018

Company name: JSR Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 4185  
 URL: <http://www.jsr.co.jp>  
 Representative: Mitsunobu Koshiba, Representative Director and President  
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Scheduled date of ordinary general shareholders meeting: June 15, 2018  
 Scheduled date to commence dividend payments: June 18, 2018  
 Scheduled date to file annual securities report: June 15, 2018  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

(Millions of yen with fractional amounts rounded, unless otherwise noted)

### 1. Consolidated financial results for the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(1) Consolidated operating results (Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	421,930	8.6	43,569	21.2	46,206	20.7	34,979	14.6
March 31, 2017	388,455	—	35,943	—	38,294	—	30,518	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2018	33,230	9.9	45,871	38.7	149.32	148.89
March 31, 2017	30,243	—	33,082	—	135.17	134.77

(Reference) Share of profit of investments accounted for using equity method  
 338 million yen for fiscal year ended March 31, 2018    678 million yen for fiscal year ended March 31, 2017

### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2018	647,699	411,615	393,499	60.8	1,767.81
March 31, 2017	578,484	376,364	361,889	62.6	1,626.36

### (3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	43,596	(20,423)	3,860	124,956
March 31, 2017	44,494	(41,223)	(3,535)	97,416

## 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2017	—	25.00	—	25.00	50.00	11,125	37.0	3.1
Fiscal year ended March 31, 2018	—	25.00	—	25.00	50.00	11,129	33.5	2.9
Fiscal year ending March 31, 2019 (Forecast)	—	30.00	—	30.00	60.00		39.9	

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2018	240,000	17.9	22,000	(5.8)	22,500	(9.4)	17,000	(11.4)	15,000	(16.5)	67.39
Fiscal year ending March 31, 2019	490,000	16.1	48,000	10.2	49,000	6.0	36,000	2.9	33,500	0.8	150.50

### \* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

- Changes in accounting policies required by IFRS: None
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: None

(3) Number of issued shares (ordinary shares)

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

As of March 31, 2018	226,126,145 shares
As of March 31, 2017	226,074,545 shares

b. Number of treasury shares at the end of the period

As of March 31, 2018	3,534,779 shares
As of March 31, 2017	3,560,532 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2018	222,550,534 shares
For the fiscal year ended March 31, 2017	223,743,047 shares

(Reference) Summary of Non-consolidated financial results

**1. Non-consolidated financial results for the fiscal year ended March 31, 2018  
(from April 1, 2017 to March 31, 2018)**

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	240,576	3.1	27,456	44.8	42,020	51.5	33,327	43.4
March 31, 2017	233,321	1.1	18,962	(16.4)	27,729	(16.4)	23,233	0.1

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2018	149.75	149.32
March 31, 2017	103.84	103.54

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	442,109	314,242	70.9	1,407.75
March 31, 2017	407,931	285,863	69.9	1,280.60

(Reference) Equity 313,353 million yen as of March 31, 2018 284,951 million yen as of March 31, 2017

\* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

\* Proper use of earnings forecasts, and other special matters

*Caution regarding forward-looking statements*

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors.

*How to obtain supplementary material on financial results*

The material on financial results is available on the Company's website on Wednesday, April 25, 2018.

The JSR Group has adopted International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2018. Consolidated financial statements for the fiscal year ended March 31, 2017, are also presented in accordance with IFRS.

Non-consolidated financial statements are presented in accordance with Japanese GAAP.

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## 1. Review of Operating Results

The Group has adopted International Financial Reporting Standards (“IFRS”) from FY ended March 2018. Consolidated financial figures for FY ended March 2017 have been converted to IFRS for comparative analysis.

See Page 18 of the Attachment — 3. Consolidated Financial Statements and Notes; (5) Notes Regarding Consolidated Financial Statements (Disclosure on Transition to IFRS) — for differences between IFRS and Japanese GAAP as they pertain to financial figures.

### (1) Overview of Operating Results for FY ended March 2018

#### (General Review)

In FY ended March 2018 (April 1, 2017 to March 31, 2018), among the JSR Group’s main customer industries, automobile tire production and automobile production rose above the previous year’s level globally, but domestic tire production remained unchanged from the previous year. Demand in the semiconductor market grew, and production of panels in the display market was robust. The exchange rate had a slightly weaker yen compared to the previous year.

Amid these circumstances, the Petrochemicals Business of the JSR Group saw revenue rise in the Elastomers Business over the previous year, despite a decline in overall sales volume, due to growth in the sales volume of solution styrene-butadiene rubber (SSBR) for fuel-efficient tires and revisions to sales prices to reflect butadiene prices, which shot up in the fourth quarter of the previous year. The Plastics Business saw revenue increase from the previous year because of price revisions accompanied by the rise in raw material prices and because of worldwide sales volume growth. Revenue in the Petrochemicals Business as a whole was also up from the previous year. Operating profit of the Elastomers Business increased significantly over the previous year on the back of improved profitability from the sales price revisions mentioned above. Similarly, the Plastics Business’s operating profit was up significantly, driven by increased sales volume and improved profitability from the sales price revisions mentioned above. These factors combined to push the operating profit of the Petrochemicals Business up significantly over the previous year.

In the Fine Chemicals and Other Products Business, the Semiconductor Materials Business saw a significant increase in revenue over the previous year due to larger sales volume of lithography materials, CMP materials, cleaning solutions, and packaging materials. In the Display Materials Business, the sales volume for the China market grew, although prices fell due to competition pressures and the overall sales volume declined. Revenue from the Life Sciences Business, positioned as the JSR Group’s third core business, saw a notable increase, and revenue from the Fine Chemicals and Other Products Business as a whole increased compared to the previous year. Operating profit of the Fine Chemicals and Other Products Business was unchanged from the previous year due to additional advance capital investment in the Life Sciences Business.

Profit attributable to owners of parent rose above the previous year’s level, thanks to increased operating profit.

In the fiscal year ended March 31, 2018, we reported revenue of 421,930 million yen (up 8.6% year-on-year), operating profit of 43,569 million yen (up 21.2% year-on-year), and profit attributable to owners of parent of 33,230 million yen (up 9.9% year-on-year).

[Unit: millions of yen]

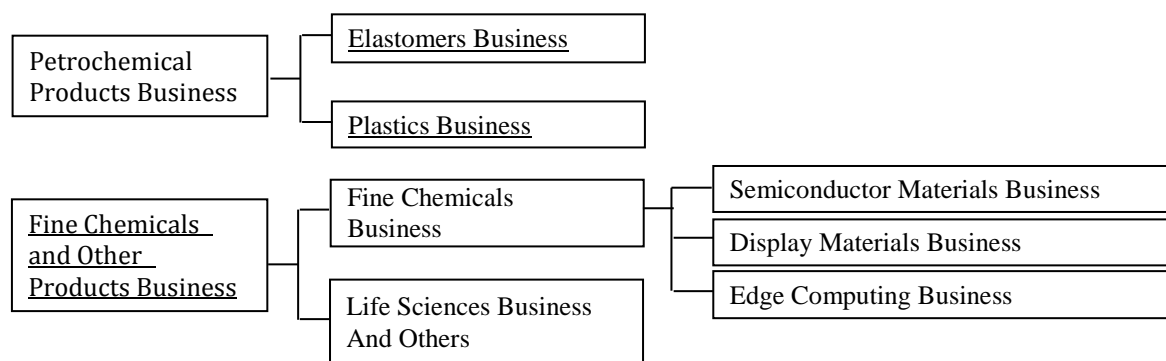
Segment		FY ended March 2017		FY ended March 2018		Change	
		Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue	Elastomers	185,345	47.7%	197,373	46.8%	12,028	6.5%
	Plastics	46,035	11.9%	52,161	12.4%	6,126	13.3%
	Fine Chemicals and Other Products	157,075	40.4%	172,395	40.8%	15,320	9.8%
	Total	388,455	100.0%	421,930	100.0%	33,474	8.6%

Revenue in Japan	173,692	44.7%	183,308	43.4%	9,616	5.5%
Overseas revenue	214,763	55.3%	238,622	56.6%	23,858	11.1%

Segment		FY ended March 2017		FY ended March 2018		Change	
		Amount	Percentage to revenue	Amount	Percentage to revenue	Amount	Percentage
Operating profit		35,943	9.3%	43,569	10.3%	7,626	21.2%
Profit attributable to owners of parent		30,243	7.8%	33,230	7.9%	2,987	9.9%

### (Review of Operations by Segment)

The JSR Group's business is classified into three reporting segments: Elastomers, Plastics, and Fine Chemicals and Other Products. The positioning of the reporting segments is shown as below.



### <Elastomers Business Segment>

The production of automobile tires, one of the segment's main customer industries, increased from the previous year in Europe and Asia, led by China, while it remained unchanged from the previous year's level in Japan.

Under such circumstances, revenue from the Elastomers Business increased above the previous year's level due to sales price revisions to reflect butadiene prices, which shot up in the fourth quarter of the previous year. This was achieved despite a slight decline in the overall sales volume compared to the previous year, in which exports were robust. Operating profit was also up

significantly over the previous year because of improved profitability caused by sales price revisions and because of a rise in the sales volume of SSBR for fuel-efficient tires at JSR BST Elastomer Co., Ltd. (JBE), a joint venture in Thailand where second-phase facilities went into operation.

As a result, the Elastomers Business segment posted an operating profit of 14,870 million yen (up 69.0% year-on-year) on revenue of 197,373 million yen (up 6.5% year-on-year).

#### <Plastics Business Segment>

The sales volume of plastics increased from the previous year owing mainly to increased demand from overseas customers in automobiles, one of the segment's main customer industries. Revenue was up from the previous year because, in addition to the higher sales volume, product prices were revised to reflect the jump in raw material prices. Operating profit was driven significantly higher by the greater sales volume and improved profits from higher sales prices.

As a result, the Plastics Business segment posted an operating profit of 5,575 million yen (up 44.8% year-on-year) on revenue of 52,161 million yen (up 13.3% year-on-year).

#### <Fine Chemicals and Other Products Business Segment>

Revenue rose from the previous year, but operating profit remained unchanged in the Fine Chemicals and Other Products Business segment as a whole.

The semiconductor materials business saw a dramatic increase in revenue. This was due to particularly favorable growth in semiconductor demand as well as increased sales volume at the segment's main customers, particularly for cutting-edge photoresists, and growth in sales volume of peripheral materials such as CMP materials, cleaning solutions, and packaging materials. In the display materials business, prices fell due to competition pressures and the overall sales volume declined, but the sales volume did grow in China, where panel production is expanding rapidly. Revenue from the Life Sciences Business climbed as a result of revenue growth in diagnostic reagent materials, in addition to expanded sales volume by a Group company KBI Biopharma, Inc. (KBI). Operating profit, however, remained unchanged from the previous year, in large part because of additional advance capital investment in the Life Sciences Business for future business expansion.

As a result, the Fine Chemicals and Other Products Business segment posted an operating profit of 23,124 million yen (down 0.7% year-on-year) on revenue of 172,395 million yen (up 9.8% year-on-year).

### (2) Overview of Financial Position for FY ended March 2018

Total assets as of March 31, 2018 amounted to 647,699 million yen, up 69,215 million yen from a year earlier.

Current assets totaled 357,908 million yen, up 13,780 million yen, mainly due to an increase in cash and cash equivalents, and trade and other receivables, despite a decrease in other financial assets.

Non-current assets totaled 289,791 million yen, up 55,435 million yen, due to an increase in property, plant and equipment, other financial assets, and other assets.

Total liabilities amounted to 236,084 million yen, up 33,963 million yen from a year earlier, due to an increase in borrowings, trade and other payables, other current liabilities, and other liabilities.

In terms of equity, total equity attributable to owners of parent amounted to 393,499 million yen, up 31,610 million yen, due to an increase in retained earnings and other equity. Total equity, including non-controlling interests, amounted to 411,615 million yen, up 35,252 million yen.

### (3) Overview of Cash Flows for FY ended March 2018

Cash and cash equivalents (“funds”) as of March 31, 2018 stood at 124,956 million yen, up 27,539 million yen from a year earlier.

Net cash provided by operating activities amounted to 43,596 million yen, down 898 million yen from the previous year. The main factors included profit before tax of 46,206 million, depreciation and amortization of 16,973 million yen, and income taxes paid of 15,892 million yen.

Net cash used in investing activities totaled 20,423 million yen, down 20,799 million yen from the previous year. The main factors were 37,312 million yen in expenditures for the purchase of property, plant and equipment and a decrease in time deposits of 22,205 million yen.

Net cash provided by financing activities totaled 3,860 million yen, up 7,395 million yen from the previous year. The main factors were 18,173 million yen in proceeds from long-term borrowings and 11,127 million yen in dividends paid.

### (4) Business Outlook

The following is the outlook of the Group’s main customer industries at a time of uncertainty in global economic trends. JSR forecasts that automobile tire production will remain unchanged from 2017 levels in Japan but will grow overseas, particularly in China and other Asian countries, North America, and Europe. Automobile production is expected to decline slightly in Japan from 2017 levels, but it is forecast to grow overseas, especially in emerging markets in South America and in Asia outside of China. The semiconductor market will see favorable progress, driven by such factors as higher smartphone demand and increases in data center applications. The display market will also likely see robust progress in panel production, and production in China will continue to surge.

In the Elastomers Business, JSR forecasts expansion in global tire demand. In this industry, we anticipate steady growth in demand for SSBR for fuel-efficient tires. Under such circumstances, we will strive to bolster sales by taking advantage of the new second-phase facilities at JBE in Thailand that are now in operation along with the first-phase facilities, which are in full operation. We also plan to address further demand expansion with the launch of JSR MOL Synthetic Rubber Ltd. (JMSR) scheduled for FY 2018, a joint venture in Hungary.

In the Plastics Business, JSR established the new Group company Techno-UMG Co., Ltd. in April 2018 through a business integration of the Group company Techno Polymer Co., Ltd. and UMG ABS, Ltd., a company equally owned by Mitsubishi Chemical Corporation and Ube Industries, Ltd. Techno-UMG Co., Ltd. will improve manufacturing efficiencies and cost competitiveness, introduce more differentiated products, and expand sales in high-end markets overseas.

In the Fine Chemicals and Other Products Business, our semiconductor materials business will strive to maintain its global market competitiveness with lithography materials for state-of-the-art 10 nm generation processes and continue to expand sales of peripheral semiconductor materials such as mounting materials, solvents, and CMP materials. We are also moving toward volume production of extreme ultraviolet (EUV) lithography materials intended for the next 7 nm generation at EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC), a joint venture providing manufacturing and quality control services that we established with imec, a world-leading research institute in cutting-edge nanoelectronics technology in Belgium. In the display materials business, although we expect continued solid growth in the liquid crystal panel market, we will strive to increase sales by launching full-scale operations in FY 2018 at JSR Micro (Changshu) Co., Ltd., a joint venture manufacturing company in the Chinese market, where considerable growth is expected, while simultaneously continuing with business reforms to secure business revenues as display materials become more generalized and competition intensifies.

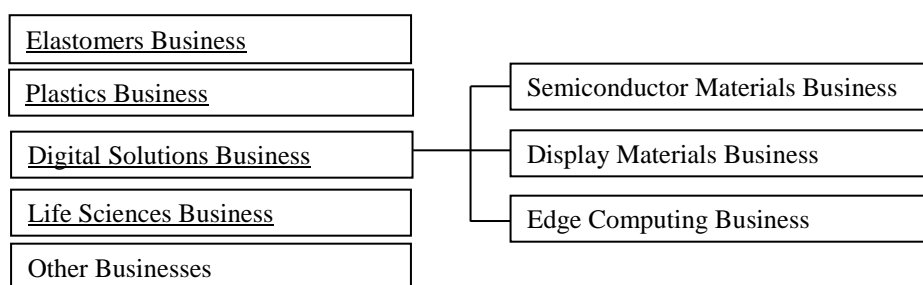
In the Life Sciences Business, JSR made Selexis S.A., which has cell-line generation technology enabling stable and efficient production of antibodies, a consolidated subsidiary in FY 2017, following KBI and MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL). JSR has also agreed to make Crown Bioscience International, a provider of preclinical drug discovery and development services, a consolidated subsidiary. These Group companies will work in unison to develop our drug-discovery-process support business, which includes the provision of magnetic



particles, protein A media, and other materials. We will concentrate on realizing benefits from advance investments, pursuing further sales expansion, and improving operating profits.

For FY ending March 2019, JSR forecasts revenue of 490,000 million yen (up 16.1 percent year-on-year), operating profit of 48,000 million yen (up 10.2 percent year-on-year), and profit attributable to owners of parent of 33,500 million yen (up 0.8 percent year-on-year). These forecasts assume an exchange rate of 105 yen per U.S. dollar.

JSR Group has maintained three reporting segments: Elastomers Business, Plastics Business, and Fine Chemicals and Other Products Business. With the expansion of the Life Sciences Business, however, Life Sciences Business will become a new reporting segment starting in FY ending March 2019. Furthermore, the previous Petrochemical Products Business and the Fine Chemicals and Other Products Business will be discontinued, and the Fine Chemicals Business will be renamed Digital Solutions Business and made a reporting segment. Accordingly, the Group reporting segments from FY ending March 2019 will be the Elastomers Business, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business led by Techno-UMG Co., Ltd. The positioning of the reporting segments will be as shown below.



(Basic Policy on Profit Allocation and Dividends for FY ended March 31, 2018 and FY ending March 31, 2019)

With respect to profit appropriation, the Company regards business growth over the long term as its top priority. To generate sustainable long-term growth, JSR strives to increase its competitiveness by developing new businesses through the reinforcement of research and development activities.

The Company will appropriate profits by taking into account business performance and medium- and long-term demand for funds, while paying continuous, stable cash dividends based on consideration of taking balance between appropriating profits and retaining earnings necessary for future business advancement. Carefully considering the stock market environment and other factors, JSR will comprehensively study purchases of treasury shares as a measure to return profits to shareholders. JSR allocates retained earnings to a variety of investments linked to future growth of businesses, contributing to the enhancement of corporate value. During the JSR20i9 mid-term business plan, JSR aims for a return to shareholders, through a combination of dividends and share buybacks, of more than 50 percent.

Based on this policy, as already announced, we have decided to pay a year-end dividend of 25.00 yen per share, the same amount as the interim dividend. Including the interim dividend already paid, the total annual dividend for FY ended March 2018 will be 50.00 yen per share.

With regard to the dividend for the next fiscal year (FY ending March 2019), JSR plans to pay 60.00 yen per share annually (an interim dividend of 30.00 yen and a year-end dividend of 30.00 yen), taking into account the business outlook.

## 2. Basic Approach to the Selection of Accounting Standards

The JSR Group has voluntarily adopted International Financial Reporting Standards (IFRS) starting from FY ended March 2018 to improve convenience and the international comparability of financial information in the capital market.

## 3. Consolidated Financial Statements

## (1) Consolidated Statement of Financial Position

(Millions of yen)

	IFRS Transition Date As of April 1, 2016	As of March 31, 2017	As of March 31, 2018
Assets			
Current assets			
Cash and cash equivalents	97,283	97,416	124,956
Trade and other receivables	91,034	111,130	122,476
Inventories	77,857	81,918	87,567
Other financial assets	28,868	44,970	13,776
Other current assets	9,101	8,695	9,134
Total current assets	304,142	344,128	357,908
Non-current assets			
Property, plant and equipment	120,612	131,748	159,834
Goodwill	9,354	9,331	19,389
Other intangible assets	8,133	9,190	10,403
Investments accounted for using equity method	23,206	21,712	24,777
Retirement benefit asset	—	373	1,003
Other financial assets	47,185	46,529	64,970
Other non-current assets	5,819	7,129	1,862
Deferred tax assets	7,481	8,343	7,552
Total non-current assets	221,790	234,355	289,791
Total assets	525,933	578,484	647,699

(Millions of yen)

	IFRS Transition Date As of April 1, 2016	As of March 31, 2017	As of March 31, 2018
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	77,984	95,037	110,303
Borrowings	20,793	23,740	25,947
Income taxes payable	1,948	8,360	4,520
Other financial liabilities	546	626	641
Other current liabilities	10,191	11,357	12,607
Total current liabilities	111,461	139,120	154,019
Non-current liabilities			
Borrowings	22,245	38,381	53,456
Retirement benefit liability	15,180	13,904	14,500
Other financial liabilities	2,534	2,005	1,674
Other non-current liabilities	2,448	2,278	2,480
Deferred tax liabilities	6,223	6,432	9,955
Total non-current liabilities	48,630	63,000	82,064
Total liabilities	160,091	202,120	236,084
Equity			
Equity attributable to owners of parent			
Share capital	23,320	23,320	23,370
Capital surplus	26,110	18,441	18,502
Retained earnings	288,147	309,517	331,913
Treasury shares	(957)	(5,396)	(5,358)
Other components of equity	15,569	16,006	25,071
Total equity attributable to owners of parent	352,189	361,889	393,499
Non-controlling interests	13,653	14,475	18,116
Total equity	365,842	376,364	411,615
Total liabilities and equity	525,933	578,484	647,699

(2) Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income  
(Consolidated Statement of Profit or Loss)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Revenue	388,455	421,930
Cost of sales	(272,422)	(291,796)
Gross profit	116,034	130,134
Selling, general and administrative expenses	(81,759)	(86,977)
Other operating income	4,906	2,262
Other operating expenses	(3,916)	(2,187)
Share of profit of investments accounted for using equity method	678	338
Operating profit	35,943	43,569
Finance income	3,045	3,659
Finance costs	(694)	(1,022)
Profit before tax	38,294	46,206
Income taxes	(7,776)	(11,227)
Profit	30,518	34,979
Profit attributable to:		
Owners of parent	30,243	33,230
Non-controlling interests	275	1,749
Total	30,518	34,979
Earnings per share		
Basic earnings per share (Yen)	135.17	149.32
Diluted earnings per share (Yen)	134.77	148.89

## (Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Profit	30,518	34,979
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair value through other comprehensive income	2,781	8,046
Remeasurements of defined benefit plans	918	160
Share of other comprehensive income of entities accounted for using equity method	51	(50)
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	295	154
Exchange differences on translation of foreign operations	(303)	1,001
Share of other comprehensive income of entities accounted for using equity method	(1,179)	1,581
Total other comprehensive income, net of tax	2,564	10,892
Total comprehensive income	33,082	45,871
Comprehensive income attributable to:		
Owners of parent	32,946	43,275
Non-controlling interests	135	2,596
Total	33,082	45,871

(3) Consolidated Statement of Changes in Equity  
*Fiscal year ended March 31, 2017*

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2016	23,320	26,110	288,147	(957)	15,569	352,189	13,653	365,842
Profit			30,243			30,243	275	30,518
Other comprehensive income					2,703	2,703	(140)	2,564
Total comprehensive income	—	—	30,243	—	2,703	32,946	135	33,082
Share-based payment transactions		(4)				(4)		(4)
Dividends			(11,202)			(11,202)	(90)	(11,291)
Changes in treasury shares		8		(4,439)		(4,432)		(4,432)
Transfer from other components of equity to retained earnings			2,271		(2,271)	—		—
Changes in non-controlling interests		(7,671)			5	(7,666)	741	(6,925)
Other movements			57			57	35	92
Total transactions with owners, etc.	—	(7,668)	(8,873)	(4,439)	(2,266)	(23,246)	687	(22,559)
Balance at March 31, 2017	23,320	18,441	309,517	(5,396)	16,006	361,889	14,475	376,364

*Fiscal year ended March 31, 2018*

(Millions of yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total		
Balance at April 1, 2017	23,320	18,441	309,517	(5,396)	16,006	361,889	14,475	376,364
Profit			33,230			33,230	1,749	34,979
Other comprehensive income					10,045	10,045	847	10,892
Total comprehensive income	—	—	33,230	—	10,045	43,275	2,596	45,871
Share-based payment transactions	50	27			(25)	52		52
Dividends			(11,127)			(11,127)	(42)	(11,169)
Changes in treasury shares		5		38		43	0	43
Transfer from other components of equity to retained earnings			292		(292)	—		—
Changes in non-controlling interests		28			4	32	111	143
Other movements			1		(666)	(665)	976	311
Total transactions with owners, etc.	50	60	(10,833)	38	(980)	(11,665)	1,045	(10,620)
Balance at December 31, 2017	23,370	18,502	331,913	(5,358)	25,071	393,499	18,116	411,615

## (4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before tax	38,294	46,206
Depreciation and amortization	14,758	16,973
Interest and dividend income	(1,369)	(2,321)
Interest expenses	694	1,022
Share of loss (profit) of investments accounted for using equity method	(678)	(338)
Impairment loss	2,111	—
Decrease (increase) in trade and other receivables	(20,562)	(9,798)
Decrease (increase) in inventories	(4,367)	(5,421)
Increase (decrease) in trade and other payables	21,908	9,388
Other	(5,629)	2,003
Interest and dividends received	2,128	2,749
Interest paid	(478)	(976)
Income taxes paid	(4,171)	(15,892)
Income taxes refund	1,858	—
Net cash provided by (used in) operating activities	44,494	43,596
Cash flows from investing activities		
Net decrease (increase) in time deposits	(19,714)	22,205
Net decrease (increase) in marketable securities	4,500	8,000
Purchase of property, plant and equipment	(33,143)	(37,312)
Proceeds from sale of property, plant and equipment	1,368	733
Proceeds from transfer of business	772	—
Purchase of investments	(2,833)	(5,403)
Proceeds from sale of investments	5,417	1,179
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(9,231)
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(98)	—
Purchase of shares in associates	(74)	(1,104)
Proceeds from sale of shares in associates	1,249	—
Payments for loans receivable	(294)	(2,292)
Collection of loans receivable	1,550	2,968
Other	77	(168)
Net cash provided by (used in) investing activities	(41,223)	(20,423)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	629	3,379
Repayments of long-term borrowings	(4,766)	(5,951)
Proceeds from long-term borrowings	24,034	18,173
Payments for purchase of treasury shares	(4,526)	(2)
Dividends paid	(11,200)	(11,127)
Dividends paid to non-controlling interests	(81)	(42)
Proceeds from non-controlling interests	1,141	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(8,098)	(0)
Proceeds from sales shares of subsidiaries not resulting in change in scope of consolidation	—	98
Other	(668)	(667)
Net cash provided by (used in) financing activities	(3,535)	3,860
Effect of exchange rate changes on cash and cash equivalents	397	506
Increase (decrease) in cash and cash equivalents	134	27,539
Cash and cash equivalents at beginning of period	97,283	97,416
Cash and cash equivalents at end of period	97,416	124,956



(5) Notes on Condensed Consolidated Financial Statements  
 (Cautionary Notes regarding Assumptions of Going Concern)  
 Not applicable

(Segment Information, etc.)

1. Overview of reporting segments

JSR Group reporting segments are components of the Group for which separate financial information is available. The Board of Directors determine the basis of business segments that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

The Group has established divisions by product at its head office. Each division formulates comprehensive domestic and overseas strategies for its product and conducts business activities according to the strategies. Core Group companies also take the initiative in working out comprehensive domestic and overseas strategies and conduct business activities according to the strategies. Thus, the JSR Group's businesses consist of business segments by product based on divisions and core Group companies.

JSR Group has three reporting segments: Elastomers Business, which consists mainly of the manufacture and sale of general-purpose synthetic rubber products for automobile tires, functional special synthetic rubber for automobile components, thermoplastic elastomers for modifying plastics, and synthetic rubber latex for coated paper; Plastics Business, which engages mainly in the manufacture and sale of ABS and other resins for automobiles, office equipment, and amusement applications; and Fine Chemicals and Other Products Business, which conducts mainly the manufacture and sale of semiconductor materials, display materials, and materials related to edge computing. The Fine Chemicals and Other Products Business is a reporting segment comprising multiple segments based on the nature of the products and services, the nature of production processes, and similarity in markets and other economic characteristics.

Main Products in Each Business Segment

Business segment	Main products
Elastomers Business	Synthetic rubbers, such as styrene-butadiene rubber, poly-butadiene rubber, ethylene and propylene rubber and compounded products; thermoplastic elastomers and compounded products; latex for paper processing; general industrial-use latex; acrylic emulsions; natural latex compounded products; high-functional coating materials; high-functional dispersants; industrial particles; thermal control materials; materials for heat insulation paints; materials for batteries; butadiene monomers; etc.
Plastics Business	Synthetic resins including ABS resins, AES resins, AS resins, and ASA resins
Fine Chemicals and Other Products Business	<p>&lt;Semiconductor Materials&gt; Lithography materials (photoresists, multilayer materials); CMP materials; mounting materials; etc.</p> <p>&lt;Display Materials&gt; Materials for color LCDs; functional coating materials; etc.</p> <p>&lt;Edge Computing Materials&gt; Heat-resistant transparent resins and functional films; high-functional UV curable resins; photo fabrication and photo molding systems; etc.</p> <p>&lt;Life Sciences Business and Others&gt; Life Sciences (diagnostic and research reagents and similar materials; bio-process materials; contract bio-process development and manufacturing); lithium-ion capacitors; etc.</p>

The accounting methods for reporting segments are the same as the methods adopted for preparation of consolidated financial statements.

## 2. Segment revenues, losses, and other material items

The following information pertains to the Group's reporting segments.

*Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)*

(Millions of yen)

	Reporting Segment				Adjustment	Amount Recorded in the Consolidated Financial Statement
	Elastomers	Plastics	Fine Chemicals and Other Products	Total		
Revenue from external customers	185,345	46,035	157,075	388,455	-	388,455
Operating profit	8,800	3,850	23,293	35,943	-	35,943
Finance income	-	-	-	-	-	3,045
Finance costs	-	-	-	-	-	(694)
Profit before tax	-	-	-	-	-	38,294
Total assets	267,570	29,948	169,207	466,726	111,758	578,484
Other items						
Depreciation expenses and depreciation charges	6,600	669	7,524	14,793	-	14,793
Impairment losses	-	-	2,111	2,111	-	2,111
Capital expenditures	20,709	1,189	9,479	31,377	-	31,377

*Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)*

(Millions of yen)

	Reporting Segment				Adjustment	Amount Recorded in the Consolidated Financial Statement Fine Chemicals and Other Products
	Elastomers	Plastics	Fine Chemicals and Other Products	Total		
Revenue from external customers	197,373	52,161	172,395	421,930	-	421,930
Operating profit	14,870	5,575	23,124	43,569	-	43,569
Finance income	-	-	-	-	-	3,659
Finance costs	-	-	-	-	-	(1,022)
Profit before tax	-	-	-	-	-	46,206
Total assets	282,456	38,428	211,383	532,268	115,431	647,699
Other items						
Depreciation expenses and depreciation charges	7,901	718	8,353	16,973	-	16,973
Capital expenditures	22,981	1,028	18,399	42,408	-	42,408

The adjustment amounts in the total assets are corporate assets not allocated to any reporting segment. Corporate assets mainly include investment of surplus funds (deposits and securities) and long-term investment funds (investment securities) by the parent company.

### 3. Information on products and services

Information on products and services is stated on Page 11 — 1. Overview of reporting segments.

### 4. Information by region

The following is a breakdown of revenue and non-current assets by region.

#### Revenue from external customers

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
	(Millions of yen)	(Millions of yen)
Japan	173,692	183,308
China	47,983	53,547
Other regions	166,780	185,075
Total	388,455	421,930

Note: Revenue is divided into countries or regions based on the locations of customers.

#### Property, plant and equipment

	Transition date (April 1, 2016)	Fiscal year ended March 31, 2017 (March 31, 2017)	Fiscal year ended March 31, 2018 (March 31, 2018)
	(Millions of yen)	(Millions of yen)	(Millions of yen)
Japan	74,401	75,054	79,686
Thailand	27,193	27,402	27,642
Hungary	5,264	14,585	28,280
Other regions	13,754	14,707	24,227
Total	120,612	131,748	159,834

### 5. Information on major customers

Information on major customers is omitted, since no single external customer accounts for more than 10 percent of the Group's revenue in terms of revenue through transactions with a single external customer.

## (Per Share Information)

The following is the basic earnings per share and its basis of calculation and the diluted earnings per share and its basis of calculation.

	Fiscal year ended March 31, 2017 (April 1, 2016 to March 31, 2017)	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)
(1) Basic earnings per share	135.17	149.32
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	30,243	33,230
Average shares outstanding during the year (1,000 shares)	223,743	222,551
(2) Diluted earnings per share	134.77	148.89
(Basis of calculation)		
Increase in common stock due to stock options (1,000 shares)	652	637

## (Material Subsequent Events)

Absorption-type split in which a subsidiary is the successor company

## 1. Overview of the business combination

JSR gained approval at the Board of Directors meeting held on March 29, 2017, for the execution of an absorption-type split, with UMG ABS, Ltd., which is equally owned by Ube Industries, Ltd. (50%) and Mitsubishi Rayon Co., Ltd. (50%), as the absorbed company and Techno Polymer Co., Ltd. (renamed Techno-UMG Co., Ltd. on April 1, 2018), a wholly owned subsidiary of JSR, as the successor company, signed a shareholders' agreement dated March 30, 2017, and executed the absorption-type split on April 1, 2018 with the approval of the regulatory agency. In keeping with the absorption-type split, Techno-UMG Co., Ltd. issued new common shares so that JSR owns 51 percent of the issued shares of Techno-UMG Co., Ltd. Although IFRS 3 — *Business Combinations* applies, because accounting at the time of the business combination related to this business combination is not complete at the present time, detailed information on this accounting is not stated.

(1) Name of acquired company: UMG ABS, Ltd.

(2) Business domain: manufacture and sale of ABS resins

(3) Date of business combination: April 1, 2018

(4) Method by which the acquiring company obtained control of the acquired company: Absorption-type split through the allocation of 58,800 common shares of Techno Polymer Co., Ltd., with UMG ABS, Ltd. as the absorbed company and Techno Polymer Co., Ltd. as the successor company

2. Primary purpose of the business combination

The conditions surrounding the ABS resin business will become increasingly challenging both in and outside of Japan. The primary purpose of the business combination is to optimize operations, enhance manufacturing efficiencies, and secure cost competitiveness for the ABS resin business, in order to secure the stable supply of products in Japan and expand sales in global markets.

3. Fair value of assets and liabilities and goodwill on the business combination date

Assets acquired and liabilities assumed have not been determined at the present time, as fair value on the date of acquisition is being calculated.

4. The amount and primary components of assets acquired and liabilities assumed on the business combination date have not been determined at the present time.

(Additional Information)

Share Acquisition of Crown Bioscience International (making it a subsidiary)

The Company is to merge with Crown Bioscience International (“Crown”, Registration: Cayman Islands, CEO: Jean-Pierre Wery, listed on the Taipei Exchange (TPEX) as 6554), which is a contract research organization (CRO) providing services for pharmaceuticals to support drug development in pre-clinical phases, by acquiring all shares of Crown for an estimated total amount of approximately 12 billion NT dollars (approximately 44 billion yen), making Crown a wholly-owned subsidiary of the Company (the “Transaction”).

On the premise of obtaining the approval by Crown’s general meeting of shareholders and the regulatory approval, the execution of the Transaction is expected to be completed by the end of June 2018.

On completion of the Transaction, Crown will become a consolidated subsidiary of the Company. We will disclose promptly the impact of this consolidation on the Company’s consolidated business results as the Transaction proceeds.

**(Disclosure on Transition to IFRS)**

This is the first consolidated financial statement the Group has prepared in accordance with IFRS.

The Significant Accounting Policies were applied in the preparation of the consolidated financial statements for the FY ending March 2018 (April 1, 2017 to March 31, 2018) and the FY ending March 2017 (April 1, 2016 to March 31, 2017) and the consolidated statement of financial position on the date of transition to IFRS (April 1, 2016).

**1. Exemptions of IFRS 1**

The exemptions the Group adopted for the transition from Japanese GAAP to IFRS are as follows.

**(1) Business Combinations**

IFRS 3 can be applied retrospectively or prospectively. The Group has elected not to apply IFRS 3 retrospectively to business combinations executed prior to the date of transition to IFRS. As a result, business combinations executed prior to the date of transition to IFRS are not restated.

**(2) Exchange Differences on Translating Foreign Operations**

Under IFRS 1, the Group can elect to deem the cumulative amount of exchange differences on translating foreign operations as zero as of the date of transition or to recalculate the exchange differences retrospectively to the time when the subsidiary, etc., was established or acquired. The Group has elected to deem the cumulative amount of exchange differences on translating foreign operations as zero as of the date of transition.

**(3) Recognition of Prior Designated Financial Instruments**

Under IFRS 1, the Group can designate financial assets following IFRS 9 — *Financial Instruments* based on relevant facts and circumstances that existed at the date of transition to IFRS. The Group has designated equity instruments as equity instruments measured at fair value through other comprehensive income.

**(4) Share-Based Payments**

IFRS 1 recommends, but does not require, the application of IFRS 2 — *Share-Based Payment* to share-based payments granted on and after November 7, 2002, and vested prior to the date of transition to IFRS. The Group has elected not to apply IFRS 2 to share-based payments vested prior to the date of transition to IFRS.

**2. Adjustments from Japanese GAAP to IFRS**

In preparing the consolidated financial statements in accordance with IFRS, the Group has adjusted the amounts in the consolidated financial statements prepared in accordance with Japanese GAAP.

The effects of the transition from Japanese GAAP to IFRS are given in the following reconciliation tables.

The Reclassification column in the reconciliation tables presents items with no effects on retained earnings or comprehensive income, whereas the Differences in Recognition

and Measurement column presents items with effects on retained earnings or comprehensive income.

(1) Adjustments to Equity on Date of Transition (April 1, 2016)

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date / Consolidation Range	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Assets							Assets
Current assets							Current assets
Cash and deposits	52,081	7,888	37,314	-	97,283		Cash and cash equivalents
Notes and accounts receivable (net)	77,878	(879)	14,035	-	91,034		Trade and other receivables
Short-term investment securities	60,010	-	(60,010)	-			
Inventories	77,458	399	-	-	77,857		Inventories
		31	28,836	-	28,868		Other current financial assets
Others	33,104	63	(24,066)	-	9,101		Other current assets
Total current assets	300,532	7,501	(3,891)	-	304,142		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	112,694	6,067	-	1,851	120,612	A, B	Property, plant and equipment
Intangible assets							
Goodwill	9,788	(434)	-	-	9,354		Goodwill
Others	6,875	260	998	-	8,133		Other intangible assets
Investments and other assets							
Investment securities	67,878	(6,918)	(37,727)	(27)	23,206	D	Investments accounted for using equity method
Long-term loans receivable	5,894	6	40,460	824	47,185	H	Other current financial assets
Others	12,698	38	(6,917)	-	5,819		Other non-current assets
		18	7,077	386	7,481	D, E	Deferred tax assets
Total non-current assets	215,827	(963)	3,891	3,034	221,790		Total non-current assets
Total assets	516,360	6,539	-	3,034	525,933		Total assets

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date / Consolidation Range	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Liabilities and net assets							Liabilities and equities
Current liabilities							Current liabilities
Notes and accounts payable	53,836	2,443	21,705	-	77,984		Trade and other payables
Current borrowings	20,840	(47)	-	-	20,793		Borrowings
		33	1,916	-	1,948		Income tax payable
		(20)	269	297	546	B	Other financial liabilities
Others	34,646	30	(25,513)	1,027	10,191	E	Other current liabilities
Total current liabilities	109,322	2,438	(1,623)	1,324	111,461		Total current liabilities
Non-current liabilities							Non-current liabilities
Non-current borrowings	22,249	(4)	-	-	22,245		Borrowings
Retirement benefit liabilities	15,180	-	-	-	15,180		Retirement benefit liabilities
		-	344	2,189	2,534	B, F	Other financial liabilities
Others	7,254	(18)	(4,788)	-	2,448		Other non-current liabilities
		-	6,067	156	6,223	A, D, H	Deferred tax liabilities
Total non-current liabilities	44,684	(21)	1,623	2,345	48,630		Total non-current liabilities
Total liabilities	154,006	2,417	-	3,668	160,091		Total liabilities
Net assets							Equity
Common stock	23,320	-	-	-	23,320		Share capital
Capital surplus	25,179	-	930	-	26,110		Capital surplus
Retained earnings	281,878	(411)	-	6,681	288,147	E, I, J	Retained earnings
Treasury shares	(957)	-	-	-	(957)		Treasury shares
Accumulated other comprehensive income	23,724	(922)	-	(7,233)	15,569	F, G, I	Other components of equity
	353,145	(1,334)	930	(552)	352,189		Total equity attributable to owners of parent
Subscription rights to shares	930	-	(930)	-			
Minority interests	8,279	5,456	-	(82)	13,653		Non-controlling interests
Total net assets	362,354	4,122	-	(634)	365,842		Total equity
Total liabilities and net assets	516,360	6,539	-	3,034	525,933		Total liabilities and equities



## (2) Adjustments to Equity in FY ended March 2017 (March 31, 2017)

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Assets							Assets
Current assets							Current assets
Cash and deposits	98,933	-	(1,517)	-	97,416		Cash and cash equivalents
Notes and accounts receivable (net)	90,695	-	20,435	-	111,130		Trade and other receivables
Short-term investment securities	42,000	-	(42,000)	-			
Inventories	81,918	-	-	-	81,918		Inventories
		-	44,970	-	44,970		Other current financial assets
Others	34,667	-	(25,971)	-	8,695		Other current assets
Total current assets	348,212	-	(4,084)	-	344,128		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	130,160	-	-	1,587	131,748	A,B	Property, plant and equipment
Intangible assets							
Goodwill	8,817	-	-	513	9,331	C	Goodwill
Others	8,369	-	822	(1)	9,190		Other intangible assets
Investments and other assets							
Investment securities	61,684	-	(39,936)	(36)	21,712	D	Investments accounted for using equity method
Retirement benefit assets	373	-	-	-	373		Assets for retirement benefits
		-	46,555	(26)	46,529	H	Other current financial assets
Others	18,401	-	(11,273)	-	7,129		Other non-current assets
		-	7,914	429	8,343	D,E	Deferred tax assets
Total non-current assets	227,805	-	4,084	2,467	234,355		Total non-current assets
Total assets	576,016	-	-	2,467	578,484		Total assets

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Liabilities and net assets							Liabilities and equities
Current liabilities							Current liabilities
Notes and accounts payable	75,026	-	20,011	-	95,037		Trade and other payables
Current borrowings	23,740	-	-	-	23,740		Borrowings
Income tax payable	8,360	-	-	-	8,360		Income tax payable
		-	329	297	626	B	Other financial liabilities
Others	32,536	-	(22,194)	1,015	11,357	E	Other current liabilities
Total current liabilities	139,663	-	(1,854)	1,312	139,120		Total current liabilities
Non-current liabilities							Non-current liabilities
Non-current borrowings	38,381	-	-	-	38,381		Borrowings
Retirement benefit liabilities	13,904	-	-	-	13,904		Retirement benefit liabilities
		-	408	1,597	2,005	B,F	Other financial liabilities
Others	7,354	-	(5,076)	-	2,278		Other non-current liabilities
		-	6,522	(90)	6,432	A,D,H	Deferred tax liabilities
Total non-current liabilities	59,639	-	1,854	1,507	63,000		Total non-current liabilities
Total liabilities	199,302	-	-	2,818	202,120		Total liabilities
Net assets							Equity
Common stock	23,320	-	-	-	23,320		Share capital
Capital surplus	17,469	-	912	60	18,441		Capital surplus
Retained earnings	300,547	-	-	8,970	309,517	E,I,J	Retained earnings
Treasury shares	(5,396)	-	-	-	(5,396)		Treasury shares
Accumulated other comprehensive income	25,454	-	-	(9,448)	16,006	F,G,I	Other components of equity
	361,394	-	912	(417)	361,889		Total equity attributable to owners of parent
Subscription rights to shares	912	-	(912)	-			
Minority interests	14,409	-	-	66	14,475		Non-controlling interests
Total net assets	376,715	-	-	(351)	376,364		Total equity
Total liabilities and net assets	576,016	-	-	2,467	578,484		Total liabilities and equities

## (3) Adjustments to Comprehensive Income in FY ended March 2017 (April 1 to March 31, 2017)

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Net sales	390,599	(2,143)	-	-	388,455		Revenue
Cost of sales	(274,614)	1,752	-	440	(272,422)	G	Cost of sales
Gross profit	115,985	Δ391	-	440	116,034		Gross profit
Selling, general and administrative expense	(83,615)	619	-	1,237	(81,759)	A,C G,E	Selling, general and administrative expenses
		-	4,920	(14)	4,906		Other operating income
		-	(3,916)	-	(3,916)		Other operating expenses
		-	714	(36)	678	D	Share of profit of investments accounted for using equity method
Operating income	32,370	227	1,718	1,628	35,943		Operating profit
Non-operating income	6,400	-	(6,400)	-			
Non-operating expense	(2,506)	-	2,506	-			
Extraordinary gains	5,187	-	(5,187)	-			
Extraordinary losses	(3,124)	-	3,124	-			
		-	5,950	(2,905)	3,045	H	Finance income
		55	(1,711)	962	(694)	G,H	Finance costs
Profit before tax and other adjustments	38,327	282	-	(315)	38,294		Profit before tax
Corporate, inhabitant, and enterprise taxes	(9,938)	(26)	1,889	300	(7,776)	D	Income taxes
Income tax - deferred	1,901	(13)	(1,889)	-			
Profit	30,291	243	-	(16)	30,518		Profit

(Unit: Millions of yen)

Japanese GAAP Line Item	Japanese GAAP	Effect of Change in Reporting Date	Reclassification	Differences in Recognition and Measurement	IFRS	Note	IFRS Line Item
Profit	30,291	243	-	(16)	30,518		Profit
Other comprehensive income							Other comprehensive income
Unrealized gains on securities, net of taxes	2,058	-	-	723	2,781	H	Net change on financial assets measured at fair value through other comprehensive income
		-	-	295	295	F	Net change in fair value on cash flow hedges
Foreign currency translation adjustment	(730)	412	-	16	(303)	C	Exchange differences on translation of foreign operations
Remeasurements of defined benefit plans, net of tax	1,676	-	-	(758)	918	G	Remeasurements of defined benefit liabilities
Share of other comprehensive income of entities accounted for using equity method	(1,130)	-	-	2	(1,128)		Share of other comprehensive income of associates accounted for using equity method
Total other comprehensive income	1,874	412	-	278	2,564		Total other comprehensive income, net of tax
Comprehensive income	32,165	655	-	262	33,082		Total comprehensive income

### 3. Notes on Adjustments to Equity and Adjustments to Comprehensive Income

#### (1) Notes on Change in Reporting Date and Change in Consolidation Range

Under Japanese GAAP, in cases where the reporting dates of subsidiaries or associates accounted for using the equity method differ from the Company's consolidated reporting date, consolidated financial statements are still prepared based on individual financial statements as of the reporting dates of the subsidiaries or associates accounted for using the equity method.

Under IFRS, however, financial statements of subsidiaries or associates accounted for using the equity method are prepared with the Company's consolidated reporting date as the reporting date, either by aligning the reporting date with the Company's consolidated reporting date or by preparing provisional settlement of accounts as of the consolidated reporting date except when it is practically impossible. In cases where financial statements of subsidiaries or associates accounted for using the equity method are prepared on different dates from the Company's consolidated reporting date, adjustments are made for the effects of significant transactions or circumstances arisen between the individual reporting dates and the Company's consolidated reporting date.

Even under Japanese GAAP, at the end of the previous consolidated FY, the Group prepared the financial statements regarding the Company's consolidated reporting date as the reporting date of its subsidiaries or associates accounted for using equity method, either by aligning the individual reporting dates with the Company's reporting date (except some subsidiaries and associates) or by preparing provisional settlement of accounts as of the consolidated reporting date.

Furthermore, under Japanese GAAP, subsidiaries of little material relevance are excluded from the consolidation range and assessed on a cost basis. Under IFRS, however, key subsidiaries of little material relevance are included in the consolidation range.

Since the First Quarter of FY ended March 2017 prepared under Japanese GAAP, the Group included in the consolidation range JSR MOL Synthetic Rubber Ltd., PT.ELASTOMIX INDONESIA, and Techno Europe N.V., which had been excluded from the consolidation range, because of an increase in their material relevance. This action has aligned the consolidation range under IFRS and the consolidation range under Japanese GAAP.

#### (2) Notes on Reclassification

Short-term time deposits with deposit terms longer than three months presented as "Cash and deposits" under Japanese GAAP have been presented as "Other current financial assets" in current assets under IFRS.

Short-term investments with original maturity of three months or less presented as "Short-term investment securities" under Japanese GAAP have been presented as "Cash and cash equivalents" under IFRS.

All deferred tax assets and deferred tax liabilities that had been presented as current items have been reclassified to non-current items.

Amounts presented separately as "Subscription rights to shares" under Japanese GAAP have been included in "Capital surplus" under IFRS.

## (3) Notes on Differences in Recognition and Measurement

## A. Government Grants

Under Japanese GAAP, government grants are recognized as revenue en bloc at the time of reception. Under IFRS, however, government grants are deferred by direct deduction of the carrying amount of the asset and recognized as decrease of the depreciation expense using the straight-line method over the useful life of the asset.

## B. Leases

Transactions deemed substantially as finance leases are not recognized as assets under Japanese GAAP, but they are accounted for as “Property, plant and equipment” under IFRS. Liabilities resulting from capitalization of the substantial lease transactions are presented in “Other financial liabilities.”

## C. Goodwill

Under Japanese GAAP, goodwill is amortized, while it is not amortized under IFRS. Therefore the amount of amortization of goodwill accounted for under Japanese GAAP is reversed under IFRS.

## D. Deferred Tax Assets and Deferred Tax Liabilities

Deferred tax assets were recognized under Japanese GAAP based on company classifications specified in Implementation Guidance to Corporate Accounting Standards No. 26 — *Implementation Guidance on the Recoverability of Deferred Tax Assets*. Under IFRS, however, unused tax losses and deductible temporary differences have been recognized as tax gains when management deemed it is probable that the unused tax losses and deductible temporary differences will be used against future taxable profits.

Under Japanese GAAP, tax effects associated with elimination of unrealized gains and losses are calculated using the effective tax rate of the selling entity, while under IFRS, such tax effects are calculated using the effective tax rate of the buying entity.

## E. Levies

Non-current asset taxes levied by the government that are expensed over the FY in which tax was paid under Japanese GAAP have been recognized as liabilities and expenses en bloc under IFRS at the time the obligation-triggering event occurs.

## F. Derivative Transactions

Exemptions apply to interest rate swap contracts under Japanese GAAP on the condition that they meet exemption provisions. Under IFRS, however, interest rate swap contracts are assessed on fair value. Changes in fair value are presented as other comprehensive income in “Net change in fair value on cash flow hedges,” and balances at the end of the reporting period are presented in “Other components of equity.”

## G. Liabilities Pertaining to Defined Benefits

Under Japanese GAAP, the portion of actuarial differences incurring in the reporting period but not expensed in the period are recognized in other comprehensive income. Under IFRS, however, such actuarial differences are immediately reclassified to “Retained earnings” through other comprehensive income.

The balance of all actuarial differences at the beginning of the reporting period that had been recognized in accumulated other comprehensive income under Japanese GAAP has been directly recognized in “Retained earnings” under IFRS.

Calculations of interest under Japanese GAAP use interest expenses calculated by multiplying post-employment benefit liabilities by the discount rate, and expected investment returns calculated by multiplying pension assets by the expected long-term investment return rate. Under IFRS, however, calculations of interest use the net of interest calculated by multiplying the present value of defined benefit plan obligations less the fair value of the plan assets by the discount rate.

#### H. Financial Assets Measured at Fair Value through Other Comprehensive Income

Under Japanese GAAP, gains and losses on the sales of shares and other equity instruments and impairment losses are recognized in net profit or loss. Under IFRS, however, designated equity instruments measured at fair value through other comprehensive income are not recognized in net profit or loss, and accumulated other comprehensive income previously recognized is reclassified to retained earnings at the point of derecognition.

Privately held companies generally assessed on a cost basis with the moving average method under the Japanese GAAP have been assessed on fair value under IFRS, resulting in changes to other comprehensive income.

#### I. Amount of Exchange Differences on Translating Foreign Operations

Through application of the first-time-adoption exemption provisions of IFRS 1, the cumulative amount of exchange differences on translating foreign operations has been deemed to be nil as of the date of transition to IFRS.

#### J. Retained Earnings

The effects of IFRS application on retained earnings are as follows. The following amounts are the amounts after adjustment of associated tax effects and non-controlling interests.

(Unit: Millions of yen)

	Date of Transition (April 1, 2016)	FY ended March 2017 (March 31, 2017)
Adjustments related to the change in reporting date / change in consolidation range (See (1))	(411)	-
Adjustments related to government grants (See A)	(219)	(187)
Adjustments related to the amortization of goodwill (See C)	-	495
Adjustments related to deferred tax assets and deferred tax liabilities (See D)	43	68
Adjustments related to levies (See E)	(709)	(699)
Adjustments related to changes in immediate recognition and accounting methods for actuarial differences in defined benefit plans (See G)	(815)	913
Adjustments related to the amount of exchange differences on translating foreign operations (See I)	8,385	8,385
Others	(5)	(4)
Total retained earnings adjustment	6,270	8,970

#### **4. Material adjustments to the consolidated statement of cash flows for the FY ending March 2017 (April 1, 2016 to March 31, 2017)**

There were no material differences between the disclosed consolidated statement of cash flows under IFRS and that of Japanese GAAP.