

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

## Summary of Consolidated Financial Results for the Year Ended March 31, 2017 (Based on Japanese GAAP)

April 24, 2017

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 Communications Department  
 Inquiries: Nobuhiko Kuwashima TEL 03(6218)3517  
 Scheduled date of ordinary general meeting of shareholders: June 16, 2017  
 Scheduled date to file Securities Report: June 16, 2017  
 Scheduled date to commence dividend payments: June 19, 2017  
 Preparation of supplementary material on financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(Amounts are rounded off to the nearest million yen)

### 1. Consolidated financial results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

#### (1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	390,599	1.0	32,370	(5.9)	36,264	7.8	30,078	25.0
Year ended March 31, 2016	386,709	(4.3)	34,408	(9.6)	33,633	(19.2)	24,068	(19.6)

(Note) Comprehensive Income 32,165 million yen (169.7%) for year ended March 31, 2017 11,925 million yen (-73.8%) for year ended March 31, 2016

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2017	134.43	134.04	8.4	6.6	8.3
Year ended March 31, 2016	105.87	105.60	6.8	6.4	8.9

(Reference) Equity in earnings of affiliated companies 714 million yen for year ended March 31, 2017 1,848 million yen for year ended March 31, 2016

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	576,016	376,715	62.7	1,624.14
As of March 31, 2016	516,359	362,353	68.4	1,565.45

(Reference) Equity 361,394 million yen as of March 31, 2017 353,144 million yen as of March 31, 2016

#### (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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2017	47,506	(41,807)	(3,510)	97,416
Year ended March 31, 2016	48,128	(19,038)	(16,260)	89,394

### 2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2016	–	25.00	–	25.00	50.00	11,279	47.2	3.2
Year ended March 31, 2017	–	25.00	–	25.00	50.00	11,125	37.2	3.1
Year ending March 31, 2018 (Forecast)	–	25.00	–	25.00	50.00		42.0	

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Revenue		Operating income		Income before income tax		Net income		Net income attributable to owners of the parent company		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, 2017	195,000	—	15,000	—	15,500	—	12,000	—	11,500	—	51.68
Full year	405,000	—	35,000	—	36,000	—	28,000	—	26,500	—	119.09

Notice: Forecast of consolidated financial results for the fiscal year ending March 31, 2018 is calculated based on International Financial Reporting Standards (IFRS) since JSR Corporation decided to voluntarily adopt IFRS from fiscal year ending March 31, 2018. Therefore, we did not mention the year-on-year comparison with fiscal year ending 31 March, 2017 which was based on Japanese GAAP.

4. Notes

- (1) Changes in significant subsidiaries during the year ended March 31, 2017  
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) 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: | No  |
| Changes in accounting policies due to other reasons:   | Yes |
| Changes in accounting estimates:   | Yes |
| Restatement of prior period financial statements:  | No  |

(3) Number of issued shares (common shares)

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

As of March 31, 2017	226,074,545 shares	As of March 31, 2016	226,074,545 shares
----------------------	--------------------	----------------------	--------------------

Number of treasury shares at the end of the period

As of March 31, 2017	3,560,532 shares	As of March 31, 2016	488,223 shares
----------------------	------------------	----------------------	----------------

Average number of shares during the period

Year ended March 31, 2017	223,743,047 shares	Year ended March 31, 2016	227,345,441 shares
---------------------------	--------------------	---------------------------	--------------------

(Reference) Summary of Non-consolidated Business Results

1. Non-consolidated business results for the year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Non-consolidated financial results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2017	233,321	1.1	18,962	(-16.4)	27,729	(-16.4)	23,233	0.1
Year ended March 31, 2016	230,723	(-13.5)	22,682	(-21.4)	33,164	(-10.4)	23,200	(-1.3)

	Net income per share	Diluted net income per share
	Yen	Yen
Year ended March 31, 2017	103.84	103.54
Year ended March 31, 2016	102.05	101.79

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2017	407,931	285,863	69.9	1,280.60
As of March 31, 2016	370,130	276,205	74.4	1,220.33

(Reference) Equity 284,951 million yen as of March 31, 2017 275,289 million yen as of March 31, 2016

\* Implementation status about the audit procedure

These financial statements are exempt from audit procedure.

\* Statement regarding appropriate use of forward-looking statements and other notes

The preceding descriptions of projections and plans are "forward-looking statements," which involve known and unknown risks and uncertainties. These variables could cause the JSR Group's actual performance and financial results to differ substantially from management's projections and plans.

## Table of Contents for the Attachment

1. Analysis of Operating Results and Financial Position.....	2
(1) Analysis of Operating Results.....	2
(2) Analysis of Financial Position.....	5
(3) Basic Policy on Profit Allocation and Dividends for the Fiscal Year ended March 31, 2017 and the Fiscal Year ending March 31, 2018.....	6
2. Information on the JSR Group.....	7
3. Basic Approach to the Selection of Accounting Standards .....	8
4. Consolidated Financial Statements.....	9
(1) Consolidated Balance Sheets.....	9
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income.....	11
Consolidated Statements of Income.....	11
Consolidated Statements of Comprehensive Income.....	12
(3) Consolidated Statement of Changes in Net Assets.....	13
(4) Consolidated Statements of Cash Flows.....	15
(5) Notes regarding Consolidated Financial Statements.....	17
(Notes regarding Assumptions of Going Concern).....	17
(Changes in Accounting Policies).....	17
(Segment Information, etc.).....	18
(Per Share Information).....	22
(Material Subsequent Events).....	22
(Additional Information).....	23
6. Transfer of Directors.....	24

## 1. Review of Operating Results

### (1) Analysis of Operating Results

Overview of FY ended March 2017 (April 1, 2016 to March 31, 2017)

In FY ended March 2017, among the JSR Group's main customer industries, automobile tire production and automobile production rose slightly above the previous year's level globally. However, despite returning to the previous year's level in the latter half of the year, domestic tire production declined from the previous year level due to sluggish production in the first half of the year. Demand in the semiconductor grew, and production in the flat panel display (FPD) market was robust. The exchange rate had a stronger yen compared to the previous year.

Amid these circumstances, the Petrochemicals Business of the JSR Group saw net sales rise in the Elastomers Business over the previous year due to an increase in exports and significant growth in sales of Solution Styrene-Butadiene Rubber (SSBR) for fuel-efficient tires. This was despite a sluggish elastomer products market, where there was no improvement in the supply-and-demand balance due to excessive supply of elastomers in East Asia in the first half of the year. On the other hand, the Plastics Business saw sales fall below the previous year's level, being significantly affected by a drop in product prices on the back of a fall in raw material prices. Thus, sales of the Petrochemicals Business as a whole remained unchanged from the previous year. Meanwhile, operating income of the Petrochemicals Business decreased from the previous year. Operating income of the Elastomers Business saw worsened profitability due to a strong yen and deteriorating market conditions in the first half of the year; however, improved profitability and an increase in sales volume attributable to a market recovery in the latter half drove operating income above the previous year's level. At the same time, operating income of the Plastics Business fell below the previous year as a result of worsening profitability arising from a drop in product prices associated with a fall in raw material prices.

The Fine Chemicals and Other Products Business saw the sales volume of semiconductor materials and display materials increase above the previous year's levels due to improving demand in both the semiconductor market and FPD market. On the other hand, net sales of the Fine Chemicals Business fell below the previous year's level as a result of a strong yen and a drop in prices resulting from intensifying competition in display materials. Net sales of the Life Sciences Business, which is a new business mainstay of the JSR Group, had a notable increase, and net sales of the Fine Chemicals and Other Products Business increased compared to the previous year. Operating income of the Fine Chemicals and Other Products Business fell below the previous year's level, as it was significantly affected by the drop in sales of the Fine Chemicals Business.

Ordinary income increased compared to the previous year due to a reduction in the exchange losses in Group companies that occurred in the previous year among other factors.

Profit attributable to owners of parent rose above the previous year's level due to the fact that impairment losses in Group companies of the previous year did not apply to this fiscal year, profit from sales of deposits and securities, and other factors.

In the fiscal year ended March 31, 2017, we reported net sales of 390,599 million yen (up 1.0% year-on-year), operating income of 32,370 million yen (down 5.9% year-on-year), ordinary income of 36,264 million yen (up 7.8% year-on-year), and profit attributable to owners of parent of 30,078 million yen (up 25.0% year-on-year).

(Unit: million yen)

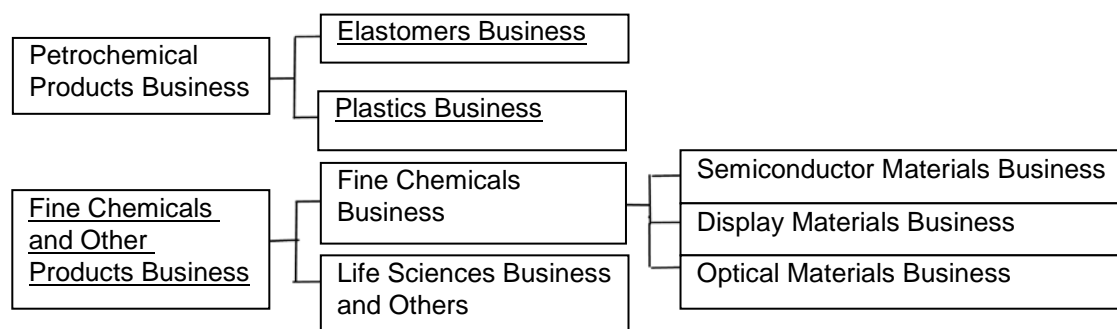
Segment		FY ended March 2016		FY ended March 2017		Change	
		Amount	Component ratio	Amount	Component ratio	Amount	%
Net sales	Elastomers Business	179,252	46.4%	185,345	47.4%	6,093	3.4%
	Plastics Business	52,206	13.5%	46,035	11.8%	(6,172)	(11.8%)
	Fine Chemicals and Other Products Business	155,249	40.1%	159,218	40.8%	3,968	2.6%
	Total	386,709	100.0%	390,599	100.0%	3,889	1.0%

Sales in Japan	171,643	44.4%	173,735	44.5%	2,092	1.2%
Overseas sales	215,065	55.6%	216,863	55.5%	1,797	0.8%

Segment		FY ended March 2016		FY ended March 2017		Change	
		Amount	Component ratio	Amount	Component ratio	Amount	%
Operating income		34,408	8.9%	32,370	8.3%	(2,038)	(5.9%)
Ordinary income		33,633	8.7%	36,264	9.3%	2,631	7.8%
Profit attributable to owners of parent		24,068	6.2%	30,078	7.7%	6,010	25.0%

#### (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 North America, China, and Europe, while it fell below the previous year's level in Japan.

Under such circumstances, the Elastomers Business's net sales increased above the previous year's level. This was achieved despite sluggish sales for domestic tires due to a significant increase in the sales volume of SSBR, which came in part from growing exports and the attainment of high-level operations by the first phase facilities for SSBR for fuel-efficient tires at JSR BST Elastomer Co., Ltd. (JBE), a joint venture in Thailand. Operating income also increased above the previous year's level, despite a sluggish elastomer products market resulting from excessive supply in the first half of the year and a worsening of margins (the difference between the selling price and major raw material prices), as profitability improved in the second half of the year due to rising product prices on the back of rising prices for butadiene, which is a raw material, and sales volume expanded.

As a result, the Elastomers Business segment posted operating income of 8,340 million yen (up 11.3% year-on-year) on net sales of 185,345 million yen (up 3.4% year-on-year).

#### <Plastics Business Segment>

The sales volume of plastics increased from the previous year owing to growing sales volume for automobiles, which came on the back of globally robust production of automobile tires, one of the segment's main customer industries. Net sales declined from the previous year, as they were significantly affected by a strong yen and a fall in product prices owing to the drop in raw material costs. Operating income also declined from the previous year due to worsened profitability that was largely a result of a drop in product prices.

As a result, the Plastics Business segment posted operating income of 3,773 million yen (down 26.2% year-on-year) on net sales of 46,035 million yen (down 11.8% year-on-year).

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

Net sales rose from the previous year, but operating income fell below that of the previous year in the Fine Chemicals and Other Products Business segment as a whole.

In the semiconductor materials business, although sales volume grew particularly for cutting-edge photoresists due to healthy growth in demand for semiconductors, net sales decreased from the previous sales, largely as a result of a strong yen. In the display materials business, sales volume increased from the previous year, supported by robust panel production; however, net sales decreased from the previous year due to intensified competition in the materials market and a strong yen. Net sales of the Life Sciences Business grew significantly owing to the JSR Group's making MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. (MBL) a consolidated subsidiary in the latter half of the previous year and increased sales by KBI Biopharma, Inc. (KBI). Operating income fell below the previous year's level, as it was significantly affected by a drop in sales by the Fine Chemicals Business.

As a result, the Fine Chemicals and Other Products Business segment posted operating income of 20,257 million yen (down 7.1% year-on-year) on net sales of 159,218 million yen (up 2.6% year-on-year).

#### (Business Outlook)

The following is the outlook of our main customer industries at a time of uncertainty in global economic trends. JSR forecasts that the production of automobile tires and automobiles in Japan will remain unchanged from the 2016 level, but will grow globally, particularly in China and other Asian countries. The semiconductor market will see growing new demand for cutting-edge semiconductor chips for smartphones, data centers, and the like. The FPD market will also likely see increased production in China as panel production becomes more robust.

In the Elastomers Business, although there is some uncertainty about whether the market recovery that began in the second half of the previous year will stabilize and continue, JSR forecasts growing global demand for the medium and long term. As part of this, we anticipate that demand for SSBR will grow steadily in line with growth in the fuel-efficient tire market. Under such circumstances, we will strive to expand sales globally by adding the newly launched second phase facilities at JBE in Thailand to the first phase facilities, which have attained high-level operations.

In the Fine Chemicals and Other Products Business, our semiconductor materials business will endeavor to increase sales of various semiconductor materials, such as cutting-edge lithography materials, packaging materials, detergents, and CMP materials, amid the expected full-scale mass production of the 10 nm (nanometer) generation, a cutting-edge process. Moreover, we will move toward mass production of EUV (extreme ultraviolet) lithography materials for the 7 nm generation, which will become the next generation, at EUV Resist Manufacturing & Qualification Center N.V. (EUV RMQC), a company that provides manufacturing and quality control services that we established as a joint-venture with imec, an advanced research institute for nanoelectronics in Belgium. We will also strive to increase sales of display materials by starting operations at JSR Micro (Changshu) Co., Ltd., a joint venture manufacturing company in the Chinese market, where growth is particularly expected, while simultaneously proceeding with business reforms to secure business revenues as materials

become more generalized and competition intensifies. In the Life Sciences Business, we will expand KBI's contract development and manufacturing business for biopharmaceuticals, and focus on expanding sales of Amsphere™ A3, a carrier for antibody purification expected to see growing demand in the future. We will also strive to expand global sales of in vitro diagnostics and research drugs at MBL.

For FY ending March 2018, JSR forecasts consolidated sales revenue of 405,000 million yen, operating income of 35,000 million yen, and profit for the year attributable to owners of parent of 26,500 million yen. These forecasts assume an exchange rate of 110 yen per U.S. dollar and a naphtha price of 40,000 yen per kiloliter.

The consolidated performance forecasts for FY ending March 2018 are calculated based on the International Financial Reporting Standards (IFRS), which the JSR Group decided to voluntarily adopt beginning with first three months of FY ending March 2018. Accordingly, rates of change from the performance values of FY ended March 2017, for which Japanese standards were used, are not provided here.

## **(2) Analysis of Financial Position**

(Analysis of Assets, Liabilities, and Net Assets)

Total assets as of March 31, 2017 amounted to 576,016 million yen, up 59,657 million yen from a year earlier.

Current assets totaled 348,212 million yen, up 47,680 million yen, due to an increase in cash and deposits and notes and accounts receivable-trade, despite a decrease in securities.

Non-current assets totaled 227,805 million yen, up 11,977 million yen, due to an increase in property, plant and equipment.

Total liabilities amounted to 199,302 million yen, up 45,296 million yen from a year earlier, due to an increase in notes and accounts payable-trade and long-term loans payable.

In net assets, shareholders' equity amounted to 335,940 million yen, up 6,519 million yen. Accumulated other comprehensive income increased by 1,730 million yen to 25,454 million yen. Consequently, total net assets (the total of shareholders' equity, accumulated other comprehensive income, subscription rights to shares, and non-controlling interests) amounted to 376,715 million yen, up 14,361 million yen from a year earlier.

(Analysis of Cash Flows)

Cash and cash equivalents ("funds") as of March 31, 2017 stood at 97,416 million yen, up 8,021 million yen from a year earlier.

Net cash provided by operating activities amounted to 47,506 million yen, down 622 million yen from the previous year. The main factors included income before income taxes of 38,327 million yen, an increase in notes and accounts payable of 21,407 million yen, depreciation of 14,676 million yen, and increase in trade receivables of 13,068 million yen.

Net cash used in investing activities totaled 41,807 million yen, up 22,769 million yen from the previous year. The main factors were 33,727 million yen in the purchase of non-current assets, 19,714 million yen in expenditures purchases from an increase in time deposits, and 5,417 million yen in proceeds from sales of deposits and securities.

Net cash used in financing activities totaled 3,510 million yen, down 12,750 million yen from the previous year. The main factors were 24,034 million yen in proceeds from long-term loans payable, 11,200 million yen in cash dividends, 8,098 million yen in expenditure from the acquisition of subsidiary shares that was not due to changes in the scope of consolidation, and 5,285 million yen in expenditure from repayment of long-term loans payable.

### **(3) Basic Policy on Profit Allocation and Dividends for the Fiscal Year ended March 31, 2017 and the Fiscal Year ending March 31, 2018**

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 a 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 businesses, contributing to the enhancement of corporate value.

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 2017 will be 50.00 yen per share.

With regard to the dividend for the next fiscal year (FY ending March 2018), JSR plans to pay 50.00 yen annually (an interim dividend of 25.00 yen and a year-end dividend of 25.00 yen), taking into account the business outlook.



## 2. Information on the JSR Group

The JSR Group consists of JSR Corporation, 55 subsidiaries and 17 affiliated companies. The main businesses and the relationships between JSR and the main subsidiaries and affiliated companies are as follows:

Business segment	Main products	Main subsidiaries and affiliated companies
Elastomers Business	Synthetic rubber and compounded products  Thermoplastic elastomers and processed products  Emulsion products and processed products	JSR Corporation ELASTOMIX Co., Ltd. ELASTOMIX (THAILAND) CO., LTD. ELASTOMIX (FOSHAN) CO., LTD. PT. ELASTOMIX INDONESIA JSR BST Elastomer Co., Ltd. JSR MOL Synthetic Rubber Ltd. Tianjin Kuo Cheng Rubber Industry Co., Ltd.* Japan Butyl Co., Ltd.* Kumho Polychem Co., Ltd.* KRATON JSR ELASTOMERS K.K.* Emulsion Technology, Co., Ltd. JSR Trading Co., Ltd. JSR Trading, Inc. JSR Trading Bangkok Co., Ltd. JSR Trading (Shanghai) Co., Ltd. JSR (Shanghai) Co., Ltd. JSR Elastomer Korea Co., Ltd. JSR Elastomer Europe GmbH
Plastics Business	Synthetic resins including ABS resin, etc.	Techno Polymer Co., Ltd. JAPAN COLORING CO., LTD., Techno Polymer Hong Kong Co., Ltd. Techno Polymer (Thailand) Co., Ltd. Techno Polymer (Shanghai) Co., Ltd. Techno Polymer Guangzhou Co., Ltd. TECHNO POLYMER AMERICA, INC. Techno Europe N.V. JSR Trading Co., Ltd.
Fine Chemicals and Other Products Business	Semiconductor materials  Display materials  Optical materials	JSR Corporation JSR Micro Kyushu Co., Ltd. JSR Micro N.V. JSR Micro, Inc. JSR Micro Korea Co., Ltd. JSR Micro Taiwan Co., Ltd. JSR Electronic Materials Korea Co., Ltd.* JSR (Shanghai) Co., Ltd. Emulsion Technology, Co., Ltd. D-MEC Ltd. JAPAN FINE COATINGS Co., Ltd.* JSR Micro (Changshu) Co., Ltd.
	Life Sciences Business and others	JSR Corporation JM Energy Corporation JSR Life Sciences Corporation J & W Beijing Biotech Co., Ltd. KBI Biopharma, Inc. MEDICAL & BIOLOGICAL LABORATORIES CO., LTD. JSR Micro N.V. JSR Micro, Inc. JSR Trading Co., Ltd. JSR Trading, Inc. JSR Trading (Shanghai) Co., Ltd. JSR (Shanghai) Co., Ltd.
Common		JSR Logistics & Customer Center CO., Ltd. JEY-TRANS CO., LTD.* JSR ENGINEERING CO., LTD. JSR Business Services Co., Ltd. JN System Partners Co., Ltd.*

(Notes)

1. In the case where a company is engaged in several businesses, it is listed for each business segment.
2. Companies marked with \* (asterisk) are affiliated companies.
3. Concerning the details of the main products of each business segment, please refer to (Segment Information, etc.), [Segment information], 1. Overview of reporting segments: Main Products of each Business Segment on page 18.

### **3. Basic Approach to the Selection of Accounting Standards**

The JSR Group has voluntarily adopted the International Financial Reporting Standards (IFRS) beginning with the first three months of FY ending March 2017 to improve the international comparability of financial information in the capital market.

#### 4. Consolidated Financial Statements

##### (1) Consolidated Balance Sheets

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	52,081	98,933
Notes and accounts receivable - trade, net	77,878	90,695
Securities	60,010	42,000
Inventories	77,458	81,918
Other	33,104	34,667
Total current assets	300,532	348,212
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	34,809	33,903
Machinery, equipment and vehicles, net	37,058	53,507
Land	17,135	15,734
Construction in progress	17,944	18,804
Other, net	5,745	8,212
Total property, plant and equipment	112,693	130,160
Intangible assets		
Goodwill	9,788	8,817
Other	6,875	8,369
Total intangible assets	16,663	17,186
Investments and other assets		
Investment securities	67,877	61,684
Net defined benefit asset	—	373
Other	18,592	18,401
Total investments and other assets	86,470	80,459
Total non-current assets	215,827	227,805
Total assets	516,359	576,016

(Unit: million yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	53,836	75,026
Short-term loans payable	20,840	23,740
Income taxes payable	1,915	8,360
Other	32,730	32,536
Total current liabilities	109,322	139,663
Non-current liabilities		
Long-term loans payable	22,249	38,381
Net defined benefit liability	15,180	13,904
Other	7,254	7,354
Total non-current liabilities	44,683	59,639
<b>Total liabilities</b>	<b>154,005</b>	<b>199,302</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	23,320	23,320
Capital surplus	25,179	17,469
Retained earnings	281,877	300,547
Treasury shares	(956)	(5,396)
Total shareholders' equity	329,420	335,940
Accumulated other comprehensive income		
Unrealized gains on securities, net of taxes	15,231	17,311
Foreign currency translation adjustment	9,307	7,231
Remeasurements of defined benefit plans	(814)	913
Total accumulated other comprehensive income	23,724	25,454
Subscription rights to shares	930	912
Non-controlling interests	8,278	14,409
<b>Total net assets</b>	<b>362,353</b>	<b>376,715</b>
<b>Total liabilities and net assets</b>	<b>516,359</b>	<b>576,016</b>

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

### Consolidated Statements of Income

(Unit: million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	386,709	390,599
Cost of sales	280,175	274,614
Gross profit	106,533	115,985
Selling, general and administrative expenses		
Selling expenses	17,993	18,877
General and administrative expenses	54,131	64,737
Total selling, general and administrative expenses	72,125	83,615
Operating profit	34,408	32,370
Non-operating income		
Dividend income	1,142	1,143
Foreign exchange gains	–	1,676
Equity in earnings of affiliated companies	1,848	714
Gain on investments in partnership	322	1,188
Other	1,480	1,680
Total non-operating income	4,794	6,400
Non-operating expenses		
Interest expenses	526	699
Loss on abandonment of non-current assets	254	283
Foreign exchange losses	3,036	–
Other	1,751	1,525
Total non-operating expenses	5,568	2,506
Ordinary profit	33,633	36,264
Extraordinary income		
Gain on sales of non-current assets	–	630
Gain on sales of investment securities	633	2,868
Gain on sales of shares of subsidiaries and associates	–	939
Gain on transfer of business	–	749
Gain on step acquisitions	1,757	–
Total extraordinary income	2,391	5,187
Extraordinary losses		
Loss on valuation of shares of subsidiaries and associates	–	598
Loss on valuation of investment securities	52	415
Impairment loss	7,539	2,111
Other	1,066	–
Total extraordinary losses	8,658	3,124
Profit before income taxes	27,366	38,327
Income taxes - current	5,073	9,938
Income taxes - deferred	(36)	(1,901)
Total income taxes	5,036	8,037
Profit	22,330	30,291
Profit (loss) attributable to non-controlling interests	(1,738)	213
Profit attributable to owners of parent	24,068	30,078

## Consolidated Statements of Comprehensive Income

(Unit: million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	22,330	30,291
Other comprehensive income		
Unrealized gains on securities, net of taxes	(3,990)	2,058
Foreign currency translation adjustment	(4,319)	(730)
Remeasurements of defined benefit plans, net of tax	(907)	1,676
Share of other comprehensive income of entities accounted for using equity method	(1,187)	(1,130)
Total other comprehensive income	(10,404)	1,874
Comprehensive income	11,925	32,165
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,043	32,330
Comprehensive income attributable to non-controlling interests	(2,117)	(165)

### (3) Consolidated Statements of Changes in Net Assets

Fiscal year ended March 31, 2016

(Unit: million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,320	25,179	291,151	(15,329)	324,321
Changes of items during period					
Dividends of surplus			(10,241)		(10,241)
Profit attributable to owners of parent			24,068		24,068
Purchase of treasury shares				(8,997)	(8,997)
Disposal of treasury shares			(24)	51	27
Retirement of treasury shares			(23,318)	23,318	–
Change of scope of consolidation			242		242
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net changes of items other than shareholders' equity					–
Total changes of items during period	–	–	(9,273)	14,372	5,099
Balance at end of current period	23,320	25,179	281,877	(956)	329,420

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains on securities, net of taxes	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	19,257	14,575	148	33,981	852	5,518	364,673
Changes of items during period							
Dividends of surplus							(10,241)
Profit attributable to owners of parent							24,068
Purchase of treasury shares							(8,997)
Disposal of treasury shares							27
Retirement of treasury shares							–
Change of scope of consolidation							242
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net changes of items other than shareholders' equity	(4,025)	(5,268)	(963)	(10,257)	77	2,760	(7,419)
Total changes of items during period	(4,025)	(5,268)	(963)	(10,257)	77	2,760	(2,320)
Balance at end of current period	15,231	9,307	(814)	23,724	930	8,278	362,353

Fiscal year ended March 31, 2017

(Unit: million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	23,320	25,179	281,877	(956)	329,420
Changes of items during period					
Dividends of surplus			(11,202)		(11,202)
Profit attributable to owners of parent			30,078		30,078
Purchase of treasury shares				(4,526)	(4,526)
Disposal of treasury shares		8		87	94
Retirement of treasury shares					-
Change of scope of consolidation			(207)		(207)
Change in ownership interest of parent due to transactions with non-controlling interests		(7,718)			(7,718)
Net changes of items other than shareholders' equity					-
Total changes of items during period		(7,711)	18,669	(4,439)	6,519
Balance at end of current period	23,320	17,469	300,547	(5,396)	335,940

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Unrealized gains on securities, net of taxes	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	15,231	9,307	(814)	23,724	930	8,278	362,353
Changes of items during period							
Dividends of surplus							(11,202)
Profit attributable to owners of parent							30,078
Purchase of treasury shares							(4,526)
Disposal of treasury shares							94
Retirement of treasury shares							-
Change of scope of consolidation							(207)
Change in ownership interest of parent due to transactions with non-controlling interests							(7,718)
Net changes of items other than shareholders' equity	2,079	(2,077)	1,727	1,730	(18)	6,130	7,842
Total changes of items during period	2,079	(2,077)	1,727	1,730	(18)	6,130	14,361
Balance at end of current period	17,311	7,231	913	25,454	912	14,409	376,715



#### (4) Consolidated Statements of Cash Flows

(Unit: million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	27,366	38,327
Depreciation	18,508	14,676
Interest and dividend income	(1,379)	(1,369)
Interest expenses	526	699
Equity in (earnings) losses of affiliated companies	(1,848)	(714)
Loss (gain) on step acquisitions	(1,757)	–
Loss (gain) on investments in partnership	(322)	(1,188)
Impairment loss	7,539	2,111
Loss (gain) on sales of investment securities	(633)	(2,868)
Decrease (increase) in notes and accounts receivable - trade	4,831	(13,068)
Decrease (increase) in inventories	1,677	(4,558)
Increase (decrease) in notes and accounts payable - trade	(17,159)	21,407
Other, net	19,370	(5,302)
Subtotal	56,717	48,153
Interest and dividend income received	1,962	2,127
Interest expenses paid	(341)	(531)
Income taxes paid	(10,209)	(4,100)
Income taxes refund	–	1,858
Net cash provided by (used in) operating activities	48,128	47,506
Cash flows from investing activities		
Decrease (increase) in time deposits	7,997	(19,714)
Net decrease (increase) in short-term investment securities	3,500	4,500
Purchase of non-current assets	(27,052)	(33,727)
Proceeds from sales of non-current assets	50	1,368
Proceeds from transfer of business	–	772
Purchase of investment securities	(930)	(1,766)
Proceeds from sales of investment securities	1,285	5,417
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	3,954	–
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	–	(98)
Purchase of shares of subsidiaries and associates	(6,025)	(1,140)
Proceeds from sales of shares of subsidiaries and associates	779	1,249
Payments for investments in capital of subsidiaries and associates	(1,273)	–
Payments of loans receivable	(5,266)	(294)
Collection of loans receivable	3,113	1,549
Other, net	827	77
Net cash provided by (used in) investing activities	(19,038)	(41,807)

(Unit: million yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,767)	952
Repayments of long-term loans payable	(2,787)	(5,285)
Proceeds from long-term loans payable	7,372	24,034
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(8,098)
Proceeds from share issuance to non-controlling shareholders	1,433	1,141
Purchase of treasury shares	(8,997)	(4,526)
Cash dividends paid	(10,241)	(11,200)
Dividends paid to non-controlling interests	(35)	(81)
Other, net	(235)	(448)
Net cash provided by (used in) financing activities	(16,260)	(3,510)
Effect of exchange rate change on cash and cash equivalents	(1,341)	(1,755)
Net increase (decrease) in cash and cash equivalents	11,488	434
Cash and cash equivalents at beginning of period	77,906	89,394
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	7,587
Cash and cash equivalents at end of period	89,394	97,416

**(5) Notes regarding Consolidated Financial Statements**  
**(Notes regarding Assumptions of Going Concern)**

Not applicable.

**(Changes in Accounting Policies)**

(Changes in Accounting Policies that are Difficult to Differentiate from Changes in Accounting Estimates)

(Changes in the Depreciation Method for Property, Plant and Equipment)

Heretofore, JSR and some consolidated subsidiaries have used the declining-balance method for depreciation of property, plant and equipment (excluding leased assets) (except in the case of buildings [excluding buildings and accompanying facilities acquired on or after April 1, 1998], for which the straight-line method has been used). However, this method was changed to the straight-line method starting with the fiscal year ended March 31, 2017.

We are actively developing our businesses globally based on the Mid-Term Business Plan, and beginning this fiscal year, we are proceeding with full-scale overseas investment in areas that include building new production and sales bases and expanding production capacity outside of Japan. With this change in resource allocation, we reexamined the JSR Group's depreciation method and consequently decided that uniformly applying the straight-line method is appropriate. This decision was made because, in general, the JSR Group's property, plants and equipment can be used in a long-term and stable manner through the technical establishment of production facilities and product development, and thus the straight-line method is more compatible in view of actual economic circumstances, and because it is thought that unification to the straight-line method will help promote JSR's globalization by contributing to cost comparison among Group companies and, by extension, to decision-making concerning resource allocation, and, simultaneously, by facilitating performance comparisons with multinational companies that do business globally.

With this change, operating income, ordinary income, and income before income taxes will each increase by 3,273 million yen compared to the previous method.

## (Segment Information, etc.)

### [Segment Information]

#### 1. Overview of reporting segments

JSR's reporting segments are components of the Company for which separate financial information is available. These segments are subject to regular reviews by the Board of Directors to decide the distribution of managerial resources and evaluate business results.

The Company has established divisions by product at its head office. Each division formulates comprehensive domestic and overseas strategies for its products and conducts business activities according to the strategies. In the Plastics Business, core Group companies take the initiative in working out comprehensive domestic and overseas strategies for its products 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. Its reporting segments include the Elastomers Business, the Plastics Business, and the Fine Chemicals and Other Products Business.

The Elastomers Business mainly includes 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. The Plastics Business mainly engages in the manufacture and sale of ABS resins, etc., for automobiles, OA equipment, and amusement machines. The Fine Chemicals and Other Products Business mainly conducts the manufacture and sale of semiconductor materials, display materials, and optical materials.

#### Main Products of 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 dispersant, 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	<Semiconductor Materials> Lithography materials (photoresists, multilayer materials), CMP materials, packaging materials, etc. <Display Materials> Materials for color LCDs, anti-reflection coatings, functional coating materials, etc. <Optical Materials> Heat-resistant transparent resin and functional films, coating materials for optical fibers, photo fabrication and photo molding systems, etc. <Life Sciences Business and Others> Life Sciences (materials for diagnostic reagents, bio-process materials), lithium-ion capacitors, etc.

#### 2. Methods of calculating the amount of net sales, profit or loss, assets, liabilities and other items by reporting segment

The accounting methods for reported business segments are noted in amounts based on accounting standards adopted for preparation of consolidated financial statements.

Figures for income of the reporting segments are on an operating income basis.

Inter-segment sales and transfers are based on prevailing market prices.

3. Information on the amount of net sales, profit or loss, assets, liabilities, and other items by reporting segment

FY ending March 2016 (April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Reportable segment				Adjustment	Amounts posted in consolidated financial statements
	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total		
Net sales						
Sales to outside customers	179,252	52,206	155,249	386,709	-	386,709
Inter-segment sales or transfer	3,733	-	-	3,733	(3,733)	-
Total	182,986	52,206	155,249	390,443	(3,733)	386,709
Segment income (Operating income)	7,491	5,113	21,802	34,408	-	34,408
Segment assets	221,028	32,842	156,412	410,283	106,075	516,359
Other items						
Depreciation and amortization	7,661	1,051	9,795	18,508	-	18,508
Increase in property, plant and equipment and intangible assets	15,278	837	8,160	24,276	-	24,276

FY ending March 2017 (April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Reportable segment				Adjustment	Amounts posted in consolidated financial statements
	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total		
Net sales						
Sales to outside customers	185,345	46,035	159,218	390,599	-	390,599
Inter-segment sales or transfer	3,786	-	-	3,786	(3,786)	-
Total	189,131	46,035	159,218	394,384	(3,786)	390,599
Segment income (Operating income)	8,340	3,773	20,257	32,370	-	32,370
Segment assets	265,434	33,644	166,741	465,819	110,198	576,016
Other items						
Depreciation and amortization	6,401	669	7,606	14,676	-	14,676
Increase in property, plant and equipment and intangible assets	20,709	1,189	9,887	31,785	-	31,785

4. The difference between the total amount in the reporting segments and the amount posted in the consolidated financial statements, and the key details of said difference (matters related to the adjustment of differences)

The total amount of profits of the reporting segments coincides with the operating income of the consolidated financial statements.

In addition, since the total amount of assets of the reporting segments does not coincide with the total assets of the consolidated balance sheet, the differences are shown as adjustments. The adjustments are corporate assets, which include investment of surplus funds (deposits and securities) and long-term investment funds investment securities) by the parent company.

[Related information]

FY ended March 2016 (April 1, 2015 to March 31, 2016)

1. Information by product or service

Since similar information is provided in the segment information, information by product or service is omitted.

2. Geographic information

(1) Net sales

(Unit: million yen)

Japan	South Korea	China	Other regions	Total
171,643	41,156	48,156	125,753	386,709

(Note) Net sales are divided into countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Unit: million yen)

Japan	Thailand	Other regions	Total
72,549	27,193	12,950	112,693

3. Information by major customer

Since no customer accounts for more than 10% of net sales on the consolidated statements of income, information by major customer is omitted.

FY ended March 2017 (April 1, 2016 to March 31, 2017)

1. Information by product or service

Since similar information is provided in the segment information, information by product or service is omitted.

2. Geographic information

(1) Net sales

(Unit: million yen)

Japan	China	Other regions	Total
173,735	47,985	168,878	390,599

(Note) Net sales are divided into countries or regions based on the locations of customers.

(2) Property, plant and equipment

(Unit: million yen)

Japan	Thailand	Hungary	Other regions	Total
73,466	27,402	14,585	14,707	130,160

3. Information by major customer

Since no customer accounts for more than 10% of net sales on the consolidated statements of income, information by major customer is omitted.

[Information on impairment loss on non-current assets by reporting segment]

FY ended March 2016 (April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total
Impairment loss	-	-	7,539	7,539

FY ended March 2017 (April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total
Impairment loss	-	-	2,111	2,111

[Information on amortization of goodwill and unamortized balance by reporting segment]

FY ended March 2016 (April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total
Amortization for FY ended March 2016	-	44	400	445
Balance at the end of FY ended March 2016	-	584	9,203	9,788

FY ended March 2017 (April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Elastomers Business	Plastics Business	Fine Chemicals and Other Products Business	Total
Amortization for FY ended March 2017	-	45	520	565
Balance at the end of FY ended March 2017	-	540	8,278	8,817

[Information on gain on negative goodwill by reporting segment]

Not applicable.

**(Per Share Information)**

	FY ended March 2016 (As of March 31, 2016)	FY ended March 2017 (As of March 31, 2017)
Net assets per share	1,565.45 yen	1,624.14 yen
Net income per share, basic	105.87 yen	134.43 yen
Net income per share, diluted	105.60 yen	134.04 yen

(Note) 1. Values used for calculating net assets per share are as follows:

	FY ended March 2016 (As of March 31, 2016)	FY ended March 2017 (As of March 31, 2017)
Total net assets (million yen)	362,353	376,715
Amounts deducted from total net assets (million yen)	9,208	15,321
(Of which subscription rights to shares (million yen))	(930)	(912)
(Of which minority interests (million yen))	(8,278)	(14,409)
Net assets at the end of the fiscal year attributable to common stock (million yen)	353,144	361,394
Number of common stock at the end of the fiscal year used for calculating net assets per share (1,000 shares)	225,586	222,514

(Note) 2. Values used for calculating earnings per share and diluted earnings per share are as follows:

	FY ended March 2016 (As of March 31, 2016)	FY ended March 2017 (As of March 31, 2017)
Net income per share, basic		
Net income (million yen)	24,068	30,078
Net income not attributable to common stock shareholders (million yen)	-	-
Net income attributable to common stock (million yen)	24,068	30,078
Average shares outstanding during the year (1,000 shares)	227,345	223,743
Net income per share, diluted		
Net income adjustment (million yen)	-	-
Increase in common stock (1,000 shares)	584	652
(Of which subscription rights to shares (1,000 shares))	(584)	(652)
Potentially issuable shares not included in the calculation of net income per share diluted, because no diluting effect arises	-	-

**(Material Subsequent Events)**

Not applicable.



**(Additional Information)**

Conclusion of a shareholders agreement (company split) related to integration of the ABS resin business  
On March 30, 2017, the three companies of JSR Corporation (hereinafter “JSR”), Ube Industries, Ltd. (hereinafter “UBE”), and Mitsubishi Rayon Co., Ltd. (hereinafter “MRC”) signed a shareholders agreement concerning integration of the ABS resin businesses of Techno Polymer Co., Ltd. (hereinafter “TPC”), a wholly-owned subsidiary of JSR, and UMG ABS, Ltd. (hereinafter “UMG”), which is equally owned by UBE (50%) and MRC (50%), with a scheduled effective date of October 1, 2017, and the joint operation of the new company following the integration by the above-mentioned parties.

The integration will take the form of an absorption-type split, with UMG being the absorbed company and TPC being the successor company. Upon completing the absorption-type split, TPC will allocate common shares to UMG so that, on the day that the absorption-type split takes effect, JSR will own 51% and UMG will own 49% of the issued shares of the new company.

However, the absorption-type split is subject to the completion of procedures stipulated in Japan’s Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, competition laws of other relevant countries, and other relevant laws and regulations.

## **5. Transfer of Directors**

The transfer of directors is undecided. The Company will disclose such matters as soon as they are decided.