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## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2018 (under IFRS)

January 29, 2018

Company name: JSR Corporation  
 Listing: Tokyo Stock Exchange  
 Securities code: 4185  
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Scheduled date to file quarterly securities report: February 9, 2018  
 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly 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 first nine months of the fiscal year ending March 31, 2018 (from April 1, 2017 to December 31, 2017)

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

	Revenue		Operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2017	313,524	11.5	37,152	44.5	38,690	39.5	28,992	31.4
December 31, 2016	281,123	—	25,709	—	27,735	—	22,061	—

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Nine months ended						
December 31, 2017	27,660	24.0	44,471	105.0	124.29	123.93
December 31, 2016	22,300	—	21,698	—	99.50	99.21

### (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
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
December 31, 2017	640,510	410,198	392,280	61.2	1,762.47
March 31, 2017	578,484	376,364	361,889	62.6	1,626.36

### 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	—	25.00	—	25.00	50.00
Fiscal year ending March 31, 2018	—	25.00	—		
Fiscal year ending March 31, 2018 (Forecast)				25.00	50.00

Note: Revisions to the forecast of cash dividends most recently announced: None

**3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018  
(from April 1, 2017 to March 31, 2018)**

(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
Fiscal year ending March 31, 2018	410,000	5.5	43,000	19.6	44,500	16.2	33,500	9.8	31,500	4.2	141.55

Note: Revisions to the earnings forecasts most recently announced: None

**\* 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

- a. Changes in accounting policies required by IFRS: None
- b. Changes in accounting policies due to other reasons: None
- c. 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 December 31, 2017	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 December 31, 2017	3,552,571 shares
As of March 31, 2017	3,560,532 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the nine months ended December 31, 2017	222,540,898 shares
For the nine months ended December 31, 2016	224,114,526 shares

\* Quarterly financial results reports are not required to be subjected to quarterly reviews.

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

The JSR Group has adopted International Financial Reporting Standards (IFRS) from the first three months of the fiscal year ending March 31, 2018. Consolidated financial statements for the nine months ended December 31, 2016, and the fiscal year ended March 31, 2017, are also presented in accordance with IFRS.

*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 quarterly financial results*

The material on quarterly financial results is available on the Company's website on Monday, January 29, 2018.

## Table of Contents for the Attachment

1. Qualitative Information on Quarterly Results .....	2
(1) Explanation of Business Results .....	2
(2) Explanation of Future Forecast Information, such as Forecast of Consolidated Business Results ...	3
2. Condensed Quarterly Consolidated Financial Statements and Notes .....	4
(1) Condensed Quarterly Consolidated Statement of Financial Position .....	4
(2) Condensed Quarterly Consolidated Statement of Profit or Loss .....	6
(3) Condensed Quarterly Consolidated Statement of Comprehensive Income .....	7
(4) Condensed Quarterly Consolidated Statement of Changes in Equity .....	8
(5) Notes on Condensed Quarterly Consolidated Financial Statements .....	9
(Cautionary Notes regarding Assumptions of Going Concern) .....	9
(Reporting Entity) .....	9
(Basis of Preparation) .....	9
(Significant Accounting Policies) .....	10
(Segment Information) .....	11
(Additional Information) .....	11
(Disclosure on Transition to IFRS) .....	12

## 1. Qualitative Information on Quarterly Results

### (1) Explanation of Business Results

Overview of the First Nine Months of the FY ending March 2018 (April 1, 2017 to December 31, 2017)

In JSR Group's main customers' industries, the demand for automobile tires, which has progressed steadily since April, was strong in Japan, China, and elsewhere while demand slid in North America. Demand in the semiconductor market expanded, and the flat panel display market was also firm.

Under these circumstances, JSR Group has focused in the Elastomers Business and the Plastics Business on expanding global sales of products with advantages in technological competitiveness. In the Fine Chemicals and Other Products Business, the Group has promoted sales of semiconductor materials applicable to cutting-edge technologies as well as greater sales of display materials in the Chinese market where strong growth is expected. The Group has also focused on expansion of the Life Sciences Business, positioned as a new core business following these businesses.

In the first nine months of the FY ending March 2018, the Company reported revenue of 313,524 million yen (up 11.5% year-on-year), operating profit of 37,152 million yen (up 44.5% year-on-year), and profit attributable to owners of parent of 27,660 million yen (up 24.0% year-on-year).

(Unit: Millions of yen)

Segment	3rd Quarter of FY ended March 2017 (Apr. 1 to Dec. 31, 2016)		3rd Quarter of FY ending March 2018 (Apr. 1 to Dec. 31, 2017)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio
Revenue						
Elastomers	131,290	46.7%	145,467	46.4%	14,178	10.8%
Plastics	33,439	11.9%	38,754	12.4%	5,314	15.9%
Fine Chemicals and Other Products	116,393	41.4%	129,303	41.2%	12,910	11.1%
Total	281,123	100.0%	313,524	100.0%	32,401	11.5%
Revenue in Japan	126,492	45.0%	136,735	43.6%	10,243	8.1%
Overseas revenue	154,631	55.0%	176,789	56.4%	22,158	14.3%
Segment	3rd Quarter of FY ended March 2017 (Apr. 1 to Dec. 31, 2016)		3rd Quarter of FY ending March 2018 (Apr. 1 to Dec. 31, 2017)		Change	
	Amount	Component Ratio	Amount	Component Ratio	Amount	Component Ratio
Operating profit	25,709	9.1%	37,152	11.8%	11,443	44.5%
Profit attributable to owners of parent	22,300	7.9%	27,660	8.8%	5,360	24.0%

(i) Elastomers Business Segment

The sales volume in the Elastomers Business declined somewhat from the same period of the previous year on a cumulative basis, although the sales volume has been trending upwards. On the other hand, revenue was up from the same period of the previous year because product prices were raised to reflect increases in raw material prices at the end of the previous FY.

Operating profit increased because of improved profit margin from higher sale prices, despite increased costs caused by the rise in raw material prices.

Consequently, the Elastomers Business segment posted an operating profit of 13,159 million yen (up 141.0% year-on-year) on revenue of 145,467 million yen (up 10.8% year-on-year) in the first nine months of the FY ending March 2018.

(ii) Plastics Business Segment

The sales of plastics were up from the same period of the previous year, by an increase in sales volume making favorable progress particularly in overseas automotive applications. Revenue was up from the same period of the previous year because, in addition to the higher sales volume, product prices were raised to reflect increases in raw material prices.

Operating profit increased because of improved profitability from the greater sales volume and higher product prices, despite increased costs caused by the rise in raw material prices.

Consequently, the Plastics Business segment posted an operating profit of 4,956 million yen (up 78.9% year-on-year) on revenue of 38,754 million yen (up 15.9% year-on-year) in the first nine months of the FY ending March 2018.

(iii) Fine Chemicals and Other Products Business Segment

Revenue for the entire Fine Chemicals and Other Products Business segment increased from the same period of the previous year. The increase in revenue was driven by a sharp rise in the sales volume of semiconductor materials due to particularly favorable growth in the semiconductor market, and by business expansion in the Life Sciences Business.

Operating profit for the entire Fine Chemicals and Other Products Business segment climbed, driven by higher profits along with increased revenue from semiconductor materials.

Consequently, the Fine Chemicals and Other Products Business segment posted an operating profit of 19,037 million yen (up 8.9% year-on-year) on revenue of 129,303 million yen (up 11.1% year-on-year) in the first nine months of the FY ending March 2018.

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

There are no changes from the forecast of consolidated business results released on October 23, 2017.

2. Condensed Quarterly Consolidated Financial Statements and Notes  
(1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)		
	IFRS Transition Date As of April 1, 2016	As of March 31, 2017	As of December 31, 2017
Assets			
Current assets			
Cash and cash equivalents	97,283	97,416	113,115
Trade and other receivables	91,034	111,130	123,656
Inventories	77,857	81,918	90,016
Other financial assets	28,868	44,970	16,654
Other current assets	9,101	8,695	7,712
Total current assets	304,142	344,128	351,153
Non-current assets			
Property, plant and equipment	120,612	131,748	154,864
Goodwill	9,354	9,331	19,931
Other intangible assets	8,133	9,190	10,157
Investments accounted for using equity method	23,206	21,712	24,188
Retirement benefit asset	–	373	783
Other financial assets	47,185	46,529	64,739
Other non-current assets	5,819	7,129	7,129
Deferred tax assets	7,481	8,343	7,565
Total non-current assets	221,790	234,355	289,358
Total assets	525,933	578,484	640,510

(Millions of yen)

	IFRS Transition Date As of April 1, 2016	As of March 31, 2017	As of December 31, 2017
<b>Liabilities and equity</b>			
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	77,984	95,037	107,732
Borrowings	20,793	23,740	22,681
Income taxes payable	1,948	8,360	2,992
Other financial liabilities	546	626	756
Other current liabilities	10,191	11,357	10,175
Total current liabilities	<u>111,461</u>	<u>139,120</u>	<u>144,337</u>
Non-current liabilities			
Borrowings	22,245	38,381	56,382
Retirement benefit liability	15,180	13,904	14,475
Other financial liabilities	2,534	2,005	1,755
Other non-current liabilities	2,448	2,278	2,410
Deferred tax liabilities	6,223	6,432	10,954
Total non-current liabilities	<u>48,630</u>	<u>63,000</u>	<u>85,975</u>
Total liabilities	<u>160,091</u>	<u>202,120</u>	<u>230,312</u>
<b>Equity</b>			
Equity attributable to owners of parent			
Share capital	23,320	23,320	23,370
Capital surplus	26,110	18,441	18,529
Retained earnings	288,147	309,517	326,217
Treasury shares	(957)	(5,396)	(5,384)
Other components of equity	15,569	16,006	29,548
Total equity attributable to owners of parent	<u>352,189</u>	<u>361,889</u>	<u>392,280</u>
Non-controlling interests	<u>13,653</u>	<u>14,475</u>	<u>17,918</u>
Total equity	<u>365,842</u>	<u>376,364</u>	<u>410,198</u>
Total liabilities and equity	<u>525,933</u>	<u>578,484</u>	<u>640,510</u>

(2) Condensed Quarterly Consolidated Statement of Profit or Loss

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Revenue	281,123	313,524
Cost of sales	(197,865)	(213,944)
Gross profit	83,257	99,580
Selling, general and administrative expenses	(60,818)	(64,119)
Other operating income	3,685	1,888
Other operating expenses	(1,257)	(968)
Share of profit of investments accounted for using equity method	842	771
Operating profit	25,709	37,152
Finance income	2,491	2,281
Finance costs	(465)	(743)
Profit before tax	27,735	38,690
Income taxes	(5,674)	(9,698)
Profit	22,061	28,992
Profit attributable to:		
Owners of parent	22,300	27,660
Non-controlling interests	(238)	1,333
Total	22,061	28,992
Earnings per share		
Basic earnings per share (Yen)	99.50	124.29
Diluted earnings per share (Yen)	99.21	123.93



### (3) Condensed Quarterly Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended December 31, 2016	Nine months ended December 31, 2017
Profit	22,061	28,992
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	2,461	10,873
Share of other comprehensive income of entities accounted for using equity method	5	(6)
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	257	56
Exchange differences on translation of foreign operations	(952)	4,168
Share of other comprehensive income of entities accounted for using equity method	(2,133)	388
Total other comprehensive income, net of tax	(363)	15,479
Total comprehensive income	21,698	44,471
Comprehensive income attributable to:		
Owners of parent	22,100	42,086
Non-controlling interests	(401)	2,384
Total	21,698	44,471

(4) Condensed Quarterly Consolidated Statement of Changes in Equity

Cumulative nine months of the previous consolidated fiscal year (April 1, 2016 to December 31, 2016)

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2016	23,320	26,110	288,147	(957)	15,569	352,189	13,653	365,842
Profit			22,300			22,300	(238)	22,061
Other comprehensive income					(200)	(200)	(163)	(363)
Total comprehensive income	—	—	22,300	—	(200)	22,100	(401)	21,698
Share-based payment transactions		12				12		12
Dividends			(11,202)			(11,202)	(37)	(11,238)
Changes in treasury shares		8		(4,477)		(4,469)		(4,469)
Transfer from other components of equity to retained earnings			1,272		(1,272)	—		—
Changes in non-controlling interests		(7,672)			5	(7,666)	(399)	(8,066)
Other movements			37			37	11	48
Total transactions with owners, etc.	—	(7,652)	(9,892)	(4,477)	(1,267)	(23,288)	(425)	(23,713)
Balance at December 31, 2016	23,320	18,458	300,555	(5,434)	14,102	351,000	12,826	363,826

Cumulative nine months of the current consolidated fiscal year (April 1, 2017 to December 31, 2017)

(Millions of yen)

	Equity attributable to owners of parent					Total	Non-controlling interests	Total equity
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity			
Balance at April 1, 2017	23,320	18,441	309,517	(5,396)	16,006	361,889	14,475	376,364
Profit			27,660			27,660	1,333	28,992
Other comprehensive income					14,427	14,427	1,052	15,479
Total comprehensive income	—	—	27,660	—	14,427	42,086	2,384	44,471
Share-based payment transactions	50	51			(55)	46		46
Dividends			(11,127)			(11,127)	(42)	(11,169)
Changes in treasury shares		8		12		20	0	20
Transfer from other components of equity to retained earnings			168		(168)	—		—
Changes in non-controlling interests		28			4	32	111	143
Other movements					(666)	(666)	990	324
Total transactions with owners, etc.	50	87	(10,959)	12	(885)	(11,695)	1,059	(10,636)
Balance at December 31, 2017	23,370	18,529	326,217	(5,384)	29,548	392,280	17,918	410,198

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Cautionary Notes regarding Assumptions of Going Concern)

Not applicable

(Reporting Entity)

JSR Corporation (the “Company”) is incorporated in Japan. The condensed quarterly consolidated financial statements comprise the Company and its subsidiaries (collectively, the “Group”). The Group is primarily engaged in the Elastomers Business, the Plastics Business, and the Fine Chemicals and Other Products Business, as well as businesses related to these. The Group’s products are wide-ranging. See Page 11 — (Segment Information) for further details.

(Basis of Preparation)

1. Compliance with Accounting Standards

The Group meets the requirements of a “specified company” set forth in Article 1-2 of the “Ordinance on Quarterly Consolidated Financial Statements.” Accordingly, the Group prepares condensed quarterly consolidated financial statements in accordance with IAS 34 pursuant to the provisions of Article 93 of said Ordinance.

The Group has adopted International Financial Reporting Standards (“IFRS”) from the current FY (April 1, 2017 to March 31, 2018), and the annual consolidated financial statements for the current FY will be the first consolidated financial statements prepared in accordance with IFRS. The date of transition to IFRS was April 1, 2016, and the Group has applied IFRS 1 — *First-time Adoption of International Financial Reporting Standards*. The effects of the transition from Japanese GAAP to IFRS are stated on Page 12 — (Disclosure on Transition to IFRS).

2. Basis for Measurement

The Group’s condensed quarterly consolidated financial statements are prepared by the historical cost model, with the exception of assets pertaining to post-employment benefit plans and financial instruments measured at fair value, etc.

3. Presentation Currency and Units

The Group’s condensed quarterly consolidated financial statements are presented in Japanese yen, the currency of the primary economic environment in which the Company performs business activities (the “functional currency”), with amounts rounded to the nearest million yen.

4. Significant Accounting Estimates and Judgments

In the preparation of condensed quarterly consolidated financial statements, management makes judgments, estimates, and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income, and expenses. However, actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis, and the effects of the review of accounting estimates are recognized in the accounting period in which the review was conducted and in future accounting periods.

Estimates and judgements of management that have significant effect on the Group’s consolidated financial statements are as follows:

- Evaluation of recoverability of property, plant and equipment, goodwill, and other intangible assets

- Evaluation of recoverability of deferred tax assets
- Measurements of defined benefit obligations

5. Matters Related to Early Adoption of New Standards

The Group was in compliance with IFRS effective as of December 31, 2017 and has adopted IFRS 9 — *Financial Instruments* (Revised in July 2014) prior to its effective date.

6. Standards and Interpretations Published But Not Yet Adopted

Of the major new or revised standards and interpretations published prior to the date of authorization of the condensed quarterly consolidated financial statements, the Group is not applying the following standards at the end of the current FY because their application is not yet mandatory. The effects of the application of these standards on the Group are under review and cannot be estimated at the present time.

IFRS Standard	Name of Standard	Mandatory Effective Date (applies to FY beginning on or after this date)	The Group's application FY	Summary of New / Revised Standard
IFRS 15	Revenue from Contracts with Customers	January 1, 2018	Reporting period ending March 2019	Revises accounting related to recognition of revenue (replaces IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18, and SIC-31)
IFRS 16	Leases	January 1, 2019	Reporting period ending March 2020	Revises accounting related to lease contracts (replaces IAS 17, IFRIC 4, SIC-15, and SIC-27)

(Significant Accounting Policies)

The significant accounting policies that apply to the Group's condensed quarterly consolidated financial statements are identical to the accounting policies applied in the first quarter of the FY.

(Segment Information)

I Cumulative nine months of the previous consolidated fiscal year (April 1, 2016 to December 31, 2016)

1. Information on revenue and loss amounts for each reporting segment

	Reporting Segment				(Millions of yen)
	Elastomers	Plastics	Fine Chemicals and Other Products	Total	Amount Recorded in the Condensed Quarterly Consolidated Statement of Profit or Loss
Revenue from external customers	131,290	33,439	116,393	281,123	281,123
Total operating profit	5,460	2,770	17,479	25,709	25,709
Finance income					2,491
Finance costs					(465)
Quarterly profit before tax					27,735

II Cumulative nine months of the current consolidated fiscal year (April 1, 2017 to December 31, 2017)

1. Information on revenue and loss amounts for each reporting segment

	Reporting Segment				(Millions of yen)
	Elastomers	Plastics	Fine Chemicals and Other Products	Total	Amount Recorded in the Condensed Quarterly Consolidated Statement of Profit or Loss
Revenue from external customers	145,467	38,754	129,303	313,524	313,524
Total operating profit	13,159	4,956	19,037	37,152	37,152
Finance income					2,281
Finance costs					(743)
Quarterly profit before tax					38,690

(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)

The Group has adopted IFRS from the current FY and has prepared the current condensed quarterly consolidated financial statement in accordance with IAS 34.

The Significant Accounting Policies stated on Page 10 were applied in the preparation of the condensed quarterly consolidated financial statements for the first nine months of the FY ending March 2018 (April 1 to December 31, 2017) and the first nine months of the FY ended March 2017 (April 1 to December 31, 2016), the consolidated financial statements for the FY ended 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
<b>Assets</b>							<b>Assets</b>
<b>Current assets</b>							<b>Current assets</b>
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
<b>Total current assets</b>	<b>300,532</b>	<b>7,501</b>	<b>(3,891)</b>	<b>-</b>	<b>304,142</b>		<b>Total current assets</b>
<b>Non-current assets</b>							<b>Non-current assets</b>
Property, plant and equipment	112,694	6,067	-	1,851	120,612	A, B	Property, plant and equipment
<b>Intangible assets</b>							
Goodwill	9,788	(434)	-	-	9,354		Goodwill
Others	6,875	260	998	-	8,133		Other intangible assets
<b>Investments and other assets</b>							
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
<b>Total non-current assets</b>	<b>215,827</b>	<b>(963)</b>	<b>3,891</b>	<b>3,034</b>	<b>221,790</b>		<b>Total non-current assets</b>
<b>Total assets</b>	<b>516,360</b>	<b>6,539</b>	<b>-</b>	<b>3,034</b>	<b>525,933</b>		<b>Total assets</b>

(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 the First Nine Months of the FY ended March 2017 (December 31, 2016)

(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	87,229	526	4,312	-	92,068		Cash and cash equivalents
Notes and accounts receivable (net)	92,685	218	18,808	-	111,711		Trade and other receivables
Short-term investment securities	42,000	-	(42,000)	-			
Inventories	77,553	163	-	-	77,716		Inventories
		12	44,680	-	44,692		Other current financial assets
Others	36,359	(20)	(29,178)	-	7,160		Other current assets
Total current assets	335,827	899	(3,379)	-	333,347		Total current assets
Non-current assets							Non-current assets
Property, plant and equipment	129,973	555	-	1,651	132,179	A,B	Property, plant and equipment
Intangible assets							
Goodwill	8,531	610	-	386	9,527	C	Goodwill
Others	8,343	52	839	(1)	9,233		Other intangible assets
Investments and other assets							
Investment securities	61,785	-	(40,535)	(24)	21,226	D	Investments accounted for using equity method
		(29)	47,402	824	48,197	H	Other current financial assets
Others	17,912	14	(11,141)	-	6,785		Other non-current assets
		7	6,813	530	7,350	D,E	Deferred tax assets
Total non-current assets	226,544	1,209	3,379	3,366	234,498		Total non-current assets
Total assets	562,371	2,107	-	3,366	567,844		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	73,162	282	28,034	-	101,478		Trade and other payables
Current borrowings	20,955	(202)	-	-	20,753		Borrowings
		(3)	5,005	-	5,002		Income tax payable
		38	629	297	964	B	Other financial liabilities
Others	43,776	853	(35,506)	1,027	10,150	E	Other current liabilities
Total current liabilities	137,894	967	(1,838)	1,324	138,347		Total current liabilities
Non-current liabilities							Non-current liabilities
Non-current borrowings	38,460	307	-	-	38,767		Borrowings
Retirement benefit liabilities	15,232	-	-	-	15,232		Retirement benefit liabilities
		42	448	1,710	2,200	B,F	Other financial liabilities
Others	7,878	49	(5,452)	-	2,475		Other non-current liabilities
		-	6,841	156	6,997	A,D,H	Deferred tax liabilities
Total non-current liabilities	61,570	398	1,838	1,866	65,671		Total non-current liabilities
Total liabilities	199,463	1,365	-	3,189	204,018		Total liabilities
Net assets							Equity
Common stock	23,320	-	-	-	23,320		Share capital
Capital surplus	17,469	51	928	9	18,458		Capital surplus
Retained earnings	292,835	(64)	-	7,783	300,555	I,J	Retained earnings
Treasury shares	(5,434)	-	-	-	(5,434)		Treasury shares
Accumulated other comprehensive income	21,013	741	-	(7,652)	14,102	F,G,I	Other components of equity
	349,204	729	928	140	351,000		Total equity attributable to owners of parent
Subscription rights to shares	928	-	(928)	-			
Minority interests	12,776	13	-	37	12,826		Non-controlling interests
Total net assets	362,907	742	-	177	363,826		Total equity
Total liabilities and net assets	562,371	2,107	-	3,366	567,844		Total liabilities and equities

## (3) 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

(4) Adjustments to Comprehensive Income in the First Nine Months of the FY ended March 2017 (April 1 to December 31, 2016)

(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	280,374	748	-	-	281,123		Revenue
Cost of sales	(197,603)	(592)	-	330	(197,865)	G	Cost of sales
Gross profit	82,771	156	-	330	83,257		Gross profit
Selling, general and administrative expense	(61,777)	34	-	925	(60,818)	A,C G,E	Selling, general and administrative expenses
		-	3,699	(14)	3,685		Other operating income
		-	(1,257)	-	(1,257)		Other operating expenses
		-	864	(22)	842	D	Share of profit of investments accounted for using equity method
Operating income	20,995	191	3,306	1,218	25,709		Operating profit
Non-operating income	5,727	-	(5,727)	-			
Non-operating expense	(1,725)	-	1,725	-			
Extraordinary losses	3,199	-	(3,199)	-			
		(2)	4,363	(1,870)	2,491	H	Finance income
		14	(468)	(10)	(465)	G,H	Finance costs
Quarterly profit before tax and other adjustments	28,196	202	-	(663)	27,735		Quarterly profit before tax
Corporate, inhabitant, and enterprise taxes	(6,118)	(36)	-	479	(5,674)	D	Income taxes
Income tax - deferred							
Quarterly profit	22,078	167	-	(183)	22,061		Quarterly 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
Quarterly profit	22,078	167	-	(183)	22,061		Quarterly profit
Other comprehensive income							Other comprehensive income
Unrealized gains on securities, net of taxes	1,227	(45)	-	1,279	2,461	H	Net change on financial assets measured at fair value through other comprehensive income
Foreign currency translation adjustment	(2,248)	1,278	-	18	(952)	C	Net change in fair value on cash flow hedges
Remeasurements of defined benefit plans, net of tax	569	-	-	(569)	-	G	Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	(2,129)	-	-	-	(2,129)		Remeasurements of defined benefit liabilities
Total other comprehensive income	(2,581)	1,234	-	985	(363)		Share of other comprehensive income of associates accounted for using equity method
Quarterly comprehensive income	19,497	1,400	-	801	21,698		Total other comprehensive income, net of tax
							Total quarterly comprehensive income

## (5) Adjustments to Comprehensive Income in FY ended March 2017 (April 1, 2016 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)	-	Δ3,916		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	Δ2,506	-	2,506	-			
Extraordinary gains	5,187	-	(5,187)	-			
Extraordinary losses	Δ3,124	-	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	-	Δ16	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
Foreign currency translation adjustment	(730)	412	-	16	(303)	C	Net change in fair value on cash flow hedges
Remeasurements of defined benefit plans, net of tax	1,676	-	-	(758)	918	G	Exchange differences on translation of foreign operations
Share of other comprehensive income of entities accounted for using equity method	(1,130)	-	-	2	(1,128)		Remeasurements of defined benefit liabilities
Total other comprehensive income	1,874	412	-	278	2,564		Share of other comprehensive income of associates accounted for using equity method
Comprehensive income	32,165	655	-	262	33,082		Total other comprehensive income, net of tax
							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)	3rd Quarter of FY ended March 2017 (December 31, 2016)	FY ended March 2017 (March 31, 2017)
Adjustments related to the change in reporting date / change in consolidation range (See (1))	(411)	(64)	-
Adjustments related to government grants (See A)	(219)	(184)	(187)
Adjustments related to the amortization of goodwill (See C)	-	368	495
Adjustments related to deferred tax assets and deferred tax liabilities (See D)	43	185	68
Adjustments related to levies (See E)	(709)	(709)	(699)
Adjustments related to changes in immediate recognition and accounting methods for actuarial differences in defined benefit plans (See G)	(815)	(241)	913
Adjustments related to the amount of exchange differences on translating foreign operations (See I)	8,385	8,385	8,385
Others	(5)	(20)	(4)
Total retained earnings adjustment	6,270	7,720	8,970