JSR Corporation

Translation

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

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (under IFRS)

April 24, 2019

Company name: JSR Corporation
Listing: Tokyo Stock Exchange
Securities code: 4185
URL: http://www.jsr.co.jp/
Representative: Mitsunobu Koshiba, Representative Director and President
Inquiries: Nobuhiko Kuwashima, General Manager of Corporate Communications Department
TEL: +81-3-6218-3517

Scheduled date of ordinary general shareholders meeting: June 18, 2019
Scheduled date to commence dividend payments: June 19, 2019
Scheduled date to file annual securities report: June 18, 2019
Preparation of supplementary material on financial results: Yes
Holding of financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Revenue		Operating profit		Profit before tax		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	496,746	17.7	43,030	(1.2)	44,176	(4.4)	33,586	(4.0)
March 31, 2018	421,930	8.6	43,569	21.2	46,206	20.7	34,979	14.6

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
Fiscal year ended	Millions of yen	%	Millions of yen	%	Yen	Yen
March 31, 2019	31,116	(6.4)	28,151	(38.6)	140.62	140.27
March 31, 2018	33,230	9.9	45,871	38.7	149.32	148.89

	Return on equity	Return on assets	Operating profit ratio
Fiscal year ended	%	%	%
March 31, 2019	7.8	6.4	8.7
March 31, 2018	8.8	7.1	10.3

(Reference) Share of profit of investments accounted for using equity method
533 million yen for fiscal year ended March 31, 2019 338 million yen for fiscal year ended March 31, 2018

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets	Equity attributable to owners of parent per share
As of	Millions of yen	Millions of yen	Millions of yen	%	Yen
March 31, 2019	691,435	440,360	401,998	58.1	1,823.69
March 31, 2018	647,699	411,615	393,499	60.8	1,767.81

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of Yen
March 31, 2019	30,940	(66,266)	(18,966)	70,785
March 31, 2018	43,596	(20,423)	3,860	124,956

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends attributable to owners of parent (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2018	–	25.00	–	25.00	50.00	11,129	33.5	2.9
Fiscal year ended March 31, 2019	–	30.00	–	30.00	60.00	13,223	42.7	3.3
Fiscal year ending March 31, 2020 (Forecast)	–	30.00	–	30.00	60.00		42.7	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2019	252,000	2.6	21,500	(4.1)	21,500	(8.5)	16,500	(4.4)	15,000	(10.3)	68.05
Fiscal year ending March 31, 2020	508,000	2.3	44,500	3.4	44,500	0.7	34,000	1.2	31,000	(0.4)	140.63

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes
New: 1 (Company Name: Crown Bioscience International)

(2) Changes in accounting policies and changes in accounting estimates
a. Changes in accounting policies required by IFRS: Yes
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 March 31, 2019	226,126,145 shares
As of March 31, 2018	226,126,145 shares

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

As of March 31, 2019	5,694,949 shares
As of March 31, 2018	3,534,779 shares

c. Average number of shares during the period

For the fiscal year ended March 31, 2019	221,276,237 shares
For the fiscal year ended March 31, 2018	222,550,534 shares

(Reference) Summary of Non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

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

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2019	245,372	2.0	20,848	(24.1)	33,029	(21.4)	26,132	(21.6)
March 31, 2018	240,576	3.1	27,456	44.8	42,020	51.5	33,327	43.4

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2019	118.10	117.81
March 31, 2018	149.75	149.32

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2019	435,053	318,071	73.0	1,439.92
March 31, 2018	440,746	314,242	71.1	1,407.75

(Reference) Equity 317,402 million yen as of March 31, 2019 313,353 million yen as of March 31, 2018

*Due to the changes in method of presentation, regarding total assets as of March 31, 2018, the figures have been modified.

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

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

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

How to obtain supplementary material on financial results

The material on financial results is available on the Company's website on Wednesday, April 24, 2019.

Table of contents for the attachment

1. Review of Operating Results

(1) Overview of Operating Results for FY ended March 2019

(General Review)

In FY ended March 2019 (April 1, 2018 to March 31, 2019), among the JSR Group's main customer industries, global automobile production fell from the previous fiscal year, reflecting a slowdown in China and other factors, but automobile tire production remained unchanged despite the impact of lower automobile production. Demand in the semiconductor market grew over the full term of the fiscal year under review, but demand has been sluggish since October 2018. Production of panels in the display market was robust. The exchange rate was essentially unchanged from the previous fiscal year.

Amid these circumstances, the Elastomers Business of the JSR Group saw revenue rise over the previous fiscal year, chiefly due to growth in the sales volume of solution styrene-butadiene rubber (SSBR) for fuel-efficient and other high-performance tires. Whereas a large profit, reflecting a favorable market, had been enjoyed in the previous fiscal year, operating profit fell in the fiscal year under review owing to stagnant market conditions, a lack of improvement in buy-sell spreads, and increased fixed costs.

The Plastics Business saw significantly higher revenue and operating profit compared to the previous fiscal year, mainly because of Techno-UMG Co., Ltd., a joint venture established in April between Techno Polymer Co., Ltd., a Group company, and UMG ABS, Ltd., which is equally owned by Mitsubishi Chemical Corporation and Ube Industries, Ltd.

In the Digital Solutions Business, the Semiconductor Materials Business recorded higher revenue over the previous fiscal year due to sales volume growth, especially in state-of-the-art photoresists. The Display Materials Business was adversely affected by declines in color-pigmented resist sales and lower product prices brought on by intensified competition. Despite these factors, revenue suffered only a slight decline, benefiting from growth in sales volume, especially in China. Consequently, the Digital Solutions Business posted overall gains in both revenue and operating profit.

Revenue in the Life Sciences Business, positioned as the JSR Group's third core business, jumped considerably from the previous fiscal year, and the segment's operating profit moved into the black. These gains reflected an increase in contracts received by KBI Biopharma Inc. (KBI) and the establishment of Crown Bioscience International (Crown Bio) as a consolidated subsidiary.

As a result, the Group reported revenue of 496,746 million yen (up 17.7% year-on-year), operating profit of 43,030 million yen (down 1.2% year-on-year), and profit attributable to owners of parent of 31,116 million yen (down 6.4% year-on-year).

The Group changed reportable segment categories at the start of the fiscal year under review. For comparisons with the previous fiscal year, figures for the previous fiscal year have been substituted with figures reclassified to correspond to the segment categories after the change.

[Unit: millions of yen]

Segment	FY ended March 2018		FY ended March 2019		Change	
	Amount	Component ratio	Amount	Component ratio	Amount	Percentage
Revenue						
Elastomers	195,693	46.4%	200,736	40.4%	5,043	2.6%
Plastics	53,842	12.7%	105,446	21.3%	51,604	95.8%
Digital Solutions	140,394	33.3%	142,216	28.6%	1,822	1.3%
Life Sciences	26,424	6.3%	43,872	8.8%	17,448	66.0%
Other	5,256	1.2%	4,475	0.9%	(781)	(14.9%)
Adjustment	321	0.1%	1	0.0%	(320)	(99.7%)
Total	421,930	100.0%	496,746	100.0%	74,817	17.7%

Revenue in Japan	183,308	43.4%	220,710	44.4%	37,402	20.4%
Overseas revenue	238,622	56.6%	276,036	55.6%	37,414	15.7%

Segment	FY ended March 2018		FY ended March 2019		Change	
	Amount	Percentage of revenue	Amount	Percentage of revenue	Amount	Percentage
Operating profit	43,569	10.3%	43,030	8.7%	(540)	(1.2%)
Profit attributable to owners of parent	33,230	7.9%	31,116	6.3%	(2,114)	(6.4%)

(Review of Operations by Segment)

The JSR Group's business is classified into four reportable segments: Elastomers, Plastics, Digital Solutions, and Life Sciences. The reportable segments are positioned as shown below.

- Elastomers Business
- Plastics Business
- Digital Solutions Business
  - Semiconductor Materials Business
  - Display Materials Business
  - Edge Computing Business
- Life Sciences Business
- Other Businesses

<Elastomers Business Segment>

The production of automobile tires, one of the segment's main customer industries, in Japan increased from the previous fiscal year's level but remained flat globally, due to the impact of automobile production reductions in China, Europe, and elsewhere.

Amid these circumstances, the segment's revenue rose from the previous fiscal year, because of sales price revisions and related factors and because of expanded sales volume of SSBR, which the Company has positioned as a strategic product, which offset an overall decline in sales volume. The previous fiscal year had enjoyed high profit levels from improved buy-sell spreads driven by a temporary favorable turn in market conditions. However, market sluggishness in the fiscal year under review led to lower buy-sell spreads, even as fixed costs increased, primarily due to startup costs for the SSBR plant in Hungary. Consequently, operating profit tumbled from the previous fiscal year.

As a result, the Elastomers Business segment posted an operating profit of 7,421 million yen (down 50.1% year-on-year) on revenue of 200,736 million yen (up 2.6% year-on-year).

<Plastics Business Segment>

The Plastics Business segment witnessed a steep rise in both revenue and operating profit over the previous fiscal year, mainly because of the establishment in April of the joint venture Techno-UMG Co. Ltd.

Consequently, the Plastics Business segment posted an operating profit of 9,214 million yen (up 65.2% year-on-year) on revenue of 105,446 million yen (up 95.8% year-on-year).

<Digital Solutions Business Segment>

Both revenue and operating profit in the Digital Solutions Business segment improved from the previous fiscal year.

The Semiconductor Materials Business saw increases in revenue and operating profit on the back of sound growth in semiconductor demand, reflecting increased sales volume of lithography materials, particularly state-of-the-art photoresists, and expansion in sales volume of CMP materials, cleaning solutions, and packaging materials. The Display Materials Business was hit by declines in product prices caused by increased competition pressures and lower color-pigmented resist sales. Nevertheless, the drop in revenue was small, thanks to robust panel production that spurred growth in sales volume particularly for the Company’s competitive alignment films and insulating films destined for the China market.

As a result, the Digital Solutions Business segment posted an operating profit of 32,663 million yen (up 6.4% year-on-year) on revenue of 142,216 million yen (up 1.3% year-on-year).

<Life Sciences Business Segment>

The Life Sciences Business segment saw a sharp jump in revenue from the previous fiscal year, chiefly due to the acquisition of Crown Bio as a new consolidated subsidiary completed at the end of May 2018, the expansion in contracts received by KBI, a Group company, and favorable growth in sales of the Company’s bioprocess materials (Amsphere A3) as well as diagnostic reagents and intermediates. The expanded revenue turned the previous fiscal year’s operating loss into an operating profit.

Consequently, the Life Sciences Business segment posted an operating profit of 781 million yen, versus an operating loss of 1,803 million yen in the previous fiscal year, on revenue of 43,872 million yen (up 66.0% year-on-year).

(2) Overview of Financial Position for FY ended March 2019

Total assets as of March 31, 2019 amounted to 691,435 million yen, up 43,736 million yen from a year earlier.

Current assets totaled 338,983 million yen, down 18,925 million yen, due to a decrease in cash and cash equivalents owing chiefly to the acquisition of Crown Bio shares, which offset an increase in inventories and trade and other receivables generated by the merger of Techno-UMG Co., Ltd.

Non-current assets totaled 352,452 million yen, up 62,661 million yen, primarily due to an increase in goodwill and other assets associated with the acquisition of Crown Bio shares and an increase in property, plant and equipment through the merger of Techno-UMG Co., Ltd.

Total liabilities amounted to 251,075 million yen, up 14,991 million yen from a year earlier, due to an increase in borrowings and an increase in trade and other payables primarily caused by the merger of Techno-UMG Co., Ltd.

In terms of equity, total equity attributable to owners of parent amounted to 401,998 million yen, up 8,499 million yen, because of an increase in retained earnings and other equity. Total equity, including non-controlling interests, amounted to 440,360 million yen, up 28,745 million yen.

(3) Overview of Cash Flows for FY ended March 2019

Cash and cash equivalents (“funds”) as of March 31, 2019 stood at 70,785 million yen, down 54,171 million yen from a year earlier.

Net cash provided by operating activities amounted to 30,940 million yen, down 12,656 million yen from the previous year. The main factors included profit before tax of 44,176 million, depreciation and amortization of 21,842 million yen, decrease caused by an increase in inventories of 22,039 million yen, and income taxes paid of 12,183 million yen.

Net cash used in investing activities totaled 66,266 million yen, up 45,842 million yen from the previous year. The main items were 36,210 million yen in payments for purchase of property, plant and equipment associated with plant expansion and 36,225 million yen in payments for purchase of shares of Crown Bio.

Net cash used in financing activities totaled 18,966 million yen, versus 3,860 million yen in net cash provided by financing activities in the previous year. The main items were 12,175 million yen in dividends paid and 5,001 million yen in payments for purchase of treasury shares.

The Group formulates a funding plan based on the annual business plan and controls liquidity risk in consideration of an appropriate balance of direct and indirect funding, as well as short-term and long-term funding.

(4) Business Outlook

The following is the outlook of the Group's main customer industries at a time of uncertainty in global economic trends. JSR forecasts that automobile production at the global level will remain unchanged from 2018 levels, with a production slump anticipated in China. Global automobile tire production is expected to remain unchanged from last year, as a result of sluggish demand for tires for new vehicles. The semiconductor market will see a recovery, despite weakness in underlying demand, driven by faster communication speeds, increased data capacities, and other factors. In the display market, panel production is expected to see favorable progress, with production projected to rise especially in China.

In the Elastomers Business, JSR forecasts global tire production will remain unchanged from 2018 levels, but the Company anticipates steady growth in demand for SSBR for high-performance tires. Under such circumstances, the Company will meet further demand increases with plans to launch JSR MOL Synthetic Rubber Ltd., a joint venture established in Hungary, in FY ending March 2020, as the first-phase and second-phase facilities at JSR BST Elastomer Co., Ltd., a joint venture in Thailand, are nearing full output.

In the Plastics Business, Techno-UMG Co., Ltd., established through a merger in April 2018, is realizing synergy benefits through business consolidations, by further boosting development, manufacturing efficiencies, and cost competitiveness and by introducing more differentiated products and enlarging sales of specialty products in overseas markets.

In the Digital Solution Business, the semiconductor materials business is maintaining its competitiveness in the global market for lithography materials used in state-of-the-art 7 to 10 nm processes and working to enlarge sales volume of peripheral materials, such as packaging materials, cleaning solutions, and CMP materials. EUV Resist Manufacturing & Qualification Center N.V. — a joint venture providing manufacturing and quality control services set up in Belgium with imec, a world-leading research institute in cutting-edge nanoelectronics technology — is moving ahead with volume production of extreme ultraviolet (EUV) lithography materials to address the next 5 to 7 nm generation processes. The display materials business is experiencing intensifying competition driven by the ongoing commodification of display materials, despite forecasts of continued robust growth in the LC panel market. In response, the segment will promote the expansion of sales of display materials for wide-screen LC panels, especially its competitive alignment films and insulating films in the China market, where favorable growth is predicted.

In the Life Sciences Business, the Group made Crown Bio — a provider of preclinical drug discovery and development services — a consolidated subsidiary, complementing KBI, MEDICAL & BIOLOGICAL LABORATORIES CO., LTD., and Selexis S.A. The addition of Crown Bio completes a framework that provides end-to-end process support, from antibody drug discovery to production. These Group companies will work in unison to develop a drug-discovery-process support business, which includes the provision of magnetic particles, protein A media, and other materials. The segment will concentrate on realizing benefits from advance investments, pursuing further revenue expansion, and improving operating profits.

For FY ending March 2020, JSR forecasts revenue of 508,000 million yen (up 2.3 percent year-on-year), operating profit of 44,500 million yen (up 3.4 percent year-on-year), and profit for the year attributable to owners of parent of 31,000 million yen (down 0.4 percent year-on-year). These forecasts assume an exchange rate of 110 yen per U.S. dollar.

(Basic Policy on Profit Allocation and Dividends for FY ended March 31, 2019 and FY ending March 31, 2020)

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 determines returns to shareholders by taking into account business performance and medium-term and long-term demand for funds, while giving consideration to a balance between returning profits to shareholders and retaining earnings necessary for future business advancement. During the JSR20i9 mid-term business plan, JSR aims for a total return ratio, through a combination of dividends and share buybacks, of more than 50 percent.

Based on this policy, as already announced, we have decided to pay a year-end dividend of 30.00 yen per share, the same amount as the interim dividend. Including the interim dividend already paid, the total annual dividend for FY ended March 2019 will be 60.00 yen per share.

With regard to the dividend for the next fiscal year (FY ending March 2020), JSR plans to pay 60.00 yen per share annually (an interim dividend of 30.00 yen and a year-end dividend of 30.00 yen), taking into account the business outlook.

2. Basic Approach to the Selection of Accounting Standards

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

3. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and cash equivalents	124,956	70,785
Trade and other receivables	122,476	135,280
Inventories	87,567	117,046
Other financial assets	13,776	5,002
Other current assets	9,134	10,870
Total current assets	357,908	338,983
Non-current assets		
Property, plant and equipment	159,834	183,457
Goodwill	19,389	59,066
Other intangible assets	10,403	14,205
Investments accounted for using equity method	24,777	24,269
Retirement benefit asset	1,003	1,503
Other financial assets	64,970	58,895
Other non-current assets	1,862	2,305
Deferred tax assets	7,552	8,751
Total non-current assets	289,791	352,452
Total assets	647,699	691,435

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	110,303	118,053
Borrowings	25,947	33,519
Income taxes payable	4,520	5,598
Other financial liabilities	641	532
Other current liabilities	12,607	14,752
Total current liabilities	154,019	172,455
Non-current liabilities		
Borrowings	53,456	50,777
Retirement benefit liability	14,500	15,870
Other financial liabilities	1,674	1,675
Other non-current liabilities	2,480	2,733
Deferred tax liabilities	9,955	7,565
Total non-current liabilities	82,064	78,620
Total liabilities	236,084	251,075
Equity		
Equity attributable to owners of parent		
Share capital	23,370	23,370
Capital surplus	18,502	18,436
Retained earnings	331,913	351,476
Treasury shares	(5,358)	(10,042)
Other components of equity	25,071	18,758
Total equity attributable to owners of parent	393,499	401,998
Non-controlling interests	18,116	38,361
Total equity	411,615	440,360
Total liabilities and equity	647,699	691,435

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

(Consolidated Statement of Profit or Loss)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Revenue	421,930	496,746
Cost of sales	(291,796)	(349,998)
Gross profit	130,134	146,748
Selling, general and administrative expenses	(86,977)	(103,080)
Other operating income	2,262	1,723
Other operating expenses	(2,187)	(2,895)
Share of profit of investments accounted for using equity method	338	533
Operating profit	43,569	43,030
Finance income	3,659	2,499
Finance costs	(1,022)	(1,352)
Profit before tax	46,206	44,176
Income taxes	(11,227)	(10,591)
Profit	34,979	33,586
Profit attributable to:		
Owners of parent	33,230	31,116
Non-controlling interests	1,749	2,470
Total	34,979	33,586
Earnings per share		
Basic earnings per share (Yen)	149.32	140.62
Diluted earnings per share (Yen)	148.89	140.27

(Consolidated Statement of Comprehensive Income)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Profit	34,979	33,586
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	8,046	(4,678)
Remeasurements of defined benefit plans	160	54
Share of other comprehensive income of entities accounted for using equity method	(50)	5
Items that may be reclassified to profit or loss		
Net change in fair value of cash flow hedges	154	(79)
Exchange differences on translation of foreign operations	1,001	476
Share of other comprehensive income of entities accounted for using equity method	1,581	(1,213)
Total other comprehensive income, net of tax	10,892	(5,435)
Total comprehensive income	45,871	28,151
Comprehensive income attributable to:		
Owners of parent	43,275	25,611
Non-controlling interests	2,596	2,540
Total	45,871	28,151

(3) Consolidated Statement of Changes in Equity

Fiscal year ended March 31, 2018

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2017	23,320	18,441	309,517	(5,396)	16,006	361,889	14,475	376,364
Profit			33,230			33,230	1,749	34,979
Other comprehensive income					10,045	10,045	847	10,892
Total comprehensive income	–	–	33,230	–	10,045	43,275	2,596	45,871
Share-based payment transactions	50	27			(25)	52		52
Dividends			(11,127)			(11,127)	(42)	(11,169)
Changes in treasury shares		5		38		43	0	43
Transfer from other components of equity to retained earnings			292		(292)	–		–
Changes in non-controlling interests		28			4	32	111	143
Other movements			1		(666)	(665)	976	311
Total transactions with owners, etc.	50	60	(10,833)	38	(980)	(11,665)	1,045	(10,620)
Balance at March 31, 2018	23,370	18,502	331,913	(5,358)	25,071	393,499	18,116	411,615

Fiscal year ended March 31, 2019

(Millions of yen)

	Equity attributable to owners of parent							
	Share capital	Capital surplus	Retained earnings	Treasury shares	Other components of equity	Total	Non-controlling interests	Total equity
Balance at April 1, 2018	23,370	18,502	331,913	(5,358)	25,071	393,499	18,116	411,615
Profit			31,116			31,116	2,470	33,586
Other comprehensive income					(5,505)	(5,505)	70	(5,435)
Total comprehensive income	–	–	31,116	–	(5,505)	25,611	2,540	28,151
Share-based payment transactions		(202)		88	(1)	(115)		(115)
Dividends			(12,175)			(12,175)	(623)	(12,798)
Changes in treasury shares		(10)		(4,772)		(4,782)		(4,782)
Transfer from other components of equity to retained earnings			689		(689)	–		–
Changes by business combination		146			(119)	27	17,610	17,637
Other movements			(67)		1	(67)	718	651
Total transactions with owners, etc.	–	(66)	(11,554)	(4,684)	(808)	(17,111)	17,705	594
Balance at March 31, 2019	23,370	18,436	351,476	(10,042)	18,758	401,998	38,361	440,360

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities		
Profit before tax	46,206	44,176
Depreciation and amortization	16,973	21,842
Interest and dividend income	(2,321)	(1,631)
Interest expenses	1,022	1,352
Share of loss (profit) of investments accounted for using equity method	(338)	(533)
Impairment loss	–	438
Decrease (increase) in trade and other receivables	(9,798)	1,553
Decrease (increase) in inventories	(5,421)	(22,039)
Increase (decrease) in trade and other payables	9,388	(5,834)
Other	2,003	3,026
Dividends received	2,505	1,785
Interest received	243	224
Interest paid	(976)	(1,236)
Income taxes paid	(15,892)	(12,183)
Net cash provided by (used in) operating activities	43,596	30,940
Cash flows from investing activities		
Net decrease (increase) in time deposits	22,205	(1,108)
Net decrease (increase) in marketable securities	8,000	10,000
Purchase of property, plant and equipment	(37,312)	(36,210)
Proceeds from sale of property, plant and equipment	733	273
Purchase of investments	(5,403)	(4,449)
Proceeds from sale of investments	1,179	1,656
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(9,231)	(36,225)
Proceeds from company split	–	3,213
Purchase of shares in associates	(1,104)	(163)
Payments for loans receivable	(2,292)	(2,814)
Collection of loans receivable	2,968	290
Other	(168)	(731)
Net cash provided by (used in) investing activities	(20,423)	(66,266)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	3,379	(1,938)
Repayments of long-term borrowings	(5,951)	(7,975)
Proceeds from long-term borrowings	18,173	9,231
Payments for purchase of treasury shares	(2)	(5,001)
Dividends paid	(11,127)	(12,175)
Dividends paid to non-controlling interests	(42)	(623)
Proceeds from sales shares of subsidiaries not resulting in change in scope of consolidation	98	–
Other	(667)	(486)
Net cash provided by (used in) financing activities	3,860	(18,966)
Effect of exchange rate changes on cash and cash equivalents	506	121
Increase (decrease) in cash and cash equivalents	27,539	(54,171)
Cash and cash equivalents at beginning of period	97,416	124,956
Cash and cash equivalents at end of period	124,956	70,785

(5) Notes on Condensed Quarterly Consolidated Financial Statements

(Cautionary Notes regarding Assumptions of Going Concern)

Not applicable

(Changes in Accounting Policy)

The significant accounting policies that apply to the Group's consolidated financial statements are identical to the accounting policies applied to the consolidated financial statements pertaining to FY ended March 2018, apart from the matters stated below.

The Group has applied the following standard since the beginning of FY ended March 2019.

IFRS	Summary of New / Revised Standard
IFRS 15 — Revenue from Contracts with Customers	Revision related to recognition of revenue

The Group has applied IFRS 15 — Revenue from Contracts with Customers (published in May 2014) and Clarifications to IFRS 15 (published in April 2016) (hereafter jointly referred to as "IFRS 15") from FY ended March 2019. For the adoption of IFRS 15, the Group has employed a method recognizing the cumulative effect of the standard's application on the application date, which is deemed to be a transitional measure.

As from the adoption of IFRS 15, the Group recognizes revenue by applying the following five steps, apart from interest and dividend income based on IFRS 9 — Financial Instruments.

Step 1: Identify the contract with the customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to performance obligations.

Step 5: Recognize revenue when (or as) the Group satisfies a performance obligation.

The effect of applying the new accounting standard on the Group's consolidated financial statements is minor compared to if the previous accounting standard had been applied.

(Additions to Accounting Policy)

The Group has applied the following new accounting policy from FY ended March 2019.

- Hedges of net investments in foreign operations

The objective of the new accounting policy is to hedge against the risk of exchange-rate fluctuations in net investments in foreign operations.

The assets and liabilities designated as hedging instruments are measured using the current exchange rate on the final day of the consolidated fiscal year, and the portions of changes effective as hedges are presented in other comprehensive income.

Ineffective portions of hedges are accounted for immediately as profit or loss.

The accumulated effective portions of hedges are reclassified from other components of equity to profit or loss at the time of disposal of foreign operations.

(Segment Information)

(1) Outline of Reportable Segments

JSR Group's reportable segments are based on the Group's business segments for which separate financial information is available and which the Board of Directors determines the basis that are subject to regular reviews for decisions on the allocation of managerial resources and the evaluation of business results.

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

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

Main Products in Each Business Segment

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

JSR Group had maintained three reportable segments: Elastomers Business, Plastics Business, and Fine Chemicals and Other Products Business. With the expansion of the Life Sciences Business, which had been included in the Fine Chemicals and Other Products Business, Life Sciences Business has become a new reportable segment starting from FY ended March 2019. Furthermore, the Fine Chemicals Business, which had been included in the Fine Chemicals and Other Products Business, has been renamed Digital Solutions Business and made a reportable segment. The previous Petrochemical Products Business and the Fine Chemicals and Other Products Business have been discontinued. Accordingly, the Group's reportable segments from the FY ended March 2019 are the Elastomers Business, the Digital Solutions Business, the Life Sciences Business, and the Plastics Business led by Techno-UMG Co., Ltd. With the revisions to each business's details caused by the segment changes, the Group has reclassified and presented segment information for FY ended March 2018 with the segment categories used for FY ended March 2019. The accounting methods for reportable segments are the same as the methods adopted for preparation of consolidated financial statements.

(2) Reportable Segment Revenues, Profits or Losses, and Other Material Items

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

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

(Unit: Millions of yen)

	Reportable Segment				Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Elastomers	Plastics	Digital Solutions	Life Sciences				
Revenue from external customers	195,693	53,842	140,394	26,424	5,256	421,609	321	421,930
Operating profit (loss)	14,866	5,579	30,684	(1,803)	(2,240)	47,086	(3,517)	43,569
Finance income						-		3,659
Finance costs						-		(1,022)
Profit before tax						-		46,206
Segment assets	282,456	38,428	129,723	58,326	16,341	525,274	122,425	647,699
Other items								
Depreciation and amortization	7,878	718	5,794	1,903	272	16,565	408	16,973
Capital expenditures	22,880	1,028	8,726	8,591	239	41,463	945	42,408

Note 1: The Other segment is a business segment not contained in the reportable segments. It includes the lithium-ion capacitor and other businesses.

Note 2: The operating profit or operating loss downward adjustment of 3,517 million yen contains company-wide profits and losses not allocated to the reportable segments.

The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and long-term investment funds (securities (equity instrument assets)) by the parent company.

Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)

(Unit: Millions of yen)

	Reportable Segment				Other [Note 1]	Total	Adjustment [Note 2]	Amount Recorded in the Consolidated Financial Statements
	Elastomers	Plastics	Digital Solutions	Life Sciences				
Revenue from external customers	200,736	105,446	142,216	43,872	4,475	496,745	1	496,746
Operating profit (loss)	7,421	9,214	32,663	781	(2,097)	47,983	(4,953)	43,030
Finance income						-		2,499
Finance costs						-		(1,352)
Profit before tax						-		44,176
Segment assets	291,256	77,794	131,779	114,353	12,061	627,242	64,193	691,435
Other items								
Depreciation and amortization	8,821	2,395	6,036	3,740	266	21,258	584	21,842
Impairment losses	-	-	-	-	438	438	-	438
Capital expenditures	19,738	3,108	7,194	5,218	-	35,257	781	36,038

Note 1: The Other segment is a business segment not contained in the reportable segments. It includes the lithium-ion capacitor and other businesses.

Note 2: The operating profit or operating loss downward adjustment of 4,953 million yen contains company-wide profits and losses not allocated to the reportable segments.

The adjustment amount in the segment assets line are corporate assets not allocated to any reportable segment. Corporate assets mainly include investment of surplus funds (deposits, cash equivalents, and securities (debt instrument assets)) and long-term investment funds (securities (equity instrument assets)) by the parent company.

(3) Information on Products and Services

Information on products and services is omitted, since similar information is stated in (1) Outline of Reportable Segments.

(4) Information by Region

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

Revenue from external customers

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
	(Millions of yen)	(Millions of yen)
Japan	183,308	220,710
China	53,547	64,092
U.S.	41,076	58,201
Other regions	143,999	153,743
Total	421,930	496,746

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

Property, plant and equipment

	As of March 31, 2018	As of March 31, 2019
	(Millions of yen)	(Millions of yen)
Japan	79,686	93,327
Thailand	27,642	27,202
Hungary	28,280	32,075
Other regions	24,227	30,854
Total	159,834	183,457

Note: The presentation of non-current assets has been restricted to property, plant, and equipment to avoid unreasonable preparation costs.

(5) Information on Major Customers

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

(Business Combinations)

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

(1) Overview of the Business Combination

The Company executed an absorption-type split dated April 1, 2018, with UMG ABS, Ltd., which is equally owned by Ube Industries, Ltd. (50%) and Mitsubishi Chemical Corporation (50%), as the absorbed company and Techno Polymer Co., Ltd. (renamed Techno-UMG Co., Ltd. on April 1, 2018), a wholly-owned subsidiary of the Company, as the successor company.

In keeping with the absorption-type split, Techno-UMG Co., Ltd. issued new common shares so that the Company owns 51 percent of the issued shares of Techno-UMG Co., Ltd.

(i) Name of acquired company and business domain

Name of acquired company: UMG ABS, Ltd.

Business domain: manufacture and sale of ABS resins

(ii) Date of business combination

April 1, 2018

(iii) Method by which the acquiring company obtained control of the acquired company

Absorption-type split through the allocation of 58,800 common shares of Techno Polymer Co., Ltd., with UMG ABS, Ltd. as the absorbed company and Techno Polymer Co., Ltd. as the successor company

(2) Primary Reason for the Business Combination

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

(3) Fair Value of Assets Acquired, Liabilities Assumed, and Goodwill Recognized on the Acquisition Date

(i) Fair value of the consideration transferred

Techno-UMG Co., Ltd. common shares 19,350 million yen

(ii) Share valuation method

The Company calculated the share valuation in consultation with the transaction parties, using as a reference a share valuation report and other materials received from a third-party valuation institution.

(iii) Assets acquired, liabilities assumed, and goodwill recognized

Acquisition date (April 1, 2018)

	Amount (Millions of yen)
Current assets	
Cash and cash equivalents	2,617
Trade and other receivables	10,508
Inventories	6,945
Other	736
Non-current assets	
Property, plant and equipment	11,356
Other intangible assets	357
Deferred tax assets	992
Other	1,775
Assets acquired	35,287
Current liabilities	
Trade and other payables	13,865
Borrowings	3,450
Income taxes payable	719
Other	910
Non-current liabilities	
Borrowings	80
Retirement benefit liability	629
Other	45
Liabilities assumed	19,698
Recognized value of assets acquired and liabilities assumed (net amount)	15,589
Goodwill	3,760

Goodwill is primarily composed of synergies with existing businesses and excess earning power that are expected to arise from the acquisition, which do not individually fulfill the criteria for recognition. Furthermore, the goodwill is not deductible for tax purposes.

The amount of goodwill included in the Consolidated Statement of Financial Position as of the date of business combination was 1,918 million yen because of the change in ownership ratio in Techno-UMG Co., Ltd.

(4) Acquisition-related Costs

Acquisition-related costs pertaining to the business acquisition were 136 million yen, including those incurred prior to FY ended March 2019. The amount incurred in FY ended March 2019 is accounted for as an expense in *Selling, general and administrative expenses* in the Consolidated Statement of Profit or Loss.

(5) Effect on the Group

It is difficult to calculate rationally the quantitative effect on the Group during FY ended March 2019, therefore a quantitative statement of the effect on the Group has been omitted.

(6) Effect on Non-controlling Interests

Non-controlling interests increased by 17,625 million yen due to the decrease in ownership ratio in Techno-UMG Co., Ltd. from 100 percent to 51 percent.

2. Subsidiary establishment by means of the acquisition of Crown Bioscience International

(1) Overview of the Business Combination

(i) Name of acquired company and business domain
Name of acquired company: Crown Bioscience International
Business domain: drug discovery and development services

(ii) Acquisition date
May 31, 2018

(iii) Percentage of voting rights acquired
100 percent

(iv) Method for the acquiring company to obtain control over the acquired company
Acquisition of shares in exchange for cash payment

(v) Primary reason for the business combination
The primary purpose of the business combination is to incorporate a drug discovery and development contracting business into the Group’s Life Sciences Business and to provide seamless value to the pharmaceutical industry, from the provision of products and services for drug-discovery processes to GMP manufacturing.

(2) Fair Value of Consideration Transferred and Recognized Value of Assets Acquired and Liabilities Assumed on the Acquisition Date

	Amount
	(Millions of yen)
Acquisition price	40,583
Current assets	
Cash and cash equivalents	4,398
Trade and other receivables	2,164
Other	429
Non-current assets	
Property, plant and equipment	2,412
Other intangible assets	2,438
Deferred tax assets	132
Other	87
Assets acquired	12,060
Current liabilities	
Trade and other payables	1,282
Other	3,941
Non-current liabilities	
Borrowings	2,581
Deferred tax liabilities	376
Liabilities assumed	8,180
Non-controlling interests	157
Goodwill	36,860

As of March 31, 2019, the allocation of the acquisition value, for the amount of goodwill incurred and the amounts of assets acquired and liabilities assumed on the date of the business combination, has been completed because the identifiable assets and liabilities on the date of the business combination were designated.

Acquisition-related costs pertaining to the business combination were 335 million yen, including those incurred prior to FY ended March 2019. The amount incurred in FY ended March 2019 is accounted for as an expense in *Selling, general and administrative expenses* in the Consolidated Statement of Profit or Loss.

The incurred goodwill is primarily composed of expected future earning power. The goodwill cannot be reported as a deductible for tax purposes.

(3) Effect on the Group

Revenue for 8,380 million yen and profit for 800 million, arising from Crown Bioscience International since the acquisition date, are respectively included in the Group's Consolidated Statement of Profit or Loss. The effect on the Group in FY ended March 2019 would have been minor, when assuming the business combination had been executed at the start of the term.

(Per Share Information)

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

	Fiscal year ended March 31, 2018 (April 1, 2017 to March 31, 2018)	Fiscal year ended March 31, 2019 (April 1, 2018 to March 31, 2019)
(1) Basic earnings per share	149.32	140.62
(Basis of calculation)		
Profit attributable to owners of parent (Millions of yen)	33,230	31,116
Average number of shares outstanding during the year (1,000 shares)	222,551	221,276
(2) Diluted earnings per share	148.89	140.27
(Basis of calculation)		
Increase in common stock due to stock options (1,000 shares)	637	551
Diluted average number of shares outstanding during the year (1,000 shares)	223,187	221,827

(Material Subsequent Events)
Not applicable.