Seeking next growth opportunities

Annual Report 2009

Year ended March 31, 2009

PROFILE

JSP Corporation was established in 1962 as a manufacturer of foamed plastics. Today we continue to develop unique technologies and beneficial products in this field. Our current businesses are divided into four segments: the Sheets Business, the Beads Business, the Boards Business, and Other Business.

JSP always seeks to improve its position as a global supplier of foamed plastics through the cultivation of new markets and the collaborative efforts of our worldwide production bases.

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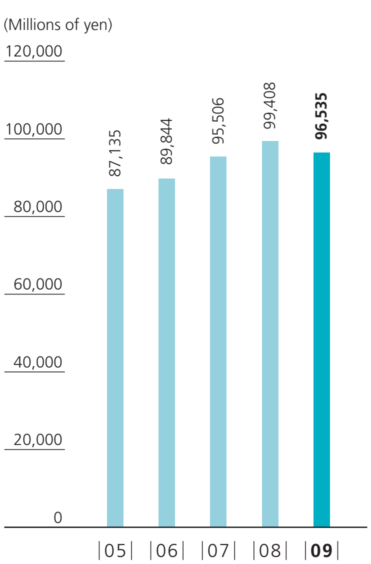
FINANCIAL HIGHLIGHTS

Years ended March 31	Millions of yen 2009	2008	2007	2006	2005	Thousands of U.S. dollars (Note 1) 2009
FOR THE YEAR:						
Net Sales	**¥ 96,535**	¥ 99,408	¥ 95,506	¥ 89,844	¥ 87,135	**$ 982,741**
Operating Income	**2,702**	5,047	4,115	3,025	5,072	**27,506**
Income before Income Taxes and Minority Interests	**2,605**	4,432	4,502	2,731	4,652	**26,520**
Net Income	**1,366**	2,589	2,358	1,525	2,375	**13,911**
AT YEAR-END:						
Total Assets	**84,317**	94,994	95,179	88,039	83,981	**858,360**
Total Net Assets	**42,002**	48,058	45,990	42,585	38,919	**427,583**
Common Stock	**10,129**	10,113	10,076	9,962	9,783	**103,111**

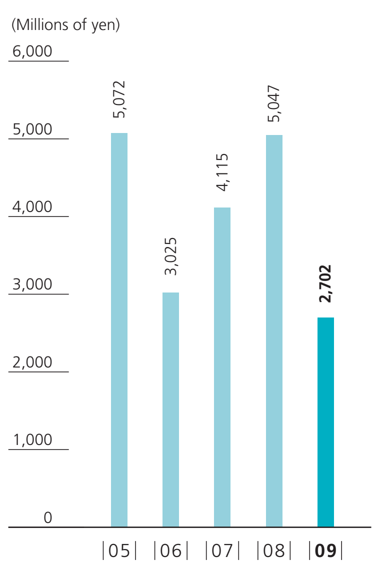
	Yen					U.S. dollars (Note 1)
AMOUNTS PER SHARE OF COMMON STOCK:						
Net Income	**¥ 43.74**	¥ 82.74	¥ 75.76	¥ 49.71	¥ 83.17	**$ 0.45**
Cash Dividends	**14.00**	14.00	12.00	12.00	12.00	**0.14**
Total Net Assets	**1,278.38**	1,425.83	1,376.68	1,296.15	1,214.44	**13.01**

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥98.23=U.S.$1.
2. Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

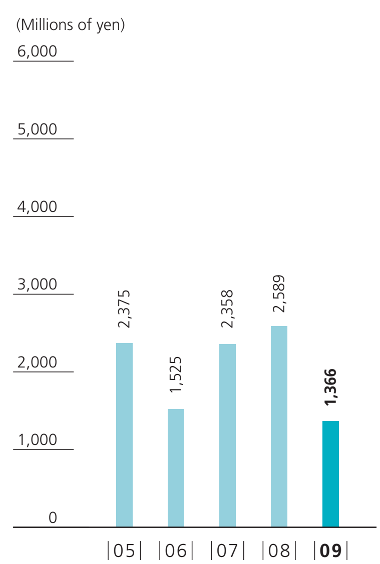
Net Sales



Operating Income



Net Income



MESSAGE FROM THE MANAGEMENT

Even in tough times, we are seeking next growth opportunities.

Rokurou Inoue, President

Business Environment

In the fiscal year under review, operating conditions for the JSP Group were extremely severe. In the first half, the higher cost of crude oil and naphtha caused a sharp rise in the prices of raw materials. In the second half, JSP suffered a decline in demand in the automobile and IT industries, where JSP's major customers operate, attributable to a rapid deterioration of the global economy triggered by the U.S. financial crisis.

Under these circumstances, the JSP Group focused on initiatives to remain profitable, such as product price revisions that reflected higher raw material costs and the reduction of logistics and other costs throughout the Group.

Performance

Net sales decreased 2.9% year on year to ¥96,535 million. Due to surging raw material and utility costs, operating income edged down 46.5% to ¥2,702 million, while net income also fell 47.2% to ¥1,366 million. As of March 31, 2008, JSP acquired the expandable polystyrene beads business from Hitachi Chemical Co., Ltd. and a 100% interest in Nikka Kaseihin Co., Ltd., which was renamed NK Kasei Co., Ltd. and turned into a consolidated subsidiary on April 1, 2008. In addition, JSP sold its entire stake in equity-method French affiliate Sealed Air Packaging S.A.S. in the second quarter.

[Interview with the President]

Q1 How do you evaluate JSP's performance for the fiscal year under review?

A1 In the first half, the Beads Business—JSP's core profit driver—steadily increased sales of P-Block™ (expanded polypropylene, ARPRO® in Europe and Americas) and other highly functional materials. In addition to their conventional applications, including shock-absorbing bumper core materials and automotive interior and other parts, these materials have been increasingly used for transport containers for IT equipment and cushioning materials for consumer electronics.

In the second half, however, sales of these products rapidly declined, impacted by a steep deterioration of the global economy. Although the Sheets Business, centered on industrial-use packaging materials, experienced a sharp decline in demand, JSP was able to minimize the sales decrease in this business through proper price increases for various kinds of sheets which are used in transporting digital consumer electronics and food packaging.

In the Boards Business, driven by home insulation materials, the sales were stagnant due to slower-than-expected recovery in housing starts after revisions to the Building Standards Law of Japan. However, JSP was able to secure profitability in this business through the development and introduction of high-value-added products and strict cost reduction.

Compared with FY2008

Net Sales	¥ 96.5 billion	-2.9%
Operating Income	¥ 2.7 billion	-46.5%
Net Income	¥ 1.4 billion	-47.2%

Q2 The year in review was the final year of the JSP Group's previous Medium-Term Management Plan, REMAKE21 (2006-2008). Regrettably, JSP was unable to achieve the plan's targets for net sales and operating income for the final year—namely, ¥100,000 million and ¥5,000 million, respectively.

Can you elaborate on your assessment of the Group's performance?

A2 Summing up the period of the REMAKE21 plan, the JSP Group continued to suffer under the persistent rise in crude oil prices. During this period, without any doubt, demand growth in the markets of emerging countries has significantly contributed to the expansion of JSP's sales. However, rising crude oil prices have kept pressuring on our operating income. It was just around the time when we began to revise product prices that the current economic recession struck our major customers in the automobile and consumer electronics industries.

At this point, I would like to look at the geographic aspects of the REMAKE21 plan. With regard to expanding business as a global corporation—one of the goals under the plan—we have successfully established the global production structure required to supply our high-quality, high-performance polyolefin products to meet with customers' requirement worldwide. More specifically, JSP has constructed plants in China and South Korea to capitalize on potentially robust demand in Asia. Moreover, we set up the new plant in the Czech Republic to cover the demands in Central and Eastern Europe.

The second goal under the REMAKE21 plan involved the expansion of marketing of new products and the pioneering of new applications. Although we have not been able to completely achieve this goal, we have made a significant stride. For example, our products with superior insulation properties have been adopted for use in automobile air-conditioning ducts and we have cultivated a new application for our ARPRO® as impact protection underlayment for artificial sports surfaces.

Concerning the third goal-shifting toward a high-profit business structure—JSP established the Kanuma Logistic Center in the second half of 2007 with the aim of cutting distribution costs by ¥300 million annually. With due consideration given to the current demand slowdown, JSP will work to further reduce distribution costs by more effectively coordinating the logistics functions of the five regional plants and affiliate companies in Kanuma area.

Q3 The JSP Group has recently announced its new Medium-Term Management Plan, NEXT JSP. Please explain the concept underlying this new plan. Also, under this plan, JSP has set the targets of ¥90,000 million and ¥4,500 million for net sales and operating income, respectively, for the fiscal year ending March 31, 2012.

Can you give us the background setting more conservative targets than in the previous REMAKE21 plan?

A3 The REMAKE21 and NEXT JSP plans are different in terms of their targets and preconditions. In recent months, although IT-related industries are showing some signs of recovery, we anticipate that severe operating conditions will persist for the time being and that it will take at least a few years for the real economy, and in particular the automotive sector to recover. These adversities are the context for the new NEXT JSP plan. We also have to expect that operating conditions after the global economy's recovery will drastically differ from those before the current recession.

Based on such views, we have to tackle current risk factors and implement initiatives aiming to achieve further growth. To this end, we must grasp every change in society and markets and capture business opportunities such as realizing more lightweight electric vehicles.

Our new Medium-Term Management Plan has been entitled "NEXT JSP," reflecting our analysis of the current



situations described above. The title expresses our commitment to consolidate and thence accelerate toward the next leap and thereby reestablish a new JSP through the further development of ever more eco-friendly products.

Furthermore, the title represents the determination of every JSP Group employee, even under harsh operating conditions, to solidify our business foundation for renewed growth and continue to advance toward sustainable growth.

Q4 What are the specific initiatives under the NEXT JSP plan?

A4

The first principal initiative under the NEXT JSP plan involves targeting growth opportunities in emerging markets. During the fiscal year under review, JSP's performance was negatively affected compared with the previous year in Europe, the United States and South Korea, regions where the JSP Group depended highly on the automobile industries. As stated earlier, we expect the current economic stagnation in these regions to continue for the time being.

Meanwhile, we still anticipate potential growth of the Chinese economy in spite of the after-effects of the Beijing Olympic Games. Based on such an outlook, JSP will target markets in BRIC countries (Brazil, Russia, India & China). The JSP Group has already penetrated the Chinese market, and it has started supplying products in India. Therefore, we will focus on pioneering markets and establishing local operations in Russia and Brazil.

In line with the second initiative, JSP will cultivate demand by broadening the application of highly functional P-Block™/ ARPRO®. The global automobile industries are indeed facing severe economic conditions. In addition, the U.S.-led Green New Deal, which calls for reducing dependence on fossil fuels, industries worldwide are required to develop energy-saving parts and components. Such a trend will surely provide JSP with ample opportunities for the development of new products based on the Group's wide range of foam plastics technologies. These products will contribute to the realization of more lightweight automobiles and insulation materials with improved energy-efficiency.

Q5 As of March 31, 2009, the number of individual investors holding JSP shares stood at 9,605, up from 5,182 as of March 31, 2008. Please explain JSP's stance in returning profits to shareholders.

A5

Since March 2005, when JSP moved from the Second Section to the First Section of the Tokyo Stock Exchange, we have constantly endeavored to attract more individual investors to hold JSP shares, aiming to improve equity liquidity.

JSP tries to maintain its profit allocation policy of making stable dividend payments, taking into account all applicable factors including retaining earnings necessary for strengthening its business structure and funding future operations. Applicable to the fiscal year ended March 31, 2009, JSP has made a resolution to pay an annual dividend of ¥14 per share including an interim dividend of ¥7 per share.

In conclusion, on behalf of the entire JSP Group, I would like to thank all stakeholders, including shareholders and investors, for their ongoing support and understanding.

SPECIAL FEATURE:

New Medium-Term Management Plan "NEXT JSP" (April 1, 2009 to March 31, 2012)

Building Strong Bases for the NEXT JSP

Targets for the fiscal year ending March 31, 2012

Net sales:
¥ 90,000 million

Operating income:
¥ 4,500 million

BASIC POLICIES

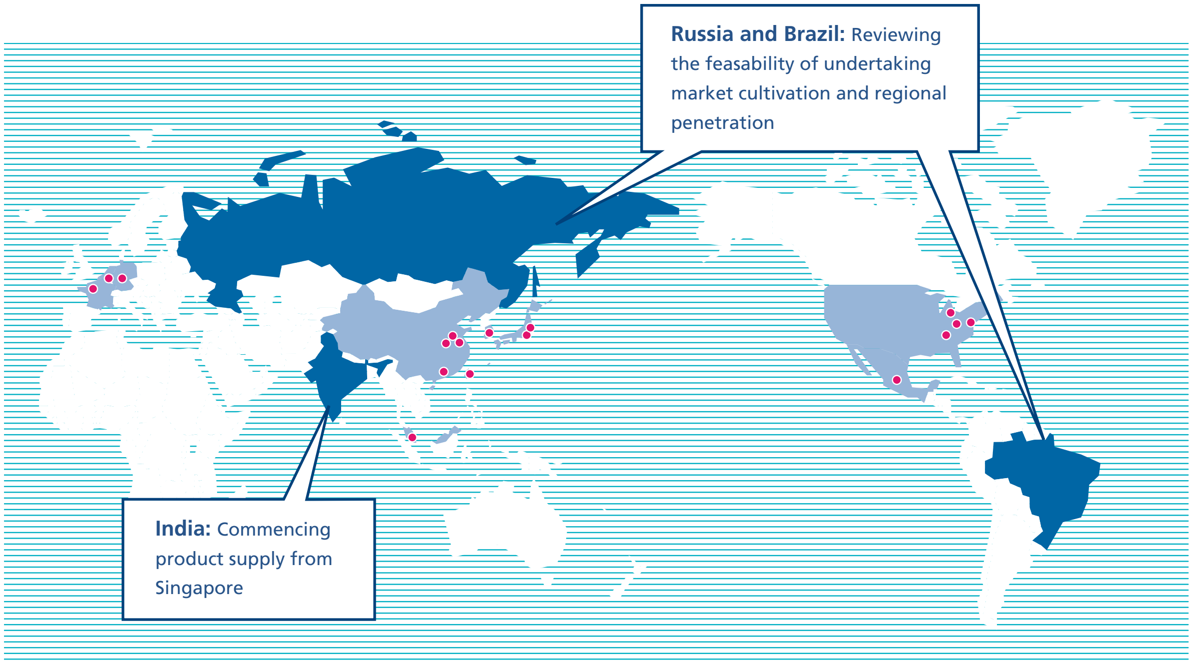
1. **Promoting strategic global development**
2. **Enhancing domestic business competitiveness**
3. **Building bases for new growth opportunities**
4. **Creating eco-friendly products**
5. **Establishing a vigorous and dynamic corporate group**

Medium-Term Management Plan Outline

(Millions of yen)

FY	2002	2003	2004	2005	2006	2007	2008	2009	**2010**	**2011**	**2012**
Net sales	59,703	64,155	77,724	87,135	89,844	95,506	99,408	96,535	**81,000**	**86,000**	**90,000**
Operating income	3,437	4,446	4,947	5,072	3,025	4,115	5,047	2,702	**2,450**	**3,550**	**4,500**

As an internationally competitive corporation that places exceptional value on product safety and environmental responsibility, JSP adheres to its mission of contributing to society through the development of eco-friendly products. JSP will work to optimize the balance of fulfilling its social responsibility as a global supplier of foamed plastics and securing profitability through the implementation of the NEXT JSP plan.



Pursuing Competitive Advantage in Eco-Friendly Products

JSP endeavors to contribute to the protection of the global environment whilst securing business profitability. At the same time, JSP is working intensively to reduce its environmental burden from various measures including the developments of energy-saving and recycling-oriented materials. We believe that all these activities will ultimately enable us to maintain the trust of society and strengthen our competitive edge.

Keeping in harmony with the global environment, JSP is accelerating toward making the next leap as a global supplier of foamed plastics. To this end, we are trying to do so with the following philosophy;

a) Continuously focusing our production functions on energy-efficiency.

b) Optimizing the allocation of management resources through the existing business integrations and eliminations, while reestablishing the solid foundation for renewed growth and thereby developing into a vigorous and dynamic corporate entity.

c) Bolstering groupwide marketing strength and reinforcing R&D functions through strategic selection and concentration by exhibiting clear region wise strategies, JSP will proceed further globalization operations to accomplish targets set under the NEXT JSP plan.

Particularly in its R&D activities for products that will underpin its future, JSP will stringently select projects and, accordingly, concentrate its investments in priority areas. JSP will select projects in line with the policy of enhancing its product portfolio with energy-saving products and expanding the sales of such products. For example, P-Block™/ARPRO®, expanded polypropylene (EPP)—one of JSP's mainstay products that demonstrates superior environmental performance—is now used primarily for automotive applications. More vehicles are now incorporating aimed at mass reduction, parts consolidation to reduce assembly costs and efficient recycling. The product provides a unique combination of material properties, making it ideal for use in a wide range of 21st century automotive application. We believe that the product has significant additional demand potential.

We are evaluating new markets in Russia and Brazil as targets for local manufacturing. Global availability of the product through a single source is a key differentiator for JSP.

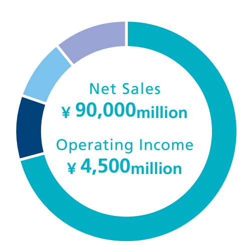
Sales Target by Products

(Millions of yen)

Sheets Business	21,738	24.2%
Beads Business	53,183	59.1%
Boards Business	8,494	9.4%
Other Business	6,585	7.3%

Sales Target by Region

(Millions of yen)



Japan	63,775	70.9%
Americas	8,613	9.6%
Europe	7,822	8.7%
Asia	9,790	10.9%

Americas

Forecasts now predict a slow five year rebound for the American automotive sector. However, due to the strength to weight benefits of ARPRO® and the critical need for the automotive companies to reduce weight and increase fuel economy, we believe that our recent success in penetrating more applications within the automobile will continue thereby helping to offset the reduced number of auto builds. Additionally, we have identified several key non-automotive applications for ARPRO® which are now in the pre-production stage which we expect to launch during the "Next JSP" period. The entire Americas Team is focused on the successful launch of these new products and on building upon our market leadership position and reinvigorating our growth during the "Next JSP" period.

Richard Alloway
Executive Vice President & Chief
Operating Officer—Americas

What we will do for

China

The EPP material demand for automotive and packaging applications for IT and LCD related industries in JSP China has been on a track to recovery since this spring, however it is hard to predict that the current growth in demand will continue in the future. We consider that the period of "Next JSP" (2009-2011) is significant for making the Chinese Business return to the dynamic growth again. During this period we are planning to launch the new grade which enables to reduce energy consumption for our customers and also the new material which has higher performance than the general-purpose cushioning materials with lower price level compared to the current EPP. In addition, we are reinforcing our new applications development team; particularly the automotive seating application, which was initially developed in Europe and the United States and then started in China, is expected to grow as the product for contributing to automobile weight reduction.

Shinji Yamada
Director, General Manager—
China

Europe

As a result of the worldwide economic situation, the period of "Next JSP" (2009 to 2011) will be one of consolidation in preparation for the next growth period. Automotive demand in Europe is not forecast to recover to previous levels for some time. In this transition period we aim to increase penetration into the automotive sector as a counter to the impact of the reduced demand for cars. There remains significant scope for additional demand areas; particularly for seating. The strongest of many arguments for the use of ARPRO® in automotive are its environmental benefits, as demonstrated by the ARPRO® Life Cycle Assessment. In addition, we will be working strenuously to increase diversification outside of automotive; particularly to furniture, marine and consumer products areas. The key to success in consumer facing areas is our proprietary technology for ARPRO® surfaces. Indeed this technology will also enable additional automotive penetration. Despite the difficult current economic environment, we embrace the future with great determination and optimism.

Paul Compton
Executive Vice President & Chief Operating Officer—Europe

the Next JSP

Korea

Since September 2008, the sale amount of KOSPA has been significantly decreased due to the financial crisis occurred in the U.S.A which caused the business depression in automotive and electronics industries on which EPP business is dependent. Also an increase in price of raw materials as well as the fuel triggered the sharp rise of the production costs. These factors brought KOSPA to be faced with the greatest management difficulties since the foreign exchange crisis at the end of 1997. However, KOSPA has overcome the prior crisis and showed a stable growth over the sales and profit, and similarly, we are putting an effort to obtain the second chance to thrive dramatically once again. We believe that we are able to cope with this adversity by strengthening R&D activity through the close technical cooperation with JSP. We, as one of the leading companies in EPP business in Korea, expect to expand the sales through developing new applications of EPP such as new automotive parts, special packaging and building materials.

Chang In-Won
President, KOSPA Corporation

REVIEW OF OPERATIONS

In an effort to secure future growth, we will strengthen existing businesses as well as reduce costs and improve production efficiency.

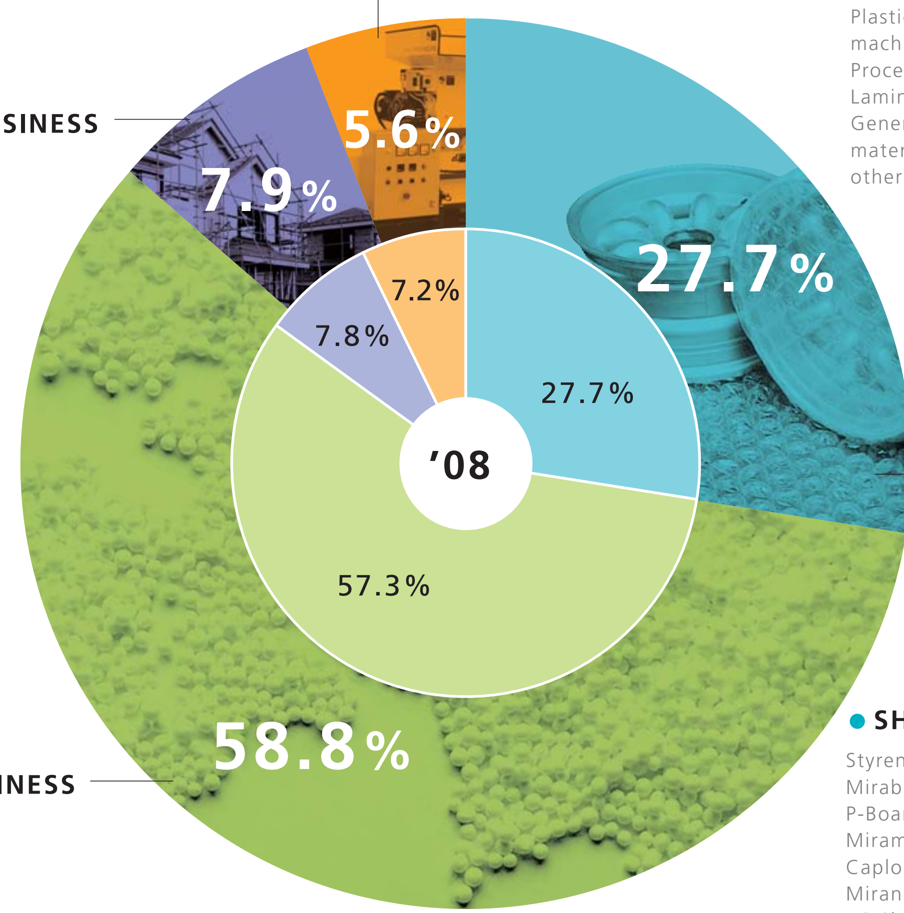
Furthermore, as a leading global company in the foamed plastic industry, we will implement business development models geared to responding to the market on a global scale and accelerate the business streamlining process by making business structural reforms.

● OTHER BUSINESS

Foamcore™, Superfoam™, Plastic regeneration machines, Processing machines, Laminators, General packaging materials, others

● BOARDS BUSINESS

Mirafoam™, Miraplank®, others



● SHEETS BUSINESS

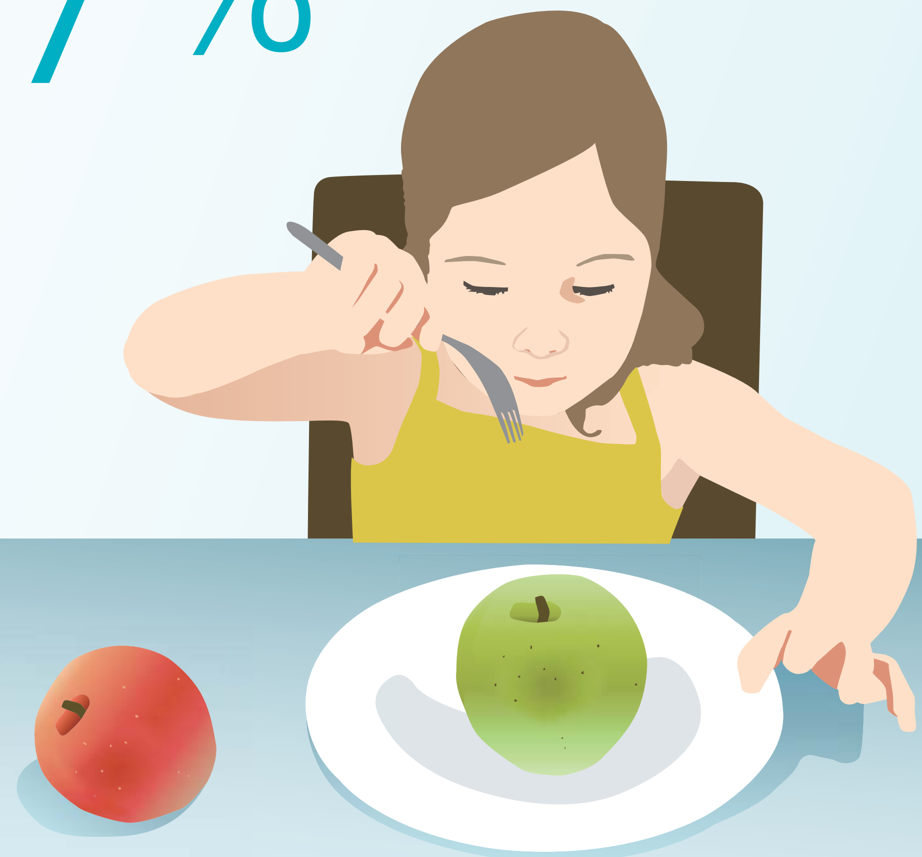
Styrene Paper, Miraboard™, P-Board™, Miramat®, Caplon™, Miranet®, PC Sheet, others

● BEADS BUSINESS

Styrodia®, Bumper cores, Side fixtures, Tool boxes, P-Block™/ARPRO®, L-Block™, Green Block™, others

’09

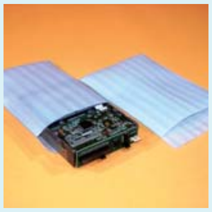
27.7%



SHEETS BUSINESS

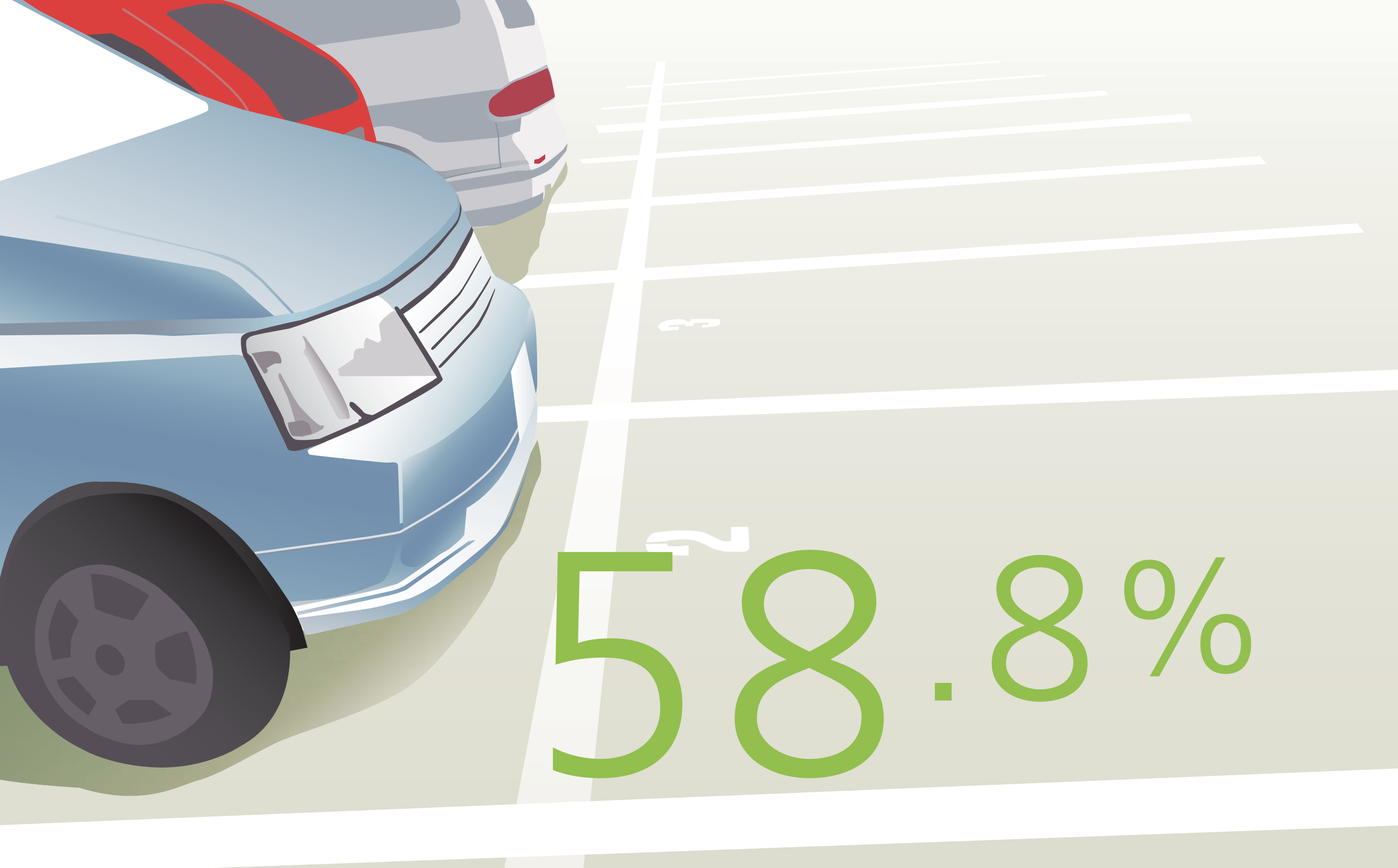
Sales in the sheets segment decreased 3.1% compared with the previous fiscal year to ¥26,726 million. Operating income soared 20.2% year on year to ¥1,399 million.

Due to a rapid decline in demand, sales volumes decreased for both MIRAMAT®, an expanded polyethylene sheet used as industrial-use packaging material, and P-Board™, an expanded polypropylene sheet. However, JSP was able to minimize the sales decrease impact of these products through proper sales price revisions, particularly for permanent anti-static products used in transporting digital consumer electronics. On the other hand, the sales volume of Miraboard™, expanded polystyrene sheets used in advertising displays and foldable boxes, dropped and was attributable to a slump in consumer spending. JSP has pursued further cost reductions through the effective utilization of the Kanuma Logistic Center, which commenced operations in the previous fiscal year, and the streamlining of production functions.



Main Products:

Styrene Paper,
Miraboard™,
P-Board™,
Miramat®,
Caplon™,
Miranet®,
PC Sheet, others



58.8%

BEADS BUSINESS

Sales in the beads segment were essentially in-line with the previous fiscal year to ¥56,716 million owing to the compensation of EPP sales decline by EPS sales increase, and operating income sank 44.2% year on year to ¥2,928 million due to the sharp decline of EPP sales volume throughout the world.

P-Block™ (ARPRO® in Europe and Americas), expanded polypropylene conventionally used as shock-absorbing bumper core materials and automotive interior and other parts, is now widely used for IT equipment returnable containers and consumer electronics cushioning materials as well as for impact protection and drainage underlayment for artificial grass sports fields.

Demand for P-Block™/ARPRO® used either as cushioning materials for consumer electronics or in packaging applications fell sharply due to the global economic downturn. Sales of the product steadily grew in the first half of the fiscal year under review, buoyed by robust demand for such applications as shock-absorbing materials for bumper cores and other parts and sound-absorbing floor spacers. However, in the second half, the sales significantly deteriorated due to the worldwide recession.

Sales increased for STYRODIA®, expandable polystyrene (EPS) beads used in packaging fish and other products and as construction and engineering materials, owing to the acquisition of EPS business from Hitachi Chemical Co., Ltd., despite the negative impact of lower fish catches and stagnant housing starts.

Main Products:

Styrodia®,
Bumper cores,
Side fixtures,
Tool boxes,
P-Block™/ARPRO®,
L-Block™,
Green Block™,
others

7.9%

BOARDS BUSINESS

Main Products:
Mirafoam™, Miraplank®, others

In the boards segment, sales fell 1.0% compared with the previous fiscal year to ¥7,671 million, while operating income jumped 16.8% year on year to ¥491 million.

Sales were weak for Mirafoam™, which is the segment's mainstay polystyrene-based extruded board for home insulation. The lackluster sales were attributable to delayed recovery in housing starts after revisions to the Building Standards Law of Japan. Nevertheless, JSP was able to secure profitability through the development of high-value-added products and cost reductions. Sales of MIRAPLANK®, another polystyrene-based extruded board, were also weak, particularly for such applications as returnable containers for consumer electronics and automotive parts.

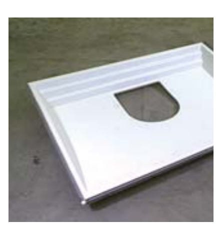
5.6%

OTHER BUSINESS

Main Products:
Foamcore™, Superfoam™, Plastic regeneration machines, Processing machines, Laminators, General packaging materials, others

Sales in the other business segment shrank 23.8% compared with the previous fiscal year to ¥5,422 million. JSP posted an operating loss totaling ¥241 million in this segment.

Sales of Superfoam™, hybrid molded foam that offers superior lightweight, heat and sound insulation properties, showed steady growth in the first half of the fiscal year under review for automobile air-conditioning duct applications. However, sales of the product decelerated in the second half. Sales of Foamcore™, fabricated bathroom ceiling material, similarly declined, adversely affected by weak growth in housing starts. Sales of general packaging materials also decreased amid shrinking demand in the consumer electronics field, and sales of plastic recycling equipment also remained low.



PRODUCT DEVELOPMENT

Since establishment, JSP has aggressively created new technologies and products that contribute to the preservation of the global environment and the sustainable development of society. Behind such activities was our strategy for R&D-driven business development.

Under our new NEXT JSP plan, we will tackle the challenge of emphasizing and expanding a portfolio centered on energy-saving products manufactured at energy-efficient facilities.

New Market Development

JSP is taking active steps to set up a global R&D network for newly developed products to access the global market. From a global perspective, various opportunities exist for new product development. New Market Development Group is searching for new application and techniques related to foamed plastics and peripheral technologies. In China, New Application Development Group is also seeking new opportunities other than automotive parts and packaging materials. It is expected that in the near future, present collaboration between researchers in our existing research centers and the global R&D structure will eventually develop products on world-wide market scale.

Continuous Anti-static Performance for Packaging

In 2007, we developed MIRAMAT®A, which is extruded polyethylene sheet with continuous anti-static performance.

Last fiscal year, MIRASPC®, which is extruded polyethylene board with the same performance, was developed and entered into the market in 2009. This technology was applied to P-Block™, too. Anti-static agent applied in these products does not stain the surface of packaged products and the anti-static performance continues to be effective even under low humid environment. They are expected to be useful for packaging materials for IT related products, LCD panel and so on.

JSP Riding High on a Wave of Green Technologies

JSP has developed a new, next-generation, high-performance insulation material, Mirafoam™ Λ (lambda, from the Greek alphabet), through new applications of its long-nurtured plastic foaming technologies. Specifically, JSP applied a specialized technology on conventional Mirafoam™ to suppress radiant heat with a layer of air bubbles and thereby improve gas barrier properties. In addition, the bubble shape, which suppresses heat conduction, realized an approximate 30% improvement in insulation performance. Heretofore, it was thought that the insulation performance of conventional polystyrene-based extruded foam had reached its peak.

In line with the promotion of green energy use, calls are heightening for efficient use of energy and the realization of housing with enhanced environmental performance. In this situation, Mirafoam™ Λ is attracting significant attention as an innovative insulation material. JSP will work to broaden target industries for the product, with the aim that Mirafoam™ Λ will be used for such applications as refrigerators and train carriages.

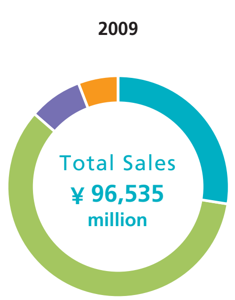
FINANCIAL SECTION

Results of Operations

In fiscal 2008, the fiscal year ended March 31, 2009, JSP recorded consolidated net sales of ¥96,535 million (US$982.7 million), down 2.9% compared with the previous fiscal year. Although the cost of sales remained flat year on year, gross profit declined 10.3% to ¥23,279 million (US$237.0 million), attributable to a decrease in consolidated net sales.

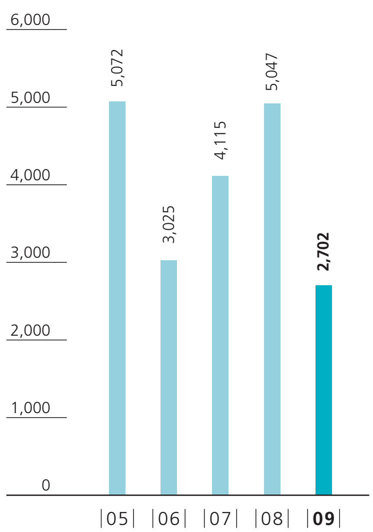
During the period under review, the JSP Group implemented upward product price revisions in response to surging raw material prices, while streamlining logistics operations to reduce costs. Despite these efforts, operating income edged down 46.5% year on year to ¥2,702 million (US$27.5 million), primarily due to increased raw material and fuel costs, which more than offset the positive effects of JSP's aforementioned efforts, and to decreased net sales. This represents an operating income margin of 2.8%, down 2.3 percentage points from the previous fiscal year. For the fiscal year under review, net income amounted to ¥1,366 million (US$13.9 million), down 47.2% year on year.

Sales Breakdown by Business Segment
(Millions of yen)

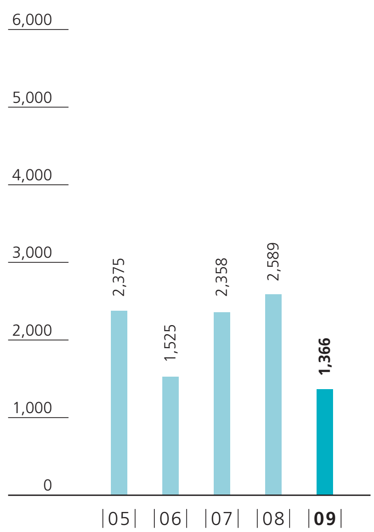


Sheets Business	27.7%
Beads Business	58.8%
Boards Business	7.9%
Other Business	5.6%

Operating Income
(Millions of yen)



Net Income
(Millions of yen)



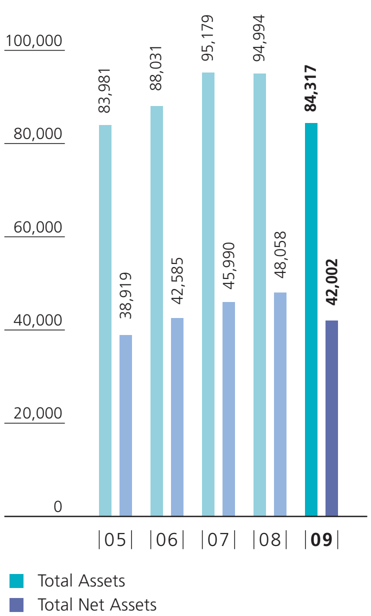
Financial Position

As of March 31, 2009, total assets stood at ¥84,317 million (US$858.4 million), a decrease of ¥10,677 million (US$108.7 million) compared with the previous fiscal year-end. Current assets decreased by ¥6,336 million (US$64.5 million), and fixed assets contracted by ¥4,342 million (US$44.2 million).

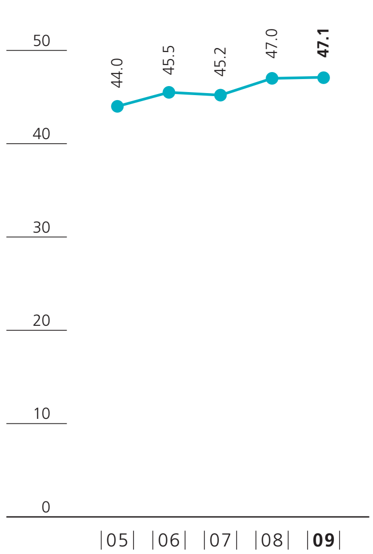
Total liabilities amounted to ¥42,315 million (US$430.8 million), a decrease of ¥4,621 million (US$47.0 million). Current liabilities declined by ¥4,952 million (US$50.4 million) from a year earlier, primarily owing to a decrease in trade notes and accounts payable. Long-term liabilities increased by ¥330 million (US$3.4 million).

Total net assets amounted to ¥42,002 million (US$427.6 million), a decrease of ¥6,056 million (US$61.7 million) year on year. Compared to the previous fiscal year-end, retained earnings expanded by ¥425 million (US$4.3 million), while total valuation and translation adjustments declined by ¥5,237 million (US$53.3 million). Accounting for these factors, the equity ratio as of March 31, 2009 was 47.1%, up 0.1 of a percentage point year on year.

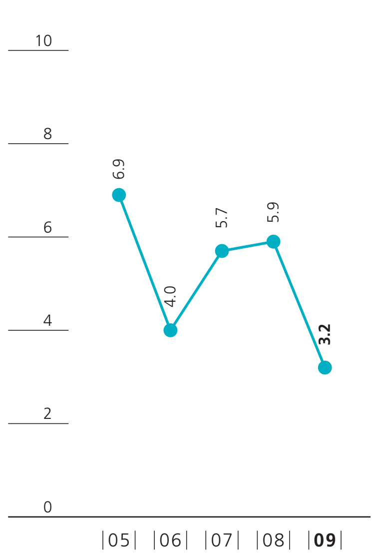
Total Assets/ Total Net Assets



Shareholder's Equity Ratio



Return on Equity



Cash Flows

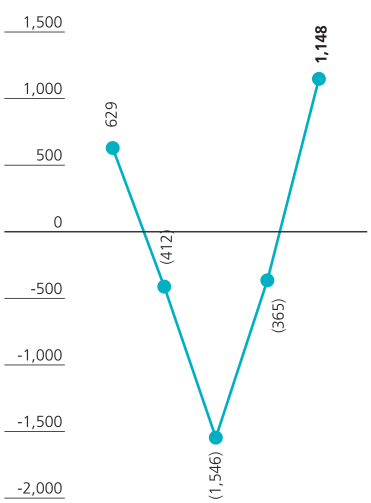
Net cash provided by operating activities during the fiscal year ended March 31, 2009 amounted to ¥6,129 million (US$62.4 million), a decline of ¥1,383 million (US$14.1 million) from the previous fiscal year. Major cash inflows included: ¥2,605 million (US$26.5 million) in income before income taxes; ¥5,070million (US$51.6 million) in depreciation and amortization; a ¥4,694 million (US$47.8 million) decrease in notes and accounts receivable-trade; and a ¥46 million (US$0.5 million) decrease in inventories. Major cash outflows included a ¥5,108 million (US$52.0 million) decrease in notes and accounts payable-trade and ¥724 million (US$7.4 million) in income tax payments.

Net cash used in investing activities amounted to ¥4,981 million (US$50.7 million), a year-on-year decrease of ¥2,896 million (US$29.5 million). The largest portion was used for purchases of non-current assets, which totaled ¥4,372 million (US$44.5 million).

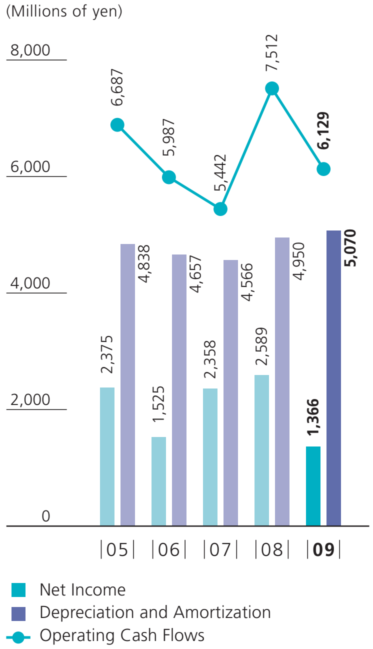
Net cash provided by financing activities was ¥298 million (US$3.0million), a year-on-year decline of ¥557 million (US$6.0 million). Major cash inflows included a net increase of ¥2,033 million (US$20.7 million) in short-term bank loans and proceeds of ¥715 million (US$7.3 million) from long-term loans. Principal cash outflows comprised: ¥4,985 million (US$50.7 million) in repayments of long-term loans; a ¥1,500 million (US$15.3 million) decrease in commercial paper; and cash dividends totaling ¥470 million (US$4.8 million).

After the effect of translation on cash and cash equivalents, which amounted to ¥879 million (US$8.9 million), and an increase in cash and cash equivalents due to a new consolidated subsidiary, which totaled ¥588 million (US$6.0 million), cash and cash equivalents as of March 31, 2009 stood at ¥6,555 million (US$66.7 million).

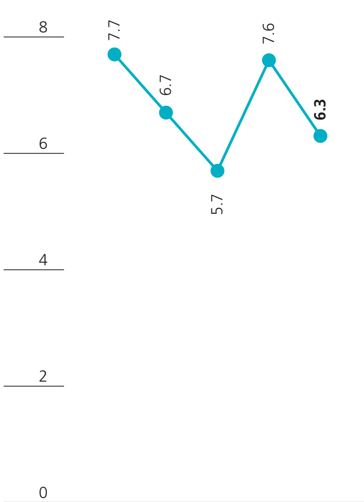
Free Cash Flows
(Millions of yen)



Net Income/ Depreciation and Amortization/ Operating Cash Flows
(Millions of yen)



Operating Cash Flows to Net Sales Ratio
(%)



REPORT OF INDEPENDENT ACCOUNTANTS

JSP Corporation and Consolidated Subsidiaries

To the Board of Directors of
JSP Corporation

We have audited the accompanying consolidated balance sheets of JSP Corporation and its subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JSP Corporation and its subsidiaries as of March 31, 2009 and 2008, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Tokyo, Japan
June 26, 2009

Toho Audit Corporation

As the above is an English translation from the original auditor's report (Yukashoken Hokokusho) filed with the Financial Services Agency for public disclosure pursuant to the Financial Instruments and Exchange Law, the Toho Audit Corporation's signature has been omitted.

CONSOLIDATED STATEMENTS OF INCOME

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
NET SALES	**¥96,535**	¥99,408	**$982,741**
COSTS OF SALES	**73,255**	73,455	**745,752**
Gross Profit	**23,279**	25,953	**236,989**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**18,708**	19,174	**190,447**
RESEARCH AND DEVELOPMENT	**1,870**	1,732	**19,036**
Operating income	**2,702**	5,047	**27,506**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**294**	272	**2,997**
Interest expense	**(432)**	(420)	**(4,395)**
Gain (Loss) on disposal of fixed assets, net	**(87)**	(253)	**(881)**
Gain (Loss) on disposal/write down of investments in securities	**(98)**	(14)	**(998)**
Equity in earnings of affiliates, net	**(224)**	(350)	**(2,278)**
Amortization of consolidation adjustments	**160**	40	**1,634**
Other, net	**288**	110	**2,936**
	(97)	(615)	**(985)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**2,605**	4,432	**26,520**
INCOME TAXES (Note 7)	**839**	1,144	**8,544**
INCOME BEFORE MINORITY INTERESTS	**1,766**	3,287	**17,976**
MINORITY INTERESTS	**(399)**	(698)	**(4,066)**
NET INCOME	**¥ 1,366**	¥ 2,589	**$ 13,911**

	Yen		U.S. dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 11)**:**			
NET INCOME	**¥43.74**	¥82.74	**$0.45**
NET INCOME DILUTED	**43.74**	82.63	**0.45**
CASH DIVIDENDS	**14.00**	14.00	**0.14**

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

JSP Corporation and Consolidated Subsidiaries
As of March 31

ASSETS	Millions of yen 2009	Millions of yen 2008	Thousands of U.S. dollars (Note 1) 2009
CURRENT ASSETS:			
Cash and Cash equivalents (Note 2)	**¥ 6,555**	¥ 5,400	**$ 66,732**
Receivables:			
Trade notes and accounts	**23,419**	29,017	**238,407**
Other	**695**	1,640	**7,073**
Allowance for doubtful accounts (Note 2)	**(160)**	(381)	**(1,626)**
Inventories (Notes 2 and 3)	**9,052**	9,642	**92,146**
Deferred income taxes (Notes 2 and 7)	**845**	850	**8,602**
Prepaid expenses and other current assets	**3,436**	4,009	**34,978**
Total current assets	**43,841**	50,177	**446,312**
PROPERTY, PLANT AND EQUIPMENT:			
Land	**11,558**	11,484	**117,662**
Buildings and structures	**27,010**	26,672	**274,963**
Machinery and equipment	**52,017**	54,013	**529,542**
Tools, furniture and fixtures	**8,248**	7,916	**83,962**
Other	**605**	580	**6,156**
Construction in progress	**976**	922	**9,932**
	100,412	101,587	**1,022,218**
Less accumulated depreciation	**(63,967)**	(62,093)	**(651,198)**
Net property, plant and equipment	**36,445**	39,494	**371,020**
INVESTMENT AND OTHER ASSETS:			
Investments in securities (Notes 2, 4 and 5)	**1,332**	1,491	**13,557**
Investments in related companies	**449**	1,078	**4,567**
Deferred income taxes (Notes 2 and 7)	**217**	202	**2,206**
Long-term loans receivable and other	**1,362**	1,358	**13,862**
Allowance for doubtful accounts (Note 2)	**(44)**	(20)	**(444)**
Total investments and other assets	**3,315**	4,109	**33,749**
INTANGIBLE ASSETS AND OTHER	**715**	1,214	**7,279**
	¥ 84,317	¥ 94,994	**$ 858,360**

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2009	2008	Thousands of U.S. dollars (Note 1) 2009
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	**¥ 9,194**	¥ 6,898	**$ 93,599**
Current portion of long-term debts (Note 5)	**4,778**	4,730	**48,640**
Short-term bonds (Note 6)	**222**	1,722	**2,260**
Payables:			
Trade notes and accounts	**9,025**	14,606	**91,877**
Construction	**513**	543	**5,219**
Other	**2,122**	1,838	**21,602**
Accrued income taxes	**565**	425	**5,751**
Deferred income taxes (Notes 2 and 7)	**10**	12	**99**
Accrued expenses and other current liabilities	**2,891**	3,497	**29,430**
Total current liabilities	**29,319**	34,271	**298,477**
LONG-TERM LIABILITIES:			
Bonds (Note 6)	**162**	384	**1,649**
Long-term debts (Note 5)	**11,036**	11,062	**112,348**
Provision for post-retirement benefits (Note 10)	**404**	364	**4,112**
Deferred income taxes (Notes 2 and 7)	**522**	413	**5,313**
Negative goodwill (Note 2)	**482**	40	**4,912**
Other	**390**	402	**3,966**
Total long-term liabilities	12,996	12,666	132,300
Total liabilities	**42,315**	46,936	**430,777**
NET ASSETS:			
Shareholders' equity:			
Common stock (Note 8)	**10,129**	10,113	**103,111**
Additional paid-in capital	**13,405**	13,390	**136,470**
Retained earnings	**21,548**	21,123	**219,366**
Less treasury common stock, at cost	**(211)**	(42)	**(2,146)**
Total shareholders' equity	**44,872**	44,584	**456,801**
Valuation and translation adjustments:			
Unrealized gains and losses on securities, net	**131**	110	**1,335**
Foreign currency translation adjustment	**(5,306)**	(48)	**(54,016)**
Total valuation and translation adjustments	**(5,175)**	62	**(52,681)**
Minority interests in consolidated subsidiaries	**2,305**	3,412	**23,463**
Total net assets	**42,002**	48,058	**427,583**
	¥84,317	¥94,994	**$858,360**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JSP Corporation and Consolidated Subsidiaries

Years ended March 31

	Common stock		Additional paid-in capital	Retained earnings
	Shares	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2006	30,962,473	¥9,962	¥13,239	¥16,936
Stock option exercised	320,000	114	114	—
Net income	—	—	—	2,358
Dividends from surplus	—	—	—	(372)
Bonuses to directors and corporate auditors	—	—	—	(3)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	(9)
Balance at March 31, 2007	31,282,473	¥10,076	¥13,353	¥18,910
Stock option exercised	90,000	37	37	—
Net income	—	—	—	2,589
Dividends from surplus	—	—	—	(376)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	—
Balance at March 31, 2008	31,372,473	¥10,113	¥13,390	¥21,123
Stock option exercised	41,000	16	16	—
Net income	—	—	—	1,366
Dividends from surplus	—	—	—	(470)
Effect of changes in accounting policies applied to foreign subsidiaries	—	—	—	(337)
Change of scope of equity method	—	—	—	(134)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	—
Balance at March 31, 2009	**31,413,473**	**¥10,129**	**¥13,405**	**¥21,548**

The accompanying notes are an integral part of these statements.

Less treasury common stock, at cost		Unrealized gains and losses on securities, net	Foreign currency translation adjustment	Minority interests in consolidation subsidiaries	Total net assets	
Shares	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
(57,039)	¥ (37)	¥ 352	¥ (394)	¥ 2,527	¥42,585	$433,527
—	—	—	—	—	228	2,316
—	—	—	—	—	2,358	24,002
—	—	—	—	—	(372)	(3,790)
—	—	—	—	—	(4)	(38)
(1,481)	(3)	—	—	—	(2)	(18)
—	—	(31)	760	477	1,197	12,178
(58,520)	¥ (40)	¥ 321	¥ 366	¥ 3,004	¥45,990	$468,177
—	—	—	—	—	74	752
—	—	—	—	—	2,589	26,361
—	—	—	—	—	(376)	(3,819)
(1,994)	(2)	—	—	—	(3)	(30)
—	—	(211)	(414)	408	(217)	(2,210)
(60,514)	¥ (42)	¥ 110	¥ (48)	¥ 3,412	¥48,058	$489,231
—	—	—	—	—	31	317
—	—	—	—	—	1,366	13,911
—	—	—	—	—	(470)	(4,784)
—	—	—	—	—	(337)	(3,433)
—	—	—	—	—	(134)	(1,368)
(300,476)	(168)	—	—	—	(168)	(1,714)
—	—	21	(5,258)	(1,107)	(6,343)	(64,577)
(360,990)	**¥(210)**	**¥ 131**	**¥(5,306)**	**¥(2,305)**	**¥42,002**	**$427,583**

CONSOLIDATED STATEMENTS OF CASH FLOWS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥2,605**	¥ 4,432	**$26,520**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities;			
Depreciation and amortization	**5,070**	4,950	**51,611**
Amortization of negative goodwill	**(160)**	(40)	**(1,634)**
(Gain) Loss on disposal of fixed assets, net	**87**	253	**881**
(Gain) Loss on write down of investments in securities	**98**	14	**998**
Interest and dividends receivable	**(294)**	(272)	**(2,997)**
Interest expense	**432**	421	**4,395**
Effect of equity in earning of affiliates, net	**224**	350	**2,278**
Changes in operating assets and liabilities;			
(Increase) decrease in notes and accounts receivable	**4,694**	1,419	**47,783**
Increase (decrease) in notes and accounts payable	**(5,108)**	(1,706)	**(52,003)**
(Increase) decrease in inventories	**46**	(460)	**465**
Other	**(693)**	(393)	**(7,051)**
Subtotal	**6,998**	8,968	**71,246**
Proceeds from interest and dividend income	**288**	279	**2,929**
Interest paid	**(433)**	(413)	**(4,413)**
Income taxes paid	**(724)**	(1,322)	**(7,368)**
Net cash provided by operating activities	**6,129**	7,512	**62,395**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of non-current assets	**(4,372)**	(5,744)	**(44,508)**
Proceeds from sales of non-current assets	**11**	134	**112**
Proceeds from sales of investment in securities	**25**	(56)	**255**
Purchases from minorities with subsidiaries' shares	**—**	(366)	**—**
Purchases of stocks of subsidiaries and affiliates	**(200)**	—	**(2,036)**
Proceeds from sales of stocks of subsidiaries and affiliates	**191**	—	**1,943**
Other	**(636)**	(1,845)	**(6,478)**
Net cash used in investing activities	**(4,981)**	(7,877)	**(50,711)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans, net	**2,033**	(1,062)	**20,696**
Increase (decrease) in long-term loans, net	**715**	2,042	**7,279**
Increase (decrease) in bonds, net	**(1,722)**	278	**(17,530)**
Proceeds from common stock issued	**31**	74	**317**
Purchases of treasury common stock	**(168)**	(3)	**(1,714)**
Cash dividends	**(470)**	(376)	**(4,785)**
Cash dividends to minority interest	**(105)**	(110)	**(1,067)**
Proceeds from minorities' investment in capital	**(16)**	12	**—**
Net cash provided by (used for) financing activities	**298**	855	**3,035**
EFFECT OF TRANSLATION ON CASH AND CASH EQUIVALENTS	**(879)**	(190)	**(8,945)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**567**	300	**5,774**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,400**	5,100	**54,975**
INCREASE IN CASH AND CASH EQUIVALENTS FROM NEWLY CONSOLIDATED SUBSIDIARY	**588**	—	**5,983**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**¥6,555**	¥ 5,400	**$66,732**

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Securities and Exchange Law of Japan, in accordance with accounting principles and practices generally accepted in Japan. The accompanying consolidated financial statements include the accounts of JSP Corporation (the “Company”), and its domestic and foreign subsidiaries which are more than 50% owned. Significant intercompany balances and transactions have been eliminated in consolidation. Investments in affiliates more than 15% owned are accounted for under the equity method of accounting.

Solely for the convenience of the reader outside Japan, certain items presented in the original financial statements have been reclassified in the accompanying financial statements. In addition, the accompanying notes include certain information which is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information. The accompanying consolidated financial statements have also been presented in U.S. dollars by translating all yen amounts for the year ended March 31, 2009 using an exchange rate of ¥98.23 to U.S. $ 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash equivalents

Cash equivalents include all highly liquid time deposits, generally with original maturities of three months or less, that are readily convertible to known amounts of cash and are so short that they have rarely the risk of changing values due to floating rates of the interest.

(b) Marketable securities and investments in securities

Securities registered on the exchange market are stated at fair value. The differences between the market value and the book value of securities are charged to income, so the market value is expected to be hard to recover a book value. And if it is considered to be able to recover it, the differences will be presented in “NET ASSETS”.

On the other hand, in case that the market value are more than the book value, all the gain realizable will be presented in “NET ASSETS”.

(c) Inventories

Inventories of the Company and its domestic subsidiaries are stated at cost determined on a moving average method.

Overseas subsidiaries are stated as lower of cost or market, being determined on a first-in first-out method.

(d) Property, plant and equipment

Property, plant and equipment are principally stated at cost. Depreciation of the Company’s and domestic subsidiaries’ property, plant and equipment is basically calculated using the declining-balance method over the estimated useful lives of the respective assets as prescribed in the Corporation Tax Law of Japan, and depreciation of overseas subsidiaries’ is computed using the straight-line method over the estimated useful lives.

Expenditures for new facilities and those that substantially extend the useful lives of existing plant and equipment are capitalized.

Maintenance and repairs including minor replacement and betterment are charged to income as incurred.

Amortization of intangible assets is calculated by using the straight-line method.

(e) Allowance for doubtful accounts

Allowance for doubtful accounts is provided for an amount, which is considered the risk of account receivables not to be collected.

(f) Research and development expenses

Research and development expenses are charged to income as incurred.

(g) Income taxes

Deferred taxation is provided, using the asset-and-liability method, on all material timing differences between accounting and taxation purposes. A deferred tax benefit is, however, not recognized in the financial statements except for a reasonable expectation of its realization.

(h) Appropriation of retained earnings

Provisions stated newly in the Articles of Incorporation of the Company say that retained earnings are appropriated by a resolution of the Board of Directors, under the corporate law of Japan.

The appropriations of year-end retained earnings are reflected in the books of account in the following year.

(i) Translation of foreign currency amounts

Foreign currency amounts are translated into Japanese yen on the basis of the period-end rate for the balance receivable and payable, and on the basis of the period-average rate for the transactions. The amount of translation adjustment is presented in “Net assets,” and included in “Minority Interests in Consolidated Subsidiaries”, too.

(j) Amortization of negative goodwill

In case of that the Company has acquired some business entities, the differences between the cost and the fair values are being amortized over-periods within 20 years from the date of the acquisition. The amounts which are not amortized yet by the closing date are presented as-“Negative goodwill” in the consolidated balance sheets. The-amounts are, however, little significant, they are charged to income as acquired.

<Additional Information>

Change in accounting method for leases

Beginning from this consolidated fiscal year, the JSP adopted the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 issued on June 17, 1993 and last revised on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 issued on January 18, 1994 and last revised on March 30, 2007). Accordingly, the method of accounting for finance leases that do not transfer ownership changed from treating such leases as rental transactions to treatment as sale/purchase transactions, recognizing them as lease assets. Depreciation equivalent is computed on a straight-line method over the lease period without residual value.

As a result of this change, there has been no impact on income or loss compared with the previous used accounting standards in the current consolidated fiscal year.

The Company uses the ordinary rental transaction method for finance leases transactions that do not transfer ownership contracted on and before March 31, 2008.

Practical solution on unification of accounting standards applied to foreign subsidiaries for consolidated financial statements

From a consolidated account settlement perspective, JSP has undertaken all essential adjustments following adoption of the Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" issued by the ASBJ on May 17, 2006 from this consolidated fiscal year.

As a result of this change, operating income and income before income taxes during this consolidated fiscal year each fell by ¥17 million compared with the previous used accounting standards.

Please refer to the corresponding sections for information concerning the impact of these changes on each segment.

3. INVENTORIES

Inventories at March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Merchandise and finished goods	**¥5,285**	¥5,674	**$53,802**
Work in process	**914**	841	**9,302**
Raw material and supplies	**2,853**	3,127	**29,043**
	¥9,052	¥9,642	**$92,146**

4. SECURITIES

Securities at March 31, 2009 and 2008 consist of the following:

As of March 31, 2009	Millions of yen					
		Unrealized				
	Cost	Gain	Loss	Realized gain (loss)	Fair value	Book value
Investments in securities:						
Marketable equity securities	**¥1,172**	**¥257**	**¥31**	**¥(66)**	**¥1,332**	**¥1,332**

As of March 31, 2008	Millions of yen					
		Unrealized				
	Cost	Gain	Loss	Realized gain (loss)	Fair value	Book value
Investments in securities:						
Marketable equity securities	¥1,364	¥190	¥ 4	¥(59)	¥1,491	¥1,491

As of March 31, 2009	Thousands of U.S. dollars (Note 1)					
		Unrealized				
	Cost	Gain	Loss	Realized gain (loss)	Fair value	Book value
Investments in securities:						
Marketable equity securities	**$11,928**	**$2,612**	**$316**	**$(667)**	**$13,557**	**$13,557**

5. SHORT-TERM BANK LOANS AND LONG-TERM DEBTS

Short-term bank loans are represented substantially by six-month notes bearing interest at weighted average rates of 0.91% and 1.42% at March 31, 2009 and 2008, respectively.

Long-term loans from banks and insurance companies with weighted average rates of 1.70%, are maturing serially through 2015.

Maturities of long-term loans at March 31, 2009 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2010	**¥ 4,778**	**$ 48,640**
2011	**3,929**	**40,001**
2012	**3,056**	**31,108**
2013	**2,023**	**20,597**
2014 and after	**2,028**	**20,643**
	¥15,812	**$160,988**

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Collateralized	**¥ 308**	¥ 336	**$ 3,140**
Unsecured	**15,505**	10,726	**157,849**
Less current portion	**(4,778)**	(4,730)	**(48,640)**
	¥11,036	¥11,062	**$112,348**

A summary of assets pledged as collateral for short-term bank loans and long-term debt at March 31, 2009 and 2008 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Securities, Property, plant and equipment, at cost less accumulated depreciation	**¥4,692**	¥4,727	**$47,768**

6. BONDS

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Current portion of bonds	**¥222**	¥ 222	**$2,260**
Commercial papers	**–**	1,500	**–**
Short-term bonds	**222**	1,722	**2,260**
Bonds	**162**	384	**1,649**
	¥384	¥2,106	**$3,909**

7. INCOME TAXES

Income tax expenses at March 31, 2009 and 2008 consist of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Current	**¥708**	¥1,156	**$7,208**
Deferred	**131**	(12)	**1,336**
	¥839	¥1,144	**$8,544**

Deferred income taxes are recorded, based upon the material timing differences between accounting and tax purposes. The deferred income taxes at March 31, 2009 and 2008, respectively are as follows;

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Deferred tax assets:			
Accounts receivable	**¥ 5**	¥ 109	**$ 51**
Provision for bonuses	**281**	320	**2,860**
Local taxes payable	**66**	31	**674**
Provision for retirement benefits	**153**	135	**1,560**
Provision for directors' retirement benefits	**74**	65	**752**
Investments in securities	**47**	106	**479**
Net loss carried forward	**165**	38	**1,678**
Other	**639**	270	**6,508**
Sub total	**¥1,430**	¥1,074	**$14,561**
Less: Allowance	**(142)**	(22)	**(1,445)**
Total deferred tax assets	**¥1,288**	¥1,052	**$13,116**
Deferred tax liabilities			
Property, plant and equipment	**¥ 372**	¥ 515	**$ 3,783**
Unrealized gains on securities	**104**	77	**1,057**
Other	**283**	(167)	**2,879**
Total deferred tax liabilities	**¥ 758**	¥ 425	**$ 7,720**
Net deferred tax assets:	**¥ 530**	¥ 627	**$ 5,396**

8. COMMON STOCK

The Company has authorized 46,000,000 shares; 31,413,473 shares and 31,372,473 shares had been issued. And the treasury common stocks have been 360,990 shares and 60,514 shares. As the result of it, 31,052,483 shares and 31,311,959 shares are on trading in Tokyo Stock Exchange at March 31, 2009 and 2008, respectively.

9. OPERATING LEASES

The Company and its consolidated subsidiaries have made use of various facilities, equipment and other under non-cancelable lease agreements. These leases would have expired on various dates through 2027.

Future minimum payments required under operating leases that have remaining non-cancelable lease terms in excess of one year at March 31, 2009 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2010	**¥114**	**$1,157**
2011	**107**	**1,085**
2012	**92**	**938**
2013	**76**	**770**
2014 and after	**280**	**2,848**
Total future minimum lease payments	**¥668**	**$6,797**

10. EMPLOYEES' BENEFITS

The Company and its domestic subsidiaries bear the cost of half the tax payable by the employees and their dependents on the welfare pension scheme and national health insurance.

The Company and its domestic subsidiaries have defined benefit plans.

1. Schedule of benefit plan liabilities recognized in the balance sheet as of March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Present value of a defined benefit obligation	**¥(6,047)**	¥(5,564)	**$(61,564)**
Pension fund	**3,700**	4,396	**37,670**
Subtotal	**¥(2,347)**	¥(1,168)	**$(23,894)**
Unrecognized actuarial gains and losses	**1,893**	629	**19,268**
Unrecognized past service obligation	**186**	211	**1,892**
Total	**¥ (269)**	¥ (328)	**$ (2,734)**
Less: Prepayment of pension cost	**135**	36	**1,370**
Provision for post-retirement benefits	**¥ (403)**	¥ (364)	**$ (4,104)**

2. Schedule of post-retirement cost during the fiscal year ended in March 31, 2009 and 2008.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Current service cost	**¥ 344**	¥ 348	**$3,502**
Interest cost	**128**	124	**1,303**
Expected return on plan assets	**(108)**	(120)	**(1,095)**
Recognized actuarial	**48**	(16)	**490**
Recognized past service cost	**25**	25	**250**
Post-retirement cost	**¥ 437**	¥ 361	**$4,450**

The Company made decisions on basic terms to compute post-retirement benefit obligation and so on.

The discount rate of assumptions used to compute the accumulated post-retirement benefit obligation are around 2.5% in 2009 and 2008, respectively. The expected rate of return on plan assets are approximately 2.5% in 2009 and 2008, respectively, considering the interest rate of a 10-20 year national bond similar to the period while the rest of the average term each employee will remain.

11. PER SHARE INFORMATION

Considering stock options exercised, the computations of net income per share are based on the weighted average number of them. The weighted average number of shares issued is 31,240 thousand shares and 31,295 thousand shares during the year ended March 31, 2009 and 2008 respectively.

More over considering stock options not to be exercised, the weighted average number of share is 31,242 thousand shares and 31,338 thousand shares during the year ended March 31, 2009 and 2008, respectively.

Cash dividends consisted of annual and semi-annual dividends. Cash dividends per share represented the actual amounts applicable to the respective years.

12. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2009 and 2008 are as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Guarantees given for borrowings:			
Affiliates	**¥414**	¥435	**$4,218**
Employees' housing loans	**183**	224	**1,867**

13. CASH DIVIDENDS

The appropriation of retained earnings of the Company in the fiscal year ended March 31, 2009 are as follows.

The date of resolution of Board of Directors	Per share: Yen	Per share: U.S. dollars (Note 1)	The total amounts: Millions of yen	The total amounts: Thousands of U.S. dollars (Note 1)
May 12, 2008	**¥8.00**	**$0.08**	**¥250**	**$2,550**
October 30, 2008	**7.00**	**0.07**	**219**	**2,234**

14. STOCK OPTIONS

Directors, executive officers and employees are eligible for stock options. Employees need to meet some definite conditions in order to be entitled.

The schedules of their stock options are as follows.

Date of approval	Amount of shares (Thousand)	Payment per share (Yen)	Period to be eligible
June 29, 2004	117	1,516	July 1, 2006 through June 30, 2009
June 29, 2005	106	1,258	July 1, 2007 through June 30, 2010

15. SEGMENT INFORMATION

(a) Information by business activities

The Company and its consolidated subsidiaries operate in four segments, which consist of "Sheets", "Beads", "Boards" and "Others", based on both the kind of products and the similarities of manufacturing methods.

2009	Millions of yen						
	Sheets	Beads	Boards	Others	Total	Elimination or adjustment	Consolidated
I. Net sales							
Outside	**¥26,726**	**¥56,716**	**¥7,671**	**¥5,422**	**¥96,535**	**¥ –**	**¥96,535**
Intersegment sales and transfer	**24**	**69**	**5**	**274**	**371**	**(371)**	**–**
Total net sales	**26,750**	**56,785**	**7,675**	**5,696**	**96,906**	**(371)**	**96,535**
II. Operating cost (excluding unallocated costs)	**25,351**	**53,856**	**7,185**	**5,937**	**92,329**	**(405)**	**91,924**
III. Operating income (before unallocated costs)	**1,399**	**2,928**	**491**	**(241)**	**4,577**	**34**	**4,611**
Unallocated costs							**1,909**
Operating income							**2,702**
Total assets	**¥22,355**	**¥44,505**	**¥6,543**	**¥4,056**	**¥77,460**	**¥6,856**	**¥84,317**
Depreciation and amortization	**¥ 1,515**	**¥ 2,968**	**¥ 348**	**¥ 146**	**¥ 4,977**	**¥ 93**	**¥ 5,070**
Capital expenditure	**¥ 1,384**	**¥ 2,597**	**¥ 361**	**¥ 351**	**¥ 4,692**	**¥ 87**	**¥ 4,779**

2009	Thousands of U.S. dollars (Note 1)						
	Sheets	Beads	Boards	Others	Total	Elimination or adjustment	Consolidated
I. Net sales							
Outside	**$272,072**	**$577,381**	**$78,089**	**$55,199**	**$982,741**	**$ –**	**$982,741**
Intersegment sales and transfer	**248**	**698**	**47**	**2,785**	**3,778**	**(3,778)**	**–**
Total net sales	**272,320**	**578,079**	**78,136**	**57,985**	**986,519**	**(3,778)**	**982,741**
II. Operating cost (excluding unallocated costs)	**258,078**	**548,267**	**73,140**	**60,442**	**939,927**	**(4,125)**	**955,236**
III. Operating income (before unallocated costs)	**14,242**	**29,812**	**4,996**	**(2,458)**	**46,592**	**347**	**46,939**
Unallocated costs							**19,433**
Operating income							**27,506**
Total assets	**$227,582**	**$453,074**	**$66,614**	**$41,291**	**$788,561**	**$69,799**	**$858,360**
Depreciation and amortization	**$ 15,421**	**$ 30,215**	**$ 3,542**	**$ 1,491**	**$ 50,669**	**$ 942**	**$ 51,611**
Capital expenditure	**$ 14,086**	**$ 26,431**	**$ 3,674**	**$ 3,578**	**$ 47,768**	**$ 887**	**$ 48,655**

Note: Main Products presented in the business segments are as follows:

Sheets: Styrene Paper, Miraboard™, P-Board™, Miramat®, Miranet®, Caplon™

Beads: P-Block™/ARPRO®, L-Block™, Styrodia®

Boards: Mirafoam™, Miraplank®

Others: Foamcore™, Superfoam™, Plastic regeneration machines

(b) Net sales to areas outside Japan

The amounts of the Company's and its consolidated subsidiaries' net sales to areas outside Japan at March 31, 2009 and 2008 are summarized below:

2009	Millions of yen				
	To America	To Europe	To Asia	To others	Total
I. Net sales	**¥9,760**	**¥9,744**	**¥9,346**	**¥67**	**¥28,917**
II. Consolidated net sales					
Proportion of I to II	**10.1%**	**10.1%**	**9.7%**	**0.1%**	**30.0%**

2008	Millions of yen			
	To America	To Europe	To others	Total
I. Net sales	¥11,483	¥10,384	¥11,513	¥33,380
II. Consolidated net sales				99,408
Proportion of I to II	11.6%	10.4%	11.6%	33.6%

2009	Thousands of U.S. dollars (Note 1)				
	To America	To Europe	To Asia	To others	Total
I. Net sales	**$99,362**	**$99,194**	**$95,140**	**$684**	**$294,381**
II. Consolidated net sales					
Proportion of I to II	**10.1%**	**10.1%**	**9.7%**	**0.1%**	**30.0%**

Note: Main areas presented in the section above are as follows:

America: the U.S., Canada and Mexico

Asia: Singapore, Korea, Taiwan and China

Other: Oceania and Africa

CORPORATE DATA

BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND STATUTORY AUDITORS

Representative Director, President
Rokurou Inoue

Director
Kozo Tsukamoto *1

Directors, Senior Executive Officers
Kouichi Teranishi
Masahiro Harada
Ken Shiosaka
Hiroshi Usui

Directors, Executive Officers
Hitoshi Yamamoto
Takashi Matsukasa
Hideo Ono

Executive Officers
Yoshinari Saito
Kazuhiro Mihara
Yoshiaki Momose

Corporate Statutory Auditors
Ken Toyoguchi
Masashi Hashimoto
Shigehisa Kimura
Yukio Sakai *2

*1 Director, Managing Executive Officer of Mitsubishi Gas Chemical Company, Inc.
*2 Executive Officer of Mitsubishi Gas Chemical Company, Inc.
(As of June 30, 2009)

CORPORATE DATA

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Fax: 81(3) 6212-6302

Date of Establishment
January 24, 1962

Paid-in Capital
¥10,129 million (As of May 31, 2009)

Number of Employees
2223 (As of March 31, 2009)

Stock Exchange Listing
Tokyo Stock Exchange

Transfer Agent of Common Stock
Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku,
Tokyo 100-0005, Japan

URL: http://www.co-jsp.co.jp

For further information, please contact the
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81 (3) 6212-6312, or at the above website.