

SUMMARY OF FINANCIAL STATEMENT (Consolidated)

Full-year Results for the Fiscal Year Ended March 31, 2015

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

URL: <http://www.jsp.com>Code Number: **7942**

Representative: Kozo Tsukamoto, President, Representative Director

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Scheduled date of Annual General Meeting of Shareholders: June 26, 2015

Scheduled date of payment of dividend: June 29, 2015

Scheduled date of filing of Annual Securities Report: June 26, 2015

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for analysts)

Note: The original disclosure in Japanese was released on April 30, 2015 at 15:00 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Full-year Results (April 1, 2014 to March 31, 2015) for the Fiscal Year Ended March 31, 2015

(1) Consolidated business performance (Percentages shown for net sales and incomes represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------------|-------------|------|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended Mar. 31, 2015 | 116,923 | 4.3 | 5,667 | (4.1) | 6,044 | (7.1) | 4,039 | (8.3) |
| Fiscal year ended Mar. 31, 2014 | 112,128 | 16.8 | 5,909 | 29.2 | 6,509 | 32.1 | 4,404 | 32.5 |

Note: Comprehensive income: Fiscal year ended Mar. 31, 2015: 8,658 million yen (down 17.2%)

Fiscal year ended Mar. 31, 2014: 10,462 million yen (up 53.7%)

| | Net income per share | Fully diluted net income per share | Return on equity | Ordinary income to total assets | Operating income to net sales |
|---------------------------------|----------------------|------------------------------------|------------------|---------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| Fiscal year ended Mar. 31, 2015 | 135.50 | - | 6.5 | 5.4 | 4.8 |
| Fiscal year ended Mar. 31, 2014 | 147.73 | - | 8.2 | 6.4 | 5.3 |

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2015: 3 million yen

Fiscal year ended Mar. 31, 2014: 3 million yen

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2015 | 116,717 | 70,352 | 56.0 | 2,190.61 |
| As of Mar. 31, 2014 | 108,420 | 62,375 | 53.4 | 1,940.48 |

Reference: Shareholders' equity: As of Mar. 31, 2015: 65,307 million yen As of Mar. 31, 2014: 57,853 million yen

(3) Consolidated cash flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at the end of period |
|---------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million yen | Million yen | Million yen | Million yen |
| Fiscal year ended Mar. 31, 2015 | 8,289 | (8,029) | 1,156 | 8,893 |
| Fiscal year ended Mar. 31, 2014 | 7,200 | (8,430) | 190 | 6,972 |

2. Dividends

| | Annual dividends per share | | | | | Total amounts of dividends | Payout ratio (consolidated) | Dividend on net assets (consolidated) |
|--|----------------------------|--------|--------|----------|-------|----------------------------|-----------------------------|---------------------------------------|
| | 1Q-end | 2Q-end | 3Q-end | Year-end | Total | | | |
| Fiscal year ended Mar. 31, 2014 | - | 15.00 | - | 15.00 | 30.00 | 894 | 20.3 | 1.7 |
| Fiscal year ended Mar. 31, 2015 | - | 15.00 | - | 15.00 | 30.00 | 894 | 22.1 | 1.4 |
| Fiscal year ending Mar. 31, 2016 (forecasts) | - | 15.00 | - | 15.00 | 30.00 | | 18.6 | |

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2016

(April 1, 2015 to March 31, 2016)

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|------------|-------------|-----|------------------|------|-----------------|------|---|------|----------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 58,700 | 0.7 | 3,400 | 27.2 | 3,400 | 15.8 | 2,650 | 22.8 | 88.89 |
| Full year | 119,000 | 1.8 | 7,000 | 23.5 | 7,100 | 17.5 | 4,800 | 18.8 | 161.01 |

*** Notes**

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

Newly added: - Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period including treasury shares

As of Mar. 31, 2015: 31,413,473 shares As of Mar. 31, 2014: 31,413,473 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2015: 1,600,900 shares As of Mar. 31, 2014: 1,599,366 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2015: 29,813,658 shares Fiscal year ended Mar. 31, 2014: 29,814,970 shares

Reference: Overview of Non-Consolidated Operating Performance

Full-year Results (April 1, 2014 to March 31, 2015) for the Fiscal Year Ended March 31, 2015

(1) Non-consolidated business performance

(Percentages represent year-on-year changes)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---------------------------------|-------------|-------|------------------|--------|-----------------|--------|-------------|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Fiscal year ended Mar. 31, 2015 | 61,004 | (1.5) | 440 | (66.3) | 2,588 | (23.1) | 2,216 | (20.1) |
| Fiscal year ended Mar. 31, 2014 | 61,952 | 11.7 | 1,307 | 32.8 | 3,368 | 26.0 | 2,771 | 35.5 |

| | Net income per share | Fully diluted net income per share |
|---------------------------------|----------------------|------------------------------------|
| | Yen | Yen |
| Fiscal year ended Mar. 31, 2015 | 74.33 | - |
| Fiscal year ended Mar. 31, 2014 | 92.97 | - |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of Mar. 31, 2015 | 78,678 | 41,463 | 52.7 | 1,390.80 |
| As of Mar. 31, 2014 | 75,023 | 39,657 | 52.9 | 1,330.14 |

Reference: Shareholders' equity: As of Mar. 31, 2015: 41,463 million yen As of Mar. 31, 2014: 39,657 million yen

* Information regarding the implementation of audit procedures

The current financial summary is exempted from audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the financial statements have not been completed.

* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "1. Analysis of Results of Operations and Financial Position, (1) Analysis of Results of Operations" on page 1 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Analysis of Results of Operations and Financial Position

(1) Analysis of Results of Operations

1) Financial Results for the Current Fiscal Year Ended March 31, 2015

In the current fiscal year, the Japanese economy benefited from the weaker yen and rising stock prices in the certain sectors. However, the recovery in demand was limited in part because of the drop in demand that followed the April 2014 consumption tax hike. Furthermore, there were differences in the performance of companies in Japan depending on industries and the size of companies. Earnings improved at companies in export-oriented industries as the yen weakened. But the higher cost of raw materials, fuel and other imported materials brought down earnings at companies in industries that rely on internal demand and at small and midsize companies.

In the United States, economic growth was temporarily negative due to the cold wave. But the economy is continuing to grow along with strong consumer spending and the recovery in automobile sales volume. In Europe, a gradual recovery continued. In Asia, the economic growth rate remained high despite slowing growth in China.

In Japan's foamed plastic industry, the cost of raw materials and fuel fell in the fourth quarter along with the drop in the price of crude oil. But overall, market conditions remained challenging during the fiscal year due to the higher cost of raw materials and fuel, electricity and transportation, lower demand caused by the drop that followed the April 2014 consumption tax hike, and unfavorable weather. Consumer spending was sluggish as well because Japan's economic recovery did not start as soon as expected. The result was lower demand in all categories of foamed plastic products.

In this operating environment, we took actions aimed at cutting costs and revising product prices. In addition, we focused investments on growing regions and product categories and made developing and selling value-added products that incorporate our exclusive technologies as one of our priorities.

As a result, net sales in the current fiscal year were 116,923 million yen (up by 4.3% year-on-year) due to the higher yen conversions of foreign-currency denominated sales because of the weaker yen. Operating income decreased 4.1% to 5,667 million yen, ordinary income decreased 7.1% to 6,044 million yen and net income decreased 8.3% to 4,039 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of MIRAMAT[®] (expanded polyethylene sheet used as an industrial packaging material) which is used mainly for the transportation of substrates for LCD TVs and other digital home appliances decreased due to the post-tax hike falloff that reduced demand for large appliances and other consumer durables. Sales of CAPLON[™] (air-bubble polyethylene cushioning material) increased due to new applications for packaging materials for automotive parts. Sales of P-BOARD[™] (expanded polypropylene sheet) which is used mainly for transportation containers for automotive parts and home appliances decreased in response to the sluggishness in the automobile and home appliances market in Japan. Sales of STYRENPAPER[™] (expanded polystyrene sheet used in food packaging) which is used in many applications for instant noodles, lunch boxes, and trays used by large retailers increased thanks to continued strong demand along with measures to increase sales of new products and target new applications. Sales of MIRABOARD[™] (expanded polystyrene board used in advertising displays and folding boxes) decreased due to the diversification of advertising channels, such as the growing use of digital media. As for MIRAFOAM[™] (extruded board made of expanded polystyrene and is a key material for construction and civil engineering materials), sales were down in the construction sector because of a decline in construction starts of houses and condominiums following the April 2014 consumption tax hike. However, sales were higher in the civil engineering sector as demand increased nationwide, including demand associated with reconstruction

activity following the Great East Japan Earthquake of March 2011.

As a result, extrusion segment sales increased 0.8% to 39,915 million yen and operating income decreased 30.0% to 1,348 million yen. Sales were higher in the food packaging material and civil engineering sectors but lower in the industrial packaging material and construction sectors. Delays in revising prices to reflect the higher cost of raw materials, energy and distribution were one reason for the decline in segments earnings.

Bead Business

ARPRO[®]/P-BLOCK[™] (expanded polypropylene), now being manufactured and sold worldwide, is used in automotive parts such as bumper cores, interior auto parts and seat cores, and as an insulation and cushioning material for housing facilities, a cushioning and packaging material in returnable containers for transporting IT equipment, a cushioning and packaging material for home appliances, and an impact protection material for artificial sports surfaces. Overall sales were strong, on expanded uses in new automotive parts and higher demand for home appliance packing and cushioning. In Japan, there were new applications for mini-vehicles and insulating materials in equipment used in houses. However, overall sales declined because of lower demand for beads used by automobile, housing equipment and IT home appliance manufacturers as they reduced inventories following the April 2014 consumption tax hike. Earnings were negatively impacted by the decline in sales as well as the higher cost of raw materials, fuel and energy. In North America, local-currency sales decreased as automobile sales volume dropped briefly because of record cold wave. But after translating sales into yen, sales in North America increased. In South America, sales decreased as slowing economic growth brought down automobile sales volume. In Europe, sales increased as the economic recovery raised demand for automotive parts. In China and other Asian countries, overall sales increased because of a continuation of strong growth in sales of automobiles and home appliances as well as an expansion of new demand. Demand for STYRODIA[®] (expandable polystyrene beads) was firm in the construction and civil engineering sectors and home appliance sector. But demand in the fisheries and agriculture sectors, the primary markets for this material, was weak mainly because of unfavorable weather. Although sales decreased, growth in sales of functional grades of STYRODIA[®], product price revisions and measures to reduce all cost categories resulted in higher earnings. Sales of FOAMCORE[™] (a hybrid molded product used as a ceiling material for prefabricated bathroom units) decreased because of the downturn in housing starts.

As a result, bead segment sales increased 4.9% to 70,340 million yen and operating income increased 6.8% to 4,854 million yen.

Other

In general packaging materials, demand in Japan decreased due to the post-tax hike falloff. But demand was firm for packaging materials used for automobiles, LCD products, optical products and general industrial parts because of the weaker yen. Sales increased because of the growth in demand for packaging materials due to higher sales in new market sectors, such as bed core materials, an increase in sales of molded sheets used for automotive parts and smartphones for China, and a recovery in output in Japan by manufacturers of precision products and equipment. In China, sales increased following a decision to adopt new packaging materials for LCD TVs.

As a result, sales in other segment increased 21.7% to 6,667 million yen and there was an operating income of 59 million yen (compared with operating loss of 32 million yen in the previous fiscal year).

2) Outlook for the Fiscal Year Ending March 31, 2016

The outlook for the Japanese economy is uncertain because of concerns about the directions of foreign exchange rates and the price of crude oil, the rising cost of electricity in Japan, and other reasons. But demand for consumer durables is expected to recover as the effects of the drop in demand after the April 2014 consumption hike end. The rebound in demand is expected to be centered on the building and housing construction, automobile, and large home appliance sectors. As a result, the outlook is for a moderate recovery of the Japanese economy. The European and U.S. economies are expected to continue to recover slowly with the support of increasing consumer spending and exports. Although China's economy is no longer expanding rapidly, the country's automobile and home appliance markets will probably continue to post strong growth. Economic growth is expected to continue in other emerging countries, too. Overall, the forecast for the global economy calls for moderate growth to continue.

For operations in Japan, we forecast an improvement in sales and earnings. One reason is the outlook for lower prices of raw materials and fuel. Another reason is expected growth in demand for the JSP products. Demand for high-performance thermal insulation materials for buildings and houses is increasing due to upcoming requirement in 2020 to comply with Japan's energy conservation standards. In addition, we foresee higher demand for packaging and cushioning materials used primarily for digital home appliances and associated parts and the greater use of these materials for automotive parts. For global operations, automobile output and sales are increasing in China as the growth in automobile ownership extends from coastal to inland regions. Strong growth is expected to continue in China's digital home appliances market, too. As a result, we anticipate significant growth in demand for ARPRO®/P-BLOCK™ (expanded polypropylene). In North America and Europe, automobile output and sales are expected to increase as these economies grow. Based on this outlook, we forecast a strong performance by our global operations.

When we started a new medium-term management plan in April 2015, the depreciation method used for property, plant and equipment by JSP and its consolidated subsidiaries in Japan was changed to the straight-line method. In prior years, these companies used primarily the former declining-balance and current declining-balance methods. As a result, the forecast for depreciation expenses in the fiscal year ending on March 31, 2016 is about 660 million yen less than it would have been with the previous depreciation method.

i. Earnings forecasts for the March 2016 fiscal year are as follows.

| | | |
|---|---------------------|-------------------------|
| Net sales | 119,000 million yen | (up 1.8% year-on-year) |
| Operating income | 7,000 million yen | (up 23.5% year-on-year) |
| Ordinary income | 7,100 million yen | (up 17.5% year-on-year) |
| Profit attributable to owners of parent | 4,800 million yen | (up 18.8% year-on-year) |

Assumptions

Exchange rates: JPY120/USD, JPY130/EUR

Dubai crude oil: USD60/BL

ii. Segment information summary

(Million yen)

| | Fiscal year ended March 31, 2015 (Results) | | Fiscal year ending March 31, 2016 (Forecast) | |
|--------------------|--|------------------|--|------------------|
| | Net sales | Operating income | Net sales | Operating income |
| Extrusion Business | 39,915 | 1,348 | 39,402 | 1,967 |
| Bead Business | 70,340 | 4,854 | 73,775 | 5,871 |
| Other | 6,667 | 59 | 5,823 | 32 |
| Subtotal | 116,923 | 6,262 | 119,000 | 7,870 |
| Adjustments | - | (595) | - | (870) |
| Total | 116,923 | 5,667 | 119,000 | 7,000 |

iii. Capital expenditures

The forecast for capital expenditures is about 8,500 million yen, the sum of about 3,100 million yen of expenditures to increase production capacity and about 5,400 million yen of expenditures for maintenance and repairs.

The forecast for depreciation expenses is about 4,550 million yen. The change in the depreciation method for property, plant and equipment to the straight-line method at JSP and its consolidated subsidiaries in Japan starting in the fiscal year ending on March 31, 2016 lowered this forecast by about 660 million yen compared with depreciation expenses using the previous method.

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors.

(2) Analysis of Financial Position

1) Balance Sheet Position

Total assets as of March 31, 2015 were 116,717 million yen, up 8,297 million yen from March 31, 2014. Current assets increased 4,851 million yen and non-current assets increased 3,446 million yen.

Total liabilities were 46,365 million yen, up 320 million yen. Current liabilities increased 1,055 million yen, while non-current liabilities decreased 734 million yen.

As a result, net assets totaled 70,352 million yen and the shareholders' equity ratio increased 2.6 percentage points to 56.0%.

2) Cash Flows

Cash flows from operating activities

Net cash provided by operating activities totaled 8,289 million yen, an increase of 1,088 million yen from the previous fiscal year. Inflows included 6,000 million yen from income before income taxes and 5,327 million yen from depreciation. Outflows included income taxes paid of 2,269 million yen and a decrease of 1,549 million yen in notes and accounts payable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 8,029 million yen, a decrease of 400 million yen from the previous fiscal year. This included an outflow of 7,575 million yen for the purchase of non-current assets.

Cash flows from financing activities

Net cash provided by financing activities totaled 1,156 million yen, an increase of 965 million yen from the previous fiscal year. Inflows included 6,600 million yen in proceeds from long-term loans payable, 956 million yen from a net increase in short-term loans payable, and outflows included 5,282 million yen for the repayment of long-term loans payable and the cash dividends paid of 894 million yen.

As a result, cash and cash equivalents totaled 8,893 million yen as of March 31, 2015, up 1,920 million yen from March 31, 2014.

Reference: Cash flow indicators

| | Fiscal year ended Mar. 31, 2012 | Fiscal year ended Mar. 31, 2013 | Fiscal year ended Mar. 31, 2014 | Fiscal year ended Mar. 31, 2015 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Shareholders' equity ratio (%) | 50.2 | 52.2 | 53.4 | 56.0 |
| Shareholders' equity ratio based on market prices (%) | 41.3 | 43.5 | 43.8 | 57.1 |
| Cash flow to debt ratio (years) | 3.7 | 2.7 | 3.1 | 2.9 |
| Interest coverage ratio (times) | 24.2 | 35.4 | 32.5 | 42.7 |

Shareholders' equity ratio: Shareholders' equity / Total assets

Shareholders' equity ratio based on market prices: Market capitalization / Total assets

Cash flow to debt ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. All indicators are calculated based on consolidated figures.

2. Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares issued and outstanding at the end of the period, net of treasury shares.

3. Operating cash flows are calculated using the figures for "Net cash provided by (used in) operating activities" on the consolidated statement of cash flows.

4. Interest-bearing debt includes all liabilities on the consolidated balance sheet that incur interest. Interest payments are calculated using the figures for "Interest expenses paid" in the consolidated statement of cash flows.

(3) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of JSP Corporation. Our policy is to make stable dividend payments after taking into consideration all applicable factors, including consolidated performance in each fiscal year and the need to retain earnings for strengthening the base of future business activities.

Retained earnings are used to increase financial soundness, R&D expenditures for new products and technologies, and capital expenditures for new businesses.

As prescribed in Article 459, Paragraph 1 of the Companies Act of Japan, the JSP Corporation Articles of Incorporation allow the Board of Directors to approve the payment of dividends from retained earnings. The basic policy is to pay an interim and year-end dividend based on resolutions of the Board of Directors.

For the fiscal year that ended on March 31, 2015 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 30 yen per share. Since an interim dividend of 15 yen per share has been paid, this will result in a year-end dividend of 15 yen per share. In the fiscal year ending on March 31, 2016, we plan to pay an interim and year-end dividend of 15 yen per share each, a total of 30 yen.

(4) Business Risks

The following is a list of items that may have an effect on our results of operations, financial position, cash flows and other aspects of operations. This list is based on the judgments of management as of the end of March 2015 and is not intended to be a complete list of business and other risks.

1) Volatility of prices of raw materials

Prices of raw materials and fuel used by JSP companies may vary significantly because these prices are linked to changes in the cost of crude oil and naphtha. If we are unable to increase prices of its products to offset the higher cost of raw materials and fuel, there may be a negative impact on our results of operations or the financial condition.

2) Global events

JSP does business in North America, Europe, Asia and other areas of the world. As a result, political, economic and social events, changes in the regulatory climate and exchange rate fluctuations can affect demand for its products in these regions and have an impact on its business operations.

3) Natural disasters

JSP operates many plants worldwide. Although these plants have measures in place to prepare for an earthquake, a typhoon, flood or other natural disaster that is more severe than anticipated could significantly damage these plants and have a significant negative impact on its results of operations or the financial condition.

4) Protection of intellectual property

JSP holds international patents and many other types of intellectual property. Protecting this property is vital to its ability to earn profits in the future. A patent infringement or patent dispute with another company may have a negative impact on business. Consequently, we have established systems worldwide to prevent such problems.

5) Compliance and internal controls

JSP has established and manage an effective internal control framework for compliance and other items. However, we may be unable to comply with laws and regulations at times due to revisions to laws and regulations in various countries. Consequently, there is no assurance that we will not violate a law or regulation in the future. This could result in additional expenses for compliance programs.

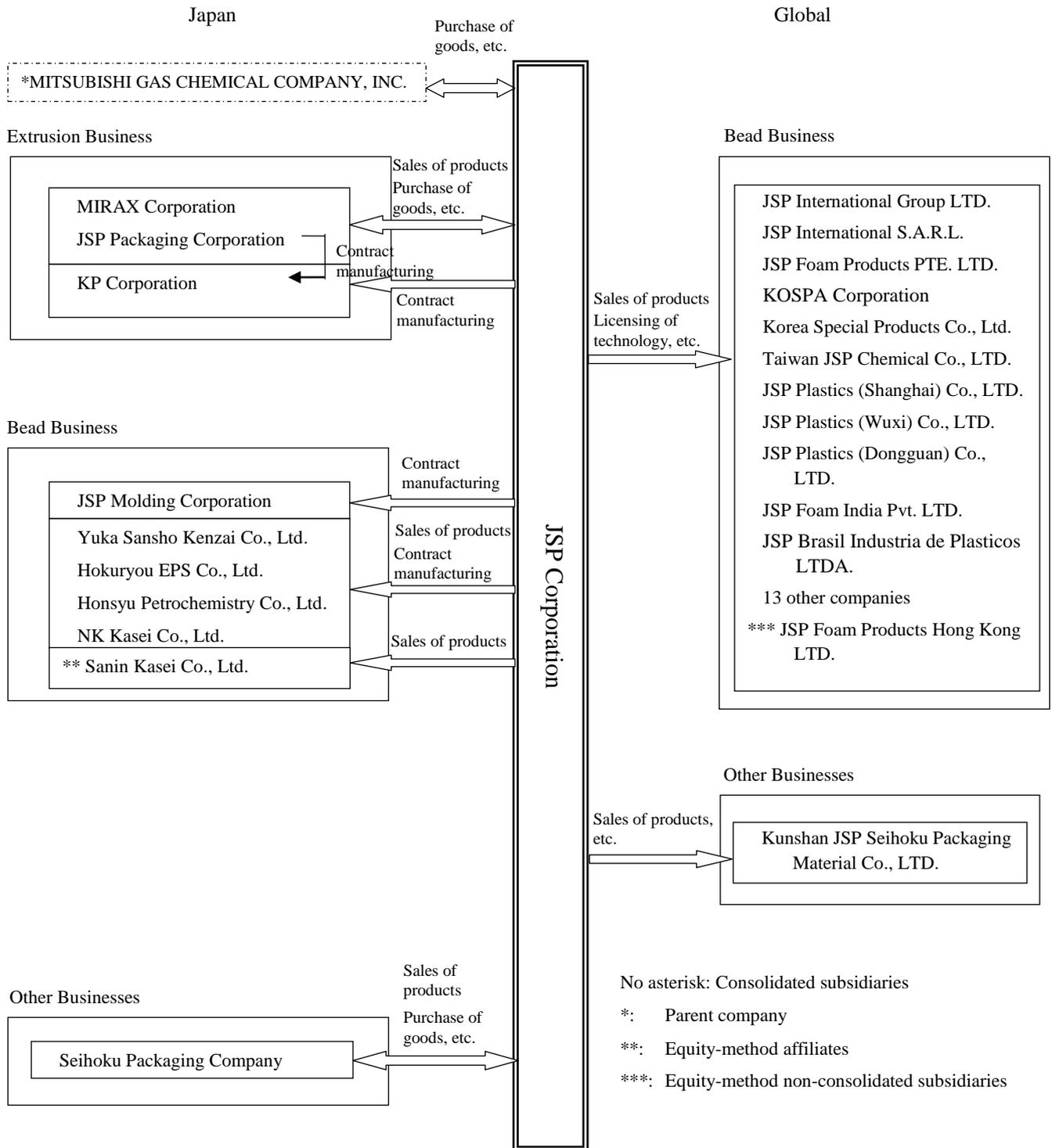
2. Corporate Group

The JSP Group is made up of JSP Corporation, 11 subsidiaries in Japan, 27 subsidiaries in other countries, and five affiliates. The primary business is the manufacture and sale of plastic products, chiefly using foaming technology, that provide functional and economic benefits. We are also engaged in activities associated with this core business.

The roles of these companies within the group and relationships with business segments are shown below.

| Segments | Major products/merchandise | Main group companies | |
|--------------------|---|-----------------------------------|--|
| Extrusion Business | STYRENPAPER™ MIRABOARD™ P-BOARD™ P-MAT™ MIRAMAT® CAPLON™ MIRAFOAM™ MIRAPLANK® J SLIT™ | Manufacturing and sales companies | JSP Corporation JSP Packaging Corporation MIRAX Corporation |
| | | Contract manufacturing company | KP Corporation |
| Bead Business | ARPRO®/P-BLOCK™ L-BLOCK™ STYRODIA® HEATPOR® CLEARPOR® ELEMPOR™ FOAMCORE™ SUPERFOAM™ | Manufacturing and sales companies | JSP Corporation Yuka Sansho Kenzai Co., Ltd. Hokuryou EPS Co., Ltd. Honsyu Petrochemistry Co., Ltd. NK Kasei Co., Ltd. JSP International Group LTD. JSP International S.A.R.L. JSP Foam Products PTE. LTD. KOSPA Corporation Korea Special Products Co., Ltd. Taiwan JSP Chemical Co., LTD. JSP Plastics (Shanghai) Co., LTD. JSP Plastics (Wuxi) Co., LTD. JSP Plastics (Dongguan) Co., LTD. JSP Foam India Pvt. LTD. JSP Brasil Industria de Plasticos LTDA. Sanin Kasei Co., Ltd. |
| | | Contract manufacturing company | JSP Molding Corporation |
| Other Businesses | General packaging materials | Manufacturing and sales companies | Kunshan JSP Seihoku Packaging Material Co., LTD. |
| | | Sales company | Seihoku Packaging Company |

A flowchart of business operations is as follows.



3. Management Policy

(1) Fundamental Management Policy

The social mission of JSP is to use its position as a global organization for utilizing synthetic resin foaming technologies for the supply of products that improve our lives by conserving energy and resources. Our goal is to remain a globally competitive and profitable organization that accurately meets a broad spectrum of needs worldwide and uses exclusive technologies to supply highly functional and environmentally responsible products.

JSP has a strong commitment to protecting the environment. We work in many ways to lower our environmental impact. One way is by conducting business activities in an environmentally responsible manner. We also supply environmentally responsible foamed materials and have other activities that help achieve a low-carbon society and a society that recycles resources. We will continue to make these contributions by drawing on our creative energy.

Corporate Philosophy “Use creative energy to contribute to society”

JSP is dedicated to contributing to society as a manufacturer of many types of foamed plastics by using original technologies to develop innovative products.

Foaming plastics yields materials with light weight, the ability to absorb shocks, thermal insulation and many other properties. Using these materials conserves resources by making it possible to manufacture products that are lighter, stronger and more environmentally responsible.

Management Policy “For the Growth”

To achieve sustained growth, we plan to upgrade existing technologies by brushing up this know-how. In addition, we will strengthen and expand our base of operations by creating new technologies in order to enter new business domains and adding applications to foster the development of new markets.

(2) Key Performance Indicators

JSP started a new medium-term management plan in April 2015 called Deepen & Grow 2017 that ends with the fiscal year ending on March 31, 2018.

JSP places priority on the equity ratio and the return on equity. Based on performance during the previous plan, which was called Deepen & Grow, the new plan aims to achieve consistent growth with earnings. Therefore, we have two targeted performance indicators. One is sales, which is a measurement of growth, and the other is the operating margin, which shows the level of earnings from our business operations.

(3) Medium and Long-term Management Strategies

The new medium-term management plan Deepen & Grow 2017, which started in April 2015, takes the previous management plan Deepen & Grow to the next step. There are two central themes of the new plan: promotion of differentiation strategy and promotion of growth strategy. While implementing these strategies, we will use a process of “selection and focus” and other measures to operate with vigor and expand our business activities. We will use the promotion of differentiation strategy to move even faster to make our operations in Japan highly profitable. To accomplish this, we will launch new products by concentrating our resources on the most promising themes, develop new grades and create new applications for our products. We will use the promotion of growth strategy to build a stable and more powerful foundation for our operations. To accomplish this, we will aggressively expand businesses that are globally competitive, channel resources to growing business sectors, and launch new products.

- 1) Vision: “Deepen & Grow”
- 2) Name of plan: “Deepen & Grow 2017”
- 3) Fundamental Policy: “Promotion of differentiation strategy”
“Promotion of growth strategy”

4) Income statement goals for the fiscal year ending March 31, 2018 (final year of the plan)

| | | |
|-------------------|------------------|--|
| Numerical targets | Net sales | 135,000 million yen (including 10,000 million yen from new products) |
| | Operating margin | At least 6.5% |
| Assumptions | Exchange rates | JPY110/USD, JPY140/EUR |
| | Dubai crude oil | USD105/BL |

5) Targets and assumptions for the fiscal year ending March 31, 2018 (final year of the plan)

| | | |
|---|---------------------|-----------------------|
| Net sales | 135,000 million yen | (up 15.5% vs. FY3/15) |
| Operating income | 8,800 million yen | (up 55.3% vs. FY3/15) |
| Ordinary income | 8,900 million yen | (up 47.2% vs. FY3/15) |
| Profit attributable to owners of parent | 5,600 million yen | (up 38.6% vs. FY3/15) |

(Reference) ROE of about 8% and equity ratio of about 59% in the plan’s final year

6) Summary of the segment information

(Million yen)

| | Fiscal year ended March 31, 2015 (Results) | | Fiscal year ending March 31, 2018 (Plan) | |
|--------------------|--|------------------|--|------------------|
| | Net sales | Operating income | Net sales | Operating income |
| Extrusion Business | 39,915 | 1,348 | 44,405 | 2,259 |
| Bead Business | 70,340 | 4,854 | 83,776 | 7,354 |
| Other | 6,667 | 59 | 6,819 | 89 |
| Subtotal | 116,923 | 6,262 | 135,000 | 9,702 |
| Adjustments | - | (595) | - | (902) |
| Total | 116,923 | 5,667 | 135,000 | 8,800 |

7) Priorities

i. Sales of 10,000 million yen from new products

Clearly establish JSP's distinctive superiority in terms of raw materials, technologies and markets

-Launch new products by focusing on the most promising themes

-Develop new grades of products

ii. For business activities in Japan, move faster to shift to highly profitable operations by focusing resources on growing sectors and increasing sales of new products and new grades

In Japan, there is little growth potential for demand for JSP products and customers' needs are becoming greater in terms of diversity and technologies. Goals of the new medium-term management plan include quickly identifying new user needs, developing new grades with substantial added value, and creating new applications for products. Another goal is increasing sales of products with substantial added value by using JSP's exclusive technologies. Two examples are high-performance thermal insulation materials for buildings and houses and permanent anti-static sheets for the transport of glass substrates for LED panels of TVs. The objective is to make the overall operations within Japan more profitable.

iii. For business activities around the world, add more locations and build a more stable and powerful infrastructure

Global business activities are a core business for JSP with significant growth potential. The goals of the new medium-term management plan include enlarging the network and upgrading its capabilities, establishing a second core product in addition to ARPRO®/P-BLOCK™ (expanded polypropylene), and further strengthening governance. The objective is to build a more stable and powerful infrastructure for global business activities.

Regional goals

North America: Start the full-scale production and sale of cross-linked expanded polyethylene sheets utilizing the electron beam cross-linking method

Europe: Start selling new products

Taiwan: Target demand by introducing new products

China: Add more locations to meet expected growth in demand for ARPRO®/P-BLOCK™ and capture market share

Thailand: Increase market share of ARPRO®/P-BLOCK™ in the rapidly growing markets of the ASEAN region

8) Plan for capital expenditures

The fundamental policy for capital expenditures is to make substantial investments for growth and for creating high-performance, value-added products that incorporate exclusive technologies. These expenditures are aimed at achieving sustained growth for JSP as an organization that is competitive and profitable.

We plan to make capital expenditures of about 20,000 million yen during the new medium-term management plan, which covers the three-year period ending on March 31, 2018. We expect that expenditures for new factories and other projects will exceed the estimated depreciation of about 15,000 million yen during this same period.

Major capital expenditures:

i. Construction of ARPRO®/P-BLOCK™ factories in China (Wuhan) and Thailand to increase sales and earnings from this product worldwide that is used in automotive parts, as a cushioning material for home

appliances, and in other applications

- ii. Purchase of equipment for manufacturing new products and new grades of products in order to build a highly profitable framework for business activities in Japan
- iii. Updating investments for making current equipment more efficient and using state-of-the-art equipment in order to become more cost competitive and supply products with better performance

(4) Important Issues

JSP operates on a global scale as a supplier of foamed synthetic resin products. In Japan, earning a consistent profit continues to be difficult because of unavoidable changes taking place in the operating environment. Customers' needs are becoming more diverse and technologically advanced, there is little potential for growth in demand, foreign exchange rates and the cost of raw materials and fuel are changing, and the cost of electricity and transportation are increasing. In addition, there have been delays in the introduction of new products. To continue growing, we believe JSP must shift to a highly profitable operating framework in Japan. In addition, we manufacture and sell ARPRO®/P-BLOCK™ (expanded polypropylene) worldwide, which is used mainly in automotive parts and as a cushioning material for home appliances. To build an even more stable and powerful foundation for global business activities, we believe that we need to establish a second core product.

To continue growing as a highly competitive corporate group, we must take actions to deal with these issues in order to make our business activities even stronger.

4. Basic Approach for the Selection of Accounting Standards

JSP will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors worldwide.

** This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including the attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*