

**SUMMARY OF FINANCIAL STATEMENT (Consolidated)**  
**Full-year Results for the Fiscal Year Ended March 31, 2016**

[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 29, 2016

Scheduled date of payment of dividend: June 13, 2016

Scheduled date of filing of Annual Securities Report: June 29, 2016

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 28, 2016 at 15:00 (GMT +9).

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

**1. Full-year Results (April 1, 2015 to March 31, 2016) for the Fiscal Year Ended March 31, 2016**

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2016	114,904	(1.7)	9,278	63.7	9,101	50.6	5,914	46.4
Fiscal year ended Mar. 31, 2015	116,923	4.3	5,667	(4.1)	6,044	(7.1)	4,039	(8.3)

Note: Comprehensive income: Fiscal year ended Mar. 31, 2016: 3,280 million yen (down 62.1%)

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

	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, 2016	198.40	-	8.9	7.9	8.1
Fiscal year ended Mar. 31, 2015	135.50	-	6.5	5.4	4.8

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2016: 10 million yen

Fiscal year ended Mar. 31, 2015: 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, 2016	115,136	72,497	59.0	2,277.32
As of Mar. 31, 2015	116,717	70,352	56.0	2,190.61

Reference: Shareholders' equity: As of Mar. 31, 2016: 67,890 million yen As of Mar. 31, 2015: 65,307 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, 2016	13,849	(6,001)	(5,907)	10,295
Fiscal year ended Mar. 31, 2015	8,289	(8,029)	1,156	8,893

**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			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2015	-	15.00	-	15.00	30.00	894	22.1	1.4
Fiscal year ended Mar. 31, 2016	-	15.00	-	25.00	40.00	1,192	20.2	1.8
Fiscal year ending Mar. 31, 2017 (forecasts)	-	20.00	-	20.00	40.00		19.2	

**3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2017**

(April 1, 2016 to March 31, 2017)

(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	56,000	(2.1)	4,300	4.4	4,350	5.9	3,200	11.1	107.34
Full year	113,000	(1.7)	9,000	(3.0)	9,100	(0.0)	6,200	4.8	207.97

**\* 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: Yes

3) Changes in accounting-based estimates: Yes

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, 2016: 31,413,473 shares As of Mar. 31, 2015: 31,413,473 shares

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

As of Mar. 31, 2016: 1,601,972 shares As of Mar. 31, 2015: 1,600,900 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2016: 29,811,883 shares Fiscal year ended Mar. 31, 2015: 29,813,658 shares

**Reference: Overview of Non-Consolidated Operating Performance**

**Full-year Results (April 1, 2015 to March 31, 2016) for the Fiscal Year Ended March 31, 2016**

(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, 2016	57,354	(6.0)	2,178	394.9	4,401	70.0	3,714	67.6
Fiscal year ended Mar. 31, 2015	61,004	(1.5)	440	(66.3)	2,588	(23.1)	2,216	(20.1)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2016	124.60	-
Fiscal year ended Mar. 31, 2015	74.33	-

(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, 2016	78,882	44,287	56.1	1,485.58
As of Mar. 31, 2015	78,678	41,463	52.7	1,390.80

Reference: Shareholders' equity: As of Mar. 31, 2016: 44,287 million yen As of Mar. 31, 2015: 41,463 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, 2016

In the fiscal year ended March 31, 2016, corporate earnings in Japan recovered because of the weaker yen and low price of crude oil. There was also an improvement in employment. However, Japan's economic recovery was mixed and remained sluggish because of unseasonable weather, slow recovery in demand for housing and consumer durables, and the effects of slowing economic growth in China in the second half.

In North America, economic growth continued despite declining exports caused by the dollar's strength and the brief negative impact of cold wave. Economic growth was supported by strong consumer spending for automobiles, housing and other items. In Brazil, the economic downturn continued because of the rising prices caused by the sharp decline of the real and persistently sluggish internal demand. In Europe, the economy continued to recover with the support of exports to other regions of the world as the euro weakened and of robust internal demand backed mainly by consumer spending. In Asia, economies continued to expand overall despite the negative effects of decreasing exports within Asia as economic growth in China slows.

In Japan's foamed plastic industry, companies benefited from the drop in the cost of raw materials and fuel. But automobile production is decreasing and there is still no recovery in demand for housing and consumer durables. As a result, there was still no full-scale rebound in demand.

We focused on creating new sources of demand and developing and selling products with substantial added value by incorporating exclusive JSP technologies. In addition, there were substantial capital expenditures in growing market sectors to create new medium to long-term sources of earnings. Sales in Japan decreased due to declining demand caused by the slow pace of the economic recovery and to the effects of product price revisions. Global sales on both a volume and value basis increased mainly because of higher sales in Europe, the United States and China as well as the increase in yen conversions of global sales using the weaker yen. In Japan, there was a recovery in the spread between raw material prices and selling prices to almost a suitable level, and earnings also benefited from lower depreciation expenses resulting from a change in the depreciation method. As a result, operating income improved significantly. Global sales were strong, and the lower cost of raw materials and the weaker yen also contributed to the big increase in operating income. Non-operating expenses increased mainly because of a foreign exchange loss. Extraordinary income increased due to the receipt of a 301 million yen subsidy associated with the construction of a factory. Extraordinary loss increased due to 383 million yen of business restructuring expenses (including the planned closure of an aging molding factory in March 2017) at a subsidiary in Germany and 157 million yen of business restructuring expenses (including the December 2015 closure of a molding factory and transfer of its operations to the bead factory) at the Brazil subsidiary.

As a result, net sales were 114,904 million yen, down 1.7% from the previous fiscal year. Operating income increased 63.7% to 9,278 million yen, ordinary income increased 50.6% to 9,101 million yen and profit attributable to owners of parent increased 46.4% to 5,914 million yen.

Results by business segment were as follows.

#### **Extrusion Business**

Sales of MIRAMAT<sup>®</sup> (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, increased. Brisk sales of added-value products more than offset the negative effects of the slow recovery in demand for large appliances and other consumer durables and the declining rate of growth of the LCD market. Sales of CAPLON<sup>™</sup> (air-bubble polyethylene cushioning material) increased due to new applications such as packaging materials for automotive parts. Sales of P-BOARD<sup>™</sup> (expanded polypropylene sheet), which is used mainly for transportation containers for automotive parts and home appliances, decreased in response to the sluggishness in the home appliance market in

Japan. STYRENPAPER™ (expanded polystyrene sheet used in food packaging) is used for instant noodle containers, lunch boxes, trays used by large retailers and many other applications. Sales of this material were lower as a decline in sales of STYRENPAPER™ for trays used by large retailers and the negative effect of product price revisions offset the higher sales volume of this material for instant noodle containers and containers for food sold at convenience stores. Sales of MIRABOARD™ (expanded polystyrene board used in advertising displays and folding boxes) increased because of growth in sales of value-added products in response to the increasing diversity of customers' requirements. Sales of MIRAFOAM™ (extruded board made of expanded polystyrene that is a key material for construction and civil engineering materials) decreased. In the building construction sector, there were strong sales of high-performance thermal insulation products that use exclusive JSP technologies and products/parts pre-cut for fabrication, but the recovery in housing starts had not started as soon as expected. In the civil engineering sector, sales decreased due to fewer public works projects.

Overall, sales in this segment decreased because of sluggish demand caused by the delay in the start of Japan's economic recovery and product price revisions to reflect the lower cost of raw materials. There was a big increase in operating income, as the spread between the cost of raw materials and product selling prices recovered and a revision to the depreciation method caused depreciation expenses to decline.

As a result, extrusion segment sales decreased 4.1% to 38,289 million yen and operating income increased 104.3% to 2,755 million yen.

### **Bead Business**

ARPRO®/P-BLOCK™ (expanded polypropylene), which is 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 sports grounds. Sales of ARPRO®/P-BLOCK™ were strong because of the use of this material in more types of automotive parts and higher demand for home appliance packing and cushioning materials. In Japan, demand for insulating materials in equipment used in houses expanded. However, overall sales declined because of lower demand for beads used by automobile and IT home appliance manufacturers as well as the revision in product prices. In North America, sales were much higher. Demand for beads used in automotive parts increased including expanded uses in new parts, and sales of beads used for sports ground impact protection materials and stonework base materials increased. Sales also benefited from the U.S. dollar's strength. In South America, sales decreased as economic weakness in Brazil reduced automobile sales volume and the real's depreciation lowered yen translations of sales. In Europe, sales decreased as product price revisions and the euro's depreciation offset the positive effect of higher sales volume driven by the strong demand for automotive parts backed by the economic recovery. In Asia, demand was down in South Korea and Taiwan. However, sales increased as new sources of demand were located in the automotive and home appliance markets of China and other countries in Southeast Asia. The weaker yen also contributed to sales growth. Sales of STYRODIA® (expandable polystyrene beads) decreased. There was a recovery in demand for this material in the fisheries and agriculture sectors. However, this increase was outweighed by sluggish demand in the home appliance, construction and civil engineering sectors. Product price revisions also had a negative effect on sales. FOAMCORE™ (a hybrid molded product) is used mainly as a ceiling material for prefabricated bathroom units. Sales increased as a new application for this material was added: the fabrication of floats.

Although there were negative effects of lower demand and product price revisions in Japan, sales in this segment rose as sales increased in Europe, the United States and China and the weaker yen boosted yen translations of global sales. Moreover, segment earnings increased sharply due to contributions from strong global earnings and an improvement in earnings in Japan, which includes a recovery in the spread between raw material prices and selling prices and a reduction in depreciation expenses because the depreciation method was changed.

As a result, bead segment sales increased 0.7% to 70,865 million yen and operating income increased 53.2% to 7,436 million yen.

## Other

In general packaging materials, sales in Japan increased due to the growth in demand for packaging materials used in automobiles, LCD products, optical products and general industrial parts because of a recovery in output in Japan by manufacturers backed by the weaker yen. In China, although production and sales started for a solid sheet used for molding trays for precision components, sales decreased following the cancellation of a packaging material order for LCD TVs.

As a result, sales in the other segment decreased 13.8% to 5,749 million yen and operating income decreased 70.3% to 17 million yen.

## 2) Outlook for the Fiscal Year Ending March 31, 2017

The Japanese economy is expected to remain lackluster for the time being as the yen's strength and stock market weakness early in 2016 created negative sentiment in the corporate sector and consumer spending. There is currently no economic growth in Japan because of concerns about the slowdown in the economic growth rates of China and other countries. However, the direction of the Japanese economy is expected to slowly improve as strong earnings support growth in jobs and personal income.

The European and U.S. economies are expected to remain healthy. The outlook is for automobile production in North America to surpass last year's record and for a high volume of automobile production in Europe as the economy recovers. In China, there are clear signs of slowing economic growth. Nevertheless, the automobile and home appliance markets continue to expand and the economies of China's neighboring countries will probably be strong. Overall, the outlook is for a continuation of slow economic growth of the Asian economy.

Although Japan's sluggish economy creates concerns about our performance in Japan, we anticipate solid demand for high-performance thermal insulation materials for buildings and houses and for cushioning materials needed to transport LCD panel substrates. We also foresee a contribution to sales from new grades of products. Based on this outlook, we expect growth in sales volume in Japan. For global operations, we forecast double-digit growth in sales volume. In North America and Europe, we expect strong sales supported by higher automobile production volume and a further increase in the number of automotive parts that use ARPRO®/P-BLOCK™. In Asia, we forecast growth in sales volume. The main reasons are higher demand for automotive parts in northeastern China, the stronger production and sales infrastructure in Thailand due to the start of operations at a new factory near Bangkok, and measures to create new sources of demand.

We are forecasting a 1.7% decrease in sales to 113,000 million yen. This is based on the outlook for 5.5% growth in sales volume, price revisions to reflect the lower cost of raw materials and fuel, and the negative effect of a stronger yen on yen translations of global sales. Due in part to price revisions in Japan and the yen's appreciation, we forecast a 3.0% decrease in operating income to 9,000 million yen, a 0.0% decrease in ordinary income to 9,100 million yen and, mainly because of an expected decline in extraordinary losses, a 4.8% increase in profit attributable to owners of parent to 6,200 million yen.

This forecast does not include the potential temporary upswing in demand prior to the planned April 2017 consumption tax hike.

i. Earnings forecasts for the March 2017 fiscal year are as follows.

Net sales	113,000 million yen	(down 1.7% year-on-year)
Operating income	9,000 million yen	(down 3.0% year-on-year)
Ordinary income	9,100 million yen	(down 0.0% year-on-year)
Profit attributable to owners of parent	6,200 million yen	(up 4.8% year-on-year)

### Assumptions

Exchange rates:	JPY110/USD, JPY125/EUR
Dubai crude oil:	USD40/BL

## ii. Segment information summary

(Million yen)

	Fiscal year ended March 31, 2016 (Results)		Fiscal year ending March 31, 2017 (Forecast)	
	Net sales	Operating income	Net sales	Operating income
Extrusion Business	38,289	2,755	37,904	2,514
Bead Business	70,865	7,436	69,016	7,391
Other	5,749	17	6,080	76
Subtotal	114,904	10,210	113,000	9,981
Adjustments	-	(931)	-	(981)
Total	114,904	9,278	113,000	9,000

## iii. Capital expenditures

The forecast for capital expenditures is about 8,400 million yen, the sum of about 3,000 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 5,120 million yen, an increase of about 217 million yen from the previous fiscal year.

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, 2016 were 115,136 million yen, down 1,581 million yen from March 31, 2015. Current assets decreased 1,434 million yen and non-current assets decreased 147 million yen.

Total liabilities were 42,638 million yen, down 3,726 million yen. Current liabilities decreased 1,566 million yen and non-current liabilities decreased 2,160 million yen.

As a result, net assets totaled 72,497 million yen and the shareholders' equity ratio increased 3.0 percentage points to 59.0%.

**2) Cash Flows**

## Cash flows from operating activities

Net cash provided by operating activities totaled 13,849 million yen, an increase of 5,560 million yen from the previous fiscal year. Inflows included 8,752 million yen from profit before income taxes and 4,903 million yen from depreciation. Outflows included income taxes paid of 1,340 million yen and a decrease of 1,004 million yen in notes and accounts payable-trade.

## Cash flows from investing activities

Net cash used in investing activities totaled 6,001 million yen, a decrease of 2,028 million yen from the previous fiscal year. This included an outflow of 6,341 million yen for the purchase of non-current assets.

## Cash flows from financing activities

Net cash used in financing activities totaled 5,907 million yen, compared with net cash provided of 1,156 million yen in the previous fiscal year. Inflows included 2,600 million yen in proceeds from long-term loans payable, and outflows included 5,788 million yen for the repayment of long-term loans payable, 1,549 million yen from a net decrease in short-term loans payable, and cash dividends paid of 894 million yen.

As a result, cash and cash equivalents totaled 10,295 million yen as of March 31, 2016, up 1,401 million yen from March 31, 2015.

Reference: Cash flow indicators

Fiscal years ended	March 31, 2013	March 31, 2014	March 31, 2015	March 31, 2016
Shareholders' equity ratio (%)	52.2	53.4	56.0	59.0
Shareholders' equity ratio based on market prices (%)	43.5	43.8	57.1	58.1
Cash flow to debt ratio (years)	2.7	3.1	2.9	1.4
Interest coverage ratio (times)	35.4	32.5	42.7	90.3

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, 2016 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 40 yen per share. Since an interim dividend of 15 yen per share has been paid, this will result in a year-end dividend of 25 yen per share. In the fiscal year ending on March 31, 2017, we plan to pay an interim and year-end dividend of 20 yen per share each, a total of 40 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 2016 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

We do 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 our products in these regions and have an impact on the business operations.

3) Natural disasters

We operate 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 the results of operations or the financial condition.

4) Protection of intellectual property

We hold international patents and many other types of intellectual property. Protecting this property is vital to our 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

We have 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.

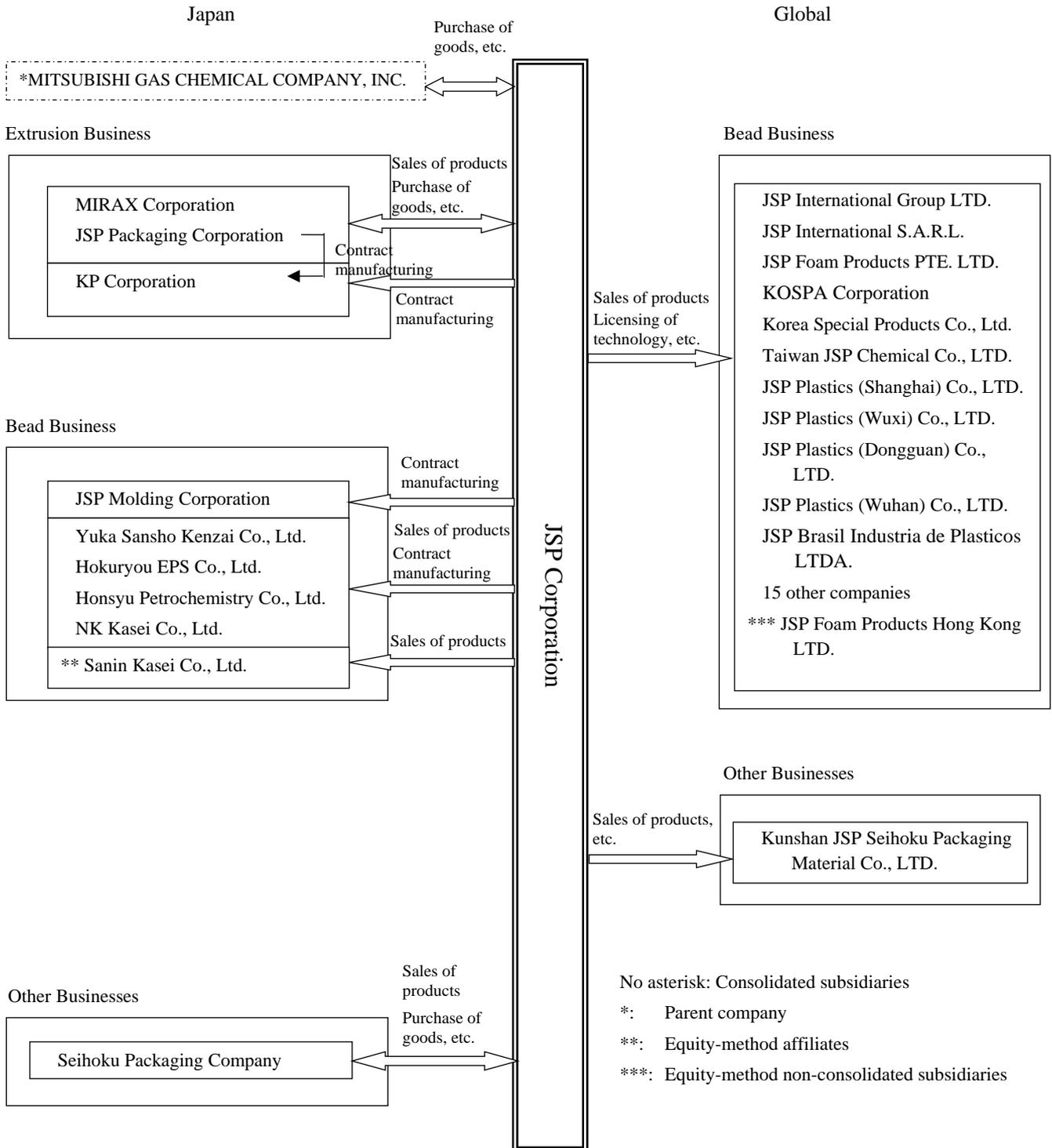
## 2. Corporate Group

The JSP Group is made up of JSP Corporation, 11 subsidiaries in Japan, 29 subsidiaries in other countries, and four 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 Plastics (Wuhan) Co., 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.

We have 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”

We are 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

We 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.

We place priority on the equity ratio and the return on equity. The 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

There are two central themes of the medium-term management plan Deepen & Grow 2017: 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 to achieve sustained growth. 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
Operating income	8,800 million yen
Ordinary income	8,900 million yen
Profit attributable to owners of parent	5,600 million yen
(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 ending March 31, 2018 (Plan)	
	Net sales	Operating income
Extrusion Business	44,405	2,259
Bead Business	83,776	7,354
Other	6,819	89
Subtotal	135,000	9,702
Adjustments	-	(902)
Total	135,000	8,800

## 7) Priorities

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

Clearly establish our 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 our 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 our core business with significant growth potential. The goals of the medium-term management plan include enlarging the network and upgrading our 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

We operate on a global scale as a supplier of foamed synthetic resin products. In Japan, increasing sales and earning a consistent profit continues to be difficult because of changes taking place in the operating environment. There is little potential for growth in overall demand, the cost of electricity and transportation are increasing, and the cost of raw materials and fuel and foreign exchange rates are changing. To continue growing, we must shift to a highly profitable operating framework by adding more new applications and generating a larger share of sales from functional, value-added products.

Globally, we will continue to add production facilities for ARPRO®/P-BLOCK™ in a timely manner to meet the growth in demand. This expanded polypropylene product is manufactured and sold worldwide and used in automotive parts, cushioning materials and other applications. To build an even more stable and powerful foundation for global business activities, we believe that we need to establish a second core product.

We are dedicated to operating as a highly competitive organization that has a resolute commitment to corporate citizenship. Sustaining growth while increasing our corporate value is our highest priority. Many actions will be needed to build the powerful framework needed to accomplish this goal. We will require an effective corporate governance system, stable production operations backed by rigorous environmental and safety management systems, stronger internal controls for risk management and compliance, reliable financial reports, extensive recruiting and training activities, more improvements in financial soundness, and other measures.

#### **4. Basic Approach for the Selection of Accounting Standards**

We 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.*