

July 28, 2016

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
First Quarter Results for the Fiscal Year Ending March 31, 2017

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

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

Representative: Yukio Sakai, President, Representative Director

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Scheduled date of filing of Quarterly Report: August 5, 2016

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on July 28, 2016 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2016 to June 30, 2016) for the Fiscal Year Ending March 31, 2017**(1) Consolidated business performance**

(Percentages 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	%
Three months ended Jun. 30, 2016	26,835	(3.5)	2,272	37.8	2,203	36.6	1,700	33.8
Three months ended Jun. 30, 2015	27,804	(2.0)	1,649	78.3	1,613	57.2	1,271	67.9

Note: Comprehensive income: Three months ended Jun. 30, 2016: (323) million yen (n.a.)
Three months ended Jun. 30, 2015: (19) million yen (n.a.)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2016	57.05	-
Three months ended Jun. 30, 2015	42.65	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2016	111,245	71,436	60.2	2,247.37
As of Mar. 31, 2016	115,136	72,497	59.0	2,277.32

Reference: Shareholders' equity: As of Jun. 30, 2016: 66,997 million yen As of Mar. 31, 2016: 67,890 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2016	-	15.00	-	25.00	40.00
Fiscal year ending Mar. 31, 2017	-				
Fiscal year ending Mar. 31, 2017 (forecasts)		20.00	-	20.00	40.00

Note: Revisions to the most recently announced dividend forecast: None

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

Note: Revisions to the most recently announced consolidated forecast: None

*** 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) Application of special accounting methods in the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to "Matters Related to Summary Information (Notes)" on page 3 of the attached documents for further information.

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

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to "Matters Related to Summary Information (Notes)" on page 3 of the attached documents for further information.

(4) Number of shares outstanding (common stock)

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

As of Jun. 30, 2016:	31,413,473 shares	As of Mar. 31, 2016:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2016:	1,601,972 shares	As of Mar. 31, 2016:	1,601,972 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2016:	29,811,501 shares	Three months ended Jun. 30, 2015:	29,812,378 shares
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* Information regarding the implementation of quarterly review procedures

The current quarterly financial summary is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for these quarterly consolidated 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 "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the cost of basic materials and energy was stable due to the low price of crude oil and the yen's strength and employment statistics continued to improve. However, Japan's economy was lackluster because of sluggish consumer spending and other reasons.

In the United States, the growth rate of consumer spending slowed but the automobile and housing sectors remained strong. In Brazil, although the real's decline stopped, the economic downturn continued to decline as domestic demand remained soft. In Europe, the economic recovery continued mainly because of strong consumer spending. In Asia, there are concerns about slowing economic growth in China, but the slow economic recovery continued in this region, chiefly in Southeast Asia and India.

In Japan's foamed plastic industry, the cost of raw materials and fuel is stable and there are signs of a recovery in housing starts. Nevertheless, there was no full-scale rebound in demand for foamed plastic. The main reasons are a decline in automobile production, which was partly caused by the Kumamoto earthquake, and the slow pace of the recovery in consumer spending.

Although first quarter sales volume was higher than the same period of the previous fiscal year, monetary sales decreased mainly because of product price revisions and the reduction in yen translations of global sales due to the yen's strength. Operating income increased sharply despite the negative effect of the yen's strength on yen conversions of global sales. Earnings benefited from a continuing decline in prices of raw materials and strong sales of added-value products.

As a result, net sales in the first quarter were 26,835 million yen, down 3.5% from the same period of the previous fiscal year. Operating income increased 37.8% to 2,272 million yen, ordinary income increased 36.6% to 2,203 million yen and profit attributable to owners of parent increased 33.8% to 1,700 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, increased because of brisk sales of added-value products. Sales of CAPLON[™] (air-bubble polyethylene cushioning material) increased due to new applications. 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. First quarter sales were about the same as the same period of the previous fiscal year as the negative effect of a decrease in product prices was outweighed by strong sales, primarily of materials 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) decreased because of lower demand. MIRAFOAM[™] (extruded board made of expanded polystyrene) is a key material for construction and civil engineering materials. In the building construction sector, sales were unchanged from the same period of the previous fiscal year as sales of products and parts pre-cut for fabrication and of high-performance thermal insulation products increased even though the sales volume of general-purpose products was lower. In the civil engineering sector, sales decreased due to fewer public works projects.

Overall, sales in this segment increased as the growth in sales volume offset decreases in prices of products. Earnings increased mainly because of a focus on selling products with substantial added value and measures to lower manufacturing expenses.

As a result, extrusion segment sales increased 0.6% to 9,102 million yen and operating income increased 38.1% to 685 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 growth in sales for applications in new market sectors. In Japan, sales volume was higher as the use of ARPRO[®]/P-BLOCK[™] in new types of automotive parts and in housing equipment increased despite the downturn in automobile production, which was caused in part by the Kumamoto earthquake. Monetary sales were unchanged from the same period of the previous fiscal year because prices of products decreased. In North America, sales volume increased as demand for this material used in automotive parts increased and more new applications were added. However, monetary sales in North America decreased as product prices declined and the stronger yen reduced yen conversions of sales. 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 increased due to the strong demand for automotive parts backed by the economic recovery. In Asia, sales were down from the same period of the previous fiscal year. Brisk sales in Southeast Asia, India and China were outweighed by the impact of lower demand in South Korea and Taiwan and lower yen conversions of sales due to the yen's strength. Sales of STYRODIA[®] (expandable polystyrene beads) decreased because of the decline in product prices. Sales volume was unchanged from the same period of the previous fiscal year due to the combination of soft demand in the civil engineering sector and a recovery in demand in the home appliance sector. Sales of FOAMCORE[™] (a hybrid molded product), which is used mainly as a ceiling material for prefabricated bathroom units, decreased.

Although the total sales volume in this segment increased, monetary sales were lower because of declining product prices and the effect of the strong yen on global sales. Earnings were higher even though the yen's strength reduced conversions of global sales. Earnings benefited from the higher sales volume and the continuing downturn in the cost of raw materials.

As a result, bead segment sales decreased 6.0% to 16,329 million yen and operating income increased 28.6% to 1,777 million yen.

Other

In general packaging materials, sales in Japan decreased as demand for these materials declined because of the impact of the Kumamoto earthquake on manufacturers of automobiles and optical products. In China, sales increased despite slowing economic growth because of higher sales of new products.

As a result, sales in the other segment increased 0.7% to 1,403 million yen and operating income was 41 million yen compared with operating loss of 10 million yen in the same period of the previous fiscal year.

(2) Explanation of Financial Position

Total assets as of June 30, 2016 were 111,245 million yen, down 3,890 million yen from March 31, 2016. Current assets decreased 3,089 million yen and non-current assets decreased 801 million yen.

Total liabilities were 39,808 million yen, down 2,830 million yen. Current liabilities decreased 1,715 million yen and non-current liabilities decreased 1,114 million yen.

As a result, net assets totaled 71,436 million yen and the shareholders' equity ratio was 60.2%.

A summary of cash flows and major components are as follows.

Net cash provided by operating activities totaled 664 million yen, a decrease of 2,138 million yen from the same period of the previous fiscal year. Inflows included 2,213 million yen from profit before income taxes and 1,198 million yen from depreciation. Outflows included income taxes paid of 1,648 million yen and an increase of 666 million yen in inventories.

Net cash used in investing activities totaled 1,424 million yen, an increase of 360 million yen from the same period of the previous fiscal year. This included an outflow of 1,683 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 1,261 million yen, a decrease of 757 million yen from the same period of the previous fiscal year. Inflows included 895 million yen from a net increase in short-term loans payable, and outflows included 1,230 million yen for the repayment of long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 7,943 million yen as of June 30, 2016, down 2,351 million yen from March 31, 2016.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

We maintain the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 31, 2017, which was disclosed in the Summary of Financial Statement for the Fiscal Year Ended March 31, 2016 dated April 28, 2016.

2. Matters Related to Summary Information (Notes)

(1) Changes in Principal Subsidiaries during the Period

No reportable information.

(2) Application of Special Accounting Methods in the Preparation of Quarterly Consolidated Financial Statements

Calculation of tax expense

The tax expense was calculated mainly by first estimating the effective tax rate after the application of tax effect accounting with respect to profit before income taxes for the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

No reportable information.

Additional information

We have applied the “Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the first quarter of the current fiscal year.

** 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.*