Annual Report 2008

Year ended March 31, 2008

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

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

Forward-Looking Statements:

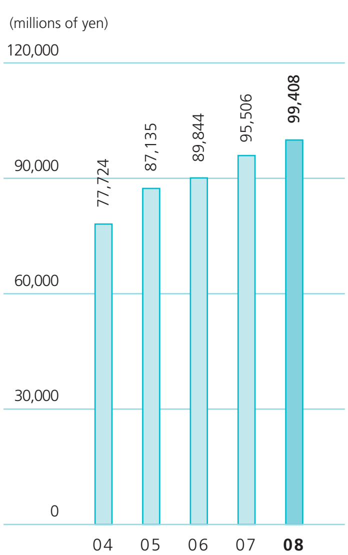
Statements contained in this report with respect to JSP's plans, strategies and beliefs are not historical facts, but are forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause JSP's actual plans, results, performance or achievements to differ materially from the expectations expressed herein.

FINANCIAL HIGHLIGHTS

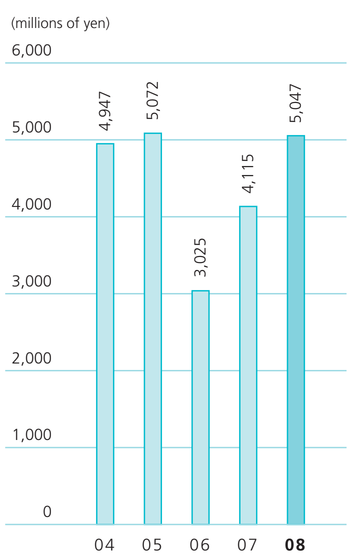
Years ended March 31	Millions of yen 2008	2007	2006	2005	2004	Thousands of U.S. dollars (Note 1) 2008
FOR THE YEAR:						
Net Sales	**¥99,408**	¥95,506	¥89,844	¥87,135	¥77,724	**$991,995**
Operating Income	**5,047**	4,115	3,025	5,072	4,947	**50,360**
Income before Income Taxes and Minority Interests	**4,432**	4,502	2,731	4,652	4,431	**44,225**
Net Income	**2,589**	2,358	1,525	2,375	2,372	**25,840**
AT YEAR-END:						
Total Assets	**94,994**	95,179	88,039	83,981	78,631	**947,947**
Total Net Assets	**48,058**	45,990	42,585	38,919	32,792	**479,565**
Common Stock	**10,113**	10,076	9,962	9,783	8,152	**100,918**
	Yen					U.S. dollars (Note 1)
AMOUNTS PER SHARE OF COMMON STOCK:						
Net Income	**¥ 82.74**	¥ 75.76	¥ 49.71	¥ 83.17	¥ 88.53	**$ 0.83**
Cash Dividends	**14.00**	12.00	12.00	12.00	10.00	**0.14**
Total Net Assets	**1,425.83**	1,376.68	1,296.15	1,214.44	1,170.15	**14.23**

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥100.21=U.S.$1.
2. Net income per share is computed based on the weighted average number of shares of common stock outstanding during each year.

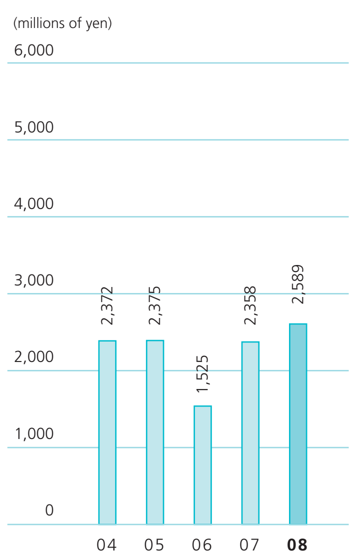
Net Sales



Operating Income

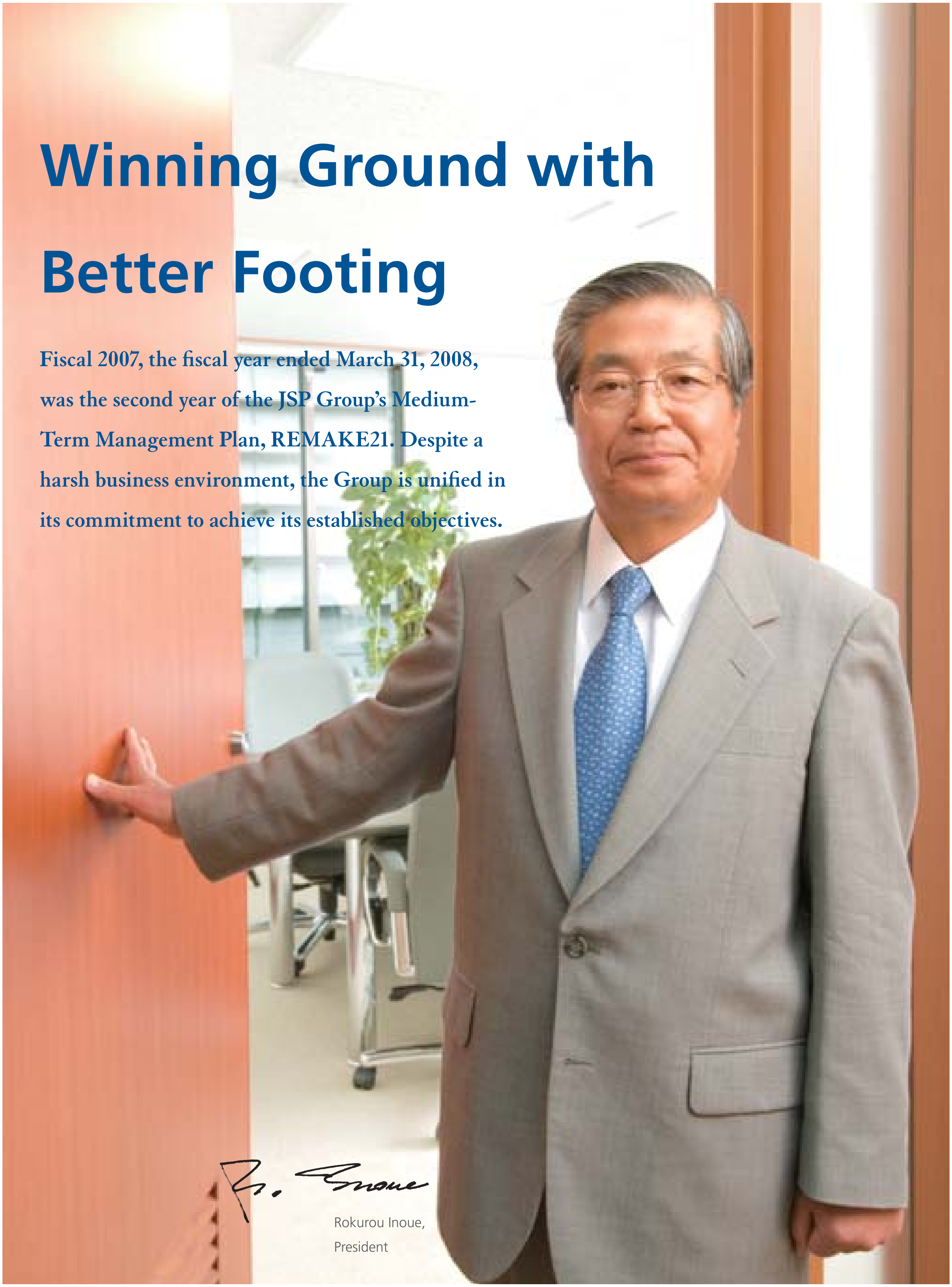


Net Income



Winning Ground with Better Footing

Fiscal 2007, the fiscal year ended March 31, 2008, was the second year of the JSP Group's Medium-Term Management Plan, REMAKE21. Despite a harsh business environment, the Group is unified in its commitment to achieve its established objectives.



Rokurou Inoue,
President

Business Environment

In the fiscal year under review, overall economic conditions in most leading industrialized countries were soft, buffeted by financial market instability on the back of sub-prime loan issues in the United States, resulting in a deterioration in the value of the U.S. dollar and stock prices, as well as persistent hikes in the price of crude oil. Newly emerging nations including China, on the other hand, continued to enjoy high rates of economic growth.

Under these circumstances, and in response to the sharp rise in raw material costs, the JSP Group worked, as a top-priority, to adjust product sales prices while focusing on efforts to promote high-value-added product sales. On the earnings front, we strove to secure increased profit through a variety of cost reduction initiatives. They include the establishment of the Kanuma Logistic Center, Japan, aiming at curtailing distribution expenses. In Europe and North America, we placed considerable weight on identifying new business opportunities focusing mainly on product application development.

Performance

While fiscal 2007 revenue and earnings fell slightly below Medium-Term Management Plan targets, the Group benefited from an increases in sales in polyolefin beads business. Coupled with efforts to adjust product sales prices in response to the sharp hikes in the cost of raw materials and fuels, net sales climbed 4.1% compared with the previous fiscal year to ¥99.4 billion (US$992.0 million). From a profit perspective, operating income rose 22.6% year on year to ¥5.0 billion (US$50.4 million). This was attributable to the aforementioned revision to product sales prices to recover increased cost in Europe and North America. Net income amounted to ¥2.6 billion (US$25.8 million), up 9.8% compared with the previous fiscal year.

An Interview with the President

Q1. What can you tell us about the progress of the Group's Medium-Term Management Plan?

Despite brief periods of relative stability, unprecedented hikes in the cost of raw materials and fuels have characterized operating conditions over the past three years. Under these circumstances, we continued to adjust product prices on a Group-wide basis throughout fiscal 2007, the second year of the JSP Group's Medium-Term Management Plan, REMAKE21. While the efficacy of these efforts differed between product application and market structure, we enjoyed a reasonable and steady level of success. Buoyed by earnings gains in Europe and North America as well as a reduction in distribution expenses in Japan, the JSP Group reported the highest record in net sales and net income. Despite these positive results, however, our profits for the fiscal year under review fell slightly below established targets.

In the final fiscal year of REMAKE21, we are again anticipating a difficult operating environment. Tight credit conditions in financial markets triggered by sub-prime loan issues in the United States and crude oil prices, which are forecast to remain high, are expected to impact the global economy in earnest. In the Japanese economy, concerns of a drop in demand are anticipated to mount on the back of a weak United States dollar and stock prices, a downturn in export activity reflecting the high cost of crude oil, an upswing in consumer prices and a decline in new housing starts. While recognizing that a full-fledged economic recovery will require a considerable amount of time, we expect demand for automotive parts and cushioning materials in IT-related product sectors will remain firm globally.

Looking at performance forecasts for fiscal 2008, we anticipate net sales, operating income and net income to surpass results in the fiscal year under review. This is attributable to the acquisition of an expandable polystyrene (EPS) business as well as increased sales and lower distribution expenses as operations came online at a new factory in China. Despite continued improvement, earnings results are again not expected to reach the targets for the final year of the Medium-Term Management Plan.

Results forecasts for the fiscal year ending March 31, 2009 are provided as follows (figures in parentheses are the percentage increase or decrease compared with the fiscal year ended March 31, 2008).

Net sales	¥110.0 billion (+10.7%)
Operating income	¥5.0 billion (-0.9%)
Net income	¥2.8 billion (+8.1%)

Q 2. Looking at expanded polyolefin business outside Japan, JSP reported an increase in revenues and a decrease in earnings in Asia; a substantial jump in earnings in North America against a slight increase in revenues, and; a 20.9% year-on-year improvement in revenues in Europe with a double increase in earnings. What are your thoughts on the Group's global business performance?

Despite the impact of sub-prime loan issues in North America and a slump in sales by the Big Three automakers, JSP's results in such new business fields as automotive seats, door components using technical molding techniques and a foam underlayment for use in American football fields progressed steadily. In the fiscal year under review, we implemented a variety of initiatives designed to further strengthen our product price competitiveness. Following a review of our product pricing structure, which historically encompassed shipping and delivery costs, we successfully secured significant improvements in profit margins and earnings. New product sales in North America now account for 25% of the Group's total sales in the region. Looking ahead, we anticipate continued growth in this area.

As our new plant in the Czech Republic commenced full-scale operations, we took substantial strides in establishing a supply structure in Central and Eastern Europe. Coupled with successful efforts to revise product sales prices and the upswing in demand owing to automobile market growth in these areas, JSP reported robust results in the European market.

Activities in Asia, focusing mainly on China, Korea, Taiwan and Singapore, have been impacted by instability in U.S. financial markets prompting fears of an economic downturn. In real terms, however, the Asian economy is generally sound, driving overall firm results in automotive parts and packaging materials. Buoyed by steady growth, the Asian region, excluding Japan, has today risen to a market scale similar to Europe and North America. On an operating income basis, earnings generated in Asia outstrip those in the two regions combined. In an effort to capitalize on bullish demand in China, where economic conditions continue to benefit from significant investment and activity prior to the Beijing Olympic Games, we have completed construction of a new plant in Dongguan, Guangdong Province, fortifying our supply capabilities in this strategic area. While we have experienced a slight drop in demand in Taiwan and Singapore owing to the steady shift of production facilities to China, we are looking to the growth markets of India and Southeast Asia to fill any potential gap. In the future, we will actively cultivate new businesses and markets from a central location at our Singapore plant.

Q 3. Please tell us more about your plant in Dongguan.

Boasting convenient access and transportation, our Dongguan Plant is located in Guangdong Province, a strategic link between Hong Kong and Guangzhou. Gathering a large number of leading automobile makers, as well as IT and electric home appliance manufacturers of LCD televisions and personal computers, the area offers significant potential growth in these industries. Operations at our Dongguan Plant commenced in April 2008. Expandable polyolefin beads processed at our Wuxi Plant, west of Shanghai, is reprocessed at our Dongguan Plant for supply to the region's molding companies.

Q 4. Please tell us about the Group's business in Japan.

Japan's plastic foam industry has in recent years confronted harsh operating conditions, most notably sharp increases in the cost of raw materials and fuels and a drop in new housing starts in consequence of revisions to the Building Standards law resulting in a slump in overall general consumption.

Against this backdrop, JSP worked actively to adjust product sales prices in an effort to offset the high cost of raw materials and fuels and focused on promoting sales of such high-value-added industrial packaging materials as Miramat®, a permanent antistatic expandable polyethylene foam sheet, as well as automobile cushioning materials and electric home appliance polypropylene foam packaging materials including P-Block™ (ARPRO® in North

In addition to the present EPP business in overseas countries, we hope to launch another world-scale business in the field of foamed plastics. To achieve this objective, collaboration among Group companies, including overseas subsidiaries, and JSP Japan will be increasingly necessary.

Ken Toyoguchi,
Chief Financial Officer

America and Europe). Adopting varied measures aimed at curtailing costs, we established the Kanuma Logistic Center in an effort to cut distribution expenses and utility charges to ensure products are stored at proper conditions. Amid these persistent harsh operating conditions, we acquired the EPS business of a competitor in March 2008. In this context, we anticipate an upswing in earnings from fiscal 2008 and beyond.

Q 5. What initiatives are you taking in the field of new product development?

One of the key factors in our business plan is shifting to high-value added products. JSP is taking active steps to set up a global R&D network and to shorten the lead-time required for newly developed products to access the global market. From a global perspective, various opportunities exist for new product development. We are, for example, meeting with diverse specialists to identify and cultivate investment seeds of the future.

Last year, we established the New Market Development Group which is searching new applications and techniques related with foamed plastics and peripheral technologies. In China, we have also the New Application Development Group to exploit new opportunities other than automotive parts and packaging materials. Looking ahead, we will consider a wide range of issues including organizational schemes and mechanisms in an effort to establish an R&D structure that extends beyond geographic and organizational boundaries, essential to the Company's growth.

Q 6. Please tell us about your global strategies.

JSP commenced full-fledged global operations with the establishment of a corporate entity in the United States in 1985. In the ensuing period, we have actively promoted global expansion throughout our business activities. Today, our global network comprises local subsidiaries and joint ventures located in North America, Europe and Asia, which continue to exhibit steady growth. Engaged in the manufacture and sale of foam products, JSP recognizes the need to address ballooning transportation costs. A distinguishing feature of our business activities therefore is its focus on the relocation of technology and production as opposed to the export of large product volumes. In adopting this horizontal business development approach encompassing the transfer of the Company's proprietary technologies and production know-how, JSP is building an unrivalled position in the worldwide supply of its products. In addition, we make every effort to recruit locally at each of our plants and offices and in this manner endeavor to contribute to the economies and local communities that we serve.

In its Medium-Term Management Plan, REMAKE21, that runs until the end of March 2009, JSP is targeting annual net sales of ¥110.0 billion. To this end, we are committed to implementing the following broad initiatives:

1. To expand business throughout Asia and Central and Eastern Europe
2. To develop new applications through technological collaboration throughout JSP, and
3. To pursue the development of hybrid and new products.

AMERICAS

Sales Target by Region

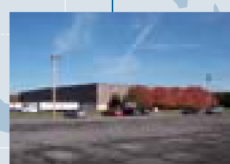
¥13,000million

in the fiscal year ending March 31, 2009.

Wayne, PA

Detroit, MI

Toluca (Mexico)



Tullahoma, TN

Butler Plant

Location: Butler, Pennsylvania

Located in the outer suburbs of Pittsburgh, Western Pennsylvania, the Butler Plant manufactures BROCK™, a fundamental cushioning material that also aids water drainage for use in American Football fields. The Plant also produces expanded polyolefin beads and molded products mainly for use in automobile bumper cores. In addition, the Plant sells to molding companies and maintains a client base across northeastern United States of America and Canada.

Net Sales	¥ 11,477 million	+2.8%
Operating Income	¥ 841 million	+156.6%

Sales in the region climbed 2.8% compared with the previous fiscal year to ¥11,477 million. Operating income jumped 156.6% year on year to ¥841 million.

JSP's activities in the Americas focus on the North American region. While the big three automakers continue to suffer weak sales, the drop in sales of models equipped with the Company's bumper-core materials appears to have bottomed out. In addition to a review of JSP's product pricing structure, which historically included shipping costs, and other efforts to bolster competitiveness, the Company worked to develop products in new business fields. In the fiscal year under review, we have experienced steady sales of composite foam products for use in automobile rear seats and doors and impact protection foam underlayment for artificial sports surfaces. In order to accommodate production of these materials, we are promoting the development of local comprehensive manufacturing facilities.

Americas financial performance continued to improve in 2007 as the business continued to evolve towards higher margin products such as Seating and BROCK while at the same time reducing our fixed cost per pound as well as our SG&A costs. The improved margin and efficiency more than overcame the rise in feedstock costs.

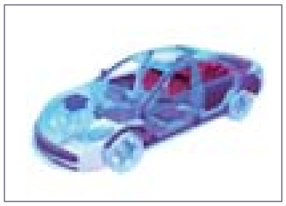
The business situation for 2008 is expected to be difficult as the unprecedented rise in feedstock costs combined with the very weak condition of the U.S. automotive industry and overall economy will be challenging. We will focus our efforts on increasing prices and continued efficiency improvements as the best means to contain the damage caused by the adverse market conditions. Additionally, we will continue our push towards higher margin applications building upon the successful base built in 2006 and 2007.

Richard Alloway
Executive Vice-President & Chief Operating Officer (Americas)

EUROPE

Sales in Europe amounted to ¥10,724 million, an increase of 20.9% compared with the previous fiscal year. Operating income surged 137.9% year on year to ¥727 million.

European financial performance for the period was significantly better than the very weak 2006 performance, as a result of necessary and overdue price increases for ARPRO®, as well as healthy growth in demand. Rising costs for raw materials and utilities in recent years had substantially eroded margins and the price increase effective for 2007 in fact only went some way to redress this. Indeed, costs for both raw materials and utilities increased further during 2007. Were it not for the necessary price increases in the period, it would not have been possible to continue the provision of value-added technical services and customer support.



Sales Target by Region

¥10,350million

in the fiscal year ending March 31, 2009.

Estrées-Saint-Denis (France)

Eschenau (Germany)

Cheb (Czech Republic)

Net Sales	¥ 10,724 million	+20.9%
Operating Income	¥ 727 million	+137.9%

Sales Opportunities

The JSP Group has recently established a production plant in the Czech Republic, located in the city of Cheb, west of Prague, the nation's capital, and a few kilometers from the German border. As the Group's second production facility after France, this plant is responsible for the manufacture of ARPRO® EPP beads. With German mold factories located in close proximity, the Company's Czech plant is expected to contribute to the Group's overall performance underpinned by growing demand from Germany as well as other regions. The Group's ability to rationalize transportation costs is also expected to produce positive returns. Buoyed by the large number of auto makers and automotive parts manufacturers in the Czech Republic and surrounding countries and growing automotive demand throughout the region, this facility offers considerable potential for future growth.

JSP has a tremendous product in ARPRO® well suited to the ever increasing drive to reduce car vehicle weight without impacting performance. In addition, JSP is investing in identifying profitable future products / activities.

Paul Compton
Executive Vice-President &
Chief Operating Officer
(Europe)

ASIA

Net Sales	¥ 11,109 million +7.2%
Operating Income	¥ 2,764 million +10.0%

In the Asia region, excluding Japan, sales climbed 7.2% compared with the previous fiscal year to ¥11,109 million. Operating income on the other hand declined 10.0% year on year to ¥2,764 million.

In Asia, the JSP Group focuses mainly on China, Korea, Taiwan and Southeast Asian countries. Despite concerns in connection with the impact of a downturn in the U.S. economy, triggered by financial market instability, real economic growth in each of the aforementioned countries remains steady. As a result, the JSP Group's results are firm in each of the automotive components and packaging material fields. China in particular continues to enjoy robust demand in the lead-up to the Beijing Olympic Games, generating strong sales throughout the area. Demand in Taiwan and Singapore contracted slightly. This was attributable to a shift in customer production to China.

Business Growth

The Dongguan Plant manufactures P-Block™/ARPRO® pre-expanded in Wuxi Plant for supply to customers throughout the region. Many major automobile manufacturers including Toyota, Nissan and Honda maintain operations in adjoining areas. The Plant is also in close proximity to Guangzhou and Hong Kong, areas where demand and production of IT-related electric home appliances such as LCD televisions, personal computers and printers are increasing.

Land area: 17,882 m²

Floor space: 4,900 m² (Stage 1)

Operations commenced: April 2008

In April 2008, JSP Dongguan Plant, the second EPP plant in China, started its operation.

The location of this plant is just in the center of China South industrial area where there is remarkable development of industry from automotives to IT, digital consumer electronics. Further sales expansion of EPP in this area is highly expected thanks to the strategic location advantage such as easy access to the customers and quick delivery of the products.

Even after 2009 onward, the development of EPP business throughout the country is also expected to continue supported by the ongoing firm trend of increase in the domestic demand.

Shinji Yamada
Director General
Manager, China

JAPAN

Sales in Japan edged up 1.5% compared with the previous fiscal year to ¥66,096 million. Operating income rose 20.0% year on year to ¥2,460 million.

Sales volumes of Mirafoam™, a residential insulation material, and Super Blow, a prefabricated bathroom ceiling material, declined owing to the drop in new housing starts in Japan. Successive sharp increases in the cost of raw materials also placed considerable downward pressure on earnings. Under these circumstances, the JSP Group took various steps to secure stable profits. In the fiscal year under review, the Group completed a review of its product prices in each business field and expanded sales of such high-value-added products as Miramat®, a permanent antistatic material, and the P-Block™ (ARPRO® in Europe and Americas) lineup of automotive energy absorbing materials and packaging materials for electric appliances. JSP was also able to reduce distribution and other expenses through measures that included the establishment of the Kanuma Logistic Center.

Kanuma Logistic Center

Name: Kanuma Logistic Center
Location: Kanuma City, Tochigi Prefecture
Land area: 55,281 m²
Floor space: 13,520 m² (Stage 1)
Operations commenced: October 2007
Investment Amount: Approximately ¥1.9 billion

The JSP Group established the Kanuma Logistic Center with the aim of enhancing distribution efficiency throughout the Group in Japan. The new facility is located in the Kanuma Industrial Park in Kanuma City, Tochigi Prefecture toward the urban areas of Utsunomiya City. Utilizing a wide, elongated platform, this facility can accommodate an average of 100 large trucks per day. With five plants throughout the area as well as affiliated companies, JSP strives to coordinate its distribution function while strictly adhering to its comprehensive structure of streamlined management. In this manner, the Group works to address the issue of rising raw material costs. JSP also estimates annual cost savings of approximately ¥300 million including the return of externally leased storage facilities.

Looking at environmental concerns, the JSP Group's emphasis on rationalizing the distribution function as well as truck management is anticipated to produce significant reductions in CO_2 emissions.

Sales Target by Region

¥66,290million

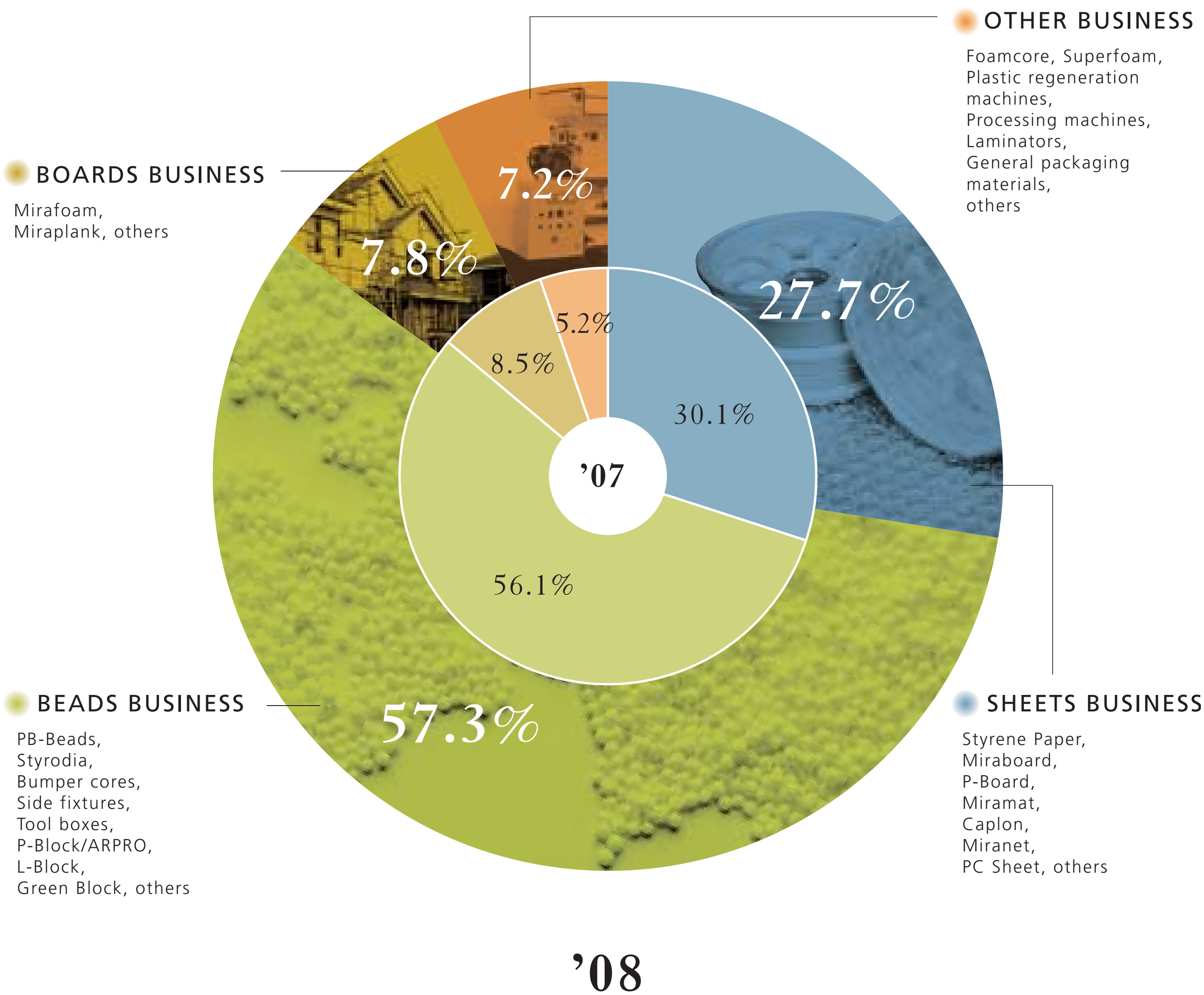
in the fiscal year ending March 31, 2009.

Head Office
(Tokyo, Japan)

Net Sales	¥ 66,096 million +1.5%
Operating Income	¥ 2,460 million +20.0%

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

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



SHEETS BUSINESS 27.7%

Sales in the sheets segment decreased 4.1% compared with the previous fiscal year to ¥27,572 million. Operating income also declined 2.2% year on year to ¥1,164 million.

Sales volumes of styrene paper, a lightweight food packaging material that utilizes polystyrene as its principal raw material were essentially unchanged from the previous fiscal year. Buoyed by successful efforts to streamline production facilities, JSP ensured improved profits. Sales volumes of Miraboard™, an advertising display and foldable box material declined owing to the increase in product sales prices. In industrial packaging materials, sales of the expandable polyethylene foam sheet Miramat® increased due to its extensive use as a protection sheet for flat-panel TV displays showcasing the Company's proprietary technologies including permanent antistatic properties. Sales of P-BOARD™, a polypropylene extruded foamed sheet used mainly for returnable containers with antistatic properties for automobile components and electrical home appliances, were firm. Buffeted by intense competition however, sales of the airtight polyethylene cushioning material CAPLON™ declined. In the second half of the previous fiscal year, Japan Acryace Corporation, previously a consolidated subsidiary was reclassified as an equity-method affiliate following the sale of a certain portion of its shares.

Main Products:
Styrene Paper,
Miraboard,
P-Board,
Miramat,
Caplon,
Miranet,
PC Sheet, others

BEADS BUSINESS 57.3%

Sales in the beads segment increased 6.3% compared with the previous fiscal year to ¥56,977 million. Operating income surged 34.1% year on year to ¥5,252 million.

In addition to its use as an automotive bumper core and interior absorption material, P-BLOCK™ (ARPRO® in Europe and Americas) has been adapted for use in IT-related product transportation returnable containers, as a cushioning material for electric home appliances and an impact protection and drainage underlayment for artificial grass sports fields. This product is marketed across the Group's global network, demand for packaging application materials for use in electric home appliances and other products declined due to the sharp rise in raw material costs, which triggered an upswing in sales prices. Sales of automotive materials, on the other hand, remained firm as the trend toward lightweight vehicles took hold amid growing social concerns in connection with environmental protection. In Europe and North America, results in the regions recovered with the sales price revision to offset partially the increased cost of raw materials and utilities. It is particularly worth noting that automotive applications other than bumper cores are developing. In Asia, the JSP Group showed a remarkable growth in China and had a steady performance in Korea.

Reacting to an increase in the cost of styrene monomers, a key raw material in the manufacture of Styrodia®, expandable polystyrene beads used for fish boxes, other packaging applications and building and civil engineering material, JSP took steps to lift its product sales prices. This contributed to a steady improvement in profits.

On March 31, 2008, JSP acquired the business rights to the expandable polystyrene beads business developed by Hitachi Chemical Co., Ltd. with the aim of further strengthening the Group's operating platform and competitiveness. This transaction had no effect on the Group's results for the fiscal year under review.

Main Products:

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

Award

A highlight of 2007 was the award to BMW and JSP, of the Society of Plastics Engineers 'Grand Innovation Award', for the "Sandwich Back" seat design. We were able to help the BMW Technologists derive maximum benefit from ARPRO® by uniting the material properties of ARPRO® with the specific requirements of injection molding technology and deliver the high quality and efficiency objectives of the automotive industry. Crucial to the granting of the award was the fact that we were able to meet all design criteria: strength and stiffness, functionality and safety, weight and cost.

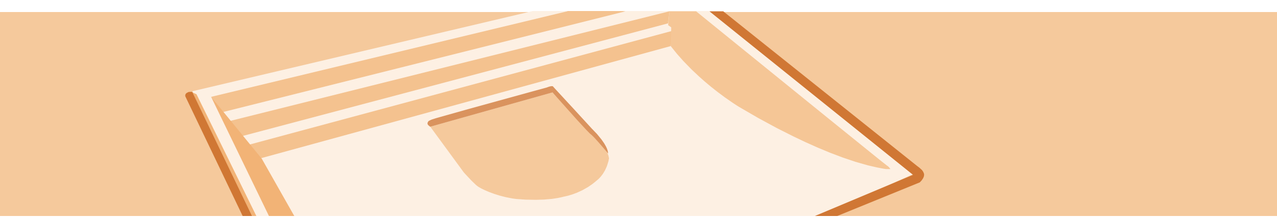
BOARDS BUSINESS

7.8%

In the boards segment, the JSP Group recorded sales of ¥7,746 million, a decrease of 5.1% compared with the previous fiscal year. In the fiscal year under review, operating income also declined 20.9% to ¥420 million.

Revenue and earnings of Mirafoam™, a polystyrene-based extruded foam product that is used for heat insulation in housing and a mainstay of the segment, declined substantially owing to revisions in the Building Standards Law in Japan, which led to a drop in new housing starts. Sales of Miraplank®, also a polystyrene-based extruded foam product used as a cushioning material to protect beverage-containing aluminum cans from dents and scratches while they are being transported in trucks as well as home appliances and automotive components transported in returnable containers, were strong.

Main Products:
Mirafoam,
Miraplank,
others



OTHER BUSINESS

7.2%

Sales in the other business segment jumped 42.8% to ¥7,113 million compared with the previous fiscal year. Operating income, on the other hand, dropped 98.2% to ¥2 million.

In the fiscal year under review, sales of Superfoam™, a hybrid molded foam that offers superior lightweight, heat and sound insulation properties and is used in air conditioning ducts in passenger cars, grew steadily. Buffeted by the drop in new housing starts and weak demand for Foamcore™, a prefabricated bathroom ceiling material, JSP worked actively to develop new applications. Despite these efforts, sales declined. In addition, successive sharp increases in the cost of raw materials placed considerable downward pressure on earnings. In the general packaging material business, year-on-year sales of packaging and energy-absorbing materials rose. This was attributable to the increase in demand from digital household electrical appliance fields and the appeal of the Group's design capabilities. Sales in the plastic recycling device business, on the hand, stalled year on year.

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

Global R&D Structure and Target

JSP already has well established research facilities and resources. Our basic concept of research and development is to create new products by utilizing:

a. Various kinds of foamed resin technologies cultivated in the past, and

b. Original materials now existing throughout JSP Group.

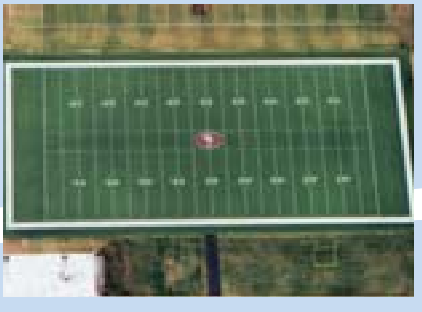
One example of such achievement is “Hybrid Blowing Technology” developed by the combination of existing foamed resin and blow molding technology. Market development of the new product is being directed at the characteristic of one body of the skin and core for exploiting new foam core products. Product applications are anticipated in the fields of building materials, automotive parts and special vehicles in place of metallic materials. One notable example of such an application is air-conditioning ducts for automobiles, where demand is gradually expanding. Expectations of success are predicated on the potential for new product developments to enable increased environmental protection and resource and energy-saving improvements. Such products will deliver lightweight, insulation and noise absorption as well as providing a gas barrier.

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

R&D Achievements in Fiscal 2007

Recent R&D achievements include a high market evaluation for our Miramat® expanded polyethylene foam sheets. Demonstrating permanent antistatic properties based on our proprietary technology, Miramat® is increasingly used to help protect glass sheets for LCD televisions and other monitor products. Another application is the BROCK™ impact and drainage layer developed in conjunction with BROCK International. BROCK™, a light-weight, expanded polypropylene underlayment, boasting excellent drainage and resiliency, has been increasingly used in stadiums for American football, soccer, rugby, ice hockey and other sports to improve the cushioning of the fields and other equipment. Other benefits of the BROCK™ application include a significant reduction in the time required for installation, which is another factor for boosting the product’s popularity.

Looking toward the future, the JSP Group will adhere to a global perspective in accurately grasping market fluctuations, market trends and technological advances, thereby accommodating ever-changing market needs. At the same time, we will work to fulfill our corporate social responsibility, commensurate with being a global supplier of highly functional and eco-friendly foamed products through the development of new materials.

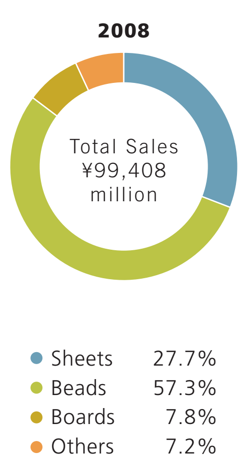


Results of Operations

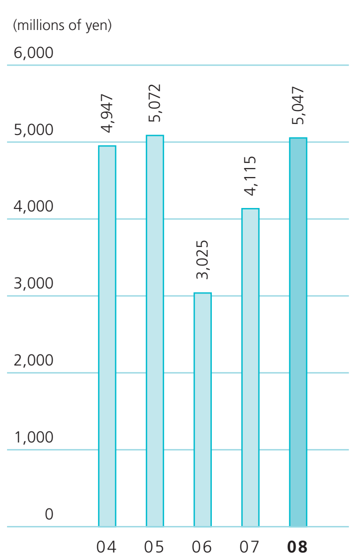
In fiscal 2007, the fiscal year ended March 31, 2008, JSP recorded consolidated net sales of ¥99,408 million (US$992.0 million), up 4.1% compared with the previous fiscal year.

Although the cost of sales increased 4.5% year on year to ¥73,455 million (US$733.0 million) owing to the sharp rise in raw material prices, gross profit climbed 2.8% to ¥25,953 million (US$259.0 million). This was attributable to a variety of factors including successful efforts to revise prices and growth in high-value-added product sales. Buoyed by cutbacks in logistics expenses, selling, general and administrative expenses declined 1.1% to ¥20,906 million. As a result, operating income improved 22.7% compared with the previous fiscal year to ¥5,047 million (US$50.4 million) representing an operating income margin of 5.1%, up 0.8 of a percentage point year on year. For the fiscal year under review, net income was ¥2,589 million (US$25.8 million).

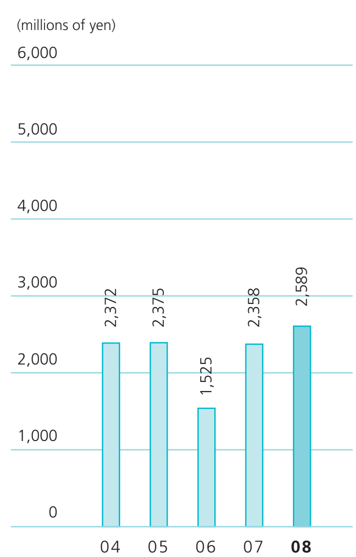
Sales Breakdown by Business Segment



Operating Income



Net Income



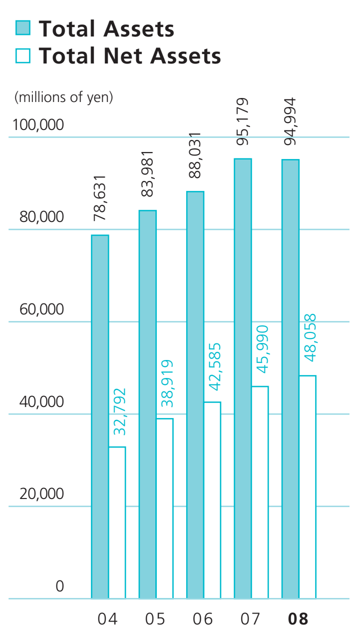
Financial Position

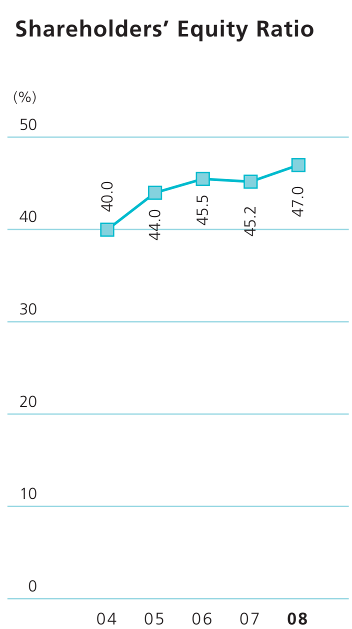
As of March 31, 2008, total assets stood at ¥94,994 million (US$947.9 million), a decrease of ¥185 million (US$1.8 million) compared with the previous fiscal year-end. Current assets rose ¥310 million (US$3.1 million), and property, plant and equipment contracted ¥828 million (US$8.3 million).

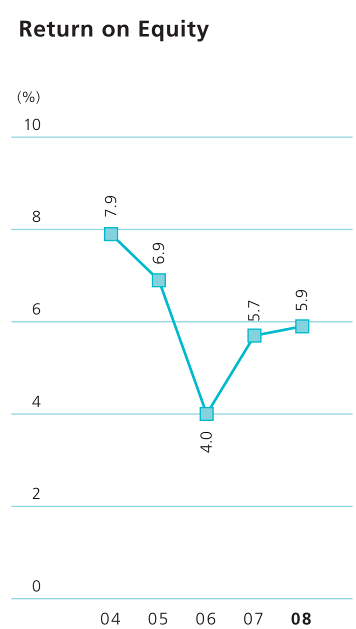
Total liabilities amounted to ¥46,936 million (US$468.4 million), a decrease of ¥2,253 million (US$22.5 million). Current liabilities declined ¥3,205 million (US$32.0 million) from a year earlier owing to decreases in notes and accounts payable as well as short-term bank loans. Long-term liabilities grew ¥952 million (US$9.5 million).

Total net assets stood at ¥48,058 million. Compared to the previous fiscal year-end, both common stock and additional paid-in capital increased ¥37 million (US$0.4 million) to ¥10,113 million (US$100.9 million) and ¥13,390 million (US$133.6 million), respectively, owing to the exercise of stock options. Retained earnings was ¥21,123 million (US$210.8 million) after accounting for net income.

As a result, the equity ratio as of March 31, 2008 was 47.0%, up 1.8 percentage points year on year.





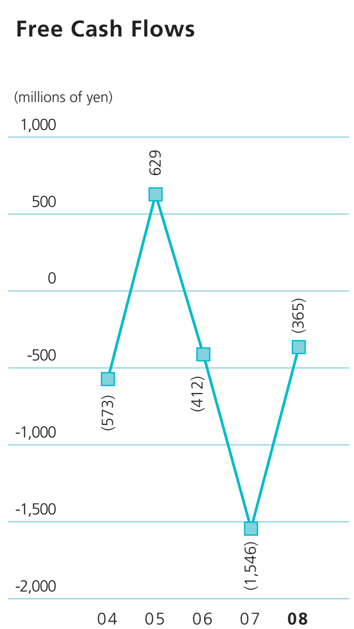


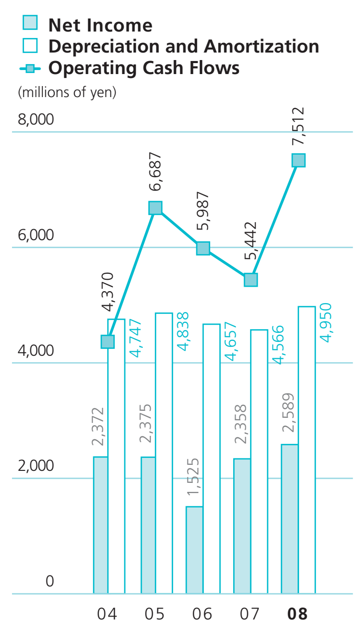
Cash Flows

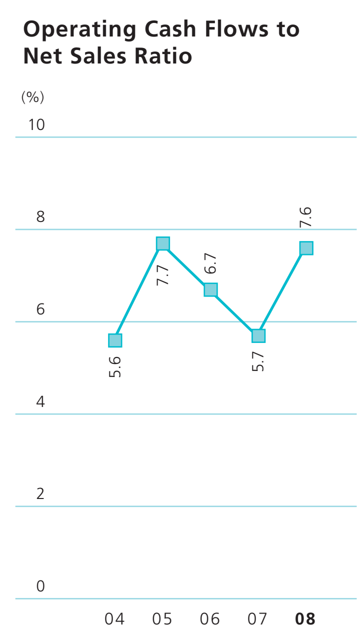
Net cash provided by operating activities during the fiscal year ended March 31, 2008 amounted to ¥7,512 million (US$75.0 million). Major cash inflows included: ¥4,432 million (US$44.2 million) in income before income taxes and minority interests and ¥4,950 million (US$49.4 million) in depreciation and amortization. Principal cash outflows were: a decrease in notes and accounts payable of ¥1,706 million (US$17.0 million) and an increase in inventories of ¥460 million (US$4.6 million).

Net cash used in investing activities amounted to ¥7,877 million (US$78.6 million). This was mainly comprised of purchases of non-current assets including efforts to augment production facilities and expand logistics and storage facilities.

Net cash provided by financing activities was ¥855 million (US$8.5 million). Major cash inflows were: an increase in long-term loans, net, of ¥2,042 million (US$20.4 million) and an increase in commercial paper of ¥500 million (US$5.0 million). Principal cash outflows comprised: a decrease in short-term bank loans, net, of ¥1,062 million (US$10.6 million); cash dividends of ¥376 million (US$3.7 million); and a decrease in bonds, net, of ¥278 million (US$ 2.8 million).







REPORT OF INDEPENDENT ACCOUNTANTS

JSP Corporation and Consolidated Subsidiaries

To the Board of Directors of
JSP Corporation

We have audited the accompanying consolidated balance sheets of JSP Corporation and its subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JSP Corporation and its subsidiaries as of March 31, 2008 and 2007, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The United States dollar amounts shown in the consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese Yen have been translated into United States dollars on the basis described in Note 1.

Tokyo, Japan
June 20, 2008

Toho Audit Corporation

Toho Audit Corporation

CONSOLIDATED STATEMENTS OF INCOME

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
NET SALES	**¥99,408**	¥95,506	**$991,995**
COSTS OF SALES	**73,455**	70,260	**733,011**
Gross Profit	**25,953**	25,246	**258,984**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**19,174**	19,292	**191,342**
RESEARCH AND DEVELOPMENT	**1,732**	1,839	**17,282**
Operating income	**5,047**	4,115	**50,360**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**272**	182	**2,719**
Interest expense	**(420)**	(370)	**(4,199)**
Gain (Loss) on disposal of fixed assets, net	**(253)**	559	**(2,526)**
Gain (Loss) on disposal/write down of investments in securities	**(14)**	(8)	**(135)**
Equity in earnings of affiliates, net	**(350)**	72	**(3,491)**
Amortization of consolidation adjustments	**40**	40	**398**
Other, net	**110**	(88)	**1,099**
	(615)	387	**(6,135)**
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	**4,432**	4,502	**44,225**
INCOME TAXES (Note 7)	**1,144**	1,398	**11,420**
INCOME BEFORE MINORITY INTERESTS	**3,287**	3,104	**32,805**
MINORITY INTERESTS	**(698)**	(746)	**(6,965)**
NET INCOME	**¥ 2,589**	¥ 2,358	**$ 25,840**
	Yen		U.S. dollars (Note 1)
PER SHARE OF COMMON STOCK (Note 11)**:**			
NET INCOME	**¥82.74**	¥75.76	**$0.83**
NET INCOME DILUTED	**82.63**	75.53	**0.82**
CASH DIVIDENDS	**14.00**	12.00	**0.14**

The accompanying notes are an integral part of these statements.

CONSOLIDATED BALANCE SHEETS

JSP Corporation and Consolidated Subsidiaries
As of March 31

ASSETS	Millions of yen 2008	Millions of yen 2007	Thousands of U.S. dollars (Note 1) 2008
CURRENT ASSETS:			
Cash and Cash equivalents (Note 2)	¥ 5,400	¥ 5,100	$ 53,889
Receivables:			
Trade notes and accounts	29,017	30,577	289,563
Other	1,640	874	16,365
Allowance for doubtful accounts (Note 2)	(381)	(385)	(3,802)
Inventories (Notes 2 and 3)	9,642	9,242	96,214
Deferred income taxes (Notes 2 and 7)	850	849	8,484
Prepaid expenses and other current assets	4,009	3,610	40,002
Total current assets	50,177	49,867	500,715
PROPERTY, PLANT AND EQUIPMENT:			
Land	11,484	11,208	114,604
Buildings and structures	26,672	25,623	266,164
Machinery and equipment	54,013	53,828	538,990
Tools, furniture and fixtures	7,916	7,784	78,,993
Other	580	522	5,788
Construction in progress	922	1,138	9,203
	101,587	100,103	1,013,742
Less accumulated depreciation	(62,093)	(59,781)	(619,631)
Net property, plant and equipment	39,494	40,322	394,111
INVESTMENT AND OTHER ASSETS:			
Investments in securities (Notes 2, 4 and 5)	1,491	1,810	14,878
Investments in related companies	1,078	1,063	10,757
Deferred income taxes (Notes 2 and 7)	202	119	2,017
Long-term loans receivable and other	1,358	1,250	13,547
Allowance for doubtful accounts (Note 2)	(20)	(21)	(199)
Total investments and other assets	4,109	4,221	41,000
INTANGIBLE ASSETS AND OTHER	1,214	769	12,121
	¥ 94,994	¥ 95,179	$ 947,947

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2008	2007	Thousands of U.S. dollars (Note 1) 2008
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	**¥ 6,898**	¥ 7,934	**$ 68,832**
Current portion of long-term debts (Note 5)	**4,730**	4,019	**47,204**
Short-term bonds (Note 6)	**1,722**	1,222	**17,184**
Payables:			
Trade notes and accounts	**14,606**	16,331	**145,756**
Construction	**543**	1,127	**5,423**
Other	**1,838**	2,560	**18,342**
Accrued income taxes	**425**	902	**4,236**
Deferred income taxes (Notes 2 and 7)	**12**	16	**117**
Accrued expenses and other current liabilities	**3,497**	3,365	**34,897**
Total current liabilities	**34,271**	37,476	**341,991**
LONG-TERM LIABILITIES:			
Bonds (Note 6)	**384**	606	**3,832**
Long-term debts (Note 5)	**11,062**	9,596	**110,393**
Provision for post-retirement benefits (Note 10)	**364**	491	**3,637**
Deferred income taxes (Notes 2 and 7)	**413**	487	**4,123**
Negative goodwill (Note 2)	**40**	80	**398**
Other	**402**	453	**4,008**
Total liabilities	**46,936**	49,189	**468,382**
NET ASSETS:			
Shareholders' equity:			
Common stock (Note 8)	**10,113**	10,076	**100,918**
Additional paid-in capital	**13,390**	13,353	**133,619**
Retained earnings	**21,123**	18,910	**210,792**
Less treasury common stock, at cost	**(42)**	(40)	**(424)**
Total shareholders' equity	**44,584**	42,299	**444,905**
Valuation and translation adjustments:			
Unrealized gains and losses on securities, net	**110**	321	**1,099**
Foreign currency translation adjustment	**(48)**	366	**(483)**
Total valuation and translation adjustments	**62**	687	**616**
Minority interests in consolidated subsidiaries	**3,412**	3,004	**34,044**
Total net assets	**48,058**	45,990	**479,565**
	¥94,994	¥95,179	**$947,947**

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Common stock		Additional paid-in capital	Retained earnings
	Shares	Millions of yen	Millions of yen	Millions of yen
Balance at March 31, 2005	30,470,473	¥9,783	¥13,060	¥15,835
Stock option exercised	492,000	179	179	—
Net income	—	—	—	1,525
Dividend declared ¥12.00 per share	—	—	—	(397)
Bonuses to directors and corporate auditors	—	—	—	(27)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	—
Balance at March 31, 2006	30,962,473	¥9,962	¥13,239	¥16,936
Stock option exercised	320,000	114	114	—
Net income	—	—	—	2,358
Dividend declared ¥12.00 per share	—	—	—	(372)
Bonuses to directors and corporate auditors	—	—	—	(3)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	(9)
Balance at March 31, 2007	31,282,473	¥10,076	¥13,353	¥18,910
Stock option exercised	90,000	37	37	—
Net income	—	—	—	2,589
Dividend declared ¥12.00 per share	—	—	—	(376)
Purchase of treasury common stock	—	—	—	—
Others, net	—	—	—	
Balance at March 31, 2008	**31,372,473**	**¥10,113**	**¥13,390**	**¥21,123**

The accompanying notes are an integral part of these statements.

Less treasury common stock, at cost		Unrealized gains and losses on securities, net	Foreign currency translation adjustment	Minority interests in consolidation subsidiaries	Total net assets	
Shares	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Thousands of U.S. dollars (Note 1)
(55,076)	¥(35)	¥225	¥(1,905)	¥1,956	¥38,919	$329,567
—	—	—	—	—	358	3,038
—	—	—	—	—	1,525	19,965
—	—	—	—	—	(397)	(3,365)
—	—	—	—	—	(27)	(228)
(1,963)	(2)	—	—	—	(2)	(18)
—	—	127	1,511	571	2,209	11,658
(57,039)	¥(37)	¥352	¥ (394)	¥2,527	¥42,585	$360,617
—	—	—	—	—	228	964
—	—	—	—	—	2,358	19,965
—	—	—	—	—	(372)	(3,153)
—	—	—	—	—	(3)	(30)
(1,481)	(3)	—	—	—	(3)	(18)
—	—	(31)	760	477	1,197	11,096
(58,520)	¥(40)	¥321	¥ 366	¥3,004	¥45,990	$389,441
—	—	—	—	—	74	737
—	—	—	—	—	2,589	25,839
—	—	—	—	—	(376)	(3,743)
(1,994)	(2)	—	—	—	(2)	(29)
—	—	(211)	(414)	408	(217)	(2,166)
(60,514)	**¥(42)**	**¥110**	**¥ (48)**	**¥3,412**	**¥48,058**	**$479,565**

CONSOLIDATED STATEMENTS OF CASH FLOWS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes and minority interests	**¥ 4,432**	¥ 4,502	**$ 44,225**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities;			
Depreciation and amortization	**4,950**	4,566	**49,397**
Amortization of negative goodwill	**(40)**	(40)	**(398)**
(Gain) Loss on disposal of fixed assets, net	**253**	(559)	**2,526**
(Gain) Loss on write down of investments in securities	**14**	8	**135**
Interest and dividends receivable	**(272)**	(182)	**(2,719)**
Interest expense	**421**	370	**4,198**
Effect of equity in earning of affiliates, net	**350**	(72)	**3,491**
Changes in operating assets and liabilities;			
(Increase) decrease in notes and accounts receivable	**1,419**	(5,276)	**14,164**
Increase (decrease) in notes and accounts payable	**(1,706)**	4,474	**(17,028)**
(Increase) decrease in inventories	**(460)**	(1,257)	**(4,590)**
Payment of bonuses to directors and corporate auditors	**—**	(3)	**—**
Other	**(393)**	488	**(3,910)**
Subtotal	**8,968**	7,019	**89,491**
Proceeds from interest and dividend income	**279**	178	**2,782**
Interest paid	**(413)**	(363)	**(4,124)**
Income taxes paid	**(1,322)**	(1,392)	**(13,183)**
Net cash provided by operating activities	**7,512**	5,442	**74,966**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of non-current assets	**(5,744)**	(7,923)	**(57,317)**
Proceeds from sales of non-current assets	**134**	1,856	**1,339**
Proceeds from sales of investment in securities	**(56)**	3	**(562)**
Purchases from minorities with subsidiaries' shares	**(366)**	—	**(3,648)**
Other	**(1,845)**	(924)	**(18,420)**
Net cash used in investing activities	**(7,877)**	(6,988)	**(78,608)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Increase (decrease) in short-term bank loans, net	**(1,062)**	(952)	**(10,607)**
Increase (decrease) in long-term loans, net	**2,042**	1,480	**20,376**
Increase (decrease) in bonds, net	**278**	678	**2,774**
Proceeds from common stock issued	**74**	228	**738**
Purchases of treasury common stock	**(3)**	(3)	**(29)**
Cash dividends	**(376)**	(372)	**(3,746)**
Cash dividends to minority interest	**(110)**	(188)	**(1,094)**
Proceeds from minorities' investment in capital	**12**	12	**119**
Net cash provided by (used for) financing activities	**855**	883	**8,531**
EFFECT OF TRANSLATION ON CASH AND CASH EQUIVALENTS	**(190)**	105	**(1,893)**
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**300**	(558)	**2,996**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,100**	5,658	**50,893**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**¥ 5,400**	¥ 5,100	**$ 53,889**

Note: The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

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

Solely for the convenience of the reader outside Japan, certain items presented in the original financial statements have been reclassified in the accompanying financial statements. In addition, the accompanying notes include certain information which is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information. The accompanying consolidated financial statements have also been presented in U.S. dollars by translating all yen amounts for the year ended March 31, 2008 using an exchange rate of ¥100.21 to U.S. $ 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash equivalents

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

(b) Marketable securities and investments in securities

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

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

(c) Inventories

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

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

(d) Property, plant and equipment

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

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

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

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

(e) Allowance for doubtful accounts

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

(f) Research and development expenses

Research and development expenses are charged to income as incurred.

(g) Income taxes

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

(h) Appropriation of retained earnings

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

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

(i) Translation of foreign currency amounts

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

(j) Amortization of negative goodwill

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

3. INVENTORIES

Inventories at March 31, 2008 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Merchandise and finished goods	**¥5,490**	¥4,968	**$54,779**
Work in process	**952**	558	**9,504**
Raw material and supplies	**3,200**	3,716	**31,931**
	¥9,642	¥9,242	**$96,214**

4. SECURITIES

Securities at March 31, 2008 and 2007 consist of the following:

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

As of March 31, 2007	Millions of yen					
		Unrealized				
	Cost	Gain	Loss	Realized gain (loss)	Fair value	Book value
Investments in securities:						
Marketable equity securities	¥1,280	¥545	¥ 4	¥(11)	¥1,810	¥1,810

As of March 31, 2008	Thousands of U.S. dollars (Note 1)					
		Unrealized				
	Cost	Gain	Loss	Realized gain (loss)	Fair value	Book value
Investments in securities:						
Marketable equity securities	**$13,611**	**$1,898**	**$45**	**$(586)**	**$14,878**	**$14,878**

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

Short-term bank loans are represented substantially by six-month notes bearing interest at weighted average rates of 1.42% and 1.64% at March 31, 2008 and 2007, respectively.

Long-term loans from banks and insurance companies with weighted average rates of 1.71%, are maturing serially through 2015.

Maturities of long-term loans at March 31, 2008 are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2009	¥ 4,730	$ 47,204
2010	4,275	42,662
2011	3,126	31,200
2012	2,253	22,483
2013 and after	1,408	14,048
	¥15,792	$157,597

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Collateralized	¥ 336	¥ 387	$ 3,349
Unsecured	10,726	13,228	107,044
Less current portion	(4,730)	(4,019)	(47,204)
	¥11,062	¥ 9,596	$110,393

A summary of assets pledged as collateral for short-term bank loans and long-term debt at March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Securities, Property, plant and equipment, at cost less accumulated depreciation	¥4,727	¥4,853	$47,174

6. BONDS

On June 27, 2003, the Company issued bonds of ¥1,605 million (US$16,016 thousand) in face value and bearing annual 0.61% interest without collateral and guarantee. The amounts of the bonds are payable in semi-annual installments of ¥111 million (US$1,108 thousand) through 2010.

The Company also issued, by means of financing the working capital, commercial papers 24 times and 9 times, bearing interest at weighted average rates of 0.724% and 0.054% in 2008 and 2007, respectively. The balance repayable is ¥1,500 million (US$14,969 thousand), and bearing interest is 1.023% at March 31, 2008.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Current portion of bonds	¥ 222	¥ 222	$ 2,215
Commercial papers	1,500	1,000	14,969
Short-term bonds	1,722	1,222	17,184
Bonds	384	606	3,832
	¥2,106	¥1,828	$21,016

7. INCOME TAXES

Income tax expenses at March 31, 2008 and 2007 consist of the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Current	¥1,156	¥1,399	$11,540
Deferred	(12)	(1)	(120)
	¥1,144	¥1,398	$11,420

Deferred income taxes are recorded, based upon the material timing differences between accounting and tax purposes. The deferred income taxes at March 31, 2008 and 2007, respectively are as follows;

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Deferred tax assets:			
Accounts receivable	¥ 109	¥ 118	$ 1,091
Provision for bonuses	320	270	3,190
Local taxes payable	31	60	308
Provision for retirement benefits	135	158	1,348
Provision for directors' retirement benefits	65	100	645
Investments in securities	106	74	1,062
Net loss carried forward	38	8	378
Other	270	657	2,700
Sub total	¥1,074	¥1,445	$10,722
Less: Allowance	(22)	(12)	(221)
Total deferred tax assets	¥1,052	¥1,433	$10,501
Deferred tax liabilities:			
Property, plant and equipment	¥ 515	¥ 540	$ 5,138
Unrealized gains on securities	77	222	773
Other	(167)	206	(1,671)
Total deferred tax liabilities	¥ 425	¥ 968	$ 4,240
Net deferred tax assets:	¥ 627	¥ 465	$ 6,261

8. COMMON STOCK

The Company has authorized 46,000,000 shares; 31,372,473 shares and 31,282,473 shares had been issued. And the treasury common stocks have been 60,514 shares and 58,520 shares. As the result of it, 31,311,959 shares and 31,223,953 shares are on trading in Tokyo Stock Exchange at March 31, 2008 and 2007, respectively.

9. OPERATING LEASES

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

Future minimum payments required under operating leases that have remaining non-cancelable lease terms in excess of one year at March 31, 2008 are summarized as follows:

	Millions of yen	Thousands of U.S. dollars (Note 1)
2009	**¥ 154**	**$ 1,534**
2010	**143**	**1,430**
2011	**75**	**748**
2012	**60**	**598**
2013 and after	**588**	**5,873**
Total future minimum lease payments	**¥1,020**	**$10,183**

10. EMPLOYEES' BENEFITS

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

The Company and its domestic subsidiaries have defined benefit plans.

1. Schedule of benefit plan liabilities recognized in the balance sheet as of March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Present value of a defined benefit obligation	**¥(5,564)**	¥(5,590)	**$(55,524)**
Pension fund	**4,396**	5,040	**43,868**
Subtotal	**¥(1,168)**	¥ (550)	**$(11,656)**
Unrecognized actuarial gains and losses	**629**	(178)	**6,279**
Unrecognized past service obligation	**211**	237	**2,100**
Total	**¥ (328)**	¥ (491)	**$ (3,277)**
Less: Prepayment of pension cost	**36**	—	**360**
Provision for post-retirement benefits	**¥ (364)**	¥ (491)	**$ (3,637)**

2. Schedule of post-retirement cost during the fiscal year ended in March 31, 2008 and 2007.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Current service cost	**¥ 348**	¥ 356	**$ 3,472**
Interest cost	**124**	126	**1,240**
Expected return on plan assets	**(120)**	(113)	**(1,197)**
Recognized actuarial	**(16)**	(5)	**(159)**
Recognized past service cost	**25**	25	**246**
Post-retirement cost	**¥ 361**	¥ 389	**$ 3,602**

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

The discount rate of assumptions used to compute the accumulated post-retirement benefit obligation are around 2.5% in 2008 and 2007, respectively. The expected rate of return on plan assets are approximately 2.5% in 2008 and 2007, respectively, considering the interest rate of a 10-20 year national bond similar to the period while the rest of the average term each employee will remain.

11. PER SHARE INFORMATION

Considering stock options exercised, the computations of net income per share are based on the weighted average number of them. The weighted average number of shares issued is 31,295 thousand shares and 31,119 thousand shares during the year ended March 31, 2008 and 2007 respectively.

More over considering stock options not to be exercised, the weighted average number of share is 31,338 thousand shares and 31,213 thousand shares during the year ended March 31, 2008 and 2007, respectively.

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

12. CONTINGENT LIABILITIES

Contingent liabilities as of March 31, 2008 and 2007 are as follows.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	**2008**
Guarantees given for borrowings:			
Affiliates	**¥435**	¥1,061	**$4,340**
Employees' housing loans	**224**	257	**2,232**

13. CASH DIVIDENDS

The appropriation of retained earnings of the Company in the fiscal year ended March 31, 2008 are as follows.

The date of resolution of Board of Directors	Per share: Yen	Per share: U.S. dollars (Note 1)	The total amounts: Millions of yen	The total amounts: Thousands of U.S. dollars (Note 1)
May 14, 2007	¥6.00	$0.06	¥187	$1,870
May 12, 2008	8.00	0.08	250	2,500

14. STOCK OPTIONS

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

The schedules of their stock options are as follows.

Date of approval	Amount of shares (Thousand)	Payment per share (Yen)	Period to be eligible
June 27, 2003	664	760	July 1, 2005 through June 30, 2008
June 29, 2004	117	1,516	July 1, 2006 through June 30, 2009
June 29, 2005	120	1,258	July 1, 2007 through June 30, 2010

15. SEGMENT INFORMATION

(a) Information by business activities

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

2008	Millions of yen						
	Sheets	Beads	Boards	Others	Total	Elimination or adjustment	Consolidated
I. Net sales							
Outside	¥27,572	¥56,977	¥7,746	¥7,113	¥99,408	¥ —	¥99,408
Intersegment sales and transfer	0	91	6	342	439	(439)	—
Total net sales	27,572	57,068	7,752	7,455	99,847	(439)	99,408
II. Operating cost (excluding unallocated costs)	26,408	51,816	7,332	7,453	93,009	(446)	92,563
III. Operating income (before unallocated costs)	1,164	5,252	420	2	6,838	7	6,845
Unallocated costs							1,798
Operating income							5,047
Total assets	¥24,328	¥53,803	¥6,829	¥5,060	¥90,020	¥4,974	¥94,994
Depreciation and amortization	¥ 1,407	¥ 2,975	¥ 335	¥ 161	¥ 4,878	¥ 72	¥ 4,950
Capital expenditure	¥ 1,087	¥ 2,923	¥ 528	¥ 748	¥ 5,286	¥ 80	¥ 5,366

2008	Thousands of U.S. dollars (Note 1)						
	Sheets	Beads	Boards	Others	Total	Elimination or adjustment	Consolidated
I. Net sales							
Outside	$275,144	$568,575	$77,296	$70,980	$991,995	$ —	$991,995
Intersegment sales and transfer	1	908	56	3,416	4,381	(4,381)	—
Total net sales	275,145	569,483	77,352	74,396	996,376	(4,381)	991,995
II. Operating cost (excluding unallocated costs)	263,530	517,075	73,157	74,374	928,136	(4,448)	923,688
III. Operating income (before unallocated costs)	11,615	52,408	4,195	22	68,240	67	68,307
Undivided cost							17,947
Operating income							50,360
Total assets	$242,770	$536,900	$68,151	$50,491	$898,312	$49,635	$947,947
Depreciation and amortization	$ 14,037	$ 29,695	$ 3,347	$ 1,603	$ 48,682	$ 715	$ 49,397
Capital expenditure	$ 10,846	$ 29,177	$ 5,266	$ 7,463	$ 52,752	$ 794	$ 53,546

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

Sheets: Styrene Paper, Miraboard, P-Board, P-Mat, Miramat, Caplon, Miranet, PC Sheet

Beads: PB-Beads, Styrodia, Bumper cores, Side fixtures, Tool boxes, P-Block/ARPRO, L-Block, Green Block

Boards: Mirafoam, Miraplank, Mirakku Panel, J-Slit

Others: Foamcore, Superfoam, Plastic regeneration machines, Processing machines, Laminators, General packaging materials

(b) Net sales to areas outside Japan

The amounts of the Company's and its consolidated subsidiaries' net sales to areas outside Japan at March 31, 2008 and 2007 are summarized below:

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

2007	Millions of yen			
	To America	To Europe	To others	Total
I. Net sales	¥11,200	¥8,551	¥8,915	¥28,666
II. Consolidated net sales				95,506
Proportion of I to II	11.7%	9.0%	9.3%	30.0%

2008	Thousands of U.S. dollars (Note 1)			
	To America	To Europe	To others	Total
I. Net sales	$114,592	$103,627	$114,885	$333,104
II. Consolidated net sales				991,995
Proportion of I to II	11.6%	10.4%	11.6%	33.6%

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

America: the U.S., Canada and Mexico

Europe: France, Germany, Italy and the U.K.

Other: Asia and Oceania

JSP Corporation

BOARD OF DIRECTORS, EXECUTIVE OFFICERS, AND STATUTORY AUDITORS

Representative Director, President
Rokurou Inoue

Representative Director, Chief Financial Officer
Ken Toyoguchi

Director
Kozo Tsukamoto *1

Directors, Managing Executive Officers
Kouichi Teranishi
Nobuaki Yamazaki

Directors, Executive Officers
Masahiro Harada
Ken Shiosaka
Hiroshi Usui
Hitoshi Yamamoto

Executive Officers
Masahiko Kishida
Takashi Matsukasa
Takefumi Uematsu
Yoshinari Saito
Kazuhiro Mihara

Corporate Statutory Auditors
Shigehisa Kimura
Masashi Hashimoto
Yukio Sakai *2
Toshio Hama

*1 Director, Managing Executive Officer of Mitsubishi Gas Chemical Company, Inc.
*2 Executive Officer of Mitsubishi Gas Chemical Company, Inc.
(As of June 30, 2008)

CORPORATE DATA

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100-0005, Japan
Tel: 81(3) 6212-6300
Fax: 81(3) 6212-6302

Date of Establishment
January 24, 1962

Paid-in Capital
¥10,119 million (As of May 31, 2008)

Number of Employees
626 (As of March 31, 2008)

Stock Exchange Listing
Tokyo Stock Exchange

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

Plants
Hokkaido (Hokkaido)
Kanuma (Tochigi)
Kashima (Ibaraki)
Yokkaichi (Mie)
Kansai (Hyogo)
Kyushu (Kumamoto)

NETWORKS

Japan

Subsidiaries
- Japan Xanpak Corporation
- KP Corporation
- Japan Repromachine Industries Co., Ltd.
- Seihoku Packaging Company
- JSP Molding Corporation
- MIRAX Corporation
- Yuka Sansho Kenzai Co., Ltd.
- Hokuryo EPS Co., Ltd.
- Honshu Petrochemistry Co., Ltd.

Affiliates
- Japan Acryace Corporation
- Sanin Kasei Co., Ltd.

North America

Subsidiaries
- JSP International Group Ltd. (USA)
- JSP International, LLC. (USA)
- JSP Mold, LLC. (USA)
- JSP Licenses, Inc. (USA)
- JSP International Specialty Foams, LLC. (USA)
- JSP Resins, LLC. (USA)
- JSP International de Mexico, S.A. de C.V. (Mexico)

Europe

Subsidiaries
- JSP International SARL (France)
- JSP International GmbH & Co. KG (Germany)
- JSP International GmbH (Germany)
- JSP International SRL (Italy)
- JSP International s.r.o. (Czech Republic)

An affiliate
- Sealed Air Packaging S.A.S. (France)

Asia

Subsidiaries
- KOSPA Corporation (Korea)
- Taiwan JSP Chemical Co., Ltd. (Taiwan)
- JSP Foam Products, Pte. Ltd. (Singapore)
- JSP Foam Products Hong Kong Limited (China)
- JSP Plastics (Wuxi) Co. Ltd. (China)
- JSP International Trading (Shanghai) Co., Ltd. (China)
- Kunshan JSP Seihoku Packaging Material Co., Ltd. (China)
- JSP Plastics (Dongguan) Co., Ltd. (China)

JSP Corporation

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