SEARCHING DEEPER REACHING HIGHER

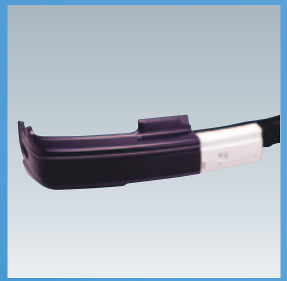
Annual Report 2013

Year ended March 31, 2013

JSP

ABOUT US

JSP was established in 1962 as a manufacturer of foamed plastics, and today it continues to develop universally useful products and unique technologies in this field. Exhibiting distinctly effective and dynamic material properties, JSP products deliver economic and environmental value. A true global supplier, we help our customers increase their profitability through the innovative use of our products.



Automotive

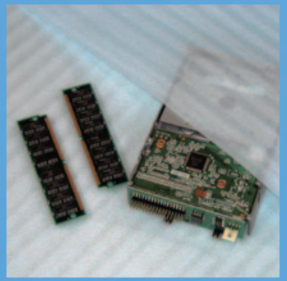
JSP products significantly reduce vehicle weight and increase passenger and occupant safety as automotive components. Lightweight, structurally-strong with excellent energy absorption and thermal and acoustic insulation properties, our products enable the production of thousands of automotive components across brands, continents, and vehicle-types.

Construction

JSP products are employed as a construction material for insulating, waterproofing, and preventing moisture condensation in building walls, roofs, and *tatami* mats. Furthermore, we are developing external insulation construction methods that allow air to flow naturally for a more comfortable living environment.

Civil Engineering

JSP products are supplied for civil engineering purposes such as drainage underlayment, lightweight embankment, anti-vibration panels, retaining walls, etc. The structural and semi-structural nature of our products combined with key attributes such as thermal insulation, water resistance, and porosity enables traditional materials to be replaced with more-resilient materials.



Packaging

JSP products are used as packaging materials for household electronics and IT-related equipment in addition to agricultural usage. These high-performance products feature excellent shock resistance and energy absorbance. JSP sheet, board, and bead products provide a diverse range of lightweight and environmentally responsible packaging solutions using molding and fabrication techniques.

Food Packaging

JSP products are designed to wrap or contain food, meeting high requirements to protect temperature variation, humidity, and mechanical shock. Our products enable many types of food packaging solutions, barrier protection (against ingress of oxygen water vapor, dust), extension of products' shelf life, and convenience of food packaging. Our discrete food packaging includes tray, box, container, and sheet solutions.

CONTENTS

Forward-Looking Statements

This annual report includes forward-looking statements related to JSP Corporation's plans, strategies, and business results. These statements represent judgments of JSP Corporation based on information available at the time of writing. As such, these statements are subject to risks and uncertainties. Please understand that actual performance may differ from these forward-looking statements.

FINANCIAL HIGHLIGHTS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

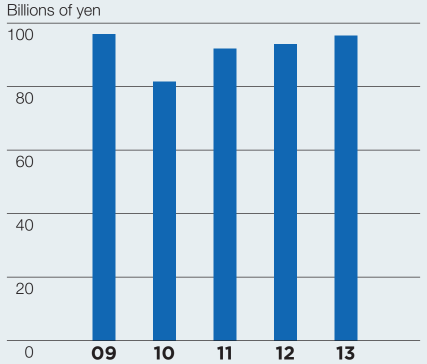
MAJOR FACTORS

- In the Bead segment, global sales of ARPRO®/P-BLOCK™ increased mainly due to the growing demand for automotive applications, together with increased penetration into this sector. Sales of STYRODIA® decreased mainly because fish box demand contracted. As a result, sales of the Bead business in total increased 4.9% year on year.
- In the Extrusion segment, decreased sales of packaging materials for general-purpose products were offset by favorable sales of construction and housing insulation materials. As a result, sales of the Extrusion business in total were on a par with the previous fiscal year.
- Operating income fell 13.6% year on year, as a result of the time lag in the settlement of selling price adjustments following the rise of fuel and raw material prices.

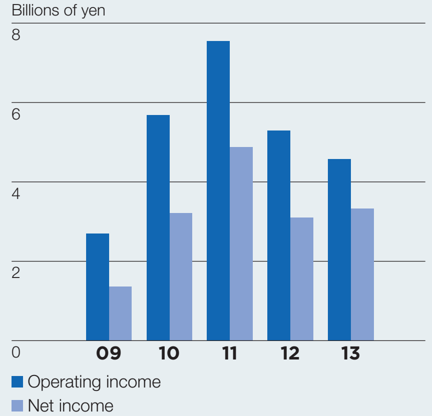
	Millions of yen					Thousands of U.S. dollars[1]
	2013	2012	2011	2010	2009	2013
For the Year:						
Net sales	¥96,038	¥93,397	¥91,971	¥81,597	¥96,534	$1,020,703
Operating income	4,575	5,296	7,552	5,685	2,701	48,624
Ordinary income	4,927	5,536	7,874	5,540	2,778	52,373
Income before income taxes	4,752	5,176	7,470	5,096	2,605	50,515
Net income	3,324	3,100	4,881	3,209	1,366	35,330
At Year-End:						
Total assets	95,565	89,072	89,152	86,197	84,316	1,015,678
Total net assets	53,431	47,362	46,481	45,912	42,001	567,881
Shareholders' equity	49,838	44,721	43,843	43,221	39,696	529,687
	Yen					U.S. dollars[1]
Per Share Information:						
Net income[2]	¥ 111.49	¥ 103.98	¥ 161.25	¥ 103.35	¥ 43.74	$ 1.18
Cash dividends	30.00	30.00	30.00	19.00	14.00	0.32
Total net assets	1,671.55	1,499.89	1,470.44	1,391.92	1,278.38	17.77

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94.09=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.

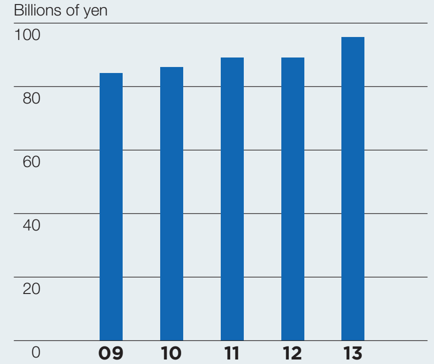
Net Sales



Operating Income and Net Income



Total Assets



LETTER FROM THE PRESIDENT

We aim to work with vision, inspiration, and perseverance to ensure that JSP has a secure future.

Our current medium-term management plan, "Deepen and Grow," started in April 2012. It is based on strengthening our current business activities, expanding business activities globally, and creating entirely new business activities.

In order to strengthen our current business activities, we have moved the emphasis to high-margin products. We have also improved production technologies and developed new value-added grades of materials.

Production capacity has been increased to meet growing demand for ARPRO®/P-BLOCK™ globally. Most recently, we have added capacity in Dongguan, China and with the construction of a new facility in Brazil.

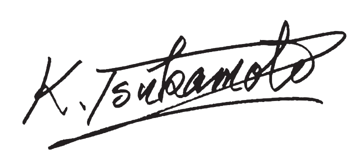
Our recent emphasis on "creating entirely new business activities" is still in the search and qualification phase. We are focused on ensuring that any new business activities identified be unique and build upon the skills and activities we currently have.

The global economy in the fiscal year ended March 2013 encompassed a wide range of regional variations. In the United States, the economy was on a recovery track supported by firm consumer spending and improvement in the housing and automotive markets. In Europe, the economy remained sluggish due to the austerity policies that affected employment levels and thus consumer spending. The austerity measures were, of course, a response to the sovereign debt and euro currency crises. China again had relatively high growth rates, albeit the economy slowed down slightly. The Japanese economy showed progress toward recovery due to the depreciation of the yen and the improvement of the supply–demand balance.

In the face of these business circumstances, we have been working on securing profits by focusing on selling and developing value-added products and by having firm strategic pricing in place. We expect that demand for ARPRO®/P-BLOCK™ will remain strong in the Americas, EMEA, and Asia through increased penetration and diversification in automotive parts. In Japan, we now forecast the full-scale recovery of auto builds, as well as increased demand for housing insulation materials due to the government incentive program for long-life quality housing.

To achieve our goal of "Deepen and Grow," we are committed to working as one JSP with vision, inspiration, and perseverance to bring value to our customers.

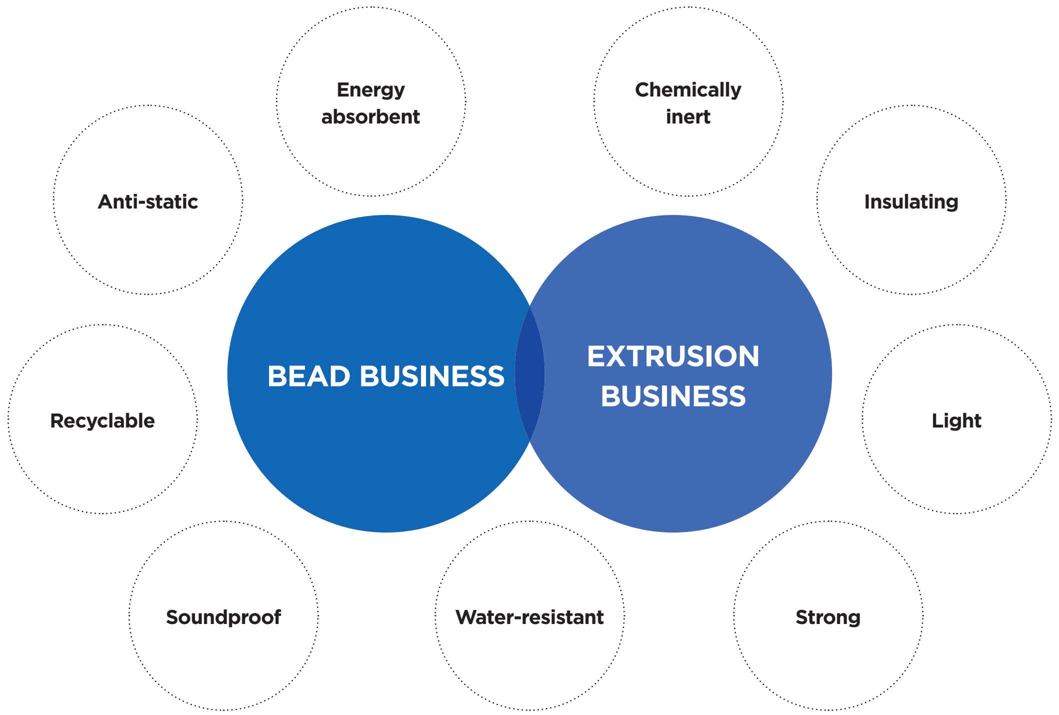
July 2013



Kozo Tsukamoto
President

SNAPSHOT

Our Business



Features and Strengths

1 Valued Partner

JSP serves many sectors including automotive, construction, food packaging, industrial packaging (electronics and precision equipment), and a variety of consumer goods markets. We will continue to contribute further to society through the improvement of existing products and the development of new ones, expanding lightweight material solutions globally and contributing to the reduction of the impact of human activities on the environment.

2 Global Operational Presence

JSP has a global footprint serving markets worldwide. We have sales offices, manufacturing sites, as well as research and development facilities in the major industrial centers of EMEA, Asia, and the Americas. We are also increasing our production capacity to meet growing demand and the wide range of global market needs.

3 Innovation Simplified

From its very beginning, JSP has invented and developed the technologies required to create foamed products. With an outstanding technological development capability, we have developed many "world first" products that are provided to and used all over the world. Using our expertise, we continue to innovate, with new applications across a wide range of industries. This innovation is done both in-house and by reaching out to the global innovation community through our "innovation simplified" active corporate investor program: www.innovationsimplified.com/.

4 Environmentally Responsible

JSP operates substantial, sustainable environmental practices that benefit all. We are committed to managing all the environmental aspects that we can control and influence. With our customers, we work to develop products and applications that further minimize our environmental impact.

At a Glance

There are two major business segments, Bead and Extrusion.

NET SALES

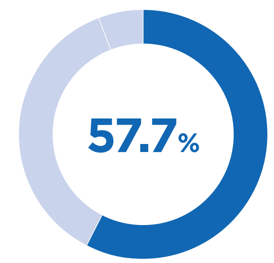
¥96,038 million

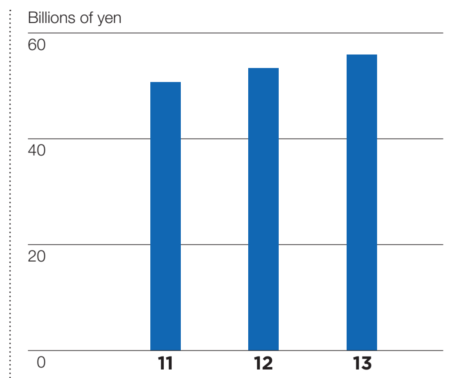
OPERATING INCOME

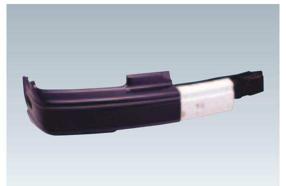
¥4,575 million

SALES COMPOSITION	SALES*	PRINCIPAL PRODUCTS

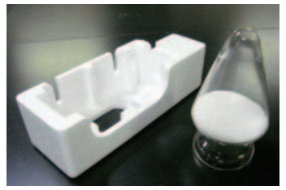
BEAD BUSINESS





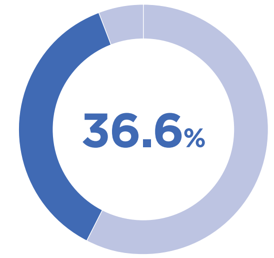


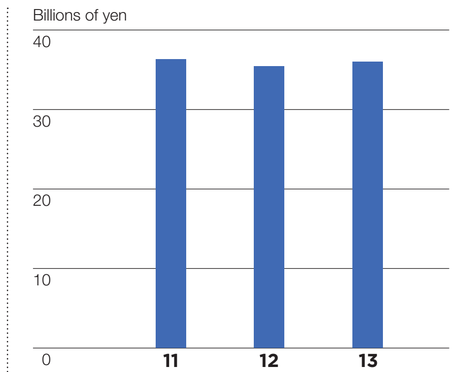
ARPRO®/P-BLOCK™



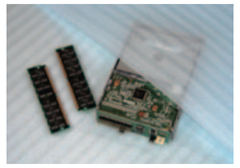
STYRODIA®

EXTRUSION BUSINESS

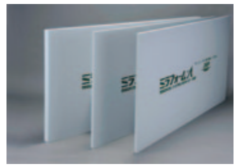




STYRENE PAPER™

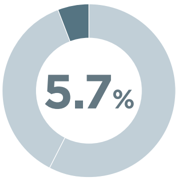


MIRAMAT® ACE



MIRAFOAM™ Λ (lambda)

OTHER



Other segment represents our trading and special fabrication of general packaging materials business.

* Sales amounts represent sales to external customers only.

REVIEW OF OPERATIONS

BEAD BUSINESS

SALES*

¥55,447 million

* Sales amount represents sales to external customers only.

PERCENTAGE OF TOTAL SALES

57.7 %

Business Outline

Sales in the Bead segment increased 4.9% year on year, to ¥55,447 million, and operating income fell 16.3%, to ¥2,688 million.

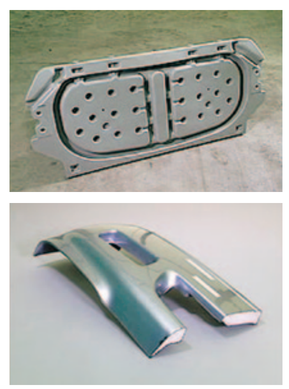
ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in automotive parts such as bumper cores, interior parts, and seat cores, as well as in returnable containers, in packaging for consumer electronics, and as a cushioning material for sports grounds.

In Japan, sales for automotive-related products were robust in the first half of the fiscal year due to an upswing after the large drop in production caused by the 2011 natural disaster and the Japanese government's subsidies for eco-cars. However, with the end of the subsidy program and a decline in exports to China in the second half of the year, sales overall were about the same as the previous year. Sales of cushioning materials for consumer electronics were also similar to the previous year, with increased demand for tablets offset against the transfer of some production outside of Japan by digital home appliance manufacturers. In North America, sales increased due to continued favorable performance of the automotive market, supported by strong consumer spending and also firm demand for non-automotive applications. In Brazil, sales increased because of increased sales of new cars thanks to the continued tax incentives offered by the Brazilian government. Sales decreased in Europe due to a slump in auto sales stemming from the austerity measures and the worsening employment situation. In Asia, sales of cushioning materials and automotive parts increased as there was growing demand for smart phones and tablets as well as automotive applications.

Sales of STYRODIA® (expanded polystyrene) decreased as overall demand contracted. The major factors were demand for fish boxes decreased in the fisheries sector, and falling demand for packaging materials of home appliance as Japanese manufacturers transferred production overseas and downsized their domestic operations.

Sales of FOAMCORE™ (a hybrid molded product used as a ceiling material for prefabricated bathroom units) increased along with growth in demand due to the strengthening of insulation standards as well as adoption for new models.

ARPRO®/P-BLOCK™



FOAMCORE™

TOPICS 01

ARPRO®/P-BLOCK™ Used for Body Panels of Toyota's Next-Generation Concept Car, the ME.WE

Toyota's new electric concept car, the ME.WE, was unveiled at its Paris showroom, Le Rendez-Vous Toyota.

ARPRO®/P-BLOCK™, which was already being used as a material in Toyota's automotive parts, was adopted for the body panels of the ME.WE due to its excellent properties of abrasion resistance, ease of maintenance, and shock-absorbency in case of collision. In addition, by using ARPRO®/P-BLOCK™ for the body panels, the total weight of the car was kept to 750kg, about 20% (200kg) lighter than a standard steel compact car like a Yaris.

The ME.WE was designed by Toyota's European design division and the French architect/designer Jean-Marie Massaud. Its basic design is a five-door hatchback, but it can also be transformed into a small city car, a pick-up truck, a convertible, or an off-road SUV by removing the roof or rear doors. Also, with removable body panels, owners can freely change them to enjoy a broad range of colors and designs.

With its reasonable production price, environmentally responsibility (energy reduction through weight saving), and 100% recyclability—enabled by the use of ARPRO®/P-BLOCK™—the Toyota ME.WE has caught the attention of the world's media.

TOPICS 02

Opening of Second Plant in Brazil

We started operations in Brazil with the acquisition of the Campinas Plant in 2011. In order to meet demand growth, capacity was increased by the construction of a new ARPRO®/P-BLOCK™ facility in Santo Antonio de Posse (SAP). This facility commenced operation in October 2012.

About 150 people including customers, employees, suppliers, contractors, etc. attended the inauguration ceremony of the new plant.

REVIEW OF OPERATIONS

EXTRUSION BUSINESS

SALES*

¥35,148 million

* Sales amount represents sales to external customers only.

PERCENTAGE OF TOTAL SALES

36.6 %

Business Outline

Sales in the Extrusion segment increased 1.6% year on year, to ¥35,148 million, and operating income decreased 6.7%, to ¥2,386 million.

Sales of MIRAMAT® (expanded polyethylene sheet), which is used as an industrial packaging material for the transport of substrates for LCD TVs and other digital home appliances, were lower than the previous year. Sales of advanced functional products, especially permanent antistatic products, increased, but the economic stagnation brought down sales of general-purpose products.

Sales of P-BOARD™ (expanded polypropylene sheet), which is mainly used for returnable containers for the transportation of automotive parts and home appliances, and CAPLON™ (foamed polyethylene air bubble sheet) declined as a result of diminished demand due to the downturn of the home appliance market.

Sales of STYRENE PAPER™ (expanded polystyrene sheet), which is used in food packaging such as instant noodle cups or lunch boxes, were about the same as the previous year, thanks to firm demand.

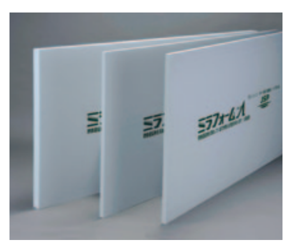
Sales of MIRABOARD™ (expanded polystyrene sheet), which is used in advertising displays and folding boxes, decreased due to reduced demand from electronics retail stores.

Sales of MIRAFOAM™ (extruded board made of expanded polystyrene), which is used as a home insulation material, increased due to growth in demand supported by the construction of energy-efficient houses and also recovery activities from the natural disaster in Japan.

Sales of MIRAPLANK™ (extruded board made of expanded polyethylene), which is used as a cushioning material for cargo in trucks, decreased due to a general decline in distribution volumes.

MIRAMAT®

STYRENE PAPER™



MIRAFOAM™

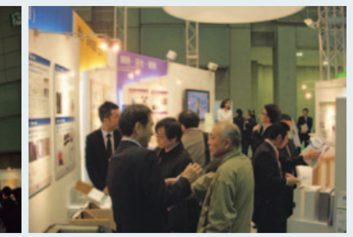
TOPICS 01

Architecture and Construction Materials Exhibition 2013

JSP exhibited at the Architecture and Construction Materials Exhibition 2013, held in March at the Tokyo Big Sight exhibition center in Japan.

At this exhibition, we introduced a variety of value-added products including insulation materials under the banner, "A New Construction Materials Solution is Here."

The booth was divided into areas by product function, such as "insulation," "termite resistance," "sump water," "sound insulation," "vibration absorption," "earthquake-resistant," and "fireproofing," so that visitors were able to easily identify the appropriate area depending on their needs.



TOPICS 02

A Plant Tour for Investors

On March 12, 2013, we held a plant tour for investors. Thirteen international investors visited both Kanuma No. 1 plant, where extruded products are manufactured, and Kanuma No. 2 plant, where ARPRO®/P-BLOCK™ products are produced. The tour proved a good opportunity for investors to understand more about the manufacturing process and use of our products.

TOPICS 03

New Product Details: ML BOARD™

We have launched ML BOARD™ as a new product that is composed of multilayer board blended recycled materials. It was developed based on the Company's original multilayered laminated technology.

Features

- Two types of board are available depending on the application: soft type board with flexibility and cold resistant properties and hard type board with rigidity and heat resistant properties
- High cushioning performance for heavy loads transportation
- Excellent durability enables repeated use
- Environmentally friendly by using recycled materials

REGIONAL REPORTS

AMERICAS

North America

Rich. C. Alloway

The year 2012 was a very good one. Overall economic conditions were positive, with GDP in the United States growing by roughly 2.5%. Auto builds increased by 15%, totaling over 15 million units in 2012. We were able to increase revenue by 25% as a result of the solid economic climate and the success of our initiatives to develop new applications for ARPRO®/P-BLOCK™ in both the automotive and non-automotive sectors.

We continue to penetrate the automotive market, as ARPRO®/P-BLOCK™ helps automotive manufacturers decrease the weight of their vehicles and meet their CAFE (Corporate Average Fuel Economy) standards. In automotive seating, ARPRO®/P-BLOCK™ serves as a lightweight replacement for conventional materials in second row seat cushions, seat bolsters, and seat backs. Additionally, ARPRO®/P-BLOCK™ is finding increased use in energy absorbers designed for pedestrian impact protection.

Outside of automotive applications, applications are growing in the consumer products and packaging markets. A major application success story is the rollout of the Brock PaverBase™ landscape underlayment product to a national do-it-yourself retail store chain. Sales have subsequently increased by 70%. This product will continue to grow as distribution channels are expanded.

Packaging applications using ARPRO®/P-BLOCK™ have had tremendous growth in the last year. Returnable totes and container dunnage inserts using ARPRO®/P-BLOCK™ are replacing packaging materials that are heavier or do not have a significant reusability factor. The growth target for packaging in the upcoming year is 33%.

We continue to invest in developing applications in the packaging arena as well as in the furniture, mattress, HVAC, and plank markets. Additionally, our new Sheet Foam activity is building toward entering the automotive and consumer markets with cross-linked polyethylene sheet foam that offers toughness, conformability, and thermal insulation.

Rapid growth in 2012 necessitated significant capital expenditures to enhance our overall capacity. Two major capacity expansions were kicked off in 2012. This trend will continue into 2013, as we are expecting further improvement in auto builds and continued success in growing the use of ARPRO®/P-BLOCK™ in all market segments.

We are dedicated to meeting the needs of our customers. We will help them grow their markets by insuring that we have the appropriate resources to do so and by focusing on our commitment to customer satisfaction.

South America

Raul Sanchez

Despite the expectations associated with holding the 2014 Soccer World Cup and the 2016 Olympic Games, Brazil's economy has not been as strong as projected. Against this background, however, the auto industry has remained strong due to continued tax incentives offered by the Brazilian government. The macro-economy in the region is a cause for concern. Also, the Brazilian Real is fluctuating and consistently weakening against reference currencies. This has created an uncertain and volatile environment. Nevertheless, with the upcoming 2014 Soccer World Cup less than two years away and with the improvement of the purchasing power of a growing middle class, morale in the country continues to be positive and expectations remain high.

Brazil has established itself as the world's fourth largest automotive market. With more than 95% of our market applications being automotive, this has had a positive impact on our revenues. Having said this, one of our main challenges is to diversify our business in South America into markets other than automotive applications.

We faced many challenges in 2012. After our entry into Brazil in 2011, it was clear that with the projected organic growth and the contracts already obtained, our operational base needed to increase. This required a significant investment to meet market needs and gave rise to our new Santo Antonio de Posse Plant, which was built, installed, and made operational in 2012. We produce and mold ARPRO®/P-BLOCK™ in Santo Antonio de Posse, and we mold ARPRO®/P-BLOCK™ in Campinas. Our focus at both plants is to implement best manufacturing practices and conduct operations safely and efficiently.

Today, with ARPRO®/P-BLOCK™, we are the only producer of such material in South America. Our focus is to grow the market and develop opportunities for our customers. In addition, our strategy to establish a customer relationship with our previous competitors has been successful. In fact, we currently supply ARPRO®/P-BLOCK™ to all molders in South America and have established excellent relationships with this growing molding base.

EMEA

EMEA (Europe, Middle East & Africa)

Paul Compton

Despite a weak economic situation, the demand for ARPRO®/P-BLOCK™ remained around 2011 levels. This was achieved despite a marked drop in car sales and the subsequent fall in production, which fell as much as 9% in Western Europe.

The consequences of the earlier global financial crisis and resultant continuing uncertainty over the viability of the Euro currency, a result of the sovereign debt crises, led to reduced consumer spending due to a lack of consumer confidence. Industrial output across the EU fell by almost 3%. In addition, growing areas of marked unemployment also impacted demand. Although these had marked effects on overall demand in the economy, the strong and continuing penetration and diversification of ARPRO®/P-BLOCK™ applications kept the business in the region very strong. Demand for ARPRO®/P-BLOCK™ in Eastern Europe as well as in the Middle East and Africa continued to grow very encouragingly.

Crude oil remained above $100/barrel during 2012, with resultant cost pressure on feedstocks and utilities.

Despite the tough economic situation and outlook, we continued to invest in product and process improvements, capacity, application development, and our "innovation simplified" active corporate investor program.

Our safety performance reached a particular milestone, with the achievement in one factory of three years without any incidents resulting in lost working time (LTI) and a continuing improvement in the number and frequency of First Aid Cases (FAC). Building on a strong environmental performance, set out in the Life Cycle Analysis, where benefit-in-use is confirmed as 12 times greater than impact, we nonetheless made a commitment to further reduce environmental impact by 40%.

The emphasis in 2013 and beyond is to consolidate and strengthen our positions with valued clients and end-users (deepen) as well as to create new demand whether in penetrating new applications in existing areas of use or in totally new fields of application (grow). ARPRO®/P-BLOCK™ delivers spectacular value and has significant growth potential.

ASIA / OCEANIA

Japan

Koichi Teranishi

Following the natural disaster in 2011, the Japanese economy is on a gradual recovery trend. However, the Japanese domestic market is still contracting as many companies have already accelerated investment in operations outside of Japan. Under these economic circumstances, we are acting to intelligently reduce costs and concentrate on products with high added value.

In the Extrusion business, one of our core products, MIRAMAT® ACE, used as a surface protection material for glass substrates and panels of LCD TVs, has been adopted as a protection material for organic EL TVs and tablet computer parts. We are also cultivating a new market by providing high-value-added products with excellent properties such as permanent antistatic or static dissipation for packaging materials for IT related products.

In the food packaging sector, we are working to create new markets by using innovative materials that are alternatives to solid sheet or high density sheet.

Due to the delay in the government's action to support recovery in the disaster area, strong demand for necessary construction and civil engineering materials is expected only from 2013 onward. Consequently, demand will increase for MIRAFOAM™, which has the world-leading level of insulation performance, as well as for WALLBLOCK™, which is a construction method using STYRODIA® that serves to shorten construction time.

In the Bead business, our efforts will continue to increase the penetration and diversification of ARPRO®/P-BLOCK™ in automotive applications. Auto manufacturers in Japan are now accelerating their production in northern Kyushu. Currently, we are supplying ARPRO®/P-BLOCK™ to this area from our Yokkaichi Plant, which is located some 700km away. Therefore, we have decided to start operations at Kitakyushu from April 2014 to meet the growing demand in the Kyushu region, to reduce transportation costs, and to improve customer service.

Sales of STYRODIA® have decreased due to the contraction of the market as a consequence of the natural disaster. In this sector, we are also making every effort to improve profitability by intelligent cost reduction.

REGIONAL REPORTS

ASIA / OCEANIA

China

Shinji Yamada

Automobile demand in China is driven by burgeoning inland demand for new vehicles and replacement demand in coastal areas, with more than 20 million cars expected to be sold in 2013. On the other hand, as automobiles become increasingly common on China's roads, there are plans to tighten environmental and power-saving regulations in response to air pollution in cities caused by exhaust fumes and concerns about increased petroleum consumption.

Facing this environment, ARPRO®/P-BLOCK™ products, which feature lightness and shock-absorbent functions in a wide variety of forms, assist the development of power-saving, new-energy cars through their low weight and will continue to contribute to improving society in the future.

Our operation in China began in 2003, and marks its 10th anniversary this year. In 2012, the production capacity of our Dongguan Plant was significantly increased to meet booming demand in South China. We are also pushing forward with preparations to increase production capacity at our Wuxi Plant, increasing capacity to 18,000 tons per year by 2013.

We commit to work to provide our customers with value and even greater satisfaction.

Dongguan Plant

10th anniversary ceremony at Wuxi

Korea

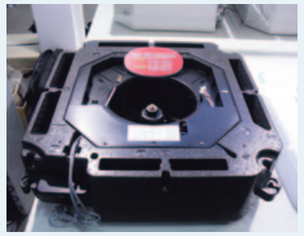
Chang In-won

Whilst Korean car makers increased their output in the global market, with production sites now in many countries, the number of cars manufactured in Korea itself has not increased significantly. The situation is the same in the electronics industry. As a result, we forecast this difficult economic environment will continue going forward.

Under these circumstances, we have focused on the development of new applications for ARPRO®/P-BLOCK™. One of the successful developments in 2012 was automotive seating, which contributes to significant weight reduction. Another notable new application is ventilation unit cases, where again ARPRO®/P-BLOCK™ is used as an alternative to heavy steel cases. In addition, we have added further functionality with inherent insulation and acoustic insulation. We have also developed and introduced a reusable packaging system for refrigerators, which replaces paper and other one-way materials, thereby giving a reduced environmental impact.

In 2013, in pursuit of further expanding the market, we will focus on introducing porous material with acoustic insulation properties, colored material, and various other application-specific grades of ARPRO®/P-BLOCK™.

New application—flower pot



New application—fan coil unit

Southeast & South Asia and Oceania

Sachio Suzuki

Sales in the region in 2012 were satisfactory.

Automotive production in Thailand showed significant recovery, with the production of 2.45 million vehicles, boosted by a government subsidy for buyers of "first new cars." In comparison, production in 2011 was 1.45 million, due to the impact of the earthquake in Japan and flooding in Thailand. Demand in Malaysia and the Philippines increased modestly.

In India, more than 4 million automobiles were produced in 2012, an increase of 5.3% year on year, though previously double-digit growth had continued since 2000. Domestic sales growth, however, experienced a downturn due to rising fuel costs and a high interest rate policy targeting inflation. Our sales in India nonetheless increased steadily in 2012. We will start production of ARPRO®/P-BLOCK™ in Chennai during 2014.

In Indonesia, automotive production reached 1.06 million vehicles in 2012, an increase of 27.2% year on year. Our sales in Indonesia also greatly increased.

With the opening of a representative office in Thailand in 2013, we will be well placed to take advantage of future business growth in the Mekong area (Thailand and Myanmar).

Indonesian automotive sales in 2013 are expected to increase 7.5% year on year, from 1.11 million to 1.20 million vehicles.

In 2013, we will invest in staffing in order to be well placed to benefit from the significant growth potential in the region.

Singapore Plant

Thailand Representative Office, Bangkok Thailand

Taiwan

Toru Yamaguchi

The major application of ARPRO®/P-BLOCK™ in Taiwan is for LCD (liquid crystal display) panel boxes. These reusable boxes are used for the transportation of panels between factories.

The LCD panel industry, which is one of the main business activities in Taiwan, has faced difficulty due to the decline in prices. However, there is still high potential that the demand for panels in Taiwan will increase, since the development of new large size panels of more than 55 inches and high-quality displays with high resolution.

We are committed to "good quality," "rapid delivery," and "technical service" to ensure total customer satisfaction.

Production capacity will be increased in 2013 to further strengthen our supply position and meet the expanding demand. In addition, we will continue to work on new applications, such as wind blades, and automotive seat cores, taking advantage of the lightweight performance of ARPRO®/P-BLOCK™. There are also emergent applications in sports equipment, utilizing the energy absorption properties of ARPRO®/P-BLOCK™.

LCD panel box

Chau Chau®: ARPRO®/P-BLOCK™ chair

CORPORATE GOVERNANCE

Basic Stance

We recognize that our basic mission as management is to increase shareholder value in a sustainable manner. Further, we understand the need to meet our responsibilities to all of our stakeholders, including employees, customers, consumers, the local citizens, and the communities that we serve.

In light of this stance, we believe that proper corporate governance represents an indispensable part of our business. It is important for us as a company to be consistent in our pursuit of efficiency, transparency, and soundness in management, from the election of corporate directors through the establishment of corporate compliance mechanisms.

Governance Organizations

The board of directors deliberate and decide important company business matters. The board and the audit committee ensure business is performed in an appropriate manner.

We also hold management meetings made up of regular members who discuss important business. We have adopted a system of executive officers to ensure the efficient execution of our business. In this way, we have established a system to assign both authority over the execution of our business and responsibility.

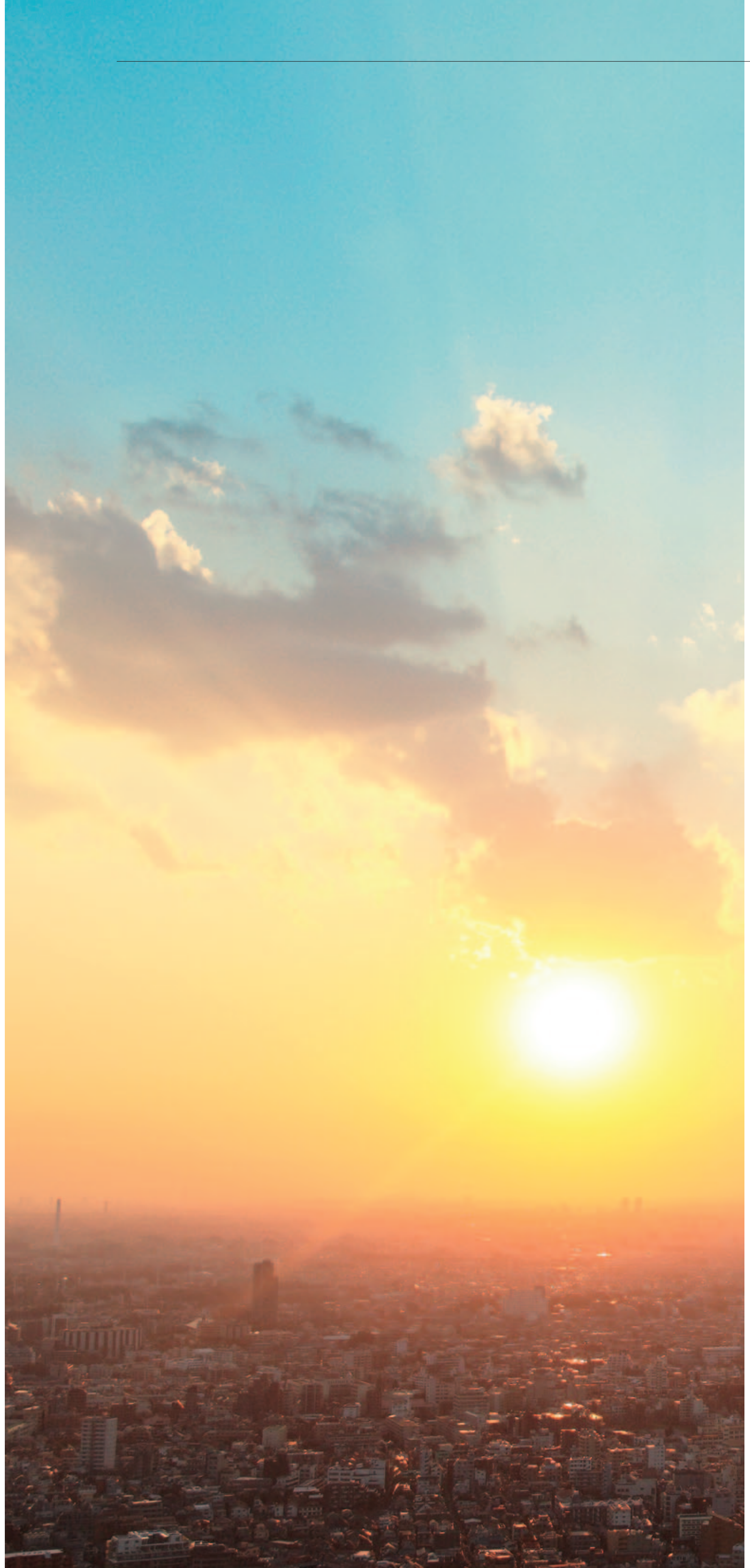
Internal Controls, Risk Management

We have taken measures to institute appropriate systems and structures for internal controls and risk management. We have policies in compliance with legal statutes, continually reviewing these systems and revising as necessary.

We have established the risk management and compliance committee chaired by the representative director. This committee has responsibility for cross-organizational monitoring and audit, taking the lead in exercising risk and compliance management for JSP.

External Audits

Our external and internal auditors assess legal compliance and the validity of company operations and assets. External and internal auditors have dynamic exchange and coordination.



FINANCIAL SECTION

CONTENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations

Sales

For the fiscal year ended March 31, 2013, JSP Corporation and its consolidated subsidiaries ("the Company") recorded net sales of ¥96,038 million, representing a 2.8% year-on-year increase. Cost of sales also increased 4.6%, to ¥70,630 million. As a result, gross profit fell 1.8%, to ¥25,407 million.

Selling, General and Administrative Expenses

On the other hand, although selling, general and administrative expenses remained steady, with a 1.2% increase year on year, to ¥20,832 million, operating income dropped 13.6%, to ¥4,575 million. Also, non-operating income rose 8.9%, to ¥798 million, while non-operating expenses fell 10.0%, to ¥445 million, with the consequence that ordinary income fell 11.0%, to ¥4,927 million. Total extraordinary income fell 86.4%, to ¥44 million, and total extraordinary losses fell 67.9%, to ¥219 million.

Net Income

As a result of the above, income before income taxes decreased 8.2%, to ¥4,752 million, and net income increased 7.2%, to ¥3,324 million.

Segment Information

The Company's reporting segments are comprised of the Extrusion Business and the Bead Business, which together account for 94.2% of total sales. Business segment sales and income can be seen in the following table on page 17. Note that sales amounts for business segments represent sales to external customers only.

Extrusion Business

Sales in the Extrusion segment increased 1.6% year on year, to ¥35,148 million, due mainly to increased sales of construction and civil engineering materials. Despite this increase in sales, segment income declined 6.7%, to ¥2,386 million.

High-function expanded polyethylene sheets used for logistics and packaging enjoyed good sales, while sales for the general-purpose products expanded polypropylene sheets, polyethylene bubble wrap, and extruded board made of expanded polyethylene fell below last year's figures as a result of the slowdown of domestic industry. Even so, sales of extruded board made of expanded polystyrene benefited greatly from steady housing-related demand, enough so to offset the results for other materials. The sales for expanded polystyrene sheets used mainly in food packaging were much the same as last year.

Bead Business

Sales in the Bead segment were healthy, and increased 4.9% year on year, to ¥55,447 million. Segment income, however, declined 16.3%, to ¥2,688 million.

Sales for the major product ARPRO®/P-BLOCK™ (expanded polypropylene) were up year on year. Although automobile-related revenue in Europe decreased, there were increased sales in North America and Asia for use in both automobile parts and packaging for consumer electronics, while automobile-related revenue also increased in Brazil. However, results in Japan for demand related to automobiles and consumer electronics packaging were similar to the prior year.

Sales of STYRODIA® (expandable polystyrene) for fishing-related uses and consumer electronics packaging were down, but hybrid molded products sold well.

Other

The Other segment includes businesses not included in the reporting segments, such as sales of general packaging materials. Due to a moribund consumer electronics market in Japan, sales of general packaging materials were weak in Japan, while sales of digital consumer electronics packaging were also low in China, which means overall sales fell.

As a result, sales in the Other segment decreased 8.4% year on year, to ¥5,442 million, while the prior year's operating loss of ¥5 million became operating income of ¥1 million in the fiscal year under review.

Net Sales and Income (Loss) by Reporting Segment

Net sales	2012	2013
- Extrusion	¥34,585	**¥35,148**
- Bead	52,869	**55,447**
- Other	5,942	**5,442**
Consolidated	¥93,397	**¥96,038**

Segment income (loss)	2012	2013
- Extrusion	¥2,557	**¥2,386**
- Bead	3,212	**2,688**
- Other	(15)	**1**
- Adjustment	(468)	**(501)**
Consolidated	¥5,296	**¥4,575**

Note: Due to restructuring, some operations previously included in the Other segment are recognized as corporate level expenses from the consolidated fiscal year under review. Accordingly, a number of related amounts for the previous fiscal year have been restated, but not for fiscal year 2011.

Cash Flows

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥7,522 million, a ¥1,990 million year-on-year increase. This increase was primarily due to ¥4,752 million in income before taxes as well as depreciation and amortization in the amount of ¥4,390 million. These gains were offset by income tax paid of ¥1,416 million and a decrease of ¥524 million in notes and accounts payable–trade.

Cash Flows from Investing Activities

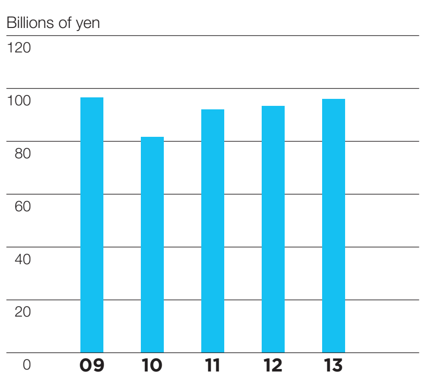
Net cash used in investing activities amounted to ¥5,783 million, representing a year-on-year decrease of ¥354 million. These funds were used primarily for purchase of noncurrent assets (¥6,215 million) and a net decrease in time deposits (¥121 million).

Cash Flows from Financing Activities

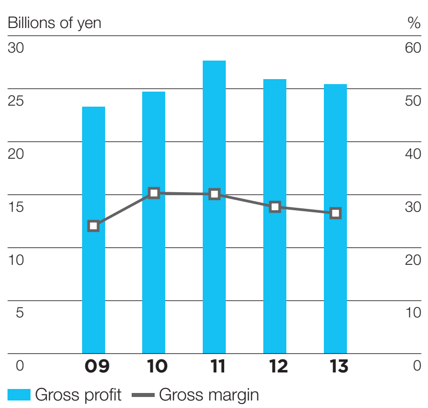
Net cash used in financing activities amounted to ¥1,160 million, a decrease of ¥2,441 million compared to the prior fiscal year. These funds were primarily used for repayment of long-term loans payable (¥5,115 million) and cash dividends paid (¥894 million). These outlays were offset by cash inflows of ¥4,800 million in proceeds from long-term loans payable.

As a result of the preceding, consolidated cash and cash equivalents as of March 31, 2013, amounted to ¥7,015 million. This represented a ¥1,039 million increase in total cash and cash equivalents compared to the end of the prior consolidated fiscal year.

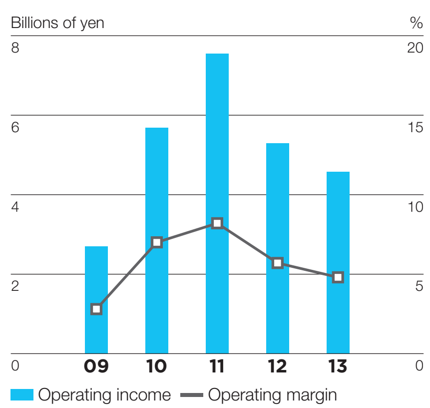
Net Sales



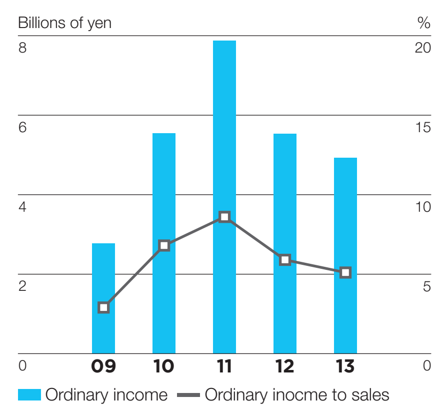
Gross Profit



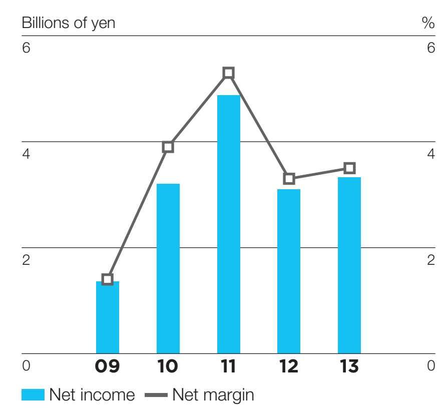
Operating Income



Ordinary Income



Net Income



MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Position

Assets

Current assets increased 5.6% year on year, to ¥52,883 million, primarily as a result of an increase in cash and cash equivalents.

Noncurrent assets increased 9.4%, to ¥42,682 million. Property, plant and equipment went up 9.5%, to ¥38,480 million, while intangible assets rose 9.3%, to ¥1,057 million, and investments and other assets rose 9.1%, to ¥3,143 million.

As a result, total consolidated assets amounted to ¥95,565 million as of March 31, 2013, a 7.3% increase compared to the end of the prior consolidated fiscal year.

Liabilities and Net Assets

Current liabilities rose 3.9%, to ¥31,251 million. This was primarily due to increases in short-term loans payable and the current portion of long-term loans payable being offset somewhat by a decrease in notes and accounts payable–trade.

Noncurrent liabilities decreased 6.5%, to ¥10,881 million, mainly due to a decrease in long-term loans payable. As a result, total consolidated liabilities amounted to ¥42,133 million as of March 31, 2013, a 1.0% increase compared to the end of the prior consolidated fiscal year.

Shareholders' equity increased 4.6% year on year, to ¥55,272 million, and net assets rose 12.8%, to ¥53,431 million.

Management Indicators

Profitability

The Company's gross margin ratio fell 1.2 percentage points year on year, to 26.5%, and its operating margin fell 0.9 percentage point, to 4.8%. The net profit margin dipped slightly (0.1 percentage point) to 3.5%, while ROE showed a slight recovery at 6.1%.

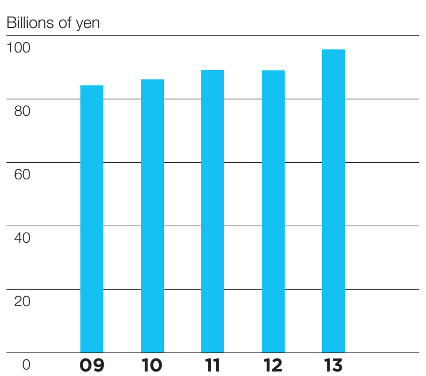
Stability

The shareholders' equity ratio went up 2.0% year on year, to 52.2%. Interest-bearing debt fell marginally to ¥20,400 million, and the debt/equity ratio recovered 1.8 percentage points, to 37.0%.

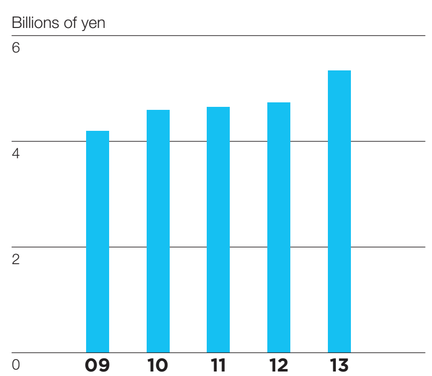
Per Share Information

Net income per share increased 7.2%, to ¥111.49, and net assets per share increased 11.7%, to ¥1,671.55. Year-end dividends were ¥30.00 per share, including an interim dividend of ¥15.00, the same total as the prior year. The dividend payout ratio was 26.9%.

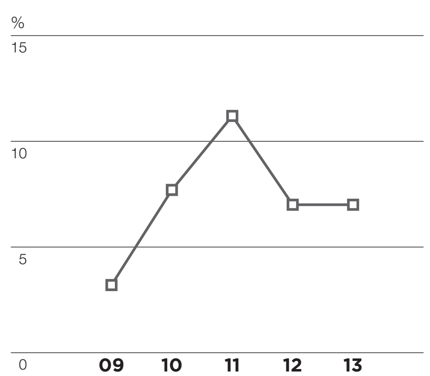
Total Assets



Net Assets



Return on Equity (ROE)



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 2013 and is not intended to be a complete list of business and other risks.

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 the prices of our products to offset the higher cost of raw materials and fuel, there may be a negative impact on our results of operations or financial condition.

Global Events

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

Natural Disasters

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

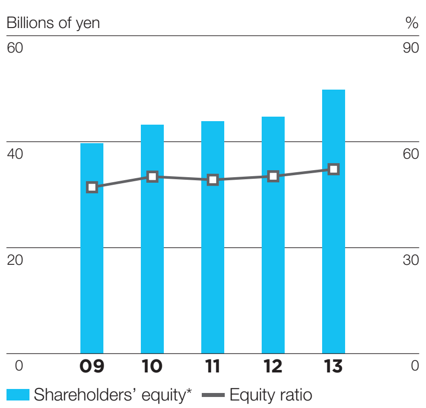
Protection of Intellectual Property

JSP holds international patents and many other types of intellectual property. Protecting our intellectual 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 our business. Consequently, we have established systems worldwide to prevent such occurrences.

Compliance and Internal Controls

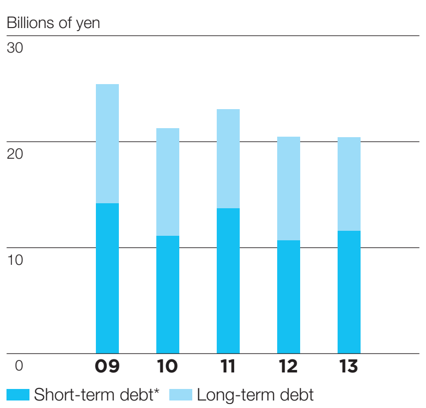
JSP has established an internal control framework for compliance and other items. However, we may be unable to comply with laws and regulations at times due to revisions to laws and regulations in various countries. Consequently, we may be involved in the violation a law or regulation in the future. This could result in additional expenses.

Shareholders' Equity



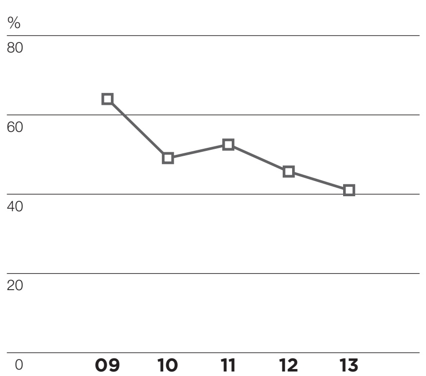
* Shareholders' equity = total shareholders' equity – total valuation and translation adjustments

Interest-Bearing Debt



* Including current portion of long-term debt

Debt/Equity Ratio*



* Interest-bearing debt / shareholders' equity × 100

CONSOLIDATED BALANCE SHEETS

JSP Corporation and Consolidated Subsidiaries
As of March 31

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
ASSETS			
Current assets			
Cash and deposits	¥ 11,254	¥ 9,362	$ 119,615
Notes and accounts receivable–trade	28,820	29,055	306,308
Short-term investment securities	7	0	76
Merchandise and finished goods	5,894	5,416	62,647
Work in process	787	680	8,367
Raw materials and supplies	3,651	3,398	38,805
Accounts receivable–other	683	572	7,259
Deferred tax assets	848	858	9,022
Other	1,199	1,011	12,750
Allowance for doubtful accounts	(263)	(282)	(2,804)
Total current assets	52,883	50,073	562,048
Noncurrent assets			
Property, plant and equipment			
Buildings and structures	29,782	28,065	316,535
Accumulated depreciation	(17,804)	(16,837)	(189,225)
Accumulated impairment loss	(26)	(69)	(279)
Buildings and structures, net	11,952	11,158	127,030
Machinery, equipment and vehicles	58,856	53,926	625,539
Accumulated depreciation	(47,924)	(45,049)	(509,347)
Accumulated impairment loss	(88)	(24)	(937)
Machinery, equipment and vehicles, net	10,844	8,852	115,254
Land	13,972	13,054	148,499
Lease assets	113	120	1,208
Accumulated depreciation	(52)	(75)	(559)
Lease assets, net	61	45	648
Construction in progress	922	1,477	9,800
Other	8,565	8,198	91,035
Accumulated depreciation	(7,836)	(7,634)	(83,291)
Accumulated impairment loss	—	(2)	—
Other, net	728	560	7,743
Total property, plant and equipment	38,480	35,150	408,977
Intangible assets	1,057	967	11,238
Investments and other assets			
Investment securities	1,799	1,873	19,128
Long-term loans receivable	28	27	307
Deferred tax assets	418	221	4,444
Other	909	778	9,668
Allowance for doubtful accounts	(12)	(19)	(134)
Total investments and other assets	3,143	2,881	33,414
Total noncurrent assets	42,682	38,999	453,629
Total assets	¥ 95,565	¥89,072	$1,015,678

The accompanying notes are an integral part of these statements.

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
LIABILITIES AND NET ASSETS			
Current liabilities			
Notes and accounts payable–trade	¥10,611	¥11,868	$ 112,776
Electronically recorded obligations–operating	1,144	—	12,165
Short-term loans payable	6,398	6,122	68,008
Current portion of long-term loans payable	5,209	4,582	55,369
Lease obligations	29	36	318
Accounts payable–other	3,109	3,086	33,053
Income taxes payable	351	307	3,735
Accrued consumption taxes	152	111	1,620
Deferred tax liabilities	10	10	116
Provision for bonuses	1,015	1,168	10,793
Provision for loss on business liquidation	—	166	—
Provision for loss on disaster	—	32	—
Notes payable–facilities	6	87	66
Electronically recorded obligations–facilities	213	—	2,270
Accounts payable–facilities	917	853	9,755
Other	2,078	1,634	22,093
Total current liabilities	31,251	30,068	332,143
Noncurrent liabilities			
Long-term loans payable	8,818	9,753	93,721
Lease obligations	38	49	404
Deferred tax liabilities	521	469	5,538
Provision for retirement benefits	926	714	9,849
Provision for directors' retirement benefits	177	152	1,886
Provision for corporate officers' retirement benefits	19	27	207
Negative goodwill	—	120	—
Other	380	354	4,044
Total noncurrent liabilities	10,881	11,641	115,652
Total liabilities	42,133	41,709	447,796
Net assets			
Shareholders' equity			
Capital stock	10,128	10,128	107,648
Capital surplus	13,405	13,405	142,475
Retained earnings	33,111	30,681	351,910
Treasury stock	(1,372)	(1,371)	(14,589)
Total shareholders' equity	55,272	52,843	587,444
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	139	148	1,478
Foreign currency translation adjustment	(5,573)	(8,270)	(59,236)
Total valuation and translation adjustments	(5,434)	(8,122)	(57,757)
Minority interests	3,593	2,641	38,194
Total net assets	53,431	47,362	567,881
Total liabilities and net assets	¥95,565	¥89,072	$1,015,678

CONSOLIDATED STATEMENTS OF INCOME

JSP Corporation and Consolidated Subsidiaries
Years Ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Net sales	¥96,038	¥93,397	$1,020,703
Cost of sales	70,630	67,516	750,665
Gross profit	25,407	25,881	270,038
Selling, general and administrative expenses			
Selling expenses	6,692	6,735	71,126
General and administrative expenses	14,140	13,849	150,287
Total selling, general and administrative expenses	20,832	20,585	221,414
Operating income	4,575	5,296	48,624
Non-operating income			
Interest income	209	245	2,226
Dividends income	25	20	267
Rent income	58	53	621
Foreign exchange gains	—	28	—
Amortization of negative goodwill	120	120	1,281
Equity in earnings of affiliates	—	15	—
Reversal of allowance for doubtful accounts	108	0	1,153
Other	275	249	2,931
Total non-operating income	798	733	8,481
Non-operating expenses			
Interest expenses	201	240	2,146
Foreign exchange losses	91	—	973
Equity in losses of affiliates	56	—	602
Other	95	253	1,010
Total non-operating expenses	445	494	4,732
Ordinary income	4,927	5,536	52,373
Extraordinary income			
Gain on sales of noncurrent assets	19	17	207
Gain on sales of investment securities	18	0	191
Gain on negative goodwill	—	221	—
Reversal of provision for loss on disaster	—	84	—
Reversal of provision for loss on business liquidation	7	—	78
Total extraordinary income	44	323	477
Extraordinary loss			
Loss on retirement of noncurrent assets	55	54	594
Loss on sales of noncurrent assets	8	39	86
Loss on valuation of investment securities	2	20	23
Impairment loss	110	169	1,178
Loss on valuation of inventories	—	9	—
Provision for loss on business liquidation	—	166	—
Loss on disaster	—	223	—
Office transfer expenses	15	—	161
Surcharge	27	—	291
Total extraordinary losses	219	682	2,335
Income before income taxes	4,752	5,176	50,515
Income taxes–current	1,311	1,470	13,940
Income taxes–deferred	(133)	287	(1,414)
Total income taxes	1,178	1,758	12,526
Income before minority interests	3,574	3,418	37,988
Minority interests in income	250	318	2,658
Net income	¥ 3,324	¥ 3,100	$ 35,330

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Shareholders' equity			
Capital stock			
Balance, beginning of period	¥10,128	¥10,128	$107,648
Changes of items during the period:			
Total changes of items during the period	—	—	—
Balance, end of period	10,128	10,128	107,648
Capital surplus			
Balance, beginning of period	13,405	13,405	142,475
Changes of items during the period:			
Total changes of items during the period	—	—	—
Balance, end of period	13,405	13,405	142,475
Retained earnings			
Balance, beginning of period	30,681	28,475	326,086
Changes of items during the period:			
Dividends from surplus	(894)	(894)	(9,506)
Net income	3,324	3,100	35,330
Total changes of items during the period	2,429	2,205	25,823
Balance, end of period	33,111	30,681	351,910
Treasury stock			
Balance, beginning of period	(1,371)	(1,371)	(14,580)
Changes of items during the period:			
Purchase of treasury stock	(0)	(0)	(8)
Total changes of items during the period	(0)	(0)	(8)
Balance, end of period	(1,372)	(1,371)	(14,589)
Total shareholders' equity			
Balance, beginning of period	52,843	50,638	561,629
Changes of items during the period:			
Dividends from surplus	(894)	(894)	(9,506)
Net income	3,324	3,100	35,330
Purchase of treasury stock	(0)	(0)	(8)
Total changes of items during the period	2,429	2,205	25,815
Balance, end of period	¥55,272	¥52,843	$587,444

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Valuation and translation adjustments			
Valuation difference on available-for-sale securities			
Balance, beginning of period	¥ 148	¥ 11	$ 1,575
Changes of items during the period:			
Net changes of items other than shareholders' equity	(9)	136	(96)
Total changes of items during the period	(9)	136	(96)
Balance, end of period	139	148	1,478
Foreign currency translation adjustment			
Balance, beginning of period	(8,270)	(6,805)	(87,903)
Changes of items during the period:			
Net changes of items other than shareholders' equity	2,697	(1,464)	28,666
Total changes of items during the period	2,697	(1,464)	28,666
Balance, end of period	(5,573)	(8,270)	(59,236)
Total valuation and translation adjustments			
Balance, beginning of period	(8,122)	(6,794)	(86,328)
Changes of items during the period:			
Net changes of items other than shareholders' equity	2,688	(1,327)	28,570
Total changes of items during the period	2,688	(1,327)	28,570
Balance, end of period	(5,434)	(8,122)	(57,757)
Minority interests			
Balance, beginning of period	2,641	2,638	28,075
Changes of items during the period:			
Net changes of items other than shareholders' equity	952	3	10,119
Total changes of items during the period	952	3	10,119
Balance, end of period	3,593	2,641	38,194
Net assets			
Balance, beginning of period	47,362	46,481	503,376
Changes of items during the period:			
Dividends from surplus	(894)	(894)	(9,506)
Net income	3,324	3,100	35,330
Purchase of treasury stock	(0)	(0)	(8)
Net changes of items other than shareholders' equity	3,640	(1,324)	38,689
Total changes of items during the period	6,069	881	64,505
Balance, end of period	¥53,431	¥47,362	$567,881

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen 2013	Millions of yen 2012	Thousands of U.S. dollars (Note 1) 2013
Net cash provided by (used in) operating activities			
Income before income taxes	¥ 4,752	¥ 5,176	$ 50,515
Depreciation and amortization	4,390	4,607	46,665
Impairment loss	110	169	1,178
Amortization of negative goodwill	(120)	(120)	(1,281)
Gain on negative goodwill	—	(221)	—
Increase (decrease) in allowance for doubtful accounts	(48)	54	(516)
Increase (decrease) in provision for bonuses	(161)	(150)	(1,720)
Increase (decrease) in provision for retirement benefits	202	208	2,152
Increase (decrease) in provision for directors' retirement benefits	17	36	184
Loss (gain) on sales and retirement of noncurrent assets	44	76	473
Loss (gain) on sales of investment securities	(18)	(0)	(191)
Loss (gain) on valuation of investment securities	2	20	23
Interest and dividends income	(234)	(265)	(2,493)
Interest expenses	201	240	2,146
Foreign exchange losses (gains)	81	19	868
Equity in (earnings) losses of affiliates	56	(15)	602
Decrease (increase) in notes and accounts receivable–trade	1,157	(2,739)	12,300
Increase (decrease) in notes and accounts payable–trade	(524)	1,837	(5,569)
Decrease (increase) in inventories	(446)	(1,325)	(4,747)
Increase (decrease) in accrued consumption taxes	(38)	(240)	(410)
Other, net	(510)	6	(5,428)
Subtotal	8,915	7,373	94,750
Interest and dividends income received	236	323	2,518
Interest expenses paid	(212)	(228)	(2,259)
Income taxes paid	(1,416)	(1,936)	(15,055)
Net cash provided by (used in) operating activities	7,522	5,532	79,954
Net cash provided by (used in) investing activities			
Purchase of noncurrent assets	(6,215)	(6,006)	(66,063)
Proceeds from sales of noncurrent assets	55	385	591
Payments for retirement of noncurrent assets	(21)	(23)	(226)
Purchase of investment securities	(8)	(8)	(88)
Proceeds from sales of investment securities	64	4	684
Net decrease (increase) in time deposits	121	(614)	1,295
Other, net	219	124	2,337
Net cash provided by (used in) investing activities	(5,783)	(6,138)	(61,470)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	236	(2,991)	2,518
Proceeds from long-term loans payable	4,800	5,728	51,014
Repayment of long-term loans payable	(5,115)	(5,243)	(54,363)
Purchase of treasury stock	(0)	(0)	(8)
Cash dividends paid	(894)	(894)	(9,506)
Cash dividends paid to minority shareholders	(148)	(160)	(1,577)
Other, net	(38)	(40)	(411)
Net cash provided by (used in) financing activities	(1,160)	(3,602)	(12,333)
Effect of exchange rate change on cash and cash equivalents	460	(303)	4,893
Net increase (decrease) in cash and cash equivalents	1,039	(4,511)	11,044
Cash and cash equivalents at beginning of period	5,976	10,487	63,514
Cash and cash equivalents at end of period	¥ 7,015	¥ 5,976	$ 74,559

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF 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 Japanese Financial Instruments and Exchange Act, 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 that 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.

In addition, the accompanying notes include certain information that 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, 2013 using an exchange rate of ¥94.09 to U.S. $ 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Investment Securities

Domestic Consolidated Companies

Other Investment Securities

Securities for which market prices are available are stated at fair market value using the quoted market price as of the last day of the fiscal year. Valuation differences are directly charged or credited to shareholders' equity; the cost of securities is calculated according to the moving average method.

Securities for which market prices are not readily available are stated at cost, as determined by the moving average method.

Foreign Consolidated Companies

Marketable securities owned by foreign consolidated companies are accounted for under International Financial Reporting Standards or U.S. GAAP.

(b) Inventories

Domestic Consolidated Companies

Inventories owned by domestic consolidated companies are stated mainly at cost according to the moving average method (book value written down for inventories with impaired profitability).

Foreign Consolidated Companies

Inventories owned by foreign consolidated companies are stated mainly under first-in first-out accounting based on the lower-of-cost-or-market method.

(c) Depreciation and Amortization

Property, Plant and Equipment (excluding leased assets)

Buildings (excluding attached structures) acquired by domestic consolidated companies prior to March 31, 1998 are depreciated according to the former declining balance method under the Corporation Tax Law of Japan (the "Tax Law"). Buildings acquired between April 1, 1998 and March 31, 2007 are depreciated according to the former straight-line method under the Tax Law. Buildings acquired on or after April 1, 2007 are depreciated according to the straight-line method under the Tax Law.

Tangible noncurrent assets (other than buildings) acquired by domestic consolidated companies prior to March 31, 2007 are depreciated mainly according to the former declining balance method under the Tax Law. Tangible noncurrent assets acquired on or after April 1, 2007 are depreciated mainly according to the declining balance method under the Tax Law.

Useful lives and residual values are determined according to standards prescribed by the Tax Law.

Tangible noncurrent assets acquired by foreign consolidated companies are depreciated according to the straight-line method.

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.

In line with changes in corporate taxation in Japan, from the fiscal year ended March 31, 2013 the Company and its domestic consolidated subsidiaries have adopted a depreciation method based on the revised the Tax Law for property, plant and equipment acquired on or after April 1, 2012.

The change is not expected to have a material effect on the operating income, ordinary income, or net income before income taxes for the consolidated fiscal year under review.

Intangible Noncurrent Assets (excluding leased assets)

Intangible noncurrent assets acquired by domestic consolidated companies are amortized according to the straight-line method.

Useful lives and residual values are determined according to standards prescribed by the Corporation Tax Law of Japan.

Software used for internal purposes is amortized according to the straight-line method over the useful life for Company purposes (five years).

Foreign consolidated companies amortize intangible noncurrent assets according to the straight-line method.

Leased Assets

Assets subject to financing lease transactions entered into by domestic consolidated companies in which asset ownership is not transferred to the lessee are depreciated according to the straight-line method. The lease term is considered to be the useful life of the asset; residual value is assumed to be zero.

Domestic consolidated companies will continue to account for financing lease transactions in which the asset ownership does not transfer to the lessee entered into prior to March 31, 2008 in conformity with methods related to normal lease transactions.

Assets subject to financing lease transactions entered into by foreign consolidated companies are depreciated according to International Financial Reporting Standards or U.S. GAAP.

(d) Significant Allowances and Provisions

Allowance for Doubtful Accounts

Domestic consolidated companies reserve against losses due to uncollectible debt using actual loss ratios for general receivables. For accounts questionable as to collectability and under claim of bankruptcy, domestic consolidated companies reserve against uncollectible amounts according to the likelihood of collectability in each case.

Foreign consolidated companies reserve against losses due to uncollectible debt according to management's consideration of individual accounts.

Provision for Bonuses

The Company and its consolidated companies reserve an estimated amount of future payments for employee bonuses based on a calculation of the exact amount to be payable for the current consolidated fiscal year.

Provision for Loss on Business Liquidation

Certain of the domestic consolidated companies has recorded a provision for estimated losses in connection with the liquidation of a Company business.

Provision for Loss on Disaster

The Company and certain of its domestic consolidated companies have recorded an estimated amount of expected costs likely to be incurred during the next fiscal year, in removing and/or restoration expenses for assets damaged in the northeastern Japan Earthquake of March 11, 2011.

Provision for Employees' Retirement Benefits

Domestic consolidated companies reserve an estimated amount for employee retirement benefits based on the projected retirement benefit obligation and related pension assets for the current consolidated fiscal year.

Prior service cost is charged to expense as it occurs according to the straight-line method based on a certain number of years (generally 14 years) representing the average remaining years of employment.

Any actuarial differences are charged to the expense accounts of the following consolidated fiscal year according to the straight-line method based on a certain number of years (generally 14 years) representing the average remaining years of employment.

Foreign consolidated companies record reserves for employee retirement benefits according to International Financial Reporting Standards or U.S. GAAP.

Provision for Directors' Retirement Benefits

The Company and certain of its domestic consolidated subsidiaries reserve an amount for director retirement benefits based on corporate bylaws. The amount reserved is equivalent to the amount payable as of the end of the current consolidated fiscal year.

Provision for Corporate Officers' Retirement Benefits

The Company reserves an amount for executive officer retirement benefits based on corporate bylaws. The amount reserved is equivalent to the amount payable as of the end of the current consolidated fiscal year.

(e) Foreign Currency Translation

Domestic consolidated companies translate rights and obligations denominated in foreign currencies into Japanese yen according to the spot rate as of the last day of the consolidated fiscal period. Translation differences are recorded as income or expense. Assets and liabilities of foreign consolidated companies are translated into Japanese yen according to the spot rate as of the last day of the fiscal period of the subsidiary in question. Income and expense accounts are translated into Japanese yen according to the average rate during the period, and translation differences are included in the foreign currency translation adjustment and minority interests of the net assets section of the consolidated balance sheet.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(f) Major Hedge Accounts

Hedge Accounting

Accounting for hedges using the deferred treatment method. However, special treatment is applied for interest rate swaps meeting certain special conditions.

Hedge Methods and Transactions

Hedge method: Interest rate swap transaction
Hedge transactions: Interest rates on borrowings

Hedge Policy

Company policy is not to enter into speculative transactions. Derivatives are used to reduce the risk of interest rate fluctuations on debt, according to Company management rules.

Evaluation of Hedge Effectiveness

Effectiveness is assessed by confirming whether there is a high correlation among the rate fluctuation of the hedged transaction, cash flows, and the hedge method in question.

(g) Amortization of Goodwill and Negative Goodwill

Goodwill is amortized over periods in which said goodwill is considered to provide benefits, within ten years, under the straight-line method. Negative goodwill occurring prior to March 31, 2010 is amortized over five years under the straight-line method.

(h) Scope of Cash included in the Consolidated Statement of Cash Flows

"Cash" stated in the consolidated statement of cash flows includes cash on hand, demand deposits, and other short-term investments that are highly liquid, easily convertible to cash, redeemable within three months of acquisition, and not subject to material risk of fluctuation in value.

(i) Accounting for Consumption Taxes

Accounting for consumption taxes using the tax-exclusion method.

3. SECURITIES

Securities as of March 31, 2013.

Classification	Millions of yen 2013 Cost	Book Value	Difference
Securities with value on consolidated balance sheets greater than acquisition cost			
Stock	¥537	¥773	¥236
Sub-total	537	773	236
Securities with value on consolidated balance sheets not exceeding acquisition cost			
Stock	147	126	(20)
Sub-total	147	126	(20)
Total	¥684	¥900	¥215

Notes: 1. The market value for unlisted stocks, ¥899 million, on the consolidated balance sheets is extremely difficult to discern. Accordingly, such is not included in the table above.
2. "Cost" in the table above reflects book value after recording impairment loss. The Company recognized impairment losses for certain securities and recorded ¥2 million in loss on valuation of investment securities during the consolidated fiscal year.

4. LONG-TERM LOANS PAYABLE

Amounts payable for fiscal years ending March 31.

Millions of yen	2013	2014	2015	2016	2017	After 2017
Long-term loans payable	¥5,209	¥3,492	¥2,878	¥1,742	¥625	¥80

5. TAX-EFFECT ACCOUNTING

	Millions of yen 2013
Deferred tax assets	
Provision for bonuses	¥ 351
Allowance for doubtful accounts	41
Depreciation	25
Accrued enterprise taxes and accrued business office taxes	37
Retirement benefits, etc.	295
Provision for directors' retirement benefits	61
Provision for corporate officers' retirement benefits	7
Loss on valuation of stocks of affiliates	4
Loss on valuation of investment securities	40
Loss on valuation of golf club memberships	20
Loss carryforward	272
Valuation differences on assets received in merger	6
Other	484
Sub-total	1,649
Less: valuation allowances	(106)
Total deferred tax assets	¥1,542
Deferred tax liabilities	
PPE, Insufficient accelerated depreciation	¥ 440
Unrealized gains (losses) on marketable securities, net	84
Valuation differences on assets received in merger	94
Other	187
Total deferred tax liabilities	¥ 807
Net deferred tax assets	¥ 734

	% 2013
Reconciliation of differences between statutory tax rate and effective income tax rate	
Normal effective statutory tax rate	38.0
(Adjustments)	
Entertainment and other non-deductible expenses	2.4
Dividends and other non-taxable income	(0.4)
Per-capita taxation	0.7
Special deduction for R&D	(1.3)
Gain in equity in affiliates	0.5
Difference in tax rate on income of consolidated subsidiaries	(9.7)
Income taxes for prior periods	0.3
Valuation allowances	(6.4)
Other	0.7
Actual effective income tax rate	24.8

6. EMPLOYEE RETIREMENT BENEFITS

1. Overview of Retirement Plan

Domestic consolidated companies have adopted a defined benefit plan for employees. At the time of retirement, employees may be given severance pay in some circumstances.

Certain foreign consolidated companies have adopted a defined contribution plan for employee retirement benefits.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Defined Benefit Plan

As of March 31	Millions of yen 2013
a. Projected benefit obligation	¥(8,171)
b. Plan assets	5,703
c. Sub-total (a+b)	(2,467)
d. Unrecognized actuarial differences	1,453
e. Unrecognized past service obligation	87
f. Net accrued retirement benefits recognized in consolidated balance sheets (c+d+e)	(926)
g. Prepaid pension cost	—
h. Provision for retirement benefits (f-g)	(926)

Note: Certain consolidated subsidiaries utilize the simplified method to calculate the projected benefit obligation.

3. Retirement Benefit Expenses

As of March 31	Millions of yen 2013
a. Service cost	¥432
b. Interest cost	114
c. Expected return on pension assets	(78)
d. Recognized actuarial differences	157
e. Amortization of prior service cost	24
f. Net retirement benefit cost (a+b+c+d+e)	649

Note: The net retirement benefit cost for consolidated subsidiaries adopting the simplified method is recorded as "a. Service cost."

4. Basis of Projected Benefit Obligation Calculation

	2013
a. Period allocation method for projected benefits	Period straight-line basis
b. Discount rate	Primarily 1.0%
c. Expected return on pension assets	Primarily 1.7%
d. Years over which past service cost is amortized (Charged to expense using the straight-line method over the average remaining years of employee service.)	Primarily 14 years
e. Years over which actuarial differences are amortized (Charged to expense in the following consolidated fiscal year using the straight-line method over the average remaining years of employee service.)	Primarily 14 years

7. SEGMENT INFORMATION

1. Reporting Segments

Reporting segments are those segments comprising the Company group for which separate financial information can be obtained. The Company's board of directors periodically reviews these segments to determine the allocation of Company resources and to assess performance.

The Company has adopted a business division structure. Each business division is responsible for comprehensive strategy related to domestic and international products handled therein, as well as for their business activities.

Accordingly, the business divisions are comprised of the basic products making up that segment, and have been classified into the Extrusion Business and Bead Business reporting segments.

Extrusion foaming technology is the core of the Extrusion Business, which manufactures and sells polystyrene, polyethylene, and polypropylene sheets and boards. Bead foaming technology is the basis of the Bead Business, which manufactures and sells foamed polypropylene, foamed polyethylene, and foamed polystyrene products, etc.

2. Calculation of Net Sales, Profit or Loss, Assets, and Other Items for Reporting Segments

The Company follows the provisions of "Summary of Significant Accounting Policies" in accounting for reporting business segments.

Intersegment sales are based on transaction prices with third parties.

3. Net Sales and Income (Loss) by Reporting Segment

Millions of yen

	Reporting Segments						
Year ended March 31, 2012	Extrusion	Bead	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Net sales							
External customers	¥34,585	¥52,869	¥87,454	¥5,942	¥93,397	—	¥93,397
Intersegment sales/transfers	829	447	1,276	218	1,494	¥(1,494)	—
Total net sales	¥35,415	¥53,316	¥88,731	¥6,161	¥94,892	¥(1,494)	¥93,397
Segment income (loss)	¥ 2,557	¥ 3,212	¥ 5,769	¥ (5)	¥ 5,764	¥ (468)	¥ 5,296

Notes: 1. "Other" represents a classification for a business segment not included in reporting segments. This segment includes the manufacture and sale of general packaging products.
2. The ¥468 million of adjustment under segment loss consists of ¥470 million in companywide expenses not allocated to each reporting segment and ¥1 million in intersegment eliminations. The majority of these expenses are costs for research and development not attributable to either reporting segment.
3. Segment income (loss) is reconciled with operating income on the consolidated statements of income.

Millions of yen

	Reporting Segments						
Year ended March 31, 2013	Extrusion	Bead	Sub-total	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Net sales							
External customers	¥35,148	¥55,447	¥90,595	¥5,442	¥96,038	—	¥96,038
Intersegment sales/transfers	825	439	1,265	232	1,497	¥(1,497)	—
Total net sales	¥35,974	¥55,886	¥91,861	¥5,674	¥97,535	¥(1,497)	¥96,038
Segment income	¥ 2,386	¥ 2,688	¥ 5,074	¥ 1	¥ 5,076	¥ (501)	¥ 4,575

Notes: 1. "Other" represents a classification for a business segment not included in reporting segments. This segment includes the manufacture and sale of general packaging products.
2. The ¥501 million of adjustment under segment loss consists of ¥499 million in companywide expenses not allocated to each reporting segment and ¥1 million in intersegment eliminations. The majority of these expenses are costs for research and development not attributable to either reporting segment.
3. Segment income is adjusted with operating income on the consolidated statements of income.

4. Matters Related to Changes in Reporting Segments

From the consolidated fiscal year ended March 31, 2013, due to restructuring of the Company's organization some operations previously included in "Other" will become companywide expenses that are not recorded in individual reporting segments.

In addition, net sales and segment income (loss) by reporting segments for the previous consolidated fiscal year ended March 31, 2012 have been restated to reflect the new segment categorization.

Also, as stated in "*Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.*" under Depreciation and Amortization in "Summary of Significant Accounting Policies," in line with changes in corporate taxation in Japan, from the consolidated fiscal year ended March 31, 2013, as the Company has adopted a depreciation method for property, plant and equipment acquired on or after April 1, 2012 based on the revised Corporation Tax Act, it will calculate depreciation for each reporting segment using this method based on the revised legislation.

The change is not expected to have a material effect on the segment income for the consolidated fiscal year under review.

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS OF JSP CORPORATION

We have audited the accompanying consolidated financial statements of JSP Corporation and its subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013, and the consolidated statements of income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of JSP Corporation and its subsidiaries as at March 31, 2013, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Toho Audit Corporation
June 21, 2013
Tokyo, Japan

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

CORPORATE DATA

(As of March 31, 2013)

JSP CORPORATION

Head Office	Shin Nisseki Bldg., 4-2, 3-chome Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
President, Representative Director	Kozo Tsukamoto
Founded	January 1962
Paid-In Capital	¥10,128.610 million
Number of Shareholders	23,579
Stock Exchange Listing	Tokyo (First Section: 7942)
Fiscal Year-End	March 31
Investor Relations Contact	Investor Relations Department Tel: +81-3-6212-6302
URL	www.jsp.com

MAJOR SHAREHOLDERS (As of March 31, 2013)

Shareholders	Shares held (thousands)	Voting right ratio (%)
Mitsubishi Gas Chemical Company, Inc.	13,212	42.06
Japan Trustee Services Bank, Ltd.	1,951	6.21
The Master Trust Bank of Japan, Ltd.	1,565	4.98
JSP Client Stock Ownership Plan	1,096	3.48
JPMorgan Chase Bank, N.A.	656	2.09
JSP Employee Stock Ownership Plan	489	1.55
Nippon Life Insurance Company	307	0.97
The Nomura Trust and Banking Co., Ltd.	270	0.86
CMBLSA Re Mutual Fund	239	0.76

GLOBAL NETWORK