

July 30, 2014

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
First Quarter Results for the Fiscal Year Ending March 31, 2015

[Japanese GAAP]

Name of listed company: **JSP Corporation**

Stock Exchange Listed: Tokyo (1st Section)

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

Representative: Kozo Tsukamoto, President, Representative Director

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Scheduled date of filing of Quarterly Report: August 7, 2014

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on July 30, 2014 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2014 to June 30, 2014) for the Fiscal Year Ending March 31, 2015

(1) Consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2014	28,377	8.9	925	(12.1)	1,026	(18.2)	757	(18.6)
Three months ended Jun. 30, 2013	26,068	8.8	1,052	(28.7)	1,254	(17.4)	930	(11.9)

Note: Comprehensive income: Three months ended Jun. 30, 2014: (60) million yen (n.a.)
Three months ended Jun. 30, 2013: 2,970 million yen (up 5.2%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2014	25.41	-
Three months ended Jun. 30, 2013	31.21	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2014	107,523	62,314	53.9	1,942.24
As of Mar. 31, 2014	108,420	62,375	53.4	1,940.48

Reference: Shareholders' equity: As of Jun. 30, 2014: 57,906 million yen As of Mar. 31, 2014: 57,853 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 31, 2014	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2015	-				
Fiscal year ending Mar. 31, 2015 (forecasts)		15.00	-	15.00	30.00

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

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2015

(April 1, 2014 to March 31, 2015)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	57,500	5.6	3,100	10.8	3,200	3.4	2,300	0.9	77.14
Full year	117,000	4.3	7,100	20.2	7,200	10.6	4,900	11.3	164.35

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

*** Notes**

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

Newly added: - Excluded: -

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

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

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

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

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

3) Changes in accounting-based estimates: None

4) Restatements: None

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

(4) Number of shares outstanding (common stock)

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

As of Jun. 30, 2014:	31,413,473 shares	As of Mar. 31, 2014:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2014:	1,599,366 shares	As of Mar. 31, 2014:	1,599,366 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2014:	29,814,107 shares	Three months ended Jun. 30, 2013:	29,815,395 shares
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* Information regarding the implementation of quarterly review procedures

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

* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2 of the attached documents for assumptions for forecasts and notes of caution for usage.

1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first quarter of the current fiscal year, the Japanese economy slowed as demand, particularly for consumer durables, weakened following the surge of spending ahead of the consumption tax hike. Globally, the United States economy saw temporary stagnation due to a record cold wave. In Europe, a gradual recovery continued, driven by the German economy. In Asia, despite a recession in Thailand and economic deceleration in China, the regional economy as a whole was strong.

In Japan's foamed plastic industry, market conditions remained challenging due to higher cost of raw materials and fuel, electricity, transportation, as well as lower demand from a reactionary falloff in the wake of the consumption tax hike.

In this operating environment, we stressed self-help cost reductions, product price revisions and sales of high value-added products derived from our exclusive technologies.

As a result, net sales in the first quarter of the current fiscal year were 28,377 million yen (up by 8.9% year-on-year). Operating income decreased 12.1% to 925 million yen, ordinary income decreased 18.2% to 1,026 million yen and net income decreased 18.6% to 757 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of industrial packaging materials, advertising display materials and transport materials were weak due to the post-tax hike falloff that reduced demand for large appliances and other consumer durables, in addition to lower distribution volume. Sales of STYRENAPAPER™ (expanded polystyrene sheet used in food packaging) supported by strong demand and the contribution of new grade materials, remained strong. Sales of MIRAFOAM™ (extruded board made of expanded polystyrene that is used as a home insulation material and is a key material for construction and civil engineering materials) were weak, due to the post-tax hike falloff that sent down new starts for houses and condominiums, and thereby reduced demand for insulation materials.

It will take time for product price hikes to offset the frequent increases in cost of raw materials and fuel, electricity and transportation.

As a result, extrusion segment sales increased 8.1% to 9,788 million yen and operating income decreased 50.7% to 212 million yen.

Bead Business

ARPRO®/P-BLOCK™ (expanded polypropylene), now being manufactured and sold worldwide, is used in automotive parts, as an insulation and cushioning material for housing facilities, a cushioning and packaging material in returnable containers for transporting IT equipment, a cushioning and packaging material for home appliances, and an impact protection material for artificial sports surfaces. Total sales were strong, on expanded uses in new automotive parts and higher demand for home appliance packing and cushioning. In Japan, there was a post-tax hike falloff, but good results were seen due to expanded application to mini-vehicles and in demand as an insulating material for housing facilities. The record cold wave in North America caused a decline in auto sales that weakened sales in that region. South America saw lower demand due to staged elimination of tax cuts for new car purchases. Backed by economic recovery, demand increased in Europe. In China and other Asian countries, sales were firm because of a continuation of strong growth in sales of automobiles and home appliances. While demand for STYRODIA® (expandable polystyrene beads) for use in the fisheries and agriculture sectors was weak, overall sales remained firm because demand in the construction and civil engineering sectors was strong. In addition, demand from the home appliance sector stayed firm.

The response to product price hikes in Japan was the same as in the extrusion business.

As a result, bead segment sales increased 8.1% to 17,007 million yen and operating income increased 12.0% to 865 million yen.

Other

In general packaging materials, demand in Japan decreased due to the post-tax hike falloff, while in China sales were strong following a decision to adopt new packaging materials for LCD TVs.

As a result, sales in other segment increased 24.1% to 1,581 million yen and there was an operating loss of 11 million yen (compared with operating loss of 18 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets as of June 30, 2014 were 107,523 million yen, down 897 million yen from March 31, 2014. Current assets decreased 679 million yen and non-current assets decreased 217 million yen.

Total liabilities were 45,209 million yen, down 835 million yen. Current liabilities increased 970 million yen, while non-current liabilities decreased 1,806 million yen.

As a result, net assets totaled 62,314 million yen and the shareholders' equity ratio was 53.9%.

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

Net cash used in operating activities totaled 373 million yen, compared with inflow of 1,752 million yen in the same period of the previous fiscal year. Inflows included 1,056 million yen from income before income taxes and 1,228 million yen from depreciation. Outflows included income taxes paid of 968 million yen, an increase of 650 million yen in notes and accounts receivable-trade, and a decrease of 629 million yen in notes and accounts payable-trade.

Net cash used in investing activities totaled 1,301 million yen, a decrease of 60 million yen from the same period of the previous fiscal year. This included an outflow of 1,764 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 961 million yen, compared with outflow of 1,163 million yen in the same period of the previous fiscal year. Inflows included 2,737 million yen from a net increase in short-term loans payable, and outflows included 1,166 million yen for the repayment of long-term loans payable and the cash dividends paid of 447 million yen.

As a result, cash and cash equivalents totaled 6,083 million yen as of June 30, 2014, down 889 million yen from March 31, 2014.

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

We maintain the previously announced consolidated earnings forecasts for the first-half and full-year of the fiscal year ending March 31, 2015, as we presented at the beginning of this report.

This earnings forecast is based on information available at the present time; actual results may vary from these figures due to a variety of factors.

2. Matters Related to Summary Information (Notes)

(1) Changes in Principal Subsidiaries during the Period

No reportable information.

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

Calculation of tax expense

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

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

Application of the accounting standard for retirement benefits

The Company has applied the “Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012) and the “Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)” from the first quarter of the current fiscal year, for provisions set in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits. Accordingly, the Company reviewed the methods for calculating retirement benefit obligations and service costs, and revised the method of attributing estimated retirement benefit obligations to periods from the straight-line basis to the benefit formula basis, and revised the method of determining the discount rate from the method using the approximate number of years the expected average length of remaining service period of employees to the method using a single weighted average discount rate reflecting the estimated period and amount of benefit payment.

The application of this accounting standard, etc. in accordance with the transitional accounting treatments set forth in Paragraph 37 of the Accounting Standard for Retirement Benefits, and thus the adjustments associated with the change in calculation methods of retirement benefit obligations and service costs are recorded in retained earnings at the beginning of the first quarter of the current fiscal year.

The result was a decrease of 741 million yen in net defined benefit liability, and an increase of 486 million yen in retained earnings at the beginning of the first quarter of the current fiscal year. The effect of this change on operating income, ordinary income and income before income taxes is insignificant.

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