

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
Second 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**

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Scheduled date of filing of Quarterly Report:

November 7, 2014

Scheduled date of payment of dividend:

December 4, 2014

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting:

Yes (for analysts)

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

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

1. Second Quarter Results (April 1, 2014 to September 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	%
Six months ended Sep. 30, 2014	58,266	7.0	2,673	(4.5)	2,936	(5.1)	2,157	(5.3)
Six months ended Sep. 30, 2013	54,465	13.1	2,798	(1.1)	3,095	5.2	2,278	12.8

Note: Comprehensive income: Six months ended Sep. 30, 2014: 1,386 million yen (down 74.2%)

Six months ended Sep. 30, 2013: 5,384 million yen (up 140.5%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2014	72.36	-
Six months ended Sep. 30, 2013	76.42	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2014	109,588	63,757	54.0	1,983.51
As of Mar. 31, 2014	108,420	62,375	53.4	1,940.48

Reference: Shareholders' equity: As of Sep. 30, 2014: 59,135 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	-	15.00			
Fiscal year ending Mar. 31, 2015 (forecasts)			-	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
Full year	115,500	3.0	6,000	1.5	6,200	(4.8)	4,200	(4.6)	140.88

Note: Revisions to the most recently announced consolidated forecast: Yes

*** 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 Sep. 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 Sep. 30, 2014:	1,599,886 shares	As of Mar. 31, 2014:	1,599,366 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2014:	29,814,008 shares	Six months ended Sep. 30, 2013:	29,815,271 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 half of the current fiscal year, the lower demand from a reactionary falloff in the wake of the April 2014 consumption tax hike eased in the second quarter in Japan. However, the recovery in demand has been limited due to the high cost of raw materials and fuel caused by the weaker yen, unfavorable summer weather and other factors.

In the United States, economic growth was temporarily negative due to a record-setting cold wave. But the economy is continuing to grow along with strong consumer spending and a recovery in the housing market. In Europe, a gradual recovery continued. In Asia, the economic growth rate remained high despite slowing growth in China and a temporary slowdown in Thailand.

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

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 half of the current fiscal year were 58,266 million yen (up by 7.0% year-on-year). Operating income decreased 4.5% to 2,673 million yen, ordinary income decreased 5.1% to 2,936 million yen and net income decreased 5.3% to 2,157 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of MIRAMAT[®] (expanded polyethylene sheet used as an industrial packaging material) which is used mainly for the transportation of substrates for LCD TVs and other digital home appliances decreased due to the post-tax hike falloff that reduced demand for large appliances and other consumer durables. Sales of CAPLON[™] (air-bubble polyethylene cushioning material) increased due to new applications for packaging materials for automotive parts. Sales of P-BOARD[™] (expanded polypropylene sheet) which is used mainly for transportation containers for automotive parts and home appliances decreased in response to the sluggishness in the automobile and home appliances market in Japan. Sales of STYRENPAPER[™] (expanded polystyrene sheet used in food packaging) supported by strong demand, remained strong. Sales of MIRABOARD[™] (expanded polystyrene board used in advertising displays and folding boxes) remained unchanged from the same period of the previous fiscal year. Although there was a decline in demand at large home appliance stores, demand increased for displays used by companies backed by Japan's economic recovery. As for MIRAFOAM[™] (extruded board made of expanded polystyrene and is a key material for construction and civil engineering materials), sales were down in the construction sector because of a decline in construction starts of houses and condominiums following the April 2014 consumption tax hike. However, sales were higher in the civil engineering sector as demand increased nationwide, including demand associated with reconstruction activity following the Great East Japan Earthquake of March 2011.

It will take time for product price revisions to fully reflect the higher cost of electricity and cargo transportation in Japan associated with the rising cost of raw materials and fuel. This caused delays in earnings improvements for some products.

As a result, extrusion segment sales increased 6.4% to 20,009 million yen and operating income decreased 22.3% to 698 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. Sales were strong, on expanded uses in new automotive parts and higher demand for home appliance packing and cushioning. In Japan, there were new applications for mini-vehicle parts and growing demand for beads as an insulating material in equipment used in houses. However, weakness in the automobile and home appliance markets caused sales to decline. In North America, sales were impacted in the first quarter by the sharp decline in automobile sales volume caused by the

record cold wave. But first half sales were higher mainly because of increasing demand for automotive parts as the economy recovered. In South America, sales decreased as slowing economic growth brought down automobile sales volume. In Europe, sales increased as the economic recovery raised demand for automotive parts. In China and other Asian countries, sales were firm because of a continuation of strong growth in sales of automobiles and home appliances as well as an expansion of new demand. Demand for STYRODIA® (expandable polystyrene beads) was weak in the fisheries and agriculture sectors, the primary markets for this material, due to unfavorable weather. But sales were about the same as in the same period of the previous fiscal year because of strong demand in the construction and civil engineering sectors and the home appliance sector.

The response to product price revisions in Japan and its effects was the same as in the extrusion business.

As a result, bead segment sales increased 5.8% to 34,953 million yen and operating income increased 5.0% to 2,289 million yen.

Other

In general packaging materials, demand in Japan decreased due to the post-tax hike falloff. However, sales increased in part because of sales of packaging materials for use as a bed core material and other new applications. In China, sales increased following a decision to adopt new packaging materials for LCD TVs.

As a result, sales in other segment increased 25.5% to 3,303 million yen and there was an operating loss of 30 million yen (compared with operating loss of 17 million yen in the same period of the previous fiscal year).

(2) Explanation of Financial Position

Total assets as of September 30, 2014 were 109,588 million yen, up 1,167 million yen from March 31, 2014. Current assets increased 844 million yen and non-current assets increased 323 million yen.

Total liabilities were 45,831 million yen, down 213 million yen. Current liabilities decreased 498 million yen, while non-current liabilities increased 284 million yen.

As a result, net assets totaled 63,757 million yen and the shareholders' equity ratio was 54.0%.

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

Net cash provided by operating activities totaled 1,551 million yen, a decrease of 810 million yen from the same period of the previous fiscal year. Inflows included 2,947 million yen from income before income taxes and 2,523 million yen from depreciation. Outflows included an increase of 1,700 million yen in notes and accounts receivable-trade, income taxes paid of 1,256 million yen, an increase of 530 million yen in inventories, and a decrease of 524 million yen in notes and accounts payable-trade.

Net cash used in investing activities totaled 3,998 million yen, an increase of 466 million yen from the same period of the previous fiscal year. This included an outflow of 4,002 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 1,924 million yen, an increase of 850 million yen from the same period of the previous fiscal year. Inflows included 4,000 million yen in proceeds from long-term loans payable, 1,077 million yen from a net increase in short-term loans payable, and outflows included 2,506 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 6,211 million yen as of September 30, 2014, down 761 million yen from March 31, 2014.

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

We have made the following revisions to the full-year consolidated forecast for the fiscal year ending March 31, 2015. There are two primary reasons. First is the delay in revising selling prices to reflect the higher cost of raw materials and fuel, electricity and cargo transportation in Japan. Second is the larger than expected drop in demand from a reactionary falloff in the wake of the consumption tax hike in Japan. As a result, we anticipate that fiscal year sales and earnings will be less than in the previous forecast, but we do not foresee a significant shortfall in sales.

Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2015
(April 1, 2014 to March 31, 2015)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	117,000	7,100	7,200	4,900	164.35
Revised forecasts (B)	115,500	6,000	6,200	4,200	140.88
Change (B-A)	(1,500)	(1,100)	(1,000)	(700)	-
Change (%)	(1.3)	(15.5)	(13.9)	(14.3)	-
(Reference) Results for the previous fiscal year ended March 31, 2014	112,128	5,909	6,509	4,404	147.73

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 of 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.

For 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, 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 half 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 half 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.*