

**SUMMARY OF FINANCIAL STATEMENT (Consolidated)**  
**Second Quarter Results for the Fiscal Year Ending March 31, 2016**

[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 10, 2015

Scheduled date of payment of dividend:

December 4, 2015

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 29, 2015 at 15:00 (GMT +9).*

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

**1. Second Quarter Results (April 1, 2015 to September 30, 2015) for the Fiscal Year Ending March 31, 2016**

(1) Consolidated business performance

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Sep. 30, 2015	57,221	(1.8)	4,120	54.1	4,107	39.9	2,879	33.5
Six months ended Sep. 30, 2014	58,266	7.0	2,673	(4.5)	2,936	(5.1)	2,157	(5.3)

Note: Comprehensive income: Six months ended Sep. 30, 2015: 2,511 million yen (up 81.2%)  
Six months ended Sep. 30, 2014: 1,386 million yen (down 74.2%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2015	96.60	-
Six months ended Sep. 30, 2014	72.36	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2015	118,608	72,414	56.7	2,257.17
As of Mar. 31, 2015	116,717	70,352	56.0	2,190.61

Reference: Shareholders' equity: As of Sep. 30, 2015: 67,290 million yen As of Mar. 31, 2015: 65,307 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, 2015	-	15.00	-	15.00	30.00
Fiscal year ending Mar. 31, 2016	-	15.00	-	-	-
Fiscal year ending Mar. 31, 2016 (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, 2016**

(April 1, 2015 to March 31, 2016)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	115,500	(1.2)	8,000	41.2	8,000	32.3	5,200	28.7	174.43

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

Please refer to "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents for further information.

**\* 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 4 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: Yes

3) Changes in accounting-based estimates: Yes

4) Restatements: None

Note: Please refer to "Matters Related to Summary Information (Notes)" on page 4 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, 2015:	31,413,473 shares	As of Mar. 31, 2015:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2015:	1,601,688 shares	As of Mar. 31, 2015:	1,600,900 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2015:	29,812,176 shares	Six months ended Sep. 30, 2014:	29,814,008 shares
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\* Information regarding the implementation of quarterly review procedures

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

\* Cautionary statement with respect to forward-looking statements

Forecasts of future performance in this report are based on assumptions judged to be valid and information currently available to the Company. Actual results may differ significantly from these forecasts for a number of factors. Please refer to "Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

In the first half of the current fiscal year, corporate earnings in Japan recovered because of the weaker yen and low price of crude oil. There was also an improvement in employment and a recovery in some categories of consumer spending. However, Japan's economic recovery remained sluggish overall because of unseasonable weather, weak demand for consumer durables and the effects of slowing economic growth in China.

In North America, economic growth continued despite the effects of declining exports caused by the dollar's strength and of a brief negative impact of cold wave. Economic growth was supported by strong consumer spending for automobiles, housing and other items. In Brazil, the economic downturn continued as the sharp decline of the real caused prices to rise and domestic demand remained soft. In Europe, the economy continued to recover with the support of rising exports to other regions of the world as the euro weakened and of consumer spending backed by the lower cost of crude oil. In Asia, economies continued to expand overall despite the negative effects of decreasing exports within Asia as economic growth in China slows.

In Japan's foamed plastic industry, companies benefited from the drop in the cost of raw materials and fuel. But automobile production is decreasing and there is still no recovery in demand for large home appliances. Furthermore, although there are signs of a recovery in the number of housing starts, there is still no full-scale rebound in demand.

Our sales were lower in Japan due to declining demand caused by the slow pace of the economic recovery and to the effects of product price revisions. Global sales increased mainly because of strong demand in Europe, the United States and China. Earnings in Japan improved. One reason was a recovery in the spread between raw material prices and selling prices to a suitable level. Earnings also benefited from lower depreciation expenses resulting from a change in the depreciation method. There was a big increase in operating income. Sales were strong in Europe, the United States and China and conversions of global sales using the weaker yen further contributed to earnings growth. Non-operating expenses increased mainly because of a foreign exchange loss. Extraordinary income increased due to the receipt of a 301 million yen subsidy associated with the construction of a factory. The extraordinary loss increased because of business restructuring expenses of 388 million yen at a subsidiary in Germany that plans to close an aging molding factory in March 2017.

As a result, net sales in the first half were 57,221 million yen, down 1.8% from the same period of the previous fiscal year. Operating income increased 54.1% to 4,120 million yen, ordinary income increased 39.9% to 4,107 million yen and profit attributable to owners of parent increased 33.5% to 2,879 million yen.

Results by business segment were as follows.

#### Extrusion Business

Sales of MIRAMAT<sup>®</sup> (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 partly due to a slow recovery in demand for large appliances and other consumer durables. Sales of CAPLON<sup>™</sup> (air-bubble polyethylene cushioning material) increased due to new applications such as packaging materials for merchandise delivered to stores and for automotive parts. Sales of P-BOARD<sup>™</sup> (expanded polypropylene sheet), which is used mainly for transportation containers for automotive parts and home appliances, decreased in response to the sluggishness in the home appliance market in Japan. STYRENPAPER<sup>™</sup> (expanded polystyrene sheet used in food packaging) is used for instant noodle containers, lunch boxes, trays used by large retailers and many other applications. Although demand recovered for some types of instant noodle containers, sales of this material were lower than the same period of the previous fiscal year. Sales of MIRABOARD<sup>™</sup> (expanded polystyrene board used in advertising displays and folding boxes) remained unchanged from the first half of the previous fiscal year. Sales of MIRAFOAM<sup>™</sup> (extruded board made of expanded polystyrene that is a key material for construction and civil engineering materials) were also about the same as the same period of the previous fiscal year. In the

building construction sector, the recovery in housing starts has not started as soon as expected. But there was an increase in sales of high-performance thermal insulation products that use exclusive JSP technologies. In the civil engineering sector, sales decreased due to fewer public works projects.

Overall, sales in this segment decreased because of falling demand caused by the delay in the start of Japan's economic recovery and product price revisions to reflect the lower cost of raw materials. There was a big increase in earnings. The spread between the cost of raw materials and product selling prices returned to a suitable level and a revision to the depreciation method caused depreciation expenses to decline.

As a result, extrusion segment sales decreased 7.5% to 18,509 million yen and operating income increased 69.8% to 1,186 million yen.

### **Bead Business**

ARPRO®/P-BLOCK™ (expanded polypropylene), now being manufactured and sold worldwide, is used in automotive parts such as bumper cores, interior auto parts and seat cores, and as an insulation and cushioning material for housing facilities, a cushioning and packaging material in returnable containers for transporting IT equipment, a cushioning and packaging material for home appliances, and an impact protection material for sports grounds. Sales of ARPRO®/P-BLOCK™ were strong, on expanded uses in new automotive parts and higher demand for home appliance packing and cushioning. In Japan, demand for insulating materials in equipment used in houses expanded. However, overall sales declined because of lower demand for beads used by automobile and IT home appliance manufacturers, as well as the revision in product prices. In North America, sales were much higher. There was an increase in demand for automotive parts and strong sales of impact protection materials for sports grounds and stonework base materials. Sales also benefited from the U.S. dollar's strength. In South America, sales decreased as economic weakness in Brazil reduced automobile sales volume and the real's depreciation lowered yen translations of sales. In Europe, sales decreased as product price revisions and the euro's depreciation offset the positive effect of higher demand for automotive parts backed by the economic recovery. In Asia, demand was down in Korea and Taiwan. However, sales increased as new sources of demand were located in the automotive and home appliance markets of China and other countries in Southeast Asia. The weaker yen also contributed to sales growth. Demand for STYRODIA® (expandable polystyrene beads) improved in the fisheries and agriculture sectors but was weak in the home appliance, construction and civil engineering sectors. Although sales volume was the same as the same period of the previous fiscal year, monetary sales of STYRODIA® decreased because of product price reductions. Sales of FOAMCORE™ (a hybrid molded product used as a ceiling material for prefabricated bathroom units) decreased because of the impact of product price revisions.

In Japan, sales were negatively affected by lower demand at automobile and IT home appliance manufacturers and product price revisions. But global sales and earnings were strong as demand increased in Europe, the United States and China and the weaker yen boosted yen translations of global sales. Overall, sales and earnings in this segment were higher than the same period of the previous fiscal year.

As a result, bead segment sales increased 2.6% to 35,862 million yen and operating income increased 48.3% to 3,394 million yen.

### **Other**

In general packaging materials, sales in Japan increased due to the growth in demand for packaging materials used in automobiles, LCD products, optical products and general industrial parts because of a recovery in output in Japan by manufacturers backed by the weaker yen. In China, sales decreased sharply following the cancellation of a packaging material order for LCD TVs. In the first half of the fiscal year, production and sales started for a rigid solid sheet that prevents static electricity. This material is used for molding trays for precision components.

As a result, sales in the other segment decreased 13.8% to 2,848 million yen and there was an operating loss of 18 million yen compared with an operating loss of 30 million yen the same period of the previous fiscal year.

**(2) Explanation of Financial Position**

Total assets as of September 30, 2015 were 118,608 million yen, up 1,890 million yen from March 31, 2015. Current assets and non-current assets increased 1,663 million yen and 227 million yen, respectively.

Total liabilities were 46,193 million yen, down 172 million yen. Current liabilities and non-current liabilities decreased 32 million yen and 139 million yen, respectively.

As a result, net assets totaled 72,414 million yen and the shareholders' equity ratio was 56.7%.

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

Net cash provided by operating activities totaled 3,777 million yen, an increase of 2,225 million yen from the same period of the previous fiscal year. Inflows included 4,009 million yen from income before income taxes and 2,328 million yen from depreciation. Outflows included a decrease of 1,028 million yen in notes and accounts payable-trade, an increase of 491 million yen in notes and accounts receivable-trade and income taxes paid of 263 million yen.

Net cash used in investing activities totaled 3,277 million yen, a decrease of 720 million yen from the same period of the previous fiscal year. This included an outflow of 3,523 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 89 million yen, compared with net cash provided of 1,924 million yen in the same period of the previous fiscal year. Inflows included 2,100 million yen in proceeds from long-term loans payable, 1,248 million yen from a net increase in short-term loans payable, and outflows included 2,740 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 9,172 million yen as of September 30, 2015, up 279 million yen from March 31, 2015.

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

Economic growth in Japan has briefly slowed because of the global stock market drop caused by worries about the economic outlook in China and other reasons. But the weak yen, low cost of crude oil, rising personal income and other factors are supporting the Japanese economy. For these reasons, the economy will probably recover slowly. In Europe and the United States, the outlook is for a continuation of slow economic growth but economic growth rates will probably continue to decline in China and other Asian countries.

Due to this outlook, the fiscal year sales forecast has been reduced 2.9% to 115,500 million yen. The main reasons are price revisions to reflect the lower cost of raw materials and fuel, and slowing economic growth in China, South Korea and other Asian countries and in South America.

The operating income forecast has been raised 14.3% to 8,000 million yen and the ordinary income forecast 12.7% to 8,000 million yen. In North America, we anticipate strong sales of ARPRO®/P-BLOCK™ (expanded polypropylene) because of its use in more automotive parts and due to brisk sales of impact protection materials for sports grounds and stonework base materials. In Japan, the spread between the cost of raw materials and selling prices has returned to a suitable level. In addition, we anticipate a continuation of strong sales of two products in Japan. One is a MIRAMAT® (expanded polyethylene sheet) value-added LCD panel substrate transport material incorporating exclusive JSP technologies. The other is MIRAFOAM™, an extruded board made of expanded polystyrene that is used for construction and civil engineering materials. Although a subsidiary in Germany has recorded business restructuring expenses, the forecast for profit attributable to owners of parent has been raised 8.3% to 5,200 million yen, which includes income from a subsidy.

The revised forecast and differences between the revised and previous forecasts are shown below.

#### Assumptions

	Previous forecasts	Revised forecasts	Change
Dubai crude oil	USD60/BL	USD50/BL	-USD10/BL
Exchange rates	JPY120/USD	JPY120/USD	-
	JPY130/EUR	JPY134/EUR	+JPY4/EUR

Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2016  
(April 1, 2015 to March 31, 2016)

	Net sales	Operating income	Ordinary income	Profit attributable to owners of parent	Net income per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecasts (A)	119,000	7,000	7,100	4,800	161.01
Revised forecasts (B)	115,500	8,000	8,000	5,200	174.43
Change (B-A)	(3,500)	1,000	900	400	-
Change (%)	(2.9)	14.3	12.7	8.3	-
(Reference) Results for the previous fiscal year ended March 31, 2015	116,923	5,667	6,044	4,039	135.50

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

Changes in accounting policies

Application of the accounting standards for business combinations

JSP has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) from the first quarter of the current fiscal year. Under these accounting standards, the Company has revised the method to record gains or losses arising from a change in the Company’s equity in subsidiaries in cases where control is retained to that recognizing such gains or losses as capital surplus and the acquisition costs in connection with business combinations as expenses in the fiscal year in which they arise. Regarding business combinations that take place on or after the beginning of the first quarter of the current fiscal year, the Company will revise the method to reflect changes in the allocation of the acquisition costs arising from confirmation of the provisional accounting treatment on the quarterly consolidated financial statements that includes the acquisition date. In addition, the presentation of net income has been revised and the minority

interests item has been renamed non-controlling interests. For consistency with these changes, the consolidated financial statements for the first half of the previous fiscal year and the previous fiscal year have been revised.

JSP has adopted these accounting standards, etc. from the beginning of the first quarter of the current fiscal year, in accordance with the transitional accounting treatments set forth in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Article 57-4 (4) of the Accounting Standard for Business Divestitures.

The effect of this change on the quarterly consolidated financial statements for the first half of the current fiscal year is insignificant.

Application of practical solution on unification of accounting policies applied to foreign subsidiaries for consolidated financial statements

JSP has adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (PITF) No. 18, March 26, 2015) from the first quarter of the current fiscal year. In accordance with the transitional accounting treatments set forth in this PITF, goodwill that are subject to be amortized at subsidiaries in the United States are amortized over ten years by the straight-line method. This change was based on the revision of Topic 350 “Intangibles—Goodwill and Other” of the Accounting Standards Codification of the Financial Accounting Standards Board (FASB) in January 2014.

The effect of this change on operating income, ordinary income and income before income taxes for the first half of the current fiscal year is insignificant.

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

Change in depreciation method of property, plant and equipment

JSP and its consolidated subsidiaries in Japan have changed the straight-line method for the depreciation of property, plant and equipment in the first quarter of the current fiscal year. In prior years, these companies have used primarily the former declining-balance method and declining-balance method. Currently, for buildings (excluding facilities attached to buildings) owned by JSP and its consolidated subsidiaries in Japan, the former straight-line method is used for properties purchased between April 1, 1998 and March 31, 2007 and the straight-line method is used for properties purchased on or after April 1, 2007 as well as at consolidated subsidiaries in other countries.

JSP examined the depreciation method of its business equipment as part of the process of preparing the medium-term management plan that has started in the current fiscal year. This examination resulted in the conclusion that the straight-line method will better enable the income statement to reflect how equipment is actually used. This revision reflects the minimal risk that our production equipment will become technologically obsolete and the outlook for the consistent use of this equipment.

The result was an increase of 309 million yen in operating income and an increase of 313 million yen each in ordinary income and income before income taxes in the first half of the current fiscal year.

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