



April 28, 2017

**SUMMARY OF FINANCIAL STATEMENT (Consolidated)**  
**Full-year Results for the Fiscal Year Ended March 31, 2017**

[Japanese GAAP]

Name of listed company: **JSP Corporation** Stock Exchange Listed: Tokyo (1st Section)  
 URL: <http://www.jsp.com> Code Number: **7942**  
 Representative: Yukio Sakai, President, Representative Director  
 Contact person: Yasushi Komori, General Manager, Accounting Department, Finance & Accounting Division  
 Phone: +81-3-6212-6306  
 Scheduled date of Annual General Meeting of Shareholders: June 29, 2017  
 Scheduled date of payment of dividend: June 12, 2017  
 Scheduled date of filing of Annual Securities Report: June 29, 2017  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for analysts)

Note: The original disclosure in Japanese was released on April 28, 2017 at 15:00 (GMT +9).

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

**1. Full-year Results (April 1, 2016 to March 31, 2017) for the Fiscal Year Ended March 31, 2017**

(1) Consolidated business performance (Percentages shown for net sales and incomes represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	109,048	(5.1)	9,612	3.6	10,033	10.2	7,301	23.5
Fiscal year ended Mar. 31, 2016	114,904	(1.7)	9,278	63.7	9,101	50.6	5,914	46.4

Note: Comprehensive income: Fiscal year ended Mar. 31, 2017: 5,748 million yen (up 75.2%)  
 Fiscal year ended Mar. 31, 2016: 3,280 million yen (down 62.1%)

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2017	244.94	-	10.4	8.8	8.8
Fiscal year ended Mar. 31, 2016	198.40	-	8.9	7.9	8.1

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended Mar. 31, 2017: 6 million yen  
 Fiscal year ended Mar. 31, 2016: 10 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	113,151	76,778	64.1	2,433.10
As of Mar. 31, 2016	115,136	72,497	59.0	2,277.32

Reference: Shareholders' equity: As of Mar. 31, 2017: 72,532 million yen As of Mar. 31, 2016: 67,890 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2017	10,688	(6,188)	(6,497)	7,965
Fiscal year ended Mar. 31, 2016	13,849	(6,001)	(5,907)	10,295

**2. Dividends**

	Annual dividends per share					Total amounts of dividends	Payout ratio (consolidated)	Dividend on net assets (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 31, 2016	-	15.00	-	25.00	40.00	1,192	20.2	1.8
Fiscal year ended Mar. 31, 2017	-	20.00	-	30.00	50.00	1,490	20.4	2.1
Fiscal year ending Mar. 31, 2018 (forecasts)	-	25.00	-	25.00	50.00		22.2	

**3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2018**

(April 1, 2017 to March 31, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	58,000	6.3	4,600	(8.0)	4,700	(6.6)	3,450	(9.7)	115.73
Full year	116,500	6.8	9,500	(1.2)	9,700	(3.3)	6,700	(8.2)	224.75

**\* 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) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

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

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

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

As of Mar. 31, 2017: 31,413,473 shares As of Mar. 31, 2016: 31,413,473 shares

2) Number of treasury shares at the end of the period

As of Mar. 31, 2017: 1,602,780 shares As of Mar. 31, 2016: 1,601,972 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2017: 29,811,212 shares Fiscal year ended Mar. 31, 2016: 29,811,883 shares

**Reference: Overview of Non-Consolidated Operating Performance**

**Full-year Results (April 1, 2016 to March 31, 2017) for the Fiscal Year Ended March 31, 2017**

(1) Non-consolidated business performance (Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2017	56,319	(1.8)	2,741	25.8	5,350	21.5	4,546	22.4
Fiscal year ended Mar. 31, 2016	57,354	(6.0)	2,178	394.9	4,401	70.0	3,714	67.6

	Net income per share	Fully diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2017	152.50	-
Fiscal year ended Mar. 31, 2016	124.60	-

(2) Non-consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2017	76,393	47,456	62.1	1,591.94
As of Mar. 31, 2016	78,882	44,287	56.1	1,485.58

Reference: Shareholders' equity: As of Mar. 31, 2017: 47,456 million yen As of Mar. 31, 2016: 44,287 million yen

\* The current financial report is not subject to audit procedures.

\* 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 "1. Overview of Results of Operations, (4) Outlook" on page 3 of the attached documents for assumptions for forecasts and notes of caution for usage.

## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year ended March 31, 2017, consumer spending continued to recover in the United States and the automobile and housing sectors remained strong. In Brazil, the Real (BRL) stopped falling and has started to move up but there is still no economic recovery due to persistently lackluster internal demand. In Europe, consumer spending remained healthy despite concerns about the UK's exit from the EU. In Asia, economic growth in China is slowing but the gradual economic recovery in this region continued, chiefly in Southeast Asia and India. In Japan, the cost of raw materials started climbing in the fiscal year's fourth quarter as the yen began to weaken and the price of crude oil started moving up late in the third quarter. But the yen was still stronger than the previous fiscal year and the price of crude oil was generally steady. As a result, there were signs of an improvement in the Japanese economy, such as stable prices of basic materials and energy, an improvement in employment statistics, and a recovery in housing investments.

In Japan's foamed plastic industry, the cost of raw materials and fuel was stable and the number of housing starts recovered. Nevertheless, there was no full-scale rebound in demand for foamed plastic. The main reasons are the effects of disasters and unfavorable weather, and the slow pace of the recovery in consumer spending.

We focused on creating new sources of demand and developing and selling products with substantial added value. In addition, there were substantial capital expenditures in growing market sectors and regions. Although sales volume was higher than the previous fiscal year, monetary sales decreased mainly because of product price revisions and the reduction in yen translations of global sales due to the yen's strength. Operating profit increased despite the negative effect of the yen's strength on yen's impact on global sales. Earnings benefited from a continuing decline in prices of raw materials and strong sales of added-value products.

As a result, net sales were 109,048 million yen, down 5.1% from the previous fiscal year. Earnings rose to record highs at all levels just as in the previous fiscal year. Operating profit increased 3.6% to 9,612 million yen, ordinary profit increased 10.2% to 10,033 million yen and profit attributable to owners of parent increased 23.5% to 7,301 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 for the transportation of substrates for LCD TVs and other digital home appliances, increased because of brisk sales of substantial added-value products. Sales of CAPLON<sup>™</sup> (air-bubble polyethylene cushioning material) decreased due to a decline in demand. Sales of STYRENPAPER<sup>™</sup> (expanded polystyrene sheet used in food packaging) were strong for use in microwave oven compatible containers and instant noodle containers. But sales of this material decreased because of a downturn in sales to food tray manufacturers and lower product prices. Sales of MIRABOARD<sup>™</sup> (expanded polystyrene board used in advertising displays and folding boxes) decreased because of lower demand. MIRAFOAM<sup>™</sup> (extruded board made of expanded polystyrene) is a key material for construction and civil engineering materials. In the building construction sector, sales of products and parts pre-cut for fabrication and of high-performance thermal insulation products were higher. Sales in the civil engineering sector increased because of orders related to reconstruction projects in the Tohoku region.

Overall, sales in this segment decreased despite the growth in sales volume, because of the negative effect of decreases in prices of products. Earnings increased mainly because of higher sales of added-value products and measures to lower manufacturing expenses.

As a result, extrusion segment sales decreased 0.9% to 37,929 million yen and operating profit increased 10.5% to 3,045 million yen.

## **Bead Business**

ARPRO®/P-BLOCK™ (expanded polypropylene), which is manufactured and sold worldwide, is used in automotive parts such as bumper cores, interior auto parts and seat cores, and as a material for housing equipment, 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 because of the use of this material in more types of automotive parts and growth in sales for applications in new market sectors. In Japan, sales were higher as the impact of the downturn in automobile production caused by the earthquake and other events ended in the third quarter and there were increases in sales of new types of automotive parts and materials used in housing equipment. In North America, sales volume increased as demand for this material used in automotive parts increased and more new applications were added. However, monetary sales in North America decreased as product prices declined and the stronger yen reduced yen conversions of sales. In South America, sales decreased as economic weakness in Brazil reduced automobile sales volume and the Real (BRL)'s depreciation lowered yen translations of sales. In Europe, although sales volume increased significantly due to higher demand for automotive parts, sales decreased because product prices declined and the stronger yen reduced yen conversions of sales. In Asia, particularly in China, Southeast Asia and India, sales volume was higher due to strong demand in the automobile sector. However, segment sales were lower as product prices declined and the stronger yen reduced yen conversions of sales. The sales volume of STYRODIA® (expandable polystyrene beads) increased for applications involving home appliances and functional products and was about the same as in the previous fiscal year for applications in the construction and civil engineering sectors. This growth was however outweighed by lower demand in the fisheries and agriculture sectors caused by unseasonal weather. A decline in product prices also impacted sales of STYRODIA®. Sales of FOAMCORE™ (a hybrid molded product), which is used mainly as a ceiling material for prefabricated bathroom units, decreased.

Although the total sales volume in this segment increased, monetary sales and earnings were lower because of declining product prices and the effect of the strong yen on yen translations of global sales.

As a result, bead segment sales decreased 7.8% to 65,354 million yen and operating profit decreased 0.8% to 7,376 million yen.

## **Other**

In general packaging materials, sales in Japan decreased as demand for these materials declined because of the impact of disasters on manufacturers of automobiles and optical products in the first half. In China, sales increased due to the higher sales of new products and new applications. Earnings increased mainly because of measures to streamline operations in Japan and the growth in sales of new products and new applications in China.

As a result, sales in the other segment increased 0.3% to 5,764 million yen and operating profit increased 745.2% to 148 million yen.

## **(2) Financial Position**

Total assets as of March 31, 2017 were 113,151 million yen, down 1,984 million yen from March 31, 2016.

Current assets decreased 2,463 million yen to 60,208 million yen mainly due to a 2,566 million yen decrease in cash and deposits.

Non-current assets increased 478 million yen to 52,943 million yen mainly due to 775 million yen increase in construction in progress.

Total liabilities were 36,373 million yen, down 6,265 million yen.

Current liabilities decreased 2,226 million yen to 29,667 million yen mainly due to a 1,099 million yen decrease in current portion of long-term loans payable.

Non-current liabilities decreased 4,039 million yen to 6,705 million yen mainly due to a 3,659 million yen decrease in long-term loans payable.

As a result, net assets totaled 76,778 million yen and the shareholders' equity ratio increased 5.1 percentage points to 64.1%.

### **(3) Cash Flows**

Cash flows from operating activities

Net cash provided by operating activities totaled 10,688 million yen, a decrease of 3,160 million yen from the previous fiscal year. Inflows included 10,013 million yen from profit before income taxes, 4,952 million yen from depreciation, and an increase of 1,029 million yen in notes and accounts payable-trade. Outflows included income taxes paid of 3,751 million yen and an increase of 719 million yen in notes and accounts receivable-trade.

Cash flows from investing activities

Net cash used in investing activities totaled 6,188 million yen, an increase of 187 million yen from the previous fiscal year. This included an outflow of 6,236 million yen for the purchase of non-current assets.

Cash flows from financing activities

Net cash used in financing activities totaled 6,497 million yen, an increase of 590 million yen from the previous fiscal year. Inflows included 199 million yen in proceeds from long-term loans payable, and outflows included 4,915 million yen for the repayment of long-term loans payable and cash dividends paid of 1,341 million yen.

As a result, cash and cash equivalents totaled 7,965 million yen as of March 31, 2017, down 2,329 million yen from March 31, 2016.

### **(4) Outlook**

In the fiscal year ending March 31, 2018, the economy is expected to remain sound in the United States with the support of strong consumer spending for automobiles and other products. In Europe, the outlook is for steady growth due to firm consumer spending and exports. One reason will be a decline in uncertainty following elections in several major countries. In China, the pace of economic growth continues to decline, but rapid growth is expected to continue in the automobile and IT industries. Economies in other Asian countries are likely to recover along with slow growth in internal demand. In Japan, although it is difficult to predict upcoming actions of the Trump administration, the economy is expected to continue to be underpinned by stable income at companies and households.

The price of crude oil increased late in 2016 following the first OPEC agreement in 15 years to reduce production. But the outlook is for the price to stay at about USD52/BL because of uncertainty about production cuts by non-OPEC members. There are also moves to block a rebound in U.S. shale oil production. The U.S. dollar is strengthening because of expectations about policies of the Trump administration and upcoming interest rate hikes. Nevertheless, the dollar's appreciation will probably not be significant. The forecast is for exchange rates of 110 yen to the dollar, 120 yen to the euro and 16 yen to the yuan.

Based on this outlook, we are forecasting higher sales volume and monetary sales in Japan. Although we foresee a negative impact from the higher cost of raw materials, we anticipate solid demand for high-performance thermal insulation materials used in buildings and houses, cushioning materials needed to transport LCD TV substrates, and for other products. In North America and Europe, we expect strong sales due to higher automobile production and the increasing number of automotive parts, such as seat cores, that use ARPRO®/P-BLOCK™. In China, automakers are moving even faster to reduce the weight of vehicles. One reason is government's decision to move up to 2017 enactment of large city emission standards that are as strict as in Europe. Furthermore, automobile sales in China continue to increase. We therefore anticipate growth in sales of ARPRO®/P-BLOCK™. We also forecast strong sales in other regions of Asia.

We forecast a 6.8% increase in sales to 116,500 million yen, the result of growth in sales volume and price revisions. For earnings, we forecast a 1.2% decrease in operating profit to 9,500 million yen mainly because of the outlook for higher prices of raw materials worldwide. We forecast a 3.3% decrease in ordinary profit to 9,700 million yen and an 8.2% decrease in profit attributable to owners of parent to 6,700 million yen.

i. Earnings forecasts for the March 2018 fiscal year are as follows.

Net sales	116,500 million yen	(up 6.8% year-on-year)
Operating profit	9,500 million yen	(down 1.2% year-on-year)
Ordinary profit	9,700 million yen	(down 3.3% year-on-year)
Profit attributable to owners of parent	6,700 million yen	(down 8.2% year-on-year)

Assumptions

Exchange rates: JPY110/USD, JPY120/EUR, JPY16/CNY

Dubai crude oil: USD52/BL

ii. Segment information summary

(Million yen)

	Fiscal year ended March 31, 2017 (Results)		Fiscal year ending March 31, 2018 (Forecast)	
	Net sales	Operating profit	Net sales	Operating profit
Extrusion Business	37,929	3,045	40,421	2,977
Bead Business	65,354	7,376	70,014	7,367
Other	5,764	148	6,065	122
Subtotal	109,048	10,570	116,500	10,466
Adjustments	-	(958)	-	(966)
Total	109,048	9,612	116,500	9,500

iii. Capital expenditures

The forecast for capital expenditures is about 10,000 million yen, the sum of about 5,000 million yen of expenditures to increase production capacity and to become more competitive, and about 5,000 million yen of expenditures for maintenance and repairs. The forecast for depreciation expenses is about 5,170 million yen, an increase of about 220 million yen from the previous fiscal year.

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.

## (5) Profit Allocation Policy and Dividends for the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of JSP Corporation. Our policy is to make stable dividend payments after taking into consideration all applicable factors, including consolidated performance in each fiscal year and the need to retain earnings for strengthening the base of future business activities.

Retained earnings are used to increase financial soundness, R&D expenditures for new products and technologies, and capital expenditures for new businesses.

As prescribed in Article 459, Paragraph 1 of the Companies Act of Japan, the JSP Corporation Articles of Incorporation allow the Board of Directors to approve the payment of dividends from retained earnings. The basic policy is to pay an interim and year-end dividend based on resolutions of the Board of Directors.

For the fiscal year that ended on March 31, 2017 in consideration of results of operations, the operating environment, dividend stability and other items, we plan to pay a dividend of 50 yen per share. Since an interim dividend of 20 yen per share has been paid, this will result in a year-end dividend of 30 yen per share. In the fiscal year ending on March 31, 2018, we plan to pay an interim and year-end dividend of 25 yen per share each, a total of 50 yen.

## **2. Basic Approach for the Selection of Accounting Standards**

We will continue to prepare consolidated financial statements using Generally Accepted Accounting Principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards (IFRS) by taking into account associated factors worldwide.

*\* 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.*