

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

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Scheduled date of filing of Quarterly Report:

November 7, 2016

Scheduled date of payment of dividend:

December 5, 2016

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 28, 2016 at 15:00 (GMT +9).

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

1. Second Quarter Results (April 1, 2016 to September 30, 2016) for the Fiscal Year Ending March 31, 2017**(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, 2016	54,587	(4.6)	5,000	21.4	5,031	22.5	3,820	32.7
Six months ended Sep. 30, 2015	57,221	(1.8)	4,120	54.1	4,107	39.9	2,879	33.5

Note: Comprehensive income: Six months ended Sep. 30, 2016: (1,772) million yen (n.a.)
Six months ended Sep. 30, 2015: 2,511 million yen (up 81.2%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2016	128.16	-
Six months ended Sep. 30, 2015	96.60	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2016	108,244	70,001	60.9	2,211.17
As of Mar. 31, 2016	115,136	72,497	59.0	2,277.32

Reference: Shareholders' equity: As of Sep. 30, 2016: 65,917 million yen As of Mar. 31, 2016: 67,890 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, 2016	-	15.00	-	25.00	40.00
Fiscal year ending Mar. 31, 2017	-	20.00			
Fiscal year ending Mar. 31, 2017 (forecasts)			-	20.00	40.00

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

3. Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2017**(April 1, 2016 to March 31, 2017)**

(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	108,000	(6.0)	9,000	(3.0)	9,100	(0.0)	6,200	4.8	207.97

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: None

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 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, 2016:	31,413,473 shares	As of Mar. 31, 2016:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Sep. 30, 2016:	1,602,159 shares	As of Mar. 31, 2016:	1,601,972 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2016:	29,811,436 shares	Six months ended Sep. 30, 2015:	29,812,176 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, the cost of basic materials and energy was stable due to the low price of crude oil and the yen's strength and employment statistics continued to improve. Although housing investment and some other sectors were firm, Japan's economy, held back by sluggish consumer spending, was largely flat.

In the United States, the growth rate of consumer spending slowed but the automobile and housing sectors remained strong. In Brazil, although the Real (BRL)'s decline stopped, the economic downturn continued as internal demand remained soft. In Europe, strong consumer spending continued despite concerns about the possible effects of the UK's exit from the EU. In Asia, economic growth in China continued to slow, but the gradual economic recovery remained in this region, chiefly in Southeast Asia and India.

In Japan's foamed plastic industry, the cost of raw materials and fuel is stable and the number of housing starts recovered. Nevertheless, there was no full-scale rebound in demand for foamed plastic. The main reasons are a decline in automobile production, which was partly caused by the Kumamoto earthquake, and the slow pace of the recovery in consumer spending.

Although first half sales volume was higher than the same period of 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 income increased sharply 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 in the first half were 54,587 million yen, down 4.6% from the same period of the previous fiscal year. Operating income increased 21.4% to 5,000 million yen, ordinary income increased 22.5% to 5,031 million yen and profit attributable to owners of parent increased 32.7% to 3,820 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 for the transportation of substrates for LCD TVs and other digital home appliances, increased because of brisk sales of high added-value products. Sales of CAPLON[™] (air-bubble polyethylene cushioning material) were roughly unchanged from the same period of the previous fiscal year. STYRENPAPER[™] (expanded polystyrene sheet used in food packaging) is used for instant noodle containers, lunch boxes, trays used by large retailers and many other applications. First half sales decreased because the negative effect of a decrease in product prices outweighed the positive effect of an increase in sales volume, primarily of materials for instant noodle containers and containers for food sold at convenience stores. Sales of MIRABOARD[™] (expanded polystyrene board used in advertising displays and folding boxes) decreased because of lower demand. MIRAFOAM[™] (extruded board made of expanded polystyrene) is a key material for construction and civil engineering materials. In the building construction sector, sales were higher, mainly of products and parts pre-cut for fabrication and of high-performance thermal insulation products. Sales in the civil engineering sector also increased as more orders related to reconstruction projects in the Tohoku region were captured in the second quarter.

Overall, sales in this segment increased as the growth in sales volume offset 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 increased 1.5% to 18,792 million yen and operating income increased 27.8% to 1,515 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 sales of ARPRO®/P-BLOCK™ for use in new types of automotive parts and in housing equipment increased despite the downturn in automobile production, which was caused in part by the Kumamoto earthquake. 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 demand increased significantly for automotive parts, sales were roughly unchanged from the same period of the previous fiscal year because product prices declined and the stronger yen reduced yen conversions of sales. In Asia, particularly in China, Southeast Asia and India, sales in the automobile sector were favorable. However, segment sales were lower as demand for cushioning materials and packaging materials was lower in China, South Korea and Taiwan and the stronger yen reduced yen conversions of sales. Sales of STYRODIA® (expandable polystyrene beads) were lower although demand from the home appliance, construction and civil engineering sectors recovered. This growth was however outweighed by lower demand from the fisheries and agriculture sectors due to unseasonal weather during the second quarter. Decline in product prices also affected lower sales. 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 were lower because of declining product prices and the effect of the strong yen on yen translations of global sales. Earnings were higher even though the yen's strength reduced conversions of global sales. Earnings benefited from the higher sales volume and the continuing downturn in the cost of raw materials.

As a result, bead segment sales decreased 8.0% to 33,011 million yen and operating income increased 14.7% to 3,892 million yen.

Other

In general packaging materials, sales in Japan decreased as demand for these materials declined because of the impact of the Kumamoto earthquake on manufacturers of automobiles and optical products. In China, sales decreased despite the higher sales of new products, because sales of conventional materials decreased.

As a result, sales in the other segment decreased 2.3% to 2,784 million yen and operating income was 68 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 September 30, 2016 were 108,244 million yen, down 6,892 million yen from March 31, 2016. Current assets decreased 4,962 million yen and non-current assets decreased 1,930 million yen.

Total liabilities were 38,242 million yen, down 4,396 million yen. Current liabilities decreased 2,001 million yen and non-current liabilities decreased 2,394 million yen.

As a result, net assets totaled 70,001 million yen and the shareholders' equity ratio was 60.9%.

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

Net cash provided by operating activities totaled 3,843 million yen, an increase of 66 million yen from the same period of the previous fiscal year. Inflows included 5,022 million yen from profit before income taxes and 2,418 million yen from depreciation. Outflows included income taxes paid of 2,255 million yen and an increase of 1,391 million yen in notes and accounts receivable-trade.

Net cash used in investing activities totaled 3,249 million yen, a decrease of 28 million yen from the same period of the previous fiscal year. This included an outflow of 3,552 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 2,647 million yen, an increase of 2,558 million yen from the same period of the previous fiscal year. Inflows included 958 million yen from a net increase in short-term loans payable, and outflows included 2,620 million yen for the repayment of long-term loans payable and cash dividends paid of 745 million yen.

As a result, cash and cash equivalents totaled 7,319 million yen as of September 30, 2016, down 2,975 million yen from March 31, 2016.

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

The Japanese economy is expected to continue to recover gradually supported by stable basic materials and energy cost due to lower crude oil price and the yen's strength, and an improved employment statistics. Looking at the global economy, overall economy is expected to be strong in the United States as automobile sales and housing investments are likely to stay firm. In Europe, consumer spending is expected to remain strong. In Asia, while the economic growth rate is likely to slowdown in China, economies in Southeast Asia and India are expected to recover gradually led primarily by favorable internal demand.

In this environment, fiscal year sales are forecast at 108,000 million yen, 4.4% lower than the previous forecast of 113,000 million yen.

Two major factors affecting results of operations are as follows: (1) all currencies used for the global businesses have weakened more sharply against the Japanese yen than previously assumed. As a result, foreign-currency denominated sales converted into yen are likely to be lower, and (2) demand in Japan, China, South Korea and South America is unlikely to increase as much as estimated earlier.

Earnings in the global markets are likely to be lower due mainly to the effects of a stronger yen and lower sales volume. In Japan, stable cost of raw materials will help secure a certain level of earnings. Elsewhere, sales of value-added products based on our unique technologies are strong. In view of the above, the earnings forecast remains unchanged.

Assumptions for the previous and revised forecasts are as follows:

Assumptions

	Previous forecasts	Revised forecasts	Change
Dubai crude oil	USD40/BL	USD46/BL	+USD6/BL
Exchange rates	JPY110/USD	JPY107.6/USD	-JPY2.4/USD
	JPY125/EUR	JPY119.6/EUR	-JPY5.4/EUR

Forecast for Consolidated Business Performance in the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

	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)	113,000	9,000	9,100	6,200	207.97
Revised forecasts (B)	108,000	9,000	9,100	6,200	207.97
Change (B-A)	(5,000)	-	-	-	-
Change (%)	(4.4)	-	-	-	-
(Reference) Results for the previous fiscal year ended March 31, 2016	114,904	9,278	9,101	5,914	198.40

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 profit before income taxes for the current fiscal year, and multiplying that rate by the quarterly profit before income taxes.

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

No reportable information.

Additional information

We have applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016) from the first quarter 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.*