

January 31, 2017

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
Third 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**

Representative: Yukio Sakai, President, Representative Director

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Scheduled date of filing of Quarterly Report: February 7, 2017

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 January 31, 2017 at 15:00 (GMT +9).

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

1. Third Quarter Results (April 1, 2016 to December 31, 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	%
Nine months ended Dec. 31, 2016	81,952	(6.4)	7,857	5.8	8,144	12.3	6,251	20.0
Nine months ended Dec. 31, 2015	87,545	(0.8)	7,428	68.7	7,250	52.6	5,209	48.6

Note: Comprehensive income: Nine months ended Dec. 31, 2016: 407 million yen (down 85.8%)
 Nine months ended Dec. 31, 2015: 2,875 million yen (down 36.7%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Nine months ended Dec. 31, 2016	209.72	-
Nine months ended Dec. 31, 2015	174.74	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2016	111,697	71,562	60.3	2,260.15
As of Mar. 31, 2016	115,136	72,497	59.0	2,277.32

Reference: Shareholders' equity: As of Dec. 31, 2016: 67,376 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: 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: 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 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 Dec. 31, 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 Dec. 31, 2016:	1,602,579 shares	As of Mar. 31, 2016:	1,601,972 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 31, 2016:	29,811,358 shares	Nine months ended Dec. 31, 2015:	29,812,010 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 nine months of the current fiscal year, the overall trend of a decline in the crude oil prices and appreciation of the yen continued, while the yen began to depreciate and the price of crude oil started moving up in the third quarter. Furthermore, the cost of basic materials and energy was stable and employment statistics in Japan continued to improve. In addition, there are signs of a recovery in housing investments.

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 was still slow, but the gradual economic recovery continued in this region, chiefly in Southeast Asia and India.

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.

Although sales volume was higher than in 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 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 nine months were 81,952 million yen, down 6.4% from the same period of the previous fiscal year. Operating income increased 5.8% to 7,857 million yen, ordinary income increased 12.3% to 8,144 million yen and profit attributable to owners of parent increased 20.0% to 6,251 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) decreased due to a decline in demand. 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. Although sales volume remained unchanged, sales decreased because of the negative effect of a decrease in product prices. 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 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 second and third quarter 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 1.2% to 28,796 million yen and operating income increased 10.4% to 2,517 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. Sales of STYRODIA® (expandable polystyrene beads) were lower although demand from the home appliance sector recovered. This growth was however outweighed by lower demand from the fisheries and agriculture sectors due to unseasonal weather. A 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 9.6% to 48,849 million yen and operating income increased 2.0% to 5,929 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 China, sales decreased despite the higher sales of new products, because the stronger yen reduced yen conversions of sales. Earnings increased mainly because of measures to streamline operations in Japan and the growth of new products in China.

As a result, sales in the other segment decreased 0.9% to 4,307 million yen and operating income increased 727.4% to 124 million yen.

(2) Explanation of Financial Position

Total assets as of December 31, 2016 were 111,697 million yen, down 3,439 million yen from March 31, 2016. Current assets decreased 1,167 million yen and non-current assets decreased 2,271 million yen.

Total liabilities were 40,135 million yen, down 2,503 million yen. Current liabilities increased 620 million yen and non-current liabilities decreased 3,123 million yen.

As a result, net assets totaled 71,562 million yen and the shareholders' equity ratio was 60.3%.

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

Net cash provided by operating activities totaled 7,016 million yen, a decrease of 2,095 million yen from the same period of the previous fiscal year. Inflows included 8,167 million yen from profit before income taxes, 3,609 million yen from depreciation, and an increase of 3,085 million yen in notes and accounts payable-trade. Outflows included an increase of 3,993 million yen in notes and accounts receivable-trade and income taxes paid of 3,166 million yen.

Net cash used in investing activities totaled 4,260 million yen, a decrease of 386 million yen from the same period of the previous fiscal year. This included an outflow of 4,417 million yen for the purchase of non-current assets.

Net cash used in financing activities totaled 3,843 million yen, a decrease of 53 million yen from the same period of the previous fiscal year. Inflows included 1,464 million yen from a net increase in short-term loans payable, and outflows included 3,710 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 8,133 million yen as of December 31, 2016, down 2,162 million yen from March 31, 2016.

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

We maintain the full-year consolidated forecast for the fiscal year ending March 31, 2017, which was disclosed in the Second Quarter Results for the Fiscal Year Ending March 31, 2017 dated October 28, 2016.

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 is 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.*