



July 28, 2017

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
First Quarter Results for the Fiscal Year Ending March 31, 2018

[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: August 8, 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 July 28, 2017 at 15:00 (GMT +9).

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

1. First Quarter Results (April 1, 2017 to June 30, 2017) for the Fiscal Year Ending March 31, 2018

(1) Consolidated business performance (Percentages 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	%
Three months ended Jun. 30, 2017	27,584	2.8	2,226	(2.1)	2,277	3.3	1,707	0.4
Three months ended Jun. 30, 2016	26,835	(3.5)	2,272	37.8	2,203	36.6	1,700	33.8

Note: Comprehensive income: Three months ended Jun. 30, 2017: 1,331 million yen (-%)
 Three months ended Jun. 30, 2016: (323) million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2017	57.27	-
Three months ended Jun. 30, 2016	57.05	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2017	115,995	77,215	62.8	2,442.85
As of Mar. 31, 2017	113,151	76,778	64.1	2,433.10

Reference: Shareholders' equity: As of Jun. 30, 2017: 72,822 million yen As of Mar. 31, 2017: 72,532 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, 2017	-	20.00	-	30.00	50.00
Fiscal year ending Mar. 31, 2018	-				
Fiscal year ending Mar. 31, 2018 (forecasts)		25.00	-	25.00	50.00

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

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

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

(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

(4) Number of shares outstanding (common stock)

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

As of Jun. 30, 2017:	31,413,473 shares	As of Mar. 31, 2017:	31,413,473 shares
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2) Number of treasury shares at the end of the period

As of Jun. 30, 2017:	1,602,826 shares	As of Mar. 31, 2017:	1,602,780 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 30, 2017:	29,810,683 shares	Three months ended Jun. 30, 2016:	29,811,501 shares
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* The current quarterly financial report is not subject to quarterly review 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) 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 quarter of the current fiscal year, automobile sales in the United States decreased but capital expenditures and housing investments remained strong. In Mexico, the economy posted solid growth despite concerns about the worsening relationship with the United States. In Brazil, the economy is starting to show signs of bottoming out as the Real (BRL) appreciates, inflation declines and exports recover. In Europe, economies continued to expand as automobile sales and exports increase. In Asia, China's economic growth rate is recovering and the economies of other countries continued to recover slowly. In Japan, although there are indications of a recovery in consumer spending, there are also areas of weakness in the economy due to the rising cost of raw materials and fuel and cargo transportation as well as other concerns.

In Japan's foamed plastic industry, market conditions were challenging in some sectors. The number of housing starts was unchanged from the same period of the previous fiscal year and automobile production recovered. However, weak demand for fisheries and agricultural products and the rising cost of raw materials and fuel had a negative impact on the foamed plastic industry.

There was a negative effect on first quarter sales due to lower yen translations of global sales as major currencies weakened in relation to the yen. However, sales were higher than the same period of the previous fiscal year due to the growth in sales volume and product price revisions in association with the higher cost of raw materials. Operating profit decreased as the higher cost of raw materials and fuel and lower yen translations of global sales offset the contribution to earnings from the growth in sales. Ordinary profit and profit attributable to owners of parent increased mainly because of a smaller foreign exchange loss.

As a result, net sales in the first quarter were 27,584 million yen, up 2.8% from the same period of the previous fiscal year. Operating profit decreased 2.1% to 2,226 million yen, ordinary profit increased 3.3% to 2,277 million yen and profit attributable to owners of parent increased 0.4% to 1,707 million yen.

Results by business segment were as follows.

Extrusion Business

Sales of industrial packaging products increased because of strong sales of value-added products. MIRAMAT® (expanded polyethylene sheet used as an industrial packaging material), which is used for the transportation of substrates for LCD TVs and other home appliances, accounts for most sales in this category. Sales of STYRENPAPER™ (expanded polystyrene sheet used in food packaging) benefited from product price revisions due to the higher cost of raw materials and higher sales of this material used for microwave-compatible containers. However, total sales of this material were down because of a downturn in sales to food tray manufacturers. Sales of MIRABOARD™ (expanded polystyrene board used in advertising displays and folding boxes) increased mainly because of the emergence of new applications for this material. Sales of MIRAFOAM™ (extruded board made of expanded polystyrene), which is used in construction and civil engineering applications, increased primarily due to higher sales of high-performance thermal insulation products in the building construction market.

Overall, segment sales increased primarily because of a higher percentage of sales from value-added products and revisions to prices of products. Earnings were lower in part because of the lag between the rise in the cost of raw materials and revisions in product prices.

As result, extrusion segment sales increased 2.2% to 9,302 million yen and operating profit decreased 12.8% to 598 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 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 athletic fields. 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 increased as the sales volume of this material used in automotive parts and functional materials rose along with the recovery in automobile production. In North America, monetary sales increased as demand for this material used in automotive parts increased and more new applications were added. In South America, sales increased as the sales volume rose partly because of an end to the economic downturn in Brazil. In Europe, sales increased due to the strong demand for automotive parts. In Asia, sales increased because of strong sales in China, Southeast Asia and Taiwan. Sales of STYRODIA® (expandable polystyrene beads) were unchanged from the same period of the previous fiscal year as a decline in demand was offset by product price revisions to reflect the higher cost of raw materials.

Sales of FOAMCORE™ (a hybrid molded product), which is used mainly as a material for prefabricated bathroom unit ceilings and marine floats, increased because of higher sales to manufacturers of these floats.

Segment sales increased as growth in sales volume and product price revisions offset the negative effect of the yen's strength on yen translations of global sales. Earnings also increased as the benefit of growth in sales volume outweighed the negative effect of lower yen translations of global sales.

As a result, bead segment sales increased 4.0% to 16,979 million yen and operating profit increased 2.9% to 1,829 million yen.

Other

In general packaging materials, sales in Japan decreased due to the lower demand for general packaging materials. In China, a delay in the start of operations at a new source of demand caused sales to decrease.

As a result, sales in the other segment decreased 7.2% to 1,302 million yen and operating profit decreased 51.8% to 19 million yen.

(2) Explanation of Financial Position

Total assets as of June 30, 2017 were 115,995 million yen, up 2,843 million yen from March 31, 2017. Current assets increased 2,208 million yen to 62,417 million yen mainly due to a 627 million yen increase in cash and deposits. Non-current assets increased 634 million yen to 53,578 million yen mainly due to a 473 million yen increase in construction in progress, which is included in other, net under property, plant and equipment.

Total liabilities as of June 30, 2017 were 38,779 million yen, up 2,406 million yen from March 31, 2017. Current liabilities increased 527 million yen to 30,195 million yen mainly due to an 855 million yen increase in short-term loans payable. Non-current liabilities increased 1,878 million yen to 8,583 million yen mainly due to a 1,528 million yen increase in long-term loans payable.

As a result, net assets totaled 77,215 million yen and the shareholders' equity ratio decreased 1.3 percentage points to 62.8%.

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

Net cash provided by operating activities totaled 555 million yen, a decrease of 109 million yen from the same period of the previous fiscal year. Inflows included 2,284 million yen from profit before income taxes and 1,214 million yen from depreciation. Outflows included an increase of 1,328 million yen in inventories, an increase of 801 million yen in notes and accounts receivable-trade and income taxes paid of 626 million yen.

Net cash used in investing activities totaled 1,499 million yen, an increase of 75 million yen from the same period of the previous fiscal year. This included an outflow of 1,868 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 1,696 million yen, compared with net cash used of 1,261 million yen in the same period of the previous fiscal year. Inflows included 2,900 million yen in proceeds from long-term loans payable and 863 million yen from a net increase in short-term loans payable, and outflows included 984 million yen for the repayment of long-term loans payable and cash dividends paid of 894 million yen.

As a result, cash and cash equivalents totaled 8,581 million yen as of June 30, 2017, up 615 million yen from March 31, 2017.

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

We maintain the consolidated earnings forecasts for the first half and full year of the fiscal year ending March 31, 2018, which was disclosed in the Summary of Financial Statement for the Fiscal Year Ended March 31, 2017 dated April 28, 2017.

** 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.*