



October 27, 2017

SUMMARY OF FINANCIAL STATEMENT (Consolidated)
Second 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
 Contact person: Yasushi Komori, General Manager, Accounting Department, Finance & Accounting Division
 Phone: +81-3-6212-6306
 Scheduled date of filing of Quarterly Report: November 7, 2017
 Scheduled date of payment of dividend: December 5, 2017
 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 27, 2017 at 15:00 (GMT +9).

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

1. Second Quarter Results (April 1, 2017 to September 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	%
Six months ended Sep. 30, 2017	56,815	4.1	4,973	(0.5)	4,959	(1.4)	3,595	(5.9)
Six months ended Sep. 30, 2016	54,587	(4.6)	5,000	21.4	5,031	22.5	3,820	32.7

Note: Comprehensive income: Six months ended Sep. 30, 2017: 3,800 million yen (-%)
 Six months ended Sep. 30, 2016: (1,772) million yen (-%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
Six months ended Sep. 30, 2017	120.62	-
Six months ended Sep. 30, 2016	128.16	-

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Sep. 30, 2017	119,508	79,683	63.0	2,526.26
As of Mar. 31, 2017	113,151	76,778	64.1	2,433.10

Reference: Shareholders' equity: As of Sep. 30, 2017: 75,308 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	-	25.00			
Fiscal year ending Mar. 31, 2018 (forecasts)			-	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
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 Sep. 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 Sep. 30, 2017:	1,603,062 shares	As of Mar. 31, 2017:	1,602,780 shares
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3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2017:	29,810,609 shares	Six months ended Sep. 30, 2016:	29,811,436 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 half of the current fiscal year, automobile sales in the United States decreased but capital expenditures were 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)'s value stabilizes, inflation declines and exports recover. In Europe, economies continued to expand with the support of strong automobile sales, internal demand and exports. In Asia, economies continued to recover slowly in all regions. Most significant is the continuation of steady economic growth in China. 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. Housing starts are remaining steady 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.

First half sales were higher than in the same period of the previous fiscal year due to the growth in sales volume, a higher percentage of sales from value-added products, and product price revisions in association with the higher cost of raw materials. There was a small decrease in operating profit because the contribution to earnings from the growth in sales was offset by the lag between the rise in the cost of raw materials and revisions of product prices and by the increase in cargo transportation rates.

As a result, net sales in the first half were 56,815 million yen, up 4.1% from the same period of the previous fiscal year. Operating profit decreased 0.5% to 4,973 million yen, ordinary profit decreased 1.4% to 4,959 million yen and profit attributable to owners of parent decreased 5.9% to 3,595 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 a result, extrusion segment sales increased 1.7% to 19,106 million yen and operating profit decreased 16.4% to 1,266 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) increased 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 due to growth in sales volume and product price revisions. Earnings also increased due to the benefit of growth in sales volume.

As a result, bead segment sales increased 5.9% to 34,969 million yen and operating profit increased 5.0% to 4,089 million yen.

Other

In general packaging materials, although demand for automobile-related products increased, sales in Japan was unchanged from the same period of the previous fiscal year. 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 1.6% to 2,739 million yen and operating profit decreased 13.4% to 59 million yen.

(2) Explanation of Financial Position

Total assets as of September 30, 2017 were 119,508 million yen, up 6,356 million yen from March 31, 2017. Current assets increased 4,844 million yen to 65,053 million yen mainly due to a 2,794 million yen increase in notes and accounts receivable-trade. Non-current assets increased 1,512 million yen to 54,455 million yen mainly due to a 1,208 million yen increase in buildings and structures, net.

Total liabilities as of September 30, 2017 were 39,825 million yen, up 3,451 million yen from March 31, 2017. Current liabilities increased 2,521 million yen to 32,189 million yen mainly due to a 1,271 million yen increase in notes and accounts payable-trade. Non-current liabilities increased 930 million yen to 7,635 million yen mainly due to a 598 million yen increase in long-term loans payable.

As a result, net assets totaled 79,683 million yen and the shareholders' equity ratio decreased 1.1 percentage points to 63.0%.

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

Net cash provided by operating activities totaled 3,220 million yen, a decrease of 623 million yen from the same period of the previous fiscal year. Inflows included 4,932 million yen from profit before income taxes and 2,506 million yen from depreciation. Outflows included an increase of 3,825 million yen in notes and accounts receivable-trade, an increase of 1,214 million yen in inventories, and income taxes paid of 1,166 million yen.

Net cash used in investing activities totaled 3,435 million yen, an increase of 186 million yen from the same period of the previous fiscal year. This included an outflow of 3,670 million yen for the purchase of non-current assets.

Net cash provided by financing activities totaled 276 million yen, compared with net cash used of 2,647 million yen in the same period of the previous fiscal year. Inflows included 3,000 million yen in proceeds from long-term loans payable and 644 million yen from a net increase in short-term loans payable, and outflows included 2,280 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 8,029 million yen as of September 30, 2017, up 63 million yen from March 31, 2017.

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

We maintain the full-year consolidated earnings forecasts for the fiscal year ending March 31, 2018, which was disclosed in the First Quarter Results for the Fiscal Year Ending March 31, 2018 dated July 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.*