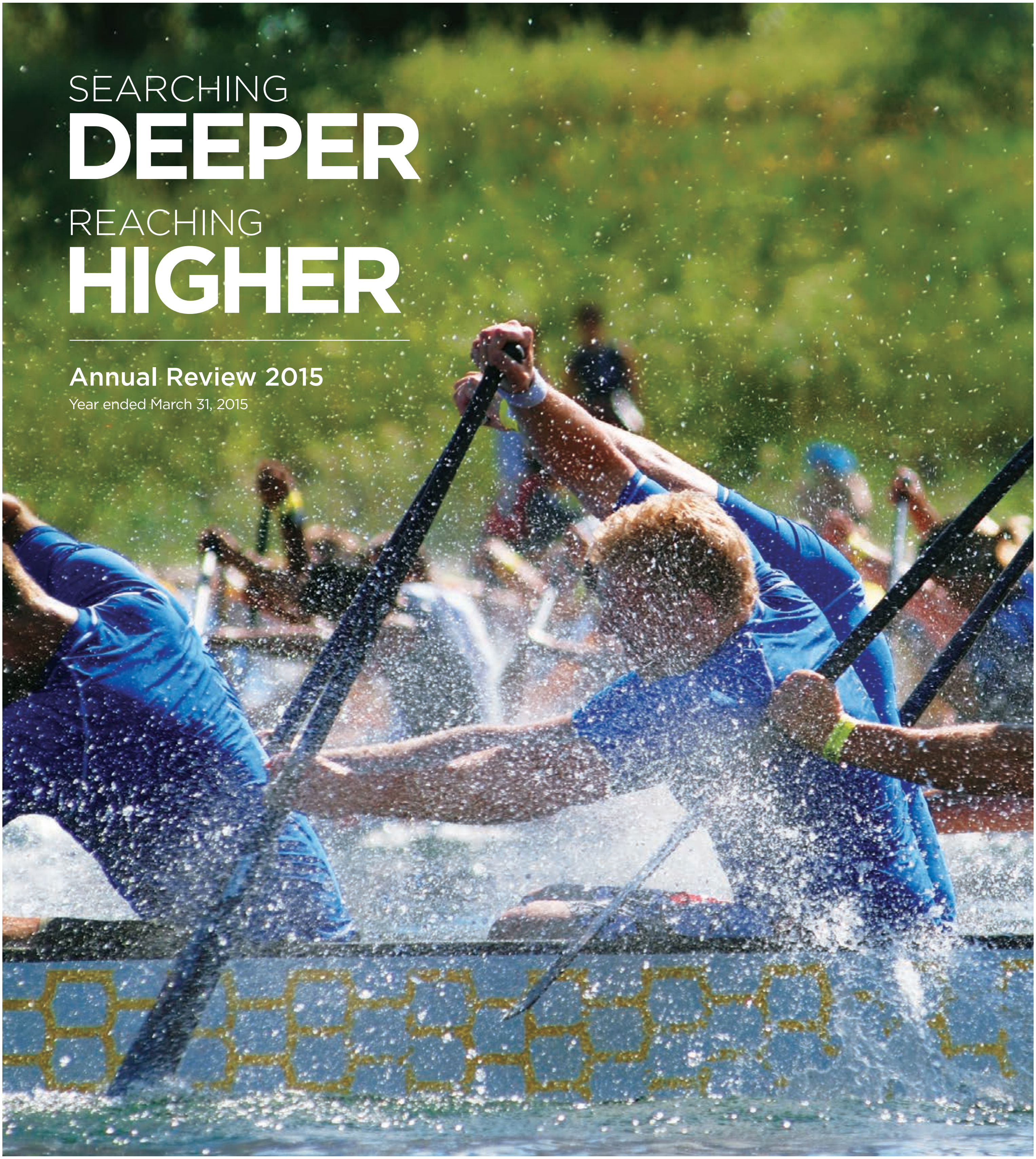
SEARCHING **DEEPER** REACHING **HIGHER**

Annual Review 2015

Year ended March 31, 2015



JSP

ABOUT JSP

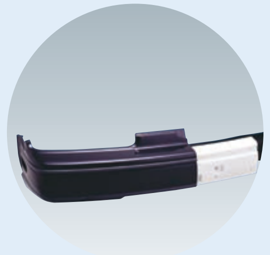
JSP was established in 1962 as a manufacturer of foamed plastics, and today it continues to develop universally useful products and unique technologies in this field. Exhibiting distinctly effective and dynamic material properties, JSP products deliver economic and environmental value. A true global supplier, we help our customers increase their profitability through the innovative use of our products.

CONTENTS

Forward-Looking Statements

This annual review includes forward-looking statements related to JSP Corporation's plans, strategies, and business results. These statements represent judgments of JSP based on information available at the time of writing. As such, these statements are subject to risks and uncertainties. Please understand that actual performance may differ from these forward-looking statements.

BUSINESS SEGMENTS



AUTOMOTIVE

JSP products significantly reduce vehicle weight and increase passenger and occupant safety as automotive components. Lightweight, structurally-strong with excellent energy absorption and thermal and acoustic insulation properties, our products enable the production of thousands of automotive components across brands, continents, and vehicle-types.

CONSTRUCTION

JSP products are employed as a construction material for insulating, waterproofing, and preventing moisture condensation in building walls, roofs, and tatami mats. Furthermore, we are developing external insulation construction methods that allow air to flow naturally for a more comfortable living environment.

CIVIL ENGINEERING

JSP products are supplied for civil engineering purposes such as drainage underlayment, lightweight embankment, anti-vibration panels, retaining walls, etc. The structural and semi-structural nature of our products combined with key attributes such as thermal insulation, water resistance, and porosity enables traditional materials to be replaced with more-resilient materials.

PACKAGING

JSP products are used as packaging materials for household electronics and IT-related equipment in addition to agricultural usage. These high-performance products feature excellent shock resistance and energy absorbance. JSP sheet, board, and bead products provide a diverse range of lightweight and environmentally responsible packaging solutions using molding and fabrication techniques.

FOOD PACKAGING

JSP products are designed to wrap or contain food, meeting high requirements to protect temperature variation, humidity, and mechanical shock. Our products enable many types of food packaging solutions, barrier protection (against ingress of oxygen water vapor, dust), extension of products' shelf life, and convenience of food packaging. Our discrete food packaging includes tray, box, container, and sheet solutions.

FINANCIAL HIGHLIGHTS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

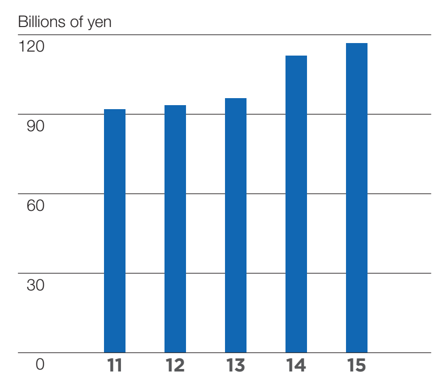
MAJOR FACTORS

- In the Bead segment, global sales of ARPRO®/P-BLOCK™ increased mainly due to the growing demand for automotive applications, together with the effect from the depreciation of the yen. Although sales of STYRODIA® decreased due to a fall in demand from fisheries industries, profits improved following an adjustment to its retail price. Overall, sales in the Bead business rose 4.9% year on year.
- In the Extrusion segment, sales in the food packaging and the civil engineering segments increased, while sales in the packaging and the construction segments fell in response to a recent hike in Japan's consumption tax rate. Overall, sales in the Extrusion business rose 0.8% year on year.
- Operating income fell 4.1% year on year as a result of the time lag in the settlement of selling price adjustments following the rise of fuel and raw material prices.

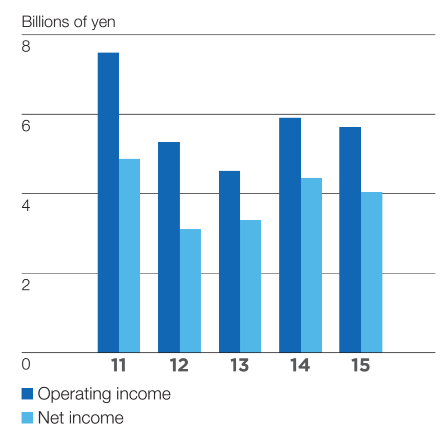
					Millions of yen	Thousands of U.S. dollars[1]
	2015	2014	2013	2012	2011	**2015**
For the Year:						
Net sales	**¥116,923**	¥112,128	¥96,038	¥93,397	¥91,971	**$972,985**
Operating income	**5,667**	5,909	4,575	5,296	7,552	**47,161**
Ordinary income	**6,044**	6,509	4,927	5,536	7,874	**50,303**
Income before income taxes	**6,000**	6,536	4,752	5,176	7,470	**49,936**
Net income	**4,039**	4,404	3,324	3,100	4,881	**33,618**
At Year-End:						
Total assets	**116,717**	108,420	95,565	89,072	89,152	**971,273**
Total net assets	**70,352**	62,375	53,431	47,362	46,481	**585,440**
Shareholders' equity	**65,307**	57,853	49,838	44,721	43,843	**543,461**
					Yen	U.S. dollars[1]
Per Share Information:						
Net income[2]	**¥ 135.50**	¥ 147.73	¥ 111.49	¥ 103.98	¥ 161.25	**$ 1.13**
Cash dividends	**30.00**	30.00	30.00	30.00	30.00	**0.25**
Total net assets	**2,190.61**	1,940.48	1,671.55	1,499.89	1,470.44	**18.23**

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥120.17=U.S.$1.
2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

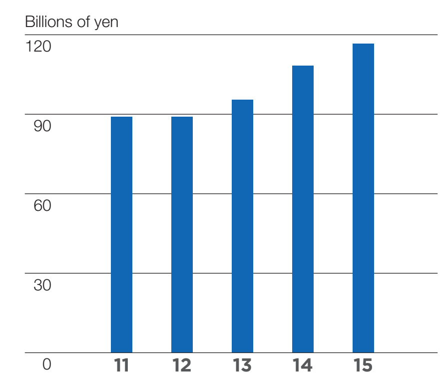
Net Sales



Operating Income and Net Income



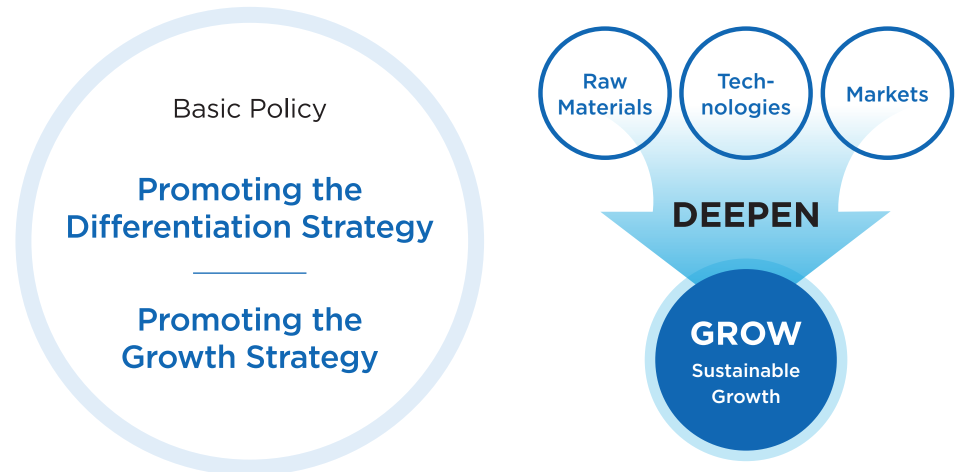
Total Assets



Taking **JSP** to the Next Stage,

with Strong Passion and Determination

Medium-Term Management Plan: "Deepen & Grow 2017" (FY2015-2017)



Numerical Targets
for Fiscal Year 2017

NET SALES
¥135,000 million
(including ¥10,000 million from new products)

OPERATING MARGIN
6.5% or more
* ROE: Approx. 8%; Equity ratio: Approx. 59% (Reference)

In the previous three-year medium-term management plan, "Deepen & Grow," which came to a conclusion in the fiscal year ended March 31, 2015, we adopted "deepen" and "grow" as key words of the plan's management vision, while we adopted the business policies of strengthening current business activities, expanding business activities globally, and creating entirely new business activities. Guided by this vision and these policies, we advanced business activities over the period covered by the plan.

In fiscal 2014, the final year of the plan, we were unfortunately unable to reach our projected operating income target due to the influence of such factors as the depreciation of the yen and a rise in fuel and raw material prices. However, with the collective effort of our employees, I feel we were able to achieve results that create a solid foundation for the Company going forward.

In pursuit of strengthening current business activities, we introduced new high-value-added products to the market that utilize our proprietary technologies. In addition, we reorganized manufacturing facilities in order to enhance competitiveness, increase production capacity, and optimize logistics.

Concerning expanding business activities globally, to support our core ARPRO®/P-BLOCK™ business, we established new plants in Brazil, China, and Japan and increased production capacity throughout Asia, Europe, and North America. The continuing market penetration of ARPRO®/P-BLOCK™ and diversification of its applications also contributed to keeping business strong in each region. In addition, we made a full-scale entry into new business fields by constructing our new expanded polyethylene (PE) sheet foam plant in North America. Through these efforts, we succeeded in further expanding our robust global network.

As for creating entirely new business activities, various development themes have been discussed and reviewed, and some of these will move on to the next stage.

In April 2015, we started the current three-year medium-term management plan, "Deepen & Grow 2017." As its name implies, the plan aims to move the previous plan ahead to the next stage. The basic policy of the plan is founded on the promotion of two strategies—the differentiation strategy and the growth strategy. Through well-balanced management based on "concentration in core competencies," we will endeavor to further expand business operations under these strategies going forward.

In order to promote the differentiation strategy, we will undertake efforts to make our existing businesses more profitable. To this end, we will develop new value-added grades, create new technologies, and explore new applications for ARPRO®/P-BLOCK™ by keeping up with evolving market demand as well as concentrating management resources effectively in growing fields.

In order to drive the growth strategy, we will support sustainable growth by further expanding operations globally and by creating new products.

Our ARPRO®/P-BLOCK™ business is a promising core business that is growing substantially. In addition to the previous plan's objectives of expanding our business bases and increasing production capacity, we aim to first stabilize and then strengthen our global business foundation by establishing a second core business. In addition, we will enhance internal controls in each region.

As for creating new products, shifting from the major theme of our previous plan, "discovery," the current plan places "commercialization" as its core theme. We will therefore strive to commercialize new products that will take JSP to the next stage by clarifying our competitive edge in terms of raw materials, technologies, and markets.

We are dedicated to meeting the needs of our customers by focusing our commitment to "Deepen & Grow 2017." With strong passion and determination, we will drive JSP to the next stage.

July 2015

K. Tsukamoto

Kozo Tsukamoto
President, Representative Director

JAPAN

NEW PRODUCTS DEBUTED at EXHIBITION

In December 2014, JSP participated in the exhibition "Eco-Products 2014 in JAPAN," held at the Tokyo Big Sight exhibition center in Japan. In this exhibition, we displayed focusing on products of our first public release or of innovative technologies rather than that of our conventional product line.

We made first public release of MIRAWOOMO® and MIRAFLARE®, which are our first venture into materials for garments. These are lightweight polyethylene fibers made by special processing, and they are expected to be applied in various fields with their high-insulating properties and durability.

Our exhibition booth also showcased a variety of environment-conscious new products, with characteristics such as lightweight, plant derived, or maintenance free:

- LACTIF®: a plant-derived, polylactic acid-based and heat-resistant resin for extrusion foam
- BOTLUM™: a product with woody texture made of recycled PET bottles
- MIRAPARE™: lightweight and washable pallets
- GAS-SOSSY™: a resin material with barrier properties, which is used for barrier containers, such as gasoline tanks.

We were pleased to have this opportunity to make better understanding of attendees on our new foam plastic products, which are useful for daily life.

JAPAN

OPERATIONS STARTED at the KANUMA MIRAFOAM™ PLANT

MIRAFOAM™, an extruded board made of expanded polystyrene, is widely used as thermal insulation material in houses and buildings and as a civil engineering material. In recent years, the market for the product has been expanding with the growing demand for energy saving materials in Japan. It is also expected that the demand for MIRAFOAM™ will further increase due to Japan's mandatory energy-conservation standards that will come into effect in 2020 and construction of facilities for the 2020 Tokyo Olympics.

To meet the expected growth in demand, we decided to centralize its manufacturing, secondary processing, storage, and shipping activities, which had previously been spread across several locations in the Kanuma area. This centralization of the operations enabled us to establish a more efficient product supply system and a manufacturing framework for functional and value-added products. Operations at the new Kanuma MIRAFOAM™ plant started in January 2015.

EMEA

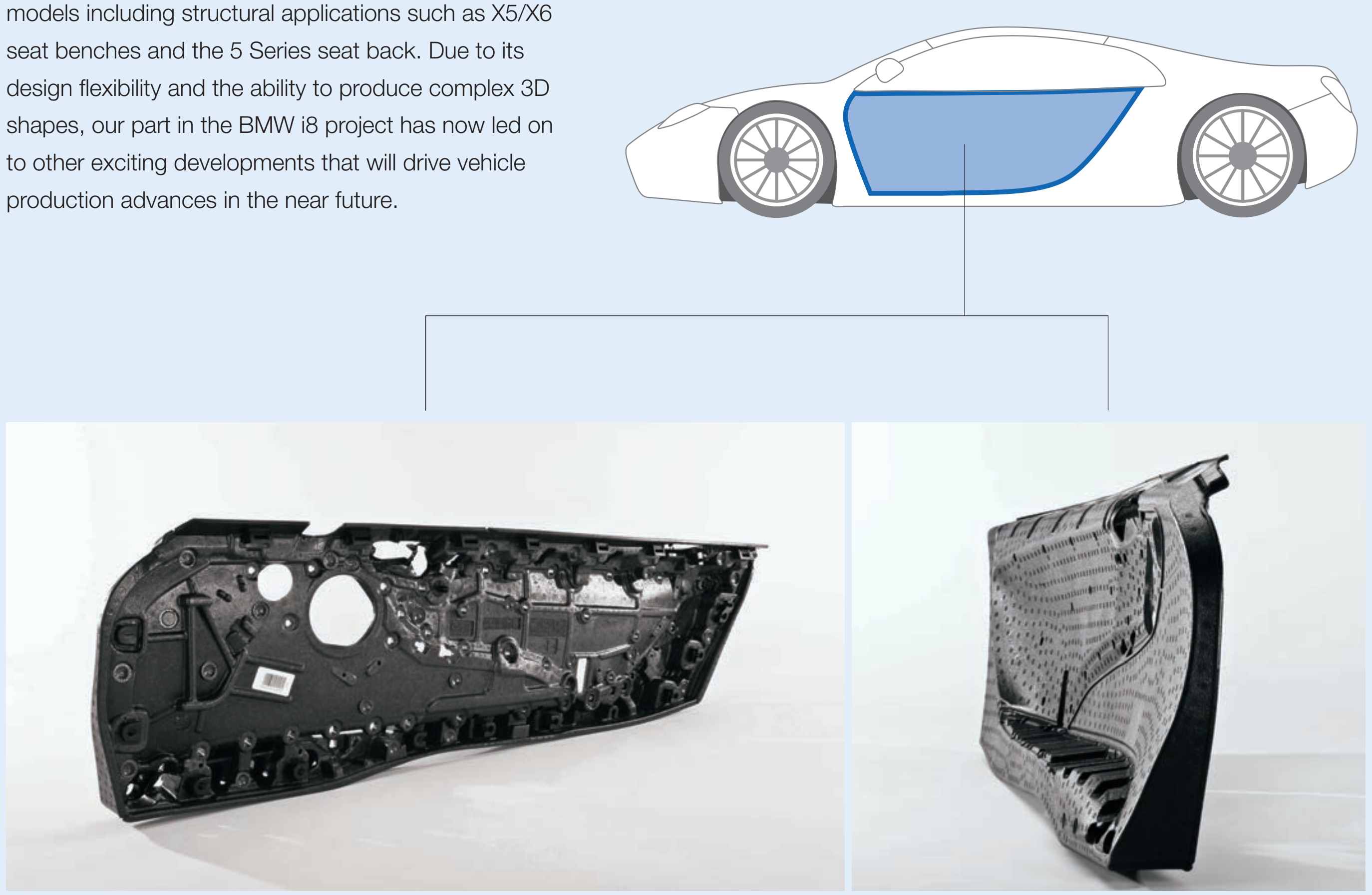
ARPRO® SUPPORTS RADICAL LIGHTWEIGHT DOOR PANEL

Driving sustainability, performance, and weight reduction, our ARPRO®/P-Block™ product has delivered a unique first in automotive interior design by enabling a new application for the door panels of the BMW i8.

Reducing weight by approximately 22% while improving crash performance, ARPRO® enabled the development of a complete new door panel carrier for the BMW i8. The upward swinging doors on the i8 are a visual highlight and emphasize the sporty characteristics of the car. The innovative door structure required a strong, yet lightweight material to ensure that the doors met all of Tier-1, Magna's demands for performance and aesthetics; the solution was ARPRO®.

The ability of ARPRO® to reduce weight, reduce tooling investment by 50%, and provide insulation of the door panel, along with integration of the cable channels and switches, has proven fundamental to the use of a scissor door design for the first time in a series-production vehicle.

ARPRO® has been widely used in previous BMW models including structural applications such as X5/X6 seat benches and the 5 Series seat back. Due to its design flexibility and the ability to produce complex 3D shapes, our part in the BMW i8 project has now led on to other exciting developments that will drive vehicle production advances in the near future.



BEAD BUSINESS

PERCENTAGE OF TOTAL SALES

60.2%

ARPRO®/P-BLOCK™

FOAMCORE™

STYRODIA®

BUSINESS OUTLINE

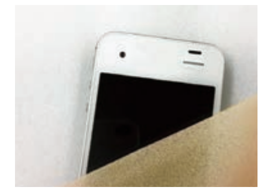
ARPRO®/P-BLOCK™ (expanded polypropylene), now being manufactured and sold worldwide, is used in automotive parts, such as bumper cores, interior auto parts, and seat cores, and as an insulation and cushioning material for housing facilities, a cushioning and packaging material in returnable containers for transporting IT equipment, a cushioning and packaging material for home appliances, and an impact protection material for artificial sports surfaces. Sales overall were strong, on expanded uses in new automotive parts and higher demand for home appliance packaging and cushioning. In Japan, there were new applications for mini-vehicles and insulation materials in equipment used in houses. However, sales overall declined because of lower demand for beads used by automobile, housing equipment, and IT home appliance manufacturers, as they reduced inventories following the April 2014 consumption tax hike. Earnings were negatively impacted by the decline in sales as well as the higher cost of raw materials, fuel, and energy. In North America, local-currency sales decreased as automobile sales volume dropped briefly because of a record cold wave. But after translating sales into yen, sales in North America increased. In South America, sales decreased as slowing economic growth brought down automobile sales volume. In Europe, sales increased as the economic recovery raised demand for automotive parts. In China and other Asian countries, sales overall increased because of a continuation of strong growth in sales of automobiles and home appliances as well as an expansion of new demand. Demand for STYRODIA® (expandable polystyrene beads) was firm in the construction and the civil engineering sectors and the home appliance sector. But demand in the fisheries and the agriculture sectors, the primary markets for this material, was weak mainly because of unfavorable weather. Although sales decreased, growth in sales of functional grades of STYRODIA®, product price revisions, and measures to reduce all cost categories resulted in higher earnings. Sales of FOAMCORE™ (a hybrid molded product used as a ceiling material for prefabricated bathroom units) decreased because of the downturn in housing starts.

As a result, Bead segment sales increased 4.9%, to ¥70,340 million, and operating income increased 6.8%, to ¥4,854 million.

EXTRUSION BUSINESS

PERCENTAGE OF TOTAL SALES

34.1%



MIRAMAT®

STYRENE PAPER™

MIRAFOAM™

BUSINESS OUTLINE

Sales of MIRAMAT® (expanded polyethylene sheet used as an industrial packaging material), which is used mainly for the transportation of substrates for LCD TVs and other digital home appliances, decreased due to the post-consumption tax hike falloff in demand that reduced demand for large appliances and other consumer durables. Sales of CAPLON™ (air-bubble polyethylene cushioning material) increased due to new applications for packaging materials for automotive parts. Sales of P-BOARD™ (expanded polypropylene sheet), which is used mainly for transportation containers for automotive parts and home appliances, decreased in response to the sluggishness in the automobile and the home appliance markets in Japan. Sales of STYRENE PAPER™ (expanded polystyrene sheet used in food packaging), which is used in many applications, such as for instant noodles packages, lunch boxes, and trays used by large retailers, increased thanks to continued strong demand along with measures to increase sales of new products and target new applications. Sales of MIRABOARD™ (expanded polystyrene board used in advertising displays and folding boxes) decreased due to the diversification of advertising channels, such as the growing use of digital media. As for MIRAFOAM™ (extruded board made of expanded polystyrene; a key material for construction and civil engineering materials), sales were down in the construction sector because of a decline in construction starts of houses and condominiums following the April 2014 consumption tax hike. However, sales were higher in the civil engineering sector as demand increased nationwide, including demand associated with reconstruction activity following the Great East Japan Earthquake of March 2011.

As a result, Extrusion segment sales increased 0.8%, to ¥39,915 million, and operating income decreased 30.0%, to ¥1,348 million. Sales were higher in the food packaging material and the civil engineering sectors but lower in the industrial packaging material and the construction sectors. Delays in revising prices to reflect the higher cost of raw materials, energy, and distribution were one reason for the decline in segment earnings.

CONSOLIDATED BALANCE SHEETS

JSP Corporation and Consolidated Subsidiaries
As of March 31

ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Current assets			
Cash and deposits	¥ 15,314	¥ 10,197	$ 127,440
Notes and accounts receivable–trade	30,762	31,307	255,995
Electronically recorded monetary claims–operating	2,513	919	20,917
Short-term investment securities	7	43	59
Merchandise and finished goods	7,127	6,890	59,315
Work in process	1,030	1,007	8,573
Raw materials and supplies	4,422	4,329	36,803
Accounts receivable–other	878	785	7,314
Deferred tax assets	718	948	5,981
Other	1,819	3,254	15,145
Allowance for doubtful accounts	(489)	(427)	(4,077)
Total current assets	64,106	59,255	533,465
Noncurrent assets			
Tangible assets			
Buildings and structures	36,317	32,160	302,214
Accumulated depreciation	(20,740)	(19,422)	(172,592)
Accumulated impairment loss	(18)	(18)	(156)
Buildings and structures, net	15,557	12,719	129,466
Machinery, equipment and vehicles	72,522	67,301	603,496
Accumulated depreciation	(56,920)	(53,911)	(473,664)
Accumulated impairment loss	(101)	(287)	(847)
Machinery, equipment and vehicles, net	15,500	13,103	128,985
Land	14,438	14,194	120,148
Lease assets	94	133	787
Accumulated depreciation	(44)	(69)	(371)
Lease assets, net	49	63	416
Construction in progress	2,040	3,806	16,979
Other	9,877	9,237	82,199
Accumulated depreciation	(8,937)	(8,381)	(74,371)
Other, net	940	855	7,828
Total property, plant and equipment	48,527	44,743	403,821
Intangible assets	1,014	1,102	8,441
Investments and other assets			
Investment securities	1,882	1,682	15,665
Long-term loans receivable	45	34	381
Deferred tax assets	313	730	2,609
Other	837	898	6,968
Allowance for doubtful accounts	(9)	(26)	(77)
Total investments and other assets	3,069	3,319	25,546
Total noncurrent assets	52,611	49,164	437,808
Total assets	¥116,717	¥108,420	$ 971,273

The accompanying notes are an integral part of these statements.

LIABILITIES AND NET ASSETS	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Current liabilities			
Notes and accounts payable–trade	¥ 10,189	¥ 11,277	$ 84,788
Electronically recorded obligations–operating	1,181	1,116	9,829
Short-term loans payable	7,757	6,620	64,554
Current portion of long-term loans payable	5,578	4,872	46,424
Lease obligations	20	20	172
Accounts payable–other	3,139	2,917	26,128
Income taxes payable	342	903	2,848
Accrued consumption taxes	477	91	3,972
Deferred tax liabilities	21	8	175
Provision for bonuses	1,065	1,210	8,864
Notes payable–facilities	22	14	185
Electronically recorded obligations–facilities	41	73	342
Accounts payable–facilities	1,395	1,071	11,610
Other	2,229	2,205	18,551
Total current liabilities	33,460	32,404	278,443
Noncurrent liabilities			
Long-term loans payable	10,987	10,376	91,433
Lease obligations	16	36	140
Deferred tax liabilities	1,068	644	8,889
Provision for directors' retirement benefits	118	191	983
Provision for corporate officers' retirement benefits	19	14	159
Net defined benefit liability	217	1,907	1,807
Other	478	468	3,980
Total noncurrent liabilities	12,905	13,639	107,390
Total liabilities	46,365	46,044	385,833
Net assets			
Shareholders' equity			
Capital stock	10,128	10,128	84,286
Capital surplus	13,405	13,405	111,554
Retained earnings	40,253	36,621	334,968
Treasury stock	(1,378)	(1,374)	(11,468)
Total shareholders' equity	62,409	58,780	519,340
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	269	179	2,240
Foreign currency translation adjustment	2,348	(596)	19,541
Remeasurements of defined benefit plans	281	(509)	2,339
Total valuation and translation adjustments	2,898	(926)	24,121
Minority interests	5,044	4,522	41,979
Total net assets	70,352	62,375	585,440
Total liabilities and net assets	¥116,717	¥108,420	$971,273

CONSOLIDATED STATEMENTS OF INCOME

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Net sales	¥116,923	¥112,128	$972,985
Cost of sales	88,240	83,888	734,296
Gross profit	28,683	28,240	238,689
Selling, general and administrative expenses			
Selling expenses	7,605	7,426	63,290
General and administrative expenses	15,410	14,904	128,239
Total selling, general and administrative expenses	23,015	22,331	191,528
Operating income	5,667	5,909	47,161
Non-operating income			
Interest income	240	209	1,999
Dividends income	21	22	181
Rent income	55	61	463
Foreign exchange gains	13	250	112
Equity in earnings of affiliates	3	3	31
Other	323	390	2,694
Total non-operating income	658	937	5,480
Non-operating expenses			
Interest expenses	191	219	1,590
Other	89	116	747
Total non-operating expenses	280	336	2,337
Ordinary income	6,044	6,509	50,303
Extraordinary income			
Gain on sales of noncurrent assets	9	55	82
Gain on sales of investment securities	30	66	252
Total extraordinary income	40	122	334
Extraordinary loss			
Loss on retirement of noncurrent assets	38	60	319
Loss on sales of noncurrent assets	1	34	14
Loss on valuation of investment securities	40	—	341
Office transfer expenses	3	—	27
Total extraordinary losses	84	95	701
Income before income taxes	6,000	6,536	49,936
Income taxes–current	1,321	1,985	10,999
Income taxes–deferred	329	(85)	2,740
Total income taxes	1,651	1,900	13,739
Income before minority interests	4,349	4,636	36,196
Minority interests in income	309	231	2,578
Net income	¥ 4,039	¥ 4,404	$ 33,618

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

Millions of yen — 2015

	Shareholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, beginning of period	¥10,128	¥13,405	¥36,621	¥(1,374)	¥58,780
Cumulative effects of changes in accounting policies			486		486
Restated balance, beginning of period	10,128	13,405	37,107	(1,374)	59,266
Changes of items during the period:					
Dividends from surplus			(894)		(894)
Net income			4,039		4,039
Purchase of treasury stock				(3)	(3)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	3,145	(3)	3,142
Balance, end of period	¥10,128	¥13,405	¥40,253	¥(1,378)	¥62,409

	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Minority interests	Net assets
Balance, beginning of period	¥179	¥ (596)	¥(509)	¥ (926)	¥4,522	¥62,375
Cumulative effects of changes in accounting policies						486
Restated balance, beginning of period	179	(596)	(509)	(926)	4,522	62,862
Changes of items during the period:						
Dividends from surplus						(894)
Net income						4,039
Purchase of treasury stock						(3)
Net changes of items other than shareholders' equity	90	2,944	790	3,825	522	4,347
Total changes of items during the period	90	2,944	790	3,825	522	7,490
Balance, end of period	¥269	¥2,348	¥ 281	¥2,898	¥5,044	¥70,352

Thousands of U.S. dollars (Note 1) — 2015

	Shareholders' equity: Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, beginning of period	$84,286	$111,554	$304,746	$(11,441)	$489,144
Cumulative effects of changes in accounting policies			4,047		4,047
Restated balance, beginning of period	84,286	111,554	308,793	(11,441)	493,191
Changes of items during the period:		0			
Dividends from surplus			(7,443)		(7,443)
Net income			33,618		33,618
Purchase of treasury stock				(26)	(26)
Net changes of items other than shareholders' equity					
Total changes of items during the period	—	—	26,175	(26)	26,149
Balance, end of period	$84,286	$111,554	$334,968	$(11,468)	$519,340

	Valuation and translation adjustments: Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total valuation and translation adjustments	Minority interests	Net assets
Balance, beginning of period	$1,490	$ (4,964)	$(4,238)	$ (7,712)	$37,630	$519,063
Cumulative effects of changes in accounting policies						4,047
Restated balance, beginning of period	1,490	(4,964)	(4,238)	(7,712)	37,630	523,110
Changes of items during the period:						
Dividends from surplus						(7,443)
Net income						33,618
Purchase of treasury stock						(26)
Net changes of items other than shareholders' equity	750	24,505	6,577	31,833	4,349	36,182
Total changes of items during the period	750	24,505	6,577	31,833	4,349	62,331
Balance, end of period	$2,240	$19,541	$ 2,339	$24,121	$41,979	$585,440

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

JSP Corporation and Consolidated Subsidiaries
Years ended March 31

	Millions of yen 2015	Millions of yen 2014	Thousands of U.S. dollars (Note 1) 2015
Net cash provided by (used in) operating activities			
Income before income taxes	¥ 6,000	¥ 6,536	$ 49,936
Depreciation and amortization	5,327	4,865	44,331
Increase (decrease) in allowance for doubtful accounts	(11)	118	(92)
Increase (decrease) in provision for bonuses	(165)	151	(1,377)
Increase (decrease) in net defined benefit liability	229	204	1,910
Increase (decrease) in provision for directors' retirement benefits	(69)	9	(576)
Loss (gain) on sales and retirement of noncurrent assets	30	39	251
Loss (gain) on sales of investment securities	(30)	(66)	(250)
Loss (gain) on valuation of investment securities	40	—	341
Interest and dividends income	(261)	(231)	(2,180)
Interest expenses	191	219	1,590
Foreign exchange losses (gains)	85	73	709
Equity in (earnings) losses of affiliates	(3)	(3)	(31)
Decrease (increase) in notes and accounts receivable–trade	235	(1,436)	1,960
Increase (decrease) in notes and accounts payable–trade	(1,549)	(440)	(12,891)
Decrease (increase) in inventories	166	(959)	1,382
Increase (decrease) in accrued consumption taxes	398	(5)	3,315
Other, net	(123)	(463)	(1,026)
Subtotal	10,491	8,611	87,302
Interest and dividends income received	262	236	2,181
Interest expenses paid	(194)	(221)	(1,616)
Income taxes paid	(2,269)	(1,424)	(18,889)
Net cash provided by (used in) operating activities	8,289	7,200	68,978
Net cash provided by (used in) investing activities			
Purchase of noncurrent assets	(7,575)	(8,735)	(63,043)
Proceeds from sales of noncurrent assets	206	156	1,719
Payments for retirement of noncurrent assets	(7)	(8)	(60)
Purchase of investment securities	(125)	(7)	(1,042)
Proceeds from sales of investment securities	63	149	532
Net decrease (increase) in time deposits	(2,598)	1,775	(21,627)
Purchase of investments in subsidiaries	(34)	—	(289)
Proceeds from acquisition of shares of subsidiaries resulting in change in scope of consolidation	—	215	—
Other, net	2,042	(1,975)	16,993
Net cash provided by (used in) investing activities	(8,029)	(8,430)	(66,817)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	956	40	7,957
Proceeds from long-term loans payable	6,600	6,900	54,922
Repayment of long-term loans payable	(5,282)	(5,639)	(43,959)
Purchase of treasury stock	(3)	(2)	(26)
Cash dividends paid	(894)	(894)	(7,443)
Cash dividends paid to minority shareholders	(198)	(172)	(1,650)
Other, net	(21)	(41)	(176)
Net cash provided by (used in) financing activities	1,156	190	9,625
Effect of exchange rate change on cash and cash equivalents	504	995	4,196
Net increase (decrease) in cash and cash equivalents	1,920	(42)	15,983
Cash and cash equivalents at beginning of period	6,972	7,015	58,025
Cash and cash equivalents at end of period	¥ 8,893	¥ 6,972	$ 74,007

The accompanying notes are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from the financial statements filed with the Ministry of Finance as required by the Japanese Financial Instruments and Exchange Act, in accordance with accounting principles and practices generally accepted in Japan. The accompanying consolidated financial statements include the accounts of JSP Corporation (the "Company"), and its domestic and foreign subsidiaries that are more than 50% owned. Significant intercompany balances and transactions have been eliminated in consolidation. Investments in affiliates more than 15% owned are accounted for under the equity method of accounting.

In addition, the accompanying notes include certain information that is not required under generally accepted accounting principles and practices in Japan, but is presented herein as additional information. The accompanying consolidated financial statements have also been presented in U.S. dollars by translating all yen amounts for the year ended March 31, 2015 using an exchange rate of ¥120.17 to U.S. $ 1.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Investment Securities

Domestic Consolidated Companies

Other Investment Securities

Securities for which market prices are available are stated at fair market value using the quoted market price as of the last day of the fiscal year. Valuation differences are directly charged or credited to shareholders' equity; the cost of securities is calculated according to the moving average method.

Securities for which market prices are not readily available are stated at cost, as determined by the moving average method.

Foreign Consolidated Companies

Marketable securities owned by foreign consolidated companies are accounted for under International Financial Reporting Standards or U.S. GAAP.

2. Inventories

Domestic Consolidated Companies

Inventories owned by domestic consolidated companies are stated mainly at cost according to the moving average method (book value written down for inventories with impaired profitability).

Foreign Consolidated Companies

Inventories owned by foreign consolidated companies are stated mainly under first-in first-out accounting based on the lower-of-cost-or-market method.

3. Depreciation and Amortization

Property, Plant and Equipment (excluding leased assets)

Buildings (excluding attached structures) acquired by domestic consolidated companies prior to March 31, 1998 are depreciated according to the former declining balance method under the Corporation Tax Law of Japan (the "Tax Law"). Buildings acquired between April 1, 1998 and March 31, 2007 are depreciated according to the former straight-line method under the Tax Law. Buildings acquired on or after April 1, 2007 are depreciated according to the straight-line method under the Tax Law.

Tangible noncurrent assets (other than buildings) acquired by domestic consolidated companies prior to March 31, 2007 are depreciated mainly according to the former declining balance method under the Tax Law. Tangible noncurrent assets acquired on or after April 1, 2007 are depreciated mainly according to the declining balance method under the Tax Law.

Useful lives and residual values are determined according to standards prescribed by the Tax Law.

Tangible noncurrent assets acquired by foreign consolidated companies are depreciated according to the straight-line method.

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates.

In line with changes in corporate taxation in Japan, from the fiscal year ended March 31, 2013 the Company and its domestic consolidated companies have adopted a depreciation method based on the revised the Tax Law for property, plant and equipment acquired on or after April 1, 2012.

The change is not expected to have a material effect on the operating income, ordinary income, or net income before income taxes for the consolidated fiscal year under review.

Intangible Noncurrent Assets (excluding leased assets)

Intangible noncurrent assets acquired by domestic consolidated companies are amortized according to the straight-line method.

Useful lives and residual values are determined according to standards prescribed by the Tax Law.

Software used for internal purposes is amortized according to the straight-line method over the useful life for Company purposes (five years).

Foreign consolidated companies amortize intangible noncurrent assets according to the straight-line method.

Leased Assets

Domestic Consolidated Companies

Assets subject to financing lease transactions entered into by domestic consolidated companies in which asset ownership is not transferred to the lessee are depreciated according to the straight-line method. The lease term is considered to be the useful life of the asset; residual value is assumed to be zero.

Foreign Consolidated Companies

Assets subject to financing lease transactions entered into by foreign consolidated companies are depreciated according to International Financial Reporting Standards or U.S. GAAP.

4. Significant Allowances and Provisions

Allowance for Doubtful Accounts

Domestic consolidated companies reserve against losses due to uncollectible debt using actual loss ratios for general receivables. For accounts questionable as to collectability and under claim of bankruptcy, domestic consolidated companies reserve against uncollectible amounts according to the likelihood of collectability in each case.

Foreign consolidated companies reserve against losses due to uncollectible debt according to management's consideration of individual accounts.

Provision for Bonuses

The Company and its consolidated companies reserve an estimated amount of future payments for employee bonuses based on a calculation of the exact amount to be payable for the current consolidated fiscal year.

Provision for Loss on Business Liquidation

Certain of the domestic consolidated companies has recorded a provision for estimated losses in connection with the liquidation of a Company business.

Provision for Loss on Disaster

The Company and certain of its domestic consolidated companies have recorded an estimated amount of expected costs likely to be incurred during the next fiscal year, in removing and/or restoration expenses for assets damaged in the Great East Japan Earthquake of March 11, 2011.

Provision for Employees' Retirement Benefits

Domestic consolidated companies reserve an estimated amount for employee retirement benefits based on the benefit formula basis and related pension assets for the current consolidated fiscal year.

Prior service cost is charged to expense as it occurs according to the straight-line method based on a certain number of years (generally 14 years) representing the average remaining years of employment.

Any actuarial differences are charged to the expense accounts of the following consolidated fiscal year according to the straight-line method based on a certain number of years (generally 14 years) representing the average remaining years of employment.

Certain consolidated companies apply the simplified method for calculating net retirement benefit liability and retirement benefit cost.

Foreign consolidated companies record reserves for employee retirement benefits according to International Financial Reporting Standards or U.S. GAAP.

Provision for Directors' Retirement Benefits

The Company and certain of its domestic consolidated companies reserve an amount for director retirement benefits based on corporate bylaws. The amount reserved is equivalent to the amount payable as of the end of the current consolidated fiscal year.

Provision for Corporate Officers' Retirement Benefits

The Company reserves an amount for executive officer retirement benefits based on corporate bylaws. The amount reserved is equivalent to the amount payable as of the end of the current consolidated fiscal year.

5. Foreign Currency Translation

Domestic consolidated companies translate rights and obligations denominated in foreign currencies into Japanese yen according to the spot rate as of the last day of the consolidated fiscal period. Translation differences are recorded as income or expense. Assets and liabilities of foreign consolidated companies are translated into Japanese yen according to the spot rate as of the last day of the fiscal period of the subsidiary in question. Income and expense accounts are translated into Japanese yen according to the average rate during the period, and translation differences are included in the foreign currency translation adjustment and minority interests of the net assets section of the consolidated balance sheet.

6. Major Hedge Accounts

Hedge Accounting

Accounting for hedges using the deferred treatment method. However, special treatment is applied for interest rate swaps meeting certain special conditions.

Hedge Methods and Transactions

Hedge method: Interest rate swap transaction

Hedge transactions: Interest rates on borrowings

Hedge Policy

Company policy is not to enter into speculative transactions. Derivatives are used to reduce the risk of interest rate fluctuations on debt, according to Company management rules.

Evaluation of Hedge Effectiveness

Effectiveness is assessed by confirming whether there is a high correlation among the rate fluctuation of the hedged transaction, cash flows, and the hedge method in question.

7. Amortization of Goodwill and Negative Goodwill

Goodwill is amortized over periods in which said goodwill is considered to provide benefits, within ten years, under the straight-line method. Negative goodwill occurring prior to March 31, 2010 is amortized over five years under the straight-line method.

8. Scope of Cash included in the Consolidated Statement of Cash Flows

"Cash" stated in the consolidated statement of cash flows includes cash on hand, demand deposits, and other short-term investments that are highly liquid, easily convertible to cash, redeemable within three months of acquisition, and not subject to material risk of fluctuation in value.

9. Accounting for Consumption Taxes

Accounting for consumption taxes using the tax-exclusion method.

3. SECURITIES

Securities as of March 31, 2015.

Millions of yen

	2015		
Classification	Cost	Book Value	Difference
Securities with value on consolidated balance sheet greater than acquisition cost			
Stock	¥579	¥ 947	¥367
Subtotal	579	947	367
Securities with value on consolidated balance sheet not exceeding acquisition cost			
Stock	119	110	(8)
Subtotal	119	110	(8)
Total	¥698	¥1,057	¥358

Notes: 1. The market value for unlisted stocks, ¥824 million, on the consolidated balance sheets is extremely difficult to discern. Accordingly, such is not included in the table above.
2. "Cost" in the table above reflects book value after recording impairment losses.

4. LONG-TERM LOANS PAYABLE

Amounts payable for fiscal years ending March 31.

Millions of yen

	2015	2016	2017	2018	2019
Long-term loans payable	¥5,578	¥4,442	¥3,325	¥2,291	¥929

5. TAX-EFFECT ACCOUNTING

	Millions of yen 2015
Deferred tax assets	
Provision for bonuses	¥ 295
Allowance for doubtful accounts	82
Depreciation	18
Accrued enterprise taxes and accrued business office taxes	15
Net defined benefit liability	194
Provision for directors' retirement benefits	35
Provision for corporate officers' retirement benefits	5
Loss on valuation of stocks of affiliates	52
Loss on valuation of investment securities	31
Loss on valuation of golf club memberships	21
Loss carryforward	482
Valuation differences on assets received in merger	5
Other	465
Subtotal	1,707
Less: valuation allowances	(391)
Total deferred tax assets	¥1,316
Deferred tax liabilities	
PPE, Insufficient accelerated depreciation	¥ 738
Unrealized gains (losses) on marketable securities, net	92
Valuation differences on assets received in merger	86
Other	455
Total deferred tax liabilities	¥1,373
Net deferred tax assets	¥ (56)

	% 2015
Reconciliation of difference between statutory tax rate and effective income tax rate	
Normal effective statutory tax rate	35.7
(Adjustments)	
Entertainment and other non-deductible expenses	1.9
Dividends and other non-taxable income	(1.2)
Per-capita taxation	0.6
Special deduction for R&D	(0.8)
Gain in equity in affiliates	(9.5)
Difference in tax rate on income of consolidated subsidiaries	0.3
Income taxes for prior periods	0.5
Valuation allowances	0.7
Other	(0.7)
Actual effective income tax rate	27.5

6. EMPLOYEE RETIREMENT BENEFITS

1. Overview of Retirement Plan

Domestic consolidated companies have adopted a defined benefit plan for employees. At the time of retirement, employees may be given severance pay in some circumstances.

Certain foreign consolidated companies have adopted a defined contribution plan for employee retirement benefits.

2. Defined Benefit Plan

(1) Changes to balance of retirement benefit obligation at beginning and end of term

	Millions of yen
Retirement benefit obligation at beginning of term	¥8,478
Cumulative effects of changes in accounting policies	(741)
Restated balance, beginning of period	7,736
Increase from newly consolidated subsidiary	—
Service costs	467
Interest expense	87
Actuarial differences	63
Retirement benefits paid	(373)
Other	37
Retirement benefit obligation at end of term	¥8,019

(2) Changes to balance of pension assets at beginning and end of term

	Millions of yen
Pension assets at beginning of term	¥6,903
Increase from newly consolidated subsidiary	—
Anticipated profits	83
Actuarial differences	1,100
Employer contributions	422
Retirement benefits paid	(373)
Other	29
Pension assets at end of term	¥8,166

(3) Changes to balance of net defined benefit liability at beginning and end of term due to application of the simplified accounting method

	Millions of yen
Net defined benefit liability at beginning of term	¥332
Retirement benefits expense	43
Retirement benefits paid	(11)
Contributions to system	—
Net defined benefit liability at end of term	¥364

(4) Changes to balance of retirement benefit obligation and pension assets at end of term and net defined benefit liability and assets as recorded on the consolidated balance sheet

	Millions of yen
Funded system retirement benefit obligation	¥ 8,019
Pension assets	(8,166)
	(147)
Non-funded system retirement benefit obligation	364
Net liabilities and assets as recorded on the consolidated balance sheet	217
Net defined benefit liability	217
Net defined benefit assets	—
Net liabilities and assets as recorded on the consolidated balance sheet	¥ 217

Note: Includes application of simplified accounting method

(5) Retirement benefit expenses and breakdown of amounts

	Millions of yen
Service costs	¥467
Interest expense	87
Anticipated profits	(83)
Appropriated expenses for actuarial differences	119
Appropriated expenses for past service costs	24
Retirement benefit expenses using the simplified method	43
Retirement benefit expenses related to the defined benefit system	¥659

(6) Adjustments for retirement benefit

	Millions of yen
Past service costs	¥ 24
Actuarial differences	1,167
Total	¥1,192

(7) Remeasurements of defined benefit plans

Breakdown of items recorded under changes related to remeasurements of defined benefit plans (Before deduction of taxes)

	Millions of yen
Unrecognized past service costs	¥ (39)
Unrecognized actuarial differences	456
Total	¥417

(8) Items related to pension assets

1. Breakdown of main items

Allocation of main pension asset items comprising the total is as follows:

	%
Equity	59
Bonds	28
General accounts	6
Cash and deposit	4
Other	3
Total	100

2. Method for determining the expected long-term investment return

In determining the expected long-term investment return, conservative estimates are made of the assumed interest rate for the corporate pension, the current and expected distributions of pension assets, and the current and expected long-term return rate from the various assets that compose the pension assets.

(9) Items related to actuarial calculations

Main components used in actuarial calculations (weighted average)

	%
Discount rate	Primarily 1.163
Expected long-term investment return rate 1.0%	Primarily 1.163

3. Defined Contribution System

Required contributions to the JSP and consolidated subsidiaries defined contribution plans were ¥193 million.

(Stock and option)

Nothing is applicable.

7. SEGMENT INFORMATION

1. Reporting Segments

Reporting segments are those segments comprising the Company group for which separate financial information can be obtained. The Company's board of directors periodically reviews these segments to determine the allocation of Company resources and to assess performance.

The Company has adopted a business division structure. Each business division is responsible for comprehensive strategy related to domestic and international products handled therein, as well as for their business activities.

Accordingly, the business divisions are comprised of the basic products making up that segment, and have been classified into the Extrusion Business and Bead Business reporting segments.

Extrusion foaming technology is the core of the Extrusion Business, which manufactures and sells polystyrene, polyethylene, and polypropylene sheets and boards. Bead foaming technology is the basis of the Bead Business, which manufactures and sells foamed polypropylene, foamed polyethylene, and foamed polystyrene products, etc.

2. Calculation of Net Sales, Profit or Loss, Assets, and Other Items for Reporting Segments

The Company follows the provisions of "Summary of Significant Accounting Policies" in accounting for reporting business segments.

Intersegment sales are based on transaction prices with third parties.

3. Sales and Income (Loss) by Reporting Segment

Millions of yen

	Reporting Segments						
Year ended March 31, 2014	Extrusion	Bead	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Sales							
External customers	¥39,614	¥67,034	¥106,648	¥5,479	¥112,128	—	¥112,128
Intersegment sales/transfers	822	372	1,194	232	1,426	¥(1,426)	—
Total sales	¥40,436	¥67,406	¥107,842	¥5,712	¥113,555	¥(1,426)	¥112,128
Segment income (loss)	¥ 1,926	¥ 4,545	¥ 6,471	¥ (32)	¥ 6,439	¥ (530)	¥ 5,909

Notes: 1. "Other" represents a classification for a business segment not included in reporting segments. This segment includes the manufacture and sale of general packaging products.
2. The ¥530 million of adjustment under segment loss consists of ¥532 million in companywide expenses not allocated to each reporting segment and ¥2 million in intersegment eliminations. The majority of these expenses are costs for research and development not attributable to either reporting segment.
3. Segment income is reconciled with operating income on the consolidated statements of income.

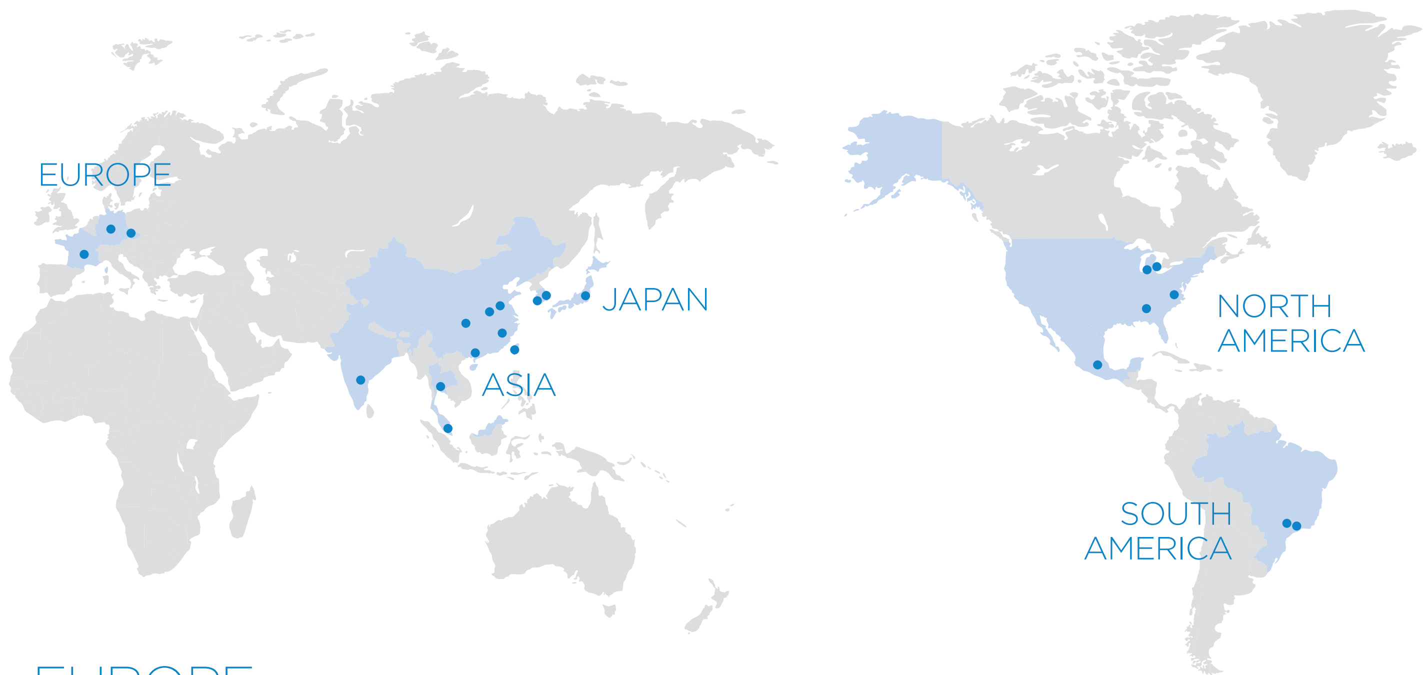
Millions of yen

	Reporting Segments						
Year ended March 31, 2015	Extrusion	Bead	Subtotal	Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
Sales							
External customers	¥39,915	¥70,340	¥110,255	¥6,667	¥116,923	—	¥116,923
Intersegment sales/transfers	842	368	1,210	220	1,431	¥(1,431)	—
Total sales	¥40,757	¥70,709	¥111,466	¥6,888	¥118,354	¥(1,431)	¥116,923
Segment income (loss)	¥ 1,348	¥ 4,854	¥ 6,203	¥ 59	¥ 6,262	¥ (595)	¥ 5,667

Notes: 1. "Other" represents a classification for a business segment not included in reporting segments. This segment includes the manufacture and sale of general packaging products.
2. The ¥595 million of adjustment under segment loss consists of ¥596 million in companywide expenses not allocated to each reporting segment and ¥1 million in intersegment eliminations. The majority of these expenses are costs for research and development not attributable to either reporting segment.
3. Segment income is reconciled with operating income on the consolidated statements of income.

GLOBAL NETWORK

(As of March 31, 2015)



EUROPE

France
Germany
Czech Republic

ASIA

China (Wuxi)
China (Kunshan)
China (Dongguan)
China (Chongqing)
China (Wuhan)
South Korea
Taiwan
Singapore
India
Thailand

NORTH AMERICA

USA (Detroit)
USA (Butler)
USA (Tullahoma)
USA (Jackson)
Mexico

SOUTH AMERICA

Brazil (Santo Antonio De Posse)
Brazil (Campinas)

JAPAN

Tokyo Head Office
Hokkaido
Kanuma
Kashima
Yokkaichi
Kansai
Kyushu
Kitakyushu

CORPORATE DATA

(As of March 31, 2015)

JSP CORPORATION

Head Office	Shin Nisseki Bldg., 4-2, 3-chome Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
President, Representative Director	Kozo Tsukamoto
Founded	January 1962
Paid-In Capital	¥10,128.610 million
Number of Shareholders	12,906
Stock Exchange Listing	Tokyo (First Section: 7942)
Fiscal Year-End	March 31
Investor Relations Contact	Public and Investor Relations Department Tel: +81-3-6212-6302
URL	www.jsp.com

MAJOR SHAREHOLDERS

Shareholders	Shares held (thousands)	Voting right ratio (%)
Mitsubishi Gas Chemical Company, Inc.	16,020	51.00
Japan Trustee Services Bank, Ltd.	1,897	6.04
JSP Corporation	1,600	5.09
JSP Client Stock Ownership Plan	1,044	3.32
CMBL S.A. RE MUTUAL FUND	704	2.24
JP MORGAN CHASE BANK 385166	539	1.71
STATE STREET BANK AND TRUST COMPANY 505223	512	1.63
The Master Trust Bank of Japan, Ltd.	512	1.63
CBNY-GOVERNMENT OF NORWAY	421	1.34
JSP Employee Stock Ownership Plan	349	1.11

**In so many ways, and in so many places,
JSP protects the things and
the people that are
most important
to you.**

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