

Financial Report
The 1st Half of FY2015
(From Apr. 1 to Sep. 30, 2014)



November 6, 2014

Statement of Income (Consolidated) for 6 Months ended September 30, 2014 **ZEON**

	Second	Second	Increase (Decrease)		Remarks (JPY100m)
	Quarter ended September 30 2014	Quarter ended September 30 2013	Amount	Percentage	
Net sales	1,534	1,484	50	3 %	Comparative Analysis of Net sales
Elastomer Business	939	922	17	2 %	Quantity variance +66
Specialty Materials Business	357	330	27	8 %	Price variance -38
Others	250	246	4	2 %	Exchange rate variance +22
Eliminations	-12	-14	2		
Operating income	145	167	-22	-13 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	9.5%	11.3%	-1.8 pt		Quantity variance +3 Raw materials price variance -3
Elastomer Business	89	107	-17	-16 %	Price variance -38 SG & A etc. -6
Specialty Materials Business	45	54	-9	-16 %	Exchange rate variance +22
Others	10	7	4	54 %	
Non-operating income & expenses	11	14	-4	-26 %	Foreign exchange gain -7
Ordinary income	156	182	-26	-14 %	
Income before income taxes	145	176	-31	-18 %	
Net income	90	108	-18	-16 %	
Exchange rate (JPY/\$)	102.5	98.0	4.5	5 %	
Exchange rate (JPY/€)	139.1	128.3	10.8	8 %	
Naphtha price (JPY/kl)	70,450	64,700	5,750	9 %	
Asian Butadiene price (USD/t)	1,399	1,275	124	10 %	

Elastomer Business

	Second Quarter ended September 30 2014	Second Quarter ended September 30 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand ton)	271	263	8	3 %	
Rubbers	154	157	-3	-2 %	
Latices	57	58	-0	-0 %	
Chemicals	59	48	11	23 %	
Net Sales	939	922	17	2 %	
Rubbers	642	628	14	2 %	
Latices	85	94	-9	-10 %	
Chemicals	200	189	11	6 %	
Eliminations	11	10	1	10 %	
Operating income	89	107	-17	-16 %	
(Operating income ratio) (%)	9.5%	11.6%	-2.0 pt		

◆ Breakdown of year on year decrease of 2% for rubbers sales volume

 General-purpose rubbers

-5% Domestic sales -2%, Export sales -8%

 Specialty rubbers

+4% Domestic sales +7%, Export sales +5%, Overseas subsidiaries +1%

◆ Specialty rubbers component ratio

 Sales volume

34% (Q2/FY2014: 32%)

 Sales amount

57% (Q2/FY2014: 54%)

Specialty Materials Business

	Second Quarter ended September 30 2014	Second Quarter ended September 30 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	357	330	27	8 %	
Specialty chemicals	96	97	-2	-2 %	
Specialty plastics	241	212	29	14 %	
Medical devices etc.	21	21	-0	-1 %	
Operating Income	45	54	-9	-16 %	
(Operating income ratio) (%)	12.7%	16.4%	-3.7 pt		

◆ Breakdown of year on year decrease of 2% for specialty chemicals sales amount

Specialty Chemicals +10%, Electronic materials -4%, Battery materials +19%,
Toner -14%, Withdrawal from the magnetic tape materials business

◆ Breakdown of year on year increase of 14% for specialty plastics sales amount

Cyclo-Olefin Polymer resins +11%, Optical films +14%

◆ Sales volume growth rate for optical films +23%

◆ Proportion of the diagonally stretched optical film sales to total optical film sales

Q2/FY2014 35% → Q2/FY2015 35%

Others

	Second Quarter ended September 30 2014	Second Quarter ended September 30 2013	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	250	246	4	2 %	
Operating Income	10	7	4	53 %	
(Operating income ratio) (%)	4.1%	2.8%	1.4 pt		

Consolidated Statement of Income (Quarterly trends)

	FY2014				FY 2015		Increase (Decrease) Q1/FY2015 vs. Q2/FY2015		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Amount	Percentage	
Sales Volume (thousand ton)	132	130	136	130	131	140	9	7 %	
Rubbers	79	78	79	76	75	80	5	7 %	
Latices	30	28	30	26	27	31	4	15 %	
Chemicals	24	24	27	28	29	30	1	5 %	
Net Sales	724	759	751	729	748	785	37	5 %	Comparative Analysis of Net sales
Elastomer business	455	466	464	458	462	477	16	3 %	Quantity variance +40
Rubbers	311	317	320	309	321	321	-0	-0 %	Price variance -2
Latices	51	43	45	43	42	43	1	3 %	Exchange rate variance -1
Chemicals	88	101	94	100	93	108	15	17 %	
Others and Eliminations	5	4	5	6	6	5	-1	-11 %	
Specialty materials business	155	175	164	148	167	190	24	14 %	
Specialty chemicals	49	48	47	46	49	46	-3	-6 %	
Specialty plastics	96	116	105	91	108	133	26	24 %	
Medical devices etc.	10	11	12	11	10	11	1	11 %	
Others and Eliminations	114	118	123	124	120	118	-2	-2 %	
Operating income	87	81	77	54	62	83	21	34 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	12%	11%	10%	7%	8%	11%	2 pt		Quantity variance +15 Raw materials price variance +6
Elastomer business	59	48	45	41	42	47	5	13 %	Price variance -2 SG & A etc. +3
Specialty materials business	25	29	27	10	16	29	13	81 %	Exchange rate variance -1
Others and Eliminations	3	4	5	3	4	6	2	61 %	
Ordinary income	100	82	91	53	61	95	34	56 %	
Net income	62	46	63	25	39	51	12	30 %	
Exchange rate (JPY/\$)	97.7	98.4	99.6	103.4	102.4	102.6	0.2	0 %	
Exchange rate (JPY/€)	126.9	129.6	135.5	141.4	140.5	137.6	-2.9	-2 %	
Naphtha price (JPY/kl)	65,500	63,900	67,800	72,000	69,900	71,000	1,100	2 %	
Asian Butadiene price (USD/t)	1,405	1,144	1,570	1,409	1,295	1,502	207	16 %	

Capital Expenditures, Depreciation & Amortization and R & D Expenses (Quarterly trends)

ZEON

(Unit : JPY100m)

	FY2014				FY 2015		Increase (Decrease) Q2/FY2014 vs. Q2/FY2015		FY	Increase (Decrease) FY2015 vs. FY2014	
	Q1	Q2	Q3	Q4	Q1	Q2	Amount	percentage	2015	Amount	percentage
									forecast		
Capital Expenditures	37	70	91	72	39	77					
Elastomer business	26	30	50	21	21	32					
Specialty materials business	8	35	35	43	14	30					
Others and Eliminations	3	5	6	8	4	15					
Cumulative Capital Expenditures	37	108	199	271	39	116	8	8 %	267	-4	-2 %
Elastomer business	26	57	107	128	21	52	-4	-8 %			
Specialty materials business	8	43	78	121	14	44	2	4 %			
Others and Eliminations	3	8	15	23	4	19	11	137 %			
Depreciation & Amortization	39	40	44	48	42	46					
Elastomer business	16	17	19	22	20	20					
Specialty materials business	18	18	20	18	17	21					
Others and Eliminations	5	5	5	8	5	6					
Cumulative Depreciation & Amortization	39	78	122	171	42	89	10	13 %	216	45	27 %
Elastomer business	16	33	52	74	20	40	7	21 %			
Specialty materials business	18	36	56	74	17	38	2	7 %			
Others and Eliminations	5	10	15	23	5	11	1	10 %			
R & D Expenses	27	31	32	37	33	33					
Cumulative R & D Expenses	27	58	90	127	33	66	8	15 %	133	6	5 %

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : JPY100m)

Assets			
	As of September 30, 2014	As of Mar. 31, 2014	Increase (Decrease)
Current assets	1,915	1,784	131
Cash and bank deposits	100	91	9
Notes and accounts receivable-trade	756	711	45
Accounts receivable-other	364	303	61
Inventories	623	610	13
Other current assets	73	70	3
Fixed assets	1,968	1,925	43
Property, Plant and Equipment	1,228	1,227	1
Intangible assets	56	59	-3
Investment securities	605	560	44
Other fixed assets	78	78	0
Total Assets	3,883	3,709	174

Liabilities and Net assets			
	As of September 30, 2014	As of Mar. 31, 2014	Increase (Decrease)
Current liabilities	1,401	1,337	65
Notes and accounts payable-trade	787	648	140
Short-term interest-bearing debt	322	353	-31
Other current liabilities	292	336	-44
Long-term liabilities	582	558	24
Long-term interest-bearing debt	309	303	6
Other long-term liabilities	273	255	18
Total Net assets	1,900	1,814	86
Equity capital	1,860	1,776	84
Other net assets	40	38	2
Total Liabilities and Net assets	3,883	3,709	174

Capital Expenditures	116
Depreciation & Amortization	-89
Other factors	-30
Fixed assets	-2

Total interest-bearing debt	631	656	-25
Equity ratio	47.9	47.9	0.0
D/E Ratio	0.34	0.37	-0.03

Forecast of Operating Performance for FY2015

ZEON

(Unit : JPY100m)

	FY2015	FY2014	Increase (Decrease)	
			Amount	Percentage
Net sales	3,100	2,964	136	5 %
Elastomer Business	1,964	1,844	120	7 %
Specialty Materials Business	646	642	4	1 %
Others	511	508	3	1 %
Eliminations	-21	-29	8	
Operating income	250	299	-49	-16 %
(Operating income ratio) (%)	8.1%	10.1%	-2.0 pt	
Elastomer Business	203	193	10	5 %
Specialty Materials Business	32	91	-59	-65 %
Others	15	15	0	3 %
Non-operating income & expenses	0	27	-27	
Ordinary income	250	326	-76	-23 %
Net income	170	197	-27	-14 %
Exchange rate (JPY/\$)	100.0	99.8	0.2	0 %
Exchange rate (JPY/€)	140.0	133.4	6.6	5 %
Naphtha price (JPY/kl)	69,000	67,200	1,800	3 %
Asian Butadiene price (USD/t)	1,500	1,382	118	9 %

The company is predicting no changes in the forecast disclosed as of September 25, 2014.

Any forward-looking statements in this document are based upon information available to the company on the date of this release. These forward-looking statements are and will be, as the case may be, subject to many risks, uncertainties and factors relating to the company's operations and business environment which may cause the company's actual results to be materially different from any future results, expressed or implied, in these forward-looking statements.