

## ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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February 5, 2015

**Consolidated Financial Report for the  
Third Quarter of the Year Ending March 31, 2015**

Name of Listed Company	ZEON CORPORATION	Listed Stock	Tokyo Stock Exchange
Ticker Code	4205	Exchanges	
(URL <a href="http://www.zeon.co.jp">http://www.zeon.co.jp</a> )		Name	Kimiaki Tanaka
Representative	President	Name	Tadayuki Minami
Contact	Managing Director and Corporate Officer	TEL	+81-3-3216-2747
Scheduled Date of the Submission of the Quarterly Report	February 6, 2015	Scheduled Date of Dividend Payments	—

Note: All amounts less than one million yen in the tables are rounded off.

**1. Consolidated Performance for 3rd quarter of the year ending March 31, 2015  
(April 1, 2014 to December 31, 2014)**

(1) Consolidated operating results (Cumulative)

(Percentage figures respectively indicate year-over-year changes from the same period of the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q period ended December 31, 2014	232,539	4.0	23,236	(5.0)	25,236	(7.4)	15,028	(12.2)
3Q period ended December 31, 2013	223,514	19.8	24,470	42.7	27,247	58.1	17,124	52.6

Note: Comprehensive income:

3Q of the year ending March 31, 2015: 24,612 million yen (5.1%);

3Q of the year ended March 31, 2014: 23,413 million yen (105.9%)

	Net income per share	Fully diluted net income per share
	Yen	Yen
3Q period ended December 31, 2014	66.26	66.15
3Q period ended December 31, 2013	73.98	73.86

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
3Q period ended December 31, 2014	416,946	202,697	47.6
Year ended March 31, 2014	370,872	181,414	47.9

Reference: Equity:

As of December 31, 2014: 198,490 million yen      As of March 31, 2014: 177,604 million yen

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**2. Cash Dividends**

Record date	Cash dividend per share				
	1Q end	2Q end	3Q end	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2014	—	7.00	—	6.00	13.00
Year ending March 31, 2015	—	7.00	—		
Year ending March 31, 2015 (Forecast)				7.00	14.00

Note: Revisions to the most recently disclosed dividend forecasts: No

**3. Projected Consolidated Performance for the Year Ending March 31, 2015  
(From April 1, 2014 to March 31, 2015)**

(Percentage figures respectively indicate changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending March 31, 2015 (Full year)	310,000	4.6	28,000	(6.4)	31,000	(4.8)	18,000	(8.4)	79.37

Note: Revisions to the most recently disclosed dividend forecasts: No

**4. Other Matters**

(1) Significant changes of specified subsidiaries during the nine-month period under review (Changes of Specified Subsidiaries Accompanied by Change in Scope of Consolidation): No

(2) Application of special accounting methods for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting principle, procedures and presentation on preparation of consolidated financial statements

- (i) Changes due to amendment in accounting standards: Yes
- (ii) Changes except above (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatement of revisions: No

(4) Number of shares outstanding (Common stock)

- (i) Number of shares outstanding at the end of the period (Including treasury stock)  
As of December 31, 2014: 242,075,556 shares      As of March 31, 2014: 242,075,556 shares
- (ii) Number of treasury stock outstanding  
As of December 31, 2014: 15,286,334 shares      As of March 31, 2014: 15,283,615 shares
- (iii) Average number of shares during the period  
3Q ended December 31, 2014: 226,790,376 shares      3Q ended December 31, 2013: 231,467,233 shares

**Note regarding indication of status of implementation of the quarterly review procedure**

This quarterly financial report is not subject to the quarterly review required under the Financial Instruments and Exchange Act. The review of quarterly consolidated financial statements based on the Financial Instruments and Exchange Act had not been completed as of the date of disclosure of this quarterly financial report.

**Note concerning appropriate use of performance forecasts, etc.**

The projected performance figures in this report are based on information available to Zeon's management at the time this report was prepared and are not intended to be interpreted as goals the company will achieve. Accordingly, users should be aware that actual results may differ materially from any expressed future performance herein due to various factors.

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**5. Consolidated Financial Statements**

## (1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	As of December 31, 2014
<b>(Assets)</b>		
<b>Current assets</b>		
Cash and bank deposits	9,105	6,270
Notes and accounts receivable—trade	71,060	80,823
Merchandise and products	44,659	47,004
Work in process	4,099	4,871
Raw materials and supplies	12,201	12,892
Accounts receivable—other	30,303	44,648
Deferred tax assets	3,721	3,516
Other current assets	3,294	5,115
Allowance for doubtful accounts	(45)	(79)
<b>Total current assets</b>	<b>178,396</b>	<b>205,059</b>
<b>Fixed assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	38,953	40,365
Machinery, equipment and vehicles, net	45,319	51,913
Land	18,192	18,070
Construction in progress	14,109	12,601
Other property, plant and equipment, net	6,148	6,067
<b>Total property, plant and equipment</b>	<b>122,721</b>	<b>129,016</b>
<b>Intangible assets</b>		
Other intangible assets	5,943	5,455
<b>Total intangible assets</b>	<b>5,943</b>	<b>5,455</b>
<b>Investments and other assets</b>		
Investment securities	56,030	69,421
Net defined benefit assets	293	653
Deferred tax assets	536	478
Other investments and assets	7,247	7,269
Allowance for doubtful accounts	(295)	(405)
<b>Total investments and other assets</b>	<b>63,812</b>	<b>77,416</b>
<b>Total fixed assets</b>	<b>192,476</b>	<b>211,887</b>
<b>Total assets</b>	<b>370,872</b>	<b>416,946</b>

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(Millions of yen)

	Previous fiscal year (As of March 31, 2014)	As of December 31, 2014
<b>(Liabilities)</b>		
Current liabilities		
Notes and accounts payable—trade	64,769	90,329
Short-term loans payable	30,302	16,313
Commercial paper	5,000	14,000
Income taxes payable	8,929	2,392
Reserve for bonuses	1,813	433
Other reserves	2,632	874
Other current liabilities	20,223	29,022
Total current liabilities	133,668	153,362
Long-term liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	20,263	20,017
Deferred tax liabilities	8,290	12,450
Allowance for employees' retirement benefits	12,368	12,951
Other reserves	507	981
Other long-term liabilities	4,361	4,489
Total long-term liabilities	55,789	60,887
Total Liabilities	189,457	214,249
<b>(Net Assets)</b>		
Shareholders' equity		
Common stock	24,211	24,211
Capital surplus	18,514	18,514
Retained earnings	132,476	144,234
Treasury stock, at cost	(12,734)	(12,737)
Total shareholders' equity	162,467	174,222
Accumulated other comprehensive income		
Net unrealized holding gain on available-for-sale securities	15,081	22,849
Deferred gains (losses) on hedges	(1)	(0)
Foreign currency translation adjustments	2,261	3,530
Remeasurements of defined benefit plans	(2,205)	(2,109)
Total accumulated other comprehensive income	15,136	24,269
Stock acquisition rights	266	296
Minority interests	3,545	3,910
Total net assets	181,414	202,697
Total liabilities and net assets	370,872	416,946

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## (2) Consolidated Statements of Income

(Millions of yen)

	For the nine months ended December 31, 2013	For the nine months ended December 31, 2014
Net sales	223,514	232,539
Cost of sales	160,037	170,096
Gross profit	63,477	62,443
Selling, general and administrative expenses	39,007	39,207
Operating income	24,470	23,236
Nonoperating income		
Interest income	70	95
Dividend income	785	1,054
Foreign exchange gain	2,483	1,101
Other nonoperating income	699	972
Total nonoperating income	4,036	3,223
Nonoperating expenses		
Interest expense	548	575
Depreciation from idle assets	488	443
Other nonoperating expenses	223	204
Total nonoperating expenses	1,258	1,223
Ordinary income	27,247	25,236
Extraordinary gains		
Gain on sale of fixed assets	1	834
Other	424	97
Total extraordinary gains	425	931
Extraordinary losses		
Loss on disposal of fixed assets	221	790
Impairment loss	—	1,263
Other	45	138
Total extraordinary losses	266	2,191
Income before income taxes and minority interests	27,406	23,976
Income taxes	9,999	8,681
Income before minority interests in net income of consolidated subsidiaries	17,407	15,295
Minority interests in net income of consolidated subsidiaries	283	267
Net income	17,124	15,028

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## (3) Statement of Comprehensive Income

	(Millions of yen)	
	For the nine months ended December 31, 2013	For the nine months ended December 31, 2014
Income before minority interests in net income of consolidated subsidiaries	17,407	15,295
Other comprehensive income		
Valuation difference on available-for-sale securities	1,619	7,889
Deferred gains (losses) on hedges	0	1
Foreign currency translation adjustments	4,670	1,331
Pension liabilities adjustments	(284)	—
Remeasurements of defined benefit plans	—	96
Total other comprehensive income	6,005	9,317
Comprehensive income	23,413	24,612
Comprehensive income attributable to:		
Owners of the parent	22,949	24,155
Minority interests	464	456

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## (4) Segment Information

Previous 3rd quarter cumulative period (From April 1, 2013 to December 31, 2013) (Millions of yen)

	Elastomer	Specialty Materials	Sub Total	Other	Total	Eliminations /Corporate	Consolidated
Net sales							
(1) Sales to third parties	136,658	49,381	186,039	37,475	223,514	—	223,514
(2) Intersegment sales and transfers	1,926	—	1,926	290	2,216	(2,216)	—
Total	138,584	49,381	187,964	37,766	225,730	(2,216)	223,514
Segment income	15,195	8,112	23,307	1,166	24,473	(3)	24,470

Current 3rd quarter cumulative period (From April 1, 2014 to December 31, 2014) (Millions of yen)

	Elastomer	Specialty Materials	Sub Total	Other	Total	Eliminations /Corporate	Consolidated
Net sales							
(1) Sales to third parties	140,666	54,099	194,765	37,774	232,539	—	232,539
(2) Intersegment sales and transfers	1,376	—	1,376	314	1,690	(1,690)	—
Total	142,042	54,099	196,141	38,088	234,229	(1,690)	232,539
Segment income and loss	13,578	8,172	21,750	1,527	23,276	(40)	23,236