

Financial Report
The 1st Half of FY2016
(From Apr. 1 to Sep. 30, 2015)



Oct 29, 2015

Statement of Income (Consolidated) for 6 Months ended Sep 30, 2015

	2015 Q2	2014 Q2	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net sales	1,524	1,534	-9	-1 %	Comparative Analysis of Net sales
Elastomer Business	931	939	-7	-1 %	Quantity variance +69
Specialty Materials Business	360	357	4	1 %	Price variance -127
Others	243	250	-7	-3 %	Exchange rate variance +49
Eliminations	-11	-12	1		
Operating income	165	145	20	14 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	10.8%	9.5%	1.4 pt		Quantity variance +15 Raw materials price variance +99
Elastomer Business	108	89	19	21 %	Price variance -127 SG & A etc. -16
Specialty Materials Business	53	45	7	16 %	Exchange rate variance +49
Others	5	10	-6	-57 %	
Non-operating income & expenses	6	11	-4	-39 %	
Ordinary income	172	156	16	10 %	
Income before income taxes	167	145	22	15 %	
Net income	109	90	19	21 %	
Exchange rate (JPY/\$)	121.8	102.5	19.3	19 %	
Exchange rate (JPY/€)	134.5	139.1	-4.6	-3 %	
Naphtha price (JPY/kl)	48,100	70,450	-22,350	-32 %	
Asian Butadiene price (USD/t)	1,090	1,399	-309	-22 %	

Elastomer Business

	2015 Q2	2014 Q2	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand ton)	288	271	17	6 %	
Rubbers	162	154	8	5 %	
Latices	64	57	6	11 %	
Chemicals	62	59	3	5 %	
Net Sales	931	939	-7	-1 %	
Rubbers	627	642	-16	-2 %	
Latices	95	85	10	12 %	
Chemicals	198	200	-2	-1 %	
Eliminations	11	11	0	3 %	
Operating income	108	89	19	21 %	
(Operating income ratio) (%)	11.6%	9.5%	2.1 pt		

◆ Breakdown of year on year increase of 5% for rubbers sales volume

General-purpose rubbers 9% Domestic sales -11%, Export sales +38%

Specialty rubbers -2% Domestic sales -3%, Export sales -2%

◆ Specialty rubbers component ratio

Sales volume 32% (Q2.2014: 34%)

Sales amount 58% (Q2.2014: 57%)

Specialty Materials Business

	2015 Q2	2014 Q2	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	360	357	4	1 %	
Specialty chemicals	92	96	-4	-4 %	
Specialty plastics	246	241	5	2 %	
Medical devices etc.	23	21	2	9 %	
Operating Income	53	45	7	16 %	
(Operating income ratio) (%)	14.6%	12.7%	1.9 pt		

- ◆ Breakdown of year on year decrease of -4% for specialty chemicals sales amount
Specialty Chemicals -4%, Electronic materials -3%, Battery materials +2%, Toner -8%
- ◆ Breakdown of year on year increase of +2% for specialty plastics sales amount
Cyclo-Olefin Polymer resins -6%, Optical films +6%
- ◆ Sales volume growth rate for optical films +7%
- ◆ Proportion of the optical film sales for small-to medium sized FPD to total optical film sales
<Q2.2014>29% → <Q2.2015>31%

Others

	2015 Q2	2014 Q2	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	243	250	-7	-3 %	
Operating Income	11	10	1	7 %	
(Operating income ratio) (%)	4.5%	4.1%	0.4	<i>pt</i>	

Consolidated Statement of Income (Quarterly trends)

	2014				2015		Increase (Decrease) Q1 2015 vs. Q2 2015		Remarks (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Amount	Percentage	
	Sales Volume (thousand ton)	131	140	127	148	141	146	5	
Rubbers	75	80	72	88	77	85	9	12 %	
Latices	27	31	26	29	33	31	-2	-6 %	
Chemicals	29	30	29	31	32	30	-2	-5 %	
Net Sales	748	785	792	750	760	765	5	1 %	Comparative Analysis of Operating income
Elastomer business	462	477	482	468	468	463	-5	-1 %	Quantity variance +13
Rubbers	321	321	330	310	312	315	2	1 %	Price variance -12
Latices	42	43	45	41	51	44	-8	-15 %	Exchange rate variance +4
Chemicals	93	108	99	109	99	100	1	1 %	
Others and Eliminations	6	5	8	8	6	5	-1	-10 %	
Specialty materials business	167	190	184	168	176	184	8	4 %	
Specialty chemicals	49	46	49	49	45	47	1	2 %	
Specialty plastics	108	133	123	106	120	126	5	4 %	
Medical devices etc.	10	11	11	13	11	12	1	10 %	
Others and Eliminations	120	118	126	114	115	118	3	2 %	
Operating income	62	83	87	50	78	87	8	10 %	Comparative Analysis of Operating income
(Operating income ratio) (%)	8%	11%	11%	7%	10%	11%	1 pt		Quantity variance-4 Raw materials price variance +18
Elastomer business	42	47	47	32	57	51	-5	-9 %	Price variance -12 SG & A etc. +2
Specialty materials business	16	29	36	13	19	34	15	77 %	Exchange rate variance +4
Others and Eliminations	4	6	4	5	3	2	-1	-46 %	
Ordinary income	61	95	97	59	85	86	1	1 %	
Net income	39	51	60	41	56	53	-3	-5 %	
Exchange rate (JPY/\$)	102.4	102.6	112.3	119.4	121.0	122.6	1.6	1 %	
Exchange rate (JPY/€)	140.5	137.6	141.3	138.0	132.7	136.3	3.5	3 %	
Naphtha price (JPY/kl)	69,900	70,900	66,000	47,000	48,800	47,400	-1,400	-3 %	
Asian Butadiene price (USD/t)	1,295	1,502	1,067	754	1,175	1,004	-171	-15 %	

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

ZEON

(Unit : JPY100m)

	2014				2015		Increase (Decrease) Q2.2014vs. Q2.2015		2015	Increase (Decrease) 2014 vs. 2015	
	Q1	Q2	Q3	Q4	Q1	Q2	Amount	percentage	forecast	Amount	percentage
Capital Expenditures	39	77	91	78	59	72					
Elastomer business	21	32	51	36	39	28					
Specialty materials business	14	30	27	25	16	25					
Others and Eliminations	4	15	14	17	4	18					
Cumulative Capital Expenditures	39	116	207	285	59	131	15	13 %	345	60	21%
Elastomer business	21	52	103	139	39	67	14	27 %			
Specialty materials business	14	44	71	96	16	42	-3	-6 %			
Others and Eliminations	4	19	33	50	4	22	3	16 %			
Depreciation & Amortization	42	46	51	55	50	51					
Elastomer business	20	20	24	26	23	23					
Specialty materials business	17	21	21	22	21	21					
Others and Eliminations	5	6	6	7	6	6					
Cumulative Depreciation & Amortization	42	89	139	194	50	101	12	14 %	228	34	17%
Elastomer business	20	40	63	89	23	46	7	17 %			
Specialty materials business	17	38	59	81	21	42	4	10 %			
Others and Eliminations	5	11	17	24	6	12	2	15 %			
R & D Expenses	33	33	35	35	33	35					
Cumulative R & D Expenses	33	66	101	136	33	68	2	2 %	138	2	1%

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : JPY100m)

Liabilities and Net assets			
	As of Sep 30, 2015	As of Mar. 31, 2015	Increase (Decrease)
Current assets	1,907	1,766	141
Cash and bank deposits	107	42	65
Notes and accounts receivable-trade	713	717	-4
Accounts receivable-other	329	323	6
Inventories	648	612	35
Other current assets	111	73	38
Fixed assets	2,167	2,229	-62
Property, Plant and Equipment	1,371	1,342	29
Intangible assets	48	53	-4
Investment securities	674	760	-85
Other fixed assets	74	74	-0
Total Assets	4,075	3,995	80

Liabilities and Net assets			
	As of Sep 30, 2015	As of Mar. 31, 2015	Increase (Decrease)
Current liabilities	1,286	1,192	94
Notes and accounts payable-trade	662	613	50
Short-term interest-bearing debt	318	282	36
Other current liabilities	305	297	8
Long-term liabilities	597	647	-50
Long-term interest-bearing debt	305	307	-2
Other long-term liabilities	292	340	-48
Total Net assets	2,192	2,156	36
Equity capital	2,147	2,112	35
Other net assets	46	44	1
Total Liabilities and Net assets	4,075	3,995	80

Capital Expenditures	131
Depreciation & Amortization	-101
Other factors	-5
Fixed assets	25

Total interest-bearing debt	623	589	34
Equity ratio	52.7	52.9	-0.2
D/E Ratio	0.29	0.28	0.01

◆ Cash Flows

	15Q2	14Q2
Cash Flows from operating activities	250	142
Cash Flows from investing activities	-166	-93
Free cash Flows	84	49
Cash Flows from financing activities	14	-36
Net increase(decrease) in cash and cash equivalents	98	13

Forecast of Operating Performance for FY2016

ZEON

(Unit : JPY100m)

	2015	2014	Increase (Decrease)	
			Amount	Percentage
Net sales	3,200	3,075	125	4 %
Elastomer Business	1,955	1,888	67	4 %
Specialty Materials Business	763	709	54	8 %
Others	504	500	4	1 %
Eliminations	-22	-22	0	
Operating income	320	282	38	13 %
(Operating income ratio) (%)	10.0%	9.2%	0.8 pt	
Elastomer Business	207	168	39	23 %
Specialty Materials Business	97	94	3	3 %
Others	16	20	-4	-21 %
Non-operating income & expenses	-	29	-29	
Ordinary income	320	311	9	3 %
Net income	230	191	39	21 %
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Exchange rate (JPY/\$)	120.0	109.2	10.8	10 %
Exchange rate (JPY/€)	130.0	139.4	-9.4	-7 %
Naphtha price (JPY/kl)	54,000	63,700	-9,700	-15 %
Asian Butadiene price (USD/t)	1,100	1,155	-55	-5 %

The company is predicting no changes in the forecast disclosed as of May 8, 2015.

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.