

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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May 18, 2009

**Consolidated Financial Flash Report for the
Year Ended March 31, 2009**

Name of Listed Company	ZEON CORPORATION	Listed Stock Exchanges	Tokyo Stock Exchange and Osaka Securities Exchange
Ticker Code	4205		
(URL)	http://www.zeon.co.jp		
Representative	President & CEO	Name	Naozumi Furukawa
Contact	Managing Director and Corporate Officer	Name	Tadayuki Minami
		TEL	+81-3-3216-1412
Scheduled Date of the General Shareholders Meeting	June 26, 2009	Scheduled Date of Dividend Payments	From June 29, 2009
Scheduled Date of the Submission of the Securities Report	June 26, 2009		

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

1. Consolidated Performance for the Year Ended March 31, 2009 (From April 1, 2008 to March 31, 2009)

(1) Consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	268,857	(11.2)	2,936	(88.4)	3,848	(81.4)	2,478	(72.7)
Year ended March 31, 2008	302,925	7.6	25,268	(16.3)	20,638	(30.7)	9,092	(46.8)

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net income per share	Fully diluted net income per share	Return on equity	Ordinary income to total assets	Operating income to sales
	Yen	Yen	%	%	%
Year ended March 31, 2009	10.50	10.49	2.4	1.2	1.1
Year ended March 31, 2008	38.24	38.22	8.3	6.3	8.3

Reference: Equity in earnings (losses) of unconsolidated subsidiaries and affiliates, net:
Year ended March 31, 2009: ¥31 million Year ended March 31, 2008: ¥32 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2009	292,027	99,261	32.8	405.89
As of March 31, 2008	335,730	110,880	31.9	453.54

Reference: Equity*:
As of March 31, 2009: ¥95,816 million As of March 31, 2008: ¥107,063 million

*Equity used for calculation of the indices consists of "shareholders' equity" and "valuation and translation adjustments."

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(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2009	10,373	(35,155)	24,521	5,008
Year ended March 31, 2008	8,197	(34,015)	25,220	6,126

2. Cash Dividends

Record date	Cash dividend per share					Total annual cash dividends	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1Q end	Interim	3Q end	Year-end	Full year			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2008	—	6.00	—	6.00	12.00	2,845	31.4	2.6
Year ended March 31, 2009	—	6.00	—	3.00	9.00	2,125	85.7	0.7
Year ending March 31, 2010 (Forecast)	—	0.00	—	5.00	5.00		118.0	

**3. Projected Consolidated Performance for the Year Ending March 31, 2010
(From April 1, 2009 to March 31, 2010)**

	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
Six-month period ending September 30, 2009	100,000	(36.1)	(1,500)	(115.0)	(2,700)	(125.7)	(1,700)	(135.5)	(7.20)
Year ending March 31, 2009 (Full year)	213,000	(20.8)	4,000	36.2	2,000	(48.0)	1,000	(59.6)	4.24

Note: The percentage figures respectively indicate changes from the previous period or year.

4. Other Matters

(1) Significant changes of specified subsidiaries (Changes of Specified Subsidiaries Accompanied by Change in Scope of Consolidation): Applicable

Addition: — (Name of company:) Exclusion: 1 (Name of company: Optes Inc.)

(2) Changes in accounting principle, procedures and presentation on preparation of consolidated financial statements (stated in Changes of Important Matters on Basis of Presenting the Consolidated Financial Statements)

(i) Changes due to amendment in accounting standards: Applicable

(ii) Changes except above (i): None

(3) Number of shares outstanding (Common stock)

(i) Number of shares outstanding at the end of the year (Including treasury stock)

As of March 31, 2009: 242,075,556 shares As of March 31, 2008: 242,075,556 shares

(ii) Number of treasury stock outstanding

As of March 31, 2009: 6,014,418 shares As of March 31, 2008: 6,014,022 shares

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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Reference: Summary of Non-consolidated Performance**1. Non-consolidated Performance for the Year ended March 31, 2009****(From April 1, 2008 to March 31, 2009)**

(1) Non-consolidated operating results

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2009	170,457	(8.7)	4,127	(75.7)	7,011	(59.9)	2,942	(71.8)
Year ended March 31, 2008	186,739	9.8	16,964	(8.1)	17,472	(16.2)	10,445	(20.3)

Note: The percentage figures respectively indicate year-over-year changes from the previous fiscal year.

	Net income per share		Fully diluted net income per share	
	Yen		Yen	
Year ended March 31, 2009	12.46		12.45	
Year ended March 31, 2008	43.93		43.91	

(2) Non-consolidated financial position

	Total assets	Net Assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2009	248,862	87,389	35.0	369.35
Year ended March 31, 2008	269,324	92,036	34.1	389.24

Reference: Equity

As of March 31, 2009: ¥87,188 million As of March 31, 2008: ¥91,884 million

Note:

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 subject to potential risks and uncertainty. Accordingly, users should be aware that actual results may differ materially from any expressed future performance herein due to various factors.

See page 5 of the Attachment for further information on forecasts.

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Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	Previous fiscal year (As of March 31, 2008)	Current fiscal year (As of March 31, 2009)
(Assets)		
Current assets		
Cash and bank deposits	6,509	5,263
Notes and accounts receivable—trade	76,816	46,135
Inventories	56,021	—
Merchandise and finished goods	—	43,828
Work in process	—	3,288
Raw materials and supplies	—	8,508
Accounts receivable—other	28,876	15,947
Deferred tax assets	3,101	3,446
Other current assets	1,940	4,607
Allowance for doubtful accounts	(88)	(77)
Total current assets	173,174	130,945
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	32,571	31,831
Machinery, equipment and vehicles, net	50,424	40,320
Land	13,970	13,913
Construction in progress	15,557	29,502
Other property, plant and equipment, net	3,741	3,226
Total property, plant and equipment	116,263	118,792
Intangible assets		
Goodwill	2,311	1,416
Other intangible assets	3,587	3,458
Total intangible assets	5,898	4,874
Investments and other assets		
Investment securities	35,881	25,849
Deferred tax assets	469	5,714
Other investments and assets	4,506	6,387
Allowance for doubtful accounts	(462)	(533)
Total investments and other assets	40,393	37,416
Total fixed assets	162,554	161,082
Deferred charges	2	0
Total Assets	335,730	292,027

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	(Millions of yen)	
	Previous fiscal year (As of March 31, 2008)	Current fiscal year (As of March 31, 2009)
(Liabilities)		
Current liabilities		
Notes and accounts payable—trade	79,712	35,968
Short-term loans payable	25,351	39,199
Commercial paper	19,984	29,988
Income taxes payable	3,021	426
Reserve for bonuses	1,769	1,257
Other reserves	1,085	1,200
Other current liabilities	25,621	15,577
Total current liabilities	156,542	123,614
Long-term liabilities		
Bonds payable	20,000	20,000
Long-term loans payable	32,177	34,160
Deferred tax liabilities	1,383	358
Allowance for employees' retirement benefits	11,675	11,859
Allowance for environmental remediation	517	517
Other reserves	622	635
Negative goodwill	175	87
Other long-term liabilities	1,759	1,536
Total long-term liabilities	68,309	69,151
Total Liabilities	224,850	192,766
(Net Assets)		
Shareholders' equity		
Common stock	24,211	24,211
Capital surplus	18,378	18,374
Retained earnings	67,000	66,624
Treasury stock, at cost	(5,433)	(5,430)
Total shareholders' equity	104,156	103,781
Valuation and translation adjustments		
Net unrealized holding gain on available-for-sale securities	5,056	(8)
Deferred gains (losses) on hedges	2	(2)
Foreign currency translation adjustments	(556)	(6,089)
Pension liabilities adjustments	(1,595)	(1,867)
Total valuation and translation adjustments	2,907	(7,965)
Stock acquisition rights	151	201
Minority interests	3,666	3,244
Total net assets	110,880	99,261
Total liabilities and net assets	335,730	292,027

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(2) Consolidated Statements of Income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2007 to March 31, 2008)	Current fiscal year (From April 1, 2008 to March 31, 2009)
Net sales	302,925	268,857
Cost of sales	228,829	220,579
Gross profit	74,095	48,279
Selling, general and administrative expenses	48,827	45,343
Operating income	25,268	2,936
Nonoperating income		
Interest income	270	199
Dividend income	1,133	895
Amortization of negative goodwill	118	131
Earnings from unconsolidated subsidiaries and affiliates accounted for by equity methods	32	31
Rental income	72	77
Gain on sales of utilities	217	280
Subsidy	534	2,540
Other nonoperating income	614	481
Total nonoperating income	2,990	4,634
Nonoperating expenses		
Interest expense	1,468	1,640
Foreign exchange loss	1,849	1,725
Loss on disposal of inventories	3,797	—
Other nonoperating expenses	506	356
Total nonoperating expenses	7,620	3,722
Ordinary income	20,638	3,848
Extraordinary gains		
Gain on sale of fixed assets	184	75
Other	34	16
Total extraordinary gains	218	91
Extraordinary losses		
Loss on disposal of fixed assets	1,160	770
Lawsuit costs	1,123	—
Impairment loss	—	1,546
Valuation loss on investment securities	—	288
Other	400	88
Total extraordinary losses	2,683	2,691
Income before income taxes and minority interests	18,173	1,249
Income taxes—current	8,023	1,380
Income taxes—prior years	—	122
Income taxes—deferred	602	(2,847)
Total taxes	8,625	(1,345)
Minority interests in net income of consolidated subsidiaries	457	116
Net income	9,092	2,478

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Segment Information

a. Business segments

Previous fiscal year (From April 1, 2007 to March 31, 2008)

(Millions of yen)

	Elastomer	Specialty Materials	Other	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	194,065	47,153	61,706	302,925	—	302,925
(2) Intersegment sales and transfers	1,646	—	639	2,285	(2,285)	—
Total	195,711	47,153	62,345	305,209	(2,285)	302,925
Operating expenses	179,141	39,544	61,129	279,814	(2,157)	277,656
Operating income (Loss)	16,570	7,609	1,216	25,395	(127)	25,268
II. Assets, depreciation and amortization, and capital expenditures						
Assets	169,909	82,873	36,103	288,885	46,845	335,730
Depreciation and amortization	8,535	8,937	718	18,190	1,307	19,497
Capital expenditures	10,556	22,395	590	33,541	1,960	35,500

Current fiscal year (From April 1, 2008 to March 31, 2009)

(Millions of yen)

	Elastomer	Specialty Materials	Other	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses						
Net sales						
(1) Sales to third parties	178,459	37,569	52,829	268,857	—	268,857
(2) Intersegment sales and transfers	1,498	—	2,322	3,820	(3,820)	—
Total	179,957	37,569	55,151	272,678	(3,820)	268,857
Operating expenses	172,316	42,333	54,974	269,623	(3,702)	265,922
Operating income (Loss)	7,642	(4,764)	177	3,055	(119)	2,936
II. Assets, depreciation and amortization, impairment loss, and capital expenditures						
Assets	129,927	85,245	22,441	237,613	54,414	292,027
Depreciation and amortization	9,484	10,942	534	20,960	1,638	22,597
Impairment loss	104	1,442	—	1,546	—	1,546
Capital expenditures	9,432	18,332	280	28,044	1,452	29,496

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b. Geographical segments

Previous fiscal year (From April 1, 2007 to March 31, 2008)		(Millions of yen)					
	Japan	North America	Europe	Asia	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	239,371	24,675	20,854	18,024	302,925	—	302,925
(2) Intersegment sales and transfers	29,585	8,763	662	1,832	40,843	(40,843)	—
Total	268,956	33,438	21,516	19,857	343,767	(40,843)	302,925
Operating expenses	248,173	29,958	20,958	19,240	318,329	(40,672)	277,656
Operating income (Loss)	20,783	3,480	558	617	25,438	(170)	25,268
II. Assets	262,278	27,712	10,623	8,925	309,538	26,192	335,730

Current fiscal year (From April 1, 2008 to March 31, 2009)		(Millions of yen)					
	Japan	North America	Europe	Asia	Total	Eliminations/ Corporate	Consolidated
I. Net sales and operating income/expenses							
Net sales							
(1) Sales to third parties	206,435	21,755	19,737	20,931	268,857	—	268,857
(2) Intersegment sales and transfers	28,629	8,573	675	1,777	39,654	(39,654)	—
Total	235,064	30,327	20,412	22,708	308,511	(39,654)	268,857
Operating expenses	235,055	27,807	20,462	22,622	305,946	(40,025)	265,922
Operating income (Loss)	9	2,520	(50)	86	2,565	371	2,936
II. Assets	220,234	22,833	7,422	7,256	257,744	34,283	292,027

c. Overseas Sales

Previous fiscal year (From April 1, 2007 to March 31, 2008)		(Millions of yen)				
	North America	Europe	Asia	Other	Total	
I. Overseas sales	30,757	31,161	67,758	3,145	132,821	
II. Consolidated sales					302,925	
III. Ratio of overseas sales to consolidated sales (%)	10.2	10.3	22.4	1.0	43.9	

Current fiscal year (From April 1, 2008 to March 31, 2009)		(Millions of yen)				
	North America	Europe	Asia	Other	Total	
I. Overseas sales	27,646	29,331	60,018	2,469	119,463	
II. Consolidated sales					268,857	
III. Ratio of overseas sales to consolidated sales (%)	10.3	10.9	22.3	0.9	44.4	