

Financial Report

The 2nd Quarter of FY2010 (From Apr. 1 to Sep. 30, 2010)

November. 9, 2010

Disclaimer Regarding Forward – Looking Statements

These materials are intended to provide information only, and are not to solicit actions of any kind. Business results forecasts are based on management's assumptions in light of information currently available. Actual sales and income may differ significantly from these forecasts.

The Company shall not take any responsibility regarding the accuracy or completeness of any forecasts pertaining to business results forecasts contained herein.

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Statements of Income (Consolidated) for 6 Months ended Sep.30

(Unit : Millions of yen)

	Second Quarter ended September 30, 2010	Second Quarter ended September 30, 2009	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	135,018	102,704	32,314	31.5%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	85,657	60,756	24,901	41.0%	Quantity Variance 235
Specialty Materials Business	26,883	22,444	4,439	19.8%	Price Variance 121
Others	23,096	20,320	2,776	13.7%	Exchange rate Variance -33
Eliminations and corporate	-618	-817	199		
Operating income	18,780	-1,717	20,497	-	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	13,934	-674	14,608		Quantity Variance 131 Raw materials price variance and others (net) -26
Specialty Materials Business	4,522	-642	5,164		Price Vairiance 121 SGA -12
Others	275	-385	660		Exchange rate Variance -33 Cost reduction effect 24
Eliminations and corporate	50	-15	65		
Nonoperating income and loss	-1,626	-264	-1,362		
Nonoperating income	859	1,017	-158		Comparative Analysis of Nonoperating income (JPY100m)
					Subsidy and Foreign exchange gain, net -1
Nonoperating expenses	2,485	1,281	1,204		Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss 14
Ordinary income	17,154	-1,981	19,135	-	
Extraordinary gains and losses	-2,690	-127	-2,563		
Extraordinary gains	44	233	-189		Comparative Analysis of Extraordinary gains (JPY100m)
					Gain on sales of investment securities -2
Extraordinary losses	2,734	360	2,374		Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets 9
					Loss on devaluation of investment securities 11
					Asset retirement obligations and others (net) 4
Net income	9,114	-1,400	10,514	-	
Exchange rate (JPY/\$)	89.7	96.1	-6.4	-6.7%	
Exchange rate (JPY/€)	114.9	132.9	-18.0	-13.5%	
Naphtha Price (JPY/kl)	46,200	37,200	9,000	24.2%	

Segment Information (Consolidated) for 6 Months ended Sep.30

- Elastomer Business -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2010	Second Quarter ended September 30, 2009	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	292.7	240.9	51.8	21.5%
Rubbers	165.7	131.2	34.5	26.3%
Latices	74.2	67.0	7.2	10.7%
Chemicals	52.8	42.7	10.1	23.6%
Net Sales (JPYm)	85,657	60,756	24,901	41.0%
Rubbers	60,933	40,840	20,093	49.2%
Latices	10,751	8,041	2,710	33.7%
Chemicals	13,997	11,885	2,112	17.8%
Eliminations and corporate	-24	-10	-14	-
Operating expenses	71,723	61,430	10,293	16.8%
Operating income	13,934	-674	14,608	-

- Specialty Materials Business -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2010	Second Quarter ended September 30, 2009	Increase (Decrease)	
			Amount	Percentage
Net Sales	26,883	22,444	4,439	19.8%
Specialty materials	11,966	10,600	1,366	12.9%
Specialty plastics	14,917	11,844	3,073	25.9%
Eliminations and corporate	0	0	0	-
Operating expenses	22,361	23,086	-725	-3.1%
Operating income	4,522	-642	5,164	-

- Others -

(Unit : Millions of yen)

	Second Quarter ended September 30, 2010	Second Quarter ended September 30, 2009	Increase (decrease)	
			Amount	Percentage
Net Sales	23,096	20,320	2,776	13.7%
Operating expenses	22,821	20,705	2,116	10.2%
Operating income	275	-385	660	-

Statements of Income (Consolidated) for 3 Months ended

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2010				Fiscal Year ended March 31, 2011		Increase (Decrease) Q2/FY2010 vs. Q1/FY2010		Remarks
	Apr.- Jun. (Act.)	Jul.- Sep. (Act.)	Oct.- Dec. (Act.)	Jan.- Mar. (Act.)	Apr.- Jun. (Act.)	Jul.- Sep. (Act.)	Amount	Percentage	
	Sales Quantity (thousands ton)	103.4	137.5	144.8	149.7	145.8	146.9	1.1	
Rubbers	55.0	76.2	81.8	89.0	83.4	82.3	-1.0	-1.3%	
Latices	29.0	38.0	40.1	36.3	36.5	37.7	1.2	3.3%	
Chemicals	19.4	23.3	22.9	24.4	25.9	26.9	1.0	3.7%	
Net Sales	47,310	55,394	58,962	64,211	67,578	67,439	-139	-0.2%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	27,266	33,490	37,135	40,395	42,915	42,742	-172	-0.4%	Quantity Variance 17
Rubbers	18,290	22,550	26,054	28,624	30,714	30,219	-494	-1.6%	Price Variance -4
Latices	3,864	4,177	4,827	4,867	5,318	5,434	116	2.2%	Exchange rate Variance -14
Chemicals	5,113	6,772	6,256	6,959	6,895	7,102	207	3.0%	
Eliminations	0	-10	-1	-55	-11	-13	-1	-	
Specialty materials business	10,604	11,840	11,876	12,985	13,743	13,140	-603	-4.4%	
Specialty materials	4,812	5,788	5,723	6,485	6,087	5,879	-208	-3.4%	
Specialty plastics	5,792	6,052	6,153	6,500	7,656	7,261	-395	-5.2%	
Eliminations	0	0	0	0	0	0	0	-	
Others	9,954	10,366	10,230	11,105	11,242	11,853	611	5.4%	
Eliminations	-515	-302	-278	-274	-321	-296	25	-	
Operating expenses	-2,921	1,204	5,173	5,863	10,436	8,344	-2,093	-20.1%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	-1,437	763	4,312	5,709	7,206	6,728	-478	-6.6%	Quantity Variance 9
Specialty materials business	-1,226	584	869	26	3,150	1,372	-1,778	-56.4%	Price Vairiance -4
Others	-269	-116	-23	104	61	213	152	-	Exchange rate Variance -14
Eliminations	11	-26	14	25	20	30	10	-	Raw materials price variance and others. (net) -10
									SGA -4
									Cost reduction effect 2
Ordinary income	-2,674	693	5,450	5,979	9,545	7,609	-1,936	-20.3%	
Net income	-2,292	892	2,852	3,568	4,363	4,751	388	8.9%	
Exchange rate (JPY/\$)	97.5	94.7	89.5	90.4	92.8	86.6	-6.2	-6.7%	
Exchange rate (JPY/€)	131.5	134.2	132.4	126.0	120.5	109.3	-11.2	-9.3%	
Naphtha Price (JPY/kl)	33,300	41,200	42,500	47,700	49,700	42,700	-7,000	-14.1%	

Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Sep. 30, 2010		As of Mar. 31, 2010		increase (decrease)	Account item	As of Sep. 30, 2010		As of Mar. 31, 2010		increase (decrease)
Current assets	143,826	50.7	131,632	46.8	12,194	Current liabilities	103,878	36.6	102,131	36.3	1,747
Cash and bank deposits	12,114		7,378		4,736	Notes and accounts payable-trade	55,386		48,349		7,037
Notes and accounts receivable- trade	62,899		61,540		1,359	Short-term interest-bearing debt	29,324		39,127		-9,803
Accounts receivable-other	22,059		19,319		2,740	Other current liabilities	19,168		14,655		4,513
Inventories	40,012		38,336		1,676	Long-term liabilities	69,083	24.4	70,850	25.2	-1,767
Other current assets	6,742		5,059		1,683	Long-term interest-bearing debt	54,935		56,571		-1,636
Fixed assets	139,885	49.3	149,421	53.2	-9,536	Other long-term liabilities	14,148		14,279		-131
Property, Plant and equipment	101,982		108,373		-6,391	Total Liabilities	172,961	61.0	172,981	61.5	-20
Intangible assets	4,092		4,127		-35	Equity capital	107,142		104,648		2,494
Investment securities	27,302		31,135		-3,833	Stock acquisition rights	208		185		23
Other fixed assets	6,509		5,785		724	Minority interests	3,400		3,239		161
Deferred charges	0	0.0	0	0.0	0	Total Net assets	110,750	39.0	108,072	38.5	2,678
						Total Liabilities and Net assets	283,711	100.0	281,053	100.0	2,658
Total Assets	283,711	100.0	281,053	100.0	2,658						

	As of Sep. 30, 2010	As of Mar. 31, 2010	Increase / decrease
Interest-bearing debt	84,259	95,698	-11,439
Equity capital	107,142	104,648	2,494
Equity ratio	37.8	37.2	0.6
D/E Ratio	0.79	0.91	-0.13

Statements of Cash Flows (Consolidated) for 6 Months ended Sep.30

(Unit : Millions of yen)

	Second Quarter ended September 30, 2010	Second Quarter ended September 30, 2009	Increase (Decrease) Amount
Cash flows from operating activities	25,572	18,131	7,441
Income before income taxes and minority interests	14,464	-2,108	16,572
Depreciation and amortization	10,218	10,007	211
Decrease (increase) in receivables - trade	-2,697	-6,705	4,008
Decrease (increase) in inventories	-1,974	13,325	-15,299
(Decrease) increase in payables - trade	8,385	10,252	-1,867
Income taxes refunded (paid)	-688	2,761	-3,449
Other, net	-2,136	-9,401	7,265
Cash flows from investing activities	-4,499	-6,755	2,256
Purchase of tangible & intangible assets	-4,829	-7,191	2,362
Purchase of investment securities	-198	-11	-187
Proceeds from sales and redemption of investment securities	5	457	-452
Other, net	523	-10	533
Free Cash flows	21,073	11,376	9,697
Cash flows from financing activities	-15,535	-11,632	-3,903
(Decrease) increase of interest-bearing debt	-11,314	-10,845	-469
Dividends paid	-1,412	-708	-704
Repurchase of treasury stock	-2,773	0	-2,773
Other, net	-36	-79	43
Effect of exchange rate changes on cash and cash equivalents	-458	178	-636
Net increase (decrease) in cash and cash equivalents	5,078	-79	5,157
Cash and cash equivalents at beginning	6,912	5,008	1,904
Increase in cash due to change in number of consolidated subsidiaries	124	70	54
Cash and cash equivalents at end	12,114	5,000	7,114

Forecast of Operating Performance FY2010 (Consolidated)

FY2010 (Apr. 1, 2010 through Mar. 31, 2011)

(Unit : Millions of yen)

	Revised forecast (Announced on Nov.9, 2010)	Actual results of the corresponding period of the preceding year	Increase (Decrease)		Previous forecast (Announced on July 28, 2010)
			Amount	Percentage	
Net Sales	263,000	225,878	37,122	16.4%	259,000
Operating income	28,800	9,319	19,481	209.0%	26,000
Ordinary income	26,800	9,448	17,352	183.7%	24,500
Net income	14,900	5,020	9,880	196.8%	13,700

Quarterly trend

(Unit : 100Millions of yen)

	Fiscal Year ending March31, 2011				
	Apr.- Jun. (Act.)	Jul.- Sep. (Act.)	Oct.- Dec. (Forecast)	Jan.- Mar. (Forecast)	FY2010 total (Forecast)
Net Sales	676	674	640	640	2,630
Elastomer business	429	427	393	393	1,642
Specialty materials business	137	131	134	134	536
Others	112	119	118	117	466
Eliminations	-2	-3	-5	-4	-14
Operating expenses	104	84	50	50	288
Elastomer business	72	67	39	39	217
Specialty materials business	32	14	10	10	66
Others	1	2	1	1	5
Eliminations	-1	1			0
Ordinary income	95	77	48	48	268
Net income	44	47	29	29	149
Exchange rate (JPY/\$)	92.8	86.6	80.0	80.0	
Exchange rate (JPY/€)	120.5	109.3	110.0	110.0	
Naphtha Price (JPY/kl)	49,700	42,700	44,000	44,000	