

**Financial Report**  
**For the year ended March 31, 2014**  
**(April 1, 2013 to March 31, 2014)**



May 8, 2014

# Statement of Income (Consolidated) for 12 Months ended Mar.31, 2014

	FY2013	FY2012	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
<b>Net sales</b>	<b>2,964</b>	<b>2,508</b>	<b>457</b>	<b>18 %</b>	Comparative analysis of net sales
Elastomer Business	1,844	1,640	203	12 %	Quantity variance +428
Specialty Materials Business	642	514	127	25 %	Price variance -109
Others	508	375	133	35 %	Exchange rate variance +138
Eliminations	-29	-22	-7		
<b>Operating income</b>	<b>299</b>	<b>237</b>	<b>62</b>	<b>26 %</b>	Comparative Analysis of Operating income
(Operating income ratio) (%)	10.1%	9.4%	0.6 pt		Quantity variance +42      Raw materials price variance +12
Elastomer Business	193	196	-3	-1 %	Price variance -109      SG & A etc. -21
Specialty Materials Business	91	26	65	249 %	Exchange rate variance +138
Others	15	15	-0	-2 %	
<b>Non-operating income &amp; expenses</b>	<b>27</b>	<b>15</b>	<b>11</b>	<b>75 %</b>	Foreign exchange gain +6
Ordinary income	326	252	73	29 %	
Income before income taxes	325	234	91	39 %	
Net income	197	148	49	33 %	
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Exchange rate (JPY/\$)	99.8	82.3	18	21 %	
Exchange rate (JPY/€)	133.4	106.4	27	25 %	
Naphtha price (JPY/kl)	67,200	57,500	9,700	17 %	
Asian Butadiene price (USD/t)	1,382	2,064	-682	-33 %	

## Elastomer Business

	FY2013	FY2012	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Sales volume (thousand ton)	529	511	18	4 %	
Rubbers	312	292	20	7 %	
Latices	114	116	-2	-2 %	
Chemicals	103	103	0	0 %	
Net Sales	1,844	1,640	203	12 %	
Rubbers	1,257	1,100	156	14 %	Tohpe+41
Latices	182	177	6	3 %	
Chemicals	384	342	42	12 %	
Eliminations	21	21	-0	-2 %	
Operating income	193	196	-3	-1 %	
(Operating income ratio) (%)	10.5%	11.9%	-1.5 pt		

## ◆ Breakdown of year on year increase of 7% for rubbers sales volume

General-purpose rubbers	+8%	Domestic sales -4%, Export sales +29%, Overseas subsidiaries 0%
Specialty rubbers	+5%	Domestic sales +4%, Export sales +11%, Overseas subsidiaries +1%

## ◆ Specialty rubbers component ratio

Sales volume	33%	(FY2012: 33%)
Sales amount	54%	(FY2012: 54%)

\*Quantity and Net Sales = Sum total of Production company's Polymer Quantity and Net Sales

## Specialty Materials Business

	FY2013	FY2012	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	642	514	127	25 %	
Specialty chemicals	189	186	4	2 %	
Specialty plastics	408	290	118	41 %	
Medical devices etc.	44	38	6	14 %	
Operating Income	91	26	65	249 %	
(Operating income ratio) (%)	14.2%	5.1%	9.1 pt		

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

Specialty Chemicals +10%, Electronic materials -18%, Battery materials +28%,

Toner -6%, Withdrawal from the magnetic tape materials business

◆ Breakdown of year on year increase of 41% for specialty plastics sales amount

Cyclo-Olefin Polymer resins +15%, Optical films +54%

◆ Sales volume growth rate for optical films 210%

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

FY2012 50% → FY2013 29%

**Others**

	FY2013	FY2012	Increase (Decrease)		Remarks (JPY100m)
			Amount	Percentage	
Net Sales	508	375	133	35 %	Tohpe +108
Operating Income	15	15	-0	-0 %	
(Operating income ratio) (%)	2.9%	4.0%	-1.0	pt	

# Consolidated Statement of Income (Quarterly trends)

	2012				2013				Increase (Decrease) Q4/FY2013 vs. Q3/FY2013		Remarks  (JPY100m)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	Percentage	
	<b>Sales Volume</b> (thousand ton)	127	123	123	137	132	130	136	130	-6	
Rubbers	73	70	67	81	79	78	79	76	-4	-5 %	
Latices	27	29	30	29	30	28	30	26	-4	-14 %	
Chemicals	26	25	26	27	24	24	27	28	1	6 %	
<b>Net Sales</b>	652	620	594	642	724	759	751	729	-22	-3 %	<b>Comparative analysis of net sales</b>
<b>Elastomer business</b>	450	403	380	407	455	466	464	458	-6	-1 %	Quantity variance -30
Rubbers	308	271	251	270	311	317	320	309	-11	-3 %	Price variance +1
Latices	49	45	42	40	51	43	45	43	-2	-5 %	Exchange rate variance +7
Chemicals	88	83	81	91	88	101	94	100	6	6 %	
Others and Eliminations	5	4	6	7	5	4	5	6	1	22 %	
<b>Specialty materials business</b>	113	117	133	151	155	175	164	148	-16	-10 %	
Specialty chemicals	48	46	42	49	49	48	47	46	-1	-3 %	
Specialty plastics	55	61	81	92	96	116	105	91	-14	-13 %	
Medical devices etc.	9	9	10	10	10	11	12	11	-1	-6 %	
<b>Others and Eliminations</b>	89	100	81	84	114	118	123	124	0	0 %	
<b>Operating income</b>	66	48	57	66	87	81	77	54	-23	-30 %	<b>Comparative Analysis of Operating income</b>
(Operating income ratio) (%)	10%	8%	10%	10%	12%	11%	10%	7%	-3 pt		Quantity variance -11
<b>Elastomer business</b>	63	46	42	44	59	48	45	41	-4	-9 %	Price variance +1
<b>Specialty materials business</b>	-0	-2	12	17	25	29	27	10	-17	-63 %	Exchange rate variance +7
<b>Others and Eliminations</b>	3	5	3	4	3	4	5	3	-2	-39 %	Raw materials price variance -10
<b>Ordinary income</b>	57	46	69	80	100	82	91	53	-38	-42 %	SG & A etc. -10
<b>Net income</b>	29	26	57	35	62	46	63	26	-37	-58 %	
<b>Exchange rate (JPY/\$)</b>	80.8	78.7	79.8	90.1	97.7	98.4	99.6	103.4	3.8	4 %	
<b>Exchange rate (JPY/€)</b>	104.8	97.6	103.3	120.0	126.9	129.6	135.5	141.4	5.9	4 %	
<b>Naphtha price (JPY/kl)</b>	60,600	49,800	55,800	63,800	65,500	63,900	67,800	71,700	3,900	6 %	
<b>Asian Butadiene price (USD/t)</b>	2,509	2,169	1,694	1,885	1,405	1,144	1,570	1,409	-161	-10 %	

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

# ZEON

(Unit : Millions of JPY)

	2012				2013				Increase (Decrease) Q4/FY2013 vs. Q3/FY2013		2014 forecast	Increase (Decrease) FY2014 vs. FY2013	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Amount	percentage		Amount	percentage
<b>Capital Expenditures</b>	63	39	79	54	37	70	91	72					
Elastomer business	45	26	62	20	26	30	50	21					
Specialty materials business	12	4	9	25	8	35	35	43					
Others and Eliminations	6	9	8	9	3	5	6	8					
<b>Cumulative Capital Expenditures</b>	63	102	181	235	37	108	199	271	36	15 %	267	-4	-2 %
Elastomer business	45	71	133	153	26	57	107	128	-25	-17 %			
Specialty materials business	12	16	26	50	8	43	78	121	70	139 %			
Others and Eliminations	6	15	23	31	3	8	15	23	-8	-27 %			
<b>Depreciation &amp; Amortization</b>	41	44	46	50	39	40	44	48					
Elastomer business	15	16	17	19	16	17	19	22					
Specialty materials business	22	24	25	26	18	18	20	18					
Others and Eliminations	4	4	4	5	5	5	5	8					
<b>Cumulative Depreciation &amp; Amortization</b>	41	86	131	181	39	78	122	171	-11	-6 %	216	45	27 %
Elastomer business	15	31	48	67	16	33	52	74	7	10 %			
Specialty materials business	22	47	71	97	18	36	56	74	-23	-24 %			
Others and Eliminations	4	8	12	17	5	10	15	23	6	34 %			
<b>R &amp; D Expenses</b>	28	28	30	32	27	31	32	37					
<b>Cumulative R &amp; D Expenses</b>	28	56	87	119	27	58	90	127	8	6 %	133	6	5 %

# Comparative Balance Sheets (Consolidated)

# ZEON

(Unit : Millions of JPY)

Assets				Liabilities and Net assets			
	As of Mar. 31, 2014	As of Mar. 31, 2013	Increase (Decrease)		As of Mar. 31, 2014	As of Mar. 31, 2013	Increase (Decrease)
<b>Current assets</b>	<b>1,784</b>	<b>1,757</b>	<b>27</b>	<b>Current liabilities</b>	<b>1,337</b>	<b>1,346</b>	<b>-9</b>
Cash and bank deposits	91	122	-31	Notes and accounts payable-trade	648	740	-92
Notes and accounts receivable-trade	711	693	18	Short-term interest-bearing debt	353	372	-19
Accounts receivable-other	303	319	-16	Other current liabilities	336	235	101
Inventories	610	566	44	<b>Long-term liabilities</b>	<b>558</b>	<b>539</b>	<b>19</b>
Other current assets	70	56	13	Long-term interest-bearing debt	303	293	9
<b>Fixed assets</b>	<b>1,925</b>	<b>1,749</b>	<b>176</b>	Other long-term liabilities	255	246	10
Property, Plant and Equipment	1,227	1,089	138	<b>Total Net assets</b>	<b>1,814</b>	<b>1,621</b>	<b>194</b>
Intangible assets	59	66	-6	Equity capital	1,776	1,585	191
Investment securities	560	520	41	Other net assets	38	36	2
Other fixed assets	78	74	4	<b>Total Liabilities and Net assets</b>	<b>3,709</b>	<b>3,505</b>	<b>204</b>
<b>Total Assets</b>	<b>3,709</b>	<b>3,505</b>	<b>204</b>				
<b>Capital Expenditures</b>	<b>271</b>		*	<b>Total interest-bearing debt</b>	<b>656</b>	<b>665</b>	<b>-9</b>
<b>Depreciation &amp; Amortization</b>	<b>-171</b>			<b>Equity ratio</b>	<b>47.9</b>	<b>45.2</b>	<b>2.7</b>
<b>Other factors</b>	<b>31</b>			<b>D/E Ratio</b>	<b>0.37</b>	<b>0.42</b>	<b>-0.05</b>
<b>Fixed assets</b>	<b>132</b>						

\* SSBR plant (Singapore) 36  
 Optical film plant (Tsuruga, Japan) 44  
 Boiler facilities (Tokuyama, Japan) 14  
 No.2 C5 Petroleum Resin Plant (Thailand) 14



# Forecast of Operating Performance for FY2014

# ZEON

(Unit : Millions of JPY)

	2014	2013	Increase (Decrease)	
			Amount	Percentage
<b>Net sales</b>	<b>3,100</b>	<b>2,964</b>	<b>136</b>	<b>5 %</b>
Elastomer Business	1,964	1,844	120	7 %
Specialty Materials Business	646	642	4	1 %
Others	511	508	3	1 %
Eliminations	-21	-29	8	
<b>Operating income</b>	<b>250</b>	<b>299</b>	<b>-49</b>	<b>-16 %</b>
<b>(Operating income ratio) (%)</b>	<b>8.1%</b>	<b>10.1%</b>	<b>-2.0 pt</b>	
Elastomer Business	203	193	10	5 %
Specialty Materials Business	32	91	-59	-65 %
Others	15	15	0	3 %
<b>Non-operating income &amp; expenses</b>	<b>0</b>	<b>27</b>	<b>-27</b>	
<b>Ordinary income</b>	<b>250</b>	<b>326</b>	<b>-76</b>	<b>-23 %</b>
<b>Net income</b>	<b>170</b>	<b>197</b>	<b>-27</b>	<b>-14 %</b>
<b>Exchange rate (JPY/\$)</b>	<b>100.0</b>	<b>99.8</b>	<b>0</b>	<b>0 %</b>
<b>Exchange rate (JPY/€)</b>	<b>140.0</b>	<b>133.4</b>	<b>7</b>	<b>5 %</b>
<b>Naphtha price (JPY/kl)</b>	<b>68,000</b>	<b>67,200</b>	<b>800</b>	<b>1 %</b>
<b>Asian Butadiene price (USD/t)</b>	<b>1,600</b>	<b>1,382</b>	<b>218</b>	<b>16 %</b>

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.