

Financial Report : FY2010

May, 2011

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.

The user acknowledges that he/she agrees to exercise his/her own judgment in using these materials. The Company shall bear no responsibility for any loss arising from investment decisions relying fully on these materials.

ZEON

Statements of Income (Consolidated) for 12 Months ended Mar.31

(Unit : Millions of yen)

	FY 2010 Year ended March 31, 2011	FY 2009 Year ended March 31, 2010	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	270,383	225,878	44,505	19.7%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	173,434	138,287	35,147	25.4%	Quantity Variance 317
Specialty Materials Business	49,790	47,305	2,485	5.3%	Price Variance 201
Others	48,494	41,655	6,839	16.4%	Exchange rate Variance -73
Eliminations	-1,336	-1,369	33		
Operating income	35,295	9,319	25,976	278.7%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	28,186	9,347	18,838	201.5%	Quantity Variance 222 Raw materials price variance and others (net) -128
Specialty Materials Business	6,445	253	6,193	2451.8%	Price Variance 201 SGA -16
Others	587	-304	891		Exchange rate Variance -73 Cost reduction effect 54
Eliminations	77	24	54		
Nonoperating income and expenses	-1,673	129	-1,802		
Nonoperating income	1,551	2,000	-449		Comparative Analysis of Nonoperating income (JPY100m)
					Subsidy -3
Nonoperating expenses	3,224	1,871	1,353		Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss 14
Ordinary income	33,623	9,448	24,175	255.9%	
Extraordinary gains and losses	-3,378	-1,498	-1,880		
Extraordinary gains	70	257	-187		Comparative Analysis of Extraordinary gains (JPY100m)
					Gain on sales of investment securities -2
Extraordinary losses	3,448	1,755	1,693		Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets 7
					Loss on devaluation of investment securities 12
Net income	18,303	5,020	13,283	264.6%	
Exchange rate (JPY/\$)	86.0	93.0	-7.0	-7.5%	
Exchange rate (JPY/€)	113.2	131.0	-17.8	-13.6%	
Naphtha Price (JPY/kl)	47,500	41,200	6,300	15.3%	

Segment Information (Consolidated) for 12 Months ended Mar.31

- Elastomer Business -

(Unit : Millions of yen)

	FY 2010 Year ended March 31, 2011	FY 2009 Year ended March 31, 2010	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	584.8	535.4	49.4	9.2%
Rubbers	328.9	302.0	26.8	8.9%
Latices	148.7	143.4	5.3	3.7%
Chemicals	107.2	90.0	17.3	19.2%
Net Sales (JPYm)	173,434	138,287	35,147	25.4%
Rubbers	121,380	95,518	25,862	27.1%
Latices	21,395	17,735	3,660	20.6%
Chemicals	30,683	25,100	5,582	22.2%
Eliminations	-23	-66	43	-
Operating expenses	145,249	128,940	16,309	12.6%
Operating income	28,186	9,347	18,838	201.5%

- Specialty Materials Business -

(Unit : Millions of yen)

	FY 2010 Year ended March 31, 2011	FY 2009 Year ended March 31, 2010	Increase (Decrease)	
			Amount	Percentage
Net Sales	49,790	47,305	2,485	5.3%
Specialty materials	22,730	22,807	-77	-0.3%
Specialty plastics	27,060	24,497	2,563	10.5%
Eliminations	0	0	0	-
Operating expenses	43,345	47,052	-3,707	-7.9%
Operating income	6,445	253	6,193	2451.8%

- Others -

(Unit : Millions of yen)

	FY 2010 Year ended March 31, 2011	FY 2009 Year ended March 31, 2010	Increase (decrease)	
			Amount	Percentage
Net Sales	48,494	41,655	6,839	16.4%
Operating expenses	47,907	41,959	5,948	14.2%
Operating income	587	-304	891	-

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) Q4/FY2010 vs. Q3/FY2010		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Amount	Percentage	
Sales Quantity (thousands ton)	103.4	137.5	144.8	149.7	145.8	146.9	147.9	144.2	-3.8	-2.6%	
Rubbers	55.0	76.2	81.8	89.0	83.4	82.3	82.5	80.7	-1.8	-2.1%	
Latices	29.0	38.0	40.1	36.3	36.5	37.7	39.1	35.4	-3.7	-9.5%	
Chemicals	19.4	23.3	22.9	24.4	25.9	26.9	26.4	28.1	1.7	6.4%	
Net Sales	47,310	55,394	58,962	64,211	67,578	67,439	66,665	68,700	2,035	3.1%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	27,266	33,490	37,135	40,395	42,915	42,742	43,262	44,516	1,254	2.9%	Quantity Variance 0
Rubbers	18,290	22,550	26,054	28,624	30,714	30,219	29,836	30,610	774	2.6%	Price Variance 23
Latices	3,864	4,177	4,827	4,867	5,318	5,434	5,493	5,151	-342	-6.2%	Exchange rate Variance -3
Chemicals	5,113	6,772	6,256	6,959	6,895	7,102	7,932	8,754	821	10.4%	
Eliminations	0	-10	-1	-55	-11	-13	0	0	0	-	
Specialty materials business	10,604	11,840	11,876	12,985	13,743	13,140	11,459	11,448	-11	-0.1%	
Specialty materials	4,812	5,788	5,723	6,485	6,087	5,879	5,401	5,364	-37	-0.7%	
Specialty plastics	5,792	6,052	6,153	6,500	7,656	7,261	6,059	6,084	25	0.4%	
Eliminations	0	0	0	0	0	0	0	0	0	-	
Others	9,954	10,366	10,230	11,105	11,242	11,853	12,272	13,127	855	7.0%	
Eliminations	-515	-302	-278	-274	-321	-296	-328	-390	-63	-	
Operating expenses	-2,921	1,204	5,173	5,863	10,436	8,344	8,006	8,510	504	6.3%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	-1,437	763	4,312	5,709	7,206	6,728	7,093	7,159	66	0.9%	Quantity Variance 10
Specialty materials business	-1,226	584	869	26	3,150	1,372	749	1,174	425	56.7%	Price Variance 23
Others	-269	-116	-23	104	61	213	150	162	12	7.9%	Exchange rate Variance -3
Eliminations	11	-26	14	25	20	30	13	14	1	9.2%	Raw materials price variance and others. (nc -23
											SGA -4
											Cost reduction effect 2
Ordinary income	-2,674	693	5,450	5,979	9,545	7,609	7,829	8,641	812	10.4%	
Net income	-2,292	892	2,852	3,568	4,363	4,751	4,579	4,610	31	0.7%	
Exchange rate (JPY/\$)	97.5	94.7	89.5	90.4	92.8	86.6	83.0	81.8	-1.2	-1.4%	
Exchange rate (JPY/€)	131.5	134.2	132.4	126.0	120.5	109.3	112.5	110.5	-2.0	-1.8%	
Naphtha Price (JPY/kl)	33,300	41,200	42,500	47,700	49,700	42,700	45,100	52,400	7,300	16.2%	

Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Mar. 31, 2011		As of Mar. 31, 2010		increase (decrease)	Account item	As of Mar. 31, 2011		As of Mar. 31, 2010		increase (decrease)
Current assets	156,741	53.9	131,632	46.8	25,109	Current liabilities	105,137	36.2	102,131	36.3	3,006
Cash and bank deposits	15,129		7,378		7,751	Notes and accounts payable-trade	60,929		48,349		12,580
Notes and accounts receivable- trade	65,482		61,540		3,942	Short-term interest-bearing debt	17,997		39,127		-21,130
Accounts receivable-other	24,788		19,319		5,469	Other current liabilities	26,211		14,655		11,556
Inventories	45,930		38,336		7,594	Long-term liabilities	66,691	22.9	70,850	25.2	-4,159
Other current assets	5,412		5,059		353	Long-term interest-bearing debt	52,866		56,571		-3,705
Fixed assets	133,855	46.1	149,421	53.2	-15,566	Other long-term liabilities	13,825		14,279		-454
Property, Plant and equipment	95,942		108,373		-12,431	Total Liabilities	171,828	59.1	172,981	61.5	-1,153
Intangible assets	3,996		4,127		-131						
Investment securities	28,361		31,135		-2,774	Equity capital	114,875		104,648		10,227
Other fixed assets	5,556		5,785		-229	Stock acquisition rights	234		185		49
Deferred charges	-	-	-	-	-	Minority interests	3,659		3,239		420
						Total Net assets	118,767	40.9	108,072	38.5	10,695
Total Assets	290,596	100.0	281,053	100.0	9,543	Total Liabilities and Net assets	290,596	100.0	281,053	100.0	9,543

	As of Mar. 31, 2011	As of Mar. 31, 2010	Increase / decrease
Interest-bearing debt	70,863	95,698	-24,835
Equity capital	114,875	104,648	10,227
Equity ratio	39.5	37.2	2.3
D/E Ratio	0.62	0.91	-0.30

Statements of Cash Flows (Consolidated) for 12 Months ended Mar.31

(Unit : Millions of yen)

	FY 2010	FY 2009	Increase
	Year ended March 31, 2011	Year ended March 31, 2010	(Decrease) Amount
Cash flows from operating activities	48,100	42,956	5,144
Income before income taxes and minority interests	30,244	7,951	22,293
Depreciation and amortization	21,125	22,256	-1,131
Decrease (Increase) in receivables - trade	-5,796	-15,065	9,269
Decrease (Increase) in inventories	-8,536	18,126	-26,662
Increase (Decrease) in payables - trade	14,400	11,866	2,534
Income taxes refunded (paid)	-1,573	2,587	-4,160
Other, net	-1,764	-4,765	3,001
Cash flows from investing activities	-9,635	-12,346	2,711
Purchase of tangible & intangible assets	-9,617	-12,524	2,907
Purchase of investment securities	-616	-293	-323
Proceeds from sales of investment securities	0	483	-483
Other, net	598	-12	610
Free Cash flows	38,465	30,610	7,855
Cash flows from financing activities	-29,770	-28,884	-886
Increase (Decrease) of interest-bearing debt	-24,532	-27,758	3,226
Dividends paid	-2,336	-709	-1,627
Repurchase of treasury stock	-2,777	-2	-2,775
Other, net	-125	-415	290
Effect of exchange rate changes on cash and cash equivalents	-659	46	-705
Net increase (decrease) in cash and cash equivalents	8,036	1,772	6,264
Cash and cash equivalents at beginning	6,912	5,008	1,904
Increase in cash due to change in number of consolidated subsidiaries	124	131	-7
Cash and cash equivalents at end	15,072	6,912	8,160

Forecast of Operating Performance FY2011 (Consolidated)

FY2011 (Apr. 1, 2011 through Mar. 31, 2012)

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2012	Fiscal Year ended March 31, 2011	Increase (Decrease)	
			Amount	Percentage
Net Sales	280,000	270,383	9,617	3.6%
Elastomer Business	179,400	173,434	5,966	3.4%
Specialty Materials Business	56,000	49,790	6,210	12.5%
Others	46,000	48,494	-2,494	-5.1%
Eliminations	-1,400	-1,336	-64	
Operating income	25,000	35,295	-10,295	-29.2%
Elastomer Business	17,700	28,186	-10,486	-37.2%
Specialty Materials Business	6,800	6,445	355	5.5%
Others	400	587	-187	-31.9%
Eliminations	100	77	23	29.4%
Ordinary income	24,000	33,623	-9,623	-28.6%
Net income	15,000	18,303	-3,303	-18.0%
Exchange rate (JPY/\$)	80.0	86.0	-6.0	-7.0%
Exchange rate (JPY/€)	110.0	113.2	-3.2	-2.8%
Naphtha Price (JPY/kl)	65,000	47,500	17,500	36.8%
Depreciation & Amortization	22,000	21,125	875	4.1%
Capital Expenditures	23,000	10,329	12,671	122.7%
Research and Development Expenses	12,000	9,532	2,468	25.9%