

Financial Report

The 3rd Quarter of FY2011 (From Apr. 1 to Dec. 31, 2011)

February, 2012

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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ZEON CORPORATION

Statements of Income (Consolidated) From Apr. 1 to Dec. 31, 2011

ZEON

(Unit : Millions of yen)

	Third Quarter ended December 31, 2011	Third Quarter ended December 31, 2010	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	199,419	201,683	-2,264	-1.1%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	134,014	128,919	5,095	4.0%	Quantity Variance -191
Specialty Materials Business	37,310	38,342	-1,032	-2.7%	Price Variance 215
Others	29,592	35,367	-5,775	-16.3%	Exchange rate Variance -47
Eliminations	-1,498	-945	-552		
Operating income	28,459	26,786	1,673	6.2%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	25,288	21,026	4,262	20.3%	Quantity Variance -48 Raw materials price variance and others (net) -119
Specialty Materials Business	2,088	5,271	-3,184	-60.4%	Price Variance 215 SGA -8
Others	1,061	425	636	149.7%	Exchange rate Variance -47 Cost reduction effect 24
Eliminations	22	63	-41		
Nonoperating income and expenses	-1,323	-1,803	480	-	
Nonoperating income	1,347	1,222	125	10.2%	Comparative Analysis of Nonoperating income (JPY100m)
					Dividends income 1
Nonoperating expenses	2,670	3,025	-355	-11.7%	Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss -9
					Depreciation of inactive fixed assets 6
Extraordinary gains and losses	-881	-3,104	2,223	-	
Extraordinary gains	707	53	654	1234.6%	Comparative Analysis of Extraordinary gains (JPY100m)
					Business Assignment 4
Extraordinary losses	1,588	3,157	-1,569	-49.7%	Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets -8
					Asset retirement obligation -7
Net income	16,032	13,693	2,339	17.1%	
Exchange rate (JPY/\$)	79.1	87.5	-8.4	-9.6%	
Exchange rate (JPY/€)	112.2	114.1	-1.9	-1.7%	
Naphtha Price (JPY/kl)	55,200	45,800	9,400	20.5%	

On the basis of new medium-term management plan, Packaging and Logistics Materials are reported as part of Elastomer Business and the Medical Products are reported as part of Specialty Material Business segment. Previously, both segments were reported as Other Business segment. However, reported results in fiscal 2010 do not reflect these segment changes.

Segment Information (Consolidated) for 3 Months ended Dec.31

ZEON

- Elastomer Business -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2011	Third Quarter ended December 31, 2010	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	397.5	440.6	-43.2	-9.8%
Rubbers	223.2	248.2	-24.9	-10.0%
Latices	99.9	113.3	-13.4	-11.8%
Chemicals	74.4	79.2	-4.8	-6.1%
Net Sales (JPYm)	134,014	128,919	5,095	4.0%
Rubbers	90,143	90,769	-627	-0.7%
Latices	17,118	16,244	874	5.4%
Chemicals	25,647	21,929	3,718	17.0%
Others	3,431	0	3,431	-
Eliminations	-2,324	-24	-2,300	-
Operating expenses	108,726	107,892	834	0.8%
Operating income	25,288	21,026	4,262	20.3%

- Specialty Materials Business -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2011	Third Quarter ended December 31, 2010	Increase (Decrease)	
			Amount	Percentage
Net Sales	37,310	38,342	-1,032	-2.7%
Specialty materials	14,373	17,366	-2,993	-17.2%
Specialty plastics	19,950	20,976	-1,026	-4.9%
Medical etc.	2,987	0	2,987	-
Eliminations	0	0	0	-
Operating expenses	35,223	33,071	2,152	6.5%
Operating income	2,088	5,271	-3,184	-60.4%

- Others -

(Unit : Millions of yen)

	Third Quarter ended December 31, 2011	Third Quarter ended December 31, 2010	Increase (decrease)	
			Amount	Percentage
Net Sales	29,592	35,367	-5,775	-16.3%
Operating expenses	28,531	34,942	-6,411	-18.3%
Operating income	1,061	425	636	149.7%

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Statements of Income (Consolidated) for 3 Months ended

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2011				Fiscal Year ended March 31, 2012			Increase (Decrease) Q3/FY2011 vs. Q2/FY2011		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Amount	Percentage	
Sales Quantity (thousands ton)	145.8	146.9	147.9	144.2	136.0	134.2	127.3	-6.9	-5.2%	
Rubbers	83.4	82.3	82.5	80.7	75.7	74.8	72.8	-2.0	-2.7%	
Latices	36.5	37.7	39.1	35.4	33.6	33.8	32.5	-1.3	-3.8%	
Chemicals	25.9	26.9	26.4	28.1	26.7	25.6	22.0	-3.6	-14.0%	
Net Sales	67,578	67,439	66,665	68,700	66,730	67,342	65,347	-1,994	-3.0%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	42,915	42,742	43,262	44,516	43,987	45,496	44,531	-964	-2.1%	Quantity Variance -2
Rubbers	30,714	30,219	29,836	30,610	29,148	31,227	29,767	-1,459	-4.7%	Price Variance -14
Latices	5,318	5,434	5,493	5,151	5,283	5,798	6,038	241	4.2%	Exchange rate Variance -4
Chemicals	6,895	7,102	7,932	8,754	9,228	8,379	8,040	-339	-4.0%	
Others	0	0	0	0	876	888	1,667	779	87.7%	
Eliminations	-11	-13	0	0	-548	-795	-981	-186	-	
Specialty materials business	13,743	13,140	11,459	11,448	13,951	11,995	11,364	-631	-5.3%	
Specialty materials	6,087	5,879	5,401	5,364	5,352	4,706	4,314	-392	-8.3%	
Specialty plastics	7,656	7,261	6,059	6,084	7,626	6,258	6,066	-192	-3.1%	
Medical.etc	0	0	0	0	973	1,030	984	-46	-4.5%	
Eliminations	0	0	0	0	0	0	0	0	-	
Others	11,242	11,853	12,272	13,127	9,303	10,339	9,951	-388	-3.8%	
Eliminations	-321	-296	-328	-390	-511	-488	-499	-11	-	
Operating income	10,436	8,344	8,006	8,510	11,825	9,458	7,176	-2,283	-24.1%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	7,206	6,728	7,093	7,159	9,740	8,560	6,988	-1,572	-18.4%	Quantity Variance -11
Specialty materials business	3,150	1,372	749	1,174	1,883	472	-268	-740	-156.8%	Price Variance -14
Others	61	213	150	162	218	406	437	31	7.7%	Exchange rate Variance -4
Eliminations	20	30	13	14	-16	20	18	-2	-	Raw materials price variance and others. (net). -1
										SGA -2
										Cost reduction effect 9
Ordinary income	9,545	7,609	7,829	8,641	11,661	8,131	7,344	-787	-9.7%	
Net income	4,363	4,751	4,579	4,610	7,081	5,154	3,797	-1,357	-26.3%	
Exchange rate (JPY/\$)	92.8	86.6	83.0	81.8	82.0	78.4	76.8	-1.6	-2.0%	
Exchange rate (JPY/€)	120.5	109.3	112.5	110.5	118.5	113.0	105.1	-7.8	-6.9%	
Naphtha Price (JPY/kl)	49,700	42,700	45,100	52,400	59,000	54,900	51,700	-3,200	-5.8%	

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Comparative Balance Sheets (Consolidated)

ZEON

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Dec. 31, 2011		As of Mar. 31, 2011		increase (decrease)	Account item	As of Dec. 31, 2011		As of Mar. 31, 2010		increase (decrease)
Current assets	164,405	54.9	156,741	53.9	22,101	Current liabilities	129,825	41.0	105,137	36.2	24,688
Cash and bank deposits	13,498		15,129		-1,630	Notes and accounts payable-trade	77,786		60,929		16,856
Notes and accounts receivable- trade	67,889		65,482		2,407	Short-term interest-bearing debt	26,265		17,997		8,267
Accounts receivable-other	35,339		24,788		10,551	Other current liabilities	25,775		26,210		-436
Inventories	52,419		45,930		6,489	Long-term liabilities	56,796	18.0	66,691	22.9	-9,895
Other current assets	9,697		5,413		4,285	Long-term interest-bearing debt	44,167		52,866		-8,699
Fixed assets	137,338	43.4	133,855	46.1	3,484	Other long-term liabilities	12,629		13,825		-1,196
Property, Plant and equipment	98,095		95,942		2,153	Total Liabilities	186,621	59.0	171,828	59.1	14,793
Intangible assets	4,027		3,996		31						
Investment securities	27,339		28,361		-1,022	Equity capital	125,833		114,875		10,958
Other fixed assets	7,878		5,556		2,322	Stock acquisition rights	219		234		-15
Deferred charges	-	-	-	-	-	Minority interests	3,508		3,659		-150
						Total Net assets	129,560	41.0	118,767	40.9	10,792
Total Assets	316,181	100.0	290,596	100.0	25,585	Total Liabilities and Net assets	316,181	100.0	290,596	100.0	25,585

	As of dec. 31, 2011	As of Mar. 31, 2011	Increase / decrease
Interest-bearing debt	70,432	70,864	-432
Equity capital	125,833	114,875	10,958
Equity ratio	39.8	39.5	0.3
D/E Ratio	0.56	0.62	-0.06

(Unit : Millions of yen)

	Latest Forecast (Announced on Feb.8, 2012)	Actual results of the corresponding period of the preceding year	Increase (Decrease)	
			Amount	Percentage
Net Sales	260,000	270,383	-10,383	-3.8%
Operating income	32,000	35,295	-3,295	-9.3%
Ordinary income	30,000	33,623	-3,623	-10.8%
Net income	19,000	18,303	697	3.8%

The company is predicting no change in the forecast disclosed as of November 8, 2011.

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.