

Financial Report FY2011

May, 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) for 12. Months ended Mar. 31, 2012

ZEON

(Unit : Millions of yen)

	31-Mar-12	31-Mar-11	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	262,842	270,383	-7,540	-2.8%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	177,547	173,434	4,113	2.4%	Quantity Variance -266
Specialty Materials Business	48,134	49,790	-1,656	-3.3%	Price Variance 247
Others	39,057	48,494	-9,437	-19.5%	Exchange rate Variance -56
Eliminations	-1,896	-1,336	-560		
Operating income	32,123	35,295	-3,173	-9.0%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	30,166	28,186	1,981	7.0%	Quantity Variance -99 Raw materials price variance and others (net) -148
Specialty Materials Business	491	6,445	-5,954	-92.4%	Price Variance 247 SGA -21
Others	1,435	587	848	144.3%	Exchange rate Variance -56 Cost reduction effect 45
Eliminations	30	77	-47		
Nonoperating income and expenses	-636	-1,673	1,037	-	
Nonoperating income	1,796	1,551	245	15.8%	Comparative Analysis of Nonoperating income (JPY100m)
					Dividends income 2
Nonoperating expenses	2,432	3,224	-792	-24.6%	Comparative Analysis of Nonoperating expenses (JPY100m)
					Foreign exchange loss -11
					Depreciation of inactive fixed assets 4
Ordinary income	31,487	33,623	-2,137	-6.4%	
Extraordinary gains and losses	-83	-3,378	3,295	-	
Extraordinary gains	1,279	70	1,209	1727.7%	Comparative Analysis of Extraordinary gains (JPY100m)
					Business Assignment 4
					Gain on negative goodwill 8
Extraordinary losses	1,362	3,448	-2,086	-60.5%	Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on disposal of fixed assets -7
					Asset retirement obligation -7
Net income	19,127	18,303	824	4.5%	
Exchange rate (JPY/\$)	78.9	86.0	-7.1	-8.3%	
Exchange rate (JPY/€)	110.0	113.2	-3.2	-2.9%	
Naphtha Price (JPY/kl)	54,900	47,500	7,400	15.6%	

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.

- Elastomer Business -

(Unit : Millions of yen)

	31-Mar-12	31-Mar-11	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousands ton)	544.0	584.8	-40.8	-7.0%
Rubbers	305.8	328.9	-23.1	-7.0%
Latices	133.7	148.7	-15.0	-10.1%
Chemicals	104.6	107.2	-2.7	-2.5%
Net Sales (JPYm)	177,547	173,434	4,113	2.4%
Rubbers	119,462	121,380	-1,918	-1.6%
Latices	22,118	21,395	722	3.4%
Chemicals	34,243	30,683	3,561	11.6%
Others	4,779	0	4,779	-
Eliminations	-3,055	-23	-3,031	-
Operating expenses	147,381	145,249	2,132	1.5%
Operating income	30,166	28,186	1,981	7.0%

- Specialty Materials Business -

(Unit : Millions of yen)

	31-Mar-12	31-Mar-11	Increase (Decrease)	
			Amount	Percentage
Net Sales	48,134	49,790	-1,656	-3.3%
Specialty materials	18,900	22,730	-3,830	-16.8%
Specialty plastics	25,324	27,060	-1,736	-6.4%
Medical etc.	3,909	0	3,909	-
Eliminations	0	0	0	-
Operating expenses	47,643	43,345	4,298	9.9%
Operating income	491	6,445	-5,954	-92.4%

- Others -

(Unit : Millions of yen)

	31-Mar-12	31-Mar-11	Increase (Decrease)	
			Amount	Percentage
Net Sales	39,057	48,494	-9,437	-19.5%
Operating expenses	37,622	47,907	-10,285	-21.5%
Operating income	1,435	587	848	144.3%

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Statements of Income (Consolidated) for 12. Months ended Mar. 31, 2012

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2011				Fiscal Year ended March 31, 2012				Increase (Decrease) FY2011 vs. FY2010		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Amount	Percentage	
Sales Quantity (thousands ton)	145.8	146.9	147.9	144.2	136.0	134.2	127.3	146.6	19.2	15.1%	
Rubbers	83.4	82.3	82.5	80.7	75.7	74.8	72.8	82.5	9.8	13.4%	
Latices	36.5	37.7	39.1	35.4	33.6	33.8	32.5	33.8	1.3	4.0%	
Chemicals	25.9	26.9	26.4	28.1	26.7	25.6	22.0	30.2	8.2	37.2%	
Net Sales	67,578	67,439	66,665	68,700	66,730	67,342	65,347	63,424	-1,924	-2.9%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	42,915	42,742	43,262	44,516	43,987	45,496	44,531	43,533	-999	-2.2%	Quantity Variance -8
Rubbers	30,714	30,219	29,836	30,610	29,148	31,227	29,767	29,319	-448	-1.5%	Price Variance -13
Latices	5,318	5,434	5,493	5,151	5,283	5,798	6,038	4,999	-1,039	-17.2%	Exchange rate Variance 2
Chemicals	6,895	7,102	7,932	8,754	9,228	8,379	8,040	8,596	556	6.9%	
Others	0	0	0	0	876	888	1,667	1,348	-319	-19.1%	
Eliminations	-11	-13	0	0	-548	-795	-981	-730	251	-	
Specialty materials business	13,743	13,140	11,459	11,448	13,951	11,995	11,364	10,824	-541	-4.8%	
Specialty materials	6,087	5,879	5,401	5,364	5,352	4,706	4,314	4,527	213	4.9%	
Specialty plastics	7,656	7,261	6,059	6,084	7,626	6,258	6,066	5,374	-692	-11.4%	
Medical.etc	0	0	0	0	973	1,030	984	922	-62	-6.3%	
Eliminations	0	0	0	0	0	0	0	0	0	-	
Others	11,242	11,853	12,272	13,127	9,303	10,339	9,951	9,465	-485	-4.9%	
Eliminations	-321	-296	-328	-390	-511	-488	-499	-398	101	-	
Operating income	10,436	8,344	8,006	8,510	11,825	9,458	7,176	3,664	-3,512	-48.9%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	7,206	6,728	7,093	7,159	9,740	8,560	6,988	4,878	-2,110	-30.2%	Quantity Variance 12
Specialty materials business	3,150	1,372	749	1,174	1,883	472	-268	-1,597	-1,329	495.7%	Price Variance -13
Others	61	213	150	162	218	406	437	374	-63	-14.5%	Exchange rate Variance 2
Eliminations	20	30	13	14	-16	20	18	8	-10	-	Raw materials price variance and others. (net). -33
											SGA -14
											Cost reduction effect 11
Ordinary income	9,545	7,609	7,829	8,641	11,661	8,131	7,344	4,351	-2,993	-40.8%	
Net income	4,363	4,751	4,579	4,610	7,081	5,154	3,797	3,095	-702	-18.5%	
Exchange rate (JPY/\$)	92.8	86.6	83.0	81.8	82.0	78.4	76.8	78.3	1.4	1.8%	
Exchange rate (JPY/€)	120.5	109.3	112.5	110.5	118.5	113.0	105.1	103.3	-1.9	-1.8%	
Naphtha Price (JPY/kl)	49,700	42,700	45,100	52,400	59,000	54,900	51,700	54,100	2,400	4.6%	
Depreciation & Amortization	5,069	5,149	5,252	5,655	4,614	5,061	5,070	5,140	70	1.4%	
Capital Expenditures	1,930	2,668	3,096	2,635	5,374	6,855	5,626	5,140	-486	-8.6%	
Research and Development Expenses	2,196	2,413	2,350	2,573	2,417	2,464	2,769	3,456	687	24.8%	

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.

Comparative Balance Sheets (Consolidated)

(Unit : Millions of yen, %)

Assets						Liabilities and Net assets					
Account item	As of Mar. 31, 2012		As of Mar. 31, 2011		Increase (Decrease)	Account item	As of Mar. 31, 2012		As of Mar. 31, 2011		Increase (Decrease)
Current assets	169,244	54.3	156,741	53.9	12,503	Current liabilities	120,312	38.6	105,137	36.2	15,175
Cash and bank deposits	13,302		15,129		-1,826	Notes and accounts payable-trade	71,552		60,929		10,622
Notes and accounts receivable-trade	67,117		65,482		1,636	Short-term interest-bearing debt	26,383		17,997		8,386
Accounts receivable-other	30,051		24,788		5,263	Other current liabilities	22,377		26,210		-3,834
Inventories	52,789		45,930		6,859	Long-term liabilities	56,133	18.0	66,691	22.9	-10,558
Other current assets	5,985		5,413		572	Long-term interest-bearing debt	41,201		52,866		-11,665
Fixed assets	142,680	45.7	133,855	46.1	8,826	Other long-term liabilities	14,931		13,825		1,106
Property, Plant and equipment	97,774		95,942		1,832	Total Liabilities	176,444	56.6	171,828	59.1	4,616
Intangible assets	4,017		3,996		21	Equity capital	132,451		114,875		17,576
Investment securities	34,336		28,361		5,975	Stock acquisition rights	228		234		-6
Other fixed assets	6,553		5,556		998	Minority interests	2,801		3,659		-858
Deferred charges	-	-	-	-	-	Total Net assets	135,480	43.4	118,767	40.9	16,713
Total Assets	311,925	100.0	290,596	100.0	21,329	Total Liabilities and Net assets	311,925	100.0	290,596	100.0	21,329

	As of Mar. 31, 2012	As of Mar. 31, 2011	Increase / Decrease
Interest-bearing debt	67,585	70,864	-3,279
Equity capital	132,451	114,875	17,576
Equity ratio	42.5	39.5	3.0
D/E Ratio	0.51	0.62	-0.11

FY2012 (Apr. 1, 2012 through Mar. 31, 2013)

(Unit : Millions of yen)

	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2012	Increase (Decrease)	
			Amount	Percentage
Net Sales	290,000	262,842	27,158	10.3%
Elastomer Business	194,400	177,547	16,853	9.5%
Specialty Materials Business	57,600	48,134	9,466	19.7%
Others	40,000	39,057	943	2.4%
Eliminations	-2,000	-1,896	-104	
Operating income	32,000	32,123	-123	-0.4%
Elastomer Business	26,400	30,166	-3,766	-12.5%
Specialty Materials Business	4,100	491	3,609	735.0%
Others	1,500	1,435	65	4.5%
Eliminations	0	30	-30	-100.0%
Ordinary income	30,000	31,487	-1,487	-4.7%
Net income	18,000	19,127	-1,127	-5.9%
Exchange rate (JPY/\$)	80.0	78.9	1.1	1.4%
Exchange rate (JPY/€)	100.0	110.0	-10.0	-9.1%
Naphtha Price (JPY/kl)	63,000	54,900	8,100	14.8%
Depreciation & Amortization	19,000	19,885	-885	-4.5%
Capital Expenditures	22,000	22,995	-995	-4.3%
Research and Development Expenses	12,000	11,106	894	8.0%

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.