

Financial Report

The 2nd Quarter of FY2013 (From Apr. 1 to Sep. 30, 2012)

November, 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 Sep. 30, 2012

ZEON

(Unit : Millions of JPY)

	Second Quarter ended September 30, 2012	Second Quarter ended September 30, 2011	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	127,204	134,071	-6,867	-5.1%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	85,296	89,482	-4,186	-4.7%	Quantity Variance -72
Specialty Materials Business	23,019	25,946	-2,927	-11.3%	Price Variance 21
Others	19,802	19,641	161	0.8%	Exchange rate Variance -18
Eliminations	-912	-999	87		
Operating income	11,442	21,283	-9,841	-46.2%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	10,939	18,300	-7,361	-40.2%	Quantity Variance -38 Raw materials price variance and others (net) -61
Specialty Materials Business	-259	2,356	-2,615	-111.0%	Price Variance 21 SG&A -13
Others	754	624	130	20.8%	Exchange rate Variance -18 Cost reduction effect 11
Eliminations	7	4	3		
Non-operating income and expenses	-1,120	-1,492	372	-	
Non-operating income	1,223	929	294	31.6%	Comparative Analysis of Non-operating income (JPY100m)
					Dividends income -1 Subsidy 1
Non-operating expenses	2,343	2,421	-78	-3.2%	
Ordinary income	10,321	19,792	-9,471	-47.9%	
Extraordinary gains and losses	-1,568	-136	-1,432	-	
Extraordinary gains	13	707	-694	-98.1%	Comparative Analysis of Extraordinary gains (JPY100m)
					Gain from Business Assignment -4
					Gain on negative goodwill -3
Extraordinary losses	1,581	843	738	87.6%	Comparative Analysis of Extraordinary losses (JPY100m)
					Loss on devaluation of investment securities 8
Net income	5,550	12,235	-6,685	-54.6%	
Exchange rate (JPY/\$)	79.7	80.2	-0.5	-0.6%	
Exchange rate (JPY/€)	101.2	115.7	-14.5	-12.5%	
Naphtha Price (JPY/kl)	55,200	57,000	-1,800	-3.2%	
Asian Butadiene Price (USD/t)	2,339	3,623	-1,284	-35.4%	

Segment Information (Consolidated) for 3 Months ended Sep.30, 2012

ZEON

- Elastomer Business -

(Unit : Millions of JPY)

	Second Quarter ended September 30, 2012	Second Quarter ended September 30, 2011	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousand ton)	250.1	270.2	-20.1	-7.4%
Rubbers	143.3	150.5	-7.2	-4.8%
Latices	56.3	67.4	-11.1	-16.5%
Chemicals	50.5	52.3	-1.8	-3.4%
Net Sales	85,296	89,482	-4,186	-4.7%
Rubbers	57,937	60,375	-2,438	-4.0%
Latices	9,476	11,080	-1,604	-14.5%
Chemicals	17,046	17,607	-561	-3.2%
Others	2,804	1,764	1,040	59.0%
Eliminations	-1,968	-1,343	-625	-
Operating expenses	74,357	71,182	3,175	4.5%
Operating income	10,939	18,300	-7,361	-40.2%

- Specialty Materials Business -

(Unit : Millions of JPY)

	Second Quarter ended September 30, 2012	Second Quarter ended September 30, 2011	Increase (Decrease)	
			Amount	Percentage
Net Sales	23,019	25,946	-2,927	-11.3%
Specialty materials	9,474	10,059	-585	-5.8%
Specialty plastics	11,667	13,884	-2,217	-16.0%
Medical devices etc.	1,877	2,003	-126	-6.3%
Eliminations	-	-	-	-
Operating expenses	23,278	23,590	-312	-1.3%
Operating income	-259	2,356	-2,615	-111.0%

- Others -

(Unit : Millions of JPY)

	Second Quarter ended September 30, 2012	Second Quarter ended September 30, 2011	Increase (Decrease)	
			Amount	Percentage
Net Sales	19,802	19,641	161	0.8%
Operating expenses	19,048	19,017	31	0.2%
Operating income	754	624	130	20.8%

Statements of Income (Consolidated) for 3 Months ended Sep. 30, 2012

ZEON

(Unit : Millions of JPY)

	Fiscal Year ended March 31, 2012				Fiscal Year ended March 31, 2013		Increase (Decrease) Q2/FY2013 vs. Q1/FY2013		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Amount	Percentage	
Sales Quantity (thousand ton)	136.0	134.2	127.3	146.6	126.7	123.4	-3.2	-2.5%	
Rubbers	75.7	74.8	72.8	82.5	73.3	70.0	-3.3	-4.5%	
Latices	33.6	33.8	32.5	33.8	27.4	28.8	1.4	5.3%	
Chemicals	26.7	25.6	22.0	30.2	25.9	24.6	-1.3	-5.2%	
Net Sales	66,730	67,342	65,347	63,424	65,187	62,018	-3,169	-4.9%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	43,987	45,496	44,531	43,533	44,955	40,341	-4,614	-10.3%	Quantity variance -12
Rubbers	29,148	31,227	29,767	29,319	30,797	27,140	-3,657	-11.9%	Price variance -15
Latices	5,283	5,798	6,038	4,999	4,941	4,535	-406	-8.2%	Exchange rate variance -5
Chemicals	9,228	8,379	8,040	8,596	8,762	8,284	-478	-5.5%	
Others	876	888	1,667	1,348	1,493	1,311	-182	-12.2%	
Eliminations	-548	-795	-981	-730	-1,038	-930	108	-	
Specialty materials business	13,951	11,995	11,364	10,824	11,296	11,723	427	3.8%	
Specialty materials	5,352	4,706	4,314	4,527	4,837	4,637	-200	-4.1%	
Specialty plastics	7,626	6,258	6,066	5,374	5,521	6,146	625	11.3%	
Medical devices etc.	973	1,030	984	922	937	940	3	0.3%	
Eliminations	0	0	0	0	0	0	0	-	
Others	9,303	10,339	9,951	9,465	9,483	10,319	836	8.8%	
Eliminations	-511	-488	-499	-398	-547	-365	182	-33.3%	
Operating income	11,825	9,458	7,176	3,664	6,593	4,848	-1,745	-26.5%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	9,740	8,560	6,988	4,878	6,348	4,591	-1,757	-27.7%	Quantity variance 0
Specialty materials business	1,883	472	-268	-1,597	-41	-218	-177	-	Price variance -15
Others	218	406	437	374	272	482	210	77.2%	Exchange rate variance -5
Eliminations	-16	20	18	8	12	-5	-17	-141.7%	Raw materials price variance and others. (net). 0
									SG&A -3
									Cost reduction effect 6
Ordinary income	11,661	8,131	7,344	4,351	5,736	4,584	-1,152	-20.1%	
Net income	7,081	5,154	3,797	3,095	2,948	2,602	-346	-11.7%	
Exchange rate (JPY/\$)	82.0	78.4	76.8	78.3	80.8	78.7	-2.1	-2.5%	
Exchange rate (JPY/€)	118.5	113.0	105.1	103.3	104.8	97.6	-7.2	-6.9%	
Naphtha Price (JPY/kl)	59,000	54,900	51,700	54,100	60,600	49,800	-10,800	-17.8%	
Asian Butadiene Price (USD/t)	3,430	3,815	2,178	3,415	2,509	2,169	-340	-13.6%	
Depreciation & Amortization	4,614	5,061	5,070	5,140	4,116	4,439	323	7.8%	
Capital Expenditures	5,374	6,855	5,626	5,140	6,260	3,922	-2,338	-37.3%	
Research and Development Expenses	2,417	2,464	2,769	3,456	2,801	2,847	46	1.6%	

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : Millions of JPY, %)

Assets						Liabilities and Net assets					
Account item	As of Sep. 30, 2012		As of Mar. 31, 2012		Increase (Decrease)	Account item	As of Sep. 30, 2012		As of Mar. 31, 2012		Increase (Decrease)
Current assets	173,386	55.2	169,244	54.3	4,142	Current liabilities	132,405	42.1	120,312	38.6	12,093
Cash and Deposits	9,417		13,302		-3,885	Notes and Accounts payable-trade	74,502		71,552		2,950
Notes and Accounts receivable- trade	65,195		67,117		-1,922	Short-term interest-bearing debt	38,288		26,383		11,905
Accounts receivable-other	34,812		30,051		4,762	Other current liabilities	19,615		22,377		-2,762
Inventories	56,686		52,789		3,897	Long-term liabilities	43,514	13.8	56,133	18.0	-12,619
Other current assets	7,276		5,985		1,291	Long-term interest-bearing debt	28,917		41,201		-12,284
Fixed assets	140,999	44.8	142,680	45.7	-1,681	Other long-term liabilities	14,597		14,931		-335
Property, Plant and Equipment	99,697		97,774		1,923	Total Liabilities	175,919	56.0	176,444	56.6	-525
Intangible assets	3,770		4,017		-247	Equity capital	135,244		132,451		2,793
Investment securities	30,339		34,336		-3,997	Stock acquisition rights	246		228		18
Other fixed assets	7,193		6,553		640	Minority interests	2,976		2,801		175
Deferred charges	-	-	-	-	-	Total Net assets	138,466	44.0	135,480	43.4	2,986
Total Assets	314,385	100.0	311,925	100.0	2,461	Total Liabilities and Net assets	314,385	100.0	311,925	100.0	2,461

	As of Sep. 30, 2012	As of Mar. 31, 2012	Increase / Decrease
Total interest-bearing debt	67,206	67,585	-379
Equity capital	135,244	132,451	2,793
Equity ratio	43.0	42.5	0.5
D/E Ratio	0.50	0.51	-0.01

The company is predicting no change in the forecast disclosed as of September 26, 2012.

(Unit : Millions of JPY)

	Fiscal Year ended September 30, 2012 (Apr-Sep)	Fiscal Year ended March 31, 2013 (Oct - Mar)	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2012	Increase (Decrease)	
					Amount	Percentage
Net Sales	127,205	132,795	260,000	262,842	-2,842	-1.1%
Elastomer Business	85,296	85,995	171,291	177,547	-6,256	-3.5%
Specialty Materials Business	23,019	28,700	51,719	48,134	3,585	7.4%
Others	19,802	19,100	38,902	39,057	-155	-0.4%
Eliminations	-912	-1,000	-1,912	-1,896	-16	-
Operating income	11,441	10,559	22,000	32,123	-10,122	-31.5%
Elastomer Business	10,939	8,139	19,078	30,166	-11,088	-36.8%
Specialty Materials Business	-259	1,620	1,361	491	870	177.4%
Others	754	800	1,554	1,435	119	8.3%
Eliminations	7	0	7	30	-23	-
Ordinary income	10,321	10,679	21,000	31,487	-10,487	-33.3%
Net income	5,550	6,450	12,000	19,127	-7,127	-37.3%
Exchange rate (JPY/\$)	79.7	80.0	79.9	78.9	1.0	1.2%
Exchange rate (JPY/€)	101.2	95.0	98.1	110.0	-11.9	-10.8%
Naphtha Price (JPY/kl)	55,200	54,700	55,000	54,900	100	0.2%
Asian Butadiene Price (USD/t)	2,339	2,000	2,170	3,210	-1,040	-32.4%
Depreciation & Amortization	8,555	10,445	19,000	19,885	-885	-4.5%
Capital Expenditures	10,182	11,818	22,000	22,995	-995	-4.3%
Research and Development Expenses	5,648	6,352	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.