

Financial Report FY2013

May, 2013

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, 2013

ZEON

(Unit : Millions of JPY)

	31-Mar-13	31-Mar-12	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	250,763	262,842	-12,079	-4.6%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	164,028	177,547	-13,519	-7.6%	Quantity Variance -125
Specialty Materials Business	51,411	48,134	3,277	6.8%	Price Variance -10
Others	37,508	39,057	-1,549	-4.0%	Exchange rate Variance 14
Eliminations	-2,185	-1,896	-289	-	
Operating income	23,696	32,123	-8,427	-26.2%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	19,595	30,166	-10,571	-35.0%	Quantity Variance -13 Raw materials price variance and others (net) -61
Specialty Materials Business	2,613	491	2,122	432.2%	Price Variance -10 SG&A -37
Others	1,489	1,435	54	3.8%	Exchange rate Variance 14 Cost reduction effect 23
Eliminations	-1	30	-31	-	
Non-operating income and expenses	1,516	-636	2,152	-	
Non-operating income	3,949	1,796	2,153	119.9%	Comparative Analysis of Non-operating income (JPY100m) Exchange rate Variance 13
Non-operating expenses	2,434	2,432	2	0.1%	
Ordinary income	25,212	31,487	-6,275	-19.9%	
Extraordinary gains and losses	-1,789	-83	-1,706	-	
Extraordinary gains	605	1,279	-674	-52.7%	Comparative Analysis of Extraordinary gains (JPY100m) Gain on negative goodwill -7
Extraordinary losses	2,394	1,362	1,032	75.8%	Comparative Analysis of Extraordinary losses (JPY100m) Loss on devaluation of investment securities 13
Net income	14,750	19,127	-4,377	-22.9%	
Exchange rate (JPY/\$)	82.3	78.9	3.4	4.4%	
Exchange rate (JPY/€)	106.4	110.0	-3.5	-3.2%	
Naphtha Price (JPY/kl)	57,500	54,900	2,600	4.7%	
Asian Butadiene Price (USD/t)	2,064	3,210	-1,145	-35.7%	

Segment Information (Consolidated) for 12. Months ended Mar.31, 2013

ZEON

- Elastomer Business -

(Unit : Millions of JPY)

	31-Mar-13	31-Mar-12	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousand ton)	510.0	544.0	-34.0	-6.3%
Rubbers	291.8	305.8	-14.0	-4.6%
Latices	115.5	133.7	-18.2	-13.6%
Chemicals	102.7	104.6	-1.9	-1.8%
Net Sales	164,028	177,547	-13,519	-7.6%
Rubbers	110,045	119,462	-9,417	-7.9%
Latices	17,684	22,118	-4,434	-20.0%
Chemicals	34,204	34,243	-39	-0.1%
Others	5,731	4,779	952	19.9%
Eliminations	-3,636	-3,055	-581	-
Operating expenses	144,433	147,381	-2,948	-2.0%
Operating income	19,595	30,166	-10,571	-35.0%

- Specialty Materials Business -

(Unit : Millions of JPY)

	31-Mar-13	31-Mar-12	Increase (Decrease)	
			Amount	Percentage
Net Sales	51,411	48,133	3,278	6.8%
Specialty materials	18,565	18,900	-335	-1.8%
Specialty plastics	29,027	25,324	3,703	14.6%
Medical devices etc.	3,820	3,909	-89	-2.3%
Eliminations	-	-	-	-
Operating expenses	48,798	47,643	1,155	2.4%
Operating income	2,613	491	2,122	432.2%

- Others -

(Unit : Millions of JPY)

	31-Mar-13	31-Mar-12	Increase (Decrease)	
			Amount	Percentage
Net Sales	37,508	39,057	-1,549	-4.0%
Operating expenses	36,019	37,622	-1,603	-4.3%
Operating income	1,489	1,435	54	3.8%

Statements of Income (Consolidated) for 12. Months ended Mar.31, 2013

ZEON

(Unit : Millions of JPY)

	Fiscal Year ended March 31, 2012				Fiscal Year ended March 31, 2013				Increase (Decrease) Q4/FY2013 vs. Q3/FY2013		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Amount	Percentage	
Sales Quantity (thousand ton)	136.0	134.2	127.3	146.6	126.7	123.4	122.6	137.3	14.7	12.0%	
Rubbers	75.7	74.8	72.8	82.5	73.3	70.0	67.0	81.4	14.4	21.5%	
Latices	33.6	33.8	32.5	33.8	27.4	28.8	30.0	29.3	-0.7	-2.4%	
Chemicals	26.7	25.6	22.0	30.2	25.9	24.6	25.5	26.6	1.1	4.2%	
Net Sales	66,730	67,342	65,347	63,424	65,187	62,018	59,384	64,174	4,790	8.1%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	43,987	45,496	44,531	43,533	44,955	40,341	38,016	40,716	2,700	7.1%	Quantity variance 28
Rubbers	29,148	31,227	29,767	29,319	30,797	27,140	25,137	26,971	1,834	7.3%	Price variance -3
Latices	5,283	5,798	6,038	4,999	4,941	4,535	4,234	3,974	-260	-6.1%	Exchange rate variance 23
Chemicals	9,228	8,379	8,040	8,596	8,762	8,284	8,058	9,100	1,042	12.9%	
Others	876	888	1,667	1,348	1,493	1,311	1,299	1,628	329	25.3%	
Eliminations	-548	-795	-981	-730	-1,038	-930	-710	-958	-248	-	
Specialty materials business	13,951	11,995	11,364	10,824	11,296	11,723	13,312	15,080	1,768	13.3%	
Specialty materials	5,352	4,706	4,314	4,527	4,837	4,637	4,209	4,882	673	16.0%	
Specialty plastics	7,626	6,258	6,066	5,374	5,521	6,146	8,137	9,223	1,086	13.3%	
Medical devices etc.	973	1,030	984	922	937	940	967	976	9	0.9%	
Eliminations	0	0	0	0	0	0	0	0	0	-	
Others	9,303	10,339	9,951	9,465	9,483	10,319	8,467	9,239	772	9.1%	
Eliminations	-511	-488	-499	-398	-547	-365	-412	-861	-449	-	
Operating income	11,825	9,458	7,176	3,664	6,593	4,848	5,701	6,554	853	15.0%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	9,740	8,560	6,988	4,878	6,348	4,591	4,230	4,426	196	4.6%	Quantity variance 3
Specialty materials business	1,883	472	-268	-1,597	-41	-218	1,163	1,709	546	46.9%	Price variance -3
Others	218	406	437	374	272	482	327	408	81	24.8%	Exchange rate variance 23
Eliminations	-16	20	18	8	12	-5	-20	12	32	-	Raw materials price variance and others. (net). -9
											SG&A -12
											Cost reduction effect 7
Ordinary income	11,661	8,131	7,344	4,351	5,736	4,584	6,919	7,972	1,053	15.2%	
Net income	7,081	5,154	3,797	3,095	2,948	2,602	5,675	3,525	-2,150	-37.9%	
Exchange rate (JPY/\$)	82.0	78.4	76.8	78.3	80.8	78.7	79.8	90.1	10.3	12.9%	
Exchange rate (JPY/€)	118.5	113.0	105.1	103.3	104.8	97.6	103.3	120.0	16.7	16.2%	
Naphtha Price (JPY/kl)	59,000	54,900	51,700	54,100	60,600	49,800	55,800	63,800	8,000	14.3%	
Asian Butadiene Price (USD/t)	3,430	3,815	2,178	3,415	2,509	2,169	1,694	1,885	191	11.3%	
Depreciation & Amortization	4,614	5,061	5,070	5,140	4,116	4,439	4,589	4,978	389	8.5%	
Capital Expenditures	5,374	6,855	5,626	5,140	6,260	3,922	7,940	5,367	-2,573	-32.4%	
Research and Development Expenses	2,417	2,464	2,769	3,456	2,801	2,847	3,014	3,233	219	7.3%	

Comparative Balance Sheets (Consolidated)

ZEON

(Unit : Millions of JPY, %)

Assets							Liabilities and Net assets						
Account item	As of Mar. 31, 2013		As of Mar. 31, 2012		Increase (Decrease)	Impact of Tohpe TOB	Account item	As of Mar. 31, 2013		As of Mar. 31, 2012		Increase (Decrease)	Impact of Tohpe TOB
Current assets	175,656	50.1	169,244	54.3	6,412	7,830	Current liabilities	134,560	38.4	120,312	38.6	14,248	14,333
Cash and Deposits	12,216		13,302		-1,086	765	Notes and Accounts payable-trade	73,953		71,552		2,402	4,965
Notes and Accounts receivable-trade	69,299		67,117		2,182	4,443	Short-term interest-bearing debt	37,156		26,383		10,773	8,135
Accounts receivable-other	31,916		30,051		1,865	192	Other current liabilities	23,450		22,377		1,073	1,233
Inventories	56,578		52,789		3,789	2,363	Long-term liabilities	53,891	15.4	56,133	18.0	-2,242	3,531
Other current assets	5,646		5,985		-339	67	Long-term interest-bearing debt	29,327		41,201		-11,874	1,077
Fixed assets	174,852	49.9	142,680	45.7	32,172	10,109	Other long-term liabilities	24,564		14,931		9,632	2,454
Property, Plant and Equipment	108,937		97,774		11,163	5,717	Total Liabilities	188,451	53.8	176,444	56.6	12,006	17,864
Intangible assets	6,577		4,017		2,560	2,960	Equity capital	158,494		132,451		26,043	
Investment securities	51,971		34,336		17,634	1,360	Stock acquisition rights	262		228		33	
Other fixed assets	7,368		6,553		814	72	Minority interests	3,301		2,801		501	75
Deferred charges	-	-	-	-	-	-	Total Net assets	162,057	46.2	135,480	43.4	26,577	75
Total Assets	350,508	100.0	311,925	100.0	38,583	17,939	Total Liabilities and Net assets	350,508	100.0	311,925	100.0	38,583	17,939

	As of Mar. 31, 2013	As of Mar. 31, 2012	Increase / Decrease	Impact of Tohpe TOB
Total interest-bearing debt	66,484	67,585	-1,101	9,212
Equity capital	158,494	132,451	26,043	-
Equity ratio	45.2	42.5	2.8	-2.5
D/E Ratio	0.42	0.51	-0.09	0.06

Forecast of Operating Performance for FY2014 (Consolidated)

ZEON

(Unit : Millions of JPY)

	Fiscal Year ended March 31, 2013	Fiscal Year ended March 31, 2012	Increase (Decrease)	
			Amount	Percentage
Net Sales	290,000	250,762	39,238	15.6%
Elastomer Business	183,000	164,028	18,972	11.6%
Specialty Materials Business	59,000	51,411	7,589	14.8%
Others	50,000	37,508	12,492	33.3%
Eliminations	-2,000	-2,185	185	-
Operating income	27,000	23,696	3,304	13.9%
Elastomer Business	18,800	19,595	-795	-4.1%
Specialty Materials Business	6,200	2,613	3,587	137.3%
Others	2,000	1,489	511	34.3%
Eliminations	0	-1	1	-
Ordinary income	27,000	25,212	1,788	7.1%
Net income	17,000	14,750	2,250	15.3%

Exchange rate (JPY/\$)	95.0	82.3	12.7	15.4%
Exchange rate (JPY/€)	125.0	106.4	18.6	17.4%
Naphtha Price (JPY/kl)	61,600	57,500	4,100	7.1%
Asian Butadiene Price (USD/t)	2,200	2,064	136	6.6%
Depreciation & Amortization	18,000	18,122	-122	-0.7%
Capital Expenditures	37,000	23,489	13,511	57.5%
Research and Development Expenses	12,000	11,895	105	0.9%

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.