

Financial Report

The 1st Quarter of FY2013 (From Apr. 1 to Jun. 30, 2012)

August, 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 Jun. 30, 2012

ZEON

(Unit : Millions of JPY)

	First Quarter ended June 30, 2012	First Quarter ended June 30, 2011	Increase (Decrease)		Remarks
			Amount	Percentage	
Net Sales	65,187	66,730	-1,543	-2.3%	Comparative Analysis of Net Sales (JPY100m)
Elastomer Business	44,955	43,987	968	2.2%	Quantity Variance -33
Specialty Materials Business	11,296	13,951	-2,655	-19.0%	Price Variance 25
Others	9,483	9,303	180	1.9%	Exchange rate Variance -7
Eliminations	-547	-511	-36		
Operating income	6,593	11,825	-5,232	-44.2%	Comparative Analysis of Operating income (JPY100m)
Elastomer Business	6,348	9,740	-3,392	-34.8%	Quantity Variance -36 Raw materials price variance and others (net) -34
Specialty Materials Business	-41	1,883	-1,924	-102.2%	Price Variance 25 SGA -5
Others	272	218	54	24.7%	Exchange rate Variance -7 Cost reduction effect 5
Eliminations	12	-16	28		
Non-operating income and expenses	-857	-164	-693	-	
Non-operating income	502	706	-204	-28.8%	Comparative Analysis of Non-operating income (JPY100m)
					Dividends income -1
Non-operating expenses	1,359	870	489	56.2%	Comparative Analysis of Non-operating expenses (JPY100m)
					Foreign exchange loss 5
Ordinary income	5,736	11,661	-5,925	-50.8%	
Extraordinary gains and losses	-579	-173	-406	-	
Extraordinary gains	11	417	-406	-97.3%	Comparative Analysis of Extraordinary gains (JPY100m)
					Business Assignment -4
Extraordinary losses	590	590	0	0.0%	
Net income	2,948	7,081	-4,133	-58.4%	
Exchange rate (JPY/\$)	80.8	82.0	-1.2	-1.5%	
Exchange rate (JPY/€)	104.8	118.5	-13.7	-11.5%	
Naphtha Price (JPY/kl)	60,600	59,000	1,600	2.7%	
Asian Butadiene Price (USD/t)	2,509	3,430	-921	-26.9%	

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

- Elastomer Business -

(Unit : Millions of JPY)

	First Quarter ended June 30, 2012	First Quarter ended June 30, 2011	Increase (Decrease)	
			Amount	Percentage
Sales Quantity (thousand ton)	126.7	136.0	-9.3	-6.9%
Rubbers	73.3	75.7	-2.3	-3.1%
Latices	27.4	33.6	-6.2	-18.4%
Chemicals	25.9	26.7	-0.8	-2.9%
Net Sales	44,955	43,987	968	2.2%
Rubbers	30,797	29,148	1,649	5.7%
Latices	4,941	5,283	-342	-6.5%
Chemicals	8,762	9,228	-466	-5.1%
Others	1,493	876	617	70.4%
Eliminations	-1,038	-548	-490	-
Operating expenses	38,607	34,247	4,360	12.7%
Operating income	6,348	9,740	-3,392	-34.8%

- Specialty Materials Business -

(Unit : Millions of JPY)

	First Quarter ended June 30, 2012	First Quarter ended June 30, 2011	Increase (Decrease)	
			Amount	Percentage
Net Sales	11,296	13,951	-2,655	-19.0%
Specialty materials	4,837	5,352	-515	-9.6%
Specialty plastics	5,521	7,626	-2,105	-27.6%
Medical devices etc.	937	973	-36	-3.7%
Eliminations	0	0	0	-
Operating expenses	11,337	12,067	-730	-6.1%
Operating income	-41	1,883	-1,924	-102.2%

- Others -

(Unit : Millions of JPY)

	First Quarter ended June 30, 2012	First Quarter ended June 30, 2011	Increase (Decrease)	
			Amount	Percentage
Net Sales	9,483	9,303	180	1.9%
Operating expenses	9,210	9,085	125	1.4%
Operating income	272	218	54	24.7%

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

(Unit : Millions of JPY)

	Fiscal Year ended March 31, 2012				Fiscal Year ended March 31, 2013	Increase (Decrease) Q1/FY2013 vs. Q4/FY2012		Remarks
	Apr.- Jun.	Jul.- Sep.	Oct.- Dec.	Jan.- Mar.	Apr.- Jun.	Amount	Percentage	
Sales Quantity (thousand ton)	136.0	134.2	127.3	146.6	126.7	-20.0	-13.6%	
Rubbers	75.7	74.8	72.8	82.5	73.3	-9.2	-11.1%	
Latices	33.6	33.8	32.5	33.8	27.4	-6.4	-18.9%	
Chemicals	26.7	25.6	22.0	30.2	25.9	-4.3	-14.2%	
Net Sales	66,730	67,342	65,347	63,424	65,187	1,763	2.8%	Comparative Analysis of Net Sales (JPY100m)
Elastomer business	43,987	45,496	44,531	43,533	44,955	1,422	3.3%	Quantity Variance -10
Rubbers	29,148	31,227	29,767	29,319	30,797	1,478	5.0%	Price Variance 23
Latices	5,283	5,798	6,038	4,999	4,941	-58	-1.2%	Exchange rate Variance 5
Chemicals	9,228	8,379	8,040	8,596	8,762	166	1.9%	
Others	876	888	1,667	1,348	1,493	145	10.8%	
Eliminations	-548	-795	-981	-730	-1,038	-308	-	
Specialty materials business	13,951	11,995	11,364	10,824	11,296	472	4.4%	
Specialty materials	5,352	4,706	4,314	4,527	4,837	310	6.8%	
Specialty plastics	7,626	6,258	6,066	5,374	5,521	147	2.7%	
Medical devices etc.	973	1,030	984	922	937	15	1.6%	
Eliminations	0	0	0	0	0	0	-	
Others	9,303	10,339	9,951	9,465	9,483	18	0.2%	
Eliminations	-511	-488	-499	-398	-547	-149	-	
Operating income	11,825	9,458	7,176	3,664	6,593	2,929	79.9%	Comparative Analysis of Operating income (JPY100m)
Elastomer business	9,740	8,560	6,988	4,878	6,348	1,470	30.1%	Quantity Variance -9
Specialty materials business	1,883	472	-268	-1,597	-41	1,556	-97.4%	Price Variance 23
Others	218	406	437	374	272	-102	-27.3%	Exchange rate Variance 5
Eliminations	-16	20	18	8	12	4	50.0%	Raw materials price variance and others. (net). -4
								SGA 9
								Cost reduction effect 5
Ordinary income	11,661	8,131	7,344	4,351	5,736	1,385	31.8%	
Net income	7,081	5,154	3,797	3,095	2,948	-147	-4.7%	
Exchange rate (JPY/\$)	82.0	78.4	76.8	78.3	80.8	2.5	3.1%	
Exchange rate (JPY/€)	118.5	113.0	105.1	103.3	104.8	1.5	1.5%	
Naphtha Price (JPY/kl)	59,000	54,900	51,700	54,100	60,600	6,500	12.0%	
Asian Butadiene Price (USD/t)	3,430	3,815	2,178	3,415	2,509	-906	-26.5%	
Depreciation & Amortization	4,614	5,061	5,070	5,140	4,116	-1,024	-19.9%	
Capital Expenditures	5,374	6,855	5,626	5,140	6,260	1,120	21.8%	
Research and Development Expenses	2,417	2,464	2,769	3,456	2,801	-655	-19.0%	

Comparative Balance Sheets (Consolidated)

(Unit : Millions of JPY, %)

Assets						Liabilities and Net assets					
Account item	As of Jun. 30, 2012		As of Mar. 31, 2012		Increase (Decrease)	Account item	As of Jun. 30, 2012		As of Mar. 31, 2012		Increase (Decrease)
Current assets	176,784	55.0	169,244	54.3	7,540	Current liabilities	137,703	42.9	120,312	38.6	17,392
Cash and bank deposits	13,966		13,302		664	Notes and accounts payable-trade	75,495		71,552		3,943
Notes and accounts receivable-trade	67,718		67,117		600	Short-term interest-bearing debt	41,475		26,383		15,092
Accounts receivable-other	30,887		30,051		836	Other current liabilities	20,733		22,377		-1,644
Inventories	56,903		52,789		4,113	Long-term liabilities	45,581	14.2	56,133	18.0	-10,552
Other current assets	7,311		5,985		1,326	Long-term interest-bearing debt	30,536		41,201		-10,665
Fixed assets	144,536	45.0	142,680	45.7	1,855	Other long-term liabilities	15,045		14,931		113
Property, Plant and Equipment	100,762		97,774		2,988	Total Liabilities	183,284	57.0	176,444	56.6	6,840
Intangible assets	3,925		4,017		-92	Equity capital	134,825		132,451		2,374
Investment securities	32,705		34,336		-1,631	Stock acquisition rights	238		228		10
Other fixed assets	7,144		6,553		591	Minority interests	2,973		2,801		172
Deferred charges	-	-	-	-	-	Total Net assets	138,036	43.0	135,480	43.4	2,556
Total Assets	321,320	100.0	311,925	100.0	9,395	Total Liabilities and Net assets	321,320	100.0	311,925	100.0	9,395

	As of Jun. 30, 2012	As of Mar. 31, 2012	Increase / Decrease
Total interest-bearing debt	72,012	67,585	4,427
Equity capital	134,825	132,451	2,374
Equity ratio	42.0	42.5	-0.5
D/E Ratio	0.53	0.51	0.02

The company is predicting no changes in the forecast disclosed as of May 10, 2012.

(Unit : Millions of JPY)

	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	-
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%
Asian Butadiene Price (USD/t)	3,863	3,210	653	20.3%
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.