Condensed Transcript of Q&A Session Regarding Results Briefing for the Fiscal Year Ended March 31, 2013 (IFRS, June 26, 2013)

Q: What factors led up to your decision to adopt International Financial Reporting Standards (IFRS)?

A: As our operations grow progressively more global, cross-border transactions are becoming an ever more common part of our business. In addition, joint venture partners are not limited to Japanese companies, and we are increasingly finding ourselves partnered with foreign companies. In light of these circumstances, we felt it was important to switch to a globally recognized accounting standard for disclosure materials at the earliest date possible, and we steadily advanced preparations to adopt IFRS accordingly. Aside from a few exceptions, almost all of our affiliates, both in Japan and overseas, have made the transition to IFRS. For this reason, we also believe that shifting to these standards, thereby adopting the same system as these affiliates, will facilitate smoother management.

Q: When formulating performance forecasts, what must be considered with regard to the differences between the previously employed JGAAP and IFRS?

A: JGAAP and IFRS standards differ in terms of such items as amortization of goodwill, impairment reviews, and the treatment of borrowings on the balance sheets. These differences can sometimes result in large numerical disparities. However, we do not expect any significant disparities in final results to appear going forward. The main concern for the future is the fact that IFRS standards for impairment reviews are stricter than those of JGAAP standards. This will require us to be more careful in our treatment of this process.

Q: In the fiscal year ended March 31, 2013, income taxes totaled ¥13.4 billion under JGAAP, whereas this figure was ¥11.1 billion under IFRS, resulting in a difference of ¥2.3 billion. What is the reason behind this difference? Also, an effective tax rate of 36% is forecasted for the fiscal year ending March 31, 2014. Should it be assumed that the effective tax rate under IFRS will be at a similar level going forward?

A: The effective tax rate for the fiscal year ended March 31, 2013, was 42% under JGAAP and 39%, or 3 percentage points lower, under IFRS . Based on our analysis, this is because amortization of goodwill is no longer conducted, eliminating the impacts of this process on taxes and effectively lowering the tax rate. Looking ahead, we expect the tax rate to remain between 35% and 40%.

Q: With regard to recording unlisted stock at fair value, could you please offer more details? Specifically, how many different companies' stock is this change applicable to, primarily what fields are these companies associated with, and what methods were used to measure the value of those stocks?

A: In accordance with this change, the Company measured the value of unlisted stock for approximately 240 companies, representing its holdings on a non-consolidated basis. Measuring methods were decided based on the nature of each company's stock, but we principally employed the net asset value. For other stocks, we measured value based on discounted cash flows by using the income approach. The companies in which these stocks are held are primarily associated with the Energy & Metal Division and the Machinery Division.