

Condensed Transcript of Q&A Session at Fiscal 2010 First Quarter Results

Briefing

(July 30, 2010)

Q: Due to an increase in equity in earnings of affiliates, specifically a steel-business company and a bioethanol production company, you booked net non-operating income of ¥4.2 billion for the first quarter (April–June). This looks good when contrast with your annual projection of a net non-operating loss of ¥14.0 billion, so what are the chances of this figure rising even further?

A: The steel-business company's prospects are linked to steel demand in China, so the figures should be seen as relatively firm. Also, non-operating income and losses are affected by exchange rates, so we remain conservative at this stage.

Q: Please provide an update on new investments and loans.

A: On a cash basis, new investments and loans totaled ¥5.0 billion in the first quarter. We are highly certain that we will achieve our fiscal 2010 plan of ¥90.0 billion as we currently have many deals under negotiation.

Q: How are the automotive businesses in Russia and Venezuela performing?

A: Progress in Russia has been better than initially expected, and we expect automotive sales volume to exceed our projection, albeit by a small margin. Profit-wise, the business incurred a loss because fiscal-first-half sales comprise mainly previous-model autos. We project a recovery in the fiscal second half, when sales comprise mainly new models, but we still project a loss for the entire fiscal year.

We project a loss in Venezuela, mainly due to labor disputes. The situation has calmed now and stability is returning to our operations, but we must remain vigilant.

Q: How is the Consumer Lifestyle Business Division currently performing, other than in its fertilizer business?

A: The Food Resources Unit is doing well, mainly in its fertilizer business. In the General Commodities & Textiles Unit, the textiles business remains firm on the back of OEM operations, while subsidiaries' apparel operations are in the process of building new brand strategies. The General Commodities & Textiles Unit will continue to develop these two businesses and stabilize earnings. The general commodities business remains on a firm footing. In the Forest Products & Real Estate Development Unit, demand for timber and plywood has yet to recover sufficiently, but prices have bottomed

out, so these items are making some contributions to earnings. With regard to real estate, however, even if we resume development and sales of new properties this fiscal year, we expect adverse market conditions to persist for some time yet.

Q: You have been investing in energy and mineral resources interests. What are the prospects of these interests making new contributions to earnings in the future?

A: The copper mine in Canada in which we invested in March 2010 will begin contributing to our earnings from the fiscal second half. The coal mine that began producing in June will also contribute to our earnings from the second half.