

## Condensed Transcript of Q&A Session at Fiscal 2011 Third Quarter Results Briefing (February 1, 2012)

### Q&A contents

Q: The Energy & Metal Division ordinary income seems a little off-track at 61% of the full-year target. Can it still achieve the management's goal?

A: Our oil and coal-related businesses are on target to achieve full-year targets, thanks to higher prices and increased production volume. On the other hand, the bioethanol and steel-related businesses have been struggling. However, the strong performance of the oil and coal-related business are covering shortfalls in these two areas. Consequently, at this stage, we expect the division to reach its annual target.

Q: Shareholders' equity has declined by about ¥50 billion owing to comprehensive income losses related to yen appreciation and the reversal of deferred tax assets. How much room do you have for investments if you intend to keep your risk asset to shareholders' equity ratio under 1:1? Also, next year will be the first year under a new medium-term management plan; can you give us some idea of your plans for new investments and loans from next year?

A: As we have done this year, we will continue to aggressively reallocate our assets, and we will make investments commensurate to the funds generated by these asset reallocations.

Q: Your new investment and financing plan for this year calls for investments and loans of ¥70 billion to ¥80 billion. Can you tell us about the progress of this during the first three quarters and whether or not you expect to reach the targeted amount?

A: As of the end of the third quarter, cumulative amount of new investments and loans are just short of ¥38 billion. Some of our planned fourth quarter investment and loans are projects we will bid on, so the ¥70 billion figure looks unlikely.

Q: Ordinary income for the first three quarters totaled ¥38.5 billion, so you have achieved 84% of your full-year target. Can you give us a rundown of current conditions at each division, including any concerns you may have for the fourth quarter?

A: While we must consider the possible impact of the European debt crisis on the global economy, the results of our overseas operating companies, most of which have concluded their accounts for December, indicate that our four divisions should not suffer major setbacks as long as the European economy does not greatly deteriorate from here on. Consequently, we expect to achieve our ordinary income target of ¥46 billion.

Q: The Machinery Division's automotive business is doing well, but can you give us some more information about current conditions in Venezuela, Russia and Thailand?

A: Our local operating companies in Venezuela, Russia, Thailand and the Philippines are major contributors to the earnings of the Machinery Division's automotive business, and all four companies are doing well. In Thailand, the recent flooding has had little impact on our automotive business. Our local fertilizer business also managed to avoid major direct impact from the floods.

Q: What is your near-term goal for the net debt-equity ratio, which has risen to 2.6x?

A: We will implement our new medium-term management plan from the new fiscal year, and we plan to return the ratio to around 2x during the plan's term by increasing profits and bolstering shareholders' equity.

Q: The changes in the tax system have evidently resulted in considerable tax-related costs necessitated by revisions to your tax planning. Do you expect reversals of deferred tax assets in the fourth quarter to be in line with the plan set at the start of the year? Also, considering the changes in

your tax planning, can you give us your thoughts on taxes from next year onwards, including what you think the effective tax rate will be?

A: At this time, we are considering a ¥10 billion reversal of deferred tax assets in the fourth quarter, in line with our original plan. From next year onwards, we expect reversals will amount to ¥3 billion to ¥4 billion a year. We also think the effective tax rate will fall below 40%.

Q: What's the outlook for the Brazil bioethanol business in the new fiscal year?

A: We were expecting the business to turn a profit from next year but this now looks very difficult because poor weather conditions are expected to result in sugarcane compression volumes below planned levels.