

**Condensed Transcript of Q&A Session Regarding Results Briefing  
for the First Quarter Ended June 30, 2013 (August 6, 2013)**

Q. To what extent did income improve as a result of yen depreciation?

A. The benefits of yen depreciation resulted in an increase of approximately ¥3.0 billion in gross profit. Increases from yen depreciation were most prominent in the Consumer Lifestyle Business Division.

Q. Progress toward projected figures was low for the Energy & Metal Division. Is there any chance that performance may fall below full-year forecasts?

A. Market prices for ferroalloys were lower than initially expected, and there is significant concern that performance may fall below our full-year forecasts.

Q. The Machinery Division recorded loss for the period attributable to owners of the Company. What type of recovery do you expect to see going forward?

A. With regard to the Machinery Division, we had anticipated this loss, and performance in this division is in line with initial forecasts. The automotive business, a major earnings driver, turned a profit, but this was unable to compensate for losses in the division's other businesses, resulting in the overall loss. However, we feel it is entirely possible that the loss during this period will be offset by stronger performance on into the second half of the fiscal year, which will enable us accomplish the figures we have forecasted for the full year. The basis for this belief is the fact that sales of IT business tend to be concentrated in the second half of fiscal years, and contributions from Middle Eastern independent power producer (IPP) projects in the Infrastructure Project & Industrial Machinery Unit will not appear until the fourth quarter.

Q. Full-year forecasts call for a loss to be recorded in the Other segment. Are you expecting temporary losses? What type of losses are you predicting?

A. Full-year forecasts for the Other segment project expenses in the range of ¥5.0 billion to be incurred as a result of asset replacement. However, we have not yet identified specific projects for which these expenses will be incurred. In addition, we expect to record tax expenses of approximately ¥8.0 billion.

Q. During the three-month period, what amount of losses can be considered temporary?

A. Temporary losses amounted to roughly ¥1.0 billion on a net basis.

Q. Under JGAAP, net income in the three-month period ended June 30, 2012, totaled ¥1.7 billion, while profit for the period attributable to owners of the Company under International Financial Reporting Standards (IFRS) was ¥7.0 billion for the same period. What is the reason behind this disparity?

A. The rise in profit under IFRS is primarily due to elimination of amortization of goodwill, the recording of gains and losses on sales or revaluation of securities under other comprehensive income, and the addition of two new entities to the scope of equity method inclusion under IFRS.

Q. How is progress in conducting investments, loans, and asset replacement? Also, what is your outlook for these activities going forward?

A. In the three-month period, we generated funds of approximately ¥27.0 billion through asset replacement, which included sales of real estate in Japan and other activities. Payments for new investments and loans amounted to about ¥5.0 billion, the majority of which was devoted to expanding interests in existing projects in the Energy & Metal Division as well as maintenance expenses. We plan to conduct new investments and loans totaling approximately ¥80.0 billion on full-year basis. While there are some projects that have already been decided for the second quarter and beyond, a certain amount of this figure has yet to be earmarked for specific projects.

Q. The figure for profit for the period attributable to owners of the Company represented progress of 32% toward the full-year forecast. What are your thoughts with regard to the full-year forecasts? Is there any possibility that performance will exceed forecasts?

A. We believe it is possible to achieve the full-year forecast figures for the Machinery Division. Meanwhile, in the Energy & Metal Division, performance will most likely fall below forecasts. As for the Chemicals Division and the Consumer Lifestyle Business Division, performance in these divisions is currently expected to exceed forecasts to a certain extent. Accordingly, I think it is entirely possible that we will be able to achieve

the figure of ¥25.0 billion forecast for full-year profit for the year attributable to owners of the Company. However, looking at the economic slowdown in China and Southeast Asia as well as the unstable conditions in the Middle East, I do not think we can ambitiously anticipate performance that is higher than forecasts.

Q. During the three-month period, the automotive business in Venezuela showed impressive performance. Is there any chance that income in this business will exceed initial forecasts?

A. In the past, operations in Venezuela were impeded by restrictions on the allocation of transactions in foreign currencies, and we were therefore forced to limit automobile production at subsidiaries in this country. However, during June and July 2013, after the appointment of President Nicolás Maduro Moros, we were able to transfer a larger quantity of US dollar denominated currency outside of the country than had been expected, which in turn enabled us to raise automobile production limits and improve productivity. While sales of automobiles within Venezuela are currently brisk, inflation is also progressing rapidly, and it is likely that this country's currency will once again be devaluated during the fiscal year ending March 31, 2014. For this reason, we are unable to take an optimistic stance that assumes this strong performance will continue throughout the fiscal year.