Condensed Transcript of Question and Answer Session at Results Briefing for the First Quarter of Fiscal Year Ending March 31, 2016

Date: August 5, 2015 (Wednesday)

Location: Marubeni Headquarters Building

Main Questions and Answers

Q1: Assessment of first-quarter performance
A1: We believe that the first quarter went very well. Our net profit of ¥71 billion included one-time gains of ¥5 billion. Adjusted to exclude these gains, our net profit was ¥66 billion, about ¥2 billion higher than the year-earlier quarter's equivalently adjusted net profit of roughly ¥64 billion. Our first-quarter performance was thus very good even when adjusted to factor out one-time gains.

Q2: Possibility of an upward revision, given that first-quarter net profit was equal to 39% of full-year net profit forecast of ¥180 billion
A2: The outlook remains uncertain, particularly in terms of resource prices. It would be premature to raise our forecast only one quarter into the fiscal year.

Q3: Factors behind improvement in operating cash flow
A3: The improvement is partly attributable to liquidation of receivables, but we aim to achieve positive FCF on a full-year basis in the current fiscal year. We believe the improvement is largely the result of a more pervasive awareness of effective working capital utilization among front-line personnel.

Q4: Explanation of reduction in inventories
A4: The reduction in inventories was mainly attributable to Helena Chemical and Gavilon.

Q5: Progress with new investments and recoupment of existing investments
A5: We have reined in new investments a bit. In the first quarter, we funded some ¥50 billion of new investments. Meanwhile, recoupment of existing investments is proceeding steadily. We recouped about ¥55 billion in the first quarter.

Q6: Current status of and outlook for grain business, including Gavilon
A6: The grain business as a whole earned a first-quarter net profit of about ¥5 billion. With this autumn's U.S. harvest projected to be a bumper crop, we expect Gavilon to contribute to earnings.

Q7: Helena Chemical's operating performance
A7: First-quarter net profit was down YoY in dollar terms but increased YoY in yen terms due to yen depreciation. The profit decline reflects depressed grain prices have reduced farmers' appetite to buy fertilizer and other agricultural chemicals.

Q8: Factors behind decline in earnings from oil/gas development projects
A8: The decline was due to a decrease in dividend income from the LNG business and deterioration in earnings from energy concession businesses in the wake of oil prices' decline.

Q9: Risk of additional impairment losses on oil/gas development projects
A9: If oil prices remain at their current level, we see little risk of additional impairment losses.

Q10: Progress of Roy Hill iron ore mine project
A10: Development works are running a bit behind the initial schedule but we do not expect the time overrun to have much impact.

Q11: Status of Roy Hill Mine's development costs
A11: We now expect operating costs to be lower than previously anticipated, partly by virtue of a weaker Australian dollar.