Summary of Q&A at FY2015 1Q Financial Results Briefing

<FY15 1Q results>
Q What is the reason for the relatively strong performance in FY15 1Q?
A Orders and sales were strong in the Middle East and Japan and in the downstream sector. This is mainly because of an increase in orders for operation and maintenance services, primarily maintenance repair orders (MRO).

Q What is the reason for the 1.7 billion yen decrease in the gross profit margin?
A This is mainly because of a year-on-year increase in low gross margin orders and sales outside Japan. We are on track to hit the gross profit margin forecast for FY15.

Q Which industries were strongest for you in Japan?
A We were especially strong in the public works sector, primarily water supply and wastewater treatment. Orders and sales were also up in the private sector.

Q Why were orders and sales strong in the Middle East?
A This is the result of a joint effort with academic institutions to train technical staff, including female engineers; our efforts over the past several decades to develop this market; and our efforts to build strong relationships with key customers by localizing our operations.

<FY15 forecast>
Q What is the outlook for the FY15 forecast?
A The FY15 forecast has been revised only because of changes in the exchange rate. There are no other major changes in our business environment.

Q Why has the sensitivity to each ¥1 change in the USD/JPY exchange rate been changed from ¥0.4 billion to ¥0.3 billion?
A Our business is affected by multiple currencies. The yen remains weak in relation to the dollar, but is strong in relation to certain other currencies such as the Brazilian real. As the yen is expected to strengthen relative to most other currencies starting in 2Q, we have decided to adjust the foreign exchange sensitivity to approximately 0.3 billion yen.

Q Are there any changes in your plans to make ¥4 billion in strategic investments (expenditures)?
A No. We plan to devote the entire amount to strategic investments that will prepare the way for growth. While the amount invested in 1Q was not very large, we are making preparations and have plans to make significant investments.

Note: The above projections are based on the information that was available to us on August 7, 2015.