

Summary of Q&A Session at the Financial Results Briefing  
for the First Half of the Fiscal Year Ending March 31, 2012

Date and time: Tuesday, November 1, 2011, from 3:00 p.m. to 3:40 p.m.

Place: Belle Salle Yaesu

**Notice: This summary is a reference designed for the convenience of those who could not attend the financial results briefing stated above. Please note that this is not a word-for-word transcript of all remarks made at that session, but is a summary prepared by Kurita Water Industries Ltd.**

Q: In the forecast orders from the electronics industry for the second half of the fiscal year under review, the Company expects to receive a relatively large amount of overseas orders for hardware. It is generally considered that the economic situation will deteriorate in the second half. What are the chances of the Company achieving these figures in the plan?

A: With respect to facilities for the electronics industry, because there will be almost no large-scale capital spending in Japan, most of the orders are expected to come from overseas. Specifically, orders for semiconductor projects are mainly from South Korea, and orders for projects related to flat-panel displays are mainly from South Korea and China. We believe that the probability that these orders will be received is high.

Q: The Company forecasts that the operating margin of facilities for the electronics industry will reach 19.8% for the second half, improving from 18.3% achieved in the first half. What is behind the improvement in the profit margin, despite the fact that the service business sales ratio in the second half is expected to decline from the first half?

A: First, the Company expects that the sales mix of maintenance services will improve. Second, it expects that, while sales of hardware will increase, the profit margin on hardware will improve, reflecting the expectation of sales of profitable projects.

Q: What was the ratio of semiconductors and flat-panel displays and electronics components in orders for hardware for the electronics industry for the first half?

A: Semiconductors accounted for approximately 60%, and flat-panel displays and electronics components for approximately 40%.

Q: Are there any orders brought forward from the previous term in the orders for facilities for general industries for the first half?

A: No. There were no large-scale projects brought forward from the previous term.

Q: Was the increase in orders from the electric power industry mainly attributable to the earthquake? Will there be any demand related to the earthquake in the next fiscal year?

A: The majority of the increase in orders for hardware from the electric power industry was attributable to demand from reconstruction efforts in the wake of the earthquake. As reconstruction work will continue over the long term, these types of sales will continue to be posted in the next fiscal year, although orders for this work are likely to fade.

Q: There appears to be an increasing number of cases of contract expiration in the ultrapure water supply business. What is the impact on contract renewal in the ultrapure water supply business of the current business situation, in which the final demand, prices, and capital spending for PCs and flat-panel displays have been changing?

A: The Company does not expect that the handling of issues when contracts are expiring will be affected by the demand situation or investment trends. When contracts expire, there are several options, including, first, renewing contracts, second, entering into operation and maintenance (O&M) contracts after transferring the ownership of facilities to customers, and, third, continuing to manage operations, but reentering into maintenance contracts, when appropriate, after transferring the ownership of facilities to customers. In any case, as the Company has been managing operations over a period of ten years, it will be difficult for customers to immediately take over operations. As a basic stance, the Company will aim to secure earnings by changing contracts to O&M contracts.

Q: Are there any minimum operation guarantee in the case of O&M contracts? Is the size of the balance sheets going to fall with the entries of O&M contracts?

A: The Company will manage operations by allocating its full-time employees to the site. As for maintenance, the Company will enter into long-term contracts. In each fiscal year, the Company will determine items such as consumables, tanks, and pumps, for which maintenance work is conducted, and will undertake maintenance work item by item. The Company has already concluded comprehensive maintenance contracts in Japan. O&M contracts can be regarded as one such comprehensive contract. With respect to balance sheets, because facilities and assets are basically transferred to customers, the Company's balance sheets will become smaller.

Q: Can the Company develop an overseas ultrapure water supply business in the near future?

A: The issue is how the Company deals with risks, such as country risks, foreign exchange risks, cash collection risk, and differences in business custom and culture. Basically, the first consideration will be profitability. Then, if risks can be minimized, and if projects offer similar conditions to those in Japan, the Company will look at these overseas businesses as one of its potential businesses. The Company does not expect to develop any overseas businesses in the second half, but it will not completely rule out the development of overseas businesses in the future.

Q: The Company announced a share buybacks at around this time last year. It now appears to have sufficient cash flow, as last year. What is the Company's policy in this regard?

A: The Company plans to use funds for developing future businesses including the ultrapure water supply business and for executing M&A and alliances over the medium and long terms. It will also consider the possibility of share buybacks, when appropriate, by taking into account the balance of overall operations.

Q: The Company has been competitive in the flat-panel displays sector in South Korea. It has now captured orders in the semiconductor sector. How have competitive conditions changed?

A: The Company had business in the semiconductor sector in South Korea some time ago, but it has recently focused on the flat-panel displays sector. Recently, however, a customer in South

Korea have come to fully appreciate the Company's technologies, quality management, and construction and maintenance capabilities, and the customer decided that the Company had the edge over its competitors. The Company's unit systems for semiconductor production processing have also been appreciated by the customer. Although the competitive environment is likely to remain severe, because the Company has earned a reputation for its superiority, it expects strong flows of repeat orders.

Results forecasts presented and other statements relating to the future made in this document are based on information currently available and certain assumptions, which the Company considers reasonable. A variety of factors may cause actual financial results and other forward-looking statements to differ materially from the forecasts.