

Summary of Q&A Session at the Financial Results Briefing
for the First Half of the Fiscal Year Ending March 31, 2013

Date and time: Thursday, November 1, 2012, from 3:00 p.m. to 4:00 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: The full-year forecast orders for hardware from the electronics industry, both domestic and overseas, have been revised upward. Why?

A: Large-scale projects are planned in South Korea and Taiwan and we expect to secure these orders. Orders from the domestic electronics industry were forecast to be at a low level and have been revised upward only slightly. There is no special factor.

Q: Of the full-year forecast orders for hardware from the electronics industry, what do semiconductors, flat-panel displays, and electronics components account for?

A: Semiconductors, flat-panel displays, and electronics components account for roughly 70%, 20%, and 10%, respectively.

Q: Are the large-scale hardware projects in the electronics industry planned in the second half for semiconductors or for flat-panel displays?

A: For semiconductors.

Q: Why did sales in the ultrapure water supply business exceed the projection? Is it because sales at some sites where sales were expected to fall actually held up, or is it because the operating rate rose at some sites?

A: In the ultrapure water supply business, sales declined from a year ago at some sites and rose at other sites. The sites where sales declined include sites in Chiba Prefecture, Mie Prefecture, and Singapore. We sold the facilities at the site in Chiba and have shifted to an operation and maintenance (O&M) . The operating rate at the second plant of the site in Mie did not rise as expected. In Singapore a ten-year contract expired in April this year, and we changed the contract to an operation and maintenance (O&M) contract. In contrast, sales at the first plant in Mie increased as a result of additional investments and a rise in the operating rate in association with demand from Apple. Sales rose also at sites in Ishikawa and Yokkaichi. The main reason why sales exceeded the project in the first half is that we anticipated an extension of a contract, and a reduction in charges, at a site in Osaka but this was still pending in the first half.

Q: The full-year business plan for sales and operating income from water treatment facilities for the electronics industry has been each revised down ¥2 billion for both. Why has the operating income forecast been revised downward so sharply?

A: First, the sales mix is changing. Hardware sales are rising, while maintenance sales are declining. Second, sales from projects where the cost of sales ratio was high were posted in the first half.

Q: What is the effect of the change in the scope of maintenance services on orders and sales?

A: Maintenance services were an independent department until the previous fiscal year, but the maintenance department and hardware sales department are consolidated from this fiscal year. Of maintenance services, services including design and construction are classified into hardware. We do not have data for changes associated with the change in classification for this fiscal year. In the first half of the previous fiscal year, orders and sales from the electronics industry were ¥0.6 billion each, and orders and sales from general industries were ¥1.5 billion and ¥0.9 billion, respectively. For the full previous fiscal year, orders and sales from the electronics industry were ¥0.9 billion each, and orders and sales from general industries were ¥4.0 billion and ¥3.4 billion, respectively.

Q: Organo and Nomura Micro Science revised their forecasts downward due to price competition in maintenance services both in Japan and overseas. When did competition in maintenance services begin to intensify? In what fields is there especially fierce competition? Will maintenance services recover in the second half?

A: There is no especially intense competition in maintenance services. There was a lot of work associated with reconstruction after the earthquake in the previous fiscal year. In contrast, maintenance services for the electronics industry declined and have not recovered this fiscal year because customer operating rates have fallen with the restructuring and closure of customers' plants. However, we believe that maintenance services for the electronics industry have bottomed out and expect that replacement of consumables will gradually increase in the second half. The performance of maintenance services for general industries is normal and has not changed significantly. Maintenance services do not account for a large percentage of sales overseas, but we expect that they will definitely increase as sales of hardware rise. At the sites of the domestic ultrapure water supply business, we have started a new business. In cooperation with a partner, we are buying facilities owned by customers, including facilities made by competitors, and are supplying ultrapure water. The new business will have a positive effect on our maintenance services.

Q: Could you describe the system of your new business, in which you buy customers' facilities?

A: The new system is slightly different from the system of the traditional ultrapure water supply business. In the new system, our partner owns assets, and we provide operation and maintenance (O&M). In addition, we supply chemicals and manage the operation of small once-through boilers, thereby removing competitors. We have provided O&M for competitors' facilities for six or seven years. In the new system, we checked facilities, including facilities made by competitors, and repaired facilities at the expense of customers so that we will not be responsible for them, mitigating risks. If we need to rebuild plants in the future, we will conclude a different agreement to hedge risks. We were not able to do more than respond to active capital expenditure in domestic semiconductor and flat-panel display facilities. However, we have been supplying ultrapure water in Japan for eight to nine years and have accumulated expertise in O&M. We are confident that we will be able to succeed in the new business.

Q: What has been the increase in the number of overseas employees on a consolidated basis?

A: The number increased around 80, especially at overseas group companies, from a year ago.

Q: Do you have any plan to write off the treasury stock you will acquire?

A: Writing off treasury stock is an option, and we know that some people say that they will be disappointed unless we write off treasury stock. We are considering how to use the stock we hold effectively and have not decided on any write off at this point.

Q: The performance of the tool cleaning service has been weak for the past five years. Do you expect that the business will improve?

A: The business is affected by our customers' operations. The operating rate at one customer plant in Osaka, which has a significant effect, was below 50% in the spring of this year but has increased to 80%, according to announcements by the customer. The operating rate at the first plant at a site in Mie has also risen, and some media reports say that the operating rate will also climb at the second plant. In addition to the rising operating rates at our customers' plants, we will strive to win new contracts. We expect that the tool cleaning service will not decline significantly. Rather, we feel that business conditions are improving.

Q: What were sales from Sharp in the first half?

A: Sales were about ¥13 billion.

Q: You plan to acquire a large amount of treasury stock based on a proposal of ITOCHU Corporation. Is there any possibility that you will continue to acquire similar amounts of treasury stock in the medium term?

A: We do not rule out further acquisitions of treasury stock but we cannot say that we will purchase treasury stock continually. As in the past, we will make decisions flexibly, considering business opportunities, our financial standing, and the share price.

Q: What will be your growth drivers for the next two or three years?

A: We do not expect sharp growth in the facilities business or the chemicals business in Japan, and will focus on overseas expansion. We are continuing to focus not only in China but also in Thailand, Indonesia, and Malaysia, where investment activities continue. We are also looking for potential M&A.

Q: In what fields are you considering M&A?

A: We are looking for potential M&A in the chemicals business overseas.

Q: ITOCHU Corporation requested the acquisition of treasury stock in December last year, when the stock price was more than ¥2,000. Why did ITOCHU want to sell the stock at a discounted price?

A: We have had ties with ITOCHU Corporation since 1965, and it holds a large number of shares in us. Against this background, ITOCHU considered our intention and discussed with us for a certain period of time instead of selling the stock immediately.

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.