

Summary of Q&A Session at the Financial Results Briefing for the First Half of the Fiscal Year  
Ending March 31, 2015

Date and Time: Friday, October 31, 2014, from 3:00 p.m. to 3:45 p.m.

Venue: 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. Of orders of Water Treatment Facilities for the electronics industry in the first half, for what percentage did orders of semiconductors, LCD panels, and other products account?

A. Semiconductors, LCD panels, and other products accounted for 50%, 20%, and 30%, respectively.

Q. You did not include the orders received in the first half for the projects in Taiwan and in China in your initial plan, did you?

A. We received orders for the project in China as planned. The probability of receiving the orders from Taiwan was not very high, but we did receive them.

Q. Why have you revised your full-year forecast for sales in Asia downward?

A. We have revised our sales forecast downward for our subsidiaries in the Water Treatment Facilities business in China and South Korea. Overall, our forecast has not declined significantly.

Q. You have revised your forecasts downward for orders and sales in the Water Treatment Facilities business in the second half. Could you describe your views on the Water Treatment Facilities business in the second half?

A. In Japan, customers' capital expenditures are weak except for the ultrapure water supply business, and the facilities business continues to face a challenging situation. However, we have not changed our initial forecast. Overseas, we have revised our forecasts slightly downward for our subsidiaries in China and South Korea. However, performance in other areas is relatively strong, and there are no significant changes from the initial forecast. We will continue to receive orders as planned.

Q. You say that sales at the businesses of BK Giulini ("BKG"), the acquisition of which you have announced, were approximately 24 billion yen in FY2013. What are your views on sales in FY2014 and FY2015?

A. The fiscal year of BKG is from January to December, and FY2014 will end soon. Sales in FY2014 will not change significantly from FY2013. We plan to close the acquisition in December 2014, and the acquisition will have no effects on our consolidated results for FY2014. BKG's results will contribute to our consolidated results from FY2015. At the beginning, BKG will operate by itself and will then be integrated, producing synergy. In FY2015, we do not expect any significant synergy.

Q. What are the growth rates of the BKG businesses that you are acquiring and the market?

A. BKG businesses have recorded a growth rate of around 3%. Because BKG operates mainly in Europe, its growth rate is linked to the growth rate of the European market. We aim to achieve a growth rate exceeding that of the market through synergy.

Q. Who are the customers and major business partners of the BKG businesses that you are acquiring? Could you describe the details of the businesses?

A. I would prefer not to comment on the names of BKG's customers. In the water solutions business, BKG has built its customer base in traditional, basic markets, including the petrochemical, steel, infrastructure, and electric power markets in a well-balanced manner. By area, Germany and France account for 25% and 20% of the business, respectively. Sales in Western Europe account for almost half of total sales. In the paper solutions business, wrapping paper and paper board account for a little less than 50%, tissue paper accounts for 20%, and special paper accounts for 15%. BKG provides competitive and unique products in these markets. By area, Europe is the main market: Germany accounts for 56%, and other countries in Western Europe account for 11%. Lastly, in the alumina compounds business, 40% of alumina compounds are used as raw materials of paper solutions, and 30% of them are used as fixation agents for the construction of tunnels and for other purposes associated with civil engineering. The main market is Europe. Germany accounts for 63%, and other countries of the EU account for 31%.

Q. I have heard that the BKG businesses that you are acquiring conduct transactions in China. What fields are the transactions conducted in?

A. Transactions in China are mainly transactions of water solutions. BKG also conducts a small amount of transactions of paper solutions in China. Transactions in China account for around 10% of sales of BKG's water solutions business.

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