

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the First Nine Months Ended Dec. 2006

Tokyo, Japan January 31, 2007—Kurita Water Industries Ltd. (TSE Security Code 6370) announced net sales of 128,754 million yen for the first nine months (April 1 – December 31, 2006) of the fiscal year ending March 31, 2007 and net income of 8,976 million yen, or 69.76 yen per share.

Results of Operations

Total consolidated orders for the Kurita Group increased 8.5% from the same period a year earlier to 144,606 million yen, while net sales grew 24.2% year-on-year to 128,754 million yen. Operating income surged 149.7% to 15,064 million yen and ordinary income also jumped 121.7% to 15,589 million yen, resulting in net income of 8,976 million yen, an increase of 132.8% year-on-year. By segment, water treatment chemicals sales grew 4.8% year-on-year to 41,682 million yen, while water treatment facilities sales rose 36.3% to 87,072 million yen.

During the period, the market environment was favorable for the Group in both Japan and overseas markets. Capital expenditures in the electronics industry were solid in Japan, Taiwan, South Korea and China on the back of buoyant demand for liquid crystal display (LCD) TVs, plasma display panel (PDP) TVs and semiconductors, etc. In the general industry, capital expenditures were robust on the whole and factory operating rates stayed at high levels.

Segment Information

Water Treatment Chemicals

Total Group orders for the segment increased 4.0% year-on-year to 41,978 million yen, while sales grew 4.8% to 41,682 million yen.

During the period, the Group concentrated its efforts on securing sales by further expanding sales of mainstay products and promoting “solution business” aimed at solving clients’ issues.

Sales in the Japanese market were as follows. Of the Group’s mainstay products, sales for wastewater treatment chemicals slightly decreased compared with a year earlier, while sales for boiler water treatment chemicals were flat and those for cooling water treatment chemicals increased modestly. In other products, sales for packaged water treatment management contracts grew slightly, and those for process treatment chemicals used in the paper/pulp and oil refining/petrochemical industries increased.

Water Treatment Facilities

Total Group orders for the segment increased 10.4% year-on-year to 102,627 million yen, while sales grew 36.3% to 87,072 million yen.

During the period, the Group actively invested in the ultra-pure water supply business and other services, and strengthened its drive to expand business in the Asian markets, primarily in Taiwan, South Korea and China, in a bid to secure stable order flows.

Orders for the Group’s mainline ultra-pure water production systems for the electronics industry surged in Japan. Meanwhile, the ultra-pure water supply business, maintenance services for the ultra-pure water production systems and tool cleaning for semiconductor and LCD production equipment all maintained strong performance, resulting in a significant increase in orders. In the general industry, orders for water treatment facilities decreased, affected by the stagnancy in large capital expenditures. Orders for soil remediation remained brisk.

Regarding the water treatment facilities business for the public sector, the Group withdrew from business activities involving new construction projects for sludge treatment (human waste treatment) facilities, effective May 19, 2006. Also, effective December 27, 2006, the Group withdrew from all business activities involving construction projects commissioned by the state and municipal governments.

Financial Condition (consolidated)

As of the end of the period, total assets increased by 3,305 million yen from the end of the previous fiscal year to 216,079 million yen. Accounts receivable decreased 17,365 million yen as a result of the progress in the collection of receivables related to sales that were concentrated at the end of the previous fiscal year. Inventories, including work in process, increased 13,595 million yen due to the progress in construction works in the water treatment facilities segment, and tangible fixed assets rose 8,268 million yen, mainly reflecting the acquisition of fixed assets in the ultra-pure water supply business. Total liabilities decreased 2,522 million yen to 63,589 million yen. Accounts payable and accrued expenses decreased 4,500 million yen as a result of payments of construction expenses mainly related to fixed assets for business purposes.

Outlook for the Fiscal Year Ending March 31, 2007

The Group's earnings for the nine-month period were largely in line with the initial forecast and the Group believes that it is on track to achieving its full-year earnings forecasts for the fiscal year ending March 31, 2007, which were included in its consolidated earnings report for the first six months released on October 31, 2006.

Business Risks

Major risk factors that could affect the Group's future performance include, but are not limited to, capital expenditure trends in water treatment facilities and factory operating rates at clients, price movements in oil and other basic materials, and competition with peers.

Significant Events That Occurred during the Period

Kurita Water Industries Ltd. on January 16, 2007 received an order from the Japan Fair Trade Commission to pay a surcharge in accordance with Section 7-2, (1) of the Act Concerning Prohibition of Private Monopolization and Maintenance of Fair Trade (Antimonopoly Act) for committing an act that violated a provision of Section 3 (unreasonable restraint of trade) of the same law in connection with bidding for a project to construct sludge treatment (human waste treatment) facility. The summary of the order and the expected impact on the company's business performance are as follows.

1. Summary of surcharge payment order:

- | | |
|---------------------------------|---------------------|
| (1) Date of issue | January 16, 2007 |
| (2) Surcharge payment order No. | Order No. 2 of 2007 |
| (3) Amount of surcharge | ¥328,860,000 |
| (4) Deadline for payment | April 17, 2007 |

2. Impact on business performance:

The projected earnings performance of fiscal year ending March 31, 2007 (issued on October 31, 2006) remains unchanged.

About the Kurita Group

The Kurita Group provides a wide range of products, technologies, and maintenance services related to water treatment. The two core lines of the Group's business consist of: 1) water treatment chemicals used for boiler water, cooling water, waste water and in manufacturing processes, and 2) water treatment facilities such as ultra-pure water production systems and wastewater treatment facilities. The business scope of both lines includes production, sales, and maintenance services. For additional information about the Kurita Group, please visit the Company's website at www.kurita.co.jp/english.

Forward-Looking Statements

This news release contains various forward-looking statements, which are based on current expectations and assumptions of future events. Except for the historical information contained herein, all figures and statements with respect to future performance, projections and business plans of the Kurita Group constitute forward-looking statements. Although Kurita believes that its expectations and assumptions are reasonable, actual results and trends of the Group's performance could differ materially from those expressed or implied by such figures or statements because of risks and uncertainties, including but not limited to factory operating rates at major clients in the steel, petroleum and paper/pulp industries; and capital expenditure trends in the electronics, food processing, pharmaceuticals, basic material and automobile industries.

Condensed Financial Statements - Consolidated

Condensed Balance Sheets - Consolidated

(In million yen)

	As of December 31, 2006 (A)	As of December 31, 2005 (B)	(Reference) As of March 31, 2006 (C)	(A) – (B)	(A) – (C)
[Assets]					
Current assets	123,819	112,309	125,231	11,510	(1,412)
Cash and deposits	31,087	29,331	30,107	1,756	980
Notes receivable - trade	10,511	10,461	10,115	50	396
Accounts receivable - trade	49,592	44,639	66,957	4,953	(17,365)
Marketable securities	6,902	4,402	6,162	2,500	740
Inventories	21,665	19,231	8,070	2,434	13,595
Other	4,182	4,365	3,944	(183)	238
Allowance for doubtful accounts	(123)	(122)	(125)	(1)	2
Fixed assets	92,260	86,466	87,542	5,794	4,718
Tangible fixed assets	62,259	52,288	53,991	9,971	8,268
Intangible fixed assets	2,672	2,965	2,863	(293)	(191)
Investments and other assets	27,328	31,211	30,687	(3,883)	(3,359)
Total assets	216,079	198,775	212,774	17,304	3,305

[Liabilities]					
Current liabilities	52,112	48,022	54,877	4,090	(2,765)
Notes payable - trade	1,964	1,761	1,638	203	326
Accounts payable - trade	29,238	29,637	28,773	(399)	465
Accounts payable - other/Accrued expenses	8,993	6,494	13,493	2,499	(4,500)
Income taxes payable	3,032	-	4,376	3,032	(1,344)
Advances received	4,696	6,112	2,055	(1,416)	2,641
Other	4,187	4,016	4,540	171	(353)
Fixed liabilities	11,476	10,134	11,233	1,342	243
Accrued employees' retirement benefits	8,494	8,717	8,261	(223)	233
Other	2,981	1,416	2,972	1,565	9
Total liabilities	63,589	58,156	66,111	5,433	(2,522)

	As of December 31, 2006 (A)	As of December 31, 2005 (B)	(Reference) As of March 31, 2006 (C)	(A) – (B)	(A) – (C)
[Minority interests]					
Minority interests	-	1,245	1,295	-	-
[Shareholders' equity]					
Common stock	-	13,450	13,450	-	-
Additional paid-in capital	-	11,426	11,426	-	-
Retained earnings	-	115,784	122,350	-	-
Net unrealized gains (losses) on other securities, etc.	-	3,994	3,132	-	-
Foreign currency translation adjustments	-	(492)	(200)	-	-
Treasury stock	-	(4,789)	(4,793)	-	-
Total shareholders' equity	-	139,374	145,366	-	-
Total liabilities, minority interests and shareholders' equity	-	198,775	212,774	-	-
[Net assets]					
Shareholders' capital	148,308	-	-	-	-
Common stock	13,450	-	-	-	-
Additional paid-in capital	11,426	-	-	-	-
Retained earnings	128,232	-	-	-	-
Treasury stock	(4,801)	-	-	-	-
Valuation and translation adjustments	2,786	-	-	-	-
Minority interests	1,395	-	-	-	-
Total net assets	152,490	-	-	-	-
Total liabilities and net assets	216,079	-	-	-	-

Condensed Statements of Income - Consolidated

(In million yen)

	Nine months ended December 31, 2006 (A)		Nine months ended December 31, 2005 (B)		(A) – (B)	(Reference) Year ended March 31, 2006	
	Amount	%	Amount	%	Amount	Amount	%
Net sales	128,754	100.0	103,675	100.0	25,079	173,683	100.0
Cost of sales	87,787	68.2	72,197	69.6	15,590	122,630	70.6
Gross profit	40,967	31.8	31,477	30.4	9,490	51,052	29.4
Selling, general and administrative expenses	25,903	20.1	25,443	24.6	460	33,741	19.4
Operating income	15,064	11.7	6,033	5.8	9,031	17,311	10.0
Non-operating income	699	0.5	1,167	1.1	(468)	1,334	0.7
Non-operating expenses	174	0.1	169	0.2	5	220	0.1
Ordinary income	15,589	12.1	7,031	6.7	8,558	18,425	10.6
Extraordinary gains	-	-	-	-	-	1,205	0.7
Extraordinary losses	71	0.1	247	0.2	(176)	1,430	0.8
Income before income taxes	15,517	12.0	6,783	6.5	8,734	18,200	10.5
Income taxes	6,362	4.9	2,810	2.7	3,552	7,496	4.3
Minority interests in earnings of consolidated subsidiaries	179	0.1	117	0.1	62	184	0.1
Net income	8,976	7.0	3,855	3.7	5,121	10,519	6.1

Order Intake and Sales

Order Intake

(In million yen)

Business segment	Nine months ended December 31, 2006 (A)		Nine months ended December 31, 2005 (B)		(A) – (B)	(Reference) Year ended March 31, 2006	
	Amount	%	Amount	%	Amount	Amount	%
Water treatment chemicals	41,978	29.0	40,358	30.3	1,620	53,903	29.3
Water treatment facilities	102,627	71.0	92,936	69.7	9,691	130,007	70.7
Total	144,606	100.0	133,294	100.0	11,312	183,910	100.0

Sales

(In million yen)

Business segment	Nine months ended December 31, 2006 (A)		Nine months ended December 31, 2005 (B)		(A) – (B)	(Reference) Year ended March 31, 2006	
	Amount	%	Amount	%	Amount	Amount	%
Water treatment chemicals	41,682	32.4	39,788	38.4	1,894	54,549	31.4
Water treatment facilities	87,072	67.6	63,886	61.6	23,186	119,133	68.6
Total	128,754	100.0	103,675	100.0	25,079	173,683	100.0