

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the Nine Months Ended December 31, 2008

Tokyo, Japan, January 30, 2009—Kurita Water Industries Ltd. (TSE Security Code 6370) announced net sales of 138,599 million yen for the first nine months (April 1 – December 31, 2008) of the fiscal year ending March 31, 2009, and net income of 8,843 million yen, or 68.73 yen per share.

Results of Operations

Total consolidated orders for the Kurita Group decreased 0.8% versus the year-ago period to 150,541 million yen, while sales decreased 0.6% to 138,599 million yen. Operating income was down 9.7% to 17,753 million yen, ordinary income declined 9.7% to 18,489 million yen, and net income was down 22.6% to 8,843 million yen, reflecting a decrease in net sales and increased costs due to rising raw materials prices.

Markets in which the Kurita Group operates were challenging in the nine months ended December 31, 2008, taking a hefty downturn in the wake of the global recession sparked by financial woes in the US. In the electronics industry, LCD-related and semiconductor-related capital expenditure levels in Japan and overseas dropped even further, and factory operating rates declined. In general industries, capital expenditure and factory operating rates were mainly flat through the first two fiscal quarters, but from the fiscal third quarter, capital expenditure dropped and factory operating rates also declined.

Overview by Segment

Water Treatment Chemicals

Total Group orders for the segment increased 3.3% versus the year-ago period to 45,262 million yen, while sales grew 4.0% to 45,288 million yen.

The Group strengthened efforts to expand sales of mainstay products, such as boiler water treatment chemicals and cooling water treatment chemicals, while promoting sales based on proposals tailored to resolve the issues that clients face, such as the reduction of environmental burdens and productivity improvements.

Japan

Among the Group's mainstay products, compared with the year-ago period, orders for boiler water treatment chemicals decreased slightly as factory operating rates at client companies declined, orders for cooling water treatment chemicals were flat, and orders for wastewater treatment chemicals increased, buoyed by the need to reduce environmental burdens at client companies. With regard to other products, orders for process treatment chemicals increased on the back of higher productivity requirements at client companies, while orders for packaged water treatment management contracts were flat.

Overseas

Overseas, orders for the Group's products increased as sales expanded in Asia and elsewhere.

Water Treatment Facilities

Total Group orders for the segment decreased 2.4% from a year earlier to 105,278 million yen, while sales decreased 2.7% to 93,310 million yen.

During the period, the Group continued investing actively in service businesses, such as the ultrapure water supply business and tool cleaning services, while also working to win orders by stepping up sales efforts based on proposals tailored to resolve the issues that clients face, such as the reduction of environmental burdens.

In the electronics industry, orders for the Group's mainline ultrapure water production systems were down in Japan and overseas compared with the year-ago period as semiconductor-related and LCD-related capital expenditure cooled off. Meanwhile, orders for the ultrapure water supply business rose on the commencement of additional contracts at existing clients, and orders for tool cleaning services rose moderately. Orders for water treatment facilities for general industries increased due to an order from the electric power generation industry. Orders for maintenance services decreased, however, due to lower factory operating rates at client companies.

* Due to changes in accounting standards, percentage increases and decreases versus the year-ago period given above are for reference only. The impact of the changes in accounting standards is immaterial.

Financial Condition

Consolidated current assets at the end of the fiscal third quarter (December 31, 2008) totaled 112,712 million yen, a decline of 8,849 million yen compared with the end of last fiscal year (March 31, 2008). This mainly reflects an 11,613 million yen increase in cash and deposits and a 6,585 million yen increase in work in process, which were more than offset by a 12,942 decrease in accounts receivable and a 15,678 million yen decrease in marketable securities. The increase in work in process was due to progress made in works underway in the water treatment facilities business. The decrease in trade accounts receivable was due to steady progress made in collections, and the decrease in marketable securities is primarily due to redemptions. 886 million yen in trade notes receivable and 225 million yen in trade notes payable that matured on the last day of the fiscal third quarter (December 31, 2008; financial institution holiday) are treated as paid on that date.

Fixed assets at the end of the third quarter totaled 137,685 million yen, an increase of 27,749 million yen compared with the end of last fiscal year. This primarily reflects an increase in tangible fixed assets of 34,061 million yen due to the acquisition of facilities for the ultrapure water supply business, which was partly offset by a decrease in investments and other assets of 6,088 million yen due to declines in market values of investment securities and other factors.

Current liabilities at the end of the third quarter totaled 66,282 million yen, an increase of 17,201 million yen compared with the end of last fiscal year. This primarily reflects a 7,705 million yen decrease in income taxes payable due to the payment of income taxes, which was more than offset by increases of 23,628 million yen in trade accounts payable associated with the acquisition of facilities for the ultrapure water supply business and 3,317 million yen in advances received, which was recorded in current liabilities under "Other."

Net assets totaled 172,274 million yen, an increase of 1,213 million yen compared with the end of last fiscal year. This primarily reflects a net increase in retained earnings of 4,468 million yen after deducting dividends paid from net income, which was partly offset by a 1,858 million yen decrease in unrealized gains on available-for-sale securities due to declines in market values of investment securities and a 1,156 million yen decrease in the foreign currency translation adjustments account.

3. Outlook for the Fiscal Year Ending March 31, 2009

The full-year consolidated forecast for the fiscal year ending March 31, 2009, remains unchanged from the forecast that appeared in the earnings release for the year ended March 31, 2008, announced on April 30, 2008.

Financial Statements — Consolidated

Balance Sheets — Consolidated

	(millions of yen)	
	As of December 31, 2008	As of March 31, 2008
	Amount	Amount
Assets		
Current assets		
Cash and deposits	21,930	10,316
Notes receivable - trade	9,344	8,666
Accounts receivable - trade	50,605	63,548
Marketable securities	8,266	23,945
Finished products	1,581	1,428
Raw materials	1,423	1,365
Work in process	14,713	8,128
Other	5,008	4,323
Allowance for doubtful accounts	(159)	(159)
Total current assets	112,712	121,562
Fixed assets		
Property, plant and equipment		
Buildings, net	20,845	22,002
Machinery and equipment, net	36,222	37,703
Construction in progress	41,382	4,664
Other, net	17,596	17,614
Total property, plant and equipment	116,046	81,984
Intangible fixed assets	2,273	2,497
Investments and other assets		
Other	19,472	25,547
Allowance for doubtful accounts	(107)	(93)
Total investments and other assets	19,365	25,454
Total fixed assets	137,685	109,935
Total assets	250,398	231,498
Liabilities		
Current liabilities		
Notes payable - trade	2,267	1,990
Accounts payable - trade	19,893	21,344
Accounts payable - other	31,741	8,113
Income taxes payable	422	8,128
Allowances	2,313	3,584
Other	9,643	5,919
Total current liabilities	66,282	49,080
Fixed liabilities		
Accrued employees' retirement benefits	8,715	8,358
Other allowances	746	709
Other	2,378	2,288
Total fixed liabilities	11,841	11,357
Total liabilities	78,123	60,437

	(millions of yen)	
	As of December 31, 2008	As of March 31, 2008
	Amount	Amount
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Additional paid-in capital	11,426	11,426
Retained earnings	152,343	147,874
Treasury stock	(4,845)	(4,827)
Total shareholders' equity	172,375	167,924
Valuation and translation adjustments		
Unrealized gains (losses) on available-for-sale securities	(84)	1,773
Unrealized gains (losses) on revaluation of land	(750)	(750)
Foreign currency translation adjustments	(701)	455
Total valuation and translation adjustments	(1,536)	1,478
Minority interests		
	1,435	1,658
Total net assets	172,274	171,061
Total assets	250,398	231,498

Statements of Income — Consolidated

	(millions of yen)	
	Nine months ended December 31, 2008	Nine months ended December 31, 2007
	Amount	Amount
Net sales	138,599	139,474
Cost of sales	93,475	92,868
Gross profit	45,123	46,606
Selling, general and administrative expenses		
Salaries and directors' remuneration	10,412	
Provision for employees' bonuses	652	
R&D expenses	3,391	
Other	12,913	
Total selling, general and administrative expenses	27,369	26,948
Operating income	17,753	19,657
Non-operating income		
Interest income	212	
Dividend income	303	
Equity in earnings of unconsolidated subsidiaries and affiliates	219	
Other	218	
Total non-operating income	954	985
Non-operating expense		
Interest expense	30	
Loss on disposal of properties	55	
Other	132	
Total non-operating expense	218	167
Ordinary income	18,489	20,475
Extraordinary gains		186
Extraordinary losses		
Valuation loss on investment securities	1,513	
Legal settlement	480	
Total extraordinary losses	1,993	74
Income before income taxes	16,496	20,587
Income taxes	7,420	8,886
Minority interests in earnings of consolidated subsidiaries	232	268
Net income	8,843	11,432

Statements of Cash Flows — Consolidated

(millions of yen)

Nine months ended
December 31, 2008

	Amount
Cash flows from operating activities	
Income before income taxes and minority interests	16,496
Depreciation and amortization	8,079
Increase (decrease) in allowances	(821)
(Increase) decrease in notes and accounts receivables - trade	12,225
(Increase) decrease in inventories	(7,161)
Increase (decrease) in notes and accounts payable - trade	(1,457)
Valuation (gain) loss on investment securities	1,513
Income taxes paid	(15,068)
Other	2,473
Net cash provided by (used in) operating activities	16,279
Cash flows from investing activities	
Payments for purchases of marketable securities	(4,497)
Proceeds from redemption and sale of marketable securities	6,897
Payments for purchases of property, plant and equipment	(16,772)
Proceeds from sale of property, plant and equipment	53
Payments for purchases of investment securities	(8)
Proceeds from liquidation of subsidiaries	1,451
Other expenses	(1,741)
Other income	156
Net cash provided by (used in) investing activities	(14,460)
Cash flows from financing activities	
Repayment of long-term borrowings	(99)
Payments for purchase of treasury stock	(17)
Cash dividends paid	(4,111)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(44)
Repayment for finance lease obligation	(25)
Net cash provided by (used in) financing activities	(4,298)
Effect of exchange rate changes on cash and cash equivalents	(536)
Increase (decrease) in cash and cash equivalents	(3,015)
Cash and cash equivalents at the beginning of the period	30,360
Cash and cash equivalents at the end of the period	27,345

Segment Information

Business segment information

Nine months ended December 31, 2008 (April 1, 2008 – December 31, 2008)

(millions of yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
Sales and operating income					
Sales					
(1) Sales to outside customers	45,288	93,310	138,599	-	138,599
(2) Inter-segment sales	248	74	323	(323)	-
Total	45,537	93,385	138,922	(323)	138,599
Operating income	6,930	10,823	17,754	0	17,753

Geographical segment information

Nine months ended December 31, 2008 (April 1, 2008 – December 31, 2008)

(millions of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Sales and operating income					
Sales					
(1) Sales to outside customers	123,157	15,441	138,599	-	138,599
(2) Inter-segment sales	1,599	204	1,803	(1,803)	-
Total	124,756	15,645	140,402	(1,803)	138,599
Operating income	15,988	1,498	17,486	266	17,753

Overseas sales

Nine months ended December 31, 2008 (April 1, 2008 – December 31, 2008)

(millions of yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	15,553	824	1,298	2,474	20,149
II. Consolidated net sales	-	-	-	-	138,599
III. Ratio of overseas sales to total consolidated sales	11.2%	0.6%	0.9%	1.8%	14.5%

Notes:

1. Geographic segmentation is based on geographic proximity.
2. Major countries or regions in each category are as follows:
 - (1) Asia: Korea, China, Taiwan, Singapore, Indonesia, and Thailand
 - (2) North America: U.S.A.
 - (3) Europe: Germany
 - (4) Other areas: Brazil
3. "Overseas sales" includes sales by the Company and its consolidated subsidiaries in countries or regions other than Japan.

Net Sales and Order Intake

Order Intake

(millions of yen)

Business segment	Nine months ended December 31,			
	2008		2007	
	Amount	%	Amount	%
Water treatment chemicals	45,262	30.1	43,833	28.9
Water treatment facilities	105,278	69.9	107,892	71.1
Total	150,541	100.0	151,725	100.0

Net Sales

(millions of yen)

Business segment	Nine months ended December 31,			
	2008		2007	
	Amount	%	Amount	%
Water treatment chemicals	45,288	32.7	43,534	31.2
Water treatment facilities	93,310	67.3	95,940	68.8
Total	138,599	100.0	139,474	100.0