

Financial Statements (Consolidated)
For the fiscal Year Ended March 31st, 2003

Prepared May 9, 2003

Listed company name: Kurita Water Industries Ltd.

| | |
|---|--|
| LISTINGS / EXCHANGES: | FIRST SECTION, TOKYO STOCK EXCHANGE, OSAKA SECURITIES EXCHANGE |
| Security Code: | 6370 |
| Head Office: | Tokyo |
| Homepage: | http://www.kurita.co.jp |
| Representative: | Takahide Santo, President |
| Contact: | Mitsuru Ogawa, General Manager, Finance and Accounting Department |
| Tel: | +813 3347-3214 |
| Date of Board Meeting for Account Settlement: | May 9, 2003 |
| U.S. GAAP accounting standards: | Not adopted |

1. Consolidated Financial Results for the Year Ended March 2003
(April 1, 2002 to March 31, 2003)

(1)- Operating Results

Figures rounded down to the nearest million yen

| | <i>Full term Period</i> | | <i>Full term Period</i> | |
|---|-----------------------------------|------------|-----------------------------------|------------|
| | <i>1 April 2002 – 31 Mar 2003</i> | | <i>1 April 2001 – 31 Mar 2002</i> | |
| | Amount | Change (%) | Amount | Change (%) |
| Net Sales | 141,628 | (0.7) | 142,678 | (7.0) |
| Operating Income | 12,307 | 14.1 | 10,790 | (31.8) |
| Ordinary Income | 12,400 | 6.8 | 11,615 | (32.2) |
| Net Income for interim period | 5,476 | (3.4) | 5,670 | (32.2) |
| Net Income per Share (yen) | 40.67 | | 42.85 | |
| Potential post-adjustment net income value per share | -- | | -- | |
| Return on equity | 4.5% | | 4.7% | |
| Ratio of ordinary income to total assets I | 7.2% | | 6.5% | |
| Ratios of ordinary income to net sales | 8.8% | | 8.1% | |

Notes:

- (1) Gain from investments in equity method subsidiaries and affiliates
 Year end March 31, 2003: --143 million yen
 Year end March 31, 2002: --198 million yen
- (2) Average number of outstanding shares (consolidated) during the period:
 Year end March 31, 2003: 131,587,576 shares
 Year end March 31, 2002: 132,336,807 shares
- (3) Changes in accounting methods: None
- (4) Percentages for net sales, operating income, ordinary income and net income represent rate of changes from the previous year.

(2)- Consolidated Financial Position

(Units: Millions of yen)

| | Year ended March 2003 | Year ended March 2002 |
|---|-----------------------|-----------------------|
| Total Assets | 173,689 | 172,145 |
| Shareholders' Equity | 120,969 | 122,590 |
| Shareholders' Equity Ratio (%) | 69.6% | 71.2% |
| Shareholders' Equity per Share (yen) | 939.78 | 926.45 |

Note:

Outstanding shares (consolidated) at year-end:
Year end March 31, 2003: 128,586,389 shares.
Year end March 31, 2002: 132,323,155 shares.

(3)- Consolidated Cash Flows

(Units: Millions of yen)

| | Year ended March 2003 | Year ended March 2002 |
|--|-----------------------|-----------------------|
| Net cash provided by operating activities | 10,402 | 8,713 |
| Net cash used in investing activities | (6,999) | (5,334) |
| Net cash used in financing activities | (6,270) | (2,169) |
| Cash and cash equivalents at year-end | 31,507 | 32,980 |

Note:

- (1) Regarding consolidated subsidiaries and affiliates accounted for by the equity method:
Number of consolidated subsidiaries: 28
Number of non-consolidated subsidiaries accounted for by the equity method: 1
Number of affiliated companies accounted for by the equity method: 4
- (2) Changes in the scope of consolidation and companies accounted for by the equity method
Consolidated Subsidiaries: (Newly Included): 3 (Excluded) 2
Companies accounted for by equity method (Newly Included): 0 (Excluded) 0

2. Consolidated Forecast for the Year Ending March 2004

(April 1, 2003 to March 31, 2004)

Consolidated Business Forecast

(Units: Millions of yen)

| | Interim | Full Year |
|------------------------|---------|-----------|
| Net sales | 64,300 | 147,500 |
| Ordinary income | 4,600 | 13,300 |
| Net income | 2,700 | 7,700 |

Reference:

- 1) Forecast net income per share (for the year): 58.90 yen
- 2) The above forecasts are based on information currently available and are inherently subject to a variety of risks and uncertainties, actual results may differ from forecast. (See page 7 of attached material for information related to these forecasts).

Position of Kurita Group Companies

The Kurita Group is comprised of Kurita Water Industries Ltd. (Kurita), 32 subsidiaries and 19 affiliated companies.

The Group provides a wide array of products, technologies and maintenance services related to water treatment. These activities are separated into two business areas: Water Treatment Chemicals, which manufactures, sells and provides maintenance services for chemicals related to water treatment, and Water Treatment Facilities, which manufactures, sells and provides maintenance services for equipment and facilities related to water treatment.

Descriptions of the businesses and positioning of each between Kurita and related companies follows below.

These business categories are the same as the categories used for segment information by business type.

Water Treatment Chemicals

Manufacturing, sales and maintenance services for water treatment-related chemicals and associated equipment. Products include water treatment chemicals for boiler water, cooling water, air conditioning system and waste water, as well as treatment agents for civil engineering and construction, dioxin suppression and manufacturing processes.

A total of 33 companies are engaged in these activities.

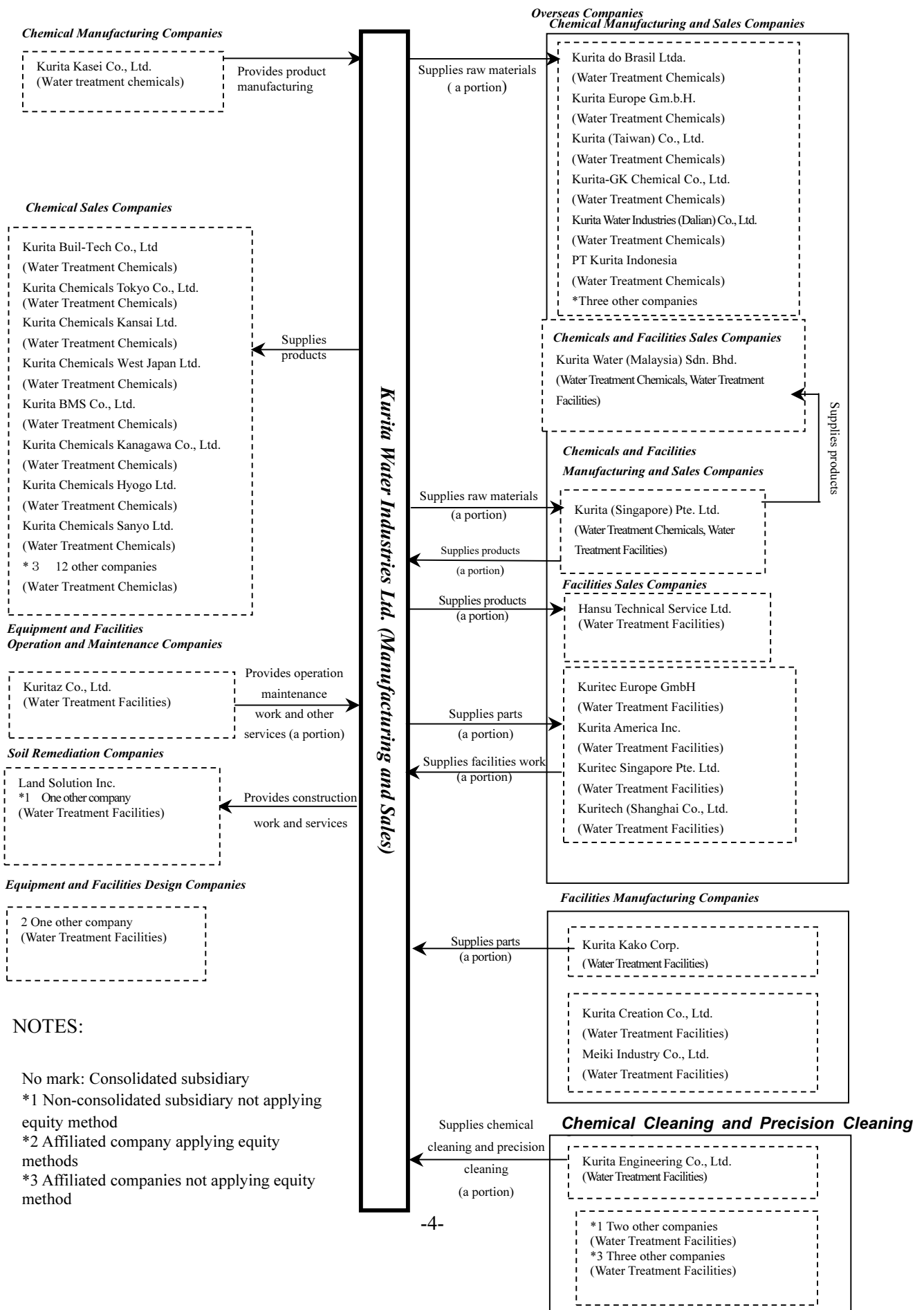
Domestically, Kurita and Kurita Kasei Co., Ltd. are responsible for chemical manufacturing. Chemical and related equipment sales, and maintenance services are primarily provided by Kurita, but 20 additional companies, including Kurita Buil-Tech Co., Ltd., Kurita Chemicals Tokyo Co., Ltd., and Kurita Chemicals Kansai Ltd., also handle a portion of these activities. Overseas, Kurita (Singapore) Pte. Ltd. and nine other companies are involved in manufacturing and sales, and one company performs only sales activities.

Water Treatment Facilities

Manufacturing, sales, chemical cleaning and precision cleaning, operation and maintenance services for water treatment-related equipment and facilities. Products include ultra-pure water production systems, water treatment facilities, waste water treatment facilities, regulation water treatment facilities, soil remediation, sewage treatment facilities, sludge recycling centers, saltwater desalination facilities, and recreational pools.

A total of 21 companies are engaged in these activities.

Manufacturing, sales and maintenance services are primarily provided by Kurita, but a portion of these activities are also handled by four other companies (three domestic, one overseas), Chemical and precision cleaning of machinery and facilities is the responsibility of Kurita Engineering Co., Ltd. and five other companies. Five companies (one domestic, four overseas) including Kuritaz Co., Ltd. operate and provide maintenance on equipment and facilities sold primarily by Kurita. There are also two domestic companies that are involved in soil remediation and one additional company overseas conducting sales of equipment.



NOTES:

- No mark: Consolidated subsidiary
- *1 Non-consolidated subsidiary not applying equity method
- *2 Affiliated company applying equity methods
- *3 Affiliated companies not applying equity method

3. Performance and Financial Position

1) Summary of the Year Under Review

Extremely difficult business conditions persisted in the Japanese economy during the fiscal year under review. The grip of deflation tightened as stock prices fell, capital investment was reeled in, and consumer spending slumped due to employment adjustments. Additionally, instability in the international political environment owing to the Iraq problem and other events were responsible in part for global fears of an economic downturn, and prospects for a recovery are extremely uncertain.

The Kurita Group faced a market environment marked by exceptionally difficult conditions. Capital investment in the private sector stagnated due to poor corporate earnings, and budgets were cut for public works projects as national and local governments reviewed annual expenditures.

In this business environment, Group orders totaled 128,431 million yen, a decrease of 8.6% compared to the previous year, and net sales totaled 141,628 million yen, a year-on-year decrease of 0.7%, results due in part to stepped-up streamlining measures by customers and intensifying competition in the industry.

With regard to incomes, operating income increased 14.1% to 12,307 million yen and ordinary income rose 6.8% compared to the previous year to 12,400 million yen, while net income decreased 3.4% to 5,476 million yen.

Although net sales and net income fell short of last year's levels, the Company is committed to stable payouts of dividends so plans to propose dividend payments of eight yen per share. Dividends at the interim were eight yen per share, so this would bring the full year payout to 16 yen per share.

In the area of consolidated cash flows for the year under review, net cash provided by operating activities increased 1,689 million yen compared to the previous year to 10,402 million yen owing to a rise in income before income taxes and other factors. Net cash used in investing activities rose 1,665 million yen year-on-year to 6,999 million yen due in part to acquiring business-use fixed assets on a full service contract for ultra-pure water supply and water treatment management and from acquiring investment securities. Net cash used in finance activities increased 4,101 million yen compared to the previous year to 6,270 million yen from using funds to acquire treasury stock and other items. As a result, consolidated cash and cash equivalents for the year under review decreased 1,473 million yen year-on-year to 31,507 million yen.

2) Segment Information

Water Treatment Chemicals

Water Treatment Chemicals faced a harsh market environment due to the prolonged downturn marked by increased streamlining by customers and intensifying competition. Responding to these conditions, the Kurita Group pulled together to strongly promote full-service contracts for reducing customer energy-, cost- and resource-consumption by optimizing water treatment management for whole factories. The Company also secured orders by stepping up targeted marketing by market sector and new product development. Orders increased for chemicals for oil refinery processes, process chemicals for pulp and paper industries, fixing agents for heavy metals contained in fly ash given off during waste incineration, maintenance services, ion exchange resins, activated charcoal and other products. Orders for the mainstay product boiler chemicals, however, marked time, while orders for cooling chemicals and waste water chemicals both declined.

As a result, orders for Water Treatment Chemicals across the Kurita Group decreased 1.1% year-on-year to 46,450 million yen. Net sales increased 1.8% compared to the previous year to 47,116 million yen on the back of orders last year for chemical injection systems and other items which contributed to the total. Operating income grew 4.0% year-on-year to 6,493 million yen.

Water Treatment Facilities

Domestically, market conditions faced by Water Treatment Facilities included signs of a partial recovery in capital investment for LCD panel manufacturing and the car industry. Overseas, capital investment was relatively strong in the electronics industry, chiefly in China and Taiwan. On the whole, however, harsh conditions persisted as competition in the industry intensified and customers implemented streamlining measures thereby reducing, postponing or canceling capital investment. Responding, the Company worked

to win orders by strengthening collaboration across the Group and aggressively promoting a number of initiatives. Targeted marketing in the domestic market was stepped up, sales of ready-made system for ultra-pure water and water for medical purposes were expanded, the ultra-pure water supply business was promoted, and advances were made in the Chinese, Taiwanese and Southeast Asian markets.

Orders from the electronics industry picked up for precision cleaning of jigs used in the production of semiconductors and LCD panels, but orders for the mainstay ultra-pure water production system declined significantly both domestically and overseas.

In the area of water treatment facilities for general industries, orders increased for facilities for the car industry, but dropped considerably overall when including pharmaceutical, food product and other industries. Maintenance services orders for the electric power plant recorded an increase, but the increase in orders for the electronics industry was slight and there was a decrease in the market for water treatment facilities for general industries. Orders for water treatment facilities from the electric power industry also recorded major declines.

The market environment in the area of environmental control facilities was also harsh, as public works budgets were slashed and competition intensified due to cost cutting by local governments. Kurita and the Kurita Group secured orders by actively carrying out initiatives including reinforcing ties with existing customers and uncovering needs such as sludge reduction and giving sales presentations to talk with customers about facilities performance and other topics.

Orders for maintenance service increased as a result of promoting solutions-led sales. Yet, orders fell slightly overall despite maintaining concerted sales efforts and a stable order base in areas such as sludge recycling centers, exudated water pollution processing at waste disposal sites, equipment for sludge reduction, and membrane filtration units for tap-water.

As a result, orders for Water Treatment Facilities across the Group decreased 12.4% year-on-year to 81,981 million yen, and net sales fell 2.0% compared to the previous year to 94,512 million yen. Operating income, however, increased 26.3% year-on-year to 5,730 million yen thanks to decreased operating costs.

3) Outlook for the Coming Year

A. Outlook by segment

Market conditions for Water Treatment Chemicals continue to be severe, with customers stepping up streamlining measures and competition intensifying due to market contraction. The Company will continue to push ahead with sales presentations that offer customers solutions, year-long full-service contracts for water treatment management, comprehensive cost reductions in the areas of procurement, production and distribution, as well as with other measures. The Company will also work across the board to secure earnings by consolidating the organization of maintenance divisions and creating an “defensive business”-- a robust maintenance network closely connected to customers and local communities.

For Water Treatment Facilities, neither an increase in facilities investment nor a full scale recovery in operating ratios can be expected. The Company plans to expand applied technologies using ready-made products as an “aggressive business”, while streamlining its organization. Outside of cost cutting activities, Kurita will ramp up propriety methods in which the customer shares a majority of the benefits. Additionally, it will actively promote sales of ultra-pure water used in customer production activities at Kurita-owned facilities in an attempt to establish such water sales as a new field of business. For the electronics industry, the Company will focus its efforts on the overseas market. For other areas, it will work to expand businesses in the areas of wastewater treatment because of changes in domestic nitrogen regulations and soil remediation, and in the area of wastewater treatment for overseas electric power wholesalers.

The market for environmental control facilities for the public sector will continue to be marked by cutbacks in public works projects. Under such conditions, the Company will actively use technologies, such as proprietary sludge processing technologies and advanced treatment technologies, in an effort to steadily increase orders for renovation work on sludge recycling centers and in the area of exudated water pollution processing. In the area of sewage treatment, the Company as a whole will work to settle contracts delayed for years by financial difficulties.

B. Profit distribution

Given the status of current projects, profits for the first half of the year are expected to be comparatively low. Sales, however, are expected from facilities-related work at the end of the year, so the Company will stay committed to the stable payout of dividends.

C. Summary of major issues related to performance outlooks for the year ahead

1. In an effort to boost Group businesses, the Company together with subsidiary Kuritaz Co. Ltd. consolidated analysis businesses and established the new subsidiary Kurita Analysis Service Co. Ltd. in April 2003. Additionally, a new subsidiary will be established in June 2003 in a joint effort with Kurita Engineering Co., Ltd. to consolidate precision cleaning businesses.
2. Because of the future course of Company business and the deterioration of its facilities, the subsidiary Kurita Kako Corp., which manufactures dehydrators and other equipment, will be liquidated from the beginning in June 2003.

(4) Consolidated Financial Statements

Consolidated Balance Sheets

(Unit: Millions of yen)

| Item | Year ended March 2003 | | Year ended March 2002 | | Increase (decrease) |
|--|-----------------------|--------------|-----------------------|--------------|---------------------|
| | | % | | % | |
| [Assets] | | | | | |
| Current Assets | | | | | |
| Cash and deposits | 31,838 | | 33,408 | | (1,570) |
| Notes receivable - trade | 10,255 | | 10,534 | | (279) |
| Accounts receivable - trade | 49,442 | | 44,939 | | 4,503 |
| Marketable securities | 6,615 | | 4,640 | | 1,975 |
| Inventories | 6,301 | | 7,702 | | (1,401) |
| Deferred income taxes | 1,806 | | 1,503 | | 303 |
| Other | 1,090 | | 945 | | 145 |
| Allowance for doubtful accounts | (169) | | (185) | | 16 |
| Total Current Assets | 107,180 | 61.7% | 103,490 | 60.1% | 3,690 |
| Fixed Assets | | | | | |
| Tangible Fixed Assets | | | | | |
| Buildings and structures | 14,174 | | 14,419 | | (245) |
| Machinery and equipment | 5,007 | | 3,874 | | 1,133 |
| Land | 15,024 | | 15,044 | | (20) |
| Construction in progress | 1,604 | | 198 | | 1,406 |
| Other | 2,500 | | 2,816 | | (316) |
| Total tangible fixed assets | 38,310 | 22.1% | 36,353 | 21.1% | 1,957 |
| Intangible fixed assets | | | | | |
| Software | 2,130 | | 1,812 | | 318 |
| Other | 528 | | 542 | | (14) |
| Total intangible fixed assets | 2,659 | 1.5% | 2,354 | 1.4% | 305 |
| Investments and other assets | | | | | |
| Investment in securities | 17,322 | | 18,319 | | (997) |
| Investment in non-consolidated subsidiaries and affiliates | 1,902 | | 2,547 | | (645) |
| Long-term loans | 116 | | 2,585 | | (2,469) |
| Deferred income taxes | 4,051 | | 3,857 | | 194 |
| Other | 2,186 | | 2,717 | | (531) |
| Allowance for doubtful accounts | (40) | | (80) | | 40 |
| Total investments and other assets | 25,538 | 14.7% | 29,947 | 17.4% | (4,409) |
| Total fixed assets | 66,508 | | 68,655 | | (2,147) |
| Total assets----- | 173,689 | 100% | 172,145 | 100% | 1,544 |

| Item | Year ended March 2003 | | Year ended March 2002 | | Increase (decrease) |
|---|-----------------------|--------------|-----------------------|--------------|------------------------|
| | | % | | % | |
| [Liabilities] | | | | | |
| Current Liabilities | | | | | |
| Notes payable - trade | 1,420 | | 1,912 | | (492) |
| Accounts payable - trade | 22,841 | | 20,999 | | 1,842 |
| Short-term borrowings | 7 | | 139 | | (132) |
| Outstanding payments / expenses | 6,391 | | 6,835 | | (444) |
| Income taxes payable | 3,335 | | 442 | | 2,893 |
| Advances received | 966 | | 1,621 | | (655) |
| Accrued employees' bonuses | 2,154 | | 2,927 | | (773) |
| Allowance for product warranty | 848 | | 923 | | (75) |
| Other | 675 | | 782 | | (107) |
| Total current liabilities | 38,643 | 22.2% | 36,585 | 21.3% | 2,058 |
| Fixed Liabilities | | | | | |
| Long-term debt | 40 | | 78 | | (38) |
| Accrued employees' retirement benefits | 11,469 | | 10,873 | | 596 |
| Retirement benefits for directors and corporate auditors | 813 | | 667 | | 146 |
| Deferred income tax liability related to revaluation | 13 | | 14 | | (1) |
| Other | 783 | | 778 | | 5 |
| Total fixed liabilities | 13,120 | 7.6% | 12,411 | 7.2% | 709 |
| Total Liabilities | 51,763 | 29.8% | 48,997 | 28.5% | 2,766 |
| Minority Interests | | | | | |
| Minority interests | 956 | 0.6% | 558 | 0.3% | 398 |
| Shareholders' Equity | | | | | |
| Common stock | 13,450 | | 13,450 | | - |
| Capital surplus | 11,398 | | 11,398 | | - |
| Retained earnings | 101,637 | | 98,804 | | 2,833 |
| Revaluation difference on land | 20 | | 19 | | 1 |
| Revaluation surplus of other securities | (108) | | 162 | | (270) |
| Foreign currency translation adjustment | (543) | | (418) | | (125) |
| Treasury stock | (4,885) | | (827) | | (4,058) |
| Total shareholders' equity | 120,969 | 69.6% | 122,590 | 71.2% | (1,621) |
| Total Liabilities, Minority Interests and Shareholders' Equity | 173,689 | | 172,145 | | 1,544 |

Consolidated Statements of Retained Earnings

(Unit: Millions of yen)

| Item | Year ended March 2003 | Year ended March 2002 | Increase (decrease) |
|--|--------------------------|--------------------------|------------------------|
| | Amount | Amount | |
| [Capital surplus] | | | |
| Capital surplus at beginning of period | 11,398 | 11,398 | -- |
| Capital surplus at end of period | 11,398 | 11,398 | -- |
| [Retained earnings] | | | |
| Retained earnings at beginning of period | 98,804 | 95,444 | 3,360 |
| Increase in retained earnings (Net income) | 5,476 (5,476) | 5,670 (5,670) | (194) (194) |
| Decrease in retained earnings (Dividend paid) | 2,644 (2,117) | 2,309 (2,117) | 335 (0) |
| (Bonuses for directors and corporate auditors) | (120) | (164) | 44 |
| (Decrease in retained earnings from increase in consolidated subsidiaries) | (270) | -- | (270) |
| (Decrease in retained earnings from decrease in consolidated subsidiaries) | (66) | -- | (66) |
| (Other) | (69) | (27) | (42) |
| Retained earnings at end of period | 101,637 | 98,804 | 2,833 |

| Item | Year ended March 2003 | | Year ended March 2002 | | Increase (decrease) |
|--|-----------------------|-------------|-----------------------|-------------|------------------------|
| | | % | | % | |
| Net sales | 141,628 | 100.0 | 142,678 | 100.0 | (1,050) |
| Cost of sales | 97,846 | 69.1 | 99,039 | 69.4 | (1,193) |
| Gross profit | 43,781 | 30.9 | 43,639 | 30.6 | 142 |
| S,G& A Expenses | 31,474 | 22.2 | 32,848 | 23.0 | (1,374) |
| Operating income | 12,307 | 8.7 | 10,790 | 7.6 | 1,517 |
| Non-operating income | 1,012 | 0.7 | 1,104 | 0.7 | (92) |
| Non-operating expense | 919 | 0.6 | 279 | 0.2 | 640 |
| Ordinary income | 12,400 | 8.8 | 11,615 | 8.1 | 785 |
| Special gains | - | - | 932 | 0.7 | (932) |
| (Gain of sales of stock of affiliated companies) | (-) | | (932) | | (932) |
| Special losses | 2,136 | 1.5 | 3,427 | 2.4 | (1,291) |
| (Loss on write-down of investment securities) | (822) | | (1,986) | | (1,164) |
| Amortization of unrecognized effect of change in accounting for employees' retirement benefits | (1,162) | | (1,162) | | 0 |
| (Other) | (151) | | (278) | | (127) |
| Income before taxes | 10,263 | 7.3 | 9,121 | 6.4 | 1,142 |
| Income taxes | 4,957 | 3.5 | 4,630 | 3.3 | 327 |
| Income taxes deferred | (283) | (0.2) | (1,229) | (0.9) | 946 |
| Minority interests in earnings of consolidated subsidiaries | 112 | 0.1 | 49 | 0.0 | 63 |
| Net income | 5,476 | 3.9 | 5,670 | 4.0 | (194) |

Consolidated Statements of Cash Flows

(Unit: Millions of Yen)

| Item | Year ended March 2003 | Year ended March 2002 |
|--|--------------------------|--------------------------|
| | Amount | Amount |
| I Cash flows from operating activities | | |
| Income before income taxes | 10,263 | 9,121 |
| Depreciation and amortization | 3,208 | 3,409 |
| Amortization on consolidation goodwill | 0 | 78 |
| Equity in earnings of unconsolidated subsidiaries and affiliates | (143) | (198) |
| Increase in accrued employees' retirement benefits | 592 | 828 |
| Decrease in allowance for doubtful accounts | (52) | (25) |
| Decrease in other allowances | (708) | (340) |
| Interest and dividend income | (417) | (454) |
| Other non-operating income | (430) | (326) |
| Interest expense | 17 | 35 |
| Other non-operating expenses and extraordinary losses | 742 | 242 |
| Loss on sale and revaluation of investment in securities | 824 | 1,053 |
| Loss on sale and disposal of tangible fixed assets | 226 | 119 |
| Increase in trade notes and accounts receivable | (4,076) | 12,200 |
| Decrease in inventories | 1,369 | 2,537 |
| Increase in other current assets | (14) | (50) |
| Increase (decrease) in trade notes and accounts payable | 1,771 | (8,854) |
| Decrease in advances received | (708) | (1,320) |
| Decrease in other current liabilities | (341) | (226) |
| Bonuses paid to directors and corporate auditors | (120) | (165) |
| Other | 28 | 6 |
| Subtotal | 12,028 | 17,669 |
| Interest and dividends received | 609 | 506 |
| Other non-operating income received | 430 | 280 |
| Interest paid | (17) | (35) |
| Other non-operating expenses paid | (590) | (216) |
| Income taxes paid | (2,058) | (9,490) |
| Net cash provided by operating activities | 10,402 | 8,713 |
| II Cash flows from investing activities | | |
| Payments for time deposits | (194) | (605) |
| Proceeds from refund of time deposits | 272 | 98 |
| Payments for purchases of marketable securities | (1,483) | (801) |
| Proceeds from sale of marketable securities | 5,100 | 3,250 |
| Payments for purchases of tangible fixed assets | (4,895) | (2,747) |
| Proceeds from sales of tangible fixed assets | 251 | 93 |
| Payments for purchases of investment securities | (7,877) | (5,417) |
| Proceeds from sale of investment securities | 1,973 | 4,398 |
| Other payments | (1,140) | (4,288) |

| | | |
|---|----------------|----------------|
| Other proceeds | 993 | 684 |
| Net cash used in investing activities | (6,999) | (5,334) |
| | | |
| III Cash flows from financing activities | | |
| Proceeds from short-term debt (?borrowings) | 150 | 154 |
| Repayment of short-term debt (?borrowings) | (207) | (96) |
| Proceeds from long-term debt | 2 | 1 |
| Repayment of long-term debt | (13) | (45) |
| Payments for purchase of treasury stock | (4,058) | (25) |
| Cash dividends paid (including dividends paid to minority shareholders) | (2,145) | (2,158) |
| Net cash used in financing activities | (6,270) | (2,169) |
| | | |
| IV Effect of exchange rate changes on cash and cash equivalents | (59) | 145 |
| V Net increase (decrease) in cash and cash equivalents | (2,927) | 1,354 |
| VI Cash and cash equivalents at beginning of period | 32,980 | 31,569 |
| VII Cash and cash equivalents due to increase of consolidated subsidiaries | 1,454 | 56 |
| VIII Cash and cash equivalents at end of period | 31,507 | 32,980 |
| | | |

Segment Information

1. Segment information by business type

Year under review (April 1, 2002 to March 31, 2003)

(Unit: Millions of yen)

| | Water Treatment Chemicals | Water Treatment Facilities | Total | Elimination or corporate | Consolidated |
|---|---------------------------------|----------------------------------|---------|-----------------------------|--------------|
| I Net sales and operating income | | | | | |
| Net sales | | | | | |
| (1)Net sales to outside customers | 47,116 | 94,512 | 141,628 | - | 141,628 |
| (2)Inter-segment sales | 378 | 204 | 583 | (583) | - |
| Total | 47,494 | 94,716 | 142,211 | (583) | 141,628 |
| Operating expenses | 41,000 | 88,985 | 129,986 | (665) | 129,321 |
| Operating income | 6,493 | 5,730 | 12,224 | 82 | 12,307 |
| II Assets, depreciation and capital expenditures | | | | | |
| Assets | 37,351 | 82,607 | 119,958 | 53,730 | 173,689 |
| Depreciation and amortization | 1,110 | 2,196 | 3,307 | - | 3,307 |
| Capital expenditures | 1,487 | 5,575 | 7,063 | - | 7,063 |

Previous fiscal year (April 1, 2001 to March 31, 2002) (Unit: Millions of yen)

| | Water Treatment Chemicals | Water Treatment Facilities | Total | Elimination or corporate | Consolidated |
|---|---------------------------------|----------------------------------|---------|-----------------------------|--------------|
| I Net sales and operating income | | | | | |
| Net sales | | | | | |
| (1)Net sales to outside customers | 46,277 | 96,401 | 142,678 | - | 142,678 |
| (2)Inter-segment sales | 351 | 337 | 689 | (689) | - |
| Total | 46,628 | 96,739 | 143,368 | (689) | 142,678 |
| Operating expenses | 40,384 | 92,201 | 132,585 | (697) | 131,887 |
| Operating income | 6,244 | 4,537 | 10,782 | 8 | 10,790 |
| II Assets, depreciation and capital expenditures | | | | | |
| Assets | 38,793 | 79,158 | 117,951 | 54,193 | 172,145 |
| Depreciation and amortization | 1,169 | 2,318 | 3,487 | - | 3,487 |
| Capital expenditures | 1,882 | 2,877 | 4,760 | - | 4,760 |

Notes: a. Business categorization

The business activities of the Kurita Group consist of manufacturing and sales of chemicals related to water treatment, and manufacturing and sales of equipment and facilities related to water treatment. Accordingly, business is categorized into two segments, Water Treatment Chemicals and Water Treatment Facilities, with consideration given to product lineups.

2. Segment information by location

Because net sales and assets in Japan for the year under the review and the previous year exceed more than 90% of the totals for all segments, this section is excluded.

3. Overseas sales

Year under review (April 1, 2002 to March 31, 2003)

(Unit: Millions of yen)

| | <i>Asia</i> | <i>North America</i> | <i>Europe</i> | <i>Other regions</i> | <i>Total</i> |
|---|-------------|----------------------|---------------|----------------------|--------------|
| I Overseas sales | 15,837 | 731 | 620 | 1,237 | 18,427 |
| II Consolidated net sales | | | | | 141,628 |
| III Overseas sales as a percentage of consolidated net sales | 11.2% | 0.5% | 0.4% | 0.9% | 13.0% |

- Notes:**
- 1) Regions are classified on the basis of geographic proximity
 - 2) Countries or regions belonging to each category follow below.
 Asia: South Korea, China, Taiwan, Singapore, Indonesia, Thailand
 North America: United States
 Europe: Germany
 Other regions: Brazil
 - 3) Overseas sales are the net sales of the Company and its subsidiaries in regions other than Japan.
 - 4) Overseas sales in the previous fiscal year were less than 10% of consolidated net sales, so the section was excluded.

5. Sales, orders and production results

1. Sales

(Unit: Millions of yen)

| <i>Business segment</i> | <i>Year under review (April 2002 to March 2003)</i> | | <i>Previous fiscal year (April 2001 to March 2002)</i> | |
|---------------------------------------|---|------------|--|------------|
| | Amount | % of total | Amount | % of total |
| Water Treatment Chemicals | 47,116 | 33.3% | 46,277 | 32.4% |
| Water Treatment Facilities | 94,512 | 66.7 | 96,401 | 67.6 |
| Total | 141,628 | 100.0 | 142,678 | 100.0 |

2. Orders and orders outstanding

(Unit: Millions of yen)

| <i>Business segment</i> | | <i>Year under review (April 2002 to March 2003)</i> | | <i>Previous fiscal year (April 2001 to March 2002)</i> | |
|-------------------------------|---------------------------------------|---|------------|--|------------|
| | | Amount | % of total | Amount | % of total |
| Orders | Water Treatment Chemicals | 46,450 | 36.2% | 46,953 | 33.4% |
| | Water Treatment Facilities | 81,981 | 63.8 | 93,538 | 66.6 |
| | Total | 128,431 | 100.0 | 140,492 | 100.0 |
| Orders outstanding | Water Treatment Chemicals | 2,695 | 7.4 | 3,361 | 6.9 |
| | Water Treatment Facilities | 33,671 | 92.6 | 45,622 | 93.1 |
| | Total | 36,367 | 100.0 | 48,984 | 100.0 |

3. Production results

(Unit: Millions of yen)

| <i>Business segment</i> | <i>Year under review (April 2002 to March 2003)</i> | | <i>Previous fiscal year (April 2001 to March 2002)</i> | |
|---------------------------------------|---|------------|--|------------|
| | Amount | % of total | Amount | % of total |
| Water Treatment Chemicals | 48,031 | 34.2% | 45,800 | 32.9% |
| Water Treatment Facilities | 92,509 | 65.8 | 93,323 | 67.1 |
| Total | 140,541 | 100.0 | 139,124 | 100.0 |

Note: Totals depend on selling price.