

FOR IMMEDIATE RELEASE

Kurita Water Announces Earnings for the first quarter to June 30, 2003

- Consolidated orders rose 29.3 percent year/year to 42.12 billion yen.
- Net sales rose 11.1% year/year to 24.95 billion yen.
- Consolidated orders for the Water Treatment Chemicals Division increased 5.4% year/year to 12.82 billion yen. Strength in process chemicals for paper&pulp, chemicals for waste incineration and contract based services pushed sales higher.
- Consolidated orders in the Water Treatment Facilities Division increased 43.5% year/year to 29.29 billion yen. Domestically, orders are off to a good start and maintenance services are also higher compared to last year.

Tokyo, July 31 2003 -- Kurita Water Industries Ltd., a global leader in the water treatment business, announced results for the first quarter ended June 30, 2003. Results were on plan with weakness in certain areas offset by strength in others and Kurita Water is maintaining its forecast for the interim and full year. Although stock prices showed signs of bottoming out, the Japanese economy in the first quarter of the current fiscal year was marked by continuing harsh conditions, as there are still few signs of marked recovery in capital investment, consumer spending and other areas.

The market environment faced by the Kurita Group was also beset by difficult conditions that have carried over from the previous fiscal year. Capital investment by the private sector stagnated and the government reined in expenditure for public works projects. SARS also had a negative effect on markets in China and Taiwan.

Operating in this environment, consolidated orders increased 29.3% compared to the first quarter of the previous year to 42.1 billion yen, and net sales rose 11.1% year/year to 24.95 billion yen. These results were almost exactly in line with forecasted figures.

Consolidated net sales tend to be lower in Q1 and Q3 mainly because Water Treatment Facilities Division sales come at the end of the interim period and the end of the year.

Segment Overview

Water Treatment Chemicals Division

Orders of mainstay boiler chemicals and cooling chemicals marked time compared to Q1 of the previous year. Orders for process chemicals for pulp and paper industries, fixing agents for heavy metals contained in ash given off during waste incineration and contract based services all exceeded Q1 levels of the previous year.

As a result, consolidated orders for Water Treatment Chemicals increased 5.4% year/year to 12.82 billion yen. In line with the increase in orders, sales were solid compared to Q1 of the previous year, increasing 8.3% year/year to 11.27 billion yen.

Water Treatment Facilities Division

Orders for the mainstay ultrapure water production systems for the electronics industry fell short overseas of Q1 levels of the previous year in the wake of drawn out negotiations in China and Taiwan. Domestically though orders are off to a solid start compared to the first quarter of last year. Maintenance services also posted results that exceed last year's levels. With market competition intensifying, however, orders for water treatment facilities for general industries and soil remediation registered quarter-on-quarter declines.

In Environmental Control Facilities, orders for mainstay sludge recycling facilities and for sludge reduction systems for sewage treatment facilities pushed orders up overall compared to Q1 of the previous year.

As a result of these factors, consolidated orders in the Water Treatment Facilities Division increased 43.5% year/year to 29.29 billion yen. Sales are generally lower in the first quarter, but still performed solidly compared to last year, rising 13.5% year/year to 13.68 billion yen.

Changes in consolidated financial position

Total assets at end-Q1 decreased 4.05 billion yen compared to the end of the previous fiscal year to 169.64 billion yen. Accounts receivable decreased 13.21 billion yen as collection proceeded, cash and deposits increased 3.75 billion yen, and tangible fixed assets increased 2.67 billion yen due to the acquisition of business-use assets. These were the primary factors responsible for the result.

Shareholders' equity totaled 120.41 billion yen, a decrease of 554 million yen compared to the end of the previous fiscal year caused by dividend payments and other factors. Owing in part to the decrease in total assets, the equity ratio rose from 69.6% at the end of the previous fiscal year to 71.0%.

Qualitative information regarding results forecasts

Results posted in the first quarter were on the whole solid and put the company on track to achieve its initial forecasts announced on May 9, 2003 for both interim and full year results. While the forward environment remains uncertain the company is confident. Therefore Kurita Water will not be making any changes to its forecasts.

Financials

A summary of relevant financials follows.

Summary of Consolidated First Quarter Results for the Year Ending March 2004 (April 1, 2003 to June 30, 2003)

July 31, 2003

Listed company name: Kurita Water Industries Ltd.

LISTINGS / EXCHANGES:	FIRST SECTION, TOKYO STOCK EXCHANGE, OSAKA SECURITIES EXCHANGE
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1. Regarding the preparation of quarterly results

Changes in accounting methods from the recent consolidated fiscal year: Yes

Standard for calculating income taxes: Calculated based on forecasted income tax rates for the full year on a consolidated basis

Simplified procedures are used for other items whose impact on results is negligible.

Changes in the scope of consolidation and companies accounted for by the equity method: Yes

Consolidated subsidiaries newly included: 2 Excluded: 0

Companies accounted for the by equity method newly included: 0 Excluded: 0

Number of consolidated subsidiaries: 30

Number of non-consolidated subsidiaries accounted for by the equity method: 1

Number of affiliated companies accounted for by the equity method: 4

2. First Quarter Results for the Year Ending March 2004 (April 1, 2003 to June 30, 2003)

1) Consolidated operating results

(Unit: Millions of yen)

	FY03 First Quarter 1 April 2003 – 30 June 2003		(Reference) Full Term Period 1 April 2002 – 31 Mar 2003	
	Amount	Change (%)	Amount	Change (%)
Net Sales	24,952	--	141,628	-0.7
Operating Income	389	--	12,307	+14.1
Ordinary Income	540	--	12,400	+6.8
Net Income for First Quarter	249	--	5,476	-3.4

Note: This is the first year the Company has announced quarterly results, so Q1 results from the previous year and quarter-on-quarter comparisons have not been included.

(2) Consolidated Financial Position

(Units: Millions of yen)

	<i>FY03 First Quarter</i>	<i>Year Ended March 2003</i>
Total Assets	169,636	173,689
Shareholders' Equity	120,415	120,969
Shareholders' Equity Ratio (%)	71.0%	69.6%
Shareholders' Equity per Share (yen)	936.46	939.78

Note: This is the first year the Company has announced quarterly results, so Q1 results from the previous year and quarter-on-quarter comparisons have not been included.

3. Consolidated Forecast for the Year Ending March 2004 (April 1, 2003 to March 31, 2004)

(Units: Millions of yen)

	<i>Interim</i>	<i>Full Year</i>
Net Sales	64,300	147,500
Ordinary Income	4,600	13,300
Net Income	2,700	7,700
Forecast Net Income per Share (yen)	21.00	58.99

Note: 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 forecasted figures.

1. Condensed Consolidated Quarterly Financial Statements
(1) Condensed Consolidated Statements of Income

(Unit: Millions of yen)

<i>Item</i>	<i>Current Quarter (April 1, 2003 to June 30, 2003)</i>		<i>Previous Fiscal Year (April 1, 2002 to March 31, 2003)</i>	
	<i>Amount</i>	<i>% of Net Sales</i>	<i>Amount</i>	<i>% of Net Sales</i>
Net Sales	24,952	100.0	141,628	100.0
Cost of Sales	16,603	66.5	97,846	69.1
Gross Profit	8,348	33.5	43,781	30.9
SG&A Expenses	7,958	31.9	31,474	22.2
Operating Income	389	1.6	12,307	8.7
Non-Operating Income	295	1.2	1,012	0.7
Non-Operating Expense	144	0.6	919	0.6
Ordinary Income	540	2.2	12,400	8.8
Special Gains	-	-	-	-
Special Losses	-	-	2,136	1.5
Income Before Income Taxes	540	2.2	10,263	7.3
Income Taxes	232	0.9	4,674	3.3
Minority Interests in Earnings of Consolidated Subsidiaries	57	0.3	112	0.1
Net Income	249	1.0	5,476	3.9

(2) Condensed Consolidated Balance Sheets

(Unit: Millions of yen)

Item	Current Quarter (as of June 30, 2003)		Previous Fiscal Year End (as of March 31, 2003)	
	Amount	% of Total	Amount	% of Total
[Assets]				
Current Assets				
Cash and Deposits	35,588	21.0	31,838	18.3
Notes Receivable - Trade	10,783	6.4	10,255	5.9
Accounts Receivable - Trade	36,230	21.4	49,442	28.5
Marketable Securities	7,537	4.4	6,615	3.8
Inventories	9,467	5.6	6,301	3.6
Other	2,857	1.6	2,896	1.7
Allowance for Doubtful Accounts	(106)	(0.1)	(169)	(0.1)
Total Current Assets	102,357	60.3	107,180	61.7
Fixed Assets				
Tangible Fixed Assets	40,980	24.2	38,310	22.1
Intangible Fixed Assets	2,846	1.7	2,659	1.5
Investments and Other Assets	23,451	13.8	25,538	14.7
Total Fixed Assets	67,278	39.7	66,508	38.3
Total Assets	169,636	100.0	173,689	100.0
[Liabilities]				
Current Liabilities				
Notes Payable - Trade	1,599	0.9	1,420	0.8
Accounts Payable - Trade	20,961	12.4	22,841	13.2
Income Taxes Payable	690	0.4	3,335	1.9
Accrued Employees' Bonuses	2,356	1.4	2,154	1.2
Other	10,155	6.0	8,890	5.1
Total Current Liabilities	35,762	21.1	38,643	22.2
Fixed Liabilities				
Accrued Employees' Retirement Benefits	11,616	6.8	12,282	7.1
Other	820	0.5	837	0.5
Total Fixed Liabilities	12,437	7.3	13,120	7.6
Total Liabilities	48,199	28.4	51,763	29.8
Minority Interests				
Minority Interests	1,020	0.6	956	0.6
[Shareholders' Equity]				
Common Stock	13,450	7.9	13,450	7.7
Additional Paid-in Capital	11,398	6.7	11,398	6.6
Retained Earnings	100,684	59.4	101,637	58.5
Revaluation Surplus of Other Securities	394	0.2	(87)	(0.1)
Foreign Currency Translation Adjustment	(625)	(0.3)	(543)	(0.3)
Treasury Stock	(4,886)	(2.9)	(4,885)	(2.8)
Total Shareholders' Equity	120,415	71.0	120,969	69.6
Total Liabilities, Minority Interests and Shareholders' Equity	169,636	100.0	173,689	100.0

2. Orders and Sales Results

(1) Orders

(Unit: Millions of yen, %)

Business Segment	Current Quarter (April 1, 2003 to June 30, 2003)		Previous First Quarter (April 1, 2002 to June 30, 2002)		Increase (Decrease) Amount	Previous Fiscal Year (April 1, 2002 to March 31, 2003)	
	Amount	% of total	Amount	% of total		Amount	% of total
Water Treatment Chemicals	12,823	30.4%	12,163	37.3%	660	46,450	36.2%
Water Treatment Facilities	29,294	69.6	20,420	62.7	8,874	81,981	63.8
Total	42,118	100.0	32,584	100.0	9,534	128,431	100.0

(2) Sales

(Unit: Millions of yen, %)

Business Segment	Current Quarter (April 1, 2003 to June 30, 2003)		Previous First Quarter (April 1, 2002 to June 30, 2002)		Increase (Decrease) Amount	Previous Fiscal Year (April 1, 2002 to March 31, 2003)	
	Amount	% of total	Amount	% of total		Amount	% of total
Water Treatment Chemicals	11,273	45.2%	10,406	46.3%	867	47,116	33.3%
Water Treatment Facilities	13,679	54.8	12,047	53.7	1,632	94,512	66.7
Total	24,952	100.0	22,453	100.0	2,499	141,628	100.0