

**FOR IMMEDIATE RELEASE****Kurita Water Announces Earnings for the Six-Month Period to September 30, 2003.**

- Orders rose 15% over the previous year to 78.2 billion on a consolidated basis due to brisk orders for equipment and facilities from the domestic electronics industry and government and municipal offices.
- Consolidated net sales increased 4.6% from the previous year to 64.6 billion, mainly because of an increase in sales of facilities to the domestic electronics industry. A reason for the increase in sales was the inclusion of Kuritec Singapore Pte. Ltd., Kuritec (Shanghai) Co., Ltd. and Land Solution Inc. as consolidated companies from the second half of the previous fiscal year.
- Operating income fell 2.7% from the previous year to 4.2 billion due to an increase of 1.3 billion from the previous year in selling, general and administrative (SG&A) expenses. Ordinary income declined 2.9% from the previous year to 4.4 billion.
- Net income rose 11.1% from the previous year to 2.4 billion, reflecting the absence of special losses.

Tokyo, November 7, 2003 -- Kurita Water Industries Ltd., a global leader in the water treatment business, announced its results for the Six-Month Period to September 30, 2003.

○ Water treatment chemicals

In the area of water treatment chemicals, orders rose 1.7% from the previous year to 24.2 billion. Sales increased 1.9% from the previous year to 23.7 billion reflecting a growth in the sales of process treatment chemicals to the paper and pulp industry and chemicals used in garbage incinerator, in addition to contract-based services. The sales of cooling water chemicals, the Company's one of the main product, did not increase due to the effect of the cool summer. As a result, the operating income declined 9.3% from the previous year to 3.3 billion.

○ Water treatment facilities

In the area of water treatment facilities, orders rose 22.1% from the previous year to 54.0 billion. Sales increased 6.3% from the previous year to 40.9 billion, and operating income rose 16.9% from the previous year to 0.9 billion.

With respect to facilities for the electronics industry, the amount of orders accepted rose 7.8 billion from the previous year to 23.0 billion, and sales increased by 2.1 billion from the previous year to 18.6 billion. In Japan, the orders for ultra pure water systems from semiconductor manufacturers increased sharply, and the orders for maintenance services increased. Sales increased for all water treatment facilities, maintenance services and tool cleaning.

The volume of orders accepted in China and Taiwan was higher than those of the previous year despite the effects of SARS, although sales were lower than the previous year. The sales of maintenance services in overseas increased because Kuritech Shanghai became a consolidated company.

Orders for equipment from general industries including the food, pharmaceutical and automobile industries declined by 1.9 billion from the previous year to 12.8 billion. However, sales increased by 1.0 billion from the previous year to 15.3 billion, partly reflecting the inclusion of Land Solution Inc., a subsidiary engaged in the soil remediation business, as a consolidated company.

Sales of water treatment facilities and maintenance services to general industries leveled off from a

year earlier. The orders and sales in the area of soil remediation, excluding the effect of including Land Solution Inc., slightly declined from the previous year despite intensified competition caused by an increase in the new companies.

Orders received for facilities from government and municipal offices rose by 3.9 billion from the previous year to 18.2 billion, although sales declined by 0.7 billion from the previous year to 7.0 billion. In this segment, orders received increased sharply because Kurita received large orders due to a larger allocation in the national budget to the construction of human-waste disposal facilities than in the previous year.

○ Outlook for the full year

We expect that orders for ultra pure water systems accepted from domestic semiconductor manufacturers and overseas liquid crystal display (LCD) manufacturers will remain steady in the second half. In addition, Kurita will continue to expand the scope of its business with providing customers with solutions to their problems relating to cost reductions and the reduction of the impact of their operations on the environment. At the same time, Kurita will aim at improving its profits through a reduction in costs and expenses. The company forecasts net sales of 147.5 billion, operating income of 13.0 billion, ordinary income of 13.3 billion and net income of 7.7 billion for the full year of the current term.

## Consolidated Interim Balance Sheets

(Units: Millions of  
yen)

	As of Sept. 30, 2003	As of Sept. 30, 2002	As of March 31, 2003	Increase (decrease)	
				From Sept. 30, 2002	From March 31, 2003
<b>Assets</b>					
Current assets:					
Cash and deposits	32,230	35,448	31,838	(3,218)	(392)
Notes receivable-trade	10,576	10,750	10,255	(174)	321
Accounts receivable-trade	41,768	39,287	49,442	2,481	(7,674)
Marketable securities	7,296	4,946	6,615	2,350	681
Inventories	7,978	10,889	6,301	(2,911)	1,677
Deferred income taxes	1,803	1,505	1,806	298	(3)
Other	1,065	784	1,090	281	(25)
Allowance for doubtful accounts	(134)	(160)	(169)	26	35
Total current assets	102,585	103,452	107,180	(867)	(4,595)
Tangible fixed assets:					
Buildings and structures	15,352	13,921	14,174	1,431	1,178
Machinery and equipment	7,664	3,580	5,007	4,084	2,657
Land	15,039	15,038	15,024	1	15
Construction in progress	659	306	1,604	353	(945)
Other	2,491	2,629	2,500	(138)	(9)
Tangible fixed assets	41,208	35,476	38,310	5,732	2,898
Intangible fixed assets:					
Software	2,345	2,000	2,130	345	215
Other	526	524	528	2	(2)
Total intangible fixed assets	2,872	2,525	2,659	347	213
Investments and other assets:					
Investment in securities	15,367	18,766	17,322	(3,399)	(1,955)
Investment in non-consolidated subsidiaries and affiliates	1,901	2,450	1,902	(549)	(1)
Long-term loans	101	2,639	116	(2,538)	(15)
Deferred income taxes	2,957	3,744	4,051	(787)	(1,094)
Other	2,171	2,696	2,186	(525)	(15)
Allowance for doubtful accounts	(141)	(102)	(40)	(39)	(101)
Total investments and other assets	22,357	30,195	25,538	(7,838)	(3,181)
Fixed assets	66,437	68,197	66,508	(1,760)	(71)
Total Assets	169,023	171,649	173,689	(2,626)	(4,666)

	As of Sept. 30, 2003	As of Sept. 30, 2002	As of March 31, 2003	Increase (decrease)	
				From Sept. 30, 2002	From March 31, 2003
<b>Liabilities</b>					
<b>Current liabilities:</b>					
Notes payable-trade	1,913	1,641	1,420	272	493
Account payable-trade	17,182	17,277	22,841	(95)	(5,659)
Short-term borrowings	3	27	7	(24)	(4)
Outstanding payments/expenses	5,059	5,242	6,391	(183)	(1,332)
Income taxes payable	1,807	2,331	3,335	(524)	(1,528)
Advances received	1,836	4,160	966	(2,324)	870
Accrued employees' bonuses	2,739	2,932	2,154	(193)	585
Allowance for product warranty	882	883	848	(1)	34
Other	419	593	675	(174)	(256)
<b>Total current liabilities</b>	<b>31,844</b>	<b>35,088</b>	<b>38,643</b>	<b>(3,244)</b>	<b>(6,799)</b>
<b>Fixed liabilities:</b>					
Long-term debt	35	48	40	(13)	(5)
Accrued employees' retirement benefits	10,855	11,053	11,469	(198)	(614)
Retirement benefits for directors and corporate auditors	556	722	813	(166)	(257)
Deferred income tax liability to revaluation	13	14	13	(1)	—
Other	789	742	783	47	6
<b>Total fixed liabilities</b>	<b>12,250</b>	<b>12,580</b>	<b>13,120</b>	<b>(330)</b>	<b>(870)</b>
<b>Total liabilities</b>	<b>44,094</b>	<b>47,669</b>	<b>51,763</b>	<b>(3,575)</b>	<b>(7,669)</b>
Minority Interests	1,066	548	956	518	110
<b>Shareholders' Equity:</b>					
Common stock	13,450	13,450	13,450	—	—
Capital surplus	11,398	11,398	11,398	—	—
Retained earnings	102,901	99,718	101,637	3,183	1,264
Revaluation difference on land	20	19	20	1	—
Revaluation surplus of other securities	1,473	298	(108)	1,175	1,581
Foreign currency translation adjustment	(494)	(584)	(543)	90	49
Treasury stock	(4,888)	(870)	(4,885)	(4,018)	(3)
<b>Total shareholders' equity</b>	<b>123,862</b>	<b>123,431</b>	<b>120,969</b>	<b>431</b>	<b>2,893</b>
<b>Total Liabilities, Minority Interests and Shareholders' Equity</b>	<b>169,023</b>	<b>171,649</b>	<b>173,689</b>	<b>(2,626)</b>	<b>(4,666)</b>

## Consolidated Interim Statements of Income

(Units: Millions of yen)

	Interim period		Interim period		Fiscal year		Increase (decrease)
	Apr. 1, 2003 – Sept. 30, 2003		Apr. 1, 2002 – Sept. 30, 2002		Apr 1, 2002 – March 31, 2003		Previous interim period
Net sales	64,581	100.0	61,734	100.0%	141,628	100.0%	2,847
Cost of sales	43,637	67.6	42,004	68.0	97,846	69.1%	1,633
Gross profit	20,943	32.4	19,730	32.0	43,781	30.9%	1,213
Selling, general and administrative expenses	16,720	25.9	15,390	25.0	31,474	22.2%	1,330
Operating income	4,223	6.5	4,339	7.0	12,307	8.7%	(116)
Non-operating income	465	0.7	561	0.9	1,012	0.7%	(96)
Non-operating expense	262	0.4	340	0.5	919	0.6%	(78)
Ordinary income	4,426	6.8	4,560	7.4	12,400	8.8%	(134)
Special losses:							
Loss on sales of investment securities	—		92		822		(92)
Amortization of unrecognized effect of change in accounting for employees' retirement benefits	—		579		1,162		(579)
Other	—		—		151		—
	—		671	1.1	2,136	1.5	(671)
Income before income taxes	4,426	6.8	3,888	6.3	10,263	7.3	538
Income taxes	1,932	3.0	1,668	2.7	4,674	3.3	264
Minority interests in earnings of consolidated subsidiaries	79	0.1	46	0.1	112	0.1	33
Net income	2,414	3.7	2,173	3.5	5,476	3.9	241

## Consolidated Interim Statements of Retained Earnings

(Units: Millions of yen)

	Interim period	Interim period	Fiscal year	Increase (decrease)
	Apr. 1, 2003 – Sept. 30, 2003	Apr. 1, 2002 – Sept. 30, 2002	Apr 1, 2002– March 31, 2003	Previous interim period
Capital surplus:				
Capital surplus at beginning of period	11,398	11,398	11,398	—
Capital surplus at end of period	11,398	11,398	11,398	—
Retained earnings:				
Retained earnings at beginning of period	101,637	98,804	98,804	2,833
Increase in retained earnings	2,414	2,173	5,476	241
Net income	2,414	2,173	5,476	241
Decrease in retained earnings:				
Dividends paid	1,028	1,058	2,117	(30)
Bonus for directors and corporate auditors	118	120	120	(2)
Decrease in retained earnings due to change in scope of consolidation	—	66	336	(66)
Other	3	14	69	(11)
Total decrease in retained earnings	1,149	1,259	2,644	(110)
Retained earnings at end of period	102,901	99,718	101,637	3,183

## Consolidated Interim Statements of Cash Flows

(Units: Millions of yen)

	Interim period	Interim period	Fiscal year
	Apr. 1, 2003 – Sept. 30, 2003	Apr. 1, 2002 – Sept. 30, 2002	Apr 1, 2002 – March 31, 2003
<b>I. Cash flows from operating activities:</b>			
Income before income taxes	4,426	3,888	10,263
Depreciation and amortization	1,774	1,559	3,208
Equity in earnings of unconsolidated subsidiaries and affiliates	(63)	(72)	(143)
Increase (decrease) in accrued employees' retirement benefits	(614)	180	592
Decrease in allowance for doubtful accounts	66	(78)	(52)
Increase (decrease) in other allowances	362	21	(708)
Interest and dividend income	(232)	(251)	(417)
Other non-operating income	(166)	(195)	(430)
Interest expense	7	11	17
Other non-operating expenses and special losses	188	203	742
Loss on sales and revaluation of investment in securities	0	58	824
Loss on sales and disposal of tangible fixed assets	3	27	226
Increase in trade notes and accounts receivable	7,270	5,259	(4,076)
Decrease (increase) in inventories	(1,649)	(3,221)	1,369
Decrease (increase) in other current assets	14	174	(14)
Decrease in trade notes and accounts payable	(6,115)	(3,547)	1,771
Increase (decrease) in advances received	868	2,539	(708)
Decrease in other current liabilities	(1,092)	(1,344)	(341)
Bonuses paid to directors and corporate auditors	(62)	(67)	(120)
Other	(6)	(51)	28
<b>Sub-total</b>	<b>4,981</b>	<b>5,094</b>	<b>12,028</b>
Interest and dividends received	278	383	609
Other non-operating income received	172	195	430
Interest paid	(6)	(11)	(17)
Other non-operating expenses paid	(162)	(120)	(590)
Income taxes paid	(3,467)	232	(2,058)
<b>Net cash provided by operating activities</b>	<b>1,794</b>	<b>5,772</b>	<b>10,402</b>
<b>II. Cash flows from investing activities:</b>			
Payment for time deposits	(262)	(141)	(194)
Proceeds from refund of time deposits	157	272	272
Payments for purchases of marketable securities	0	(100)	(1,483)
Proceeds from sales of marketable securities	3,723	2,431	5,100
Payments for purchases of tangible fixed assets	(4,207)	(1,742)	(4,895)
Proceeds from sales of tangible fixed assets	103	86	251
Payments for purchases of investment securities	(6)	(3,808)	(7,877)
Proceeds from sales of investment securities	200	855	1,973

Cash disbursement on long-term loans	0	(66)	0
Other payments	(610)	(554)	(1,140)
Other proceeds	328	346	993
Net cash used in investing activities	(573)	(2,420)	6,999

**Consolidated Interim Statements of Cash Flows --**  
continued

(Units: Millions of yen)

	Interim period	Interim period	Fiscal year
	Apr. 1, 2003 – Sept. 30, 2003	Apr. 1, 2002 – Sept. 30, 2002	Apr 1, 2002 – March 31, 2003
III. Cash flows from financing activities			
Proceeds from short-term debt	0	150	150
Repayment of short-term debt	0	(187)	(207)
Proceeds from long-term debt	0	1	2
Repayment of long-term debt	(8)	(4)	(13)
Proceeds from sales (payments for purchase) of treasury stock	(2)	(26)	(4,058 )
Cash dividends paid	(1,028)	(1,059)	(2,145)
Net cash used in financing activities	(1,039)	(1,125)	(6,270)
IV. Effect of exchange rate changes on cash and cash equivalents	56	(39)	(59)
V. Net increase in cash and cash equivalents	239	2,186	(2,927 )
VI. Cash and cash equivalents at beginning of period	31,50	32,98	32,98
	7	0	0
VII. Cash and cash equivalents due to increase of consolidated subsidiaries	50	–	1,454
VIII. Cash and cash equivalents at end of period	31,79	35,16	31,50
	6	7	7