

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Third Quarter Earnings

Tokyo, Japan January 29, 2004 -- Kurita Water Industries Ltd. (TSE Ticker 6370) today announced its operating results for the nine months ended December 31, 2003. (Note: As this is the first time the company has released third quarter operating results on a year-to-date basis, no year-on-year comparisons are available for operating and net income).

Results of Operations

Net sales for the first nine months of the fiscal year ending March 2004 increased by 2.4% from the corresponding period in the previous fiscal year to 89.922 billion yen. Of this amount, the water treatment chemicals segment saw revenues increase by 0.3% to 34.962 billion yen while revenues from the water treatment facilities segment rose 3.7% to 54.959 billion yen. The Company's net sales tend to be lower in the first and third quarters of a fiscal year, as sales in the water treatment facilities segment tend to be recorded toward the end of the annual and semi-annual accounting periods (second and fourth quarters).

Operating income for the period was 4.504 billion yen, with no year-on-year comparison available. Net income for the nine month period was 3.251 billion yen, which included an extraordinary profit of 1.414 billion yen as a result of the sale of bank stocks. Earnings per share, based on 128,585,031 shares outstanding, were 25.29 yen for the period.

Strong Growth in New Orders

Orders received during the period increased by 17.5% year-on-year to 110.677 billion yen. Of this amount, the water treatment chemicals segment saw an increase in new orders of 2.5% to 35.604 billion yen, particularly in the areas of process treatment chemicals and chemicals for incinerators, as well as orders for maintenance services. On the other hand, orders for the segment's main products such as water treatment chemicals used for boiler water, cooling water, and waste water, declined somewhat from the same period of the previous year.

Orders in the water treatment facilities segment rose 26.3% to 75.072 billion yen. The substantial increase in new orders for this segment was primarily due to strong demand for ultra-pure water systems from the electronics industry in both Japan and in overseas markets such as China, Taiwan and Korea. In addition, increased demand for tool cleaning and maintenance services, as well as healthy gains in new orders for environment facilities, particularly for renewal and repair of human waste treatment facilities, have fueled the segment's order growth. This strong improvement helped to offset declines in orders for water treatment facilities and maintenance services from the

food, pharmaceuticals, basic materials, automobile, and electric power industries, as capital expenditure by these industries remains under pressure. Likewise, a decline in public sector orders for sewage treatment systems and maintenance services is a reflection of the continuing budgetary difficulties of local and regional governments.

Full year projection

The Group's previously announced projection for the full fiscal year ending March 2004 remains unchanged, with net sales projected at 147.500 billion yen, ordinary (current) income at 13.300 billion yen, and net income after tax of 7.700 billion yen. Earnings per share are forecast to be 58.90 yen.

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 systems, waste water treatment systems, and sewerage water treatment facilities. The business scope of both lines includes production, sales, and maintenance services. For additional information about the Kurita Group, visit the Company's website at www.kurita.co.jp.

Except for historical information contained herein, matters discussed in this news release may contain forward-looking statements that involve risks and uncertainties. These risks and uncertainties include the extent to which the water treatment chemicals business has an impact on the operating results of the Group, given that demand for these products fluctuates in accordance with changes in factory capacity utilization rates of the Group's major clients in the steel, oil, paper and pulp industries. In addition, trends in capital expenditure by the Group's major clients in the electronics, food, pharmaceuticals, electric power, basic materials, and automobile industries have an impact on the operating results of the water treatment facilities business. Similarly, business conditions affecting the Group's environmental facilities used in the public works of municipal and regional governments also have an impact on the Group's operating results, in that demand for such facilities will fluctuate in accordance with local governments' financial conditions and budgetary concerns.

KURITA WATER INDUSTRIES, LTD.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in million yen)

Item	Third Quarter Year to Date (April 1, 2003 - December 31, 2003)		Previous Fiscal Year (April 1, 2002 to March 31, 2003)	
	Amount	% of Net Sales	Amount	% of Net Sales
Net Sales	89,922	100.0	141,628	100.0
Cost of Sales	60,867	67.7	97,846	69.1
Gross Profit	29,054	32.3	43,781	30.9
Selling, General and Administrative Expenses	24,550	27.3	31,474	22.2
Operating Income	4,504	5.0	12,307	8.7
Non-operating Income	686	0.7	1,012	0.7
Non-operating Expense	649	0.7	919	0.6
Ordinary Income	4,541	5.0	12,400	8.8
Special Gains	1,414	1.6	-	-
Special Losses	-	-	2,136	1.5
Income before Income Taxes	5,955	6.6	10,263	7.3
Income Taxes	2,596	2.9	4,674	3.3
Minority Interests in Earnings of Consolidated Subsidiaries	107	0.1	112	0.1
Net Income	3,251	3.6	5,476	3.9

CONDENSED CONSOLIDATED BALANCE SHEET

(in million yen)

Item	Third Quarter (as of December 31, 2003)		Previous Fiscal Year End (as of March 31, 2003)	
	Amount	% of total	Amount	% of total
<u>[Assets]</u>				
<u>Current Assets</u>				
Cash and Deposits	31,208	18.2	31,838	18.3
Notes Receivable - Trade	10,355	6.0	10,255	5.9
Accounts Receivable - Trade	35,419	20.7	49,442	28.5
Marketable Securities	8,967	5.2	6,615	3.8
Inventories	13,622	8.0	6,301	3.6
Other	6,014	3.5	2,896	1.7
Allowance for Doubtful Accounts	(132)	(0.1)	(169)	(0.1)
Total Current Assets	105,454	61.5	107,180	61.7
<u>Fixed Assets</u>				
Tangible Fixed Assets	42,384	24.7	38,310	22.1
Intangible Fixed Assets	3,333	1.9	2,659	1.5
Investments and Other Assets	20,397	11.9	25,538	14.7
Total Fixed Assets	66,115	38.5	66,508	38.3
Total Assets	171,570	100.0	173,689	100.0
<u>[Liabilities]</u>				
<u>Current Liabilities</u>				
Notes Payable - Trade	1,550	0.9	1,420	0.8
Accounts Payable - Trade	18,988	11.1	22,841	13.2
Outstanding Payments/Expenses	5,938	3.5	6,391	3.7
Income Taxes Payable	650	0.4	3,335	1.9
Accrued Employees' Bonuses	2,468	1.4	2,154	1.2
Other	5,307	3.1	2,498	1.4
Total Current Liabilities	34,905	20.4	38,643	22.2
<u>Fixed Liabilities</u>				
Accrued Employees' Retirement Benefits	11,399	6.6	12,282	7.1
Other	1,185	0.7	837	0.5
Total Fixed Liabilities	12,585	7.3	13,120	7.6
Total Liabilities	47,490	27.7	51,763	29.8
<u>Minority Interests</u>				
Minority Interests	1,058	0.6	956	0.6
<u>[Shareholders' Equity]</u>				
Common Stock	13,450	7.8	13,450	7.7
Additional Paid-in Capital	11,398	6.6	11,398	6.6
Retained Earnings	102,713	59.9	101,637	58.5
Revaluation Surplus of Other Securities	1,033	0.6	(87)	(0.1)
Foreign Currency Translation Adjustments	(685)	(0.4)	(543)	(0.3)
Treasury Stock	(4,888)	(2.8)	(4,885)	(2.8)
Total Shareholders' Equity	123,021	71.7	120,969	69.6
Total Liabilities, Minority Interests and Shareholders' equity	171,570	100.0	173,689	100.0

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SOURCE: Kurita Water Industries, Ltd.

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