

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the First Six Months Ended September 2007

Tokyo, Japan, October 31, 2007—Kurita Water Industries Ltd. (TSE Security Code 6370) announced net sales of 94,112 million yen for the first six months (April 1 – September 30, 2007) of the fiscal year ending March 31, 2008 and net income of 7,522 million yen, or 58.46 yen per share.

Results of Operations

Total consolidated orders for the Kurita Group increased 7.1% from a year earlier to 108,795 million yen, while net sales grew 8.9% to 94,112 million yen. Operating income was up 27.2% to 13,496 million yen, and ordinary income rose 28.8% to 14,063 million yen. This resulted in net income of 7,522 million yen, an increase of 22.4% over the previous interim result. In a breakdown by segment, sales in water treatment chemicals grew 4.3% year on year to 28,875 million yen while sales in water treatment facilities rose 11.2% to 65,236 million yen.

Capital expenditure levels were strong in Japan, Taiwan, and South Korea throughout the period against a background of buoyant demand in the electronics industry for semiconductor and LCD products. In general industries, both factory operating rates and capital expenditures remained robust, mainly in basic materials sectors such as steel, oil refining, and petrochemicals.

The Company has decided on an interim dividend of 15 yen per share. Taking into account the Group's business performance, and to reward shareholders for their support, the Company intends to raise the year-end dividend by 2 yen to 17 yen per share. This results in a projected annual dividend of 32 yen per share.

Segment Information

Water Treatment Chemicals

Total Group orders for the segment increased 4.8% from a year earlier to 29,725 million yen, while sales grew 4.3% to 28,875 million yen and operating income rose 7.4% to 4,998 million yen.

During the period, the Group concentrated its efforts on securing stable order flows by rapidly delivering water treatment technologies and services that meet customer requirements, while further strengthening efforts to expand sales of mainstay products, such as boiler water treatment chemicals and cooling water treatment chemicals. The Group also worked to expand sales of high-value-added products, respond and adapt to rising costs of raw materials, and reduce manufacturing and logistics costs.

Results for the Japanese market were as follows. Of the Group's mainstay products, orders for boiler water treatment chemicals were flat, orders for wastewater treatment chemicals rose slightly, and orders for cooling water treatment chemicals increased, buoyed by the effects of extremely hot weather. With regard to other products, orders for packaged water treatment management contracts declined due to increased cost-cutting efforts and more intense competition at client companies, while orders for process treatment chemicals used in the oil refining and petrochemical industry were largely flat. Orders for process treatment chemicals used in the paper and pulp industry increased, reflecting the ongoing success of efforts to expand sales of competitive products. Overseas, orders for the Group's products increased on the back of vigorously expanding sales to China and Southeast Asian countries, which are currently enjoying rapid economic growth.

Water Treatment Facilities

Total Group orders for the segment increased 8.0% from a year earlier to 79,070 million yen, while sales grew 11.2% to 65,236 million yen and operating income rose 42.7% to 8,495 million yen.

During the period, the Group focused its energy on expanding service businesses, such as the ultrapure water supply business and tool cleaning services, while also strengthening sales to clients in semiconductor industries. Overseas, the Group worked to secure orders through concentrated sales efforts

aimed at strategic clients in China, Taiwan, and South Korea. To secure revenues and earnings, the Group continued its efforts to improve design and installation productivity, reduce costs, and improve quality.

Orders for the Group's mainline ultrapure water production systems for the electronics industry increased slightly in Japan but declined in overseas markets. Orders for water treatment facilities used by the basic materials industry grew significantly, reflecting large orders from the steel industry. In service businesses, orders for the ultrapure water supply business rose significantly on the back of new contracts, orders for tool cleaning services for semiconductor and LCD production equipment increased, and those for related maintenance services were up slightly. Orders for soil remediation services declined substantially due to increasingly intense competition.

Net Sales, Order Intake, Order Backlog

Net Sales

(In million yen)

Business segment	Six months ended September 30, 2007		Six months ended September 30, 2006		Year ended March 31, 2007	
	Amount	%	Amount	%	Amount	%
Water treatment chemicals	28,875	30.7	27,694	32.1	56,667	28.7
Water treatment facilities	65,236	69.3	58,686	67.9	140,479	71.3
Total	94,112	100.0	86,381	100.0	197,146	100.0

Order Intake

(In million yen)

Business segment	Six months ended September 30, 2007		Six months ended September 30, 2006		Year ended March 31, 2007	
	Amount	%	Amount	%	Amount	%
Water treatment chemicals	29,725	27.3	28,359	27.9	56,560	29.4
Water treatment facilities	79,070	72.7	73,196	72.1	135,969	70.6
Total	108,795	100.0	101,555	100.0	192,529	100.0

Order Backlog

(In million yen)

Business segment	Six months ended September 30, 2007		Six months ended September 30, 2006		Year ended March 31, 2007	
	Amount	%	Amount	%	Amount	%
Water treatment chemicals	4,349	6.2	4,272	5.7	3,499	6.3
Water treatment facilities	65,665	93.8	70,850	94.3	51,830	93.7
Total	70,014	100.0	75,122	100.0	55,330	100.0

Outlook for the Fiscal Year Ending March 31, 2008

The Group forecasts 207,000 million yen in net sales, 28,000 million yen in ordinary income, and 15,700 million yen in net income for the full year ending March 31, 2008.

While the Group expects the market to remain solid, supported by strong levels overall of capital expenditure related to water processing and factory operating rates at client companies, concerns remain regarding the impact on corporate earnings from Asian economic trends, movements in crude oil prices, and foreign exchange trends.

In this environment, to ensure that targets set in the medium-term management plan, *Growth 2008 (G-8)*, are achieved, the Group will focus on expanding its business and securing earnings by accelerating the shift into the ultrapure water supply business and other service businesses, expanding business globally, and continually strengthening administrative functions and the Group's operating base.

Outlook by Segment

Water Treatment Chemicals

With regard to water treatment chemicals, factory operating rates at clients, which have a large impact on the Group's order intake, are expected to remain solid. However, there are concerns that increased cost-cutting efforts by clients along with cost increases in this segment, due to rising costs of oil and basic materials, may adversely affect the segment's profitability. Under such circumstances, the Group aims to further expand sales of its mainstay products and will also strive to maintain and increase order flows by bolstering efforts to build close client relationships, thereby facilitating sales based on proposals tailored towards resolving the issues that clients face.

The Group will continue its efforts to secure earnings by reducing manufacturing and logistics costs for water treatment chemicals and accelerating the development of new, high-value-added products.

Water Treatment Facilities

Capital expenditures on water treatment facilities in the overall manufacturing sector are expected to be largely robust, although there are concerns that reductions in the scale of capital expenditure projects and the completion of the current round of capital expenditures in the electronics industry may adversely affect the segment's performance. In this environment, the Group aims to maintain and increase order flows by further expanding its services businesses, such as the ultrapure water supply business, tool cleaning services, and maintenance services, and pursuing concentrated sales efforts targeting Asian markets—with a focus on China, Taiwan, and South Korea—and strategic clients.

Furthermore, the Group will focus on securing earnings by continuing with efforts to enhance quality, reduce costs, and shorten delivery times.

Profit Distribution

The Company's basic policy is to maintain stable dividend payments, and an interim dividend of 15 yen per share has been set for the current period. Taking into account the Group's business performance, and to reward shareholders for their support, the Company intends to raise the year-end dividend by 2 yen to 17 yen per share. This results in a projected annual dividend of 32 yen per share.

Moving forward, the Company will continue its commitment to the basic policy of maintaining stable dividend payments. The Company will also strive to increase dividends while taking account of trends in its business results and increasing and utilizing retained earnings.

Financial Condition (Cash Flows)

Consolidated net cash and cash equivalents at the end of the interim period were 38,197 million yen, representing an increase of 755 million yen, or 2.0%, from the end of the previous fiscal year.

Net cash provided by operating activities amounted to 12,936 million yen, a decline of 1,212 million yen from last year's interim figure. This primarily reflects net inflows in the form of income before income taxes of 13,999 million yen, a 11,460 million yen decrease in trade notes and accounts receivable, and depreciation and amortization totaling 4,244 million yen, which were offset, however, by an 8,554 million yen decrease in trade notes and accounts payable and the payment of income taxes in the amount of 7,102 million yen.

Net cash used in investing activities was 10,143 million yen, a decline of 242 million yen from a year earlier, primarily reflecting an 11,036 million yen outflow for the acquisition of tangible fixed assets such as equipment for use in the ultrapure water supply business.

Net cash used in financing activities was 2,268 million yen, an increase of 631 million yen from a year earlier, mainly reflecting dividend payments of 1,977 million yen.

Cash Flow Indicators

	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005	Fiscal year ended March 31, 2006	Fiscal year ended March 31, 2007	Six months ended September 30, 2007
Equity ratio (%)	70.1	70.9	68.3	66.7	68.6
Equity ratio (based on market capitalization) (%)	96.3	112.7	152.3	155.9	210.9
Interest-bearing debt to cash flow ratio (%)	21.3	13.8	8.9	4.1	6.6
Interest coverage ratio (times)	206.4	230.5	322.2	601.6	562.4

Notes:

1. All indicators are calculated using financial figures produced on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of shares issued and outstanding (excluding treasury stock) at the end of the period.
3. The cash flow variable used in the calculations represents cash flow from operating activities.
4. Interest-bearing debt refers to all debts recorded on the consolidated balance sheet that incur interest payments.

Business Risks

Major risk factors that could affect the Group's future performance include, but are not limited to, economic trends, trends in capital expenditure related to water treatment facilities and factory operating rates at client companies, price movements in basic materials, and competition with industry peers.

Factors that may affect the Group's business performance

The performance of the water treatment chemicals business is affected by fluctuations in demand levels reflecting changes in factory operating rates at companies in the steel, petroleum refining and petrochemical, and pulp and paper industries—the Group's main sources of clients for the business. The Group's business performance is also affected by movements in the prices of basic materials.

The performance of the water treatment facilities business is affected by demand fluctuations caused by trends in capital expenditures at companies in electronics related industries, the Group's main source of clients for the business. The Group's business performance is also affected by movements in the prices of major raw materials and outsourcing costs, which influence equipment production costs.

The Group considers the potential impact of exchange rate movements on its business performance to be insignificant as its overseas operations account for only a small proportion of its overall sales.

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, and wastewater and in manufacturing processes; and 2) water treatment facilities such as ultrapure water production systems and wastewater treatment facilities. The scope of both business lines includes production, sales, and maintenance services. For additional information about the Kurita Group, please visit the Company's website at: <http://www.kurita.co.jp/english/>.

Forward-Looking Statements

This news release contains various forward-looking statements which are based on current expectations and assumptions regarding future events. Except for the historical information contained herein, all figures and statements with respect to future performance, projections, and business plans of the Kurita Group constitute forward-looking statements. Although Kurita believes that its expectations and assumptions are reasonable, actual results and trends in the Group's performance could differ materially from those expressed or implied by such figures and statements due to risks and uncertainties

Condensed Financial Statements - Consolidated

Condensed Balance Sheets - Consolidated

(In million yen)

	As of September 30, 2007 (A)	As of September 30, 2006 (B)	As of March 31, 2007 (C)	Change	
				(A) – (B)	(A) – (C)
[Assets]					
Current assets	128,702	127,527	137,004	1,174	(8,301)
Cash and deposits	38,548	32,488	37,761	6,059	786
Notes receivable - trade	9,400	10,009	10,320	(608)	(919)
Accounts receivable - trade	56,547	58,084	66,760	(1,536)	(10,212)
Marketable securities	5,593	7,831	5,830	(2,237)	(236)
Inventories	14,572	15,363	12,065	(790)	2,507
Deferred tax assets	2,699	2,222	2,713	476	(14)
Other	1,515	1,659	1,716	(143)	(200)
Allowance for doubtful accounts	(175)	(132)	(164)	(43)	(11)
Fixed assets	109,196	89,608	98,133	19,587	11,063
Tangible fixed assets	79,448	59,437	67,288	20,010	12,160
Intangible fixed assets	2,641	2,806	2,607	(164)	34
Investments and other assets	27,105	27,364	28,237	(258)	(1,131)
Total assets	237,899	217,136	235,137	20,762	2,761

[Liabilities]					
Current liabilities	61,428	55,354	65,496	6,074	(4,067)
Notes payable - trade	1,888	2,219	2,433	(331)	(545)
Accounts payable - trade	24,486	29,316	32,318	(4,829)	(7,832)
Short-term borrowings	140	296	333	(156)	(192)
Accounts payable - other/accrued expenses	16,087	9,669	13,141	6,418	2,945
Income taxes payable	5,978	4,620	7,498	1,358	(1,519)
Advances received	7,233	4,305	4,920	2,928	2,313
Accrued employees' bonuses	2,805	2,689	2,327	115	477
Allowance for product warranty	1,089	828	1,230	261	(140)
Other	1,718	1,407	1,291	310	426
Fixed liabilities	11,623	11,357	11,440	265	182
Long-term borrowings	70	195	96	(125)	(25)
Deferred tax liabilities related to revaluation	1,526	1,526	1,526	-	-
Accrued employees' retirement benefits	8,660	8,327	8,392	333	267
Accrued retirement benefits for directors and corporate auditors	603	570	696	33	(92)
Other	762	738	729	24	33
Total liabilities	73,052	66,712	76,937	6,340	(3,885)

[Net assets]					
Shareholders' equity	159,091	147,153	153,519	11,938	5,571
Common stock	13,450	13,450	13,450	-	-
Additional paid-in capital	11,426	11,426	11,426	-	-
Retained earnings	139,034	127,073	133,446	11,960	5,588
Treasury stock	(4,820)	(4,797)	(4,803)	(22)	(16)
Valuation and translation adjustments	4,152	1,914	3,252	2,237	899
Minority interests	1,602	1,356	1,427	246	174
Total net assets	164,847	150,424	158,200	14,422	6,646
Total liabilities and net assets	237,899	217,136	235,137	20,762	2,761

Condensed Statements of Income - Consolidated

(In million yen)

	Six months ended September 30, 2007 (A)		Six months ended September 30, 2006 (B)		(A) – (B)	Year ended March 31, 2007	
	Amount	%	Amount	%	Amount	Amount	%
Net sales	94,112	100.0	86,381	100.0	7,731	197,146	100.0
Cost of sales	62,459	66.4	58,415	67.6	4,044	137,819	69.9
Gross profit	31,652	33.6	27,965	32.4	3,687	59,326	30.1
Selling, general and administrative expenses	18,156	19.3	17,357	20.1	799	35,050	17.8
Operating income	13,496	14.3	10,608	12.3	2,888	24,276	12.3
Non-operating income	693	0.7	460	0.5	233	1,242	0.6
Non-operating expense	126	0.1	151	0.2	(25)	293	0.1
Ordinary income	14,063	14.9	10,916	12.6	3,147	25,226	12.8
Extraordinary losses	63	-	69	-	(6)	634	0.3
Income before income taxes	13,999	14.9	10,847	12.6	3,152	24,591	12.5
Income taxes	6,328	6.7	4,536	5.3	1,792	10,070	5.1
Minority interests in earnings of consolidated subsidiaries	148	0.2	164	0.2	(16)	314	0.2
Net income	7,522	8.0	6,145	7.1	1,377	14,207	7.2

Statements of Cash Flows - Consolidated

(In million yen)

	Six months ended September 30, 2007 (A)	Six months ended September 30, 2006 (B)	(A) – (B)	Year ended March 31, 2007
	Amount	Amount	Amount	Amount
Cash flows from operating activities				
Income before income taxes	13,999	10,847	3,152	24,591
Depreciation and amortization	4,244	3,083	1,161	6,512
Amortization of consolidation goodwill	-	-	-	(56)
Equity in earnings of unconsolidated subsidiaries and affiliates	(71)	57	(128)	(172)
Increase (decrease) in accrued bonuses	463	295	168	(66)
Increase in allowance for employees' retirement benefits	247	46	201	103
Increase (decrease) in allowance for doubtful accounts	(86)	187	(273)	119
Increase (decrease) in other allowances	(243)	169	(412)	694
Interest and dividend income	(344)	(326)	(18)	(566)
Other non-operating income	(238)	(97)	(141)	(350)
Interest expense	23	21	2	50
Other non-operating expenses and extraordinary losses	99	77	22	745
Gains (losses) on sale/disposal of tangible fixed assets	49	72	(23)	141
Decrease in notes and accounts receivable - trade	11,460	9,431	2,029	708
Increase in inventories	(2,416)	(7,283)	4,867	(3,945)
Decrease in other current assets	328	129	199	98
Increase (decrease) in notes and accounts payable - trade	(8,554)	(317)	(8,237)	2,192
Increase in advances received	2,294	2,246	48	2,846
Increase (decrease) in other current liabilities	(1,721)	(435)	(1,286)	1,256
Bonuses paid to directors	(14)	-	(14)	-
Other	52	(242)	294	(230)
Sub total	19,570	17,963	1,607	34,673
Interest and dividend received	406	365	41	649
Other non-operating income received	180	88	92	360
Interest paid	(23)	(17)	(6)	(45)
Other non-operating expenses paid	(93)	(50)	(43)	(536)
Income taxes paid	(7,102)	(4,201)	(2,901)	(8,032)
Net cash provided by (used in) operating activities	12,936	14,148	(1,212)	27,070
Cash flows from investing activities				
Deposits into time deposit accounts	-	(63)	63	(113)
Withdrawals from time deposits	-	34	(34)	34
Payments for purchases of marketable securities	(5,649)	(6,096)	447	(11,124)
Proceeds from redemption/sale of marketable securities	6,201	6,324	(123)	14,843
Payments for purchases of tangible fixed assets	(11,036)	(10,061)	(975)	(18,846)
Proceeds from sale of tangible fixed assets	27	32	(5)	43
Payments for purchases of investment securities	(5)	(133)	128	(1,224)
Proceeds from sale of investment securities	554	-	554	514
Other expenses	(655)	(501)	(154)	(786)
Other income	418	79	339	205
Net cash provided by (used in) investing activities	(10,143)	(10,385)	242	(16,453)
Cash flows from financing activities				
Proceeds from and repayment of short-term borrowings	(212)	(127)	(85)	(81)
Proceeds from and repayment of long-term borrowings	(61)	(64)	3	(192)
Acquisition of treasury stock	(16)	(3)	(13)	(10)
Dividends paid	(1,933)	(1,419)	(514)	(3,086)
Dividends paid to minority shareholders	(44)	(21)	(23)	(88)
Net cash provided by (used in) financing activities	(2,268)	(1,637)	(631)	(3,458)
Effect of exchange rate changes on cash and cash equivalents	158	54	104	280
Increase (decrease) in cash and cash equivalents	682	2,180	(1,498)	7,438
Cash and cash equivalents at the beginning of the period	37,442	29,871	7,571	29,871
Cash and cash equivalents of newly consolidated subsidiaries at the beginning of the period	72	132	(60)	132
Cash and cash equivalents at the end of the period	38,197	32,184	6,013	37,442

Segment Information

By business type for six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(In million yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	28,875	65,236	94,112	-	94,112
(2) Inter-segment sales	154	53	208	(208)	-
Total	29,030	65,290	94,320	(208)	94,112
Operating cost and expenses	24,031	56,795	80,827	(211)	80,615
Operating income	4,998	8,495	13,493	2	13,496
II. Assets, depreciation and capital expenditures					
Assets	37,992	144,053	182,045	55,853	237,899
Depreciation and amortization	834	3,409	4,244	-	4,244
Capital expenditures	654	15,694	16,348	-	16,348

By business type for six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

(In million yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	27,694	58,686	86,381	-	86,381
(2) Inter-segment sales	122	29	151	(151)	-
Total	27,816	58,715	86,531	(151)	86,381
Operating cost and expenses	23,160	52,764	75,925	(152)	75,773
Operating income	4,655	5,951	10,606	1	10,608
II. Assets, depreciation and capital expenditures					
Assets	37,395	126,513	163,909	53,227	217,136
Depreciation and amortization	792	2,278	3,070	-	3,070
Capital expenditures	570	7,906	8,476	-	8,476

By business type for year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(In million yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	56,667	140,479	197,146	-	197,146
(2) Inter-segment sales	262	78	340	(340)	-
Total	56,930	140,557	197,487	(340)	197,146
Operating cost and expenses	48,123	125,086	173,209	(339)	172,870
Operating income	8,806	15,471	24,278	(1)	24,276
II. Assets, depreciation and capital expenditures					
Assets	37,726	141,952	179,679	55,458	235,137
Depreciation and amortization	1,648	4,864	6,512	-	6,512
Capital expenditures	1,324	18,238	19,563	-	19,563

Overseas Sales

Six months ended September 30, 2007 (April 1, 2007 to September 30, 2007)

(In million yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	9,222	1,980	927	1,075	13,205
II. Consolidated net sales	-	-	-	-	94,112
III. Ratio of overseas sales to total consolidated sales	9.8%	2.1%	1.0%	1.1%	14.0%

Six months ended September 30, 2006 (April 1, 2006 to September 30, 2006)

(In million yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	9,761	1,438	609	939	12,749
II. Consolidated net sales	-	-	-	-	86,381
III. Ratio of overseas sales to total consolidated sales	11.3%	1.7%	0.7%	1.1%	14.8%

Year ended March 31, 2007 (April 1, 2006 to March 31, 2007)

(In million yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	22,635	3,424	1,296	2,171	29,528
II. Consolidated net sales	-	-	-	-	197,146
III. Ratio of overseas sales to total consolidated sales	11.5%	1.7%	0.7%	1.1%	15.0%

Notes:

1. Geographic segmentation is based on geographic proximity.
2. Major countries or regions in each segment 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 to countries or regions other than Japan.