

FOR IMMEDIATE RELEASE

**Kurita Water Industries Reports Earnings for the First Six Months Ended
September 2008**

Tokyo, Japan, October 31, 2008—Kurita Water Industries Ltd. (TSE Security Code 6370) announced net sales of 95,671 million yen for the first six months (April 1 – September 30, 2008) of the fiscal year ending March 31, 2009, and net income of 7,478 million yen, or 58.12yen per share.

Results of Operations

Total consolidated orders for the Kurita Group decreased 1.9% from a year earlier to 106,755 million yen, while net sales grew 1.7% to 95,671 million yen. Operating income was down 2.2% to 13,203 million yen, and ordinary income declined 2.9% to 13,655 million yen. This resulted in net income of 7,478 million yen, a decrease of 0.6% over the previous interim result. In a breakdown by segment, sales in water treatment chemicals grew 6.3% year on year to 30,682 million yen, while sales in water treatment facilities decreased 0.4% to 64,989 million yen.

Markets in which the Kurita Group operates presented challenging conditions against a backdrop of soaring crude oil and raw materials prices and financial uncertainties stemming from the subprime mortgage crisis. In the electronics industry, although LCD-related capital expenditure levels were robust, semiconductor-related capital expenditure levels were low both in Japan and overseas due to the impact of falling semiconductor prices. In general industries, factory operating rates and capital expenditures in Japan were largely flat during the first quarter but followed a declining trend in the second quarter. Overseas, factory operating rates were largely flat, primarily in Asia.

Segment Information

Water Treatment Chemicals

Total Group orders for the segment increased 5.0% from a year earlier to 31,198 million yen, while sales grew 6.3% to 30,682 million yen, and operating income rose 0.9% to 5,043 million yen.

As factory operating rates at client companies declined, the Group strengthened efforts to expand sales of mainstay products, such as boiler water treatment chemicals and cooling water treatment chemicals, while promoting sales based on proposals tailored to resolve the issues that clients face, such as the reduction of environmental burdens and productivity improvements.

Japan

Among the Group's mainstay products, orders for boiler water treatment chemicals were flat, orders for cooling water treatment chemicals increased moderately, and orders for wastewater treatment chemicals increased, buoyed by the need to reduce environmental burdens at client companies. With regard to other products, orders for process treatment chemicals increased on the back of higher productivity requirements at client companies, while orders for packaged water treatment management contracts also increased moderately.

Overseas

Overseas, orders for the Group's products increased

Water Treatment Facilities

Total Group orders for the segment decreased 4.4% from a year earlier to 75,557 million yen, while sales declined 0.4% to 64,989 million yen, and operating income was down 3.9% to 8,165 million yen.

During the period, the Group continued investing actively in service businesses, such as the ultrapure water supply business and tool cleaning services, while also focusing efforts on shoring up orders by strengthening sales to strategic clients in the electronics and steel industries. Overseas, the Group worked to secure orders through concentrated sales efforts aimed at strategic clients in Taiwan and South Korea.

Orders for the Group's mainline ultrapure water production systems for the electronics industry decreased sharply in Japan and overseas due to the decline in semiconductor-related capital expenditure. Order for the ultrapure water supply business rose significantly in response to increased demand, and orders for tool cleaning services rose moderately. Orders for water treatment facilities for general industries declined, and those for maintenance services were flat.

Net Sales, Order Intake

Net Sales

Business segment	Six months ended September 30,				(In million yen)	
	2007		2008		Year ended March 31, 2008	
	Amount	%	Amount	%	Amount	%
Water treatment chemicals	28,875	30.7	30,682	32.1	58,646	28.6
Water treatment facilities	65,236	69.3	64,989	67.9	146,228	71.4
Total	94,112	100.0	95,671	100.0	204,875	100.0

Order Intake

Business segment	Six months ended September 30,				(In million yen)	
	2007		2008		Year ended March 31, 2008	
	Amount	%	Amount	%	Amount	%
Water treatment chemicals	29,725	27.3	31,198	29.2	59,029	28.3
Water treatment facilities	79,070	72.7	75,557	70.8	149,659	71.7
Total	108,795	100.0	106,755	100.0	208,689	100.0

Outlook for the Fiscal Year Ending March 31, 2009

Business results for the interim period were largely in line with the initial forecast. The full-year consolidated forecast remains unchanged from the forecast that appeared in the earnings release for the year ended March 31, 2008, announced on April 30, 2008.

Financial Condition

Consolidated current assets at the end of the interim period totaled 117,560 million yen, a decrease of 4,002 million yen from the end of the previous fiscal year. This mainly reflects an 8,799 million yen increase in cash and deposits and a 2,217 million yen increase in work in process, which were more than offset by a 4,854 decrease in accounts receivable and a 10,578 million yen decrease in marketable securities. The increase in work in process was due to the progress of works underway in the water treatment facilities business. The decrease in trade accounts receivable was due to steady progress made in collections, and the decrease in marketable securities is primarily due to redemptions.

Fixed assets amounted to 132,704 million yen, an increase of 22,768 million yen from the end of the previous fiscal year. This primarily reflects an increase in tangible fixed assets of 26,556 million yen due to the acquisition of facilities for the ultrapure water supply business.

Current liabilities amounted to 63,803 million yen, an increase of 14,722 million yen from the end of the previous fiscal year. This primarily reflects a 3,093 million yen decrease in income taxes payable due to the payment of income taxes for the previous fiscal year, which was more than offset by a 18,703 increase in trade accounts payable associated with the acquisition of the facilities for the ultrapure water supply business.

Net assets totaled 174,868 million yen, an increase of 3,807 million yen from the end of the previous fiscal year. This primarily reflects a net increase in retained earnings comprising a 2,187 million yen decrease due to the payment of dividends and an increase due to quarterly net income of 7,478 million yen.

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, movements in prices of 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 that 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.

Financial Statements — Consolidated

Effective this fiscal year, the Company has adopted the “Accounting Standards for Quarterly Financial Reporting” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Reporting” (ASBJ Guidance No. 14). Consolidated financial statements for the period under review are prepared based on the “Regulations on the Terminology, Form and Preparation of Quarterly Financial Statements.”

Balance Sheets — Consolidated

	As of September 30, 2008	(millions of yen) As of March 31, 2008
Assets		
Current assets		
Cash and deposits	19,116	10,316
Notes receivable - trade	8,679	8,666
Accounts receivable - trade	58,693	63,548
Marketable securities	13,366	23,945
Finished products	1,522	1,428
Raw materials	1,458	1,365
work in process	10,345	8,128
Other	4,545	4,323
Allowance for doubtful accounts	(168)	(159)
Total current assets	117,560	121,562
Fixed assets		
Tangible fixed assets		
Buildings	21,242	22,002
Machinery and equipment	37,315	37,703
Construction in progress	32,225	4,664
Other	17,757	17,614
Total for tangible fixed assets	108,541	81,984
Intangible fixed assets	2,332	2,497
Investments and other assets		
Other	21,924	25,547
Allowance for doubtful accounts	(94)	(93)
Total investments and other assets	21,830	25,454
Total fixed assets	132,704	109,935
Total assets	250,265	231,498
Liabilities		
Current liabilities		
Notes payable - trade	1,891	1,990
Accounts payable - trade	18,934	21,344
Short-term borrowings	51	102
Accounts payable - other / Accrued expenses	26,816	8,113
Income taxes payable	5,035	8,128
Accrued employees' bonuses	2,890	2,401
Other reserves	1,022	1,182
Other	7,161	5,816
Total current liabilities	63,803	49,080
Fixed liabilities		
Accrued employees' retirement benefits	8,503	8,358
Other reserves	742	709
Other	2,346	2,288
Total fixed liabilities	11,592	11,357
Total liabilities	75,396	60,437

Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Additional paid-in capital	11,426	11,426
Retained earnings	153,165	147,874
Treasury stock	(4,840)	(4,827)
Total shareholder's equity	173,202	167,924
Valuation and translation adjustments		
Unrealized gains on available-for-sale securities	896	1,773
Unrealized gains (losses) on revaluation of land	(750)	(750)
Foreign currency translation adjustments	69	455
Total Valuation and translation adjustments	214	1,478
Minority interests	1,451	1,658
Total net assets	174,868	171,061
Total liabilities and net assets	250,265	231,498

Statements of Income — Consolidated

	(millions of yen)	
	Six Months ended September 30, 2008	Six Months ended September 30, 2007
	Amount	Amount
Net sales	95,671	94,112
Cost of sales	64,019	62,459
Gross profit	31,652	31,652
Selling, general and administrative expenses		
Salaries and directors' remuneration	6,024	-
Provision for employees' bonuses	1,386	-
R&D expenses	2,404	-
Other	8,632	-
Total selling, general and administrative expenses	18,448	18,156
Operating income	13,203	13,496
Non-operating income		
Interest income	146	-
Dividend income	165	-
Other	260	-
Total non-operating income	572	693
Non-operating expense		
Interest expense	19	-
Loss on disposal of properties	29	-
Other	72	-
Total non-operating expense	120	126
Ordinary income	13,655	14,063
Extraordinary losses		
Valuation loss on investment securities	317	-
Total extraordinary losses	317	63
Income before income taxes	13,337	13,999
Income taxes	5,667	6,328
Minority interests in earnings of consolidated subsidiaries	191	148
Net income	7,478	7,522

Accounting standards applied this fiscal year differ from those applied last fiscal year, so last year's quarterly results are provided for reference only.

Statements of Cash Flows — Consolidated

(millions of yen)
Six months ended
September 30,
2008

	Amount
Cash flows from operating activities	
Income before income taxes and minority interest	13,337
Depreciation and amortization	5,346
Increase (decrease) in allowances	531
(Increase) decrease in notes and accounts receivables - trade	4,698
(Increase) decrease in inventories	(2,587)
Increase (decrease) in notes and accounts payable - trade	(2,401)
Income taxes paid	(8,643)
Other	525
Net cash provided by (used in) operating activities	10,806
Cash flows from investing activities	
Payments for purchases of marketable securities	(3,497)
Proceeds from redemption and sale of marketable securities	4,698
Payments for purchases of property, plant and equipment	(11,155)
Proceeds from sale of property, plant and equipment	25
Payments for purchases of investment securities	(5)
Proceeds from liquidation of subsidiaries	1,451
Other expenses	(735)
Other income	177
Net cash provided by (used in) investing activities	(9,040)
Cash flows from financing activities	
Repayment of long-term borrowings	(50)
Payments for purchase of treasury stock	(12)
Cash dividends paid	(2,184)
Cash dividends paid to minority shareholders of consolidated subsidiaries	(44)
Repayment for finance lease obligation	(7)
Net cash provided by (used in) financing activities	(2,300)
Effect of exchange rate changes on cash and cash equivalents	(320)
Net increase (decrease) in cash and cash equivalents	(854)
Cash and cash equivalents at the beginning of the period	30,360
Cash and cash equivalents at the end of the period	29,505

Segment Information

Business segment information

Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(millions of yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
Sales and operating income					
Sales					
(1) Sales to outside customers	30,682	64,989	95,671	-	95,671
(2) Inter-segment sales	135	57	193	(193)	-
Total	30,817	65,047	95,864	(193)	95,671
Operating income	5,043	8,165	13,208	(4)	13,203

Geographical Segment Information

Six months ended September 30, 2008 (April 1, 2008 – September 30, 2008)

(millions of yen)

	Japan	Other regions	Total	Elimination or corporate	Consolidated
Sales					
(1) Sales to outside customers	86,176	9,494	95,671	-	95,671
(2) Inter-segment sales	993	59	1,053	(1,053)	-
Total	87,170	9,554	96,724	(1,053)	95,671
Operating income	12,040	979	13,019	184	13,203

Notes:

1. Geographic segmentation is based on geographic proximity.
2. "Other regions" in the above table consists of Asia and other areas.

Overseas Sales

Six months ended September 30, 2008 (April 1, 2008– September 30, 2008)

(millions of yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	9,472	502	840	1,691	12,507
II. Consolidated sales	-	-	-	-	95,671
III. Ratio of overseas sales to total consolidated sales (%)	9.9	0.5	0.9	1.8	13.1

Notes:

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