

## **Kurita Water Industries Reports Earnings for the Fiscal Year ended March 31, 2010**

**Tokyo, Japan, April 30, 2010**—Kurita Water Industries (TSE Securities Code 6370) announced net sales of 178,520 million yen for the fiscal year ended March 31, 2010 (April 1, 2009 – March 31, 2010), and net income of 17,288 million yen, or 134.38 yen per share.

### **Results of Operations**

Total consolidated orders for the Kurita Group in the fiscal year ended March 31, 2010, were down 10.2% versus the previous fiscal year to 175,162 million yen, while net sales declined 10.6% to 178,520 million yen. Enhanced cost-cutting efforts helped the Group achieve operating income of 26,358 million yen, down 5.6% versus the previous fiscal year and ordinary income of 27,096 million yen, down 6.3%. Net income totaled 17,288 million yen, up 6.1%, partly owing to extraordinary income.

Markets in which the Kurita Group operates were extremely challenging overall during the fiscal year ended March 31, 2010. Although the economy emerged from the worst depths of recession, economic prospects remained highly uncertain and the recovery lacked vigor. Capital expenditure fell sharply in the electronics industry and general industries, both in Japan and overseas. Customers' capacity utilization increased through the fiscal second half but did not improve significantly.

### **Segment Information**

#### **Water Treatment Chemicals**

Total Group orders for the Water Treatment Chemicals segment were 53,370 million yen, down 8.7% versus the fiscal year ended March 31, 2009, and sales fell 7.9% to 53,743 million yen. Operating income declined 2.9% to 8,177 million yen.

During the fiscal year ended March 31, 2010, Kurita bolstered sales efforts by strengthening alliances with its domestic and overseas sales subsidiaries and pursued order bookings based on a consultative sales approach to help customers successfully meet challenges such as productivity enhancement and environmental mitigation. The Group also worked to increase future orders by developing and expanding sales of new products.

In Japan, overall orders fell versus the previous fiscal year, including those for the Group's mainstay boiler water treatment chemicals, cooling water treatment chemicals, and wastewater treatment chemicals, as the recovery in customers' capacity utilization lacked vigor.

Despite signs of a pick-up in some Asian industries, overseas orders also decreased amid the global economic slowdown.

#### **Water Treatment Facilities**

Total Group orders for the Water Treatment Facilities segment were 121,791 million yen, down 10.8% versus the previous fiscal year, sales fell 11.7% to 124,777 million yen, and operating income fell 6.8% to 18,181 million yen

During the fiscal year ended March 31, 2010, the Group worked to generate profits by

focusing on service businesses and secure orders by stepping up consultative sales efforts aimed at key customers, including those undertaking overseas projects. The Group also worked on developing and expanding sales of new products.

In the electronics industry, domestic orders for the ultrapure water supply business were up markedly versus the previous fiscal year as a new facility went into operation. Orders for ultrapure water production systems fell substantially in Japan, as semiconductor- and LCD-related capital expenditures remained sluggish, but increased significantly overseas, led by LCD-related orders in particular. Orders for water treatment facilities for general industries dropped considerably versus the previous fiscal year due to a fall in capital expenditure, and orders for maintenance services also fell considerably because of a decline in customers' capacity utilization and maintenance frequency.

### **Material Events in the Fiscal Year ended March 31, 2010**

On April 1, 2009, Kurita Water industries established Kurita Chemical Manufacturing Ltd. (consolidated subsidiary), which manufactures water treatment chemicals.

### **Outlook for the Fiscal Year ending March 31, 2011**

The Group forecasts 195,000 million yen in net sales, 29,500 million yen in operating income, 30,000 million yen in ordinary income, and 17,300 million yen in net income for the full fiscal year ending March 31, 2011.

Kurita expects the modest global economic recovery to continue, although progress will vary by region. In Japan, Kurita expects customers' capacity utilization to increase, supported by an expansion of exports to growing overseas markets. However, capital expenditure activity should remain cautious in Japan amid continued scrapping and consolidation of production facilities and the shifting of production capacity overseas. The impact on corporate earnings of rising crude oil and other raw materials prices remains a concern.

Amid this environment, the Group will pursue new growth in order to fulfill MP-11, the Group's medium-term management plan, by raising the quality of its service businesses, which help customers successfully meet challenges, and further expanding its global operations, where it sees strong growth potential.

### **Outlook by Segment**

#### **Water Treatment Chemicals**

The Kurita Group anticipates orders and earnings to be impacted by the delayed recovery in capacity utilization at customer factories, market contraction due to scrapping and consolidation of production facilities, and customers' increased cost-cutting efforts.

Under such circumstances, the Group aims to secure orders by bolstering alliances between Group companies both in Japan and overseas, working closely with customers, and providing swift solutions to issues that customers face. To secure earnings, the Group will endeavor to expand business by developing and expanding sales of new products for overseas markets and continue to reduce manufacturing and distribution costs.

#### **Water Treatment Facilities**

Although customers' domestic capital expenditure may remain subdued, Kurita expects

overseas capital expenditure to increase in Asia, particularly in China, in the electronics industry and general industries.

In this environment, the Kurita Group aims to secure orders by stepping up consultative sales efforts aimed at key customers to help them, for example, reclaim wastewater and otherwise effectively utilize water resources. The Group will also work to secure earnings by further expanding its service businesses, which are resilient to capital expenditure trends, and continuing to enhance quality, increase productivity, and reduce costs.

## **Financial Condition**

### **Assets, Liabilities, and Net Assets**

Current assets totaled 109,297 million yen at the end of the fiscal year (March 31, 2010), an increase of 10,608 million yen versus the end of the previous fiscal year (March 31, 2009). This was mainly due to a 27,467 million yen increase in marketable securities, despite a 9,698 million yen decline in cash and deposits and a 5,029 million yen decline in trade notes and trade accounts receivable. Cash and deposits declined owing to increased investment in certificates of deposit treated as marketable securities, despite progress made in collecting trade notes and accounts receivables. The decline in trade notes and trade accounts receivable was due to collections as well as sales' decline. The increase in marketable securities was due to the above-mentioned increased investment in certificates of deposit, resulting in a net increase of 17,769 million yen in the combined total of marketable securities and cash and deposits.

Noncurrent assets totaled 142,323 million yen at the end of the fiscal year, a decline of 4,394 million yen versus the end of the previous fiscal year. This was mainly due to a 9,563 million yen decline in property, plant and equipment, which occurred because depreciation on property, plant and equipment exceeded capital expenditure (owing to large capital expenditures being made in the previous fiscal year) and despite a 4,831 million yen increase in investment securities.

Current liabilities totaled 38,592 million yen at the end of the fiscal year, a decline of 9,343 million yen versus the end of the previous fiscal year. This was mainly due to a 9,719 million yen decline in other accounts payable and accrued expenses and despite a 3,649 million yen increase in income taxes payable. The decline in other accounts payable and accrued expenses was mainly due to payments for facilities for the ultrapure water supply business acquired in the previous fiscal year.

Noncurrent liabilities totaled 19,088 million yen at the end of the fiscal year, a small increase of 244 million yen versus the end of the previous fiscal year.

Net assets were 193,939 million yen at the end of the fiscal year, an increase of 15,313 million yen versus the end of the previous fiscal year. The increase was mainly due to two factors, which offset dividend payments of 4,374 million yen out of retained earnings. First, net income of 17,288 million yen resulted in a net increase in retained earnings of 12,925 million yen. Second, valuation and translation adjustments increased by 2,381 million yen due to an increase in market values of investment securities and an increase in the yen-value of overseas subsidiaries and affiliates' net assets due to the yen's depreciation.

### **Cash Flows**

Consolidated net cash and cash equivalents totaled 20,590 million yen at the end of the fiscal year (March 31, 2010), a decrease of 4,672 million yen versus the end of the previous fiscal year (March 31, 2009).

### *Cash Flows from Operating Activities*

Net cash provided by operating activities was 43,644 million yen in the fiscal year ended March 31, 2010, an increase of 9,986 million yen versus the previous fiscal year (ended March 31, 2009). This primarily reflects a net inflow comprising income before income taxes of 28,178 million yen, a 15,523 million yen decrease in depreciation and amortization, and a 4,351 million yen decrease in trade notes and accounts receivable, which was partially offset by the payment of income taxes in the amount of 8,209 million yen.

### *Cash Flows from Investing Activities*

Net cash used in investing activities was 44,350 million yen in the fiscal year ended March 31, 2010, an increase of 11,428 million yen versus the previous fiscal year. This primarily reflects a net outflow of 23,200 million yen from purchases and redemptions of marketable securities and outflows totaling 19,278 million yen for the acquisition of property, plant and equipment, mainly for the ultrapure water supply business.

### *Cash Flows from Financing Activities*

Net cash used in financing activities was 4,859 million yen in the fiscal year ended March 31, 2010, a decline of 146 million yen versus the previous fiscal year, mainly due to dividend payments of 4,465 million yen.

### Cash Flow Indicators

Fiscal year ended March 31,	2006	2007	2008	2009	2010
Equity ratio (%)	68.3	66.7	73.2	72.2	76.5
Equity ratio (based on market capitalization) (%)	152.3	155.9	203.9	99.2	135.2
Interest-bearing debt to cash flow ratio (%)	8.9	4.1	4.0	24.8	18.7
Interest coverage ratio (times)	322.2	601.6	452.9	1,051.8	1,148.5

Equity ratio:  $\text{Equity} / \text{Total assets}$

Equity ratio based on market capitalization:  $\text{Market capitalization} / \text{Total assets}$

Interest-bearing debt to cash flow ratio:  $\text{Interest-bearing debt} / \text{Cash flow}$

Interest coverage ratio:  $\text{Cash flow} / \text{Interest paid}$

#### 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. Cash flow from operating activities is used as the cash flow variable.
4. Interest-bearing debt refers to all debts recorded on the consolidated balance sheet that incur interest payments.

### **Dividends**

Kurita Water Industries intends to pay a year-end dividend of 19 yen per share for the fiscal year ended March 31, 2010, a 2 yen per share increase from the previous year-end dividend. This takes into account the Group's business development going forward and is aimed at rewarding shareholders for their support. This year-end dividend, together with the interim dividend of 17 yen per share (the same as the previous interim dividend), will result in an annual dividend of 36 yen per share, an increase of 2 yen per share versus the previous fiscal year.

For the fiscal year ending March 31, 2011, Kurita Water Industries intends to pay an interim dividend of 19 yen per share and a year-end dividend of 19 yen per share, giving an annual dividend of 38 yen per share.

## **Business Risks**

Major risk factors that could affect the Kurita Group's future performance include, but are not limited to, economic trends both in Japan and overseas, trends in capital expenditure related to water treatment facilities, factory operating rates at customer companies, and movements in prices of crude oil and raw materials.

### **1. Factors that may affect the Group's business performance**

The Group's businesses are affected by the following factors.

#### **1) Water Treatment Chemicals Business**

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 customers for the business. Business performance is also affected by movements in the prices of basic materials, which fluctuate in conjunction with trends in the price of crude oil and other raw materials.

#### **2) Water Treatment Facilities Business**

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

### **2. Exchange rate fluctuation risk**

The Group considers the potential impact of exchange rate movements on its business performance to be immaterial, as foreign currency-denominated transactions account for only a small proportion of overall sales and procurements.

## Financial Statements — Consolidated

### Balance Sheets — Consolidated

	As of March 31, 2009 Amount	(millions of yen) As of March 31, 2010 Amount
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	26,061	16,363
Notes receivable - trade	8,284	5,393
Accounts receivable - trade	52,113	49,975
Marketable securities	1,033	28,500
Finished products	1,414	1,334
Work in process	4,293	2,600
Raw materials and supplies	1,440	1,186
Deferred tax assets	2,635	2,463
Other	1,552	1,611
Allowance for doubtful accounts	(140)	(132)
Total current assets	98,689	109,297
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures (net)	40,220	36,541
Machinery, equipment and vehicles (net)	50,942	51,742
Land	13,895	13,981
Leased assets (net)	7,254	7,051
Construction in progress	11,448	5,273
Other (net)	2,301	1,909
Total property, plant and equipment	126,063	116,500
Intangible fixed assets		
Software	1,557	1,536
Other	728	637
Total intangible fixed assets	2,285	2,173
Investments and other assets		
Investment securities	9,612	14,443
Equity interests in affiliates and subsidiaries	1,175	1,299
Deferred tax assets	5,677	6,184
Other	2,053	1,926
Allowance for doubtful accounts	(152)	(205)
Total investments and other assets	18,368	23,649
Total noncurrent assets	146,717	142,323
Total assets	245,406	251,620
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes payable - trade	1,820	1,198
Accounts payable - trade	17,010	15,632
Accounts payable - other / Accrued expenses	17,655	7,936
Income taxes payable	3,781	7,430
Advances received	2,766	1,955
Accrued employees' bonuses	2,372	2,377
Other	2,529	2,060
Total current liabilities	47,935	38,592
<b>Noncurrent liabilities</b>		
Lease obligations	7,183	6,925
Deferred tax liabilities related to revaluation	1,519	1,509
Accrued employees' retirement benefits	8,644	9,465
Other	1,497	1,187
Total noncurrent liabilities	18,844	19,088
Total liabilities	66,779	57,680

<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	13,450	13,450
Capital surplus	11,426	11,426
Retained earnings	159,792	172,717
Treasury stock	(4,847)	(4,855)
Total shareholders' equity	179,821	192,738
<b>Valuation and translation adjustments</b>		
Unrealized gains on available-for-sale securities	170	1,989
Unrealized gains (losses) on revaluation of land	(750)	(764)
Foreign currency translation adjustments	(1,950)	(1,374)
Total valuation and translation adjustments	(2,530)	(149)
<b>Minority interests</b>	1,335	1,350
Total net assets	178,626	193,939
Total liabilities and net assets	245,406	251,620

## Statements of Income — Consolidated

	(millions of yen)	
	Year ended	Year ended
	March 31, 2009	March 31, 2010
	Amount	Amount
Net sales	199,706	178,520
Cost of sales	135,874	117,221
Gross profit	63,831	61,299
Selling, general and administrative expenses	35,896	34,941
Operating income	27,935	26,358
Non-operating income		
Interest and dividend income	573	331
Equity in earnings of unconsolidated subsidiaries and affiliates	269	270
Other	339	404
Total non-operating income	1,183	1,006
Non-operating expenses		
Interest expense	36	26
Other	164	241
Total non-operating expenses	200	268
Ordinary income	28,917	27,096
Extraordinary income		
Gain from cancellation of contracts	-	1,507
Total extraordinary income	-	1,507
Extraordinary losses		
Loss on disposal of properties	100	253
Impairment losses	-	36
Loss on liquidation of business	-	136
Valuation loss on investment securities	2,018	-
Legal settlement	480	-
Other	215	-
Total extraordinary losses	2,814	426
Income before income taxes and minority interests	26,103	28,178
Income taxes		
Current	10,689	12,197
Deferred	(1,160)	(1,379)
Total income taxes	9,529	10,817
Minority interests in earnings of consolidated subsidiaries	273	72
Net income	16,299	17,288

## Statements of Changes in Shareholders' Equity — Consolidated

	(millions of yen)	
	Year ended March 31, 2009	Year ended March 31, 2010
	Amount	Amount
<b>Shareholders' equity</b>		
Common stock		
Balance as of end of the previous fiscal year	13,450	13,450
Change during period		
Total change during period	-	-
Balance as of end of the fiscal year	13,450	13,450
Capital surplus		
Balance as of end of the previous fiscal year	11,426	11,426
Change during period		
Total change during period	-	-
Balance as of end of the fiscal year	11,426	11,426
Retained earnings		
Balance as of end of the previous fiscal year	147,874	159,792
Change during period		
Dividend from surplus	(4,374)	(4,374)
Directors' bonuses	(6)	-
Other	(1)	(2)
Net income	16,299	17,288
Reversal of unrealized gains (losses) on revaluation of land	-	13
Total change during period	11,917	12,925
Balance as of end of the fiscal year	159,792	172,717
Treasury stock		
Balance as of end of the previous fiscal year	(4,827)	(4,847)
Change during period		
Purchase of treasury stock	(19)	(8)
Total change during period	(19)	(8)
Balance as of end of the fiscal year	(4,847)	(4,855)
Total shareholders' equity		
Balance as of end of the previous fiscal year	167,924	179,821
Change during period		
Dividend from surplus	(4,374)	(4,374)
Directors' bonuses	(6)	-
Other	(1)	(2)
Net income	16,299	17,288
Purchase of treasury stock	(19)	(8)
Reversal of unrealized gains (losses) on revaluation of land	-	13
Total change during period	11,897	12,916
Balance as of end of the fiscal year	179,821	192,738

**Valuation and translation adjustments**

Unrealized gains (losses) on available-for-sale securities		
Balance as of end of the previous fiscal year	1,773	170
Change during period		
Net change in items other than shareholders' equity during period	(1,603)	1,818
Total change during period	<u>(1,603)</u>	<u>1,818</u>
Balance as of end of the fiscal year	<u>170</u>	<u>1,989</u>
Unrealized gains (losses) on revaluation of land		
Balance as of end of the previous fiscal year	(750)	(750)
Change during period		
Net change in items other than shareholders' equity during period	-	(13)
Total change during period	<u>-</u>	<u>(13)</u>
Balance as of end of the fiscal year	<u>(750)</u>	<u>(764)</u>
Foreign currency translation adjustments		
Balance as of end of the previous fiscal year	455	(1,950)
Change during period		
Net change in items other than shareholders' equity during period	(2,405)	575
Total change during period	<u>(2,405)</u>	<u>575</u>
Balance as of end of the fiscal year	<u>(1,950)</u>	<u>(1,374)</u>
Total Valuation and translation adjustments		
Balance as of end of the previous fiscal year	1,478	(2,530)
Change during period		
Net change in items other than shareholders' equity during period	(4,008)	2,380
Total change during period	<u>(4,008)</u>	<u>2,380</u>
Balance as of end of the fiscal year	<u>(2,530)</u>	<u>(149)</u>
<b>Minority interests</b>		
Balance as of end of the previous fiscal year	1,658	1,335
Change during period		
Net change in items other than shareholders' equity during period	(323)	15
Total change during period	<u>(323)</u>	<u>15</u>
Balance as of end of the fiscal year	<u>1,335</u>	<u>1,350</u>
<b>Total net assets</b>		
Balance as of end of the previous fiscal year	171,061	178,626
Change during period		
Dividend from surplus	(4,374)	(4,374)
Directors' bonuses	(6)	-
Other	(1)	(2)
Net income	16,299	17,288
Purchase of treasury stock	(19)	(8)
Reversal of unrealized gains (losses) on revaluation of land	-	13
Net change in items other than shareholders' equity during period	<u>(4,331)</u>	<u>2,395</u>
Total change during period	<u>7,565</u>	<u>15,312</u>
Balance as of end of the fiscal year	<u>178,626</u>	<u>193,939</u>

## Statements of Cash Flows — Consolidated

(millions of yen)

	Year ended March 31, 2009	Year ended March 31, 2010
	Amount	Amount
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	26,103	28,178
Depreciation and amortization	11,716	15,523
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(269)	(270)
Increase (decrease) in allowance for employees' retirement benefits	332	799
Increase (decrease) in other allowances	(132)	(645)
Interest and dividend income	(573)	(331)
Interest expense	36	26
Other non-operating (income) losses	(137)	(140)
Other extraordinary (income) losses	695	(1,371)
Valuation (gains) losses on investment securities	2,018	-
(Gains) losses on sale/disposal of property, plant and equipment	79	245
(Increase) decrease in notes and accounts receivable - trade	11,430	4,351
(Increase) decrease in inventories	3,086	2,194
(Increase) decrease in other current assets	536	(230)
Increase (decrease) in notes and accounts payable - trade	(4,110)	(1,936)
Increase (decrease) in advances received	(651)	(878)
Increase (decrease) in other current liabilities	(1,857)	1,945
Other	71	125
<b>Sub total</b>	<b>48,374</b>	<b>47,586</b>
Interest and dividend received	1,094	685
Other proceeds	312	4,025
Interest paid	(32)	(38)
Other payments	(841)	(404)
Income taxes paid	(15,249)	(8,209)
<b>Net cash provided by (used in) operating activities</b>	<b>33,658</b>	<b>43,644</b>
<b>Cash flows from investing activities</b>		
Deposits into time deposit accounts	(864)	(587)
Withdrawals from time deposits	2,094	1,357
Payments for purchases of marketable securities	(4,497)	(27,999)
Proceeds from sale and redemption of marketable securities	7,897	4,799
Payments for purchases of property, plant and equipment	(38,291)	(19,278)
Proceeds from sale of property, plant and equipment	47	56
Payments for purchases of investment securities	(648)	(2,109)
Proceeds from sale and redemption of investment securities	610	71
Proceeds from liquidation of subsidiaries	1,451	-
Other payments	(859)	(1,176)
Other proceeds	137	515
<b>Net cash provided by (used in) investing activities</b>	<b>(32,922)</b>	<b>(44,350)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(0)	67
Repayment of long-term borrowings	(92)	-
Repayment of finance lease obligations	(131)	(451)
Purchase of treasury stock	(19)	(8)
Cash dividends paid	(4,370)	(4,369)
Cash dividends paid to minority shareholders	(98)	(96)
<b>Net cash provided by (used in) financing activities</b>	<b>(4,713)</b>	<b>(4,859)</b>

<b>Effect of exchange rate changes on cash and cash equivalents</b>	(1,119)	832
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(5,097)</u>	<u>(4,732)</u>
<b>Cash and cash equivalents at the beginning of the period</b>	30,360	25,262
<b>Increase in cash and cash equivalents from newly consolidated subsidiaries</b>	-	60
<b>Cash and cash equivalents at the end of the period</b>	<u>25,262</u>	<u>20,590</u>

## Segment Information

### Business segment information

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(millions of yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	58,331	141,374	199,706	-	199,706
(2) Inter-segment sales	353	102	455	(455)	-
Total	58,685	141,476	200,162	(455)	199,706
Operating cost and expenses	50,267	121,959	172,226	(455)	171,771
Operating income	8,417	19,517	27,935	0	27,935
II. Assets, depreciation and capital expenditure					
Assets	34,476	180,626	215,102	30,304	245,406
Depreciation and amortization	1,745	9,970	11,716	-	11,716
Capital expenditures	1,432	54,889	56,322	-	56,322

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(millions of yen)

	Water treatment chemicals	Water treatment facilities	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	53,743	124,777	178,520	-	178,520
(2) Inter-segment sales	455	78	534	(534)	-
Total	54,199	124,855	179,055	(534)	178,520
Operating cost and expenses	46,022	106,674	152,697	(534)	152,162
Operating income	8,177	18,181	26,358	-	26,358
II. Assets, depreciation and capital expenditure					
Assets	35,194	168,119	203,314	48,306	251,620
Depreciation and amortization	1,662	13,860	15,523	-	15,523
Capital expenditures	1,151	6,932	8,083	-	8,083

#### Notes:

- For the fiscal years ended March 31, 2009 and 2010, no unallocated operating costs or expenses were included in "Elimination or corporate".
- Unallocated corporate assets included in "Elimination or corporate" amounted to 30,353 million yen and 48,369 million yen at March 31, 2009 and 2010, respectively, consisting principally of cash deposits, securities in trust, and long-term investments (marketable securities and investment securities).
- Effective the fiscal year ended March 31, 2010, the Company adopted the *Partial Amendments to Accounting Standard for Retirement Benefits (Part3)* (ASBJ Statement No.19, July, 31, 2008). Due to this change, operating income in the Water Treatment Chemicals segment was 290 million yen lower and in the Water Treatment Facilities, 585 million yen lower than would have resulted with the previous accounting method.
- Effective the fiscal year ended March 31, 2010, the Company and certain consolidated subsidiaries in Japan adopted the *Accounting Standard for Construction Contracts* (ASBJ Statement No.15, December 27, 2007) and its accompanying *Guidance on the Accounting Standard for Construction Contracts* (ASBJ Guidance No.18, December 27, 2007). Due to this change, for the fiscal year ended March 31, 2010, net sales and operating income in the Water Treatment Facilities segment were 6,265 million yen higher and 1,244 million yen higher, respectively, and the segment's assets were 857 million yen lower, than would have resulted with the previous accounting method.

## Geographical segment information

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

	(millions of yen)				
	Japan	Other regions	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	179,726	19,980	199,706	-	199,706
(2) Inter-segment sales	2,057	433	2,490	(2,490)	-
Total	181,783	20,413	202,197	(2,490)	199,706
Operating cost and expenses	155,950	18,679	174,629	(2,858)	171,771
Operating income	25,833	1,734	27,567	367	27,935
II. Assets	198,465	8,683	207,148	38,258	245,406

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

	(millions of yen)				
	Japan	Other regions	Total	Elimination or corporate	Consolidated
I. Sales and operating income					
Sales					
(1) Sales to outside customers	163,696	14,824	178,520	-	178,520
(2) Inter-segment sales	1,561	238	1,799	(1,799)	-
Total	165,257	15,063	180,320	(1,799)	178,520
Operating cost and expenses	140,733	13,544	154,278	(2,115)	152,162
Operating income	24,523	1,518	26,042	315	26,358
II. Assets	185,816	8,116	193,932	57,687	251,620

### Notes:

1. Geographic segmentation is based on geographic proximity.
2. "Other regions" in the above table consists of Asia and other areas.
3. For the fiscal years ended March 31, 2009 and 2010, no unallocated operating cost and expenses were included in "Elimination or corporate".
4. Amounts and details of unallocated corporate assets included in "Elimination or corporate" were the same as those stated in note 2 in the "Business segment information" section.
5. Effective the fiscal year ended March 31, 2010, the Company adopted the *Partial Amendments to Accounting Standard for Retirement Benefits (Part3)* (ASBJ Statement No.19, July, 31, 2008). Due to this change, in Japan operating income was 876 million yen lower than would have resulted with the previous accounting method.
6. Effective the fiscal year ended March 31, 2010, the Company and certain consolidated subsidiaries in Japan adopted the *Accounting Standard for Construction Contracts* (ASBJ Statement No.15, December 27, 2007) and its accompanying *Guidance on the Accounting Standard for Construction Contracts* (ASBJ Guidance No.18, December 27, 2007). Due to this change, for the fiscal year ended March 31, 2010, in Japan sales were 6,265 million yen higher and operating income was 1,244 million yen higher than would have resulted with the previous accounting method.

## Overseas sales

Year ended March 31, 2009 (April 1, 2008 – March 31, 2009)

(millions of yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	20,070	1,371	1,576	2,936	25,955
II. Consolidated net sales	-	-	-	-	199,706
III. Ratio of overseas sales to total consolidated sales	10.0%	0.7%	0.8%	1.5%	13.0%

Year ended March 31, 2010 (April 1, 2009 – March 31, 2010)

(millions of yen)

	Asia	North America	Europe	Other	Total
I. Overseas sales	13,404	1,626	1,399	2,581	19,011
II. Consolidated net sales	-	-	-	-	178,520
III. Ratio of overseas sales to total consolidated sales	7.5%	0.9%	0.8%	1.4%	10.6%

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" comprises sales by the Company and its consolidated subsidiaries in countries or regions other than Japan.
4. Effective the fiscal year ended March 31, 2010, the Company and certain consolidated subsidiaries in Japan adopted the *Accounting Standard for Construction Contracts* (ASBJ Statement No.15, December 27, 2007) and its accompanying *Guidance on the Accounting Standard for Construction Contracts* (ASBJ Guidance No.18, December 27, 2007). Due to this change, for the fiscal year ended March 31, 2010, sales in Asia were 1,794 million yen higher than would have resulted with the previous accounting method.

## Other Information — Consolidated

### Net Sales

(millions of yen)

Business segment	Year ended March 31,			
	2009		2010	
	Amount	%	Amount	%
Water treatment chemicals	58,331	29.2	53,743	30.1
Water treatment facilities	141,374	70.8	124,777	69.9
Total	199,706	100.0	178,520	100.0

### Order Intake and Backlog

(millions of yen)

Business segment		Year ended March 31,			
		2009		2010	
		Amount	%	Amount	%
Order Intake	Water treatment chemicals	58,470	30.0	53,370	30.5
	Water treatment facilities	136,595	70.0	121,791	69.5
	Total	195,065	100.0	175,162	100.0
Order Backlog	Water treatment chemicals	4,021	7.4	3,647	7.1
	Water treatment facilities	50,483	92.6	47,497	92.9
	Total	54,504	100.0	51,145	100.0

### Production Results

(millions of yen)

Business segment	Year ended March 31,			
	2009		2010	
	Amount	%	Amount	%
Water treatment chemicals	58,696	30.1	52,575	29.9
Water treatment facilities	136,297	69.9	123,306	70.1
Total	194,994	100.0	175,882	100.0

Note: The amounts were based on sales amounts.

### Capital Expenditures (Property, Plant and Equipment)

(millions of yen)

Business segment	Year ended March 31,			
	2009		2010	
	Amount	%	Amount	%
Water treatment chemicals	1,174	2.1	908	12.1
Water treatment facilities	54,560	97.9	6,616	87.9
Total	55,734	100.0	7,525	100.0

### Depreciation (Property, Plant and Equipment)

(millions of yen)

Business segment	Year ended March 31,			
	2009		2010	
	Amount	%	Amount	%
Water treatment chemicals	1,378	12.6	1,319	8.9
Water treatment facilities	9,537	87.4	13,520	91.1
Total	10,916	100.0	14,840	100.0