

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the Fiscal Year ended March 31, 2012

Tokyo, Japan, March 31, 2012—Kurita Water Industries Ltd. (TSE Securities Code 6370) announced net sales of 193,792 million yen and net income of 16,548 million yen, or 130.65 yen per share, for the year ended March 31, 2012 (April 1, 2011 – March 31, 2012).

Results of Operations

Total consolidated orders for the Kurita Group in the fiscal year ended March 31, 2012, were up 8.4% versus the previous fiscal year to 197,256 million yen, and net sales rose 6.9% to 193,792 million yen. Operating income was 29,382 million yen, up 8.3% versus the previous fiscal year, and ordinary income was 30,369 million yen, up 7.9%. Net income amounted to 16,548 million yen, down 3.4%.

At the start of the fiscal year ended March 31, 2012, production activity in Japan was significantly depressed as a result of the Great East Japan Earthquake which struck in March 2011. Although the economy has been recovering along with the restoration of supply chains, the recovery pace has slackened as a result of the flooding in Thailand and the appreciation of the yen. Overseas, economic expansion is continuing, primarily in China and other Asian nations, but the pace of growth has declined, and the impact of the European debt crisis triggered by Greece's fiscal problems have led to a heightened sense of uncertainty over the economy.

Markets in which the Kurita Group operates remained challenging during the fiscal year ended March 31, 2012. In Japan, although there were some bright signs in conjunction with the recovery in corporate production due to restoration efforts following the earthquake, the appreciation of the yen together with unstable electricity supply following the shutting down of nuclear power plants has caused companies to consolidate production sites or relocate them overseas, and key electronics industry customers are struggling with a rapid downturn in earnings. Overseas, markets have expanded, as there has been an increase in capital investment in the electronics industry in East Asia in conjunction with the spread of smart phones and tablet PCs.

Amid this environment, the Kurita Group focused on helping the restoration efforts of customers affected by the Great East Japan Earthquake, and worked to help customers conserve energy, improve productivity, and resolve other issues they face. Overseas, the Company has been working with overseas Group companies to expand sales of water treatment facilities and new products, as well as core chemicals to customers in the electronics industry. The Kurita Group expanded business globally, including bolstering the production and sales frameworks in China and building a new water treatment chemicals plant in Brazil.

Segment Information

Water Treatment Chemicals

Total Group orders for the Water Treatment Chemicals segment were 56,748 million yen, up 0.1% versus the fiscal year ended March 31, 2011, while sales fell 0.5% to 56,443 million yen. Operating income fell 8.2% to 9,268 million yen

In Japan, orders for and sales of products including boiler water treatment chemicals, cooling water treatment chemicals, and process treatment chemicals for the paper and pulp and oil refining and petrochemical industries declined versus the previous fiscal year, due to production stoppages caused by the earthquake disaster. Meanwhile, there was an increase in injection systems and other equipment caused by the restoration efforts following the earthquake, while orders for and sales chemicals for the steel industry also increased. Overseas, orders and sales of cooling water treatment chemicals and other core products increased as a result of growing manufacturing activity, especially in China, Brazil and other emerging economies.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 140,507 million yen, up 12.2% versus the previous fiscal year, sales rose 10.3% to 137,348 million yen, and while operating income increased 18.2% to 20,127 million yen.

In the electronics industry, orders and sales in the ultrapure water supply business declined slightly due to the impact of the drop in capacity utilization at customer plants. Meanwhile, maintenance services orders and sales increased, primarily for facility modifications, while there was a large increase in orders from overseas semiconductor and LCD panel manufacturers for ultrapure water production systems and electrolyzed sulfuric acid generators for the manufacturing process of semiconductors.

In general industries, orders and sales increased significantly as demand for water treatment facilities from the domestic electric power industry surged during recovery efforts following the earthquake. Demand for maintenance services, mainly in relation to facility modification in industries such as electric power and food, also increased.

Material Events during the Fiscal Year Ended March 31, 2012

At its board of directors meeting held on January 31, 2012, Kurita Water Industries Ltd. resolved to relocate its headquarters from Shinjuku-ku, Tokyo, to Nakano-ku, Tokyo, on October 1, 2012. This relocation will have minimal impact on earnings for the fiscal year ending March 31, 2013

Outlook for the Fiscal Year Ending March 31, 2013

The Group forecasts 200,000 million yen in net sales (up 3.2% year-on-year), 29,500 million yen in operating income (up 0.4%), 30,000 million yen in ordinary income (down 1.2%), and 17,500 million yen in net income (up 5.8%) for the full fiscal year ending March 31, 2013.

There are concerns about a global economic slowdown due to the prolonged European debt crisis, and we expect the economic recovery in Japan, the US, and advanced European countries to take some more time to materialize. On the other hand, despite a slight drop in the pace of growth, we expect emerging economies such as China and countries in Southeast Asia continue to experience strong economic growth. Also, in conjunction with the rising global population and economic growth in emerging countries, we expect demand related to environmental impact mitigation to continue to increase. Meanwhile, we expect Japanese companies to continue to consolidate or relocate production sites overseas in response to high raw materials prices, unstable electric power supply, and the strength of the yen, while intensifying price competition, contracting markets and other factors will keep the situation challenging for the Kurita Group.

Amid this environment, the Kurita Group established a new medium-term management plan Take Action 14, TA-14 with a target year of fiscal 2014. Overseas, the Kurita Group will steadfastly meet the increased demand for environmental impact mitigation, and harness the integrated strengths of the Kurita Group to expand its scale of business and to achieve profits on a continuous basis. In the domestic market, the entire Group will provide products, technologies and services that help customers resolve the issues they face, and thereby boost its market share and enhance its earnings base.

Outlook by Segment

Water Treatment Chemicals

Although the Kurita Group expects demand overseas to increase firmly, primarily in China, there is concern about a market contraction and a decline in prices resulting from moves by customers in Japan to consolidate or relocate production sites overseas. In addition to enhancing initiatives to promote sales and marketing in key overseas regions and markets, the Group will continue to focus on consultative sales to help customers in Japan resolve issues they face.

Water Treatment Facilities

Overseas, the Kurita Group expects capital investment in the electronics industry to increase in China, South Korea, and other parts of East Asia, while the Group anticipates capital investment in general industries to increase in Southeast Asia. Group teamwork will be enhanced in an effort to win large orders in East Asia. In Japan, an integrated sales framework featuring both facilities (hardware) and maintenance service will be used for consultative sales which accurately capture the needs of our customers.

Financial Condition

Assets, liabilities and net assets

Current assets totaled 144,985 million yen at the end of the fiscal year (March 31, 2012), an increase of 27,133 million yen from the end of the previous fiscal year (March 31, 2011).

The increase was mainly due to increases of 12,054 million yen in trade accounts receivable and 20,500 million yen in marketable securities, partially offset by a 6,171 million yen decrease in cash and deposits. The increase in trade accounts receivable reflects increased sales of water treatment facilities in the second half of the fiscal year (particularly in the fourth quarter), while the increase in marketable securities and the decrease in cash and deposits are both due to increased investment in negotiable certificates of deposits, which are treated as marketable securities.

Noncurrent assets totaled 126,156 million yen at the end of the fiscal year, a decline of 9,290 million yen from the end of the previous fiscal year. The decline was mainly due to a 8,240 million yen decrease in property, plant and equipment owing to depreciation on past years' investments in ultrapure water supply business facilities exceeding current-year capital expenditures.

Current liabilities totaled 42,358 million yen at the end of the fiscal year, an increase of 7,587 million yen from the end of the previous fiscal year. The change was mainly due to increases of 4,562 million yen in trade accounts payable, 1,452 million yen in other accounts payable, and 1,419 million yen in income taxes payable. The increases in trade and other accounts payable were due to increases in expenses and amount of goods

purchased in line with the earlier noted increase in sales of water treatment facilities. The increase in income taxes payable was due to a rise in income before income taxes and minority interests.

Noncurrent liabilities totaled 18,781 million yen at the end of the fiscal year, a moderate decrease of 394 million yen from the end of the previous fiscal year.

Net assets totaled 210,002 million yen at the end of the fiscal year, an increase of 10,651 million yen from the end of the previous fiscal year. This mainly reflects an increase in retained earnings from the posting of 16,548 million yen net income for the fiscal year outweighing the payout of 4,939 million yen in dividends for the fiscal year and a 736 million yen decline in total other comprehensive income due to a decrease in unrealized gains on available-for-sale securities owing to a drop in the market prices of investment securities.

Cash Flows

Consolidated net cash and cash equivalents at the end of the fiscal year (March 31, 2012) totaled 19,825 million yen, an increase of 8,991 million yen from the end of the previous fiscal year (March 31, 2011). The various cash flows and related factors are outlined below.

Cash Flows from Operating Activities

Net cash provided by operating activities during the fiscal year ended March 31, 2012, totaled 28,282 million yen, a decrease of 1,514 million yen from the previous fiscal year. Inflows from income before income taxes and minority interests (29,676 million yen), depreciation and amortization (16,035 million yen) and an increase in trade notes and accounts payable (5,448 million yen) were partially offset by an increase in trade notes and accounts receivable (13,545 million yen) and income taxes paid (11,346 million yen).

Cash Flows from Investing Activities

Net cash used in investing activities was 13,507 million yen, 16,662 million yen less than in the previous fiscal year. Inflows from withdrawals from time deposits (net of time deposits) totaling 6,608 million yen were countered by outflows for investments in marketable securities (net of sale and redemptions of the same) totaling 12,009 million yen and for the acquisition of property, plant and equipment totaling 7,460 million yen. Capital expenditures during the year were mainly for the ultrapure water supply business.

Cash Flows from Financing Activities

Net cash used in financing activities totaled 5,607 million yen, 3,425 million yen less than in the previous fiscal year. The main cash outflow from financing activities was the 4,977 million yen in cash dividends paid.

Dividend Policy and Dividends for the Fiscal Year ended March 31, 2012, and the Fiscal Year ending March 31, 2013

Kurita Water Industries' basic policy is to provide shareholders with stable dividends.

In consideration of the Group's future business development plans and our desire to reward shareholders for their support, we intend to pay a year-end dividend of 20 yen per share for the fiscal year ended March 31, 2012, 1 yen more than the previous

year-end dividend. Combined with the interim dividend of 20 yen per share (1 yen more than the previous interim dividend), the annual dividend comes to 40 yen per share, 2 yen higher than the previous fiscal year's annual dividend.

For the fiscal year ending March 31, 2013, Kurita Water Industries plans to pay an interim dividend of 21 yen per share and a year-end dividend of 21 yen per share, for an annual dividend of 42 yen per share.

Business and Other Risks

The following are summaries of major foreseeable risks present in the business environments in which the Kurita Group operates. Forward-looking statements herein are based on judgments made by management as of March 31, 2012.

1) Economic and market conditions

The Group's Water Treatment Chemicals and Water Treatment Facilities businesses are affected by economic conditions in Japan and in other countries and regions where the Group operates. Demand in the Water Treatment Chemicals business fluctuates in response to factory capacity utilization rates in such industries as steel, petroleum refining and petrochemicals, and pulp and paper, which are the business' main sources of demand. Such demand fluctuations may affect the Group's operating results. Demand in the Water Treatment Facilities business fluctuates in response to trends in capital expenditure in the electronics industry and other industries that are the business' main sources of demand. Such demand fluctuations may affect the Group's operating results.

Intensification of competition with rivals in the Group's business domains could lead to declines in prices of products and services, which could lower the Group's profitability.

2) Materials and parts procurement

The Group procures raw materials and parts from outside the Group for the manufacture of products and the fabrication of facilities. The prices of raw materials and parts fluctuate based on changes in market conditions, and such fluctuations may affect the Group's operating results.

3) Overseas business development

The Group is striving to expand its business outside Japan. In contrast to the Japanese market, doing business in overseas markets involves a number of inherent, unforeseen risks, including the risk of changes to local laws and regulations, the risk of political and economic instability, and the risk of foreign exchange rate fluctuations. If such risks materialized, the Group's operating results could be affected.

4) New product development

The Group continuously endeavors to develop new technology and competitive new products. The success of new technology and product development efforts cannot be guaranteed. The Group may not be able to offer new technologies and products that meet the needs of its customers or launch new products in a timely fashion. The Group may also fail to keep pace with rapid changes in technological innovation and changing customer needs. If the Group were to fail to develop competitive new products, this could hamper its future growth and profitability or otherwise affect its operating results.

5) Intellectual property

The Group recognizes the importance of intellectual property and continually seeks to register its own intellectual property while avoiding infringement of the intellectual property rights of third parties, both in Japan and overseas. Given the wide scope of the Group's business, however, there is potential for the Group's intellectual property rights to be infringed and potential for the Group to infringe

upon the rights held by third parties. Such occurrences may affect the Group's operating results.

6) Dependence on information systems

The Group's use of information systems is increasing, as is the importance of information systems to the Group's business. If a computer virus or some other factor were to obstruct the functions of the Group's information systems, the Group's business activities, operating results, and financial condition could be negatively affected.

7) Large-scale natural disasters

If an earthquake, typhoon, or other kind of natural disaster were to directly or indirectly upset the Group's business execution, the Group's business activities, operating results, and financial condition could be negatively affected.

Management Policy

(1) Basic management policy

The Kurita Group operates under corporate philosophy, "Study the properties of water, master them, and we will create an environment in which nature and man are in harmony." In line with this philosophy, the Group conducts business with the goal of becoming an advanced water and environmental management company.

The Group also seeks to enhance management transparency by making appropriate and timely information disclosures to shareholders, investors, and other stakeholders.

(2) Medium- to long-term management strategy

The fiscal year ending March, 2013 is the initial year of our Take Action TA-14 three-year management plan based on the theme of "Execution and Evolution". The basic objectives of the plan are to demonstrate the Group's comprehensive strengths to secure the trust of customers in Japan and other countries. Under the plan, the Group will endeavor to expand overseas business while also raising its domestic market shares.

The plan's targets for the fiscal year ending March, 2015 are as follows:

	Consolidated
O r d e r s	¥240 billion
N e t S a l e s	¥235 billion
Operating income	¥36.0 billion
Ordinary income	¥36.5 billion
Net income	¥22.0 billion

(3) Issues to be addressed

Under the recently concluded MP-11 medium-term management plan that started in the fiscal year ending March, 2010, the Kurita Group endeavored to expand service businesses that provide solutions for key issues facing customers and to broaden our global business in China and other emerging areas. Although we achieved a measure of success, including expanding orders for water treatment facilities from electronics manufacturers in the Asian region and building our water treatment chemicals business throughout the region, overall Group business scale has rebounded only to the level attained before Lehman Brothers collapsed.

Amid greatly changing markets in Japan and overseas, the Kurita Group will strive to realize sustained profit growth by evolving into a corporate group capable of competing on a global scale and by establishing solid business and profit bases in new

growth areas such as water, energy, food and environmental impact mitigation. Under the new TA-14 medium-term plan that starts from the fiscal year ending March 31, 2013, the Kurita Group will draw upon its comprehensive strengths to implement the key measures outlined below.

- 1) Strengthening of our business foundations and ability to pursue new business in key overseas markets.

The Group will work together to realize the growth of maintenance services and the Water Treatment Chemicals business following from the expanding scale of its Water Treatment Facilities business. Toward that end, we will strengthen local staffing and management structures in each region and enhance our marketing, product and technical capabilities.

- 2) Timely provision of the products, technologies and services that help customers resolve their key challenges.

In the fiscal year ended March, 2012, we succeeded in developing an ultrapure water production system for use in the most advanced semiconductor manufacturing processes, biological water treatment technology for sludge reduction, and water treatment chemicals for reverse osmosis membranes.

Going forward, we will strive to continue providing the products, technologies, and services that provide solutions to customer needs to reduce energy consumption, improve productivity, and reduce their environmental footprint.

- 3) The speedy creation of new products and services based on further enhancement of technological capabilities that are fundamental for water, energy, and foods.

While further refining our “water” technologies, we will endeavor to develop new products and technologies that provide solutions to customer challenges in productivity improvement, environmental impact mitigation and energy generation. We will also pursue R&D of new water functions that will lead to the creation of new businesses.

Financial Statements — Consolidated

Balance Sheet — Consolidated

	As of March 31, 2011	(millions of yen) As of March 31, 2012
	Amount	Amount
Assets		
Current assets		
Cash and deposits	35,073	28,902
Notes receivable - trade	5,983	7,045
Accounts receivable - trade	47,257	59,311
Marketable securities	20,000	40,500
Finished products	1,303	1,598
Work in process	2,643	2,715
Raw materials and supplies	1,533	1,209
Deferred tax assets	2,312	2,294
Other	1,785	1,466
Allowance for doubtful accounts	(40)	(58)
Total current assets	117,852	144,985
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	64,296	65,368
Accumulated depreciation	(32,043)	(36,277)
Buildings and structures (net)	32,252	29,090
Machinery, equipment and vehicles	86,962	92,180
Accumulated depreciation	(38,045)	(47,298)
Machinery, equipment and vehicles (net)	48,917	44,882
Land	14,072	13,962
Leased assets	7,668	7,808
Accumulated depreciation	(987)	(1,434)
Leased assets (net)	6,680	6,374
Construction in progress	3,001	2,362
Other	11,158	11,237
Accumulated depreciation	(9,474)	(9,541)
Other (net)	1,683	1,696
Total property, plant and equipment	106,608	98,368
Intangible fixed assets		
Software	1,388	1,233
Other	551	450
Total intangible fixed assets	1,939	1,683
Investments and other assets		
Investment securities	17,057	16,161
Deferred tax assets	8,306	8,035
Other	1,717	2,246
Allowance for doubtful accounts	(184)	(339)
Total investments and other assets	26,897	26,103
Total noncurrent assets	135,446	126,156
Total assets	253,298	271,141
Liabilities		
Current liabilities		
Notes payable - trade	1,402	1,701
Accounts payable - trade	15,058	19,620
Accounts payable - other / Accrued expenses	4,785	6,237
Income taxes payable	5,626	7,045
Accrued employees' bonuses	2,336	2,427
Provision for product warranties	927	1,007
Other	4,634	4,317
Total current liabilities	34,771	42,358
Noncurrent liabilities		
Lease obligations	6,535	6,191

Deferred tax liabilities related to revaluation	1,509	1,303
Accrued employees' retirement benefits	9,936	10,335
Accrued retirement benefits for directors and corporate auditors	440	168
Other	754	782
Total noncurrent liabilities	19,175	18,781
Total liabilities	53,946	61,139
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Capital surplus	11,426	11,426
Retained earnings	184,954	196,541
Treasury stock	(9,640)	(9,642)
Total shareholders' equity	200,191	211,776
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	623	252
Unrealized gains (losses) on revaluation of land	(764)	(564)
Foreign currency translation adjustments	(2,006)	(2,572)
Total accumulated other comprehensive income	(2,148)	(2,884)
Minority interests		
	1,308	1,110
Total net assets	199,351	210,002
Total liabilities and net assets	253,298	271,141

Statements of Income and Comprehensive Income — Consolidated

Statement of Income

	(millions of yen)	
	Year ended March 31, 2011	Year ended March 31, 2012
	Amount	Amount
Net sales	181,234	193,792
Cost of sales	118,573	127,905
Gross profit	62,660	65,886
Selling, general and administrative expenses		
Directors' and corporate auditors' compensations, salaries and allowances	13,986	14,394
Provision for bonuses	1,356	1,378
Retirement benefit expenses	1,033	987
Traveling and transportation expenses	2,468	2,633
Research and development expenses	4,225	4,232
Other	12,458	12,877
Total Selling, general and administrative expenses	35,528	36,503
Operating income	27,131	29,382
Non-operating income		
Interest income	116	141
Dividend income	308	354
Equity in earnings of unconsolidated subsidiaries and affiliates	308	328
Other	570	394
Total non-operating income	1,303	1,219
Non-operating expenses		
Interest expense	34	88
Loss on disposal of noncurrent assets	28	27
Other	214	116
Total non-operating expenses	276	232
Ordinary income	28,158	30,369
Extraordinary income		
Gain on sales of noncurrent assets	-	139
Total extraordinary income	-	139
Extraordinary losses		
Impairment losses	-	173
Valuation loss on investment securities	-	608
Disaster losses and disaster recovery expenses	240	49
Loss on liquidation of affiliated companies	73	-
Total extraordinary losses	314	831
Income before income taxes and minority interests	27,844	29,676
Income taxes		
Current	11,653	12,750
Deferred	(1,069)	292
Total income taxes	10,583	13,042
Income before minority interests	17,260	16,634
Minority interests in earnings of consolidated subsidiaries	121	86
Net income	17,138	16,548

Statement of Comprehensive Income

	Year ended March 31, 2011	(millions of yen) Year ended March 31, 2012
	Amount	Amount
Income before minority interests	17,260	16,634
Other comprehensive income		
Unrealized gains on available-for-sale securities	(1,364)	(370)
Unrealized gains (losses) on revaluation of land	-	184
Foreign currency translation adjustments	(639)	(564)
Share of other comprehensive income of associates accounted for using equity method	(46)	(35)
Total other comprehensive income	(2,050)	(785)
Comprehensive income	15,209	15,848
Components:		
Comprehensive income attributable to owners of the parent company	15,139	15,796
Comprehensive income attributable to minority interests	70	52

Statement of Changes in Shareholders' Equity — Consolidated

	Year ended March 31, 2011	(millions of yen) Year ended March 31, 2012
	Amount	
Shareholders' equity		
Common stock		
Balance as of beginning of the 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 beginning of the 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 beginning of the fiscal year	172,717	184,954
Change during period		
Dividend from surplus	(4,888)	(4,939)
Other	(12)	(5)
Net income	17,138	16,548
Reversal of unrealized gains (losses) on revaluation of land	-	(15)
Total change during period	12,236	11,587
Balance as of end of the fiscal year	184,954	196,541
Treasury stock		
Balance as of beginning of the fiscal year	(4,855)	(9,640)
Change during period		
Purchase of treasury stock	(4,784)	(2)
Total change during period	(4,784)	(2)
Balance as of end of the fiscal year	(9,640)	(9,642)
Total shareholders' equity		
Balance as of beginning of the fiscal year	192,738	200,191
Change during period		
Dividend from surplus	(4,888)	(4,939)
Other	(12)	(5)
Net income	17,138	16,548
Purchase of treasury stock	(4,784)	(2)
Reversal of unrealized gains (losses) on revaluation of land	-	(15)
Total change during period	7,452	11,585
Balance as of end of the fiscal year	200,191	211,776

Accumulated other comprehensive income

Unrealized gains (losses) on available-for-sale securities

Balance as of beginning of the fiscal year	1,989	623
Change during period		
Net change in items other than shareholders' equity during period	(1,366)	(370)
Total change during period	(1,366)	(370)
Balance as of end of the fiscal year	623	252

Unrealized gains (losses) on revaluation of land

Balance as of beginning of the fiscal year	(764)	(764)
Change during period		
Net change in items other than shareholders' equity during period	-	199
Total change during period	-	199
Balance as of end of the fiscal year	(764)	(564)

Foreign currency translation adjustments

Balance as of beginning of the fiscal year	(1,374)	(2,006)
Change during period		
Net change in items other than shareholders' equity during period	(632)	(565)
Total change during period	(632)	(565)
Balance as of end of the fiscal year	(2,006)	(2,572)

Total accumulated other comprehensive income

Balance as of beginning of the fiscal year	(149)	(2,148)
Change during period		
Net change in items other than shareholders' equity during period	(1,998)	(736)
Total change during period	(1,998)	(736)
Balance as of end of the fiscal year	(2,148)	(2,884)

Minority interests

Balance as of beginning of the fiscal year	1,350	1,308
Change during period		
Net change in items other than shareholders' equity during period	(42)	(198)
Total change during period	(42)	(198)
Balance as of end of the fiscal year	1,308	1,110

Total net assets

Balance as of beginning of the fiscal year	193,939	199,351
Change during period		
Dividend from surplus	(4,888)	(4,939)
Other	(12)	(5)
Net income	17,138	16,548
Purchase of treasury stock	(4,784)	(2)
Reversal of unrealized gains (losses) on revaluation of land	-	(15)
Net change in items other than shareholders' equity during period	(2,040)	(934)
Total change during period	5,411	10,650
Balance as of end of the fiscal year	199,351	210,002

Statement of Cash Flows — Consolidated

(millions of yen)

	Year ended March 31, 2011 Amount	Year ended March 31, 2012 Amount
Cash flows from operating activities		
Income before income taxes and minority interests	27,844	29,676
Depreciation and amortization	16,066	16,035
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(308)	(328)
Increase (decrease) in allowance for employees' retirement benefits	455	415
Increase (decrease) in other allowances	225	85
Interest and dividend income	(424)	(495)
Interest expense	34	88
Other non-operating (income) losses	(341)	(211)
Other extraordinary (income) losses	314	51
(Gains) losses on sale/disposal of property, plant and equipment	18	(108)
Impairment loss	-	173
Valuation (gain) loss on investment securities	7	608
(Increase) decrease in notes and accounts receivable - trade	2,098	(13,545)
(Increase) decrease in inventories	(461)	(135)
(Increase) decrease in other current assets	(350)	285
Increase (decrease) in notes and accounts payable - trade	(573)	5,448
Increase (decrease) in other current liabilities	(2,315)	847
Other	200	12
Sub total	<u>42,490</u>	<u>38,907</u>
Interest and dividend received	703	693
Other proceeds	490	281
Interest paid	(33)	(89)
Other payments	(482)	(163)
Income taxes paid	(13,371)	(11,346)
Net cash provided by (used in) operating activities	<u>29,796</u>	<u>28,282</u>
Cash flows from investing activities		
Deposits into time deposit accounts	(39,723)	(38,988)
Withdrawals from time deposits	15,735	45,596
Payments for purchases of marketable securities	(65,000)	(69,000)
Proceeds from sale and redemption of marketable securities	69,000	57,000
Payments for purchases of property, plant and equipment	(6,014)	(7,460)
Proceeds from sale of property, plant and equipment	30	262
Payments for purchases of investment securities	(3,810)	(10)
Proceeds from sale and redemption of investment securities	50	1
Other payments	(734)	(1,184)
Other proceeds	295	276
Net cash provided by (used in) investing activities	<u>(30,169)</u>	<u>(13,507)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,183	(166)
Proceeds from long-term loans payable	-	46
Repayment of finance lease obligations	(480)	(507)

Purchase of treasury stock	(4,784)	(2)
Cash dividends paid	(4,886)	(4,936)
Cash dividends paid to minority shareholders	(64)	(41)
Net cash provided by (used in) financing activities	<u>(9,032)</u>	<u>(5,607)</u>
Effect of exchange rate changes on cash and cash equivalents	(397)	(176)
Net increase (decrease) in cash and cash equivalents	<u>(9,802)</u>	<u>8,991</u>
Cash and cash equivalents at the beginning of the period	20,590	10,834
Increase in cash and cash equivalents from newly consolidated subsidiaries	46	-
Cash and cash equivalents at the end of the period	<u>10,834</u>	<u>19,825</u>

Segment Information

1. Overview of reportable segments

The Company's reportable segments are components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's board of directors to decide how to allocate resources and assess performance.

The Company's business divisions are based on product and service categories. Each of the divisions conduct business based on comprehensive strategies formulated for the products and services that they handle in Japan and overseas. The Company's consolidated subsidiaries conduct business under the supervision of the relevant business divisions.

The Group's operations are therefore classified into two reportable segments, the Water Treatment Chemicals segment and the Water Treatment Facilities segment, based on the products and services handled by each of the divisions.

The Water Treatment Chemicals segment manufactures and sells water treatment chemicals and equipment and provides maintenance services. The Water Treatment Facilities segment manufactures and sells water treatment equipment and facilities, provides ultrapure water, chemical cleaning, tool cleaning, soil and groundwater remediation services, and provides maintenance services that encompass operation, maintenance, and management of water treatment facilities.

2. Method for calculating sales, income and loss, assets and liabilities, and other amounts by reportable segment

Accounting methods applied in reportable segments are consistent with the methods applied in preparation of consolidated financial statements. Segment income represents operating income. Inter-segment sales and transfers between consolidated-group companies reflect values based on market prices. Inter-segment sales and transfers between the Company's divisions are based primarily on book values.

3. Sales, income and loss, assets and liabilities, and other amounts by reportable segment

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

	Reportable segment			Adjustments (see note)	Amounts reported on the statements of income
	Water Treatment Chemicals	Water Treatment Facilities	Total		
(millions of yen)					
Sales					
(1) Sales to outside customers	56,735	124,499	181,234	-	181,234
(2) Inter-segment sales and transfers	349	180	530	(530)	-
Total	57,084	124,680	181,764	(530)	181,234
Segment income	10,099	17,032	27,131	0	27,131
Segment assets	36,444	158,414	194,859	58,439	253,298
Segment liabilities	16,919	37,155	54,075	(128)	53,946
Other amounts					
Depreciation	1,539	14,527	16,066	-	16,066
Change in property, plant and equipment and intangible fixed assets	1,183	4,781	5,965	-	5,965

Year ended March 31, 2012 (April 1, 2011 - March 31, 2012)

	Reportable segment			Adjustments (see note)	Amounts reported on the statements of income
	Water Treatment Chemicals	Water Treatment Facilities	Total		
(millions of yen)					
Sales					
(1) Sales to outside customers	56,443	137,348	193,792	-	193,792
(2) Inter-segment sales and transfers	372	246	619	(619)	-
Total	56,816	137,595	194,411	(619)	193,792
Segment income	9,268	20,127	29,396	(13)	29,382

Segment assets	36,580	161,750	198,330	72,811	271,141
Segment liabilities	17,999	43,252	61,252	(113)	61,139
Other amounts					
Depreciation	1,485	14,550	16,035	-	16,035
Impairment loss	-	-	-	173	173
Change in property, plant and equipment and intangible fixed assets	1,463	6,641	8,105	-	8,105

Note: "Adjustments" represents the following:

1. Sales: Elimination of inter-segment transactions.
2. Segment income: Amount resulting from eliminations of inter-segment transactions.
3. Segment assets: Consisting mainly of corporate assets (cash deposits, securities in trust, and long-term investments) unallocated to reportable segments. Corporate assets totaled 58,572 million yen at March 31, 2011 and 72,932 million yen at March 31, 2012.
4. Segment liabilities: Amount resulting from eliminations of inter-segment claims and liabilities.
5. Impairment loss on idle assets was recognized in the fiscal year ended March 31, 2012. This had no effect on the reportable segments.

Related information

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

1. Information by product and service

The Company has omitted disclosure here because equivalent information appears in the segment information.

2. Information by geographic region

(1) Sales

(millions of yen)

Japan	Asia	North America	Europe	Other	Total
154,867	19,195	2,820	1,276	3,075	181,234

Note: Sales are allocated to regions based on the location of the customer to which the products or services are provided.

(2) Property, plant and equipment

The Company has omitted disclosure here because property, plant and equipment holdings in Japan account for more than 90% of the amount of property, plant and equipment reported on the consolidated balance sheet.

3. Information by major customer

(millions of yen)

Name of customer	Sales	Name of transacting segment
Sharp Corporation	28,149	Water Treatment Facilities

Year ended March 31, 2012 (April 1, 2011 - March 31, 2012)

1. Information by product and service

The Company has omitted disclosure here because equivalent information appears in the segment information.

2. Information by geographic region

(1) Sales

(millions of yen)

Japan	Asia	North America	Europe	Other	Total
-------	------	---------------	--------	-------	-------

164,523	22,541	2,310	1,373	3,044	193,792
---------	--------	-------	-------	-------	---------

Note: Sales are allocated to regions based on the location of the customer to which the products or services are provided.

(2) Property, plant and equipment

The Company has omitted disclosure here because property, plant and equipment holdings in Japan account for more than 90% of the amount of property, plant and equipment reported on the consolidated balance sheet.

3. Information by major customer

(millions of yen)		
Name of customer	Sales	Name of transacting segment
Sharp Corporation	28,792	Water Treatment Facilities

Information on impairment of reportable segments' fixed assets

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

Not applicable

Year ended March 31, 2012 (April 1, 2011 - March 31, 2012)

The Company has omitted disclosure here because equivalent information appears in the segment information.

Goodwill amortization and unamortized balance of goodwill by segment

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

	Reportable segment			Elimination or corporate	Total
	Water Treatment Chemicals	Water Treatment Facilities	Total		
	Goodwill amortization	59	-		
Unamortized balance of goodwill	44	-	44	-	44

(millions of yen)

Year ended March 31, 2012 (April 1, 2011 - March 31, 2012)

	Reportable segment			Elimination or corporate	Total
	Water Treatment Chemicals	Water Treatment Facilities	Total		
	Goodwill amortization	31	-		
Unamortized balance of goodwill	13	-	13	-	13

(millions of yen)

Information on negative goodwill

Year ended March 31, 2011 (April 1, 2010 - March 31, 2011)

Not applicable

Year ended March 31, 2012 (April 1, 2011 - March 31, 2012)

The Company has omitted disclosure here because there was no significant negative goodwill.

Per share information

	Year ended March 31, 2011	Year ended March 31, 2012
Net assets per share	1,563.57 yen	1,649.24 yen
Net income per share	134.02 yen	130.65 yen

Notes: 1. Fully diluted net income per share was not reported here because there were no dilutive securities outstanding.

2. The calculation bases for net assets per share are as follows.

	(millions of yen unless otherwise stated)	
	As of March 31, 2011	As of March 31, 2012
Total net assets	199,351	210,002
Amount deducted from total net assets	1,308	1,110
(Those with minority interests)	(1,308)	(1,110)
Net assets attributed to common stock	198,042	208,891
Number of common stock used in calculation of net assets per share (shares)	126,660,512	126,659,417

Note: The calculation bases for net income per share are as follows.

	(millions of yen unless otherwise stated)	
	Year ended March 31, 2011	Year ended March 31, 2012
Net income (millions of yen)	17,138	16,548
Amount not attributed to common stockholders	-	-
Net income attributed to common stock	17,138	16,548
Average number of shares outstanding (shares)	127,874,054	126,659,779

Significant Subsequent Events

Not applicable

Supplementary Information - Consolidated

(1) Net Sales

(millions of yen)

Business segment	Year ended March 31			
	2011		2012	
	Amount	%	Amount	%
Water Treatment Chemicals	56,735	31.3	56,443	29.1
Water Treatment Facilities	124,499	68.7	137,348	70.9
Total	181,234	100.0	193,792	100.0

(2) Order Intake and Backlog

(millions of yen)

Business segment		Year ended March 31,			
		2011		2012	
		Amount	%	Amount	%
Order Intake	Water Treatment Chemicals	56,714	31.2	56,748	28.8
	Water Treatment Facilities	125,237	68.8	140,507	71.2
	Total	181,951	100.0	197,256	100
Order Backlog	Water Treatment Chemicals	3,627	7.0	3,931	7.1
	Water Treatment Facilities	48,235	93.0	51,394	92.9
	Total	51,862	100.0	55,326	100.0

(3) Production Results

(millions of yen)

Business segment	Year ended March 31,			
	2011		2012	
	Amount	%	Amount	%
Water Treatment Chemicals	56,873	31.5	56,454	29.0
Water Treatment Facilities	123,959	68.5	137,934	71.0
Total	180,832	100.0	194,389	100.0

Note: The amounts were based on sales amounts.

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

(millions of yen)

Business segment	Year ended March 31,			
	2011		2012	
	Amount	%	Amount	%
Water Treatment Chemicals	977	17.9	1,311	17.0
Water Treatment Facilities	4,492	82.1	6,409	83.0
Total	5,469	100.0	7,721	100.0

(5) Depreciation (Property, Plant and Equipment)

(millions of yen)

Business segment	Year ended March 31,			
	2011		2012	
	Amount	%	Amount	%
Water Treatment Chemicals	1,203	7.8	1,186	7.7
Water Treatment Facilities	14,172	92.2	14,223	92.3
Total	15,375	100.0	15,410	100.0