

FOR IMMEDIATE RELEASE

**Kurita Water Industries Reports Earnings for the Fiscal Year ended
March 31, 2013**

Tokyo, Japan, April 30, 2013 - Kurita Water Industries Ltd. (TSE Securities Code 6370) announced net sales of 180,143 million yen and net income of 11,476 million yen, or 92.43 yen per share, for the year ended March 31, 2013 (April 1, 2012 – March 31, 2013).

Results of Operations

Total consolidated orders for the Kurita Group in the fiscal year ended March 31, 2013 declined 5.3% from the level of the previous fiscal year, to 186,741 million yen, and net sales declined 7.0% to 180,143 million yen. Operating income was 20,989 million yen, down 28.6% versus the previous fiscal year, and ordinary income was 22,046 million yen, down 27.4%. Net income amounted to 11,476 million yen, down 30.7%.

During the fiscal year ended March 31, 2013, the Japanese economy continued to face a challenging environment, despite continued demand generated by the recovery from the Great East Japan Earthquake, with slower growth in exports and capital investments due to the decelerating world economy, along with declining consumer spending, concerns about electricity supply, and the continued appreciation of the yen. Although the economic growth of China and other Asian countries continued, fears of a global economic slowdown mounted, given fiscal insecurity in Europe and the slow recovery in the United States imposed by fiscal restraint.

The markets in which the Kurita Group operates remained challenging throughout the fiscal year. In Japan, both capital spending and capacity utilization at plants stayed low, as the elimination and consolidation of production bases and the trend of transferring operations overseas continued in the manufacturing industry, the main source of customers for the Group. Overseas, the operating environment also remained harsh, as demand declined with the slower economic growth in China and the prolonged stagnation of the European economy, in addition to the emergence of movements to postpone and scale down large capital investments in the electronics industry in East Asia.

In this environment, the Kurita Group took steps to increase its market share in Japan and expand overseas business by maximizing its combined strength in water treatment chemicals, water treatment facilities and maintenance services. Particularly overseas, the Company injected management resources in growing areas and industry sectors with a targeted approach focused mainly on Asia, by setting up operating bases and strengthening its human resources. However, the Group was unable to increase earnings sufficiently and suffered falls in orders, sales and profits from the previous fiscal year.

Segment Information

Water Treatment Chemicals

Total Group orders for the Water Treatment Chemicals segment were 56,040 million yen, down 1.2% versus the fiscal year ended March 31, 2012, while sales fell 0.6%, to 56,091 million yen. Operating income was down 10.1% to 8,334 million yen.

In Japan, although process treatment chemicals for the steel industry and reverse osmosis membranes saw increased orders and sales, demand for mainstay cooling water treatment chemicals and waste water treatment chemicals was down, mainly due to the elimination and consolidation of customer plants and falling capacity utilization.

Overseas, both orders and sales declined in Europe, where economies remained stagnant, but the performance was strong in Asia, especially in China and Thailand. Overall, both orders and sales rose.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 130,700 million yen, down 7.0% versus the previous fiscal year, sales declined 9.7%, to 124,052 million yen, and operating income fell 37.2%, to 12,641 million yen.

In the electronics industry, both orders and sales declined in the ultrapure water supply business, water treatment facilities and maintenance services in Japan, reflecting the restructuring of manufacturing plants among major customers and lower capacity utilization rates. Overseas, while some customers postponed or scaled back capital investments, sales of water treatment facilities for the semiconductors and LCD panel industries in Asia increased.

In general industries, although orders for and sales of water treatment facilities for the steel and the food industries increased, water treatment facilities for the electric power industry, soil remediation services and maintenance services posted declining orders and sales due to a fall in earthquake recovery-related demand and lower capacity utilization at customer plants.

Outlook for the Fiscal Year Ending March 31, 2014

For the full fiscal year ending March 31, 2014, the Group forecasts 191,000 million yen in net sales (up 6.0% year on year), 23,500 million yen in operating income (up 12.0%), 24,000 million yen in ordinary income (up 8.9%) and 14,000 million yen in net income (up 22.0%).

While the Japanese economy is expected to recover moderately after the middle of the fiscal year ending March 31, 2014, backed by the improving export environment associated with the weakening of the yen since the end of the last year, monetary easing by the Bank of Japan and fiscal spending, we expect that it will still take time for capital investment and capacity utilization to recover in the manufacturing industry, the main customer of the Group. Capital spending is expected to concentrate on improving production efficiency to increase competitiveness, with spending on new construction and capacity increases likely to remain low.

We expect that although economic growth will decelerate in China and Southeast Asia, demand for water treatment that will contribute to productivity improvement and the decline in the environmental burden will continue to rise. We also expect that business opportunities will increase in Europe and the United States where the water treatment market is large, despite their uncertain economic outlook, and in other overseas regions where a certain level of economic growth is expected.

In this environment, the Kurita Group will further strengthen its operating base in Japan and accelerate the expansion of overseas business by launching highly competitive products and services for growth areas and industrial sectors. We recognize that attaining the business plan for fiscal 2013 is vital to achieving the medium-term management plan Take Action 2014, TA-14.

Outlook by Segment

Water Treatment Chemicals

The Kurita Group will increase sales and improve profitability by bolstering sales activities, mainly in China and Southeast Asia. It will do this by specifying products and services for sales expansion in a focused manner for growing industries.

In Japan, the Group will continue to make efforts to receive orders steadily from existing customers by better tailoring our offerings to local needs. It will seek to bolster its competitiveness and increase market share by focusing on consultative sales to help customers resolve the issues they confront.

Water Treatment Facilities

The Kurita Group will propose solutions that reduce the environmental burden and improve productivity by drilling them down in cooperation with overseas subsidiaries with a major emphasis on markets in China, South Korea, Taiwan and Southeast Asia.

In Japan, the Group will focus on general industries such as the pharmaceutical and food sectors that are less susceptible to the business cycle and will step up efforts for new markets such as renewable energy and resources.

Financial Condition

Assets, liabilities and net assets

Current assets totaled 146,874 million yen at the end of the fiscal year (March 31, 2013), an increase of 1,889 million yen from the end of the previous fiscal year (March 31, 2012).

This increase was mainly due to an increase of 14,137 million yen in cash and deposits, partially offset by decreases of 4,032 million yen in trade accounts receivable and 6,500 million yen in marketable securities. The increase in cash and deposits and the decrease in marketable securities was mainly the result of decreased investment in negotiable certificates, which are treated as marketable securities. The decrease in trade accounts receivable was the result of a decrease in sales in the second half of the fiscal year (particularly in the fourth quarter).

Noncurrent assets totaled 116,705 million yen at the end of the fiscal year, a decline of 9,451 million yen from the end of the previous fiscal year. The decline was mainly due to an 11,548 million yen decrease in property, plant and equipment offsetting a 2,162

million yen increase in investment and other assets. The decrease in property, plant and equipment was the result of depreciation on past years' investments in ultrapure water supply business facilities exceeding current-year capital expenditure in the fiscal year, the sale of some ultrapure water supply business facilities owned by the Company, and an impairment loss in relation to the relocation of the head office. The increase in investment and other assets was the result of an increase in unrealized gains on investment securities due to the recovery of share prices after the posting of a valuation loss of 2,343 million yen on investment securities in the second quarter.

Current liabilities totaled 35,415 million yen at the end of the fiscal year, a decline of 6,943 million yen from the end of the previous fiscal year. The change was principally the result of decreases of 3,098 million yen in trade accounts payable and 4,536 million yen in income taxes payable. The decrease in trade accounts payable was due to slower production activities associated with lower sales in the second half of the fiscal year, as mentioned above. The decline in income taxes payable was due to a fall in income before income taxes and minority interests.

Noncurrent liabilities totaled 19,046 million yen at the end of the fiscal year, a slight increase of 265 million yen from the end of the previous fiscal year.

Net assets totaled 209,118 million yen at the end of the fiscal year, a decline of 884 million yen from the end of the previous fiscal year. This mainly reflected a 12,217 million yen increase in treasury stock through a tender offer, a 6,266 million yen increase in retained earnings resulting from the posting of 11,476 million yen in net income which exceeded dividend payments in the previous fiscal year and interim dividend payments in the fiscal year of 5,193 million yen, and a 3,827 million yen increase in unrealized gains on available-for-sale securities owing to an increase in unrealized gains on investment securities, as mentioned above.

Cash Flows

Consolidated net cash and cash equivalents at the end of the fiscal year (March 31, 2013) totaled 33,313 million yen, an increase of 13,487 million yen from the end of the previous fiscal year (March 31, 2012). 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, 2013 totaled 27,276 million yen, a decrease of 1,006 million yen from the previous fiscal year. Inflows from income before income taxes and minority interests (19,776 million yen), depreciation and amortization (15,054 million yen) and a decrease in trade notes and accounts receivable (5,686 million yen) were partially offset by a decrease in trade notes and accounts payable (4,005 million yen) and income taxes paid (13,152 million yen).

Cash Flows from Investing Activities

Net cash provided by investing activities totaled 4,268 million yen, an increase of 17,775 million yen from the previous fiscal year. Inflows from withdrawals from time deposits (net of deposits) totaling 7,896 million yen and proceeds from the sale of

property, plant and equipment totaling 3,356 million yen were partially countered by outflows for investments in marketable securities (net of sale and redemptions of the same) totaling 2,000 million yen and for the acquisition of property, plant and equipment totaling 5,048 million yen, including capital expenditures for ultrapure water supply business during the year.

Cash Flows from Financing Activities

Net cash used in financing activities totaled 18,561 million yen, an increase of 12,954 million yen from the previous fiscal year. The main cash outflows from financing activities were the purchase of treasury stock of 12,216 million yen and cash dividends paid of 5,241 million yen.

Dividend Policy and Dividends for the Fiscal Year ended March 31, 2013 and the Fiscal Year ending March 31, 2014

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 21 yen per share for the fiscal year ended March 31, 2013, 1 yen more than the previous year-end dividend. Combined with the interim dividend of 21 yen per share (1 yen more than the previous interim dividend), the annual dividend comes to 42 yen per share, 2 yen higher than the previous fiscal year's annual dividend.

For the fiscal year ending March 31, 2014, Kurita Water Industries plans to pay an interim dividend of 22 yen per share and a yearend dividend of 22 yen per share, for an annual dividend of 44 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, 2013.

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 Kurita Group has been working on its TA-14 three-year medium-term management plan based on the theme of "Execution and Evolution" since April 2012. 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 Group has revised the plan's targets for the final year of TA-14 (the fiscal year ending March 2015) in consideration of changes in the operating environment as follows:

	Consolidated
Orders	¥210 billion
Net Sales	¥205 billion
Operating income	¥30.0 billion
Ordinary income	¥30.5 billion
Net income	¥18.5 billion

(3) Issues to be addressed

The Kurita Group aims to evolve into a corporate group capable of competing successfully in the international market, aiming to achieve sustainable growth by creating a driving force unique to the Group with the reinforcement and amalgamation of the three functions of water treatment chemicals, water treatment facilities and maintenance services in the medium-term management plan TA-14.

In the fiscal year ended March 2013, the plan's targets were missed amid a challenging market environment. The performance of overseas business, a focus for the Group, ended with only a slight increase, and profitability in each business has also been declining. Viewing the restoration of profitability as an urgent task, we will take the key steps described below, aiming to achieve sustainable growth accompanied by earnings strength.

- 1) Accelerating the expansion of overseas business by reinforcing and amalgamating the three functions of water treatment chemicals, water treatment facilities and maintenance services.

The Group will accelerate the speed at which it develops technologies and products tailored to local needs by identifying the demands of key overseas markets. We will provide comprehensive water treatment solutions by bolstering cooperation between companies and the segments of water treatment chemicals, water treatment facilities and maintenance services.

- 2) Reducing overall costs while improving the quality of the products, technologies and services we provide

In the Water Treatment Chemicals segment, we will develop a system to quickly resolve the issues confronting customers with an array of products, technologies and services that can visualize the treatment effect. In the Water Treatment Facilities segment, we will provide high cost performance facilities based on comprehensive quality control and cost cutting. We will also review purchase costs and expenses and apply the results horizontally to Group companies.

- 3) Working to develop products and establish a business model to accelerate the expansion of overseas business and create new businesses

We will seek to rapidly develop highly competitive products for targeted overseas and growing markets. We will also focus on developing renewable energy technology using anaerobic effluent treatment and wastewater reclamation technology aiming to create a new business model.

Financial Statements — Consolidated

Balance Sheet — Consolidated

	As of March 31, 2012	(Million yen) As of March 31, 2013
	Amount	Amount
Assets		
Current assets		
Cash and deposits	28,902	43,039
Notes receivable - trade	7,045	6,108
Accounts receivable - trade	59,311	55,279
Marketable securities	40,500	34,000
Finished products	1,598	1,445
Work in process	2,715	2,238
Raw materials and supplies	1,209	1,191
Deferred tax assets	2,294	1,956
Other	1,466	1,719
Allowance for doubtful accounts	(58)	(104)
Total current assets	144,985	146,874
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	65,368	59,982
Accumulated depreciation	(36,277)	(35,612)
Buildings and structures (net)	29,090	24,370
Machinery, equipment and vehicles	92,180	87,994
Accumulated depreciation	(47,298)	(51,690)
Machinery, equipment and vehicles (net)	44,882	36,304
Land	13,962	13,984
Leased assets	7,808	8,183
Accumulated depreciation	(1,434)	(1,924)
Leased assets (net)	6,374	6,258
Construction in progress	2,362	4,074
Other	11,237	11,368
Accumulated depreciation	(9,541)	(9,540)
Other (net)	1,696	1,828
Total property, plant and equipment	98,368	86,820
Intangible fixed assets		
Software	1,233	1,315
Other	450	304
Total intangible fixed assets	1,683	1,619
Investments and other assets		
Investment securities	16,161	18,752
Deferred tax assets	8,035	7,738
Other	2,246	2,015
Allowance for doubtful accounts	(339)	(241)
Total investments and other assets	26,103	28,265
Total noncurrent assets	126,156	116,705
Total assets	271,141	263,580

	As of March 31, 2012	(Million yen) As of March 31, 2013
	Amount	Amount
Liabilities		
Current liabilities		
Notes payable - trade	1,701	1,451
Accounts payable - trade	19,620	16,522
Accounts payable - other / Accrued expenses	6,237	6,857
Income taxes payable	7,045	2,509
Accrued employees' bonuses	2,427	2,362
Provision for product warranties	1,007	774
Other	4,317	4,937
Total current liabilities	42,358	35,415
Noncurrent liabilities		
Lease obligations	6,191	6,020
Deferred tax liabilities related to revaluation	1,303	1,303
Accrued employees' retirement benefits	10,335	10,835
Accrued retirement benefits for directors and corporate auditors	168	165
Other	782	721
Total noncurrent liabilities	18,781	19,046
Total liabilities	61,139	54,462
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Capital surplus	11,426	11,426
Retained earnings	196,541	202,807
Treasury stock	(9,642)	(21,859)
Total shareholders' equity	211,776	205,826
Accumulated other comprehensive income		
Unrealized gains on available-for-sale securities	252	4,079
Unrealized gains (losses) on revaluation of land	(564)	(564)
Foreign currency translation adjustments	(2,572)	(1,469)
Total accumulated other comprehensive income	(2,884)	2,045
Minority interests		
	1,110	1,246
Total net assets	210,002	209,118
Total liabilities and net assets	271,141	263,580

Statements of Income and Comprehensive Income — Consolidated

Statement of Income

	(Million yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
	Amount	Amount
Net sales	193,792	180,143
Cost of sales	127,905	121,047
Gross profit	65,886	59,096
Selling, general and administrative expenses		
Directors' and corporate auditors' compensations, salaries and allowances	14,394	14,895
Provision for bonuses	1,378	1,368
Retirement benefit expenses	987	1,079
Traveling and transportation expenses	2,633	2,675
Research and development expenses	4,232	4,362
Other	12,877	13,726
Total Selling, general and administrative expenses	36,503	38,106
Operating income	29,382	20,989
Non-operating income		
Interest income	141	153
Dividend income	354	348
Equity in earnings of unconsolidated subsidiaries and affiliates	328	348
Other	394	457
Total non-operating income	1,219	1,307
Non-operating expenses		
Interest expense	88	78
Loss on disposal of noncurrent assets	27	49
Other	116	122
Total non-operating expenses	232	250
Ordinary income	30,369	22,046
Extraordinary income		
Gain on sales of noncurrent assets	139	1,051
Gain on sales of investment securities	-	403
Gain on discontinuation of approved retirement annuity system (closed-type)	-	137
Total extraordinary income	139	1,592
Extraordinary losses		
Impairment losses	173	1,108
Provision for building demolition expenses	-	410
Valuation loss on investment securities	608	2,343
Disaster losses and disaster recovery expenses	49	-
Total extraordinary losses	831	3,861
Income before income taxes and minority interests	29,676	19,776
Income taxes		
Current	12,750	8,660
Deferred	292	(452)
Total income taxes	13,042	8,208
Income before minority interests	16,634	11,568
Minority interests in earnings of consolidated subsidiaries	86	92
Net income	16,548	11,476

Statement of Comprehensive Income

	Year ended March 31, 2012	(Million yen) Year ended March 31, 2013
	Amount	Amount
Income before minority interests	16,634	11,568
Other comprehensive income		
Unrealized gains on available-for-sale securities	(370)	3,824
Unrealized gains (losses) on revaluation of land	184	-
Foreign currency translation adjustments	(564)	1,069
Share of other comprehensive income of associates accounted for using equity method	(35)	133
Total other comprehensive income	(785)	5,027
Comprehensive income	15,848	16,595
Components:		
Comprehensive income attributable to owners of the parent company	15,796	16,406
Comprehensive income attributable to minority interests	52	189

Statement of Changes in Shareholders' Equity — Consolidated

(Million yen)

	Year ended March 31, 2012	Year ended March 31, 2013
	Amount	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	184,954	196,541
Change during period		
Dividend from surplus	(4,939)	(5,193)
Other	(5)	(16)
Net income	16,548	11,476
Reversal of unrealized gains (losses) on revaluation of land	(15)	(0)
Total change during period	11,587	6,266
Balance as of end of the fiscal year	196,541	202,807
Treasury stock		
Balance as of beginning of the fiscal year	(9,640)	(9,642)
Change during period		
Purchase of treasury stock	(2)	(12,216)
Total change during period	(2)	(12,216)
Balance as of end of the fiscal year	(9,642)	(21,859)
Total shareholders' equity		
Balance as of beginning of the fiscal year	200,191	211,776
Change during period		
Dividend from surplus	(4,939)	(5,193)
Other	(5)	(16)
Net income	16,548	11,476
Purchase of treasury stock	(2)	(12,216)
Reversal of unrealized gains (losses) on revaluation of land	(15)	(0)
Total change during period	11,585	(5,950)
Balance as of end of the fiscal year	211,776	205,826

	(Million yen)	
	Year ended March 31, 2012	Year ended March 31, 2013
	Amount	Amount
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities		
Balance as of beginning of the fiscal year	623	252
Change during period		
Net change in items other than shareholders' equity during period	(370)	3,826
Total change during period	(370)	3,826
Balance as of end of the fiscal year	252	4,079
Unrealized gains (losses) on revaluation of land		
Balance as of beginning of the fiscal year	(764)	(564)
Change during period		
Net change in items other than shareholders' equity during period	199	0
Total change during period	199	0
Balance as of end of the fiscal year	(564)	(564)
Foreign currency translation adjustments		
Balance as of beginning of the fiscal year	(2,006)	(2,572)
Change during period		
Net change in items other than shareholders' equity during period	(565)	1,103
Total change during period	(565)	1,103
Balance as of end of the fiscal year	(2,572)	(1,469)
Total accumulated other comprehensive income		
Balance as of beginning of the fiscal year	(2,148)	(2,884)
Change during period		
Net change in items other than shareholders' equity during period	(736)	4,930
Total change during period	(736)	4,930
Balance as of end of the fiscal year	(2,884)	2,045
Minority interests		
Balance as of beginning of the fiscal year	1,308	1,110
Change during period		
Net change in items other than shareholders' equity during period	(198)	135
Total change during period	(198)	135
Balance as of end of the fiscal year	1,110	1,246
Total net assets		
Balance as of beginning of the fiscal year	199,351	210,002
Change during period		
Dividend from surplus	(4,939)	(5,193)
Other	(5)	(16)
Net income	16,548	11,476
Purchase of treasury stock	(2)	(12,216)
Reversal of unrealized gains (losses) on revaluation of land	(15)	(0)
Net change in items other than shareholders' equity during period	(934)	5,065
Total change during period	10,650	(884)
Balance as of end of the fiscal year	210,002	209,118

Statement of Cash Flows — Consolidated

	Year ended March 31, 2012	(Million yen) Year ended March 31, 2013
	Amount	Amount
Cash flows from operating activities		
Income before income taxes and minority interests	29,676	19,776
Depreciation and amortization	16,035	15,054
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(328)	(348)
Increase (decrease) in allowance for employees' retirement benefits	415	464
Increase (decrease) in other allowances	85	(379)
Interest and dividend income	(495)	(501)
Interest expense	88	78
Other non-operating (income) losses	(212)	(226)
Other extraordinary (income) losses	51	272
(Gains) losses on sale/disposal of property, plant and equipment	(108)	(1,000)
Impairment loss	173	1,108
(Gains) losses on sale of investment securities	1	(403)
Valuation (gain) loss on investment securities	608	2,343
(Increase) decrease in notes and accounts receivable - trade	(13,545)	5,686
(Increase) decrease in inventories	(135)	808
(Increase) decrease in other current assets	285	(76)
Increase (decrease) in notes and accounts payable - trade	5,448	(4,005)
Increase (decrease) in other current liabilities	847	582
Other	12	176
Sub-total	38,907	39,409
Interest and dividend received	693	730
Other proceeds	281	474
Interest paid	(89)	(73)
Other payments	(163)	(113)
Income taxes paid	(11,346)	(13,152)
Net cash provided by (used in) operating activities	28,282	27,276
Cash flows from investing activities		
Deposits into time deposit accounts	(38,988)	(15,534)
Withdrawals from time deposits	45,596	23,430
Payments for purchases of marketable securities	(69,000)	(76,500)
Proceeds from sale and redemption of marketable securities	57,000	74,500
Payments for purchases of property, plant and equipment	(7,460)	(5,048)
Proceeds from sale of property, plant and equipment	262	3,356
Payments for purchases of investment securities	(10)	(10)
Proceeds from sale and redemption of investment securities	1	617
Other payments	(1,184)	(755)
Other proceeds	276	213
Net cash provided by (used in) investing activities	(13,507)	4,268

	Year ended March 31, 2012	(Million yen) Year ended March 31, 2013
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(166)	(494)
Proceeds from long-term loans payable	46	58
Repayment of long-term loans payable	-	(89)
Repayment of finance lease obligations	(507)	(579)
Purchase of treasury stock	(2)	(12,216)
Cash dividends paid	(4,936)	(5,192)
Cash dividends paid to minority shareholders	(41)	(49)
Net cash provided by (used in) financing activities	(5,607)	(18,561)
Effect of exchange rate changes on cash and cash equivalents	(176)	503
Net increase (decrease) in cash and cash equivalents	8,991	13,487
Cash and cash equivalents at the beginning of the period	10,834	19,825
Cash and cash equivalents at the end of the period	19,825	33,313

Notes to Consolidated Financial Statements

(Concerning consolidated statement of income)

Impairment Loss

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

The Group has booked an impairment loss for the following asset group.

Use	Category	Location	Impairment loss
Idle assets	Buildings and structures, etc.	Tokyo, Shinjuku Ward	1,094 million yen
Idle assets	Land	Aichi, Ichinomiya City	13 million yen

(Background to recognition of impairment losses)

In the fiscal year under review, the land, buildings and structures, etc. of the former head office of the Company (Shinjuku Ward, Tokyo) became idle assets as a result of the relocation of the head office. Of these assets, the Company recognized an impairment loss for the buildings and structures, etc. as because of aging and other factors it was deemed that their book value could not be recovered.

For land in Ichinomiya City, Aichi, the Company recognized an impairment loss for the following reasons: it became idle, its future use was not yet determined, and the market price of land had fallen significantly.

(Amount of impairment loss)

For the group of assets for which an impairment loss was recognized, the Company reduced their book values to their recoverable values and recorded the amount of reductions as an impairment loss of 1,108 million yen under extraordinary losses.

(Categorization method of assets)

The Kurita Group categorizes business assets by type of business structure, and leased assets and idle assets by individual property type.

(Calculation method of recoverable value)

The recoverable value of idle assets for which an impairment loss was recognized in the fiscal year under review was measured by their net sales value. For buildings and structures, etc., the recoverable value was measured by reducing it to the residual value of 1 yen as it was deemed that their book value could not be recovered. For land, the recoverable value was measured by the real estate appraisal standard.

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

	Reportable segment			Adjustments (see note)	(Million yen) Amounts reported on the statements of income
	Water Treatment Chemicals	Water Treatment Facilities	Total		
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

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

	Reportable segment			Adjustments (see note)	(Million yen) Amounts reported on the statements of income
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Sales					
(1) Sales to outside customers	56,091	124,052	180,143	-	180,143
(2) Inter-segment sales and transfers	287	188	476	(476)	-
Total	56,378	124,241	180,619	(476)	180,143
Segment income	8,334	12,641	20,975	13	20,989
Segment assets	34,647	143,772	178,419	85,161	263,580
Segment liabilities	16,589	37,983	54,573	(111)	54,462
Other amounts					
Depreciation	1,369	13,684	15,054	-	15,054
Impairment loss	-	-	-	1,108	1,108
Change in property, plant and equipment and intangible fixed assets	1,458	5,230	6,688	-	6,688

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 72,932 million yen at March 31, 2012 and 85,272 million yen at March 31, 2013.
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, 2013. This had no effect on the reportable segments.

Related information

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

(Million 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

(Million yen)

Name of customer	Sales	Name of transacting segment
Sharp Corporation	28,792	Water Treatment Facilities

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

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

(Million yen)

Japan	Asia	North America	Europe	Other	Total
149,670	23,898	2,349	1,196	3,028	180,143

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

(Million yen)

Name of customer	Sales	Name of transacting segment
Sharp Corporation	25,684	Water Treatment Facilities

Information on impairment of reportable segments' noncurrent assets

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.

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

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

(Million yen)

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

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

(Million yen)

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

Information on negative goodwill

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

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

Year ended March 31, 2013 (April 1, 2012 - March 31, 2013)

Not applicable

Per Share Information

	Year ended March 31, 2012	Year ended March 31, 2013
Net assets per share	1,649.24 yen	1,744.41 yen
Net income per share	130.65 yen	92.43 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.

	(Million yen unless otherwise stated)	
	As of March 31, 2012	As of March 31, 2013
Total net assets	210,002	209,118
Amount deducted from total net assets	1,110	1,246
(Those with minority interests)	(1,110)	(1,246)
Net assets attributed to common stock	208,891	207,871
Number of common stock used in calculation of net assets per share (shares)	126,659,417	119,164,789

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

	(Million yen unless otherwise stated)	
	Year ended March 31, 2012	Year ended March 31, 2013
Net income	16,548	11,476
Amount not attributed to common stockholders	-	-
Net income attributed to common stock	16,548	11,476
Average number of shares outstanding (shares)	126,659,779	124,160,885

Significant Subsequent Events

Not applicable

Supplementary Information - Consolidated

(1) Net Sales

(Million yen)

Business segment	Year ended March 31,			
	2012		2013	
	Amount	%	Amount	%
Water Treatment Chemicals	56,443	29.1	56,091	31.1
Water Treatment Facilities	137,348	70.9	124,052	68.9
Total	193,792	100.0	180,143	100.0

(2) Order Intake and Backlog

(Million yen)

Business segment	Year ended March 31,				
	2012		2013		
	Amount	%	Amount	%	
Order Intake	Water Treatment Chemicals	56,748	28.8	56,040	30.0
	Water Treatment Facilities	140,507	71.2	130,700	70.0
	Total	197,256	100	186,741	100.0
Order Backlog	Water Treatment Chemicals	3,931	7.1	3,876	6.3
	Water Treatment Facilities	51,394	92.9	58,048	93.7
	Total	55,326	100.0	61,924	100.0

(3) Production Results

(Million yen)

Business segment	Year ended March 31,			
	2012		2013	
	Amount	%	Amount	%
Water Treatment Chemicals	56,454	29.0	56,106	31.2
Water Treatment Facilities	137,934	71.0	123,704	68.8
Total	194,389	100.0	179,811	100.0

Note: The amounts were based on sales amounts.

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

(Million yen)

Business segment	Year ended March 31,			
	2012		2013	
	Amount	%	Amount	%
Water Treatment Chemicals	1,311	17.0	1,242	20.3
Water Treatment Facilities	6,409	83.0	4,866	79.7
Total	7,721	100.0	6,108	100.0

(5) Depreciation (Property, Plant and Equipment)

(Million yen)

Business segment	Year ended March 31,			
	2012		2013	
	Amount	%	Amount	%
Water Treatment Chemicals	1,186	7.7	1,114	7.7
Water Treatment Facilities	14,223	92.3	13,378	92.3
Total	15,410	100.0	14,493	100.0