

FOR IMMEDIATE RELEASE

Kurita Water Industries Reports Earnings for the Fiscal Year ended March 31, 2016

Tokyo, Japan, April 28, 2016 - Kurita Water Industries Ltd. (TSE Securities Code 6370) announced net sales of 214,372 million yen and net income attributable to owners of parent of 12,577 million yen, or 108.24 yen per share, for the year ended March 31, 2016 (April 1, 2015 – March 31, 2016).

Results of Operations

Total consolidated orders for the Kurita Group in the fiscal year ended March 31, 2016 rose 22.1% from the level of the previous fiscal year, to 221,273 million yen, and net sales increased 13.2%, to 214,372 million yen. Retirement benefit expenses in selling, general and administrative expenses rose 884 million yen chiefly due to the effect of a change in the discount rate used in the calculation of retirement benefit obligations associated with a decline in interest rates in the latter half of the fiscal year, but operating income rose 2.0% versus the previous fiscal year, to 19,833 million yen. Ordinary income was 20,439 million yen, up 7.9%. Net income attributable to owners of parent amounted to 12,577 million yen, up 20.5%. Because of the consolidation of Kurita Europe APW GmbH (KEAG) and its subsidiaries, consolidated orders and net sales of the Group and the Water Treatment Chemicals segment rose 21,633 million yen, but consolidated operating income declined 1,169 million yen. The decline in operating income was principally attributable to the posting of the amortization of the goodwill and technology-related assets acquired in association with the business acquisition and a temporary rise in expenses associated with a review of the initial allocation of the cost of the business acquisition.

During the fiscal year ended March 31, 2016, there was uncertainty over the outlook for the global economy, given a slowdown in growth in China and other emerging economies in Asia and a fall in crude oil prices. However, the U.S. and European economies continued to recover, mainly thanks to an improvement in employment and domestic demand, and the global economy overall grew moderately.

Although corporate profit was stable in Japan, the economic recovery was slow, given weak consumer spending, sluggish growth in exports associated with slowing overseas economies, and a stronger yen in the second half of the fiscal year.

Looking at the market environment surrounding Kurita Group (Kurita Water Industries Ltd. and its consolidated subsidiaries and equity method affiliates), in Japan, production in the manufacturing industry remained roughly flat, but there were signs of recovery in capital expenditure on the back of strong corporate earnings. Overseas, demand for water treatment grew in East Asia and Southeast Asia.

In this environment, the Group started to implement the three-year medium-term management plan CK-17 (Competitive Kurita 2017). In the medium-term management plan, the Group aims to evolve into a strong corporate group capable of competing successfully in the international market. In the first year of the plan, the fiscal year ended March 31, 2016, the Group focused on improving profitability by expanding overseas operations and thoroughly controlling costs.

To expand overseas operations, the Group sought to integrate KEAG, which has become part of the Group following the acquisition of businesses in Europe, and took

steps to create synergies early, supplying competitive products to each other. In Asia, where the Group has been achieving results steadily, and started the first ultrapure water supply business for foreign companies in South Korea.

The Group improved profitability to some degree by facilitating cooperation between the sales and production divisions and carefully controlling costs in each project. To create competitive products and services, the Group launched new services, combining its expertise in three businesses: the water treatment chemicals business, water treatment facilities business, and maintenance services. The Group focused on proposing solutions to customers' challenges, including environmental load reduction, energy saving, and an improvement in productivity.

Segment Information

Water Treatment Chemicals

Total Group orders for the Water Treatment Chemicals segment were 83,440 million yen, up 40.6% versus the fiscal year ended March 31, 2015, while sales rose 39.5%, to 83,680 million yen. Operating income was down 17.9% to 6,467 million yen.

In Japan, the Group took steps to gain new customers, and both orders and sales rose for wastewater treatment chemicals and process treatment chemicals for petroleum refining. However, saw decreased orders and sales, chiefly reflecting a moderate recovery in capacity utilization at customers' plants, and overall orders and sales in Japan remained flat.

Overseas, orders and sales increased significantly due to the addition of new customers especially in China and Southeast Asia and the consolidation of the KEAG subsidiaries.

Income in the overall segment declined due to the posting of the amortization of the goodwill and technology-related assets associated with the consolidation of the KEAG Group and temporary expenses associated with a review of the initial allocation of the cost of the business acquisition.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 137,832 million yen, up 13.0% versus the previous fiscal year. Sales rose 1.0%, to 130,692 million yen. Operating income climbed 15.6%, to 13,366 million yen.

In Japan, orders and sales in the water treatment facilities business and maintenance services for the electronics industry rose, reflecting high capacity utilization at plants manufacturing electronic components for smartphones. Orders and sales in the ultrapure water supply business declined slightly due to a fall resulting from the termination of some contract periods, which was partially offset by revenue from new contracts.

In general industries, orders in the water treatment facilities business rose, reflecting orders for dry methane fermentation facilities for recycling waste materials and wastewater treatment facilities in the food industry, but sales declined chiefly due to delays in progress in construction in projects. Orders and sales in maintenance services were affected by a reactionary fall following projects in the previous fiscal year, but nonetheless increased thanks to orders through proposals of solutions to customers' challenges. Orders for and sales of water treatment facilities for electric power rose. Orders for soil remediation services declines, but sales rose due to the posting of sales from projects for which orders were received in the previous fiscal year.

Overseas, orders rose significantly, chiefly reflecting large-scale projects in the electronics industry in China, Taiwan, and South Korea, but sales fell due to the completion of the posting of sales from large-scale projects.

Income in the overall segment climbed with the improvement in the cost rate as a result of the strengthening of collaboration among the sales, design, and construction work divisions and the curbing of unprofitable projects.

Outlook for Overall Results, Including Production, Sales, and Profits and Losses

For the full fiscal year ending March 31, 2017, the Group forecasts 222,000 million yen in net sales (up 3.6% year on year), 21,500 million yen in operating income (up 8.4%), 22,000 million yen in ordinary income (up 7.6%), and 14,000 million yen in net income attributable to owners of parent (up 11.3%).

In the fiscal year ending March 31, 2017, uncertainty surrounding the outlook for the global economy is increasing, reflecting expected risks, including slowing growth in China and other emerging economies, a slowdown in the recovery of the U.S. economy, terrorism and refugees in Europe, the escalation of tensions in the Korean Peninsula, and fluctuations in exchange rates and crude oil prices.

In Japan, consumer spending and corporate capital expenditures are expected to be stimulated by a reduction in the corporate tax, an improvement in wages and employment, and the government and the Bank of Japan's pump-priming measures and monetary policies. However, the Japanese economy will be susceptible to global economic trends. We expect that companies will take a cautious stance towards capital expenditures, assessing the situation of the global economy.

In this environment, the Group aims to expand its businesses, leveraging its advantage of possessing expertise in three businesses—the water treatment chemicals business, water treatment facilities business, and maintenance services—and creating new competitive products and technologies using the Group's comprehensive strength, including synergies with the acquired businesses. The Group will review its business strategies and production systems for each market and product and will work to improve profitability by improving efficiency in the allocation of management resources.

Outlook by Segment

Water Treatment Chemicals

The Kurita Group will strengthen education for human resources, especially sales and technical staff in each country, to help them develop and will work to expand sales of competitive products. It will seek to expand synergies with the acquired businesses in Europe. The Group will aim to grow sales and increase earnings power primarily in overseas markets, strengthening business structures in each country and region.

In Japan, the Group will strive to make effective use of customer information using IT and promote proposals. It will focus on new cost competitive products and sales and technical staff in promising markets to expand market share and rebuild a stable revenue base.

Water Treatment Facilities

The Group will act to provide products and services that will meet the needs of the market and customers and will make the most suitable proposals to customers promptly by making effective use of customer information using IT.

Overseas, the Group will seek to enhance the sales, design, and construction capabilities

of the local staff and production systems at its overseas Kurita Group companies, optimize quality and cost, and expand operations through the overseas Kurita Group companies.

Financial Condition

Current assets totaled 150,546 million yen at the end of the fiscal year (March 31, 2016), an increase of 1,579 million yen from the end of the previous fiscal year (March 31, 2015). This increase was primarily attributable to an increase of 3,742 million yen in accounts receivable-trade, which outweighed a decrease of 1,556 million yen in cash reserves, that is, cash and deposits and marketable securities. The increase in accounts receivable-trade was principally the result of a rise in sales in the Water Treatment Facilities business in the latter half of the fiscal year under review, compared with the outcome of a year ago. The decrease in cash reserves was principally the result of the payment of the remaining cost of the acquisition of businesses in Europe.

Noncurrent assets totaled 147,561 million yen at the end of the fiscal year, an increase of 2,036 million yen versus the end of the previous fiscal year. The increase was principally attributable to a 3,355 million yen increase in property, plant and equipment and a 1,656 million yen increase in investments and other assets, which outweighed a 2,975 million yen decrease in intangible fixed assets. The increase in property, plant and equipment was attributable chiefly to new ultrapure water supply projects. The increase in investments and other assets was mainly because of an increase in unrealized gains on investment securities due to rises in the market prices of the shares held by the Group. The decrease in intangible fixed assets chiefly reflected the posting of amortization of goodwill associated with business acquisition in Europe.

Current liabilities totaled 44,407 million yen at the end of the fiscal year, a fall of 3,568 million yen from the end of the previous fiscal year. The fall was mainly attributable to decreases of 2,961 million yen in accounts payable-other, 890 million yen in income taxes payable, and 1,018 million yen in "Other" in current liabilities, which outweighed a 1,891 million yen increase in accounts payable-trade. The decrease in accounts payable-other was mainly due to the settlement of the remaining cost of the acquisition of businesses in Europe. The decrease in "Other" in current liabilities was chiefly attributable to a reduction in advances received in association with the posting of sales.

Noncurrent liabilities totaled 24,735 million yen at the end of the period, an increase of 1,696 million yen versus the end of the previous fiscal year chiefly due to an increase in net defined benefit liability of 1,717 million yen, which resulted chiefly from a change in the discount rate used in the calculation of retirement benefit obligations.

Net assets totaled 228,964 million yen at the end of the period, an increase of 5,486 million yen versus the end of the previous fiscal year primarily due to an increase of 6,117 million yen in shareholders' equity and a decrease of 551 million yen in accumulated other comprehensive income. The main factors for the increase in shareholders' equity were a 7,095 million yen increase in retained earnings mainly due to net income of 12,577 million yen for the fiscal year under review, which exceeded dividend payments of 5,469 million yen, the sum of year-end dividends for the previous fiscal year and interim dividends for the fiscal year under review, and a 990 million yen rise in treasury stock mainly through acquisitions in the market. Accumulated other comprehensive income declined, chiefly reflecting a 2,128 million yen fall in foreign currency translation adjustments due to the stronger yen, which outweighed an increase

of 1,293 million yen in unrealized gains on available-for-sale securities associated with the abovementioned increase in unrealized gains from investment securities.

Cash Flows

Consolidated net cash and cash equivalents at the end of the fiscal year (March 31, 2016) totaled 43,591 million yen, a decrease of 12,084 million yen from the end of the previous fiscal year (March 31, 2015). 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, 2016 totaled 26,582 million yen, an increase of 3,268 million yen from the previous fiscal year. Inflows from income before income taxes (20,411 million yen), depreciation and amortization (14,682 million yen) and an increase in notes and accounts payable-trade (2,293 million yen) were partially offset by an increase in notes and accounts receivable-trade (4,473 million yen) and income taxes paid (8,264 million yen).

Cash Flows from Investing Activities

Net cash used in investing activities totaled 33,172 million yen, a decline of 37,918 million yen from the previous fiscal year. Net cash decreased chiefly due to payments into time deposits (net of withdrawals from time deposits) of 10,138 million yen, payments for purchases of property, plant and equipment totaling 17,693 million yen, including capital expenditures for ultrapure water supply business, and payments for the acquisition of businesses in Europe of 3,857 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities totaled 5,707 million yen, an increase of 8,222 million yen from the previous fiscal year. The main cash outflows were cash dividends paid of 5,551 million yen and the purchase of treasury stock of 990 million yen, which were partially offset by proceeds from long-term loans payable of 1,256 million yen.

Dividend Policy and Dividends for the Fiscal Year ended March 31, 2016 and the Fiscal Year ending March 31, 2017

Kurita Water Industries' basic policy is to provide shareholders with stable dividends. Setting a payout ratio of 30 to 50% as our target, we will continuously work to increase dividends, making decisions based on the payout ratios for the most recent five years to respond flexibly to fluctuations in business performance each year. If there are excess funds after taking into account changes in business performance, business investments, and precautionary funds to prepare for rapid fluctuations in the operating environment, we will take steps to improve capital efficiency and return profits to shareholders including the acquisition of treasury stock, taking the share price into consideration. We intend to pay a year-end dividend of 24 yen per share for the fiscal year ended March 31, 2016, 1 yen more than the previous year-end dividend. Combined with the interim dividend of 24 yen per share (1 yen more than the previous interim dividend), the annual dividend comes to 48 yen per share, 2 yen higher than the previous fiscal year's annual dividend. For the fiscal year ending March 31, 2017, Kurita Water Industries plans to pay an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share, for an annual dividend of 50 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, 2016.

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) 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) Issues to be addressed

The basic policy of CK-17 (Competitive Kurita 2017), a three-year medium-term management plan from the fiscal year ended March 31, 2016, is the "review of all jobs from the ground up to provide customers with high added value." The issues to be addressed to achieve sustainable growth under the management plan are the exertion of the Group's comprehensive strength, improvement in profitability, and the expansion of overseas business.

In the fiscal year ended March 31, 2016, the first year of CK-17, the Group expanded the foundations of the water treatment chemicals business in Europe through the acquisition of businesses. In the water treatment facilities business, the Group improved profitability to a certain degree by carefully controlling costs in each project, primarily in overseas projects.

Consequently, in the fiscal year ending March 31, 2017, the middle year in CK-17, the Group will work on the key initiatives below to resolve the remaining challenges based on the achievements in the first year.

(Focused initiatives)

1) Creation of competitive products and services

We will identify markets where we will be able to achieve growth. We will develop competitive products and services that will meet the needs of the market and customers and will launch them onto the market.

Using advanced analysis methods, we will analyze our customers' water treatment data, which we have gathered using our unique sensing technologies, and will propose the most suitable solutions promptly. We will meet customer needs ahead of our competitors, differentiating ourselves from them.

2) Changing the revenue and cost structure of each business

We will review the revenue and cost structure of each business. In sales, we will identify the needs of the market and customers and will assess our competitive advantage. We will then make business fields to focus on clear. In production, we will strive to improve the accuracy of cost estimates and carry out cost control more thoroughly in each project after receiving the order. In this way, we will improve our earnings strength.

3) Expansion of global synergies

We will seek to expand globally the synergies created through the acquisition of businesses in Europe. Kurita Water Industries, Kurita Europe GmbH (hereinafter "KEG"), and other Group companies will supply excellent products to each other to promote sales in Japan, Europe, and Asia, among other regions. Kurita Water Industries and KEG will combine their research and development capabilities to bring new globally competitive products to market.

(Note) On April 1, 2016, Kurita Europe GmbH and Kurita Europe APW GmbH were merged, and the new company has been named Kurita Europe GmbH. KEG above is the company created through the merger.

Basic concept for the selection of accounting standards

The Kurita Group is considering improvements to the accounting standards of the Group and accounting processing procedures and the timing for applying them in preparation for the application of the International Financial Reporting Standards (IFRS).

Financial Statements — Consolidated

Balance Sheet — Consolidated

	As of March 31, 2015	(Million yen) As of March 31, 2016
	Amount	Amount
Assets		
Current assets		
Cash and deposits	52,497	58,374
Notes receivable – trade	7,513	7,463
Accounts receivable – trade	59,810	63,552
Marketable securities	14,999	7,566
Finished products	3,840	3,130
Work in process	3,078	3,690
Raw materials and supplies	2,561	2,433
Deferred tax assets	1,728	1,652
Other	3,169	2,866
Allowance for doubtful accounts	(233)	(185)
Total current assets	148,967	150,546
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	62,403	61,278
Accumulated depreciation	(43,199)	(45,347)
Buildings and structures (net)	19,203	15,931
Machinery, equipment and vehicles	102,923	109,735
Accumulated depreciation	(73,062)	(77,295)
Machinery, equipment and vehicles (net)	29,860	32,439
Land	13,972	13,941
Leased assets	8,199	8,315
Accumulated depreciation	(2,713)	(3,216)
Leased assets (net)	5,486	5,099
Construction in progress	4,160	8,586
Other	13,362	13,105
Accumulated depreciation	(11,012)	(10,715)
Other (net)	2,350	2,389
Total property, plant and equipment	75,033	78,388
Intangible fixed assets		
Goodwill	17,475	15,114
Software	1,450	1,722
Other	8,250	7,365
Total intangible fixed assets	27,177	24,202
Investments and other assets		
Investment securities	35,678	37,063
Deferred tax assets	4,595	4,232
Other	3,342	3,879
Allowance for doubtful accounts	(302)	(204)
Total investments and other assets	43,314	44,970
Total noncurrent assets	145,525	147,561
Total assets	294,492	298,107

	As of March 31, 2015	(Million yen) As of March 31, 2016
	Amount	Amount
Liabilities		
Current liabilities		
Notes payable – trade	1,650	1,719
Accounts payable – trade	19,169	21,060
Accounts payable – other	9,858	6,897
Income taxes payable	4,595	3,705
Provision for bonuses	2,255	2,365
Provision for loss on construction contracts	1,037	284
Provision for product warranties	784	768
Other	8,624	7,606
Total current liabilities	47,975	44,407
Noncurrent liabilities		
Lease obligations	5,159	4,763
Deferred tax liabilities related to revaluation	1,181	1,119
Provision for directors' retirement benefit	75	57
Net defined benefit liability	13,750	15,467
Other	2,872	3,327
Total noncurrent liabilities	23,039	24,735
Total liabilities	71,014	69,142
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Capital surplus	10,980	10,993
Retained earnings	189,693	196,788
Treasury stock	(7,705)	(8,695)
Total shareholders' equity	206,419	212,536
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	14,768	16,061
Deferred gains (losses) on hedges	66	398
Revaluation reserve for land	(442)	(380)
Foreign currency translation adjustments	1,510	(618)
Remeasurements of defined benefit plans	8	(101)
Total accumulated other comprehensive income	15,911	15,360
Non-controlling interests	1,147	1,067
Total net assets	223,478	228,964
Total liabilities and net assets	294,492	298,107

Statements of Income and Comprehensive Income — Consolidated

Statement of Income

	(Million yen)	
	Year ended March 31, 2015	Year ended March 31, 2016
	Amount	Amount
Net sales	189,398	214,372
Cost of sales	130,509	143,964
Gross profit	58,889	70,407
Selling, general and administrative expenses		
Directors' and corporate auditors' compensations, salaries and allowances	16,064	19,021
Provision for bonuses	1,216	1,318
Retirement benefit expenses	1,117	2,001
Traveling and transportation expenses	2,767	3,023
Research and development expenses	4,397	5,269
Other	13,889	19,939
Total Selling, general and administrative expenses	39,454	50,574
Operating income	19,435	19,833
Non-operating income		
Interest income	241	232
Dividend income	395	478
Equity in earnings of unconsolidated subsidiaries and affiliates	286	145
Other	508	581
Total non-operating income	1,431	1,438
Non-operating expenses		
Interest expense	84	276
Foreign exchange losses	86	102
Acquisition-related costs	1,626	221
Other	134	232
Total non-operating expenses	1,932	832
Ordinary income	18,934	20,439
Extraordinary income		
Gain on sales of non-current assets	-	148
Total extraordinary income	-	148
Extraordinary losses		
Loss on retirement of non-current assets	241	-
Impairment loss	226	-
Loss on liquidation of business	-	176
Total extraordinary losses	467	176
Income before income taxes	18,467	20,411
Income taxes		
Current	7,718	7,027
Deferred	242	626
Total income taxes	7,961	7,654
Net income	10,506	12,757
Profit attributable to non-controlling interests	71	180
Profit attributable to owners of parent	10,434	12,577

Statement of Comprehensive Income

	Year ended March 31, 2015	(Million yen) Year ended March 31, 2016
	Amount	Amount
Net income	10,506	12,757
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	6,916	1,293
Deferred gains (losses) on hedges	66	332
Revaluation reserve for land	121	62
Foreign currency translation adjustments	1,049	(2,113)
Remeasurements of defined benefit plans, net of tax	33	(109)
Share of other comprehensive income of associates accounted for using equity method	115	(86)
Total other comprehensive income	8,303	(621)
Comprehensive income	18,809	12,136
Components:		
Comprehensive income attributable to owners of the parent company	18,688	11,997
Comprehensive income attributable to non-controlling interests	121	138

Statement of Changes in Shareholders' Equity — Consolidated

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal year	13,450	11,426	185,159	(2)	210,034
Cumulative effects of changes in accounting policies			(501)		(501)
Restated balance	13,450	11,426	184,657	(2)	209,532
Change during the period					
Dividend from surplus			(5,362)		(5,362)
Profit attributable to owners of parent			10,434		10,434
Purchase of treasury stock				(7,703)	(7,703)
Changes of equity interest in consolidated subsidiaries		(445)			(445)
Other			(36)		(36)
Net change in items other than shareholders' equity during the period					
Total change during the period	-	(445)	5,035	(7,703)	(3,113)
Balance as of the end of the fiscal year	13,450	10,980	189,693	(7,705)	206,419

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of the beginning of the fiscal year	7,862	-	(564)	384	(25)	7,657	1,461	219,153
Cumulative effects of changes in accounting policies								(501)
Restated balance	7,862	-	(564)	384	(25)	7,657	1,461	218,652
Change during the period								
Dividend from surplus								(5,362)
Profit attributable to owners of parent								10,434
Purchase of treasury stock								(7,703)
Changes of equity interest in consolidated subsidiaries								(445)
Other								(36)
Net change in items other than shareholders' equity during the period	6,905	66	121	1,126	33	8,253	(314)	7,939
Total change during the period	6,905	66	121	1,126	33	8,253	(314)	4,826
Balance as of the end of the fiscal year	14,768	66	(442)	1,510	8	15,911	1,147	223,478

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of the beginning of the fiscal year	13,450	10,980	189,693	(7,705)	206,419
Cumulative effects of changes in accounting policies					
Restated balance	13,450	10,980	189,693	(7,705)	206,419
Change during the period					
Dividend from surplus			(5,469)		(5,469)
Profit attributable to owners of parent			12,577		12,577
Purchase of treasury stock				(990)	(990)
Changes of equity interest in consolidated subsidiaries		12			12
Other			(13)		(13)
Net change in items other than shareholders' equity during the period					
Total change during the period	-	12	7,094	(990)	6,117
Balance as of the end of the fiscal year	13,450	10,993	196,788	(8,695)	212,536

	Accumulated other comprehensive income						Non-controlling interests	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Revaluation reserve for land	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of the beginning of the fiscal year	14,768	66	(442)	1,510	8	15,911	1,147	223,478
Cumulative effects of changes in accounting policies								-
Restated balance	14,768	66	(442)	1,510	8	15,911	1,147	223,478
Change during the period								
Dividend from surplus								(5,469)
Profit attributable to owners of parent								12,577
Purchase of treasury stock								(990)
Changes of equity interest in consolidated subsidiaries								12
Other								(13)
Net change in items other than shareholders' equity during the period	1,293	332	62	(2,129)	(109)	(551)	(79)	(630)
Total change during the period	1,293	332	62	(2,129)	(109)	(551)	(79)	5,486
Balance as of the end of the fiscal year	16,061	398	(380)	(618)	(101)	15,360	1,067	228,964

Statement of Cash Flows — Consolidated

	Year ended March 31, 2015	(Million yen) Year ended March 31, 2016
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	18,467	20,411
Depreciation and amortization	14,863	14,682
Amortization of goodwill	-	1,066
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(286)	(145)
Increase (decrease) in net defined benefit liability	781	1,587
Increase (decrease) in other allowances	(547)	(842)
Interest and dividend income	(636)	(710)
Interest expense	84	276
Other non-operating (income) losses	1,263	(214)
Other extraordinary (income) losses	-	176
(Gains) losses on sale/disposal of property, plant and equipment	231	(74)
Impairment loss	226	-
(Gains) losses on sale of investment securities	(39)	(23)
(Gains) losses on valuation of investment securities	17	20
(Increase) decrease in notes and accounts receivable - trade	(7,674)	(4,473)
(Increase) decrease in inventories	(504)	(249)
(Increase) decrease in other current assets	177	282
Increase (decrease) in notes and accounts payable - trade	1,868	2,293
Increase (decrease) in other current liabilities	1,515	(274)
Other	26	398
Sub-total	29,835	34,189
Interest and dividend received	783	710
Other proceeds	452	581
Interest paid	(84)	(276)
Other payments	(1,738)	(358)
Income taxes paid	(5,934)	(8,264)
Net cash provided by (used in) operating activities	23,314	26,582
Cash flows from investing activities		
Deposits into time deposit accounts	(38,175)	(45,262)
Withdrawals from time deposits	36,844	35,124
Payments for purchases of marketable securities	(45,000)	(9,576)
Proceeds from sale and redemption of marketable securities	88,039	9,000
Payments for purchases of property, plant and equipment	(8,148)	(17,693)
Proceeds from sale of property, plant and equipment	38	156
Payments for purchase of intangible assets	(4,375)	(772)
Proceeds from sale of intangible assets	-	7
Payments for purchases of investment securities	(8)	(8)
Proceeds from sale and redemption of investment securities	32	27
Payments associated with acquisition of business	(24,383)	(3,857)
Other payments	(562)	(388)
Other proceeds	445	72
Net cash provided by (used in) investing activities	4,746	(33,172)

	Year ended March 31, 2015	(Million yen) Year ended March 31, 2016
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	605	339
Proceeds from long-term loans payable	-	1,256
Repayments of long-term loans payable	-	(15)
Repayment of finance lease obligations	(588)	(626)
Purchase of treasury stock	(7,703)	(990)
Proceeds from share issuance to non-controlling shareholders	54	-
Cash dividends paid	(5,362)	(5,474)
Dividends paid to non-controlling interests	(118)	(77)
Purchase of shares of subsidiaries without change in scope of consolidation	(815)	(119)
Net cash provided by (used in) financing activities	(13,929)	(5,707)
Effect of exchange rate changes on cash and cash equivalents	515	154
Net increase (decrease) in cash and cash equivalents	14,647	(12,143)
Cash and cash equivalents at the beginning of the period	41,028	55,675
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	-	59
Cash and cash equivalents at the end of the period	55,675	43,591

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, 2015 (April 1, 2014 - March 31, 2015)

	Reportable segment			Adjustments (see note)	(Million yen)
	Water Treatment Chemicals	Water Treatment Facilities	Total		Amounts reported on the statements of income
Sales					
(1) Sales to outside customers	59,999	129,399	189,398	-	189,398
(2) Inter-segment sales and transfers	377	231	608	(608)	-
Total	60,376	129,631	190,007	(608)	189,398
Segment income	7,877	11,560	19,437	(2)	19,435
Segment assets	79,790	136,391	216,182	78,310	294,492
Segment liabilities	26,653	44,581	71,235	(220)	71,014
Other amounts					
Depreciation	1,406	13,457	14,863	-	14,863
Impairment loss	-	226	226	-	226
Change in property, plant and equipment and intangible fixed assets	5,378	7,486	12,864	-	12,864

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

	Reportable segment			Adjustments (see note)	(Million yen)
	Water Treatment Chemicals	Water Treatment Facilities	Total		Amounts reported on the statements of income
Sales					
(1) Sales to outside customers	83,680	130,692	214,372	-	214,372
(2) Inter-segment sales and transfers	235	158	394	(394)	-
Total	83,916	130,850	214,767	(394)	214,372
Segment income	6,467	13,366	19,834	(0)	19,833
Segment assets	79,365	142,564	221,930	76,176	298,107
Segment liabilities	24,142	45,060	69,202	(59)	69,142
Other amounts					
Depreciation	2,613	12,068	14,682	-	14,682
Impairment loss	-	-	-	-	-
Change in property, plant and equipment and intangible fixed assets	2,434	17,188	19,623	-	19,623

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 78,533 million yen at March 31, 2015 and 76,237 million yen at March 31, 2016.
4. Segment liabilities: Amount resulting from eliminations of inter-segment claims and liabilities.

Related information

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

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	EMEA	Other	Total
150,291	32,061	2,028	1,557	3,460	189,398

Note: Sales are allocated to regions based on the location of the customer to which the products or services are provided. EMEA here stands for Europe, the Middle East and Africa.

(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	26,298	Water Treatment Facilities

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

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	EMEA	Other	Total
150,495	37,778	2,431	20,698	2,970	214,372

Note: Sales are allocated to regions based on the location of the customer to which the products or services are provided. EMEA here stands for Europe, the Middle East and Africa.

(2) Property, plant and equipment

(Million yen)

Japan	Asia	North America	EMEA	Other	Total
68,993	6,790	21	2,038	544	78,388

Note: EMEA here stands for Europe, the Middle East and Africa.

3. Information by major customer

(Million yen)

Name of customer	Sales	Name of transacting segment
Sharp Corporation	23,097	Water Treatment Facilities

Information on impairment of reportable segments' noncurrent assets

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

Not applicable

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

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, 2015 (April 1, 2014 - March 31, 2015)

(Million yen)

	Reportable segment			Elimination or corporate	Total
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Goodwill amortization	-	-	-	-	-
Unamortized balance of goodwill	17,475	-	17,475	-	17,475

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

(Million yen)

	Reportable segment			Elimination or corporate	Total
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Goodwill amortization	1,066	-	1,066	-	1,066
Unamortized balance of goodwill	15,114	-	15,114	-	15,114

Information on negative goodwill

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015)

Not applicable

Year ended March 31, 2016 (April 1, 2015 - March 31, 2016)

Not applicable

Per Share Information

	Year ended March 31, 2015	Year ended March 31, 2016
Net assets per share	1,907.80 yen	1961.30 yen
Net income per share	87.81 yen	108.24 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, 2015	As of March 31, 2016
Total net assets	223,478	228,964
Amount deducted from total net assets (Those with non-controlling interests)	1,147 (1,147)	1,067 (1,067)
Net assets attributed to common stock	222,330	227,896
Number of common stock used in calculation of net assets per share (shares)	116,538,033	116,196,920

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

(Million yen unless otherwise stated)

	Year ended March 31, 2015	Year ended March 31, 2016
Net income attributable to owners of parent	10,434	12,577
Amount not attributed to common stockholders	-	-
Net income attributed to owners of parent associated with common stock	10,434	12,577
Average number of shares outstanding (shares)	118,825,349	116,197,479

Supplementary Information - Consolidated

(1) Net Sales

(Million yen)

Business segment	Year ended March 31,			
	2015		2016	
	Amount	%	Amount	%
Water Treatment Chemicals	59,999	31.7	83,680	39.0
Water Treatment Facilities	129,399	68.3	130,692	61.0
Total	189,398	100.0	214,372	100.0

(2) Order Intake and Backlog

(Million yen)

Business segment		Year ended March 31,			
		2015		2016	
		Amount	%	Amount	%
Order Intake	Water Treatment Chemicals	59,353	32.7	83,440	37.7
	Water Treatment Facilities	121,928	67.3	137,832	62.3
	Total	181,282	100.0	221,273	100.0
Order Backlog	Water Treatment Chemicals	3,799	7.7	3,559	6.4%
	Water Treatment Facilities	45,334	92.3	52,475	93.6
	Total	49,133	100.0	56,034	100.0

(3) Production Results

(Million yen)

Business segment	Year ended March 31,			
	2015		2016	
	Amount	%	Amount	%
Water Treatment Chemicals	60,636	31.9	84,131	39.0
Water Treatment Facilities	129,665	68.1	131,698	61.0
Total	190,301	100.0	215,829	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,			
	2015		2016	
	Amount	%	Amount	%
Water Treatment Chemicals	1,369	16.1	1,951	10.4
Water Treatment Facilities	7,119	83.9	16,867	89.6
Total	8,489	100.0	18,818	100.0

(5) Depreciation (Property, Plant and Equipment)

(Million yen)

Business segment	Year ended March 31,			
	2015		2016	
	Amount	%	Amount	%
Water Treatment Chemicals	1,206	8.4	1,634	12.2
Water Treatment Facilities	13,172	91.6	11,775	87.8
Total	14,378	100.0	13,409	100.0