

FOR IMMEDIATE RELEASE

**Kurita Water Industries Reports Earnings for the Fiscal Year ended
March 31, 2017**

Tokyo, Japan, April 28, 2017 - Kurita Water Industries Ltd. (TSE Securities Code 6370) announced net sales of 214,187 million yen and profit attributable to owners of parent of 14,506 million yen, or 125.23 yen per share, for the year ended March 31, 2017 (April 1, 2016 – March 31, 2017).

Results of Operations

Total consolidated orders for the Kurita Group in the fiscal year ended March 31, 2017 declined 1.1% from the level of the previous fiscal year, to 218,730 million yen, and net sales fell 0.1%, to 214,187 million yen. Operating income was down 1.9% versus the previous fiscal year, to 19,452 million yen. Ordinary income was 20,074 million yen, down 1.8%. Profit attributable to owners of parent amounted to 14,506 million yen, up 15.3%, reflecting a reduction in tax expenses primarily due to the revision to corporate tax rates.

During the fiscal year ended March 31, 2017, the U.S. and European economies continued to recover, and the Chinese economy and other emerging economies in Asia recovered chiefly due to the effects of government policy. Overall, global economic growth was moderate.

The Japanese economy continued to recover modestly, with a steady improvement in consumer spending and corporate earnings picking up as the appreciation of the yen began to ease and overseas economies recovered 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, there were signs of a recovery in production in the manufacturing industry on the back of a recovery in demand and progress in inventory adjustments, but the rebound in capital expenditure was tepid, reflecting concern over the economic outlook given the appreciation of the yen in the first half of the fiscal year. Overseas, demand for water treatment continued to rise in East Asia and Southeast Asia.

In this environment, the Group focused on expanding overseas operations and improving profitability, aiming to evolve into a strong corporate group capable of competing successfully in the international market.

To expand overseas operations, the Group merged Kurita Europe APW GmbH and Kurita Europe GmbH (the name of the company after the merger is Kurita Europe GmbH) to bolster sales with the development of competitive new products for the global market and the sharing of strategic products between Group companies. In this way, the Group restructured its research and development and sales systems. In Asia, the ultrapure water supply business, which started to supply ultrapure water to a major semiconductor manufacturer in South Korea in the second half of the previous fiscal year, gained credibility as a result of its contribution to stable operations at the customer's plant. The Group has thus established a base for expanding its presence in South Korea.

To improve profitability in the water treatment facilities business, on the sales front, the Group identified key markets and customers and focused on projects where it was able to provide high added value. On the production front, the Group promoted the review and standardization of business processes and, as a result, profitability in

construction projects improved. In the water treatment chemicals business and maintenance service in the water treatment facilities business, the Group combined competitive technologies and products with the analysis of water treatment data using its own sensing technology and focused on proposing solutions to customers' challenges, including environment load reduction, energy saving, and an improvement in productivity.

Segment Information

Water Treatment Chemicals

Total Group orders for the Water Treatment Chemicals segment were 82,118 million yen, down 1.6% versus the fiscal year ended March 31, 2016, while sales declined 2.1%, to 81,883 million yen. Operating income was up 11.8% to 7,231 million yen.

In Japan, capacity utilization recovered at customers' plants, and the Group sought to present solutions to customers' challenges using new products and services. As a consequence, the results of boiler water treatment chemicals, our mainstay products, began to improve, and cooling water treatment chemicals and process treatment chemicals for steel both grew. Both orders and sales rose.

Overseas, although the consolidation period for the operating results of the acquired business in Europe, which have been consolidated from the previous consolidated fiscal year, was a month longer than that of the previous fiscal year, both orders and sales declined as the strength of the yen offset a solid overseas performance.

Income rose, reflecting the elimination of temporary expenses in association with a revision of the initial allocation of the cost of the acquisition of businesses in Europe in the previous fiscal year.

Water Treatment Facilities

Total Group orders for the Water Treatment Facilities segment were 136,611 million yen, down 0.9% versus the previous fiscal year. Sales rose 1.2%, to 132,304 million yen. Operating income declined 8.6%, to 12,220 million yen.

In Japan, in the electronics industry, orders in maintenance services declined partly in reaction to the strong performance in the previous fiscal year, but orders in the water treatment facilities increased significantly, reflecting orders for large-scale projects. Sales in maintenance services remained roughly flat, while sales in the water treatment facilities declined.

In general industries, orders in the water treatment facilities fell in reaction to orders for large-scale projects in the previous fiscal year, but orders in maintenance services rose both from private plants and from public offices. Orders for water treatment facilities for electric power rose significantly, reflecting orders for large-scale wastewater treatment facilities for thermal power plants and for chemical cleaning projects. Orders for soil remediation also increased thanks to demand for large-scale projects. Sales of water treatment facilities for electric power declined, but sales of other water treatment facilities and sales of soil remediation and maintenance services rose.

Overseas, orders fell, reflecting orders for large-scale projects in China and Taiwan in the previous fiscal year, but sales climbed, driven by sales from large-scale projects in the electronics industry in China and South Korea.

Combined sales in Japan and overseas in the ultrapure water supply business declined, attributable to the effects of the expiration of contracts and revision of contracts with

certain customers, despite the posting of sales from new contracts.

Profitability in water treatment facilities and maintenance service improved, reflecting an increase in sales and through cost control, but overall income declined due to the effect of a decline in sales in the ultrapure water supply business.

Financial Condition

Current assets totaled 155,930 million yen at the end of the fiscal year (March 31, 2017), an increase of 5,384 million yen from the end of the previous fiscal year (March 31, 2016). This increase was primarily attributable to an increase of 7,413 million yen in cash reserves, that is, cash and deposits and marketable securities, which outweighed a decrease of 3,113 million yen in accounts receivable-trade due to good progress in collecting trade accounts receivable.

Noncurrent assets totaled 143,318 million yen at the end of the fiscal year, a decrease of 4,243 million yen versus the end of the previous fiscal year. The decrease was principally attributable to a 4,352 million yen decrease in property, plant and equipment and a 998 million yen decrease in investments and other assets, which outweighed a 1,106 million yen increase in intangible fixed assets. The decrease in property, plant and equipment was attributable chiefly to the depreciation mainly of ultrapure water supply facilities exceeding capital expenditure. The decrease in investments and other assets was mainly because of a decrease in unrealized gains on investment securities due to falls in the market prices of the shares held by the Group. The increase in intangible fixed assets chiefly reflected the posting of goodwill of 2,096 million yen and customer-related assets of 1,983 million yen in association with the acquisition of Fremont Industries, LLC based in the United States in the fiscal year under review, which outweighed the amortization of intangible assets, primarily amortization of goodwill, of 2,609 million yen.

Current liabilities totaled 44,410 million yen at the end of the fiscal year, a slight rise of 3 million yen from the end of the previous fiscal year.

Noncurrent liabilities totaled 26,080 million yen at the end of the period, an increase of 1,345 million yen versus the end of the previous fiscal year chiefly due to a 1,213 million yen increase in "Other" in noncurrent liabilities primarily reflecting the posting of long-term loans payable at consolidated subsidiaries overseas.

Net assets totaled 228,758 million yen at the end of the period, a decrease of 206 million yen versus the end of the previous fiscal year primarily due to a decrease of 3,875 million yen in accumulated other comprehensive income, which offset an increase of 3,602 million yen in shareholders' equity.

The main factors for the increase in shareholders' equity were an 8,797 million yen increase in retained earnings mainly due to a profit attributable to owners of parent of 14,506 million yen for the fiscal year under review, which exceeded dividend payments of 5,693 million yen, the sum of year-end dividends for the previous fiscal year and interim dividends for the fiscal year under review, and a 5,195 million yen rise in treasury stock (a decrease in net assets), mainly through an acquisition in the market by a resolution of the Board of Directors on February 28, 2017 and an acquisition associated with the introduction of a performance-linked stock compensation system for directors. The decrease in accumulated other comprehensive income resulted mainly from a decrease of 1,269 million yen in unrealized gains on available-for-sale securities in association with a decline in unrealized gains on investment securities and a fall of 2,975 million yen in foreign currency translation adjustments due to the strengthening of the yen against foreign currencies.

Cash Flows

Consolidated net cash and cash equivalents at the end of the fiscal year (March 31, 2017) totaled 65,438 million yen, an increase of 21,846 million yen from the end of the previous fiscal year (March 31, 2016). 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, 2017 totaled 33,941 million yen, an increase of 7,359 million yen from the previous fiscal year. Inflows from income before income taxes (20,465 million yen), depreciation and amortization (15,857 million yen) including the amortization of goodwill, a decrease in notes and accounts receivable-trade (2,030 million yen), and an increase in notes and accounts payable-trade (1,525 million yen) were partially offset by an increase in other current liabilities (866 million yen) and income taxes paid (6,893 million yen).

Cash Flows from Investing Activities

Net cash used in investing activities totaled 1,119 million yen, a decline of 32,053 million yen from the previous fiscal year. Net cash decreased chiefly due to payments for purchases of property, plant and equipment totaling 10,156 million yen, including capital expenditures for the ultrapure water supply business, and payments associated with the acquisition of business (after the deduction of cash and cash equivalents included in the acquired assets) of 4,506 million yen, which were partially offset by the increased funds mainly due to net withdrawals of time deposits of 13,960 million yen.

Cash Flows from Financing Activities

Net cash used in financing activities totaled 10,154 million yen, an increase of 4,447 million yen from the previous fiscal year. The main cash outflows were cash dividends paid of 5,761 million yen, the purchase of treasury stock of 5,195 million yen, and a net decrease in short-term borrowings of 665 million yen, which were partially offset by proceeds from long-term loans payable of 2,329 million yen.

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

For the full fiscal year ending March 31, 2018, the Group forecasts 223,000 million yen in net sales (up 4.1% year on year), 18,500 million yen in operating income (down 4.9%), 19,000 million yen in ordinary income (down 5.4%), and 13,000 million yen in net income attributable to owners of parent (down 10.4%).

In the fiscal year ending March 31, 2018, the global economy is expected to continue to grow moderately. Domestic companies' production activities should continue to expand, and demand for capital expenditure associated with the maintenance and replacement of existing facilities is likely to continue. Meanwhile, the economy may slow depending on changes in policies in European countries and the United States.

In the new fiscal year, Fremont Industries, LLC of the United States, which the Group acquired on January 3, 2017, is a consolidated subsidiary. However, orders and sales are expected to increase only slightly due to the remaining effects of revision of contracts in the domestic ultrapure water supply business in the fiscal year under review.

Outlook by Segment

Water Treatment Chemicals

Both orders and sales will increase, primarily in the overseas business, where Fremont Industries, LLC is added as a new consolidated subsidiary, and both sales and profits are expected to rise. This segment will launch competitive products using IT and sensing onto the market and will focus on proposing solutions to customers' challenges, strengthening cooperation with maintenance service in the water treatment facilities business.

Water Treatment Facilities

The Group expects orders and sales to remain roughly on a par with those of the fiscal year under review by offsetting an expected significant decline in the ultrapure water supply business with increases in other segments. The Group will separate the organizational structure for sales and that for manufacturing and will strengthen each function to deal with customers more promptly, enhance quality, and strengthen cost competitiveness.

Dividend Policy and Dividends for the Fiscal Year ended March 31, 2017 and the Fiscal Year ending March 31, 2018

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. We will appropriate internal reserves for operating funds and precautionary funds to prepare for rapid fluctuations in the operating environment and will use the remainder of the reserves primarily for investment for growth. If there are excess funds, 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 25 yen per share for the fiscal year ended March 31, 2017, 1 yen more than the previous year-end dividend. Combined with the interim dividend of 25 yen per share (1 yen more than the previous interim dividend), the annual dividend comes to 50 yen per share, 2 yen higher than the previous fiscal year's annual dividend. For the fiscal year ending March 31, 2018, Kurita Water Industries plans to pay an interim dividend of 26 yen per share and a year-end dividend of 26 yen per share, for an annual dividend of 52 yen per share.

Business and Other Risks

The following are summaries of major foreseeable risks present in the business environments in which the Group operates. Forward-looking statements herein are based on judgments made by management as of March 31, 2017.

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.

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, 2016	(Million yen) As of March 31, 2017
	Amount	Amount
Assets		
Current assets		
Cash and deposits	58,374	72,750
Notes receivable – trade	7,463	7,843
Accounts receivable – trade	63,552	60,439
Marketable securities	7,566	603
Finished products	3,130	3,114
Work in process	3,690	4,181
Raw materials and supplies	2,433	2,229
Deferred tax assets	1,652	1,568
Other	2,866	3,447
Allowance for doubtful accounts	(185)	(246)
Total current assets	150,546	155,930
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	61,278	62,093
Accumulated depreciation	(45,347)	(48,087)
Buildings and structures (net)	15,931	14,005
Machinery, equipment and vehicles	109,735	121,311
Accumulated depreciation	(77,295)	(85,258)
Machinery, equipment and vehicles (net)	32,439	36,053
Land	13,941	13,881
Leased assets	8,315	8,352
Accumulated depreciation	(3,216)	(3,679)
Leased assets (net)	5,099	4,673
Construction in progress	8,586	2,852
Other	13,105	13,755
Accumulated depreciation	(10,715)	(11,184)
Other (net)	2,389	2,570
Total property, plant and equipment	78,388	74,036
Intangible fixed assets		
Goodwill	15,114	15,049
Software	1,722	1,908
Other	7,365	8,350
Total intangible fixed assets	24,202	25,308
Investments and other assets		
Investment securities	37,063	34,844
Deferred tax assets	4,232	4,275
Other	3,879	5,042
Allowance for doubtful accounts	(204)	(189)
Total investments and other assets	44,970	43,972
Total noncurrent assets	147,561	143,318
Total assets	298,107	299,249

	As of March 31, 2016	(Million yen) As of March 31, 2017
	Amount	Amount
Liabilities		
Current liabilities		
Notes payable – trade	1,719	1,710
Accounts payable – trade	21,060	21,715
Accounts payable – other	6,897	8,019
Income taxes payable	3,705	2,875
Provision for bonuses	2,365	2,361
Provision for loss on construction contracts	284	81
Provision for product warranties	768	801
Other	7,606	6,844
Total current liabilities	44,407	44,410
Noncurrent liabilities		
Lease obligations	4,763	4,339
Deferred tax liabilities related to revaluation	1,119	1,119
Provision for directors' retirement benefit	57	25
Net defined benefit liability	15,467	16,054
Other	3,327	4,540
Total noncurrent liabilities	24,735	26,080
Total liabilities	69,142	70,490
Net assets		
Shareholders' equity		
Common stock	13,450	13,450
Capital surplus	10,993	10,993
Retained earnings	196,788	205,586
Treasury stock	(8,695)	(13,891)
Total shareholders' equity	212,536	216,138
Accumulated other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	16,061	14,792
Deferred gains (losses) on hedges	398	670
Revaluation reserve for land	(380)	(380)
Foreign currency translation adjustments	(618)	(3,593)
Remeasurements of defined benefit plans	(101)	(3)
Total accumulated other comprehensive income	15,360	11,484
Non-controlling interests	1,067	1,135
Total net assets	228,964	228,758
Total liabilities and net assets	298,107	299,249

Statements of Income and Comprehensive Income — Consolidated

Statement of Income

	(Million yen)	
	Year ended March 31, 2016	Year ended March 31, 2017
	Amount	Amount
Net sales	214,372	214,187
Cost of sales	143,964	145,455
Gross profit	70,407	68,732
Selling, general and administrative expenses		
Directors' and corporate auditors' compensations, salaries and allowances	19,021	19,160
Provision for bonuses	1,318	1,334
Retirement benefit expenses	2,001	1,440
Traveling and transportation expenses	3,023	2,767
Research and development expenses	5,269	5,038
Other	19,939	19,537
Total Selling, general and administrative expenses	50,574	49,280
Operating income	19,833	19,452
Non-operating income		
Interest income	232	183
Dividend income	478	488
Equity in earnings of unconsolidated subsidiaries and affiliates	145	175
Other	581	582
Total non-operating income	1,438	1,429
Non-operating expenses		
Interest expense	276	187
Foreign exchange losses	102	39
Acquisition-related costs	221	259
Other	232	321
Total non-operating expenses	832	807
Ordinary income	20,439	20,074
Extraordinary income		
Gain on sales of non-current assets	148	-
Gain on sales of investment securities	-	391
Total extraordinary income	148	391
Extraordinary losses		
Loss on liquidation of business	176	-
Total extraordinary losses	176	-
Income before income taxes	20,411	20,465
Income taxes		
Current	7,027	5,996
Deferred	626	(193)
Total income taxes	7,654	5,803
Net income	12,757	14,661
Profit attributable to non-controlling interests	180	155
Profit attributable to owners of parent	12,577	14,506

Statement of Comprehensive Income

	Year ended March 31, 2016	(Million yen) Year ended March 31, 2017
	Amount	Amount
Net income	12,757	14,661
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities	1,293	(1,263)
Deferred gains (losses) on hedges	332	271
Revaluation reserve for land	62	-
Foreign currency translation adjustments	(2,113)	(2,897)
Remeasurements of defined benefit plans, net of tax	(109)	97
Share of other comprehensive income of associates accounted for using equity method	(86)	(83)
Total other comprehensive income	(621)	(3,876)
Comprehensive income	12,136	10,784
Components:		
Comprehensive income attributable to owners of parent	11,997	10,649
Comprehensive income attributable to non-controlling interests	138	134

Statement of Changes in Shareholders' Equity — Consolidated

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
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
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

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(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	10,993	196,788	(8,695)	212,536
Change during the period					
Dividend from surplus			(5,693)		(5,693)
Profit attributable to owners of parent			14,506		14,506
Purchase of treasury stock				(5,195)	(5,195)
Changes of equity interest in consolidated subsidiaries					-
Other			(15)		(15)
Net change in items other than shareholders' equity during the period					-
Total change during the period	-	-	8,797	(5,195)	3,602
Balance as of the end of the fiscal year	13,450	10,993	205,586	(13,891)	216,138

	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	16,061	398	(380)	(618)	(101)	15,360	1,067	228,964
Change during the period								
Dividend from surplus								(5,693)
Profit attributable to owners of parent								14,506
Purchase of treasury stock								(5,195)
Changes of equity interest in consolidated subsidiaries								-
Other								(15)
Net change in items other than shareholders' equity during the period	(1,269)	271	-	(2,975)	97	(3,875)	67	(3,807)
Total change during the period	(1,269)	271	-	(2,975)	97	(3,875)	67	(205)
Balance as of the end of the fiscal year	14,792	670	(380)	(3,593)	(3)	11,484	1,135	228,758

Statement of Cash Flows — Consolidated

	Year ended March 31, 2016	(Million yen) Year ended March 31, 2017
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	20,411	20,465
Depreciation and amortization	14,682	14,877
Amortization of goodwill	1,066	980
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(145)	(175)
Increase (decrease) in net defined benefit liability	1,587	646
Increase (decrease) in other allowances	(842)	(143)
Interest and dividend income	(710)	(671)
Interest expense	276	187
Other non-operating (income) losses	(214)	(51)
Other extraordinary (income) losses	176	-
(Gains) losses on sale/disposal of property, plant and equipment	(74)	26
(Gains) losses on sale of investment securities	(23)	(391)
(Gains) losses on valuation of investment securities	20	-
(Increase) decrease in notes and accounts receivable – trade	(4,473)	2,030
(Increase) decrease in inventories	(249)	(144)
(Increase) decrease in other current assets	282	(866)
Increase (decrease) in notes and accounts payable – trade	2,293	1,525
Increase (decrease) in other current liabilities	(274)	1,890
Other	398	112
Sub-total	34,189	40,297
Interest and dividend received	710	835
Other proceeds	581	570
Interest paid	(276)	(325)
Other payments	(358)	(542)
Income taxes paid	(8,264)	(6,893)
Net cash provided by (used in) operating activities	26,582	33,941
Cash flows from investing activities		
Deposits into time deposit accounts	(45,262)	(20,802)
Withdrawals from time deposits	35,124	34,762
Payments for purchases of marketable securities	(9,576)	-
Proceeds from sale and redemption of marketable securities	9,000	516
Payments for purchases of property, plant and equipment	(17,693)	(10,156)
Proceeds from sale of property, plant and equipment	156	30
Payments for purchase of intangible assets	(772)	(791)
Proceeds from sale of intangible assets	7	-
Payments for purchases of investment securities	(8)	(240)
Proceeds from sale and redemption of investment securities	27	863
Payments associated with acquisition of business	(3,857)	(4,506)
Other payments	(388)	(924)
Other proceeds	72	129
Net cash provided by (used in) investing activities	(33,172)	(1,119)

	Year ended March 31, 2016	(Million yen) Year ended March 31, 2017
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	339	(665)
Proceeds from long-term loans payable	1,256	2,329
Repayments of long-term loans payable	(15)	(223)
Repayment of finance lease obligations	(626)	(637)
Purchase of treasury stock	(990)	(5,195)
Cash dividends paid	(5,474)	(5,694)
Dividends paid to non-controlling interests	(77)	(67)
Purchase of shares of subsidiaries without change in scope of consolidation	(119)	-
Net cash provided by (used in) financing activities	(5,707)	(10,154)
Effect of exchange rate changes on cash and cash equivalents	154	(821)
Net increase (decrease) in cash and cash equivalents	(12,143)	21,846
Cash and cash equivalents at the beginning of the period	55,675	43,591
Cash and cash equivalents of newly consolidated subsidiaries	59	-
Cash and cash equivalents at the end of the period	43,591	65,438

Business Combination

Business combination through acquisition

1. Overview of business combination

(1) Name and business of the acquired company

Name: Fremont Industries, LLC

Business: Manufacturing and sales of water treatment chemicals

(2) Reason of business combination

Fremont Industries, LLC is a water treatment chemicals manufacturing and sales company headquartered in Minnesota, U.S.A. Fremont provides a variety of types of water treatment chemicals in a broad range of areas, including hospitals and office building air-conditioning, mainly in markets with growth potential such as biofuels and the food industry. Fremont has built local area-centric operating bases and systems in the Midwest of U.S.A., and Kurita expects to increase the sales of products and technologies of the Kurita Group and to develop new markets by taking advantage of the customer base and sales network of Fremont.

(3) Date of business combination

January 3, 2017

(4) Legal form of business combination

Acquisition of business for a cash consideration

(5) Name after business combination

Fremont Industries, LLC

(6) Percentage of voting rights acquired

100%

(7) Main reason for determining the acquiring company

Acquisition of business for a cash consideration

2. Period of consolidation of the results of acquired business

Only the opening balance sheet as of January 4, 2017 is consolidated in the fiscal year under review.

3. Acquisition cost of the acquired business and breakdown by type of consideration

Consideration	Cash	4,760 million yen
Acquisition cost		4,760 million yen

4. Major expenses related to the acquisition

Compensation, fees, etc. paid to the advisor: 123 million yen

5. Amount of goodwill, reason of the occurrence of goodwill, amortization method, and amortization period

(1) Amount of goodwill

2,096 million yen

(2) Reason of the occurrence of goodwill

Expected excess earning power

(3) Amortization method and amortization period

Amortized for 15 years by the straight-line method

6. Assets accepted and liabilities assumed on the date of the business combination

Current assets	880 million yen
Noncurrent assets	2,133 million yen
Total assets	3,013 million yen
Current liabilities	350 million yen
Noncurrent liabilities	- million yen
Total liabilities	350 million yen

7. Estimated effect of the acquisition of business if it had been completed on the first day of the fiscal year under review and calculation method

The Company states no estimated effect because estimating the effect is difficult.

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, 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					
Sales to outside customers	83,680	130,692	214,372	-	214,372
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

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

	Reportable segment			Adjustments (see note)	(Million yen)
	Water Treatment Chemicals	Water Treatment Facilities	Total		Amounts reported on the statements of income
Sales					
Sales to outside customers	81,883	132,304	214,187	-	214,187
Inter-segment sales and transfers	242	191	434	(434)	-
Total	82,126	132,495	214,621	(434)	214,187
Segment income	7,231	12,220	19,451	0	19,452
Segment assets	80,120	134,623	214,744	84,504	299,249
Segment liabilities	24,759	45,786	70,545	(54)	70,490
Other amounts					
Depreciation	2,926	11,950	14,877	-	14,877
Impairment loss	-	-	-	-	-
Change in property, plant and equipment and intangible fixed assets	2,175	7,911	10,087	-	10,087

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 76,237 million yen at March 31, 2016 and 84,550 million yen at March 31, 2017.
4. Segment liabilities: Amount resulting from eliminations of inter-segment claims and liabilities.

Related information

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.

(Change in presentation)

Because of the acquisition of businesses that operate mainly in Europe, the Middle East, and Africa, the importance of EMEA has increased. For this reason, part of the sales that were included in Europe, Asia and Other are included in EMEA in the fiscal year under review. To reflect this change in presentation, the data in 2. Information by geographic region, (1) Sales for the previous fiscal year are replaced.

Sales of 1,514 million yen in Europe, sales of 31 million yen in Asia, and sales of 10 million yen in Other for the previous fiscal year are replaced by sales of 1,557 million yen in EMEA.

(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

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

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
149,988	39,899	1,885	19,774	2,641	214,187

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
62,387	8,881	147	1,939	682	74,036

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

3. Information by major customer

The Company states no information here because, among the sales to outside customers, no single external customer accounts for 10% or more of net sales posted in the consolidated statement of income.

Information on impairment of reportable segments' noncurrent assets

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

Not applicable

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

Not applicable

Goodwill amortization and unamortized balance of goodwill by segment

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

	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

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

(Million yen)

	Reportable segment			Elimination or corporate	Total
	Water Treatment Chemicals	Water Treatment Facilities	Total		
Goodwill amortization	980	-	980	-	980
Unamortized balance of goodwill	15,049	-	15,049	-	15,049

Information on negative goodwill

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

Not applicable

Year ended March 31, 2017 (April 1, 2016 - March 31, 2017)

Not applicable

Per Share Information

	Year ended March 31, 2016	Year ended March 31, 2017
Net assets per share	1961.30 yen	1,991.91 yen
Net income per share	108.24 yen	125.23 yen

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

2. For the fiscal year under review, 339,000 shares in the Company owned by Japan Trustee Services Bank, Ltd. (trust account) (shares placed in trust for performance-based stock compensation for directors) are included in the number of treasury shares that is deducted in the calculation of the average number of shares outstanding used for the calculation of per share information.

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

(Million yen unless otherwise stated)

	As of March 31, 2016	As of March 31, 2017
Total net assets	228,964	228,758
Amount deducted from total net assets	1,067	1,135
(Those with non-controlling interests)	(1,067)	(1,135)
Net assets attributed to common stock	227,896	227,623
Number of common stock used in calculation of net assets per share (shares)	116,196,920	114,274,081

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

(Million yen unless otherwise stated)

	Year ended March 31, 2016	Year ended March 31, 2017
Net income attributable to owners of parent	12,577	14,506
Amount not attributed to common stockholders	-	-
Net income attributed to owners of parent associated with common stock	12,577	14,506
Average number of shares outstanding (shares)	116,197,479	115,837,837

Significant Subsequent Events

Retirement of treasury stock

By a resolution of the Board of Directors on January 30, 2015, the Company acquired 2,963,900 common shares in the Company. The resolution stipulates that the Company shall keep the acquired treasury stock in preparation for the use of it as cash considerations for possible M&A and shall make a decision about the disposition of the treasury stock by March 31, 2017. Towards the deadline, at a meeting of the Board of Directors held on March 30, 2017, the Company resolved to cancel the acquired treasury stock, considering cash flows, the future development of operations, shareholder return, capital efficiency, and capital policy, to alleviate shareholders' concern over the dilution of stock value.

1. Class of shares cancelled
Common stock
2. Book value
8,525 million yen
3. Number of shares cancelled
2,963,900 shares
4. Timing of retirement
April 6, 2017

Supplementary Information — Consolidated

(1) Net Sales

(Million yen)

Business segment	Year ended March 31,			
	2016		2017	
	Amount	%	Amount	%
Water Treatment Chemicals	83,680	39.0	81,883	38.2
Water Treatment Facilities	130,692	61.0	132,304	61.8
Total	214,372	100.0	214,187	100.0

(2) Order Intake and Backlog

(Million yen)

Business segment	Year ended March 31,				
	2016		2017		
	Amount	%	Amount	%	
Order Intake	Water Treatment Chemicals	83,440	37.7	82,118	37.5
	Water Treatment Facilities	137,832	62.3	136,611	62.5
	Total	221,273	100.0	218,730	100.0
Order Backlog	Water Treatment Chemicals	3,559	6.4	3,793	6.3
	Water Treatment Facilities	52,475	93.6	56,783	93.7
	Total	56,034	100.0	60,577	100.0

(3) Production Results

(Million yen)

Business segment	Year ended March 31,			
	2016		2017	
	Amount	%	Amount	%
Water Treatment Chemicals	84,131	39.0	81,363	38.0
Water Treatment Facilities	131,698	61.0	132,828	62.0
Total	215,829	100.0	214,192	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,			
	2016		2017	
	Amount	%	Amount	%
Water Treatment Chemicals	1,951	10.4	1,822	19.6
Water Treatment Facilities	16,867	89.6	7,466	80.4
Total	18,818	100.0	9,289	100.0

(5) Depreciation (Property, Plant and Equipment)

(Million yen)

Business segment	Year ended March 31,			
	2016		2017	
	Amount	%	Amount	%
Water Treatment Chemicals	1,634	12.2	1,624	12.3
Water Treatment Facilities	11,775	87.8	11,623	87.7
Total	13,409	100.0	13,248	100.0