

Kurita Water Industries Ltd.

Results Presentation for Fiscal Year Ended March 31, 2005

May 11, 2005

Financial Results for Fiscal Year ended March 31, 2005

Efforts Toward Achieving the Medium-Term Management Plan “PA-5”	1
FY Ended Mar. 2005: Topics	2
FY Ended Mar. 2005 : Performance Highlights	3
FY Ended Mar. 2005 : Summary by Segment	4
FY Ended Mar. 2005 Results : Water Treatment Chemicals	5
FY Ended Mar. 2005 Results : Facilities for the Electronics Industry	6
FY Ended Mar. 2005 Results : Facilities for General Industry	7
FY Ended Mar. 2005 Results : Facilities for the Public Sector	8
FY Ended Mar. 2005 Results : Financial Status	9
FY Ended Mar. 2005 Results : Cash Flows	10

Business Plan for the Fiscal Year ending March 31, 2006

Assumptions of the Business Plan	11
Business Plan: Overview	12
Business Plan: Sales Trend of Services in Facilities Segment	13
Business Plan: Concept of Ultrapure Water Supply Business	14
Business Plan: Trend of Ultrapure Water Supply Business	15
Business Plan: Performance Trend of Eco-Solution Group	16
Business Plan: Trend of Overseas Businesses	17
Business Plan: Water Treatment Chemicals	18
Business Plan: Water Treatment Facilities for the Electronics Industry	19
Business Plan: Water Treatment Facilities for General Industry	20
Business Plan: Water Treatment Facilities for the Public Sector	21
Business Plan: Capital Expenditure/Depreciation/R&D Expenses	22
Business Plan: Operating Income and Operating Income Margin	23

**Financial Results of
Fiscal Year ended March 31, 2005**



■ **Domestic:** Expand the scope of the business and strengthen Kurita’s market dominance

■ **Overseas:** Expand the scope of the business and market share

- **New businesses/New products/New technologies**
- **Expand Kurita’s service network to remain close to customers**
- **New business models to promote outsourcing and solutions business**

Optimal business composition and synergy creation

Water treatment chemicals

Maintenance

Water treatment facilities

New business models to promote outsourcing and solutions business

- Brisk expansion of Ultrapure Water Supply Business
- Expanded scale of the Eco-Solution Business

Expand Kurita's service network to remain close to customers and restructured the chemical manufacturing factories

- Took equity stakes in two water treatment chemical distributing agents
- Consolidated 3 chemical production factories into 2 factories

Developed new products, new businesses, and new technologies

- Promoted the integration of R&D centers
- Launched hydrogen fueling stations
- Aggressively launched new products in water treatment chemicals

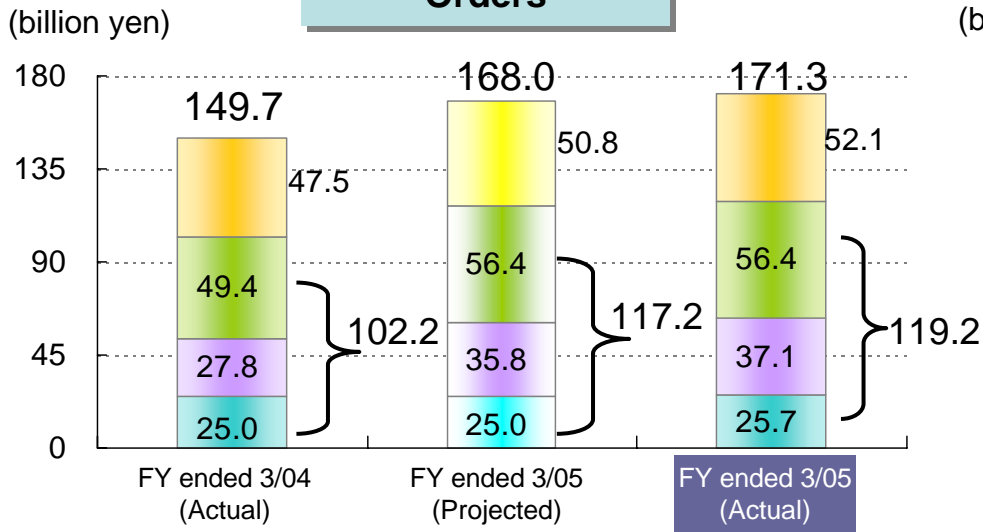
Expanded overseas businesses

- Launched the operation of Kurita (Suzhou), the manufacturing base for water treatment facilities in China
- Expanded the sales of oil processing chemical business in Europe

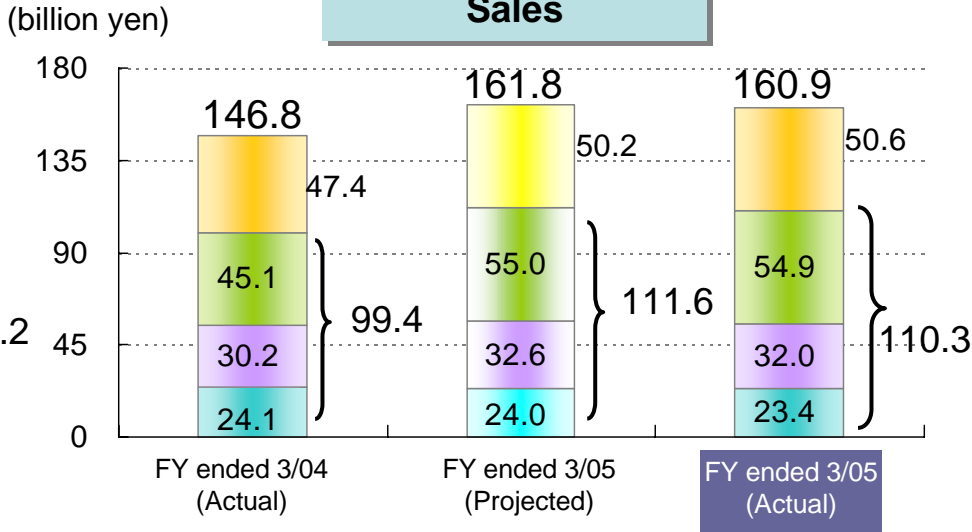
(billion yen)

	FY ended 3/04 (Actual)	FY ended 3/05 (Projected)	FY ended 3/05 (Actual)	Change versus projected		Change versus previous year	
				amount	percentage	amount	percentage
Orders	149.7	168.0	171.3	+3.3	+2.0%	+21.6	+14.4%
Sales	146.8	161.8	160.9	-0.9	-0.6%	+14.1	+9.6%
Gross Profit	45.4	50.8	48.8	-2.0	-3.9%	+3.4	+7.6%
SG&A Expenses	31.9	33.7	32.9	-0.8	-2.5%	+1.0	+3.0%
Operating Income	13.5	17.1	16.0	-1.1	-6.7%	+2.5	+18.2%
Non-operating Income & Expense	0.4	0.6	0.8	+0.2	+28.8%	+0.3	+72.5%
Ordinary Income	13.9	17.7	16.7	-1.0	-5.5%	+2.8	+20.0%
Extraordinary Gains & Losses	1.0	-0.3	-0.3	0.0	-	-1.3	-
Net Income	8.4	10.0	9.4	-0.6	-6.2%	+0.9	+11.1%

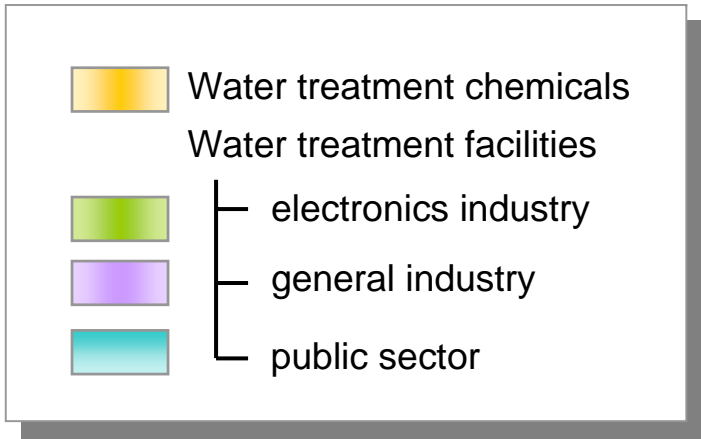
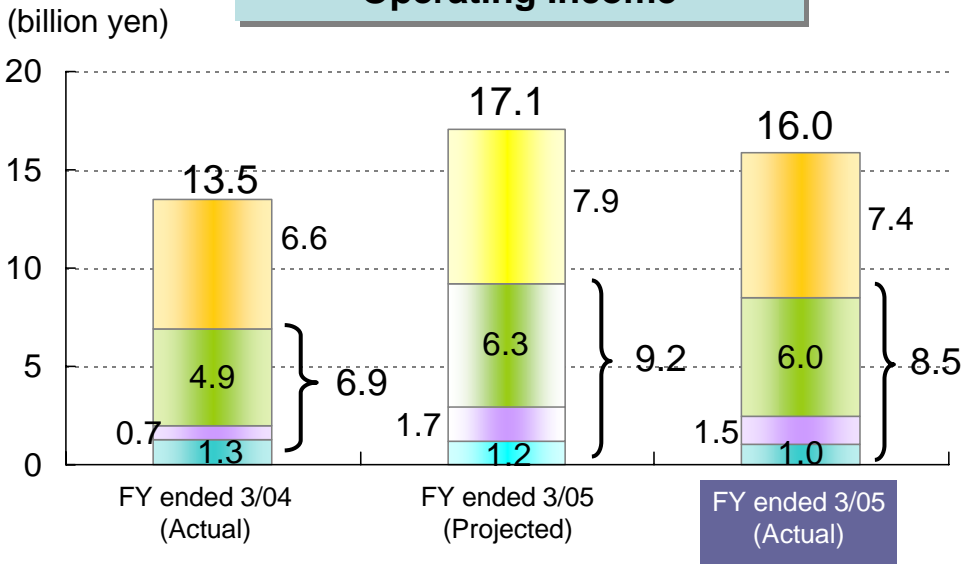
Orders



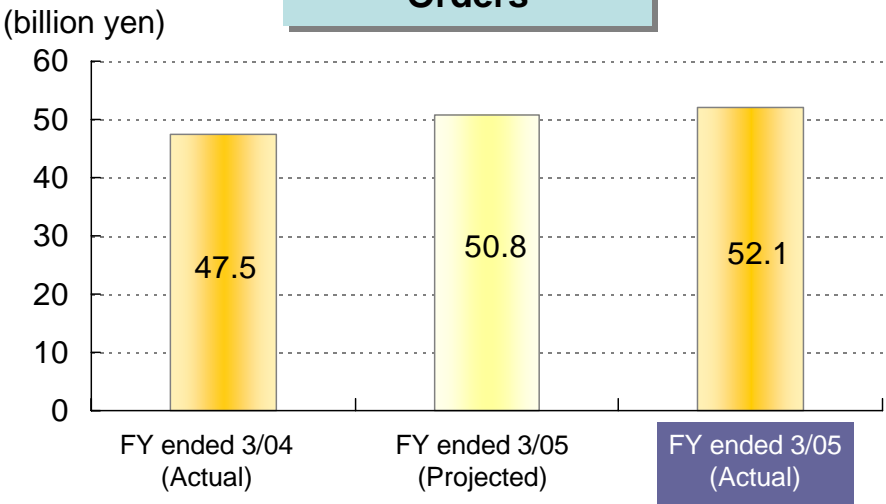
Sales



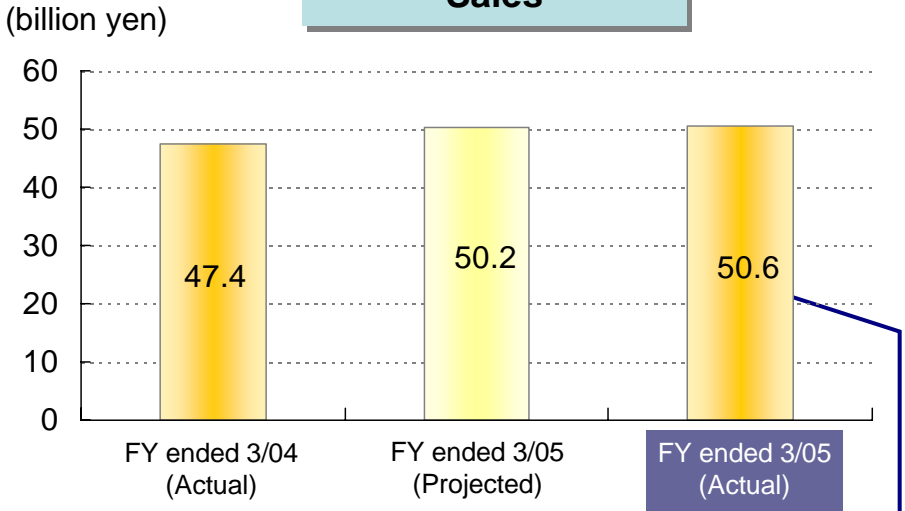
Operating Income



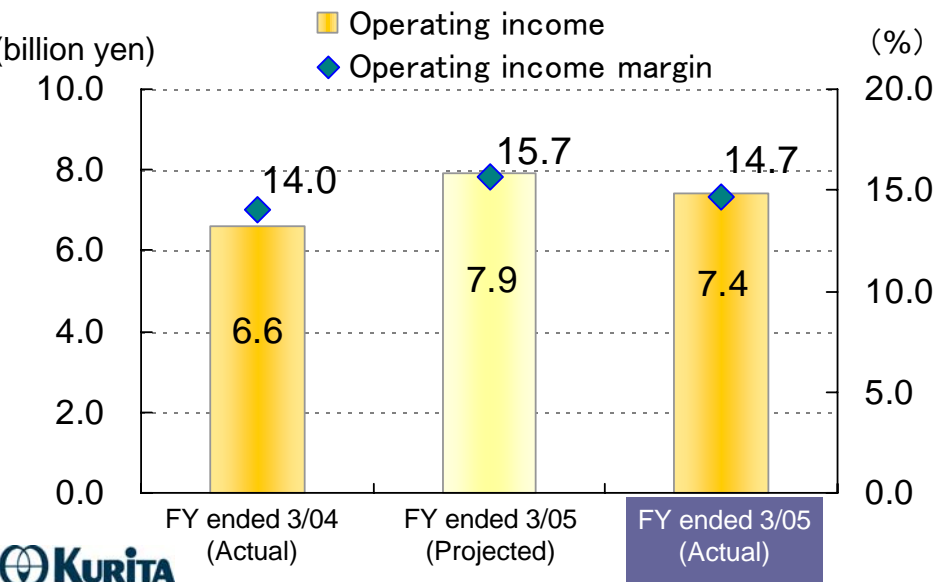
Orders



Sales

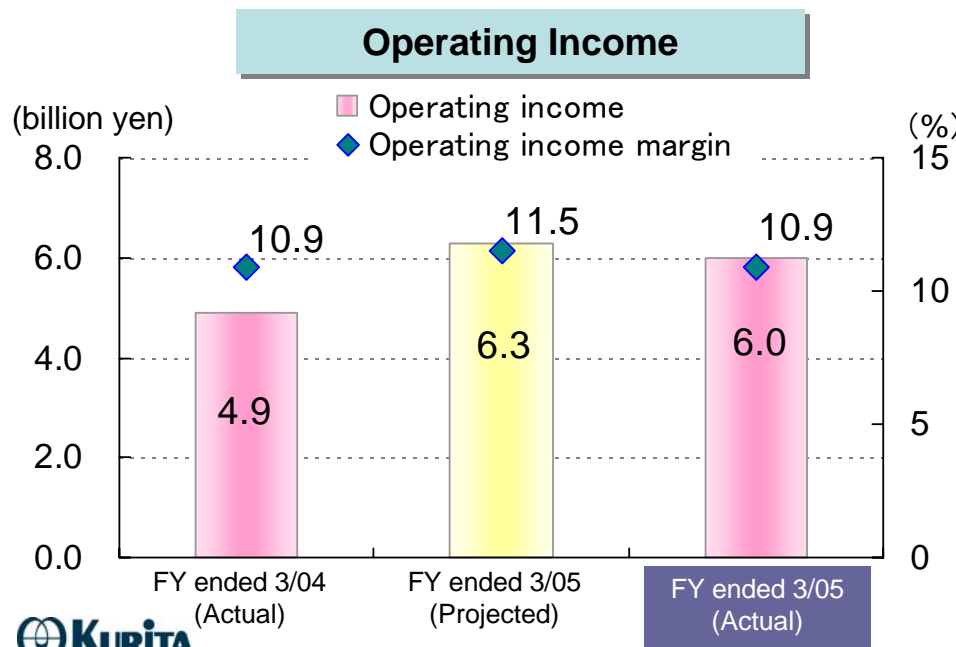
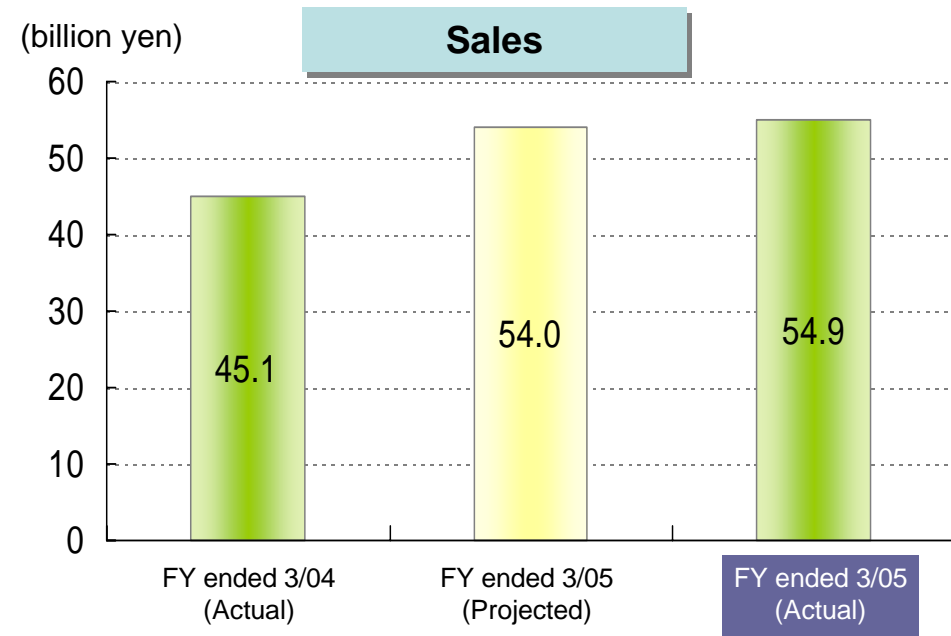
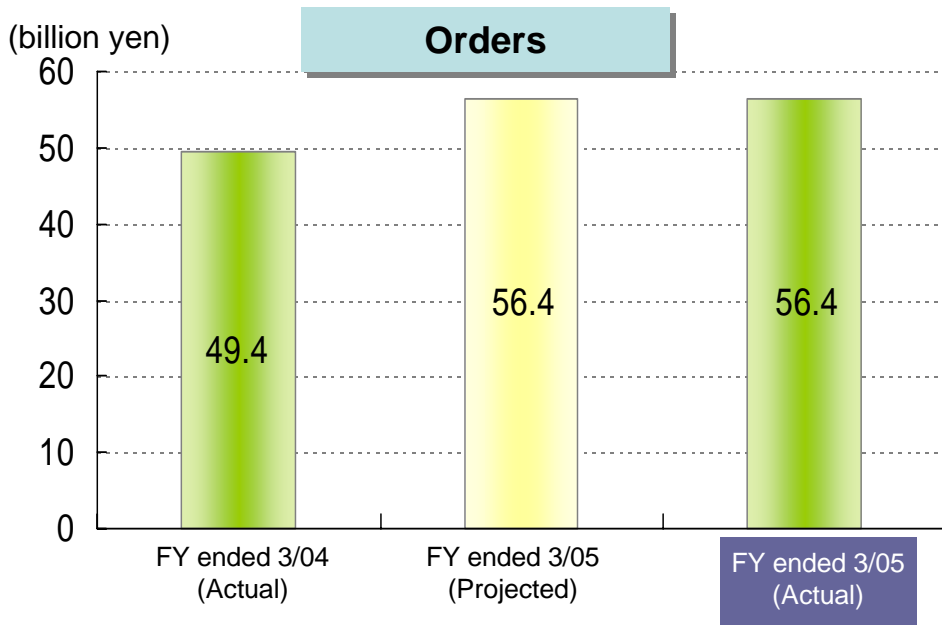


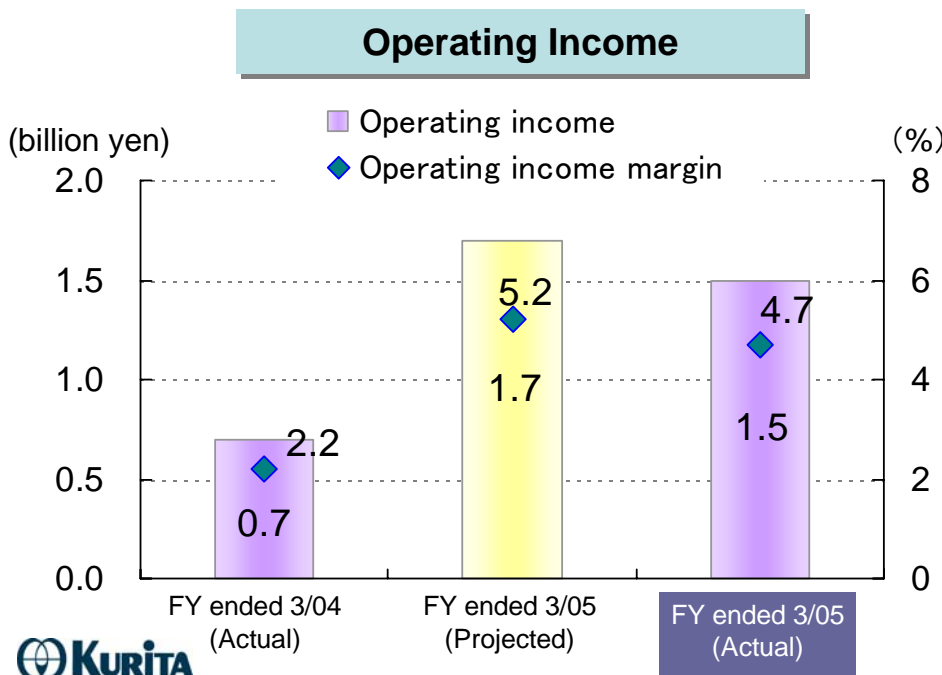
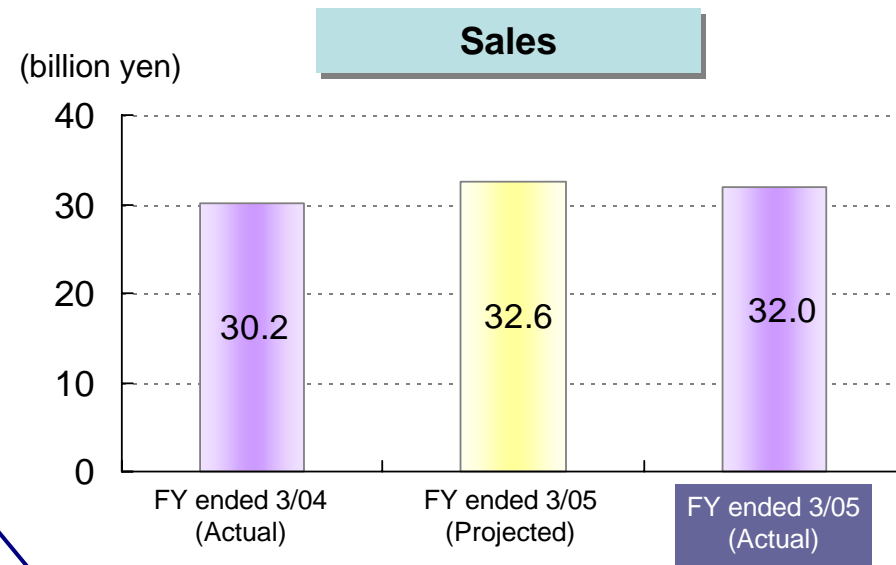
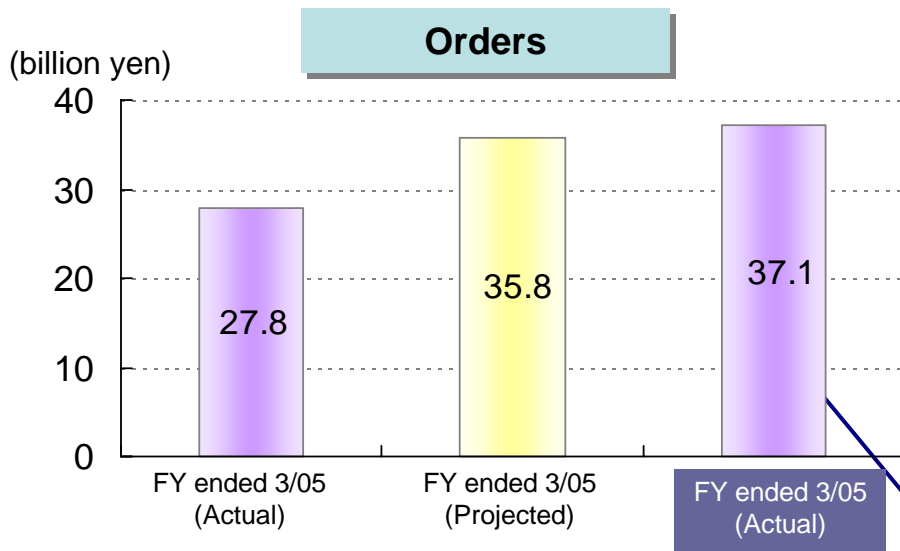
Operating Income



Increase in sales came mainly from ...
 taking equity stakes in distributing agents
 Kurita Europe GmbH
 Kurita Dalian

FY ended March 2005 Results: Water Treatment Facilities for the Electronics Industry



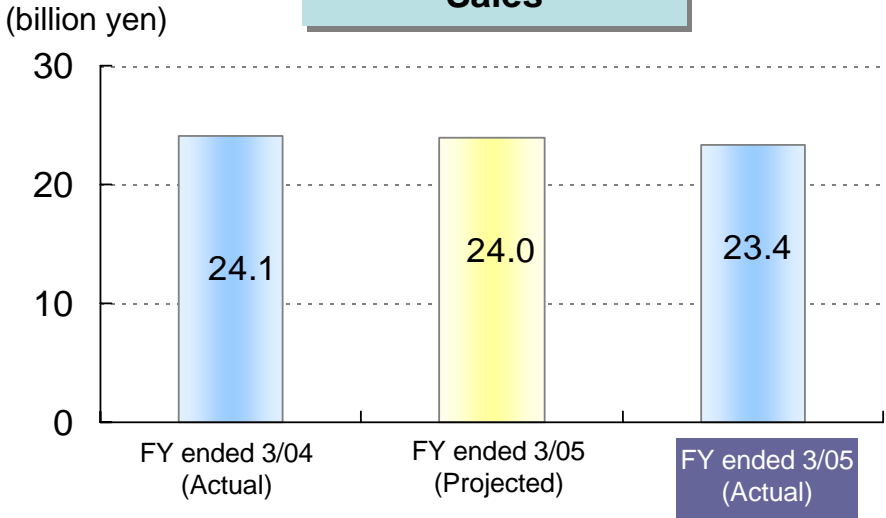


Increase in orders were mainly from ...
 electric power
 steel
 petrochemical
 automotive
 soil remediation

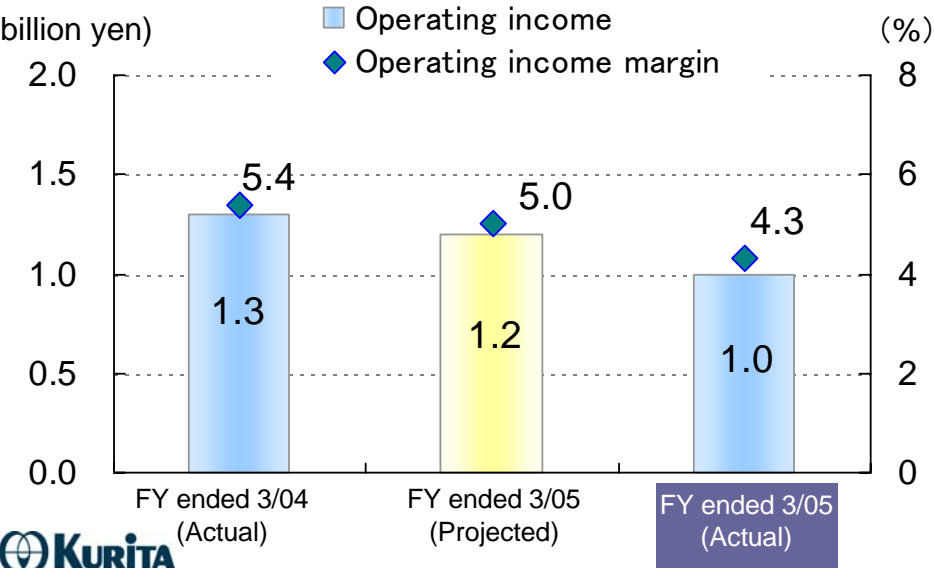
Orders



Sales



Operating Income



(billion yen)

	End of 3/04	End of 3/05	change
Cash & deposits	35.5	30.7	-4.8
Notes & accounts receivable	66.7	71.1	+4.4
Machinery & equipment	9.3	10.3	+1.0
Construction in progress	0.5	1.7	+1.2
Investment securities	13.3	20.6	+7.3
Deferred tax assets	2.1	1.8	-0.3
Others	56.2	56.2	0.0
Total assets	183.6	192.4	+8.8
Notes & accounts payable	26.9	28.2	+1.3
Accrued severance & retirement benefits	9.1	8.7	-0.4
Others	17.9	18.0	+0.1
Total liabilities	53.9	54.9	+1.0
Minority interests	1.0	1.1	+0.1
Unrealized gains/losses on other securities	1.6	2.1	+0.5
Total shareholders' equity	128.6	136.4	+7.8
Total liabilities & shareholders' equity	183.6	192.4	+8.8

(billion yen)

	FY ended 3/04 (Actual)	FY ended 3/05 (Actual)	change
Cash flows from operating activities	5.6	8.3	+2.7
Cash flows from investing activities	-0.1	-10.7	-10.5
Cash flows from financing activities	-1.7	-2.4	-0.7
Increase in cash & cash equivalents	3.6	-4.8	-8.4
Cash & cash equivalents at the beginning of year	31.5	35.1	+3.6
Cash and cash equivalents at the end of year	35.1	30.4	-4.8

Business Plan
for the Fiscal Year ending March 31, 2006



Market Outlook

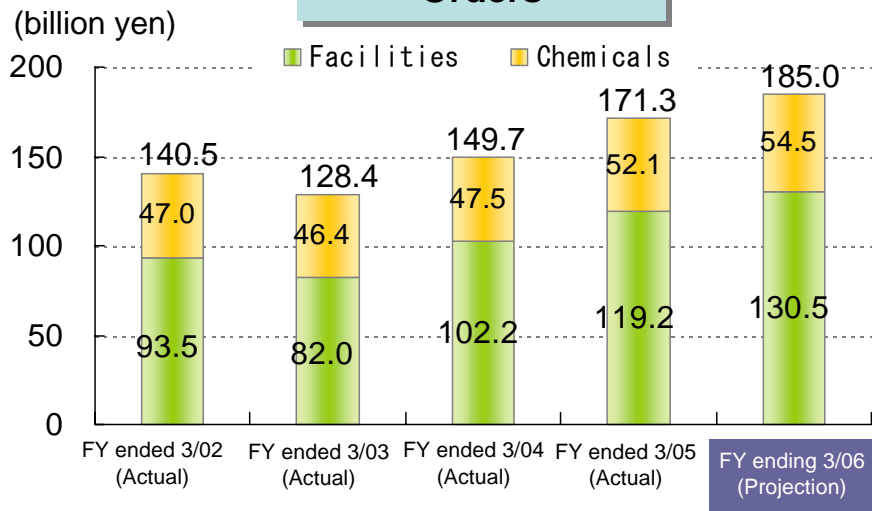
【Water Treatment Chemicals】

- Operating ratios among Japanese corporations to remain at high levels
- Clients to improve production efficiency and aggressively address cost cuts
- Pressure from rising costs as the prices of raw materials surge

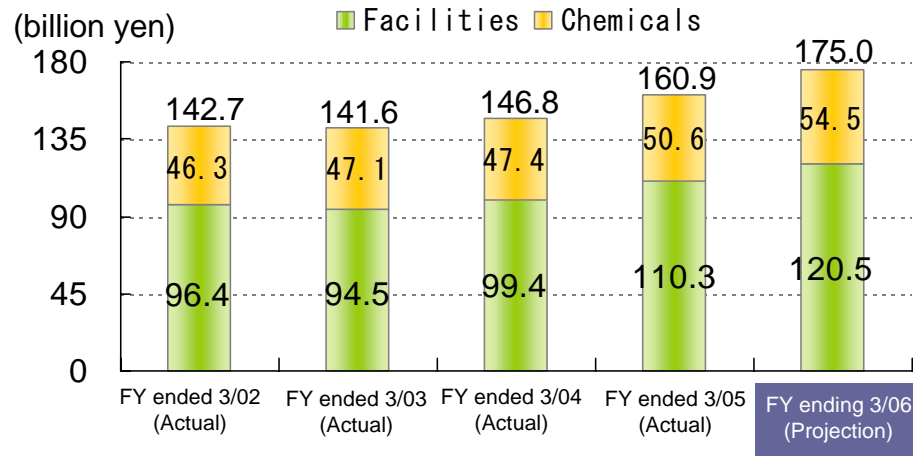
【Water Treatment Facilities】

- Ending of large-scale capital expenditure by domestic electronics industry
- In South Korea, China and Taiwan, financially stronger companies to invest in plant and equipment
- Capacity increase in domestic materials industry and rising trend in the demand for renewal investment to continue
- Budget cuts in the public sector

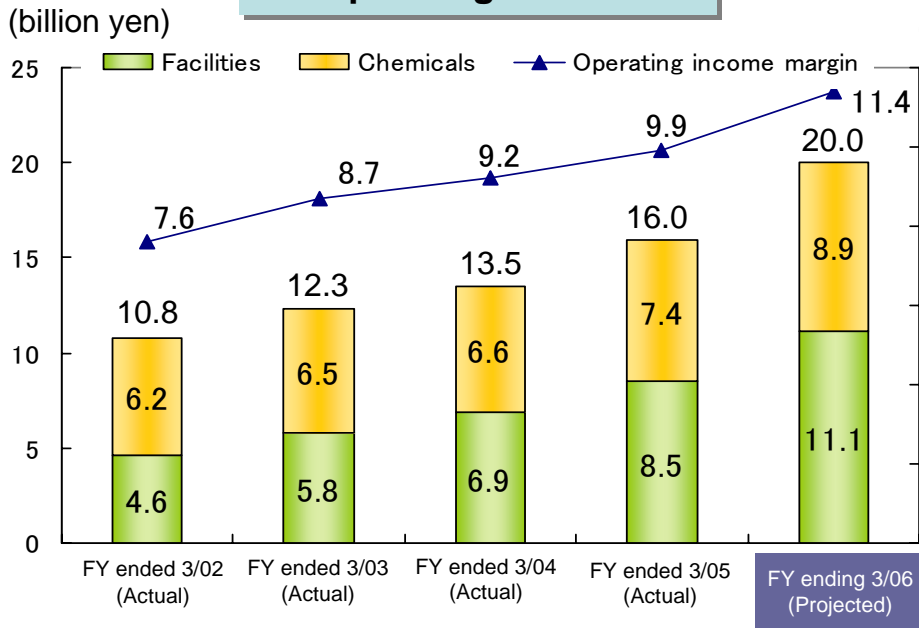
Orders



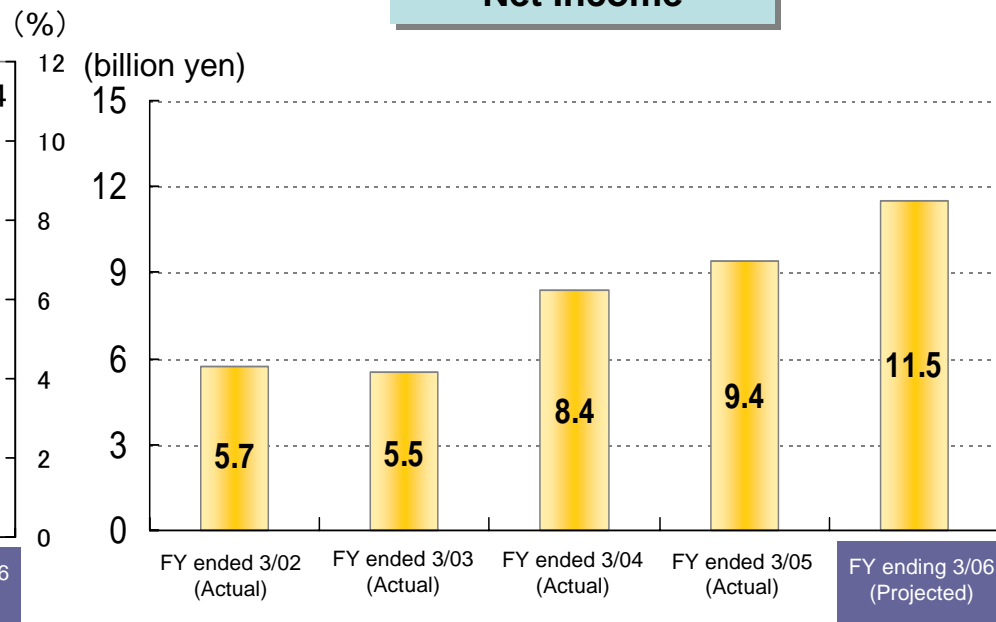
Sales

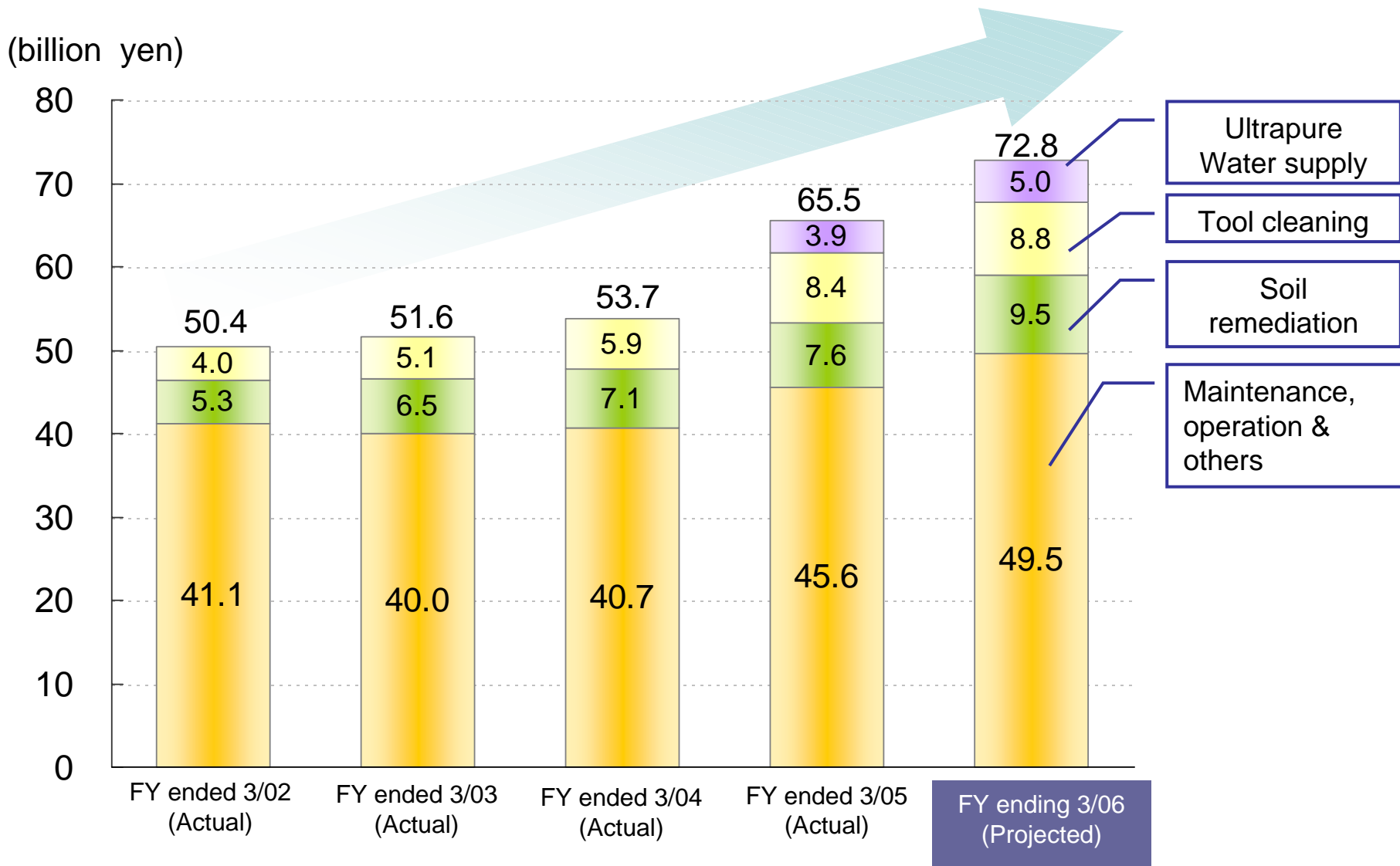


Operating Income

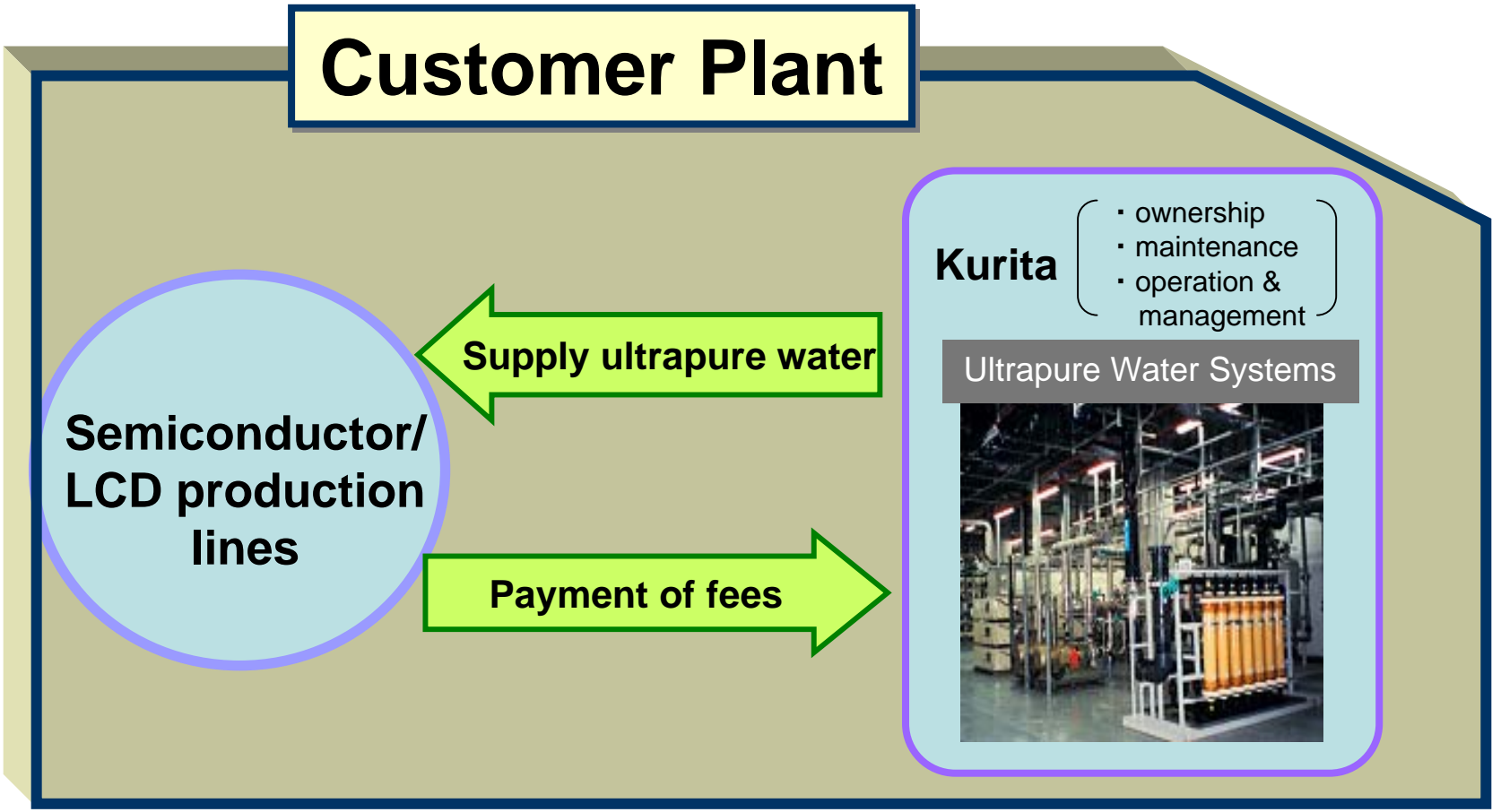


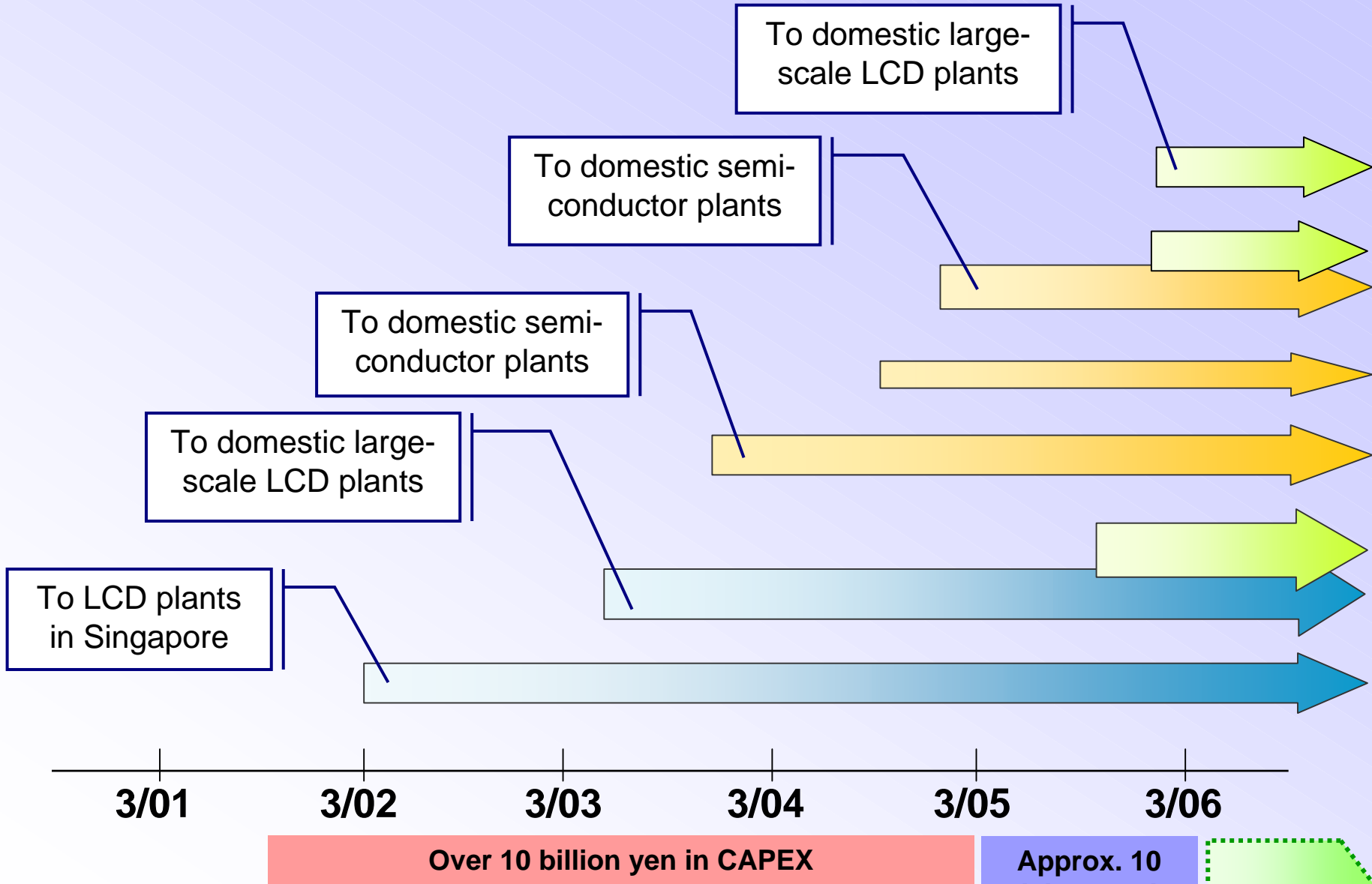
Net Income



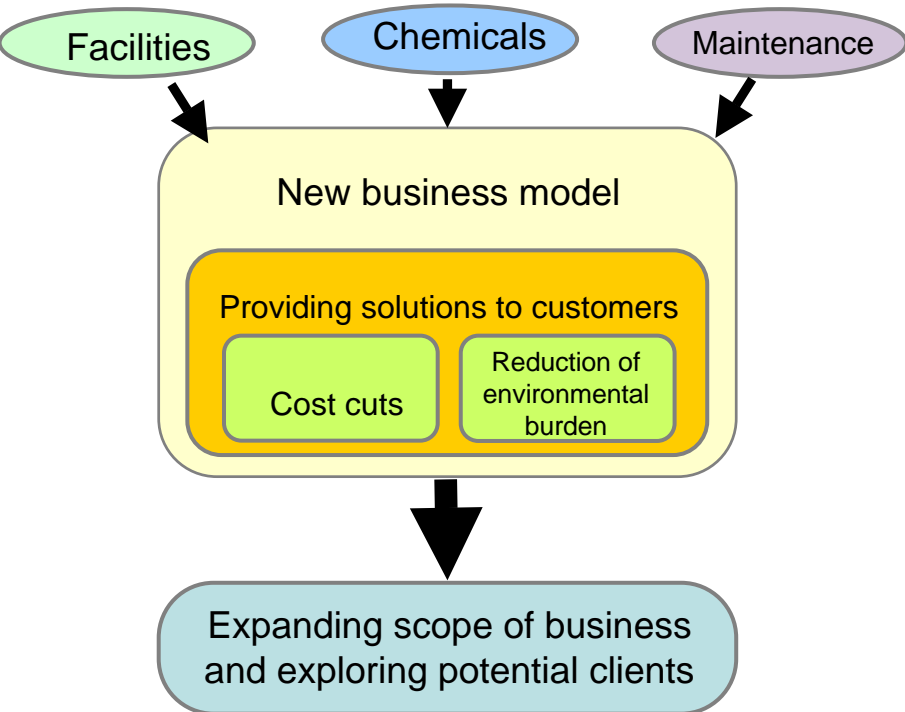


Note: Sales of "Ultrapure Water Supply" business has been disclosed since FY ended 3/05.

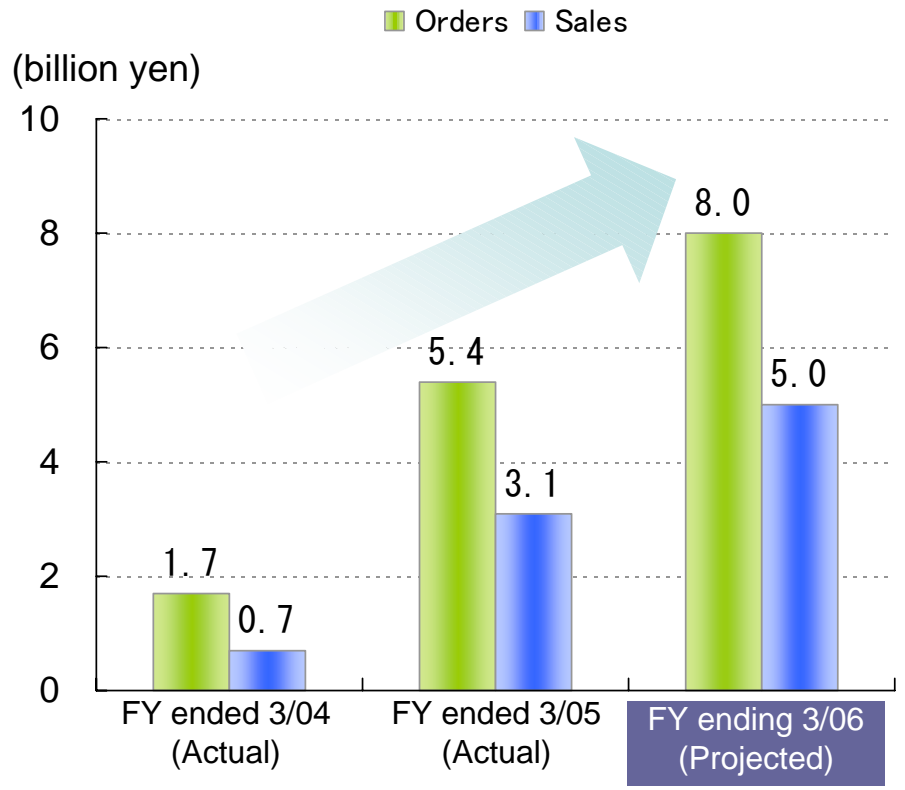




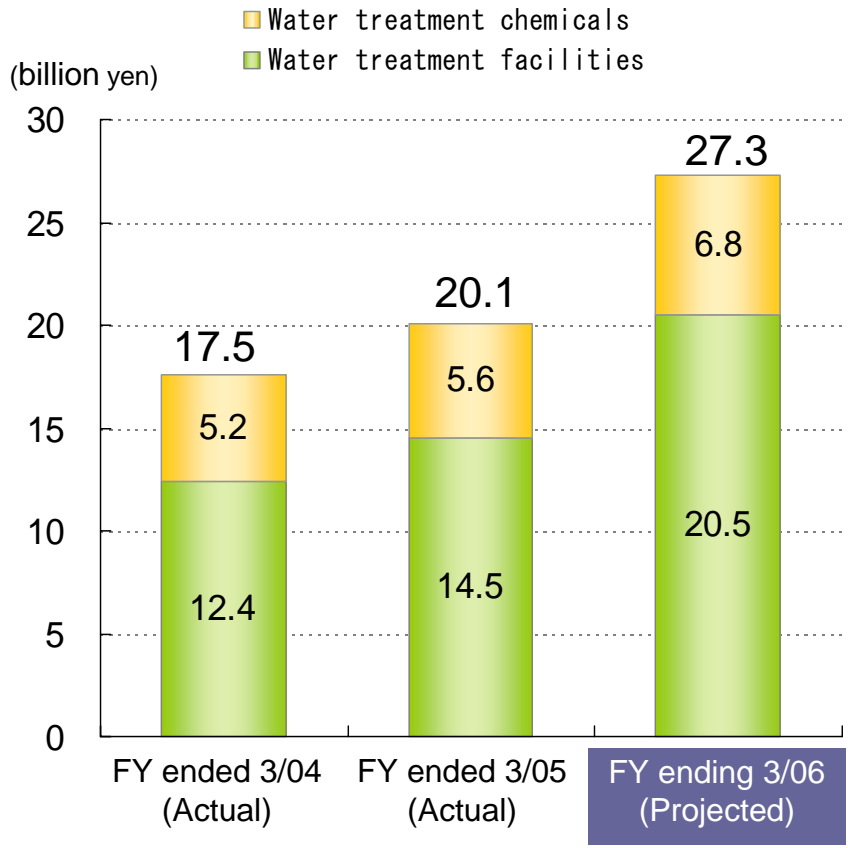
Eco-Solution Group's activities



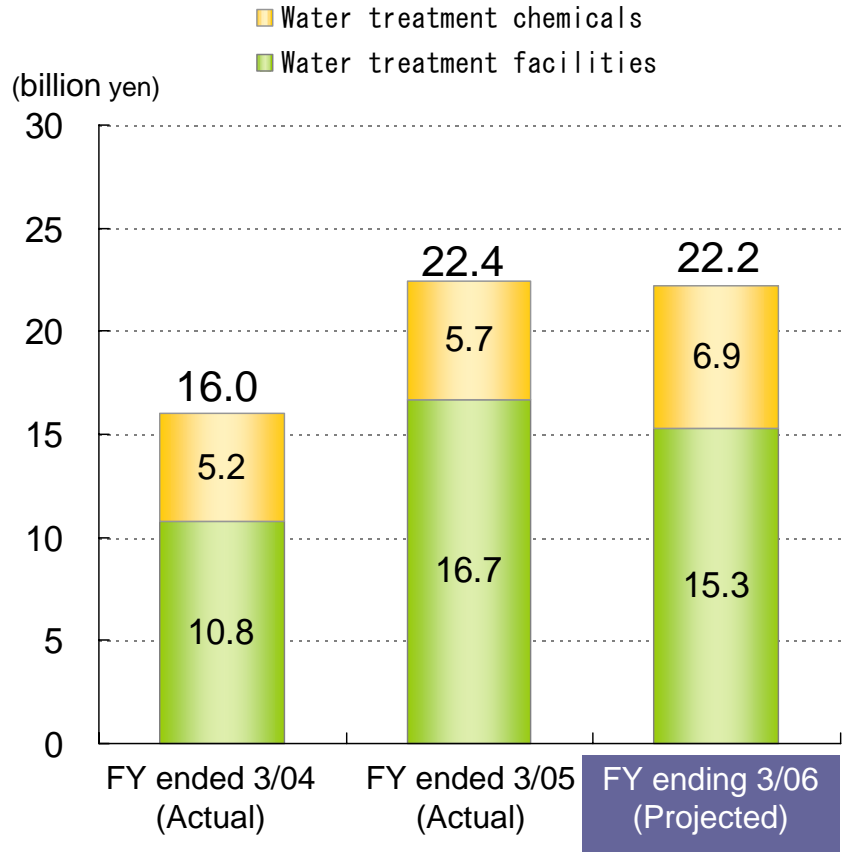
Orders & Sales of Eco-Solution Group



Overseas Orders



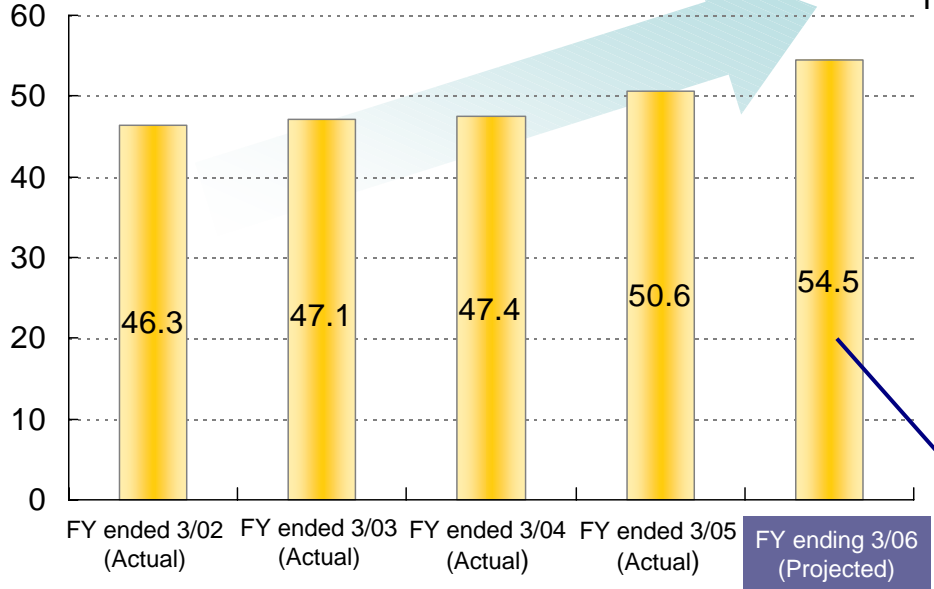
Overseas Sales



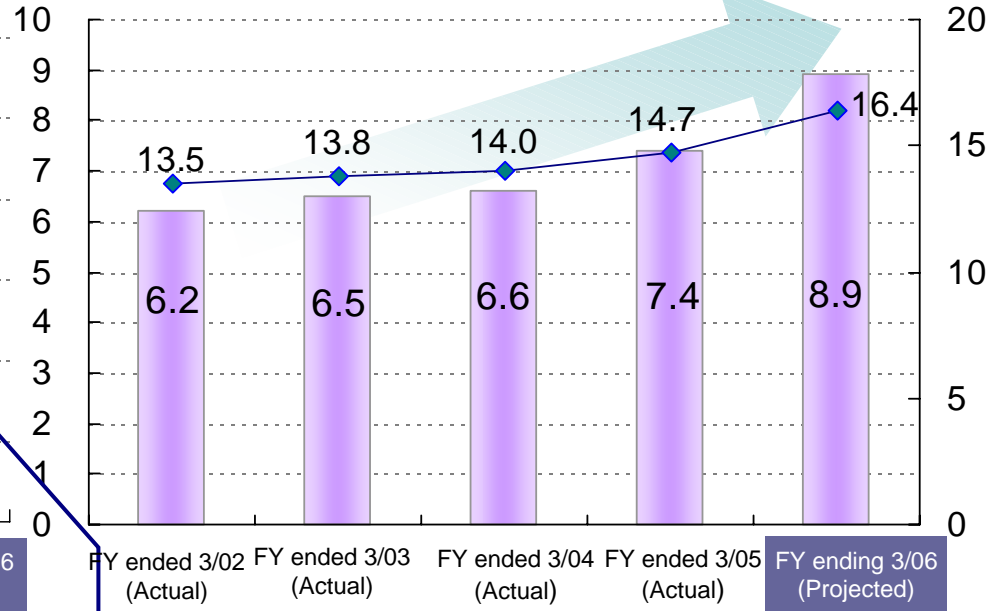
Sales

Operating Income

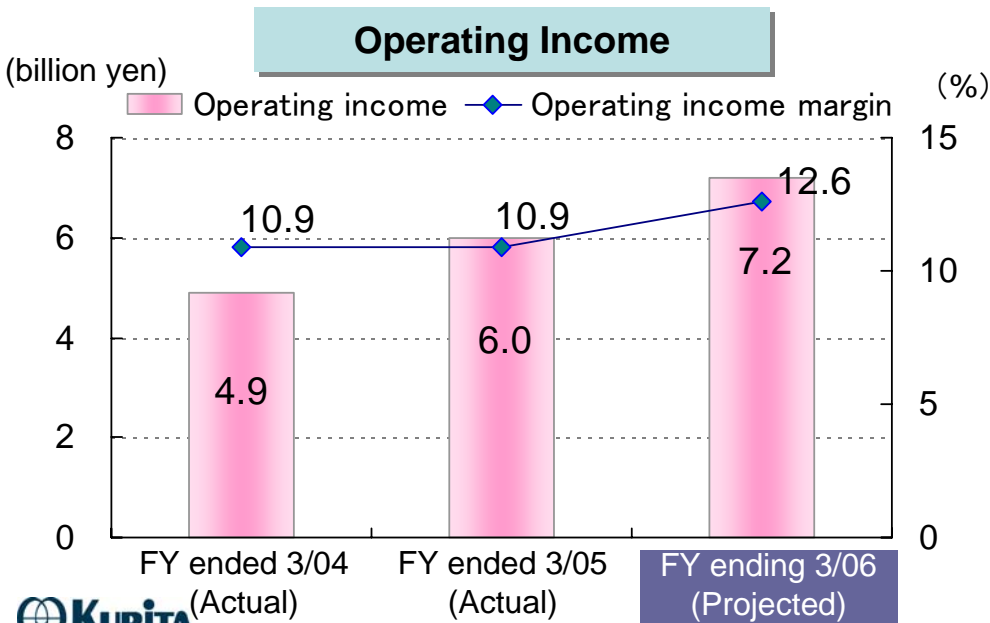
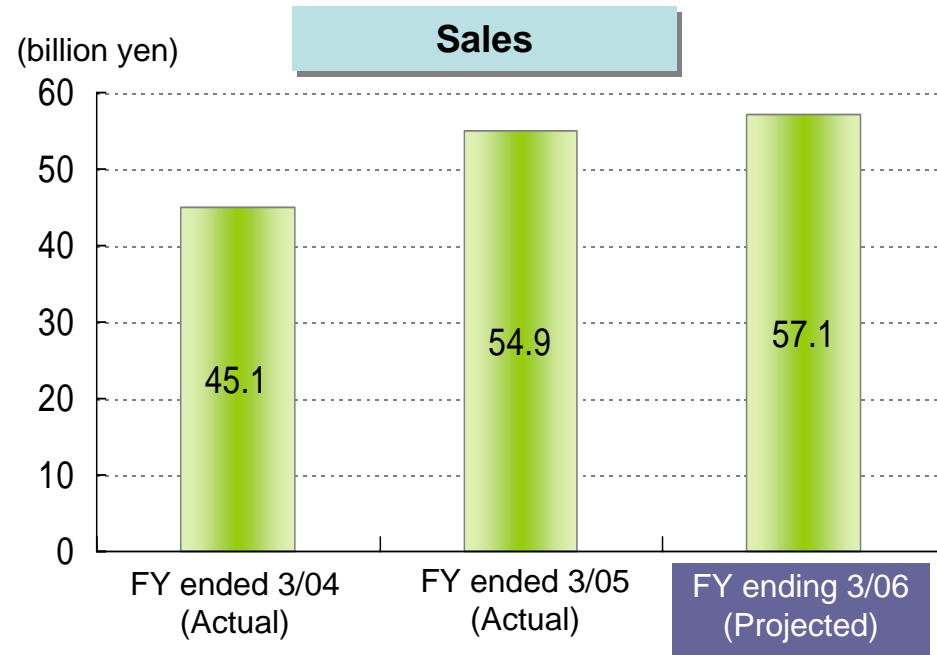
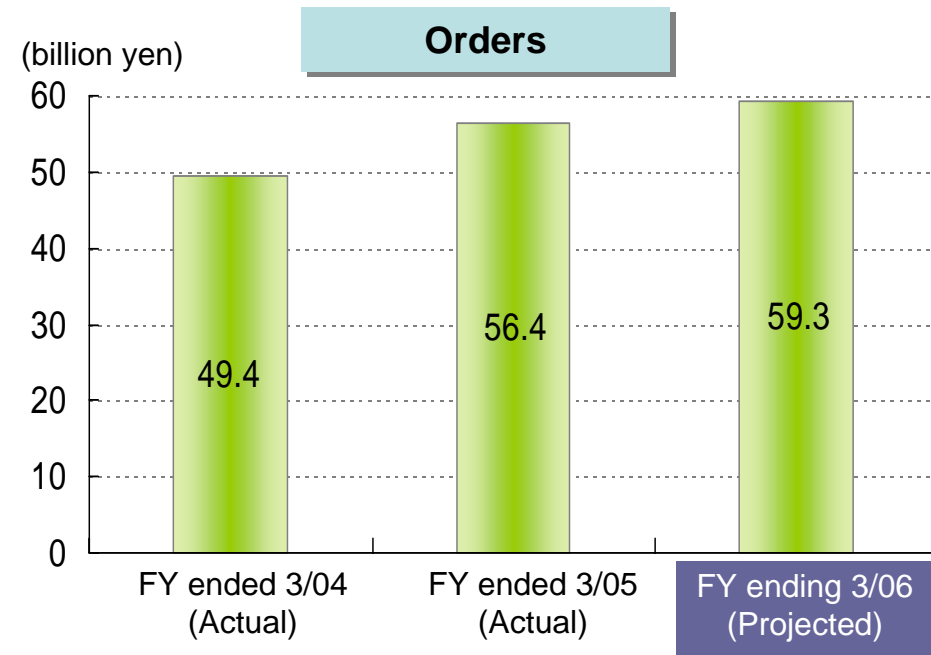
(billion yen)

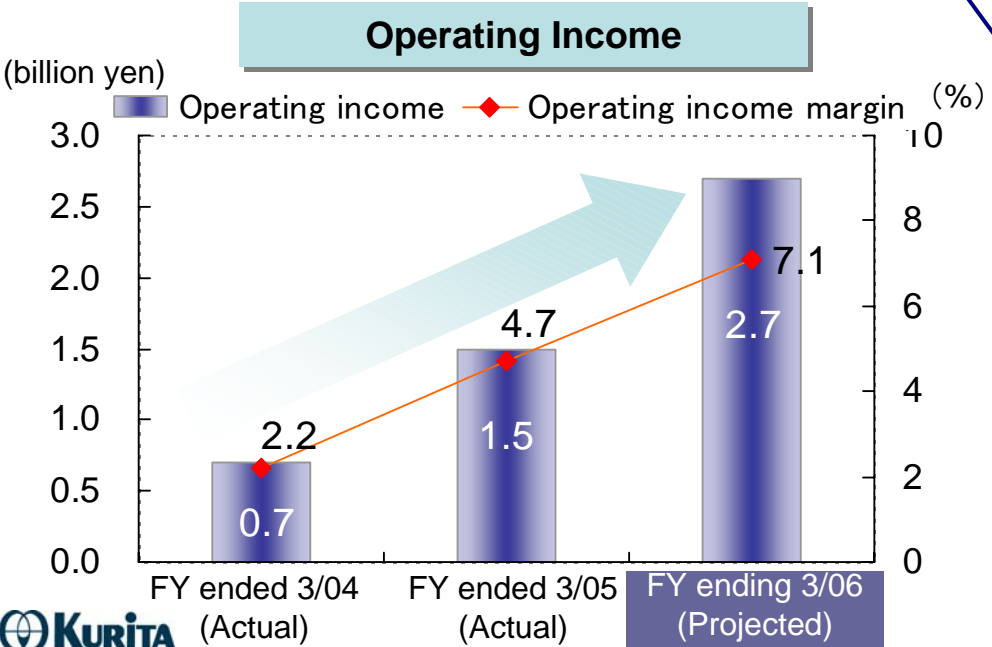
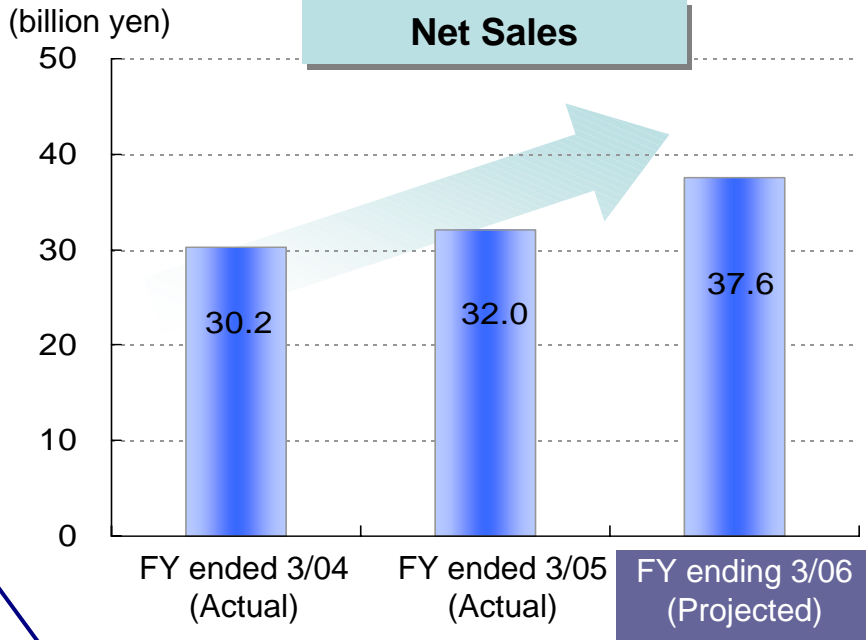
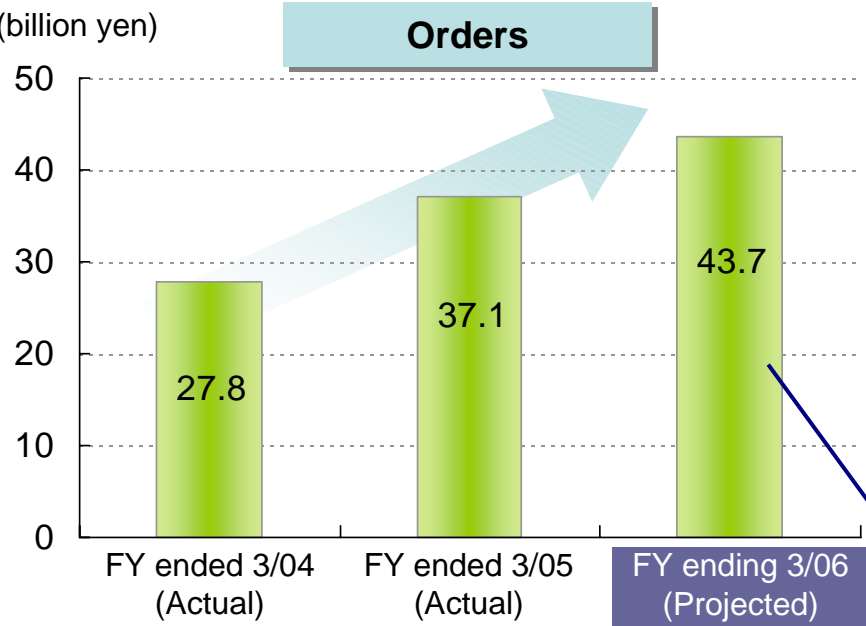


(billion yen) Operating income — Operating income margin (%)

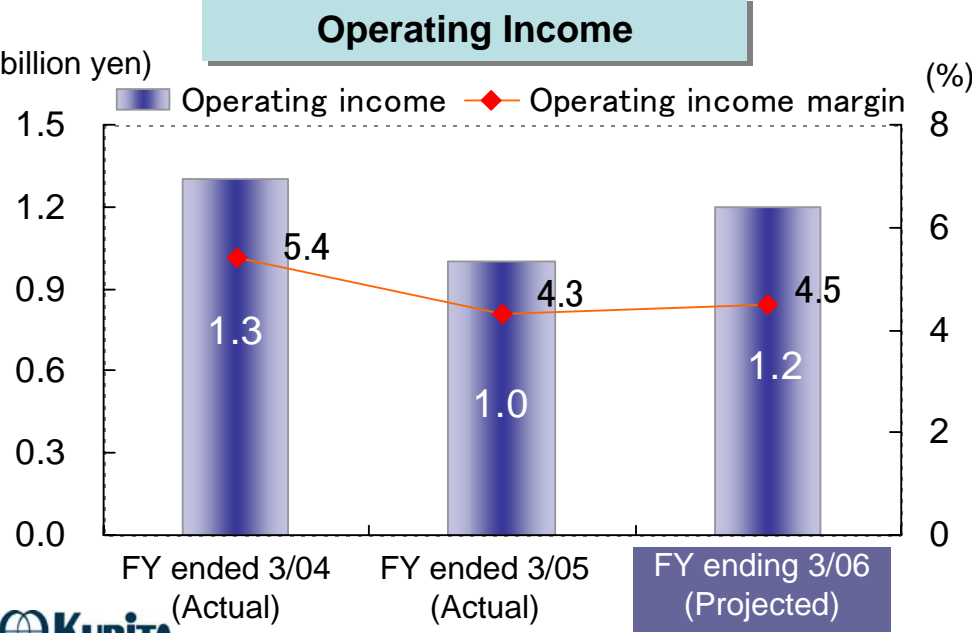
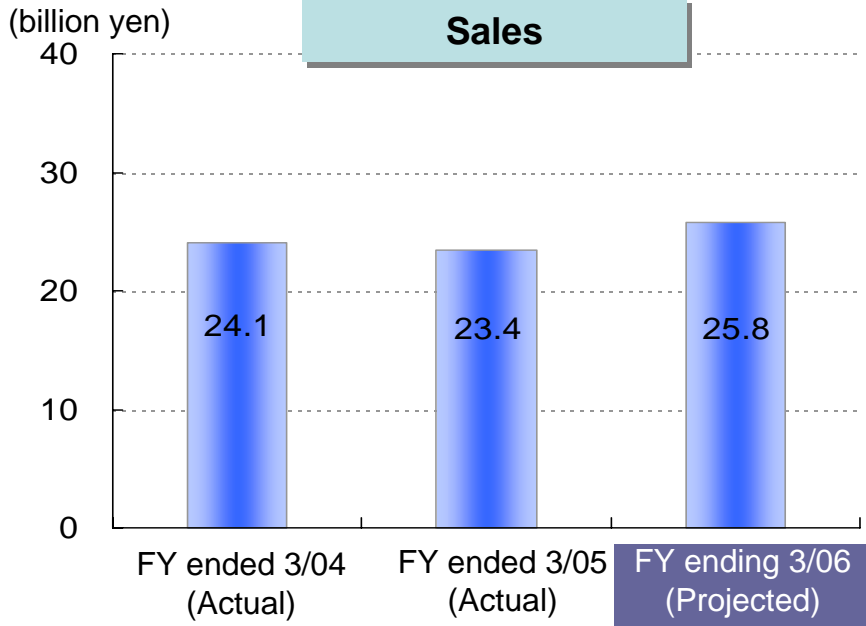
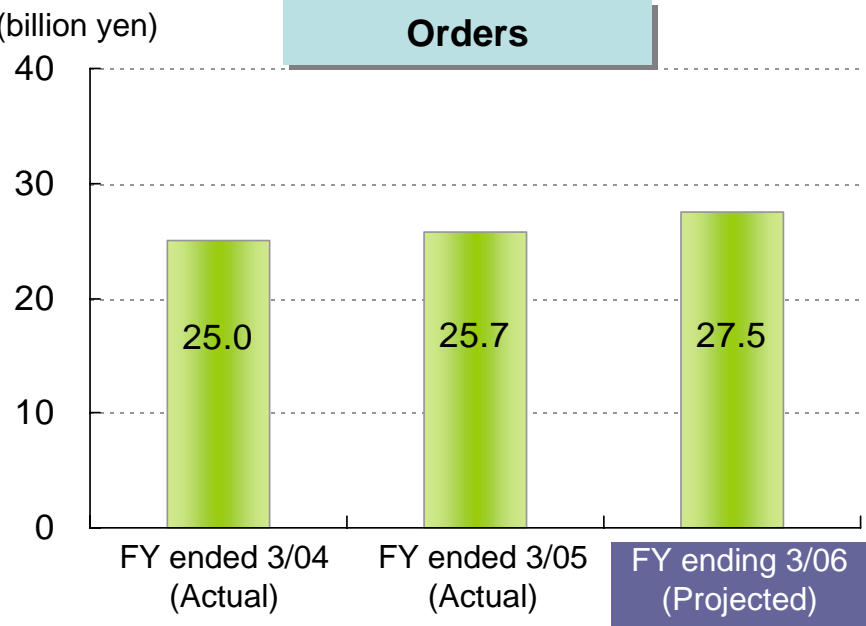


Main areas that saw revenue increase
 utilities
 incinerator
 pulp and paper
 customized services

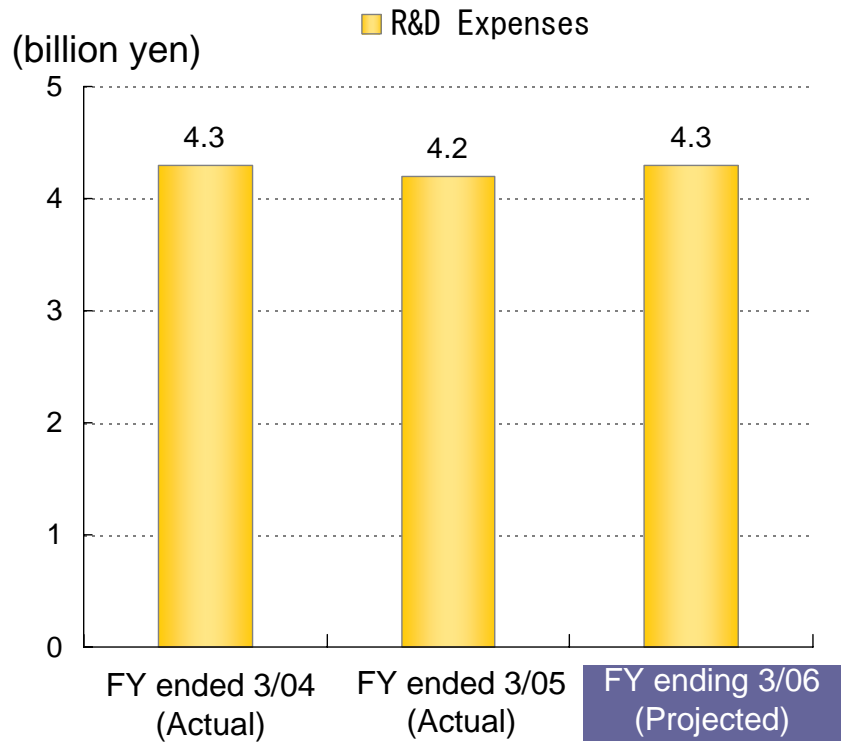
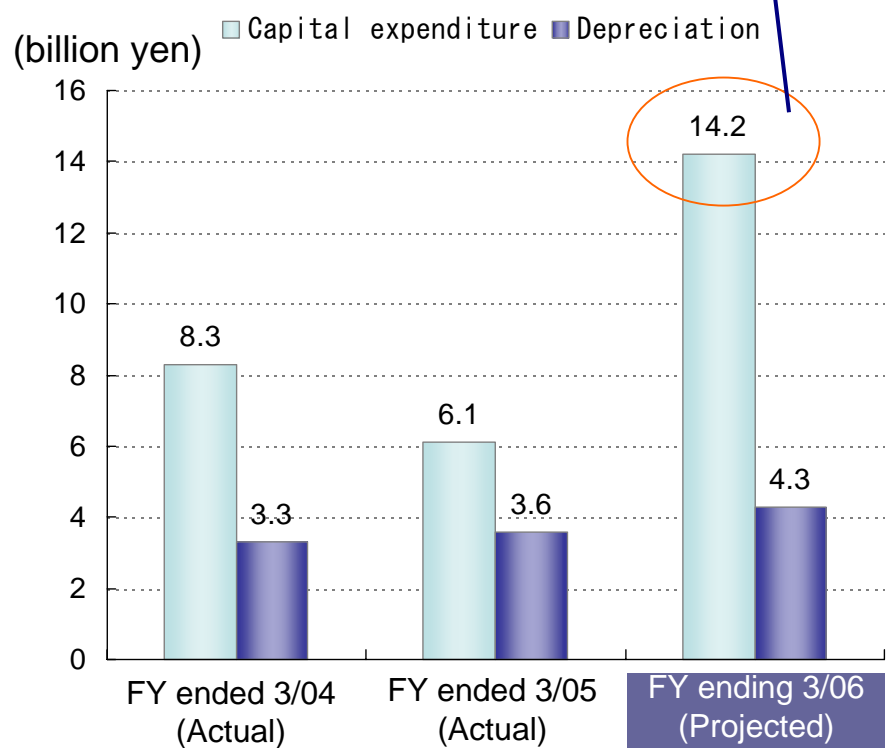


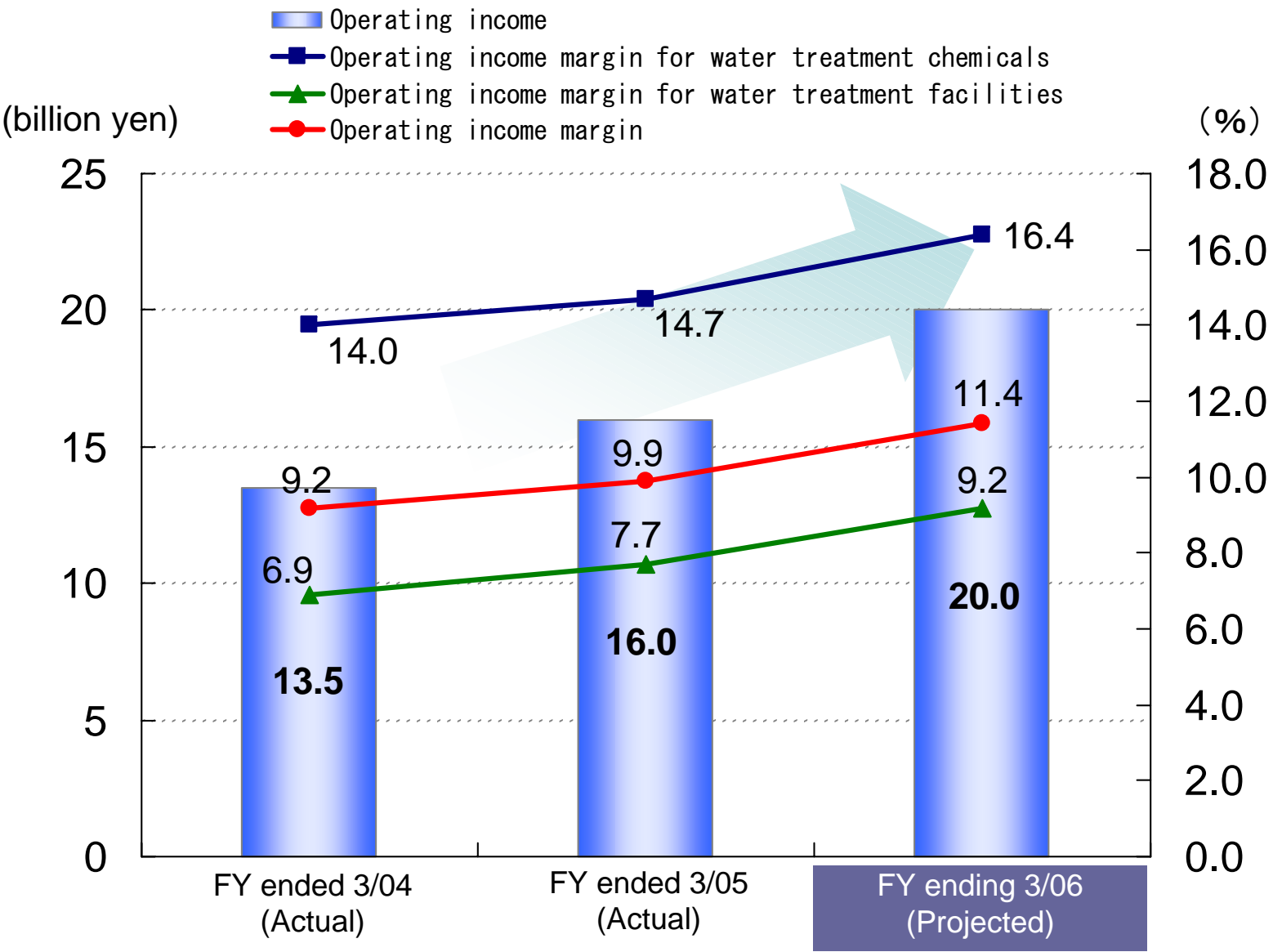


Increases in orders were mainly from ...
 steel
 petrochemical
 soil remediation



Approx. 10 billion yen invested in assets related to Ultrapure Water Supply business





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Forward-looking Statements

This presentation material contains forward-looking statements, business plan projections and judgments based on the information available to the management at the time of writing. Due to the existence of a variety of risk factors and uncertainties, these statements and projections may differ from actual results.