

Organo Corporation

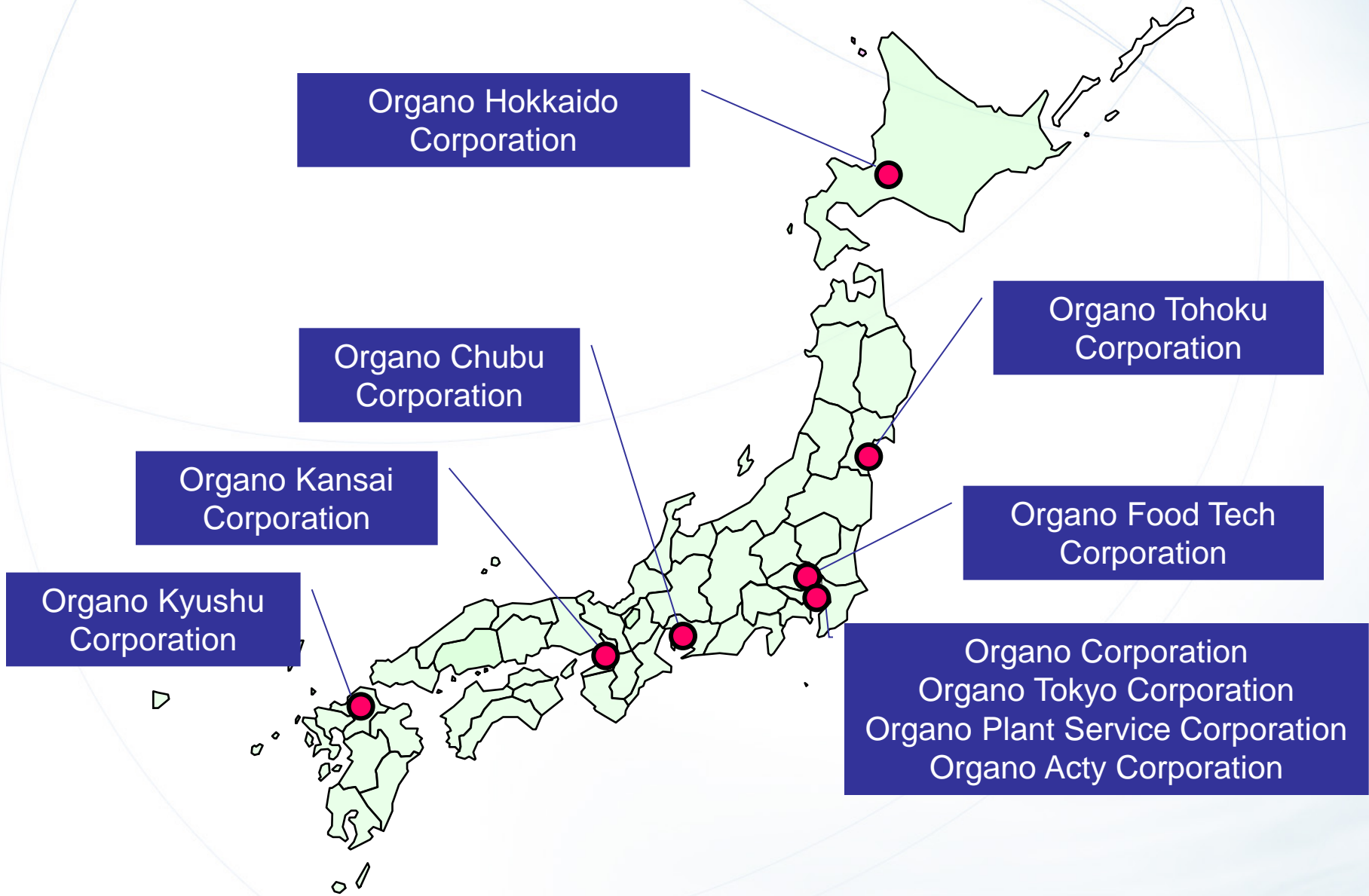
Report on the Second Quarter Financial Results for the Term Ending March 31, 2014

November 7, 2013

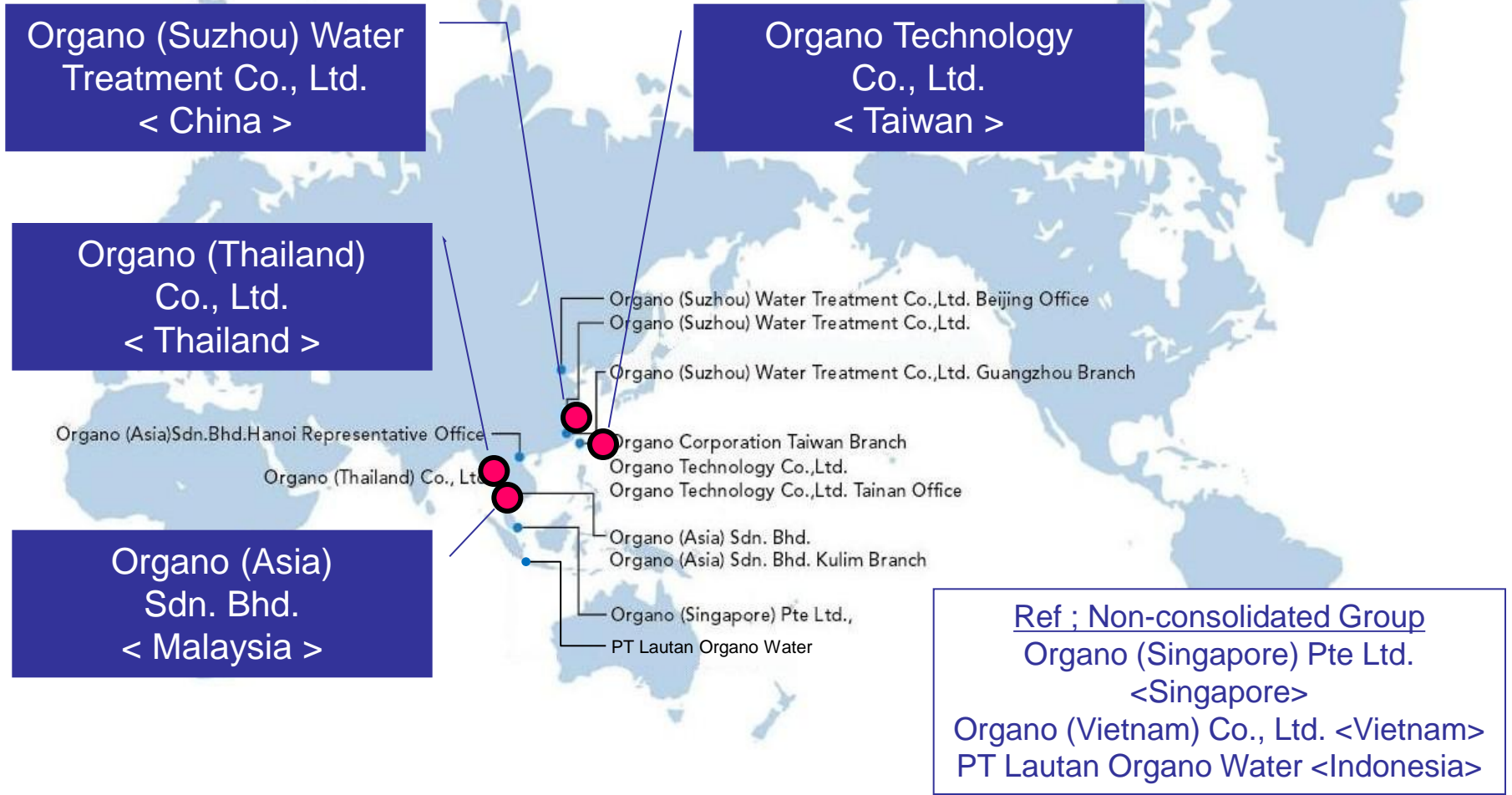
Report on the Second Quarter Financial Results and Forecasts for FY2013

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President

The Consolidated Organo Group (Japan)



The Consolidated Organo Group (Overseas)



Financial Results of the Second Quarter, FY2013 (Consolidated)

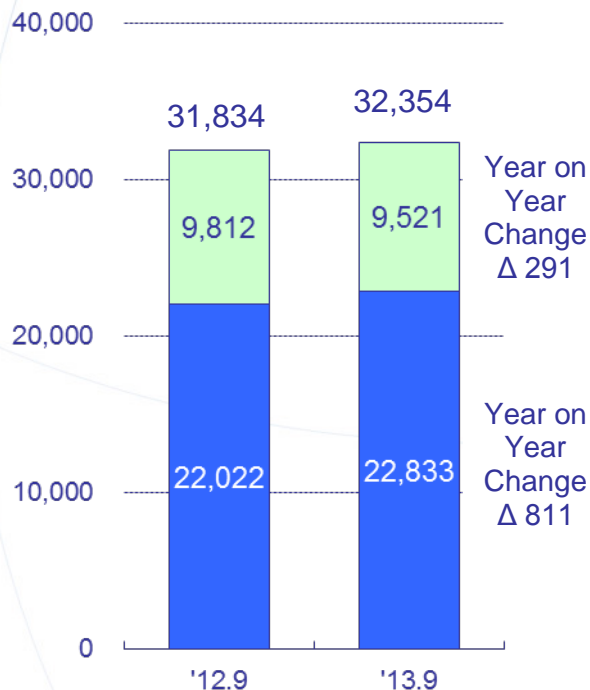
(millions of yen)

	'12.9 Result	'13.9 Plan	'13.9 Result	Year on Year Change	Change from Initial Plan
Orders Received	31,834	34,000	32,354	+ 520	△ 1,646
Net Sales	29,566	30,000	26,791	△ 2,775	△ 3,209
Gross Profit	7,587	6,800	6,447	△ 1,140	△ 353
(%)	(25.7)	(22.7)	(24.1)	△ 1.6pt	△ 1.4pt
SG&A	6,576	6,600	6,877	+ 301	+ 277
Operating Income	1,010	200	△ 429	△ 1,439	△ 629
Ordinary Income	1,045	100	△ 229	△ 1,274	△ 329
Net Income	634	40	△ 134	△ 768	△ 174

Financial Results of the Second Quarter FY2013 (by Business Segment)

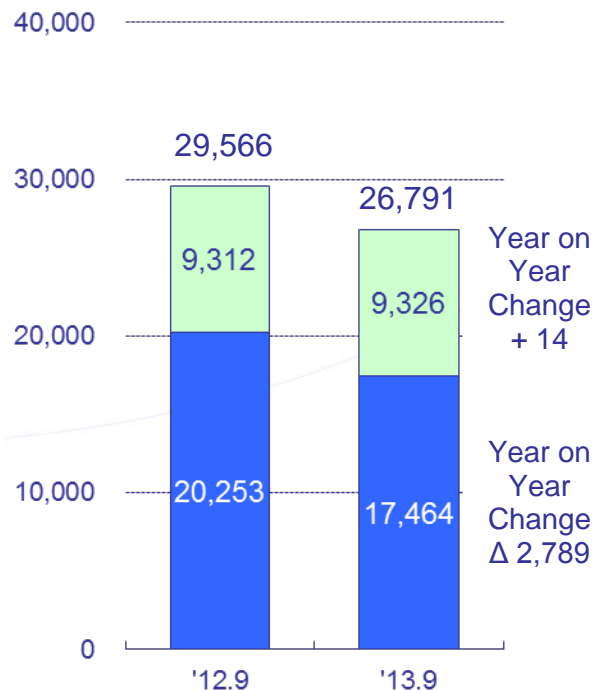
Orders Received

(millions of yen)



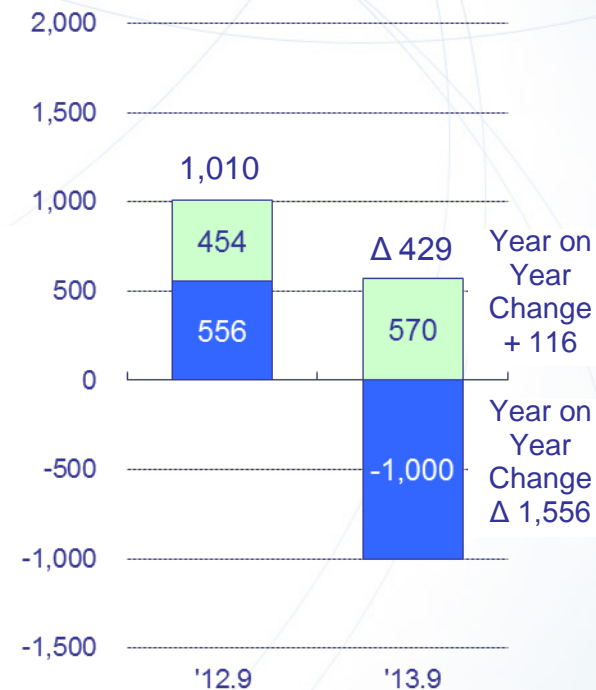
Net Sales

(millions of yen)



Operating Income

(millions of yen)



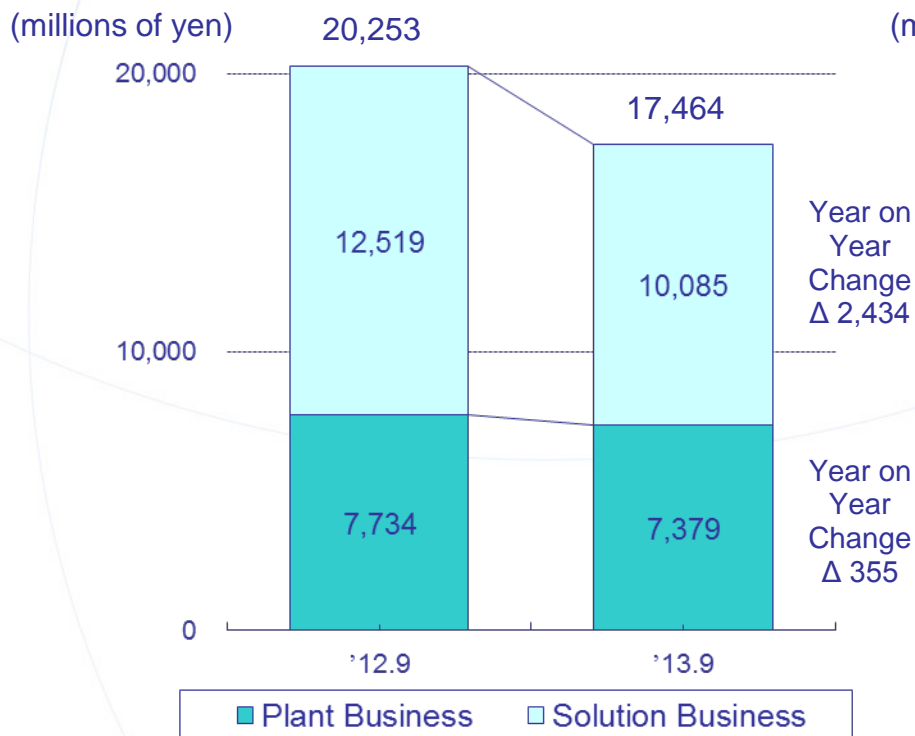
■ Water Treatment Engineering ■ Functional Product

[Water Treatment Engineering] Orders increased, primarily for overseas electronics industries. Sales also increased in overseas, but decreased in overall domestic industries, particularly in the power plant segment. Operating income decreased due to reduced net sales, changes in the sales mix, and lower profitability.

[Functional Products] Both orders and sales remained mostly unchanged year on year. Operating income increased, primarily due to improved profitability.

Sales by Business Segment and Customer (Water Treatment Engineering)

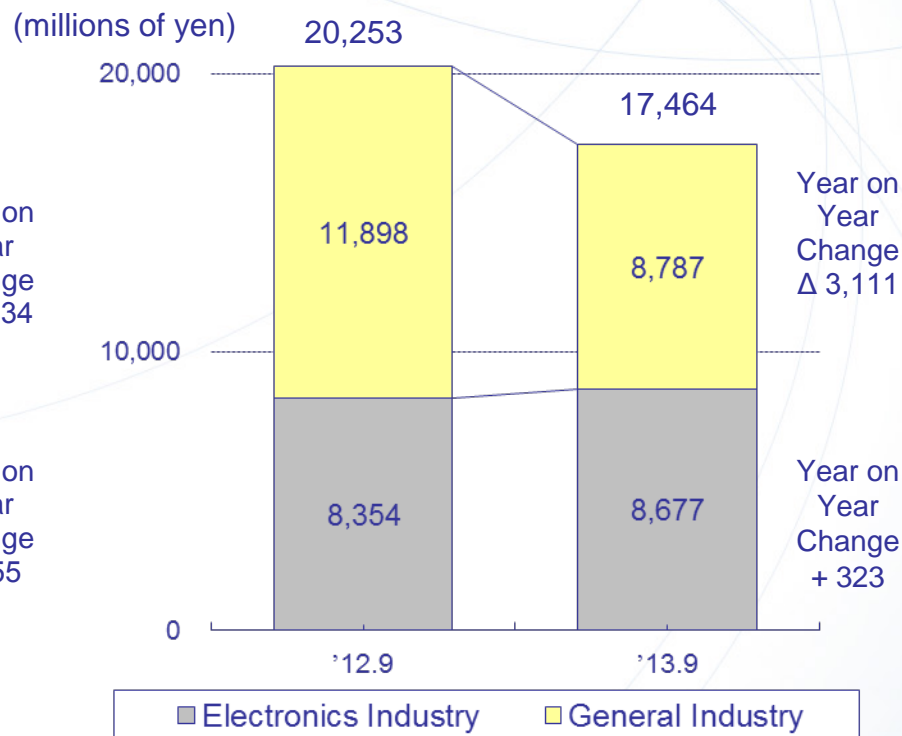
Sales by Business Segment



[Plant Business] Sales declined, primarily due to a drop in the sale of plants for the domestic electronics industry and the postponement of projects of general industries to the second half of the fiscal year.

[Solution Business] Sales decreased mainly because of decline in the power plant segment.

Sales by Customer



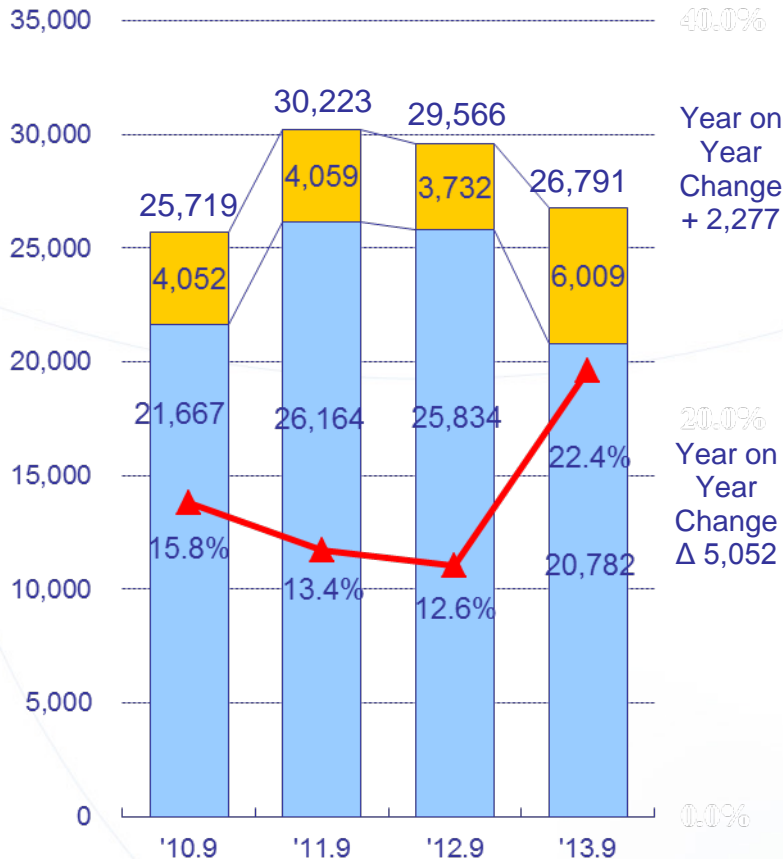
[Electronics Industry] While domestic sales declined, both the plant and maintenance businesses grew in overseas.

[General Industry] Sales decreased as a result of a decline in the power plant segment, despite growth in the plant for food industry in both domestic and overseas, and in the waterworks segment.

Sales by Region

Domestic and Overseas Sales

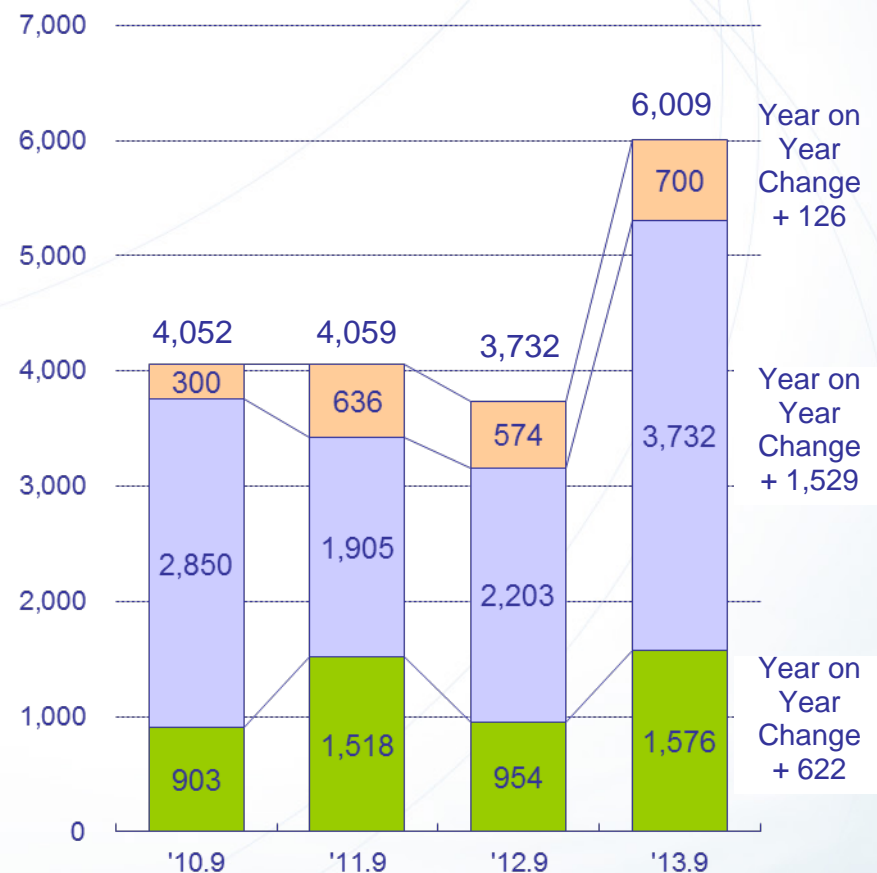
(millions of yen)



Domestic Overseas Overseas Ratio

Sales by Overseas Region

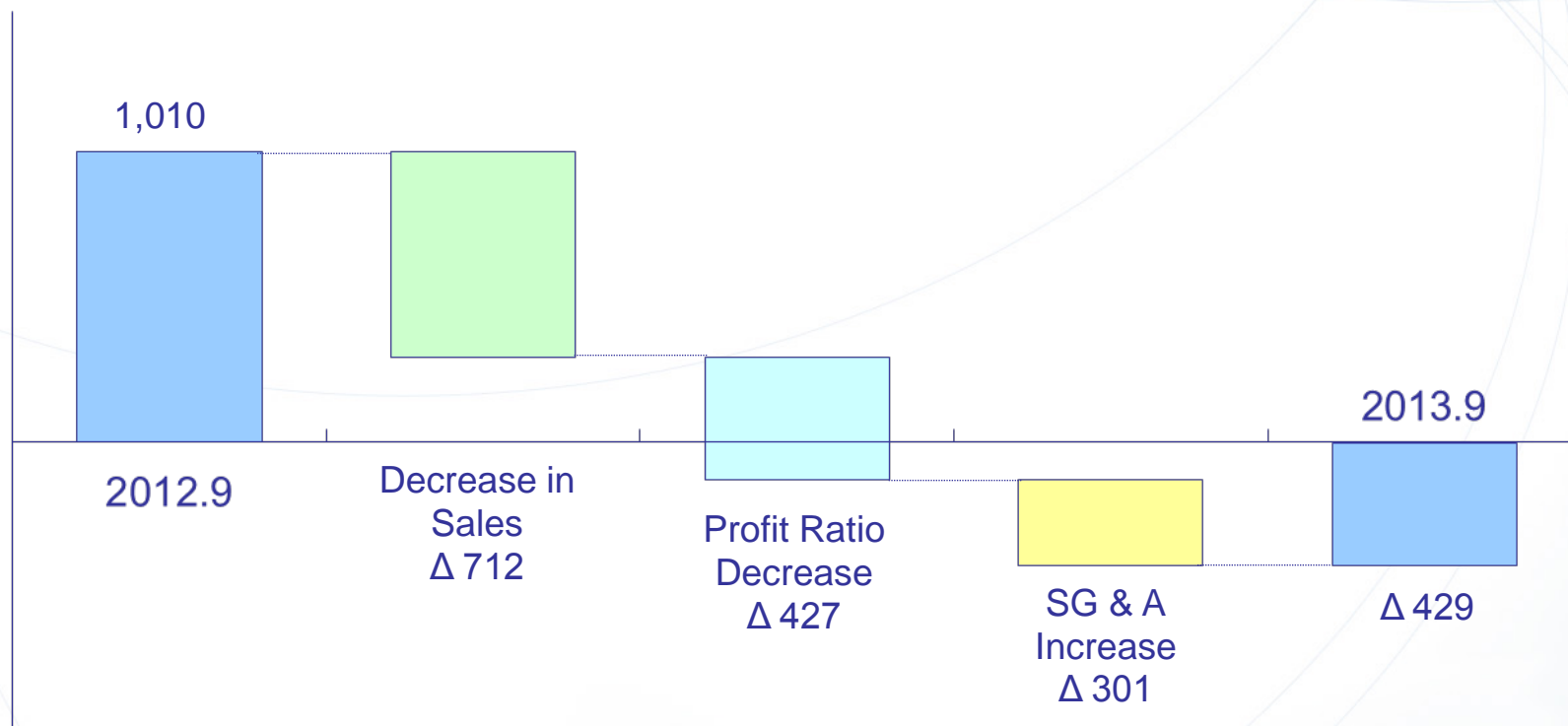
(millions of yen)



Southeast Asia Taiwan China

Analysis of Operating Income, FY 2013 (by Factor)

(millions of yen)



*The decrease in sales and profit ratio decrease are calculated using the gross profit margin.

Balance Sheet

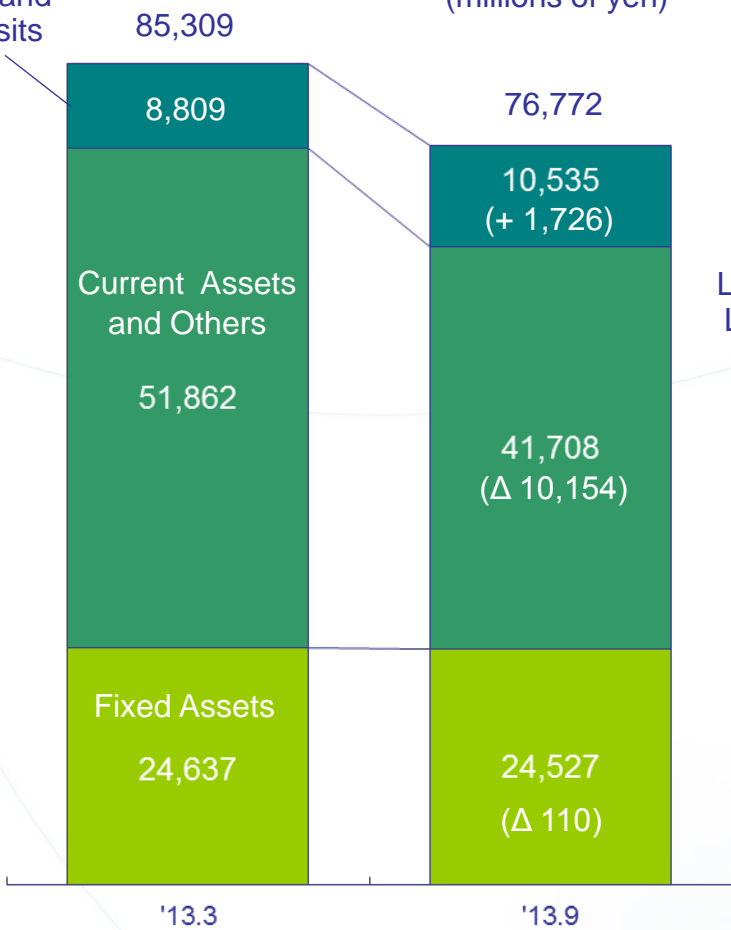
Assets

Liabilities and Net Assets

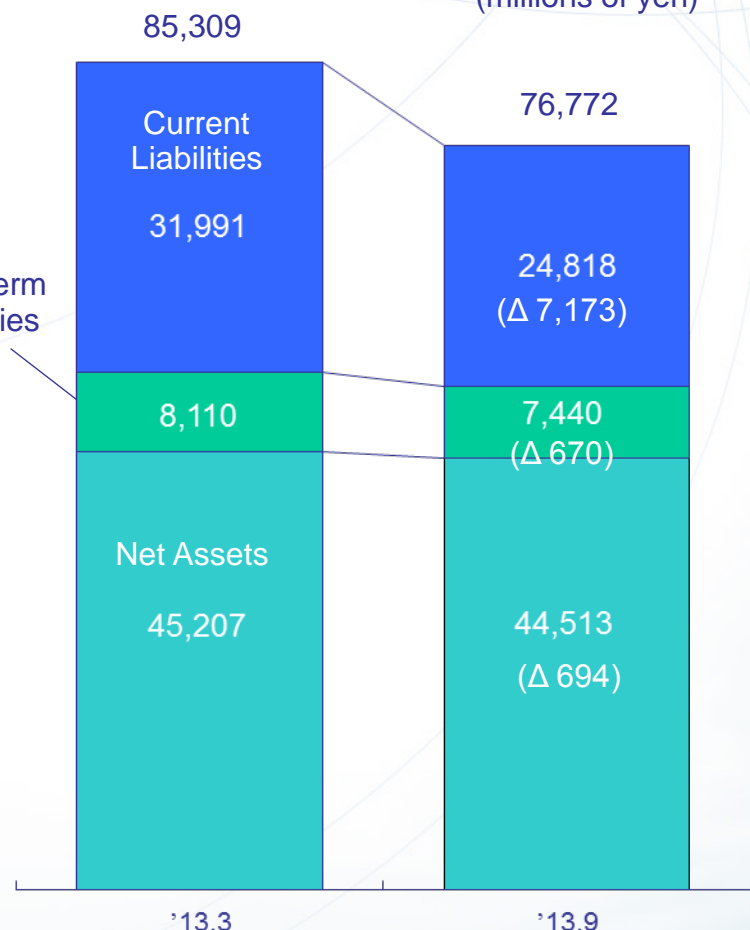
Cash on Hand and Deposits

(millions of yen)

(millions of yen)

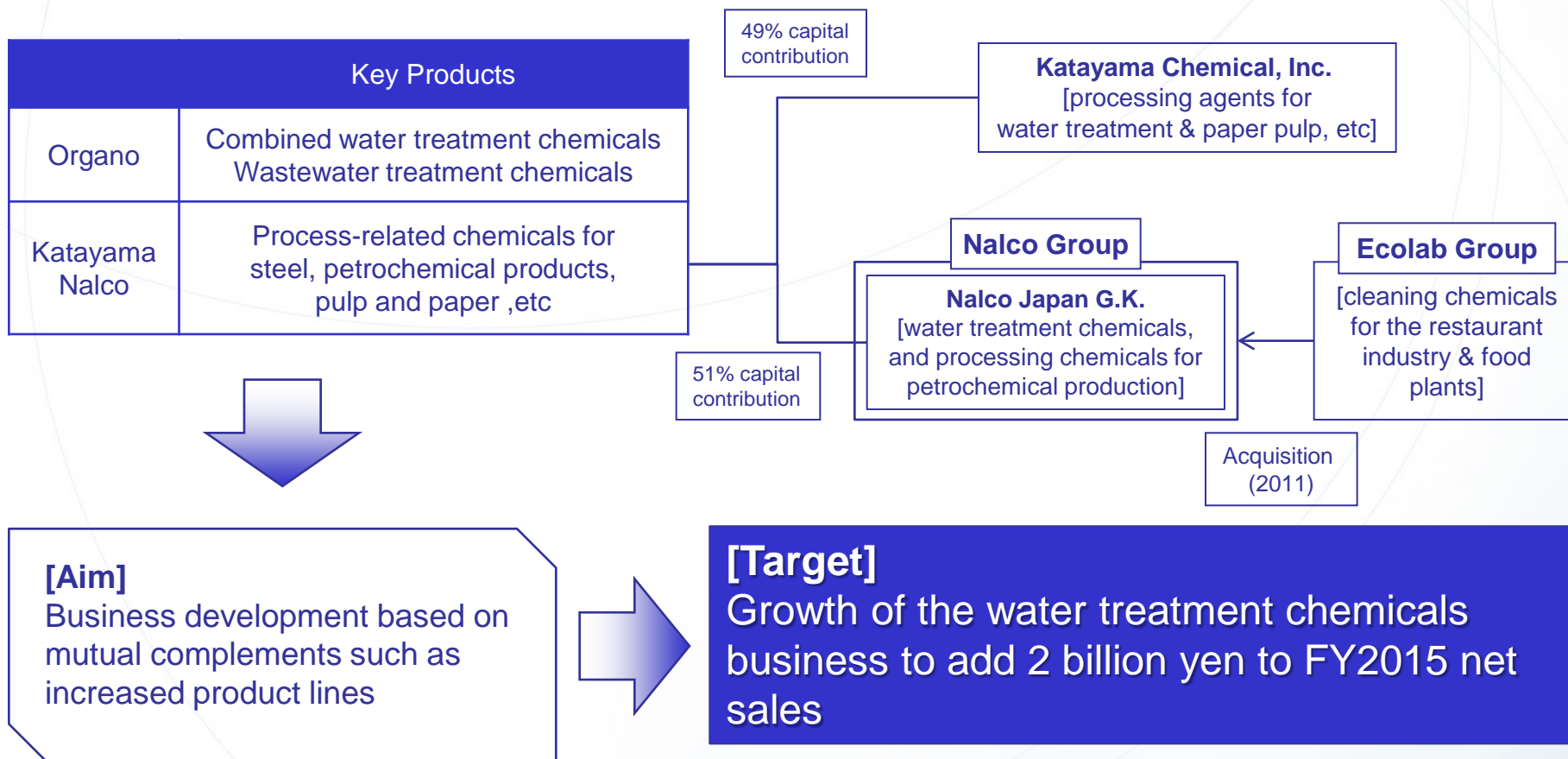


Long-term Liabilities



Major Efforts in the First Half of FY2013

◆ Alliance with Katayama Nalco Inc. in the water treatment chemicals business (Agreement signed on July 9, 2013)



Major Efforts in the First Half of FY2013

◆ Launched rental service of RO water purification system "Osmopure" for general consumers

- Water purification system directly connected to water faucet using activated carbon + RO membrane
- Main unit is rented free of charge (cartridges are purchased periodically)
- Less costly and more eco-friendly than water serving service
- Includes antibacterial function



Osmopure rental service website

Major Efforts in the First Half of FY2013

◆ Strengthen wastewater treatment business

- Established Wastewater Management Dept. (April 2013 -)
- Increased product lines and technical capacity to expand sales
 - Fluidized bed anaerobic wastewater treatment system
 - Membrane bioreactor (MBR) method system “OFAS Series”
 - High-speed dissolved air flotation system, etc.

Aims

Electronics industry/domestic/pure water



Shift of business portfolio

Overall industries/overseas/
both pure water + wastewater

- ◆ Manage and develop wastewater treatment technologies, establish sales expansion and new technology development strategy
- ◆ Strengthen wastewater treatment business for various industries such as the chemical, food and beverage industries

Major Efforts in the First Half of FY2013

- ◆ Established ASEAN Engineering Center/Asia Procurement Center
(May 2013 -)

Aims

Electronics industry/domestic/pure water



Shift of business portfolio

Overall industries/overseas/
both pure water and wastewater

- ◆ Accelerate responses to Asian customers
- ◆ Strengthen technical capabilities
- ◆ Provide technologies and products to meet local needs
- ◆ Reduce costs, increase price competitiveness
- ◆ Diversify risks in local procurement

Major Efforts in the First Half of FY2013

◆ Increased capital of PT Lautan Organo Water

Completed capital infusion into PT Lautan Organo Water (Republic of Indonesia) in May 2013. Business expansion is underway with the other local subsidiaries in Vietnam (capital added in Oct. 2012) and Thailand (capital added in March 2013), etc.

Location	Timing of capital infusion	Capital before infusion	Amount of capital added	Capital after infusion
Jakarta, Indonesia	May 2013	IDR 6 billion (approx. ¥62 million)	IDR 12 billion (approx. ¥125 million)	IDR 18 billion (approx. ¥187 million)

* IDR = Indonesian Rupiah

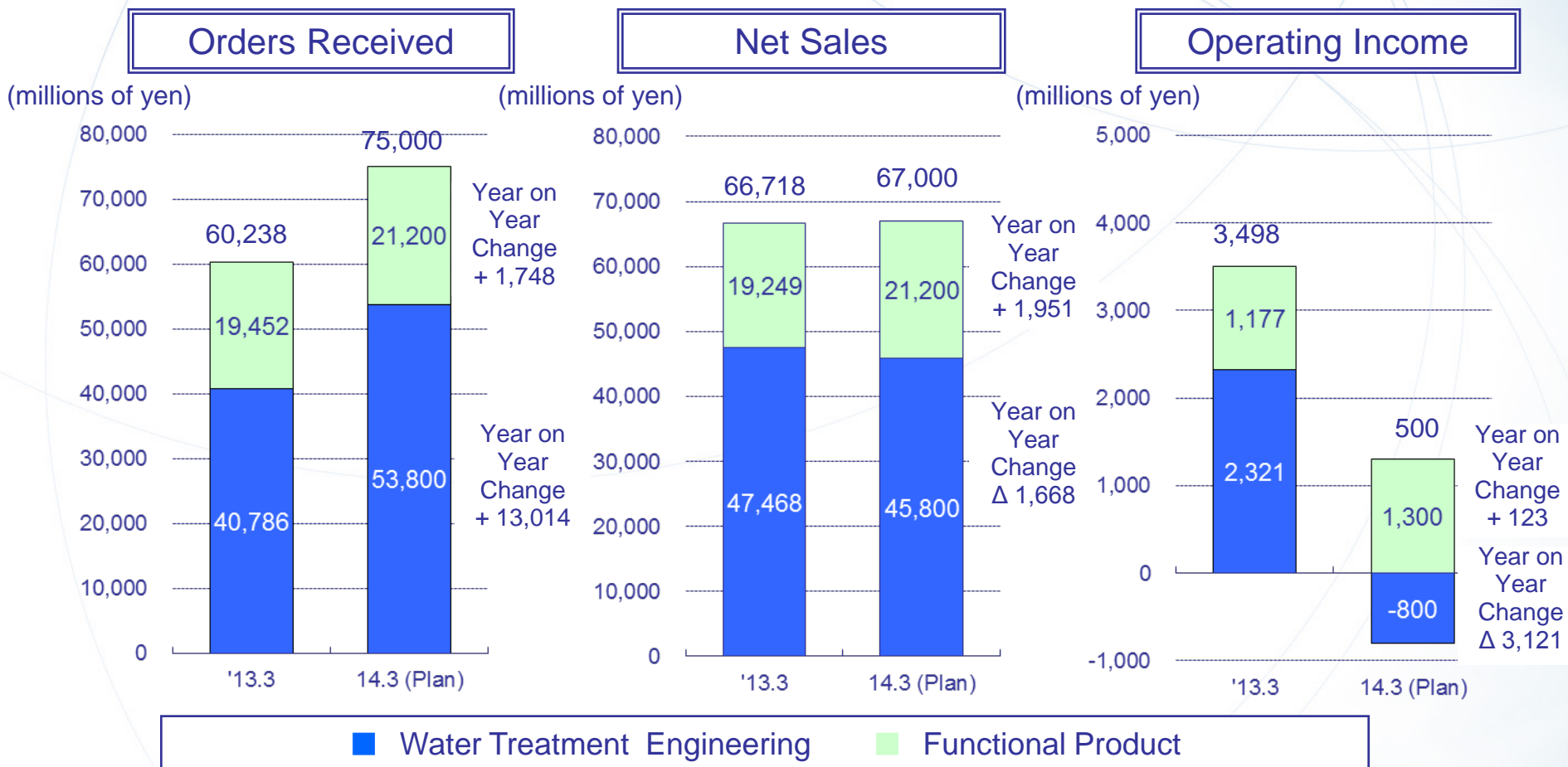
* The amounts in Japanese yen are calculated based on the exchange rate at the time of the capital infusion.

Forecasts for the Term Ending March 2014

(millions of yen)

	'13.3 Result	'14.3 Initial Plan	'14.3 Revised Plan	Year on Year Change	Change from Initial Plan
Orders Received	60,238	75,000	75,000	+ 14,762	+ 0
Net Sales	66,718	73,000	67,000	+ 282	△ 6,000
Gross Profit	16,846	16,900	14,200	△ 2,646	△ 2,700
(%)	(25.3)	(23.2)	(21.2)	△ 4.1pt	△ 2.0pt
SG&A	13,348	13,900	13,700	+ 352	△ 200
Operating Income	3,498	3,000	500	△ 2,998	△ 2,500
Ordinary Income	3,909	2,800	550	△ 3,359	△ 2,250
(%)	(5.9)	(3.8)	(0.8)	△ 5.1pt	△ 3.0pt
Net Income	2,564	1,500	350	△ 2,214	△ 1,150

Forecasts for the Term Ending March 2014 (by Business Segment)

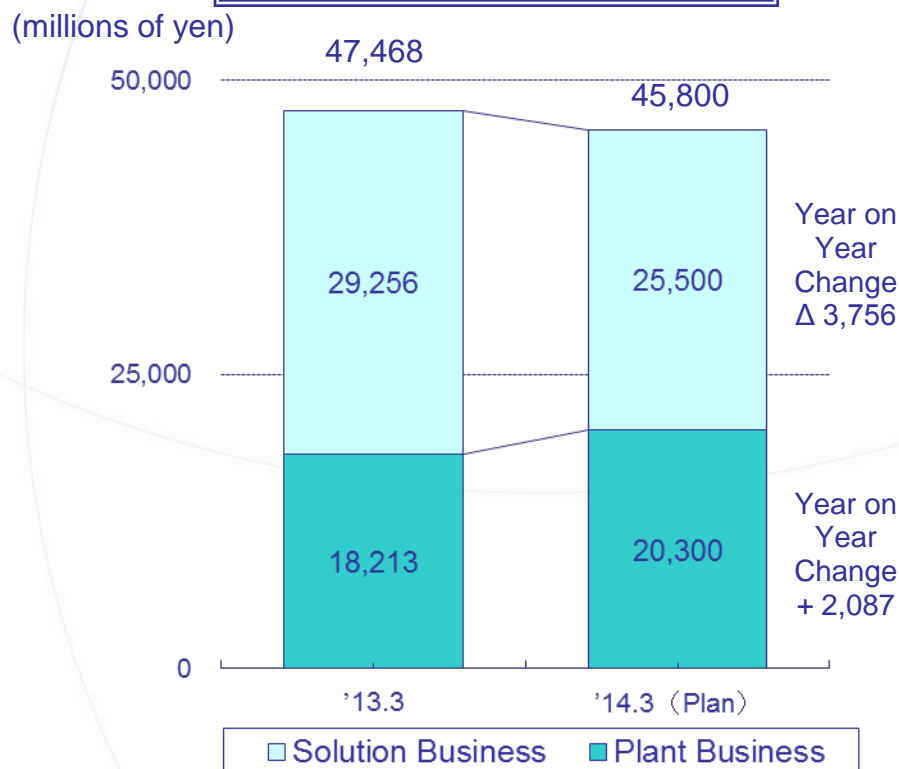


[Water Treatment Engineering] Orders are expected to increase based on growth in the plant and wastewater businesses for overall overseas industries and the domestic food industry. Sales are expected to decline due to a large number of projects in which sales will be realized from next year onward. Operating income is expected to decrease due to changes in the sales mix and lower profitability.

[Functional products] Sales are expected to grow based on new product development and product renewals.

Sales by Business Area and Customer (Water Treatment Engineering)

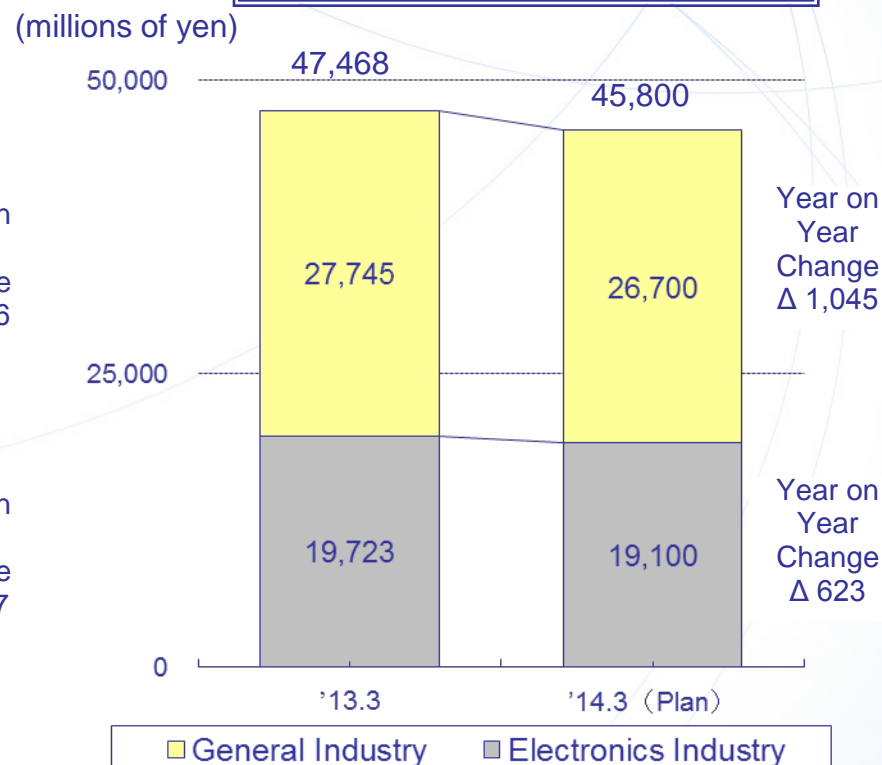
Sales by Business Area



[Plant Business] Sales are expected to grow based on an increase in plants for food and electronics industries in overseas markets, and in municipal water, sewage water and industrial wastewater treatment business segments in Japan.

[Solution Business] Sales are expected to fall in response to a decline in the domestic power plant segment.

Sales by Customer

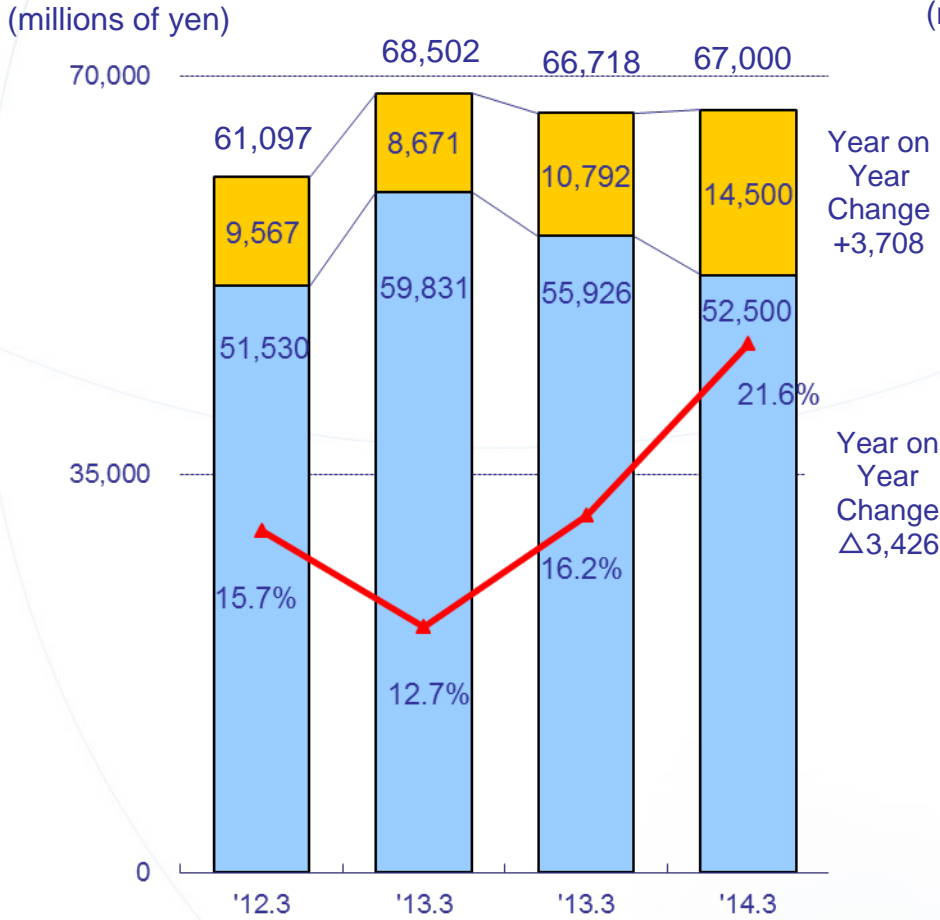


[Electronics Industry] Sales are expected to drop due to decrease in overall domestic, despite growth in both plant and maintenance business in overseas.

[General Industry] Sales are expected to fall mainly due to decrease in the power plant segment, despite growth in plants for food and electronics industries in both domestic and overseas, and in municipal water, sewage water and industrial wastewater treatment business segments in Japan.

Sales by Region

Domestic and Overseas Sales



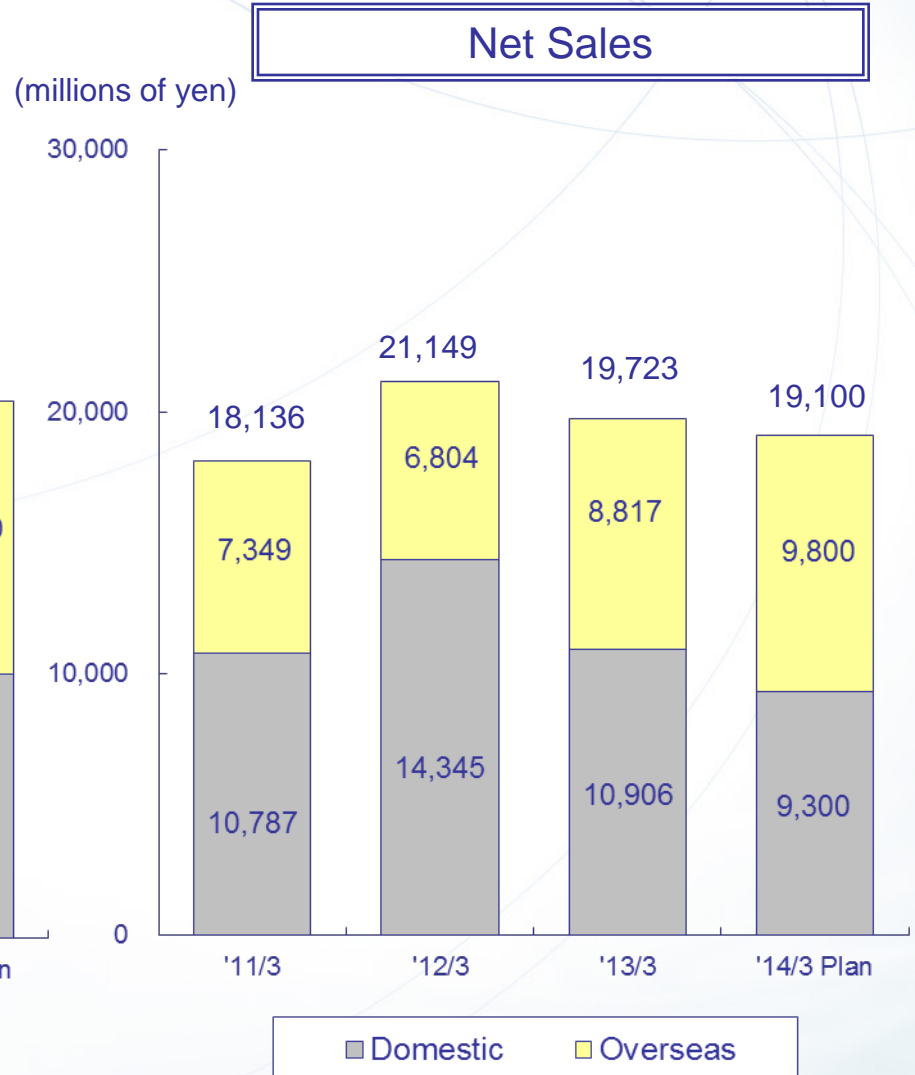
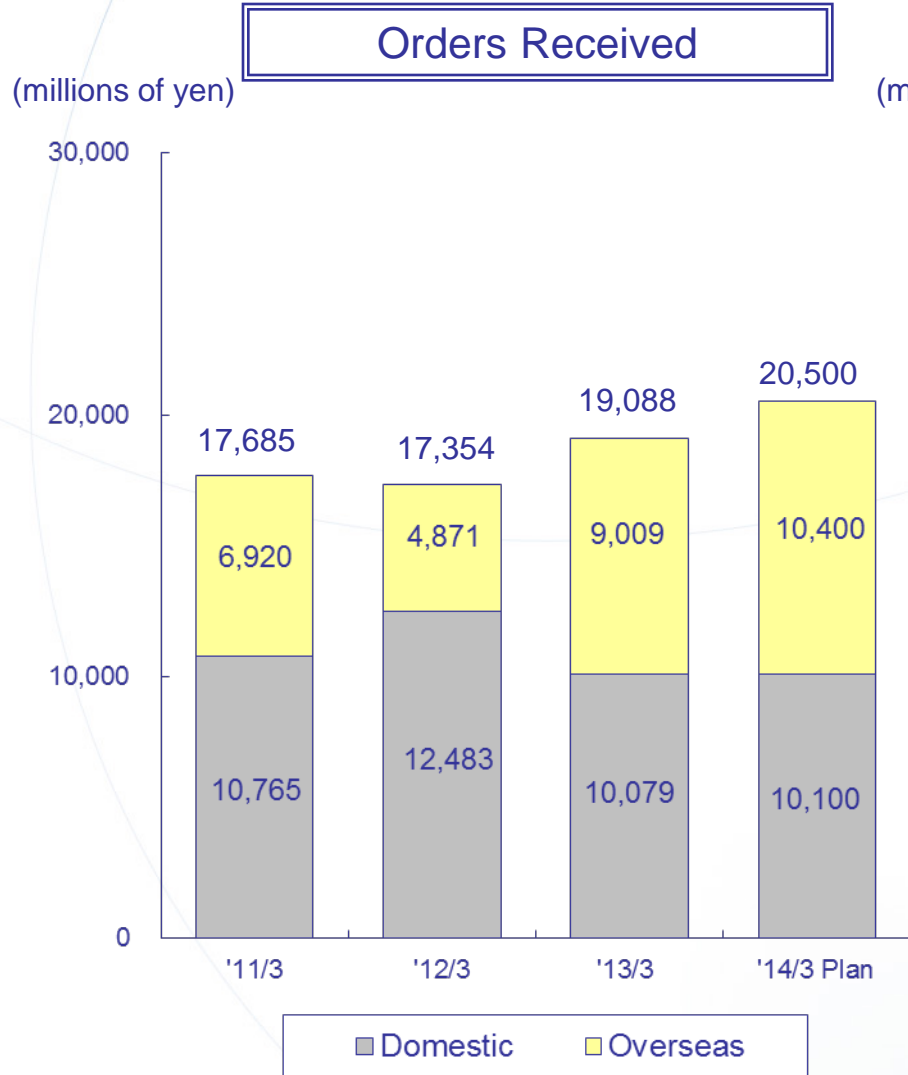
Sales by Overseas Region



Domestic Overseas Overseas Ratio

Southeast Asia Taiwan China

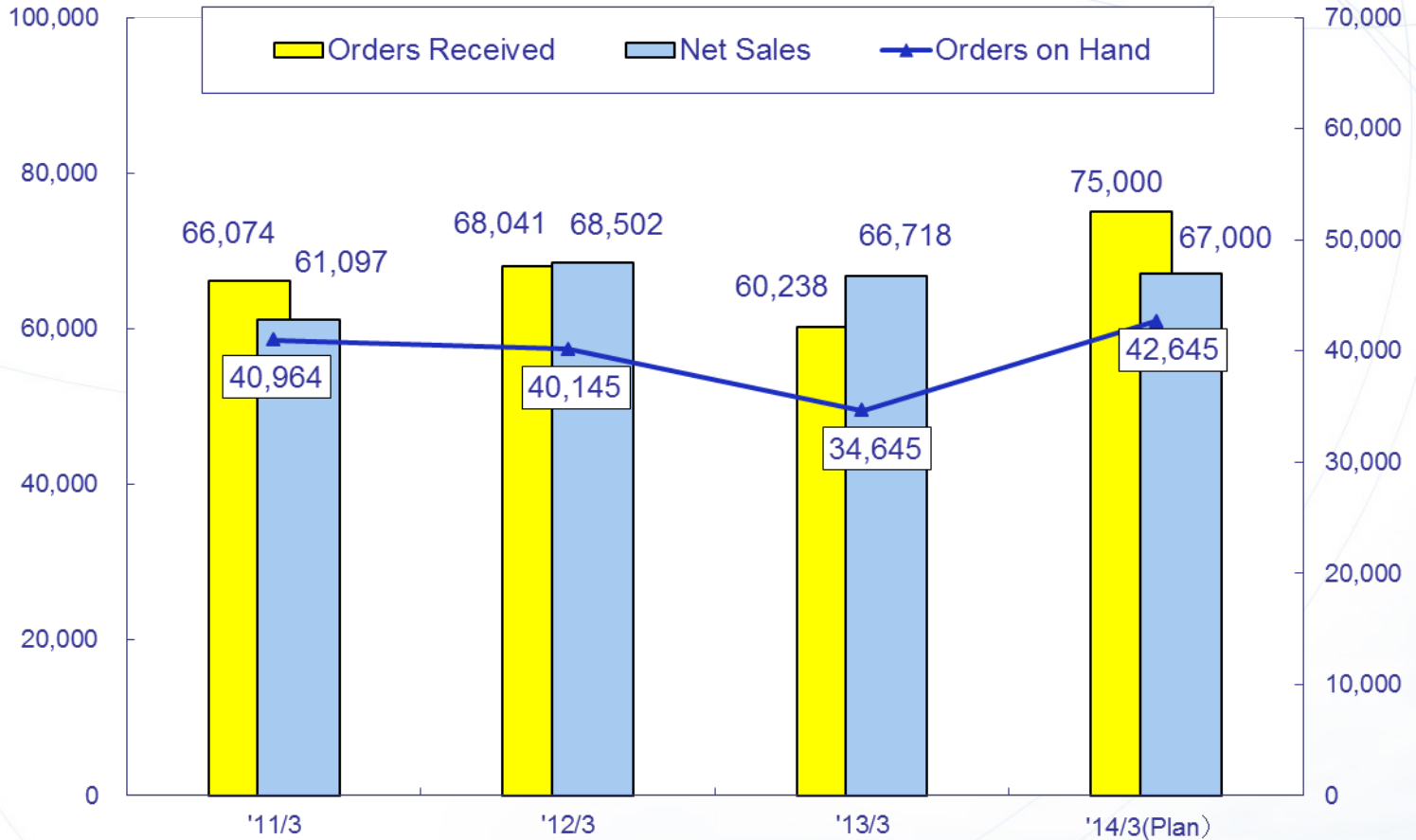
Progress of Orders Received and Net Sales from the Electronics Industry



Progress of Orders Received, Net Sales and Orders on Hand (Consolidated)

Orders received/Net sales
(millions of yen)

Orders on Hand
(millions of yen)



Major Indicators (Consolidated)

(millions of yen)

	FY2012 Full Year	FY2013 Full Year (Initial Plan)	FY2013 Full Year (Revised Plan)
Capital Investment	720	900	600
Technological Development Costs	1,655	1,750	1,500
Depreciation	1,159	1,100	1,000
Interest-bearing Borrowings	14,901	12,200	12,200
Number of Employees	1,835	1,860	1,880
Dividend per Share (yen/year)	12	12	8

Upcoming Efforts

In Japan

Water Treatment Engineering

- Strengthen the pure water/wastewater business for the general industries, including pharmaceuticals, food, and chemicals.
- Respond actively to coal and LNG fired power plant projects in the power plant segment.
- Increase orders received through cooperation with Meidensha Corporation in the business for domestic municipal water.

Functional Product

- Promote cost reduction by improving the purchase and production systems.
- Increase the water treatment chemicals business through cooperation with Katayama Nalco Inc.

Upcoming Efforts

Overseas

- Strengthen business promotion targeting non-Japanese customers.
- Increase technical capabilities and promote cost reduction through the ASEAN Engineering Center and Asian Procurement Center.
- Increase response capacity to power plant projects in Southeast Asia.
- Increase the capital of Organo (Asia) Sdn. Bhd. (Malaysia) to strengthen our business foundation in Southeast Asia.
- Consider alliances and M&A for expanding and strengthening of our businesses.

Organo Corporation

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This document includes forecasts of future developments made by management based on their assumptions, forecasts and plans at the time of writing. Actual performance may differ materially from the above projections due to a variety of factors.