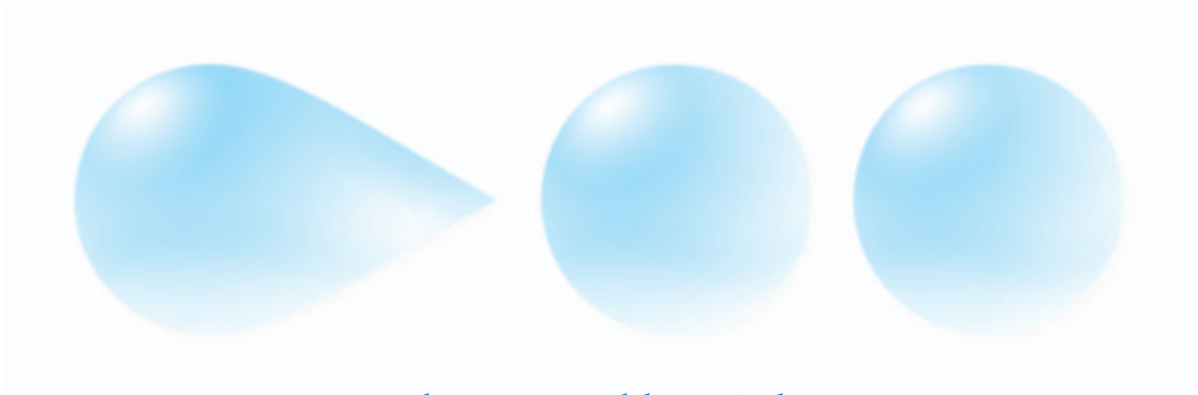


# FACT BOOK

April 1, 2005 to September 30, 2005



Ecologically Clean

**ORGANO CORPORATION**

# Corporate Philosophy

## Ecologically Clean

Organo values harmony between people and the environment.

Water is a valuable asset, shared by all life on earth.

Valuing water more than anything else,

Organo studies it,

makes use of it in all parts of life and industry,

and creates new value from this priceless asset.

With the concept of “coexistence with earth” in mind,

Organo expands its business in every territory ranging from

our daily lives to social infrastructure and advanced industries.

### Company philosophy

Organo looks to the future well-being of our world and strives to develop the full potential of water, both as the clean and healthy essential for life on earth, and also for use by our industries to enhance our lives further.

### Management philosophy

We constantly re-examine the way we manage our company to ensure that we:

- Treasure the world in which we all live
- Take good care of our customers
- Respect and nurture our employees
- Develop and use technology for the benefit of all
- Build value for our stockholders

### Corporate Data (as of September 30, 2005)

<b>Founded</b>	May 1, 1946
<b>Paid-in capital</b>	8,225,499,312 yen
<b>Employees</b>	731
<b>Main operating offices</b>	Head office Hongo office Sapporo branch office Sendai branch office Nagoya branch office Osaka branch office Hiroshima branch office Fukuoka branch office Taiwan branch office Tsukuba factory Iwaki factory Satte factory Nagasaki office R&D Center

### Principal business activities

The Company is a general water treatment engineering company primarily engaged in manufacturing, supplying a very wide range of water and wastewater treatment facilities that use many different technologies including ion exchange, separation membranes, activated carbon, and so forth, and providing technical support and maintenance services related to these facilities. The Company also produces and sells diversified chemicals for wastewater treatment.

### Board of Directors

* Chairman	Masahiko Denda
* President and CEO	Kiyoshi Hashimoto
Director	Madoka Tashiro
Executive Managing Director	Hirokatsu Nakagawa
Managing Director	Akio Kondo
Managing Director	Yasuhiko Tanaka
Managing Director	Kazuo Kito
Director	Hiroshi Iizuka
Corporate Auditor	Toshiyuki Daigo (standing)
Corporate Auditor	Masayuki Miyajima (standing)
Corporate Auditor	Koichi Horiko
Corporate Auditor	Katsuhiko Kawamura

Note: \* indicates Representative Director.



**Kiyoshi Hashimoto**  
President and CEO

It is my pleasure to report our business results for the first half of the fiscal year 2005 (1<sup>st</sup> April 2005 to 30<sup>th</sup> September 2005).

## 1. Business review for the first half of fiscal year 2005

The Japanese economy showed a mild recovery during the term, underpinned by growth in exports, amid the persistent rise in energy prices. There were also signs of recovery in capital investment in various related industries, and the Bank of Japan's business outlook suggests that the Japanese economy is on track for recovery.

Capital investment has a substantial effect on Organo Group's business and, while the growth in large-scale electronics-related investment during the previous interim period paused, capital investment in general showed steady growth. On the other hand, investment in public works and electric power facilities continued their long-term decline.

Under such circumstances, the Organo Group strove to reduce costs, expand its solution and standard products businesses, and develop new technologies, products and services with an eye to reinforcing consolidated group management and bolstering its profitability. However, orders received totalled ¥34,699 million, down 13.0% year-on-year, partly in reaction to the sharp upswing in electronics-related investment during the previous term.

Net sales reached ¥33,601 million, up 4.4% year-on-year, attributable to the completion of electronics-related engineering work that started in the preceding fiscal year and to the growing solution business in the electronics and general private sectors during the first half of the current fiscal year.

Ordinary income declined to ¥736 million, down 34.8% year-on-year, due to intensified price competition in the electronics field. Net income also declined 46.6% year-on-year to ¥370 million.

In view of our business performance during the first half and the outlook for the second half of the current

fiscal year, we decided at the Board of Directors meeting on 7<sup>th</sup> November to pay an interim dividend of ¥4 per share, the same amount as in the same period of the previous year. We ask for your kind understanding in this matter.

## 2. Financial forecast for the fiscal year ending 31<sup>st</sup> March 2006

In fiscal 2005, the Japanese economy is believed to be gradually expanding, as was indicated in the Government and the Bank of Japan's declaration that the Japanese economy is finally emerging from its period of stagnation.

However, continued vigilance is required for the future prospects, because of such factors as the possible slowdown of the Chinese economy and soaring crude oil prices.

For these reasons, we have not changed our financial forecast for the fiscal year ending 31<sup>st</sup> March 2006 from what was announced at the beginning of the year: net sales of ¥74,000 million (down 4.7% year-on-year), ordinary income of ¥3,100 million (up 1.6% year-on-year), and net income of ¥1,850 million (up 2.6% year-on-year).

## 3. Issues to be addressed

In such a challenging business environment we are working to strengthen our operational structure based on the crucial strategies set out in the Mid-Term Management Plan that was launched in fiscal 2004. These strategies include the cost reduction aimed at strengthening our core engineering business, and reorganisation of our solution and standard products businesses, which are the source of our stable income.

In June 2005, the Ministry of Land, Infrastructure and Transport issued an order to us to suspend our business in some regions for 30 days, in response to an incidence of misconduct at our company in 2004. We sincerely apologise for this, since it caused trouble and concern among our shareholders and other stakeholders. We have established a Compliance Committee and started providing compliance education to all of our employees to prevent any future recurrence. Our entire company is making every effort to recover public trust as quickly as possible.

## 4. In conclusion

In our dramatically changing society and economic environment, Organo Group is striving to become a world-class business, contributing to improvements in the global environment and advancing industrial and technological development. We thank you for your support and request your continued understanding.

December 2005

# Consolidated Financial Statements



## Consolidated Balance Sheets (Summary)

(Millions of yen)

	September 30, 2005	September 30, 2004	March 31, 2005
<b>Assets</b>			
Current assets	44,829	47,070	54,795
Non-current assets	30,751	30,179	30,617
Property, plant and equipment	22,115	22,027	22,490
Intangible assets	571	596	581
Investments and other assets	8,065	7,556	7,545
<b>Total assets</b>	<b>75,580</b>	<b>77,250</b>	<b>85,413</b>
<b>Liabilities, Minority interests and Shareholders' equity</b>			
Current liabilities	32,213	33,308	41,341
Non-current liabilities	10,853	12,725	11,781
<b>Total liabilities</b>	<b>43,066</b>	<b>46,033</b>	<b>53,122</b>
<b>Minority interests</b>	<b>274</b>	<b>235</b>	<b>243</b>
Common stock	8,225	8,225	8,225
Capital surplus	7,508	7,500	7,500
Retained earnings	15,985	15,033	15,912
Net unrealised gain on investment securities	708	425	653
Foreign currency translation adjustments	(120)	(132)	(152)
Treasury stock at cost	(67)	(71)	(91)
<b>Total shareholders' equity</b>	<b>32,239</b>	<b>30,980</b>	<b>32,047</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>75,580</b>	<b>77,250</b>	<b>85,413</b>

## Consolidated Statements of Income (Summary)

(Millions of yen)

	Six-months ended September 30, 2005	Six-months ended September 30, 2004	Year ended March 31, 2005
Net sales	33,601	32,187	77,613
Cost of sales	25,738	24,100	60,238
Selling, general and administrative expenses	7,128	7,032	14,280
<b>Operating income</b>	<b>734</b>	<b>1,054</b>	<b>3,094</b>
Non-operating income	134	173	220
Non-operating expenses	132	98	264
<b>Ordinary income</b>	<b>736</b>	<b>1,128</b>	<b>3,050</b>
Extraordinary gains	0	2	140
Extraordinary losses	30	51	302
<b>Net income before income taxes and minority interests</b>	<b>706</b>	<b>1,079</b>	<b>2,888</b>
Income taxes — current	173	362	1,328
Income taxes — deferred	144	16	(267)
Minority interests in net income of subsidiaries	17	7	23
<b>Net income</b>	<b>370</b>	<b>693</b>	<b>1,803</b>

## Consolidated Statements of Retained Earnings

(Millions of yen)

	Six-months ended September 30, 2005	Six-months ended September 30, 2004	Year ended March 31, 2005
Capital surplus at beginning of period	7,500	7,500	7,500
Capital surplus at end of period	7,508	7,500	7,500
Retained earnings at beginning of period	15,912	14,639	14,639
Increase in retained earnings	370	693	1,803
Net income	370	693	1,803
Decrease in retained earnings	297	299	530
Cash dividends	230	231	462
Directors' bonuses	66	68	68
Retained earnings at end of period	15,985	15,033	15,912

## Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

	Six-months ended September 30, 2005	Six-months ended September 30, 2004	Year ended March 31, 2005
Cash flows from operating activities	1,027	(1,617)	(571)
Cash flows from investing activities	(1,013)	(560)	(1,469)
Cash flows from financing activities	73	1,067	953
Effect of exchange rate changes on cash and cash equivalents	(41)	9	15
Net increase in cash and cash equivalents	46	(1,101)	(1,072)
Cash and cash equivalents, beginning of period	5,705	6,777	6,777
Cash and cash equivalents, end of period	5,751	5,675	5,705

# Non-consolidated Financial Statements



## Non-consolidated Balance Sheets (Summary) (Millions of yen)

	September 30, 2005	September 30, 2004	March 31, 2005
<b>Assets</b>			
Current assets	37,497	41,013	48,105
Non-current assets	28,489	27,831	28,333
Property, plant and equipment	20,393	20,254	20,742
Intangible assets	479	521	499
Investments and other assets	7,616	7,055	7,091
<b>Total assets</b>	<b>65,986</b>	<b>68,845</b>	<b>76,438</b>
<b>Liabilities and shareholders' equity</b>			
Current liabilities	28,108	30,124	37,992
Non-current liabilities	9,421	11,097	10,238
<b>Total liabilities</b>	<b>37,529</b>	<b>41,222</b>	<b>48,230</b>
Common stock	8,225	8,225	8,225
Capital surplus	7,508	7,500	7,500
Retained earnings	12,085	11,545	11,923
Net unrealised gain on investment securities	704	423	650
Treasury stock at cost	(67)	(71)	(91)
<b>Total shareholders' equity</b>	<b>28,456</b>	<b>27,623</b>	<b>28,208</b>
<b>Total liabilities and shareholders' equity</b>	<b>65,986</b>	<b>68,845</b>	<b>76,438</b>

## Non-consolidated Statements of Income (Summary) (Millions of yen)

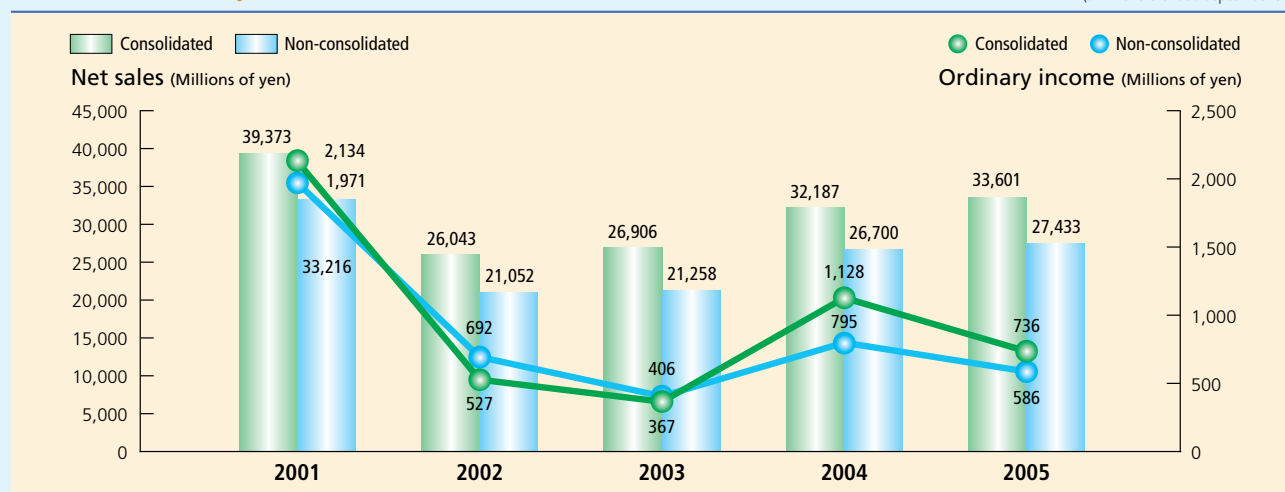
	Six-months ended September 30, 2005	Six-months ended September 30, 2004	Year ended March 31, 2005
Net sales	27,433	26,700	65,706
Cost of sales	21,871	20,847	53,324
Selling, general and administrative expenses	5,319	5,231	10,715
<b>Operating income</b>	<b>242</b>	<b>622</b>	<b>1,666</b>
Non-operating income	468	258	369
Non-operating expenses	124	85	218
<b>Ordinary income</b>	<b>586</b>	<b>795</b>	<b>1,816</b>
Extraordinary gains	—	—	138
Extraordinary losses	10	35	268
<b>Net income before income taxes</b>	<b>576</b>	<b>759</b>	<b>1,686</b>
Income taxes — current	19	224	814
Income taxes — deferred	134	(3)	(275)
<b>Net income</b>	<b>422</b>	<b>538</b>	<b>1,147</b>
Retained earnings brought forward from previous period	535	579	579
Interim dividends	—	—	231
<b>Unappropriated retained earnings</b>	<b>957</b>	<b>1,117</b>	<b>1,495</b>

## For Reference



### Net sales and ordinary income (consolidated and non-consolidated)

(Six-months ended September 30)



### Net sales by segment (non-consolidated)

(Millions of yen)

(Six-months ended September 30)	2001	2002	2003	2004	2005
Plant	19,613	9,577	9,279	14,604	15,136
Equipment	4,313	3,905	4,612	4,053	4,804
Chemicals	8,434	6,627	6,538	7,328	6,493
Others	854	942	828	714	998
<b>Total</b>	<b>33,216</b>	<b>21,052</b>	<b>21,258</b>	<b>26,700</b>	<b>27,433</b>





## 1 Water treatment chemicals

We supply safe and reliable water treatment chemicals designed for use in a variety of fields including air-conditioning for buildings, boiler water treatment, cleaning applications, and wastewater treatment.

### • Technological products •

**Boiler compounds, cooling water treatment chemicals, cleaning chemicals, wastewater treatment chemicals, drinking water treatment chemicals, automatic chemical feeders, sanitary cleaning chemicals, and HACCP-related equipment.**

## 2 Municipal water and sewage treatment facilities

Among the so-called lifelines, municipal water facilities supply safe and palatable water using the most modern technologies, such as membrane separation. Our sewage treatment facilities purify wastewater to ensure a safe and comfortable living and working environment for us all.

### • Technological products •

**Coagulation/sedimentation equipment, high-rate filters, activated carbon filters, membrane-type water purifiers, advanced water treatment equipment, sewage treatment facilities, deodorizing systems, pumping facilities, sludge treatment facilities, and sewage waste water reclamation systems.**

## 3 Food processing materials

Our eating habits have been diversified and we enjoy the pleasure of the table. Organo's food additives and ingredients have contributed to improving our diets.

### • Technological products •

**Food additives, paste materials, and food materials.**

## 4 Industrial process-related equipment

Facilities for separation and refining are extremely useful in many industrial processes. The new JO chromatographic separation system in particular is capable of separating and refining multi-component mixtures, and has been very favourably received in the market as an important technological breakthrough.

### • Technological products •

**Decolourisation and refining systems for carbohydrate solution, refining and concentration equipment for various types of solutions, and chromatographic separation systems.**

## 5 Standardized water treatment equipment and related facilities

In response to various requirements in fields ranging from the electronic industry to leisure-related facilities, we offer the most appropriate means of water production using standardized state-of-the-art equipment.

### • Technological products •

**Water deionisers, water softeners and filters, unit type ultrapure water production equipment, subsystems, small type supercritical water oxidation equipment, various types of filters, homogenisers, distillation stills, and various types of water quality analysers.**

## 6 Service businesses

We offer an extensive range of service businesses including advanced analysis that supports water treatment engineering, as well as consulting and the supply of plant monitoring systems.

### • Technological products •

**Ultra-microanalysis and evaluation, analysis of toxic substances in water and other items in the life environment, monitoring, legionella disease prevention, environmental hormone-related measures, delivered equipment maintenance, and services related to plant monitoring systems.**

## 7 Industrial water treatment plant

Water plays a vital role in sustaining industrial activity. In particular, ultrapure water is essential to thermal and nuclear power stations, and to electronics industries including semiconductor and liquid crystal sectors. Organo also supplies a very wide range of water treatment systems that meet the requirements of other industries including food processing, medical treatment, and pharmaceuticals production.

### • Technological products •

**Water softeners, water deionisers, ultrapure water systems, condensate filters and demineralisers, multi-functional water systems, sterile purified water systems, distilled water production equipment, seawater desalination systems, and high-speed filtration equipment.**

## 8 Environmental protection facilities

### Industrial wastewater treatment plant

These facilities treat the wastewater generated by our industries and return it to the environment. Our closed-loop systems do not discharge the treated wastewater, thereby imposing little or no load on the environment.

### • Technological products •

**Industrial wastewater treatment equipment and systems for power station wastewater, recovery and recycling equipment for industrial wastewater, intermediate water supply facilities, domestic wastewater treatment equipment, denitrification and phosphorous removal systems, closed systems for semiconductor factories, wastewater treatment equipment for cleaning facilities, leachate treatment facilities, and herbicides removal equipment for golf links.**

### Groundwater and soil remediation systems

We are also tackling the recently spotlighted issues of groundwater pollution and soil contamination by chlorinated organic compounds. Using a variety of modern and traditional technologies and equipment, we are investigating these problems, creating solutions, and applying solutions to purify the contaminated environment.

### • Technological products •

**Ground water treatment facilities, off-gas treatment equipment, soil contamination survey systems, soil vapour purification systems, and bio-remediation.**

### Waste disposal facilities and equipment

Disposal of waste materials is a global environmental problem. We have developed supercritical water oxidation technology, which can completely decompose difficult-to-decompose organic compounds. It is a high-tech environmental technology in great demand.

### • Technological products •

**Supercritical water oxidation equipment.**

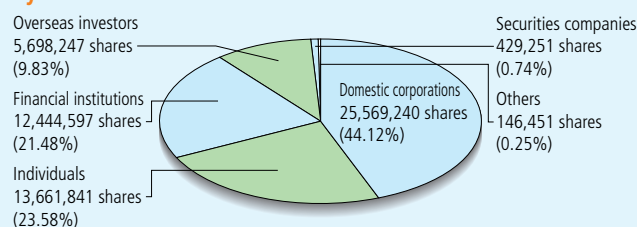


<b>Total number of shares authorized to be issued</b>	126,960,000
<b>Total number of shares issued</b>	57,949,627
<b>Total number of shareholders</b>	6,786
<b>Major shareholders (top 10)</b>	

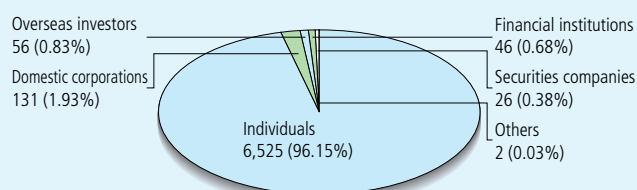
Name	No. of shares held (thousands)	Shareholding ratio (%)
Tosoh Corporation	23,877	41.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,272	3.92
Morgan Stanley and Company International Limited	2,078	3.58
Mizuho Bank, Ltd.	1,773	3.06
Japan Trustee Services Bank, Ltd. (Trust Account)	1,326	2.28
Pictet & Cie (Europe) SA	1,113	1.92
Mizuho Trust & Banking Co., Ltd.	775	1.33
UBS AG London Asia Equities	766	1.32
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	677	1.16
Nippon Life Insurance Company	564	0.97

## Share distribution by type of shareholders

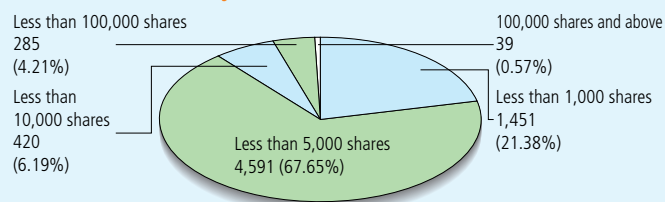
### By number of shares



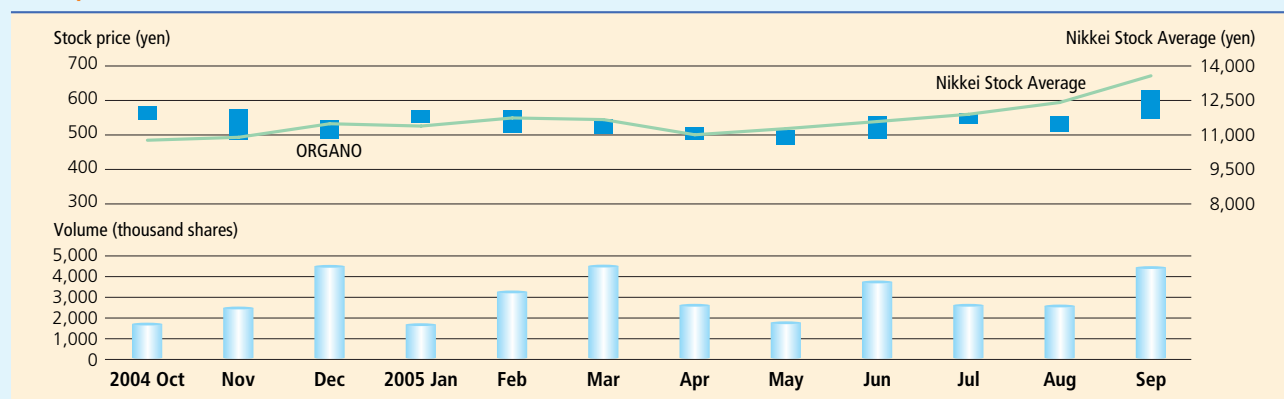
### By number of shareholders



## Share distribution by number of shares held



## Stock price and volume



## Shareholder Information

Fiscal year-end date March 31

Annual general meeting of shareholders June each year

Fixed day for shareholder dividend payment March 31 (Year-end) September 30 (Interim)

Number of shares constituting one unit 1,000 shares

Fee related to stock Stock transfer free  
New stock issuance 210 yen per stock (including tax)

Public notice method Electronic public notice (<http://www.organo.co.jp/>)  
When electronic public notices cannot be used due to an accident or other unavoidable reason, public notices shall be given in the Nihon Keizai Shimbun.

Stock transfer handling office

Stock transfer agent The Chuo Mitsui Trust and Banking Company, Limited  
33-1, Shiba 3-chome, Minato-ku, Tokyo 105-8574, Japan

Transfer handling office The Chuo Mitsui Trust and Banking Company, Limited, Stock Transfer Agent Department  
8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-0063, Japan  
Tel: +81-3-3323-7111

Other points of contact All branches of The Chuo Mitsui Trust and Banking Company, Limited nationwide  
Head office and all branches of the Japan Securities Agents, Limited nationwide

Stock listing Tokyo Stock Exchange, First Section

## To obtain registration forms on stock procedure

Registration forms for the following procedures can be obtained via website of the stock transfer agent.

- Stock transfer
- Change of address
- Change of seal
- Purchase request of fractional stocks

Website  
[http://www.chuomitsui.co.jp/person/p\\_06.html](http://www.chuomitsui.co.jp/person/p_06.html)



# ORGANO CORPORATION

2-8, Shinsuna 1-chome, Koto-ku, Tokyo 136-8631, Japan

Tel +81-3-5635-5111

URL <http://www.organo.co.jp/>

## ORGANO Website

Please visit our site for IR information.

<http://www.organo.co.jp/english/index.html>



## Group Companies

### (Japan)

Hokkaido Organo Shoji Co., Ltd.	Hokkaido
Tohoku Organo Shoji Co., Ltd.	Miyagi
Tokyo Organo Shoji Co., Ltd.	Tokyo
Chubu Organo Shoji Co., Ltd.	Aichi
Kansai Organo Shoji Co., Ltd.	Osaka
Kyushu Organo Shoji Co., Ltd.	Fukuoka
Organo Plant Service Corporation	Tokyo
Yamashita Yakuhin Industry Co., Ltd.	Hiroshima
Organoacty Co., Ltd.	Tokyo
Danisco Organo Food Tech Co., Ltd.	Tokyo
Eco-Techno Corporation	Tokyo
Organo High Tech Co., Ltd.	Yamaguchi

### (Overseas)

Organo (Shanghai) Water Treatment Co., Ltd.	China
Organo (Suzhou) Water Treatment Co., Ltd.	China
Organo Technology Co., Ltd.	Taiwan
Organo (Philippines) Inc.	Philippines
Organo (Asia) Sdn. Bhd.	Malaysia
PT. Organo Indonesia	Indonesia
Organo (Singapore) Pte. Ltd.	Singapore
Organo (Thailand) Co., Ltd.	Thailand
Ortech Chemical Co., Ltd.	Vietnam
Organo (UK) Ltd.	UK

This FACT BOOK is a translation of the Company's Interim Business Report (from April 1, 2005 to September 30, 2005) prepared in Japanese and is based on the generally accepted accounting principles in Japan.