

Summary of Consolidated Financial Statements

For the First Quarter of the Year Ending March 31, 2009

August 8, 2008
Listed Exchanges: TSE, OSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
 Code: 4028 URL <http://www.iskweb.co.jp>
 Representative: (Title) President (Name) Kenzo Oda
 Contact: (Title) Director (Name) Yoshinari Terakawa Tel +81-6-6444-1850
 Scheduled date of securities report submission: August 13, 2008

(Any amount less than one million yen is rounded down to the nearest million yen or nil.)

1. Consolidated Financial Results for the First Quarter of Fiscal 2008 (April 1, 2008 - June 30, 2008)

(1) Consolidated Operational Results

(Percentages (%) represent changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Q1 2008	32,735	—	2,869	—	2,806	—	1,120	—
Q1 2007	28,258	6.8	3,914	49.8	3,539	78.4	1,956	49.7

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Q1 2008	2.91		—	
Q1 2007	5.09		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital ratio		Net assets per share	
	millions of yen		millions of yen		%		Yen	
As of June 30, 2008	182,212		46,716		25.6		121.42	
As of March 31, 2008	177,407		46,813		26.4		121.65	

(For Reference) Owned capital As of June 30, 2008 ¥46,681 million As of March 31, 2008 ¥46,775 million

2. Dividends

(Record date)	Dividends per share				
	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)	Annual
Year ended March 31, 2008	—	0.00	—	0.00	0.00
Year ending March 31, 2009	—	—	—	—	—
Year ending March 31, 2009 (Forecast)	—	0.00	—	0.00	0.00

(Note) Modifications in the dividend forecast for current quarter: No modification

3. Forecast for Consolidated Results for the Full Year Ending March 31, 2009 (April 1, 2008 - March 31, 2009)

(Percentages represent forecasted changes from the previous year for the full year results, and forecasted changes from the same period in the previous year for the interim results.)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	Yen
Interim (First 2Qs)	62,000	—	500	—	(400)	—	(600)	—	(1.56)
Full year	118,000	0.6	7,300	(54.4)	5,000	(62.1)	2,700	2.2	7.02

(Note) Modifications in forecasts of consolidated operating results for current quarter: Modified

4. Other information

(1) Significant changes in subsidiaries during the period

(changes in specified subsidiaries resulting in the change in consolidation scope): No change

New inclusion to consolidation _____ companies (specifically, _____)

Exclusion from consolidation _____ companies (specifically, _____)

(2) Adoption of simplified accounting treatment and special accounting treatments for quarterly consolidated financial statements: Not adopted

(3) Changes in accounting principles, procedures, and the method of presentation associated with preparation of quarterly consolidated financial statements (matters to be included in the section, Changes in Basic Important Matters for Preparation of Quarterly Consolidated Financial Statements)

1) Changes due to revisions of accounting standards etc.: Adopted

2) Changes other than those defined in 1) above: Not adopted

(4) Issued shares (common shares)

1) Issued shares as of period-end (including repurchased treasury shares)

As of June 30, 2008	387,839,431 shares	As of March 31, 2008	387,839,431 shares
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2) Number of shares of treasury stock as of period-end

As of June 30, 2008	3,375,528 shares	As of March 31, 2008	3,345,349 shares
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3) Average number of outstanding shares during period

Q1 2008	384,478,412 shares	Q1 2007	384,428,594 shares
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* Notes on proper use of forecasts and other matters

1. Forward-looking statements in this document relating to operational result forecasts are based on certain assumptions that the Company believes are reasonable and involve risks and uncertainties. Actual results may differ significantly from these forecasts, affected by various material factors.
2. From the current fiscal year, the Company has adopted the “Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards No. 12) and the “Guides for Adopting the Accounting Standards for Quarterly Financial Statements” (Corporate Accounting Standards Adoption Guide No. 14). The Company also follows the “Rules for Quarterly Consolidated Financial Statements” to prepare its quarterly consolidated financial statements.

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5. Quarterly Consolidated Financial Statements
(1) Consolidated Quarterly Balance Sheet

(Unit: millions of yen)

	As of June 30, 2008	As of March 31, 2008 (summary)
(ASSETS)		
Current Assets		
Cash and deposits	32,018	28,393
Notes and accounts receivable – trade	35,869	30,320
Finished goods	15,478	15,185
Raw materials	9,781	10,250
Work in process	4,802	5,954
Deferred tax assets	6,060	7,103
Other	5,909	6,295
Allowance for doubtful accounts	(403)	(437)
Total current assets	109,517	103,065
Noncurrent Assets		
Property, plant and equipment		
Machinery and equipment, net	21,346	23,467
Other, net	32,466	30,998
Total property, plant and equipment	53,813	54,465
Intangible assets		
Goodwill	389	437
Other	151	149
Total intangible assets	541	587
Investments and other assets		
Investment securities	4,971	4,764
Deferred tax assets	12,497	13,651
Other	943	942
Allowance for doubtful accounts	(73)	(69)
Total investments and other assets	18,340	19,289
Total noncurrent assets	72,694	74,341
Total Assets	182,212	177,407

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	As of June 30, 2008	As of March 31, 2008 (summary)
(LIABILITIES)		
Current Liabilities		
Notes and accounts payable – trade	18,495	18,415
Short-term loans payable	38,932	38,834
Income taxes payable	303	573
Reserve for loss from Ferosilt removal	11,295	14,019
Other provisions	1,279	994
Other	10,214	9,460
Total current liabilities	80,520	82,298
Noncurrent Liabilities		
Long-term loans payable	26,100	24,709
Provision for retirement benefits	6,947	6,894
Reserve for loss from Ferosilt removal	12,587	12,990
Other provisions	477	490
Long-term deposits received	6,124	—
Other	2,739	3,208
Total noncurrent liabilities	54,976	48,294
Total Liabilities	135,496	130,593
NET ASSETS		
Shareholder's equity		
Capital stock	42,028	42,028
Capital surplus	9,231	9,231
Retained earnings	(3,455)	(4,672)
Treasury stock	(638)	(632)
Total shareholder's equity	47,166	45,955
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	280	289
Deferred gains or losses on hedges	(1)	—
Foreign currency translation adjustment	(794)	495
Pension liabilities adjustment for overseas subsidiaries	30	35
Total valuation and translation adjustments	(484)	820
Minority interests	34	38
Total net assets	46,716	46,813
Total Liabilities and Net Assets	182,212	177,407

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(2) Quarterly Consolidated Profit and Loss Statement
(For the First Quarter of Fiscal 2008)

	(Unit: millions of yen)
	Q1 2008 (April 1, 2008 to June 30, 2008)
Net sales	32,735
Cost of sales	24,403
Gross profit	8,332
Selling, general and administrative expenses	5,463
Operating income	2,869
Non-operating income	
Interest income	45
Dividends income	14
Foreign exchange gains	843
Other	69
Total non-operating income	972
Non-operating expenses	
Interest expenses	433
Equity in losses of affiliates	282
Other	320
Total non-operating expenses	1,035
Ordinary income	2,806
Extraordinary income	
Gain from withdrawal from reserve for litigation liabilities	427
Gain from reversal of reserve for periodical repair costs	186
Other	86
Total extraordinary income	700
Extraordinary loss	
Loss on disposal of non-current assets	99
Other	0
Total extraordinary loss	99
Net income before taxes, deferred taxes and minority interest	3,406
Income taxes	252
Income taxes – deferred	2,035
Total income taxes	2,287
Loss attributable to minority interests	(1)
Net income	1,120

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(3) Quarterly Consolidated Statement of Cash Flow

	(Unit: millions of yen)
	Q1 2008 (April 1, 2008 to June 30, 2008)
Net cash used in operating activities	
Net income before taxes, deferred taxes and minority interest	3,406
Depreciation and amortization	1,314
Increase (decrease) in allowance for doubtful accounts	(16)
Increase (decrease) in provisions for retirement benefits and directors' retirement benefits	47
Increase (decrease) in reserve for loss from Ferosilt removal	(3,126)
Increase (decrease) in other provisions	284
Interest and dividends income	(59)
Interest expenses	433
Foreign exchange losses (gains)	(29)
Equity in (earnings) losses of affiliates	285
Loss (gain) on disposal of noncurrent assets	33
Decrease (increase) in notes and accounts receivable-trade	(5,873)
Decrease (increase) in inventories	442
Decrease (increase) in other current assets	(85)
Increase (decrease) in notes and accounts payable-trade	1,320
Increase (decrease) in other current liabilities	332
Other	(0)
Total	(1,289)
Interest and dividends income received	61
Interest expenses paid	(283)
Income taxes paid	(582)
Net cash used in operating activities	(2,093)
Net cash used in investment activities	
Payments into time deposits	(20)
Proceeds from withdrawal of time deposits	20
Purchase of short-term and long term investment securities	(583)
Purchase of property, plant and equipment	(1,588)
Proceeds from sales of property, plant and equipment	1
Payments of loans receivable	(174)
Collection of loans receivable	194
Net cash used in investment activities	(2,150)

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	Q1 2008 (April 1, 2008 to June 30, 2008)
Net cash provided by financing activities	
Net increase (decrease) in short-term loans payable	172
Proceeds from long term loans payable	1,830
Repayment of long-term loans payable	(513)
Repayments of lease obligations	(100)
Proceeds from assignment of private power generation facilities	6,669
Net decrease (increase) in treasury stock	(5)
Net cash provided by financing activities	<u>8,051</u>
Effect of exchange rate change on cash and cash equivalents	<u>(332)</u>
Net increase (decrease) in cash and cash equivalents	<u>3,476</u>
Cash and cash equivalents at period-beginning	<u>28,373</u>
Increase in cash and cash equivalents resulting from merger	<u>149</u>
Cash and cash equivalents at end of period	<u>31,998</u>

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- (4) Notes regarding assumption of a going concern
 No events to be noted for this purpose occurred during the period.

(5) Segment Information

[Business Segment Information]
 First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	13,935	15,823	2,695	280	32,735	—	32,735
(2) Intersegment sales and transfers	—	—	944	405	1,349	(1,349)	—
Total	13,935	15,823	3,639	686	34,085	(1,349)	32,735
Operating income (loss)	(360)	3,967	64	5	3,677	(807)	2,869

- (Note) Business segments are defined considering similarity of product types, production methods and markets. Major products and businesses dealt with by each business segment are as follows:
 (1) Inorganic Chemicals ... Titanium dioxide and functional materials, electronic materials, and other inorganic chemicals
 (2) Organic Chemicals Agrochemicals (weed killers, insecticides, disinfectants, etc.), organic intermediates and active pharmaceutical ingredients
 (3) Construction Construction
 (4) Other Businesses Trading companies, etc.

[Geographical Segment Information]
 First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

(Unit: millions of yen)

	Japan	Asia	Americas	Europe	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	18,605	2,486	682	10,961	32,735	—	32,735
(2) Intersegment sales and transfers	10,147	1,196	3	21	11,368	(11,368)	—
Total	28,753	3,682	685	10,982	44,104	(11,368)	32,735
Operating income (loss)	3,605	(288)	(57)	478	3,738	(869)	2,869

- (Note) Grouping of countries and regions is based on the geographical proximity and relevance of businesses. Countries and regions included in each geographical segment are as follows, excluding Japan:
 (1) Asia : Singapore and Taiwan
 (2) Americas: United States of America
 (3) Europe : Belgium, France and Spain

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[Overseas Sales]

First Quarter of Fiscal 2008 (April 1, 2008 to June 30, 2008)

	Asia	Americas	Europe	Other	Total
I Overseas sales (in millions of yen)	6,158	3,329	11,444	142	21,074
II Consolidated sales (in millions of yen)					32,735
III Ratio of overseas sales to total consolidated sales (%)	18.8	10.2	35.0	0.4	64.4

(Note) 1. Grouping of countries and regions is based on the geographical proximity and relevance of businesses. Countries and regions included in each geographical segment are as follows, excluding Japan:

(1) Asia : China, Taiwan, South Korea, Thailand, Indonesia, and Singapore

(2) Americas: United States of America, Canada, Brazil, Argentina, and Mexico

(3) Europe : Germany, Netherlands, France, the United Kingdom, Belgium, Italy, and East Europe and Middle East regions

(4) Other : Australia, New Zealand and Africa

2. Overseas sales represent sales made by the Company and its consolidated subsidiaries in other countries and regions excluding Japan.

(6) Notes regarding significant changes in the value of shareholders' equity

No events to be noted for this purpose occurred during the period.