

Summary of Consolidated Financial Statements

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

November 7 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: November 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 Half of Fiscal 2008 (April 1, 2008 - September 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	%
Q2 2008	60,572	—	1,730	—	122	—	(722)	—
Q2 2007	60633,	12.6	6,662	54.0	5,469	77.4	(4,308)	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Q2 2008	(1.87)		—	
Q2 2007	(11.20)		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital ratio	Net assets per share
	millions of yen		millions of yen		%	Yen
As of September 30, 2008	180,312		48,584		26.9	121.25
As of March 31, 2008	177,407		46,813		26.4	121.65

(For Reference) Owned capital As of September 30, 2008 ¥48,547 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	—	0.00	—	—	—
Year ending March 31, 2009 (Forecast)	—	—	—	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
Full year	112,000	(0.45)	6,100	(61.9)	3,000	(77.3)	400	(84.9)	1.02

(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 September 30, 2008	403,839,431 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 September 30, 2008	3,445,922 shares	As of March 31, 2008	3,345,349 shares
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3) Average number of outstanding shares during period

Q2 2008	386,735,976 shares	Q2 2007	384,487,583 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.

Ishihara Sangyo Kaisha, Ltd.
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5. Quarterly Consolidated Financial Statements
(1) Consolidated Quarterly Balance Sheet

(Unit: millions of yen)

	As of September 30, 2008	As of March 31, 2008 (summary)
(ASSETS)		
Current Assets		
Cash and deposits	29,311	28,393
Notes and accounts receivable – trade	36,399	30,320
Finished goods	14,255	15,185
Raw materials	7,990	10,250
Work in process	6,357	5,954
Deferred tax assets	5,033	7,103
Other	6,042	6,295
Allowance for doubtful accounts	(385)	(437)
Total current assets	105,004	103,065
Noncurrent Assets		
Property, plant and equipment		
Machinery and equipment, net	20,846	23,467
Other, net	33,473	30,998
Total property, plant and equipment	54,319	54,465
Intangible assets		
Goodwill	340	437
Other	142	149
Total intangible assets	482	587
Investments and other assets		
Investment securities	4,983	4,764
Deferred tax assets	14,803	13,651
Other	793	942
Allowance for doubtful accounts	(73)	(69)
Total investments and other assets	20,506	19,289
Total noncurrent assets	75,308	74,341
Total Assets	180,312	177,407

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	As of September 30, 2008	As of March 31, 2008 (summary)
(LIABILITIES)		
Current Liabilities		
Notes and accounts payable – trade	19,329	18,415
Short-term loans payable	37,510	38,834
Income taxes payable	638	573
Reserve for loss from Ferosilt removal	9,129	14,019
Other provisions	830	994
Other	12,603	9,460
Total current liabilities	80,041	82,298
Noncurrent Liabilities		
Long-term loans payable	22,761	24,709
Provision for retirement benefits	7,133	6,894
Reserve for loss from Ferosilt removal	12,184	12,990
Other provisions	476	490
Long-term deposits received	6,272	—
Other	2,858	3,208
Total noncurrent liabilities	51,686	48,294
Total Liabilities	131,727	130,593
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	42,028
Capital surplus	10,624	9,231
Retained earnings	(5,298)	(4,672)
Treasury stock	(650)	(632)
Total shareholder's equity	48,095	45,955
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	95	289
Deferred gains or losses on hedges	—	—
Foreign currency translation adjustment	323	495
Pension liabilities adjustment for overseas subsidiaries	31	35
Total valuation and translation adjustments	451	820
Minority interests	37	38
Total net assets	48,584	46,813
Total Liabilities and Net Assets	180,312	177,407

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

	(Unit: millions of yen)
	Q2 2008 (April 1, 2008 to September 30, 2008)
Net sales	60,572
Cost of sales	48,175
Gross profit	12,396
Selling, general and administrative expenses	10,666
Operating income	1,730
Non-operating income	
Interest income	87
Dividends income	17
Foreign exchange gains	-
Other	246
Total non-operating income	351
Non-operating expenses	
Interest expenses	924
Equity in losses of affiliates	346
Foreign exchange losses	6
Other	681
Total non-operating expenses	1,959
Ordinary income	122
Extraordinary income	
Gain on insurance adjustment	136
Gain from withdrawal from reserve for litigation liabilities	427
Gain from reversal of reserve for periodical repair costs	186
Other	141
Total extraordinary income	891
Extraordinary loss	
Loss on disposal of non-current assets	142
Other	4
Total extraordinary loss	147
Net income before taxes, deferred taxes and minority interest	866
Income taxes	440
Income taxes for FY 2007	147
Income taxes – deferred	1,002
Total income taxes	1,589
Loss attributable to minority interests	(0)
Net income	(722)

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(3) Quarterly Consolidated Statement of Cash Flow

	(Unit: millions of yen)
	Q2 2008 (April 1, 2008 to September 30, 2008)
<hr/>	
Net cash used in operating activities	
Net income before taxes, deferred taxes and minority interest	866
Depreciation and amortization	2,602
Increase (decrease) in allowance for doubtful accounts	(42)
Increase (decrease) in provisions for retirement benefits and directors' retirement benefits	219
Increase (decrease) in reserve for loss from Ferosilt removal	(5,695)
Increase (decrease) in other provisions	(162)
Interest and dividends income	(105)
Interest expenses	924
Foreign exchange losses (gains)	(77)
Equity in (earnings) losses of affiliates	350
Loss (gain) on disposal of noncurrent assets	66
Decrease (increase) in notes and accounts receivable-trade	(5,775)
Decrease (increase) in inventories	2,243
Decrease (increase) in other current assets	401
Increase (decrease) in notes and accounts payable-trade	1,218
Increase (decrease) in other current liabilities	2,148
Other	(132)
Total	<hr/> (950) <hr/>
Interest and dividends income received	107
Interest expenses paid	(943)
Proceeds from insurance income	136
Income taxes paid	(455)
Net cash used in operating activities	<hr/> (2,106) <hr/>
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	(806)
Purchase of property, plant and equipment	(2,620)
Proceeds from sales of property, plant and equipment	272
Payments of loans receivable	(262)
Collection of loans receivable	309
Other	0
Net cash used in investment activities	<hr/> (3,108) <hr/>

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	Q2 2008 (April 1, 2008 to September 30, 2008)
Net cash provided by financing activities	
Net increase (decrease) in short-term loans payable	(1,166)
Proceeds from long term loans payable	2,630
Repayment of long-term loans payable	(4,756)
Proceeds from increase its stock	2,784
Repayments of lease obligations	(205)
Proceeds from assignment of private power generation facilities	6,922
Repayment of deposit received	(128)
Net decrease (increase) in treasury stock	(17)
Net cash provided by financing activities	6,061
Effect of exchange rate change on cash and cash equivalents	(78)
Net increase (decrease) in cash and cash equivalents	769
Cash and cash equivalents at period-beginning	28,373
Increase in cash and cash equivalents resulting from merger	149
Cash and cash equivalents at end of period	29,291

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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 September 30, 2008)

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	26,743	29,293	3,999	536	60,572	—	60,572
(2) Intersegment sales and transfers	—	—	2,097	856	2,954	(2,954)	—
Total	26,743	29,293	6,096	1,393	63,526	(2,954)	60,572
Operating income (loss)	(1,705)	4,540	203	21	3,060	(1,329)	1,730

(Note)

1. 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.

2. Changes in accounting standards

As detailed in “Changes in accounting principles, procedures and presentations for preparation of quarterly consolidated financial statements,” the Company has adopted use of the “Accounting Standard for Measurement of Inventories” (Statement No.9, issued by the Accounting Standards Board of Japan on July 5, 2006) as of the first quarter of the consolidated fiscal year ending March 31, 2009. As a result of this change, operating income for the first six-month period of the consolidated fiscal year decreased by 382 million yen in the “inorganic chemicals business,” by 206 million yen in the “organic chemicals business” (in business segmentation), in comparison with the amounts that would have been obtained using the previous method.

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

(Unit: millions of yen)

	Japan	Asia	Americas	Europe	Total	Elimination/ Corporate	Consolidated
Sales							
(1) Sales to external customers	32,991	5,110	2,398	20,071	60,572	—	60,572
(2) Intersegment sales and transfers	14,202	2,182	11	89	16,484	(16,484)	—
Total	47,193	7,292	2,410	20,160	77,057	(16,484)	60,572
Operating income (loss)	2,867	(727)	2	749	2,892	(1,161)	1,730

(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 : Singapore and Taiwan
- (2) Americas: United States of America
- (3) Europe : Belgium, France and Spain

2 . Changes in accounting standards

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[Overseas Sales]

First half of Fiscal 2008 (April 1, 2008 to September 30, 2008)

	Asia	Americas	Europe	Other	Total
I Overseas sales (in millions of yen)	11,645	6,023	20,951	222	38,842
II Consolidated sales (in millions of yen)					60,572
III Ratio of overseas sales to total consolidated sales (%)	19.2	9.9	34.6	0.4	64.1

(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 on significant changes in the amount of shareholders' equity

The Company received payment from Belchim Management NV/SA for new shares issued through a third party allotment on September 29, 2008. As a result, the Company saw both capital stock and legal capital surplus increase by 1,392 million yen in the second quarter of the consolidated accounting period. As of the end of the second quarter of the consolidated accounting period, the Company's capital stock and capital surplus amounted to 43,420 million yen and 10,624 million yen, respectively.