

# Summary of Consolidated Financial Statements for Third Quarter of Fiscal Year Ending March 31, 2010

February 10, 2010

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: February 12, 2010

Scheduled date of dividend payment commencement: —

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

## 1. Consolidated Financial Results for Third Quarter of Fiscal Year Ended March 31, 2010 (April 1, 2009 to December 31, 2009)

### (1) Consolidated Operating Results

(Percentages represent changes from same period in previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
Q3 2009	69,102	-15.0	-895	-	-3,191	-	-3,609	-
Q3 2008	81,311	-	532	-	-2,294	-	-2,816	-

	Net income per share	Net income per share after full dilution
	Yen	Yen
Q3 2009	-9.01	-
Q3 2008	-7.21	-

### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	millions of yen	millions of yen	%	Yen
As of December 31, 2009	172,160	42,046	24.4	105.00
As of March 31, 2009	163,805	45,372	27.7	113.25

(Reference) Equity capital - as of December 31, 2009: 42,029 million yen, - as of March 31, 2009: 45,339 million yen

## 2. Dividends

(Record date)	Dividends per share				
	June 30 (Q1-end)	September 30 (Q2-end)	December 31 (Q3-end)	March 31 (Year-end)	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2009	-	0.00	-	0.00	0.00
Year ended March 31, 2010	-	0.00	-		
Year ending March 31, 2010 (Forecast)				0.00	0.00

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

## 3. Forecast for Consolidated Results for the Full Year Ending March 31, 2010 (April 1, 2009 - March 31, 2010)

(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	105,000	0.3	3,400	-36.9	800	-72.7	-800	-	-1.99

(Note) Modification 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 treatment for quarterly consolidated financial statements: Not adopted
- (3) Changes in accounting principles, procedures, and the method of presentation associated with the preparation of consolidated financial statements (matters to be included in the section, Changes in Basic Important Matters for Preparation of 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 December 31, 2009: 403,839,431 shares	As of March 31, 2009: 403,839,431 shares
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  - 2) Number of shares of treasury stock as of period-end

As of December 31, 2009: 3,585,475 shares	As of March 31, 2009: 3,515,620 shares
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  - 3) Average number of outstanding shares during period

Q3 2009: 400,286,652 shares	Q3 2008: 390,827,932 shares
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#### Notes on proper use of forecast and other matters

The forecast of financial results presented in this document is the result of management's assessment based upon currently available assumptions, prospects and plans for the future. Actual results and dividend payments may differ from these forecasts, due to risks and uncertain factors, such as the global economy, competition, and foreign currency fluctuations.

5. Consolidated Financial Statements  
(1) Consolidated Balance Sheet

(Unit: millions of yen)

Account Category	Notes	As of December 31 ,2009	As of March,31 2009 (summary)
<b>ASSETS</b>			
Current Assets			
Cash and deposits		17,647	12,681
Notes and accounts receivable – trade		22,356	23,332
Merchandise and finished goods		19,104	22,714
Work in process		15,258	7,699
Raw materials and supplies		12,036	11,173
Deferred tax assets		2,788	3,302
Other		4,854	5,827
Allowance for doubtful accounts		-249	-289
Total current assets		93,797	86,441
Noncurrent Assets			
Property, plant and equipment			
Machinery, equipment net		21,284	21,596
Other, net		34,099	34,132
Total property, plant and equipment		55,383	55,729
Intangible assets			
Goodwill		52	70
Other		238	193
Total intangible assets		291	264
Investments and other assets			
Investments securities		5,496	5,473
Deferred tax assets		16,623	15,323
Other		739	662
Allowance for doubtful accounts		-151	-69
Allowance for investments and other assets		-19	-19
Total investments and other assets		22,688	21,370
Total noncurrent assets		78,363	77,363
Total Assets		172,160	163,805

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Account Category	Notes	As of December 31 ,2009	As of March,31 2009 (summary)
<b>LIABILITIES</b>			
Current Liabilities			
Notes and accounts payable – trade		16,776	14,481
Short-term loans payable		40,713	38,316
Income taxes payable		460	516
Reserve for loss from Ferosilt removal		4,072	4,926
Reserve for other		244	742
Other		17,512	13,313
Total current liabilities		79,780	72,297
Noncurrent Liabilities			
Long-term loans payable		22,554	16,971
Provision for retirement benefits		7,677	7,185
Reserve for loss from Ferosilt removal		10,540	12,316
Reserve for other		400	489
Long-term deposits received		6,387	6,793
Other		2,773	2,378
Total noncurrent liabilities		50,333	46,135
Total Liabilities		130,113	118,433
<b>NET ASSETS</b>			
Shareholder's equity			
Capital stock		43,420	43,420
Capital surplus		10,625	10,625
Retained earnings		-8,607	-4,998
Treasury stock		-662	-656
Total shareholder's equity		44,775	48,391
Valuation and translation adjustments			
Valuation difference on available-for-sale securities		24	-42
Deferred gains or losses on hedges		-4	-1
Foreign currency translation adjustment		-2,796	-3,038
Pension liabilities adjustment for overseas subsidiaries		30	29
Total valuation and translation adjustments		-2,745	-3,051
Minority interests		16	32
Total net assets		42,046	45,372
Total Liabilities and Net Assets		172,160	163,805

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## (2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Notes	Q3 2008 (April 1, 2008 to December 31, 2008)	Q3 2009 (April 1, 2009 to December 31, 2009)
Net sales		81,311	69,102
Cost of sales		65,088	55,608
Gross profit		16,222	13,494
Selling, general and administrative expenses		15,689	14,389
Operating income		532	-895
Non-operating income			
Interest income		122	16
Dividends income		77	40
Rental income		-	55
Other		375	146
Total non-operating income		576	259
Non-operating expenses			
Interest expenses		1,339	1,242
Equity in losses of affiliates		41	103
Foreign exchange losses		1,129	371
Other		892	836
Total non-operating expenses		3,403	2,555
Ordinary income		-2,294	-3,191
Extraordinary income			
Gain from prior period adjustment		-	86
Gain from Insurance		137	48
Gain from withdrawal from reserve for litigation liabilities		427	-
Gain from reversal of provision for repairs		186	-
Other		158	14
Total extraordinary income		910	150
Extraordinary loss			
Loss on disposal of non-current assets		274	429
Loss on decrease in notes and accounts receivable-trade		72	0
Cost due to business structure improvement		-	493
Other		2	25
Total extraordinary loss		350	949
Income before income taxes		-1,734	-3,990
Income taxes		573	454
Income taxes – deferred		147	-
Adjustment for income taxes		375	-818
Total income taxes		1,096	-364
Minority interests in income		-15	-16
Net income or net loss (-)		-2,816	-3,609

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## (3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Notes	Q3 2008 (April 1, 2008 to December 31, 2008)	Q3 2009 (April 1, 2009 to December 31, 2009)
Net cash used in operating activities			
Income before income taxes		-1,734	-3,990
Depreciation and amortization		3,921	4,093
Impairment loss		-	23
Cost due to business structure improvement		-	493
Increase (decrease) in allowance for doubtful accounts		-54	49
Increase (decrease) in provisions for retirement benefits and directors' retirement benefits		343	430
Increase (decrease) in reserve for loss from Ferosilt removal		-7,880	-2,630
Increase (decrease) in other provisions		-807	-498
Interest and dividends income		-200	-57
Interest expenses		1,339	1,242
Foreign exchange losses (gains)		333	-6
Equity in (earnings) losses of affiliates		45	107
Loss (gain) on disposal of noncurrent assets		174	178
Loss (gain) on investment securities		72	0
Decrease (increase) in notes and accounts receivable-trade		3,913	864
Decrease (increase) in inventories		-3,455	-4,694
Decrease (increase) in other current assets		1,132	424
Increase (decrease) in notes and accounts payable-trade		2,033	1,982
Increase (decrease) in other current liabilities		-495	4,114
Other		-134	-60
Total		-1,453	2,068
Interest and dividends income received		184	57
Interest expenses paid		-1,170	-1,140
Gain on insurance		137	48
Income taxes paid		-624	-347
Net cash used in operating activities		-2,927	686
Net cash used in investment activities			
Payments into time deposits		-20	-20
Proceeds from withdrawal of time deposits		20	20
Purchase of short-term and long term investment securities		-810	-9
Purchase of property, plant and equipment		-3,646	-3,282
Proceeds from sales of property, plant and equipment		475	276
Payments of loans receivable		-226	-162
Collection of loans receivable		301	236
Proceeds from distribution of residual property		-	21
Others		0	1
Net cash used in investment activities		-3,905	-2,918

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Account Category	Notes	Q3 2008 (April 1, 2008 to December 31, 2008)	Q3 2009 (April 1, 2009 to December 31, 2009)
Net cash provided by financing activities			
Net increase (decrease) in short-term loans payable		-304	1,060
Proceeds from long term loans payable		2,630	12,559
Repayment of long-term loans payable		-5,115	-5,640
Proceeds from issuance of common stock		2,784	-
Repayments of lease obligations		-331	-487
Proceeds from assignment of private power generation facilities		6,924	-
Repayment of deposits received		-256	-398
Net decrease (increase) in treasury stock		-20	-5
Net cash provided by financing activities		6,309	7,086
Effect of exchange rate change on cash and cash equivalents		-736	-11
Net increase (increase) in cash and cash equivalents		-1,259	4,844
Cash and cash equivalents at period-beginning		28,373	12,648
Increase in cash and cash equivalents resulting from merger		149	-
Balance of cash and cash equivalents at period end		27,263	17,493

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## 6. Segment Information

### (1) Business Segment Information

Third Quarter of Fiscal 2008 (April 1, 2008 to December 31, 2008)

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Elimination/Corporate	Consolidated
Sale							
(1) Sales to external customers	38,539	37,646	4,364	760	81,311	-	81,311
(2) Intersegment sales and transfers	-	-	3,260	1,074	4,335	(4,335)	-
Total	38,539	37,646	7,625	1,835	85,646	(4,335)	81,311
Operating income (loss)	-3,729	5,811	389	52	2,524	(1,992)	532

Third Quarter of Fiscal 2009 (April 1, 2009 to December 31, 2009)

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	33,676	29,429	5,285	710	69,102	-	69,102
(2) Intersegment sales and transfers	-	-	2,409	612	3,021	(3,021)	-
Total	33,676	29,429	7,695	1,322	72,124	(3,021)	69,102
Operating income (loss)	-2,896	3,110	582	112	908	(1,803)	-895

(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) Geographical Segment Information

Third Quarter of Fiscal 2008 (April 1, 2008 to December 31, 2008)

(Unit: millions of yen)

	Japan	Asia	Americas	Europe	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	45,982	7,628	3,557	24,142	81,311	-	81,311
(2) Intersegment sales and transfers	21,391	3,322	20	93	24,828	(24,828)	-
Total	67,373	10,951	3,578	24,236	106,139	(24,828)	81,311
Operating income (loss)	3,727	-1,146	-33	653	3,200	(2,668)	532

Third Quarter of Fiscal 2009 (April 1, 2009 to June 30, 2009)

(Unit: millions of yen)

	Japan	Asia	Americas	Europe	Total	Elimination/Corporate	Consolidated
Sales							
(1) Sales to external customers	44,696	5,664	3,071	15,670	69,102	-	69,102
(2) Intersegment sales and transfers	16,097	3,307	2	90	19,497	(19,497)	-
Total	60,793	8,972	3,073	15,760	88,599	(19,497)	69,102
Operating income(loss)	2,082	-374	35	724	2,467	(3,362)	-895

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(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

(3) Overseas Sales

Third Quarter of Fiscal 2008 (April 1, 2008 to December 31, 2008)

	Asia	Americas	Europe	Other	Total
I Overseas sales (in millions of yen)	16,849	8,597	25,289	291	51,028
II Consolidated sales (in millions of yen)					81,311
III Ratio of overseas sales to total consolidated sales (%)	20.7	10.6	31.1	0.4	62.8

First Quarter of Fiscal 2009 (April 1, 2009 to June 30, 2009)

	Asia	Americas	Europe	Other	Total
I Overseas sales (in millions of yen)	14,488	7,193	17,074	187	38,942
II Consolidated sales (in millions of yen)					69,102
III Ratio of overseas sales to total consolidated sales (%)	21.0	10.4	24.7	0.3	56.4

(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