

Summary of Consolidated Financial Statements for Second Quarter of Fiscal Year Ending March 31, 2012(Japan GAAP)

November 7, 2011
Listed Exchanges: TSE, OSE

Name of Listed Company: Ishihara Sangyo Kaisha, Ltd.
Code: 4028 URL <http://www.iskweb.co.jp>
Representative: (Title) President (Name) Kazutaka Fujii
Contact: (Title) Director (Name) Yoshinari Terakawa Tel +81-6-6444-1850
Scheduled date of securities report submission: November 10, 2011
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 Second Quarter of Fiscal Year Ended March 31, 2012(April 1, 2011 to September 30, 2011)

(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	%
2Q 2011	54,729	9.8	3,197	197.4	647	—	-158	—
2Q 2010	49,843	5.2	1,075	—	-1,807	—	-2,207	—

	Net income per share	Net income per share after full dilution
	Yen	Yen
2Q 2011	-0.39	—
2Q 2010	-5.51	—

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
	millions of yen	Millions of yen	%
As of September 30, 2011	171,256	48,553	28.3
As of March 31, 2011	172,429	48,158	27.9

(Reference) Equity capital: as of September 30, 2011: 48,536million yen, as of March 31, 2011: 48,143million 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, 2011	—	0.00	—	0.00	0.00
Year ended March 31, 2012	—	0.00	—	—	—
Year ending March 31, 2012 (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, 2012 (April 1, 2011 - March 31, 2012)

(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	109,000	10.0	11,100	22.8	7,700	24.9	4,400	-9.3	10.99

(Note) Modification in the dividend forecast 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
- (2) Adoption of simplified accounting treatment and special accounting treatment for quarterly consolidated statement: Not adopted
- (3) Changes in accounting principles, procedures, and the method of presentation
 - 1) Changes due to revisions of accounting standards etc. : Not adopted
 - 2) Changes other than those defined in 1) above : Not adopted
 - 3) Changes in accounting estimates: Not adopted
 - 4) Restatement: Not adopted
- (4) Issued shares (common shares)
 - 1) Issued shares as of period-end (including repurchased treasury shares)

As of September 30, 2011: 403,839,431 shares	As of March 31, 2011: 403,839,431 shares
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 - 2) Number of shares of treasury stock as of period-end

As of September 30, 2011: 3,733,846shares	As of March 31, 2011: 3,709,794 shares
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 - 3) Average number of outstanding shares during period

2Q 2011 : 400,119,760 shares	2Q 2010: 400,220,017 shares
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*Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have not been reviewed at the time of the announcement of this financial summary.

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	As of March 31,2011 (summary)	As of September 30,2011
ASSETS		
Current Assets		
Cash and deposits	22,082	25,598
Notes and accounts receivable – trade	27,677	28,978
Merchandise and finished goods	24,376	20,414
Work in process	6,306	6,928
Raw materials and supplies	11,357	12,270
Deferred tax assets	2,190	2,494
Other	2,331	1,430
Allowance for doubtful accounts	-249	-159
Total current assets	96,072	97,955
Noncurrent Assets		
Property, plant and equipment		
Machinery, equipment net	22,499	22,482
Others , net	33,608	31,583
Total property , plant and equipment	56,107	54,065
Intangible assets		
Goodwill	23	11
Other	313	312
Total intangible assets	336	323
Investments and other assets		
Investment securities	4,874	3,555
Deferred tax assets	13,527	13,383
Other	1,668	2,156
Allowance for doubtful accounts	-141	-167
Allowance for investment loss	-15	-15
Total investments and other assets	19,913	18,911
Total noncurrent assets	76,357	73,301
Total Assets	172,429	171,256

* This is an English translation of Summary originally written in Japanese and disclosed to TSE and OSE.
For official purposes, the Japanese version takes preference over this English translation

(Unit: millions of yen)

Account Category	As of March 31,2011 (summary)	As of September 30,2011
LIABILITIES		
Current Liabilities		
Notes and accounts payable – trade	14,085	19,434
Short-term loans payable	32,285	31,941
Current portion of convertible bonds	200	200
Income tax payable	416	217
Reserve for loss from Ferosilt removal	2,599	2,208
Reserve for other	848	1,000
Other	7,677	8,657
Total current liabilities	58,113	63,660
Noncurrent Liabilities		
Bonds payable	1,800	1,700
Long-term loans payable	40,041	34,237
Provision for retirement benefits	8,406	7,792
Reserve for loss from Ferosilt removal	9,875	8,851
Provision for other	586	609
Asset retirement obligations	861	868
Other	4,586	4,982
Total noncurrent liabilities	66,157	59,042
Total Liabilities	124,270	122,703
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	43,420
Capital surplus	10,625	10,626
Retained earnings	-1,713	-1,871
Treasury stock	-672	-675
Total shareholder's equity	51,660	51,499
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	62	17
Foreign currency translation adjustment	-3,611	-3,014
Pension liabilities adjustment for overseas subsidiaries	32	34
Total valuation and translation adjustments	-3,516	-2,962
Minority interests	15	16
Total net assets	48,158	48,553
Total Liabilities and Net Assets	172,429	171,256

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(2) Consolidated Statements of Income

(Unit: millions of yen)

Account Category	Q2 2010 (April 1, 2010 to September 30, 2010)	Q2 2011 (April 1, 2011 to September 30, 2011)
Net sales	49,843	54,729
Cost of sales	39,230	41,307
Gross profit	10,612	13,422
Selling, general and administrative expenses	9,537	10,224
Operating income	1,075	3,197
Non-operating income		
Interest income	12	28
Dividends income	77	57
Reversal of allowance for doubtful accounts	-	144
Other	103	164
Total non-operating income	194	394
Non-operating expenses		
Interest expenses	929	905
Equity in losses of affiliates	682	731
Foreign exchange losses	998	885
Other	466	421
Total non-operating expenses	3,076	2,944
Ordinary income	-1,807	647
Extraordinary income		
Gain on sales of noncurrent assets	-	1
Gain on negative goodwill	38	-
Reversal of provision for business structure improvement	45	-
Other	64	-
Total extraordinary income	147	1
Extraordinary loss		
Loss on disposal of non-current assets	439	405
Provision of allowance for environmental and safety improvement	-	126
Loss on adjustment for changes of accounting standard for asset retirement obligations	802	-
Other	24	138
Total extraordinary loss	1,266	670
Income before income taxes	-2,926	-22
Income taxes	253	282
Income taxes – deferred	-970	-146
Total income taxes	-717	136
Income before minority interests in loss	-2,208	-158
Minority interests in income	-1	-0
Net income or net loss (-)	-2,207	-158

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(Unit: millions of yen)

	Q2 2010 (April 1, 2010 to September 30, 2010)	Q2 2011 (April 1, 2011 to September 30, 2011)
Net income before minority interest (-)	-2,208	-158
Other comprehensive income		
Valuation difference on available-for-sale securities	-35	-45
Deferred gains or losses on hedges	1	—
Foreign currency translation adjustment	-947	617
Pension liabilities adjustment for overseas subsidiaries	-2	1
Share of other comprehensive income of associates accounted for using equity method	-16	-18
Total other comprehensive income	-1,000	555
Comprehensive income	-3,209	397
(Breakdown)		
Comprehensive income attributable to owners of the parent	-3,202	396
Comprehensive income attributable to minority interests	-7	1

(3) Statement of Consolidated Cash Flows

(Unit: millions of yen)

Account Category	Q2 2010 (April 1, 2010 to September 30, 2010)	Q2 2011 (April 1, 2011 to September 30, 2011)
Net cash used in operating activities		
Income before income taxes	-2,926	-22
Depreciation and amortization	2,876	2,837
Impairment loss	3	—
Increase (decrease) in allowance for doubtful accounts	-6	-64
Increase (decrease) in provisions for retirement benefits	246	-614
Increase (decrease) in reserve for loss from Ferosilt removal	-718	-1,415
Increase (decrease) in other provisions	-99	175
Interest and dividends income	-90	-85
Interest expenses	929	905
Foreign exchange losses (gains)	-31	55
Equity in (earnings) losses of affiliates	682	731
Loss on adjustment for changes of accounting standard for asset retirement obligations	802	—
Loss (gain) on disposal of noncurrent assets	187	142
Decrease (increase) in notes and accounts receivable-trade	-1,210	-1,081
Decrease (increase) in inventories	3,136	2,804
Decrease (increase) in other current assets	510	393
Increase (decrease) in notes and accounts payable-trade	2,161	5,165
Increase (decrease) in other current liabilities	2,093	1,541
Other	-81	-30
Total	8,465	11,438
Interest and dividends income received	63	85
Interest expenses paid	-926	-904
Proceeds from insurance income	—	41
Income taxes paid	-644	39
Net cash used in operating activities	6,957	10,700
Net cash used in investment activities		
Payments into time deposits	-20	-100
Proceeds from withdrawal of time deposits	20	20
Purchase of noncurrent assets	-915	-1,490
Proceeds from sales of noncurrent assets	318	278
Payments of loans receivable	-235	-207
Collection of loans receivable	236	208
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-1,013	—
revenue from paid-for capital reduction	—	748
Others	—	-1
Net cash used in investment activities	-1,619	-545

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(Unit: millions of yen)

Account Category	Q2 2010 (April 1, 2010 to September 30, 2010)	Q2 2011 (April 1, 2011 to September 30, 2011)
Net cash provided by financing activities		
Net increase (decrease) in short-term loans payable	-1,148	-1,715
Proceeds from long term loans payable	1,530	100
Repayment of long-term loans payable	-5,625	-4,538
Redemption of bonds	-	-100
Repayments of lease obligations	-408	-488
Repayments of installment payables	-	-47
Repayment of deposits received	-218	-
Net decrease (increase) in treasury stock	-2	-2
Net cash provided by financing activities	-5,874	-6,791
Effect of exchange rate change on cash and cash equivalents	-297	72
Net increase (decrease) in cash and cash equivalents	-833	3,435
Cash and cash equivalents at period-beginning	18,304	21,750
Balance of cash and cash equivalents at period end	17,470	25,186

(4)Notes Relating to Assumptions for the Going Concern
Not applicable

(5) Segment Information

(Segment Information)

Second Quarter of Fiscal Year Ended March 31, 2011 (April 1, 2010 to s September 30, 2010)

① Sales, Profits and Losses according to Our Reported Business Segments

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Elimination/ Corporate	Consolidated
Sales							
(1) Sales to external customers	25,155	21,267	2,904	515	49,843	-	49,843
(2) Intersegment sales and transfers	-	-	1,242	543	1,785	-1,785	-
Total	25,155	21,267	4,147	1,058	51,628	-1,785	49,843
Operating income or operating loss (-)	1,068	762	4	77	1,913	-838	1,075

(Note) 1. Company wide operating loss of 838 million yen includes eliminations for business between different segments of 127 million yen, which offset the total company wide operating loss of 965 million yen.

2. The losses or income in each of our segments is taken into account and adjusted for at the operating income level in our quarterly consolidated income statements.

②Geographical information

Net Sales

(Unit: millions of yen)

Japan	Asia	Americas	Europe	Other	Total
20,912	10,786	4,840	13,158	144	49,843

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.

Countries and regions included in each geographic segment are 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

Second Quarter of Fiscal Year Ended March 31, 2012 (April 1, 2011 to September 30, 2011)

① Sales, Profits and Losses according to Our Reported Business Segments

(Unit: millions of yen)

	Inorganic Chemicals	Organic Chemicals	Construction	Other Businesses	Total	Company Wide(*1)	Consolidated (*2)
Sales							
(1) Sales to external customers	29,330	23,559	1,300	539	54,729	-	54,729
(2) Intersegment sales and transfers	-	-	1,116	761	1,877	-1,877	-
Total	29,330	23,559	2,417	1,301	56,607	-1,877	54,729
Operating income or operating loss (-)	4,018	261	-318	83	4,046	-848	3,197

(Note) 1. Company wide operating loss of 848 million yen includes eliminations for business between different segments of 125 million yen, which offset the total company wide operating loss of 974 million yen.

2. The losses or income in each of our segments is taken into account and adjusted for at the operating income level in our quarterly consolidated income statements.

② Geographical Segment

(Unit: millions of yen)

Japan	Asia	Americas	Europe	Other	Total
22,719	11,748	5,705	14,415	140	54,729

(Note) 1. Net sales by geographic segment are based on nations or regions where customers reside.

2. Grouping of countries and regions is based on the geographic proximity and relevance of businesses.

Countries and regions included in each geographic segment are 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

(6) Significant Changes in Our Shareholders Equity

We do not note any significant changes.