

Summary of Consolidated Financial Statements For the Third Quarter of the Year Ending March 31, 2009

February 10 2009

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, 2009

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

1. Consolidated Financial Results for the Third of Fiscal 2008 (April 1, 2008 -December 31, 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	%
Q3 2008	81,311	—	532	—	(2,294)	—	(2,816)	—
Q3 2007	84,985	12.9	10,073	52.9	8,675	58.0	(1,443)	—

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Q3 2008	(7.21)		—	
Q3 2007	(3.75)		—	

(2) Consolidated Financial Position

	Total assets		Net assets		Capital ratio	Net assets per share
	millions of yen		millions of yen		%	Yen
As of December 31, 2008	175,419		45,004		25.6	112.36
As of March 31, 2008	177,407		46,813		26.4	121.65

(For Reference) Owned capital As of December 31, 2008 ¥44,983 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	106,000	(9.6)	3,900	(75.6)	500	(96.2)	(900)	—	(2.29)

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

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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 December 31, 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 December 31, 2008	3,485,698 shares	As of March 31, 2008	3,345,349 shares
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3) Average number of outstanding shares during period

Q3 2008	390,827,932 shares	Q3 2007	384,501,162 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 December 31, 2008	As of March 31, 2008 (summary)
(ASSETS)		
Current Assets		
Cash and deposits	27,283	28,393
Notes and accounts receivable – trade	25,101	30,320
Finished goods	16,296	15,185
Raw materials	9,187	10,250
Work in process	8,561	5,954
Deferred tax assets	4,105	7,103
Other	9,070	6,295
Allowance for doubtful accounts	(368)	(437)
Total current assets	99,235	103,065
Noncurrent Assets		
Property, plant and equipment		
Machinery and equipment, net	21,621	23,467
Other, net	32,172	30,998
Total property, plant and equipment	53,793	54,465
Intangible assets		
Goodwill	291	437
Other	194	149
Total intangible assets	485	587
Investments and other assets		
Investment securities	4,939	4,764
Deferred tax assets	16,293	13,651
Other	744	942
Allowance for doubtful accounts	(73)	(69)
Total investments and other assets	21,904	19,289
Total noncurrent assets	76,183	74,341
Total Assets	175,419	177,407

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	As of December 31, 2008	As of March 31, 2008 (summary)
(LIABILITIES)		
Current Liabilities		
Notes and accounts payable – trade	19,022	18,415
Short-term loans payable	39,074	38,834
Income taxes payable	634	573
Reserve for loss from Ferosilt removal	7,346	14,019
Other provisions	185	994
Other	14,136	9,460
Total current liabilities	80,400	82,298
Noncurrent Liabilities		
Long-term loans payable	21,647	24,709
Provision for retirement benefits	7,231	6,894
Reserve for loss from Ferosilt removal	11,781	12,990
Other provisions	483	490
Long-term deposits received	6,140	—
Other	2,730	3,208
Total noncurrent liabilities	50,014	48,294
Total Liabilities	130,415	130,593
NET ASSETS		
Shareholder's equity		
Capital stock	43,420	42,028
Capital surplus	10,625	9,231
Retained earnings	(7,392)	(4,672)
Treasury stock	(654)	(632)
Total shareholder's equity	45,998	45,955
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	(22)	289
Deferred gains or losses on hedges	—	—
Foreign currency translation adjustment	(1,022)	495
Pension liabilities adjustment for overseas subsidiaries	30	35
Total valuation and translation adjustments	(1,014)	820
Minority interests	20	38
Total net assets	45,004	46,813
Total Liabilities and Net Assets	175,419	177,407

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

	(Unit: millions of yen)
	Q3 2008 (April 1, 2008 to December 31, 2008)
Net sales	81,311
Cost of sales	65,088
Gross profit	16,222
Selling, general and administrative expenses	15,689
Operating income	532
Non-operating income	
Interest income	122
Dividends income	77
Foreign exchange gains	-
Other	375
Total non-operating income	576
Non-operating expenses	
Interest expenses	1,339
Equity in losses of affiliates	41
Foreign exchange losses	1,129
Other	892
Total non-operating expenses	3,403
Ordinary income	(2,294)
Extraordinary income	
Gain on insurance adjustment	137
Gain from withdrawal from reserve for litigation liabilities	427
Gain from reversal of reserve for periodical repair costs	186
Other	158
Total extraordinary income	910
Extraordinary loss	
Loss on disposal of non-current assets	274
Loss on appraisal of investment securities	72
Other	2
Total extraordinary loss	350
Net income before taxes, deferred taxes and minority interest	(1,734)
Income taxes	573
Income taxes for FY 2007	147
Income taxes – deferred	375
Total income taxes	1,096
Loss attributable to minority interests	(15)
Net income	(2,816)

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(3) Quarterly Consolidated Statement of Cash Flow

	(Unit: millions of yen)
	Q3 2008 (April 1, 2008 to December 31, 2008)
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Net cash used in operating activities	
Net income before taxes, deferred taxes and minority interest	(1,734)
Depreciation and amortization	3,921
Increase (decrease) in allowance for doubtful accounts	(54)
Increase (decrease) in provisions for retirement benefits and directors' retirement benefits	343
Increase (decrease) in reserve for loss from Ferosilt removal	(7,880)
Increase (decrease) in other provisions	(807)
Interest and dividends income	(200)
Interest expenses	1,339
Foreign exchange losses (gains)	333
Equity in (earnings) losses of affiliates	45
Loss (gain) on disposal of noncurrent assets	174
Loss (gain) on appraisal of investment securities	72
Decrease (increase) in notes and accounts receivable-trade	3,913
Decrease (increase) in inventories	(3,455)
Decrease (increase) in other current assets	1,132
Increase (decrease) in notes and accounts payable-trade	2,033
Increase (decrease) in other current liabilities	(495)
Other	(134)
Total	<hr/> (1,453) <hr/>
Interest and dividends income received	184
Interest expenses paid	(1,170)
Proceeds from insurance income	137
Income taxes paid	<hr/> (624) <hr/>
Net cash used in operating activities	<hr/> (2,927) <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	(810)
Purchase of property, plant and equipment	(3,646)
Proceeds from sales of property, plant and equipment	475
Payments of loans receivable	(226)
Collection of loans receivable	301
Other	0
Net cash used in investment activities	<hr/> (3,905) <hr/>

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	Q3 2008 (April 1, 2008 to December 31, 2008)
Net cash provided by financing activities	
Net increase (decrease) in short-term loans payable	(304)
Proceeds from long term loans payable	2,630
Repayment of long-term loans payable	(5,115)
Proceeds from increase its stock	2,784
Repayments of lease obligations	(331)
Proceeds from assignment of private power generation facilities	6,924
Repayment of deposit received	(256)
Net decrease (increase) in treasury stock	(20)
Net cash provided by financing activities	6,309
Effect of exchange rate change on cash and cash equivalents	(736)
Net increase (decrease) in cash and cash equivalents	(1,259)
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	27,263

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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]
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
Sales							
(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

(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 third six-month period of the consolidated fiscal year decreased by 789 million yen in the “inorganic chemicals business,” by 226 million yen in the “organic chemicals business” (in business segmentation), in comparison with the amounts that would have been obtained using the previous method.

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[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

(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

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 1,016 million yen in “Japan” (in geographical segmentation), in comparison with the amounts that would have been obtained using the previous method.

[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

(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 third quarter of the consolidated accounting period, the Company's capital stock and capital surplus amounted to 43,420 million yen and 10,625 million yen, respectively.