

January 18, 2007



Third Quarter Financial Results Ended Dec. 31, 2006 For the fiscal year ending March 31, 2007 (Non-Consolidated)

JAPAN PURE CHEMICAL CO., LTD.

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1. Financial Results for the Fiscal 2007 Third Quarter (April 1, 2006 – Dec. 31, 2006)

(1) Results of Operations

(Note: amounts less than one million yen have been disregarded)

	Sales		Operating Income		Ordinary Income		Net Income	
	(million yen)		(million yen)		(million yen)		(million yen)	
Nine months ended Dec. 31, 2006	7,203	35.9%	1,590	9.4%	1,595	9.6%	952	9.3%
Nine months ended Dec. 31, 2005	5,302	24.9%	1,454	54.4%	1,455	55.1%	871	55.2%
Year ended March 31, 2006	7,448	35.4%	1,960	56.2%	1,959	56.8%	1,182	58.7%

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Nine months ended Dec. 31, 2006	15,170.43	15,043.79
Nine months ended Dec. 31, 2005	28,127.71	27,853.26
Year ended March 31, 2006	37,419.49	36,985.20

Notes: 1. Percentages above represent year on year changes over the same period last year unless otherwise stated.

2. A two (2) for one (1) stock split was performed on all shares on April 1, 2006, and in addition, due to the exercise of rights for new stock acquisitions, the average total number of issued shares for this fiscal period is 62,792.

Review of Operations

In the electronic components industry for the third quarter of this fiscal year, seasonal demand increased in the lead up to the Christmas period. However our Company has been operating in a difficult environment due to factors such as reluctant buying PCs resulting from the expected release of Microsoft's Windows Vista and manufacturing adjustments in the mobile phone market.

Against this background, while results in terms of ordinary income were an increase of 17% compared to the previous quarter (second quarter of this fiscal year), there was a decrease of 4% compared to the record profits achieved in the same quarter last year.

As a result, sales of ¥7,203 million (35.9% YoY increase), operating income of ¥1,590 million (9.4% YoY increase), ordinary income of ¥1,595 million (9.6% YoY increase), and net income of ¥952 million (9.3% YoY increase) were recorded.

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
Dec. 31, 2006	6,579	5,612	85.3 %	89,355.64
Dec. 31, 2005	5,622	4,603	81.9 %	147,561.10
March 31, 2006	6,296	5,016	79.7 %	159,188.32

Notes : Number of shares outstanding at the end of period
Dec. 31, 2006 : 62,808 shares
Dec. 31, 2005 : 31,200 shares
March 31, 2006 : 31,388 shares

Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash & Cash Equivalents at End of Period
	(million yen)	(million yen)	(million yen)	(million yen)
Nine months ended Dec. 31, 2006	404	-430	-306	2,758
Nine months ended Dec. 31, 2005	201	-102	-51	2,545
Year ended March 31, 2006	705	-121	9	3,090

In this quarter cash flow from operating activities increased by ¥404 million due to income before income taxes of ¥1,593 million, depreciation expenses of ¥56 million, and an increase in accounts payable of ¥55 million. However this was offset by an increase in accounts receivable of ¥225 million and income tax payments of ¥935 million.

Cash flows for investment activities were reduced by ¥430 million. The total resulted from expenditures for acquisition of investment securities of ¥103 million, expenditures for capital investment of ¥26 million, and a net increase in term deposits of ¥299 million.

Cash flows for financing activities were reduced in total by ¥306 million due largely to dividend payments of ¥313 million.

As a result the balance of cash and cash equivalents at the end of this quarter decreased by ¥332 million compared with the balance at the end of the previous fiscal period.

2. Financial Forecasts for the Fiscal Year Ending March 31, 2007 (April 1, 2006 – March 31, 2007)

	Sales	Ordinary Income	Net Income
	(million yen)	(million yen)	(million yen)
Year ending March 31, 2007	9,000	2,250	1,350

(Reference) Expected Net Income per Share: ¥21,499.55

The forecast for the fiscal year ending March 31, 2007, remains unchanged from the forecast on Oct. 18, 2006

While statements in these reports regarding the next fiscal year and other future events are evaluations made based upon the information available at the time these reports were prepared, they contain risk items and uncertainties. Accordingly actual results may vary significantly from the forecast results stated here for a number of reasons.
Amounts less than one million yen have been disregarded.

3. Financial Statements

(1) Balance Sheet (Summary)

(Thousands of yen)

Category	Current Third Quarter (Dec. 31, 2006)	Previous Third Quarter (Dec. 31, 2005)	Year-on-Year Comparison		Previous Fiscal Year (March 31, 2006)
	Amount	Amount	Amount	%	
(ASSETS)					
Current assets					
Cash and deposits	2,759,048	2,746,190	12,857	0.5	3,291,500
Accounts receivable	1,944,778	1,620,914	323,863	12.0	1,719,087
Inventories	318,480	287,670	30,809	10.7	229,651
Others	42,913	41,692	1,220	2.9	73,611
Total Current Assets	5,065,220	4,696,468	368,751	7.9	5,313,852
Fixed assets					
Tangible fixed assets	131,233	152,170	-20,936	-13.8	153,989
Intangible fixed assets	45,343	52,959	-7,615	-14.4	44,537
Investments and other assets	1,337,282	720,896	616,385	85.5	783,782
Total Fixed Assets	1,513,859	926,026	587,832	63.5	982,309
Total Assets	6,579,079	5,622,495	956,583	17.0	6,296,162
(LIABILITIES)					
Current liabilities					
Accounts payable	404,782	376,443	28,339	7.5	349,511
Income tax payable	229,004	310,485	-81,480	-26.2	551,000
Others	103,569	111,402	-7,833	-7.0	134,958
Total Current Liabilities	737,357	798,331	-60,974	-7.6	1,035,469
Fixed liabilities					
Deferred tax liabilities	132,557	144,289	-11,732	-8.1	163,572
Reserve for Director's retirement benefits for service	96,916	75,968	20,947	27.6	80,517
Total Fixed Liabilities	229,473	220,258	9,215	4.2	244,089
Total Liabilities	966,830	1,018,589	-51,759	-5.1	1,279,559
(EQUITY)					
Capital stock	-	1,202,373	-	-	1,234,508
Capital reserve	-	946,085	-	-	978,220
Retained earnings	-	2,227,238	-	-	2,537,547
Stock valuation differential	-	228,210	-	-	266,327
Total Shareholders' Equity		4,603,906			5,016,603
(Net Assets)					
Shareholders' Equity					
(1) Capital stock	1,238,197	-	-	-	-
(2) Capital reserve	981,909	-	-	-	-
(3) Retained earnings	3,156,198	-	-	-	-
Total Shareholders' Equity	5,376,306	-	-	-	-
Valuation and Exchange Differential					
(1) Stock valuation differential	235,942	-	-	-	-
Total Valuation and Exchange Differential	235,942	-	-	-	-
Total Net Assets	5,612,249				
Total Liabilities, Shareholders' Equity and Net Assets	6,579,079	5,622,495			6,296,162

(2) Profit & Loss Statement (Summary)

(Thousands of yen)

Category	Current Third Quarter (Nine months ended Dec. 31, 2006)	Previous Third Quarter (Nine months ended Dec. 31, 2005)	Year-on-Year Comparison		Previous Fiscal Year (Year ended March 31, 2006)
	Amount	Amount	Amount	%	Amount
Sales	7,203,660	5,302,544	1,901,116	35.9	7,448,111
Cost of sales	4,981,345	3,216,205	1,765,140	54.9	4,658,891
Gross profit	2,222,314	2,086,338	135,975	6.5	2,789,219
Selling, general and administrative expenses	632,093	632,292	-199	-0.0	828,570
Operating income	1,590,221	1,454,046	136,175	9.4	1,960,648
Non-operating income	8,854	2,593	6,261	241.5	3,286
Non-operating expenses	3,404	1,056	2,348	222.4	3,992
Ordinary income	1,595,671	1,455,583	140,088	9.6	1,959,942
Extraordinary income	188	-	188	-	310
Extraordinary losses	2,040	1,100	940	85.5	1,100
Income before tax expenses	1,593,818	1,454,482	139,335	9.6	1,959,152
Tax expenses	641,237	582,579	58,657	10.1	776,940
Net income	952,581	871,902	80,678	9.3	1,182,212

(3) Statements of Change in Net Assets

Nine months ended Dec. 31, 2006 (from April 1 to Dec. 31, 2006)

(Thousands of yen)

	Shareholders' Equity							
	Capital stock	Capital surplus		Retained earnings				Total Shareholders' Equity
		Capital reserve	Total capital surplus	Other retained earnings			Total retained earnings	
				Special depreciation reserve	Other reserve	Unappropriated retained earnings at the end of the period		
Balance as of March 31, 2006	1,234,508	978,220	978,220	38,220	1,200,000	1,299,327	2,537,547	4,750,275
Changes during the current period								
Issuance of new shares	3,689	3,689	3,689	-	-	-	-	7,378
Dividends declared (Year-End)	-	-	-	-	-	-156,940	-156,940	-156,940
Dividends declared (Interim)	-	-	-	-	-	-156,990	-156,990	-156,990
Directors' bonuses	-	-	-	-	-	-20,000	-20,000	-20,000
Reversal of special depreciation reserve	-	-	-	-21,650	-	21,650	-	-
Reserve for special depreciation	-	-	-	2,037	-	-2,037	-	-
General reserve	-	-	-	-	700,000	-700,000	-	-
Net income	-	-	-	-	-	952,581	952,581	952,581
Net changes other than shareholders' equity	-	-	-	-	-	-	-	-
Total changes during the current period	3,689	3,689	3,689	-19,613	700,000	-61,735	618,651	626,030
Balance as of Dec. 31, 2006	1,238,197	981,909	981,909	18,607	1,900,000	1,237,591	3,156,198	5,376,306

	Valuation and Exchange Differential		Total Net Assets
	Stock valuation differential	Total Valuation and Exchange Differential	
Balance as of March 31, 2006	266,327	266,327	5,016,603
Changes during the current period			
Issuance of new shares	-	-	7,378
Dividends declared (Year-End)	-	-	-156,940
Dividends declared (Interim)	-	-	-156,990
Directors' bonuses	-	-	-20,000
Transfer of special depreciation	-	-	-
Reserve for special depreciation	-	-	-
General reserve	-	-	-
Net income	-	-	952,581
Net changes other than shareholders' equity	-30,384	-30,384	-30,384
Total changes during the current period	-30,384	-30,384	595,645
Balance as of Dec. 31, 2006	235,942	235,942	5,612,249

(4) Cash flow statement (Summary)

(Thousands of yen)

	Current Third Quarter (Nine months ended Dec. 31, 2006)	Previous Third Quarter (Nine months ended Dec. 31, 2005)	Previous Fiscal Year (Year ended March 31, 2006)
Category	Amount	Amount	Amount
Cash flow from operating activities			
Income before tax expenses	1,593,818	1,454,482	1,959,152
Depreciation expenses	56,871	67,310	92,347
Increase in accounts receivable	-225,690	-618,819	-716,992
Increase in accounts payable	55,270	115,109	88,178
Others	-147,731	-186,998	-93,531
Sub Total	1,332,538	831,084	1,329,155
Income tax payments	-935,726	-631,513	-625,874
Others	7,684	1,746	1,878
Cash flow from operating activities	404,497	201,317	705,159
Cash flow from investing activities			
Expenditures for acquisition of tangible fixed assets	-24,741	-97,007	-111,912
Expenditures for acquisition of intangible fixed assets	-1,547	-2,400	-6,700
Expenditures for acquisition of investment securities	-103,822	-2,598	-3,178
Others	-299,950	—	-
Cash flow from investing activities	-430,061	-102,005	-121,792
Cash flow from financing activities			
Issuance of common stock	7,092	135,918	197,172
Dividend payments	-313,930	-185,628	-185,628
Others	—	-1,713	-1,713
Cash flow from financing activities	-306,837	-51,423	9,831
Increase/decrease in cash and cash equivalents	-332,401	47,889	593,198
Balance of cash and cash equivalents at beginning of the period	3,090,704	2,497,506	2,497,506
Balance of cash and cash equivalents at end of the period	2,758,302	2,545,394	3,090,704