

July 20, 2007



First Quarter Financial Results Ended June 30, 2007 For the Fiscal Year Ending March 31, 2008

JAPAN PURE CHEMICAL CO., LTD.

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(Amounts less than one million yen have been disregarded)

1. Financial Results for the Fiscal 2008 First Quarter (April 1, 2007 – June 30, 2007)

(1) Results of Operations

(Percentages represent year on year changes over the same period last year)

	Sales		Operating Income		Ordinary Income		Net Income	
	(million yen)		(million yen)		(million yen)		(million yen)	
Three months ended June 30, 2007	2,680	12.0%	518	-0.4%	529	1.5%	320	2.0%
Three months ended June 30, 2006	2,392	55.3%	520	47.5%	521	47.2%	313	46.8%
Year ended March 31, 2007	9,536	28.0%	2,032	3.7%	2,040	4.1%	1,225	3.6%

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Three months ended June 30, 2007	5,093.41	5,072.36
Three months ended June 30, 2006	5,001.14	4,958.62
Year ended March 31, 2007	19,511.70	19,375.68

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
June 30, 2007	7,135	6,109	85.6 %	97,162.03
June 30, 2006	6,098	5,115	83.9 %	81,481.07
March 31, 2007	7,091	5,881	82.9 %	93,612.87

(3) 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)
Three months ended June 30, 2007	-4	-128	-180	2,688
Three months ended June 30, 2006	-93	-5	-155	2,836
Year ended March 31, 2007	1,059	-843	-305	3,001

2. Dividend Positions

	Dividend Per Share		
	Interim	Year End	Annual
	(yen)	(yen)	(yen)
Year ended March 31, 2007	2,500.00	3,000.00	5,500.00
Year ending March 31, 2008 (Forecasts)	3,000.00	3,000.00	6,000.00

3. Financial Forecasts for the Fiscal Year Ending March 31, 2008 (April 1, 2007 – March 31, 2008)【Reference】

(Percentages represent year on year changes over the same period last year)

	Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	(million yen)		(million yen)		(million yen)		(million yen)		(yen)
First half ending September 30, 2007	4,800	1.1%	1,030	1.8%	1,030	1.5%	620	2.5%	9,867.58
Year ending March 31, 2008	10,000	4.9%	2,140	5.3%	2,160	5.9%	1,300	6.1%	20,690.09

4. Others

- (1) Adoption of simplified accounting method: No
- (2) Changes in accounting method since the previous fiscal year: Yes

Note: For details, refer to “【Qualitative Information and Financial Statements】 4. Other” on page 3.

Notes Regarding Financial Forecast

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.

【Qualitative Information and Financial Statements】

1. Review of Operations

The outline of results for the first quarter is as follows:

While demand of plating chemicals for electronic parts used in mobile phones varied according to maker, our Company's products used for circuit boards, packages and memory chips performed favorably as demand from our major clients remained steady.

In regards to package substrates for PC and digital home appliance use, demand for our Company's plating chemicals continued to increase in line with the trend toward flash memory. Demand for CPU packages leveled out in notably.

As for LCD products, flexible circuit boards and driver ICs in particular posted favorable growth.

Connector related products, however, showed a slight downturn in results due to worse-than-expected performance among domestic manufacturers.

As a result, sales of ¥2,680,399 thousand (YoY increase of 12.0%), operating income of ¥518,137 thousand (YoY decrease of 0.4%), ordinary income of ¥529,097 thousand (YoY increase of 1.5%), and net income of ¥320,090 thousand (YoY increase of 2.0%) were recorded.

2. Financial Position

(1) Financial Position for the First Quarter

Total assets at the end of this quarter were ¥7,135,437 thousand, a YoY increase of ¥1,037,062 thousand. Total liabilities increased YoY ¥43,221 thousand to ¥1,025,889 thousand. Net assets increased YoY ¥993,841 thousand to ¥6,109,548. The main reasons for total assets were a YoY increase in investments and other assets of ¥1,253,768 thousand.

(2) Cash Flow for the First Quarter

In this quarter cash used in operating activities was ¥4,615 thousand. While cash was provided by income before income taxes of ¥529,097 thousand, an increase in accounts receivable of ¥180,391 thousand and income tax payments of ¥436,983 thousand.

Cash used in investment activities was ¥128,228 thousand due to acquisition of investment securities of ¥101,054 thousand and capital investment.

Cash used in financing activities was ¥180,330 thousand due to dividend payments.

As a result the balance of cash and cash equivalents at the end of this quarter decreased by ¥313,174 thousand to ¥2,688,357 thousand compared with the balance as at the end of the previous fiscal year.

3. Financial Forecasts

In respect of the financial forecasts for the fiscal year ending March 2008, there have been no revisions to the forecasts published in the financial statements dated April 20, 2007.

4. Others

(1) Adoption of simplified accounting method:

No applicable items.

(2) Changes in accounting method since the previous fiscal year:

From the first quarter of this fiscal year, the method for depreciation of tangible fixed assets acquired after April 1, 2007 shall be as stated in the Corporate Tax Law amendment of 2007.

1. Balance Sheet (Summary)

(Thousands of yen)

Category	Previous First Quarter (June 30, 2006)	Current First Quarter (June 30, 2007)	Year-on-Year Comparison		(Reference) Previous Fiscal Year (March 31, 2007)
	Amount	Amount	Amount	%	
(ASSETS)					
I Current assets					
Cash and deposits	3,037,529	2,689,103	-348,426	-11.5	3,002,209
Accounts receivable	1,864,218	1,986,046	121,828	6.5	1,805,654
Inventories	263,079	282,295	19,216	7.3	310,072
Others	33,565	34,168	602	1.8	73,998
Total Current Assets	5,198,393	4,991,614	-206,778	-4.0	5,191,937
II Fixed assets					
Tangible fixed assets	134,336	117,937	-16,399	-12.2	125,080
Intangible Fixed Assets	45,237	51,710	6,472	14.3	50,510
Investments and Other Assets	720,407	1,974,175	1,253,768	174.0	1,723,638
Total Fixed Assets	899,982	2,143,823	1,243,841	138.2	1,899,229
Total Assets	6,098,375	7,135,437	1,037,062	17.0	7,091,166
(LIABILITIES)					
I Current liabilities					
Accounts payable	462,854	422,103	-40,750	-8.8	414,453
Income tax payable	176,941	180,202	3,261	1.8	440,987
Others	123,031	139,502	16,470	13.4	129,265
Total Current Liabilities	762,828	741,808	-21,019	-2.8	984,705
II Fixed liabilities					
Deferred tax liabilities	134,773	182,550	47,776	35.4	121,735
Reserve for Director's retirement benefits for service	85,066	101,530	16,463	19.4	102,841
Total Fixed Liabilities	219,839	284,080	64,240	29.2	224,577
Total Liabilities	982,667	1,025,889	43,221	4.4	1,209,282
(Net Assets)					
I Shareholders Equity					
(1) Capital stock	1,235,191	1,244,350	9,159	0.7	1,240,248
(2) Capital reserve	978,904	988,063	9,159	0.9	983,961
(3) Retained earnings	2,674,563	3,560,487	885,923	33.1	3,428,893
Total Shareholders' Equity	4,888,659	5,792,901	904,242	18.5	5,653,102
II Valuation and Exchange Differential					
(1) Stock valuation differential	227,047	316,646	89,599	39.5	228,781
Total Valuation and Exchange Differential	227,047	316,646	89,599	39.5	228,781
Total Net Assets	5,115,707	6,109,548	993,841	19.4	5,881,884
Total Liabilities, Shareholders' Equity and Net Assets	6,098,375	7,135,437	1,037,062	17.0	7,091,166

2. Profit & Loss Statement (Summary)

(Thousands of yen)

Category	Previous First Quarter (June 30, 2006)	Current First Quarter (June 30, 2007)	Year-on-Year Comparison		(Reference) Previous Fiscal Year (March 31, 2007)
	Amount	Amount	Amount	%	Amount
I Sales	2,392,224	2,680,399	288,175	12.0	9,536,769
II Cost of sales	1,662,875	1,937,511	274,635	16.5	6,655,511
Gross profit	729,348	742,888	13,539	1.9	2,881,257
III Selling, general and administrative expenses	208,923	224,750	15,826	7.6	848,586
Operating income	520,424	518,137	-2,287	-0.4	2,032,671
IV Non-operating income	4,010	11,332	7,322	182.6	10,518
V Non-operating expenses	3,220	372	-2,848	-88.4	3,182
Ordinary income	521,214	529,097	7,883	1.5	2,040,007
VI Extraordinary income	68	—	-68	—	188
VII Extraordinary losses	—	—	—	—	2,082
Income before tax expenses	521,282	529,097	7,815	1.5	2,038,113
Tax expenses	207,325	209,007	1,681	0.8	812,837
Net income	313,956	320,090	6,133	2.0	1,225,275

3. Cash flow statement (Summary)

(Thousands of yen)

Category	Previous First Quarter (June 30, 2006)	Current First Quarter (June 30, 2007)	(Reference) Previous Fiscal Year (March 31, 2007)
	Amount	Amount	Amount
I Cash flow from operating activities			
Income before tax expenses	521,282	529,097	2,038,113
Depreciation expenses	22,485	18,555	76,470
Increase in accounts receivables	-145,130	-180,391	-86,567
Increase in inventories (minus = increase)	-42,195	27,778	-80,421
Increase in accounts payables	113,342	7,650	64,940
Others	-24,020	18,830	-30,483
Sub Total	445,764	421,520	1,982,052
Income tax payments	-542,786	-436,983	-931,626
Others	3,873	10,848	9,048
Cash flow from operating activities	-93,148	-4,615	1,059,474
II Cash flow from investing activities			
Expenditures for acquisition of tangible fixed assets	-3,472	-14,574	-32,495
Expenditures for acquisition of intangible fixed assets	-700	-12,600	-7,547
Expenditures for acquisition of investment securities	-751	-101,054	-497,413
Net increase/decrease in time deposits	—	—	-299,950
Others	-325	—	-5,737
Cash flow from investing activities	-5,248	-128,228	-843,143
III Cash flow from financing activities			
Dividend payments	-156,940	-188,496	-313,930
Others	1,367	8,165	8,427
Cash flow from financing activities	-155,572	-180,330	-305,503
IV Increase/decrease in cash and cash equivalents	-253,970	-313,174	-89,171
V Balance of cash and cash equivalents at beginning of the period	3,090,704	3,001,532	3,090,704
VI Balance of cash and cash equivalents at end of the period	2,836,733	2,688,357	3,001,532