

July 24, 2008



First Quarter Financial Results Ended June 30, 2008 For the Fiscal Year Ending March 31, 2009 (Non-Consolidated)

JAPAN PURE CHEMICAL CO., LTD.

Code No. : 4973
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(Amounts less than one million yen have been disregarded)

1. Financial Results for the Fiscal 2009 First Quarter (April 1, 2008 – June 30, 2008)

(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, 2008	2,917	—	542	—	565	—	339	—
Three months ended June 30, 2007	2,680	12.0%	518	- 0.4%	529	1.5%	320	2.0%

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Three months ended June 30, 2008	5,403.92	5,401.97
Three months ended June 30, 2007	5,093.41	5,072.36

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
June 30, 2008	7,349	6,475	87.9 %	103,542.28
March 31, 2008	7,787	6,603	84.6 %	104,445.56

(Reference) Equity

June 30, 2008: 6,459 million yen

March 31, 2008: 6,591 million yen

2. Dividend Positions

	Dividend Per Share				
	June 30	Sept. 30	Dec. 31	Year-End	Annual
		(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2008	—	4,000.00	—	4,000.00	8,000.00
Year ending March 31, 2009	—				8,000.00
Year ending March 31, 2009 (Forecast)		4,000.00	—	4,000.00	

(Note) Revision of dividend forecasts: No

3. Financial Forecasts for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(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)
Six months ending September 30, 2008	5,270 —	971 —	985 —	593 —	9,395.70
Year ending March 31, 2009	11,280 0.1%	2,146 0.1%	2,174 0.2%	1,307 1.4%	20,708.56

(Note) Revision of financial forecasts: No

4. Others

(1) Adoption of simplified accounting method and specific accounting procedure for preparing quarterly financial statements: Yes

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

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of financial statements

1. Changes associated with changes in accounting standards: Yes

2. Other changes: No

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

(3) Number of shares outstanding (Ordinary shares)

1. Number of shares outstanding at the end of term (including treasury stocks)

June 30, 2008: 63,114 shares For the year ended March 31, 2008: 63,114 shares

2. Number of treasury stocks at the end of term

June 30, 2008: 731 shares For the year ended March 31, 2008: — shares

3. Average number of shares during the period

June 30, 2008: 62,818 shares For the year ended March 31, 2008: 62,844 shares

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

An outline of the Company's business performance for the first quarter of this fiscal year follows.

The business environment in the electronic components industry is becoming severe, with slowing demand for PCs, mobile phones and digital home appliances such as flat-screen TVs.

At Japan Pure Chemical Co., Ltd. (the Company), demand for plating chemicals increased for MPU package substrates used in PCs, as well as package substrates used in DRAMs and NAND flash. A declining trend was seen in the demand for plating chemicals used in mobile phones, digital cameras, flat-screen TV motherboards, flexible substrates and connectors in Japan and overseas. In China, however, demand surged thanks to accelerated orders in preparation for the 2008 Beijing Olympics.

As a result, sales were ¥2,917,182 thousand, operating income was ¥542,396 thousand, ordinary income was ¥565,484 thousand and net income was ¥339,463 thousand.

2. Financial Position

(1) Financial Position for the First Quarter

Total assets as of June 30, 2008, were ¥7,349,982 thousand, a YoY decrease of ¥437,473 thousand.

Current assets were ¥5,216,447 thousand, a YoY decline of ¥519,375 thousand.

The contributing factors were YoY decreases of ¥379,470 thousand in cash and deposits and ¥61,044 thousand in accounts receivable.

Fixed assets were ¥2,133,534 thousand, up ¥81,901 thousand YoY. This increase was due to the acquisition of ¥54,850 thousand in investment securities and tangible fixed assets.

Total liabilities as of June 30, 2008, were ¥874,696 thousand, down ¥308,776 thousand from a year earlier.

Current liabilities were ¥750,916 thousand, down ¥315,114 thousand YoY. A principal factor for this decrease was an income tax payment that led to a decrease of ¥283,272 thousand in income tax payable.

Fixed liabilities were ¥123,780 thousand, up ¥6,337 thousand from a year earlier.

Net assets as of June 30, 2008, were ¥6,475,285 thousand, down ¥128,696 thousand YoY. This decrease was due to the acquisition of treasury stock of ¥241,806 thousand, although net income recorded for the first quarter, which absorbed the dividend paid, increased retained earnings by ¥87,007 thousand.

(2) Cash Flow for the First Quarter

Cash and cash equivalents at the end of the first quarter ended June 30, 2008, were ¥2,980,457 thousand, down ¥379,470 thousand from a year earlier.

Net cash provided by operating activities was ¥221,646 thousand. The contributing factors were such cash increasing factors as ¥565,484 thousand in income before income taxes for the first quarter, a ¥61,044 thousand decrease in accounts receivable and a ¥41,961 thousand decrease in inventories and a cash decreasing factor of a ¥471,250 thousand income tax payment.

Net cash used in investing activities was ¥106,854 thousand due to expenses of ¥46,618 thousand for acquiring tangible fixed assets and ¥54,850 thousand for investment securities.

Net cash used in financing activities was ¥494,262 thousand due to ¥252,456 thousand in dividend payments and ¥241,806 thousand for acquiring treasury stock.

3. Financial Forecasts

In respect of the financial forecasts for the fiscal year ending March 2009, there have been no revisions to the forecasts published in the financial statements dated April 23, 2008.

4. Others

(1) Adoption of simplified accounting method and specific accounting procedure for preparing quarterly financial statements

For computing physical inventories and evaluating inventories, we partially adopted a simplified method.

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of financial statements

1. Starting the current fiscal year, we have adopted the Accounting Standards for Preparation of Quarterly Financial Statements (Business Accounting Standard No. 12) and the Implementation Guidance on the Accounting Standards for Preparation of Quarterly Financial Statements (ASBJ Implementation Guidance No. 14). We have prepared the quarterly financial statements according to the Regulations for Preparing Quarterly Financial Statements.
2. Adopting the Accounting Standard for the Evaluation of Inventories (Business Accounting Standard No. 9) starting the quarter under review, we have introduced a different evaluation method than that used previously. With the new standard, we evaluate inventories at cost (writing down the book value due to a decline in profitability), whereas we had previously used the lower-of-cost-or-market method for precious metals, and the cost method for stated products, raw materials and inventories other than precious metals.

This change had no significant effect on the statement of income.

4. Quarterly Financial Statements

(1) Quarterly Balance Sheet

(Thousands of yen)

Category	Current First Quarter (June 30, 2008)	Previous Fiscal Year (March 31, 2008)
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	2,981,205	3,360,675
Notes and accounts receivable	1,934,391	1,995,436
Finished goods	105,007	120,694
Raw materials	155,177	181,451
Others	40,665	77,565
Total Current Assets	5,216,447	5,735,823
Fixed assets		
Tangible fixed assets	144,327	136,124
Intangible Fixed Assets	32,528	36,921
Investments and Other Assets	1,956,678	1,878,588
Total Fixed Assets	2,133,534	2,051,633
Total Assets	7,349,982	7,787,456
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	424,330	441,950
Income tax payable	196,652	479,925
Allowances	31,500	60,000
Others	98,433	84,155
Total Current Liabilities	750,916	1,066,031
Fixed liabilities		
Reserve for Director's retirement benefits for service	123,780	117,442
Total Fixed Liabilities	123,780	117,442
Total Liabilities	874,696	1,183,473
(Net Assets)		
Shareholders Equity		
Capital stock	1,277,498	1,277,498
Capital reserve	1,021,210	1,021,210
Retained earnings	4,363,900	4,276,893
Treasury stocks	-241,806	—
Total Shareholders' Equity	6,420,803	6,575,601
Valuation and Exchange Differential		
Stock valuation differential	38,474	16,374
Total Valuation and Exchange Differential	38,474	16,374
Stock Acquisition Rights	16,008	12,006
Total Net Assets	6,475,285	6,603,982
Total Liabilities and Net Assets	7,349,982	7,787,456

(2) Quarterly Profit & Loss Statement

(Thousands of yen)

	Current First Quarter (3 months ended June 30, 2008)
Category	Amount
Sales	2,917,182
Cost of sales	2,137,498
Gross profit	779,683
Selling, general and administrative expenses	237,286
Operating income	542,396
Non-operating income	
Interest received	2,900
Dividends received	18,398
Other income	2,835
Total non-operating income	24,134
Non-operating expenses	
Other expenses	1,046
Total non-operating expenses	1,046
Ordinary income	565,484
Income before tax expenses	565,484
Income taxes, residence taxes and enterprise taxes	193,312
Income tax effect adjustment	32,708
Total income taxes, etc.	226,021
Net income	339,463

(3) Quarterly Cash Flow Statement

(Thousands of yen)

	Current First Quarter (3 months ended June 30, 2008)
Category	Amount
Cash flow from operating activities	
Income before tax expenses	565,484
Depreciation expenses	19,349
Interest and dividends receivable	-21,298
Increase/decrease in accounts receivables (minus = increase)	61,044
Increase/decrease in inventories (minus = increase)	41,961
Increase/decrease in accounts payables (minus = decrease)	-17,619
Others	22,676
Sub Total	671,598
Interest and dividends received	21,298
Income tax payments and others	-471,250
Cash flow from operating activities	221,646
Cash flow from investing activities	
Expenditures for acquisition of tangible fixed assets	-46,618
Expenditures for acquisition of investment securities	-54,850
Others	-5,386
Cash flow from investing activities	-106,854
Cash flow from financing activities	
Expenditures for acquisition of treasury stocks	-241,806
Dividend payments	-252,456
Cash flow from financing activities	-494,262
Increase/decrease in cash and cash equivalents (minus = decrease)	-379,470
Balance of cash and cash equivalents at beginning of the period	3,359,927
Balance of cash and cash equivalents at end of the period	2,980,457

(For Reference)

1. Quarterly Profit & Loss Statement (Summary)

(Thousands of yen)

Category	Previous First Quarter (3 months ended June 30, 2007)
	Amount
I Sales	2,680,399
II Cost of sales	1,937,511
Gross profit	742,888
III Selling, general and administrative expenses	224,750
Operating income	518,137
IV Non-operating income	11,332
V Non-operating expenses	372
Ordinary income	529,097
VI Extraordinary income	—
VII Extraordinary losses	—
Income before tax expenses	529,097
Tax expenses	209,007
Net income	320,090

2. Quarterly Cash Flow Statement (Summary)

(Thousands of yen)

Category	Previous First Quarter (3 months ended June 30, 2007)
	Amount
I Cash flow from operating activities	
Income before tax expenses	529,097
Depreciation expenses	18,555
Increase in accounts receivables	-180,391
Increase in inventories (minus = increase)	27,778
Increase in accounts payables	7,650
Others	18,830
Sub Total	421,520
Income tax payments	-436,983
Others	10,848
Cash flow from operating activities	-4,615
II Cash flow from investing activities	
Expenditures for acquisition of tangible fixed assets	-14,574
Expenditures for acquisition of intangible fixed assets	-12,600
Expenditures for acquisition of investment securities	-101,054
Cash flow from investing activities	-128,228
III Cash flow from financing activities	
Dividend payments	-188,496
Others	8,165
Cash flow from financing activities	-180,330
IV Decrease in cash and cash equivalents	-313,174
V Balance of cash and cash equivalents at beginning of the period	3,001,532
VI Balance of cash and cash equivalents at end of the period	2,688,357