

Oct. 22, 2008



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

JAPAN PURE CHEMICAL CO., LTD.

Code No. : 4973
 URL : <http://www.netjpc.com>
 Stock Exchange Listed : Tokyo Stock Exchange-First Section
 Corporate Headquarters : 3-10-18 Kitamachi, Nerima-ku, Tokyo Japan
 Representative : Masao Watanabe, President
 Investor Relations : Kaoru Uchida, General Manager,
 Finance & Accounting Division /Tel +81-3- 3550-1048
 Scheduled Date of Filing Quarterly Securities Report : November 11, 2008
 Beginning of interim dividend payment : November 26, 2008

(Amounts less than one million yen have been disregarded)

1. Financial Results for the Fiscal 2009 Second Quarter (April 1, 2008 – September 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)	
Six months ended Sept. 30, 2008	5,682	—	896	—	924	—	551	—
Six months ended Sept. 30, 2007	5,340	12.4%	1,061	4.9%	1,077	6.1%	645	6.6%

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Six months ended Sept. 30, 2008	8,821.77	8,816.15
Six months ended Sept. 30, 2007	10,266.11	10,227.83

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
September 30, 2008	7,439	6,506	87.2 %	103,936.24
March 31, 2008	7,787	6,603	84.6 %	104,445.56

(Reference) Equity Sept. 30, 2008: 6,484 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	—	4,000.00	—		8,000.00
Year ending March 31, 2009 (Forecast)	—	—	—	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)
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)

Sept. 30, 2008: 63,118 shares For the year ended March 31, 2008: 63,114 shares

2. Number of treasury stocks at the end of term

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

3. Average number of shares during the period

Sept. 30, 2008: 62,530 shares For the year ended March 31, 2008: 62,895 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

In the first half of the fiscal year under review ended September 30, 2008, the Japanese economy saw accelerated offshore revenue outflow due to the rapid increase in international commodity prices. In Japan, consumer spending as well as housing and capital investment were all down. In addition, the escalation of the international financial crisis that began in the U.S. indicates the possibility of a global recession, and exports have stagnated due to a slowdown in the world economy. The combination of all these factors has brought to an end an unprecedented five-year period of consecutive growth and resulted in a marked slowdown of the Japanese economy.

In the electronic components industry, the influence of these recessionary trends was also clearly evident. There was a clear decline in demand for PCs, mobile phones, digital cameras, camcorders and digital home appliances such as flat-screen TVs, resulting in a harsh business environment.

For Japan Pure Chemical Co., Ltd. (the Company), while demand remained comparatively healthy for plating chemicals used in high-end package substrates for such components as computer MPUs and logic LSIs in digital appliances, for plating chemicals used in package substrates for memory devices such as DRAM and NAND Flash memory, there was a decrease in demand for plating chemicals used in flexible substrates for mobile phones, digital cameras, camcorders and flat-screen TVs as well as plating chemicals for connectors.

As a result, while sales of ¥5,682,844 thousand (a 6.4% YoY increase) were posted, operating income was ¥896,481 thousand (a 15.6% YoY decrease) and ordinary income was ¥924,130 thousand (a 14.3% YoY decrease). This resulted in a total net income for the first half of ¥551,631 thousand (a 14.6% YoY decrease).

(The comparative percentages stated above are for reference only.)

2. Financial Position

(1) Financial Position Analysis for the First Half of the Fiscal Year Under Review

Total assets as of September 30 decreased by ¥348,039 thousand from the end of the previous fiscal year to ¥7,439,417 thousand. This was largely accounted for by a decrease in cash and deposits of ¥110,003 thousand and a decrease of ¥195,329 thousand in accounts receivable.

Total liabilities as of September 30 decreased by ¥250,734 thousand from the end of the previous fiscal year to ¥932,739 thousand. This was largely accounted for by a decrease of ¥139,414 thousand in accounts payable and a decrease in deferred tax liabilities of ¥100,174 thousand from the end of the previous fiscal year.

Net assets as of September 30, 2008 decreased by ¥97,304 thousand from the end of the previous fiscal year to ¥6,506,678 thousand. While retained earnings increased by ¥299,175 thousand from the end of the previous fiscal year, this was offset by an expenditure for acquisition of treasury stocks of ¥241,806 thousand and a loss on valuation of investment securities of ¥166,392 thousand.

(2) Cash Flow Analysis

Net cash provided by operating activities in the first half of the fiscal year under review was ¥494,579 thousand. Income before taxes was ¥924,130 thousand. The reasons for this decrease were income and other tax payments of ¥471,250 thousand.

Net cash used in investing activities decreased by ¥111,589 thousand due to investments of ¥49,004 thousand for the acquisition of tangible fixed assets and ¥53,509 thousand for the acquisition of investment securities.

Net cash used in financing activities decreased by ¥492,994 thousand due to dividend payments of ¥252,456 thousand and ¥241,806 thousand spent on the acquisition of treasury stocks.

As a result, the balance of cash and cash equivalents as of September 30 was ¥3,249,923 thousand being a decrease of ¥110,004 thousand from the end of the previous fiscal year.

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

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.

(2) Simplified accounting method

Information is omitted due to immateriality.

(3) Specific accounting procedure for preparing quarterly financial statements

There are no applicable items.

4. Quarterly Financial Statements

(1) Quarterly Balance Sheet

(Thousands of yen)

Category	Current Second Quarter (Sept. 30, 2008)	Previous Fiscal Year (March 31, 2008)
	Amount	Amount
(ASSETS)		
Current assets		
Cash and deposits	3,250,672	3,360,675
Notes and accounts receivable	1,800,107	1,995,436
Finished goods	124,294	120,694
Raw materials	254,872	182,606
Others	74,032	76,409
Total Current Assets	5,503,979	5,735,823
Fixed assets		
Tangible fixed assets	132,315	136,124
Intangible fixed assets	30,896	36,921
Investments and Other Assets		
Investment Securities	1,080,614	1,307,653
Others	691,611	570,934
Total Investments and Other Assets	1,772,226	1,878,588
Total Fixed Assets	1,935,438	2,051,633
Total Assets	7,439,417	7,787,456
(LIABILITIES)		
Current liabilities		
Notes and accounts payable	302,536	441,950
Income tax payable	379,751	479,925
Reserve for bonuses	63,000	60,000
Others	58,451	84,155
Total Current Liabilities	803,739	1,066,031
Fixed liabilities		
Reserve for Director's retirement benefits for service	129,000	117,442
Total Fixed Liabilities	129,000	117,442
Total Liabilities	932,739	1,183,473
(Net Assets)		
Shareholders Equity		
Capital stock	1,278,156	1,277,498
Capital reserve	1,021,869	1,021,210
Retained earnings	4,576,068	4,276,893
Treasury stocks	-241,806	—
Total Shareholders' Equity	6,634,288	6,575,601
Valuation and Exchange Differential		
Stock valuation differential	-150,018	16,374
Total Valuation and Exchange Differential	-150,018	16,374
Stock Acquisition Rights	22,408	12,006
Total Net Assets	6,506,678	6,603,982
Total Liabilities and Net Assets	7,439,417	7,787,456

(2) Quarterly Profit & Loss Statement

(Thousands of yen)

	Current Second Quarter (6 months ended Sept. 30, 2008)
Category	Amount
Sales	5,682,844
Cost of sales	4,278,380
Gross profit	1,404,463
Selling, general and administrative expenses	507,982
Operating income	896,481
Non-operating income	
Interest received	5,547
Dividends received	20,479
Other income	2,719
Total non-operating income	28,745
Non-operating expenses	
Other expenses	1,096
Total non-operating expenses	1,096
Ordinary income	924,130
Income before tax expenses	924,130
Income taxes, residence taxes and enterprise taxes	372,679
Income tax effect adjustment	-179
Total income taxes, etc.	372,499
Net income	551,631

(3) Quarterly Cash Flow Statement

(Thousands of yen)

	Current Second Quarter (6 months ended Sept. 30, 2008)
Category	Amount
Cash flow from operating activities	
Income before tax expenses	924,130
Depreciation expenses	39,918
Interest and dividends receivable	-26,026
Increase/decrease in accounts receivables (minus = increase)	195,328
Increase/decrease in inventories (minus = increase)	-75,865
Increase/decrease in accounts payables (minus = decrease)	-139,413
Others	21,730
Sub Total	939,803
Interest and dividends received	26,026
Income tax payments and others	-471,250
Cash flow from operating activities	494,579
Cash flow from investing activities	
Expenditures for acquisition of tangible fixed assets	-49,004
Expenditures for acquisition of investment securities	-53,509
Others	-9,075
Cash flow from investing activities	-111,589
Cash flow from financing activities	
Issuance of common stock	1,267
Expenditures for acquisition of treasury stocks	-241,806
Dividend payments	-252,456
Cash flow from financing activities	-492,994
Increase/decrease in cash and cash equivalents (minus = decrease)	-110,004
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	3,249,923

(For Reference)

1. Quarterly Profit & Loss Statement (Summary)

(Thousands of yen)

Category	Previous Second Quarter (6 months ended Sept. 30, 2007)	
		Amount
I Sales		5,340,300
II Cost of sales		3,813,698
Gross profit		1,526,602
III Selling, general and administrative expenses		465,085
Operating income		1,061,517
IV Non-operating income		17,435
V Non-operating expenses		1,026
Ordinary income		1,077,926
VI Extraordinary income		—
VII Extraordinary losses		—
Income before tax expenses		1,077,926
Income taxes, residence taxes and enterprise taxes	439,237	
Income tax effect adjustment	-7,000	432,237
Net income		645,689

2. Quarterly Cash Flow Statement (Summary)

(Thousands of yen)

	Previous Second Quarter (6 months ended Sept. 30, 2007)
Category	Amount
I Cash flow from operating activities	
1. Income before income taxes	1,077,926
2. Depreciation expenses	33,030
3. Share-based payments	4,002
4. Increase in reserve for bonuses	2,600
5. Increase in reserve for Directors' retirement benefits for service	3,992
6. Interest and dividends receivable	-17,071
7. Increase in accounts receivable	-273,836
8. Increase/decrease in inventory (minus = increase)	22,481
9. Increase/decrease in purchase liabilities (minus = decrease)	-48,524
10. Others	15,040
Sub Total	819,642
11. Interest and dividends received	17,071
12. Income taxes paid	-432,585
Cash flow from operating activities	404,127
II Cash flow from investing activities	
1. Expenditures for acquisition of tangible fixed assets	-16,562
2. Expenditures for acquisition of intangible fixed assets	-14,430
3. Expenditures for acquisition of investment securities	-102,054
4. Net increase/decrease in time and savings deposits (minus = increase)	-1
Cash flow from investing activities	133,048
III Cash flow from financing activities	
1. Issuance of common stock	52,552
2. Dividend payments	-188,496
Cash flow from financing activities	-135,943
IV Decrease in cash and cash equivalents	135,135
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	3,136,667