

Oct. 26, 2009



## Second Quarter Financial Results Ended September 30, 2009 For the Fiscal Year Ending March 31, 2010 (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 : Shigeki Shimizu, President  
 Investor Relations : Kaoru Uchida, General Manager,  
 Corporate Planning Division /Tel +81-3- 3550-1048  
 Scheduled Date of Filing Quarterly Securities Report : November 10, 2009  
 Beginning of interim dividend payment : November 26, 2009

(Amounts less than one million yen have been disregarded)

### 1. Financial Results for the Fiscal 2010 Second Quarter (April 1, 2009 – September 30, 2009)

#### (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, 2009	3,726 $\Delta$ 34.4%	671 $\Delta$ 25.1	698 $\Delta$ 24.5%	417 $\Delta$ 24.2%
Six months ended Sept. 30, 2008	5,682 —	896 —	924 —	551 —

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Six months ended Sept. 30, 2009	6,791.20	6,789.34
Six months ended Sept. 30, 2008	8,821.77	8,816.15

#### (2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
September 30, 2009	7,443	6,519	87.0 %	105,205.83
March 31, 2009	6,373	6,020	93.9 %	97,294.39

(Reference) Equity Sept. 30, 2009: 6,473 million yen March 31, 2009: 5,985 million yen

### 2. Dividend Positions

	Dividend Per Share				
	June 30	Sept. 30	Dec. 31	Year-End	Annual
Year ended March 31, 2009	—	(yen) 4,000.00	(yen) —	(yen) 4,000.00	(yen) 8,000.00
Year ending March 31, 2010	—	4,000.00			
Year ending March 31, 2010 (Forecast)			—	4,000.00	8,000.00

(Note) Revision of dividend forecasts: No

### 3. Financial Forecasts for the Fiscal Year Ending March 31, 2010 (April 1, 2009 – March 31, 2010)

(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, 2010	8,500 4.3%	1,100 2.1%	1,130 1.0%	700 74.4%	11,378.29

(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 4.

(2) Changes in accounting principles, procedures, disclosure methods, etc., pertaining to preparation of financial statements  
 1. Changes associated with changes in accounting standards: No  
 2. Other changes: No

(3) Number of shares outstanding (Ordinary shares)  
 1. Number of shares outstanding at the end of term (including treasury stocks)  
     Sept. 30, 2009: 63,130 shares      For the year ended March 31, 2009: 63,118 shares  
 2. Number of treasury stocks at the end of term  
     Sept. 30, 2009: 1,597 shares      For the year ended March 31, 2009: 1,597 shares  
 3. Average number of shares during the period  
     Sept. 30, 2009: 61,530 shares      For the year ended March 31, 2009: 62,530 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. Qualitative Information on Operation Results**

A summary of the Company's operating results for the first half of the fiscal year under review is as follows.

In the electronic components industry, given the recovery in demand for personal computers, mobile phones, and flat-screen TVs since the global economic downturn last year, inventory adjustment has been completed for the time being, and demand for semiconductors has been recovering.

Although it has not recovered to the level recorded two years ago on the back of strong demand, the Company's sales were bolstered by new market segments, including netbook personal computers and smart cell phones. In overseas markets in particular, sales of precious metal plating chemicals used in semiconductor package substrates and motherboards remained strong.

Sales of the hard gold plating chemicals used in connectors, developed to significantly reduce the amount of gold used, also expanded steadily.

Moreover, with the ongoing trend of using lead-free solder in an increasing number of applications, sales of the palladium plating chemicals used in lead frames remained strong.

As a result, the Company recorded sales of ¥3,726,398 thousand for the first half of the fiscal year under review, down 34.4% from the year-ago period. It also posted operating income of ¥671,337 thousand, a decline of 25.1% year on year, as well as ordinary income of ¥698,054 thousand, down 24.5%, and net income of ¥417,864 thousand, down 24.2%.

The breakdown of sales by final products was ¥1,538,084 thousand from printed circuit boards and semiconductor substrates, down 29.7% year on year, ¥986,782 thousand from connectors and micro-switches, falling 29.3%, ¥931,623 thousand from lead frames, a decline of 36.5%, and ¥269,905 thousand from other products, down 57.3%.

### **2. Qualitative Information on Financial Position**

#### **(1) Changes in Assets, Liabilities and Net Assets**

##### **(Assets)**

Current assets rose ¥631,502 thousand from the end of the previous fiscal year, to ¥5,216,908 thousand. This increase was primarily attributable to an increase of ¥196,055 thousand in cash and deposits and ¥624,458 thousand in notes and accounts receivable, offsetting a decrease of ¥6,969 thousand in income taxes receivable.

Fixed assets were up ¥438,211 thousand from the end of the previous fiscal year, to ¥2,226,205 thousand. The major factor for this result was an increase of ¥546,034 thousand in investment securities, offsetting a fall of ¥103,939 thousand in deferred tax assets.

As a result, total assets climbed ¥1,069,713 thousand from the end of the previous fiscal year, to ¥7,443,114 thousand.

##### **(Liabilities)**

Current liabilities rose ¥458,557 thousand from the end of the previous fiscal year, to ¥671,660 thousand. This was mainly the result of an increase of ¥109,770 thousand in notes and accounts payable and ¥329,821 thousand in income tax payable.

Fixed liabilities rose ¥112,045 thousand from the end of the previous fiscal year, to ¥251,485 thousand. This rise principally reflected an increase of ¥111,365 thousand in deferred tax liabilities.

As a result, total liabilities climbed ¥570,603 thousand from the end of the previous fiscal year, to ¥923,146 thousand.

##### **(Net assets)**

Total net assets rose ¥499,109 thousand from the end of the previous fiscal year, to ¥6,519,967 thousand. This rise was primarily attributable to an increase of ¥314,150 thousand in stock valuation differentials.

#### **(2) Analysis of Cash Flows**

The balance of cash and cash equivalents at the end of the first half of the fiscal year under review rose ¥196,053 thousand from the end of the previous fiscal year, to ¥3,673,852 thousand.

Net cash provided by operating activities in the first half of the fiscal year under review amounted to ¥480,327 thousand, down 2.9% from the year-ago period. The positive factors in this result included income before income taxes of ¥699,235 thousand, an increase of ¥109,770 thousand in purchase liabilities and income and other tax refund of ¥232,761 thousand. The negative factor

was an increase of ¥624,458 thousand in accounts receivable.

Net cash used in investing activities stood at ¥40,232 thousand, down 63.9% year on year. This was primarily attributable to an outlay of ¥16,361 thousand to acquire investment securities and ¥7,512 thousand to purchase tangible fixed assets.

Net cash used in financing activities reached ¥244,042 thousand, down 50.5% from the previous year. This was primarily attributable to dividend payments of ¥246,084 thousand.

### **3. Qualitative Information on Business Forecasts**

The full-year business forecasts for the fiscal year ending on March 31, 2010 have not changed from the forecasts announced with the previous operating results on April 23, 2009.

### **4. Others**

(1) Adoption of simplified accounting policies and accounting policies specific to the preparation of quarterly financial statements

1. Simplified accounting policies

Omitted because the impact is not significant

2. Accounting policies specific to the preparation of quarterly financial statements

Not applicable

(2) Changes in accounting principles and procedures and the presentation method, etc. associated with the preparation of quarterly financial statements

Not applicable.

## 5. Financial Statements, etc.

### (1) Balance Sheet

(unit: thousands of yen)

	Current Second Quarter (Sept. 30, 2009)	Previous Fiscal Period (March 31, 2009)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	3,674,604	3,478,548
Notes and accounts receivable-trade	1,305,254	680,796
Merchandise and finished goods	66,254	66,097
Raw materials and supplies	107,002	94,644
Income taxes receivable	-	232,409
Other	63,792	32,908
Total current assets	5,216,908	4,585,406
<b>Noncurrent assets</b>		
Property, plant and equipment	112,741	120,648
Intangible assets	26,687	27,838
Investments and other assets		
Investment securities	1,554,336	1,008,302
Other	532,439	631,205
Total investments and other assets	2,086,776	1,639,507
Total noncurrent assets	2,226,205	1,787,994
Assets	7,443,114	6,373,400
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	200,714	90,944
Income taxes payable	329,821	-
Provision for bonuses	66,000	63,000
Other	75,124	59,158
Total current liabilities	671,660	213,103
<b>Noncurrent liabilities</b>		
Deferred tax liabilities	111,365	-
Provision for directors' retirement benefits	140,120	139,440
Total noncurrent liabilities	251,485	139,440
Total liabilities	923,146	352,543
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	1,279,182	1,278,156
Capital surplus	1,022,894	1,021,869
Retained earnings	4,348,105	4,176,324
Treasury stock	△421,730	△421,730
Total shareholders' equity	6,228,452	6,054,620
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	245,178	△68,972
Valuation and translation adjustments	245,178	△68,972
Subscription rights to shares	46,337	35,209
Total net assets	6,519,967	6,020,857
Total liabilities and net assets	7,443,114	6,373,400

## (2) Quarterly Profit &amp; Loss Statement

(unit: thousands of yen)

	Previous Second Quarter (April 1, 2008 - Sept. 30, 2008)	Current Second Quarter (April 1, 2009 - Sept. 30, 2009)
Net sales	5,682,844	3,726,398
Cost of sales	4,278,380	2,580,546
Gross profit	1,404,463	1,145,851
Selling, general and administrative expenses	507,982	474,514
Operating income	896,481	671,337
Non-operating income		
Interest income	5,547	725
Dividends income	20,479	14,523
Interest on securities	-	4,794
Interest on refund	-	6,969
Other	2,719	725
Total non-operating income	28,745	27,738
Non-operating expenses		
Foreign exchange losses	-	1,001
Other	1,096	19
Total non-operating expenses	1,096	1,020
Ordinary income	924,130	698,054
Extraordinary income		
Insurance income	-	1,899
Total extraordinary income	-	1,899
Extraordinary loss		
Loss on sales of noncurrent assets	-	582
Loss on retirement of noncurrent assets	-	136
Total extraordinary losses	-	718
Income before income taxes	924,130	699,235
Income taxes-current	372,679	324,616
Income taxes-deferred	△179	△43,245
Total income taxes	372,499	281,370
Net income	551,631	417,864

## (3) Cash Flows

(unit: thousands of yen)

	Previous Second Quarter (April 1, 2008 - Sept. 30, 2008)	Current Second Quarter (April 1, 2009 - Sept. 30, 2009)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	924,130	699,235
Depreciation and amortization	39,918	29,533
Interest and dividends income	△26,026	△20,043
Decrease (increase) in notes and accounts receivable-trade	195,328	△624,458
Decrease (increase) in inventories	△75,865	△12,514
Increase (decrease) in notes and accounts payable-trade	△139,413	109,770
Other, net	21,730	47,672
Subtotal	939,803	229,196
Interest and dividends income received	26,026	18,369
Income taxes (paid) refund	△471,250	232,761
Net cash provided by (used in) operating activities	494,579	480,327
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	△49,004	△7,512
Purchase of investment securities	△53,509	△16,361
Other, net	△9,075	△16,358
Net cash provided by (used in) investing activities	△111,589	△40,232
<b>Net cash provided by (used in) financing activities</b>		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	1,267	2,041
Purchase of treasury stock	△241,806	-
Cash dividends paid	△252,456	△246,084
Net cash provided by (used in) financing activities	△492,994	△244,042
Net increase (decrease) in cash and cash equivalents	△110,004	196,053
Cash and cash equivalents at beginning of the period	3,359,927	3,477,799
Cash and cash equivalents at end of the period	3,249,923	3,673,852