

January 20, 2010



Third Quarter Financial Results Ended December 31, 2009 For the Fiscal Year Ending March 31, 2010 (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 2010 Third Quarter (April 1, 2009 – December 31, 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)
Nine months ended Dec. 31, 2009	5,832 Δ 19.4%	1,048 Δ 5.3%	1,087 Δ 5.1%	647 41.6%
Nine months ended Dec. 31, 2008	7,235 —	1,107 —	1,146 —	457 —

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Nine months ended Dec. 31, 2009	10,517.38	10,514.58
Nine months ended Dec. 31, 2008	7,319.83	7,317.43

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
Dec. 31, 2009	7,388	6,474	86.9	104,391.34
March 31, 2009	6,373	6,020	93.9	97,294.39

(Reference) Equity Dec. 31, 2009: 6,423 million yen March 31, 2009: 5,985 million yen

2. Dividend Positions

	Dividend Per Share				
	June 30	Sept. 30	Dec. 31	Year-End	Annual
	(yen)	(yen)	(yen)	(yen)	(yen)
Year ended March 31, 2009	—	4,000.00	—	4,000.00	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
Year ending March 31, 2010	(million yen) 7,900 Δ 3.0%	(million yen) 1,320 22.6%	(million yen) 1,360 21.5%	(million yen) 820 104.5%	(yen) 13,326.18

(Note) Revision of financial forecasts: Yes

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)

Dec. 31, 2009: 63,130 shares For the year ended March 31, 2009: 63,118 shares

2. Number of treasury stocks at the end of term

Dec. 31, 2009: 1,597 shares For the year ended March 31, 2009: 1,597 shares

3. Average number of shares during the period

Dec. 31, 2009: 61,531 shares For the nine months ended Dec. 31, 2008: 62,939 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 three quarters of the fiscal year under review is as follows.

In the electronic components industry, demand for semiconductors, which began to recover in the second quarter of the fiscal year under review, continued to grow, given strong shipments of personal computers featuring Windows 7 and liquid crystal display (LCD) TVs.

Despite the lower increase in demand during the year-end shopping season, the Company enjoyed a steady rise in sales of hard gold plating chemicals used in connectors, which were developed to slash the amount of gold used. Sales of plating chemicals used in semiconductor package substrates and flexible substrates for LCD TVs also remained strong, reflecting a recovery in demand for these products.

As a consequence, the Company recorded sales of ¥5,832,198 thousand for the first three quarters of the fiscal year under review, down 19.4% from the year-ago period. It also posted operating income of ¥1,048,995 thousand, a decline of 5.3%, as well as ordinary income of ¥1,087,873 thousand, down 5.1%, and net income of ¥647,147 thousand, up 41.6%.

The breakdown of sales by final products was ¥2,337,381 thousand from printed circuit boards and semiconductor substrates, down 21.2% year on year, ¥1,559,803 thousand from connectors and micro-switches, falling 11.5%, ¥1,475,113 thousand from lead frames, down 15.6%, and ¥459,899 thousand from other products, down 39.4%.

2. Qualitative Information on Financial Position

(1) Changes in Assets, Liabilities and Net Assets

(Assets)

Current assets rose ¥144,033 thousand from the year-ago period, to ¥4,729,439 thousand. This increase principally reflected an increase of ¥771,358 thousand in notes and accounts receivable and ¥129,063 thousand in inventories, offsetting a decrease of ¥541,427 thousand in cash and deposits and ¥232,409 thousand in income taxes receivable.

Fixed assets were up ¥871,406 thousand, to ¥2,659,401 thousand. The major factor for this result was an increase of ¥993,971 thousand in investment securities.

As a result, total assets climbed ¥1,015,439 thousand from the end of the previous fiscal year, to ¥7,388,840 thousand.

(Liabilities)

Current liabilities rose ¥469,518 thousand from the year-ago period, to ¥682,621 thousand. This was mainly the result of an increase of ¥102,430 thousand in notes and accounts payable and ¥366,031 thousand in income tax payable.

Fixed liabilities rose ¥92,265 thousand, to ¥231,705 thousand. This rise principally reflected an increase of ¥86,305 thousand in deferred tax liabilities.

Consequently, total liabilities climbed ¥561,784 thousand from the end of the previous fiscal year, to ¥914,327 thousand.

(Net assets)

Total net assets rose ¥453,655 thousand from the end of the previous fiscal year, to ¥6,474,513 thousand. This rise was primarily attributable to an increase of ¥154,932 thousand in retained earnings and ¥280,881 thousand in stock valuation differentials.

(2) Analysis of Cash Flows

The balance of cash and cash equivalents at the end of the third quarter of the fiscal year under review fell ¥541,429 thousand from the end of the previous fiscal year, to ¥2,936,369 thousand.

Net cash provided by operating activities in the first three quarters of the fiscal year under review was ¥507,442 thousand, down 43.5% from the year-ago period. Income before income taxes of ¥1,082,585 thousand, an increase of ¥102,430 thousand in purchase liabilities, and income and other tax refunds of ¥233,906 thousand offset a rise of ¥771,357 thousand in accounts receivable, an increase of ¥129,062 thousand in inventories, and income taxes paid of ¥107,873 thousand.

Net cash used in investing activities stood at ¥558,698 thousand, up 53.9% year on year. This was primarily attributable to an outlay of ¥520,388 thousand to acquire investment securities and ¥21,564 thousand to purchase tangible fixed assets.

Net cash used in financing activities reached ¥490,174 thousand, falling 46.9% from the previous year. This was primarily

attributable to dividend payments of ¥492,216 thousand.

3. Qualitative Information on Business Forecasts

Although the Company was unable to return sales to the levels recorded two years ago, its performance was bolstered by new market segments, including netbook personal computers and smart cell phones. Sales of precious metal plating chemicals used in semiconductor package substrates and motherboards continued to recover steadily.

Taking into account the operating environment surrounding the Company and progress in earnings, earnings forecasts for the fiscal year ending March 2010 have been revised, as described above.

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 Third Quarter (Dec. 31, 2009)	Previous Fiscal Period (March 31, 2009)
Assets		
Current assets		
Cash and deposits	2,937,121	3,478,548
Notes and accounts receivable-trade	1,452,154	680,796
Merchandise and finished goods	149,034	66,097
Raw materials and supplies	140,770	94,644
Income taxes receivable	—	232,409
Other	50,357	32,908
Total current assets	4,729,439	4,585,406
Noncurrent assets		
Property, plant and equipment	101,253	120,648
Intangible assets	24,079	27,838
Investments and other assets		
Investment securities	2,002,273	1,008,302
Other	531,795	631,205
Total investments and other assets	2,534,068	1,639,507
Total noncurrent assets	2,659,401	1,787,994
Assets	7,388,840	6,373,400
Liabilities		
Current liabilities		
Notes and accounts payable-trade	193,374	90,944
Income taxes payable	366,031	—
Provision for bonuses	33,000	63,000
Other	90,215	59,158
Total current liabilities	682,621	213,103
Noncurrent liabilities		
Deferred tax liabilities	86,305	—
Provision for directors' retirement benefits	145,400	139,440
Total noncurrent liabilities	231,705	139,440
Total liabilities	914,327	352,543
Net assets		
Shareholders' equity		
Capital stock	1,279,182	1,278,156
Capital surplus	1,022,894	1,021,869
Retained earnings	4,331,256	4,176,324
Treasury stock	△421,730	△421,730
Total shareholders' equity	6,211,603	6,054,620
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	211,909	△68,972
Valuation and translation adjustments	211,909	△68,972
Subscription rights to shares	51,000	35,209
Total net assets	6,474,513	6,020,857
Total liabilities and net assets	7,388,840	6,373,400

(2) Quarterly Profit & Loss Statement

(unit: thousands of yen)

	Previous Second Quarter (April 1, 2008 - Dec. 31, 2008)	Current Second Quarter (April 1, 2009 - Dec. 31, 2009)
Net sales	7,235,785	5,832,198
Cost of sales	5,377,972	4,079,978
Gross profit	1,857,813	1,752,220
Selling, general and administrative expenses	750,156	703,225
Operating income	1,107,657	1,048,995
Non-operating income		
Interest income	5,575	750
Dividends income	31,978	23,277
Interest on securities	—	6,255
Interest on refund	—	6,969
Other	3,229	1,677
Total non-operating income	40,782	38,929
Non-operating expenses		
Foreign exchange losses	1,709	51
Total non-operating expenses	1,709	51
Ordinary income	1,146,730	1,087,873
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	—	6,605
Loss on valuation of investment securities	386,453	—
Total extraordinary losses	386,453	7,187
Income before income taxes	760,277	1,082,585
Income taxes-current	418,006	467,894
Income taxes-deferred	△114,735	△32,457
Total income taxes	303,270	435,437
Net income	457,006	647,147

(3) Cash Flows

(unit: thousands of yen)

	Previous Second Quarter (April 1, 2008 - Dec. 31, 2008)	Current Second Quarter (April 1, 2009 - Dec. 31, 2009)
Net cash provided by (used in) operating activities		
Income before income taxes	760,277	1,082,585
Depreciation and amortization	62,925	46,665
Loss (gain) on valuation of investment securities	386,453	—
Interest and dividends income	△37,553	△30,282
Decrease (increase) in notes and accounts receivable-trade	834,665	△771,357
Decrease (increase) in inventories	116,510	△129,062
Increase (decrease) in notes and accounts payable-trade	△357,607	102,430
Other, net	8,220	51,589
Subtotal	<u>1,773,891</u>	<u>352,567</u>
Interest and dividends income received	37,553	28,842
Income taxes paid	△913,368	△107,873
Income taxes refund	—	233,906
Net cash provided by (used in) operating activities	<u>898,076</u>	<u>507,442</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△67,672	△21,564
Purchase of investment securities	△284,506	△520,388
Other, net	△10,921	△16,745
Net cash provided by (used in) investing activities	<u>△363,099</u>	<u>△558,698</u>
Net cash provided by (used in) financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	1,267	2,041
Purchase of treasury stock	△421,730	—
Cash dividends paid	△502,004	△492,216
Net cash provided by (used in) financing activities	<u>△922,466</u>	<u>△490,174</u>
Net increase (decrease) in cash and cash equivalents	<u>△387,489</u>	<u>△541,429</u>
Cash and cash equivalents at beginning of the period	<u>3,359,927</u>	<u>3,477,799</u>
Cash and cash equivalents at end of the period	<u>2,972,437</u>	<u>2,936,369</u>