

July 26, 2010



First Quarter Financial Results Ended June 30, 2010 For the Fiscal Year Ending March 31, 2011 [JGAAP] (Non-Consolidated)

JAPAN PURE CHEMICAL CO., LTD.

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 Scheduled Date of Filing Quarterly Securities Report : August 10, 2010
 Beginning of dividend payment :—
 Availability of supplementary briefing material on quarterly results : Available
 Schedule of quarterly results briefing session : Not scheduled

(Amounts less than one million yen have been disregarded)

1. Financial Results for the Fiscal 2011 First Quarter (April 1, 2010 – June 30, 2010)

(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, 2010	2,656	45.0%	382	12.0%	401	11.7%	231	6.6%
Three months ended June 30, 2009	1,832	△37.2%	341	△37.0%	359	△36.5%	217	△36.0%

	Net Income Per Share	Diluted Net Income Per Share
	(yen)	(yen)
Three months ended June 30, 2010	3,763.98	3,763.09
Three months ended June 30, 2009	3,532.80	3,531.99

(2) Financial Condition

	Total Assets	Net Assets	Equity Ratio	Net Assets Per Share
	(million yen)	(million yen)	(%)	(yen)
June 30, 2010	7,329	6,551	88.6 %	105,488.28
March 31, 2010	7,788	6,673	85.0 %	107,555.49

(Reference) Equity June 30, 2010: 6,491 million yen March 31, 2010: 6,618 million yen

2. Dividend Positions

	Annual Dividend Per Share				
	June 30	Sept. 30	Dec. 31	Year-End	Total
Year ended March 31, 2010	(yen) -	(yen) 4,000.00	(yen) -	(yen) 4,000.00	(yen) 8,000.00
Year ending March 31, 2011	-				
Year ending March 31, 2011 (Forecast)		4,000.00	-	4,000.00	8,000.00

(Note) Revision of dividend forecasts: No

3. Financial Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010 – March 31, 2011)

(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, 2010	4,190	12.5%	750	11.8%	770	10.3%	450	7.9%	7,313.15
Year ending March 31, 2011	8,380	3.6%	1,500	12.9%	1,540	12.4%	900	11.9%	14,626.30

(Note) Revision of financial forecasts: No

4. Others (for details, please refer to "Others" on page 4 of the appendix)

- (1) Adoption of simplified accounting policies and specific accounting policies: Yes

Note: This refers to whether or not simplified accounting policies and accounting policies specific to the preparation of quarterly financial statements are adopted.

- (2) Changes in accounting principles and procedures and the presentation method, etc.

1. Changes associated with changes in accounting standards: Yes

2. Other changes: No

Note: This refers to whether or not there have been changes in the accounting principles and procedures and the presentation method, etc. associated with the preparation of quarterly financial statements that are to be stated in "changes in the significant matters that serve as the basis for the preparation of quarterly financial statement".

- (3) Number of shares outstanding (Ordinary shares)

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

2. Number of treasury stocks at the end of term

3. Average number of shares during the period

June 30, 2010	63,130 shares	March 31, 2010	63,130 shares
June 30, 2010	1,597 shares	March 31, 2010	1,597 shares
June 30, 2010	61,533 shares	June 30, 2009	61,528 shares

Remarks**Presentation Regarding the Implementation Status of the Quarterly Review**

These quarterly financial results are prepared outside the quarterly review required under the Financial Instruments and Exchange Act. As such, the quarterly review required under the Financial Instruments and Exchange Act has not been completed at the time of the disclosure of these quarterly financial results.

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 and believed to be reasonable, they contain risk items and uncertainties. Accordingly actual results may vary significantly from the forecast results stated here for a number of factors. For the assumptions used as the basis for the financial forecasts and special remarks regarding the effective use of the financial forecasts, please refer to “(3) Qualitative Information on Business Forecasts” (Quarterly Financial Results (Appendix) on page 3).

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1. Qualitative Information and Financial Statements

(1) Qualitative Information on Operation Results

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

In the electronic components industry, demand for semiconductors and electronic components is picking up, as driven by the steady shipments of mobile PCs, LCD TVs and multifunctional telephones (smart phones), etc.

In this environment, the Company maintained solid sales for hard gold plating chemicals used in high definition connectors and palladium-plating chemicals used in lead frames. Meanwhile, overseas sales of plating chemicals used in package substrates for semiconductors, as well as those used in mother boards for mobile phones are on a track for recovery.

As a result, the Company recorded sales of ¥2,656,745 thousand, up 45.0% year-on-year, operating income of ¥382,338 thousand, increased by 12.0% from the previous fiscal year, ordinary income of ¥401,541 thousand, up 11.7% year-on-year, and net income of ¥231,609 thousand, increased by 6.6% from the previous fiscal year.

The breakdown of sales by final products was ¥893,226 thousand from printed circuit boards and semiconductor substrates, ¥748,777 thousand from connectors and micro-switches, ¥785,311 thousand from lead frames, and ¥229,430 thousand from others.

(2) Qualitative Information on Financial Position

1. Changes in Assets, Liabilities and Net Assets

(Assets)

Current assets decreased ¥423,943 thousand from the end of the previous fiscal year, to ¥4,650,161 thousand. This decrease was primarily attributable to a decline of ¥689,882 thousand in cash and deposits, offsetting an increase of ¥302,690 thousand in notes and accounts receivable.

Noncurrent assets decreased ¥34,810 thousand from the end of the previous fiscal year, to ¥2,679,640 thousand. This decrease was primarily attributable to a decrease of ¥56,092 thousand in investment securities along with a decrease of ¥5,076 thousand in property, plant and equipment, offsetting an increase of ¥26,645 thousand in intangible assets.

As a result, total assets decreased ¥458,753 thousand from the end of the previous fiscal year, to ¥7,329,802 thousand.

(Liabilities)

Current liabilities decreased ¥277,637 thousand from the end of the previous fiscal year, to ¥584,869 thousand. This decline was primarily attributable to a decrease of ¥395,034 thousand in income taxes payable, offsetting an increase of ¥83,604 thousand in notes and accounts payable.

Noncurrent liabilities decreased ¥58,577 thousand from the end of the previous fiscal year, to ¥193,595 thousand. This decrease was primarily attributable to a decrease of ¥87,417 thousand in deferred tax liabilities, offsetting an increase of ¥23,610 thousand in asset retirement obligations.

As a result, total liabilities decreased ¥336,215 thousand from the end of the previous fiscal year, to ¥778,464 thousand.

(Net assets)

Total net assets decreased ¥122,538 thousand from the end of the previous fiscal year, to ¥6,551,337 thousand. This decrease was primarily attributable to a sizable dividend payment of ¥246,132 thousand coupled with a decrease of ¥112,679 thousand in valuation difference on available-for-sale securities, offsetting an increase of ¥231,609 thousand in net income.

2. Analysis of Cash Flows

Cash and cash equivalent (net cash) at the end of the first quarter of the fiscal year under review decreased ¥689,882 thousand from the end of the previous fiscal year, to ¥2,566,890 thousand (¥3,246,647 thousand at the end of the first quarter of the previous fiscal year). Cash flows during the first quarter under review are as follows:

(Cash flow from operating activities)

Net cash used in operating activities amounted to ¥309,364 thousand (as compared to ¥31,376 thousand for net cash provided by operating activities during the first quarter of the previous fiscal year), reflecting income before income taxes of ¥382,148 thousand, and a decrease of ¥302,690 thousand in net cash due to an increase in accounts receivable, an increase of ¥83,604 thousand in net cash due to an increase in purchase liabilities and ¥500,373 thousand for income taxes paid.

(Cash flow from investing activities)

Net cash used in investing activities stood at ¥134,386 thousand (as compared to ¥18,495 thousand for net cash used in investing activities during the first quarter of the previous fiscal year), primarily attributable to an outlay of ¥133,888 thousand for acquiring investment securities.

(Cash flow from financing activities)

Net cash used in financing activities reached ¥246,132 thousand (as compared to ¥244,032 thousand for net cash used in financing activities during the first quarter of the previous fiscal year), primarily attributable to dividend payments of ¥246,132 thousand.

(3) Qualitative Information on Business Forecasts

Full-year business forecasts for the fiscal year ending on March 31, 2011 have not changed from the forecasts announced with the previous operating results on April 26, 2010.

2. Others

(1) Adoption of Simplified Accounting Policies and Specific Accounting Policies

(i) Simplified accounting policies

Omitted because the impact is not significant

(ii) Accounting policies specific to the preparation of quarterly financial statements

Not applicable

(2) Changes in Accounting Principles and Procedures and the Presentation Method, etc.

Starting from the first quarter of the fiscal year ending March 31, 2011, "Accounting Standards for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and "Guidance on Accounting Standards for Asset Retirement Obligations" (ASBJ Guidance No. 21; March 31, 2008) are applied.

As a result of the adoption of these accounting standards and guidance, operating income, ordinary income, and income before income taxes were reduced by ¥232 thousand, ¥232 thousand and ¥19,625 thousand, respectively.

Change in asset retirement obligations due to the adoption of these accounting standards and guidance was ¥23,610 thousand.

(3) Significant Matters Related to Going Concern Assumption

Not applicable

3. Financial Statements, etc.

(1) Balance Sheet

(unit: thousands of yen)

	Current First Quarter (June 30, 2010)	Previous Fiscal Period (March 31, 2010)
Assets		
Current assets		
Cash and deposits	2,567,642	3,257,525
Notes and accounts receivable-trade	1,812,600	1,509,909
Merchandise and finished goods	83,561	72,212
Raw materials and supplies	140,342	155,323
Other	46,014	79,134
Current assets	<u>4,650,161</u>	<u>5,074,104</u>
Noncurrent assets		
Property, plant and equipment	91,939	97,015
Intangible assets	62,422	35,777
Investments and other assets		
Investment securities	1,992,114	2,048,206
Other	533,164	533,451
Investments and other assets	<u>2,525,278</u>	<u>2,581,658</u>
Noncurrent assets	<u>2,679,640</u>	<u>2,714,450</u>
Assets	<u>7,329,802</u>	<u>7,788,555</u>
Liabilities		
Current liabilities		
Notes and accounts payable-trade	303,882	220,277
Income taxes payable	116,498	511,532
Provision for bonuses	33,000	66,000
Other	131,488	64,696
Current liabilities	<u>584,869</u>	<u>862,506</u>
Noncurrent liabilities		
Deferred tax liabilities	14,075	101,492
Asset retirement obligations	23,610	-
Provision for directors' retirement benefits	155,910	150,680
Noncurrent liabilities	<u>193,595</u>	<u>252,172</u>
Liabilities	<u>778,464</u>	<u>1,114,679</u>
Net assets		
Shareholders' equity		
Capital stock	1,279,182	1,279,182
Capital surplus	1,022,894	1,022,894
Retained earnings	4,474,458	4,488,981
Treasury stock	<u>△421,730</u>	<u>△421,730</u>
Shareholders' equity	<u>6,354,805</u>	<u>6,369,328</u>
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	136,204	248,883
Valuation and translation adjustments	<u>136,204</u>	<u>248,883</u>
Subscription rights to shares	<u>60,327</u>	<u>55,664</u>
Net assets	<u>6,551,337</u>	<u>6,673,875</u>
Liabilities and net assets	<u>7,329,802</u>	<u>7,788,555</u>

(2) Quarterly Profit & Loss Statement

(unit: thousands of yen)

	Previous First Quarter (April 1, 2009 - June 30, 2009)	Current First Quarter (April 1, 2010 - June 30, 2010)
Net sales	1,832,395	2,656,745
Cost of sales	1,258,307	2,048,863
Gross profit	574,088	607,882
Selling, general and administrative expenses	232,569	225,544
Operating income	341,519	382,338
Non-operating income		
Interest income	3,242	1,592
Dividends income	14,523	18,219
Other	308	0
Non-operating income	18,074	19,813
Non-operating expenses		
Other	238	609
Non-operating expenses	238	609
Ordinary income	359,355	401,541
Extraordinary loss		
Loss on sales of noncurrent assets	582	-
Effect of accounting standards for asset retirement obligations	-	19,393
Extraordinary loss	582	19,393
Income before income taxes	358,773	382,148
Income taxes-current	139,854	115,457
Income taxes-deferred	1,554	35,081
Income taxes	141,409	150,539
Net income	217,364	231,609

(3) Cash Flows

	(unit: thousands of yen)	
	Previous First Quarter (April 1, 2009 - June 30, 2009)	Current First Quarter (April 1, 2010 - June 30, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	358,773	382,148
Depreciation and amortization	14,351	13,390
Effect of accounting standards for asset retirement obligations	-	19,393
Interest and dividends income	△17,766	△19,812
Decrease (increase) in notes and accounts receivable-trade	△469,460	△302,690
Decrease (increase) in inventories	△24,074	3,631
Increase (decrease) in notes and accounts payable-trade	116,105	83,604
Other, net	36,825	△7,998
Subtotal	<u>14,755</u>	<u>171,666</u>
Interest and dividends income received	17,766	19,342
Income taxes paid	△1,145	△500,373
Net cash provided by (used in) operating activities	<u>31,376</u>	<u>△309,364</u>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	△5,756	-
Purchase of investment securities	△3,120	△133,888
Other, net	△9,618	△497
Net cash provided by (used in) investing activities	<u>△18,495</u>	<u>△134,386</u>
Net cash provided by (used in) financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	2,051	-
Cash dividends paid	△246,084	△246,132
Net cash provided by (used in) financing activities	<u>△244,032</u>	<u>△246,132</u>
Net increase (decrease) in cash and cash equivalents	<u>△231,151</u>	<u>△689,882</u>
Cash and cash equivalents at beginning of the period	<u>3,477,799</u>	<u>3,256,773</u>
Cash and cash equivalents at end of the period	<u>3,246,647</u>	<u>2,566,890</u>

(4) Notes on Going Concern Assumption

Not applicable

(5) Segment Information

There is no relevant information, as the Company is a single-segment company manufacturing plating chemicals for precious metals.

(6) Notes in Case of Large Changes in Shareholder's Equity

Not applicable

(Omission of disclosure)

Disclosure is omitted in respect of the other notes and supplementary information, etc. as the needs for disclosure of these information for the purpose of quarterly financial results for the first quarter are not believed significant.