



JAPAN PURE CHEMICAL CO., LTD.

**Financial Report for
The Second Quarter Ended September 30, 2011**



Financial Results

◆ Key Points in Assessing JPC's Performance

- Net sales vary greatly depending on whether precious metals are sold.
- Prices of precious metals substantially affect JPC's due to high price fluctuations and costs.
- When assessing JPC's financial performance, the focus should be on gross profit.

Review of the Second Quarter of FY2011

Electronic Components Industry

Due to the slowdown in the economy of Europe and the United States since July and weak consumption, with the exception of some smartphones, demand lowered for components used in mobile phones, PCs, and LCD TVs, with manufacturing volume down in response to excess inventory risks.

JPC's Financial Review

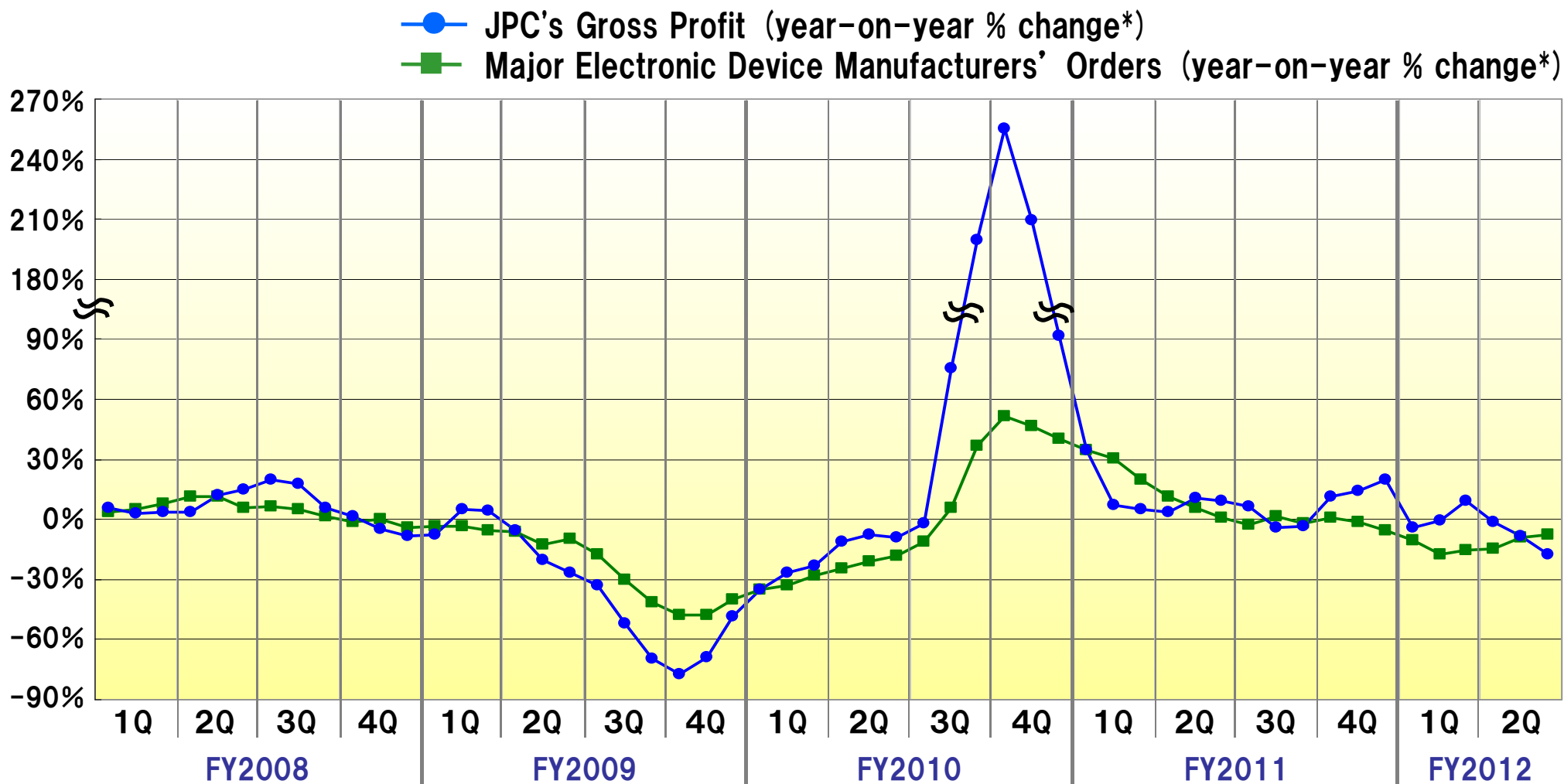
- **Strong sales of high value-added products supported by our market competitiveness and customer needs**
 - Sales of hard gold plating chemicals used in high definition connectors for mobile phones and smartphones, and electrolytic palladium-plating chemicals for lead-free lead frames, have stayed strong.
- **Existing products have been affected by decreased demand**
 - Sales of gold plating chemicals used for semiconductor package substrates have remained sluggish due to continuous thrifty customer behavior triggered by soaring gold prices and an impact of production volume adjustments.

Review of the Second Quarter Financial Results of FY2011

(millions of yen,%)

Period	FY2011	FY2012				FY2012 Forecast	Change from previous year's results
	First Half (April 2010– September 2010)	First Quarter	Second Quarter	First Half (April 2011– September 2011)	Year-on-year change		
Net sales	5,350	2,627	2,657	5,284	(1.2)	10,349	(1.9)
Operating income	771	366	334	701	(9.0)	1,440	(1.0)
Ordinary income	792	392	338	730	(7.8)	1,475	(1.5)
Net income	468	232	118	350	(25.0)	795	(10.2)
Net income per share	7,605.91	3,776.85	1,924.77	5,701.62	(25.0)	12,919.90	(10.2)

Major Electronic Device Manufacturers' Orders Vs. JPC's Gross Profit

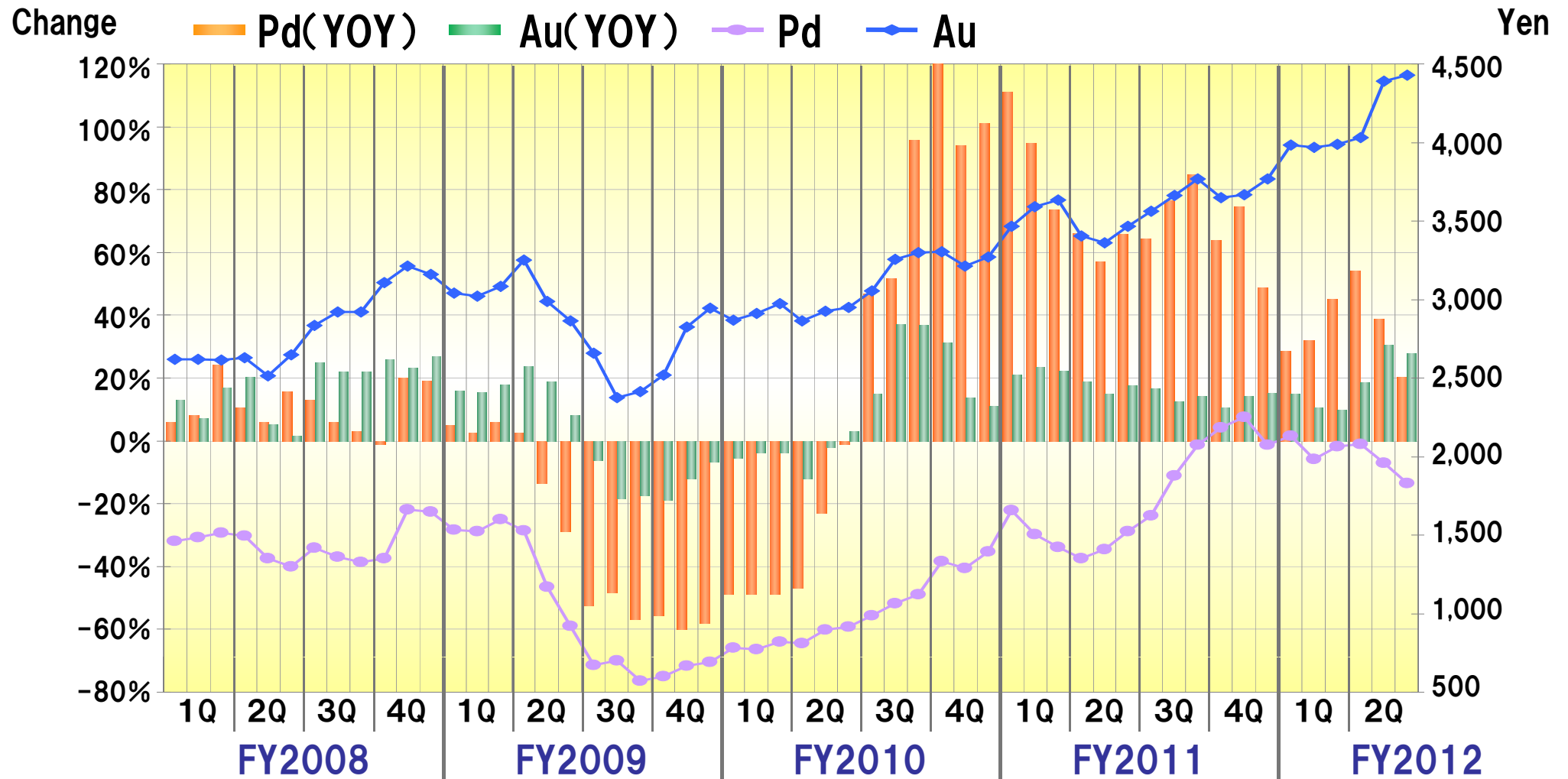


•Source: UBS "Electronic Components Monthly Data" surveys *Average for 12 companies

•JPC's Gross Profit: To avoid fluctuations due to market prices of precious metals, calculations are based on gross profit rather than sales.

※Figures comparing year-on-year % changes* are averaged over three months, except for the figures for September 2011, which were compared to those for September 2011 on a month-to-month basis, because data for October 2011 is not yet available.

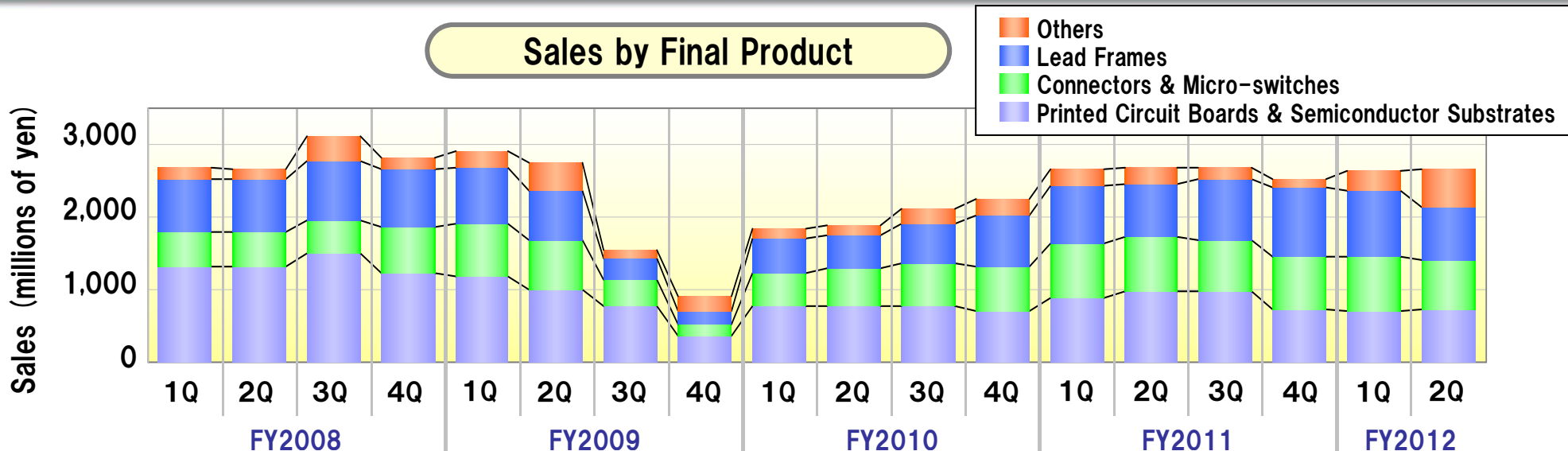
Market Trends for Gold (Au) and Palladium (Pd)



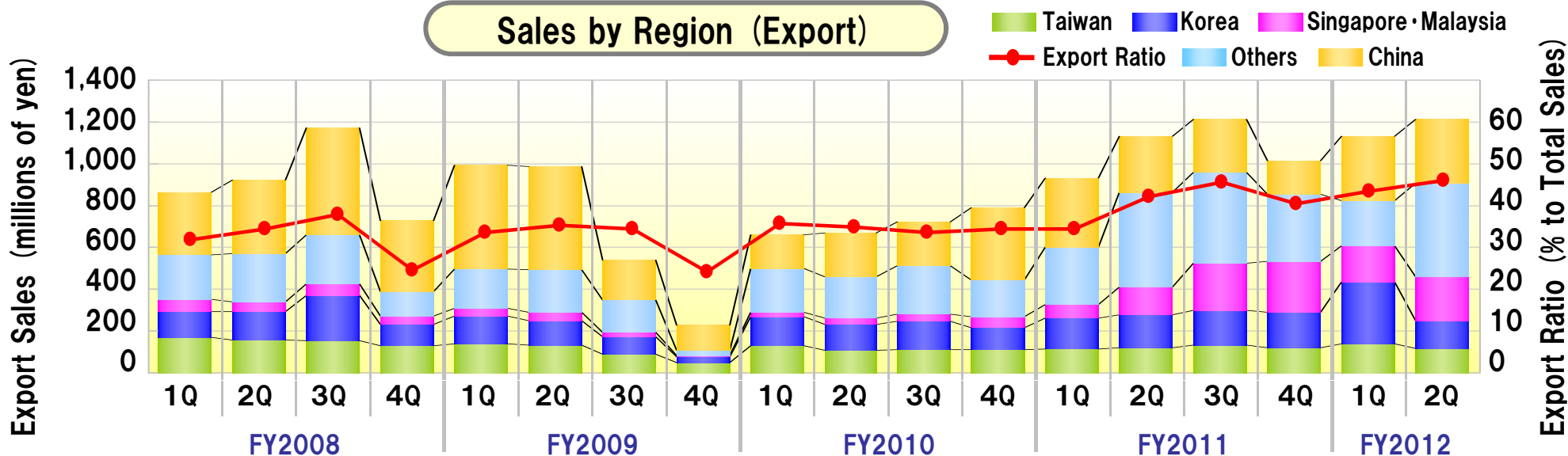
■ Gold prices rose 30% from the same period in the previous year. Palladium rose 35%.

Sales by Final Product and Region

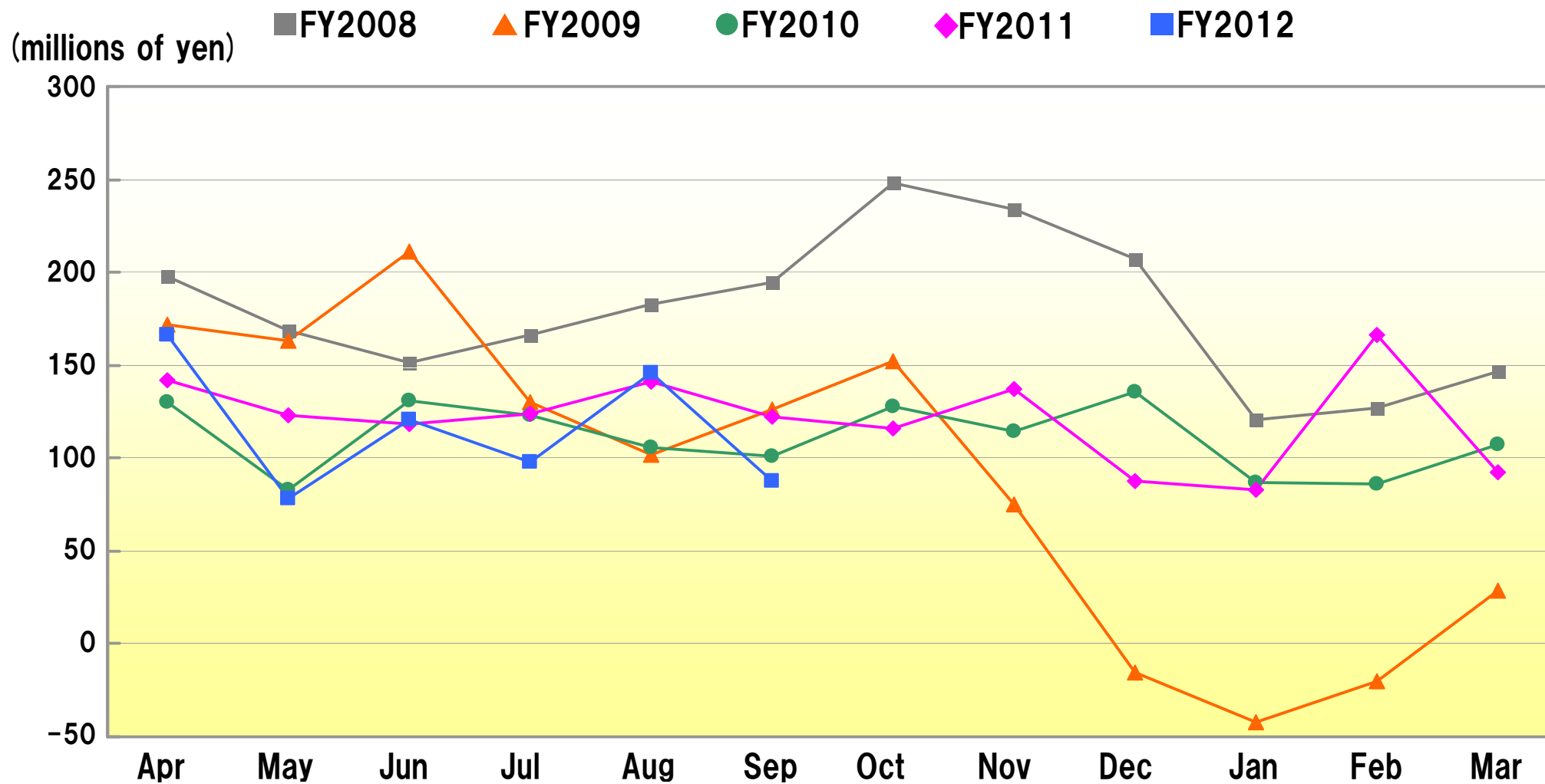
Sales by Final Product



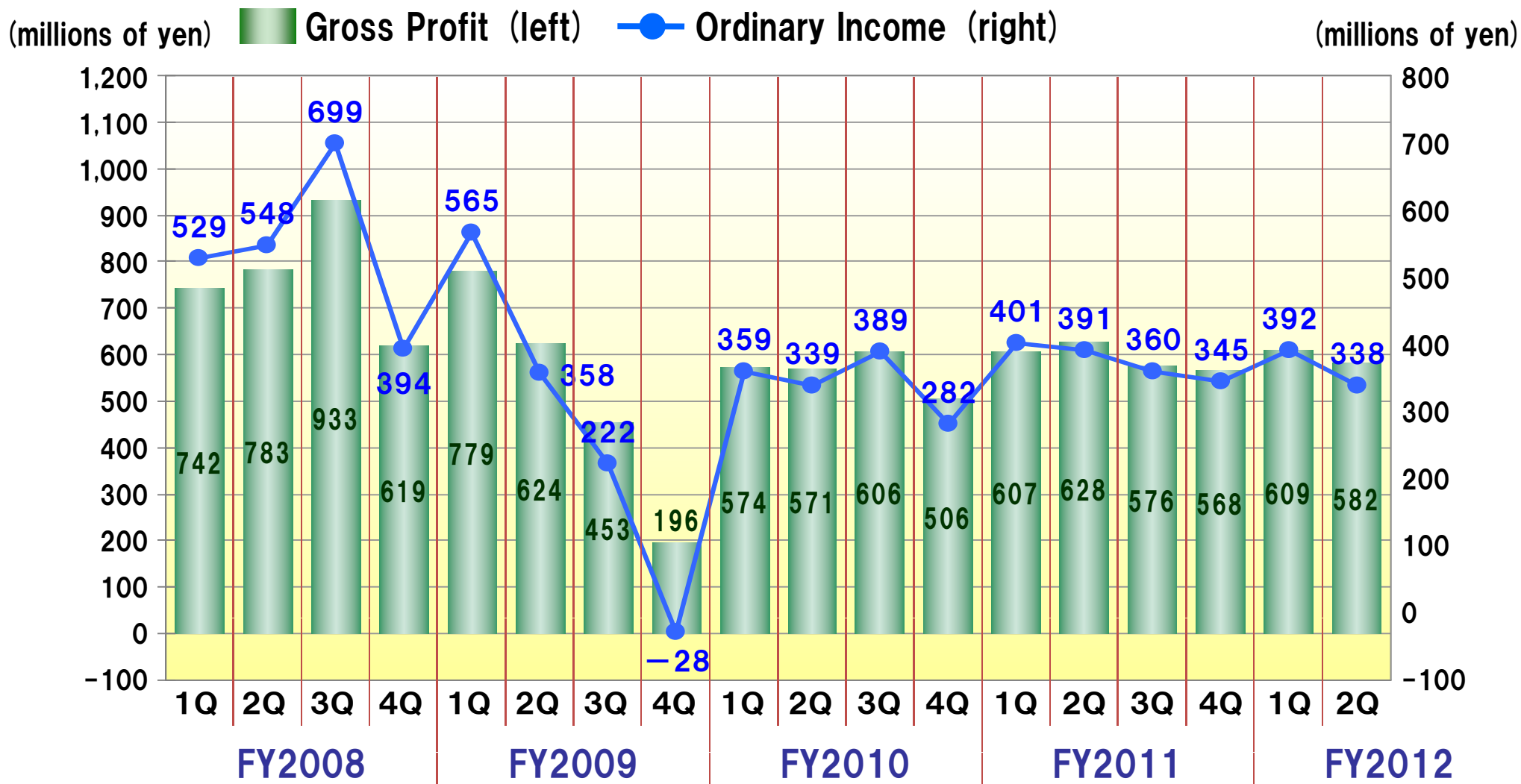
Sales by Region (Export)



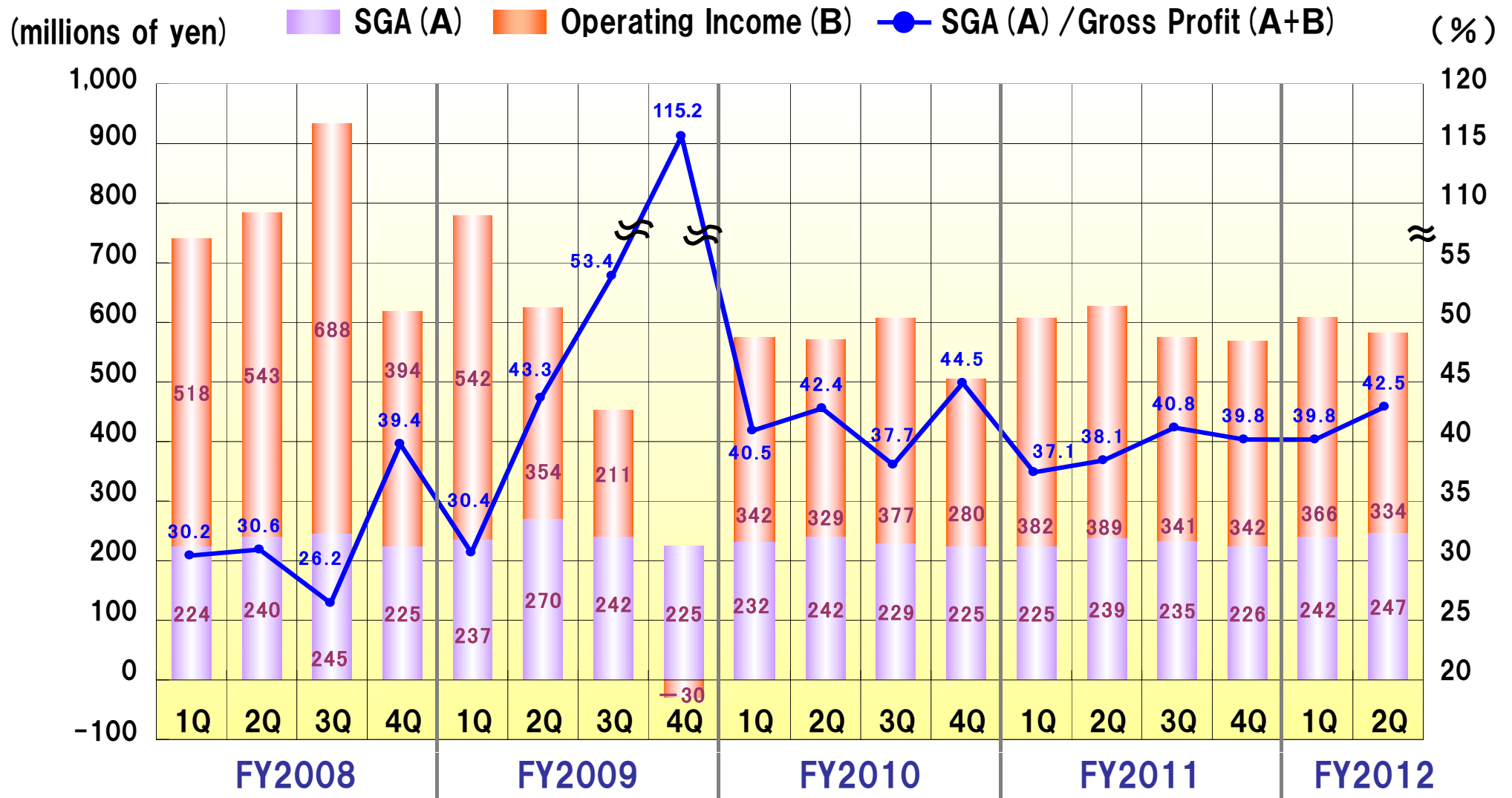
Operating Income (5 years)



Gross Profit and Ordinary Income



SGA & Operating Income



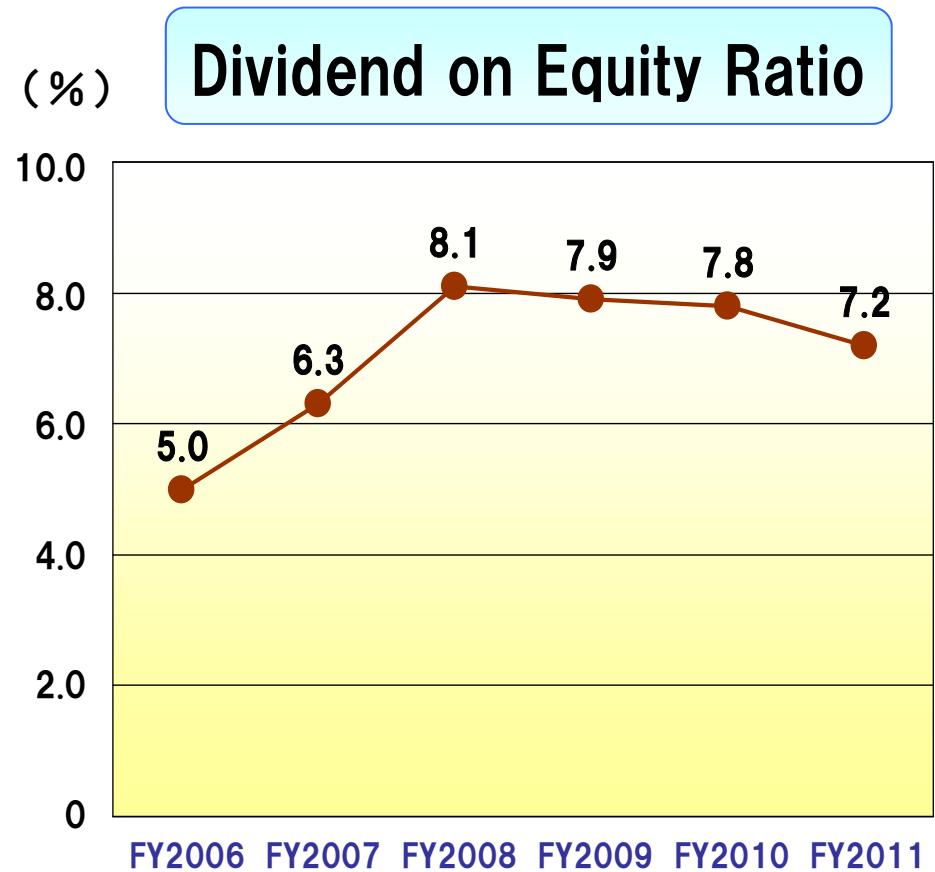
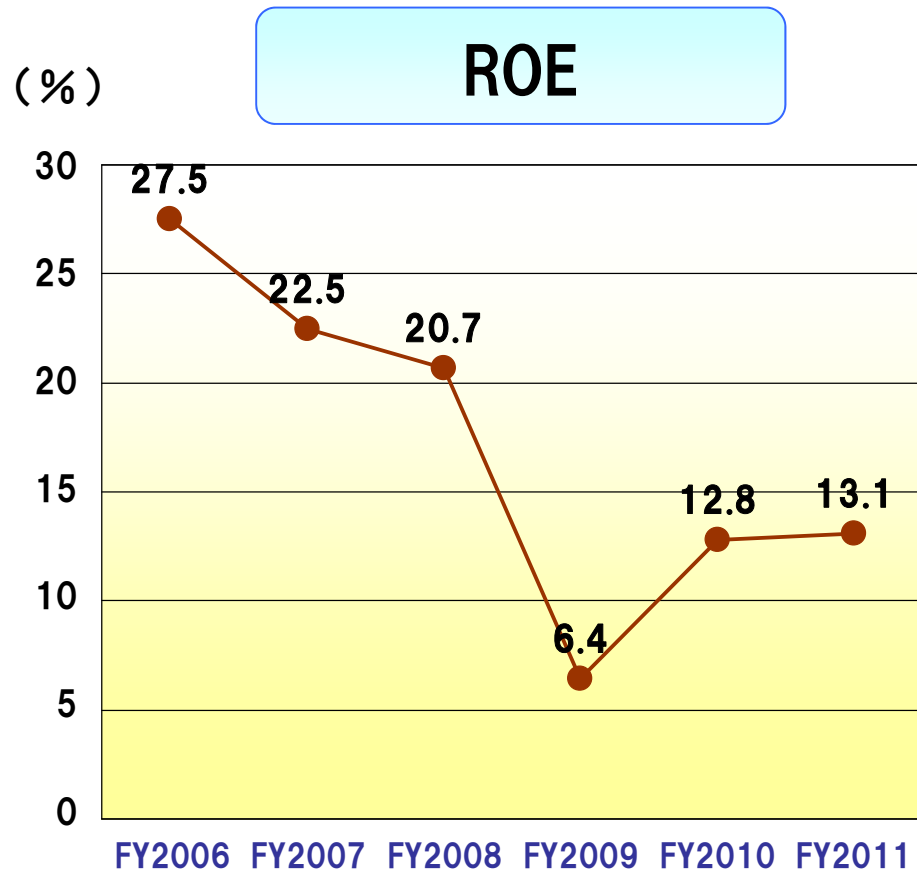
Trend of Dividends

Dividend per Share

(yen,%)

	Interim	Year-End	Annual	EPS	Payout ratio
FY2008	4,000	4,000	8,000	20,459	39.1
FY2009	4,000	4,000	8,000	6,453	124.0
FY2010	4,000	4,000	8,000	13,081	61.2
FY2011	4,000	4,000	8,000	14,389	55.6
FY2012 Forecast	4,000	4,000	8,000	12,919	62.7

Key Performance Indicators



Cautionary Statements About Projections

The materials used in the preparation of forecasts of results and predictions are based upon predicted trends in the industries related to the Company's operations. Accordingly, economic conditions both in Japan and overseas, fluctuations in exchange rates and other factors may influence forecasts of results. The predictions and forecasts made are based upon the information available as of September 2011.

There are a number of factors that cannot be predicted with certainty that may have an influence on these forecasts, including market conditions, competitors' actions, the performance of newly introduced products and services, and the global IT market and related markets. Accordingly, actual results may vary significantly from the forecasts presented in this document.

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