

Summary of Financial Results (Consolidated)
for the First Quarter of Fiscal 2007 Ending March 31, 2008

Listed Company Name: ESPEC CORP.
Company Code: 6859
Exchanges Listed: Tokyo, Osaka Stock Exchanges, First Section
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U.S. GAAP Accounting Standard: Not Adopted

1.Preparation of Summary First-Quarter Fiscal 2007 Results

Simplification of Accounting Methods:	Yes.We use simplified methods for estimating corporate and other taxes and calculating the accounts whose values are immaterial to the total operating results and financial position of the company.
Changes in Consolidated Accounting Methods from the Most Recent Fiscal Year:	No.
Changes in the Scope of Consolidation and Application of Equity Method	No.

2. Consolidated Financial Results for the First Quarter of Fiscal 2007 Ending March 31, 2008

(1) Operating Results

Millions of Yen-Except Per Share Data and Percentages

	Three months ended June 30, 2007		Three months ended June 30, 2006	Year Ended March 31, 2007
		change		
Net Sales	7,813	0.6	7,767	42,595
Operating Income	(33)	-	125	3,930
Ordinary Income	56	(53.9)	122	4,094
Income before Income Taxes	(18)	-	87	3,994
Net Income	(87)	-	4	2,523
Net Income Per Share (Yen)	(3.69)		0.19	106.94
Net income Per Share , Diluted (Yen)			0.19	106.19
Net Income to Shareholders' Equity(%)				8.3
Ordinary Income to Total Assets (%)				9.2
Operating Income to Net Sales(%)				9.2

(Notes)

1 The percentages for net sales, operating income, ordinary income, income before income taxes, net income indicates the increase/decrease from preceding period.

Results of Operations

Total sales during the first quarter under review grew to ¥7,813 million, up 0.6% from the same quarter a year earlier, thanks mainly to the strength of the Environmental Test Business. However, an operating loss of ¥33 million was posted due to the significant decline of profitability in the Electronic Device Business. (Operating income of ¥125 million was registered in the same quarter a year earlier.)

* Environmental Test Business

Among environmental testing equipment, Temperature and Humidity Chambers and Walk-in Type Temperature and Humidity Chambers enjoyed brisk demand mainly from electronics manufacturers, which resulted in improved profitability and increases in both revenues and profits.

The Commissioned Test/Rental Business also posted increases in revenues and profits, successfully meeting the growing needs of the booming automobile industry for testing by upgrading the equipment of the new testing facility, which is one of the largest in Japan, opened in the previous fiscal year.

Consequently, sales from the Environmental Test Business were ¥5,771 million (up 6.9% from the same quarter a year earlier), while operating income was ¥161 million (up 143.6% from the same quarter a year earlier).

* Electronic Device Business

While we delivered thermal treatment equipment that can process glass substrates mainly to domestic and Taiwanese LCD manufacturers as planned, the stagnation in the LCD market caused these customers to discontinue or postpone capital investment, resulting in a significant decline in sales in the FPD Device System Business and an operating loss was posted. The Semiconductor-related Equipment Business posted an increase in sales due partly to a large backlog of orders for burn-in systems received from DRAM manufacturers in the previous fiscal year, though some concerns remain over negative impacts from the suspension and reduction of capital investment among semiconductor manufacturers caused by falling DRAM prices. Profits declined from the previous fiscal year, due to the sluggish sales of semiconductor cleaning devices and investment for developing next-generation semiconductor cleaning devices, which resulted in an operating loss.

The Electronic Device Business as a whole posted sales of ¥1,883 million (down 21.3% from the same quarter a year earlier) and an operating loss of ¥182 million. (Operating income of ¥102 million was registered in the same quarter a year earlier.)

* Other Businesses

In respect of businesses other than the major ones described above, we are developing new businesses which will generate profits for the company, by focusing management resources on businesses with high growth potential and that offer synergistic effects with our existing businesses. Other Businesses include the Environment-related Engineering Business, which we have been concentrating on in recent years.

In the first quarter under review, Other Businesses posted sales of ¥172 million, up 9.3% from the same quarter a year earlier, and an operating loss of ¥13 million. (An operating loss of ¥43 million was posted in the same quarter a year earlier.)

We would like to draw your attention to the fact that both sales and profits of our company group tend to concentrate in the second and fourth quarters of a fiscal year due to business cycles and budgeting of our customers.

(2) Financial Standing

Millions of Yen-Except Per Share Data and Percentages

	As of June 30, 2007	As of June 30, 2006	As of March 31, 2007
Total Assets	43,578	41,550	45,357
Net assets	31,269	29,092	31,536
Shareholders, Equity Ratio(%)	71.3	69.6	69.1
Shareholders, Equity Per Share of Common Stock(Yen)	1,315.21	1,226.08	1,327.87

(3) Status On Cash Flows

Millions of Yen-Except Per Share Data and Percentages			
	Three months ended June 30, 2007	Three months ended June 30, 2006	Year Ended March 31, 2007
Cash Flow from Operating Activities	16	191	1,829
Cash Flow from Investing Activities	(403)	(789)	(1,760)
Cash Flow from Financing Activities	(315)	(318)	(652)
Cash and Cash Equivalents at End of Year	4,826	5,154	5,538

Balance Sheet Analysis

The total assets at the end of the first quarter under review declined to ¥43,578 million, down ¥1,779 million from the end of the previous fiscal year. The decline resulted mainly from the decrease of trade notes and accounts receivable by ¥2,554 million and marketable securities by ¥699 million, as well as the increase of inventories by ¥1,428 million. The net worth came to ¥31,269 million, down ¥266 million from the end of the previous fiscal year. Accordingly, the net worth ratio rose 2.2 percentage points from the end of the previous fiscal year, to 71.3%.

The company had a net cash inflow of ¥16 million from operating activities in this first quarter, resulting mainly from the pre-tax net loss of ¥18 million, the ¥2,544 million inflow attributable to the decrease of trade notes and accounts receivable, ¥1,437 million and ¥360 million outflow due to the increase of inventories and the decrease of trade notes and accounts payable respectively, and the ¥821 million payment of corporate tax and other dues.

The company had a net cash outflow of ¥403 million from investing activities in this first quarter, which consisted mainly of the ¥597 million spending for the acquisition of tangible and intangible fixed assets, including the construction of the Fukuchiyama Training Center, and the ¥129 million inflow from the sales and redemption of invested securities.

The company had a net cash outflow of ¥315 million from financing activities in this first quarter, which consisted mainly of ¥260 million for dividend payment.

Consequently, the balance of cash and cash equivalents stood at ¥4,826 million at the end of the quarter, down ¥712 million from the end of the previous fiscal year.

3. Forecast of Consolidated Operating Results for Fiscal 2007 Ending March 31, 2008

Millions of Yen-Except Per Share Data		
	The First Half of Fiscal 2007 Ending March 31, 2008	Fiscal 2007 Ending March 31, 2008
Net sales	21,500	45,000
Operating Income	1,750	4,300
Ordinary Income	1,800	4,400
Income before Income Taxes	1,800	4,300
Net Income	1,000	2,700
Net Income Per Share(Yen)	42.38	114.43

This material includes current descriptions of plans and business forecast of our company. The future plans and anticipated figures are planned and estimated by us based on the currently available information. The actual accomplishment is subject to various future conditions and factors and may differ from these plans. This material shall not affirm or guarantee the realization of such plans.

Performance forecast

At present, we maintain our original performance forecast for the first half and the entire fiscal 2007 unchanged.

4 . Consolidated Financial Statements
(1) Consolidated Balance Sheets

Millions of yen

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Assets		%		%		%
Current assets	24,753	59.6	26,542	60.9	28,433	62.7
Cash & deposits	5,041		4,808		4,143	
Notes & trade receivable	13,839		15,429		17,984	
Marketable securities					699	
Inventory assets	4,263		4,635		3,207	
Other current assets	1,617		1,682		2,412	
Allowance for doubtful receivables	(7)		(13)		(13)	
Fixed assets	16,797	40.4	17,036	39.1	16,924	37.3
Tangible fixed assets	9,890	23.8	10,264	23.6	10,042	22.1
Building & structure	3,923		4,603		4,331	
Land	4,534		4,522		4,524	
Others	1,433		1,137		1,187	
Intangible fixed assets	1,780	4.3	1,832	4.2	1,911	4.2
Investments and other assets	5,125	12.3	4,939	11.3	4,971	11.0
Investment securities	3,433		3,274		3,285	
Others	1,871		1,847		1,867	
Allowance for doubtful receivables	(178)		(182)		(182)	
Total	41,550	100.0	43,578	100.0	45,357	100.0

Millions of yen

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Liabilities		%		%		%
Current liabilities	10,814	26.0	10,715	24.6	12,174	26.8
Notes & trade payable	7,443		7,401		7,770	
Short-term borrowing	431		392		430	
Accrued bonuses	818		878		595	
Provision for product guarantee	303		282		274	
Others	1,817		1,760		3,103	
Long-term liabilities	1,644	4.0	1,593	3.7	1,647	3.6
Long-term debt	506		469		478	
Liability for retirement benefit	484		332		359	
Others	652		792		808	
Total liabilities	12,458	30.0	12,309	28.2	13,821	30.5
Net assets						
Shareholders' equity						
Common stock	6,825	16.4	6,845	15.7	6,837	15.1
Capital surplus	7,102	17.1	7,123	16.3	7,115	15.7
Retained earnings	14,758	35.5	16,699	38.3	17,048	37.6
Treasury stock	(50)	(0.1)	(51)	(0.1)	(51)	(0.1)
Total shareholders' equity	28,635	68.9	30,616	6.9	30,949	68.2
Unrealized gain (loss)						
Unrealized gain (loss) on land	(26)	(0.0)	(32)	(0.0)	(32)	(0.1)
Unrealized gain (loss) on available-for-sale-securities	350	0.8	472	1.1	374	0.8
Foreign currency translation adjustments	(49)	(0.1)	32	0.0	64	0.1
Total unrealized gain (loss)	274	0.7	472	1.1	406	0.9
Minority interests	182	0.4	180	0.4	179	0.4
Total net assets	29,092	70.0	31,269	71.8	31,536	69.5
Total liabilities and net assets	41,550	100.0	43,578	100.0	45,357	100.0

(2) Consolidated Statements of Income

Millions of yen

	Three months ended June 30,2006		Three months ended June 30,2007		Year ended March 31,2007	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Net sales	7,767	100.0	7,813	100.0	42,595	100.0
Cost of sales	5,283	68.0	5,196	66.5	27,743	65.1
Gross profit	2,483	32.0	2,616	33.5	14,851	34.9
Selling, general and administrative expenses	2,358	30.4	2,650	33.9	10,921	25.6
Operating income	125	1.6	(33)	(0.4)	3,930	9.2
Non-operating income	66	0.9	119	(1.5)	369	0.7
Interest received	13		9		36	
Dividends received	13		32		34	
Foreign currency exchange gain			34			
Investment profit by equity method	8		6		165	
Others	31		37		134	
Non-operating expenses	69	0.9	29	(0.4)	205	0.5
Interest paid	9		7		34	
Foreign currency exchange loss	45				34	
Non-operating commission	0				13	
Loss on disposals of property, plant and equipment			14		67	
Others	14		7		55	
Ordinary income	122	1.6	56	0.7	4,094	9.6
Extraordinary income	5	0.1	5	0.1	131	0.3
Extraordinary loss	40	0.5	80	1.0	231	0.5
Income before income taxes and minority interests	87	1.2	(18)	(0.2)	3,994	9.4
Income taxes current	75	1.0	66	0.8	1,422	3.3
deferred		-		-	25	0.1
Minority interests in net income of subsidiaries	7	0.1	2	0.0	(24)	0.1
Net income	4	0.1	(87)	(1.1)	2,523	5.9

(3) Consolidated Statements of Cash Flows

Millions of yen

	Three months ended June 30, 2006	Three months ended June 30, 2007	Year ended March 31, 2007
Operating activities			
Income before income taxes and minority interests	87	(18)	3,994
Depreciation and amortization	225	261	976
Impairment loss on fixed assets			11
Loss won devaluation of securities	1	70	93
provision for doubtful receivables	(5)	0	4
Decrease in liability for retirement benefits	(42)	(26)	(168)
Interest and dividends received	(26)	(41)	(70)
Interest paid	9	7	34
Income from sale of marketable securities			(3)
Investment income from equity method	(8)	(6)	(165)
Increase/decrease in trade receivables	2,851	2,544	(1,262)
Increase/decrease in inventories	(1,062)	(1,437)	(80)
Increase/decrease in trade payables	(502)	(360)	(189)
Bonuses to directors and corporate auditors	(41)		(50)
Others	(414)	(306)	254
Sub-total	1,071	685	3,379
Proceeds from receipt of interest and dividends	119	158	153
Payments for interest	(10)	(7)	(32)
Payments for corporate tax etc.	(989)	(821)	(1,670)
Net cash provided by operating activities	191	16	1,829
Investing activities			
Deposits of time deposit	(1)	(2)	(145)
Repayments of time deposit	5	45	12
Purchases of marketable securities			
Proceeds from sales and redemptions of marketable securities	69		168
Purchases of tangible and intangible fixed assets	(304)	(558)	(1,368)
Purchases of investment securities	(709)	(18)	(1,037)
Proceeds from sales and redemptions of investment securities	200	129	604
Purchases of subsidiaries stock	(51)		(51)
Loans to unconsolidated subsidiaries			(7)
Collects loans for unconsolidated subsidiaries	6	0	33
Others	(2)	0	31
Net cash provided by investing activities	(789)	(403)	(1,760)
Financing activities			
Proceeds from short-term bank loans	116	239	773
Repayments of short-term bank loans	(158)	(259)	(856)
Proceeds from long-term debt			20
Repayments of long-term debt	(18)	(22)	(44)
Dividends paid	(259)	(260)	(519)
Dividends paid to minority shareholders		28	(1)
Purchases of treasury stock	(0)	(0)	(1)
Disposal of treasury stock		0	0
Issuance of common stock	2	15	27
Others			(50)
Net cash provided by financing activities	(318)	(315)	(652)
Effect of foreign currency translation adjustments on cash and cash equivalents	12	(9)	47
Net decrease in cash and cash equivalents	(903)	(712)	(535)
Cash and cash equivalents, beginning of year	5,762	5,538	5,762
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	295		311
Cash and cash equivalents, end of year	5,154	4,826	5,538

(4) Status of production, orders received and sales

Achievements of order received

Name of business segment	Three months ended June 30, 2006	Three months ended June 30, 2007	Changes	
				% change
Environmental test business	7,687	7,443	(244)	(3.2)
Electronics device business	4,116	1,702	(2,414)	(58.7)
Other business	(186)	317	503	-
Total	11,618	9,462	(2,155)	(18.6)
Eliminations	(23)	(21)	1	-
Grand total	11,595	9,441	(2,153)	(18.6)

Backlog of orders in hand

Name of business segment	As of March 31, 2007	As of June 30, 2007	Changes	
				% change
Environmental test business	3,764	5,436	1,671	44.4
Electronics device business	5,053	4,872	(181)	(3.6)
Other business	21	166	145	671.8
Total	8,839	10,475	1,635	18.5
Eliminations	(106)	(114)	(7)	-
Grand total	8,732	10,360	1,628	18.6

Sales track

Name of business segment	Three months ended June 30, 2006	Three months ended June 30, 2007	Changes	
				% change
Environmental test business	5,400	5,771	370	6.9
Electronics device business	2,391	1,883	(508)	(21.3)
Other business	157	172	14	9.3
Total	7,950	7,827	(123)	(1.5)
Eliminations	(183)	(13)	169	-
Grand total	7,767	7,813	46	0.6