

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

Listed Company Name: ESPEC CORP.
Company Code: 6859
Exchanges Listed: Tokyo, Osaka Stock Exchanges, First Section
Homepage: <http://www.espec.co.jp>
Representative: Nobuyoshi Shin , President and Representative Director
Contact: Yoshio Nakai, Senior Executive Officer
and Chief Officer of Administration HQ.
Tel: +81-6-6358-4741
U.S. GAAP Accounting Standard: Not Adopted

1.Preparation of Summary First-Half Fiscal 2007 Results

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 Half of Fiscal 2007 Ending March 31, 2008

(1) Operating Results

Millions of Yen-Except Per Share Data and Percentages

	Six months ended September 30, 2007		Six months ended September 30, 2006	Year Ended March 31, 2007
		change		
Net Sales	19,165	-0.7%	19,303	42,595
Operating Income	1,055	-37.4%	1,685	3,930
Ordinary Income	1,035	-42.0%	1,783	4,094
Income before Income Taxes	267	-84.6%	1,739	3,994
Net Income	228	-75.8%	945	2,523
Net Income Per Share (Yen)	9.66	-	40.10	106.94
Net income Per Share , Diluted (Yen)	9.60	-	39.78	106.19
Net Income to Shareholders' Equity(%)	-	-	-	8.3
Ordinary Income to Total Assets (%)	-	-	-	9.2
Ordinary Income to Net Sales(%)	-	-	-	9.6

(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

During the interim consolidated accounting period under review, the Japanese economy continued to gradually recover, as evidenced by firm growth in capital investment and solid employment conditions backed by buoyant corporate performance. Uncertainties remain, however, in the form of still steeply rising raw material prices and concerns over economic slowdown in the U.S.

Against this backdrop, the Group stepped up its activities in the auto and electronics industries and other thriving and growth markets, while at the same time focusing on boosting sales in key strategic markets such as China and the EU. However, greater than projected discontinuation and postponement of capital investment projects in the LCD and semiconductor markets had a considerable impact on performance in the closely involved Electronic Device Business. Regarding ESPEC Semitechnology Corp., which manufactures and distributes semiconductor cleaning devices, the prospects of a recovery in performance are poor due to slowing capital investment and intensifying competition in the semiconductor market, notwithstanding efforts to improve products, cut costs, and bolster sales. The "goodwill value" incurred at the time of purchase of shares in the company was therefore treated in full as an impairment loss. In order to make more effective use of business resources and pursue a more "selective and focused" business strategy in response to these changes in the business environment facing the Company, the development of new business for launch in the present fiscal year was discontinued, resulting in a business development loss being recorded.

As a consequence of the above, orders received, sales, operating income, and net profit were all regrettably less than in the same period a year earlier.

Environmental Test Business

We stepped up efforts to increase sales of environmental testing equipment in growing and thriving markets such as the auto and electronics industries, and action was taken to expand sales in the auto market in particular, principally by establishing a dedicated organizational structure to serve the industry and putting forward products to meet leading manufacturers' needs.

Action was also taken to boost our global share by actively injecting business resources into augmenting strategic personnel assigned to key strategic markets such as China and the EU, enhancing sales support to expand our customer base among non-Japanese enterprises, and developing sales in emerging economies, where demand for environmental testing equipment is growing.

Despite consequent firm growth in sales, a deterioration of the profit ratio owing to steeply rising raw material prices and increased selling and administrative expenses caused profits to fall year on year.

Regarding After-sales Engineering Service, both revenues and profits grew from a year earlier on account of increased peripheral work associated with customers' relocation of test facilities.

Both revenues and profits grew year on year in the Commissioned Test/Rental Business as a result of active marketing activity directed at the thriving auto market, especially newly established test facilities.

While revenues in the Environmental Test Business thus grew overall, profits shrank due especially to the impact of sales of environmental testing equipment.

Millions of Yen-Except Percentages

	Six months ended September 30, 2006	Six months ended September 30, 2007	Change
Order Received	15,225	14,679	-3.6%
Net Sales	13,860	14,294	3.1%
Operating Income	1,355	1,261	-6.9%

Electronic Device Business

Business conditions in the FPD Device System Business remained severe as LCD manufacturers halted or postponed capital investment owing to deteriorating conditions in the LCD market. Discontinuation and alteration of capital investment projects by Chinese LCD manufacturers had a particularly major impact, and both orders received and sales declined substantially despite efforts to win customers in new markets and expand sales of aging systems. Regarding profits, an operating loss was registered due to a deterioration of the cost rate as a result of lower sales, despite positive action to raise revenue by pursuing greater localization through international procurement. In the Semiconductor-related Equipment Business, orders of burn-in systems were hit severely by semiconductor manufacturers putting a brake on capital investment prompted by declining DRAM prices. Revenues grew year on year, due in part to the entry of backlog orders received the previous year for DRAM burn-in systems. Operating income declined from a year earlier due principally to a slump in sales of semiconductor cleaning devices. As a result, both revenues and profits fell in the Electronic Device Business overall due to deteriorating revenues in the FPD Device System and Semiconductor Cleaning Device Businesses.

Millions of Yen-Except Percentages

	Six months ended September 30, 2006	Six months ended September 30, 2007	Change
Order Received	7,493	3,212	-57.1%
Net Sales	5,406	4,657	-13.9%
Operating Income	399	(189)	

Other Businesses

In businesses other than the major ones described above, we are developing and creating new businesses that can grow into future profit-earners for the company. This we are doing by injecting business resources into fields with high growth potential that offer synergies with our existing businesses. "Other Businesses" includes the Environmental-related Engineering Business.

Orders received, sales, and operating income in this segment all grew year on year.

Millions of Yen-Except Percentages

	Six months ended September 30, 2006	Six months ended September 30, 2007	Change
Order Received	(34)	602	
Net Sales	339	390	14.9%
Operating Income	(69)	(16)	

(2) Financial Standing

Millions of Yen-Except Per Share Data and Percentages

	As of Sempember 30, 2007	As of September 30, 2006	As of March 31, 2007
Total Assets	43,491	42,680	45,357
Net assets	31,103	30,058	31,536
Shareholders, Equity Ratio(%)	71.1	70.0	69.1
Shareholders, Equity Per Share of Common Stock(Yen)	1,303.83	1,266.01	1,327.87

(3) Status On Cash Flows

Millions of Yen-Except Per Share Data and Percentages			
	Six months ended September 30, 2007	Six months ended September 30, 2006	Year Ended March 31, 2007
Cash Flow from Operating Activities	520	645	1,829
Cash Flow from Investing Activities	(439)	(737)	(1,760)
Cash Flow from Financing Activities	(256)	(379)	(652)
Cash and Cash Equivalents at End of Year	5,403	5,600	5,538

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

Millions of Yen-Except Per Share Data		
	Year ending March 31, 2008 (projected)	Year ending March 31, 2007 (actual)
Net sales	40,000	42,595
Operating Income	2,300	3,930
Ordinary Income	2,200	4,094
Income before Income Taxes	950	3,994
Net Income	600	2,523
Net Income Per Share(Yen)	25.36	106.94

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 Outlook for Full Fiscal Year

The business environment faced by the Company remains uncertain, with capital investment by firms forecast to slow owing to declining prices of LCDs and semiconductors, steeply rising raw material prices, and concerns over exchange rate fluctuations.

In view of these conditions, we will endeavor to launch new products and expand sales in the Environmental Test Business, and enhance and expand domestic services focusing in particular on the thriving Commissioned Test Business. Sales in key strategic markets such as China, the EU, and emerging economies will also continue to be strengthened.

In the Electronic Device Business, we will seek to win orders through active sales activities reflecting customer trends and needs in the FPD Device System Business, while expanding our presence in new markets by expanding sales of new products. In the Semiconductor-related Equipment Business, we will be expanding sales of semiconductor and in-car device evaluation systems, and developing new products for new markets and fields, to make up for the severe situation regarding sales of burn-in systems.

In the year under review, we will push ahead with strategies and measures to secure results in the second half and a recovery in the next fiscal year, and we project sales of 40 billion yen and operating income of 2.3 billion yen for the full year.

Regarding the "ESPEC G-Company Plan" for management innovation, we are revising strategy, measures, and planned performance concerning the "four developments" and "two innovations" in view of the present considerable gap between initial targets and actual performance due to the environment facing the Company and the changes in segment conditions, and we plan to publish these revisions when we announce our full-year financial results.

4 . Consolidated Financial Statements
 (1) Consolidated Balance Sheets

Millions of yen

	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Assets		%		%		%
Current assets	25,880	60.6	27,002	62.1	28,433	62.7
Cash & deposits	4,187		4,267		4,143	
Notes & trade receivable	15,169		16,210		17,984	
Marketable securities	1,099		499		699	
Inventory assets	3,555		3,610		3,207	
Other current assets	1,877		2,441		2,412	
Allowance for doubtful receivables	(9)		(28)		(13)	
Fixed assets	16,799	39.4	16,488	37.9	16,924	37.3
Tangible fixed assets	10,113	23.7	10,273	23.6	10,042	22.1
Building & structure	4,045		4,617		4,331	
Land	4,526		4,524		4,524	
Others	1,541		1,131		1,187	
Intangible fixed assets	1,965	4.6	1,360	3.1	1,911	4.2
Investments and other assets	4,720	11.1	4,854	11.2	4,971	11.0
Investment securities	2,922		3,141		3,285	
Others	1,977		1,972		1,867	
Allowance for doubtful receivables	(178)		(258)		(182)	
Total	42,680	100.0	43,491	100.0	45,357	100.0

Millions of yen

	As of September 30, 2007		As of September 30, 2007		As of March 31, 2007	
	Amount	Proportion	Amount	Proportion	Amount	Proportion
Liabilities		%		%		%
Current liabilities	10,782	25.3	9,990	23.0	12,174	26.8
Notes & trade payable	6,798		6,710		7,770	
Short-term borrowing	400		405		430	
Accrued bonuses	548		580		595	
Provision for product guarantee	265		260		274	
Others	2,768		2,033		3,103	
Long-term liabilities	1,839	4.3	2,397	5.5	1,647	3.6
Long-term debt	508		474		478	
Liability for retirement benefit	453		188		359	
Others	877		1,733		808	
Total liabilities	12,621	29.6	12,387	28.5	13,821	30.5
Net assets						
Shareholders' equity						
Common stock	6,830	16.0	6,884	15.8	6,837	15.1
Capital surplus	7,107	16.7	7,161	16.5	7,115	15.7
Retained earnings	15,728	36.8	17,017	39.1	17,048	37.6
Treasury stock	(51)	(0.1)	(52)	(0.1)	(51)	(0.1)
Total shareholders' equity	29,614	69.4	31,010	71.3	30,949	68.2
Unrealized gain (loss)						
Unrealized gain (loss) on land	(29)	(0.1)	(797)	(1.8)	(32)	(0.1)
Unrealized gain (loss) on available-for-sale-securities	340	0.8	472	1.1	374	0.8
Foreign currency translation adjustments	(55)	(0.1)	216	0.5	64	0.1
Total unrealized gain (loss)	254	0.6	(108)	(0.2)	406	0.9
Minority interests	188	0.4	201	0.5	179	0.4
Total net assets	30,058	70.4	31,103	71.5	31,536	69.5
Total liabilities and net assets	42,680	100.0	43,491	100.0	45,357	100.0

(2) Consolidated Statements of Income

Millions of yen

	Six months ended September 30,2006		Six months ended September 30,2006		Year ended March 31,2007	
	Amount	Proportion %	Amount	Proportion %	Amount	Proportion %
Net sales	19,303	100.0	19,165	100.0	42,595	100.0
Cost of sales	12,711	65.9	12,848	67.0	27,743	65.1
Gross profit	6,592	34.1	6,317	33.0	14,851	34.9
Selling, general and administrative expenses	4,906	25.4	5,262	27.5	10,921	25.6
Operating income	1,685	8.7	1,055	5.5	3,930	9.2
Non-operating income	205	1.1	293	1.5	369	0.9
Interest received	21		18		36	
Dividends received	18		97		34	
Profit on securities sold	0					
Investment profit by equity method	87		97		165	
Others	79		79		134	
Non-operating expenses	107	0.6	313	1.6	205	0.5
Interest paid	17		15		34	
Foreign currency exchange loss	25		24			
Non-operating commission	11		5		13	
Loss on disposals of property, plant and equipment	30		49		67	
Others	21		219		55	
Ordinary income	1,783	9.2	1,035	5.4	4,094	9.6
Extraordinary income	10	0.1	109	0.6	131	0.3
Extraordinary loss	55	0.3	876	4.6	231	0.5
Income before income taxes and minority interests	1,739	9.0	267	1.4	3,994	9.4
Income taxes current	778		27		1,422	
deferred					25	
Minority interests in net income of subsidiaries	14	0.1	11	0.1	24	0.1
Net income	945	4.9	228	1.2	2,523	5.9

(3) Consolidated Statements of Cash Flows

Millions of yen

	Six months ended September 30, 2006	Six months ended September 30, 2007	Year ended March 31, 2007
Operating activities			
Income before income taxes and minority interests	1,739	267	3,994
Depreciation and amortization	463	535	976
Impairment loss on fixed assets	6	432	11
Loss won devaluation of securities		233	93
provision for doubtful receivables	(3)	124	4
Decrease in liability for retirement benefits	(73)	(171)	(168)
Interest and dividends received	(39)	(116)	(70)
Interest paid	17	15	34
Income from sale of marketable securities	(9)	(11)	(3)
Investment income from equity method	(87)	(97)	(165)
Increase/decrease in trade receivables	1,510	1,703	(1,262)
Increase/decrease in inventories	(367)	(370)	(80)
Increase/decrease in trade payables	(1,138)	(1,094)	(189)
Bonuses to directors and corporate auditors	(50)		(50)
Others	(448)	(265)	254
Sub-total	1,519	1,185	3,379
Proceeds from receipt of interest and dividends	130	171	153
Payments for interest	(17)	(13)	(32)
Payments for corporate tax etc.	(985)	(823)	(1,670)
Net cash provided by operating activities	645	520	1,829
Investing activities			
Deposits of time deposit	(5)	(3)	(145)
Repayments of time deposit	9	170	12
Purchases of marketable securities			
Proceeds from sales and redemptions of marketable securities	69		168
Purchases of tangible and intangible fixed assets	(647)	(757)	(1,368)
Purchases of investment securities	(610)	(56)	(1,037)
Proceeds from sales and redemptions of investment securities	591	135	604
Purchases of subsidiaries stock	(51)		(51)
Loans to unconsolidated subsidiaries			(7)
Collects loans for unconsolidated subsidiaries	8	(1)	33
Others	(101)	72	30
Net cash provided by investing activities	(737)	(439)	(1,760)
Financing activities			
Proceeds from short-term bank loans	375	404	773
Repayments of short-term bank loans	(457)	(424)	(856)
Proceeds from long-term debt	20		20
Repayments of long-term debt	(18)	(41)	(44)
Dividends paid	(258)	(258)	(519)
Dividends paid to minority shareholders	(1)	(28)	(1)
Purchases of treasury stock	(0)	(0)	(1)
Disposal of treasury stock	0	0	0
Issuance of common stock	12	92	27
Others	(50)		(50)
Net cash provided by financing activities	(379)	(256)	(652)
Effect of foreign currency translation adjustments on cash and cash equivalents	(2)	40	47
Net decrease in cash and cash equivalents	(473)	(134)	(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	311		311
Cash and cash equivalents, end of year	5,600	5,403	5,538