

**Summary of Financial Results (Consolidated)**  
**for Fiscal 2007 Ending March 31, 2008**

Listed Company Name:	ESPEC CORP.
Company Code:	6859
Exchanges Listed:	Tokyo, Osaka Stock Exchanges, First Section
Homepage:	<a href="http://www.espec.co.jp">http://www.espec.co.jp</a>
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U.S. GAAP Accounting Standard:	Not Adopted

**1.Preparation of Summary Fiscal 2007 Results**

Changes in Consolidated Accounting Methods from the Most Recent Fiscal Year:	Yes.
Changes in the Scope of Consolidation and Application of Equity Method	No.

**2. Consolidated Financial Results for the Fiscal 2007 Ending March 31, 2008**

**(1) Operating Results**

Millions of Yen-Except Per Share Data and Percentages

	Year Ended March 31, 2008	Year Ended March 31, 2007	change
Net Sales	40,918	42,595	-3.9%
Operating Income	3,129	3,930	-20.4%
Ordinary Income	2,971	4,094	-27.4%
Income before Income Taxes	1,948	3,994	-51.2%
Net Income	1,216	2,523	-51.8%
Net Income Per Share (Yen)	51.36	106.94	-
Net income Per Share , Diluted (Yen )	51.29	106.19	-
Net Income to Shareholders' Equity(%)	3.9	8.3	-
Ordinary Income to Total Assets (%)	6.7	9.2	-
Operating Income to Net Sales(%)	7.6	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**

During the consolidated accounting period under review, the Japanese economy faced an increasingly uncertain outlook owing to global financial turmoil and an economic slowdown in the U.S. precipitated by the subprime loan crisis, together with depressed activity in the LCD and semiconductor markets, escalating raw material prices, and exchange rate fluctuations.

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, the extent of discontinuation and postponement of capital investment in the LCD and semiconductor markets was far greater than anticipated, causing a marked decline in performance in the Electronic Device Business.

Regarding in particular the new Semiconductor Cleaning Device Business, all-out efforts were made to develop, upgrade, and improve semiconductor cleaning devices, cut costs, and boost sales following the incorporation of ESPEC Semitechnology Corp. in fiscal 2005. Owing to fiercer than expected competition, however, stabilization of business was judged to be unfeasible, and so the company was liquidated and the Group forced to withdraw from the business.

Regarding new business scheduled for commencement from the period under review, the Company decided in the light of the changing environment faced to focus business resources on core segments, and a business development loss was recorded.

As a consequence of the above, orders received, sales, and profits were most regrettably less than in the previous year.

## Environmental Test Business

Efforts were stepped up to strengthen sales of environmental testing equipment in growing markets such as the auto and electronics industries, resulting in buoyant growth in sales of temperature and humidity chambers and walk-in type temperature and humidity chambers. In the auto market in particular, action was taken to expand sales by establishing a dedicated organizational structure to serve the industry and by putting forward products to meet leading manufacturers' needs.

Action was additionally taken to boost our global share by continuing to expand sales and service structures in key strategic markets, such as China and the EU, and in emerging economies, where demand for environmental testing is growing.

Despite consequent firm growth in sales, operating income declined from the previous year owing to an increase in selling and administrative expenses caused by the intake of personnel with the winding-up of a subsidiary.

Regarding the After-sales Engineering Service Business, sales from product repairs declined due to quality improvements, but operating income held steady year on year due to an improvement in the cost rate resulting from revision of parts prices and the effective use of outside business resources.

Both revenues and profits grew year on year in the Commissioned Test/Rental Business as a result of our having enhanced our position in test facilities and rental products, enabling us to respond smoothly to robust growth in testing demand, and active expansion into areas such as the Analysis Business.

Revenues in the Environmental Test Business thus grew overall, but profits shrank due in particular to the impact of a rise in expenses.

Millions of Yen-Except Percentages

	Year Ended March 31, 2008	Year Ended March 31, 2007	Change
Order Received	30,711	30,891	-0.6%
Net Sales	30,463	30,277	0.6%
Operating Income	2,914	3,538	-17.6%

## Electronic Device Business

Orders in the FPD Device System Business are recovering as LCD manufacturers' capital investment for subsequent terms, which had been subdued due to the depressed state of the LCD market, began to take shape in the second half of the year. Despite deliveries of thermal treatment equipment for processing glass substrates destined mainly for Taiwanese manufacturers, slowing investment in the first half dealt a severe blow to sales, which declined sharply in year-on-year terms. Regarding profits, an operating loss was registered due to a deterioration of the cost rate resulting from lower sales, despite positive action to raise revenue by reviewing equipment designs and pursuing greater localization.

In the Semiconductor-related Equipment Business, the order environment was hit severely by semiconductor manufacturers' putting a brake on capital investment. Both sales and operating income registered increases from a year earlier, due in part to the contribution of backlog orders received the previous year for DRAM burn-in systems and the introduction of new products, despite a slump in sales of semiconductor cleaning devices, from which the Group has withdrawn.

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

	Year Ended March 31, 2008	Year Ended March 31, 2007	Change
Order Received	9,141	12,092	-24.4%
Net Sales	9,590	11,780	-18.6%
Operating Income	171	397	-56.8%

## Other Businesses

In businesses other than the major ones described above, we are promoting environmental engineering projects, such as forest and waterfront development and urban greening. This business segment includes development of new businesses that can grow into future profit-earners for the company.

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

Millions of Yen-Except Percentages

	Year Ended March 31, 2008	Year Ended March 31, 2007	Change
Order Received	1,049	493	112.5%
Net Sales	1,002	911	10.1%
Operating Income	43	(7)	-

## (2) Financial Standing

	Millions of Yen-Except Per Share Data and Percentages		
	As of March 31, 2008	As of March 31, 2007	change
Total Assets	43,810	45,357	(1,547)
Net assets	31,127	31,536	(408)
Shareholders, Equity Ratio(%)	70.6	69.1	-
Shareholders' Equity Per Share of Common Stock(Yen)	1,305.43	1,327.87	-

## (3) Status On Cash Flows

	Millions of Yen-Except Percentages		
	As of March 31, 2008	As of March 31, 2007	change
Cash Flow from Operating Activities	3,036	1,829	1,207
Cash Flow from Investing Activities	(1,085)	(1,760)	674
Cash Flow from Financing Activities	(488)	(652)	163
Cash and Cash Equivalents at End of Year	6,930	5,538	1,391

## 3. Forecast of Consolidated Operating Results for Fiscal 2008 Ending March 31, 2009

### Performance Outlook for Full Fiscal Year

The business environment faced by the Company remains unclear, with steeply rising raw material process, exchange rate fluctuations, and concerns over a slowdown in Japan and the U.S. all contributing to uncertainty.

In view of these conditions, we will seek to strengthen readiness and ability to bring solutions to key markets and customers by enhancing sales and support structures, and will expand services in Japan focusing in particular on the thriving Commissioned Test Business. Global competitiveness will also continue to be enhanced by strengthening support for foreign affiliates and distributors in China, the EU, and other key strategic markets.

In the Electronic Device Business, we will seek to improve revenues in the FPD Device System Business by strengthening sales of development and production systems to smoothly supply the growing demand for thermal treatment equipment for processing glass substrates, and by expanding sales of new products in new fields and markets.

In the Semiconductor-related Equipment Business, we will seek to ensure stable revenues by expanding sales of products such as semiconductor and in-car device assessment systems to make up for the severe environment for orders of burn-in systems.

The next fiscal year is the first year of the second stage of the "ESPEC G-Company Plan" for management innovation, and we will accordingly be pursuing a variety of activities in line with the "four strategies" for achieving the plan's targets.

Given the above, we forecast sales of 42.0 billion yen and operating income of 3.1 billion yen in the next fiscal year.

	Millions of Yen-Except Per Share Data	
	Fiscal 2008 1st Half, Ending September 30, 2008	Fiscal 2008, Ending March 31, 2009
Net sales	20,000	42,000
Operating Income	900	3,100
Ordinary Income	1,000	3,200
Net Income	500	1,900
Net Income Per Share(Yen)	21.10	80.16

	Millions of Yen		
	Order Received	Net Sales	Operating Income
Environmental Test Business	31,000	31,000	2,750
Electronic Device Business	9,000	10,000	350
Other Businesses	1,000	1,000	-
Total	41,000	42,000	3,100

※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.

**4. Consolidated Financial Statements**  
**(1) Consolidated Balance Sheets**

Millions of yen

	As of March 31, 2007		As of March 31, 2008		Change
	Amount	Proportion	Amount	Proportion	
<b>Assets</b>		%		%	
<b>Current assets</b>	<b>28,433</b>	<b>62.7</b>	<b>28,916</b>	<b>66.0</b>	<b>483</b>
Cash & deposits	4,143		5,461		
Notes & trade receivable	17,984		15,795		
Marketable securities	699		1,649		
Inventory assets	3,207		3,314		
Other current assets	2,412		2,722		
Allowance for doubtful receivables	(13)		(26)		
<b>Fixed assets</b>	<b>16,924</b>	<b>37.3</b>	<b>14,893</b>	<b>34.0</b>	<b>(2,031)</b>
<b>Tangible fixed assets</b>	<b>10,042</b>	<b>22.1</b>	<b>9,674</b>	<b>22.1</b>	<b>(367)</b>
Building & structure	4,331		4,162		
Land	4,524		4,462		
Others	1,187		1,049		
<b>Intangible fixed assets</b>	<b>1,911</b>	<b>4.2</b>	<b>1,073</b>	<b>2.4</b>	<b>(838)</b>
<b>Investments and other assets</b>	<b>4,971</b>	<b>11.0</b>	<b>4,145</b>	<b>9.5</b>	<b>(825)</b>
Investment securities	3,285		2,471		
Others	1,867		1,863		
Allowance for doubtful receivables	(182)		(188)		
<b>Total</b>	<b>45,357</b>	<b>100.0</b>	<b>43,810</b>	<b>100.0</b>	<b>(1,547)</b>

Millions of yen

	As of March 31, 2007		As of September 30, 2008		Change
	Amount	Proportion	Amount	Proportion	
<b>Liabilities</b>		%		%	
<b>Current liabilities</b>	<b>12,174</b>	<b>26.8</b>	<b>10,390</b>	<b>23.7</b>	<b>(1,784)</b>
Notes & trade payable	7,770		6,719		
Short-term borrowing	430		457		
Accrued bonuses	595		555		
Provision for product guarantee	274		244		
Others	3,103		2,412		
<b>Long-term liabilities</b>	<b>1,647</b>	<b>3.6</b>	<b>2,292</b>	<b>5.2</b>	<b>645</b>
Long-term debt	478		416		
Liability for retirement benefit	359		130		
Others	808		1,745		
<b>Total liabilities</b>	<b>13,821</b>	<b>30.5</b>	<b>12,682</b>	<b>28.9</b>	<b>(1,138)</b>
<b>Net assets</b>					
<b>Shareholders' equity</b>					
Common stock	6,837	15.1	6,884	15.7	46
Capital surplus	7,115	15.7	7,161	16.3	46
Retained earnings	17,048	37.6	17,741	40.5	692
Treasury stock	(51)	(0.1)	(52)	(0.1)	(0)
<b>Total shareholders' equity</b>	<b>30,949</b>	<b>68.2</b>	<b>31,734</b>	<b>72.4</b>	<b>784</b>
<b>Unrealized gain (loss)</b>					
Unrealized gain (loss) on land	(32)	(0.1)	(818)	(1.9)	(785)
Unrealized gain (loss) on available-for-sale-securities	374	0.8	95	0.2	(279)
Foreign currency translation adjustments	64	0.1	(70)	(0.2)	(135)
<b>Total unrealized gain (loss)</b>	<b>406</b>	<b>0.9</b>	<b>(793)</b>	<b>(1.8)</b>	<b>(1,200)</b>
<b>Minority interests</b>	<b>179</b>	<b>0.4</b>	<b>187</b>	<b>0.4</b>	<b>7</b>
<b>Total net assets</b>	<b>31,536</b>	<b>69.5</b>	<b>31,127</b>	<b>71.1</b>	<b>(408)</b>
<b>Total liabilities and net assets</b>	<b>45,357</b>	<b>100.0</b>	<b>43,810</b>	<b>100.0</b>	<b>(1,547)</b>

**(2) Consolidated Statements of Income**

Millions of yen

	Year ended March 31,2007		Year ended March 31,2008		Change
	Amount	Proportion	Amount	Proportion	
Net sales	42,595	100.0	40,918	100.0	(1,676)
Cost of sales	27,743	65.1	27,188	66.4	(555)
Gross profit	14,851	34.9	13,730	33.6	(1,120)
Selling, general and administrative expenses	10,921	25.6	10,600	25.9	(320)
Operating income	3,930	9.2	3,129	7.6	(800)
Non-operating income	369	0.9	454	1.1	84
Interest received	36		37		
Dividends received	34		118		
Investment profit by equity method	165		171		
Others	134		126		
Non-operating expenses	205	0.5	613	1.5	407
Interest paid	34		31		
Foreign currency exchange loss	34		137		
Non-operating commission	13		9		
Loss on disposals of property, inventories	67		118		
Others	55		316		
Ordinary income	4,094	9.6	2,971	7.3	(1,123)
Extraordinary income	131	0.3	112	0.3	(19)
Extraordinary loss	231	0.5	1,134	2.8	903
Income before income taxes and minority interests	3,994	9.4	1,948	4.8	(2,046)
Income taxes current	1,422	3.3	472	1.2	(949)
deferred	25	0.1	227	0.6	202
Minority interests in net income of subsidiaries	24	0.1	32	0.1	8
Net income	2,523	5.9	1,216	3.0	(1,307)

## (3) Consolidated Statements of Cash Flows

Millions of yen

	Year ended March 31, 2007	Year ended March 31, 2008	Change
<b>Operating activities</b>			
Income before income taxes and minority interests	3,994	1,948	
Depreciation and amortization	976	1,124	
Impairment loss on fixed assets	11	496	
Loss on devaluation of securities	93	-	
Increase/decrease in provision for doubtful receivables	4	120	
Decrease in liability for retirement benefits	(168)	(228)	
Interest and dividends received	(70)	(156)	
Interest paid	34	31	
Income from sale of marketable securities	(3)	(9)	
Investment income from equity method	(165)	(171)	
Increase/decrease in trade receivables	(1,262)	1,989	
Increase/decrease in inventories	(80)	(184)	
Increase/decrease in trade payables	(189)	(990)	
Bonuses to directors and corporate auditors	(50)	-	
Others	254	391	
Sub-total	3,379	4,361	981
Proceeds from receipt of interest and dividends	153	213	
Payments for interest	(32)	(30)	
Payments for corporate taxes	(1,670)	(1,508)	
<b>Net cash provided by operating activities</b>	<b>1,829</b>	<b>3,036</b>	<b>1,207</b>
<b>Investing activities</b>			
Deposits of time deposit	(145)	(506)	
Repayments of time deposit	12	250	
Proceeds from sales and redemptions of marketable securities	168	-	
Purchases of tangible and intangible fixed assets	(1,368)	(1,024)	
Purchases of investment securities	(1,037)	(77)	
Proceeds from sales and redemptions of investment securities	604	154	
Purchases of subsidiaries stock	(51)	-	
Loans to unconsolidated subsidiaries	(7)	(3)	
Collects loans for unconsolidated subsidiaries	33	3	
Others	30	117	
<b>Net cash provided by investing activities</b>	<b>(1,760)</b>	<b>(1,085)</b>	<b>674</b>
<b>Financing activities</b>			
Proceeds from short-term bank loans	773	977	
Repayments of short-term bank loans	(856)	(927)	
Proceeds from long-term debt	20	-	
Repayments of long-term debt	(44)	(60)	
Dividends paid	(519)	(541)	
Dividends paid to minority shareholders	(1)	(28)	
Purchases of treasury stock	(1)	(0)	
Disposal of treasury stock	0	0	
Issuance of common stock	27	92	
Others	(50)	-	
<b>Net cash provided by financing activities</b>	<b>(652)</b>	<b>(488)</b>	<b>163</b>
Effect of foreign currency translation adjustments on cash and cash equivalents	47	(70)	(117)
<b>Increase/decrease in cash and cash equivalents</b>	<b>(535)</b>	<b>1,391</b>	<b>1,927</b>
Cash and cash equivalents, beginning of year	5,762	5,538	(224)
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	311	-	(311)
<b>Cash and cash equivalents, end of year</b>	<b>5,538</b>	<b>6,930</b>	<b>1,391</b>