

Listed Company Name: ESPEC CORP.

Nov 20, 2003

Company Code : 6859

Stock Listings: The first section of the Tokyo Stock Exchange and Osaka Securities Exchange
(URL <http://www.espec.co.jp>)

Represented By: Susumu Nojii, President, Representative Director

Contact: Yoshio Nakai, Senior Officer, Chief Officer of Administration HQ.

Date of Board Meeting on Approval of Financial Results were Nov 20, 2003

This consolidated financial statements is not based on the generally accepted accounting principles in USA.

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SUMMARY OF FINANCIAL RESULTS (CONSOLIDATED) OF
ESPEC CORP.
FOR FIRST HALF OF FISCAL 2003 ENDING MARCH 31, 2004

Fiscal 2003: April 1, 2003 - March 31, 2004

Fiscal 2002: April 1, 2002 - March 31, 2003

I. OPERATING RESULTS AND RELATED DATA FOR FIRST HALF OF FISCAL 2003

(1) Consolidated Operating Results

(Millions of Yen, Millions of U.S. dollars,
except per share figures)

	F/H of Fiscal 2003	F/H of Fiscal 2002	% change 2003/2002	Fiscal 2002	F/H of Fiscal 2003
Net sales	¥13,294	¥11,920	11.5	¥26,737	\$119.55
Operating income	¥476	△¥245	-	¥1,184	\$4.28
Ordinary income	¥678	△¥258	-	¥1,211	\$6.10
Net income	¥377	△¥519	-	¥189	\$3.39
Net income per share (in yen, US \$)	¥16.62	△¥22.36	-	¥8.03	\$0.15
Net income per share - diluted (in yen, US \$)	¥16.59	-	-	-	\$0.15

(Notes)

1. Equity method investment profit and loss for: First Half of Fiscal 2003= 107 Million Yen, First Half of Fiscal 2002= 12 Million Yen, Fiscal 2002 = 105 Million Yen

2. Number of shares during the period (consolidated) for: First Half of Fiscal 2003 = 22,732,662 shares, First Half of Fiscal 2002 = 23,235,947 shares, Fiscal 2002 = 23,125,106 shares,

3. No changes in accounting policy has been made.

4. The percentages for net sales, operating income, ordinary income, net income (for the first half of each Fiscal) indicates the increase/decrease from preceding corresponding period.

5. US dollar amounts are converted from yen, for convenience only, at the rate of US \$1= 111.20 yen.

(2) Consolidated Financial Standing

(Millions of yen, Millions of U.S. dollars)

	F/H of Fiscal 2003	F/H of Fiscal 2002	Fiscal 2002	F/H of Fiscal 2003
Total Assets	¥33,368	¥34,588	¥31,959	\$300.07
Shareholder's Equity	¥24,296	¥23,448	¥23,782	\$218.49
Shareholder's Equity Ratio	72.8%	67.8%	74.4%	72.8%
Shareholders' equity per share of common stock (in yen)	¥1,068.89	¥1,009.41	¥1,045.93	\$9.61

(Notes)

1. Number of issued shares at the end of the period (consolidated) for: First Half of Fiscal 2003 = 22,730,172 shares, First Half of Fiscal 2002 = 23,230,367 shares, Fiscal 2002 = 22,734,266 shares,

(3) Consolidated Status On Cash Flows

(Millions of yen, Millions of U.S. dollars)

	F/H of Fiscal 2003	F/H of Fiscal 2002	Fiscal 2002	F/H of Fiscal 2003
Cash flows from operating activities	△¥205	¥1,030	¥2,457	△\$1.84
Cash flows from investing activities	△¥144	△¥81	△¥242	△\$1.29
Cash flows from financing activities	¥65	△¥130	△¥3,684	\$0.58
Cash and cash equivalents at end of year	¥4,140	¥6,635	¥4,392	\$37.23

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries : 8

Number of not consolidated subsidiaries accounted for by equity method: Nil

Number of affiliated companies accounted for by equity method: 3

(5) Changes in the Scope of Consolidation and Application of Equity Method

Consolidation (New) : 1, (Exception) : Nil, Equity Method (New) : Nil, (Exception) : Nil

II. FORECAST OF CONSOLIDATED OPERATING RESULTS FOR FISCAL 2003

	FISCAL 2003, ENDING MARCH 31, 2004 Yen(Millions)
Net sales	¥30,500
Ordinary income	¥2,300
Net income	¥1,200

(Reference) Forecast of Net Income Per Share (full term) is ¥ 52.79

※Statements made in this flash report regarding ESPEC CORP. (the "Company")'s plans, strategies, benefits, and other statements that are not historical facts, are forward-looking statements about the future performance of the Company based on management's assumptions, anticipations, plans and beliefs in light of information available at the time of publication, and involve risks, factors and uncertainties that could cause the Company's actual results to differ materially from those presented in this report. The Company cautions you not to place undue reliance on such forward-looking statements.

1 . Consolidated half-year Balance Sheet

Title of Account	Current Interim Period (ending 03.09.30)		Previous Period (ending 03.03.31)		Changes	Previous Interim Period (ending 02.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(Assets)		%		%			%
Current Assets	20,116	60.3	19,302	60.4	813	21,142	61.1
Cash & Deposits	1,807		3,881		2,073	5,548	
Notes & Trade Receivable	11,721		11,362		358	10,198	
Marketable Securities	2,045		666		1,378	739	
Inventory Assets	3,291		2,260		1,030	2,853	
Other Current Assets	1,311		1,215		95	1,881	
Provision for Doubtful Debts	60		85		24	79	
Fixed Assets	13,252	39.7	12,656	39.6	595	13,445	38.9
Tangible Fixed Assets	8,828	26.5	8,450	26.4	377	8,657	25.0
Building & Structure	3,391		3,337		53	3,461	
Land	4,471		4,334		137	4,334	
Others	964		778		186	861	
Intangible Fixed Assets	602	1.8	548	1.7	54	476	1.4
Invested Property etc.	3,821	11.4	3,657	11.4	164	4,311	12.5
Investment in Securities	2,164		1,972		192	2,329	
Others	1,820		1,901		80	2,186	
Provision for Doubtful Debts	163		216		52	205	
TOTAL ASSETS	33,368	100.0	31,959	100.0	1,409	34,588	100.0

(Millions of Yen)

Title of Account	Current Interim Period (ending 03.09.30)		Previous Period (ending 03.03.31)		Changes	Previous Interim Period (ending 02.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(LIABILITIES)		%		%			%
Current Liabilities	7,692	23.0	7,001	21.9	690	9,935	28.7
Notes & Trade Payable	5,288		4,926		362	4,706	
Short-term Loan Payable	306		306		-	6	
CB Redemption Maturity within 1 yr	-		-		-	3,527	
Accrued Bonuses	424		411		13	535	
Provision for Product Guarantee	225		245		19	254	
Others	1,447		1,112		334	906	
Long term Liabilities	1,256	3.8	1,021	3.2	235	1,064	3.1
Provision for Retirement Payments	539		500		39	541	
Others	716		520		195	522	
Total Liabilities	8,949	26.8	8,023	25.1	926	11,000	31.8
(Minorities' Equity)							
Minority Shareholders' Equity	123	0.4	153	0.5	30	138	0.4
(SHAREHOLDERS' EQUITY)							
Share Capital	6,778	20.3	6,778	21.2	-	6,778	19.6
Capital Reserve	7,020	21.0	7,020	22.0	0	7,020	20.3
Earned Surplus	10,949	32.8	10,639	33.3	309	10,082	29.2
Other Securities Valuation Excess	92	0.3	117	0.4	209	96	0.3
Currency Exchange Adjustment	166	0.5	164	0.5	2	164	0.5
Treasury Stock	379	1.1	375	1.2	3	172	0.5
Total Capital	24,296	72.8	23,782	74.4	513	23,448	67.8
Total Of Liabilities · Minority Shareholders' Equity · Capital	33,368	100.0	31,959	100.0	1,409	34,588	100.0

2 . CONSOLIDATED INTERIM STATEMENT OF INCOME

Title of Account	Current Interim Fiscal 2003 (03.4.1 03.9.30)		Previous Interim Fiscal 2002 (02.4.1 02.9.30)		Changes	Previous Fiscal (02.4.1 03.3.31)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Sales	13,294	100.0	11,920	100.0	1,374	26,737	100.0
Cost of Sales	9,203	69.2	8,957	75.1	245	19,247	72.0
Gross Profit on Sales	4,091	30.8	2,963	24.9	1,128	7,490	28.0
Sales and Administrative Expenses	3,614	27.2	3,208	27.0	405	6,305	23.6
Operating Income	476	3.6	245	2.1	722	1,184	4.4
Non-Operating Income	(290)	2.2	(129)	1.1	(160)	(364)	1.4
Interest Received	14		18		3	36	
Dividend Income	59		12		46	15	
Company Residence Rent Income	45		47		1	94	
Investment Profit by Equity Method	107		12		94	105	
Others	63		38		24	113	
Non-Operating Expenses	(88)	0.7	(142)	1.2	(53)	(337)	1.3
Interest Paid	2		12		10	27	
Loss on Securities Sold	-		42		42	163	
Currency Exchange Loss	30		33		2	31	
Others	55		53		2	114	
Ordinary Income	678	5.1	258	2.2	936	1,211	4.5
Extraordinary Income	(25)	0.2	(-)	-	(25)	(-)	-
transfer from reserve of allowance for doubtful debts	25		-		25	-	
Extraordinary Loss	(61)	0.5	(588)	4.9	(527)	(740)	2.8
Remuneration for Retiring Directors	-		461		461	461	
Devaluation of Investment Securities	22		86		64	238	
Settlement Package	-		40		40	40	
Removal Expenses of Subsidiaries	38		-		38	-	
Net Interim Income Before Tax	642	4.8	846	7.1	1,489	471	1.7
Corporate, Resident & Business Tax	276	2.1	322	2.7	598	236	0.9
Corporate Tax etc. Adjustments	-	-	-	-	-	36	0.1
Minority Shareholders' Loss/gain (deduction)	11	0.1	5	0.0	5	9	0.0
CURRENT INTERIM NET INCOME	377	2.8	519	4.4	897	189	0.7

3 . CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Millions of Yen)

Account Title	Current Interim Period (03.4.1-03.9.30)	Previous Interim Period (02.4.1-02.9.30)	Previous Fiscal (02.4.1-03.3.31)
. Cash flows from Operating Activities			
Net current interim income before adjustment of tax	642	846	471
Depreciation	296	316	648
Loss from Revaluation of Marketable Securities	30	86	234
Changes in Allowance for Doubtful Debts	25	37	54
Changes in Provision for Retirement Allowances	39	45	86
Interest Received and Dividends Received	73	31	52
Interest Paid	2	12	27
Loss on Securities Sold	-	42	163
Gain on Equity Method	107	12	105
Payments for Directors' Bonus	3	11	11
Changes in Trade Receivables	315	989	162
Increase in Inventories	1,040	219	323
Increase in Trade Payables	321	822	961
Others	176	253	195
Sub-Total	57	888	2,271
Proceeds from Receipt of Interest and Dividends	74	204	302
Payments for Interest	3	13	27
Payments for Corporate Tax etc	219	48	89
Net Cash Provided by Operating Activities	205	1,030	2,457
. Cash Flows from Investing Activities			
Payments for Purchase of Securities	0	27	57
Proceeds from Sale or Redemption of Securities	164	60	138
Payments for Purchase of Tangible · Intangible Fixed Assets	490	162	312
Payments for Purchase of Marketable Securities	38	171	567
Proceeds from Sale or Redemption of Marketable Securities	226	183	496
Proceeds from Collection of Loans made	12	-	-
Others	19	36	59
Net Cash Provided by Investing Activities	144	81	242
. Cash Flows from Finacing Activities			
Proceeds from Short-term Loans	-	-	300
Proceeds from Long-term Loans	186	-	-
Expenditures for Redemption of CB	-	-	3,527
Dividends Paid	113	116	231
Dividends Paid to Minority Shareholders	1	3	3
Expenditures for Acquisition of Treasury Stock	3	7	210
Others	3	3	10
Net Cash Used in Finacing Activities	65	130	3,684
. Effect of Exchange Rate Changes on Cash and Cash Equivalents	0	58	60
. Net Increase in Cash and Cash Equivalents	285	760	1,530
. Cash and Cash Equivalents at Begining of Year	4,392	5,879	5,879
. Increase in Cash and Cash Equivalents due to new Consolidation	33	-	48
. Decrease in Cash and Cash Equivalents due to Exclusions from Consolidation	-	5	5
. Cash and Cash Equivalents at End of Year	4,140	6,635	4,392

4 . Status of Production, Orders Received and Sales

1 .Achievements of Production

(Millions of Yen)

Name of Business Segment	Current Interim (03.4.1 ~ 03.9.30)	Previous Interim (02.4.1 ~ 02.9.30)	Changes		Previous Fiscal (02.4.1 ~ 03.3.31)
				% change	
Environmental Test Business	7,610	6,703	906	13.5	14,266
Electronics Device Business	3,280	3,496	215	6.1	7,444
Environmental Service Business	38	2	36	1,750.3	8
Grand Total	10,929	10,202	727	7.1	21,719

2.(1)Achievements of Orders Received

(Millions of Yen)

Name of Business Segment	Current Interim (03.4.1 ~ 03.9.30)	Previous Interim (02.4.1 ~ 02.9.30)	Changes		Previous Fiscal (02.4.1 ~ 03.3.31)
				% change	
Environmental Test Business	8,854	7,578	1,275	16.8	15,784
Electronics Device Business	5,206	4,326	880	20.3	7,602
Environmental Service Business	2,868	2,492	375	15.1	5,271
Total	16,930	14,398	2,531	17.6	28,658
Eliminations	1,084	657	427	-	1,438
Grand Total	15,845	13,741	2,104	15.3	27,219

2.(2)Backlog of Orders in hand

(Millions of Yen)

Name of Business Segment	Current Interim (As of 03.9.30)	Previous Fiscal (As of 03.3.31)	Changes		Previous Interim (As of 02.9.30)
				% change	
Environmental Test Business	2,721	2,149	572	26.6	2,166
Electronics Device Business	4,678	2,533	2,144	84.7	3,515
Environmental Service Business	247	96	150	156.8	276
Total	7,647	4,779	2,867	60.0	5,959
Eliminations	481	165	316	-	6
Grand Total	7,165	4,614	2,551	55.3	5,953

3 .Sales Track

(Millions of Yen)

Name of Business Segment	Current Interim (03.4.1 ~ 03.9.30)	Previous Interim (02.4.1 ~ 02.9.30)	Changes		Previous Fiscal (02.4.1 ~ 03.3.31)
				% change	
Environmental Test Business	8,282	6,872	1,409	20.5	15,095
Electronics Device Business	3,061	3,277	216	6.6	7,536
Environmental Service Business	2,718	2,446	271	11.1	5,404
Total	14,062	12,597	1,465	11.6	28,036
Eliminations	767	676	90	-	1,299
Grand Total	13,294	11,920	1,374	11.5	26,737