

Listed Company Name: ESPEC CORP.

Nov 17, 2004

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 17, 2004

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

TEL: 06-6358-4741 FAX: 06-6358-5500

SUMMARY OF FINANCIAL RESULTS (CONSOLIDATED) OF
ESPEC CORP.
FOR FIRST HALF OF FISCAL 2004 ENDING MARCH 31, 2005

Fiscal 2004: April 1, 2004 - March 31, 2005

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

I. OPERATING RESULTS AND RELATED DATA FOR FIRST HALF OF FISCAL 2004

(1) Consolidated Operating Results

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

	F/H of Fiscal 2004	F/H of Fiscal 2003	% change 2004/2003	Fiscal 2003	F/H of Fiscal 2004
Net sales	¥ 18,284	¥ 13,294	37.5	¥ 30,537	\$ 164.84
Operating income	¥ 945	¥ 476	98.3	¥ 2,096	\$ 8.52
Ordinary income	¥ 1,116	¥ 678	64.7	¥ 2,391	\$ 10.06
Net income	¥ 604	¥ 377	59.9	¥ 1,298	\$ 5.45
Net income per share (in yen, US \$)	¥ 26.99	¥ 16.62	62.4	¥ 56.30	\$ 0.24
Net income per share - diluted (in yen, US \$)	¥ 26.63	¥ 16.59	60.5	¥ 55.89	\$ 0.24

(Notes)

- Equity method investment profit and loss for: First Half of Fiscal 2004= 21 Million Yen, First Half of Fiscal 2003= 107 Million Yen, Fiscal 2003 = 158 Million Yen
- Number of shares during the period (consolidated) for: First Half of Fiscal 2004 = 22,385,543 shares, First Half of Fiscal 2003 = 23,732,662 shares, Fiscal 2003 = 22,667,058 shares,
- No changes in accounting policy has been made.
- 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.
- US dollar amounts are converted from yen, for convenience only, at the rate of US \$1= 110.92 yen.

(2) Consolidated Financial Standing

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

	F/H of Fiscal 2004	F/H of Fiscal 2003	Fiscal 2003	F/H of Fiscal 2004
Total Assets	¥ 38,200	¥ 33,368	¥ 35,684	\$ 344.39
Shareholder's Equity	¥ 25,008	¥ 24,296	¥ 24,528	\$ 225.46
Shareholder's Equity Ratio	65.5%	72.8%	68.7%	65.5%
Shareholders' equity per share of common stock (in yen)	¥ 1,115.49	¥ 1,068.89	¥ 1,096.18	\$ 10.06

(Notes)

1. Number of issued shares at the end of the period (consolidated) for: First Half of Fiscal 2004 = 22,419,209 shares, First Half of Fiscal 2003 = 22,730,172 shares, Fiscal 2003 = 22,355,843 shares,

(3) Consolidated Status On Cash Flows

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

	F/H of Fiscal 2004	F/H of Fiscal 2003	Fiscal 2003	F/H of Fiscal 2004
Cash flows from operating activities	¥ 1,292	¥ 205	¥ 613	\$ 11.65
Cash flows from investing activities	¥ 325	¥ 144	¥ 1,149	\$ 2.93
Cash flows from financing activities	¥ 137	¥ 65	¥ 206	\$ 1.24
Cash and cash equivalents at end of year	¥ 4,449	¥ 4,140	¥ 3,614	\$ 40.11

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries : 7

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

II. FORECAST OF CONSOLIDATED OPERATING RESULTS FOR FISCAL 2004

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

	FISCAL 2004, ENDING MARCH 31, 2005	
Net sales	¥ 35,000	\$ 315.54
Ordinary income	¥ 3,000	\$ 27.05
Net income	¥ 1,600	\$ 14.42

(Reference) Forecast of Net Income Per Share (full term) is ¥ 71.37

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

(Millions of Yen)

Title of Account	Current Interim Period (ending 04.09.30)		Previous Period (ending 04.03.31)		Changes	Previous Interim Period (ending 03.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(Assets)		%		%			%
Current Assets	23,898	62.6	21,481	60.2	2,417	20,116	60.3
Cash & Deposits	4,157		2,021		2,135	1,807	
Notes & Trade Receivable	14,840		14,028		812	11,721	
Marketable Securities	—		1,000		1,000	2,045	
Inventory Assets	3,691		2,962		729	3,291	
Other Current Assets	1,248		1,503		254	1,311	
Provision for Doubtful Debts	39		34		5	60	
Fixed Assets	14,301	37.4	14,203	39.8	98	13,252	39.7
Tangible Fixed Assets	9,420	24.6	9,191	25.8	228	8,828	26.5
Building & Structure	3,984		3,841		143	3,391	
Land	4,459		4,458		1	4,471	
Others	975		891		84	964	
Intangible Fixed Assets	1,092	2.9	874	2.4	218	602	1.8
Invested Property etc.	3,788	9.9	4,137	11.6	348	3,821	11.4
Investment in Securities	2,096		2,442		346	2,164	
Others	1,856		1,879		23	1,820	
Provision for Doubtful Debts	163		184		21	163	
Total Assets	38,200	100.0	35,684	100.0	2,516	33,368	100.0

(Millions of Yen)

Title of Account	Current Interim Period (ending 04.09.30)		Previous Period (ending 04.03.31)		Changes	Previous Interim Period (ending 03.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(Liabilities)		%		%			%
Current Liabilities	11,482	30.0	9,472	26.6	2,010	7,692	23.0
Notes & Trade Payable	8,428		6,145		2,283	5,288	
Short-term Loan	340		372		32	306	
Accrued Bonuses	439		408		31	424	
Provision for Product Guarantee	268		257		10	225	
Others	2,005		2,287		282	1,447	
Long term Liabilities	1,563	4.1	1,540	4.3	23	1,256	3.8
Long-term Loan	454		445		9	—	
Provision for Retirement Payments	583		569		14	539	
Others	525		526		0	716	
Total Liabilities	13,046	34.1	11,012	30.9	2,033	8,949	26.8
(Minorities' Equity)							
Minority Shareholders' Equity	145	0.4	143	0.4	2	123	0.4
(Shareholders' Equity)							
Share Capital	6,778	17.7	6,778	19.0	—	6,778	20.3
Capital Reserve	7,020	18.4	7,022	19.6	2	7,020	21.0
Earned Surplus	12,170	31.9	11,734	32.9	436	10,949	32.8
Other Securities Valuation Excess	150	0.4	164	0.4	13	92	0.3
Currency Exchange Adjustment	315	0.8	334	0.9	19	166	0.5
Treasury Stock	796	2.1	836	2.3	40	379	1.1
Total Capital	25,008	65.5	24,528	68.7	479	24,296	72.8
Total Of Liabilities • Minority Shareholders' Equity • Capital	38,200	100.0	35,684	100.0	2,516	33,368	100.0

2 . CONSOLIDATED INTERIM STATEMENT OF INCOME

(Millions of Yen)

Title of Account	Current Interim Fiscal 2004 (04.4.1 ~ 04.9.30)		Previous Interim Fiscal 2003 (03.4.1 ~ 03.9.30)		Changes	Previous Fiscal (03.4.1 ~ 04.3.31)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Sales	18,284	100.0	13,294	100.0	4,989	30,537	100.0
Cost of Sales	13,036	71.3	9,203	69.2	3,833	20,831	68.2
Gross Profit on Sales	5,248	28.7	4,091	30.8	1,156	9,705	31.8
Sales and Administrative Expenses	4,302	23.5	3,614	27.2	687	7,609	24.9
Operating Income	945	5.2	476	3.6	468	2,096	6.9
Non-Operating Income	(235)	1.3	(290)	2.2	(54)	(514)	1.7
Interest Received	12		14		1	30	
Dividend Income	12		59		46	61	
Profit on Securities Sold	28		—		28	103	
Currency Exchange Gain	59		—		59	—	
Company Residence Rent Income	52		45		6	91	
Investment Profit by Equity Method	21		107		85	158	
Others	47		63		15	69	
Non-Operating Expenses	(64)	0.4	(88)	0.7	(24)	(219)	0.8
Interest Paid	14		2		11	5	
Currency Exchange Loss	—		30		30	88	
Others	49		55		5	125	
Ordinary Income	1,116	6.1	678	5.1	438	2,391	7.8
Extraordinary Income	(—)	-	(25)	0.2	(25)	(15)	0.0
Transfer from Reserve of Allowance for Doubtful Debts	—		25		25	15	
Extraordinary Loss	(58)	0.3	(61)	0.5	(2)	(134)	0.4
Loss on Disposals of Property, Plant and Equipment	12		—		12	22	
Remuneration for Retiring Directors	—		—		—	45	
Devaluation of Investment Securities	46		22		23	22	
Removal Expenses of Subsidiaries	—		38		38	43	
Net Interim Income Before Tax	1,058	5.8	642	4.8	415	2,272	7.4
Corporate, Resident & Business Tax	451	2.5	276	2.1	174	965	3.2
Minority Shareholders' Loss/gain (deduction)	2	0.0	11	0.1	14	8	0.0
CURRENT INTERIM NET INCOME	604	3.3	377	2.8	226	1,298	4.3

3 . CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Millions of Yen)

Title of Account	Current Interim Period (04.4.1 ~ 04.9.30)	Previous Interim Period (03.4.1 ~ 03.9.30)	Previous Fiscal (03.4.1 ~ 04.3.31)
. Cash flows from Operating Activities			
Net current interim income before adjustment of tax	1,058	642	2,272
Depreciation	321	296	608
Loss from Revaluation of Marketable Securities	41	30	30
Changes in Allowance for Doubtful Debts	4	25	15
Increase in Provision for Retirement Allowances	14	39	68
Interest Received and Dividends Received	26	73	92
Interest Paid	14	2	5
Loss on Securities Sold	28	—	103
Gain on Equity Method	21	107	158
Payments for Directors' Bonus	22	3	3
Increase in Trade Receivables	806	315	2,665
Increase in Inventories	686	1,040	864
Increase in Trade Payables	2,280	321	1,207
Others	141	176	514
Sub-Total	1,999	57	804
Proceeds from Receipt of Interest and Dividends	79	74	92
Payments for Interest	14	3	5
Payments for Corporate Tax etc	771	219	278
Net Cash Provided by Operating Activities	1,292	205	613
. Cash Flows from Investing Activities			
Payments for Purchase of Securitie	—	0	0
Proceeds from Sale or Redemption of Securities	—	164	139
Payments for Purchase of Tangible · Intangible Fixed Assets	732	490	1,385
Payments for Purchase of Marketable Securities	110	38	448
Proceeds from Sale or Redemption of Marketable Securities	476	226	471
Proceeds from Collection of Loans made	10	12	86
Others	29	19	12
Net Cash Provided by Investing Activities	325	144	1,149
. Cash Flows from Finacing Activities			
Proceeds from Short-term Loans	46	—	56
Repayment of Short-term Loans	67	—	—
Proceeds from Long-term Loans	7	186	460
Repayment of Long-term Loans	15	—	—
Dividends Paid	134	113	250
Dividends Paid to Minority Shareholders	0	1	1
Expenditures for Acuisition of Treasury Stock	13	3	464
Others	39	3	8
Net Cash Used in Finacing Activities	137	65	206
. Effect of Exchange Rate Changes on Cash and Cash Equivalentts	4	0	70
. Net Changes in Cash and Cash Equivalentts	835	285	812
. Cash and Cash Equivalentts at Beginning of Year	3,614	4,392	4,392
. Increase in Cash and Cash Equivalentts due to new Consolidation	—	33	33
. Cash and Cash Equivalentts at End of Year	4,449	4,140	3,614

4 . Status of Production, Orders Received and Sales

1 .Achievements of Production

(Millions of Yen)

Name of Business Segment	Current Interim (04.4.1 ~ 04.9.30)	Previous Interim (03.4.1 ~ 03.9.30)	Changes		Previous Fiscal (03.4.1 ~ 04.3.31)
				% change	
Environmental Test Business	8,976	7,610	1,366	18.0	16,458
Electronics Device Business	6,556	3,280	3,276	99.9	8,702
Environmental Service Business	74	38	36	94.3	69
Grand Total	15,608	10,929	4,679	42.8	25,230

2.(1)Achievements of Orders Received

(Millions of Yen)

Name of Business Segment	Current Interim (04.4.1 ~ 04.9.30)	Previous Interim (03.4.1 ~ 03.9.30)	Changes		Previous Fiscal (03.4.1 ~ 04.3.31)
				% change	
Environmental Test Business	9,836	8,854	981	11.1	17,657
Electronics Device Business	3,939	5,206	1,267	24.3	13,853
Environmental Service Business	3,320	2,868	451	15.7	6,195
Total	17,095	16,930	165	1.0	37,706
Eliminations	132	1,084	952	-	1,964
Grand Total	16,963	15,845	1,117	7.1	35,742

2.(2)Backlog of Orders in hand

(Millions of Yen)

Name of Business Segment	Current Interim (as of 04.9.30)	Previous Fiscal (as of 04.3.31)	Changes		Previous Interim (as of 03.9.30)
				% change	
Environmental Test Business	2,683	2,382	300	12.6	2,721
Electronics Device Business	5,349	7,755	2,406	31.0	4,678
Environmental Service Business	479	267	212	79.2	247
Total	8,511	10,405	1,893	18.2	7,647
Eliminations	14	587	572	-	481
Grand Total	8,497	9,818	1,320	13.5	7,165

3 .Sales Track

(Millions of Yen)

Name of Business Segment	Current Interim (04.4.1 ~ 04.9.30)	Previous Interim (03.4.1 ~ 03.9.30)	Changes		Previous Fiscal (03.4.1 ~ 04.3.31)
				% change	
Environmental Test Business	9,535	8,282	1,252	15.1	17,425
Electronics Device Business	6,345	3,061	3,284	107.3	8,631
Environmental Service Business	3,108	2,718	389	14.3	6,024
Total	18,989	14,062	4,927	35.0	32,081
Eliminations	704	767	62	-	1,543
Grand Total	18,284	13,294	4,989	37.5	30,537