

Listed Company Name: ESPEC CORP.

May 19, 2004

Company Code : 6859

Listed on the first section of Tokyo Stock Exchange and Osaka Securities Exchange

(URL <http://www.espec.co.jp>)

Represented By: Susumu Nojii, President, Representative Director

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Date of Board Meeting on Approval of Financial Results were May 19, 2004

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

SUMMARY OF FINANCIAL RESULTS (CONSOLIDATED)
OF ESPEC CORP.
FOR THE FISCAL 2003 ENDED MARCH 31, 2004

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

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

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

I. CONSOLIDATED OPERATING RESULTS AND RELATED DATA FOR FISCAL 2003

(1) Consolidated Operating Results

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

	Fiscal 2003	Fiscal 2002	% change 2003/2002	Fiscal 2003
Net sales	¥30,537	¥26,737	14.2	\$288.93
Operating income	¥2,096	¥1,184	76.9	\$19.83
Ordinary income	¥2,391	¥1,211	97.3	\$22.62
Net income	¥1,298	¥189	586.3	\$12.28
Net income per share (in yen, US \$)	¥56.30	¥8.03	601.0	\$0.53
Net income per share - diluted (in yen, US \$)	¥55.89	7.82	614.7	\$0.53
Net income to shareholders' equity	5.4%	0.8%	-	5.4%
Ordinary income to total assets	7.1%	3.6%	-	7.1%
Ordinary income to net sales	7.8%	4.5%	-	7.8%

(Notes)

1 Equity method investment profit and loss for: Fiscal 2003= 158 Milion Yen, Fiscal 2002= 105 Milion Yen

2 Number of shares during the period (consolidated) for:

Fiscal 2003 = 22,667,058 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 indicates the increase/decrease from preceding period.

5 US dollar amounts are converted from yen, for convenience only, at the rate of US \$1= 105.69 yen.

(2) Consolidated Financial Standing

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

	Fiscal 2003	Fiscal 2002	Fiscal 2003
Total Assets	¥35,684	¥31,959	\$337.63
Shareholder's Equity	¥24,528	¥23,782	\$232.07
Shareholder's Equity Ratio	68.7%	74.4%	68.7%
Shareholders' equity per share of common stock	¥1,096.18	¥1,045.93	\$10.37

(Note) Number of shares issued and outstanding as of the end the period (consolidated) for:

Fiscal 2003 = 22,355,843 shares, Fiscal 2002 = 22,734,266 shares

(3) Consolidated Status On Cash Flows

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

	Fiscal 2003	Fiscal 2002	Fiscal 2003
Cash flows from operating activities	¥613	¥2,457	\$5.80
Cash flows from investing activities	¥1,149	¥242	\$10.87
Cash flows from financing activities	¥206	¥3,684	\$1.95
Cash and cash equivalents at end of year	¥3,614	¥4,392	\$34.19

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries : 8

Number of non-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 2004

	FISCAL 2004 1ST HALF, ENDING SEPTEMBER 30,2004 Yen(Millions)	FISCAL 2004, ENDING MARCH 31, 2005 Yen(Millions)
Net sales	¥16,000	¥35,000
Ordinary income	¥1,000	¥3,000
Net income	¥550	¥1,600

(Reference) Forecast of Net Income Per Share (full term) is ¥ 71.57

Cautionary Statements : Statements made in this flash summary report (the "Report") regarding ESPEC CORP.'s plans, assumptions, forecasts and other statements that are not historical facts, are forward-looking statements about the future performance of the ESPEC CORP. based on management's assumptions in light of information available at the time of publication, and involve risks, factors and uncertainties that could cause ESPEC CORP.'s actual results to differ materially from those presented in this Report. For reference, the related issues about this forecast section are described on page 7 to 10 of the Japanese version of this Report.

Consolidated Financial Statements

1 . Consolidated Balance Sheet

(Millions of Yen)

Title of Account	Fiscal 2003 (ending on 2004.03.31)		Fiscal 2002 (ending on 2003.03.31)		Increase/Decrease
	Amount	Proportion	Amount	Proportion	
(Assets)		%		%	
Current Assets	21,481	60.2	19,302	60.4	2,178
Cash & Deposits	2,021		3,881		1,860
Notes & Trade Receivable	14,028		11,362		2,665
Marketable Securities	1,000		666		333
Inventory Assets	2,962		2,260		701
Deferred Tax Asset	415		614		198
Others	1,087		601		485
Provision for Doubtful Debts	34		85		50
Fixed Assets	14,203	39.8	12,656	39.6	1,546
Tangible Fixed Assets	9,191	25.8	8,449	26.4	741
Building & Structure	3,841		3,337		503
Machinery & Transp. Vehicle	176		162		14
Tools, Furniture & Fixtures	714		615		98
Land	4,458		4,334		124
Construction in Progress	0		-		0
Intangible Fixed Assets	874	2.4	548	1.7	325
Invested Property etc.	4,137	11.6	3,658	11.5	479
Investment in Securities	2,442		1,972		470
Deferred Tax Asset	388		485		97
Other Investments	1,491		1,416		74
Provision for Doubtful Debts	184		216		31
TOTAL ASSETS	35,684	100.0	31,959	100.0	3,725

(Millions of Yen)

Title of Account	Fiscal 2003 (ending on 2004.03.31)		Fiscal 2002 (ending on 2003.03.31)		Increase/Decrease
	Amount	Proportion	Amount	Proportion	
(LIABILITIES)		%		%	
Current Liabilities	9,472	26.6	7,001	21.9	2,470
Notes & Trade Payable	6,145		4,926		1,218
Short term loan	350		306		44
Corporate Tax Payable	797		199		597
Accrued Bonuses	408		411		3
Provision for Product Guarantee	257		245		12
Others	1,513		912		600
Long term Liabilities	1,540	4.3	1,021	3.2	519
Long-Term loan	445		7		437
Provision for Retirement Benefit	569		500		68
Consolidation Adjustment	11		3		7
Others	514		509		5
Total Liabilities	11,012	30.9	8,023	25.1	2,989
(Minorities' Equity)					
Minority Shareholders' Equity	143	0.4	153	0.5	10
(SHAREHOLDERS' EQUITY)					
Share Capital	6,778	19.0	6,778	21.2	-
Capital Reserve	7,022	19.6	7,020	22.0	2
Consolidated Surplus	11,734	32.9	10,639	33.3	1,094
Other Security Appraisal Variance	164	0.4	117	0.4	281
Currency Exchange Adjustment	334	0.9	164	0.5	170
Treasury Stock	836	2.3	375	1.2	460
Total Capital	24,528	68.7	23,782	74.4	746
Total Of Liabilities • Minority Shareholders' Equity • Capital	35,684	100.0	31,959	100.0	3,725

2 . CONSOLIDATED PROFIT & LOSS STATEMENT

(Millions of Yen)

Title of Account	Fiscal 2003 (03.4.1-04.3.31)		Fiscal 2002 (02.4.1-03.3.31)		Increase/ Decrease
	Amount	Proportion %	Amount	Proportion %	
Sales	30,537	100.0	26,737	100.0	3,799
Cost of Goods Sold	20,831	68.2	19,247	72.0	1,584
Gross Profit on Sales	9,705	31.8	7,490	28.0	2,215
Sales and Administrative Expenses	7,609	24.9	6,305	23.6	1,303
Operating Income	2,096	6.9	1,184	4.4	911
Non-Operating Income	(514)	1.7	(364)	1.4	(149)
Interest Received	30		36		5
Dividends Received	61		15		46
Profit on Securities Sold	103				103
Company Residence Rent Income	91		94		3
Investment Profit by Equity Method	158		105		52
Others	69		113		43
Non-Operating Expenses	(219)	0.8	(337)	1.3	(117)
Interest Paid	5		27		21
Loss on Securities Sold			163		163
Loss on Foreign Exchange	88		31		56
Non Operating Commission	8		23		14
Others	116		90		25
Ordinary Profit	2,391	7.8	1,211	4.5	1,179
Extraordinary Income	(15)	0.0	-		(15)
Profit on Transfer from Reserve for Bad Debt Reserves	15				15
Extraordinary Loss	(134)	0.4	(740)	2.8	(605)
Loss on Retirement of Fixed Assets	22				22
Director's Retirement Allowances of Subsidiary	45		461		415
Devaluation of Investment Securities	22		238		215
Litigation Settlement Package			40		40
Relocation Expenses of Subsidiary	43				43
Net Profit Before Tax	2,272	7.4	471	1.7	1,800
Corporate, Resident & Business Tax	873	2.8	236	0.9	636
Corporate Tax etc. Adjustments	91	0.3	36	0.1	55
Minority Shareholders' Gain	8	0.0	9	0.0	1
NET PROFIT	1,298	4.3	189	0.7	1,109

3 . CONSOLIDATED STATEMENTS OF CASH FLOWS

(Millions of Yen)

Account Title	Fiscal 2003 (03.4.1-04.3.31)	Fiscal 2002 (02.4.1-03.3.31)
. Cash flows from Operating Activities		
Net income before adjustment of tax	2,272	471
Depreciation	608	648
Loss from Revaluation of Marketable Securities	30	234
Increase/Decrease in Allowance for Doubtful Accounts	15	54
Increase/Decrease in Provision for Retirement Benefit	68	86
Interest Received and Dividends Received	92	52
Interest Paid	5	27
Income from Sale of Marketable Securities	103	
Loss from Sale of Marketable Securities		163
Investment Income from Equity Method	158	105
Payments for Directors' Bonus	3	11
Increase/Decrease in Trade Receivables	2,665	162
Increase/Decrease in Inventories	864	323
Increase/Decrease in Trade Payables	1,207	961
Others	514	195
Sub-Total	804	2,271
Proceeds from Receipt of Interest and Dividends	92	302
Payments for Interest	5	27
Payments for Corporate Tax etc	278	89
Net Cash Provided by Operating Activities	613	2,457
. Cash Flows from Investing Activities		
Payments for Purchase of Securities	0	57
Proceeds from Sale and Redemption of Securities	139	138
Payments for Purchase of Tangible · Intangible Fixed Assets	1,385	312
Disbursements due to Acquisition of Investment Securities	448	567
Proceeds from Sale and Redemption of Investment Securities	471	496
Others	74	59
Net Cash Provided by Investing Activities	1,149	242
. Cash Flows from Financing Activities		
Revenue from Short Term Loan	56	300
Revenue from Long Term Loan	460	
Disbursements due to redemption of Convertible Bond		3,527
Dividends Paid	250	231
Dividends Paid to Minority Shareholders	1	3
Disbursements due to Acquisition of Treasury Stock	464	210
Others	8	10
Net Cash Used in Financing Activities	206	3,684
. Effect of Exchange Rate Changes on Cash and Cash Equivalents	70	60
. Net Decrease in Cash and Cash Equivalents	812	1,530
. Cash and Cash Equivalents at Beginning of Year	4,392	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
. Cash and Cash Equivalents at End of Year	3,614	4,392

4 . Status of Production, Orders Received and Sales

1 .Achievements of Production

(Millions of Yen)

Name of Business Segment	Fiscal 2003 (03.4.1-04.3.31)	Fiscal 2002 (02.4.1-03.3.31)	Changes	
				% change
Environmental Test Business	16,458	14,266	2,191	15.4
Electronics Device Business	8,702	7,444	1,257	16.9
Environmental Service Business	69	8	61	721.8
Grand Total	25,230	21,719	3,510	16.2

2.(1)Achievements of Orders Received

Name of Business Segment	Fiscal 2003 (03.4.1-04.3.31)	Fiscal 2002 (02.4.1-03.3.31)	Changes	
				% change
Environmental Test Business	17,657	15,784	1,873	11.9
Electronics Device Business	13,853	7,602	6,251	82.2
Environmental Service Business	6,195	5,271	924	17.5
Total	37,706	28,658	9,048	31.6
Eliminations	1,964	1,438	526	-
Grand Total	35,742	27,219	8,522	31.3

2.(2)Backlog of Orders in hand

Name of Business Segment	Fiscal 2003 (2004.03.31)	Fiscal 2002 (2003.03.31)	Changes	
				% change
Environmental Test Business	2,382	2,149	232	10.8
Electronics Device Business	7,755	2,533	5,222	206.1
Environmental Service Business	267	96	171	178.1
Total	10,405	4,779	5,626	117.7
Eliminations	587	165	422	-
Grand Total	9,818	4,614	5,203	112.8

3 .Sales Track

Name of Business Segment	Fiscal 2003 (03.4.1-04.3.31)	Fiscal 2002 (02.4.1-03.3.31)	Changes	
				% change
Environmental Test Business	17,425	15,095	2,330	15.4
Electronics Device Business	8,631	7,536	1,094	14.5
Environmental Service Business	6,024	5,404	619	11.5
Total	32,081	28,036	4,044	14.4
Eliminations	1,543	1,299	244	-
Grand Total	30,537	26,737	3,799	14.2