

Listed Company Name: ESPEC CORP.

Nov 16, 2005

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 16, 2005

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 2005 ENDING MARCH 31, 2006

Fiscal 2005: April 1, 2005 - March 31, 2006

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

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 2005	F/H of Fiscal 2004	% change 2005/2004	Fiscal 2004	F/H of Fiscal 2005
Net sales	¥ 18,045	¥ 18,284	1.3	¥ 38,789	\$ 162.45
Operating income	¥ 1,363	¥ 945	44.2	¥ 2,633	\$ 12.27
Ordinary income	¥ 1,479	¥ 1,116	32.5	¥ 2,873	\$ 13.31
Net income	¥ 725	¥ 604	20.0	¥ 1,625	\$ 6.53
Net income per share (in yen, US \$)	¥ 31.08	¥ 26.99	15.2	¥ 70.32	\$ 0.28
Net income per share - diluted (in yen, US \$)	¥ 30.85	¥ 26.63	15.8	¥ 69.56	\$ 0.28

(Notes)

1. Equity method investment profit and loss for: First Half of Fiscal 2005= 83 Million Yen, First Half of Fiscal 2004= 21 Million Yen, Fiscal 2004 = 2 Million Yen
2. Number of shares during the period (consolidated) for: First Half of Fiscal 2005 = 23,325,807 shares, First Half of Fiscal 2004 = 22,385,543 shares, Fiscal 2004 = 22,659,029 shares,
3. The change 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= 111.08 yen.

(2) Consolidated Financial Standing

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

	F/H of Fiscal 2005	F/H of Fiscal 2004	Fiscal 2004	F/H of Fiscal 2004
Total Assets	¥ 39,104	¥ 38,200	¥ 40,266	\$ 352.03
Shareholder's Equity	¥ 27,466	¥ 25,008	¥ 26,569	\$ 247.26
Shareholder's Equity Ratio	70.2%	65.5%	66.0%	\$ 0.01
Shareholders' equity per share of common stock (in yen)	¥ 1,171.74	¥ 1,115.49	¥ 1,141.06	\$ 10.55

(Notes)

1. Number of issued shares at the end of the period (consolidated) for: First Half of Fiscal 2005 = 23,440,497 shares, First Half of Fiscal 2004 = 22,419,209 shares, Fiscal 2004 = 23,256,737 shares,

(3) Consolidated Status On Cash Flows

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

	F/H of Fiscal 2005	F/H of Fiscal 2004	Fiscal 2004	F/H of Fiscal 2004
Cash flows from operating activities	¥ 1,638	¥ 1,292	¥ 2,918	\$ 14.75
Cash flows from investing activities	¥ 1,468	¥ 325	¥ 760	\$ 13.22
Cash flows from financing activities	¥ 40	¥ 137	¥ 98	\$ 0.36
Cash and cash equivalents at end of year	¥ 6,430	¥ 4,449	¥ 6,247	\$ 57.89

(4) Scope of Consolidation and Application of Equity Method

Number of consolidated subsidiaries : 10

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

Number of affiliated companies accounted for by equity method: 1

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

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

II. FORECAST OF CONSOLIDATED OPERATING RESULTS FOR FISCAL 2004

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

	FISCAL 2005, ENDING MARCH 31, 2006	
Net sales	¥ 39,500	\$ 355.60
Ordinary income	¥ 3,600	\$ 32.41
Net income	¥ 1,900	\$ 17.10

(Reference) Forecast of Net Income Per Share (full term) is ¥ 81.45

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 05.09.30)		Previous Period (ending 05.03.31)		Changes	Previous Interim Period (ending 04.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(Assets)		%		%			%
Current Assets	23,853	61.0	26,052	64.7	2,199	23,898	62.6
Cash & Deposits	4,431		4,274		157	4,157	
Notes & Trade Receivable	12,313		14,311		1,998	14,840	
Marketable Securities	2,169		1,901		268	—	
Inventory Assets	3,502		3,773		271	3,691	
Other Current Assets	1,439		1,831		392	1,248	
Provision for Doubtful Debts	4		39		35	39	
Fixed Assets	15,251	39.0	14,213	35.3	1,038	14,301	37.4
Tangible Fixed Assets	9,460	24.2	9,584	23.8	124	9,420	24.6
Building & Structure	3,898		3,950		52	3,984	
Land	4,497		4,539		42	4,459	
Others	1,063		1,094		31	975	
Intangible Fixed Assets	1,603	4.1	1,394	3.5	209	1,092	2.9
Invested Property etc.	4,187	10.7	3,234	8.0	953	3,788	9.9
Investment in Securities	2,808		1,994		814	2,096	
Others	1,568		1,421		147	1,856	
Provision for Doubtful Debts	188		181		7	163	
Total Assets	39,104	100.0	40,266	100.0	1,162	38,200	100.0

(Millions of Yen)

Title of Account	Current Interim Period (ending 05.09.30)		Previous Period (ending 05.03.31)		Changes	Previous Interim Period (ending 04.09.30)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
(Liabilities)		%		%			%
Current Liabilities	9,562	24.4	11,546	28.7	1,984	11,482	30.0
Notes & Trade Payable	5,900		7,226		1,326	8,428	
Short-term Loan	409		386		23	340	
Accrued Bonuses	476		435		41	439	
Provision for Product Guarantee	349		352		3	268	
Others	2,426		3,145		719	2,005	
Long term Liabilities	1,667	4.3	1,687	4.2	20	1,563	4.1
Long-term Loan	519		496		23	454	
Provision for Retirement Payments	578		603		25	583	
Others	569		587		18	525	
Total Liabilities	11,230	28.7	13,233	32.9	2,003	13,046	34.1
(Minorities' Equity)							
Minority Shareholders' Equity	408	1.1	463	1.1	55	145	0.4
(Shareholders' Equity)							
Share Capital	6,778	17.3	6,778	16.8	0	6,778	17.7
Capital Reserve	7,059	18.1	7,069	17.6	10	7,020	18.4
Earned Surplus	13,608	34.8	13,057	32.4	551	12,170	31.9
Land Revaluation Excess	23	0.1	—		—	—	
Other Securities Valuation Excess	347	0.9	236	0.6	111	150	0.4
Currency Exchange Adjustment	260	0.7	393	1.0	133	315	0.8
Treasury Stock	43	0.1	179	0.4	136	796	2.1
Total Capital	27,466	70.2	26,569	66.0	897	25,008	65.5
Total Of Liabilities • Minority Shareholders' Equity • Capital	39,104	100.0	40,266	100.0	1,162	38,200	100.0

2 . CONSOLIDATED INTERIM STATEMENT OF INCOME

(Millions of Yen)

Title of Account	Previous Interim Fiscal 2004 (04.4.1 ~ 04.9.30)		Current Interim Fiscal 2005 (05.4.1 ~ 05.9.30)		Changes	Previous Fiscal (04.4.1 ~ 05.3.31)	
	Amount	Proportion	Amount	Proportion		Amount	Proportion
		%		%			%
Sales	18,284	100.0	18,045	100.0	239	38,789	100.0
Cost of Sales	13,036	71.3	12,202	67.6	834	27,365	70.5
Gross Profit on Sales	5,248	28.7	5,842	32.4	594	11,423	29.5
Sales and Administrative Expenses	4,302	23.5	4,478	24.8	176	8,790	22.7
Operating Income	945	5.2	1,363	7.6	418	2,633	6.8
Non-Operating Income	(235)	1.3	(179)	1.0	(56)	(380)	1.0
Interest Received	12		11		1	23	
Dividend Income	12		14		2	19	
Profit on Securities Sold	28		12		16	54	
Currency Exchange Gain	59		25		34	94	
Company Residence Rent Income	52		-		-	105	
Investment Profit by Equity Method	21		83		62	2	
Others	47		33		14	81	
Non-Operating Expenses	(64)	0.4	(63)	0.4	(1)	(141)	0.4
Interest Paid	14		16		2	30	
Currency Exchange Loss	—		-		-	-	
Others	49		45		-	109	
Ordinary Income	1,116	6.1	1,479	8.2	363	2,873	7.4
Extraordinary Income	(—)	-	(22)	0.1	-	-	
Transfer from Reserve of Allowance for Doubtful Debts	—		22		-	-	
Extraordinary Loss	(58)	0.3	(255)	1.4	(197)	(136)	0.4
Loss on Disposals of Property, Plant and Equipment	12		14		2	28	
Impairment Loss on Fixed Assets	-		49		-	-	
Remuneration for Retiring Directors	—		171		-	-	
Loss on Cancellation of Lease	-		-		-	23	
Loss on Sales of Investment Securities	-		-		-	39	
Devaluation of Investment Securities	46		-		-	46	
Devaluation on Investment in Subsidiaries	—		20		-	-	
Net Interim Income Before Tax	1,058	5.8	1,246	6.9	188	2,736	7.0
Corporate, Resident & Business Tax	451	2.5	549	3.0	98	1,094	2.8
Minority Shareholders' Loss/gain (deduction)	2	0.0	27	0.1	29	17	0.0
CURRENT INTERIM NET INCOME	604	3.3	725	4.0	121	1,625	4.2

3 . CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Millions of Yen)

Title of Account	Previous Interim Period (04.4.1 ~ 04.9.30)	Current Interim Period (05.4.1 ~ 05.9.30)	Previous Fiscal (04.4.1 ~ 05.3.31)
. Cash flows from Operating Activities			
Net current interim income before adjustment of tax	1,058	1,246	2,736
Depreciation	321	364	698
Impairment Loss on Fixed Assets	-	49	-
Devaluation on Investment in Subsidiaries	-	20	-
Loss from Revaluation of Marketable Securities	41	-	46
Changes in Allowance for Doubtful Debts	4	29	4
Increase in Provision for Retirement Allowances	14	25	9
Interest Received and Dividends Received	26	26	43
Interest Paid	14	17	30
Loss on Securities Sold	28	12	54
Gain on Equity Method	21	83	2
Payments for Directors' Bonus	22	37	24
Increase in Trade Receivables	806	2,065	528
Increase in Inventories	686	400	326
Increase in Trade Payables	2,280	1,383	462
Others	141	348	734
Sub-Total	1,999	2,218	3,974
Proceeds from Receipt of Interest and Dividends	79	24	96
Payments for Interest	14	16	30
Payments for Corporate Tax etc	771	587	1,122
Net Cash Provided by Operating Activities	1,292	1,638	2,918
. Cash Flows from Investing Activities			
Payments for Purchase of Securities	—	169	100
Payments for Purchase of Tangible · Intangible Fixed Assets	732	479	1,373
Payments for Purchase of Marketable Securities	110	838	184
Proceeds from Sale or Redemption of Marketable Securities	476	226	620
Proceeds from Collection of Loans made	10	2	13
Others	29	209	264
Net Cash Provided by Investing Activities	325	1,468	760
. Cash Flows from Financing Activities			
Proceeds from Short-term Loans	46	410	60
Repayment of Short-term Loans	67	388	370
Proceeds from Long-term Loans	7	0	11
Repayment of Long-term Loans	15	25	15
Dividends Paid	134	161	291
Dividends Paid to Minority Shareholders	0	1	0
Expenditures for Acquisition of Treasury Stock	13	0	13
Others	39	125	718
Net Cash Used in Financing Activities	137	40	98
. Effect of Exchange Rate Changes on Cash and Cash Equivalents	4	52	24
. Net Changes in Cash and Cash Equivalents	835	182	2,232
. Cash and Cash Equivalents at Beginning of Year	3,614	6,247	3,614
. Increase in Cash and Cash Equivalents due to new Consolidation	—	-	401
. Cash and Cash Equivalents at End of Year	4,449	6,430	6,247

4 . Status of Production, Orders Received and Sales

1 .Achievements of Production

Name of Business Segment	Previous Interim (04.4.1 ~ 04.9.30)	Current Interim (05.4.1 ~ 05.9.30)	Changes	
				% change
Environmental Test Business	8,855	8,981	126	1.4
Electronics Device Business	6,556	4,787	1,769	27.0
Environmental Service Business	196	124	72	36.7
Grand Total	15,608	13,893	1,714	11.0

2.(1)Achievements of Orders Received

Name of Business Segment	Previous Interim (04.4.1 ~ 04.9.30)	Current Interim (05.4.1 ~ 05.9.30)	Changes	
				% change
Environmental Test Business	9,741	11,578	1,836	18.9
Electronics Device Business	3,939	4,980	1,041	26.4
Environmental Service Business	3,414	3,661	246	7.2
Total	17,095	20,220	3,124	18.3
Eliminations	132	682	550	-
Grand Total	16,963	19,537	2,574	15.2

2.(2)Backlog of Orders in hand

Name of Business Segment	Previous Interim (as of 05.3.31)	Current Fiscal (as of 05.9.30)	Changes	
				% change
Environmental Test Business	2,181	4,312	2,130	97.6
Electronics Device Business	4,706	4,091	615	13.1
Environmental Service Business	326	389	63	19.3
Total	7,215	8,793	1,578	21.9
Eliminations	40	126	85	-
Grand Total	7,174	8,667	1,492	20.8

3 .Sales Track

Name of Business Segment	Previous Interim (04.4.1 ~ 04.9.30)	Current Interim (05.4.1 ~ 05.9.30)	Changes	
				% change
Environmental Test Business	9,443	9,455	12	0.1
Electronics Device Business	6,345	5,595	750	11.8
Environmental Service Business	3,200	3,590	390	12.2
Total	18,989	18,641	347	1.8
Eliminations	704	596	108	-
Grand Total	18,284	18,045	239	1.3