



**Summary of Financial Results (Consolidated)**  
**for the Second Quarter of Fiscal 2011 Ending March 31, 2012**  
**[under Japanese GAAP]**

November 11, 2011

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo, Osaka Stock Exchanges, First Section
Securities Code:	6859
Homepage:	<a href="http://www.espec.co.jp">http://www.espec.co.jp</a>
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Planned Date of Filing of Quarterly Report:	November 14, 2011
Dividends Payment Beginning Day:	December 9, 2011
Preparing Supplementary Material on Quarterly Financial Results:	Yes
Holding Quarterly Financial Results Presentation Meeting:	Yes (For Institutional Investors)

\*The original disclosure in Japanese was released on November 11, 2011 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 2<sup>nd</sup> quarter of fiscal 2011 ending March 31, 2012 (April 1, 2011 ~ September 30, 2011)

(1) Consolidated operating results (cumulative)

(% figures are rates of change in comparison to the same period last year)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
First six months ended September 30, 2011	14,306	10.8	569	3.4	636	(6.6)	521	(32.8)
First six months ended September 30, 2010	12,916	36.9	550	-	680	-	776	-

(Note) Statements of comprehensive income First six months ended September 30, 2011 ¥494million [5.9%]  
 First six months ended September 30, 2010 ¥467million [-%]

	Net Income Per Share		Net income Per Share, Diluted	
	Yen		Yen	
First six months ended September 30, 2011	22.22		-	
First six months ended September 30, 2010	32.70		-	

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of September 30, 2011	36,730	27,840	75.3	1,178.85
As of March 31, 2011	37,905	27,580	72.4	1,169.00

(Reference) Shareholders' equity As of September 30, 2011 ¥27,656 million  
 As of March 31, 2011 ¥27,425 million

2. Dividends

	Annual dividends				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2011	-	5.00	-	10.00	15.00
Fiscal year ended March 31, 2012	-	5.00			
Fiscal year ending March 31, 2012 (forecast)			-	10.00	15.00

(Note) Has there been a correction in the dividend forecast this quarter: No

3. Forecast of consolidated operating results for fiscal 2011 ending March 31, 2012 (April 1, 2011 ~ March 31, 2012)

(% figures for the whole term are rates of change in comparison to last year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Fiscal year ending March 31, 2012	31,500	6.5	1,300	(6.6)	1,450	(13.9)	1,400	(15.4)	59.67

(Note) Has there been a correction in the results forecast this quarter: No

4. Others

(1) Transfers of important subsidiaries during this quarter (transfers of specified subsidiaries entailing changes in the scope of consolidation):

No

New (Company name: ) Excluded (Company name: )

(2) Application of special accounting methods in the creation of quarterly consolidated financial statements: Yes

(Note) For details, see "2. (2)" under "Application of special accounting methods in the creation of quarterly consolidated financial statements" on p.4.

(3) Changes in accounting policies; changes in accounting estimates; restatements of financial statements

1) Changes in accounting policies due to amendment of accounting standards: No

2) Changes in accounting policies other than above: No

3) Changes in accounting estimates: No

4) Restatements of financial statements: No

(4) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term (Including treasury stock):

As of September 30, 2011	23,781,394 shares	As of March 31, 2011	23,781,394 shares
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2) Quantity of treasury stock at end of term:

As of September 30, 2011	320,902 shares	As of March 31, 2011	320,872 shares
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3) Average number of shares during the term (Consolidated quarter):

First six months ended September 30, 2011	23,460,512 shares	First six months ended September 30, 2010	23,731,112 shares
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\* Indication regarding execution of quarterly procedures

This quarterly financial results report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results report, the quarterly review procedures were used in accordance with the Financial Instruments and Exchange Act.

\* Explanation of appropriate use of results forecasts and other matters of note

Statements concerning the future such as the results forecasts, etc., included in this document are based on currently available information and certain assumptions judged reasonable and actual results, etc., may differ due to various factors. Please refer to "Qualitative information concerning the consolidated operating forecasts" on page 4 for forecast assumptions and notes of caution for usage.

## Index of Attached Material

1. Qualitative Information concerning Consolidated Financial Results -----	2
(1) Qualitative information concerning the consolidated operating results -----	2
(2) Qualitative information concerning the consolidated financial standing -----	4
(3) Qualitative information concerning the consolidated operating forecasts-----	4
2. Summary Information (Others) -----	4
(1) Transfers of important subsidiaries during this quarter -----	4
(2) Application of special accounting methods in the creation of quarterly consolidated financial statements -----	4
3. Quarterly Consolidated Financial Statements -----	5
(1) Quarterly Consolidated Balance Sheets -----	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
Quarterly Consolidated Statements of Income	
(Six months ended September 30, 2011) -----	6
Quarterly Consolidated Statements of Comprehensive Income	
(Six months ended September 30, 2011) -----	7
(3) Notes on the assumption of a going concern -----	8
(4) Segment information -----	8
(5) Notes in cases where marked changes have occurred in the value of shareholder equity -----	8

## 1. Qualitative Information concerning Consolidated Financial Results

### (1) Qualitative information concerning the consolidated operating results

During the first six months of fiscal 2011, the year ending March 31, 2012, Japan saw economic activity, which had been moving toward a recovery, rapidly come to a standstill as a result of the severe impact of the Great East Japan Earthquake. In the later part of the period under review, production activity has picked up faster than initially anticipated, as supply chains have been restored. However, Japan's economy has been hit hard by the yen's sharp appreciation and other issues. Moreover, the outlook has grown increasingly uncertain, as a result of concerns about the impacts of power shortages, the yen's protracted appreciation, and the worsening economic conditions in Europe and North America.

The global economy has been moving toward a gradual recovery, supported by sustained growth in China and other emerging countries. However, the cascade of financial instability in Europe and slowing economic growth in emerging countries, among other factors, have fueled concerns about a potential global economic slowdown going forward.

As regards the Company's main customers, the earthquake and its aftermath caused some of them to revise or postpone their investment plans. However, favorable market conditions saw semiconductor and battery makers continue to pursue assertive capital investments, and R&D investments were firm for electronic component and equipment makers, and within the automotive industry.

Under these circumstances, as in the first quarter, the Company endeavored to expand sales in favorable markets and launched new energy-saving products in the market, encouraging existing customers to buy a new model in exchange for their old one. The Company also strengthened its sales activities centered on China and other emerging Asian countries.

As a result, on a consolidated basis, the amount of orders-received in the first half of fiscal 2011 rose 8.0% year on year to ¥16,303 million, and net sales increased 10.8% to ¥14,306 million. On the earnings front, the Company improved the cost-of-sales ratio and recorded improved earnings at overseas subsidiaries, despite incurring higher fixed costs.

Consequently, operating income increased 3.4% year on year to ¥569 million, while net income declined 32.8% year on year to ¥521 million.

	Previous consolidated 2 <sup>nd</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 2 <sup>nd</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	15,101	16,303	8.0
Net Sales	12,916	14,306	10.8
Operating Income	550	569	3.4
Ordinary Income	680	636	(6.6)
Quarterly net Income	776	521	(32.8)

#### [Equipment Business]

In environmental test chambers, in Japan the Company strengthened sales of walk-in type temperature and humidity chambers and customized machinery for R&D applications, focusing on battery related and other favorable markets. Turning to overseas markets, the Company focused on cultivating new customers in China and other emerging Asian countries. The result was a substantial increase in orders-received and net sales, compared with the first half of fiscal 2010, with both orders-received and sales surpassing their initial targets.

In semiconductor equipment, business was firm for burn-in systems for semiconductor makers until the end of the first quarter of fiscal 2011. As a result, orders-received and net sales both surpassed their initial targets, but decreased compared with the first half of fiscal 2010.

In FPD equipment, the Company received orders for clean ovens for small LCD panels from Taiwan and Japanese

manufacturers. The result was a substantial increase in orders-received compared with the first half of fiscal 2010. However, sales in FPD equipment declined on the same period last year because the Company plans to book the sales of many orders-received projects in the second half of the fiscal year.

In energy devices equipment, the Company's subsidiary ESPEC TECHNO CORP. saw firm business with inspection equipment for rechargeable batteries in the first quarter. However, in the second quarter, the parent company ESPEC CORP. was unable to secure orders for its manufacturing equipment for rechargeable batteries, finishing the first half on a sluggish note. Consequently, both orders-received and net sales fell short of initial targets.

As a result, the Equipment Business as a whole saw orders-received rise 11.6% to ¥13,392 million, and net sales increase by 12.6% to ¥11,585 million, compared with the first half of fiscal 2010. Operating income rose 18.4% from the same period last year to ¥513 million, mainly due to higher net sales and an improved cost-of-sales ratio.

	Previous consolidated 2 <sup>nd</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 2 <sup>nd</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	11,996	13,392	11.6
Net Sales	10,284	11,585	12.6
Operating Income	433	513	18.4

#### [Service Business]

In after-sales service and engineering, the Company made various proposals, including the remaking of existing products as new energy-saving models and maintenance agreements through greater cooperation between sales and service departments. Compared with the first half of fiscal 2010, orders-received decreased mainly due to the earthquake and its aftermath, while net sales increased, partly due to orders carried over from the previous fiscal year.

In commissioned tests and facility rentals, the Company received firm orders from automobile-related manufacturers, its major customers in this sector. Consequently, both orders-received and net sales increased from the first half of fiscal 2010. As a result, the Service Business on the whole recorded orders-received of ¥2,699 million, down 0.4% from the same period last year. However, net sales increased 7.1% to ¥2,486 million. Buoyed by higher sales and other factors, operating income rose 34.9% to ¥198 million from the same period last year.

	Previous consolidated 2 <sup>nd</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 2 <sup>nd</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	2,711	2,699	(0.4)
Net Sales	2,322	2,486	7.1
Operating Income	147	198	34.9

#### [Other Business]

In the Other Business, operations in the environmental engineering business stagnated due mainly to the government, public offices and customers froze their budgets in the aftermath of the earthquake. Consequently, orders-received and net sales both decreased from the first half of fiscal 2010. In the plant factory business, both orders-received and net sales were down on the first half of fiscal 2010 due to the impact of the Great East Japan Earthquake and its aftermath.

Overall, in the Other Business, orders-received fell 40.9% from the fiscal 2010 first half to ¥273 million. Net sales declined 23.9% to ¥290 million. As regards earnings, the segment posted an operating loss of ¥143 million.

	Previous consolidated 2 <sup>nd</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 2 <sup>nd</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	463	273	(40.9)
Net Sales	381	290	(23.9)
Operating loss	(32)	(143)	-

\* There are marked seasonal fluctuations in the Group's performance based on quarterly sales because of a strong trend towards contractual deliveries occurring in the 2<sup>nd</sup> and 4<sup>th</sup> consolidated quarters as a result of customers' budget implementation.

## (2) Qualitative information concerning the consolidated financial standing

Total assets at the end of the 2nd quarter consolidated accounting period were ¥36,730 million, a decrease of ¥1,175 million against the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥649 million, a decrease of ¥2,015 million in notes and accounts receivable-trade, an increase of ¥1,000 million in short-term investment securities, an increase of ¥297 million in Work in process and an increase in current assets of ¥228 million. Liabilities were ¥8,889 million, a decrease of ¥1,435 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥1,201 million and a decrease in short-term loans payable on ¥198 million. Net assets were ¥27,840 million, an increase of ¥260 million against the end of the previous fiscal year. Major factors included an increase of ¥286 million in retained earnings.

## (3) Qualitative information concerning the consolidated operating forecasts

On October 28, 2011, the Company revised up its consolidated performance forecasts for the first half of fiscal 2011, from the initial forecasts it announced on May 13, 2011. The upward revision in consolidated operating income, ordinary income and net income forecast for the first half was in accounting for the strong earnings performance at ESPEC's overseas affiliated companies. The Company, however, kept its full-year performance forecasts for fiscal 2011 unrevised. This was in view of the performance was at risk of fluctuating in the second half from the stronger yen, and uncertainties surrounding economic trends overseas and business conditions in Japan.

Moreover, as regards important risks that may impact on actual performance, although there is no change to the Business Risks section on page 6 of the Summary of Financial Results for the year ended March 31, 2011, the factors that impact on performance are not limited to these.

## 2. Summary Information (Other)

### (1) Transfers of important subsidiaries during this quarter

No applicable

### (2) Application of special accounting methods in the creation of quarterly consolidated financial statements

For tax expenses, the Company has adopted the method of reasonably estimating the effective tax rate after applying tax effect accounting to net income before taxes for the current consolidated fiscal year, and then multiplying quarterly net income before taxes by the relevant estimated effective tax rate. However, when the tax expenses calculated using the relevant estimated effective tax rate are notably irrational, tax expenses shall be calculated using the statutory effective tax rate.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2011	As of September 30, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	8,511	7,862
Notes and accounts receivable-trade	12,090	10,074
Short-term investment securities	1,300	2,300
Merchandise and finished goods	225	331
Work in process	1,527	1,825
Raw materials and supplies	1,039	1,006
Other	1,982	2,211
Allowance for doubtful accounts	(11)	(10)
Total current assets	26,666	25,601
Noncurrent assets		
Property, plant and equipment		
Building and structure, net	3,166	3,146
Land	4,413	4,412
Other, net	650	694
Total property, plant and equipment	8,230	8,253
Intangible assets	285	253
Investments and other assets	2,723	2,621
Total noncurrent assets	11,239	11,128
Total assets	37,905	36,730
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,654	4,452
Short-term loans payable	210	11
Income taxes payable	62	67
Provision for bonuses	366	360
Provision for directors' bonuses	7	3
Provision for product warranties	188	151
Other	2,046	2,080
Total current liabilities	8,535	7,126
Noncurrent liabilities		
Long-term loans payable	168	161
Provision for retirement benefits	42	27
Provision for directors' retirement benefits	44	44
Asset retirement obligations	49	50
Other	1,484	1,478
Total noncurrent liabilities	1,789	1,762
Total liabilities	10,325	8,889
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	15,294	15,580
Treasury stock	(202)	(202)
Total shareholders' equity	29,160	29,446
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	103
Deferred gains or losses on hedges	(5)	(4)
Revaluation reserve for land	(828)	(828)
Foreign currency translation adjustment	(1,067)	(1,060)
Total Accumulated other comprehensive income	(1,734)	(1,790)
Minority interests	155	184
Total net assets	27,580	27,840
Total liabilities and net assets	37,905	36,730

## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

Quarterly Consolidated Statements of Income  
(First six months ended September 30, 2011)

(¥ millions)

	First six months ended September 30, 2010	First six months ended September 30, 2011
Net sales	12,916	14,306
Cost of sales	8,792	8,529
Gross profit	4,124	4,776
Selling, general and administrative expenses		
Salaries and allowances	1,007	1,167
Provision for bonuses	60	108
Provision for product warranties	64	111
Provision of allowance for doubtful accounts	0	-
Provision for directors' bonuses	1	3
Other	2,439	2,816
Selling, general and administrative expenses	3,574	4,207
Operating Income	550	569
Non-operating income		
Interest income	14	9
Dividends income	28	30
Gain on sales of securities	0	2
Amortization of negative goodwill	15	-
Equity in earnings of affiliates	69	85
Other	56	39
Non-operating income	184	168
Non-operating expenses		
Interest expenses	6	5
Loss on sales of securities	2	4
Foreign exchange losses	34	81
Other	10	10
Non-operating expenses	54	101
Ordinary income	680	636
Extraordinary income		
Gain on sales of investment securities	-	0
Reversal of allowance for doubtful accounts	38	20
Extraordinary income	38	20
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	2	8
Loss on valuation of investment securities	23	81
Loss on adjustment for changes of accounting standard for asset retirement obligations	36	-
Other	0	-
Extraordinary loss	62	90
Income before income taxes	656	566
Taxes-current	(122)	17
Income before minority interests	779	549
Minority interests in income	3	27
Net income	776	521

Quarterly Consolidated Statements of Comprehensive Income  
(First six months ended September 30, 2011)

(¥ millions)

	First six months ended September 30, 2010	First six months ended September 30, 2011
Income before minority interests	779	549
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(174)	(62)
Deferred gains or losses on hedges, net of tax	(3)	0
Foreign currency translation adjustment, net of tax	(113)	4
Share of other comprehensive income of associates accounted for using equity method	(20)	3
Other comprehensive income	(312)	(54)
Comprehensive income	467	494
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	470	465
Comprehensive income attributable to minority interests	(2)	29

(3) Notes on the assumption of a going concern

No applicable

(4) Segment information

I Previous consolidated 2<sup>nd</sup> quarter (From April 1, 2010 to September 30, 2010)

1. Information concerning the net sales and income or loss of each reportable segment

	Reportable segment			Total (¥ millions)	Adjustment *1 (¥ millions)	Carried amount on quarterly consolidated statements of income *2 (¥ millions)
	Equipment Business (¥ millions)	Service Business (¥ millions)	Other Business (¥ millions)			
Net Sales						
(1) Sales to external customers	10,284	2,257	373	12,916	-	12,916
(2) Internal sales or transfers between segments	-	64	7	71	(71)	-
Total	10,284	2,322	381	12,988	(71)	12,916
Segment income (loss)	433	147	(32)	548	1	550

\*Notes:

1. "Adjustment" for segment income mainly represents eliminations of inter-segment transactions.

2. Segment income was reconciled with the operating income presented in the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss on fixed assets, and goodwill, etc. for each reporting segment.

No applicable

II This consolidated 2<sup>nd</sup> quarter (From April 1, 2011 to September 30, 2011)

1. Information concerning the net sales and income or loss of each reportable segment

	Reportable segment			Total (¥ millions)	Adjustment *1 (¥ millions)	Carried amount on quarterly consolidated statements of income *2 (¥ millions)
	Equipment Business (¥ millions)	Service Business (¥ millions)	Other Business (¥ millions)			
Net Sales						
(1) Sales to external customers	11,585	2,432	288	14,306	-	14,306
(2) Internal sales or transfers between segments	-	53	1	55	(55)	-
Total	11,585	2,486	290	14,361	(55)	14,306
Segment income (loss)	513	198	(143)	569	(0)	569

\*Notes:

1. "Adjustment" for segment income mainly represents eliminations of inter-segment transactions.

2. Segment income was reconciled with the operating income presented in the Quarterly Consolidated Statement of Income.

2. Information related to impairment loss on fixed assets, and goodwill, etc. for each reporting segment.

No applicable

(5) Notes in cases where marked changes have occurred in the value of shareholder equity

No applicable