Financial Accounting Standards Foundation Member

Summary of Financial Results (Consolidated)
for the Fiscal 2012 Ended March 31, 2013
[under Japanese GAAP]

May 14, 2013

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo, Osaka Stock Exchanges, First Section
Securities Code:	6859
Homepage:	http://www.espec.co.jp
Representative:	Masaaki Ishida, President
Contact:	Nobuyoshi Hiro, Managing Director
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Annual General Shareholders' Meeting (Scheduled):	June 25, 2013
Dividends payment beginning day (Scheduled):	June 26, 2013
Filing of Securities Report *[Yuka shoken hokokusho]*(Scheduled):	June 26, 2013
Preparing Supplementary Material on Financial Results:	Yes
Holding Financial Results Presentation Meeting:	Yes (For Institutional Investors)
U.S. GAAP Accounting standard:	Not Adopted

*The original disclosure in Japanese was released on May 14, 2013 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the fiscal 2012 ended March 31, 2013 (April 1, 2012 ~ March 31, 2013)

(1) Consolidated operating results

(% figures are rates of change in comparison to previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
Year Ended March 31, 2013	30,799	(3.5)	1,866	2.1	2,162	4.1	1,219	(36.8)
Year Ended March 31, 2012	31,906	7.8	1,828	31.4	2,076	23.3	1,929	16.7

(Note) Statements of comprehensive income Year Ended March 31, 2013 ¥1,968million [(3.6)%]
Year Ended March 31, 2012 ¥2,042million [56.8%]

	Net Income Per Share	Net Income Per Share, Diluted	Net Income to Shareholders' Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year Ended March 31, 2013	52.43	-	4.1	5.5	6.1
Year Ended March 31, 2012	82.31	-	6.9	5.4	5.7

(Reference) Equity in earnings of affiliates Year Ended March 31, 2013 ¥ 50million
Year Ended March 31, 2012 ¥153million

(2) Consolidated financial standing

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets Per Share
	Million Yen	Million Yen	%	Yen
As of March 31, 2013	39,724	30,455	76.2	1,301.17
As of March 31, 2012	38,628	29,050	74.8	1,242.02

(Reference) Shareholders' equity As of March 31, 2013 ¥30,265million
As of March 31, 2012 ¥28,889million

(3) Consolidated status on cash flows

	Cash Flow from Operating Activities	Cash Flow from Investing Activities	Cash Flow from Financing Activities	Cash and Cash Equivalents at End of Year
	Million Yen	Million Yen	Million Yen	Million Yen
Year Ended March 31, 2013	3,765	177	(542)	13,268
Year Ended March 31, 2012	987	(229)	(912)	9,630

2. Dividends

	Dividend Per Share					Total Cash Dividend (Total)	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Term-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year Ended March 31, 2012	-	5.00	-	13.00	18.00	419	21.9	1.5
Year Ended March 31, 2013	-	7.00	-	8.00	15.00	348	28.6	1.2
Year Ending March 31, 2014 (Forecast)	-	7.00	-	11.00	18.00		32.2	

3. Forecast of Consolidated Operating Results for the Fiscal 2013 Ending March 31, 2014(April 1, 2013 ~ March 31, 2014)

(% figures for the full-term are rates of change in comparison to previous year and % figures for the six months ended are rates of change in comparison to the same quarter previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months Ending September 30, 2013	14,500	1.5	900	5.9	950	8.4	500	(19.1)	21.50
Full-term	32,000	3.9	2,300	23.2	2,400	11.0	1,300	6.6	55.89

4. Others

(1) Transfers of important subsidiaries during the term (transfers of specified subsidiaries entailing changes in the scope of consolidation): No
New (Company name:) Excluded (Company name:)

(2) 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: Yes
3) Changes in accounting estimates: Yes
4) Restatements of financial statements: No
(Note) For details, see "Important Matters Concerning the Basis for Preparing Consolidated Financial Statements" on p. 17.

(3) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term (Including treasury stock):	As of March 31, 2013	23,781,394 shares	As of March 31, 2012	23,781,394 shares
2) Number of treasury stock at end of term:	As of March 31, 2013	521,499shares	As of March 31, 2012	521,022 shares
3) Average number of shares during the term (Consolidated quarter):	Year Ended March 31, 2013	23,260,116 shares	Year Ended March 31, 2012	23,443,868 shares

* Disclosure Regarding Enactment of Audit Procedures
This earnings report is not subject to the audit procedures stipulated by Japan's Financial Instruments and Exchange Act. As of the date of release of this report, the Company's financial statements were undergoing audit procedures stipulated by 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.

Index of Attached Material

1. Qualitative Information Concerning the Consolidated Results and Financial Situation

（1） Analysis of concerning the Operating Results

1) Operating Results for Fiscal 2012

During fiscal 2012, the year ended March 31, 2013, the Japanese economic outlook remained uncertain due to the protracted appreciation of the yen, the slowdown of overseas economies, and worsening relations between Japan and China. At the same time, some signs of hope for economic recovery were also apparent–an ongoing low yen and high share prices at the end of the fiscal year reflected the Japanese government's implementation of measures to tackle deflation, while the overseas economic slowdown appears to have bottomed out.

Of the company's main customers, automotive manufacturers continued to invest aggressively in development, but investment by manufacturers in the secondary battery and smartphone supply chain was stagnant during the second half of the year under review.　Moreover, there was no recovery in willingness to invest by home appliance manufacturers despite signs of an improvement in business sentiment by the end of the fiscal year under review.

In this environment, the Company focused on strengthening sales activities in the growing green technology market, encouraging existing customers to buy a new energy-saving model that had been launched on the market last fiscal year in exchange for their old one, and expanding sales of products such as walk-in type temperature and humidity chambers, for which capital expenditure has been relatively strong, and customized products. In overseas markets, the Company continued working to expand sales centered on China and other Asian countries.

Despite these efforts, the consolidated results for the fiscal year were down from the previous fiscal year. The amount of orders-received decreased 4.0% year on year to ¥30,412 million and net sales declined 3.5% to ¥30,799 million. On the earnings front, the Company implemented measures such as improving the cost-of-sales ratio and reducing selling, general and administrative expenses. Consequently, operating income increased 2.1% year on year to ¥1,866 million, while net income decreased 36.8% year on year to ¥1,219 million due to increased tax expenses.

	Year Ended March 31, 2012 (Million Yen)	Year Ended March 31, 2013 (Million Yen)	Change (%)
Orders-Received	31,692	30,412	(4.0)
Net Sales	31,906	30,799	(3.5)
Operating Income	1,828	1,866	2.1
Ordinary Income	2,076	2,162	4.1
Net Income	1,929	1,219	(36.8)

2) Performance by Segment

Consolidated results by operating segment for fiscal 2012

	Orders-Received (Million Yen)	Net Sales (Million Yen)	Operating Income (Million Yen)
Equipment Business	24,051	24,368	1,339
Service Business	5,169	5,201	650
Other Business	1,322	1,365	(123)
Elimination	(131)	(134)	0
Total	30,412	30,799	1,866

<Equipment Business>

In environmental test chambers, in Japan, the Company saw firm sales of new products, but the impact of the economic stagnation in the second half of the fiscal year under review resulted in net sales over the full year remaining on par with the previous year. As regards walk-in type temperature and humidity chambers, the Company responded accurately to market trends. As a result, orders-received increased significantly compared with the previous fiscal year, but there were many large orders with long delivery periods that did not lead to net sales in the fiscal year under review. Turning to overseas markets, the Company achieved steady growth in exports and favorable performance at the Company's overseas affiliates. As a consequence of these factors, overall orders-received and net sales of environmental test chambers decreased compared with fiscal 2011.

In energy devices equipment, the parent company ESPEC CORP. increased orders-received and net sales year on year through making efforts to win orders and raise market recognition by expanding the product range and holding demonstration trials for secondary battery manufacturers. In addition, the Company's subsidiary ESPEC TECHNO CORP. posted a significant decline in net sales compared with fiscal 2011 due to restrained investment by customers. Overall, energy devices equipment saw orders-received and net sales increasing in year-on-year terms.

In semiconductor equipment, although evaluation systems performed well, orders-received and net sales both decreased compared with the robust results posted in fiscal 2011.

In FPD equipment, although the Company won orders for clean ovens from Japanese manufacturers and others, both orders-received and net sales decreased sharply from fiscal 2011.

As a result, the Equipment Business as a whole saw orders-received fall 5.9% to ¥24,051 million, and net sales decrease by 5.9% to ¥24,368 million, compared with fiscal 2011. Operating income decreased 14.1% from the previous fiscal year to ¥1,339 million due to the decreased net sales, despite an improved cost-of-sales ratio and reduced selling, general and administrative expenses.

	Year Ended March 31, 2012 (Million Yen)	Year Ended March 31, 2013 (Million Yen)	Change (%)
Orders-Received	25,551	24,051	(5.9)
Net Sales	25,889	24,368	(5.9)
Operating Income	1,559	1,339	(14.1)

< Service Business >

In after-sales service and engineering, both orders-received and net sales decreased year on year, mainly reflecting cost cutting by customers.

In commissioned tests and facility rentals, mainstay test consulting saw growth in the automobile market, while product resale performed favorably. Consequently, both orders-received and net sales increased year on year.

As a result, the Service Business on the whole recorded orders-received of ¥5,169 million, down 2.8% from the previous year. Net sales decreased 1.9% to ¥5,201 million. Operating income rose 33.7% to ¥650 million, mainly reflecting changes in the sales mix.

	Year Ended March 31, 2012 (Million Yen)	Year Ended March 31, 2013 (Million Yen)	Change (%)
Orders-Received	5,320	5,169	(2.8)
Net Sales	5,301	5,201	(1.9)
Operating Income	486	650	33.7

<Other Business>

In the environmental engineering business, reforestation (tree planting), which had been stagnating, performed favorably, and a large order related to recovery from the earthquake was delivered in the plant factory business. As a result, the Other Business on the whole posted orders-received of ¥1,322 million, an increase of 38.8% from fiscal 2011. Net sales amounted to ¥1,365 million, an increase of 61.4%. As for earnings, the segment posted an operating loss of ¥123 million, albeit an improvement from the operating loss posted in fiscal 2011.

	Year Ended March 31, 2012 (Million Yen)	Year Ended March 31, 2013 (Million Yen)	Change (%)
Orders-Received	952	1,322	38.8
Net Sales	845	1,365	61.4
Operating Income (Loss)	(218)	(123)	-

3) Outlook for Fiscal 2013

As regards the Japanese economy, there are some signs of hope for economic recovery, but investment sentiment among ESPEC's major customers has yet to recover. Nevertheless, in overseas markets there are signs of an expansion in the environmental testing market centered on China and other Asian countries, and an expansion of investment in the green technology market in both Japan and overseas countries.

In these circumstances, in the green technology market the Company will strengthen initiatives in the eco car market where particularly substantial growth is expected. In overseas markets, the Company will endeavor to expand sales in China and other Asian countries where the markets are expected to expand. In the domestic market, the Company will strive to expand its business domain and increase the efficiency of its existing businesses, thereby making them the bedrock to the Company's earnings base.

As a result, the Company's business plan for fiscal 2013 projects that net sales will rise 3.9% to ¥32,000 million, operating income will increase 23.2% to ¥2,300 million, and net income will rise 6.6% to ¥1300 million.

Forecast of Consolidated Operating Results for Fiscal 2013

(% figures for the full-term are rates of change in comparison to previous year and
(% figures for the six months ended are rates of change in comparison to the same quarter previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months Ending September 30, 2013	14,500	1.5	900	5.9	950	8.4	500	(19.1)	21.50
Full-term	32,000	3.9	2,300	23.2	2,400	11.0	1,300	6.6	55.89

Forecast of Consolidated Operating Results by Segment for Fiscal 2013 (Full-term)

	Orders-Received (Million Yen)	Net Sales (Million Yen)	Operating Income (Million Yen)
Equipment Business	25,500	25,500	1,650
Service Business	5,300	5,300	600
Other Business	1,300	1,300	50
Elimination	(100)	(100)	-
Total	32,000	32,000	2,300

* 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 2nd and 4th consolidated quarters as a result of customers' budget implementation.

(2)Qualitative Information Concerning the Consolidated Financial Situation

Total assets at the end of the fiscal year consolidated accounting period were ¥39,724 million, an increase of ¥1,095 million over the end of the previous consolidated fiscal year. Major factors included an increase in cash and deposits of ¥2,013 million, a decrease of ¥1,950 million in notes and accounts receivable-trade, an increase of ¥1,600 million in short-term investment securities, and a decrease of ¥253 million in work in process. Deferred tax assets decreased ¥331 million. Liabilities were ¥9,269 million, a decrease of ¥309 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥106 million, a decrease in other current liabilities of ¥276 million, and an increase in deferred tax liability of ¥86 million. Net assets were ¥30,455 million, an increase of ¥1,404 million against the end of the previous fiscal year. Major factors included an increase of ¥750 million in retained earnings and an increase of ¥411 million in foreign currency translation adjustment. As a result, the shareholders' equity ratio stood at 76.2%, an increase of 1.4 points from the end of the previous fiscal year.

Net cash provided by operating activities was ¥3,765 million. The main factors were ¥2,094 million in income before income taxes and minority interests and a ¥2,131 million decrease in notes and accounts receivable-trade.

Net cash provided by investing activities was ¥177 million. The main factors were a ¥99 million reduction in trust beneficiary rights, ¥576 million used for the purchase of property, plant and equipment and intangible assets, and proceeds of ¥611 million from the sale and redemption of investment securities.

Net cash used in financing activities was ¥542 million. The main factors were, ¥463 million in cash dividends paid and ¥57 million in cash dividends paid to minority shareholders.

As a result of the foregoing, the balance of cash and cash equivalents increased ¥3,638 million from a year earlier to ¥13,268 million at the end of the fiscal year under review.

	As of March 31, 2009	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Shareholders' Equity Ratio (%)	75.0	76.0	72.4	74.8	76.2
Shareholders' Equity Ratio on a Fair Value Basis (%)	27.6	54.3	42.9	46.7	41.2
Average Debt Repayment Period (years)	0.4	0.1	0.3	-	-
Interest Coverage Ratio (times)	39.6	95.9	83.9	73.1	2,599.9

(Note)

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio on a fair value basis = Market capitalization / Total assets

Average debt repayment period = Interest-bearing debt / Net cash provided by operating activities

Interest coverage ratio = Net cash provided by operating activities / Interest expense payments

1. Each index is calculated using figures from the consolidated financial statements.

2. Market capitalization is calculated by multiplying the closing share price at the fiscal year-end by the number of shares issued and outstanding at the fiscal year-end (excluding treasury stock).

3. The cash flow from operating activities is calculated from the net cash provided by operating activities as stated on the consolidated cash flow statements. The interest-bearing debt refers to liabilities booked on the consolidated balance sheet for which interest is paid, except for leasing liabilities. Interest expense payments are calculated from the interest expenses paid as stated on the consolidated statements of cash flows.

(3) Basic Policy on Profit Distributions and Dividends for Fiscal 2012 and Fiscal 2013

The Company recognizes the return of profits to shareholders as an important management priority, and believes that constantly raising enterprise value is the key element in ensuring improved shareholder returns. Regarding the dividend for the fiscal year under review, the Company decides dividends in consideration of continuity and the consolidated dividend payout ratio, and plans to pay a year-end dividend of ¥8 per share. Together with the payment of an interim dividend of ¥7 per share, the Company will pay an annual dividend of ¥15 per share for fiscal 2012.

For fiscal 2013, current projections are for an annual dividend of ¥18 per share, including an interim dividend of ¥7 per share.

(4) Business Risks

1) Risk of Fluctuation in Business Performance

The ESPEC Group's main customers are manufacturers in the electronic components, electronic devices, and automotive sectors. Consequently, the Group's business performance is strongly affected by trends in business and capital investment in these industries. ESPEC works to swiftly develop products that meet its customers' diverse needs. At the same time, the Company strives to minimize fluctuations in its own business performance by responding to requests for customization and developing customers in sectors outside of electronics. These efforts notwithstanding, lower levels of capital investment among the Group's main customers due to protracted economic weakness and other factors may adversely impact the business performance of the ESPEC Group.

Furthermore, although the ESPEC Group commands a high market share in Japan, the Japanese market is also a maturing one. As such, the Group is reliant on overseas markets for growth in this business. Emerging markets, particularly the fast-growing markets of Asia, are witnessing entry by a host of companies from around the world, a situation that is fueling intense price competition. The ESPEC Group was among the first in the industry to establish multiple bases in China and Southeast Asia, and has a business framework in place for coping with rapid market expansion. Nevertheless, the Group's business performance may be adversely impacted by competition with U.S. and European environmental test chamber makers, who enjoy a large share of the market in their home countries, as well as by Chinese and Taiwanese manufacturers, who are aiming to enter the market by flooding it with low-priced products.

2) Risk Associated with Increasing Overseas Sales Ratio

The ratio of sales from outside Japan for the ESPEC Group accounted for a high 38.4% of Group total sales on a consolidated basis in the fiscal year ended March 31, 2013. Moreover, this percentage is expected to rise further in the future. In terms of business development overseas, the Group's efforts may be hindered by any number of factors that could result in difficult to foresee social turmoil in the countries and regions where it operates. These factors include, but are not limited to, terrorism, political instability, natural disasters, and outbreaks of new strains of influenza or other pandemic diseases. Such problems, should they arise, could adversely impact the Group's financial position and business performance.

With regard to foreign exchange risk, the ESPEC Group believes that its exposure is relatively limited due to hedging operations carried out within certain limits under its risk management policy, as well as the fact that a large proportion of the Group's export revenues are denominated in Japanese yen.

3) Risk Associated with Export Regulations

The Company's products and technologies are subject to laws and regulations governing exports, such as the Foreign Exchange and Foreign Trade Control Law and its directives (export trade management directive, foreign exchange directive), as well as a related ministerial directive. Based on this, the Group makes every effort to gain a clear picture of export destinations, buyers, uses, and transaction channels as stipulated in the latest legislation. Nevertheless, there is a possibility of resale by the buyer or other parties to countries and users who might use the products or technologies for manufacturing weapons of mass destruction or conventional armaments. The use of the Group's products and technologies by unanticipated parties in applications for which they were not intended could ultimately have an adverse effect on the ESPEC Group's business performance.

4) Risks Associated with Dependency on Suppliers

The ESPEC Group procures a variety of parts and materials from suppliers. Similarly, the Group engages third-party processing companies as a means of coping with varying manufacturing volumes and efficiently acquiring knowledge of various manufacturing technologies. The Group implements strict transaction controls aimed at these entities, grades them on their quality assurance programs and production and environmental management systems, and provides guidance where necessary, in an effort to cultivate mutual relationships of trust. However, the Group's own production efforts could become compromised if procurement from these suppliers and third-party processing services is halted due to bankruptcy, an exit from business, or similar factors. In addition, suppliers could provide defective components, leading to serious production delays. In the worst case, this situation could require expensive countermeasures, such as a recall of products already sold.

5) Risk in Cases of Significant Damage to Key Facilities from Earthquakes or Other Natural Disasters

The ESPEC Group's key manufacturing and R&D facilities are located in Japan. If these key facilities were to suffer major damage from an earthquake or other natural disaster, it would not only interfere with the Group's ability to operate, but could potentially require huge sums for repairs or rebuilding. Even in cases in which the Company itself is not directly damaged, business activities could be severely undermined by secondary damage, such as limitations on the supply of electric power and other infrastructure, and the inability to procure necessary components and materials from suppliers.

6) Risk of Steep Rise in Raw Material Procurement Costs

The raw materials for the products manufactured by the ESPEC Group consist primarily of stainless steel, steel, copper and aluminum. Procurement prices of these materials fluctuate in line with movements on international commodity markets. In the event of a sudden steep rise in raw materials prices, there is a possibility that the Group's business performance will be adversely affected.

2. Management Policy

(1) Basic Policy for Management of the Company

The Group's mission statement is "To provide a more reliable living environment through services built on environmental creation technology". We believe firmly that growth of the Group in itself serves to achieve this mission, and that this also improves value exchangeability between the Group's various stakeholders, including its shareholders. As a full member of society, one of the Group's key management policies is "respect for social norms and respect for laws", and we regard improvements to value exchangeability as one of our management strategies. We aim to become a company which possesses "outstanding service as a result of its broad-ranging technology and a concentration of knowledge that creates a new level of expectation in our customers", as well as to become "a highly social company that quickly adapts to social change and people's wishes through sensitivity and dynamic preparation". We intend to implement ongoing improvements to corporate value.

(2) Management Index Target

The Group uses the ratio of operating income to sales as an important management index from the perspective of improving business growth and profitability.

(3) The Company's Medium to Long-term Management Strategy and Challenges Facing the Company

The Company has formulated the medium-term management plan "Progressive Plan 2013" covering the three years from fiscal 2011 (ended March 31, 2012) through fiscal 2013 (ending March 31, 2014). The consolidated revenue and earnings targets set for the final year of this plan are net sales of over ¥40.0 billion, with operating income of over ¥3.2 billion. However, because of the sluggishness in the Japanese economy stemming from the prolonged appreciation of the yen, the Company's performance in fiscal 2012, the second year of the plan, unfortunately diverged greatly from target figures. The consolidated revenue and earnings targets, basic policies, and priority strategies for fiscal 2013, the final year of the plan, are presented below.

1. Basic Policy for the Medium Term

Green Innovation is a Prime Business Opportunity

for Reorienting Our Executive Management to Play Offense!

Under the medium-term management plan started in the year ended March 31, 2012, ESPEC aims to capture the acceleration of the so-called "green innovation" movement as a prime business opportunity for reorienting executive management to play offense and pursue progressive tactics in business development.

2. Fiscal 2013 Targets for Consolidated Revenues and Earnings

Net Sales: ¥32,000 million

Operating Income: ¥2,300 million (operating income ratio of 7%)

3. Basic Policies for Fiscal 2013

(1) Pursue growth strategies “faster” and “more dynamically”

(2) Achieve “expansion in the scope of business” and “efficiency enhancements” in order to survive in the Japanese market

4. Main Priority Strategies

(1) Expand the scope of measures in green technology markets

ESPEC considers markets related to such products as secondary batteries, power semiconductors, and solar batteries to be “green technology markets.” The Company will particularly strengthen measures in the eco-friendly car market, where strong growth is anticipated.

1) ESPEC will enhance its capability to respond to requests for customization, and broaden the scope of its testing, from secondary batteries to the eco-friendly vehicles themselves.

2) In addition to reliability testing of secondary batteries, ESPEC will broaden the scope of its measures in the growing field of safety testing.

3) ESPEC will establish a contract testing center specializing in reliability and safety testing for secondary batteries, thereby raising brand recognition.

(2) Accelerate China and Asia strategies aimed at establishing multi-standard product lineups, and deeply cultivating Southeast Asian markets

ESPEC considers China and Asia to be top-priority markets, and will seek to accelerate its strategies in the region.

1) ESPEC will expand the range of products manufactured at overseas plants, establish manufacturing companies, and further the development of an “exclusively overseas” product model. Through these efforts, the Company will seek to establish multi-standard product lineups by combining high-quality products from Japan suited to new needs with reliability, precision and environmental performance, together with cost-competitive products from overseas Group companies.

2) ESPEC will expand exports by establishing a dedicated ASEAN Support Desk to assist Japanese companies expanding into Southeast Asia, and by strengthening ties with overseas Group companies.

(3) Expand the scope of business in the Japanese market and enhance the efficiency of existing businesses

The environmental testing market in Japan is already reaching maturity, and competition is becoming more intense. ESPEC will establish it as a solid revenue base to support its growth strategies.

1) ESPEC will strengthen its capability to respond to requests for customization in green technology markets, particularly the eco-friendly car market, where needs are increasing.

2) ESPEC is designating the pharmaceuticals, cosmetics, and foods fields as “life markets,” and will pursue product development and business expansion in this area.

3) ESPEC will expand the scope of its business operations with new services utilizing the network functionality in its

products.

4) ESPEC will bring out new models of its major products, and further enhance the attractiveness of new products to encourage the purchase of replacements.

5) In order to shift management resources to growth strategies, ESPEC will thoroughly enhance efficiency through such means as utilizing IT systems in sales and service operations, and strengthening ties with distributors.

5. Progress of the Main Priority Strategies

<u>(1) Expand the scope of measures in green technology markets</u>

During the fiscal year under review, ESPEC expanded sales of evaluation equipment for the reliability and safety of secondary batteries, and strengthened its capability to meet particular needs through such means as adding new items to its lineup of contract testing services. However, manufacturers' investment in secondary batteries reached a plateau.

In the power semiconductors market, development is accelerating for next-generation power semiconductors with little power conversion loss. ESPEC focused on winning orders for specialized equipment for the evaluation of these semiconductors, as well as environment testers, and achieved positive sales.

In the solar batteries market, ESPEC launched the PID (Potential Induced Degradation) Evaluation System to test the performance degradation in solar battery modules, and focused on expanding sales.

Going forward, ESPEC will increase business in green technology markets by further expanding the scope of its measures.

<u>(2) Accelerate China and Asia strategies aimed at establishing a multidimensional product line, and deeply cultivating Southeast Asian markets</u>

During the fiscal year under review, the overseas Group companies, underpinned by growth in the Chinese and other Asian markets achieved strong order volume and sales. Exports were also steady, the result of efforts to strengthen ties with overseas Group companies and win orders in conjunction with overseas business shifts by Japanese corporations.

At its locations in China and South Korea, ESPEC made preparations to begin production of products adapted to the needs of overseas customers.

Going forward, ESPEC will implement as planned measures to establish multi-standard product lineups, and will expand sales in Southeast Asia, where growth is expected.

<u>(3) Expand the scope of business in the Japanese market and enhance the efficiency of existing businesses</u>

During the fiscal year under review, ESPEC worked to strengthen sales capabilities in the robust automotive market, and stepped up measures to encourage the purchase of replacement models with principal products offering exceptional energy efficiency. However, sales of new products remained on a par with the previous fiscal year, due mainly to curbs on investment. The Platinous J series of temperature and humidity chambers, following the receipt of the Good Design Award for 2012 (sponsored by the Japan Institute of Design Promotion), received the JMF Chairman's Award at the 33rd Commendation for Excellent Energy Equipment (sponsored by the Japan Machinery Federation, and supported by the Ministry of Economy, Trade and Industry). ESPEC will continue to focus on expanding sales.

In addition, ESPEC worked to expand sales of walk-in type temperature/humidity chambers and custom products, and to win orders for new versions of safety evaluation devices used for reliability testing for pharmaceuticals, cosmetics, foods and other products.

Going forward, ESPEC will expand the scope of its business in such market as eco cars, where demand is expected to increase, and thoroughly enhance efficiency in existing markets, to strengthen earnings capacity.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	7,357	9,371
Notes and accounts receivable-trade	13,215	11,264
Securities	2,300	3,901
Merchandise and finished goods	368	333
Work in process	1,179	926
Raw materials and supplies	1,038	1,101
Deferred tax assets	722	386
Other	1,323	1,137
Allowance for doubtful accounts	(11)	(6)
Total current assets	27,494	28,414
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	8,733	8,909
Accumulated depreciation	(5,711)	(5,848)
Buildings and structures, net	3,021	3,060
Machinery, equipment and vehicles	1,189	1,444
Accumulated depreciation	(992)	(1,046)
Machinery, equipment and vehicles, net	197	397
Tools, furniture and fixtures	3,216	3,257
Accumulated depreciation	(2,802)	(2,687)
Tools, furniture and fixtures, net	413	569
Land	4,407	4,406
Lease assets	90	90
Accumulated depreciation	(21)	(39)
Lease assets, net	68	50
Construction in progress	15	45
Total property, plant and equipment	8,124	8,530
Intangible assets		
Other	253	217
Total Intangible assets	253	217
Investments and other assets		
Investment securities	1,651	1,896
Deferred tax assets	11	16
Other	1,125	681
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	2,755	2,561
Total noncurrent assets	11,134	11,309
Total assets	38,628	39,724

(Million Yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,837	4,730
Income taxes payable	128	203
Provision for bonuses	385	372
Provision for directors' bonuses	2	3
Provision for product warranties	273	239
Other	2,418	2,142
Total current liabilities	8,046	7,692
Noncurrent liabilities		
Deferred tax liabilities	119	205
Provision for retirement benefits	23	26
Provision for directors' retirement benefits	44	19
Asset retirement obligations	51	51
Deferred tax liabilities for land revaluation	627	626
Other	666	646
Total noncurrent liabilities	1,531	1,576
Total liabilities	9,578	9,269
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	16,869	17,619
Treasury stock	(360)	(360)
Total shareholders' equity	30,577	31,327
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	227	443
Deferred gains or losses on hedges	-	-
Revaluation reserve for land	(741)	(742)
Foreign currency translation adjustment	(1,174)	(763)
Total accumulated other comprehensive income	(1,687)	(1,062)
Minority interests	160	190
Total net assets	29,050	30,455
Total liabilities and net assets	38,628	39,724

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

Consolidated Statements of Income

(Million Yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Net sales	31,906	30,799
Cost of sales	21,367	20,518
Gross profit	10,538	10,281
Selling, general and administrative expenses		
Salaries and allowances	2,526	2,554
Development and research expenses	1,358	1,142
Provision for bonuses	113	113
Provision for product warranties	248	200
Commission fee	944	945
Provision for directors' bonuses	2	3
Other	3,517	3,453
Total selling, general and administrative expenses	8,710	8,414
Operating income	1,828	1,866
Non-operating income		
Interest income	21	24
Dividends income	59	52
Foreign exchange gains	-	139
Equity in earnings of affiliates	153	50
Other	83	61
Total non-operating income	318	328
Non-operating expenses		
Interest expenses	16	1
Loss on sales of securities	5	7
Foreign exchange losses	25	-
Commission fee	13	11
Other	7	13
Total non-operating expenses	69	33
Ordinary income	2,076	2,162
Extraordinary income		
Gain on sales of noncurrent assets	0	4
Gain on sales of investment securities	20	-
Total extraordinary income	21	4
Extraordinary loss		
Loss on retirement of noncurrent assets	12	7
Loss on valuation of investment securities	21	-
Loss on sales of investment securities	-	12
Loss on sales of investments in capital of subsidiaries and affiliates	-	11
Impairment loss	6	2
Special retirement expenses	-	38
Other	0	0
Total extraordinary losses	40	72
Income before income taxes and minority interests	2,057	2,094
Income taxes-current	256	449
Income taxes-deferred	(193)	346
Total income taxes	62	796
Income before minority interests	1,995	1,298
Minority interests in income	65	78
Net Income	1,929	1,219

Consolidated Statements of Comprehensive Income

(Million Yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Income before minority interests	1,995	1,298
Other comprehensive income		
Valuation difference on available-for-sale securities	61	215
Deferred gains or losses on hedges	5	-
Revaluation reserve for land	88	-
Foreign currency translation adjustment	(105)	365
Share of other comprehensive income of associates accounted for using equity method	(2)	68
Total other comprehensive income	47	648
Comprehensive income	2,042	1,947
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,987	1,846
Comprehensive income attributable to minority interests	64	101

(3) Consolidated Statements of Changes in Net Assets

(Million Yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	6,895	6,895
Balance at the end of current period	6,895	6,895
Capital surplus		
Balance at the beginning of current period	7,172	7,172
Balance at the end of current period	7,172	7,172
Retained earnings		
Balance at the beginning of current period	15,294	16,869
Changes of items during the period		
Dividends from surplus	(351)	(465)
Net Income	1,929	1,219
Other	(2)	(4)
Total changes of items during the period	1,575	750
Balance at the end of current period	16,869	17,619
Treasury stock		
Balance at the beginning of current period	(202)	(360)
Changes of items during the period		
Purchase of treasury stock	(157)	(0)
Total changes of items during the period	(157)	(0)
Balance at the end of current period	(360)	(360)
Total shareholders' equity		
Balance at the beginning of current period	29,160	30,577
Changes of items during the period		
Dividends from surplus	(351)	(465)
Net Income	1,929	1,219
Purchase of treasury stock	(157)	(0)
Other	(2)	(4)
Total changes of items during the period	1,417	749
Balance at the end of current period	30,577	31,327

(Million Yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	166	227
Changes of items during the period		
Net changes of items other than shareholders' equity	61	215
Total changes of items during the period	61	215
Balance at the end of current period	227	443
Deferred gains or losses on hedges		
Balance at the beginning of current period	(5)	-
Changes of items during the period		
Net changes of items other than shareholders' equity	5	-
Total changes of items during the period	5	-
Balance at the end of current period	-	-
Revaluation reserve for land		
Balance at the beginning of current period	(828)	(741)
Changes of items during the period		
Net changes of items other than shareholders' equity	86	(1)
Total changes of items during the period	86	(1)
Balance at the end of current period	(741)	(742)
Foreign currency translation adjustment		
Balance at the beginning of current period	(1,067)	(1,174)
Changes of items during the period		
Net changes of items other than shareholders' equity	(106)	411
Total changes of items during the period	(106)	411
Balance at the end of current period	(1,174)	(763)
Total accumulated other comprehensive income		
Balance at the beginning of current period	(1,734)	(1,687)
Changes of items during the period		
Net changes of items other than shareholders' equity	46	625
Total changes of items during the period	46	625
Balance at the end of current period	(1,687)	(1,062)
Minority interests		
Balance at the beginning of current period	155	160
Changes of items during the period		
Net changes of items other than shareholders' equity	5	29
Total changes of items during the period	5	29
Balance at the end of current period	160	190
Total net assets		
Balance at the beginning of current period	27,580	29,050
Changes of items during the period		
Dividends from surplus	(351)	(465)
Net Income	1,929	1,219
Purchase of treasury stock	(157)	(0)
Other	(2)	(4)
Net changes of items other than shareholders' equity	52	655
Total changes of items during the period	1,469	1,404
Balance at the end of current period	29,050	30,455

(4) Consolidated Statements of Cash Flows

(Million Yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,057	2,094
Depreciation and amortization	740	494
Impairment loss	6	2
Increase (decrease) in allowance for doubtful accounts	(16)	(6)
Increase (decrease) in provision for retirement benefits	(18)	2
Increase (decrease) in provision for directors' bonuses	(5)	1
Increase (decrease) in provision for directors' retirement benefits	-	(25)
Loss (gain) on valuation of investment securities	21	-
Interest and dividends income	(80)	(77)
Interest expenses	16	1
Loss (gain) on sales of securities	3	7
Equity in (earnings) losses of affiliates	(153)	(50)
Decrease (increase) in notes and accounts receivable-trade	(1,177)	2,131
Decrease (increase) in inventories	(67)	89
Increase (decrease) in notes and accounts payable-trade	(790)	(214)
Other, net	357	(500)
Subtotal	891	3,951
Interest and dividends income received	225	237
Interest expenses paid	(16)	(1)
Income taxes paid (refund)	(112)	(421)
Net cash provided by (used in) operating activities	987	3,765
Net cash provided by (used in) investing activities		
Net decrease (increase) in trust beneficiary right	78	99
Purchase of property, plant and equipment and intangible assets	(330)	(576)
Proceeds from sales of property, plant and equipment and intangible assets	1	20
Purchase of investment securities	(1)	(1)
Proceeds from sales and redemption of investment securities	45	611
Payments of loans receivable	(1)	(3)
Collection of loans receivable	1	1
Other, net	(22)	25
Net cash provided by (used in) investing activities	(229)	177
Net cash provided by (used in) financing activities		
Increase (decrease) in short-term loans payable	(200)	-
Repayment of long-term loans payable	(174)	-
Cash dividends paid	(349)	(463)
Cash dividends paid to minority shareholders	(17)	(57)
Purchase of treasury stock	(157)	(0)
Other, net	(14)	(20)
Net cash provided by (used in) financing activities	(912)	(542)
Effect of exchange rate change on cash and cash equivalents	(34)	238
Net increase(decrease) in cash and cash equivalents	(189)	3,638
Cash and cash equivalents at beginning of period	9,819	9,630
Cash and cash equivalents at end of period	9,630	13,268

(5) Notes to the Consolidated Financial Statements

(Notes on the assumption of a going concern)

Not applicable.

(Important Matters Concerning the Basis for Preparing Consolidated Financial Statements)

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 8

Name of main consolidated subsidiary: ESPEC NORTH AMERICA,INC.

(2) Name of main non-consolidated subsidiary:

Main non-consolidated subsidiary: ESPEC SOUTH EAST ASIA SDN. BHD.

(Reason for exclusion from scope of consolidation)

The non-consolidated subsidiaries have been excluded from the scope of consolidation because of their small size and because their total assets, net sales, net income (corresponding to equity) and retained earnings (corresponding to equity) have a negligible effect on the consolidated financial statements of the ESPEC Group.

2. Application of the Equity Method

(1) Number of non-consolidated subsidiaries accounted for using the equity method: None

(2) Number of affiliates accounted for using the equity method: 1

(3) Some non-consolidated subsidiaries (ESPEC SOUTH EAST ASIA SDN. BHD. and others) not accounted for using the equity method have been excluded from the scope of companies accounted for by the equity method as they have a negligible effect on the consolidated net income and retained earnings of the ESPEC Group, and are immaterial overall.

3. Change in Scope of Consolidation or Scope of Companies Accounted for by the Equity Method

In the fiscal year under review ,GUANGZHOU ESPEC ENVIRONMENTAL EQUIPMENT CO.,LTD., an affiliate accounted for using the equity method, was excluded from the scope of companies accounted for by the equity method because ESPEC sold all of its equity in this company.

4. Fiscal Year of Consolidated Subsidiaries

The fiscal year-ends of consolidated subsidiaries ESPEC NORTH AMERICA, INC., ESPEC (CHINA) LIMITED, ESPEC ENVIRONMENTAL EQUIPMENT (SHANGHAI) CO.,LTD., SHANGHAI ESPEC ENVIRONMENTAL EQUIPMENT CORP. and ESPEC KOREA CORP. are December 31. Accordingly, the financial statements of these subsidiaries as of December 31 are used to prepare the consolidated financial statements, and any necessary adjustments are made to the consolidated statements for important transactions occurring between December 31 and March 31.

5. Summary of Significant Accounting Policies

(1) Valuation standards and accounting treatment for important assets

1) Marketable securities

Among available-for-sale securities, with listed securities, the market value is determined by the market price as of the end of the period, with unrealized gains and losses, net of applicable taxes, reported in a separate component of net assets, and the cost of securities sold determined by the moving average method. With non-listed securities, the cost is determined by the moving average method.

2) Derivatives

Market value.

3) Inventories

Work in process is mainly stated by the specific identification method; other inventories are mainly stated using the acquisition cost method, cost being determined by the weighted average method (the book value in the balance sheet is reduced when the profitability has declined).

(2) Method for depreciating and amortizing important assets

1) Property, plant and equipment (excluding lease assets)

The Company uses the straight-line method.

Estimated useful lives are as follows: Buildings 5-50 years

(Change in accounting policy)

Hitherto, the Company and its domestic subsidiaries have applied the declining-balance method to calculate the depreciation of property, plant and equipment (excluding lease assets), and with the exception of buildings acquired on or after April 1, 1998 (excluding the plant and equipment attached to the buildings). From the fiscal year under review, the Company has changed the depreciation method to the straight-line method.

This change is intended to respond to changes in the Company's operating environment. Looking ahead, in domestic markets the Company aims for sustained growth centered on customer demand for facility updates. In overseas markets, the Company will follow a policy of further strengthening on-site production systems. Accordingly, the Company re-examined the depreciation method required by the facility usage method. Going forward, investment will be focused on maintaining and updating current facilities to enable long-term usage. Investment benefits are projected to contribute to the long-term stability of earnings. For these reasons, the Company judges that it is more reasonable to calculate depreciation by the straight-line method to allocate acquisition costs equally over the useful life of property, plant and equipment.

Accompanying this change, compared to the method applied hitherto, for the fiscal year under review, depreciation expenses were reduced by ¥228 million, and operating income, ordinary income and income before income taxes all increased ¥223 million. The monetary impact on each segment is stated in the relevant sections of this report.

2) Intangible assets (excluding lease assets)

The Company amortizes intangible assets using the straight-line method. Estimated useful lives are as follows:

Software used by the Company 5 years

3) Lease assets

Depreciation equivalents are accounted for by the straight-line method, assuming the lease period to be the useful lives and the residual value to be zero.

The Company applies the accounting method for ordinary operating lease transactions to financial leases other than those with transfer of ownership rights that started on or before March 31, 2008.

(3) Accounting for important allowances

1) Allowance for doubtful accounts

The allowance for doubtful accounts provides for possible losses arising from default on accounts receivable. It comprises a general reserve for accounts receivable based on historical default rates, and an estimated credit loss for accounts receivable based on an individual assessment of each account.

2) Allowance for bonuses

The allowance for employees' bonuses is based on the estimated requirements for the fiscal year.

3) Allowance for directors' bonuses

The allowance for directors' bonuses is based on the estimated requirements for the fiscal year.

4) Reserve for product warranties

The reserve for product warranties is provided to cover the after service expenses, which are free during the warranty period, and are calculated based on historical claim rates for warranty expenses proportional to net sales.

5) Allowance for employees' retirement benefits

The necessary amount for the allowance for employees' retirement benefits is booked as of the end of the fiscal year based on the projected retirement benefit liabilities and pension assets.

Actuarial gains or losses are amortized from the fiscal year following the fiscal year in which they arise, using the straight-line method over a fixed number of years (10 years), but no more than the average remaining years of service of employees.

Because pension fund assets exceed the projected benefit obligations, the monetary difference is booked by being included under "Other" of Investments and Other Assets as a prepaid pension cost.

6) Allowance for directors' retirement benefits

For the Company's domestic consolidated subsidiaries, the Board of Directors has decided to terminate retirement benefits for directors. The Company books an allowance for the monetary amount for the period served by current directors up to the date of termination of retirement benefits.

(4) Standards for Translation of Material Foreign Currency-Denominated Assets and Liabilities Into Japanese Yen

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date, with the foreign currency exchange gains and losses from translation recognized in the statement of income. The assets and liabilities of foreign subsidiaries, etc. are translated into Japanese yen at the current exchange rates at the balance sheet date. Revenue and expenses of foreign subsidiaries, etc. are translated into Japanese yen at the average rate for the year. Differences arising from such translation are shown as

“Foreign currency translation adjustments” and “Minority interests” as separate components of net assets.

(5) Scope of Cash and Cash Equivalents on the Consolidated Statements of Cash Flows

Cash and cash equivalents include cash in hand and deposits as well as short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value, all of which mature or become due within three months of the date of acquisition.

(6) Other Significant Notes on Preparation of Consolidated Financial Statements

Treatment of Consumption Tax

Figures are presented exclusive of consumption taxes and local consumption taxes for accounting purposes.

(Segment Information and Others)

Segment Information

1. Overview of reportable segments

ESPEC’s reportable segments refer to those components of the Company for which separate financial information is available and such information is reviewed regularly by the Board of Directors in determining the allocation of resources and in evaluating performance.

The Company classifies its business activities into segments according to the business format. There are three reportable segments: Equipment Business, Service Business, and Other Business.

The Equipment Business provides environmental test chambers, energy device equipment, semiconductor equipment, and FPD equipment. The Service Business is engaged in after service engineering, commissioned testing, and rentals. The Other Business is involved with environmental engineering and new businesses.

2. Method of calculating the monetary values of net sales, income or loss, assets, and other items of each reportable segment

Accounting treatment methods for reportable segments are the same as the methods shown in the “Important Matters Concerning the Basis for Preparing Consolidated Financial Statements.” Inter-segment sales and transfers are based on market prices and certain other factors.

(Change in the depreciation of property, plant and equipment)

As shown in "Change in accounting policy," hitherto, the Company and its domestic subsidiaries have applied the declining-balance method to calculate the depreciation of property, plant and equipment (excluding lease assets), and with the exception of buildings acquired on or after April 1, 1998 (excluding the plant and equipment attached to the buildings).From the fiscal year under review, the Company has changed the depreciation method to the straight-line method.

As a result of this change, segment income and segment assets increased in the Equipment Business, Service Business and Other Business by ¥89 million, ¥132 million, and ¥1 million respectively, compared to the method applied hitherto.

3. Information concerning the monetary values of net sales, income or loss, assets and other items of each reportable segment

Previous consolidated fiscal year (April 1, 2011 ~ March 31, 2012)

(Million Yen)

	Reportable Segment			Total	Adjustment *1	Carried Amount on Consolidated Financial Statements *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to External Customers	25,888	5,174	843	31,906	-	31,906
(2) Internal Sales or Transfers between Segments	1	126	2	130	(130)	-
Total	25,889	5,301	845	32,036	(130)	31,906
Segment Income (Loss)	1,559	486	(218)	1,827	0	1,828
Segment Assets	21,779	4,717	743	27,240	11,388	38,628
Other						
Depreciation Expenses	490	232	8	731	(0)	731
Increases in Property, Plant and Equipment and Intangible Assets	362	257	1	622	32	654

(Note)

1. Adjustments are as follows.

1) “Adjustment” for segment sales mainly represents eliminations of inter-segment transactions.

2) “Adjustment” for segment income or segment loss mainly represents eliminations of inter-segment transactions.

3) “Adjustment” for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥11,725 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities) and assets related to administrative divisions.

4) “Adjustment” for depreciation expenses mainly represents eliminations of inter-segment transactions.

5) “Adjustment” for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.

2. Segment income or segment loss is adjusted to be consistent with the operating income stated in the consolidated statements of income.

This consolidated fiscal year (April 1, 2012 ~ March 31, 2013)

(Million Yen)

	Reportable Segment			Total	Adjustment *1	Carried Amount on Consolidated Financial Statements *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to External Customers	24,368	5,068	1,363	30,799	-	30,799
(2) Internal Sales or Transfers between Segments	-	132	1	134	(134)	-
Total	24,368	5,201	1,365	30,934	(134)	30,799
Segment Income (Loss)	1,339	650	(123)	1,866	0	1,866
Segment Assets	20,120	4,597	990	25,709	14,015	39,724
Other						
Depreciation Expenses	327	153	4	485	(0)	485
Increases in Property, Plant and Equipment and Intangible Assets	473	267	5	746	47	794

(Note)

1. Adjustments are as follows.

1) “Adjustment” for segment sales mainly represents eliminations of inter-segment transactions.

2) “Adjustment” for segment income or segment loss mainly represents eliminations of inter-segment transactions.

3) “Adjustment” for segment assets mainly represents eliminations of inter-segment transactions and company-wide assets. Company-wide assets of ¥14,044 million primarily consist of surplus working capital at the parent company (cash and deposits, short-term investment securities, etc.), long-term investment funds (investment securities) and assets related to administrative divisions.

4) “Adjustment” for depreciation expenses mainly represents eliminations of inter-segment transactions.

5) “Adjustment” for increases in property, plant and equipment and intangible assets mainly represents eliminations of inter-segment transactions and company-wide assets.

2. Segment income or segment loss is adjusted to be consistent with the operating income stated in the consolidated statements of income.

(Per-Share Information)

FY2011 (From April 1, 2011 to March 31, 2012)		FY2012 (From April 1, 2012 to March 31, 2013)	
	Yen		Yen
Net Assets Per Share	1,242.02	Net Assets Per Share	1,301.17
Net Income Per Share	82.31	Net Income Per Share	52.43

(Note) 1. Diluted net income per share is not shown as there are no dilutive securities.
2. The basis of calculation for net income per share is as follows:

	FY2011 (From April 1, 2011 to March 31, 2012)	FY2012 (From April 1, 2012 to March 31, 2013)
Net Income Per Share		
Net Income (Million Yen)	1,929	1,219
Net income available to minority interests (Million Yen)	-	-
Net income available to common shares (Million Yen)	1,929	1,219
Weighted-average number of common shares outstanding for the period (Thousand Shares)	23,443	23,260

(Material Subsequent Events)

(Establishment of Subsidiary)

At a Board of Directors meeting held on March 11, 2013, ESPEC CORP. resolved to establish a subsidiary in China, and obtained a business license for the subsidiary from the Chinese authorities on May 7, 2013.

(1) Reason for Establishment

ESPEC CORP. plans to expand overseas business centered on China and Asia as a key priority of its growth strategy. Although ESPEC already has production subsidiaries in China (Shanghai), the U.S., and Korea, the Company has decided to establish a new production subsidiary in Guangzhou in order to further expedite its strategies in China and Asia.

(2) Overview of New Subsidiary

1) Name: ESPEC TEST EQUIPMENT (GUANGDONG) CO.,LTD.

2) Location: Guangzhou, Guangdong Province, China

3) Representative: Masaaki Ishida, Director (President, ESPEC CORP.)

4) Business activities: Manufacture and sale of environmental test chambers

5) Paid-in capital: 37,000 thousand RMB

6) Shareholding ratio: ESPEC (CHINA) LIMITED (100%-owned ESPEC subsidiary) 100%

7) Established: May 7, 2013

8) Fiscal year-end: December