Financial Accounting Standards Foundation Member

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

August 7, 2012

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
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Planned Date of Filing of Quarterly Report:	August 10, 2012
Dividends Payment Beginning Day:	-
Preparing Supplementary Material on Quarterly Financial Results:	No
Holding Quarterly Financial Results Presentation Meeting:	No
U.S. GAAP Accounting standard:	Not Adopted

*The original disclosure in Japanese was released on August 7, 2012 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 1st quarter of fiscal 2012 ending March 31, 2013 (April 1, 2012 ~ June 30, 2012)

(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 three months ended June 30, 2012	6,201	(1.8)	75	-	78	-	6	-
First three months ended June 30, 2011	6,317	27.8	(107)	-	(43)	-	(57)	-

(Note) Statements of comprehensive income First three months ended June 30, 2012 ¥169 million [-%]
First three months ended June 30, 2011 ¥(2)million [-%]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First three months ended June 30, 2012	0.28	-
First three months ended June 30, 2011	(2.46)	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of June 30, 2012	37,694	28,917	76.2	1,235.44
As of March 31, 2012	38,628	29,050	74.8	1,242.02

(Reference) Shareholders' equity As of June 30, 2012 ¥28,736 million
As of March 31, 2012 ¥28,889 million

2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	-	5.00	-	13.00	18.00
Fiscal year ended March 31, 2013	-				
Fiscal year ending March 31, 2013 (forecast)		7.00	-	13.00	20.00

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

3. Forecast of consolidated operating results for fiscal 2012 ending March 31, 2013 (April 1, 2012 ~ March 31, 2013)

(% 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
Six Months Ended September 30,2012	15,500	8.3	900	58.1	1,000	57.2	700	34.3	30.09
Full-term	35,000	9.7	2,500	36.7	2,700	30.0	2,000	3.6	85.98

(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: Yes
3) Changes in accounting estimates: No
4) Restatements of financial statements: No

(Note) For details, see “2. (3)” under “(3) Changes in accounting policies; changes in accounting estimates; restatements of financial statements” on p.5.

(4) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term (Including treasury stock):	As of June 30, 2012	23,781,394 shares	As of March 31, 2012	23,781,394 shares
2) Quantity of treasury stock at end of term:	As of June 30, 2012	521,200 shares	As of March 31, 2012	521,022 shares
3) Average number of shares during the term (Consolidated quarter):	First three months ended June 30, 2012	23,260,254 shares	First three months ended June 30, 2012	23,460,522shares

* 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

(1) Qualitative information concerning the consolidated operating results

During the first three months of fiscal 2012, the year ending March 31, 2013, Japan saw economic activity gently recover against the backdrop of reconstruction demand in the aftermath of the Great East Japan Earthquake. However, the economic outlook remained uncertain due to concerns about the power supply, the financial crises in Europe, the continuing appreciation of the yen, and the slowdown in the growth of the Chinese economy.

As regards the Company's main customers, favorable market conditions saw rechargeable battery- and smartphone-related makers continue to pursue capital investments. However, electronic component and electronic equipment makers were cautious due to uncertainties about the future. Automobile-related makers made firm investments centered on development activities.

Under these circumstances, the Company focused on expanding sales in the growing green technology market, and pursued a policy of encouraging existing customers to buy a new energy-saving model that had been launched on the market last year in exchange for their old one. In overseas markets, the Company continued to strengthen sales activities focused on China where R&D investment continues to expand.

As a result, on a consolidated basis, the amount of orders-received in the first quarter of fiscal 2012 fell 6.8% compared to the same period in the previous year when business was better, to ¥7,808 million. Net sales decreased 1.8% to ¥6,201 million. On the earnings front, the Company lowered fixed costs and improved the cost-of-sales ratio. Consequently, the loss posted in the same period last year was turned into a profit for the quarter under review. Operating income amounted to ¥75 million, and net income was ¥6 million.

	Previous consolidated 1st quarter (Fiscal 2011) (¥ millions)	This consolidated 1st quarter (Fiscal 2012) (¥ millions)	Change (%)
Orders-Received	8,376	7,808	(6.8)
Net Sales	6,317	6,201	(1.8)
Operating Income (Loss)	(107)	75	-
Ordinary Income (Loss)	(43)	78	-
Quarterly net Income (Loss)	(57)	6	-

Performance by Segment

This consolidated 1st quarter (Fiscal 2012)

	Orders-Received	Net Sales	Operating Income (Loss)
	¥ millions	¥ millions	¥ millions
Equipment Business	6,296	4,955	39
Service Business	1,293	1,133	91
Other Business	258	140	(54)
Elimination	(40)	(27)	(0)
Total	7,808	6,201	75

[Equipment Business]

In environmental test chambers, in Japan the Company won only weak orders for customized products, walk-in type temperature and humidity chambers, and other products. Turning to overseas markets, the Company continued to obtain favorable orders at affiliates in China, and sales increased. Overall, orders for environmental test chambers increased year on year, but net sales slightly declined compared with the same period in the previous fiscal year.

In semiconductor equipment, although the Company won orders for and achieved sales of evaluation systems, overall orders-received and net sales decreased compared with the same period in the previous year when business was better.

In FPD equipment, although the Company received orders for clean ovens from Japanese manufacturers, orders-received decreased compared with the same period in the previous year when business was better. Net sales substantially increased year on year, partly due to delivering orders received in the previous year.

In energy devices equipment, although orders-received and sales increased for rechargeable batteries manufacturing equipment and power semiconductor evaluation equipment, which are handled by ESPEC overall, the Company's subsidiary ESPEC TECHNO CORP. saw weak business primarily with inspection equipment for rechargeable batteries in the period under review. As a result, both orders-received and net sales declined year on year.

As a result, the Equipment Business as a whole saw orders-received fall 8.5% to ¥6,296 million, and net sales drop by 3.3% to ¥4,955 million, compared with the same period of fiscal 2011. Earnings moved into the black due to the benefit of reduced selling, general and administrative expenses, with operating income amounting to ¥39 million.

	Previous consolidated 1st quarter (Fiscal 2011) (¥ millions)	This consolidated 1st quarter (Fiscal 2012) (¥ millions)	Change (%)
Orders-Received	6,879	6,296	(8.5)
Net Sales	5,123	4,955	(3.3)
Operating Income (Loss)	(26)	39	-

[Service Business]

In after-sales service and engineering, orders-received decreased year on year but net sales increased compared with the same period in the previous year. Although the after-sales service business stagnated, the engineering business, which engages in construction around equipment, was strong.

In commissioned tests and facility rentals, the Company received less orders for mainstay test consulting and product rentals compared with the same period in the previous year, when orders-received were good in the aftermath of the Great East Japan Earthquake. Overall however, net sales increased partly due to favorable rental business with the new-product Platinous J series of energy-saving temperature and humidity chambers.

As a result, the Service Business on the whole recorded orders-received of ¥1,293 million, down 4.8% from the same period last year. However, net sales increased 6.9% to ¥1,133 million. Buoyed by improved gross profit on commissioned testing and rentals, earnings moved into the black and operating income amounted to ¥91 million.

	Previous consolidated 1st quarter (Fiscal 2011) (¥ millions)	This consolidated 1st quarter (Fiscal 2012) (¥ millions)	Change (%)
Orders-Received	1,358	1,293	(4.8)
Net Sales	1,060	1,133	6.9
Operating Income (Loss)	(15)	91	-

[Other Business]

In the Other Business, the environmental engineering business received favorable orders for forest creation. Overall therefore, in the Other Business, orders-received climbed 47.0% from the same period of fiscal 2011 to ¥258 million, but net sales declined 13.4% to ¥140 million. As regards earnings, the segment posted an operating loss of ¥54 million, despite an improved cost-of-sales ratio.

	Previous consolidated 1st quarter (Fiscal 2011) (¥ millions)	This consolidated 1st quarter (Fiscal 2012) (¥ millions)	Change (%)
Orders-Received	175	258	47.0
Net Sales	162	140	(13.4)
Operating loss	(66)	(54)	-

* 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 standing

Total assets at the end of the first quarter consolidated accounting period were ¥37,694 million, a decrease of ¥934 million over the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥388 million, a decrease of ¥1,277 million in notes and accounts receivable-trade, an increase of ¥275 million in work in process, an increase of ¥107 million in raw materials and supplies, and an increase in other current assets of ¥176 million. Liabilities were ¥8,776 million, a decrease of ¥801 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥475 million, and a decrease in other current liabilities of ¥423 million. Net assets were ¥28,917 million, a decrease of ¥132 million against the end of the previous fiscal year. Major factors included a decrease of ¥295 million in retained earnings and an increase of ¥201 million due to foreign currency translation adjustment.

(3) Qualitative information concerning the consolidated operating forecasts

With regard to the consolidated performance forecasts for the first six months of fiscal 2012 and for full-year fiscal 2012, the Company is not revising the original forecasts because there are currently no conditions requiring us to revise these business performance forecasts.

Moreover, as regards important risks that may impact on actual performance, although there is no change to the Business Risks section on page 7 of the Summary of Financial Results (Consolidated) for Fiscal 2011 Ended March 31, 2012, 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) Changes in accounting policies; changes in accounting estimates; restatements of financial statements

Change in accounting policy

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

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). The depreciation of buildings acquired on or after April 1, 1998 has been calculated using the declining-balance method. However, structures attached to buildings acquired on or after April 1, 1998 have been calculated using the straight-line method. From the first quarter under review, the Company will change 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 take advantage of this policy to further strengthen on-site production systems, and re-examine the depreciation method required by the facility usage method. 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.

As a result of this change, depreciation expenses for the first quarter were reduced by ¥44 million compared to the method applied hitherto. Operating income, ordinary income and income before income taxes all increased ¥39 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ millions)

	As of March 31, 2012	As of June 30, 2012
Assets		
Current assets		
Cash and deposits	7,357	6,969
Notes and accounts receivable-trade	13,215	11,938
Short-term investment securities	2,300	2,300
Merchandise and finished goods	368	415
Work in process	1,179	1,454
Raw materials and supplies	1,038	1,145
Other	2,046	2,222
Allowance for doubtful accounts	(11)	(8)
Total current assets	27,494	26,438
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,021	3,092
Land	4,407	4,411
Other	695	769
Total property, plant and equipment	8,124	8,273
Intangible assets	253	307
Investments and other assets	2,755	2,675
Total noncurrent assets	11,134	11,256
Total assets	38,628	37,694
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,837	4,362
Income taxes payable	128	66
Provision for bonuses	385	595
Provision for directors' bonuses	2	0
Provision for product warranties	273	248
Other	2,418	1,995
Total current liabilities	8,046	7,268
Noncurrent liabilities		
Provision for retirement benefits	23	24
Provision for directors' retirement benefits	44	22
Asset retirement obligations	51	51
Other	1,412	1,409
Total noncurrent liabilities	1,531	1,507
Total liabilities	9,578	8,776
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	16,869	16,573
Treasury stock	(360)	(360)
Total shareholders' equity	30,577	30,281
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	227	169
Revaluation reserve for land	(741)	(741)
Foreign currency translation adjustment	(1,174)	(972)
Total accumulated other comprehensive income	(1,687)	(1,545)
Minority interests	160	181
Total net assets	29,050	28,917
Total liabilities and net assets	38,628	37,694

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

Quarterly Consolidated Statements of Income
(First three months ended June 30, 2012)

(¥ millions)

	Three months ended June 30, 2011	Three months ended June 30, 2012
Net sales	6,317	6,201
Cost of sales	4,340	4,147
Gross profit	1,976	2,054
Selling, general and administrative expenses		
Salaries and allowances	551	545
Provision for bonuses	84	58
Provision for product warranties	40	43
Provision for directors' bonuses	1	0
Other	1,405	1,331
Selling, general and administrative expenses	2,084	1,978
Operating Income	(107)	75
Non-operating income		
Interest income	4	6
Dividends income	30	26
Equity in earnings of affiliates	42	9
Other	17	11
Non-operating income	95	54
Non-operating expenses		
Interest expenses	2	0
Foreign exchange losses	23	46
Other	3	4
Non-operating expenses	30	51
Ordinary Income	(43)	78
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	20	-
Extraordinary income	20	0
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	13	54
Extraordinary loss	13	54
Loss before income taxes	(35)	24
Taxes-current	12	7
Loss before minority interests	(48)	16
Minority interests in income	9	10
Net Income	(57)	6

Quarterly Consolidated Statements of Comprehensive Income
(First three months ended June 30, 2012)

(¥ millions)

	Three months ended June 30, 2011	Three months ended June 30, 2012
loss before minority interests	(48)	16
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(26)	(58)
Deferred gains or losses on hedges, net of tax	0	-
Foreign currency translation adjustment, net of tax	58	182
Share of other comprehensive income of associates accounted for using equity method	12	29
Other comprehensive income	45	153
Comprehensive income	(2)	169
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(15)	149
Comprehensive income attributable to minority interests	13	20

(3) Notes on the assumption of a going concern

No applicable

(4) Note on Significant Changes in Shareholders' Equity

Not applicable

(5) Segment information

Ⅰ Previous consolidated 1st quarter (From April 1, 2011 to June 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	5,123	1,031	162	6,317	-	6,317
(2) Internal sales or transfers between segments	-	28	0	29	(29)	-
Total	5,123	1,060	162	6,346	(29)	6,317
Segment income (loss)	(26)	(15)	(66)	(108)	0	(107)

*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 1st quarter (From April 1, 2012 to June 30, 2012)

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	4,953	1,108	139	6,201	-	6,201
(2) Internal sales or transfers between segments	2	24	0	27	(27)	-
Total	4,955	1,133	140	6,229	(27)	6,201
Segment income (loss)	39	91	(54)	75	(0)	75

*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

3. Information related to changes about reporting segment

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

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). The depreciation of buildings acquired on or after April 1, 1998 has been calculated using the declining-balance method. However, structures attached to buildings acquired on or after April 1, 1998 have been calculated using the straight-line method. From the first quarter under review, the Company will change 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 take advantage of this policy to further strengthen on-site production systems, and re-examine the depreciation method required by the facility usage method. 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, in segment income for the first quarter, the Equipment Business increased ¥13 million and the Service Business increased ¥25 million. In segment loss, the Other Business decreased ¥0 million.

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

No applicable