Financial Accounting Standards Foundation Member

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

November 13, 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:	November 14, 2012
Dividends Payment Beginning Day:	December 7, 2012
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 13, 2012 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 2nd quarter of fiscal 2012 ending March 31, 2013 (April 1, 2012 ~ September 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	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
First six months ended September 30, 2012	14,290	(0.1)	850	49.4	876	37.8	618	18.6
First six months ended September 30, 2011	14,306	10.8	569	3.4	636	(6.6)	521	(32.8)

(Note) Statements of comprehensive income First six months ended September 30, 2012 ¥570million [15.3%]
First six months ended September 30, 2011 ¥494million [5.9%]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First six months ended September 30, 2012	26.57	-
First six months ended September 30, 2011	22.22	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
As of September 30, 2012	37,867	29,318	76.9	1,251.82
As of March 31, 2012	38,628	29,050	74.8	1,242.02

(Reference) Shareholders' equity As of September 30, 2012 ¥29,117 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	-	7.00			
Fiscal year ending March 31, 2013 (forecast)			-	8.00	15.00

(Note) Has there been a correction in the dividend forecast this quarter: Yes
For revisions to dividend forecasts, please refer to the "Notice of Revisions of Financial Forecasts and Dividend Forecasts" issued today (November 13, 2012)

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
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Fiscal year ending March 31, 2013	32,000	0.3	1,900	3.9	2,100	1.1	1,300	(32.6)	55.89

(Note) Has there been a correction in the results forecast this quarter: Yes
For revisions to consolidated financial forecasts, please refer to the "Notice of Revisions of Financial Forecasts and Dividend Forecasts" issued today (November 13, 2012)

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 "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 September 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 September 30, 2012	521,250 shares	As of March 31, 2012	521,022 shares
3) Average number of shares during the term (First two quarters Consolidated quarter):	First six months ended September 30, 2012	23,260,212 shares	First six months ended September 30, 2011	23,460,512 shares

* 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 six months of fiscal 2012, the year ending March 31, 2013, the Japanese economy was underpinned by reconstruction demand following the March 2011 earthquake. However, the economic outlook remained uncertain due to concerns about the protracted appreciation of the yen and the slowdown of overseas economies such as Europe and China. Furthermore, concerns about the impact of strained Japan-China relations on the economy have become apparent.

As for the Company's main customers, manufacturers in the rechargeable battery and smartphone supply chain facing strong business conditions continued to drive firm growth in capital expenditures, despite signs of weakness in some quarters. Automotive manufacturers continued to make proactive investments mainly in R&D. Home appliance manufacturers maintained a deeply cautious stance toward capital expenditures.

Under these circumstances, the Company focused on strengthening sales activities 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 working to expand sales centered on China and other Asian countries.

As a result, on a consolidated basis, the amount of orders-received in the first half of fiscal 2012 decreased 1.0% year on year to ¥16,137 million and net sales declined 0.1% to ¥14,290 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 49.4% year on year to ¥850 million, while net income increased 18.6% year on year to ¥618 million.

	Previous consolidated 2nd quarter (Fiscal 2011) (Million Yen)	This consolidated 2nd quarter (Fiscal 2012) (Million Yen)	Change (%)
Orders-Received	16,303	16,137	(1.0)
Net Sales	14,306	14,290	(0.1)
Operating Income	569	850	49.4
Ordinary Income	636	876	37.8
Quarterly net Income	521	618	18.6

[Equipment Business]

In environmental test chambers, in Japan the Company achieved strong sales of new products as a result of bolstering promotion activities aimed at stimulating replacement demand by effectively promoting the energy-efficient performance of new products. However, sales of customized products and walk-in type temperature and humidity chambers decreased from the same period in the previous fiscal year. Turning to overseas markets, the Company strove to expand sales mainly in China and other Asian countries, resulting in steady growth in exports. At the same time, the Company's affiliates in China continued to perform favorably. Consequently, overall orders-received and net sales of environmental test chambers increased compared with the first half of fiscal 2011.

In semiconductor equipment, although evaluation systems performed well, orders-received and net sales both decreased from the high levels recorded in the first half of fiscal 2011.

In FPD equipment, although the Company won orders for clean ovens from Japanese manufacturers and others, orders-received decreased sharply from the high level recorded in the first half of fiscal 2011. Net sales increased substantially from the same period of the previous year, partly reflecting this year's delivery of orders received in the previous year.

In energy devices equipment, the parent company ESPEC CORP. saw manufacturing, evaluation and other equipment for rechargeable batteries and power semiconductors perform strongly as a result of efforts to win orders and raise market recognition by expanding the product range and holding demonstration trials. However, the Company's subsidiary ESPEC TECHNO CORP. posted a decline in net sales compared with the first half of fiscal 2011. Overall, energy devices equipment posted higher orders-received, but lower net sales, compared with the same period of fiscal 2011.

As a result, the Equipment Business as a whole saw orders-received fall 3.1% year on year to ¥12,975 million, and net sales decrease 1.4% to ¥11,419 million. Operating income increased 25.2% to ¥642 million, mainly reflecting the beneficial impact of launching new products and reducing the cost-of-sales ratio.

	Previous consolidated 2nd quarter (Fiscal 2011) (Million Yen)	This consolidated 2nd quarter (Fiscal 2012) (Million Yen)	Change (%)
Orders-Received	13,392	12,975	(3.1)
Net Sales	11,585	11,419	(1.4)
Operating Income	513	642	25.2

[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 rentals and 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 ¥2,625 million, down 2.7% from the same period last year. Net sales decreased 1.6% to ¥2,445 million. Operating income rose 42.2% to ¥282 million, mainly reflecting changes in the sales mix.

	Previous consolidated 2nd quarter (Fiscal 2011) (Million Yen)	This consolidated 2nd quarter (Fiscal 2012) (Million Yen)	Change (%)
Orders-Received	2,699	2,625	(2.7)
Net Sales	2,486	2,445	(1.6)
Operating Income	198	282	42.2

[Other Business]

The environmental engineering business, which includes forest creation, performed favorably, while a large order was received in the plant factory business. As a result, the Other Business on the whole posted orders-received of ¥611 million, an increase of 123.2% from the same period of fiscal 2011, when performance weakened due to the impact of the earthquake. Net sales amounted to ¥491 million, an increase of 69.5%. As for earnings, the segment posted an operating loss of ¥75 million, albeit an improvement from the operating loss posted in the first half of fiscal 2011.

	Previous consolidated 2nd quarter (Fiscal 2011) (Million Yen)	This consolidated 2nd quarter (Fiscal 2012) (Million Yen)	Change (%)
Orders-Received	273	611	123.2
Net Sales	290	491	69.5
Operating loss	(143)	(75)	-

* 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 2nd quarter consolidated accounting period were ¥37,867 million, a decrease of ¥761 million against the end of the previous consolidated fiscal year. Major factors included an increase in cash and deposits of ¥543 million, a decrease of ¥2,462 million in notes and accounts receivable-trade, and an increase in short-term investment securities of ¥1,100 million. Liabilities were ¥8,548 million, a decrease of ¥1,029 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥609 million, and a decrease in other current liabilities of ¥413 million. Net assets were ¥29,318 million, an increase of ¥268 million against the end of the previous fiscal year. Major factors included an increase of ¥315 million in retained earnings.

(3) Qualitative information concerning the consolidated operating forecasts

A large number of ESPEC's major customers have maintained a cautious approach to investment due to concerns about worsening business performance amid a global economic slowdown. This situation is expected to continue going forward. Considering these circumstances, the Company has revised down its full-year consolidated performance forecasts for fiscal 2012, because it now expects its full-year net sales and earnings for this period to fall short of previous forecasts.

Moreover, as for 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 six months ended September 30, 2012 were reduced by ¥96 million compared to the method applied hitherto. Operating income, ordinary income and income before income taxes all increased ¥92 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	7,357	7,901
Notes and accounts receivable-trade	13,215	10,752
Short-term investment securities	2,300	3,401
Merchandise and finished goods	368	368
Work in process	1,179	1,250
Raw materials and supplies	1,038	1,120
Other	2,046	1,802
Allowance for doubtful accounts	(11)	(8)
Total current assets	27,494	26,589
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,021	3,036
Land	4,407	4,408
Other, net	695	934
Total property, plant and equipment	8,124	8,379
Intangible assets	253	288
Investments and other assets	2,755	2,609
Total noncurrent assets	11,134	11,277
Total assets	38,628	37,867
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,837	4,227
Income taxes payable	128	214
Provision for bonuses	385	360
Provision for directors' bonuses	2	1
Provision for product warranties	273	268
Other	2,418	2,005
Total current liabilities	8,046	7,077
Noncurrent liabilities		
Provision for retirement benefits	23	25
Provision for directors' retirement benefits	44	22
Asset retirement obligations	51	51
Other	1,412	1,371
Total noncurrent liabilities	1,531	1,471
Total liabilities	9,578	8,548
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	16,869	17,184
Treasury stock	(360)	(360)
Total shareholders' equity	30,577	30,893
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	227	74
Revaluation reserve for land	(741)	(741)
Foreign currency translation adjustment	(1,174)	(1,109)
Total accumulated other comprehensive income	(1,687)	(1,775)
Minority interests	160	201
Total net assets	29,050	29,318
Total liabilities and net assets	38,628	37,867

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

Quarterly Consolidated Statements of Income
(First six months ended September 30, 2012)

(Million Yen)

	First six months ended September 30, 2011	First six months ended September 30, 2012
Net sales	14,306	14,290
Cost of sales	9,529	9,364
Gross profit	4,776	4,925
Selling, general and administrative expenses		
Salaries and allowances	1,167	1,145
Provision for bonuses	108	108
Provision for product warranties	111	101
Provision for directors' bonuses	3	1
Other	2,816	2,719
Selling, general and administrative expenses	4,207	4,075
Operating Income	569	850
Non-operating income		
Interest income	9	13
Dividends income	30	29
Gain on sales of securities	2	0
Equity in earnings of affiliates	85	43
Other	39	26
Non-operating income	168	112
Non-operating expenses		
Interest expenses	5	0
Loss on sales of securities	4	1
Foreign exchange losses	81	70
Other	10	13
Non-operating expenses	101	86
Ordinary income	636	876
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of investment securities	20	-
Extraordinary income	20	1
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Loss on retirement of noncurrent assets	8	2
Loss on valuation of investment securities	81	20
Extraordinary loss	90	23
Income before income taxes	566	854
Taxes-current	17	197
Income before minority interests	549	657
Minority interests in income	27	38
Net income	521	618

Quarterly Consolidated Statements of Comprehensive Income
(First six months ended September 30, 2012)

(Million Yen)

	First six months ended September 30, 2011	First six months ended September 30, 2012
Income before minority interests	549	657
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(62)	(152)
Deferred gains or losses on hedges, net of tax	0	-
Foreign currency translation adjustment, net of tax	4	61
Share of other comprehensive income of associates accounted for using equity method	3	5
Other comprehensive income	(54)	(86)
Comprehensive income	494	570
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	465	530
Comprehensive income attributable to minority interests	29	40

(3) Notes on the assumption of a going concern

No applicable

(4) Notes on significant changes in shareholder s' equity

No applicable

(5) Segment information

Ⅰ Previous consolidated 2nd 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 (Million Yen)	Adjustment *1 (Million Yen)	Carried amount on quarterly consolidated statements of income *2 (Million Yen)
	Equipment Business (Million Yen)	Service Business (Million Yen)	Other Business (Million Yen)			
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

Ⅱ This consolidated 2nd quarter (From April 1, 2012 to September 30, 2012)

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

	Reportable segment			Total (Million Yen)	Adjustment *1 (Million Yen)	Carried amount on quarterly consolidated statements of income *2 (Million Yen)
	Equipment Business (Million Yen)	Service Business (Million Yen)	Other Business (Million Yen)			
Net Sales						
(1) Sales to external customers	11,417	2,381	490	14,290	-	14,290
(2) Internal sales or transfers between segments	2	63	1	67	(67)	-
Total	11,419	2,445	491	14,357	(67)	14,290
Segment income (loss)	642	282	(75)	850	0	850

*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)

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 first quarter of fiscal 2012, the Company has changed the depreciation method to the straight-line method.

This change had the effect of increasing segment operating income for the first half of fiscal 2012 by ¥33 million in the Equipment Business, ¥57 million in the Service Business, while decreasing the segment operating loss for the first half of fiscal 2012 in the Other Business by ¥1 million, compared to the method applied hitherto.

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

No applicable