



**Summary of Financial Results (Consolidated)**  
for the First Quarter of Fiscal 2013 Ending March 31, 2014  
[under Japanese GAAP]

August 2, 2013

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo Stock Exchanges, First Section
Securities Code:	6859
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Planned Date of Filing of Quarterly Report:	August 8, 2013
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 2, 2013 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 1<sup>st</sup> quarter of fiscal 2013 ending March 31, 2014 (April 1, 2013 ~ June 30, 2013)

(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 three months ended June 30, 2013	5,434	(12.4)	(309)	-	(206)	-	(145)	-
First three months ended June 30, 2012	6,201	(1.8)	75	-	78	-	6	-

(Note) Statements of comprehensive income First three months ended June 30, 2013 ¥105 million [(37.7)%]  
First three months ended June 30, 2012 ¥169 million [-%]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First three months ended June 30, 2013	(6.26)	-
First three months ended June 30, 2012	0.28	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
As of June 30, 2013	38,911	30,375	77.5	1,297.05
As of March 31, 2013	39,724	30,455	76.2	1,301.17

(Reference) Shareholders' equity As of June 30, 2013 ¥30,169 million  
As of March 31, 2013 ¥30,265 million

2. Dividends

	Annual dividends				
	End of 1 <sup>st</sup> quarter	End of 2 <sup>nd</sup> quarter	End of 3 <sup>rd</sup> quarter	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	-	7.00	-	8.00	15.00
Fiscal year ended March 31, 2014	-				
Fiscal year ending March 31, 2014 (forecast)		7.00	-	11.00	18.00

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

3. Forecast of consolidated operating results for fiscal 2013 ending March 31, 2014 (April 1, 2013 ~ March 31, 2014)

(% 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
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

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

4. Others

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

No

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

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

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

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

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

2) Changes in accounting policies other than above: No

3) Changes in accounting estimates: No

4) Restatements of financial statements: No

(4) Number of outstanding shares (Ordinary shares)

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

As of June 30, 2013	23,781,394 shares	As of March 31, 2013	23,781,394 shares
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2) Quantity of treasury stock at end of term:

As of June 30, 2013	521,499 shares	As of March 31, 2013	521,449 shares
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3) Average number of shares during the term (Consolidated quarter):

First three months ended June 30, 2013	23,259,912 shares	First three months ended June 30, 2012.	23,260,254shares
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\* Indication regarding execution of quarterly procedures

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

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

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

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## 1. Qualitative Information concerning Consolidated Financial Results

### (1) Description of operating results

During the first three months of fiscal 2013, the year ending March 31, 2014, the pace of economic recovery in Japan was gradual, despite improvements in economic sentiment that included economic conditions overseas picking up, particularly in the U.S., and a favorable turn in the export environment brought about by the yen's continued depreciation.

Of the Company's main customers, automotive manufacturers continued to invest aggressively, but the stance of other manufacturers toward investment remained cautious. Consequently, there were no signs of a firm recovery in capital investment.

In this environment, the Company focused on expanding its scope of marketing in the growing green technology market, while at the same time working to win orders for walk-in type temperature (& humidity) chambers and other custom-built products in which capital investment remained comparatively firm. Meanwhile, in overseas markets, marketing activity was strengthened in China and other parts of Asia, as well as in the U.S.

Despite these efforts, the consolidated results for the first quarter of the fiscal year were down from the same period in the previous fiscal year. The amount of orders-received decreased 0.7% year on year to ¥7,757 million and net sales declined 12.4% to ¥5,434 million. On the earnings front, the Company posted an operating and net loss of ¥309 million and ¥145 million, respectively, owing to declining sales and the cost-of-sales ratio deteriorating.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2012) (Million Yen)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	7,808	7,757	(0.7)
Net Sales	6,201	5,434	(12.4)
Operating Income (Loss)	75	(309)	-
Ordinary Income (Loss)	78	(206)	-
Quarterly net Income (Loss)	6	(145)	-

### Performance by Segment

This consolidated 1<sup>st</sup> quarter (Fiscal 2013)

	Orders-Received	Net Sales	Operating Income (Loss)
	Million Yen	Million Yen	Million Yen
Equipment Business	6,305	4,167	(307)
Service Business	1,238	1,036	30
Other Business	251	261	(33)
Elimination	(38)	(30)	0
Total	7,757	5,434	(309)

[Equipment Business]

In environmental test chambers, sales of highly versatile products, such as the Platinous J series of temperature (& humidity) chambers and the TSA series of thermal shock chambers, decreased year on year in the first quarter on account of capital investments in Japan that showed no firm signs of recovering. By contrast, the amount of orders-received and sales of walk-in type temperature (& humidity) chambers increased year on year in the first quarter, as a result of efforts to win orders that had been ongoing since the previous fiscal year. As for overseas markets, in contrast to sales for the quarter increasing year on year in Europe and North America, those in China declined, affected by investments that were curtailed as a result of economic growth in China slowing. As a result, the Equipment Business as a whole saw both orders-received and net sales fall year on year for the first quarter.

In energy devices equipment, the Group's marketing activities were strengthened in secondary batteries and power semiconductors among other fields. However, as investments here also remained at a standstill, both the amount of orders-received and net sales of energy devices equipment for the first quarter declined in comparison to the same period last year.

In semiconductor equipment, the amount of orders-received for the first quarter declined year on year. However, net sales increased due in part to orders carried over from the previous fiscal year.

In FPD equipment, net sales fell year on year for the first quarter, despite an order for clean ovens from an overseas manufacturer that pushed the amount of orders-received for the quarter substantially higher.

As a result, the Equipment Business as a whole saw orders-received remain about flat at ¥6,305 million, while net sales decreased 15.9% to ¥4,167 million compared to the first quarter of the previous fiscal year. Due in part to this decline in sales, the segment posted an operating loss of ¥307 million.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2012) (Million Yen)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	6,296	6,305	(0.1)
Net Sales	4,955	4,167	(15.9)
Operating Income (Loss)	39	(307)	-

[Service Business]

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

In commissioned tests and facility rentals, mainstay test consulting saw growth undergirded by a firm trend in the automobile market. Consequently, orders-received increased while net sales decreased year on year.

As a result, the Service Business on the whole recorded orders-received of ¥1,238 million, down 4.2%, and net sales of ¥1,036 million, down 8.6% from the same period last year. As a result of sales declining, operating income decreased 66.7% year on year to ¥30 million.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2012) (Million Yen)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	1,293	1,238	(4.2)
Net Sales	1,133	1,036	(8.6)
Operating Income	91	30	(66.7)

## [Other Business]

In the environmental engineering business, conditions were strong for reforestation (tree planting) and waterfront biotope restoration, as well as for the plant factory business. As a result, the Other Business on the whole saw net sales increase 85.9% year on year to ¥261 million, despite orders-received declining 2.7% year on year to ¥251 million for the first quarter. As for earnings, the segment posted an operating loss of ¥33 million, albeit an improvement from the operating loss posted in the first quarter of the previous fiscal year.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2012) (Million Yen)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	258	251	(2.7)
Net Sales	140	261	85.9
Operating loss	(54)	(33)	-

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

### (2) Description of financial position

Total assets at the end of the first quarter consolidated accounting period were ¥38,911 million, a decrease of ¥813 million over the end of the previous consolidated fiscal year. Major factors included decreases of ¥1,409 million in notes and accounts receivable-trade and ¥500 million in investment securities, and increases of ¥310 million in merchandise and finished goods and ¥792 million in work in process. Liabilities were ¥8,536 million, a decrease of ¥732 million against the end of the previous consolidated fiscal year. Major factors included decreases of ¥506 million in notes and accounts payable-trade and ¥217 million in other current liabilities. Net assets were ¥30,375 million, a decrease of ¥80 million against the end of the previous fiscal year. Major factors included a decrease of ¥331 million in retained earnings and an increase of ¥203 million due to foreign currency translation adjustment.

### (3) Description of consolidated operating forecasts and other forward-looking information

With regard to the consolidated performance forecasts for the first six months of fiscal 2013 and for full-year fiscal 2013, 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 6 of the Summary of Financial Results (Consolidated) for Fiscal 2012 Ended March 31, 2013, the factors that impact on performance are not limited to these.

## 2. Summary Information (Other)

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

No applicable

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

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

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2013	As of June 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	9,371	8,951
Notes and accounts receivable-trade	11,264	9,855
Securities	3,901	3,401
Merchandise and finished goods	333	643
Work in process	926	1,718
Raw materials and supplies	1,101	1,208
Other	1,523	1,749
Allowance for doubtful accounts	(6)	(5)
Total current assets	28,414	27,521
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,060	3,065
Land	4,406	4,414
Other, net	1,063	1,041
Total property, plant and equipment	8,530	8,521
Intangible assets	217	202
Investments and other assets	2,561	2,666
Total noncurrent assets	11,309	11,390
Total assets	39,724	38,911
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	4,730	4,224
Income taxes payable	203	32
Provision for bonuses	372	574
Provision for directors' bonuses	3	-
Provision for product warranties	239	202
Other	2,142	1,924
Total current liabilities	7,692	6,957
Noncurrent liabilities		
Provision for retirement benefits	26	28
Provision for directors' retirement benefits	19	19
Asset retirement obligations	51	51
Other	1,479	1,479
Total noncurrent liabilities	1,576	1,578
Total liabilities	9,269	8,536
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	17,619	17,287
Treasury stock	(360)	(360)
Total shareholders' equity	31,327	30,995
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	443	475
Revaluation reserve for land	(742)	(742)
Foreign currency translation adjustment	(763)	(559)
Total accumulated other comprehensive income	(1,062)	(826)
Minority interests	190	205
Total net assets	30,455	30,375
Total liabilities and net assets	39,724	38,911

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

Quarterly Consolidated Statements of Income  
(First three months ended June 30, 2013)

(Million Yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Net sales	6,201	5,434
Cost of sales	4,147	3,746
Gross profit	2,054	1,688
Selling, general and administrative expenses		
Salaries and allowances	545	579
Provision for bonuses	58	59
Provision for product warranties	43	25
Provision for directors' bonuses	0	-
Other	1,331	1,333
Total selling, general and administrative expenses	1,978	1,997
Operating Income (loss)	75	(309)
Non-operating income		
Interest income	6	7
Dividends income	26	34
Equity in earnings of affiliates	9	-
Foreign exchange gains	-	44
Other	11	21
Total non-operating income	54	107
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	46	-
Commission fee	2	2
Other	2	1
Total non-operating expenses	51	3
Ordinary income (loss)	78	(206)
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	54	-
Total extraordinary losses	54	0
Income (loss) before income taxes and minority interests	24	(205)
Income taxes-current	7	(58)
Income (loss) before minority interests	16	(147)
Minority interests in income (loss)	10	(1)
Net income (loss)	6	(145)

Quarterly Consolidated Statements of Comprehensive Income  
(First three months ended June 30, 2013)

(Million Yen)

	Three months ended June 30, 2012	Three months ended June 30, 2013
Income (loss) before minority interests	16	(147)
Other comprehensive income		
Valuation difference on available-for-sale securities	(58)	32
Foreign currency translation adjustment	182	220
Share of other comprehensive income of associates accounted for using equity method	29	-
Total other comprehensive income	153	253
Comprehensive income	169	105
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	149	90
Comprehensive income attributable to minority interests	20	15

(3) Notes to the quarterly consolidated financial statements

(Notes on the assumption of a going concern)

No applicable

(Note on significant changes in shareholders' equity)

Not applicable

(Segment information)

I Previous consolidated 1<sup>st</sup> 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 (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	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

II This consolidated 1<sup>st</sup> quarter (From April 1, 2013 to June 30, 2013)

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	4,167	1,006	260	5,434	-	5,434
(2) Internal sales or transfers between segments	-	30	0	30	(30)	-
Total	4,167	1,036	261	5,465	(30)	5,434
Segment income (loss)	(307)	30	(33)	(309)	0	(309)

\*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