



Summary of Financial Results (Consolidated)
for the Second Quarter of Fiscal 2015 Ending March 31, 2016
[under Japanese GAAP]

October 30, 2015

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:	November 13, 2015
Dividends Payment Beginning Day:	December 3, 2015
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 October 30, 2015 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 2nd quarter of fiscal 2015 ending March 31, 2016 (April 1, 2015 ~ September 30, 2015)

(1) Consolidated operating results (cumulative)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
First six months ended September 30, 2015	16,136	13.7	1,133	35.4	1,274	33.7	802	35.9
First six months ended September 30, 2014	14,196	1.1	837	23.1	953	17.5	590	17.2

(Note) Statements of comprehensive income First six months ended September 30, 2015 ¥813million [60.6%]
First six months ended September 30, 2014 ¥506million [(56.9%)]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First six months ended September 30, 2015	34.70	-
First six months ended September 30, 2014	25.38	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
As of September 30, 2015	45,913	35,424	77.2	1,530.76
As of March 31, 2015	46,792	35,451	75.1	1,521.96

(Reference) Shareholders' equity As of September 30, 2015 ¥35,424million
As of March 31, 2015 ¥35,158 million

2. Dividends

	Annual dividends				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	Term-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	-	7.00	-	19.00	26.00
Fiscal year ended March 31, 2016	-	9.00			
Fiscal year ending March 31, 2016 (forecast)			-	19.00	28.00

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

3. Forecast of consolidated operating results for fiscal 2015 ending March 31, 2016 (April 1, 2015 ~ March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Fiscal year ending March 31, 2016	35,000	4.0	2,800	5.9	3,000	(1.5)	2,100	(0.9)	90.78

(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 page 5.

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

1) Changes in accounting policies due to amendment of accounting standards: Yes

2) Changes in accounting policies other than above: No

3) Changes in accounting estimates: No

4) Restatements of financial statements: No

(Note) For details, see "2. (3)" under "Changes in Accounting Policies, Estimates and Restatement of Revisions" on page 5.

(4) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term

(Including treasury stock):

2) Quantity of treasury stock at end of term:

3) Average number of shares during the term

(First two quarters

Consolidated quarter):

As of September 30, 2015	23,781,394 shares	As of March 31, 2015	23,781,394 shares
As of September 30, 2015	639,531 shares	As of March 31, 2015	680,455 shares
First six months ended September 30, 2015	23,122,902 shares	First six months ended September 30, 2014	23,259,614 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 "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 six months (the “first half”) of fiscal 2015, the year ending March 31, 2016, the Japanese economy saw a continued recovery mainly due to an improvement in corporate earnings against the backdrop of strong business expansion in the U.S. together with the yen depreciating and oil prices falling. However, the situation was clouded by concerns over the global economic impact of the slowdown in the Chinese economy and of global stock declines, together with other factors. Of the Company’s main customers, automotive manufacturers continued to invest aggressively, while investment activity improved among electronics-related manufacturers.

In this environment, the Company strengthened marketing activities in China and Southeast Asia, its designated priority market, and focused on developing the energy device market centered on eco-cars as well as the “food and drug markets”. As a result, in the consolidated results for the first half of fiscal 2015, the amount of orders-received increased 19.2% year on year to ¥20,764 million and net sales increased 13.7% to ¥16,136 million. On the earnings front, operating income increased 35.4% year on year to ¥1,133 million and profit attributable to owners of parent rose 35.9% year on year to ¥802 million.

	Previous consolidated 2 nd quarter (Fiscal 2014) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	17,418	20,764	19.2
Net Sales	14,196	16,136	13.7
Operating Income	837	1,133	35.4
Ordinary Income	953	1,274	33.7
Profit attributable to owners of parent	590	802	35.9

Performance by Segment

This consolidated 2nd quarter (Fiscal 2015)

	Orders-Received	Net Sales	Operating Income
	Million Yen	Million Yen	Million Yen
Equipment Business	17,156	12,909	887
Service Business	2,944	2,615	215
Other Business	808	733	32
Elimination	(145)	(122)	(2)
Total	20,764	16,136	1,133

[Equipment Business]

In the environmental test chambers field, in Japan the Company saw strong business for highly versatile standardized products, as well as for Walk-in type temperature & humidity chambers and customized products centered on the automotive market in Japan. Overseas, exports grew steadily, mainly to the U.S., China and Southeast Asia, and sales by the Company's U.S. and Chinese subsidiaries performed favorably. As a result, both orders-received and net sales of environmental test chambers on the whole increased year on year during the six months under review.

In the energy devices equipment field, orders-received increased from the same period the year before due to efforts to win orders for the Charge-discharge Evaluation System for secondary batteries for automobiles, and for power device evaluation systems. However, sales in this field declined on the same period last year because the Company plans to book the sales of many orders-received projects in the second half of the fiscal year.

In the semiconductor equipment field, orders received from certain smartphone supply chain manufacturers were strong, thereby supporting a year-on-year increase in orders-received. However, net sales fell in comparison to their performance in the first half of the previous fiscal year.

As a result, the Equipment Business as a whole saw orders-received increase 22.5% to ¥17,156 million and net sales increase 15.6% to ¥12,909 million compared to the first half of the previous fiscal year. In terms of profit, net income was ¥887 million, up 27.1% year on year due to the increase in sales.

	Previous consolidated 2 nd quarter (Fiscal 2014) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	14,004	17,156	22.5
Net Sales	11,166	12,909	15.6
Operating Income	698	887	27.1

[Service Business]

In the after-sales service and engineering field, orders-received and net sales were on par with the first six months of the previous fiscal year.

In commissioned tests and facility rentals, the core test consulting operation saw steady growth in the automobile market. Consequently, both orders-received and net sales were about the same compared to the second quarter of the previous fiscal year.

As a result, the Company's Service Business on the whole recorded increases in orders-received and net sales of 2.9% to ¥2,944 million, and 0.8% to ¥2,615 million, respectively, compared to the first half of the previous fiscal year. As a result, operating income increased 15.5% year on year to ¥215 million, mainly due to reduced selling, general and administrative expenses.

	Previous consolidated 2 nd quarter (Fiscal 2014) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	2,860	2,944	2.9
Net Sales	2,594	2,615	0.8
Operating Income	186	215	15.5

[Other Business]

In the Other Business, strong performance in environmental engineering in the reforestation (tree planting) business of ESPEC MIC CORP. and the plant factory business drove orders-received to increase 19.3% year on year to ¥808 million for the first half of the fiscal year under review. Net sales increased 32.6% year on year to ¥733 million. As for earnings, the segment posted operating income of ¥32 million, an improvement from the first half of the previous fiscal year.

	Previous consolidated 2 nd quarter (Fiscal 2014) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	678	808	19.3
Net Sales	553	733	32.6
Operating loss	(47)	32	-

* 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) Description of financial position

Total assets at the end of the second quarter consolidated accounting period were ¥45,913 million, a decrease of ¥878 million from the end of the previous consolidated fiscal year. Major factors included a decrease of ¥2,334 million in notes and accounts receivable-trade, an increase of ¥1,387 million in inventories such as work in process. Liabilities were ¥10,488 million, a decrease of ¥851 million against the end of the previous consolidated fiscal year. Major factors included a decrease of ¥105 million in notes and accounts payable-trade, a decrease of ¥302 million in income taxes payable, and a decrease in other current liabilities of ¥297 million. Net assets were ¥35,424 million, a decrease of ¥27 million from the end of the previous fiscal year. Major factors included a decrease of ¥258 million in capital surplus, an increase of ¥490 million in retained earnings, and a decrease in non-controlling interests of ¥293 million.

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

With regard to the consolidated performance forecasts for full-year fiscal 2015, the Company is not revising the original forecasts made on May 13, 2015, because there are currently no conditions requiring us to revise these business performance forecasts.

Moreover, as for important risks that may impact on actual performance, although there is no change to the Business Risks section on page 5 of the Summary of Financial Results (Consolidated) for Fiscal 2014 Ended March 31, 2015, the factors that impact on performance are not limited to these.

2. Summary Information (Others)

(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, Estimates and Restatement of Revisions

Change in accounting policy

(Accounting standard applied to Business Combinations)

Effective April 1, 2015, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standard"), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Accounting Standard") and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestiture Accounting Standard"). As a result, gain or loss arising from a change in the Company's equity in subsidiaries in cases where control is retained was revised to a method recognizing them as an adjustment to capital surplus, along with recognizing the acquisition costs in connection with business combinations as expenses in the consolidated fiscal year in which they arise. At the same time, for business combinations that take place on or after April 1, 2015, the disclosure method was revised so as to restate the distribution of acquisition cost upon provisional accounting recognition in the statements of the fiscal year in which the combination took place. In addition, the presentation of quarterly net income, etc. was changed, and the presentation of minority interest was changed to the presentation of non-controlling interests. To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements were restated for the first half of the consolidated fiscal year ended March 31, 2016 and the consolidated fiscal year ended March 31, 2015.

With regard to the adoption of the Business Combination Accounting Standard and other accounting standards, the Company has adopted the Business Combination Accounting Standard from April 1, 2015 onward in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

The effect of this change on the quarterly consolidated financial statements for the first half of the fiscal year ending March 31, 2016 was a decrease of ¥258 million in capital surplus.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2014	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	9,270	10,081
Notes and accounts receivable - trade	13,744	11,409
Securities	4,901	3,901
Merchandise and finished goods	562	843
Work in process	1,110	2,177
Raw materials and supplies	1,544	1,584
Other	1,914	2,039
Allowance for doubtful accounts	(11)	(14)
Total current assets	33,036	32,023
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,298	3,431
Land	4,464	4,467
Other, net	1,881	2,080
Total property, plant and equipment	9,644	9,978
Intangible assets	364	373
Investments and other assets	3,746	3,537
Total non-current assets	13,755	13,889
Total assets	46,792	45,913
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,301	5,195
Income taxes payable	742	439
Provision for bonuses	377	368
Provision for directors' bonuses	6	—
Provision for product warranties	255	250
Other	2,653	2,355
Total current liabilities	9,336	8,609
Non-current liabilities		
Long-term loans payable	196	140
Net defined benefit liability	45	52
Provision for directors' retirement benefits	12	12
Asset retirement obligations	52	52
Other	1,696	1,621
Total non-current liabilities	2,003	1,879
Total liabilities	11,340	10,488

(Million Yen)

	As of March 31, 2014	As of September 30, 2015
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	6,914
Retained earnings	20,554	21,044
Treasury shares	(550)	(501)
Total shareholders' equity	34,072	34,353
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,199	1,033
Revaluation reserve for land	(686)	(686)
Foreign currency translation adjustment	578	729
Remeasurements of defined benefit plans	(5)	(5)
Total accumulated other comprehensive income	1,085	1,071
Non-controlling interests	293	—
Total net assets	35,451	35,424
Total liabilities and net assets	46,792	45,913

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

Quarterly Consolidated Statements of Income
(First six months ended September 30, 2015)

(Million Yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
Net sales	14,196	16,136
Cost of sales	8,981	10,392
Gross profit	5,215	5,743
Selling, general and administrative expenses		
Salaries and allowances	1,239	1,331
Provision for bonuses	106	111
Provision for product warranties	79	100
Provision of allowance for doubtful accounts	—	6
Other	2,951	3,059
Total selling, general and administrative expenses	4,377	4,609
Operating income	837	1,133
Non-operating income		
Interest income	20	15
Dividend income	34	95
Foreign exchange gains	35	—
Other	33	47
Total non-operating income	122	158
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	—	8
Commission fee	4	5
Other	1	2
Total non-operating expenses	7	17
Ordinary income	953	1,274
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	—	0
Total extraordinary income	1	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	—
Total extraordinary losses	0	0
Income before income taxes and minority interests	954	1,274
Income taxes - current	350	453
Profit	604	821
Profit attributable to non-controlling interests	13	18
Profit attributable to owners of parent	590	802

Quarterly Consolidated Statements of Comprehensive Income
(First six months ended September 30, 2015)

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Profit	604	821
Other comprehensive income		
Valuation difference on available-for-sale securities	199	(166)
Foreign currency translation adjustment	(307)	157
Remeasurements of defined benefit plans, net of tax	10	0
Total other comprehensive income	(97)	(8)
Comprehensive income	506	813
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	508	787
Comprehensive income attributable to non-controlling interests	(2)	25

(3) Notes to the quarterly consolidated financial statements

(Notes on the assumption of a going concern)

No applicable

(Notes on significant changes in shareholder s' equity)

No applicable

(Segment information)

I Previous consolidated 2nd quarter (From April 1, 2014 to September 30, 2014)

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

(Million Yen)

	Reportable segment			Total	Adjustment *1	Carried amount on quarterly consolidated statements of income *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to external customers	11,158	2,485	552	14,196	-	14,196
(2) Internal sales or transfers between segments	8	108	0	118	(118)	-
Total	11,166	2,594	553	14,314	(118)	14,196
Segment income (loss)	698	186	(47)	837	0	837

*Notes:

1. "Adjustment" for segment income (loss) mainly represents eliminations of inter-segment transactions.
2. Segment income (loss) 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, 2015 to September 30, 2015)

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

(Million Yen)

	Reportable segment			Total	Adjustment *1	Carried amount on quarterly consolidated statements of income *2
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to external customers	12,908	2,495	732	16,136	-	16,136
(2) Internal sales or transfers between segments	0	120	0	122	(122)	-
Total	12,909	2,615	733	16,258	(122)	16,136
Segment income (loss)	887	215	32	1,136	(2)	1,133

*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