

Summary of Financial Results (Consolidated)

for the First Quarter of Fiscal 2010 Ending March 31, 2011 [Japanese GAAP]

Aug 6, 2010

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo, Osaka Stock Exchanges, First Section
Securities Code:	6859
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Planned Date of Filing of Quarterly Report:	August 9, 2010
Dividends Payment Beginning Day:	-
Preparing Supplementary Material on Quarterly Financial Results:	None
Holding Quarterly Financial Results Presentation Meeting:	None

(Rounded off to nearest million yen)

1. Consolidated financial results for the 1st quarter of fiscal 2010, ending March 31, 2011 (April 1, 2010 ~ June 30, 2010)

(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 (102)	%	¥ millions	%
Three months ended June 30, 2010	4,942	15.5	(175)	-	-	-	(112)	-
Three months ended June 30, 2009	4,279	(45.7)	(809)	-	(76 4)	-	(519)	-

	Net Income Per Share		Net income Per Share, Diluted	
	Yen	Yen	Yen	Yen
Three months ended June 30, 2010	(4.73)	-	-	-
Three months ended June 30, 2009	(21.89)	-	-	-

(2) Financial Standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of June 30, 2010	34,113	26,363	76.8	1,103.78
As of March 31, 2010	34,837	26,637	76.0	1,115.34

(Reference) Shareholders' equity As of June 30, 2010 ¥26,193 million As of March 31, 2010 ¥26,468 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
Year ended March 31, 2010	-	5.00	-	3.00	8.00
Year ended March 31, 2011	-	-	-	-	-
Year ended March 31, 2011 (forecast)	-	5.00	-	5.00	10.00

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

3. Forecast of Consolidated Operating Results for Fiscal 2010 Ending March 31, 2011 (April 1, 2010 ~ March 31, 2011)

(% figures for the whole term are rates of change in comparison to last year and % figures for the consolidated 2nd quarter are rates of change in comparison to the same quarter last year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%	Yen
Six-month (cumulative) period	12,000	27.2	100	-	150	-	200	-	8.43
Full-term	27,000	13.6	800	-	850	-	1,000	-	42.14

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

4. Other (For details, please refer to "Other Information" on page 4 of the Attached Material)

(1) Transfers of important subsidiaries during this quarter: No

(Note) Transfers of specified subsidiaries entailing changes in the scope of consolidation in the current quarter

(2) Application of simplified accounting methods and special accounting methods: Yes

(Note) Application of simplified accounting methods and special accounting methods in the creation of quarterly consolidated financial statements

(3) Changes in the principles, procedures, and presentation methods, etc

1) Changes associated with the revision of accounting standards: Yes

2) Changes other than those in 1) : No

(Note) Changes in the principles, procedures, and presentation methods of accounting methods related to the creation of the quarterly consolidated financial statements to be stated in the section of "Changes to important items fundamental to the creation of quarterly consolidated financial statements"

(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 (consolidated quarter)

As of June 30, 2010	23,781,394 shares	As of March 31, 2010	23,781,394 shares
As of June 30, 2010	50,314 shares	As of March 31, 2010	50,138 shares
Three months ended June 30, 2010	23,731,164 shares	Three months ended June 30, 2010	23,731,445 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 results forecast" on page 4 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information concerning Consolidated Results for the First Three Months

(1) Qualitative information concerning the consolidated operating results

During the consolidated 1st quarter period under review, the Japanese economy went through a recovery phase backed by an improvement in corporate earnings and growth of exports in the wake of the government's emergency economic package and the economic expansion of emerging countries. However, concerns about uncertainties in European economies and the ending of emergency economic packages in major countries were still fueling a sense of uncertainty about the future. Consequently, many manufacturers maintained a cautious stance towards increasing capital investment.

Although our major customers also took a conservative position on capital investment, the semiconductor sector, which had enhanced production capacity, and an expanding battery industry aggressively promoted capital investment, which showed us a sign of a gradual pickup in the economy.

Under these circumstances, as a result of stepped-up sales promotion to favorable industrial sectors, orders received significantly rose 80.5% to ¥7,871 million against the same quarter of the previous consolidated fiscal year and sales were ¥4,942 million, up 15.5% in comparison to the same quarter in the previous fiscal year. However, the company suffered an operating loss of ¥175 million.

	Previous consolidated 1 st quarter (57 th term) (¥ millions)	This consolidated 1 st quarter (58 th term) (¥ millions)	Change (%)
Orders-Received	4,360	7,871	80.5
Net Sales	4,279	4,942	15.5
Operating loss	(809)	(175)	-
Ordinary loss	(764)	(102)	-
Quarterly net loss	(519)	(112)	-

[Equipment Business]

In the Environmental Test Business, we worked, in the domestic market, to stimulate replacement demand for energy-saving models of mainstay products with our existing customers, as well as worked on acquiring orders for products with customized specifications in the energy market. As a result of such efforts, both orders received and sales increased mainly in battery related products and showed strong growth compared with the same quarter in the previous fiscal year, thanks to the favorable impact of the economic recovery in Asia and particularly China. In terms of income, however, the company suffered an operating loss.

In the Semiconductor Equipment Business, inquiries about mainstay burn-in chambers for semiconductor manufacturers shut up and led to a dramatic increase in orders received compared with the same quarter in the previous fiscal year, although this did not contribute to sales as these burn-in chambers were scheduled for delivery in the 2nd quarter. Due to favorable sales of evaluation devices for rechargeable batteries by subsidiary Espec Techno Corp., sales grew from the same quarter in the previous fiscal year. Operating income, however, remained a loss despite an improvement from the same quarter in the previous fiscal year.

In the FPD Equipment Business, there were no orders received for new projects in the quarter under review as the company changed sales activities from the previous year so as to place a greater focus on profitability. However, due to the steady demand for remodeling of delivered products as well as repairs and maintenance services, orders received showed strong growth in comparison to the same quarter in the previous fiscal year. As few orders received in the previous year were realized in this quarter, sales fell in comparison to the same quarter in the previous fiscal year, resulting in an operating loss. As a result, in the Device Business as a whole, orders received and sales were ¥6,287 million and ¥3,767 million, respectively, and, in terms of income, an operating loss of ¥187 million was recorded.

[Service Business]

Regarding the After Service and Engineering Business, the company undertook various initiatives including obtaining maintenance agreements by promoting a new service campaign and proactive proposals on energy-saving modifications and communication network services for delivered products. As a result of these efforts, both orders received and sales increased against the same quarter in the previous fiscal year and income showed some improvement.

With regard to the Commissioned Test and Facility Rental Business, due to an increase in demand for commissioned tests, both orders received and sales remained the same level as the same quarter in the previous fiscal year. In addition, the company's cost-cutting efforts significantly contributed to an improvement in income.

As a result, in the Service Business as a whole, orders received and sales were ¥1,397 million and ¥1,039 million, respectively, and operating income amounted to ¥30 million.

[Other Business]

In other business, plant factory sales by subsidiary Espec Mic Corp. continuously progressed well, leading to an increase in orders received, to ¥213 million, in comparison of the same quarter in the previous fiscal year. However, lower sales of waterfront development reduced sales significantly to ¥166 million. In terms of income, a decrease in sales had a negative effect that resulted in an operating loss of ¥18 million.

Consolidated results by operating segment for the first quarter of fiscal 2010

	Orders-Received	Net Sales	Operating Income (loss)
	¥ millions	¥ millions	¥ millions
Equipment Business	6,287	3,767	(187)
Service Business	1,397	1,039	30
Other Business	213	166	(18)
Elimination	(27)	(30)	(0)
Total	7,871	4,942	(175)

* 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.

* Due to changes in the classification of operating segments that were made in line with changes in accounting standards, consolidated results by operating segment for the first quarter of fiscal 2009 have been omitted.

(2) Qualitative information concerning the consolidated financial standing

Total assets at the end of the 1st quarter consolidated accounting period were ¥34,113 million, a decrease of ¥723 million against the end of the previous consolidated fiscal year. Major factors behind this included a decrease of ¥971 million in cash and deposits, a decrease of ¥375 million in notes and accounts receivable and an increase of ¥604 million in work in process. Liabilities were ¥7,750 million, a decrease of ¥449 million against the end of the previous consolidated fiscal year. Major factors responsible for this included a decrease of ¥450 million in other current liabilities. Net assets were ¥26,363 million, a decrease of ¥274 million against the end of the previous fiscal year. Major factors behind this included a decrease of ¥183 million in retained earnings and a fall of ¥114 million in valuation difference on available-for-sales securities.

(3) Qualitative information concerning the consolidated results forecast

For the consolidated 1st quarter period under review, orders received increased steadily and expenses did not differ materially from the forecasts. Therefore, for the first six months of fiscal 2010, the company is not revising the original forecasts set forth in the "Summary of Financial Results (Consolidated) for the Fiscal 2009 ending March 31, 2010", published on May 14, 2010.

With regard to the full-year forecast for fiscal 2010, the company is not revising the original forecasts either, as there are currently no conditions requiring us to revise the business forecasts for the second half of the year.

2. Other information

(1) Outline of transfers of important subsidiaries

No applicable

(2) Outline of application of simplified accounting methods and special accounting methods

1) Simplified accounting methods

No applicable

2) 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) Outline of changes in the principles, procedures, and presentation methods, etc

Application of Accounting Standard for Asset Retirement Obligations

Effective the period under review, the Company adopted the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21), both issued by the Accounting Standards Board of Japan (ASBJ) on March 31, 2008.

As a result of applying the standard, operating losses and ordinary losses increased ¥0 million, respectively, and losses before income taxes and minority interests increased ¥36 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	6,598	7,569
Notes and accounts receivable-trade	9,510	9,886
Short-term investment securities	1,800	1,800
Merchandise and finished goods	350	155
Work in process	1,706	1,102
Raw materials and supplies	1,025	974
Other	1,422	1,357
Allowance for doubtful accounts	(15)	(19)
Current assets	22,400	22,828
Noncurrent assets		
Property, plant and equipment		
Building and structure, net	3,415	3,454
Land	4,428	4,428
Other, net	581	601
Property, plant and equipment	8,426	8,483
Intangible assets	370	425
Investments and other assets	2,917	3,099
Noncurrent assets	11,713	12,008
Assets	34,113	34,837
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,047	3,928
Short-term loans payable	101	180
Income taxes payable	19	118
Provision for bonuses	341	229
Provision for directors' bonuses	0	5
Provision for product warranties	119	136
Other	1,252	1,702
Current liabilities	5,882	6,302
Noncurrent liabilities		
Long-term loans payable	199	201
Provision for retirement benefits	62	74
Provision for directors' retirement benefits	44	44
Negative goodwill	19	26
Asset retirement obligations	49	-
Other	1,493	1,549
Noncurrent liabilities	1,868	1,896
Liabilities	7,750	8,199
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	13,646	13,829
Treasury stock	(53)	(53)
Shareholders' equity	27,661	27,844
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	83	197
Deferred losses on hedges	(3)	(2)
Revaluation reserve for land	(826)	(826)
Foreign currency translation adjustment	(720)	(745)
Valuation and translation adjustments	(1,467)	(1,376)
Minority interests	169	169
Net assets	26,363	26,637
Liabilities and net assets	34,113	34,837

(2) Quarterly Consolidated Statements of Income

(Consolidated 1st quarter)

(Millions of yen)

	Three months ended June 30, 2009	Three months ended June 30, 2010
Net sales	4,279	4,942
Cost of sales	3,275	3,395
Gross profit	1,003	1,547
Selling, general and administrative expenses		
Salaries and allowances	521	488
Provision for bonuses	43	30
Provision for product warranties	18	23
Provision for directors' bonuses	-	0
Other	1,230	1,180
Selling, general and administrative expenses	1,812	1,722
Operating loss	(809)	(175)
Non-operating income		
Interest income	11	7
Dividends income	36	28
Amortization of negative goodwill	8	7
Equity in earnings of affiliates	0	25
Other	29	37
Non-operating income	85	106
Non-operating expenses		
Interest expenses	6	2
Foreign exchange losses	29	24
Other	3	5
Non-operating expenses	40	33
Ordinary loss	(764)	(102)
Extraordinary income		
Gain on sales of investment securities	-	6
Reversal of allowance for doubtful accounts	1	3
Other	0	-
Extraordinary income	1	10
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	-	12
Provision of allowance for doubtful accounts	1	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	36
Other	0	0
Extraordinary loss	2	49
Loss before income taxes	(764)	(140)
Taxes-current	(239)	(27)
Loss before minority interests	(524)	(113)
Minority interests in loss	(4)	(0)
Net loss	(519)	(112)

(3) Notes on the assumption of a going concern

No applicable

(4) Segment information

[Segment information by type of business]

Previous consolidated 1st quarter (From April 1, 2009 to June 30, 2009)

	Environmental Test Business (¥ millions)	Electronics Device Business (¥ millions)	Other Business (¥ millions)	Total (¥ millions)	Elimination or Corporate (¥ millions)	Consolidated (¥ millions)
Net Sales						
(1) Sales to external customers	3,472	530	276	4,279	-	4,279
(2) Internal sales or transfers between segments	6	7	2	15	(15)	-
Total	3,478	537	278	4,294	(15)	4,279
Operating income or loss	(621)	(208)	19	(810)	0	(809)

[Segment information]

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

This consolidated 1st quarter (From April 1, 2010 to June 30, 2010)

(Millions of yen)

	Reportable segment			Total	Adjustment	Carried amount on quarterly consolidated statements of income
	Equipment Business	Service Business	Other Business			
Net Sales						
(1) Sales to external customers	3,767	1,011	163	4,942	-	4,942
(2) Internal sales or transfers between segments	-	27	3	30	(30)	-
Total	3,767	1,039	166	4,972	(30)	4,942
Segment income or loss	(187)	30	(18)	(175)	(0)	(175)

(Additional information)

Effective the period under review, the Company adopted the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17) issued by the ASBJ on March 27, 2009 and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20) issued by the ASBJ on March 21, 2008.

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

No applicable