

Summary of Financial Results (Consolidated)

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

November 12, 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:	November 12, 2010
Dividends Payment Beginning Day:	December 9, 2010
Preparing Supplementary Material on Quarterly Financial Results:	Yes
Holding Quarterly Financial Results Presentation Meeting:	Yes (For Institutional Investors)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 2nd quarter of fiscal 2010, ending March 31, 2011 (April 1, 2010 ~ September 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	%	¥ millions	%
Six months ended September 30, 2010	12,916	36.9	550	-	680	-	776	-
Six months ended September 30, 2009	9,433	(48.7)	(1,289)	-	(1,229)	-	(1,365)	-

	Net Income Per Share	Net income Per Share, Diluted
Six months ended September 30, 2010	Yen 32.70	Yen -
Six months ended September 30, 2009	(57.53)	-

(2) Financial Standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of September 30, 2010	35,390	27,033	75.9	1,132.15
As of March 31, 2010	34,837	26,637	76.0	1,115.34

(Reference) Shareholders' equity As of September 30, 2010 ¥26,867 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
Year ended March 31, 2010	Yen -	Yen 5.00	Yen -	Yen 3.00	Yen 8.00
Year ended March 31, 2011	-	5.00			
Year ended March 31, 2011 (forecast)			-	7.00	12.00

(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
Full-term	29,000	22.0	1,000	-	1,200	-	1,200	-	50.57

(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):

As of September 30, 2010	23,781,394 shares	As of March 31, 2010	23,781,394 shares
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2) Quantity of treasury stock at end of term:

As of September 30, 2010	50,334 shares	As of March 31, 2010	50,138 shares
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3) Average number of shares during the term (consolidated quarter)

Six months ended September 30, 2010	23,731,112 shares	Six months ended September 30, 2009	23,731,410 shares
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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 "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 Six Months

(1) Qualitative information concerning the consolidated operating results

During the consolidated cumulative 2nd quarter period under review, business results and economic conditions in the Japanese economy recovered initially as a result of the government's urgent economic stimulus measures and economic growth in newly emerging economies, particularly in Asia, but uncertainty about the future reappeared as a result of ongoing deflation and a rapid increase in the strength of the yen.

In the Company's main customer base, capital expenditure has been actively carried out in markets that have performed well, such as semiconductors and batteries, and a recovery in results has been seen at manufacturers of electronic components and apparatus as a result of policies for the "selection and concentration of business" and "implementation of profit-improving measures", leading to a renewal in development investment.

Against this backdrop, the Company strengthened its sales function by providing comprehensive proposals for the sale of apparatus, maintenance service and commissioned test business with the aim of maximizing synergy through the merger of two subsidiaries. As a result, orders-received increased 44.1% against the same period in the previous fiscal year to ¥15,101 million and net sales increased 36.9% to ¥12,916 million. In terms of income, the same period in the previous fiscal year saw a loss, but in the equivalent period this year an increase in sales and the profit structure reforms promoted since last year led to a dramatic improvement, with operating income of ¥550 million and quarterly net income of ¥776 million.

	Previous consolidated 2 nd quarter (57 th term) (¥ millions)	This consolidated 2 nd quarter (58 th term) (¥ millions)	Change (%)
Orders-Received	10,480	15,101	44.1
Net Sales	9,433	12,916	36.9
Operating Income (loss)	(1,289)	550	-
Ordinary Income (loss)	(1,229)	680	-
Quarterly net Income (loss)	(1,365)	776	-

[Equipment Business]

In the Environmental Test Business, in the domestic market efforts were focused on strengthening the Company's response to products with customized specifications in the energy market at the same time as encouraging replacement with energy-saving models at existing customers, whereas in the overseas market the Company strengthened sales in China and the newly emerging economies of Asia, where the market has been positive, as well as focusing efforts on the development of new customers in South Korea and Taiwan. As a result of these efforts, orders-received and net sales grew, particularly in the field of battery-related products and electronic components and apparatus, with a major increase against the same period in the previous fiscal year. In terms of income, a return to the black was achieved.

In the Semiconductor Equipment Business, orders and sales of burn-in chambers for semiconductor manufacturers increased rapidly, and sales of evaluation devices for rechargeable batteries at subsidiary Espec Techno Corp. have progressed well. As a result, orders-received and net sales both increased significantly against the same period in the previous fiscal year. In terms of operating income, a return to the black was achieved as a result of increased net sales.

In the FPD Equipment Business, orders-received and net sales increased against the same period in the previous fiscal year as a result of proposals for improving existing products with the aim of achieving improvements in tact time. In terms of income, despite returning to the black in the 2nd quarter consolidated accounting period, an operating loss was posted for the cumulative period as a whole.

As a result, the Equipment Business as a whole saw orders-received of ¥11,996 million, net sales of ¥10,284 million and operating income of ¥433 million.

[Service Business]

In the After Service and Engineering Business, the Company worked hard to obtain maintenance contracts by promoting sales campaigns for new services, at the same time as proposing energy-saving adaptations to delivered products and communications network products. As a result of these initiatives, orders-received and net sales both increased against the same period in the previous fiscal year. In terms of operating income, despite increases in labor costs as a result of increases in service personnel, cuts in expenses meant that a similar level of operating income was maintained against the same period in the previous fiscal year.

Regarding the Commissioned Test and Facility Rental Business, the Company developed and proposed new testing solutions in response to customer needs, but orders-received and net sales both fell against the same period in the previous fiscal year. However, in terms of income, there was a large improvement against the same period in the previous fiscal year as a result of reductions in fixed costs.

As a result, in the Service Business as a whole, orders-received were ¥2,711 million, net sales were ¥2,322 million and operating incomes was ¥147 million.

[Other Business]

In Other Business, plant factory sales at subsidiary Espec Mic Corp. progressed well, leading to an increase in orders-received against the same period in the previous year to ¥463 million. However, a poor performance in forest and waterfront development meant that net sales were at a similar level to the same period in the previous year, at ¥381 million. In terms of income, increased sales expansion activities costs related to plant factories contributed to an operating loss of ¥32 million.

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

	Orders-Received	Net Sales	Operating Income (loss)
	¥ millions	¥ millions	¥ millions
Equipment Business	11,996	10,284	433
Service Business	2,711	2,322	147
Other Business	463	381	(32)
Elimination	(68)	(71)	1
Total	15,101	12,916	550

* 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 second quarter of fiscal 2009 have been omitted.

(2) Qualitative information concerning the consolidated financial standing

Total assets at the end of the 2nd quarter consolidated accounting period were ¥35,390 million, an increase of ¥553 million against the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥281 million, a decrease of ¥424 million in notes and accounts receivable-trade, an increase of ¥1,000 million in short-term investment securities, an increase in work in process of ¥442 million, and a decrease in investments and other assets of ¥291 million. Liabilities were ¥8,357 million, an increase of ¥157 million against the end of the previous consolidated fiscal year. Major factors included an increase in notes and accounts payable-trade of ¥608 million, a decrease in other current liabilities of ¥346 million, and a decrease in other noncurrent liabilities of ¥89 million. Net assets were ¥27,033 million, an increase of ¥395 million against the end of the previous fiscal year. Major factors included an increase of ¥704 million in retained earnings, a decrease of ¥174 million on the valuation difference on available-for-sale securities and a decrease of ¥128 million in foreign currency translation adjustments.

(3) Qualitative information concerning the consolidated results forecast

Regarding the consolidated performance forecast for the fiscal year ending March 31, 2011, active capital expenditure by the Company's main customer base in the semiconductor and batteries markets, as well as a recovery in capital expenditure by manufacturers of electronics components and apparatus, has led to higher figures for net sales, operating income, ordinary income and net income than previously forecast, and consequently the consolidated performance forecast was revised for both the consolidated cumulative 2nd quarter period and the full term in the "Notice of Revisions of Financial Forecasts and Dividend Forecasts" released on October 29, 2010.

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 Income and ordinary Income increased ¥0 million, respectively, and losses before income taxes and minority interests increased ¥37 million.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(¥ millions)

	As of September 30, 2010	As of March 31, 2010
Assets		
Current assets		
Cash and deposits	7,287	7,569
Notes and accounts receivable-trade	9,462	9,886
Short-term investment securities	2,801	1,800
Merchandise and finished goods	259	155
Work in process	1,545	1,102
Raw materials and supplies	989	974
Other	1,589	1,357
Allowance for doubtful accounts	(13)	(19)
Current assets	23,921	22,828
Noncurrent assets		
Property, plant and equipment		
Building and structure, net	3,318	3,454
Land	4,424	4,428
Other, net	592	601
Property, plant and equipment	8,334	8,483
Intangible assets	326	425
Investments and other assets	2,808	3,099
Noncurrent assets	11,469	12,008
Assets	35,390	34,837
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,537	3,928
Short-term loans payable	250	180
Income taxes payable	44	118
Provision for bonuses	216	229
Provision for directors' bonuses	1	5
Provision for product warranties	141	136
Other	1,356	1,702
Current liabilities	6,548	6,302
Noncurrent liabilities		
Long-term loans payable	188	201
Provision for retirement benefits	55	74
Provision for directors' retirement benefits	44	44
Negative goodwill	11	26
Asset retirement obligations	49	-
Other	1,459	1,549
Noncurrent liabilities	1,809	1,896
Liabilities	8,357	8,199
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	14,534	13,829
Treasury stock	(53)	(53)
Shareholders' equity	28,549	27,844
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	23	197
Deferred losses on hedges	(5)	(2)
Revaluation reserve for land	(826)	(826)
Foreign currency translation adjustment	(873)	(745)
Valuation and translation adjustments	(1,682)	(1,376)
Minority interests	166	169
Net assets	27,033	26,637
Liabilities and net assets	35,390	34,837

(2) Quarterly Consolidated Statements of Income

(Consolidated 2nd quarter)

(¥ millions)

	Six months ended September 30, 2009	Six months ended September 30, 2010
Net sales	9,433	12,916
Cost of sales	7,103	8,792
Gross profit	2,330	4,124
Selling, general and administrative expenses		
Salaries and allowances	1,060	1,007
Provision for bonuses	79	60
Provision for product warranties	40	64
Provision of allowance for doubtful accounts	-	0
Provision for directors' bonuses	2	1
Other	2,436	2,439
Selling, general and administrative expenses	3,619	3,574
Operating Income (loss)	(1,289)	550
Non-operating income		
Interest income	21	14
Dividends income	36	28
Gain on sales of securities	0	0
Amortization of negative goodwill	16	15
Equity in earnings of affiliates	19	69
Other	43	56
Non-operating income	137	184
Non-operating expenses		
Interest expenses	13	6
Loss on sales of securities	15	2
Foreign exchange losses	36	34
Other	11	10
Non-operating expenses	77	54
Ordinary Income (loss)	(1,229)	680
Extraordinary income		
Gain on sales of noncurrent assets	0	-
Gain on sales of investment securities	-	38
Reversal of allowance for doubtful accounts	5	-
Extraordinary income	5	38
Extraordinary loss		
Loss on sales of noncurrent assets	0	0
Loss on retirement of noncurrent assets	3	2
Loss on valuation of investment securities	98	23
Provision of allowance for doubtful accounts	1	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	36
Other	-	0
Extraordinary loss	103	62
Income (Loss) before income taxes	(1,327)	656
Income taxes-current	44	(122)
Income before minority interests	-	779
Minority interests in Income (loss)	(6)	3
Net Income (loss)	(1,365)	776

(3) Notes on the assumption of a going concern

No applicable

(4) Segment information

[Segment information by type of business]

Previous consolidated 2nd quarter (From April 1, 2009 to September 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	8,169	884	379	9,433	-	9,433
(2) Internal sales or transfers between segments	16	32	6	55	(55)	-
Total	8,186	917	385	9,488	(55)	9,433
Operating loss	(856)	(420)	(13)	(1,290)	0	(1,289)

[Segment information]

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

This consolidated 2nd quarter (From April 1, 2010 to September 30, 2010)

	Reportable segment			Total (¥ millions)	Adjustment ¥ millions)	Carried amount on quarterly consolidated statements of income (¥ millions)
	Equipment Business (¥ millions)	Service Business (¥ millions)	Other Business (¥ millions)			
Net Sales						
(1) Sales to external customers	10,284	2,257	373	12,916	-	12,916
(2) Internal sales or transfers between segments	-	64	7	71	(71)	-
Total	10,284	2,322	381	12,988	(71)	12,916
Segment income (loss)	433	147	(32)	548	1	550

(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