



## Summary of Financial Results (Consolidated)

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

February 14, 2011

Listed Company Name:	ESPEC CORP.
Listed Stock Exchange:	Tokyo, Osaka Stock Exchanges, First Section
Securities Code:	6859
Homepage:	<a href="http://www.espec.co.jp">http://www.espec.co.jp</a>
Representative:	Nobuyoshi Shin, President
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Planned Date of Filing of Quarterly Report:	February 14, 2011
Dividends Payment Beginning Day:	-
Preparing Supplementary Material on Quarterly Financial Results:	No
Holding Quarterly Financial Results Presentation Meeting:	No

(Rounded off to nearest million yen)

1. Consolidated financial results for the 3<sup>rd</sup> quarter of fiscal 2010, ending March 31, 2011 (April 1, 2010 ~ December 31, 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	%
Nine months ended December 31, 2010	19,477	34.9	1,006	-	1,223	-	1,264	-
Nine months ended December 31, 2009	14,443	(43.9)	(1,675)	-	(1,533)	-	(3,113)	-

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
Nine months ended December 31, 2010	53.41	-
Nine months ended December 31, 2009	(131.21)	-

(2) Consolidated Financial Standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of December 31, 2010	35,536	27,218	76.1	1,153.04
As of March 31, 2010	34,837	26,637	76.0	1,115.34

(Reference) Shareholders' equity As of December 31, 2010 ¥27,051 million As of March 31, 2010 ¥26,468 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
Year ended March 31, 2010	-	5.00	-	3.00	8.00
Year ended March 31, 2011	-	5.00	-		
Year ended March 31, 2011 (forecast)				10.00	15.00

(Note) Has there been a correction in the dividend forecast this quarter: Yes

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

(% figures are rates of change in comparison to 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	1,300	-	1,500	-	1,500	-	63.51

(Note) Has there been a correction in the results forecast this quarter: Yes

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 December 31, 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 December 31, 2010	320,591 shares	As of March 31, 2010	50,138 shares
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3) Average number of shares during the term  
(Consolidated quarter):

Nine months ended December 31, 2010	23,671,056 shares	Nine months ended December 31, 2009	23,731,375 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 operating forecasts" on page 4 for forecast assumptions and notes of caution for usage.

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## 1. Qualitative Information concerning Consolidated Financial Results

### (1) Qualitative information concerning the consolidated operating results

During the nine months from April 1 through December 31, 2010, the Japanese economy headed for a gradual recovery, fed on government economic measures and expanding demand in emerging markets, particularly in Asia. All the same, the business outlook remained uncertain with instability in the US and European economies and the yen's appreciation, and the economic situation continued to be unpredictable.

Among the Company's main customers, R&D investments started to recover for electronic component and equipment makers, and within the automotive industry. At the same time, favorable market conditions saw semiconductor and battery makers continue their assertive capital investments.

Under these circumstances, the Company concentrated on developing new products and introducing model changes to satisfy the need of customers to reduce their time and energy cost for testing products. The goal was to strengthen sales to existing customers replacing their equipment. In tandem, the Company worked to maximize synergies from a merger with two subsidiaries at the start of the fiscal year. As a consolidated result, the amount of orders-received for the nine-month period rose 42.7% year on year to ¥23,592 million and net sales increased 34.9% to ¥19,477 million. This increase in sales combined with a larger-than-planned reduction in fixed costs resulted in ¥1,006 million in operating income and ¥1,264 million in net income for the nine months, a major improvement over losses incurred during the same period the year before.

	Previous consolidated 3 <sup>rd</sup> quarter (57 <sup>th</sup> term) (¥ millions)	This consolidated 3 <sup>rd</sup> quarter (58 <sup>th</sup> term) (¥ millions)	Change (%)
Orders-Received	16,528	23,592	42.7
Net Sales	14,443	19,477	34.9
Operating Income (loss)	(1,675)	1,006	-
Ordinary Income (loss)	(1,533)	1,223	-
Quarterly net Income (loss)	(3,113)	1,264	-

#### [Equipment Business]

In environmental test chambers, the Company developed and launched equipment for manufacturing batteries, in addition to developing and launching new energy-saving models in the core product line of thermal shock, temperature and humidity chambers. The thrust in marketing was focused on battery-related R&D applications in Japan, and on sales in China and other emerging markets in Asia overseas. Together, these efforts resulted in a major increase in orders-received and sales over the first nine months of the previous fiscal year, as well as a return to operating profit.

In semiconductor equipment, business was brisk in burn-in systems for semiconductor makers and in equipment for inspecting rechargeable batteries handled by subsidiary ESPEC TECHNO CORP. This led to a major year-on-year increase in orders-received and sales for April through December in semiconductor-related equipment. The increase in sales drove a turnaround to operating profit.

In FDP equipment, the Company proposed reengineering the equipment it delivered in the past to improve tact time, primarily to makers in Taiwan. Consequently, orders-received April through December in FDP-related equipment remained little changed from the year before, in contrast to a major increase in sales that resulted from back orders. In terms of earnings, fixed cost reductions among others restored the business in this equipment to profit.

As a result, the Equipment Business as a whole saw orders-received of ¥18,882 million, net sales of ¥15,509 million and operating income of ¥858 million.

[Service Business]

In after-sales service and engineering, the company posted an increase in both orders-received and sales from April through December over the year before. This was the result of greater intra-group coordination in sales and a drive to win maintenance contracts, along with proposals for new communications network products. Operating income from April through December was about the same as the year before, once cost reductions elsewhere offset an increase in personnel expenses from a bolstering of headcount in service.

In commissioned tests and facility rentals, both orders-received and sales in April through December decreased year on year. This was because demand from major customers failed to recover, despite efforts to develop a new testing menu more suited for their needs and joint sales promotion activities with product marketing. Earnings on this segment for April through December improved dramatically over the same period last year, however. The segment reverted to operating income as a result of measures to reduce fixed expenses implemented the year before.

As a result, in the Service Business as a whole, orders-received were ¥3,946 million, net sales were ¥3,500 million and operating incomes was ¥245 million.

[Other Business]

In the other business, brisk business in vegetation factories drove overall orders-received in the nine-month period to increase year on year to ¥865 million. However, the segment's overall sales for that period were ¥569 million, due to sluggish sales in forest and waterfront restoration. Operating performance for this segment in April through December was a ¥100 million loss, due to increases in sales promotion and other expenses for vegetation factories.

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

	Orders-Received	Net Sales	Operating Income (loss)
	¥ millions	¥ millions	¥ millions
Equipment Business	18,882	15,509	858
Service Business	3,946	3,500	245
Other Business	865	569	(100)
Elimination	(102)	(101)	2
Total	23,592	19,477	1,006

\* 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.

\* 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 third quarter of fiscal 2009 have been omitted.

(2) Qualitative information concerning the consolidated financial standing

Total assets at the end of the 3rd quarter consolidated accounting period were ¥35,536 million, an increase of ¥699 million against the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥1,202 million, an increase of ¥1,000 million in short-term investment securities and an increase in work in process of ¥777 million. Liabilities were ¥8,318 million, an increase of ¥118 million against the end of the previous consolidated fiscal year. Major factors included an increase in notes and accounts payable-trade of ¥574 million, a decrease in income taxes payable of ¥97 million, a decrease in provision for bonuses of ¥148 million and a decrease in other current liabilities of ¥168 million. Net assets were ¥27,218 million, an increase of ¥581 million against the end of the previous fiscal year. Major factors included an increase of ¥1,074 million in retained earnings, a decrease of ¥149 million in purchase of treasury stock, a decrease of ¥72 million on the valuation difference on available-for-sale securities and a decrease of ¥265 million in foreign currency translation adjustments.

(3) Qualitative information concerning the consolidated operating forecasts

Since we now expect operating income, ordinary income and net income to surpass our previously announced forecasts, we have revised our full-year consolidated business forecasts for the fiscal year ending March 2011 and disclosed them in a Notice of Revisions of Forecasts and Dividend Forecasts, dated February 14, 2011. These upward forecast revisions reflect a firm trend in earnings at overseas affiliated companies for the consolidated nine-month period, as well as larger-than-planned reductions in fixed expenses.

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 decreased ¥1 million, respectively, and losses before income taxes and minority interests decreased ¥37 million.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

	(¥ millions)	
	As of December 31, 2010	As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	6,366	7,569
Notes and accounts receivable-trade	9,701	9,886
Short-term investment securities	2,801	1,800
Merchandise and finished goods	424	155
Work in process	1,880	1,102
Raw materials and supplies	1,066	974
Other	1,782	1,357
Allowance for doubtful accounts	(10)	(19)
Current assets	24,013	22,828
Noncurrent assets		
Property, plant and equipment		
Building and structure, net	3,237	3,454
Land	4,418	4,428
Other, net	618	601
Property, plant and equipment	8,274	8,483
Intangible assets	302	425
Investments and other assets	2,945	3,099
Noncurrent assets	11,523	12,008
<b>Assets</b>	<b>35,536</b>	<b>34,837</b>
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	4,503	3,928
Short-term loans payable	220	180
Income taxes payable	21	118
Provision for bonuses	81	229
Provision for directors' bonuses	2	5
Provision for product warranties	131	136
Other	1,533	1,702
Current liabilities	6,493	6,302
Noncurrent liabilities		
Long-term loans payable	175	201
Provision for retirement benefits	48	74
Provision for directors' retirement benefits	44	44
Negative goodwill	5	26
Asset retirement obligations	49	-
Other	1,500	1,549
Noncurrent liabilities	1,824	1,896
<b>Liabilities</b>	<b>8,318</b>	<b>8,199</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	14,904	13,829
Treasury stock	(202)	(53)
Shareholders' equity	28,770	27,844
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	125	197
Deferred losses on hedges	(7)	(2)
Revaluation reserve for land	(826)	(826)
Foreign currency translation adjustment	(1,011)	(745)
Valuation and translation adjustments	(1,719)	(1,376)
Minority interests	167	169
<b>Net assets</b>	<b>27,218</b>	<b>26,637</b>
<b>Liabilities and net assets</b>	<b>35,536</b>	<b>34,837</b>

(2) Quarterly Consolidated Statements of Income  
(Nine months ended December 31, 2010)

(¥ millions)

	Nine months ended December 31, 2009	Nine months ended December 31, 2010
Net sales	14,443	19,477
Cost of sales	10,763	13,032
Gross profit	3,680	6,444
Selling, general and administrative expenses		
Salaries and allowances	1,657	1,594
Provision for bonuses	27	23
Provision for product warranties	59	97
Provision for directors' bonuses	3	2
Other	3,608	3,720
Selling, general and administrative expenses	5,355	5,438
Operating Income (loss)	(1,675)	1,006
Non-operating income		
Interest income	30	20
Dividends income	47	40
Gain on sales of securities	0	0
Amortization of negative goodwill	23	21
Equity in earnings of affiliates	56	130
Other	55	67
Non-operating income	213	280
Non-operating expenses		
Interest expenses	20	9
Loss on sales of securities	15	2
Foreign exchange losses	19	36
Other	16	15
Non-operating expenses	71	63
Ordinary Income (loss)	(1,533)	1,223
Extraordinary income		
Gain on sales of noncurrent assets	0	0
Gain on sales of investment securities	-	38
Reversal of allowance for doubtful accounts	5	4
Extraordinary income	5	42
Extraordinary loss		
Loss on sales of noncurrent assets	0	-
Impairment loss	182	-
Loss on retirement of noncurrent assets	3	2
Loss on valuation of investment securities	160	65
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	36
Business structure improvement expenses	222	-
Other	1	1
Extraordinary loss	571	106
Income (Loss) before income taxes	(2,099)	1,158
Income taxes-current	1,014	(116)
Income before minority interests	-	1,275
Minority interests in Income	0	11
Net Income (loss)	(3,113)	1,264



(3) Notes on the assumption of a going concern

No applicable

(4) Segment information

[Segment information by type of business]

Previous consolidated 3<sup>rd</sup> quarter (From April 1, 2009 to December 31, 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	12,323	1,594	525	14,443	-	14,443
(2) Internal sales or transfers between segments	21	82	9	113	(113)	-
Total	12,345	1,677	534	14,556	(113)	14,443
Operating loss	(1,150)	(493)	(31)	(1,676)	1	(1,675)

[Segment information]

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

This consolidated 3<sup>rd</sup> quarter (From April 1, 2010 to December 31, 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	15,508	3,408	560	19,477	-	19,477
(2) Internal sales or transfers between segments	0	92	9	101	(101)	-
Total	15,509	3,500	569	19,579	(101)	19,477
Segment income (loss)	858	245	(100)	1,003	2	1,006

(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