



## Summary of Financial Results (Consolidated)

### for the First Quarter of Fiscal 2011 Ending March 31, 2012 [Japanese GAAP]

August 11, 2011

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 12, 2011
Dividends Payment Beginning Day:	-
Preparing Supplementary Material on Quarterly Financial Results:	No
Holding Quarterly Financial Results Presentation Meeting:	No

\*The original disclosure in Japanese was released on August 11, 2011 at 16:30. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 1<sup>st</sup> quarter of fiscal 2011, ending March 31, 2012 (April 1, 2011 ~ June 30, 2011)

(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	%
Three months ended June 30, 2011	6,317	27.8	(107)	-	(43)	-	(57)	-
Three months ended June 30, 2010	4,942	15.5	(175)	-	(102)	-	(112)	-

(Reference) Statements of comprehensive income

Three months ended June 30, 2011 ¥(2)million (-%) Three months ended June 30, 2010 ¥(203)million (-%)

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
Three months ended June 30, 2011	(2.46)	-
Three months ended June 30, 2010	(4.73)	-

(2) Consolidated Financial Standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share of Common Stock
	¥ millions	¥ millions	%	Yen
As of June 30, 2011	37,170	27,343	73.1	1,158.32
As of March 31, 2011	37,905	27,580	72.4	1,169.00

(Reference) Shareholders' equity As of June 30, 2011 ¥27,174 million As of March 31, 2011 ¥27,425 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, 2011	-	5.00	-	10.00	15.00
Year ended March 31, 2012	-				
Year ended March 31, 2012 (forecast)		5.00	-	10.00	15.00

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

3. Forecast of Consolidated Operating Results for Fiscal 2011 Ending March 31, 2012 (April 1, 2011 ~ March 31, 2012)

(% 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 Months Ended September 30, 2011	14,500	12.3	400	(27.3)	500	(26.6)	400	(48.5)	17.05
Full-term	31,500	6.5	1,300	(6.6)	1,450	(13.9)	1,400	(15.4)	59.67

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

4. Other

(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):

2) Quantity of treasury stock at end of term:

3) Average number of shares during the term

(Consolidated quarter):

As of June 30, 2011	23,781,394 shares	As of March 31, 2011	23,781,394 shares
As of June 30, 2011	320,872 shares	As of March 31, 2011	320,872 shares
Three months ended June 30, 2011	23,460,522 shares	Three months ended June 30, 2010	23,731,164 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 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 consolidated 1st quarter period under review, the Japanese economy was severely damaged by the occurrence of the Great East Japan Earthquake in March 2011 and the related accidents at nuclear power stations. This damage was experienced not only in the Tohoku region, but in regions throughout Japan. The economy, which had been moving toward a recovery, rapidly came to a standstill. As regards the future, there are concerns about the impact on economic activities of the problems associated with supplying electric power, and the outlook for a recovery in business conditions remains unclear. The global economy has been moving toward a gradual recovery, supported by improved business conditions in such advanced countries and regions as the U.S. and Europe, and by sustained growth in China and other emerging countries. As regards the Company's main customers, the earthquake and its aftermath caused many of them to revise or postpone their investment plans. However, favorable market conditions saw semiconductor and battery makers continue to pursue assertive capital investments, and R&D investments were firm for electronic component and equipment makers, and within the automotive industry.

Under these circumstances, the Company endeavored to expand sales in favorable markets, and concentrated on the launch of new energy-saving products in the market, encouraging existing customers to buy a new model in exchange for their old one. The Company also strengthened its sales activities centered on China and other emerging Asian countries.

As a result, on a consolidated basis, the amount of orders-received in the first quarter of fiscal 2011 rose 6.4% year on year to ¥8,376 million, and net sales increased 27.8% to ¥6,317 million. On the earnings front, this increase in net sales resulted in an improved performance for the quarter under review against the same quarter of the previous consolidated fiscal year. However, the Company still suffered an operating loss of ¥107 million and a net loss of ¥57 million for the quarter due to increased fixed costs resulting mainly from the resumption of personnel costs that had been eliminated in the previous year.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	7,871	8,376	6.4
Net Sales	4,942	6,317	27.8
Operating loss	(175)	(107)	—
Ordinary loss	(102)	(43)	—
Quarterly net loss	(112)	(57)	—

#### [Equipment Business]

In environmental test chambers, in Japan the Company strengthened sales of walk-in type temperature and humidity chambers and customized machinery for R&D applications, focusing on battery related and other favorable markets. Turning to overseas markets, the Company sought to win new orders in China and other emerging markets in Asia. The result was a substantial year-on-year increase in orders-received and sales, both of which surpassed their targets.

In semiconductor equipment, business was firm in burn-in systems for semiconductor makers. This business had been brisk in the previous fiscal year. This led to orders-received for semiconductor-related equipment doubling their target, and to a major year-on-year increase in sales.

In FPD equipment, the Company received orders for clean ovens for small LCD panels. The result was a substantial year-on-year increase in orders-received. However, sales in FPD equipment declined because the Company plans to book the sales of many orders-received projects in the second half of the fiscal year.

In energy devices equipment, the Company's subsidiary Espec Techno Corp. saw firm business with inspection equipment for rechargeable batteries, and as a result both orders-received and sales exceeded their targets.

As a result, the Equipment Business as a whole saw orders-received rise 9.4% to ¥6,879 million, net sales increase by 36.0% to ¥5,123 million. Both orders-received and sales significantly exceeded their targets. As regards profits, although the increase in sales resulted in a year-on-year improvement, the Company incurred an operating loss in the Equipment Business of ¥26 million.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	6,287	6,879	9.4
Net Sales	3,767	5,123	36.0
Operating loss	(187)	(26)	—

[Service Business]

In after-sales service and engineering, the Company made various proposals, including the remaking of existing products as new energy-saving models through greater intra-group coordination in sales. Although orders-received declined year on year mainly due to the impact of the Great East Japan Earthquake and its aftermath, sales increased, partly due to an accumulated backlog of orders from the previous fiscal year.

In commissioned tests and facility rentals, the Company pushed ahead with sales promotion activities aimed at major automobile-related customers. Consequently, both orders-received and sales increased year on year.

As a result of all the preceding factors, in the Service Business as a whole, orders-received decreased 2.8% year on year to ¥1,358 million. Nevertheless, net sales rose 2.1% to ¥1,060 million. Earnings, however, showed an operating loss of ¥15 million.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	1,397	1,358	(2.8)
Net Sales	1,039	1,060	2.1
Operating Income (loss)	30	(15)	—

[Other Business]

In the other business, orders-received in the environmental engineering business stagnated mainly due to the impact of budget freezes by government and public offices as regards planting forests, and the business itself declined year on year. Net sales were largely unchanged year on year due mainly to increases in the businesses of creating waterfront environments and greening cities. In the plant factory business, both orders-received and net sales decreased year on year due to the impact of the Great East Japan Earthquake and its aftermath.

In the other business, orders-received fell 17.6% year on year to ¥175 million. Net sales declined 2.6% to ¥162 million. As regards earnings, the segment posted an operating loss of ¥66 million for the year, mainly due to development investments.

	Previous consolidated 1 <sup>st</sup> quarter (Fiscal 2010) (¥ millions)	This consolidated 1 <sup>st</sup> quarter (Fiscal 2011) (¥ millions)	Change (%)
Orders-Received	213	175	(17.6)
Net Sales	166	162	(2.6)
Operating loss	(18)	(66)	—

\* 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) Qualitative information concerning the consolidated financial standing

Total assets at the end of the 1st quarter consolidated accounting period were ¥37,170 million, a decrease of ¥735 million against the end of the previous consolidated fiscal year. Major factors included a decrease in cash and deposits of ¥752 million, a decrease of ¥939 million in notes and accounts receivable-trade, an increase of ¥500 million in short-term investment securities, a decrease of ¥231 million in merchandise and finished goods and an increase in work in process of ¥300 million. Liabilities were ¥9,826 million, a decrease of ¥498 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥439 million. Net assets were ¥27,343 million, a decrease of ¥236 million against the end of the previous fiscal year. Major factors included a decrease of ¥292 million in retained earnings and an increase of ¥67 million in foreign currency translation adjustments.

(3) Qualitative information concerning the consolidated operating forecasts

With regard to the consolidated performance forecasts for the first six months of fiscal 2011 and for full-year fiscal 2011, 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 for the year ended March 31, 2011, 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

(¥ millions)

	As of March 31, 2011	As of June 30, 2011
<b>Assets</b>		
Current assets		
Cash and deposits	8,511	7,759
Notes and accounts receivable-trade	12,090	11,151
Short-term investment securities	1,300	1,800
Merchandise and finished goods	225	457
Work in process	1,527	1,827
Raw materials and supplies	1,039	1,083
Other	1,982	1,927
Allowance for doubtful accounts	(11)	(10)
Total current assets	26,666	25,998
Noncurrent assets		
Property, plant and equipment		
Building and structure, net	3,166	3,133
Land	4,413	4,415
Other, net	650	657
Total property, plant and equipment	8,230	8,206
Intangible assets	285	258
Investments and other assets	2,723	2,706
Total noncurrent assets	11,239	11,172
Total assets	37,905	37,170
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	5,654	5,214
Short-term loans payable	210	131
Income taxes payable	62	57
Provision for bonuses	366	645
Provision for directors' bonuses	7	1
Provision for product warranties	188	135
Other	2,046	1,855
Total current liabilities	8,535	8,041
Noncurrent liabilities		
Long-term loans payable	168	168
Provision for retirement benefits	42	35
Provision for directors' retirement benefits	44	44
Asset retirement obligations	49	50
Other	1,484	1,485
Total noncurrent liabilities	1,789	1,785
Total liabilities	10,325	9,826
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	15,294	15,001
Treasury stock	(202)	(202)
Total shareholders' equity	29,160	28,867
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	166	140
Deferred gains or losses on hedges	(5)	(4)
Revaluation reserve for land	(828)	(828)
Foreign currency translation adjustment	(1,067)	(1,000)
Total Accumulated other comprehensive income	(1,734)	(1,692)
Minority interests	155	168
Total net assets	27,580	27,343
Total liabilities and net assets	37,905	37,170

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

Quarterly Consolidated Statements of Income  
(Three months ended June 30, 2011)

(¥ millions)

	Three months ended June 30, 2010	Three months ended June 30, 2011
Net sales	4,942	6,317
Cost of sales	3,395	4,340
Gross profit	1,547	1,976
Selling, general and administrative expenses		
Salaries and allowances	488	551
Provision for bonuses	30	84
Provision for product warranties	23	40
Provision for directors' bonuses	0	1
Other	1,180	1,405
Selling, general and administrative expenses	1,722	2,084
Operating loss	(175)	(107)
Non-operating income		
Interest income	7	4
Dividends income	28	30
Amortization of negative goodwill	7	-
Equity in earnings of affiliates	25	42
Other	37	17
Non-operating income	106	95
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	24	23
Other	5	3
Non-operating expenses	33	30
Ordinary loss	(102)	(43)
Extraordinary income		
Gain on sales of investment securities	6	20
Reversal of allowance for doubtful accounts	3	-
Other	-	0
Extraordinary income	10	20
Extraordinary loss		
Loss on retirement of noncurrent assets	0	0
Loss on valuation of investment securities	12	13
Loss on adjustment for changes of accounting standard for asset retirement obligations	36	-
Other	0	-
Extraordinary loss	49	13
Loss before income taxes	(140)	(35)
Taxes-current	(27)	12
Loss before minority interests	(113)	(48)
Minority interests in income (loss)	(0)	9
Net loss	(112)	(57)



Quarterly Consolidated Statements of Comprehensive Income

(Three months ended June 30, 2011)

	Three months ended June 30, 2010	Three months ended June 30, 2011
loss before minority interests	(113)	(48)
Other comprehensive income		
Valuation difference on available-for-sale securities, net of tax	(114)	(26)
Deferred gains or losses on hedges, net of tax	(1)	0
Foreign currency translation adjustment, net of tax	23	58
Share of other comprehensive income of associates accounted for using equity method	2	12
Other comprehensive income	(89)	45
Comprehensive income	(203)	(2)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(203)	(15)
Comprehensive income attributable to minority interests	(0)	13

(3) Notes on the assumption of a going concern

No applicable

(4) Segment information

I Previous consolidated 1<sup>st</sup> quarter (From April 1, 2010 to June 30, 2010)

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

	Reportable segment			Total (¥ millions)	Adjustment *1 (¥ millions)	Carried amount on quarterly consolidated statements of income *2 (¥ millions)
	Equipment Business (¥ millions)	Service Business (¥ millions)	Other Business (¥ millions)			
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 (loss)	(187)	30	(18)	(175)	(0)	(175)

\*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 1st quarter (From April 1, 2011 to June 30, 2011)

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

	Reportable segment			Total (¥ millions)	Adjustment *1 (¥ millions)	Carried amount on quarterly consolidated statements of income *2 (¥ millions)
	Equipment Business (¥ millions)	Service Business (¥ millions)	Other Business (¥ millions)			
Net Sales						
(1) Sales to external customers	5,123	1,031	162	6,317	-	6,317
(2) Internal sales or transfers between segments	-	28	0	29	(29)	-
Total	5,123	1,060	162	6,346	(29)	6,317
Segment income (loss)	(26)	(15)	(66)	(108)	0	(107)

\*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

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

No applicable