



Summary of Financial Results (Consolidated)
for the Second Quarter of Fiscal 2013 Ending March 31, 2014
[under Japanese GAAP]

November 1, 2013

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 12, 2013
Dividends Payment Beginning Day:	December 3, 2013
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 November 1, 2013 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 2nd quarter of fiscal 2013 ending March 31, 2014 (April 1, 2013 ~ September 30, 2013)
(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	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
First six months ended September 30, 2013	14,039	(1.8)	680	(20.0)	811	(7.4)	503	(18.5)
First six months ended September 30, 2012	14,290	(0.1)	850	49.4	876	37.8	618	18.6

(Note) Statements of comprehensive income
First six months ended September 30, 2013 ¥1,176million [106.2%]
First six months ended September 30, 2012 ¥570million [15.3%]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First six months ended September 30, 2013	21.65	-
First six months ended September 30, 2012	26.57	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
As of September 30, 2013	39,999	31,445	78.0	1,341.34
As of March 31, 2013	39,724	30,455	76.2	1,301.17

(Reference) Shareholders' equity
As of September 30, 2013 ¥31,199million
As of March 31, 2013 ¥30,265 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, 2013	-	7.00	-	8.00	15.00
Fiscal year ended March 31, 2014	-	7.00			
Fiscal year ending March 31, 2014 (forecast)			-	11.00	18.00

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

3. Forecast of consolidated operating results for fiscal 2013 ending March 31, 2014 (April 1, 2013 ~ March 31, 2014)

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

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Fiscal year ending March 31, 2014	32,000	3.9	2,300	23.2	2,400	11.0	1,300	6.6	55.89

(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 p.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: 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):

As of September 30, 2013	23,781,394 shares	As of March 31, 2013	23,781,394 shares
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2) Quantity of treasury stock at end of term:

As of September 30, 2013	521,599 shares	As of March 31, 2013	521,449 shares
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3) Average number of shares during the term (First two quarters Consolidated quarter):

First six months ended September 30, 2013	23,259,860 shares	First six months ended September 30, 2012	23,260,212 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 "Description of consolidated operating forecasts and other forward-looking information" on page 4 for forecast assumptions and notes of caution for usage.

Index of Attached Material

1. Qualitative Information concerning Consolidated Financial Results -----	2
(1) Description of operating results -----	2
(2) Description of financial position -----	4
(3) Description of consolidated operating forecasts and other forward-looking information -----	4
2. Summary Information (Others) -----	4
(1) Transfers of important subsidiaries during this quarter -----	4
(2) Application of special accounting methods in the creation of quarterly consolidated financial statements -----	5
3. Quarterly Consolidated Financial Statements -----	6
(1) Quarterly Consolidated Balance Sheets -----	6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	
Quarterly Consolidated Statements of Income	
(First Six months ended September 30, 2013) -----	7
Quarterly Consolidated Statements of Comprehensive Income	
(First Six months ended September 30, 2013) -----	7
(3) Notes to the quarterly consolidated financial statements -----	8
(Notes on the assumption of a going concern) -----	8
(Note on significant changes in shareholders' equity) -----	8
(Segment information)-----	8

1. Qualitative Information concerning Consolidated Financial Results

(1) Description of operating results

During the first six months of fiscal 2013, the year ending March 31, 2014, the Japanese economy remained on a recovery path, supported by economic conditions overseas picking up, particularly in the U.S., and a favorable turn in the export environment. However, the momentum of this recovery was frail, due partly to the impact of slower growth in the Chinese economy.

Of the Company's main customers, automotive manufacturers continued to invest aggressively, but the stance of other manufacturers toward investment remained cautious. Consequently, there were no signs of a firm recovery in capital investment.

In this environment, the Company focused on strengthening its marketing in the robust automobile market, while at the same time working to win orders for walk-in type temperature (& humidity) chambers and other custom-built products in which capital investment remained comparatively firm. Meanwhile, in overseas markets, marketing activity was strengthened in China and other parts of Asia, as well as in the U.S.

Despite these efforts, the consolidated results for the first half of the fiscal year were down from the same period in the previous fiscal year. The amount of orders-received decreased 3.6% year on year to ¥15,551 million and net sales declined 1.8% to ¥14,039 million. On the earnings front, due in part to the decline in net sales, operating income decreased 20.0% year on year to ¥680 million, while net income decreased 18.5% year on year to ¥503 million.

	Previous consolidated 2 nd quarter (Fiscal 2012) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	16,137	15,551	(3.6)
Net Sales	14,290	14,039	(1.8)
Operating Income	850	680	(20.0)
Ordinary Income	876	811	(7.4)
Quarterly net Income	618	503	(18.5)

Performance by Segment

This consolidated 2nd quarter (Fiscal 2013)

	Orders-Received	Net Sales	Operating Income (Loss)
	Million Yen	Million Yen	Million Yen
Equipment Business	12,682	11,320	575
Service Business	2,493	2,306	177
Other Business	464	496	(72)
Elimination	(88)	(84)	0
Total	15,551	14,039	680

[Equipment Business]

In environmental test chambers, sales of highly versatile standard products, such as the Platinous J series of temperature (& humidity) chambers, decreased year on year in the first half of fiscal 2013 on account of capital investments in Japan that showed no firm signs of recovering. By contrast, the amount of orders-received and sales of walk-in type temperature (& humidity) chambers for the period increased year on year as a result of efforts to win orders principally in the automobile market.

As for overseas markets, in contrast to sales for the first half of fiscal 2013 increasing year on year in Europe and North America, those in China and other parts of Asia declined. As a result, both orders-received and net sales for environmental test chambers on the whole decreased compared with the same period the previous year.

In energy devices equipment, the Group emphasized the field of secondary batteries for automobiles in striving to cultivate markets in Japan, and overseas primarily in China. Even though product inquiries increased, this did not lead to an increase in orders-received. Consequently, both the amount of orders-received and net sales of energy devices equipment for the first half of fiscal 2013 declined in comparison to the same period last year.

In semiconductor equipment, investment by semiconductor manufacturers was strong, leading to increases in both the amount of orders-received and net sales of semiconductor equipment in comparison with the same period last year.

In FPD equipment, an order for clean ovens from an overseas manufacturer pushed both the amount of orders-received and net sales higher for the first half of fiscal 2013.

As a result, the Equipment Business as a whole saw orders-received decrease 2.3% to ¥12,682 million, while net sales decreased 0.9% to ¥11,320 million compared to the first half of the previous fiscal year. Due in part to this decline in sales, operating income decreased 10.6% year on year to ¥575 million.

	Previous consolidated 2 nd quarter (Fiscal 2012) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	12,975	12,682	(2.3)
Net Sales	11,419	11,320	(0.9)
Operating Income	642	575	(10.6)

[Service Business]

In after-sales service and engineering, both orders-received and net sales decreased year on year, mainly as cost reductions by customers resulted in fewer equipment relocations and modifications.

In commissioned tests and facility rentals, rentals declined, even though conditions in the automobile market were favorable for the mainstay test consulting business. Consequently, orders-received and net sales both decreased year on year.

As a result, the Service Business on the whole recorded orders-received of ¥2,493 million, down 5.0%, and net sales of ¥2,306 million, down 5.7% from the same period last year. As a result of sales declining and other factors, operating income decreased 37.1% year on year to ¥177 million.

	Previous consolidated 2 nd quarter (Fiscal 2012) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	2,625	2,493	(5.0)
Net Sales	2,445	2,306	(5.7)
Operating Income	282	177	(37.1)

[Other Business]

In the environmental engineering business, even though orders-received declined, net sales on reforestation (tree planting) increased year on year. In the plant factory business, net sales were mostly unchanged from the first half of fiscal 2012. As a result, the Other Business on the whole saw net sales increase 1.1% year on year to ¥496 million, despite orders-received declining 24.0% year on year to ¥464 million for the first half of fiscal 2013. As for earnings, the segment posted an operating loss of ¥72 million.

	Previous consolidated 2 nd quarter (Fiscal 2012) (Million Yen)	This consolidated 2 nd quarter (Fiscal 2013) (Million Yen)	Change (%)
Orders-Received	611	464	(24.0)
Net Sales	491	496	1.1
Operating loss	(75)	(72)	-

* 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 ¥39,999 million, an increase of ¥275 million over the end of the previous consolidated fiscal year. Major factors included an increase of ¥208 million in cash and deposits, a decrease of ¥1,377 million in notes and accounts receivable-trade, an increase of ¥500 million in investment securities, an increase of ¥611 million in inventories and work in process, and an increase of ¥304 million in investments and other assets. Liabilities were ¥8,554 million, a decrease of ¥715 million against the end of the previous consolidated fiscal year. Major factors included a decrease of ¥747 million in notes and accounts payable-trade. Net assets were ¥31,445 million, an increase of ¥990 million against the end of the previous fiscal year. Major factors included an increase of ¥423 million due to foreign currency translation adjustment.

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

The Company has revised its consolidated financial forecasts for the first half of fiscal 2013, which were previously announced on September 10, 2013. For details, please see the "Notice of Revisions of Financial Forecasts" issued today (November 1, 2013).

No revisions were made to the Company's dividend and full-term consolidated business forecasts for the fiscal year ending March 31, 2014

Moreover, as for 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 (Consolidated) for Fiscal 2012 Ended March 31, 2013, 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

(Million Yen)

	As of March 31, 2013	As of September 30, 2013
Assets		
Current assets		
Cash and deposits	9,371	9,579
Notes and accounts receivable-trade	11,264	9,887
Securities	3,901	4,401
Merchandise and finished goods	333	405
Work in process	926	1,380
Raw materials and supplies	1,101	1,187
Other	1,523	1,454
Allowance for doubtful accounts	(6)	(7)
Total current assets	28,414	28,288
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,060	3,077
Land	4,406	4,419
Other, net	1,063	1,150
Total property, plant and equipment	8,530	8,647
Intangible assets		
Investments and other assets	217	197
Total noncurrent assets	2,561	2,866
Total noncurrent assets	11,309	11,711
Total assets	39,724	39,999
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,730	3,983
Income taxes payable	203	304
Provision for bonuses	372	346
Provision for directors' bonuses	3	1
Provision for product warranties	239	214
Other	2,142	2,078
Total current liabilities	7,692	6,928
Noncurrent liabilities		
Provision for retirement benefits	26	30
Provision for directors' retirement benefits	19	19
Asset retirement obligations	51	51
Other	1,479	1,524
Total noncurrent liabilities	1,576	1,625
Total liabilities	9,269	8,554
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	17,619	17,936
Treasury stock	(360)	(360)
Total shareholders' equity	31,327	31,644
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	443	636
Revaluation reserve for land	(742)	(742)
Foreign currency translation adjustment	(763)	(339)
Total accumulated other comprehensive income	(1,062)	(445)
Minority interests	190	246
Total net assets	30,455	31,445
Total liabilities and net assets	39,724	39,999

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

Quarterly Consolidated Statements of Income
(First six months ended September 30, 2013)

(Million Yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Net sales	14,290	14,039
Cost of sales	9,364	9,250
Gross profit	4,925	4,788
Selling, general and administrative expenses		
Salaries and allowances	1,145	1,212
Provision for bonuses	108	107
Provision for product warranties	101	81
Provision of allowance for doubtful accounts	—	0
Provision for directors' bonuses	1	1
Other	2,719	2,703
Selling, general and administrative expenses	4,075	4,108
Operating Income	850	680
Non-operating income		
Interest income	13	15
Dividends income	29	34
Gain on sales of securities	0	0
Equity in earnings of affiliates	43	—
Foreign exchange gains	—	51
Other	26	37
Non-operating income	112	138
Non-operating expenses		
Interest expenses	0	0
Loss on sales of securities	1	—
Foreign exchange losses	70	—
Commission fee	5	4
Other	7	2
Non-operating expenses	86	8
Ordinary income	876	811
Extraordinary income		
Gain on sales of noncurrent assets	1	0
Gain on sales of investment securities	—	1
Extraordinary income	1	2
Extraordinary loss		
Loss on retirement of noncurrent assets	2	2
Loss on valuation of investment securities	20	—
Extraordinary loss	23	2
Income before income taxes and minority interests	854	811
Income taxes-current	197	282
Income before minority interests	657	528
Minority interests in income	38	25
Net income	618	503

Quarterly Consolidated Statements of Comprehensive Income
(First six months ended September 30, 2013)

(Million Yen)

	First six months ended September 30, 2012	First six months ended September 30, 2013
Income before minority interests	657	528
Other comprehensive income		
Valuation difference on available-for-sale securities	(152)	193
Foreign currency translation adjustment	61	454
Share of other comprehensive income of associates accounted for using equity method	5	—
Other comprehensive income	(86)	647
Comprehensive income	570	1,176
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	530	1,120
Comprehensive income attributable to minority interests	40	56

(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, 2012 to September 30, 2012)

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	11,417	2,381	490	14,290	-	14,290
(2) Internal sales or transfers between segments	2	63	1	67	(67)	-
Total	11,419	2,445	491	14,357	(67)	14,290
Segment income (loss)	642	282	(75)	850	0	850

*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 2nd quarter (From April 1, 2013 to September 30, 2013)

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	11,320	2,230	488	14,039	-	14,039
(2) Internal sales or transfers between segments	-	75	8	84	(84)	-
Total	11,320	2,306	496	14,123	(84)	14,039
Segment income (loss)	575	177	(72)	680	0	680

*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