



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

February 3, 2014

Listed Company Name: ESPEC CORP.
Listed Stock Exchange: Tokyo Stock Exchanges, First Section
Securities Code: 6859
Homepage: <http://www.espec.co.jp>
Representative: Masaaki Ishida, President
Contact: Keiji Oshima, Director
Tel: +81-6-6358-4741
Planned Date of Filing of Quarterly Report: February 13, 2014
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 February 3, 2014 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 3rd quarter of fiscal 2013 ending March 31, 2014 (April 1, 2013 ~ December 31, 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 nine months ended December 31, 2013 | 20,934 | (0.9) | 1,021 | (16.6) | 1,263 | (8.6) | 780 | 31.8 |
| First nine months ended December 31, 2012 | 21,127 | (2.5) | 1,225 | 45.9 | 1,382 | 39.7 | 591 | (23.3) |

(Note) Statements of comprehensive income First nine months ended December 31, 2013 1,564 Million Yen [129.1 %]
First nine months ended December 31, 2012 683 Million Yen [2.6 %]

| | Net Income Per Share | Net income Per Share, Diluted |
|--|----------------------|----------------------------------|
| | Yen | Yen |
| First nine months ended December 31, 2013 | 33.54 | - |
| First nine months ended December 31, 2012 | 25.45 | - |

(2) Consolidated financial standing

| | Total Assets | Net assets | Shareholders' Equity Ratio | Shareholders' Equity Per Share |
|----------------------------|--------------|-------------|-------------------------------|-----------------------------------|
| | Million Yen | Million Yen | % | Yen |
| As of December 31, 2013 | 40,178 | 31,671 | 78.2 | 1,350.47 |
| As of March 31, 2013 | 39,724 | 30,455 | 76.2 | 1,301.17 |

(Reference) Shareholders' equity As of December 31, 2013 31,411 Million Yen
As of March 31, 2013 30,265 Million Yen

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.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):

| | | | |
|-------------------------|-------------------|----------------------|-------------------|
| As of December 31, 2013 | 23,781,394 shares | As of March 31, 2013 | 23,781,394 shares |
|-------------------------|-------------------|----------------------|-------------------|

2) Quantity of treasury stock at end of term:

| | | | |
|-------------------------|----------------|----------------------|----------------|
| As of December 31, 2013 | 521,599 shares | As of March 31, 2013 | 521,449 shares |
|-------------------------|----------------|----------------------|----------------|

3) Average number of shares during the term (Consolidated quarter):

| | | | |
|---|-------------------|---|-------------------|
| First nine months ended December 31, 2013 | 23,259,838 shares | First nine months ended December 31, 2012 | 23,260,173 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 "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 ----- | 4 |
| 3. Quarterly Consolidated Financial Statements ----- | 5 |
| (1) Quarterly Consolidated Balance Sheets ----- | 5 |
| (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income | |
| Quarterly Consolidated Statements of Income | |
| (First Nine months ended December 31, 2013) ----- | 6 |
| Quarterly Consolidated Statements of Comprehensive Income | |
| (First Nine months ended December 31, 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 three quarters of fiscal 2013, the year ending March 31, 2014, the Japanese economy remained on a recovery path, supported by economic conditions picking up, primarily in Europe and North America, and corporate earnings underpinned by improving exports due to the weaker yen. However, the pace of economic recovery was somewhat moderated by the impact of slower growth in the Chinese economy.

Of the Company's main customers, automotive manufacturers continued to invest aggressively. Meanwhile, signs of improving investment sentiment among other manufacturers did not lead to a firm recovery in their investment activity. 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 three quarters of the fiscal year were down from the same period in the previous fiscal year. The amount of orders-received decreased 1.3% year on year to ¥23,757 million and net sales declined 0.9% to ¥20,934 million. On the earnings front, due in part to deterioration in the cost of sales ratio, operating income decreased 16.6% year on year to ¥1,021 million, while net income increased 31.8% year on year to ¥780 million due to a decrease in tax expenses.

| | Previous consolidated 3 rd quarter (Fiscal 2012) (Million Yen) | This consolidated 3 rd quarter (Fiscal 2013) (Million Yen) | Change (%) |
|----------------------|---|---|------------|
| Orders-Received | 24,065 | 23,757 | (1.3) |
| Net Sales | 21,127 | 20,934 | (0.9) |
| Operating Income | 1,225 | 1,021 | (16.6) |
| Ordinary Income | 1,382 | 1,263 | (8.6) |
| Quarterly net Income | 591 | 780 | 31.8 |

Performance by Segment

This consolidated 3rd quarter (Fiscal 2013)

| | Orders-Received (Million Yen) | Net Sales (Million Yen) | Operating Income (Loss) (Million Yen) |
|--------------------|----------------------------------|----------------------------|--|
| Equipment Business | 19,086 | 16,860 | 814 |
| Service Business | 3,969 | 3,497 | 300 |
| Other Business | 835 | 686 | (92) |
| Elimination | (133) | (111) | 0 |
| Total | 23,757 | 20,934 | 1,021 |

[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 three quarters of fiscal 2013 on account of capital investments in Japan that showed no firm signs of recovering. By contrast, sales of walk-in type temperature (& humidity) chambers for the period increased year on year as a result of a healthy performance principally in the automobile market.

As for overseas markets, in contrast to sales for the first three quarters of fiscal 2013 increasing in Europe and North America on the back of a strong showing by the Company's U.S. subsidiary, those in China and other parts of Asia declined mainly due to a lackluster performance by the Company's subsidiaries in China. As a result, both the amount of orders-received and net sales for environmental test chambers on the whole decreased slightly compared with the same period of the previous year.

In energy devices equipment, the Group emphasized the field of secondary batteries for automobiles in striving to cultivate markets. 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 three quarters of fiscal 2013 declined in comparison to the same period last year.

In semiconductor equipment, due in part to orders from certain semiconductor manufacturers, the amount of orders-received and net sales of semiconductor equipment increased in comparison with the same period last year.

In FPD equipment, although orders-received declined year on year, deliveries to overseas manufacturers pushed net sales higher for the first three quarters of fiscal 2013.

As a result, the Equipment Business as a whole saw orders-received decrease 0.9% to ¥19,086 million, while net sales decreased 0.2% to ¥16,860 million compared to the first three quarters of the previous fiscal year. Due in part to deterioration in the cost of sales ratio, operating income decreased 14.3% year on year to ¥814 million.

| | Previous consolidated 3 rd quarter (Fiscal 2012) (Million Yen) | This consolidated 3 rd quarter (Fiscal 2013) (Million Yen) | Change (%) |
|------------------|---|---|------------|
| Orders-Received | 19,255 | 19,086 | (0.9) |
| Net Sales | 16,892 | 16,860 | (0.2) |
| Operating Income | 950 | 814 | (14.3) |

[Service Business]

In after-sales service and engineering, customers began easing back on cost containment measures as their earnings improved, resulting in a recovery in orders-received for after-sales service and equipment relocations and modifications. Consequently, orders-received increased while net sales decreased year on year.

In commissioned tests and facility rentals, the mainstay test consulting business continued to perform strongly, especially in the automobile market. Consequently, orders-received increased year on year, while net sales decreased year on year due to the impact of sluggish facility rentals.

As a result, the Service Business on the whole recorded orders-received of ¥3,969 million, up 1.6%, and net sales of ¥3,497 million, down 4.8% from the same period last year. As a result of sales declining and other factors, operating income decreased 28.1% year on year to ¥300 million.

| | Previous consolidated 3 rd quarter (Fiscal 2012) (Million Yen) | This consolidated 3 rd quarter (Fiscal 2013) (Million Yen) | Change (%) |
|------------------|---|---|------------|
| Orders-Received | 3,905 | 3,969 | 1.6 |
| Net Sales | 3,673 | 3,497 | (4.8) |
| Operating Income | 417 | 300 | (28.1) |

[Other Business]

In the environmental engineering business, the reforestation (tree planting) and waterfront biotope restoration performed favorably. In the plant factory business, although product inquiries were firm, an order for a large plant factory project fell behind schedule. As a result, the Other Business on the whole saw orders-received decrease 17.4% year on year to ¥835 million, while net sales rose 3.5% year on year to ¥686 million for the first three quarters of fiscal 2013. As for earnings, the segment posted an operating loss of ¥92 million, albeit an improvement on the operating loss posted in the same period last year.

| | Previous consolidated 3 rd quarter (Fiscal 2012) (Million Yen) | This consolidated 3 rd quarter (Fiscal 2013) (Million Yen) | Change (%) |
|-----------------|---|---|------------|
| Orders-Received | 1,011 | 835 | (17.4) |
| Net Sales | 663 | 686 | 3.5 |
| Operating loss | (142) | (92) | - |

* 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 third quarter consolidated accounting period were ¥40,178 million, an increase of ¥453 million over the end of the previous consolidated fiscal year. Major factors included a decrease of ¥1,346 million in notes and accounts receivable-trade, an increase of ¥1,295 million in inventories and work in process, and an increase of ¥524 million in property, plant and equipment. Liabilities were ¥8,506 million, a decrease of ¥762 million against the end of the previous consolidated fiscal year. Major factors included a decrease in notes and accounts payable-trade of ¥613 million, and a decrease in provision for bonuses of ¥229 million. Net assets were ¥31,671 million, an increase of ¥1,215 million against the end of the previous fiscal year. Major factors included an increase of ¥431 million in retained earnings, an increase of ¥359 million in valuation difference on available-for-sale securities, and an increase of ¥355 million due to foreign currency translation adjustment.

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

A large number of ESPEC's major customers have maintained an increasingly cautious approach to capital expenditures. Considering that there have been no major reasons for revising business forecasts at this time, the Company has not revised its full-term consolidated business forecasts for the fiscal year ending March 31, 2014, which were announced on May 14, 2013.

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 (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 December 31, 2013 |
|---|----------------------|-------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,371 | 8,668 |
| Notes and accounts receivable-trade | 11,264 | 9,918 |
| Securities | 3,901 | 3,901 |
| Merchandise and finished goods | 333 | 573 |
| Work in process | 926 | 1,819 |
| Raw materials and supplies | 1,101 | 1,263 |
| Other | 1,523 | 1,716 |
| Allowance for doubtful accounts | (6) | (6) |
| Total current assets | 28,414 | 27,854 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 3,060 | 3,176 |
| Land | 4,406 | 4,418 |
| Other, net | 1,063 | 1,459 |
| Total property, plant and equipment | 8,530 | 9,055 |
| Intangible assets | 217 | 197 |
| Investments and other assets | 2,561 | 3,070 |
| Total noncurrent assets | 11,309 | 12,323 |
| Total assets | 39,724 | 40,178 |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable-trade | 4,730 | 4,117 |
| Income taxes payable | 203 | 333 |
| Provision for bonuses | 372 | 142 |
| Provision for directors' bonuses | 3 | 2 |
| Provision for product warranties | 239 | 189 |
| Other | 2,142 | 2,054 |
| Total current liabilities | 7,692 | 6,840 |
| Noncurrent liabilities | | |
| Provision for retirement benefits | 26 | 32 |
| Provision for directors' retirement benefits | 19 | 19 |
| Asset retirement obligations | 51 | 51 |
| Other | 1,479 | 1,562 |
| Total noncurrent liabilities | 1,576 | 1,666 |
| Total liabilities | 9,269 | 8,506 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 6,895 | 6,895 |
| Capital surplus | 7,172 | 7,172 |
| Retained earnings | 17,619 | 18,050 |
| Treasury stock | (360) | (360) |
| Total shareholders' equity | 31,327 | 31,758 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 443 | 803 |
| Revaluation reserve for land | (742) | (742) |
| Foreign currency translation adjustment | (763) | (407) |
| Total accumulated other comprehensive income | (1,062) | (346) |
| Minority interests | 190 | 259 |
| Total net assets | 30,455 | 31,671 |
| Total liabilities and net assets | 39,724 | 40,178 |

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

Quarterly Consolidated Statements of Income
(First nine months ended December 31, 2013)

(Million Yen)

| | First nine months ended December 31, 2012 | First nine months ended December 31, 2013 |
|--|--|--|
| Net sales | 21,127 | 20,934 |
| Cost of sales | 13,751 | 13,753 |
| Gross profit | 7,376 | 7,180 |
| Selling, general and administrative expenses | | |
| Salaries and allowances | 1,824 | 1,938 |
| Provision for bonuses | 43 | 42 |
| Provision for product warranties | 146 | 113 |
| Provision for directors' bonuses | 1 | 2 |
| Other | 4,135 | 4,060 |
| Total selling, general and administrative expenses | 6,150 | 6,158 |
| Operating income | 1,225 | 1,021 |
| Non-operating income | | |
| Interest income | 17 | 23 |
| Dividends income | 46 | 51 |
| Gain on sales of securities | 0 | 0 |
| Equity in earnings of affiliates | 50 | — |
| Foreign exchange gains | 25 | 114 |
| Other | 38 | 63 |
| Total non-operating income | 179 | 252 |
| Non-operating expenses | | |
| Interest expenses | 0 | 0 |
| Loss on sales of securities | 1 | — |
| Commission fee | 8 | 7 |
| Other | 11 | 3 |
| Total non-operating expenses | 22 | 11 |
| Ordinary income | 1,382 | 1,263 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 3 | 1 |
| Gain on sales of investment securities | — | 1 |
| Total extraordinary income | 3 | 2 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 0 | — |
| Loss on retirement of noncurrent assets | 5 | 2 |
| Loss on valuation of investment securities | 9 | — |
| Loss on sales of investments in capital of subsidiaries and affiliates | 11 | — |
| Total extraordinary losses | 26 | 2 |
| Income before income taxes and minority interests | 1,359 | 1,263 |
| Income taxes-current | 705 | 443 |
| Income before minority interests | 653 | 819 |
| Minority interests in income | 61 | 39 |
| Net income | 591 | 780 |

Quarterly Consolidated Statements of Comprehensive Income
(First nine months ended December 31, 2013)

(Million Yen)

| | First nine months ended December 31, 2012 | First nine months ended December 31, 2013 |
|--|--|--|
| Income before minority interests | 653 | 819 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (45) | 359 |
| Foreign currency translation adjustment | 6 | 384 |
| Share of other comprehensive income of associates accounted for using equity method | 68 | — |
| Total other comprehensive income | 29 | 744 |
| Comprehensive income | 683 | 1,564 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of the parent | 622 | 1,495 |
| Comprehensive income attributable to minority interests | 60 | 69 |

(3) Notes to the quarterly consolidated financial statements

(Notes on the assumption of a going concern)

Not applicable

(Notes on significant changes in shareholder s' equity)

Not applicable

(Segment information)

I Previous consolidated 3rd quarter (From April 1, 2012 to December 31, 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 | 16,892 | 3,572 | 662 | 21,127 | - | 21,127 |
| (2) Internal sales or transfers between segments | - | 100 | 1 | 102 | (102) | - |
| Total | 16,892 | 3,673 | 663 | 21,229 | (102) | 21,127 |
| Segment income (loss) | 950 | 417 | (142) | 1,225 | (0) | 1,225 |

*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.

Not applicable

II This consolidated 3rd quarter (From April 1, 2013 to December 31, 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 | 16,860 | 3,395 | 678 | 20,934 | - | 20,934 |
| (2) Internal sales or transfers between segments | - | 102 | 8 | 111 | (111) | - |
| Total | 16,860 | 3,497 | 686 | 21,045 | (111) | 20,934 |
| Segment income (loss) | 814 | 300 | (92) | 1,021 | 0 | 1,021 |

*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.

Not applicable