



Summary of Financial Results (Consolidated)
for the First Quarter of Fiscal 2015 Ending March 31, 2016
[under Japanese GAAP]

July 31, 2015

Listed Company Name: ESPEC CORP.
Listed Stock Exchange: Tokyo Stock Exchanges, First Section
Securities Code: 6859
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Dividends Payment Beginning Day: -
Preparing Supplementary Material on Quarterly Financial Results: No
Holding Quarterly Financial Results Presentation Meeting: No
U.S. GAAP Accounting standard: Not Adopted
*The original disclosure in Japanese was released on July 31, 2015 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 1st quarter of fiscal 2015 ending March 31, 2016 (April 1, 2015 ~ June 30, 2015)

(1) Consolidated operating results (cumulative)

(% figures are rates of change in comparison to the same period last year)

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
First three months ended June 30, 2015	6,325	13.5	(111)	-	(10)	-	(55)	-
First three months ended June 30, 2014	5,573	2.6	(126)	-	(98)	-	(108)	-

(Note) Statements of comprehensive income First three months ended June 30, 2015 ¥162 million [- %]
First three months ended June 30, 2014 ¥ (131) million [- %]

	Net Income Per Share	Net income Per Share, Diluted
	Yen	Yen
First three months ended June 30, 2015	(2.42)	-
First three months ended June 30, 2014	(4.69)	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
	Million Yen	Million Yen	%	Yen
As of June 30, 2015	46,291	35,315	75.7	1,515.19
As of March 31, 2015	46,792	35,451	75.1	1,521.96

(Reference) Shareholders' equity As of June 30, 2015 ¥35,020 million
As of March 31, 2015 ¥35,158 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, 2015	-	7.00	-	19.00	26.00
Fiscal year ended March 31, 2016	-				
Fiscal year ending March 31, 2016 (forecast)		9.00	-	19.00	28.00

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

3. Forecast of consolidated operating results for fiscal 2015 ending March 31, 2016 (April 1, 2015 ~ March 31, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Profit attributable to owners of parent		Net Income Per Share
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen
Six Months Ending September 30, 2015	16,000	12.7	1,000	19.4	1,100	15.4	750	27.0	32.47
Full-term	35,000	4.0	2,800	5.9	3,000	(1.5)	2,100	(0.9)	90.91

(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: Yes

2) Changes in accounting policies other than above: No

3) Changes in accounting estimates: No

4) Restatements of financial statements: No

(Note) For details see "Changes in Accounting Policies, Estimates and Restatement of Revisions" on p.5.

(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, 2015	23,781,394 shares	As of March 31, 2015	23,781,394 shares
As of June 30, 2015	668,346 shares	As of March 31, 2015	680,455 shares
First three months ended June 30, 2015	23,109,081 shares	First three months ended June 30, 2014	23,259,649shares

* 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.

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1. Qualitative Information concerning Consolidated Financial Results

(1) Description of operating results

During the first three months of fiscal 2015, the year ending March 31, 2016, the Japanese economy saw a gradual pickup in personal consumption as the economy continued to recover with an improvement in corporate earnings as a result of the yen depreciating and oil prices falling. However, this was overshadowed by concerns that slower economic growth in China and financial turmoil stemming from the Greek debt crisis might affect the global economy.

Of the Company's main customers, automotive manufacturers continued to invest aggressively, while investment activity improved among electronics-related manufacturers.

In this environment, the Company strengthened marketing activities in China and Southeast Asia, its designated priority market, and focused on developing the energy device market centered on eco-cars as well as the "food and drug markets" centered on pharmaceuticals.

As a result, consolidated results for the first quarter of the fiscal year improved from the same period in the previous fiscal year. The amount of orders-received increased 5.6% year on year to ¥8,734 million and net sales increased 13.5% to ¥6,325 million. On the earnings front, the Company posted a ¥111 million operating loss and a ¥55 million net loss attributable to owners of the parent.

	Previous consolidated 1 st quarter (Fiscal 2014) (Million Yen)	This consolidated 1 st quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	8,269	8,734	5.6
Net Sales	5,573	6,325	13.5
Operating Loss	(126)	(111)	-
Ordinary Loss	(98)	(10)	-
Loss attributable to owners of parent	(108)	(55)	-

Performance by Segment

This consolidated 1st quarter (Fiscal 2015)

	Orders-Received	Net Sales	Operating Income (Loss)
	Million Yen	Million Yen	Million Yen
Equipment Business	7,047	5,032	(135)
Service Business	1,414	1,168	37
Other Business	360	167	(14)
Elimination	(87)	(43)	0
Total	8,734	6,325	(111)

[Equipment Business]

In the environmental test chambers field, the Company saw strong business for highly standardized products, as well as customized products centered on the automotive market in Japan. Overseas, exports to China and Southeast Asia and sales by the Company's Chinese subsidiaries increased from the same period a year earlier. As a result, both orders-received and net sales of environmental test chambers on the whole increased year on year during the three months under review.

In the energy devices equipment field, orders-received and net sales both decreased from the same period the year before, despite efforts focused on winning orders for charge-discharge evaluation systems for secondary batteries in automobiles and power semiconductor evaluation systems.

In the semiconductor equipment field, orders-received and net sales both decreased from the same period the year before, despite a bulk order received from Taiwan in conjunction with an increase in the production of small mobile devices.

As a result, the Equipment Business as a whole saw orders-received increase 9.8% to ¥7,047 million and net sales increase 17.8 % to ¥5,032 million compared to the first quarter of the previous fiscal year. As for profits, the Company incurred a ¥135 million operating loss in the Equipment Business as a result of the cost ratio deteriorating.

	Previous consolidated 1 st quarter (Fiscal 2014) (Million Yen)	This consolidated 1 st quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	6,421	7,047	9.8
Net Sales	4,270	5,032	17.8
Operating Loss	(131)	(135)	-

[Service Business]

In the after-sales service and engineering field, orders-received and net sales were on par with the first three months of the previous fiscal year.

In the commissioned tests and facility rentals field, the core test consulting operation saw steady growth in the automobile market. However, orders-received had declined from the high level achieved previously, and sales were about the same compared to the first quarter of the previous fiscal year.

As a result, the Company's Service Business on the whole recorded decreases in orders-received and net sales of 3.8% to ¥1,414 million, and 0.7% to ¥1,168 million, respectively, compared to the first quarter of the previous fiscal year. As a result operating income increased 21.8% year on year to ¥37 million.

	Previous consolidated 1 st quarter (Fiscal 2014) (Million Yen)	This consolidated 1 st quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	1,470	1,414	(3.8)
Net Sales	1,177	1,168	(0.7)
Operating Income	31	37	21.8

[Other Business]

In the Other Business, persistently strong conditions for environmental engineering in waterside projects and the plant factory business drove net sales to increase 5.7% year on year to ¥167 million. However, orders-received decreased 19.2% to ¥360 million compared to the first quarter of the previous fiscal year when the Company booked a large project order for a plant factory. As for earnings, the segment posted an operating loss of ¥14 million. However, this was an improvement from the first quarter of the previous fiscal year.

	Previous consolidated 1 st quarter (Fiscal 2014) (Million Yen)	This consolidated 1 st quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	446	360	(19.2)
Net Sales	158	167	5.7
Operating Loss	(25)	(14)	-

* 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 first quarter consolidated accounting period were ¥46,291 million, a decrease of ¥501 million over the end of the previous consolidated fiscal year. Major factors included a ¥1,451 million decrease in notes and accounts receivable-trade and an ¥809 million increase in work in process. Liabilities were ¥10,975 million, a decrease of ¥365 million from the end of the previous consolidated fiscal year. Major factors included a ¥665 million decrease in income taxes payable, which was partly offset by a ¥208 million increase in provision for bonuses. Net assets were ¥35,315 million, a decrease of ¥136 million against the end of the previous consolidated fiscal year. Major factors included a ¥368 million decrease in retained earnings, which was partly offset by a ¥212 million increase in valuation difference on available-for-sale securities.

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

With regard to the consolidated performance forecasts for the first six months of fiscal 2015 and for full-year fiscal 2015, 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 (Consolidated) for Fiscal 2014 Ended March 31, 2015, 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) Changes in Accounting Policies, Estimates and Restatement of Revisions

Change in accounting policy

(Accounting standard applied to Business Combinations)

Effective April 1, 2015, the Company has adopted the Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013, hereinafter the "Business Combination Accounting Standard"), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, September 13, 2013, hereinafter the "Consolidated Accounting Standard") and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013, hereinafter the "Business Divestiture Accounting Standard"). As a result, gain or loss arising from a change in the Company's equity in subsidiaries in cases where control is retained was revised to a method recognizing them as an adjustment to capital surplus, along with recognizing the acquisition costs in connection with business combinations as expenses in the consolidated fiscal year in which they arise. At the same time, for business combinations that take place on or after April 1, 2015, the disclosure method was revised so as to restate the distribution of acquisition cost upon provisional accounting recognition in the statements of the fiscal year in which the combination took place. In addition, the presentation of quarterly net income, etc. was changed, and the presentation of minority interest was changed to the presentation of non-controlling interests. To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements were restated for the first quarter of the consolidated fiscal year ended March 31, 2015 and the consolidated fiscal year ended March 31, 2015.

With regard to the adoption of the Business Combination Accounting Standard and other accounting standards, the Company has adopted the Business Combination Accounting Standard from April 1, 2015 onward in accordance with the transitional treatment set forth in Article 58-2 (4) of the Business Combination Accounting Standard, Article 44-5 (4) of the Consolidated Accounting Standard, and Article 57-4 (4) of the Business Divestiture Accounting Standard.

The effect of this change on the quarterly consolidated financial statements for the first quarter of the fiscal year ending March 31, 2016 was negligible.

3. Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Million Yen)

	As of March 31, 2015	As of June 30, 2015
Assets		
Current assets		
Cash and deposits	9,270	9,166
Notes and accounts receivable - trade	13,744	12,292
Securities	4,901	3,901
Merchandise and finished goods	562	1,108
Work in process	1,110	1,920
Raw materials and supplies	1,544	1,669
Other	1,914	2,030
Allowance for doubtful accounts	(11)	(11)
Total current assets	33,036	32,078
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,298	3,282
Land	4,464	4,464
Other, net	1,881	2,033
Total property, plant and equipment	9,644	9,780
Intangible assets	364	359
Investments and other assets	3,746	4,072
Total non-current assets	13,755	14,212
Total assets	46,792	46,291
Liabilities		
Current liabilities		
Notes and accounts payable - trade	5,301	5,491
Income taxes payable	742	76
Provision for bonuses	377	586
Provision for directors' bonuses	6	—
Provision for product warranties	255	220
Other	2,653	2,513
Total current liabilities	9,336	8,888
Non-current liabilities		
Long-term loans payable	196	196
Net defined benefit liability	45	48
Provision for directors' retirement benefits	12	12
Asset retirement obligations	52	52
Other	1,696	1,777
Total non-current liabilities	2,003	2,087
Total liabilities	11,340	10,975

(Million Yen)

	As of March 31, 2015	As of June 30, 2015
Net assets		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	7,172
Retained earnings	20,554	20,185
Treasury shares	(550)	(535)
Total shareholders' equity	34,072	33,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,199	1,412
Revaluation reserve for land	(686)	(686)
Foreign currency translation adjustment	578	581
Remeasurements of defined benefit plans	(5)	(5)
Total accumulated other comprehensive income	1,085	1,301
Non-controlling interests	293	295
Total net assets	35,451	35,315
Total liabilities and net assets	46,792	46,291

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
Quarterly Consolidated Statements of Income
(First three months ended June 30, 2015)

	(Million Yen)	
	Three months ended June 30, 2014	Three months ended June 30, 2015
Net sales	5,573	6,325
Cost of sales	3,633	4,275
Gross profit	1,940	2,050
Selling, general and administrative expenses		
Salaries and allowances	608	643
Provision for bonuses	55	60
Provision for product warranties	27	35
Provision of allowance for doubtful accounts	1	—
Other	1,374	1,421
Total selling, general and administrative expenses	2,067	2,161
Operating loss	(126)	(111)
Non-operating income		
Interest income	12	7
Dividend income	33	44
Foreign exchange gains	—	24
Other	15	28
Total non-operating income	62	105
Non-operating expenses		
Interest expenses	0	0
Foreign exchange losses	30	—
Commission fee	2	2
Other	1	1
Total non-operating expenses	33	4
Ordinary loss	(98)	(10)
Extraordinary income		
Gain on sales of non-current assets	0	—
Gain on sales of investment securities	—	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Other	0	—
Total extraordinary losses	0	0
Loss before income taxes and minority interests	(98)	(10)
Income taxes - current	10	43
Loss	(108)	(54)
Profit attributable to non-controlling interests	0	1
Loss attributable to owners of parent	(108)	(55)

Quarterly Consolidated Statements of Comprehensive Income
(First three months ended June 30, 2015)

(Million Yen)

	Three months ended June 30, 2014	Three months ended June 30, 2015
Loss	(108)	(54)
Other comprehensive income		
Valuation difference on available-for-sale securities	156	212
Foreign currency translation adjustment	(185)	3
Remeasurements of defined benefit plans, net of tax	5	0
Total other comprehensive income	(23)	216
Comprehensive income	(131)	162
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(120)	160
Comprehensive income attributable to non-controlling interests	(11)	1

(3) Notes to the quarterly consolidated financial statements

(Notes on the assumption of a going concern)

No applicable

(Note on significant changes in shareholders' equity)

Not applicable

(Segment information)

I Previous consolidated 1st quarter (From April 1, 2014 to June 30, 2014)

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

	Reportable segment			Total (Million Yen)	Adjustment *1 (Million Yen)	Carried amount on quarterly consolidated statements of income *2 (Million Yen)
	Equipment Business (Million Yen)	Service Business (Million Yen)	Other Business (Million Yen)			
Net Sales						
(1) Sales to external customers	4,270	1,144	158	5,573	-	5,573
(2) Internal sales or transfers between segments	-	32	0	33	(33)	-
Total	4,270	1,177	158	5,607	(33)	5,573
Segment income (loss)	(131)	31	(25)	(126)	0	(126)

*Notes:

1. "Adjustment" for segment income (loss) mainly represents eliminations of inter-segment transactions.
 2. Segment income (loss) 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, 2015 to June 30, 2015)

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

	Reportable segment			Total (Million Yen)	Adjustment *1 (Million Yen)	Carried amount on quarterly consolidated statements of income *2 (Million Yen)
	Equipment Business (Million Yen)	Service Business (Million Yen)	Other Business (Million Yen)			
Net Sales						
(1) Sales to external customers	5,032	1,125	167	6,325	-	6,325
(2) Internal sales or transfers between segments	0	43	0	43	(43)	-
Total	5,032	1,168	167	6,368	(43)	6,325
Segment income (loss)	(135)	37	(14)	(111)	0	(111)

*Notes:

1. "Adjustment" for segment income (loss) mainly represents eliminations of inter-segment transactions.
 2. Segment income (loss) 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