



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

January 29, 2016

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:	February 12, 2016
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 January 29, 2016 at 14:00. (GMT+9)

(Rounded off to nearest million yen)

1. Consolidated financial results for the 3<sup>rd</sup> quarter of fiscal 2015 ending March 31, 2016 (April 1, 2015 ~ December 31, 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 nine months ended December 31, 2015	25,224	17.4	1,980	44.1	2,130	26.4	1,383	10.7
First nine months ended December 31, 2014	21,483	2.6	1,374	34.5	1,685	33.4	1,249	60.2

(Note) Statements of comprehensive income First nine months ended December 31, 2015 1,271 Million Yen [(22.8) %]  
First nine months ended December 31, 2014 1,646 Million Yen [5.2 %]

	Net Income Per Share	Net income Per Share, Diluted
First nine months ended December 31, 2015	Yen 59.91	- Yen
First nine months ended December 31, 2014	53.72	-

(2) Consolidated financial standing

	Total Assets	Net assets	Shareholders' Equity Ratio	Shareholders' Equity Per Share
As of December 31, 2015	Million Yen 46,671	Million Yen 35,070	75.1 %	Yen 1,540.64
As of March 31, 2015	46,792	35,451	75.1	1,521.96

(Reference) Shareholders' equity As of December 31, 2015 35,070 Million Yen  
As of March 31, 2015 35,158 Million Yen

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
Fiscal year ended March 31, 2015	Yen -	Yen 7.00	Yen -	Yen 19.00	Yen 26.00
Fiscal year ending March 31, 2016	-	9.00			
Fiscal year ending March 31, 2016 (forecast)			-	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
Fiscal year ending March 31, 2016	35,000	4.0	2,800	5.9	3,000	(1.5)	2,100	(0.9)	91.27

(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):

Yes

New (Company name: QUALMARK CORPORATION) Excluded (Company name: )

(Note) For details, see "(1) Transfers of important subsidiaries during this quarter" under "2. Summary Information (Others)" on page 5.

(2) Application of special accounting methods in the creation of quarterly consolidated financial statements: Yes

(Note) For details, see "(2) Application of special accounting methods in the creation of quarterly consolidated financial statements" under "2. Summary Information (Others)" on page 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: 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 "(3) Changes in accounting policies, estimates and restatement of revisions" under "2. Summary Information (Others)" on page 5.

(4) Number of outstanding shares (Ordinary shares)

1) Number of outstanding shares at end of term (Including treasury stock):

As of December 31, 2015	23,781,394 shares	As of March 31, 2015	23,781,394 shares
As of December 31, 2015	1,017,909 shares	As of March 31, 2015	680,455 shares
First nine months ended December 31, 2015	23,088,700 shares	First nine months ended December 31, 2014	23,259,581 shares

2) Quantity of treasury stock at end of term:

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

\* 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 nine months of fiscal 2015, the year ending March 31, 2016, the Japanese economy continued to recover, mainly due to an improvement in corporate earnings against a backdrop of strong business expansion in the U.S. together with the yen depreciating and oil prices falling. However, the situation was clouded by concerns over the global economic impact of a slowdown in the Chinese economy, geopolitical risks and other factors.

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 markets, and focused on developing the energy device market centered on eco-cars, as well as the "food and drug markets". As a result, in the consolidated results for the first nine months of fiscal 2015, orders-received increased 19.0% year on year to ¥31,017 million and net sales increased 17.4% to ¥25,224 million. On the earnings front, operating income increased 44.1% year on year to ¥1,980 million and profit attributable to owners of parent rose 10.7% year on year to ¥1,383 million.

	Previous consolidated 3 <sup>rd</sup> quarter (Fiscal 2014) (Million Yen)	This consolidated 3 <sup>rd</sup> quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	26,056	31,017	19.0
Net Sales	21,483	25,224	17.4
Operating Income	1,374	1,980	44.1
Ordinary Income	1,685	2,130	26.4
Profit Attributable to Owners of Parent	1,249	1,383	10.7

### Performance by Segment

This consolidated 3<sup>rd</sup> quarter (Fiscal 2015)

	Orders-Received (Million Yen)	Net Sales (Million Yen)	Operating Income (Loss) (Million Yen)
Equipment Business	25,738	20,367	1,608
Service Business	4,405	4,023	371
Other Business	1,071	1,022	0
Elimination	(198)	(189)	(1)
Total	31,017	25,224	1,980

[Equipment Business]

In the environmental test chambers field, in Japan the Company saw strong business for highly versatile standardized products, as well as for walk-in type temperature & humidity chambers and customized products centered on the automotive market. Overseas, exports grew steadily, to mainly the U.S., China, and Southeast Asia, and sales by the Company's U.S. and Chinese subsidiaries performed favorably. As a result, both orders-received and net sales of environmental test chambers on the whole increased year on year during the first nine months of fiscal 2015.

In the energy devices equipment field, orders-received and net sales were about the same compared to the first nine months of the previous fiscal year following efforts to win orders for charge-discharge evaluation systems for secondary batteries in automobiles, and power device evaluation systems. In the semiconductor equipment field, orders received from certain smartphone supply-chain manufacturers were strong, thereby supporting a year-on-year increase in orders-received. However, net sales declined year on year for the first nine months because the plan was to record much of orders-received as sales at the end of the fiscal year.

As a result, the Equipment Business as a whole saw orders-received increase 21.7% to ¥25,738 million and net sales increase 20.0% to ¥20,367 million compared to the first nine months of the previous fiscal year. In terms of profit, operating income was ¥1,608 million, up 42.1% year on year due to the increase in sales.

	Previous consolidated 3 <sup>rd</sup> quarter (Fiscal 2014) (Million Yen)	This consolidated 3 <sup>rd</sup> quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	21,157	25,738	21.7
Net Sales	16,968	20,367	20.0
Operating Income	1,131	1,608	42.1

[Service Business]

In the after-sales service and engineering field, orders-received and net sales were little changed year on year during the first nine months of fiscal 2015. In commissioned tests and facility rentals, the core test consulting operation saw steady growth in the automobile market. Consequently, both orders-received and net sales were about the same compared to the third quarter of the previous fiscal year.

As a result, the Company's Service Business on the whole recorded increases in orders-received and net sales of 6.5% to ¥4,405 million, and 4.0% to ¥4,023 million, respectively, compared to the first nine months of the previous fiscal year. As a result, operating income increased 28.9% year on year to ¥371 million, mainly due to reduced selling, general and administrative expenses.

	Previous consolidated 3 <sup>rd</sup> quarter (Fiscal 2014) (Million Yen)	This consolidated 3 <sup>rd</sup> quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	4,137	4,405	6.5
Net Sales	3,869	4,023	4.0
Operating Income	288	371	28.9

#### [Other Business]

In Other Business, strong performance in environmental engineering in the reforestation (tree planting) business and the plant factory business of ESPEC MIC CORP. drove orders-received to increase 14.1% year on year to ¥1,071 million for the first nine months of the fiscal year under review. Net sales increased 26.9% year on year to ¥1,022 million. As for earnings, the segment posted operating income of ¥0 million, an improvement from the operating loss recorded in the first nine months of the previous fiscal year.

	Previous consolidated 3 <sup>rd</sup> quarter (Fiscal 2014) (Million Yen)	This consolidated 3 <sup>rd</sup> quarter (Fiscal 2015) (Million Yen)	Change (%)
Orders-Received	938	1,071	14.1
Net Sales	806	1,022	26.9
Operating income (loss)	(45)	0	-

\* 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) Description of financial position

Total assets at the end of the third quarter consolidated accounting period were ¥46,671 million, a decrease of ¥120 million from the end of the previous consolidated fiscal year. Major factors included a decrease of ¥2,499 million in securities, and an increase of ¥1,866 million in work in process. Liabilities were ¥11,601 million, an increase of ¥260 million from the end of the previous consolidated fiscal year. Major factors included an increase of ¥812 million in electronically recorded obligations and other notes and accounts payable-trade, and a decrease of ¥511 million in income taxes payable. Net assets were ¥35,070 million, a decrease of ¥381 million from the end of the previous fiscal year. Major factors included an increase of ¥861 million in retained earnings, a decrease in shareholders' equity of ¥554 million due to the acquisition of treasury shares, a decrease of ¥293 million in non-controlling interests, and a decrease of ¥258 in capital surplus.

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

With regard to the consolidated performance forecasts for all of fiscal 2015, the Company is not revising the original forecasts made on May 13, 2015, because there are currently no conditions requiring us to revise these business performance forecasts.

#### (4) Business risks

New business risks for the Company that arouse in the third quarter of fiscal 2015 were as follows. The forward looking statements regarding business risks recorded below were assessed based on information available to the Company as of the filing date of this report.

##### (Risks associated with business alliances and corporate acquisitions)

The Company may form business and capital alliances and execute corporate acquisitions to expand its business domain. In making decisions in this regard, the Company rigorously reviews the risks by conducting a detailed preliminary evaluation of a target company's business content, financial position, and business relationships, among other considerations. However, should problems unforeseen by the preliminary evaluation arise, or if changes in the business environment and other factors impede realization of the initially projected benefits, they might cause the amortization of goodwill and other obligations to affect the Company's business performance and financial position.

## 2. Summary Information (Others)

### (1) Transfers of important subsidiaries during this quarter

The transfer in specified subsidiary with a change in the scope of consolidation resulted from the Company acquiring all -shares of QUALMARK CORPORATION on December 28, 2015. For details, please refer to the press release, "Announcement Concerning the Completed Acquisition of QUALMARK CORPORATION," that the Company announced on January 12, 2016.

### (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 nine months 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.

This change in accounting standard resulted in a decline of ¥83 million each in operating income, ordinary income, and income before income taxes and minority interests for the first nine months of fiscal 2015. It also resulted in a decrease of ¥258 million in capital surplus as of December 31, 2015.

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

(Million Yen)

	As of March 31, 2015	As of December 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	9,270	8,037
Notes and accounts receivable - trade	13,649	11,803
Electronically recorded monetary claims - operating	94	1,065
Securities	4,901	2,401
Merchandise and finished goods	562	1,156
Work in process	1,110	2,976
Raw materials and supplies	1,544	1,745
Other	1,914	2,274
Allowance for doubtful accounts	(11)	(16)
Total current assets	33,036	31,446
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	3,298	3,463
Land	4,464	4,463
Other, net	1,881	2,163
Total property, plant and equipment	9,644	10,091
Intangible assets		
Goodwill	-	729
Other	364	405
Total intangible assets	364	1,135
Investments and other assets	3,746	3,998
Total non-current assets	13,755	15,225
Total assets	46,792	46,671
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,264	3,810
Electronically recorded obligations - operating	37	2,303
Income taxes payable	742	230
Provision for bonuses	377	148
Provision for directors' bonuses	6	-
Provision for product warranties	255	278
Other	2,653	2,903
Total current liabilities	9,336	9,675
Non-current liabilities		
Long-term loans payable	196	140
Net defined benefit liability	45	51
Provision for directors' retirement benefits	12	12
Asset retirement obligations	52	52
Other	1,696	1,668
Total non-current liabilities	2,003	1,925
Total liabilities	11,340	11,601



(Million Yen)

	As of March 31, 2015	As of December 31, 2015
<b>Net assets</b>		
Shareholders' equity		
Capital stock	6,895	6,895
Capital surplus	7,172	6,914
Retained earnings	20,554	21,415
Treasury shares	(550)	(1,105)
Total shareholders' equity	34,072	34,121
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,199	1,143
Revaluation reserve for land	(686)	(686)
Foreign currency translation adjustment	578	497
Remeasurements of defined benefit plans	(5)	(4)
Total accumulated other comprehensive income	1,085	949
Non-controlling interests	293	-
Total net assets	35,451	35,070
Total liabilities and net assets	46,792	46,671

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income  
Quarterly Consolidated Statements of Income  
(First nine months ended December 31, 2015)

(Million Yen)

	First nine months ended December 31, 2014	First nine months ended December 31, 2015
Net sales	21,483	25,224
Cost of sales	13,483	16,193
Gross profit	8,000	9,031
Selling, general and administrative expenses		
Salaries and allowances	2,052	2,134
Provision for bonuses	42	44
Provision for product warranties	121	155
Provision of allowance for doubtful accounts	-	5
Other	4,409	4,709
Total selling, general and administrative expenses	6,626	7,050
Operating income	1,374	1,980
Non-operating income		
Interest income	35	21
Dividend income	60	124
Foreign exchange gains	181	-
Other	47	71
Total non-operating income	323	217
Non-operating expenses		
Interest expenses	1	1
Foreign exchange losses	-	49
Commission fee	7	9
Other	4	7
Total non-operating expenses	13	67
Ordinary income	1,685	2,130
Extraordinary income		
Gain on sales of non-current assets	1	0
Gain on sales of investment securities	-	26
Insurance income	264	-
Total extraordinary income	265	26
Extraordinary losses		
Loss on retirement of non-current assets	0	0
Loss on valuation of investment securities	1	-
Other	0	-
Total extraordinary losses	1	0
Income before income taxes and minority interests	1,949	2,156
Income taxes - current	666	754
Profit	1,282	1,402
Profit attributable to non-controlling interests	33	18
Profit attributable to owners of parent	1,249	1,383

Quarterly Consolidated Statements of Comprehensive Income  
(First nine months ended December 31, 2015)

(Million Yen)

	First nine months ended December 31, 2014	First nine months ended December 31, 2015
Profit	1,282	1,402
Other comprehensive income		
Valuation difference on available-for-sale securities	294	(56)
Foreign currency translation adjustment	54	(74)
Remeasurements of defined benefit plans, net of tax	15	0
Total other comprehensive income	363	(130)
Comprehensive income	1,646	1,271
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,605	1,246
Comprehensive income attributable to non-controlling interests	41	25

(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 3<sup>rd</sup> quarter (From April 1, 2014 to December 31, 2014)

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	16,957	3,720	805	21,483	-	21,483
(2) Internal sales or transfers between segments	11	148	0	160	(160)	-
Total	16,968	3,869	806	21,644	(160)	21,483
Segment income (loss)	1,131	288	(45)	1,374	0	1,374

\*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.

Not applicable

II This consolidated 3<sup>rd</sup> quarter (From April 1, 2015 to December 31, 2015)

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	20,363	3,838	1,021	25,224	-	25,224
(2) Internal sales or transfers between segments	3	184	1	189	(189)	-
Total	20,367	4,023	1,022	25,413	(189)	25,224
Segment income	1,608	371	0	1,981	(1)	1,980

\*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. Change in reporting segment

(Adoption of Business Combination Accounting Standard)

As recorded under "Change in accounting policy" in this report, the Company has adopted the Business Combination Accounting Standard from April 1, 2015. 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 to restate the distribution of acquisition cost upon provisional accounting recognition in the statements of the fiscal year in which the combination took place.

As a result of these changes, segment income for the Equipment Business declined ¥83 million for the first nine months of fiscal 2015.

## 3. Information related to impairment loss on fixed assets, goodwill, etc. for each reporting segment

(Material change in the amount of goodwill)

The Equipment Business acquired all shares of QUALMARK CORPORATION. As a result, QUALMARK CORPORATION and its subsidiary Real Chambers Corporation were included in the Company's scope of consolidation.

The resulting increase in goodwill for the Equipment Business was ¥729 million as of December 31, 2015. This goodwill was calculated as a provisional amount as the distribution of acquisition cost has yet to be finalized.