

Summary of Consolidated Financial Results

For the First Half Ended September 2010 [Japan GAAP]

October 21, 2010

Name of Company:	SPK CORPORATION
Stock Code:	7466
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.spk.co.jp/
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Title:	President
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Date of quarterly securities report:	November 11, 2010
Date of commencement of dividend payment:	December 1, 2010
Supplementary materials for quarterly financial report:	None
Information meeting for quarterly financial report:	Yes

(Yen in millions, rounded down)

1. Financial results for the first half ended September 2010 (April 1, 2010 – September 30, 2010)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended September 2010	13,767	16.4	475	60.9	514	35.6	298	41.5
First half ended September 2009	11,830	(21.8)	295	(46.6)	379	(37.9)	211	(40.4)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2010	56.44	-
First half ended September 2009	39.88	-

(2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2010	14,404	10,365	72.0	1,957.09
Fiscal year ended March 2010	14,266	10,208	71.6	1,927.58

Note: Shareholders' equity

As of September 30, 2010 : 10,365 million yen

As of March 31, 2010 : 10,208 million yen

2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	End of FY	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 2010	-	24.00	-	25.00	49.00
Fiscal year ending March 2011	-	25.00			
Fiscal year ending March 2011 (est.)			-	26.00	51.00

Note: Change in the estimation of dividend for the fiscal year in this period: None

3. Forecast for the fiscal year ending March 2011 (Consolidated, April 1, 2010 – March 31, 2011)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	27,500	9.9	900	15.1	1,000	7.4	600	15.8	113.29

Note: Change in the forecast made in this period: None

4. Others Please refer to "Other information" on page 3 for details.

(1) Changes in significant subsidiaries: None

Note: Changes in specific subsidiaries accompanied by changes in the scope of consolidation

(2) Use of simplified accounting methods and special accounting methods: Yes

Note: Use of simplified accounting methods and of accounting methods specifically for the preparation of the quarterly consolidated financial statements

(3) Changes in accounting principles, procedures, presentation methods and other items

(a) Changes due to revision of accounting standards: Yes

(b) Changes other than in (a): None

Note: Changes in accounting principles, procedures, presentation methods and other items for preparation of the quarterly consolidated financial statements that are listed in the section titled Changes to the Basis for Presenting the Quarterly Consolidated Financial Statements.

(4) Number of shares outstanding (common stock)

(a) Shares outstanding (including treasury stock)

As of September 30, 2010: 5,296,900

As of March 31, 2010: 5,296,900

(b) Treasury stock

As of September 30, 2010: 746

As of March 31, 2010: 617

(C) Average number of shares

(quarterly consolidated cumulative period)

Period ended September 30, 2010: 5,296,208

Period ended September 30, 2009: 5,296,283

*Information concerning quarterly review procedure

This quarterly financial report is not subject to the quarterly review procedure prescribed by the Financial Instruments and Exchange Law. The review procedure prescribed by the Financial Instruments and Exchange Law for the quarterly consolidated financial statements had not been completed when this quarterly financial report was released.

*Forward-looking Statements and notes

Forecasts regarding future performance in these materials are based on judgments made in accordance with information available at the time this report was prepared. Actual results may differ significantly from these forecasts for a number of factors. Please see the consolidated forecast section on page 2 of this document for more information.

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1. Business Results

(1) Overview on consolidated business performance

In the first half of the fiscal year, exports to Asia (notably, China) helped Japan's economy embark on a recovery course, amid economic deceleration in Europe and the US. In the Japanese automobile industry, eco-car tax reductions and government incentives to buy new cars revived domestic automobile sales, and there emerged bright signs in the market for automotive replacement parts, as well.

However, with the eco-car incentive scheme having run its course, there may be a sudden lull in domestic new car sales. Also, the negative impact of the stronger yen on exporters may aggravate economic deceleration. As a consequence, there are concerns about a renewed dip in the Japanese economy.

Amid this environment, the SPK Group focused its efforts in the Domestic Sales Div. on sales of functional and replacement parts for small cars, a market where SPK is very strong. Simultaneously, we promoted the development and sales of new, environmentally-appropriate products. As a consequence, first-half sales in the Domestic Sales Div. totaled 8,220 million yen, up 7.0% from a year earlier.

In the International Trade Div., there was a gradual increase in orders, relative to last year, when worldwide recession took its toll. However, the environment remained challenging, as the yen continued to strengthen. As a result, overseas sales totaled 4,100 million yen, up 21.4% YoY.

In the Machinery Equipment Div., there was a pronounced recovery in sales at manufacturers of construction machinery and industrial vehicles, the primary customers for SPK's machinery. As these users continued to expand production, sales in the Machinery Equipment Div. leapt 88.7% YoY to 1,447 million yen.

Overall, the above factors resulted in gains in first-half sales and profits.

Consolidated net sales increased 16.4% YoY to 13,767 million yen. On the profit side, operating income rose 60.9% to 475 million yen, ordinary income gained 35.6% to 514 million yen, and net income was up 41.5% to 298 million yen.

(2) Overview of financial condition

Total assets were 14,404 million yen at the end of the first half, an increase of 137 million yen from the end of the previous fiscal year.

Current assets decreased 7 million yen to 12,847 million yen. There were increases of 155 million yen in trade accounts receivable, of 116 million yen in merchandise inventories, and of 104 million yen in other accounts due. On the other hand, cash and deposits contracted 345 million yen, and trade notes receivable declined 124 million yen.

Noncurrent assets increased 145 million yen to 1,556 million yen. This largely reflected an expansion of 178 million yen in lease assets, resulting from the replacement of software for the main system.

Current liabilities decreased 158 million yen to 3,291 million yen, as trade notes payable expanded 81 million yen, but trade accounts payable fell 257 million yen.

Noncurrent liabilities increased 139 million yen to 748 million yen. This largely reflected an increase of 137 million yen in long-term (more than 1 year) lease assets, related to the main system.

Net assets increased 156 million yen to 10,365 million yen. As a consequence of the above changes, the equity ratio was 72.0%, an improvement of 0.4 percentage points from the end of the previous fiscal year.

(3) Forecast for fiscal year ending March 31, 2011

The first-half results exceeded the forecasts, but for the third quarter and thereafter, factors like the stronger yen and weak share prices warrant concern. Given these concerns, there are no revisions at this time to the forecast announced on April 21, 2010.

2. Other Information

(1) Changes in significant subsidiaries: None

(2) Use of simplified accounting methods and special accounting methods

a. Valuation method for inventories

For certain inventory items that are unsold or to be disposed of because they are no longer part of the business cycle, and that as a result had book values reduced to the expected disposal prices, these items are shown on the balance sheet using the values as of the end of the previous fiscal year because there have been no significant changes following the end of the previous fiscal year.

b. Calculation method for depreciation expenses of noncurrent assets

For noncurrent assets that are depreciated using the declining-balance method, depreciation expenses for each fiscal period are calculated by using the corresponding proportion of annual depreciation expenses.

(3) Changes in accounting principles, procedures, presentation methods and other items

Application of accounting standard concerning asset removal obligations

Starting with the first quarter of the fiscal year ending March 31, 2011, "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) have been applied.

This change had no effect on operating income, ordinary income, and income before income taxes.

3. Quarterly consolidated financial statements

(1) Consolidated balance sheets

(Thousand yen)

	First half ended September 30, 2010	FY ended March 31, 2010
Assets		
Current assets		
Cash and deposits	3,358,094	3,703,613
Notes and accounts receivable-trade	6,076,765	6,045,880
Merchandise	2,397,865	2,281,775
Deferred tax assets	109,449	113,221
Short-term loans receivable to subsidiaries and affiliates	200,465	200,695
Others	750,519	559,916
Allowance for doubtful accounts	(45,277)	(49,671)
Total current assets	12,847,882	12,855,432
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	88,360	93,504
Machinery, equipment and vehicles, net	6,525	5,793
Land	619,325	619,325
Lease assets, net	43,568	52,415
Others, net	22,239	25,182
Total property, plant and equipment	780,018	796,221
Intangible assets		
Software	18,372	22,474
Lease assets	213,609	35,461
Others	10,128	10,128
Total intangible assets	242,110	68,065
Investments and other assets		
Investment securities	282,580	293,393
Deferred tax assets	135,902	135,526
Others	115,963	118,319
Allowance for doubtful accounts	(13)	(16)
Total investments and other assets	534,434	547,223
Total noncurrent assets	1,556,563	1,411,510
Total assets	14,404,446	14,266,942

(Thousand yen)

	First half ended September 30, 2010	FY ended March 31, 2010
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,546,752	2,722,694
Income taxes payable	210,666	240,429
Others	533,871	486,309
Total current liabilities	3,291,290	3,449,434
Noncurrent liabilities		
Provision for retirement benefits	455,037	462,964
Long-term guarantee deposited	61,154	57,897
Long-term accounts payable-other	26,383	19,830
Others	205,543	67,818
Total noncurrent liabilities	748,118	608,511
Total liabilities	4,039,409	4,057,945
Net assets		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	8,429,230	8,262,726
Treasury stock	(999)	(837)
Total shareholders' equity	10,287,866	10,121,523
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	81,239	87,619
Deferred gains or losses on hedges	(4,069)	(145)
Total valuation and translation adjustments	77,170	87,473
Total net assets	10,365,037	10,208,997
Total liabilities and net assets	14,404,446	14,266,942

(2) Consolidated statements of income

(Thousand yen)

	First half ended September 30, 2009 (Apr. 1, 2009 – Sept. 30, 2009)	First half ended September 30, 2010 (Apr. 1, 2010 – Sept. 30, 2010)
Net sales	11,830,343	13,767,866
Cost of sales	10,136,176	11,754,436
Gross profit	1,694,167	2,013,430
Selling, general and administrative expenses	1,398,593	1,537,885
Operating income	295,574	475,545
Non-operating income		
Interest income	4,572	3,111
Dividends income	1,404	1,756
Purchase discounts	59,316	60,508
Insurance income	38,331	-
Others	11,727	12,788
Total non-operating income	115,352	78,165
Non-operating expenses		
Interest expenses	441	1,139
Sales discounts	29,991	33,234
Others	901	4,752
Total non-operating expenses	31,333	39,127
Ordinary income	379,592	514,583
Extraordinary income		
Reversal of allowance for doubtful accounts	1,117	4,396
Gain on sales of noncurrent assets	-	205
Total extraordinary income	1,117	4,602
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	-	19
Total extraordinary loss	-	19
Income before income taxes	380,710	519,165
Income taxes-current	116,498	209,699
Income taxes-deferred	53,015	10,554
Total income taxes	169,513	220,254
Net income	211,197	298,911

(3) Notes on going concern assumption: None

(4) Segment information

Operating segment information

No business segment information is presented for the first half of the previous fiscal year (April 1 to September 30, 2009) because all operations of the SPK Group belong to a single segment. These operations involve the sale in Japan and the import/export of automobile parts and accessories, associated products, and parts for industrial and construction vehicles. The group is not engaged in any other category of business activities.

Geographical segment information

No geographic segment information is presented for the first half of the previous fiscal year (April 1 to September 30, 2009) because the SPK Group has no consolidated subsidiaries or significant offices in foreign countries or regions.

Overseas sales

First half ended September 2009 (April 1, 2009 – September 30, 2009)

(Thousand yen)

	Asia/Oceania	Central/South America	Other regions	Total
I. Overseas sales	1,187,616	1,207,826	983,148	3,378,591
II. Consolidated sales	-	-	-	11,830,343
III. Share of overseas sales in total sales (%)	10.0	10.2	8.3	28.5

Notes:

- Countries and regions are classified according to geographical proximity.
- Countries and regions outside Japan are broken down into the following geographical areas.
 - Asia/Oceania Singapore, Philippines and Taiwan
 - Central/South America Panama, Ecuador and Guatemala
 - Other regions Middle East, Africa, Europe and North America
- Overseas sales are sales by SPK and its consolidated subsidiaries of products to customers in foreign countries or regions.

Segment information

1. Overview of reportable segment information

The SPK Group's reporting segments are segments for which, among divisions of the parent and its subsidiaries, separate financial information is available, and which are evaluated on a regular basis by the board of directors, for the allocation of business resources and performance assessment.

The SPK Group is mainly engaged in the sale in Japan and import/export of automobile parts and accessories, as well as the planning and sale of parts for industrial and construction vehicles. The sale in Japan of automobile parts and accessories, as well as repair parts for forklifts is carried out by the Domestic Sales Division. The International Trade Division handles exports of automobile parts, and the Machinery Equipment Division the planning and sale of parts for industrial vehicles. Accordingly, the SPK Group's segment structure is based on three sales divisions, the Domestic Sales Division, the International Trade Division, and the Machinery Equipment Division.

2. Information about sales and income (loss) by reportable segments
 First half ended September 2010 (April 1, 2010 – September 30, 2010)

(Thousand yen)

	Domestic Sales Division	International Trade Division	Machinery Equipment Division	Total
Net sales				
(1) (of which to outside customers)	8,220,138	4,100,447	1,447,280	13,767,866
(2) (of which inter-segment and transfers)	80,456	-	-	80,456
Total	8,300,594	4,100,447	1,447,280	13,848,322
Segment income	311,235	32,185	71,068	414,489

3. Reconciliation of difference between total income (loss) for reportable segments and in quarterly consolidated statement of income (Item concerning adjustment for difference)

First half ended September 2010 (April 1, 2010 – September 30, 2010)

(Thousand yen)

Income	Total
Total for reportable segments	414,489
Adjustment of general administrative expenses (1)	10,672
Overall non-operating income (2)	70,498
Adjustment of non-operating expenses (3)	18,923
Ordinary income in the first-half PL	514,583

(1) and (3) refer to the allocation differences reported by the divisions.

(2) mainly refers to non-operating income of administrative departments which do not belong to reporting segments.

4. Reportable segment information concerning impairment losses or goodwill amortization: None

Supplemental information

Since the first quarter of the consolidated fiscal year, the company has adopted the Accounting Standards for Disclosure of Segment Information (ASBJ Statement No.17, March 27, 2009) and the Guidance on Accounting Standard for Disclosure of Segment Information (ASBJ Guidance No .20, March 21, 2008).

(5) Notes on significant change in shareholders' equity: None