

Summary of Consolidated Financial Results

For the First Half Ended September 2011 [Japan GAAP]

October 21, 2011

Name of Company:	SPK CORPORATION
Stock Code:	7466
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.spk.co.jp/
Representative	
Title:	President
Name:	Tomikazu Todoroki
Contact Person	
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Date of quarterly securities report:	November 10, 2011
Date of commencement of dividend payment:	December 1, 2011
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 2011 (April 1, 2011 – September 30, 2011)

(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 2011	15,880	15.3	543	14.4	581	13.0	337	13.1
First half ended September 2010	13,767	16.4	475	60.9	514	35.6	298	41.5

Note: Comprehensive income

First half ended September 2011: 335 million yen (16.3%)

First half ended September 2010: 288 million yen (-%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2011	63.81	-
First half ended September 2010	56.44	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2011	15,415	10,848	70.4	2,048.42
Fiscal year ended March 2011	15,045	10,604	70.5	2,002.36

Reference: Shareholders' equity

As of September 30, 2011 : 10,848 million yen

As of March 31, 2011 : 10,604 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 2011	-	25.00	-	26.00	51.00
Fiscal year ending March 2012	-	26.00			
Fiscal year ending March 2012 (est.)			-	27.00	53.00

Note: Change in the estimation of dividend from the latest announcement: None

3. Forecast for the fiscal year ending March 2012 (Consolidated, April 1, 2011 – March 31, 2012)

(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	31,500	10.3	1,200	15.9	1,250	11.0	750	13.5	141.61

Note: Change in the forecast from the latest announcement: None

4. Others

- (1) Changes in significant subsidiaries
(Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
Newly consolidated companies: - Exclude:-
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements: No
- (3) Changes in accounting principles and estimates, and retrospective restatement
 - (a) Changes due to revision of accounting standards: No
 - (b) Changes other than in (a): No
 - (c) Changes in accounting estimates: No
 - (d) Retrospective restatement: No
- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury stock)
As of September 30, 2011: 5,296,900 As of March 31, 2011: 5,296,900
 - (b) Treasury stock
As of September 30, 2011: 746 As of March 31, 2011: 746
 - (C) Average number of shares
(quarterly consolidated cumulative period)
Period ended September 30, 2011: 5,296,154 Period ended September 30, 2010: 5,296,208

*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.

Index for Supplementary Information

1. Business Results	2
(1) Results of operations (Consolidated)	2
(2) Financial condition	2
(3) Forecast for fiscal year ending March 31, 2012	2
2. Summary Information (Others)	3
(1) Changes in significant subsidiaries during the first half	3
(2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements	3
(3) Changes in accounting principles and estimates, and retrospective restatement	3
3. Quarterly Consolidated Financial Statements	4
(1) Consolidated balance sheets	4
(2) Consolidated statements of (comprehensive) income	6
(3) Notes on going concern assumption	8
(4) Notes on significant change in shareholders' equity	8
(5) Subsequent events	8

1. Business Results

(1) Results of operations (Consolidated)

In the first half of the current fiscal year, the Japanese economy benefited from a recovery in production by manufacturers in all sectors due to the rapid restoration of supply chains. This recovery, along with earthquake reconstruction demand, led to a small rebound in consumer spending. However, earnings at export-dependent manufacturers were severely impacted by the yen's appreciation that is fueled by speculation. Overseas, there are increasing concerns about slowing U.S. economic growth and the debt crisis is becoming worse in Europe. The result is increasing uncertainty about the outlook for Japan's economy.

In this challenging environment, the Domestic Sales Division continued to work on selling functional and replacement automotive parts and on developing and selling new products that match current and environmental market conditions. Sales were supported by earthquake reconstruction demand, too. The result was first half sales of 8,485 million yen, 2.3% higher than one year earlier.

The International Trade Division continued to encounter a difficult business climate because of the yen's strength. But business activity increased because of a recovery in orders, mainly from customers in Asia and the Americas. In addition, overseas subsidiary SPK Singapore Pte. Ltd. is included in the consolidated financial for the first time in this fiscal year. This company is slowly making a greater contribution to consolidated performance. As a result, first half sales in this division increased 37.9% to 5,654 million yen.

In the Machinery Equipment Division, sales were affected by a decline in the value of shipments as some major customers suspended production in April and May because of the earthquake and tsunami. But companies in all major industries started increasing output in June. As a result, first half sales in this division increased 20.3% to 1,740 million yen.

Overall, the SPK Group achieved growth in sales and earnings despite the challenging operating environment. First half consolidated net sales increased 15.3% to 15,880 million yen, operating income increased 14.4% to 543 million yen, ordinary income increased 13.0% to 581 million yen and net income increased 13.1% to 337 million yen.

(2) Financial condition

Total assets were 15,415 million yen at the end of the first half, 369 million yen more than at the end of the previous fiscal year. Current assets increased 338 million yen to 13,841 million yen. The main reason was a 399 million yen increase in notes and accounts receivable-trade resulting from the consolidation of SPK Singapore Pte. Ltd. for the first time in the current fiscal year. Noncurrent assets increased 31 million yen from the end of the previous fiscal year to 1,573 million yen.

In liabilities, there was a 145 million yen increase in current liabilities to 3,852 million yen. Although income taxes payable decreased 121 million yen, there were increases of 144 million yen in short-term loans resulting from the consolidation of SPK Singapore Pte. Ltd. and increases of 99 million yen in notes and accounts payable-trade. Noncurrent liabilities decreased 19 million yen to 713 million yen.

Net assets totaled 10,848 million yen, 243 million yen more than at the end of the previous fiscal year, and the equity ratio decreased 0.1 percentage point to 70.4%.

(3) Forecast for fiscal year ending in March 2012

The performance of all divisions is currently exceeding the plan for the fiscal year. However, there are no revisions at this time to the fiscal year forecast that was announced on April 21, 2011 because of uncertainties that include the continuing impact of the yen's strength on the International Trade Division.

2. Summary Information (Others)

- (1) Changes in significant subsidiaries during the first half:
Not applicable
- (2) Use of accounting methods specifically for the preparation of the quarterly consolidated financial statements:
Not applicable
- (3) Changes in accounting principles and estimates, and retrospective restatement:
Not applicable

3. Quarterly Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	FY ended March 31, 2011	First half ended September 30, 2011
Assets		
Current assets		
Cash and deposits	3,585,076	3,653,993
Notes and accounts receivable-trade	6,420,485	6,820,179
Merchandise	2,457,391	2,524,585
Deferred tax assets	144,102	130,955
Short-term loans receivable to subsidiaries and affiliates	200,235	4,580
Others	715,204	758,388
Allowance for doubtful accounts	(19,620)	(51,586)
Total current assets	13,502,875	13,841,096
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,873	88,846
Machinery, equipment and vehicles, net	4,176	7,362
Land	619,325	667,967
Lease assets, net	37,504	31,441
Others, net	27,457	26,796
Total property, plant and equipment	781,337	822,414
Intangible assets		
Software	14,526	10,880
Lease assets	190,542	167,517
Others	10,128	10,128
Total intangible assets	215,197	188,526
Investments and other assets		
Investment securities	288,081	292,796
Deferred tax assets	138,595	142,262
Others	122,697	128,474
Allowance for doubtful accounts	(3,355)	(501)
Total investments and other assets	546,018	563,032
Total noncurrent assets	1,542,553	1,573,974
Total assets	15,045,428	15,415,071

(Thousand yen)

	FY ended March 31, 2011	First half ended September 30, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	2,804,323	2,903,351
Short-term borrowing	-	144,662
Income taxes payable	341,789	220,093
Others	561,035	584,573
Total current liabilities	3,707,148	3,852,680
Noncurrent liabilities		
Provision for retirement benefits	466,470	474,390
Long-term guarantee deposited	64,676	64,415
Long-term accounts payable-other	24,941	23,573
Others	177,393	151,242
Total noncurrent liabilities	733,482	713,621
Total liabilities	4,440,630	4,566,301
Net assets		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	8,658,583	8,904,839
Treasury stock	(999)	(999)
Total shareholders' equity	10,517,219	10,763,475
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	85,562	90,976
Deferred gains or losses on hedges	2,016	(1,510)
Foreign currency translation adjustment	-	(4,172)
Total accumulated other comprehensive income	87,579	85,293
Total net assets	10,604,798	10,848,769
Total liabilities and net assets	15,045,428	15,415,071

(2) Quarterly consolidated statements of (comprehensive) income
 Consolidated statements of income

(Thousand yen)

	First half ended September 30, 2010 (Apr. 1, 2010 – Sept. 30, 2010)	First half ended September 30, 2011 (Apr. 1, 2011 – Sept. 30, 2011)
Net sales	13,767,866	15,880,512
Cost of sales	11,754,436	13,649,270
Gross profit	2,013,430	2,231,241
Selling, general and administrative expenses	1,537,885	1,687,420
Operating income	475,545	543,821
Non-operating income		
Interest income	3,111	1,631
Dividends income	1,756	2,285
Purchase discounts	60,508	53,994
Others	12,788	19,289
Total non-operating income	78,165	77,201
Non-operating expenses		
Interest expenses	1,139	2,652
Sales discounts	33,234	35,690
Others	4,752	1,096
Total non-operating expenses	39,127	39,438
Ordinary income	514,583	581,584
Extraordinary income		
Reversal of allowance for doubtful accounts	4,396	-
Gain on sales of noncurrent assets	205	150
Total extraordinary income	4,602	150
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	19	28
Loss on disaster	-	982
Total extraordinary loss	19	1,011
Income before income taxes	519,165	580,723
Income taxes-current	209,699	230,145
Income taxes-deferred	10,554	12,629
Total income taxes	220,254	242,774
Income (loss) before minority interests	298,911	337,948
Net income	298,911	337,948

Consolidated Statements of Comprehensive Income

(Thousand yen)

	First half ended September 30, 2010 (Apr. 1, 2010 – Sept. 30, 2010)	First half ended September 30, 2011 (Apr. 1, 2011 – Sept. 30, 2011)
Income (loss) before minority interests	298,911	337,948
Other comprehensive income		
Valuation difference on available-for-sale securities	(6,379)	5,413
Deferred gains or losses on hedges	(3,923)	(3,526)
Foreign currency translation adjustment	-	(4,172)
Total other comprehensive income	(10,303)	(2,285)
Comprehensive income	288,608	335,663
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	288,608	335,663
Comprehensive income attributable to minority interests	-	-

(3) Notes on going concern assumption:

Not applicable

(4) Notes on significant change in shareholders' equity:

Not applicable

(5) Subsequent events:

Not applicable