

# Summary of Consolidated Financial Results

## For the First Half Ended September 2012 [Japan GAAP]

October 22, 2012

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	
Title:	Senior Managing Director and General Manager of Administration Division
Name:	Youichi Nakata
Phone:	+81-(0)6-6454-2571
Date of quarterly securities report:	November 9, 2012
Date of commencement of dividend payment:	December 3, 2012
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 2012 (April 1, 2012 – September 30, 2012)

(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 2012	16,352	3.0	609	12.1	648	11.5	401	18.8
First half ended September 2011	15,880	15.3	543	14.4	581	13.0	337	13.1

Note: Comprehensive income

First half ended September 2012: 376 million yen (12.1%)

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

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2012	76.81	-
First half ended September 2011	63.81	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2012	16,339	11,271	69.0	2,156.79
Fiscal year ended March 2012	15,990	11,036	69.0	2,111.80

Reference: Shareholders' equity

As of September 30, 2012 : 11,271 million yen

As of March 31, 2012 : 11,036 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 2012	-	26.00	-	27.00	53.00
Fiscal year ending March 2013	-	27.00			
Fiscal year ending March 2013 (est.)			-	28.00	55.00

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

### 3. Forecast for the fiscal year ending March 2013 (Consolidated, April 1, 2012 – March 31, 2013)

(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	34,000	4.3	1,400	9.1	1,450	8.2	850	13.1	162.64

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

#### \*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: Yes
  - (b) Changes other than in (a): No
  - (c) Changes in accounting estimates: Yes
  - (d) Retrospective restatement: No
- (4) Number of shares outstanding (common stock)
  - (a) Shares outstanding (including treasury stock)  
As of September 30, 2012: 5,296,900 As of March 31, 2012: 5,296,900
  - (b) Treasury stock  
As of September 30, 2012: 70,789 As of March 31, 2012: 70,746
  - (C) Average number of shares  
(quarterly consolidated cumulative period)  
Period ended September 30, 2012: 5,226,148 Period ended September 30, 2011: 5,296,154

#### \*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) Results of operations (Consolidated)

In the first half of the fiscal year, domestic demand in Japan was supported by a recovery in consumer spending that was backed in part by demand associated with earthquake reconstruction activity and the eco-car subsidy. However, the Japanese economy was stagnant as exports fell due to sluggish economies in Europe and a further slowdown in economic growth in China and other emerging countries.

The Domestic Sales Division continued to focus on selling of functional and replacement parts for automobiles as well on developing and selling new products that are environmentally friendly. As a result, first half sales increased 4.0% from one year earlier to 8,827 million yen.

The International Trade Division faced softness in the markets of Central and South America because of the weakening European economy but sales were higher in Asia, the Middle East and Africa, and North America. As a result, first half sales increased 2.1% from one year earlier to 5,771 million yen.

The Machinery Equipment Division's performance fell short of the second quarter plan because of reductions in production plans by major manufacturers, mainly in the construction machinery sector, in response to rapidly declining demand in China and other emerging countries. As a result, first half sales increased 0.7% from one year earlier to 1,752 million yen.

Overall, there were increases in sales and earnings despite the challenging market conditions. First half consolidated net sales increased 3.0% to 16,352 million yen, operating income increased 12.1% to 609 million yen, ordinary income increased 11.5% to 648 million yen and net income increased 18.8% to 401 million yen.

### (2) Financial condition

Total assets were 16,339 million yen at the end of the first half, 348 million yen more than at the end of the previous fiscal year. Current assets increased 359 million yen to 14,695 million yen. There was a 182 million yen decrease in notes and accounts receivable-trade but increases of 241 million yen in cash and deposits and 214 million yen in merchandise. Noncurrent assets decreased 11 million yen to 1,643 million yen.

In liabilities, current liabilities increased 113 million yen to 4,396 million yen mainly because of a 174 million yen increase in short-term loans payable. Subsidiary SPK Singapore Pte. Ltd. accounts for all short-term loans payable. Noncurrent liabilities totaled 670 million yen, about the same as at the end of the previous fiscal year.

Net assets increased 235 million yen to 11,271 million yen, resulting in an equity ratio of 69.0%

### (3) Forecast for fiscal year ending in March 2013

There are concerns about the effect of the strong yen on the performance of the International Trade Division and other uncertainties as well as a decline in output by major manufacturers that purchase products of the Machinery Equipment Division. However, since the Domestic Sales Division is performing well, there are no revisions at this time to the forecast for the fiscal year that was announced on April 20, 2012

## 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:  
(Changes in accounting policies for items that are difficult to categorize as changes in accounting estimates)  
In accordance with revisions to the Corporation Tax Act, SPK and its consolidated subsidiary in Japan are calculating depreciation for property, plant and equipment that was acquired on or after April 1, 2012 by using the method based on the revised Corporation Tax Act beginning with the first quarter of the current fiscal year. This change had only a negligible effect on earnings.
- (4) Supplementary information  
(Provision for bonuses)  
At the end of the previous fiscal year, the confirmed amount of employee bonuses payable was included in the “others” item of current liabilities. When preparing the first half consolidated financial statements, the decision was made to no longer confirm this amount. As a result, in accordance with Information Concerning Financial Statement Presentation Item for Employee Bonuses Payable (The Japanese Institute of Certified Public Accountants Research Center Deliberation Information No. 15), starting with the first quarter of the current fiscal year, a “provision for bonuses” has been posted that is equal to estimated bonus payments. As of the end of the previous fiscal year, confirmed bonuses payable of 149,862 thousand yen were included in the “others” item of current liabilities.

## 2. Quarterly Consolidated Financial Statements

### (1) Consolidated balance sheets

(Thousand yen)

	FY ended March 31, 2012	First half ended September 30, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	3,329,419	3,570,708
Notes and accounts receivable-trade	7,282,951	7,100,082
Merchandise	2,693,659	2,908,616
Deferred tax assets	126,637	124,040
Short-term loans receivable to subsidiaries and affiliates	3,221	3,339
Others	927,845	1,014,831
Allowance for doubtful accounts	(28,156)	(26,165)
Total current assets	14,335,577	14,695,454
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	217,659	230,312
Machinery, equipment and vehicles, net	5,435	11,834
Land	667,967	667,967
Lease assets, net	25,680	21,253
Others, net	46,125	42,803
Total property, plant and equipment	962,867	974,171
Intangible assets		
Software	7,343	4,093
Lease assets	145,040	151,848
Others	10,128	10,128
Total intangible assets	162,512	166,070
Investments and other assets		
Investment securities	282,992	241,118
Deferred tax assets	114,804	130,972
Others	166,395	165,171
Allowance for doubtful accounts	(34,860)	(33,888)
Total investments and other assets	529,332	503,373
Total noncurrent assets	1,654,712	1,643,615
Total assets	15,990,289	16,339,070

(Thousand yen)

	FY ended March 31, 2012	First half ended September 30, 2012
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	2,964,991	2,974,353
Short-term borrowing	277,914	451,915
Income taxes payable	327,096	237,660
Provision for bonuses	-	162,009
Others	713,256	570,988
Total current liabilities	4,283,259	4,396,926
Noncurrent liabilities		
Provision for retirement benefits	463,834	460,757
Long-term guarantee deposited	64,520	71,329
Long-term accounts payable-other	16,364	16,175
Others	125,739	122,243
Total noncurrent liabilities	670,458	670,505
Total liabilities	4,953,717	5,067,432
<b>Net assets</b>		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	9,180,546	9,440,868
Treasury stock	(90,949)	(91,006)
Total shareholders' equity	10,949,232	11,209,497
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	95,720	68,921
Deferred gains or losses on hedges	1,269	926
Foreign currency translation adjustment	(9,650)	(7,707)
Total accumulated other comprehensive income	87,339	62,140
Total net assets	11,036,572	11,271,637
Total liabilities and net assets	15,990,289	16,339,070

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

(Thousand yen)

	First half ended September 30, 2011 (Apr. 1, 2011 – Sept. 30, 2011)	First half ended September 30, 2012 (Apr. 1, 2012 – Sept. 30, 2012)
Net sales	15,880,512	16,352,163
Cost of sales	13,649,270	13,981,569
Gross profit	2,231,241	2,370,593
Selling, general and administrative expenses	1,687,420	1,760,969
Operating income	543,821	609,624
Non-operating income		
Interest income	1,631	1,664
Dividends income	2,285	2,196
Purchase discounts	53,994	50,775
Others	19,289	23,172
Total non-operating income	77,201	77,808
Non-operating expenses		
Interest expenses	2,652	2,285
Sales discounts	35,690	35,563
Others	1,096	1,290
Total non-operating expenses	39,438	39,139
Ordinary income	581,584	648,292
Extraordinary income		
Gain on sales of noncurrent assets	150	432
Total extraordinary income	150	432
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	28	0
Loss on disaster	982	-
Total extraordinary loss	1,011	0
Income before income taxes	580,723	648,724
Income taxes-current	230,145	245,583
Income taxes-deferred	12,629	1,713
Total income taxes	242,774	247,296
Income (loss) before minority interests	337,948	401,428
Net income	337,948	401,428



## Consolidated Statements of Comprehensive Income

(Thousand yen)

	First half ended September 30, 2011 (Apr. 1, 2011 – Sept. 30, 2011)	First half ended September 30, 2012 (Apr. 1, 2012 – Sept. 30, 2012)
Income (loss) before minority interests	337,948	401,428
Other comprehensive income		
Valuation difference on available-for-sale securities	5,413	(26,799)
Deferred gains or losses on hedges	(3,526)	(342)
Foreign currency translation adjustment	(4,172)	1,943
Total other comprehensive income	(2,285)	(25,199)
Comprehensive income	335,663	376,228
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	335,663	376,228
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