

# Summary of Consolidated Financial Results

## For the First Half Ended September 2013 [Japan GAAP]

October 21, 2013

Name of Company:	SPK CORPORATION
Stock Code:	7466
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
URL:	http://www.spk.co.jp/english
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 8, 2013
Date of commencement of dividend payment:	December 2, 2013
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 2013 (April 1, 2013 – September 30, 2013)

(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 2013	16,731	2.3	598	(1.8)	638	(1.6)	405	0.9
First half ended September 2012	16,352	3.0	609	12.1	648	11.5	401	18.8

Note: Comprehensive income

First half ended September 2013: 435 million yen (15.8%)

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

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2013	77.51	-
First half ended September 2012	76.81	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2013	16,855	11,931	70.8	2,283.02
Fiscal year ended March 2013	16,671	11,641	69.8	2,227.65

Reference: Shareholders' equity

As of September 30, 2013 : 11,931 million yen

As of March 31, 2013 : 11,641 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 2013	-	27.00	-	28.00	55.00
Fiscal year ending March 2014	-	28.00			
Fiscal year ending March 2014 (est.)			-	29.00	57.00

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

### 3. Forecast for the fiscal year ending March 2014 (Consolidated, April 1, 2013 – March 31, 2014)

(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	3.1	1,400	5.7	1,450	2.9	900	4.5	172.21

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: 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, 2013: 5,226,900	As of March 31, 2013: 5,296,900
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  - (b) Treasury stock
 

As of September 30, 2013: 789	As of March 31, 2013: 70,789
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  - (c) Average number of shares  
(quarterly consolidated cumulative period)
 

Period ended September 30, 2013: 5,226,111	Period ended September 30, 2012: 5,226,148
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#### \*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, the Japanese economy recovered as exports and production rebounded with the yen's decline along with Abenomics and as public-works expenditures and consumer spending increased. The global economy is recovering in most regions. Economic growth continued to slow, chiefly in China due to slowing investments, but the U.S. economy is recovering slowly and internal demand is strong in Asia.

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 4.9% from one year earlier to 9,262 million yen.

The International Trade Division was affected by a delay in the recovery in orders caused by the weaker yen in the first quarter. Sales were especially sluggish in Central and South America and in Europe. As a result, first half sales were down 0.6% from one year earlier to 5,739 million yen.

The Machinery Equipment Division's performance reflected a recovery at manufactures of construction and industrial machinery, the major customers of this division, in production and sales for Japan but flat exports. Performance was also affected by the reorganization of Japan's industrial machinery industry. Overall, the amount of parts delivered by SPK decreased. This caused first half sales to decrease 1.3% from one year earlier to 1,730 million yen.

As a result of above factors, the first half consolidated performance was as follows. Consolidated net sales increased 2.3% to 16,731 million yen. Operating income decreased 1.8% to 598 million yen and ordinary income decreased 1.6% to 638 million yen but net income increased 0.9% to 405 million yen. As the operating environment improved somewhat, SPK was able to hold sales generally level but there was a small decline in earnings.

### (2) Financial condition

Total assets were 16,855 million yen at the end of the first half, 184 million yen more than at the end of the previous fiscal year. Current assets increased 203 million yen to 15,291 million yen. This was mainly the result of increases of 360 million yen in cash and deposits and 149 million yen in merchandise and a 193 million yen decrease in notes and accounts receivable-trade. Noncurrent assets decreased 19 million yen to 1,563 million yen.

In liabilities, current liabilities decreased 50 million yen to 4,349 million yen. There was a 228 million yen increase in short-term borrowing and decreases of 182 million yen in other payables and 79 million yen in income taxes payable. All of the short-term borrowing is loans and overdrafts at subsidiary SPK Singapore Pte. Ltd. Noncurrent liabilities decreased 55 million yen to 574 million yen.

Net assets increased 289 million yen to 11,931 million yen, resulting in an equity ratio of 70.8%

### (3) Forecast for fiscal year ending in March 2014

Sales in the International Trade Division started recovering in July because of the weaker yen and the Domestic Sales Division is expected to perform well in the second half as consumers make purchases prior to the April 2014 consumption tax hike. Consequently, there are no revisions at this time to the fiscal year forecast that was announced on April 22, 2013.

## **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, 2013	First half ended September 30, 2013
<b>Assets</b>		
Current assets		
Cash and deposits	3,772,057	4,132,785
Notes and accounts receivable-trade	7,299,617	7,105,780
Merchandise	2,938,274	3,087,297
Deferred tax assets	113,617	116,270
Short-term loans receivable to subsidiaries and affiliates	13,815	14,194
Others	981,763	864,986
Allowance for doubtful accounts	(31,410)	(29,724)
Total current assets	15,087,734	15,291,590
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	220,104	219,681
Machinery, equipment and vehicles, net	9,209	7,568
Land	614,467	614,467
Lease assets, net	18,985	12,399
Others, net	40,457	43,783
Total property, plant and equipment	903,224	897,900
Intangible assets		
Software	3,302	2,499
Lease assets	127,010	102,171
Others	10,128	10,128
Total intangible assets	140,440	114,799
Investments and other assets		
Investment securities	291,013	310,598
Deferred tax assets	113,819	96,101
Others	172,125	178,051
Allowance for doubtful accounts	(37,186)	(33,747)
Total investments and other assets	539,771	551,004
Total noncurrent assets	1,583,436	1,563,704
Total assets	16,671,171	16,855,294

(Thousand yen)

	FY ended March 31, 2013	First half ended September 30, 2013
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	3,180,152	3,181,669
Short-term borrowing	89,374	317,693
Income taxes payable	315,362	235,464
Provision for bonuses	155,300	170,911
Others	659,662	443,983
Total current liabilities	4,399,852	4,349,723
Noncurrent liabilities		
Provision for retirement benefits	442,043	423,624
Long-term guarantee deposited	79,981	74,164
Long-term accounts payable-other	14,655	13,136
Others	92,680	63,310
Total noncurrent liabilities	629,361	574,236
Total liabilities	5,029,213	4,923,959
<b>Net assets</b>		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	9,759,888	9,928,638
Treasury stock	(91,006)	(1,014)
Total shareholders' equity	11,528,517	11,787,259
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	101,120	116,038
Deferred gains or losses on hedges	3,215	3,781
Foreign currency translation adjustment	9,104	24,255
Total accumulated other comprehensive income	113,440	144,075
Total net assets	11,641,958	11,931,334
Total liabilities and net assets	16,671,171	16,855,294

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

(Thousand yen)

	First half ended September 30, 2012 (Apr. 1, 2012 – Sept. 30, 2012)	First half ended September 30, 2013 (Apr. 1, 2013 – Sept. 30, 2013)
Net sales	16,352,163	16,731,773
Cost of sales	13,981,569	14,344,558
Gross profit	2,370,593	2,387,214
Selling, general and administrative expenses	1,760,969	1,788,329
Operating income	609,624	598,885
Non-operating income		
Interest income	1,664	1,607
Dividends income	2,196	2,027
Purchase discounts	50,775	51,866
Others	23,172	26,789
Total non-operating income	77,808	82,291
Non-operating expenses		
Interest expenses	2,285	1,370
Sales discounts	35,563	40,447
Others	1,290	1,243
Total non-operating expenses	39,139	43,061
Ordinary income	648,292	638,116
Extraordinary income		
Gain on sales of noncurrent assets	432	190
Gain on sales of investment securities	-	19,715
Total extraordinary income	432	19,905
Extraordinary loss		
Office transfer expenses	-	1,982
Loss on sales and retirement of noncurrent assets	0	23
Total extraordinary loss	0	2,006
Income before income taxes	648,724	656,015
Income taxes-current	245,583	244,267
Income taxes-deferred	1,713	6,674
Total income taxes	247,296	250,942
Income (loss) before minority interests	401,428	405,072
Net income	401,428	405,072



## Consolidated Statements of Comprehensive Income

(Thousand yen)

	First half ended September 30, 2012 (Apr. 1, 2012 – Sept. 30, 2012)	First half ended September 30, 2013 (Apr. 1, 2013 – Sept. 30, 2013)
Income (loss) before minority interests	401,428	405,072
Other comprehensive income		
Valuation difference on available-for-sale securities	(26,799)	14,917
Deferred gains or losses on hedges	(342)	566
Foreign currency translation adjustment	1,943	15,150
Total other comprehensive income	(25,199)	30,634
Comprehensive income	376,228	435,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	376,228	435,707
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