



Summary of Consolidated Financial Results For the First Half Ended September 2014 [Japan GAAP]

October 21, 2014

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:	Director and General Manager of Administration Division
Name:	Shyuji Fujii
Phone:	+81-(0)6-6454-2002
Date of quarterly securities report:	November 10, 2014
Date of commencement of dividend payment:	December 1, 2014
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 2014 (April 1, 2014 – September 30, 2014)

(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 2014	18,323	9.5	730	21.9	759	19.1	471	16.5
First half ended September 2013	16,731	2.3	598	(1.8)	638	(1.6)	405	0.9

Note: Comprehensive income

First half ended September 2014: 492 million yen (13.1%)
 First half ended September 2013: 435 million yen (15.8%)

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2014	91.15	-
First half ended September 2013	77.51	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2014	18,372	12,964	70.6	2,504.63
Fiscal year ended March 2014	18,578	12,591	67.8	2,432.63

Reference: Shareholders' equity

As of September 30, 2014 : 12,964 million yen
 As of March 31, 2014 : 12,591 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 2014	-	28.00	-	29.00	57.00
Fiscal year ending March 2015	-	29.00			
Fiscal year ending March 2015 (est.)			-	30.00	59.00

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

3. Forecast for the fiscal year ending March 2015 (Consolidated, April 1, 2014 – March 31, 2015)

(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	37,000	5.2	1,470	4.3	1,520	2.5	970	(25.3)	187.40

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, 2014: 5,226,900 As of March 31, 2014: 5,226,900
 - (b) Treasury stock
As of September 30, 2014: 50,789 As of March 31, 2014: 50,789
 - (c) Average number of shares
(quarterly consolidated cumulative period)
Period ended September 30, 2014: 5,176,111 Period ended September 30, 2013: 5,226,111

*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 pace of Japan's economic recovery slowed due to a drop in demand following the rush to make purchases before the April 2014 consumption tax hike. Industrial output declined, domestic demand was lackluster and exports weakened. In this environment, the sales volume of new cars in Japan has been decreasing every month since July 2014. The market for automotive replacement parts was negatively affected by the so-called "2014 problem," which refers to the big drop in vehicles undergoing registration inspections (shaken) in 2014 because of the financial crisis that started in 2008 and the Great East Japan Earthquake of 2011. Due in part to this impact, the operating environment for the entire automobile replacement parts sector was challenging.

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. First half sales also benefited from the inclusion of the sales of Tanikawa Yuka Kogyo Co., Ltd., which became a consolidated subsidiary in the previous fiscal year. The result was a 5.5% increase in first half sales from one year earlier to 9,774 million yen.

The International Trade Division, sales were higher because of stable yen exchange rates and strong exports overall. Performance was also supported by a strong performance at consolidated subsidiary SPK Singapore Pte. Ltd. First half sales were up 11.1% to 6,374 million yen.

The Machinery Equipment Division, vehicle shipments were generally strong in all three major sources of sales (the construction machinery, industrial machinery and agricultural machinery sectors) in part because of solid exports backed by the weaker yen. The result was a recovery that took division sales much higher than in the previous fiscal year. First half sales totaled 2,173 million yen, 25.6% higher than one year earlier.

As a result of above factors, the first half consolidated performance was as follows. Consolidated net sales increased 9.5% to 18,323 million yen. Operating income increased 21.9% to 730 million yen, ordinary income increased 19.1% to 759 million yen and net income increased 16.5% to 471 million yen. Both consolidated sales and earnings were higher than one year earlier despite the challenging operating environment.

(2) Financial condition

Total assets were 18,372 million yen at the end of the first half, 205 million yen less than at the end of the previous fiscal year. Current assets decreased 327 million yen to 15,961 million yen. This was primarily the net result of a 326 million yen increase in inventories and a 707 million yen decrease in notes and accounts receivable-trade. Noncurrent assets increased 122 million yen to 2,411 million yen.

In liabilities, current liabilities decreased 571 million yen to 4,758 million yen. There were decreases of 280 million yen in notes and accounts payable-trade and 173 million yen in income taxes payable. Noncurrent liabilities decreased 6 million yen to 649 million yen.

Net assets increased 372 million yen to 12,964 million yen, resulting in an equity ratio of 70.6%.

(3) Forecast for fiscal year ending in March 2015

There are no revisions to the forecast announced on April 23, 2014 for consolidated sales and earnings in the fiscal year ending in March 2015.

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, 2014	First half ended September 30, 2014
Assets		
Current assets		
Cash and deposits	3,272,384	3,394,619
Notes and accounts receivable-trade	8,566,230	7,858,400
Inventories	3,376,238	3,703,072
Deferred tax assets	152,640	136,632
Short-term loans receivable to subsidiaries and affiliates	14,477	12,841
Others	938,065	867,188
Allowance for doubtful accounts	(30,857)	(11,413)
Total current assets	16,289,179	15,961,341
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	258,245	245,385
Machinery, equipment and vehicles, net	51,433	52,052
Land	1,212,202	1,269,023
Lease assets, net	11,509	6,824
Others, net	72,696	188,657
Total property, plant and equipment	1,606,088	1,761,943
Intangible assets		
Software	2,853	2,869
Lease assets	77,333	52,973
Others	10,665	10,665
Total intangible assets	90,852	66,509
Investments and other assets		
Investment securities	321,620	344,096
Deferred tax assets	112,772	77,801
Others	186,666	217,085
Allowance for doubtful accounts	(29,135)	(56,042)
Total investments and other assets	591,924	582,941
Total noncurrent assets	2,288,864	2,411,394
Total assets	18,578,044	18,372,735

(Thousand yen)

	FY ended March 31, 2014	First half ended September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	3,940,326	3,659,832
Short-term borrowing	217,637	174,704
Current portion of long-term borrowing	-	58,392
Income taxes payable	317,970	144,647
Provision for bonuses	170,520	185,188
Others	683,853	535,921
Total current liabilities	5,330,308	4,758,686
Noncurrent liabilities		
Net defined benefit liability	488,392	430,045
Long-term borrowing	-	113,394
Long-term guarantee deposited	75,736	72,457
Long-term accounts payable-other	11,590	10,470
Others	80,450	23,445
Total noncurrent liabilities	656,170	649,813
Total liabilities	5,986,479	5,408,500
Net assets		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	10,674,920	11,026,510
Treasury stock	(94,714)	(94,714)
Total shareholders' equity	12,439,841	12,791,431
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	109,863	138,615
Deferred gains or losses on hedges	2,426	541
Foreign currency translation adjustment	39,433	33,646
Total accumulated other comprehensive income	151,724	172,803
Total net assets	12,591,565	12,964,235
Total liabilities and net assets	18,578,044	18,372,735

(2) Consolidated statements of (comprehensive) income
Consolidated statements of income
First half consolidated

(Thousand yen)

	First half ended September 30, 2013 (Apr. 1, 2013 – Sept. 30, 2013)	First half ended September 30, 2014 (Apr. 1, 2014 – Sept. 30, 2014)
Net sales	16,731,773	18,323,193
Cost of sales	14,344,558	15,584,042
Gross profit	2,387,214	2,739,150
Selling, general and administrative expenses	1,788,329	2,009,088
Operating income	598,885	730,062
Non-operating income		
Interest income	1,607	726
Dividends income	2,027	2,747
Purchase discounts	51,866	53,994
Others	26,789	17,262
Total non-operating income	82,291	74,730
Non-operating expenses		
Interest expenses	1,370	1,609
Sales discounts	40,447	42,303
Others	1,243	1,100
Total non-operating expenses	43,061	45,013
Ordinary income	638,116	759,780
Extraordinary income		
Gain on sales of noncurrent assets	190	-
Gain on sales of investment securities	19,715	1,241
Total extraordinary income	19,905	1,241
Extraordinary loss		
Office transfer expenses	1,982	4,657
Loss on sales and retirement of noncurrent assets	23	10,954
Total extraordinary loss	2,006	15,612
Income before income taxes	656,015	745,409
Income taxes-current	244,267	242,278
Income taxes-deferred	6,674	31,349
Total income taxes	250,942	273,627
Income (loss) before minority interests	405,072	471,781
Net income	405,072	471,781

Consolidated statements of comprehensive income
First half consolidated

(Thousand yen)

	First half ended September 30, 2013 (Apr. 1, 2013 – Sept. 30, 2013)	First half ended September 30, 2014 (Apr. 1, 2014 – Sept. 30, 2014)
Income (loss) before minority interests	405,072	471,781
Other comprehensive income		
Valuation difference on available-for-sale securities	14,917	28,752
Deferred gains or losses on hedges	566	(1,884)
Foreign currency translation adjustment	15,150	(5,787)
Total other comprehensive income	30,634	21,079
Comprehensive income	435,707	492,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	435,707	492,861
Comprehensive income attributable to minority interests	-	-

(3) Notes to quarterly consolidated financial statement

Notes on going concern assumption:

Not applicable

Notes on significant change in shareholders' equity:

Not applicable

Subsequent events:

Not applicable