



Summary of Consolidated Financial Results For the First Half Ended September 2015 [Japan GAAP]

October 22, 2015

Name of Company:	SPK CORPORATION
Stock Code:	7466
Stock Exchange Listing:	Tokyo Stock Exchange, First Section
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Date of quarterly securities report:	November 10, 2015
Date of commencement of dividend payment:	December 1, 2015
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 2015 (April 1, 2015 – September 30, 2015)

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

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended September 2015	19,504	6.4	751	3.0	767	1.0	438	(7.1)
First half ended September 2014	18,323	9.5	730	21.9	759	19.1	471	16.5

Note: Comprehensive income

First half ended September 2015: 416 million yen (-15.4%)

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

	Net income per share	Net income per share fully diluted
	Yen	Yen
First half ended September 2015	86.10	-
First half ended September 2014	91.15	-

(2) Financial position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
First half ended September 2015	19,043	13,336	70.0	2,656.08
Fiscal year ended March 2015	20,035	13,303	66.4	2,597.68

Reference: Shareholders' equity

As of September 30, 2015 : 13,336 million yen

As of March 31, 2015 : 13,303 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 2015	-	29.00	-	30.00	59.00
Fiscal year ending March 2016	-	30.00	-	-	-
Fiscal year ending March 2016 (est.)	-	-	-	31.00	61.00

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

3. Forecast for the fiscal year ending March 2016 (Consolidated, April 1, 2015 – March 31, 2016)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	40,000	4.3	1,700	6.8	1,740	4.3	1,160	11.7	226.51

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: No
 - (d) Retrospective restatement: No
- (4) Number of shares outstanding (common stock)
 - (a) Shares outstanding (including treasury stock)

As of September 30, 2015: 5,226,900	As of March 31, 2015: 5,226,900
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 - (b) Treasury stock

As of September 30, 2015: 205,789	As of March 31, 2015: 105,789
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 - (c) Average number of shares
(quarterly consolidated cumulative period)

Period ended September 30, 2015: 5,092,540	Period ended September 30, 2014: 5,176,111
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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 3 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, 2016	3
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 Consolidated statements of income First half consolidated	6
Consolidated statements of comprehensive income First half consolidated	7
(3) Notes to quarterly consolidated financial statement	8
Notes on going concern assumption	8
Notes on significant change in shareholders' equity	8
Subsequent events	8

1. Business Results

(1) Results of operations (Consolidated)

In the first half of the fiscal year, uncertainty about the outlook for Japan's economy increased. Concerns about slower economic growth in China and the associated global drop in stock prices caused Japan's industrial output index to decrease from the prior month in July and August. Furthermore, exports from Japan remained soft and the consumer spending recovery has been lackluster.

However the climate for investments remains positive. Corporate earnings are strong and personal income and employment statistics are improving as Japan's labor shortage continues. As a result, the Japanese economy is expected to regain its strength.

In the first half of the fiscal year, new car registrations in Japan were down for the third consecutive year, the negative effects of the April 2014 consumption tax hike and the higher tax on light motor vehicles.

The SPK Group (SPK and its consolidated subsidiaries) had first half sales of 19,504 million yen, 6.4% higher than one year earlier. Operating income increased 3.0% to 751 million yen, ordinary income increased 1.0% to 767 million yen and profit attributable to owners of parent decreased 7.1% to 438 million yen.

Business segment performance was as follows.

Domestic Sales Division

Japan's market for automotive replacement parts is extremely competitive because of the declining frequency of replacements and increasing efforts by automobile dealers to provide maintenance and repair services. The division continued to focus on selling functional and replacement parts for automobiles as well as on developing and selling new products that environmentally friendly. The result was a 4.8% increase in first half sales from one year earlier to 10,242 million yen.

International Trade Division

The operating environment for this division was challenging because of some signs of economic downturns in Russia, China and Asia. Due to strong exports to the Middle East and Central and South America as foreign exchange rates remained stable, first half sales totaled 6,939 million yen, 8.9% higher than one year earlier.

Machinery Equipment Division

Sales in this segment are closely linked with the production volume of construction machinery, industrial machinery and agricultural machinery. The output of vehicles in some categories was affected by sluggish demand in China. However, total production volume was higher than one year earlier. The result was a 6.9% increase in first half sales from one year earlier to 2,322 million yen.

(2) Financial condition

Total assets were 19,043 million yen at the end of the first half, 991 million yen less than at the end of the previous fiscal year.

Current assets decreased 1,229 million yen to 16,382 million yen. There were decreases of 416 million yen in cash and deposits and 651 million yen in notes and accounts receivable-trade.

Noncurrent assets increased 237 million yen to 2,660 million yen.

In liabilities, current liabilities decreased 971 million yen to 4,954 million yen. There were decreases of 354 million yen in notes and accounts payable-trade and 33 million yen in short-term borrowing. Noncurrent liabilities decreased 53 million yen to 752 million yen.

Net assets increased 33 million yen to 13,336 million yen, resulting in an equity ratio of 70.0%.

(3) Forecast for fiscal year ending in March 2016

There are no revisions to the forecast announced on April 23, 2015 for consolidated sales and earnings in the fiscal year ending in March 2016.

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:

Revisions to accounting policy

Application of accounting standard for business combinations and other standards

Beginning with the first quarter of the fiscal year ending on March 31, 2016, SPK is using Accounting Standard for Business Combinations (ASBJ Statement No. 21, September 13, 2013), Accounting Standard for Consolidated Financial Statements (ASBJ Standard No. 22, September 13, 2013) and Accounting Standard for Business Divestitures (ASBJ Statement No. 7, September 13, 2013). As a result, when ownership changes at a subsidiary where SPK retains control, this difference is included in the capital surplus. In addition, the recognition of expenses associated with corporate acquisitions has been changed to the consolidated fiscal year in which the corresponding expense occurred. Furthermore, for business combinations on or after April 1, 2015, the revised accounting method reflects in the consolidated financial statements of the quarter in which the business combination occurred any adjustments to the amount allocated to acquisition cost resulting from the confirmation of provisional accounting methods. There are also revisions for the presentation of quarterly net income and other items. To reflect these changes in the presentation of the financial statements, first half and fiscal year consolidated financial statements for the previous fiscal year have been revised.

For the application of these three accounting standards, the transitional measures specified in Accounting Standard for Business Combinations No. 58-2 (4), Accounting Standard for Consolidated Financial Statements No. 44-5 (4) and Accounting Standard for Business Divestitures No. 57-4 (4) were used. These three accounting standards will continue to be applied starting with the beginning of the first quarter of the fiscal year ending on March 31, 2016.

The application of these accounting standards had no effect on earnings.

3. Quarterly Consolidated Financial Statements

(1) Consolidated balance sheets

(Thousand yen)

	FY ended March 31, 2015	First half ended September 30, 2015
Assets		
Current assets		
Cash and deposits	3,844,674	3,428,371
Notes and accounts receivable-trade	8,964,624	8,313,213
Inventories	3,783,327	3,550,688
Deferred tax assets	141,491	119,479
Short-term loans receivable to subsidiaries and affiliates	13,190	13,183
Others	923,112	971,167
Allowance for doubtful accounts	(13,264)	(13,511)
Total current assets	17,612,157	16,382,592
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	239,635	589,722
Machinery, equipment and vehicles, net	50,297	71,849
Land	1,269,023	1,269,023
Lease assets, net	4,113	6,476
Others, net	182,568	50,487
Total property, plant and equipment	1,745,638	1,987,560
Intangible assets		
Software	2,471	2,721
Lease assets	39,785	62,284
Others	10,665	10,665
Total intangible assets	52,923	75,671
Investments and other assets		
Investment securities	326,839	294,918
Deferred tax assets	69,210	82,454
Others	280,964	264,000
Allowance for doubtful accounts	(52,559)	(43,756)
Total investments and other assets	624,454	597,616
Total noncurrent assets	2,423,017	2,660,847
Total assets	20,035,174	19,043,440

(Thousand yen)

	FY ended March 31, 2015	First half ended September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	4,148,535	3,794,137
Short-term borrowing	343,117	40,075
Current portion of long-term borrowing	258,912	274,272
Income taxes payable	333,883	198,739
Provision for bonuses	191,100	169,930
Others	650,249	476,931
Total current liabilities	5,925,797	4,954,086
Noncurrent liabilities		
Long-term borrowing	283,678	195,022
Net defined benefit liability	410,493	412,631
Long-term guarantee deposited	72,708	72,008
Long-term accounts payable-other	11,052	13,758
Others	28,435	59,472
Total noncurrent liabilities	806,367	752,893
Total liabilities	6,732,165	5,706,980
Net assets		
Shareholders' equity		
Capital stock	898,591	898,591
Capital surplus	961,044	961,044
Retained earnings	11,443,577	11,728,396
Treasury stock	(205,539)	(435,339)
Total shareholders' equity	13,097,672	13,152,692
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	135,544	113,288
Deferred gains or losses on hedges	(971)	(125)
Foreign currency translation adjustment	70,762	70,604
Total accumulated other comprehensive income	205,336	183,767
Total net assets	13,303,009	13,336,460
Total liabilities and net assets	20,035,174	19,043,440

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

(Thousand yen)

	First half ended September 30, 2014 (Apr. 1, 2014 . Sept. 30, 2014)	First half ended September 30, 2015 (Apr. 1, 2015 . Sept. 30, 2015)
Net sales	18,323,193	19,504,096
Cost of sales	15,584,042	16,606,260
Gross profit	2,739,150	2,897,836
Selling, general and administrative expenses	2,009,088	2,146,114
Operating income	730,062	751,721
Non-operating income		
Interest income	726	236
Dividends income	2,747	2,303
Purchase discounts	53,994	55,167
Others	17,262	18,794
Total non-operating income	74,730	76,502
Non-operating expenses		
Interest expenses	1,609	1,550
Sales discounts	42,303	57,527
Others	1,100	1,730
Total non-operating expenses	45,013	60,808
Ordinary income	759,780	767,415
Extraordinary income		
Gain on sales of noncurrent assets	-	239
Gain on sales of investment securities	1,241	-
Total extraordinary income	1,241	239
Extraordinary loss		
Office transfer expenses	4,657	3,666
Loss on sales and retirement of noncurrent assets	10,954	98,584
Total extraordinary loss	15,612	102,250
Income before income taxes	745,409	665,404
Income taxes-current	242,278	208,125
Income taxes-deferred	31,349	18,826
Total income taxes	273,627	226,952
Net income	471,781	438,452
Net income attributable to non-controlling shareholder	-	-
Net income attributable to owners of parent	471,781	438,452

Consolidated statements of comprehensive income
 First half consolidated

(Thousand yen)

	First half ended September 30, 2014 (Apr. 1, 2014 . Sept. 30, 2014)	First half ended September 30, 2015 (Apr. 1, 2015 . Sept. 30, 2015)
Net income	471,781	438,452
Other comprehensive income		
Valuation difference on available-for-sale securities	28,752	(22,256)
Deferred gains or losses on hedges	(1,884)	846
Foreign currency translation adjustment	(5,787)	(158)
Total other comprehensive income	21,079	(21,568)
Comprehensive income	492,861	416,884
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	492,861	416,884
Comprehensive income attributable to non-controlling shareholder	-	-

(3) Notes to quarterly consolidated financial statements

Notes on going concern assumption:

Not applicable

Notes on significant change in shareholders equity:

Not applicable

Subsequent events:

Not applicable