SCHAUMBURG, IL -- Sparton today announced improving fiscal second-quarter results in its EMS and medical business units, boosted by higher organic sales and acquisitions.

For the period ended Dec. 31, the company reported sales rose 19.2% year-over-year to $66 million. Net income jumped 132% to $4.4 million. Excluding the acquisition of Onyx EMS, which was completed in November, sales were up 8% from a year ago.

President and CEO Cary Wood said, "The second quarter was very strong, as delayed shipments from the first quarter were realized during the current quarter."

Commenting on the Onyx acquisition, Wood said, "The first six weeks have resulted in a neutral impact to adjusted earnings and positive incremental EBITDA. We continue to expect that, as operational synergies and new business opportunities are realized, the acquisition will be accretive to earnings by the end of the year. The entry into the Minneapolis technological corridor laden with many large medical OEMs has already opened doors for Sparton's legacy medical business for engineering programs as well as allowing the South Dakota team to explore larger and more complex device build opportunities with existing customers that were previously unattainable."

The table below summarizes the results of operations of Onyx for the periods ended Dec. 31, 2012 and 2011 (in thousands):

For the Three Months Ended Dec. 31
2012 **2011**

Pre

Acquisition

Post

Acquisition

Total

Onyx

Total

Onyx

Net sales	$	5,669	$

Adjusted gross profit	$	723	$

Adjusted operating income	$	237	$

Adjusted EBITDA	$	522	$

Medical sales in the current year quarter include $6.1 million of additional sales from the acquisition of Onyx. Excluding these fiscal year 2013 incremental sales, legacy Medical sales increased approximately $700,000 compared with the prior year, including $5.9 million of increased sales to the unit's largest customer due to expanded demand for its programs and additional refurbishment service revenue which began in the second half of fiscal 2012. Additionally reflected is $900,000 of increased sales to another customer to

meet increased demand for its product in both the US and Japan. Partially offsetting these increases were decreased sales totaling $5.4 million to three customers, two of which disengaged with Sparton during fiscal 2012.

Excluding Onyx, the gross profit percentage on Medical sales increased to 14.1% from 13.9% for the three months ended Dec. 31, reflecting favorable product mix partially offset by decreased capacity utilization at the Strongsville, OH, facility.

The company's Complex Systems unit saw sales to external customers rise $900,000 compared with last year. Complex Systems won seven new programs from new and existing customers during the second quarter, bringing the year-to-date new program total to 12. Gross profits on CS sales were 10.2%, down 20 basis points.

The company's sonobouy sales rose $2.9 million in the quarter.

Wood said Sparton is optimistic for fiscal 2013 and continue to expect year-over-year increases in both revenue and profitability. Organic growth will be up 3 to 5% for the year, he said.