

Translation

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**Summary of Consolidated Financial Results
for the Six Months Ended September 30, 2015
(Based on Japanese GAAP)**

November 9, 2015

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <http://www.denyo.co.jp/>
 Representative: President Shigeru Koga
 Inquiries: Director & Managing Executive Officer Shoichi Shiratori TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: November 10, 2015
 Scheduled date to commence dividend payments: December 8, 2015
 Preparation of supplementary material on quarterly financial results: No
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2015 (from April 1, 2015 to September 30, 2015)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2015	23,560	(3.0)	1,743	(10.7)	1,895	(10.7)	1,414	1.2
Six months ended September 30, 2014	24,281	10.4	1,951	19.3	2,123	17.2	1,398	9.2

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2015	66.21		-	
Six months ended September 30, 2014	65.00		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2015	63,817	49,434	74.4
As of March 31, 2015	67,324	49,195	70.3

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2015	-	12.00	-	16.00	28.00
Year ending March 31, 2016	-	14.00	-	-	-
Year ending March 31, 2016 (Forecast)	-	-	-	14.00	28.00

3. Forecast of consolidated financial results for the year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	55,000	5.2	5,500	2.8	5,800	0.7	3,600	(6.7)	168.48

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2015
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2015	22,859,660 shares	As of March 31, 2015	22,859,660 shares
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Number of treasury shares at the end of the period

As of September 30, 2015	1,485,547 shares	As of March 31, 2015	1,491,904 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Six months ended September 30, 2015	21,371,826 shares	Six months ended September 30, 2014	21,516,375 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Assets		
Current assets		
Cash and deposits	10,676	10,890
Notes and accounts receivable - trade	19,175	16,357
Securities	99	499
Merchandise and finished goods	5,213	5,282
Work in process	894	1,088
Raw materials and supplies	3,954	3,563
Other	885	948
Allowance for doubtful accounts	(43)	(34)
Total current assets	40,856	38,597
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,386	7,382
Machinery, equipment and vehicles, net	2,262	3,075
Land	4,862	4,860
Construction in progress	1,079	414
Other, net	217	242
Total property, plant and equipment	15,807	15,974
Intangible assets	519	586
Investments and other assets		
Investment securities	9,947	8,395
Other	196	265
Allowance for doubtful accounts	(2)	(2)
Total investments and other assets	10,141	8,658
Total non-current assets	26,468	25,219
Total assets	67,324	63,817

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,206	7,511
Short-term loans payable	632	432
Accrued expenses	720	590
Income taxes payable	518	357
Provision for bonuses	699	674
Provision for directors' bonuses	110	25
Provision for product warranties	89	96
Other	418	529
Total current liabilities	13,396	10,217
Non-current liabilities		
Long-term loans payable	1,202	1,199
Deferred tax liabilities	2,194	1,697
Net defined benefit liability	470	459
Other	864	808
Total non-current liabilities	4,732	4,165
Total liabilities	18,128	14,382
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,754	1,779
Retained earnings	39,873	40,932
Treasury shares	(1,359)	(1,381)
Total shareholders' equity	42,223	43,286
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,034	2,974
Deferred gains or losses on hedges	1	(0)
Foreign currency translation adjustment	1,086	1,236
Remeasurements of defined benefit plans	(9)	(7)
Total accumulated other comprehensive income	5,112	4,202
Non-controlling interests	1,859	1,946
Total net assets	49,195	49,434
Total liabilities and net assets	67,324	63,817

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net sales	24,281	23,560
Cost of sales	18,473	17,784
Gross profit	5,807	5,775
Selling, general and administrative expenses	3,856	4,032
Operating income	1,951	1,743
Non-operating income		
Interest income	20	17
Dividend income	73	79
House rent income	28	46
Share of profit of entities accounted for using equity method	25	30
Foreign exchange gains	28	–
Other	36	22
Total non-operating income	212	196
Non-operating expenses		
Interest expenses	20	18
Sales discounts	12	11
Foreign exchange losses	–	4
Other	8	10
Total non-operating expenses	40	44
Ordinary income	2,123	1,895
Extraordinary income		
Gain on sales of non-current assets	0	317
Gain on sales of investment securities	142	–
Total extraordinary income	142	317
Extraordinary losses		
Loss on disposal of non-current assets	1	0
Total extraordinary losses	1	0
Income before income taxes and minority interests	2,264	2,212
Income taxes - current	677	581
Income taxes - deferred	94	48
Total income taxes	771	630
Profit	1,493	1,582
Profit attributable to		
Profit attributable to owners of parent	1,398	1,414
Profit attributable to non-controlling interests	94	167
Other comprehensive income		
Valuation difference on available-for-sale securities	914	(1,055)
Deferred gains or losses on hedges	–	(2)
Foreign currency translation adjustment	(471)	151
Remeasurements of defined benefit plans, net of tax	(2)	1
Share of other comprehensive income of entities accounted for using equity method	1	(4)
Total other comprehensive income	442	(909)
Comprehensive income	1,935	673
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,874	504
Comprehensive income attributable to non-controlling interests	61	169

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash flows from operating activities		
Income before income taxes and minority interests	2,264	2,212
Depreciation	480	598
Interest and dividend income	(94)	(96)
Interest expenses	20	18
Share of (profit) loss of entities accounted for using equity method	(25)	(30)
Loss (gain) on sales of investment securities	(142)	–
Loss (gain) on sales of property, plant and equipment	(0)	(317)
Decrease (increase) in notes and accounts receivable - trade	1,016	2,835
Decrease (increase) in inventories	(708)	149
Increase (decrease) in notes and accounts payable - trade	773	(2,706)
Other, net	(80)	(503)
Subtotal	3,504	2,158
Interest and dividend income received	108	108
Interest expenses paid	(19)	(17)
Income taxes paid	(1,247)	(743)
Net cash provided by (used in) operating activities	2,347	1,506
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,078)	(588)
Proceeds from sales of property, plant and equipment	1	374
Purchase of intangible assets	(3)	(55)
Purchase of investment securities	(370)	(1)
Proceeds from sales of investment securities	190	–
Payments into time deposits	–	(241)
Other, net	6	0
Net cash provided by (used in) investing activities	(1,254)	(510)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(442)	0
Repayments of long-term loans payable	(200)	(200)
Net decrease (increase) in treasury shares	0	3
Cash dividends paid	(290)	(355)
Dividends paid to non-controlling interests	(38)	(82)
Other, net	(29)	(17)
Net cash provided by (used in) financing activities	(1,000)	(652)
Effect of exchange rate change on cash and cash equivalents	(75)	25
Net increase (decrease) in cash and cash equivalents	16	368
Cash and cash equivalents at beginning of period	9,831	10,776
Cash and cash equivalents at end of period	9,848	11,144

Supplementary information

(1) Sales results by product

(Millions of yen)

Products	Six months ended September 30, 2014	Six months ended September 30, 2015
Generators	18,206	17,595
Welders	3,000	2,731
Compressors	515	539
Others	2,560	2,693
Total	24,281	23,560

(2) Sales results by region

(Millions of yen)

Region	Six months ended September 30, 2014	Six months ended September 30, 2015
Japan	13,951	12,962
North/Central America	5,388	4,785
Asia	3,270	4,041
Others	1,671	1,771
Total	24,281	23,560