

Translation

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**Summary of Consolidated Financial Results
for the Three Months Ended June 30, 2016
(Based on Japanese GAAP)**



August 4, 2016

Company name: Denyo Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 6517 URL: <http://www.denyo.co.jp/>
 Representative: President Shoichi Shiratori
 Inquiries: Senior Executive Officer Toshiya Tozawa TEL 03-6861-1111
 Scheduled date to file Quarterly Securities Report: August 5, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2016 (from April 1, 2016 to June 30, 2016)

(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	%
Three months ended June 30, 2016	10,606	(4.9)	584	(27.5)	652	(30.4)	398	(29.4)
Three months ended June 30, 2015	11,156	1.2	806	31.5	937	36.7	564	40.9

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2016	18.62		–	
Three months ended June 30, 2015	26.40		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	63,375	49,618	75.3
As of March 31, 2016	66,994	50,812	72.9

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, 2016	–	14.00	–	16.00	30.00
Year ending March 31, 2017	–	–	–	–	–
Year ending March 31, 2017 (Forecast)	–	15.00	–	15.00	30.00

3. Forecast of consolidated financial results for the year ending March 31, 2017 (from April 1, 2016 to March 31, 2017)

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
Six months ending September 30, 2016	24,300	3.1	1,800	3.3	1,950	2.9	1,250	(11.7)	58.48
Full year	52,000	3.1	4,300	5.0	4,600	2.3	3,000	(4.4)	140.35

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2016
 (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 June 30, 2016	22,859,660 shares	As of March 31, 2016	22,859,660 shares
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Number of treasury shares at the end of the period

As of June 30, 2016	1,485,005 shares	As of March 31, 2016	1,484,961 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2016	21,374,699 shares	Three months ended June 30, 2015	21,367,697 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	11,245	10,753
Notes and accounts receivable - trade	19,315	17,562
Securities	499	499
Merchandise and finished goods	5,696	5,846
Work in process	1,102	912
Raw materials and supplies	3,538	3,738
Other	873	908
Allowance for doubtful accounts	(25)	(21)
Total current assets	42,246	40,200
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,497	7,223
Machinery, equipment and vehicles, net	2,831	2,619
Land	4,855	4,848
Construction in progress	26	24
Other, net	208	201
Total property, plant and equipment	15,418	14,917
Intangible assets	594	556
Investments and other assets		
Investment securities	8,412	7,328
Other	327	377
Allowance for doubtful accounts	(5)	(5)
Total investments and other assets	8,734	7,700
Total non-current assets	24,747	23,174
Total assets	66,994	63,375

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,020	8,094
Short-term loans payable	232	232
Accrued expenses	618	1,166
Income taxes payable	393	200
Provision for bonuses	622	375
Provision for directors' bonuses	78	12
Provision for product warranties	121	122
Other	368	412
Total current liabilities	12,455	10,617
Non-current liabilities		
Long-term loans payable	1,126	1,029
Deferred tax liabilities	1,576	1,269
Net defined benefit liability	440	435
Other	582	404
Total non-current liabilities	3,726	3,139
Total liabilities	16,181	13,757
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	42,343	42,386
Treasury shares	(1,381)	(1,381)
Total shareholders' equity	44,697	44,739
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,014	2,273
Foreign currency translation adjustment	1,142	728
Remeasurements of defined benefit plans	0	0
Total accumulated other comprehensive income	4,157	3,003
Non-controlling interests	1,957	1,875
Total net assets	50,812	49,618
Total liabilities and net assets	66,994	63,375

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

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	11,156	10,606
Cost of sales	8,308	8,063
Gross profit	2,848	2,543
Selling, general and administrative expenses	2,042	1,958
Operating income	806	584
Non-operating income		
Interest income	8	6
Dividend income	69	65
House rent income	25	22
Foreign exchange gains	25	–
Share of profit of entities accounted for using equity method	1	–
Other	17	23
Total non-operating income	148	117
Non-operating expenses		
Interest expenses	5	11
Sales discounts	6	3
Foreign exchange losses	–	20
Share of loss of entities accounted for using equity method	–	8
Other	5	4
Total non-operating expenses	17	49
Ordinary income	937	652
Extraordinary income		
Gain on sales of non-current assets	0	–
Total extraordinary income	0	–
Extraordinary losses		
Loss on disposal of non-current assets	0	0
Total extraordinary losses	0	0
Profit before income taxes	937	652
Income taxes - current	392	278
Income taxes - deferred	(83)	(83)
Total income taxes	309	195
Profit	628	457
Profit attributable to		
Profit attributable to owners of parent	564	398
Profit attributable to non-controlling interests	63	58
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(737)
Deferred gains or losses on hedges	(0)	–
Foreign currency translation adjustment	(269)	(513)
Remeasurements of defined benefit plans, net of tax	0	(0)
Share of other comprehensive income of entities accounted for using equity method	(1)	(2)
Total other comprehensive income	(272)	(1,253)
Comprehensive income	355	(796)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	334	(756)
Comprehensive income attributable to non-controlling interests	20	(40)

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Three months ended June 30, 2015	Three months ended June 30, 2016
Generators	8,305	7,776
Welders	1,205	1,077
Compressors	291	393
Others	1,354	1,360
Total	11,156	10,606

(2) Sales results by region

(Millions of yen)

Region	Three months ended June 30, 2015	Three months ended June 30, 2016
Japan	5,788	5,575
North/Central America	2,383	2,533
Asia	2,029	1,805
Others	955	692
Total	11,156	10,606