Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2017 (Based on Japanese GAAP)



August 8, 2017

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 9, 2017

Scheduled date to commence dividend payments:

Preparation of supplementary material on quarterly financial results:

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, 2017 (from April 1, 2017 to June 30, 2017)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	10,575	(0.3)	369	(36.9)	411	(37.0)	211	(47.0)
Three months ended June 30, 2016	10,606	(4.9)	584	(27.5)	652	(30.4)	398	(29.4)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2017	9.94	_
Three months ended June 30, 2016	18.62	_

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	67,873	53,273	75.6
As of March 31, 2017	68,678	53,145	74.4

2. Cash dividends

		Annual dividends per share							
	1st quarter-end	1st quarter-end 2nd quarter-end 3rd quarter-end Fiscal year-end Total							
	Yen	Yen	Yen	Yen	Yen				
Year ended March 31, 2017	_	15.00	_	15.00	30.00				
Year ending March 31, 2018	_								
Year ending March 31, 2018 (Forecast)		15.00	_	15.00	30.00				

3. Forecast of consolidated financial results for the year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit Ordinary profit		Operating profit		Profit attributa owners of pa		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2017	24,000	4.8	1,900	14.0	2,050	14.9	1,370	24.2	64.51
Full year	52,000	6.4	4,600	8.3	5,000	10.5	3,150	9.9	148.33

4. Notes

(1) Changes in significant subsidiaries during the three months ended June 30, 2017 (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: No Changes in accounting policies due to other reasons: No Changes in accounting estimates: No No

Restatement of prior period financial statements:

(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, 2017	22,859,660 shares	As of March 31, 2017	22,859,660 shares
Number of treasury shares at the end of the	period		
As of June 30, 2017	1,623,332 shares	As of March 31, 2017	1,623,221 shares
Average number of shares during the perio	d (cumulative from the beg	ginning of the fiscal year)	
Three months ended June 30, 2017	21,236,397 shares	Three months ended June 30, 2016	21,374,699 shares

Quarterly consolidated financial statements Consolidated balance sheets

		(Millions of yen)
	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	11,937	13,582
Notes and accounts receivable - trade	19,420	15,972
Securities	999	999
Merchandise and finished goods	6,110	6,565
Work in process	1,101	881
Raw materials and supplies	3,493	3,493
Other	758	835
Allowance for doubtful accounts	(6)	(3)
Total current assets	43,814	42,327
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,018	6,850
Machinery, equipment and vehicles, net	2,317	2,122
Land	4,848	4,843
Construction in progress	140	245
Other, net	174	182
Total property, plant and equipment	14,499	14,245
Intangible assets	547	513
Investments and other assets		
Investment securities	9,525	10,492
Other	294	300
Allowance for doubtful accounts	(2)	(5)
Total investments and other assets	9,817	10,787
Total non-current assets	24,863	25,545
Total assets	68,678	67,873

		(Millions of yell)
	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,937	7,831
Short-term loans payable	210	209
Accrued expenses	556	1,110
Income taxes payable	630	182
Provision for bonuses	632	379
Provision for directors' bonuses	70	15
Provision for product warranties	108	87
Other	450	561
Total current liabilities	11,596	10,378
Non-current liabilities		
Long-term loans payable	1,122	1,120
Deferred tax liabilities	1,907	2,214
Net defined benefit liability	418	414
Other	487	472
Total non-current liabilities	3,936	4,221
Total liabilities	15,532	14,599
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,779	1,779
Retained earnings	44,521	44,401
Treasury shares	(1,632)	(1,632)
Total shareholders' equity	46,623	46,502
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,735	4,429
Foreign currency translation adjustment	764	373
Remeasurements of defined benefit plans	(1)	(2)
Total accumulated other comprehensive income	4,498	4,800
Non-controlling interests	2,023	1,969
Total net assets	53,145	53,273
Total liabilities and net assets	68,678	67,873

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

Net sales 10,606 10 Cost of sales 8,063 8 Gross profit 2,543 2 Selling, general and administrative expenses 1,958 2 Operating profit 584 8 Non-operating income 6 5 Interest income 65 6 House rent income 22 6 Other 23 7 Total non-operating income 117 7 Non-operating expenses 11 3 Interest expenses 11 3 Interest expenses 11 3 Foreign exchange losses 20 3 Sales discounts 3 5 Foreign exchange losses 40 4 Other 4 4 Total non-operating expenses 49 4 Ordinary profit 652 5 Extraordinary income - - Gain on sales of non-current assets 0 - Total extraordinar		Three months ended	(Millions of yen) Three months ended
Net sales Cost of sales (Sos alse) (Sos alse) (Sos alse) (Sos alse) (Sos sprofit) (2,543) (2,5			
Gross profit	Net sales	· · · · · · · · · · · · · · · · · · ·	10,575
Selling, general and administrative expenses 1,958 2	Cost of sales	8,063	8,201
Selling, general and administrative expenses	Gross profit	2,543	2,373
Operating profit 584 Non-operating income 6 Divided income 65 House rent income 22 Other 23 Total non-operating income 117 Non-operating expenses 11 Interest expenses 11 Sales discounts 3 Foreign exchange losses 20 Share of loss of entities accounted for using equity method 8 Other 4 Total non-operating expenses 49 Ordinary profit 652 Extraordinary income - Gain on sales of non-current assets - Total extraordinary income - Extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 <		1,958	2,004
Non-operating income 6	•		369
Interest income			
House rent income 22 23 7 7 7 7 7 7 7 7 7		6	7
Other 23 Total non-operating income 117 Non-operating expenses 11 Interest expenses 11 Sales discounts 3 Foreign exchange losses 20 Share of loss of entities accounted for using equity method 8 Other 4 Total non-operating expenses 49 Ordinary profit 652 Extraordinary income - Gain on sales of non-current assets - Total extraordinary income - Extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 8 Loss on disposal of non-current as	Dividend income	65	63
Total non-operating income	House rent income	22	16
Interest expenses	Other	23	10
Interest expenses 11 Sales discounts 3 3 5 7 7 5 7 7 5 7 7 5 7 7	Total non-operating income	117	98
Interest expenses 11 Sales discounts 3 3 5 7 7 5 7 7 5 7 7 5 7 7	Non-operating expenses		
Foreign exchange losses 20		11	12
Share of loss of entities accounted for using equity method 8 Other 4 Total non-operating expenses 49 Ordinary profit 652 Extraordinary income — Gain on sales of non-current assets — Total extraordinary income — Extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Total income taxes Profit attributable to owners of parent 398 Profit attributable to onn-controlling interests 58 Other comprehensive income (737) Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method <td< td=""><td>Sales discounts</td><td>3</td><td>5</td></td<>	Sales discounts	3	5
Other 4 Total non-operating expenses 49 Ordinary profit 652 Extraordinary income - Gain on sales of non-current assets - Total extraordinary income - Extraordinary losses 0 Loss on disposal of non-current assets 0 Total extraordinary losses 0 Profit extraordinary losses 0 Profit extraordinary losses 0 Income taxes - current 278 Income taxes - current (83) Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to 398 Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method (2) Total other comprehensive income	Foreign exchange losses	20	13
Total non-operating expenses Ordinary profit 652 Extraordinary income Gain on sales of non-current assets Total extraordinary income Extraordinary losses Loss on disposal of non-current assets Total extraordinary losses Loss on disposal of non-current assets Total extraordinary losses Loss on disposal of non-current assets Total extraordinary losses O Profit before income taxes 652 Income taxes - current 1278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Share of loss of entities accounted for using equity method	8	19
Ordinary profit 652 Extraordinary income Gain on sales of non-current assets — Total extraordinary income — Extraordinary losses Loss on disposal of non-current assets 0 Total extraordinary losses Loss on disposal of non-current assets 0 Total extraordinary losses 0 Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent Profit attributable to owners of parent Profit attributable to non-controlling interests 78 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Other	4	5
Extraordinary income Gain on sales of non-current assets Total extraordinary income Extraordinary losses Loss on disposal of non-current assets Total extraordinary losses Loss on disposal of non-current assets Total extraordinary losses 0 Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Iotal income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent Profit attributable to owners of parent Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Total non-operating expenses	49	56
Gain on sales of non-current assets Total extraordinary income Extraordinary losses Loss on disposal of non-current assets O Total extraordinary losses Loss on disposal of non-current assets O Total extraordinary losses O Profit before income taxes fincome taxes - current fincome taxes - deferred fincome taxes - deferred fincome taxes - deferred fincome taxes Profit attributable to Profit attributable to Profit attributable to owners of parent Profit attributable to onn-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Valuation difference on available securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income Comprehensive income Comprehensive income Comprehensive income attributable to	Ordinary profit	652	411
Total extraordinary income Extraordinary losses Loss on disposal of non-current assets Total extraordinary losses 0 Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent Profit attributable to owners of parent Valuation difference on available-for-sale securities Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income Comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Extraordinary income		
Extraordinary losses Loss on disposal of non-current assets Total extraordinary losses 0 Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Gain on sales of non-current assets	_	0
Loss on disposal of non-current assets Total extraordinary losses Profit before income taxes Income taxes - current Income taxes - deferred Income taxes Profit attributable to Profit attributable to owners of parent Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income Comprehensive income (1,253) Comprehensive income attributable to	Total extraordinary income	-	0
Total extraordinary losses Profit before income taxes Income taxes - current Income taxes - deferred Income taxes - deferred Income taxes - deferred Income taxes I	Extraordinary losses		
Profit before income taxes 652 Income taxes - current 278 Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method (2) Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Loss on disposal of non-current assets	0	0
Income taxes - current Income taxes - deferred Income taxes - deferred Income taxes - deferred Income taxes Income taxes - current Inc	Total extraordinary losses	0	0
Income taxes - deferred (83) Total income taxes 195 Profit 457 Profit attributable to Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income attributable to	Profit before income taxes	652	411
Total income taxes Profit 457 Profit attributable to Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796)	Income taxes - current	278	199
Profit attributable to Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Income taxes - deferred	(83)	(48)
Profit attributable to Profit attributable to owners of parent Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income Comprehensive income (1,253) Comprehensive income attributable to	Total income taxes	195	150
Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Profit	457	261
Profit attributable to owners of parent 398 Profit attributable to non-controlling interests 58 Other comprehensive income Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Profit attributable to		
Profit attributable to non-controlling interests Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income Comprehensive income (737) (513) (0) (2) (1,253) Comprehensive income (1,253)	Profit attributable to owners of parent	398	211
Other comprehensive income Valuation difference on available-for-sale securities Foreign currency translation adjustment Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796)		58	49
Valuation difference on available-for-sale securities (737) Foreign currency translation adjustment (513) Remeasurements of defined benefit plans, net of tax (0) Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796)			
Remeasurements of defined benefit plans, net of tax Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income Comprehensive income (1,253) (796) Comprehensive income attributable to	Valuation difference on available-for-sale securities	(737)	691
Share of other comprehensive income of entities accounted for using equity method Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to	Foreign currency translation adjustment	(513)	(448)
for using equity method Total other comprehensive income Comprehensive income (1,253) (796) Comprehensive income attributable to	Remeasurements of defined benefit plans, net of tax	(0)	(0)
Total other comprehensive income (1,253) Comprehensive income (796) Comprehensive income attributable to		(2)	2
Comprehensive income (796) Comprehensive income attributable to		(1 253)	245
Comprehensive income attributable to	<u> </u>		506
		(190)	300
NATIONAL PRODUCTION OF THE PRODUCT OF A PRODUCT OF THE PRODUCT OF		(756)	512
Comprehensive income attributable to non-controlling interests (40)		` ′	(6)

Supplementary information

(1) Sales results by product

			(Millions of yen)
	Deadyat	Three months ended	Three months ended
Product		June 30, 2016	June 30, 2017
Generators		7,776	7,937
Welders		1,077	1,113
Compressors		393	232
Others		1,360	1,291
Total		10,606	10,575

(2) Sales results by region

		(Millions of yen)
Davien	Three months ended	Three months ended
Region	June 30, 2016	June 30, 2017
Japan	5,575	5,403
North/Central America	2,533	2,475
Asia	1,805	2,067
Others	692	628
Total	10,606	10,575