

Translation

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**Summary of Consolidated Financial Results
for the Year Ended March 31, 2016
(Based on Japanese GAAP)**



May 12, 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 of ordinary general meeting of shareholders: June 29, 2016
 Scheduled date to file Securities Report: June 30, 2016
 Scheduled date to commence dividend payments: June 9, 2016
 Preparation of supplementary material on financial results: No
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2016 (from April 1, 2015 to March 31, 2016)

(1) Consolidated operating results

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	%
Year ended March 31, 2016	50,419	(3.5)	4,097	(23.4)	4,494	(21.9)	3,137	(18.7)
Year ended March 31, 2015	52,267	4.9	5,348	(1.1)	5,757	0.6	3,857	3.5

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2016	146.79	–	6.5	6.7	8.1
Year ended March 31, 2015	179.38	–	8.6	8.9	10.2

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2016	66,994	50,812	72.9	2,285.62
As of March 31, 2015	67,324	49,195	70.3	2,215.29

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2016	2,973	(775)	(1,181)	11,745
Year ended March 31, 2015	5,078	(2,642)	(1,788)	10,776

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2015	–	12.00	–	16.00	28.00	623	15.6	1.3
Year ended March 31, 2016	–	14.00	–	16.00	30.00	667	20.4	1.3
Year ending March 31, 2017 (Forecast)	–	15.00	–	15.00	30.00		21.4	

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 year ended March 31, 2016

(changes in specified subsidiaries resulting in the change in scope of consolidation):

No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2016	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 March 31, 2016	1,484,961 shares	As of March 31, 2015	1,491,904 shares
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Average number of shares during the period

Year ended March 31, 2016	21,373,141 shares	Year ended March 31, 2015	21,506,458 shares
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Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	10,676	11,245
Notes and accounts receivable - trade	19,175	19,315
Securities	99	499
Merchandise and finished goods	5,213	5,696
Work in process	894	1,102
Raw materials and supplies	3,954	3,538
Deferred tax assets	574	517
Other	310	355
Allowance for doubtful accounts	(43)	(25)
Total current assets	40,856	42,246
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,071	12,358
Accumulated depreciation	(4,685)	(4,861)
Buildings and structures, net	7,386	7,497
Machinery, equipment and vehicles	5,673	6,654
Accumulated depreciation	(3,411)	(3,822)
Machinery, equipment and vehicles, net	2,262	2,831
Land	4,862	4,855
Construction in progress	1,079	26
Other	1,733	1,754
Accumulated depreciation	(1,516)	(1,546)
Other, net	217	208
Total property, plant and equipment	15,807	15,418
Intangible assets		
Leasehold right	385	377
Software	84	159
Other	48	57
Total intangible assets	519	594
Investments and other assets		
Investment securities	9,947	8,412
Long-term loans receivable	17	17
Deferred tax assets	58	59
Other	120	250
Allowance for doubtful accounts	(2)	(5)
Total investments and other assets	10,141	8,734
Total non-current assets	26,468	24,747
Total assets	67,324	66,994

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,206	10,020
Short-term loans payable	632	232
Accrued expenses	720	618
Income taxes payable	518	393
Provision for bonuses	699	622
Provision for directors' bonuses	110	78
Provision for product warranties	89	121
Other	418	368
Total current liabilities	13,396	12,455
Non-current liabilities		
Long-term loans payable	1,202	1,126
Lease obligations	11	8
Long-term accounts payable - other	111	91
Deferred tax liabilities	2,194	1,576
Net defined benefit liability	470	440
Other	740	481
Total non-current liabilities	4,732	3,726
Total liabilities	18,128	16,181
Net assets		
Shareholders' equity		
Capital stock	1,954	1,954
Capital surplus	1,754	1,779
Retained earnings	39,873	42,343
Treasury shares	(1,359)	(1,381)
Total shareholders' equity	42,223	44,697
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,034	3,014
Deferred gains or losses on hedges	1	-
Foreign currency translation adjustment	1,086	1,142
Remeasurements of defined benefit plans	(9)	0
Total accumulated other comprehensive income	5,112	4,157
Non-controlling interests	1,859	1,957
Total net assets	49,195	50,812
Total liabilities and net assets	67,324	66,994

Consolidated statements of income and consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	52,267	50,419
Cost of sales	39,154	38,262
Gross profit	13,112	12,157
Selling, general and administrative expenses	7,763	8,059
Operating income	5,348	4,097
Non-operating income		
Interest income	40	22
Dividend income	141	152
House rent income	56	83
Foreign exchange gains	104	–
Share of profit of entities accounted for using equity method	61	92
Subsidy income	16	116
Miscellaneous income	79	32
Total non-operating income	498	500
Non-operating expenses		
Interest expenses	42	42
Commitment fee	6	7
Foreign exchange losses	–	9
Cost of lease revenue	9	9
Sales discounts	29	24
Miscellaneous loss	1	8
Total non-operating expenses	90	102
Ordinary income	5,757	4,494
Extraordinary income		
Gain on sales of non-current assets	0	312
Gain on sales of investment securities	299	–
Total extraordinary income	300	312
Extraordinary losses		
Loss on disposal of non-current assets	3	1
Total extraordinary losses	3	1
Profit before income taxes	6,054	4,805
Income taxes - current	1,863	1,383
Income taxes - deferred	131	21
Total income taxes	1,994	1,404
Profit	4,060	3,400
Profit attributable to		
Profit attributable to owners of parent	3,857	3,137
Profit attributable to non-controlling interests	202	263
Other comprehensive income		
Valuation difference on available-for-sale securities	825	(1,017)
Deferred gains or losses on hedges	1	(1)
Foreign currency translation adjustment	991	(26)
Remeasurements of defined benefit plans, net of tax	(27)	9
Share of other comprehensive income of entities accounted for using equity method	0	(3)
Total other comprehensive income	1,791	(1,038)
Comprehensive income	5,851	2,362
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,457	2,182
Comprehensive income attributable to non-controlling interests	393	180

Consolidated statements of changes in equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,954	1,754	38,458	(2,860)	39,306
Cumulative effects of changes in accounting policies			(102)		(102)
Restated balance	1,954	1,754	38,355	(2,860)	39,204
Changes of items during period					
Dividends of surplus			(558)		(558)
Profit attributable to owners of parent			3,857		3,857
Purchase of treasury shares				(281)	(281)
Disposal of treasury shares				1	1
Disposal of treasury stock(BBT)		-		-	
Retirement of treasury shares			(1,781)	1,781	
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	1,517	1,501	3,018
Balance at end of current period	1,954	1,754	39,873	(1,359)	42,223

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,208	-	286	17	3,512	1,504	44,323
Cumulative effects of changes in accounting policies							(102)
Restated balance	3,208	-	286	17	3,512	1,504	44,221
Changes of items during period							
Dividends of surplus							(558)
Profit attributable to owners of parent							3,857
Purchase of treasury shares							(281)
Disposal of treasury shares							1
Disposal of treasury stock(BBT)							
Retirement of treasury shares							
Net changes of items other than shareholders' equity	826	1	800	(27)	1,600	354	1,955
Total changes of items during period	826	1	800	(27)	1,600	354	4,973
Balance at end of current period	4,034	1	1,086	(9)	5,112	1,859	49,195

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,954	1,754	39,873	(1,359)	42,223
Cumulative effects of changes in accounting policies			–		–
Restated balance	1,954	1,754	39,873	(1,359)	42,223
Changes of items during period					
Dividends of surplus			(666)		(666)
Profit attributable to owners of parent			3,137		3,137
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares				4	4
Disposal of treasury stock(BBT)		24		(24)	
Retirement of treasury shares			–	–	
Net changes of items other than shareholders' equity					
Total changes of items during period	–	24	2,470	(21)	2,473
Balance at end of current period	1,954	1,779	42,343	(1,381)	44,697

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	4,034	1	1,086	(9)	5,112	1,859	49,195
Cumulative effects of changes in accounting policies							–
Restated balance	4,034	1	1,086	(9)	5,112	1,859	49,195
Changes of items during period							
Dividends of surplus							(666)
Profit attributable to owners of parent							3,137
Purchase of treasury shares							(1)
Disposal of treasury shares							4
Disposal of treasury stock(BBT)							
Retirement of treasury shares							
Net changes of items other than shareholders' equity	(1,020)	(1)	56	9	(955)	98	(856)
Total changes of items during period	(1,020)	(1)	56	9	(955)	98	1,617
Balance at end of current period	3,014	–	1,142	0	4,157	1,957	50,812

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	6,054	4,805
Depreciation	998	1,284
Share of (profit) loss of entities accounted for using equity method	(61)	(92)
Increase (decrease) in net defined benefit liability	60	(24)
Increase (decrease) in provision for product warranties	(177)	31
Increase (decrease) in provision for bonuses	56	(76)
Increase (decrease) in provision for directors' bonuses	12	(32)
Increase (decrease) in allowance for doubtful accounts	(15)	(15)
Interest and dividend income	(181)	(175)
Interest expenses	42	42
Loss (gain) on sales of non-current assets	(0)	(312)
Loss (gain) on disposal of non-current assets	3	1
Decrease (increase) in notes and accounts receivable - trade	931	(213)
Decrease (increase) in inventories	(1,469)	(397)
Increase (decrease) in notes and accounts payable - trade	1,259	(54)
Other, net	(168)	(413)
Subtotal	7,345	4,358
Interest and dividend income received	195	186
Interest expenses paid	(40)	(41)
Income taxes paid	(2,421)	(1,530)
Net cash provided by (used in) operating activities	5,078	2,973
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,610)	(1,046)
Proceeds from sales of property, plant and equipment	2	368
Purchase of intangible assets	(64)	(96)
Purchase of investment securities	(371)	(2)
Proceeds from sales of investment securities	396	-
Payments of loans receivable	(6)	(11)
Collection of loans receivable	14	11
Payments into time deposits	-	(242)
Proceeds from withdrawal of time deposits	-	242
Other, net	(1)	(0)
Net cash provided by (used in) investing activities	(2,642)	(775)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(476)	0
Repayments of long-term loans payable	(400)	(400)
Proceeds from sales of treasury shares	-	3
Purchase of treasury shares	(279)	-
Cash dividends paid	(558)	(666)
Dividends paid to non-controlling interests	(38)	(82)
Other, net	(34)	(35)
Net cash provided by (used in) financing activities	(1,788)	(1,181)
Effect of exchange rate change on cash and cash equivalents	297	(47)
Net increase (decrease) in cash and cash equivalents	944	969
Cash and cash equivalents at beginning of period	9,831	10,776
Cash and cash equivalents at end of period	10,776	11,745

Supplementary information

(1) Sales results by product

(Millions of yen)

Product	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Generators	40,079	38,294
Welders	5,556	5,100
Compressors	1,126	1,104
Others	5,504	5,919
Total	52,267	50,419

(2) Sales results by region

(Millions of yen)

Region	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Japan	31,468	30,115
North/Central America	11,234	9,776
Asia	6,619	6,921
Others	2,945	3,606
Total	52,267	50,419