

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

DEWEY ELECTRONICS CORP

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10 - Q

(Mark One)

☒ QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2016

☐ TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File No. 0-2892

THE DEWEY ELECTRONICS CORPORATION

A New York Corporation

I.R.S. Employer Identification
No. 13-1803974

27 Muller Road
Oakland, New Jersey 07436
(201) 337-4700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

APPLICABLE ONLY TO CORPORATE ISSUERS

State the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 1,362,031 at May 12, 2016.

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PART I: FINANCIAL INFORMATION

ITEM 1.CONDENSED FINANCIAL STATEMENTS

THE DEWEY ELECTRONICS CORPORATION
CONDENSED BALANCE SHEETS

	March 31, 2016 (unaudited)	JUNE 30, 2015
ASSETS:		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 346,784	\$ 347,598
Accounts receivable	230,301	1,329,327
Inventories	2,532,936	2,031,232
Prepaid expenses and other current assets	107,733	73,204
TOTAL CURRENT ASSETS	3,217,754	3,781,361
PLANT, PROPERTY AND EQUIPMENT:		
Land and improvements	651,015	651,015
Building and improvements	1,957,815	1,948,165
Machinery and equipment	3,345,387	3,332,356
Furniture and fixtures	268,700	268,700
	6,222,917	6,200,236
Less: accumulated depreciation	5,375,994	5,348,560
	846,923	851,676
DEFERRED COSTS	65,095	65,095
TOTAL ASSETS	\$ 4,129,772	\$ 4,698,132
LIABILITIES AND STOCKHOLDERS' EQUITY:		
CURRENT LIABILITIES:		
Note payable	\$ 500,000	\$ 500,000
Trade accounts payable	174,487	348,253
Accrued expenses and other liabilities	337,674	443,798
Accrued compensation and benefits payable	171,620	200,186
Accrued pension costs	269,103	203,757
TOTAL CURRENT LIABILITIES	1,452,884	1,695,994
LONG-TERM PENSION LIABILITY	950,308	1,051,005
TOTAL LIABILITIES	2,403,192	2,746,999
STOCKHOLDERS' EQUITY:		
Preferred stock, par value \$1.00; authorized 250,000 shares, issued and outstanding-none	-	-
Common stock, par value \$.01; authorized 3,000,000 shares; 1,693,397 shares issued and 1,362,031 shares outstanding at March 31, 2016 and June 30, 2015	16,934	16,934
Additional paid-in capital	2,882,842	2,882,842
Retained earnings	105,378	430,628
Accumulated other comprehensive loss	(791,546)	(892,243)
	2,213,608	2,438,161
Less: Treasury stock 331,366 shares at cost	(487,028)	(487,028)
TOTAL STOCKHOLDERS' EQUITY	1,726,580	1,951,133
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 4,129,772	\$ 4,698,132

See accompanying notes to condensed financial statements

THE DEWEY ELECTRONICS CORPORATION
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	THREE-MONTHS ENDED MARCH 31,		NINE-MONTHS ENDED MARCH 31,	
	2016	2015	2016	2015
Revenues	\$ 819,549	\$ 1,716,106	\$ 3,703,224	\$ 4,268,667
Cost of revenues	623,323	1,284,526	2,684,925	3,088,240
Gross profit	196,226	431,580	1,018,299	1,180,427
Selling, general and administrative	442,303	443,063	1,378,866	1,395,154
Operating loss	(246,077)	(11,483)	(360,567)	(214,727)
Interest expense	(5,646)	(2,951)	(14,618)	(6,847)
Other income – net	51,940	4,280	49,935	3,575
Loss before income taxes	(199,783)	(10,154)	(325,250)	(217,999)
Provision for income tax	--	--	--	--
Net loss	<u>\$ (199,783)</u>	<u>\$ (10,154)</u>	<u>\$ (325,250)</u>	<u>\$ (217,999)</u>
Net loss per common share-Basic	\$ (0.15)	\$ (0.01)	\$ (0.24)	\$ (0.16)
Net loss per common share-Diluted	\$ (0.15)	\$ (0.01)	\$ (0.24)	\$ (0.16)
Weighted average number of shares outstanding:				
Basic	1,362,031	1,362,031	1,362,031	1,362,031
Diluted	1,362,031	1,362,031	1,362,031	1,362,031

CONDENSED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	THREE-MONTHS ENDED MARCH 31,		NINE-MONTHS ENDED MARCH 31,	
	2016	2015	2016	2015
Other comprehensive loss – net of tax				
Net loss	\$ (199,783)	\$ (10,154)	\$ (325,250)	\$ (217,999)
Amortization of actuarial losses	33,566	31,208	100,698	93,624
Comprehensive loss	<u>\$ (166,217)</u>	<u>\$ (21,054)</u>	<u>\$ (224,552)</u>	<u>\$ (124,375)</u>

See accompanying notes to condensed financial statements

THE DEWEY ELECTRONICS CORPORATION
CONDENSED STATEMENTS OF CASH FLOW
(UNAUDITED)

	NINE-MONTHS ENDED	
	MARCH 31,	
	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ (325,250)	\$ (217,999)
Adjustments to reconcile net loss to		
Net cash provided by operating activities:		
Depreciation	27,434	24,975
Decrease in accounts receivable	1,099,026	1,074,041
Increase in inventories	(508,894)	(654,259)
Provision for inventory reserve	7,190	27,978
Decrease in prepaid expenses and		
other current assets	(34,529)	(20,993)
Decrease in trade accounts payable	(173,766)	(112,299)
(Decrease)/Increase in accrued expenses and other liabilities	(134,690)	51,473
Increase in accrued pension costs	65,346	1,463
Total adjustments	347,117	392,379
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,867	174,380
CASH FLOWS FROM INVESTING ACTIVITIES:		
Expenditures for plant, property and equipment	(22,681)	(34,437)
NET CASH USED IN INVESTING ACTIVITIES	(22,681)	(34,437)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	--	500,000
Repayment of long-term debt	--	(500,000)
NET CASH USED IN FINANCING ACTIVITIES	--	--
NET(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(814)	139,943
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	347,598	480,107
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 346,784	\$ 620,050
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	\$ 14,618	\$ 8,618

See accompanying notes to condensed financial statements

THE DEWEY ELECTRONICS CORPORATION
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

1. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed financial statements have been prepared by The Dewey Electronics Corporation (the "Company") pursuant to the rules and regulations of the Securities and Exchange Commission (the "SEC") for interim reporting. Certain information and disclosures normally included in notes to financial statements have been condensed or omitted pursuant to such rules and regulations, but resultant disclosures are in accordance with accounting principles generally accepted in the United States of America as they apply to interim reporting. The condensed financial statements should be read in conjunction with the financial statements and the notes thereto in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2015 (the "2015 Form 10-K").

In the opinion of the Company's management, the accompanying unaudited condensed financial statements contain all adjustments (consisting of normal recurring adjustments) necessary to present fairly, in all material respects, the Company's financial position as of March 31, 2016, and the results of operations for the three months and nine months then ended and cash flows for the nine months then ended. The results of operations and cash flows for the period ended March 31, 2016 are not necessarily indicative of the results of operations or cash flows to be expected for any subsequent quarter or the full fiscal year ending June 30, 2016.

As of March 31, 2016 there have been no material changes to any of the significant accounting policies described in our 2015 Form 10-K.

Liquidity

During the nine months ended March 31, 2016, the Company had a net loss of approximately \$325,250 and net cash inflows from operations of approximately \$22,000. Net cash inflows were principally due to a decrease in accounts receivable and an increase in accrued pension costs, and were partly offset by the net loss, increases in inventory, pre-paid expenses and other current assets, and decreases in trade accounts payable, accrued expenses and other liabilities.

The Company believes that the Company's current cash and its line of credit, which currently expires November 30, 2016, combined with progress payments as well as billings at the time of delivery of products, will be sufficient to support short-term liquidity requirements, working capital needs and capital expenditures at their current or expected levels. However, if our performance expectations fall short (including our failure to generate expected levels of sales) or our expenses exceed expectations, or if the commitment under the line of credit becomes unavailable, we may need to secure additional financing and/or reduce our expenses to continue our operations. Our failure to do so would have a material adverse impact on our prospects and financial condition. There can be no assurance that any contemplated additional financing will be available on terms acceptable to us, if at all. If required, we believe we would be able to reduce our expenses to a sufficient level to continue to operate as a going concern.

Revenue Recognition

Revenues and earnings for orders for replacement parts and other short term business are recorded when deliveries of product are made and title and risk of loss have been transferred to the customer and collection is probable.

Revenues and estimated earnings under long-term defense contracts (including research and development contracts) are recorded using the percentage-of-completion method of accounting, measured as the percentage of costs incurred to estimated total costs of each contract. These calculations require management to estimate the cost to complete open orders. Changes between those estimates and the actual cost of completion of delivery orders impact the revenue recognition in each reporting period. Estimates are adjusted as necessary on a quarterly basis. For research and development contracts total costs incurred are compared to total expected costs for each contract. As of March 31, 2016 the Company had no uncompleted contracts on which revenue has been recognized on a percentage of completion basis.

For those contracts where revenue has been recognized using the percentage-of-completion method of accounting, provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates include, among others, lower of cost or market estimates for inventories, realization of deferred tax assets, revenue recognition and certain accrued expenses. Actual results could differ from those estimates.

Income Taxes

Under the asset and liability method of accounting for taxes under ASC Topic 740, "Income Taxes", deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the results of operations in the period the new laws are enacted. A valuation allowance is recorded to reduce the carrying amounts of deferred tax assets unless it is more likely than not, that such assets will be realized.

The Company accounts for uncertain tax positions in accordance with Generally Accepted Accounting Principles in the U.S. Income tax positions must meet a more-likely-than-not recognition in order to be recognized in the financial statements. The Company recognizes potential accrued interest and penalties related to unrecognized tax benefits within operations as income tax expense. As new information becomes available, the assessment of the recognition threshold and the measurement of the associated tax benefit of uncertain tax positions may result in financial statement recognition or derecognition.

2. New Accounting Standards Updates Not Yet Effective

In July 2015, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2015-11, "Inventory (Topic 330): Simplifying the Measurement of Inventory", which requires an entity to measure in scope inventory at the lower of cost and net realizable value. Subsequent measurement is unchanged for inventory measured using LIFO or the retail inventory method. This ASU does not apply to inventory that is measured using last-in, first-out (LIFO) or the retail inventory method. This ASU applies to all other inventory, which includes inventory that is measured using first-in, first-out (FIFO) or average cost. It is effective for fiscal years beginning after December 15, 2016, including interim periods within those fiscal years, and should be applied prospectively with earlier application permitted as of the beginning of an interim or annual reporting period. The Company expects to adopt this ASU when effective and is currently evaluating the effect of ASU 2015-11 on its consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update (ASU) 2015-17, "Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes", which requires an entity to classify deferred tax liabilities and assets as noncurrent in a classified statement of financial position. The amendments in this update will align the presentation of deferred income tax assets and liabilities with International Financial Reporting Standards (IFRS). This ASU applies to all entities and is effective for annual periods ending after December 15, 2016, for public business entities, and interim periods thereafter, with early adoption permitted.

Other Accounting Standards Updates not effective until after March 31, 2016 are not expected to have a material effect on the Company's financial position or results of operations.

3. Inventories

Inventories consist of:

	<u>March 31,</u> <u>2016</u>	<u>June 30,</u> <u>2015</u>
Finished Goods	\$ 21,036	\$ 115,563
Work In Progress	1,372,296	752,711
Raw Materials	1,139,604	1,162,958
Total	<u>\$ 2,532,936</u>	<u>\$ 2,031,232</u>

The increase in inventory is primarily due to increased work in progress production orders needed to complete new generator sets and rod meters, to be shipped in subsequent months against existing customer delivery orders.

4. Taxes on Income

The Company has provided a full valuation allowance against its net deferred tax assets as it believes that it is more likely than not that it will not realize these tax attributes. As of March 31, 2016 the Company had approximately \$1,165,000 and \$147,000 of federal and state net deferred tax assets respectively, primarily arising from net operating loss carry-forwards, expiring beginning in 2017. In the nine month period ended March 31, 2016 these federal and state net deferred tax assets increased by approximately \$111,000 and \$20,000, respectively, as a result of a net loss for the period.

5. Loss Per Share

Net loss per share has been presented pursuant to ASC Topic 260, "Earnings per Share". Basic net loss per share is computed by dividing reported net loss available to common shareholders by weighted average shares outstanding for the period. Diluted net loss per share is computed by dividing reported net loss available to common shareholders by weighted average shares outstanding for the period, adjusted for the dilutive effect of common stock equivalents, which consist of stock options, using the treasury stock method.

The tables below set forth the reconciliation of the numerators and denominators of the basic and diluted net loss per common share computations. For the three months ended March 31, 2016, outstanding stock options for 23,600 shares were excluded from the calculation of diluted net loss per share as a result of their anti-dilutive effect on the net loss for the period. For the three months ended March 31, 2015, options for 37,200 shares were excluded as a result of their anti-dilutive effect on the net loss per share for the period.

For the nine months ended March 31, 2016, outstanding stock options for 29,700 shares were excluded from the calculation of diluted net loss per share as a result of their anti-dilutive effect on the net loss for the period. For the nine months ended March 31, 2015, options for 37,200 shares were excluded due to the exercise price of the options exceeding the average share price for the period.

Three-months Ended March 31,						
	2016			2015		
	Net Loss	Shares	Per Share Amount	Net Loss	Shares	Per Share Amount
Basic net loss						
per common share	\$ (199,783)	1,362,031	\$ (.15)	\$ (10,154)	1,362,031	\$ (.01)
Effect of dilutive Securities	--	--	--	--	--	--
Diluted net loss per common share	<u>\$ (199,783)</u>	<u>1,362,031</u>	<u>\$ (.15)</u>	<u>\$ (10,155)</u>	<u>1,362,031</u>	<u>\$ (.01)</u>

Nine-months Ended March 31,						
	2016			2015		
	Net Loss	Shares	Per Share Amount	Net Loss	Shares	Per Share Amount
Basic net loss						
per common share	\$ (325,250)	1,362,031	\$ (.24)	\$ (217,999)	1,362,031	\$ (.16)
Effect of dilutive Securities	--	--	--	--	--	--
Diluted net loss per common share	<u>\$ (325,250)</u>	<u>1,362,031</u>	<u>\$ (.24)</u>	<u>\$ (217,999)</u>	<u>1,362,031</u>	<u>\$ (.16)</u>

6. Stock Option Plan

On September 22, 2011, the Board of Directors of the Company adopted the Company's 2011 Stock Option Plan, which was approved by the shareholders of the Company on December 8, 2011. Under this plan options to purchase a maximum of 133,000 shares of common stock may be granted to any employee of the Company, including officers. Such options may be either incentive stock options or non-qualified options and must be granted with an exercise price no less than the fair market value of the stock on the date of the grant. No stock options have been granted under this plan.

On December 2, 1998, the Company adopted its Stock Option Plan of 1998 which was amended and restated effective December 5, 2001, pursuant to which options to purchase a maximum of 85,000 shares of common stock may be granted to executives and key employees. Incentive stock options have been granted under this plan with an exercise price no less than fair market value of the stock on the date of grant. Outstanding options generally are exercisable for ten years from the date of grant, except for one grant totaling 4,700 options which are exercisable for a 5-year term. Outstanding options have expiration dates ranging from December 2, 2018 to September 21, 2021. No additional options may be granted under this plan.

There were no stock options granted in the first nine months of fiscal 2016 (period ended March 31, 2016) or in the first nine months of fiscal 2015 (period ended March 31, 2015). The Company recorded no stock option compensation expense for either of the nine month periods ended March 31, 2016 or March 31, 2015.

For the full fiscal year ending June 30, 2016, the Company does not expect any stock option compensation expense based on stock options already granted and assuming no further option grants during the remainder of the fiscal year. However, our assessment of the compensation expense will be affected by the number of stock options actually granted (if any) during the remainder of the year as well as the number of outstanding options that are forfeited.

Stock option transactions for the Company's employee stock option plans for the three months and nine months ended March 31, 2016 are as follows:

	March 31, 2016			
	Three Months		Nine Months	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance	29,200	\$ 1.93	33,200	\$ 1.96
Granted	--	--	--	--
Exercised	--	--	--	--
Cancelled or expired	8,500	\$ 1.96	12,500	\$ 2.03
Ending balance	<u>20,700</u>	<u>\$ 1.92</u>	<u>20,700</u>	<u>\$ 1.92</u>
Options exercisable at end of period	<u>20,700</u>	<u>\$ 1.92</u>	<u>20,700</u>	<u>\$ 1.92</u>

7. Notes Payable

The Company maintains a line of credit (the "Line of Credit") with TD Bank, NA (the "Bank") for \$500,000. The Line of Credit is currently set to expire on November 30, 2016.

The Line of Credit provides among other things for an annual interest rate on borrowings equal to the Bank's prime rate plus one (1.00) percent and is subject to customary representations, covenants, and default provisions in favor of the Bank. Any loans drawn under the Line of Credit are secured by a first lien on all of the Company's accounts receivable, machinery, equipment, other personal property and Commercial Mortgages on the Company's real property. The rate applicable to the Line of Credit at March 31, 2016 was approximately 4.50%. The Company has previously utilized the Line of Credit during periods of increased production requirements and anticipates that it will continue to utilize this credit facility during future periods of peak production activity.

As of June 30, 2015 and March 31, 2016 the Company had outstanding debt of \$500,000 against the Line of Credit.

8. Pension Plan

The Company has a non-contributory defined benefit retirement plan covering substantially all of its employees. The impact of the plan on operations is as follows:

	THREE-MONTHS ENDED	
	MARCH 31,	
	2016	2015
Service cost-benefits earned during the period	\$ 12,024	\$ 15,519
Interest cost on projected benefit obligation	32,297	29,411
Expected return on plan assets	(26,855)	(24,319)
Amortization of actuarial loss	33,566	31,208
Net periodic pension cost	<u>\$ 51,032</u>	<u>\$ 51,819</u>

	NINE-MONTHS ENDED	
	MARCH 31,	
	2016	2015
Service cost-benefits earned during the period	\$ 36,072	\$ 46,557
Interest cost on projected benefit obligation	96,891	88,233
Expected return on plan assets	(80,565)	(72,957)
Amortization of actuarial loss	100,698	93,624
Net periodic pension cost	<u>\$ 153,096</u>	<u>\$ 155,457</u>

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the unaudited condensed financial statements, including the notes thereto, appearing elsewhere in this Form 10-Q, and with the audited financial statements, including the notes thereto, appearing in the Company's 2015 Form 10-K. Certain statements in this report may be deemed "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact that address activities, events or developments that the Company or management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Such statements are based upon certain assumptions and assessments made by management of the Company in light of its experience and its perception of historical trends, current conditions, expected future developments and other factors it believes to be appropriate. The forward-looking statements included in this report are also subject to a number of material risks and uncertainties, including but not limited to economic, governmental, competitive and technological factors affecting the Company's operations, markets, products, services and prices and, specifically, the factors discussed below under "Financing Activities", and "Company Strategy – General" and "Long-Term Strategy", and in Item 1 (Description of Business) of the Company's 2015 Form 10-K under the subheading "Operational Risks". Such forward-looking statements are not guarantees of future performance and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements.

The Company's operating cycle is long-term and includes various types of products and varying delivery schedules. Accordingly, results of a particular period or period-to-period comparisons of recorded revenues and earnings may not be indicative of future operating results. The following comparative analysis should be viewed in this context.

Critical Accounting Policies and Estimates

The Company's financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America. Preparing financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions affect the application of our accounting policies. Actual results could differ from these estimates. Critical accounting policies are those that require application of management's most difficult, subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. The Company's critical accounting policies include revenue recognition on contracts and contract estimates, pensions, impairment of long-lived assets, inventory valuation, and valuation of deferred tax assets and liabilities. For additional discussion of the application of these and other accounting policies, see Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Note 1 of the Notes to the Financial Statements included in the Company's 2015 Form 10-K.

Business Environment

A significant reduction in Department of Defense spending at the federal level known as “sequestration” went into effect in March of 2013. Sequestration has resulted in a contraction of spending across the Department of Defense and has also created uncertainty in our customers about the continuation of funding and about initiating new programs. This uncertainty has led to a far larger reduction in actual spending than the legislated reduction, primarily due to delays in contract awards and the reduction or elimination of some programs. Since the Company derives virtually all its revenues from Government defense business, any delays in contract awards would significantly and adversely affect our future revenues and liquidity. These factors are contributing to a more difficult and more challenging business environment, and have already adversely affected revenues in the quarter reported in this Quarterly Report. This uncertainty as well as the reduction in overall Government spending may continue through this Government fiscal year, ending September 2016, and we can give no assurances that this uncertainty or reduction in spending would end after such fiscal year.

Results of Operations – Revenues

Revenues and earnings for orders for replacement parts and other short term business are recorded when deliveries of product are made and title and risk of loss have been transferred to the customer and collection is probable.

Revenues and estimated earnings under long-term defense contracts (including research and development contracts) are recorded using the percentage-of-completion method of accounting, measured as the percentage of costs incurred to estimated total costs of each contract. These calculations require management to estimate the cost to complete open orders. Changes between those estimates and the actual cost of completion of delivery orders impact the revenue recognition in each reporting period. Estimates are adjusted as necessary on a quarterly basis. For research and development contracts total costs incurred are compared to total expected costs for each contract. As of March 31, 2016 the Company had no uncompleted contracts on which revenue has been recognized on a percentage of completion basis.

For those contracts where revenue has been recognized using the percentage-of-completion method of accounting, provisions for estimated losses on uncompleted contracts are made in the period in which such losses are determined. Changes in job performance, job conditions, and estimated profitability may result in revisions to costs and income and are recognized in the period in which the revisions are determined.

Revenues for the third quarter of fiscal year 2016 (the three month period ended March 31, 2016) were \$896,557 lower when compared to the third quarter of fiscal year 2015 (the three month period ended March 31, 2015). The decrease in revenues was principally due to decreased levels of shipments of power products (generator sets), rod meters and replacement parts, partly offset by increased shipment levels of additional new products, consisting of pumps.

Revenues for the nine months ended March 31, 2016 were \$565,443 lower when compared to the nine month period ended March 31, 2015. The decrease in revenues was principally due to decreased levels of shipments of rod meters, replacement parts and power products (generator sets) partly offset by increased levels of shipments of additional new products, consisting of pumps, bead breakers and conveyors.

For the three months ended March 31, 2016 production efforts to provide the Armed Forces with power products provided approximately 19% of revenues compared to approximately 69% for the third quarter of fiscal year 2015. Pumps, bead breakers and conveyors provided approximately 69% of revenues for the third quarter of fiscal year 2016 and provided approximately 15% of revenues in the third quarter of fiscal year 2015. Replacement parts and rod meters provided approximately 12% of revenues for the third quarter of fiscal year 2016 and approximately 16% of revenues for the same period in fiscal year 2015. The Company had no revenues from customer sponsored research and development in either of the three months ended March 31, 2016 or March 31, 2015.

For the nine months ended March 31, 2016, production efforts to provide the Armed Forces with power products provided approximately 35% of revenues compared to approximately 55% for the nine months ended March 31, 2015. Pumps, bead breakers and conveyors provided approximately 43% of revenues for the nine months ended March 31, 2016 and approximately 16% of revenues in the same period in 2015. Replacement parts and rod meters provided approximately 22% of revenues for the nine months ended March 31, 2016 and approximately 28% of revenues for the same period in fiscal year 2015. The Company had no revenues from customer sponsored research and development for the nine months ended March 31, 2016 and approximately 1% of revenues in the nine months ended March 31, 2015.

For further discussion of management initiatives regarding revenues see "Company Strategy" below.

The aggregate value of the Company's backlog of sales orders was \$3.0 million on March 31, 2016. The Company's backlog of sales orders was \$4.3 million on March 31, 2015. It is estimated that a significant portion of the present backlog will be billed during the next 3 months and be recognized as fiscal year 2016 revenues with the balance being recognized in fiscal years 2017 through 2019.

Gross Profit

Gross profit is affected by a variety of factors including, among other items, sales volume, product mix, product pricing, and product costs.

The Company earned a gross profit of \$196,226 or 24% of revenues for the three month period ended March 31, 2016 compared to a gross profit of \$431,580 or 25% of revenues for the same three month period in 2015. The lower gross profit for the three months ended March 31, 2016 was the result of lower sales and production volume, primarily of power products (generator sets), replacement parts and rodmeters, partly offset by increased sales of pumps and conveyors.

For the nine month period ended March 31, 2016 the Company's gross profit was \$1,018,299 or 27% of revenues compared to a gross profit of \$1,180,427 or 28% of revenues for the nine month period ended March 31, 2015. The lower gross profit for the nine months ended March 31, 2016 was the result of lower sales and production volume, primarily of power products, replacement parts and rodmeters, partly offset by increased sales of bead breakers, pumps and conveyors.

Selling, General and Administrative Expenses

Selling, General and Administrative expenses for the three months ended March 31, 2016 were \$442,303 or 54% of revenues compared to \$443,063 or 26% of revenues for the three month period ended March 31, 2015. The most significant changes in expense and the approximate amount of the changes were a decrease in corporate expense (\$43,000), partly offset by an increase in legal expense and professional fees (\$42,000).

Selling, General and Administrative expenses for the nine months ended March 31, 2016 were \$1,378,866 or 37% of revenues compared to \$1,395,154 or 33% of revenues for the nine month period ended March 31, 2015. The most significant changes in expense and the approximate amount of the changes were a decrease in general corporate expense (\$115,000), partly offset by increases in consulting expense (\$96,000).

Interest Expense

For the three month period ended March 31, 2016 the Company had interest expense of \$5,646 compared to \$2,951 of interest expense in the three month period ended March 31, 2015.

For the nine month period ended March 31, 2016 the Company had interest expense of \$14,618 compared to \$6,847 of interest expense in the nine month period ended March 31, 2015.

Other Income/Expense – Net

Amounts reported as other income or expense represent the net effect of interest income and miscellaneous items such as the sale of scrap, bank transaction fees and other like items.

Other income of \$76,408 for the three months ended March 31, 2016 was primarily comprised of a refund of previously paid property taxes as a result of a recently approved tax appeal, partly offset by bank fees.

Other expense of \$74,403 for the nine months ended March 31, 2016 was primarily comprised of a refund of previously paid property taxes as discussed above, partly offset by bank fees.

Net Loss Before Income Taxes

For the three months ended March 31, 2016 net loss before income taxes was \$199,783. For the three months ended March 31, 2015 net loss before income taxes was \$10,154.

Net loss for the three months ended March 31, 2016 was higher when compared to the same period last year due primarily to the result of a decrease in revenues as discussed above and an increase in selling, general and administrative expenses as discussed above.

For the nine months ended March 31, 2016 net loss before income taxes was \$325,250. For the nine months ended March 31, 2015 net loss before income taxes was \$217,999.

Net loss for the nine months ended March 31, 2016 was higher when compared to the same period last year primarily as the result of an decrease in revenues as discussed above.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax bases of assets and liabilities and their financial statement reported amounts and for tax loss and credit carry-forwards.

A valuation allowance is provided against deferred tax assets when it is determined to be more likely than not that these amounts will not be realized.

The Company has provided a full valuation allowance against its net deferred tax assets as it believes that it is more likely than not that it will not realize these tax attributes. As of March 31, 2016 the Company had approximately \$1,165,000 and \$147,000 of federal and state net deferred tax assets, respectively, primarily arising from net operating loss carry-forwards, expiring beginning in 2017. In the nine month period ended March 31, 2016 these federal and state net deferred tax assets increased by approximately \$111,000 and \$20,000, respectively, as a result of a net loss for the period.

Liquidity and Capital Resources

Historically, the Company's capital expenditures, debt servicing requirements and working capital needs have been financed by cash flow from operations, progress payments on various Government contracts (based on cost incurred) and a line of credit, described under "Financing Activities" below. As of March 31, 2016, the Company had no material capital expenditure commitments. Management believes that the Company's current cash and its line of credit, combined with progress payments as well as billings at the time of delivery of products will be sufficient to support short-term liquidity requirements, working capital needs and capital expenditures at their current or expected levels. However, if our performance expectations fall short (including our failure to generate expected levels of sales) or our expenses exceed expectations, or if the commitment under the Line of Credit becomes unavailable, we may need to secure additional financing and/or reduce our expenses to continue our operations. Our failure to do so would have a material adverse impact on our prospects and financial condition. There can be no assurance that any contemplated additional financing will be available on terms acceptable to us, if at all. If required, we believe we would be able to reduce our expenses to a sufficient level to continue to operate as a going concern.

At March 31, 2016, the Company's working capital was \$1,764,870 compared to \$2,085,367 at June 30, 2015.

The ratio of current assets to current liabilities was 2.21 to 1 at March 31, 2016 and 2.23 to 1 at June 30, 2015.

The following table is a summary of the Statements of Cash Flows in the Company's Financial Statements:

	Nine Months ended March 31,	
	2016	2015
Net cash provided by/(used in)		
Operating activities	\$ 21,867	\$ 174,380
Investing activities	(22,681)	(34,437)
Financing activities	-	-

Operating Activities:

Adjustments to reconcile net loss to net cash provided by/used in operations are presented in the Condensed Statements of Cash Flows in the Company's Financial Statements.

Net cash provided by operating activities in the nine month period ended March 31, 2016 was principally due to a decrease in accounts receivable and an increase in accrued pension costs and was partly offset by the net loss, increases in inventory and prepaid expenses and other current assets, and decreases in trade accounts payable, accrued expenses and other liabilities.

Net cash provided by operating activities in the nine month period ended March 31, 2015 was principally due to a decrease in accounts receivable and an increase in accrued expenses and other liabilities and accrued pension costs, partly offset by the net loss, increases in inventory and prepaid expenses and other current assets, and decreases in trade accounts payable.

The Company expenses its research and development costs as incurred. These costs consist primarily of salaries and material costs. For the nine months ended March 31, 2016 and March 31, 2015, the Company expensed \$0 and \$3,079 respectively, of research and development costs. Research and development projects performed under contract for customers are billed to the customer and are recorded as contract costs as they are incurred.

Investing Activities:

During the first nine months of fiscal 2016, the Company used net cash of \$22,681 in investing activities. The entire amount was used for capital expenditures, principally for the acquisition of production equipment tooling, computers and building improvements.

During the first nine months of fiscal 2015, the Company used net cash of \$34,437 in investing activities. The entire amount was used for capital expenditures, principally for the acquisition of production and test equipment, computers and software.

Financing Activities:

On April 27, 2009 the Company entered into a \$500,000 line of credit with TD Bank, NA. On November 2, 2011, the Company and the Bank entered into a modification of the Line of Credit, effective as of October 31, 2011, which reduced the maximum borrowing amount to \$375,000, removed the minimum interest rate of 4.25% on outstanding borrowings and extended the Line of Credit to November 30, 2012. No other terms of the Company's April 27, 2009 revolving term note to the Bank were changed. On November 16, 2012, the Company and the Bank entered into a further modification of the Line of Credit, effective as of November 30, 2012, which returned the maximum borrowing amount to \$500,000 and extended the Line of Credit to November 30, 2013. No other terms of the Company's revolving term note to the Bank (previously amended and restated as of October 31, 2011) were changed.

On November 8, 2013, the Company and the Bank entered into a modification of the Line of Credit, effective November 15, 2013, to temporarily increase the maximum borrowing amount under the Line of Credit from \$500,000 to \$1,000,000 for the six month period November 15, 2013 to May 15, 2014 (after which it returned to \$500,000). At the same time the Company and the Bank entered into a further modification of the Line of Credit, effective as of November 30, 2013, to extend the Line of Credit to November 30, 2014. In each case, no other terms of the Company's revolving term note to the Bank (previously amended and restated as of November 30, 2012) were changed.

On November 30, 2014, the Bank notified the Company that it had extended the term of the Line of Credit from November 30, 2014 to November 30, 2015; and on December 1, 2015, the Bank notified the Company that it had extended the Line of Credit for another year, to November 30, 2016. In each case, no other terms of the Company's revolving term note to the Bank (previously amended and restated as of November 8, 2013) were changed.

The Company did not use any cash in financing activities during the nine-month period ended March 31, 2016. During the fiscal year ended June 30, 2015, following the repayment described in the following paragraph, the Company borrowed \$500,000 under the Line of Credit, all of which was outstanding as of March 31, 2016.

During the nine-month period ended March 31, 2015 the Company repaid \$500,000 and subsequently borrowed \$500,000 under the Line of Credit, all of which was outstanding as of March 31, 2015.

The Line of Credit provides among other things for an annual interest rate on borrowings equal to the Bank's prime rate plus one (1.00) percent and is subject to customary representations, covenants, and default provisions in favor of the Bank. Any loans drawn under the Line of Credit are secured by a first lien on all of the Company's accounts receivable, machinery, equipment, other personal property and Commercial Mortgages on the Company's real property. The rate applicable to the Line of Credit at March 31, 2016 was approximately 4.50%. The Company has previously utilized the Line of Credit during periods of increased production requirements and anticipates that it will continue to utilize this credit facility during future periods of peak production activity.

The Company owns approximately 90 acres of land and the building, which it occupies in Bergen County, New Jersey, adjacent to an interchange of Interstate Route 287. The Company is continuing to actively pursue possible methods of monetizing 68 undeveloped and unused acres of this property, by its sale and/or development. This endeavor has become more complex with the implications of New Jersey's "Highlands Water Protection and Planning Act".

The Act identifies approximately 400,000 acres of New Jersey as The Highlands Preservation Area. Pursuant to the statute, this area has the most onerous restrictions on future development. The Company's property is in this area, and further development would not be permitted without a waiver or other relief from the State. The Company continues to believe that there are strong reasons why its property should not be subject to the severe restrictions of the preservation area, and is attempting to affect a solution.

Since the Act was passed in June of 2004, the State repeatedly delayed promulgation of final regulations and a master plan. Originally expected in 2005, final regulations and a master plan were approved by the Governor on September 5, 2008. At the same time the Governor issued executive order 114 further defining the framework by which the Highlands Council, other State agencies, and both county and municipal governments are to work together. The Company believes that a regulatory environment has developed within which monetization of the land may be possible. In light of these events, the Company is actively assessing its options. However, no assurances can be given that the Company's efforts will be successful, that a satisfactory valuation will be achieved, or that resolution will be timely.

In May 2008, the Company entered into a contract to sell a small parcel of land, approximately 7 acres, for \$205,000. The land is physically separated from the main parcel of the Company's property by an interstate highway and is contained within the Highlands Preservation Area. Among other things, the sale of the land is subject to approval for development by the Highlands Commission and various state and local government agencies. Accordingly, the Company can make no assurance that the sale will be successfully consummated or, if consummated, the timing thereof.

In November 2011, the Company and the buyer extended the sales contract described above until December 31, 2012 to allow the buyer additional time to gain the required approvals for development. In recognition of the additional expense on the part of the buyer to obtain the required development approvals the Company agreed to lower the contract price of the parcel by \$50,000 to \$155,000. In January 2013, the Company and the buyer further extended the sales contract until December 31, 2013 to allow the buyer additional time as described above. In January 2015 the Company and the buyer further extended the sales contract until December 31, 2015. In January 2016 the Company and the buyer further extended the sales contract until December 31, 2016. However, the Company can make no assurances that the required approvals will be granted, or if granted, the timing thereof.

Accounting Standards Updates

Refer to Note 2. *Accounting Standards Updates* in the Notes to the Condensed Financial Statements section of this Quarterly Report.

Company Strategy - General

Beginning in March of 2013 the environment for Department of Defense contracting business has changed significantly with greatly reduced spending and delays in awarding contracts. This reduced level of business opportunities directly with the U.S. government, as well as with other Department of Defense contractors, has continued into the government's fiscal year ending September 30, 2016, and we can give no assurances that this uncertainty or reduction in spending will end after such fiscal year. Effects of this changed environment have resulted in a continued decrease in the Company's revenues from sales of generator sets to the U.S. Government and other government contractors. In this changing business environment the Company has been pursuing new opportunities through foreign military sales and an expansion of its product offerings, most notably with the acquisition of certain product lines from Goodman Ball Incorporated ("Goodman Ball") as discussed below under "Long-Term Strategy". The results of these efforts are reflected in the composition of the Company's backlog at March 31, 2016.

The Company's March 31, 2016 backlog of approximately \$3.0 million consisted of approximately \$1.8 million of the Company's traditional products, consisting of power products and replacement parts, and approximately \$1.2 million of additional new products noted above under "Revenues," with deliveries scheduled between January 2016 and July 2018.

The Company also continues to work toward selling its 2kW generators through the General Services Administration's GSA.gov website (as described below) as well as through other websites and sales channels. In order to support these efforts the Company has begun to build generators for inventory in order to have them available for immediate delivery.

Long-Term Strategy

The Company has many years of experience in contracting with the Department of Defense and has been successful in obtaining many contracts to provide a wide array of products and services. Management believes that this experience is a significant positive competitive factor. Management is continuing to explore other areas of business with the Department of Defense, which are capable of providing stability and growth.

The Company has been focused within the market for military compact diesel power generation and is expanding its capabilities to also include power management solutions aimed at delivering power systems with high fuel efficiency that are engineered for operation in austere environments or for unattended operation over extended periods. Although no assurances can be made that this new initiative will be successful, management believes it is a strong addition to the Company's long-term strategy for growth and targeted diversification. This strategy has three parts: 1) growing the Company's profitability in areas where the Company already has a strong presence, 2) focused diversification into related markets with existing products and capabilities, and 3) further taking advantage of the Company's strengths by additional expansion into related product categories.

The Company faces competition in many areas and from companies of various sizes, capabilities and resources. Competitive factors include product quality, technology, product availability, price, and customer service. Management believes that the reputation of the Company in these areas provides a significant positive competitive factor. As part of its overall business strategy management is continuing to expand and reinforce customer awareness of the Company's current and past performance as a Department of Defense supplier, its product quality and reliability, and its historically strong customer relationships.

The Company's 10 year indefinite delivery, indefinite quantity contract with the U.S. Army to supply 2kW generator sets expired at the end of November 2013 and deliveries of orders received under this contract have been completed. The Company engaged in negotiations with the U.S. Army for a new three year, sole source, indefinite quantity/indefinite delivery contract to produce 2kW generators; however, on May 1, 2014, the Company was notified that the U.S. Army no longer intended to award this contract. The Company anticipates that the Government will continue to require the Company's 2kW generators, however we are unable to predict whether, when, or to what extent the Government will place orders for these generators. On May 6, 2014 the United States General Services Administration awarded the Company a five year contract to make the Company's 2kW generator sets available for purchase for national defense purposes by the Department of Defense and other branches of the U.S. Government on the GSA.gov website or by individual "Purchase Orders". The Company also continues to work to make these generators available through other websites and sales channels.

In approaching the second and third strategic objectives of targeted diversification, the Company is attempting to capitalize on its previous investments in technology to obtain business in related military power markets and to expand into related military product categories.

On February 20, 2013 the Company announced the purchase of certain assets, rights of manufacture and intellectual property from Goodman Ball, a maker of military equipment based in Menlo Park, California. As part of this transaction, among other things, the Company agreed to assume responsibility to maintain certain Goodman Ball contracts with the U.S. Department of Defense that pertain to the acquired product lines, and it took possession of some of Goodman Ball's existing inventory for these product lines on a consignment basis and agreed to pay Goodman Ball as the inventory is sold to customers. The product lines acquired do not compete with existing product lines of the Company.

The Company believes that, by adding Goodman Ball products to the Company's list of offerings, this transaction provides a number of opportunities relating to the first and second strategic objectives described above (growing profitability in areas where the Company already has a strong presence and expanding into related markets). At the time of the acquisition, Goodman Ball had no backlog of production orders for these products. The Company made sales for \$2,127,000 of these products in the nine month period ended March 31, 2016, and as of March 31, 2016 has orders for an additional \$1,175,000 of these products in backlog. It is estimated that approximately \$300,000 of this Goodman Ball products backlog will be billed during the next 3 months and be recognized as fiscal year 2016 revenues with the balance being recognized in fiscal years 2017 through 2019.

The Company continues to act on the second strategic objective, working to expand into related power markets. Using our expertise in Direct Current power generation we have expanded our capabilities to include entire power systems integrating our traditional diesel power generation with renewable power sources, energy storage, power distribution and power management. The solutions remain man-portable or of similar scale, and management believes that our best opportunities involve isolated locations or unattended operation. For example, we are providing power for another company's trailer mounted military remote monitoring systems. This type of integration delivers fuel savings as compared to traditional diesel generators while also enabling the optional integration of opportunistic power sources such as solar and wind. These accomplishments build on the Company's previous accomplishments with vehicle mounted auxiliary power units, while also working with a growing group of partner companies. Management believes these activities can lead to expanded business with new types of military power requirements while also increasing our technical capabilities.

ITEM 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company carried out, under the supervision and with the participation of the Company's management, including its Chief Executive Officer and Controller, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the fiscal quarter covered by this Form 10-Q. Based upon that evaluation, the Chief Executive Officer and Controller concluded that, as of March 31, 2016, the design and operation of the Company's disclosure controls and procedures were effective.

Nonetheless, a control system, no matter how well designed and operated, cannot provide absolute assurance that the objectives of the control system are met, and no evaluation of controls can provide absolute assurance that all control issues have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fiscal quarter ended March 31, 2016 that materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

Item 6. Exhibits

See the accompanying Index to Exhibits to this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE DEWEY ELECTRONICS CORPORATION

Date: May 16, 2016

By: /s/ John H.D. Dewey

John H.D. Dewey
President and Chief Executive Officer

Date: May 16, 2016

/s/ Donna Medica

Donna Medica
Controller

INDEX TO EXHIBITS

The following exhibits are included with this report. For convenience of reference, exhibits are listed according to the numbers assigned in the Exhibit table to Regulation S-K.

Exhibit No.	Description
<u>31.1</u>	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>31.2</u>	Certification of Controller Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
<u>32.1</u>	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
<u>32.2</u>	Certification of Controller pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John H. D. Dewey, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Dewey Electronics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2016

By: /s/ John H.D. Dewey
John H.D. Dewey, President/CEO

**CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Donna Medica, certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Dewey Electronics Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2016

By: /s/ Donna Medica
Donna Medica, Controller

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of The Dewey Electronics Corporation (the "Corporation") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John H. D. Dewey, Chief Executive Officer of the Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ John H.D. Dewey

John H. D. Dewey, Chief Executive Officer

Date: May 16, 2016

A signed original of this written statement required by Section 906 has been provided to The Dewey Electronics Corporation and will be retained by The Dewey Electronics Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of The Dewey Electronics Corporation (the "Corporation") on Form 10-Q for the period ended March 31, 2016 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donna Medica, Controller of the Corporation, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation.

/s/ Donna Medica

Donna Medica, Controller

Date: May 16, 2016

A signed original of this written statement required by Section 906 has been provided to The Dewey Electronics Corporation and will be retained by The Dewey Electronics Corporation and furnished to the Securities and Exchange Commission or its staff upon request.