

# SECURITIES & EXCHANGE COMMISSION EDGAR FILING

## DEWEY ELECTRONICS CORP

**Form: 10-Q**

**Date Filed: 2016-11-10**

Corporate Issuer CIK: 28561

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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 September 30, 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	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>

(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: 1,366,731 at October 26, 2016.

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## ITEM 1.CONDENSED FINANCIAL STATEMENTS

THE DEWEY ELECTRONICS CORPORATION  
CONDENSED BALANCE SHEETS

	SEPTEMBER 30, 2016 (unaudited)	JUNE 30, 2016
<b>ASSETS:</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 496,376	\$ 539,742
Accounts receivable	198,953	497,862
Inventories	2,073,614	1,889,908
Prepaid expenses and other current assets	95,958	106,047
<b>TOTAL CURRENT ASSETS</b>	<b>2,864,901</b>	<b>3,033,559</b>
<b>PLANT, PROPERTY AND EQUIPMENT:</b>		
Land and improvements	651,015	651,015
Building and improvements	1,957,815	1,957,815
Machinery and equipment	3,342,690	3,342,690
Furniture and fixtures	268,700	268,700
	6,220,220	6,220,220
Less accumulated depreciation	(5,396,110)	(5,386,655)
	824,110	833,565
<b>DEFERRED COSTS</b>	<b>65,095</b>	<b>65,095</b>
<b>TOTAL ASSETS</b>	<b>\$ 3,754,106</b>	<b>\$ 3,932,219</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY:</b>		
<b>CURRENT LIABILITIES:</b>		
Note payable – current portion	\$ 250,000	\$ -
Trade accounts payable	80,477	123,495
Accrued expenses and other liabilities	208,993	236,665
Accrued compensation and benefits payable	152,621	152,573
Accrued pension costs	310,860	301,229
<b>TOTAL CURRENT LIABILITIES</b>	<b>1,002,951</b>	<b>813,962</b>
<b>LONG-TERM PENSION LIABILITY</b>	<b>981,640</b>	<b>1,012,005</b>
<b>TOTAL LIABILITIES</b>	<b>1,984,591</b>	<b>1,825,967</b>
<b>STOCKHOLDERS' EQUITY:</b>		
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 1,366,731 shares and 1,362,031 shares outstanding at September 30, 2016 and June 30, 2016, respectively	16,934	16,934
Additional paid-in capital	2,883,970	2,882,842
Retained earnings	171,608	546,747
Accumulated other comprehensive loss	(822,878)	(853,243)
	2,249,634	2,593,280
Less: Treasury stock of 326,666 shares and 331,366 shares at September 30, 2016 and June 30, 2016, respectively, at cost	(480,119)	(487,028)
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<b>1,769,515</b>	<b>2,106,252</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 3,754,106</b>	<b>\$ 3,932,219</b>

See accompanying notes to condensed financial statements

THE DEWEY ELECTRONICS CORPORATION  
CONDENSED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	THREE-MONTHS ENDED SEPTEMBER 30,	
	2016	2015
Revenues	\$ 473,225	\$ 1,205,032
Cost of revenues	535,252	802,549
Gross (loss)/profit	(62,027)	402,483
Selling, general & administrative	317,578	448,363
Operating loss	(379,605)	(45,880)
Interest expense	--	(3,601)
Other income/(expense) – net	4,466	(870)
Loss before income taxes	(375,139)	(50,351)
Provision for income tax	--	--
NET LOSS	<u>\$ (375,139)</u>	<u>\$ (50,351)</u>
NET LOSS PER COMMON SHARE-BASIC	\$ (0.27)	\$ (0.04)
NET LOSS PER COMMON SHARE-DILUTED	\$ (0.27)	\$ (0.04)

Weighted average number of shares outstanding:

Basic	1,366,731	1,362,031
Diluted	1,366,731	1,362,031

CONDENSED STATEMENTS OF COMPREHENSIVE LOSS  
(UNAUDITED)

	THREE MONTHS ENDED SEPTEMBER 30,	
	2016	2015
Other comprehensive loss		
Net loss	\$ (375,139)	\$ (50,351)
Amortization of actuarial gains and losses	30,365	33,566
Comprehensive loss	<u>\$ (344,774)</u>	<u>\$ (16,785)</u>

See accompanying notes to condensed financial statements

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

	THREE-MONTHS ENDED SEPTEMBER 30,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net loss	\$ (375,139)	\$ (50,351)
Adjustments to reconcile net loss to		
Net cash used in operating activities:		
Depreciation	9,455	9,145
Provision for inventory reserve	87,448	6,577
Decrease in accounts receivable	298,909	739,560
Increase in inventories	(271,154)	(402,115)
Decrease in prepaid expenses and		
other current assets	10,089	5,371
Decrease in trade accounts payable	(43,018)	(62,308)
Decrease in accrued expenses and other liabilities	(27,672)	(237,096)
Increase/(decrease) in accrued compensation and		
benefits payable	48	(50,307)
Increase/(decrease) in accrued pension costs	9,631	(2,743)
Total adjustments	73,736	6,084
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(301,403)</b>	<b>(44,267)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Expenditures for plant, property and equipment	--	(9,553)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>--</b>	<b>(9,553)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from short term borrowings	250,000	--
Proceeds from exercise of stock options	8,037	--
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>258,037</b>	<b>--</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(43,366)</b>	<b>(53,820)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>539,742</b>	<b>347,598</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$ 496,376</b>	<b>\$ 293,778</b>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Interest paid	\$ --	\$ 3,601

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, 2016 (the "2016 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 September 30, 2016, and the results of operations and cash flows for the three-months then ended. The results of operations and cash flows for the period ended September 30, 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, 2017.

As of September 30, 2016, there have been no material changes to any of the significant accounting policies described in our 2016 Form 10-K.

Liquidity

During the three months ended September 30, 2016, the Company had a net loss of approximately \$375,000 and net cash outflows from operations of approximately \$301,000. Net cash outflows were principally due to the net loss, increases in net inventories, and decreases in trade accounts payable and accrued expenses and other liabilities, and were partly offset by a decrease in accounts receivable.

The Company believes that the Company's current cash and its line of credit, which currently expires November 30, 2017, 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 September 30, 2016 and 2015 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 de-recognition.



## 2. Accounting Standards Updates Not Yet Effective

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers, which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. This ASU requires an entity to recognize revenue depicting the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It will also result in enhanced revenue related disclosures. ASU 2014-09 originally provided that it would be effective for fiscal years, and interim reporting periods within those years, beginning after December 15, 2016. However, in August 2015, the FASB issued Accounting Standards Update (ASU) 2015-14 Revenue from Contracts with Customers - Deferral of Effective Date, which deferred the effective adoption date of "ASU 2014-09" to apply to fiscal years and interim reporting periods within those years beginning after December 15, 2017.

The Company expects to adopt the ASUs described above when effective and is currently evaluating the effect on its financial statements. Other Accounting Standards Updates not described above (or in the Company's 2016 Form 10-K) and first effective after September 30, 2016 are not expected to have a material effect on the Company's financial position or results of operations.

## 3. Inventories

Inventories consist of:

	September 30, 2016	June 30, 2016
Finished Goods	\$ 11,420	\$ 66,652
Work In Progress	1,085,344	944,267
Raw Materials	976,850	878,989
Total	<u>\$ 2,073,614</u>	<u>\$ 1,889,908</u>

## 4. Taxes on Income

The Company has provided a 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. The Company has approximately \$1,125,000 and \$141,000 of federal and state net deferred tax assets respectively, primarily arising from net operating loss carryforwards, expiring beginning in 2017. In the three month period ended September 30, 2016 these federal and state net deferred tax assets increased by approximately \$128,000 and \$23,000, 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 table below sets forth the reconciliation of the numerators and denominators of the basic and diluted net loss per common share computations. For the three months ended September 30, 2016 and September 30, 2015, respectively, all outstanding stock options (16,000 shares on September 30, 2016 and 33,200 shares on September 30, 2015) were excluded from the computation of earnings per share due to their anti-dilutive effect.

	Three-months Ended September 30,					
	2016			2015		
	Net Loss	Shares	Per Share Amount	Net Loss	Shares	Per Share Amount
Basic net loss						
per common share	\$ (375,139)	1,366,731	\$ (.27)	\$ (50,351)	1,362,031	\$ (.04)
Effect of dilutive Securities	--	--	--	--	--	--
Diluted net loss per common share	<u>\$ (375,139)</u>	<u>1,366,731</u>	<u>\$ (.27)</u>	<u>\$ (50,351)</u>	<u>1,362,031</u>	<u>\$ (.04)</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. 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 quarter of fiscal 2017 (quarter ended September 30, 2016) or in the first quarter of fiscal 2016 (quarter ended September 30, 2015). The Company recorded no stock option compensation expense for either of the three month periods ended September 30, 2016 or September 30, 2015.

For the full fiscal year ending June 30, 2017, 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 quarter ended September 30, 2016 are as follows:

	Shares	Weighted Average Exercise Price
Beginning balance	20,700	\$ 1.92
Granted	--	--
Exercised	(4,700)	1.71
Cancelled or expired	--	--
Ending balance	16,000	1.98
Options exercisable at end of period	16,000	1.98

#### 7. Notes Payable

The Company maintains a line of credit (the "Line of Credit") with TD Bank, NA (the "Bank") for \$500,000. On November 4, 2016, the Bank notified the Company that it has extended the Line of Credit, which was due to expire on November 30, 2016, for an additional year ending November 30, 2017. No other terms of the Company's revolving term note to the Bank were changed.

The Line of Credit provides among other things for an annual interest rate on borrowings equal to the Bank's prime rate plus 1.00% 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 September 30, 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 September 30, 2016, the Company had \$250,000 of outstanding borrowings against the Line of Credit.

#### 8. Pension Plan

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

	THREE-MONTHS ENDED SEPTEMBER 30,	
	2016	2015
Service cost-benefits earned during the period	\$ 13,894	\$ 12,024
Interest cost on projected benefit obligation	29,745	32,297
Expected return on plan assets	(26,623)	(26,855)
Amortization of actuarial loss	30,365	33,566
Net periodic pension cost	\$ 47,381	\$ 51,032

## 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 2016 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 "Long-Term Growth Strategy", and in Item 1 (Business) of the Company's 2016 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 and estimates 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 2016 Form 10-K.

Business Environment:

Automatic budget cuts, known as "sequestration", began in March of 2013 and have resulted in significant contraction of spending across the Department of Defense. They have also created uncertainty in our customers about the continuation of funding for our products and the availability of funding to initiate new programs. This uncertainty has led to a far larger reduction in actual spending than just the legislated or mandated sequestration reduction, primarily due to delays in contract awards and the reduction or elimination of some programs. In addition to sequestration cuts, over the last few years U.S. forces returned from Iraq and Afghanistan with excess generators that lessened the need for replacements. This excess equipment, combined with a strategic regrouping within the Department of Defense around global combat, has continued the uncertainty and contraction of the market for global power products.

The foregoing factors are contributing to a more difficult and more challenging business environment. This uncertainty as well as the reduction in overall Government spending may continue through this Government fiscal year, beginning October 1, 2016, and we can give no assurances that this uncertainty or reduction in spending would end after such fiscal year.

For additional information, please refer to Item 1 (Business) of the Company's 2016 Form 10-K.

#### 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 September 30, 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.

For the three months ended September 30, 2016, production efforts to provide power products to the U.S. Department of Defense, Government contractors, and foreign militaries, which includes diesel operated tactical generator sets and associated equipment, was approximately \$354,000 or 75% of revenues compared to approximately \$501,000 or 42% of revenues for the three months ended September 30, 2015. Non-power products including replacement parts and other short-term business accounted for \$120,000 or 25% of revenues in the three months ended September 30, 2016 and approximately \$704,000 or 58% of revenues for the same period in fiscal year 2016. Customer funded research and development efforts provided no revenues in either of the first quarters of fiscal years 2017 and 2016.

Overall, revenues for the first quarter of fiscal year 2017 (the three month period ended September 30, 2016) were approximately \$732,000 lower when compared to the first quarter of fiscal year 2016. Almost two-thirds of the reduction was attributable to non-power products, where orders that were booked to ship in the first quarter of fiscal year 2017, instead shipped at the end of fiscal year 2016. The rest of this reduction resulted from decreases in customer orders for power products. Management believes that shipments for non-power products will increase in the remaining three quarters of fiscal year 2017 resulting in annual sales below fiscal year 2016 levels but exceeding those of fiscal year 2015. In addition, management believes that shipments for power products will continue to lag behind fiscal 2016 levels through the third quarter of fiscal year 2017 but that a substantial increase in shipments of these products in the fourth quarter will produce annual sales that are consistent with fiscal 2016 levels.

The above estimates for future periods are based on orders that management expects to receive but have not yet been received. No assurances can be made that such orders will be received and, to the extent received, the timing thereof.

For further discussion regarding business environment and management initiatives see “Long-Term Growth Strategy” below.

The aggregate value of the Company’s backlog of sales orders was \$2.2 million on September 30, 2016. The Company’s backlog of sales orders was \$3.2 million on September 30, 2015. Most of the reduction in backlog is due to the decrease in orders for power products discussed above. It is estimated that a significant portion of the present backlog will be billed during the next 9 months and be recognized as fiscal year 2017 revenues with the balance being recognized in fiscal years 2018 through 2020.

#### 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 had a gross loss of \$62,027 or (13.1%) of revenues for the three months ended September 30, 2016 compared to a gross profit of \$402,483 or 33% of revenues for the same period in fiscal year 2016. The gross loss for the first quarter of fiscal year 2017 was primarily due to a decrease in overall sales of both power and non-power products resulting in production levels which were below those necessary to absorb overhead. This resulted in unallocated overhead being expensed in the first quarter of fiscal year 2017. Management expects factory production to increase in the remainder of this fiscal year to levels similar to the prior fiscal year, and therefore the gross profit percentage to largely recover.

#### Selling, General and Administrative Expenses

Selling, General and Administrative Expenses for the first three months of fiscal year 2017 were \$317,578 or 67% of revenues compared to \$448,363 or 37% of revenues in the first three months of fiscal year 2016. The most significant changes in expense and the approximate amounts of the changes were decreases in consulting fees \$71,000, compensation \$30,000, recruiting fees \$23,000 and other \$7,000.

#### Loss Before Income Taxes

Loss before income taxes was \$375,139 for the three months ended September 30, 2016. Loss before income taxes was \$50,351 for the three months ended September 30, 2015.

#### 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 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. The Company has approximately \$1,125,000 and \$141,000 of federal and state net deferred tax assets respectively, primarily arising from net operating loss carryforwards, expiring beginning in 2017. In the three month period ended September 30, 2016 these federal and state net deferred tax assets increased by approximately \$128,000 and \$23,000, 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 September 30, 2016, the Company had no material capital expenditure commitments. Management believes that the Company's current cash and its line of credit, which (as described under "Financing Activities" below) currently expires on November 30, 2017, 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 September 30, 2016, the Company's working capital was \$1,861,950 compared to \$2,219,597 at June 30, 2016.

The ratio of current assets to current liabilities was 2.86 to 1 at September 30, 2016 and 3.73 to 1 at June 30, 2016.

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

	<u>Three Months ended September 30,</u>	
	<u>2016</u>	<u>2015</u>
Net cash provided by(used in)		
Operating activities	\$ (301,403)	\$ (44,267)
Investing activities	--	(9,553)
Financing activities	258,037	--

#### Operating Activities:

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

Net cash used in operating activities for the three month period ended September 30, 2016 was principally due to the net loss, an increase in net inventories, (due to work in progress on generator sets and non-power products expected to ship this year), and decreases in trade accounts payable and accrued expenses and other liabilities, and was partially offset by a decrease in accounts receivable.

Net cash used in operating activities in the three month period ended September 30, 2015 was principally due to the net loss, increases in inventories, decreases in accrued expenses and other liabilities, accrued compensation and benefits payable, and was partly offset by a decrease in accounts receivable.

The Company expenses its research and development costs as incurred. These costs consist primarily of salaries and material costs. For the three month periods ended September 30, 2016 and September 30, 2015 the Company did not incur any 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 three months of fiscal 2017, no cash was used in investing activities.

During the first three months of fiscal 2016, net cash of \$9,553 was used in investing activities. The entire amount was used for capital expenditures, principally for the acquisition of computers and tooling.

#### Financing Activities:

The Company maintains a \$500,000 line of credit (the "Line of Credit") with TD Bank, NA (the "Bank"). On November 4, 2016, the Bank notified the Company that it has extended the Line of Credit, which was due to expire on November 30, 2016, for an additional year ending November 30, 2017. No other terms of the Company's revolving term note to the Bank were changed.

The Line of Credit provides among other things for an annual interest rate on borrowings equal to the Bank's prime rate plus 1.00% 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 September 30, 2016 was approximately 4.5%. 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 September 30, 2016 the Company has \$250,000 of outstanding borrowings against the Line of Credit. During fiscal year 2015 the Company repaid \$500,000 which it subsequently re-borrowed and the Bank gave the Company a waiver for a temporary technical financial ratio covenant default. During fiscal year 2016 the Company repaid \$500,000. The Company did not use any other cash in financing activities during fiscal years 2016 and 2015.

The Company is exploring avenues to monetize its real estate holdings. For further information, see "Long-Term Growth Strategy" below.



Refer to Note 2. *Accounting Standards Updates Not Yet Effective* in the Notes to the Condensed Financial Statements section of this Quarterly Report.

Long-Term Growth Strategy:

The Company's business environment over the last few years has changed significantly due to governmental and industry developments. There has been a significant reduction in Department of Defense spending for new programs. This reduction began in 2013 with the automatic federal budget cuts called "sequestration". In 2014, the Department of Defense notified us that it no longer would award a prime contract for 2kW generators, leading to a reduction in demand for the Company's power products. Also, over the last few years U.S. forces returned from Iraq and Afghanistan with excess generators thus lessening demand for replacements.

In response to this new business environment, the Company has designed and is rolling out an ambitious, multi-faceted long-term strategy to achieve new opportunities for growth in both existing operations and new directions. In doing so, we will build upon our experience in adapting to this challenging business environment, which has for several years led us to aggressively pursue the diversification of our product lines and our customer base, including an increased focus on sales of non-power products and foreign military sales.

Our new long-term strategy is intended to exploit the Company's existing strengths and build new capabilities in order to increase revenue, market presence and ultimately profitability in both power and non-power products and services. Key elements of our new growth strategy include:

- *Increase Innovation and Extend our Technology Capabilities.* We plan to increase our investment in research and development to prudently and selectively expand and enhance our capabilities of product design and performance in both the power and non-power contexts. We intend to leverage our core competencies in power and related products with developments and applications that will economically allow for new offerings to meet new and different demands in our existing markets.
- *Expand our Sales and Marketing Capabilities.* We intend to increase our investment over time in our sales organization to aggressively pursue existing and new relationships with both domestic and foreign military customers of power and non-power products and services. We believe that with a modest investment in sales and marketing we can exploit our niche presence, reputation and relationships to identify, target and develop new customers and opportunities. We intend to engage one or more experienced sales and/or marketing personnel to guide and implement this initiative. In addition, we intend to pursue strategic acquisitions to enhance and expand relationships with customers and business partners as discussed below.
- *Increase Penetration with Existing Customers.* To complement our sales and marketing initiative above, we intend to focus in particular on recent and existing customers and business partners, including the Department of Defense, who know us as reliable and competitive, to explore new opportunities. Our goal is to demonstrate new and expanded capabilities based in part on the favorable qualities of our existing products and services as well as our strong reputation, to sell additional products and services to our existing customers. We believe that as a relatively small company, we can economically mine existing relationships for new opportunities.

- *Pursue Strategic Acquisitions.* We intend to continue to opportunistically pursue selective acquisitions and joint ventures to extend our presence into new markets with new products and realize operational value from our cost-effective facility, among other benefits. In 2013, the Company acquired 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 obtained certain product lines, contracts with the Department of Defense and its prime contractors, and business destined for foreign militaries. The Company believes that, by adding the product lines to the Company's list of offerings, the acquisition provided a number of opportunities similar to those described above. In fiscal 2016, the Company had sales of \$2.8 million relating to those product lines acquired from Goodman Ball. The Company's long-term strategy includes growth through acquisitions such as the one from Goodman Ball. Beginning last year, the Company increased these acquisition efforts with a focus on other small defense-related companies and/or product lines that fit within the Company's profile and complement our growth goals. In this regard, management believes that the Company's best targets have revenue below \$10 million, manufacturing that can be brought into the Company's factory, products in military power and energy or that relate to our existing non-power products; and customers and/or products that are on established long-term programs. To the extent that such acquisitions are not financed solely out of cash flow from the acquired business, the Company will consider raising acquisition capital, which may include monetizing certain real-estate holdings, either by debt financing or sale.
- *Monetize Real Estate Assets for Growth.* As described in Item 2 (Properties) of the Company's 2016 Form 10-K, the Company's real estate holdings consist of approximately 90 acres of which approximately 68 acres (including approximately 20 acres of flat ground) are not used in our operations. The Company is exploring avenues to monetize and deploy value that is locked up in these assets. As with the strategic acquisitions described above, the Company would consider prudent utilization of such assets to facilitate operational growth that will be more accretive to stockholders in the long term. Such assets also may be monetized to acquire assets such as product lines as opposed to full businesses. The Company will seek guidance from qualified finance professionals to assist in evaluating and facilitating the Company's efforts in this regard.

We are encouraged by the fact that in a recent successful real property tax appeal, our building (including the land used in the Company's operations) was appraised for approximately \$4.5 million, based on comparable values for 49,000 square feet of commercial space. With respect to our unused land, although New Jersey's "Highlands Water Protection Act and Planning Act" currently imposes severe restrictions on development, we believe that there are strong reasons why this property should not be subject to the restrictions on development. Further, while not as valuable a potential use as development, we would consider a transaction with a conservation organization as a means of avoiding the expense and regulatory uncertainties inherent in a development transaction.

- *Recruit, Retain, and Develop Talent.* The Company recognizes the need for excellent personnel in facilitating its multi-pronged growth strategy. Accordingly, in pursuing acquisitions (and depending on our financing situation) we intend to deliberately and selectively focus on the recruitment, development and retention of one or more technically sophisticated personnel, experienced sales and marketing personnel, finance and acquisition personnel, and other personnel, all of whom ideally will be experienced in our industry with companies of similar profile circumstances.

The foregoing components of the Company's long-term growth strategy have been designed to work collectively on an integrated basis, while individually advancing a separate portion of our comprehensive growth plan. While we can give no assurances of success, management believes that it is the right time and in the stockholders' best interests to accelerate and innovate these growth and development efforts. This timing coincides with management's heightened belief that the Company's business prospects are underappreciated and its common stock is undervalued. Management is committed to correcting these misperceptions by aggressively pursuing its long-term growth strategy and continuously evaluating and enhancing its effectiveness.

#### 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 September 30, 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 September 30, 2016 that materially affected, or are reasonably likely to affect, the Company's internal control over financial reporting.

## PART II - OTHER INFORMATION

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Set forth below is information regarding securities sold or issued by us during the three months ended September 30, 2016, that were not registered under the Securities Act of 1933 (the "Securities Act"). Also included is the consideration, if any, received by us for the securities and information relating to the section of the Securities Act, or rule of the Securities and Exchange Commission, under which exemption from registration was claimed.

On September 16, 2016, we issued an aggregate of 4,700 shares of common stock upon the exercise of options for aggregate consideration of \$8,037. The shares of common stock issued upon the exercise of stock options described above were issued under the exemption set forth in Section 4(a)(2) under the Securities Act and Regulation D promulgated thereunder relative to transactions by an issuer not involving any public offering. All recipients either received adequate information about us or had access, through employment or other relationships, to such information.

### Item 5. Other Information

See the discussion of the extension of the Line of Credit to November 30, 2017 in Note 7 . *Notes Payable* in the Notes to the Condensed Financial Statements section of this Quarterly Report.

### Item 6. Exhibits

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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: November 10, 2016

By: /s/ John H.D. Dewey

John H.D. Dewey  
President and Chief Executive Officer

Date: November 10, 2016

/s/ Donna Medica

Donna Medica  
Controller

THE DEWEY ELECTRONICS CORPORATION

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.

Number

10.1	Letter from TD Bank, N.A. extending Line of Credit, dated November 4, 2016
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Controller Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	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
32.2	Certification of Controller pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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CONFORMED PERIOD OF REPORT: 20160930  
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DATE AS OF CHANGE: 20161110

FILER:

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FISCAL YEAR END: 0630

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SEC ACT: 1934 Act  
SEC FILE NUMBER: 000-02892  
FILM NUMBER: 161988130

BUSINESS ADDRESS:

STREET 1: 27 MULLER RD  
CITY: OAKLAND  
STATE: NJ  
ZIP: 07436  
BUSINESS PHONE: 2013374700

MAIL ADDRESS:

STREET 2: 27 MULLER ROAD  
CITY: OAKLAND  
STATE: NJ  
ZIP: 07436

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**Bank**

America's Most Convenient Bank®  
1000 MacArthur Boulevard  
Mahwah, NJ 07430

Date: November 4, 2016

To: Mr. John Dewey  
President & CEO  
The Dewey Electronics Corporation  
27 Mueller Road  
Oakland, NJ 07436

Re: Commercial Line of Credit - Loan #1574730-9001 dated 4/20/2009 in the amount of  
\$500,000.00 (as amended, modified or supplemented, the "Note")

Dear Mr. Dewey,

We are pleased to inform you that pursuant to the terms of the Note referenced above, this letter constitutes written notice that the Note has been renewed for a period of 12 months and shall mature on 11/30/2017 (the "Maturity Date") unless extended in writing by the Bank in its sole and absolute discretion. Borrower hereby acknowledges that usage of the Line of Credit subsequent to the current maturity date is Borrower's acceptance and agreement that the Borrower continues to be legally bound by the loan documents and except as expressly set forth in this letter, all terms, conditions and provisions of the Note and each of the other loan documents, are hereby ratified and confirmed and continue unchanged and in full force and effect.

TD Bank, N.A. thanks you for your business and looks forward to continuing to service your lending needs. If you have any questions with regard to the information contained in this letter, please do not hesitate to contact me at 201-236-6104.

Very Truly Yours,

TD Bank, N.A.

BY: 

Keith Yi, VP & Sr. RM

cc: FileNet

**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: November 10, 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: November 10, 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 September 30, 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: November 10, 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 September 30, 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: November 10, 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.