

January 30, 2015



Consolidated Financial Results For the Fiscal Year Ended December 31, 2014 <under Japanese GAAP>

Company name: Densan System Co., Ltd.
 Stock exchange listing: Tokyo Stock Exchange (First Section), Nagoya Stock Exchange (First Section)
 Code number: 3630
 URL: <http://www.densan-s.co.jp>
 Representatives: Masanao Miyachi, Chairman, Representative Director & CEO
 Yasunori Tanaka, President, Representative Director & COO
 For inquiry: Yuichi Asano, Director & Executive Officer
 TEL: (058)279-3456

Scheduled date of ordinary general meeting of shareholders: March 25, 2015

Scheduled date to commence dividend payments: March 26, 2015

Scheduled date to file Securities Report: March 26, 2015

Preparation of supplementary materials on consolidated financial results: None

Investor meeting presentation: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2014

(January 1, 2014 through December 31, 2014)

(1) Results of Operations

(%: Changes from the previous fiscal year)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2014	26,494	7.9	1,154	13.6	1,163	13.8	685	15.4
December 31, 2013	24,559	5.1	1,016	12.5	1,021	10.1	593	14.8

Note: Comprehensive income:

December 31, 2014: 749 million yen, 10.8%

December 31, 2013: 676 million yen, 21.6%

Fiscal year ended	Net Income per Share	Diluted Net Income per Share	Net Income on Own Capital	Ordinary Income to Total Assets	Operating Income to Net Sales
	yen	yen	%	%	%
December 31, 2014	70.43	70.20	9.4	4.3	4.4
December 31, 2013	63.70	62.53	9.1	4.1	4.1

Reference: Equity-method investment gains or losses:

Year ended December 31, 2014: 1 million yen

Year ended December 31, 2013: 0 million yen

Note: The Company conducted a 1:2 stock split on its common shares with the effective date of July 1, 2013. Net income per share and diluted net income per share above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended December 31, 2012.

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2014	27,350	7,678	27.7	776.68
December 31, 2013	26,396	7,072	26.4	723.51

(TRANSLATION FOR REFERENCE ONLY)

Reference: Equity:

As of December 31, 2014: 7,576 million yen

As of December 31, 2013: 6,981 million yen

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the end of the period
As of	million yen	million yen	million yen	million yen
December 31, 2014	1,130	(978)	53	2,746
December 31, 2013	1,140	(1,183)	625	2,540

2. Cash Dividends on Common Stock

	Cash Dividends per Share					Total Cash Dividends	Dividend Payout Ratio (Consolidated)	Dividend on Net Assets Ratio (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Fiscal year-end	Annual			
Fiscal year ended	yen	yen	yen	yen	yen	million yen	%	%
December 31, 2013	—	20.00	—	10.00	—	188	31.4	2.8
December 31, 2014	—	11.00	—	11.00	22.00	214	31.2	2.9
Fiscal year ending December 31, 2015 (Forecast)	—	11.00	—	12.00	23.00		30.1	

The Company conducted a 1:2 stock split on its common shares with the effective date of July 1, 2013. If adjusted to reflect the number of shares after the stock split, the dividend per share at the end of the second quarter of fiscal year ended December 31, 2013 is 10 yen and the annual dividend amounts to 20 yen.

3. Earnings Forecasts for the Fiscal Year Ending December 31, 2015

(January 1, 2015 through December 31, 2015)

(%: Changes from the corresponding period of the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First six months ending June 30, 2015	14,005	6.5	421	(34.0)	430	(34.0)	265	(29.1)	27.11
Fiscal year ending December 31, 2015	30,000	13.2	1,200	4.0	1,210	4.0	745	8.7	76.33

4. Notes

- (1) Changes in significant subsidiaries during the period (Changes in specified subsidiaries resulting in changes in the scope of consolidation): None
- (2) Changes in accounting policies, estimates, and amendments:
 - (a) Changes due to revisions of accounting standards, etc.: None
 - (b) Changes due to other reasons: None
 - (c) Changes in accounting estimates: None
 - (d) Amendments: None

(3) Number of shares issued (common stock)

(a) Number of shares issued at the end of the period (including treasury stock)

As of December 31, 2014:	10,009,800 shares
As of December 31, 2013:	9,904,100 shares

(b) Number of treasury stock at the end of the period

As of December 31, 2014:	254,854 shares
As of December 31, 2013:	254,854 shares

(c) Average number of shares during the period

Fiscal year ended December 31, 2014:	9,727,052 shares
Fiscal year ended December 31, 2013:	9,319,029 shares

Note: The Company conducted a 1:2 stock split on its common shares with the effective date of July 1, 2013.

Average number of shares during the period above is calculated under the assumption that the stock split had been implemented at the beginning of the fiscal year ended December 31, 2012.

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended December 31, 2014

(January 1, 2014 through December 31, 2014)

(1) Results of Operations

(%: Changes from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal year ended December 31, 2014	25,272	7.0	1,062	8.7	1,071	9.4	641	10.9
December 31, 2013	23,611	3.8	977	10.4	980	7.9	578	12.0

	Net Income per Share	Diluted Net Income per Share
Fiscal year ended	yen	yen
December 31, 2014	65.90	65.68
December 31, 2013	62.03	60.90

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2014	26,766	7,456	27.9	764.41
December 31, 2013	25,976	6,907	26.6	715.83

Reference: Equity:

As of December 31, 2014: 7,456 million yen

As of December 31, 2013: 6,907 million yen

*Disclosure regarding the execution of the audit process

This “Consolidated Financial Results” Report is outside the scope of the audit procedure which is required by the “Financial Instruments and Exchange Act”. Therefore, the audit process has not been completed as of the date of the disclosure of this “Consolidated Financial Results” Report.

* Proper use of forecasts of financial results, and other special matters

The above forward-looking statements regarding earnings forecasts are based on information available as of the date of announcement of this material and certain information judged to be rational so that actual performance may differ materially from those forecasts due to various factors. Please refer to “1. Consolidated Results of Operations and Financial Conditions (1) Analysis of Results of Operations” on page 4 for cautions concerning the use of the earnings forecasts and suppositions that form assumption for the earnings forecasts.

1. Consolidated Results of Operations and Financial Conditions

(1) Analysis of Results of Operations

(a) Results of operations for the fiscal year ended December 31, 2014

In the fiscal year ended December 31, 2014, the Japanese economy continued to gradually recover due to improvements in business results, an increase in investment activities and expansion of employment as a result of economic and monetary policies. However, the outlook of our economy remains uncertain due to a prolonged slump in personal consumption following the rush to purchase before the consumption tax hike.

In such a business environment, under our management policy to create new value to bring customer movement, employee expectations and shareholder satisfaction, Densan Group (“the Group”) has aimed to carry out management schemes, while setting this fiscal year 2014 as a year of great progress in pursuing further business expansion and growth and moving forward.

The outlines of business results of each business segment are as follows:

(Information services business)

In systems integration (“SI”) and software development, sales have increased due to inspections of major contracts, including systems for automatic auctions, sales management systems for advertising and publishing business, gift systems for retail business, POS systems for apparel business and operation systems for energy wholesalers, due to an increase in sales of cloud-related services such as GoogleApps and due to a favorable increase in orders of systems equipments as a result of the rush to buy before the termination of support of Windows XP. In the information services business, gift processing services for post offices and major retailers and outsourcing business of agency business to issue invoices have increased their sales.

As a result, net sales of the information services business increased by 14.3% from the previous fiscal year to 13,929 million yen and operating income was up 16.6% from the previous fiscal year to 696 million yen.

(Payment agency services business)

In payment agency services, acquisition of new customers and expansion of payment agency representative services have steadily increased. However, sales increased slightly due to not only downsizing movement of some mail-order business companies but also an impact of decrease in the recorded amount of sales in credit card settlement as a result of a change in accounting standards*.

As a result, the net sales of payment agency services business increased by 1.6% from the previous fiscal year to 125,64 million yen and operating income increased by 13.7% from the previous fiscal year to 509 million yen.

Note: The change does not come under changing in accounting policies since it is immaterial.

As a result of the foregoing, the Group recorded consolidated net sales of 26,494 million yen for the fiscal year ended December 31, 2014, an increase of 7.9% from the previous fiscal year. Regarding profitability, operating income improved by 13.6% from the previous fiscal year to 1,154 million yen, ordinary income increased by

13.8% from the previous fiscal year to 1,163 million yen, and net income grew by 15.4% from the previous fiscal year to 685 million yen.

Results by business segment:

Segment	Fiscal year ended December 31, 2013		Fiscal year ended December 31, 2014		Change from the previous fiscal year	
	Net sales (A) (thousand yen)	A to B (%)	Net sales (C) (thousand yen)	C to B (%)	Amount (thousand yen)	Change (%)
Information services business						
SI • Software development	6,998,198	28.5	8,447,884	31.9	1,449,685	20.7
Information processing services	3,499,664	14.2	3,979,315	15.0	479,651	13.7
Product sales	1,693,020	6.9	1,502,609	5.7	(190,410)	(11.2)
Sub-total	12,190,883	49.6	13,929,809	52.6	1,738,926	14.3
Payment agency services business	12,368,502	50.4	12,564,614	47.4	196,111	1.6
Total (B)	24,559,386	100.0	26,494,424	100.0	1,935,037	7.9

(b) Earnings forecast for the fiscal year ending December 31, 2015

Regarding the forecast for the fiscal year ending December 31, 2015, the Japanese economy is considered to continue recovering gradually as a result of the government-led economic and other policies. However, uncertainties are expected to continue with weakness in personal consumption following the rush to buy before the consumption tax hike and with a concern about slowing growth in overseas economies.

Under such circumstances, the Group will create and provide more value-added products and goods and new services to keep increasing sales and profits in both businesses, and will strive to strengthen the businesses and increase profitability by investing management and human resources specifically into growth fields in the future.

(Information services business)

In information processing services, we will strive to increase the quantity of Business Process Outsourcing (“BPO”) businesses, enhance the quality by offering one-stop services, promote further improvement in customer services and enlarge the scale by efficient and effective allocation of human resources and improvement in work efficiency. Information processing services for energy industry strive to expand its scale by creating synergy with Garden Network Ltd., which joined the Group in September, 2014.

SI and software development are expected to be challenging due to the trend of budget controls for IT investment of the major clients. However, we will aim to expand the scale of each order by promoting prime businesses, collaborating with core partners and major system integrators and acquiring stable orders from the public sector and financial sector and create demands for systems in the future by focusing on suggesting that we act as a bridge between IT technology and customer management issues. In addition, we will increase the sales of cloud services represented by GoogleApps and salesforce and develop applications to utilize rapidly spreading mobile devices for businesses.

In product sales, we will endeavor to expand the sales of a new version of Dental Queen V which is software for

dentists.

(Payment agency services business)

In payment agency services, demands for new convenient payment services are increasing, and competition with other companies is becoming more intense. Under such circumstances, the problem is how we will secure profits. In order to solve this problem, we will need to expand payment services for non-face-to-face transaction markets, which are expected to have tremendous growth potential, and continue to invest management resources such as workforce and infrastructure, intensively into this field.

Furthermore, we will expand domestic money transfer services started in 2011 and create new services to improve customer usability by increasing handling places other than convenience stores for international money transfer services commenced in 2012 with the collaboration of The Western Union Company, one of the world's largest international money transfer companies.

According to the above, earnings forecasts for the fiscal year ending December 31, 2015 on a consolidated basis, net sales, operating income, ordinary income and net income are expected to amount to 30,000 million yen (up 13.2% from the current fiscal year), 1,200 million yen (up 4.0% from the current fiscal year), 1,210 million yen (up 4.0% from the current fiscal year), and 745 million yen (up 8.7% from the current fiscal year), respectively.