



January 30, 2013

Consolidated Financial Results For the Fiscal Year Ended December 31, 2012 <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 26, 2013
 Scheduled date to commence dividend payments: March 27, 2013
 Scheduled date to file Securities Report: March 27, 2013
 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, 2012

(January 1, 2012 through December 31, 2012)

(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, 2012	23,369	11.1	903	10.8	928	11.9	516	14.7
December 31, 2011	21,027	9.8	815	3.4	829	3.4	450	6.8

Note: Comprehensive income:

December 31, 2012: 556 million yen, 21.3%

December 31, 2011: 459 million yen, 1.8%

	Net Income per Share	Diluted Net Income per Share	Net Income on Own Capital	Ordinary Income to Total Assets	Operating Income to Net Sales
Fiscal year ended	yen	yen	%	%	%
December 31, 2012	115.07	—	8.7	3.4	3.9
December 31, 2011	99.60	—	8.1	3.4	3.9

Reference: Equity-method investment gains or losses:

Year ended December 31, 2012: 1 million yen

Year ended December 31, 2011: 0 million yen

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2012	24,011	6,207	25.5	1,363.27
December 31, 2011	29,998	5,791	19.0	1,271.21

Reference: Equity:

As of December 31, 2012: 6,124 million yen

As of December 31, 2011: 5,711 million yen

(TRANSLATION FOR REFERENCE ONLY)

(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, 2012	884	(365)	(160)	1,966
December 31, 2011	658	(675)	(216)	1,611

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, 2011	—	14.00	—	14.00	28.00	126	28.1	2.3
December 31, 2012	—	17.00	—	23.00	40.00	179	34.8	3.0
Fiscal year ending December 31, 2013 (Forecast)		20.00	—	20.00	40.00		31.1	

Note: The dividend of 23 yen per share for the fiscal year ended December 31, 2012 includes ordinary dividend of 18 yen and special dividend of 5 yen.

3. Earnings Forecasts for the Fiscal Year Ending December 31, 2013

(January 1, 2013 through December 31, 2013)

(%: 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, 2013	11,750	2.0	390	12.1	390	7.9	206	5.6	45.85
Fiscal year ending December 31, 2013	25,300	8.3	1,010	11.8	1,010	8.8	578	11.8	128.65

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, 2012:	4,620,000 shares
As of December 31, 2011:	4,620,000 shares

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

As of December 31, 2012:	127,302 shares
As of December 31, 2011:	127,272 shares

(c) Average number of shares during the period

Fiscal year ended December 31, 2012:	4,492,717 shares
Fiscal year ended December 31, 2011:	4,527,093 shares

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year ended December 31, 2012

(January 1, 2012 through December 31, 2012)

(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, 2012	22,753	11.4	885	9.4	907	10.7	516	16.7
December 31, 2011	20,421	10.6	809	16.4	820	16.1	442	10.3

	Net Income per Share	Diluted Net Income per Share
Fiscal year ended	yen	yen
December 31, 2012	114.91	—
December 31, 2011	97.69	—

(2) Financial Conditions

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of	million yen	million yen	%	yen
December 31, 2012	23,601	6,068	25.7	1,350.82
December 31, 2011	29,603	5,659	19.1	1,259.80

Reference: Equity:

As of December 31, 2012:	6,068 million yen
As of December 31, 2011:	5,659 million yen

2. Earnings Forecasts for the Fiscal Year Ending December 31, 2013

(January 1, 2013 through December 31, 2013)

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

	Net Sales		Ordinary Income		Net Income		Net Profit per Share
	million yen	%	million yen	%	million yen	%	yen
First six months ending June 30, 2013	11,280	0.6	350	(2.4)	203	0.1	45.18
Fiscal year ending December 31, 2013	24,600	8.1	1,000	10.1	582	12.7	129.54

*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 5 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, 2012

In the fiscal year ended December 31, 2012, Japan's economy has slowly resumed its recovery as a result of demands for reconstruction following the Great East Japan Earthquake, and has showed signs of rising share prices and turning of the weak yen in expectations of an economic stimulus package since the new administration was launched in December. However, the economy has been uncertain due to the downward momentum in the Chinese and other overseas economies and foreign issues.

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 2012 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 information services business, information processing services for post offices, outsourcing business of agency business to issue invoices and human resources training business for local governments have increased their sales. In systems solutions, the major development contract of a new customer contributed to sales. However, due to the reduction of investment in development of major customers and intensified price-cutting competition, it has remained challenging since the previous fiscal year. In systems integration, the major contracts such as key systems, systems for automatic auctions and systems sales for gas sales agents and the cloud-related services such as GoogleApps have increased their sales. In product sales, the sales of software for dentists (Dental Queen) have increased. In addition, the sales of devices for information-related systems for local governments and systems devices for hospitals have grown.

As a result, net sales of the information services business increased by 10.2% from the previous fiscal year to 11,846 million yen and operating income was up 64.1% from the previous fiscal year to 523 million yen.

(Agency payment services business)

In agency payment services, net sales have increased due to a steady increase in acquisition of new customers including local governments, an increase in the number of payment services for existing customers such as mail order company and internet shopping websites and provision of new services to existing customers. Regarding expenses, sales expenses for domestic money transfer services which commenced in 2011 and international money transfer services which commenced in 2012 have increased. In addition, temporary expenses accompanying the setup of these new services have occurred.

As a result, the net sales of agency payment services business increased by 12.1% from the previous fiscal year to 11,522 million yen and operating income decreased by 22.5% from the previous fiscal year to 368 million yen.

As a result, the Group recorded consolidated net sales of 23,369 million yen for the fiscal year ended December 31, 2012, an increase of 11.1% from the previous fiscal year. Regarding profitability, operating income improved by 10.8% from the previous fiscal year to 903 million yen, ordinary income increased by 11.9% from the previous fiscal year to 928 million yen, and net income grew by 14.7% from the previous fiscal year to 516 million yen.

Results by business segment for the fiscal year ended December 31, 2012

Segment	Fiscal year ended December 31, 2011		Fiscal year ended December 31, 2012		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						
Information processing services	3,030,180	14.4	3,290,771	14.1	260,590	8.6
Systems solutions	3,577,963	17.0	3,472,600	14.9	(105,363)	(2.9)
Systems integration	3,077,845	14.6	3,616,591	15.4	538,746	17.5
Product sales	1,062,653	5.1	1,466,935	6.3	404,281	38.0
Sub-total	10,748,643	51.1	11,846,899	50.7	1,098,255	10.2
Agency payment services business	10,278,798	48.9	11,522,363	49.3	1,243,565	12.1
Total (B)	21,027,442	100.0	23,369,263	100.0	2,341,820	11.1

(b) Earnings forecast for the fiscal year ending December 31, 2013

Japan's economy has shown signs of a weakening yen since the new administration was launched. However, the economic conditions have remained uncertain.

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)

Information services business is expected to be challenging due to the trend of budget cuts and controls for IT investment of the major clients. Therefore, we will further promote our advantages of wide-ranging, high-quality and cost-effective services to clients and will strive to increase sales.

In information processing services, we will strive to increase the quantity of Business Process Outsourcing (BPO) businesses, information processing outsourcing, enhance the quality by offering one-stop services, improve the quality of customer services and enlarge the scale by reviewing the allocation of human resources and improving work efficiency.

In systems solutions and systems integration, 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 develop applications to utilize rapidly proliferating mobile devices for businesses.

In product sales, we will endeavor to expand the sales of Dental Queen V software for dentists released in July 2011.

(Agency payment services business)

In agency payment 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, which started in 2011, and create new services to improve customer usability, including international money transfer services through convenience stores, which started 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, 2013 on a consolidated basis, net sales, operating income, ordinary income and net income are expected to amount to 25,300 million yen (up 8.3% from the current fiscal year), 1,010 million yen (up 11.8% from the current fiscal year), 1,010 million yen (up 8.8% from the current fiscal year), and 578 million yen (up 11.8% from the current fiscal year), respectively.