

Consolidated Financial Results
For the Fiscal Year Ended December 31, 2017
<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>
 Representative: Yasunori Tanaka, President, Representative Director & COO
 For inquiry: Noboru Kondo, Operating Officer & Chief Administrator
 TEL: (058)279-3456

Scheduled date of ordinary general meeting of shareholders: March 27, 2018

Scheduled date to commence dividend payments: March 28, 2018

Scheduled date to file Securities Report: March 28, 2018

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, 2017
(January 1, 2017 through December 31, 2017)

(1) Results of Operations (%: Changes from the previous fiscal year)

Fiscal year ended	Net Sales		Operating Income		Ordinary Income		Net Income attributable to parent shareholders	
	million yen	%	million yen	%	million yen	%	million yen	%
December 31, 2017	33,545	10.5	1,297	15.3	1,336	15.5	821	12.2
December 31, 2016	30,369	4.9	1,125	8.0	1,157	7.9	732	10.9

Note: Comprehensive Income:

December 31, 2017: 855 million yen, (25.4%)

December 31, 2016: 682 million yen, (-5.3%)

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
December 31, 2017	84.13	—	9.4	3.5	3.9
December 31, 2016	75.42	75.40	9.0	3.1	3.7

Reference: Equity-method investment gains or losses:

Year ended December 31, 2017: 1 million yen

Year ended December 31, 2016: 1 million yen

(2) Financial Conditions

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
December 31, 2017	31,724	9,331	28.8	933.05
December 31, 2016	44,991	8,613	18.8	866.60

Reference: Equity:

As of December 31, 2017: 9,130 million yen

As of December 31, 2016: 8,443 million yen

(3) Cash Flows

As of	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
December 31, 2017	1,285	(1,063)	111	3,120
December 31, 2016	1,354	(1,118)	18	2,787

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 quarter -end	Annual			
	yen	yen	yen	yen	yen	million yen	%	%
FY 2016	-	12.00	-	12.00	24.00	234	31.8	2.9
FY 2017	-	12.00	-	13.00	25.00	244	29.7	2.8
FY 2018 (Forecast)	-	13.00	-	13.00	26.00		30.2	

3. Earnings Forecast for the Fiscal Year Ending December 31, 2018 (January 1, 2018 through December 31, 2018)

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

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to parent shareholders		Net Income per Share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
First half year	17,990	10.3	523	(16.7)	550	(15.8)	343	(17.4)	35.15
FY 2018	36,500	8.8	1,310	0.9	1,345	0.6	843	2.7	86.21

*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, 2017:	10,040,000 shares
As of December 31, 2016:	10,040,000 shares
 - (b) Number of treasury stock at the end of the period

As of December 31, 2017:	254,854 shares
As of December 31, 2016:	296,554 shares
 - (c) Average number of shares during the period

Fiscal year ended December 31, 2017:	9,765,298 shares
Fiscal year ended December 31, 2016:	9,710,925 shares

Note: The calculations for the number of treasury shares held at the end of the period under review, as well as the average number of shares during that same period, include among the tax-deductible treasury shares those Densan System Co., Ltd. shares held by the Densan System Employee Stock Plan Trust (41,700 shares in fiscal year ended December 31, 2016, - shares in fiscal year ended December 31, 2017).

(Reference) Summary of Non-Consolidated Financial Results

**1. Non-Consolidated Financial Results for the Fiscal Year ended December 31, 2017
(January 1, 2017 through December 31, 2017)**

(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, 2017	30,926	8.5	1,072	1.6	1,094	1.1	719	4.1
December 31, 2016	28,496	4.9	1,055	11.0	1,083	10.8	691	13.1

Fiscal year ended	Net Income per Share	Diluted Net Income per Share
	yen	yen
December 31, 2017	73.66	-
December 31, 2016	71.16	71.14

(2) Financial Conditions

As of	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
December 31, 2017	30,565	8,821	28.9	901.53
December 31, 2016	43,977	8,230	18.7	844.74

Reference: Equity:

As of December 31, 2017: 8,821 million yen

As of December 31, 2016: 8,230 million yen

* This financial report is outside the scope of audit procedures.

* 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.