



Put Our Heart into Technologies

Fiscal 2015

(Year ended March 2015)

Financial Results Presentation

Focus Systems Corporation

Tuesday June 2, 2015

This document uses information available as of March 31, 2015, and contains forward-looking statements that represent management's expectations or beliefs relating to future events. Actual results could differ materially from those stated or implied in these forward-looking statements. The Focus Systems Group does not guarantee the information's accuracy.

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I. Financial Results for Fiscal 2015

Ended March 31, 2015



(1) Changed listing market from JASDAQ to the Second Section of the Tokyo Stock Exchange

(May 25, 2015)

(2) Posted new record highs for net sales and net income

(3) Increased cash dividend per share to 25 yen annually

***(4) Number of employees surpassed the threshold of 1,000 people
(as of April 1, 2015)***

(¥ million)	Year ended March 2014	Year ended March 2015	Year ended March 2015	Year-on-year change		Changes compared with plan	
	Results	Plans	Results	Amount	Ratio	Amount	Ratio
Net sales	14,146	14,500	15,081	935	6.6%	581	4.0%
Public Sector	4,668	5,016	5,372	703	15.1%	356	7.1%
Private Sector	8,440	8,535	8,633	193	2.3%	98	1.1%
Security Equipment	1,037	949	1,075	38	3.7%	126	13.3%
Operating income	887	900	940	52	5.9%	40	4.4%
Ordinary income	849	850	897	47	5.6%	47	5.5%
Net income	455	500	592	137	30.1%	92	18.4%

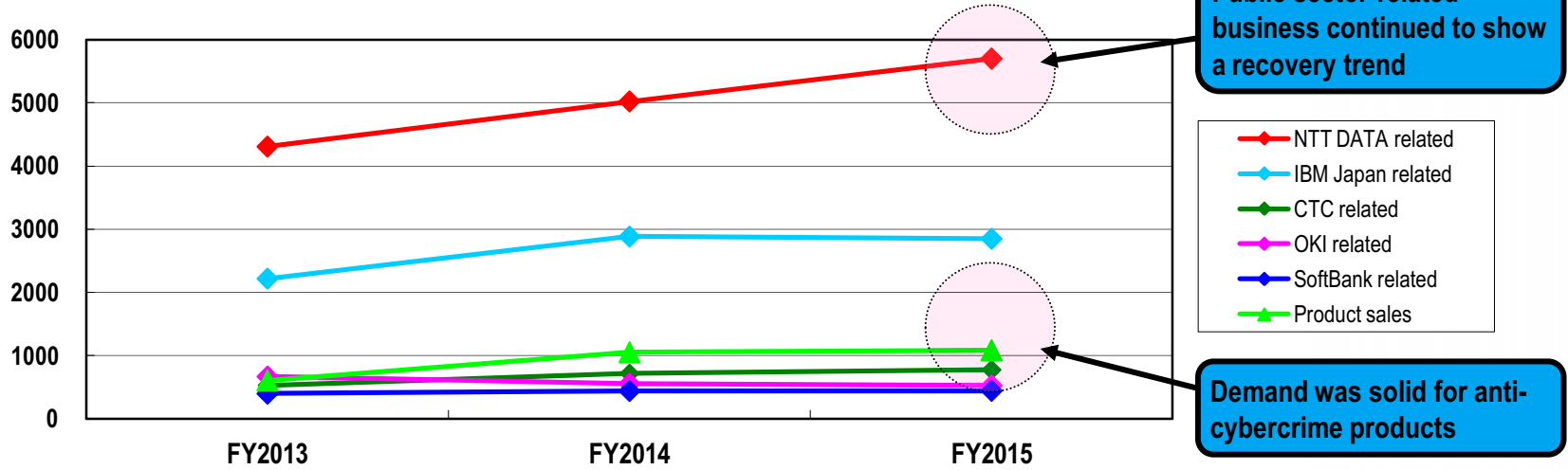
- Achieved results surpassing plans in all of the private sector, public sector and security equipment businesses
- Cash dividend per share (planned): 25 yen (including 15 yen as special dividend)

(Note) The Company made a modification on March 23, 2015 to its cash dividend forecast, increasing from the previous 20 yen per share to 25 yen per share.

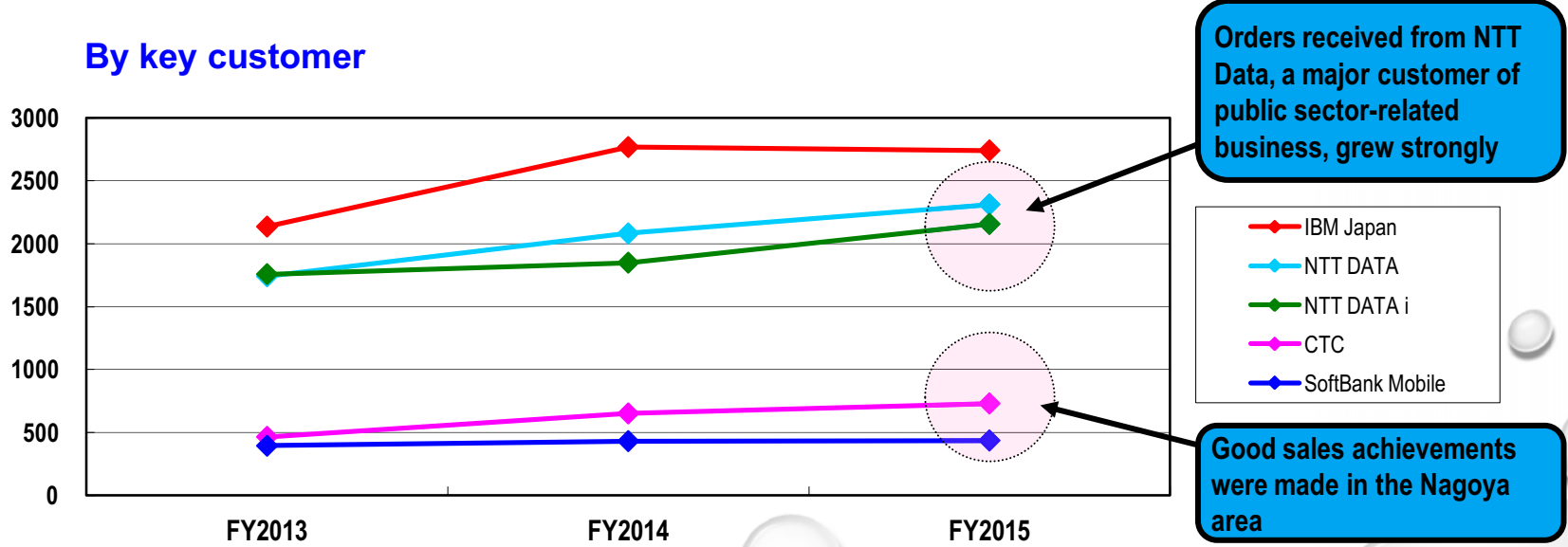
(¥ million)

	Net sales				
	FY2012	FY2013	FY2014	FY2015	
Public sector	4,717	4,311	4,668	5,372	<p>Orders received in the social security (pension) and medical insurance areas remained strong.</p> <p>Preparations for the introduction of the national identification number (“My Number”) system also started to take place.</p>
Private sector	6,695	7,461	8,440	8,633	<p>Despite demand, the lack in engineers became a bottleneck.</p> <p>Sales performance remained strong in the Nagoya area.</p>
Security equipment	496	580	1,037	1,075	<p>Following the previous year, sales continued to be strong for anti-cybercrime offerings.</p> <p>Strong sales were also recorded for encryption engines in accordance with preparations made by companies for the “My Number” system.</p>

By customer group



By key customer



Nonconsolidated Balance Sheets

(¥ million)

Item	As of Mar. 31, 2013	As of Mar. 31, 2014	As of Mar. 31, 2015
(ASSETS)			
Current Assets	5,559	6,428	6,897
Noncurrent Assets	5,636	5,408	7,443
Property, Plant and Equipment	3,746	3,741	3,747
Intangible Assets	38	60	188
Investments and Other Assets	1,851	1,606	3,507
Total Assets	11,195	11,837	14,340
(LIABILITIES)			
Current Liabilities	3,769	4,102	4,141
Noncurrent Liabilities	2,556	2,705	3,429
Total Liabilities	6,326	6,807	7,571
(NET ASSETS)			
Capital stock	2,905	2,905	2,905
Capital surplus	1,468	1,468	1,468
Retained earnings	367	719	1,173
Treasury stock	(706)	(706)	(706)
Valuation difference on available-for-sale securities	833	642	1,928
Total Net Assets	4,868	5,029	6,769
Total Liabilities and Net Assets	11,195	11,837	14,340

Total assets were up ¥2,503 million from a year earlier, largely because of increase of ¥1,851 million in investment securities, ¥246 million in cash and deposit and ¥244 million in accounts receivable – trade.

Total liabilities were up ¥764 million from a year earlier, principally because of increases of ¥641 million in bonds payable and 566 million in deferred tax liabilities, against a decrease of ¥496 million in long-term loans payable.

Net assets were up ¥1,739 million from a year earlier, mainly due to an increase of ¥1,285 million in the valuation difference on available-for-sale securities and ¥454 million in retained earnings brought forward.

Nonconsolidated Income Statements

(¥ million)

Item	FY2013 (ended Mar. 31, 2013)	FY2014 (ended Mar. 31, 2014)	FY2015 (ended Mar. 31, 2015)
Net Sales	12,353	14,146	15,081
Cost of Sales	10,796	12,181	12,976
Gross Profit	1,557	1,965	2,104
SG & A Expenses	1,118	1,077	1,164
Operating Income	439	887	940
Non-operating Income	64	54	49
Non-operating Expenses	87	92	92
Ordinary Income	416	849	897
Extraordinary Income	532	—	22
Extraordinary Loss	727	3	10
Income before Income Taxes	221	846	908
Income Taxes	(19)	390	316
Net Income	241	455	592

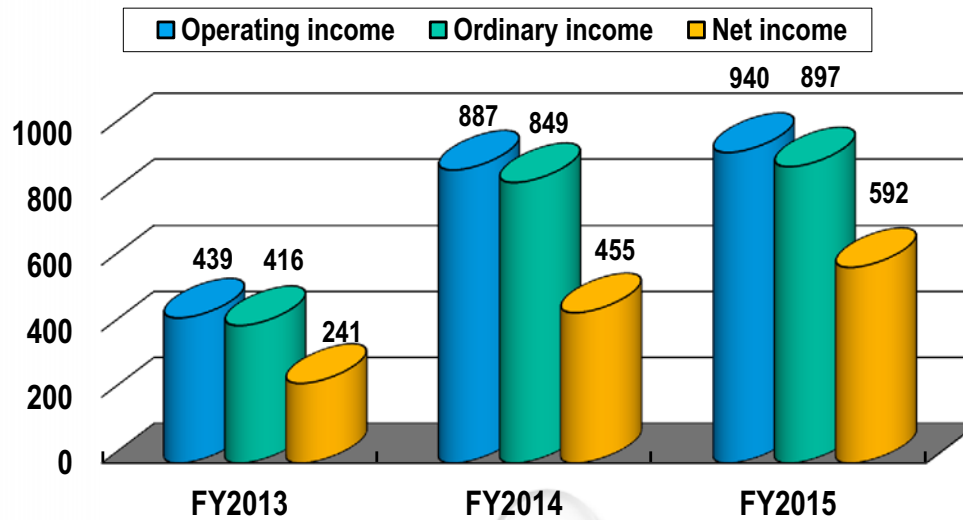
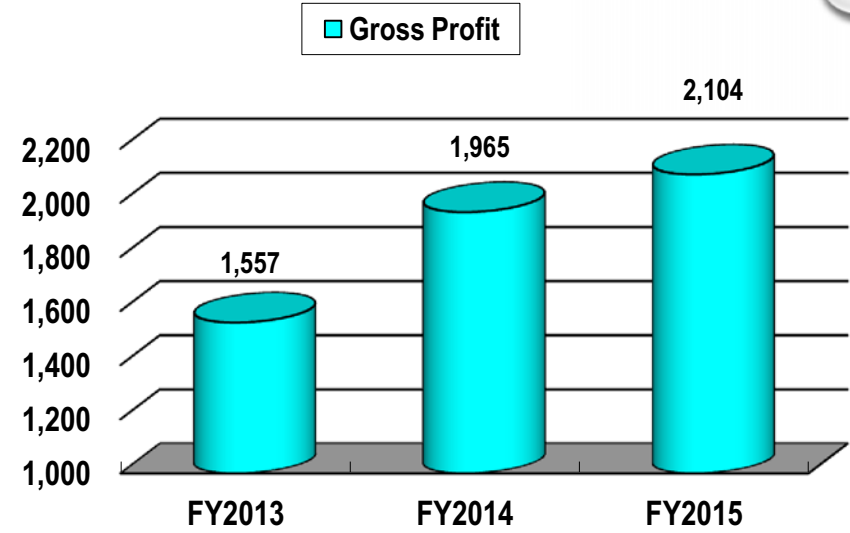
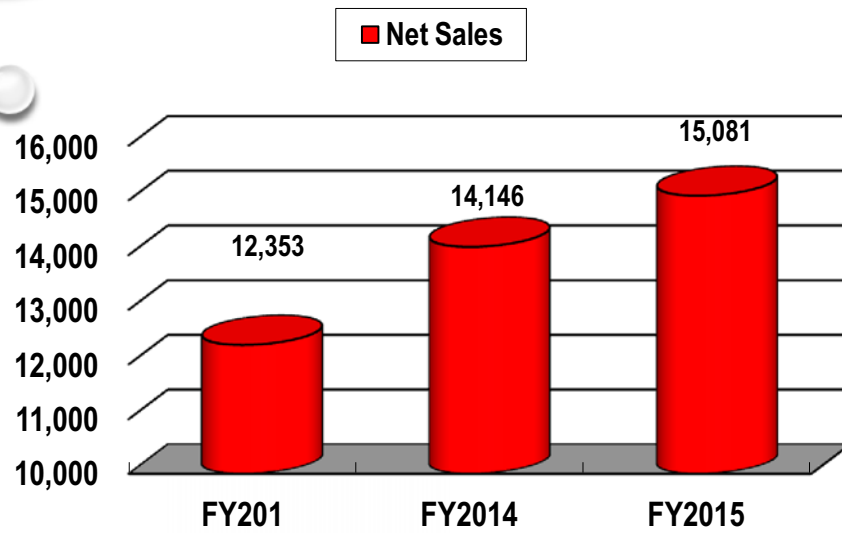
Net sales climbed ¥935 million from the previous fiscal year. Sales grew for all segments, with increases of ¥703 million for the public sector business, ¥193 million for the private sector business and ¥38 million for the security equipment business. Cost of sales increased ¥795 million, with gross profit rising by ¥139 million.

In association with the increase in net sales, operating income increased ¥52 million from the previous fiscal year.

The extraordinary income generated in the fiscal year before the previous fiscal year had been primarily due to gain on sales of investment securities and insurance premiums refunded cancellation. The extraordinary loss generated in the fiscal year before the previous fiscal year had been mainly due to directors' retirement benefits.

The Company thus posted a net income of ¥592 million, up ¥137 million from the previous fiscal year.

(¥ million)



Statements of Changes in Shareholders' equity

(¥ million)

	Shareholders' equity							Valuation and translation adjustments	Total net assets
	Capital stock	Capital surplus			Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward				
Balance as of March 31, 2014	2,905	749	718	1,468	719	(706)	4,386	642	5,029
Changes of items during the period									
Dividends from surplus					(138)		(138)		(138)
Net income					592		592		592
Purchase of treasury stock						(0)	(0)		(0)
Net changes of items other than shareholders' equity								1,285	1,285
Total changes of items during the period	—	—	—	—	454	(0)	454	1,285	1,739
Balance as of March 31, 2015	2,905	749	718	1,468	1,173	(706)	4,841	1,928	6,769

Nonconsolidated Statements of Cash Flows

(¥ million)

Item	FY2013 (ended Mar. 31, 2013)	FY2014 (ended Mar. 31, 2014)	FY2015 (ended Mar. 31, 2015)
I Cash Flows from Operating Activities	(1,020)	667	567
II Cash Flows from Investing Activities	875	(119)	(334)
III Cash Flows from Financing Activities	56	(32)	(36)
IV Net Increase (Decrease) in Cash and Cash Equivalents	(89)	514	196
V Cash and Cash Equivalents at Beginning of Period	2,484	2,395	2,910
VI Cash and Cash Equivalents at End of Period	2,395	2,910	3,106

I Cash Flows from Operating Activities

Net cash provided by operating activities was ¥567 million. The main factors were ¥908 million of income before income taxes, which offset ¥526 million of income tax paid.

II Cash Flows from Investing Activities

Net cash used in investing activities was ¥334 million. The main factors were ¥160 million in purchase of intangible assets, ¥79 million in purchase of property, plant and equipment and ¥49 million increase in time deposits.

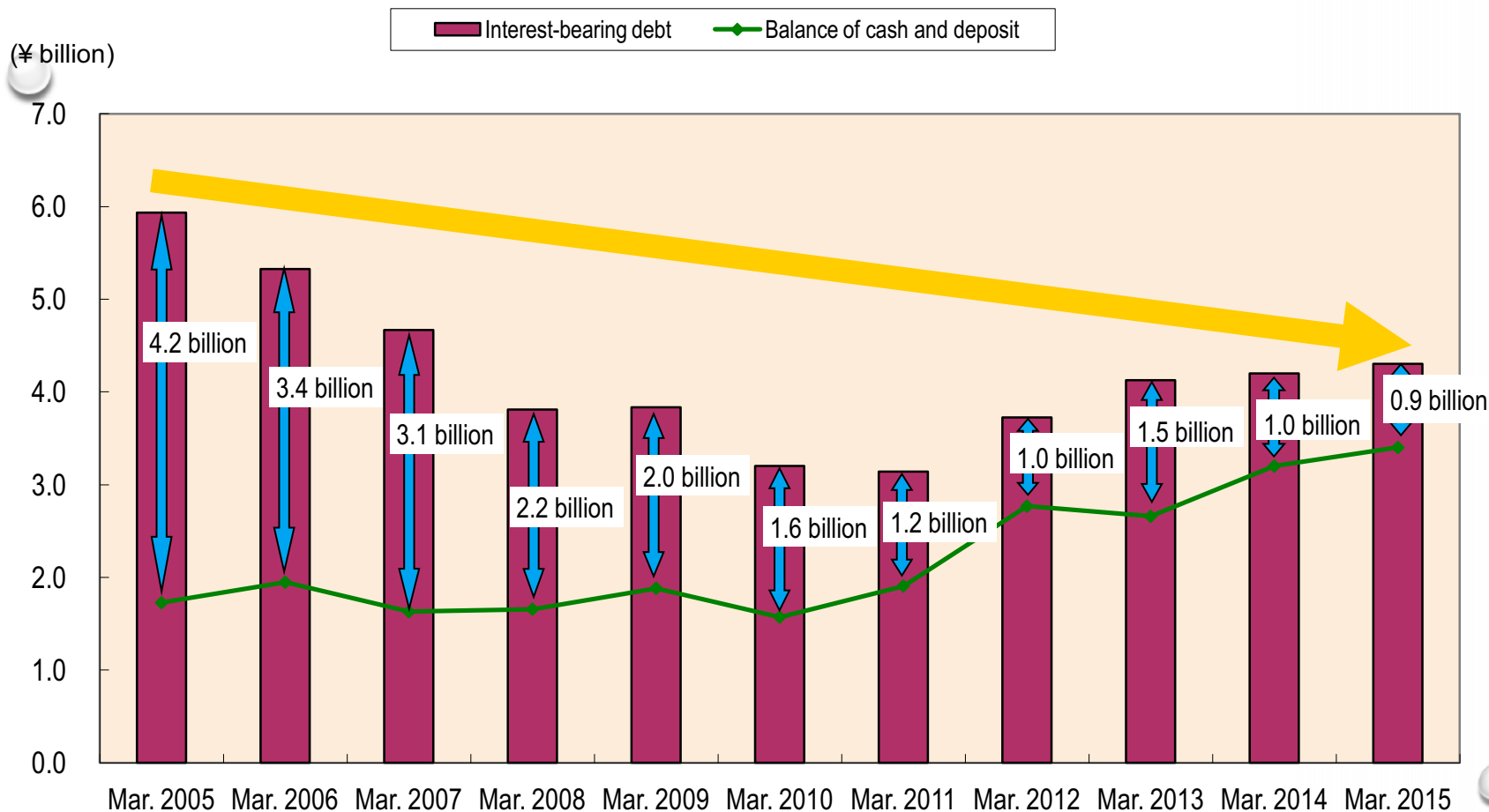
III Cash Flows from Financing Activities

Net cash used in financing activities was ¥36 million. The main factors included ¥1,425 million in repayment of long-term loans payable and ¥144 million in redemption of bonds, which offset ¥982 million in proceeds from issuance of bonds and ¥750 million in proceeds from long-term loans payable.

VI Cash and Cash Equivalents at End of Period

As a result, cash and cash equivalents at year-end increased ¥196 million from beginning of period to ¥3,106 million.

Management Target: Improvement Cash Flows



Improved ¥3.3 billion in ten years

II. Management strategies and projections for Fiscal 2016



(¥ million)	Year ended March 2015 Results	Year ending March 2016 Projections	Year-on-year change
Net Sales	15,081	15,300	219
Operating Income	940	950	10
Ordinary Income	897	920	23
Net Income	592	600	8

In order to further secure anticipated business opportunities, the Company plans to make investments in hiring and enhancing capabilities of engineers, etc., with an eye on business expansions in the next few years.

- (1) Infrastructure-related business that commands ample demand → Enhance engineer capabilities
- (2) Operations support business that leads to accumulation of know-how → Expand market share
- (3) Business applications → Expand covered domains by endeavoring on technological expertise
- (4) Support for business bases → Expand businesses in the Nagoya area through coordination of engineers in Osaka and Nagoya

(¥)	Year ended March 2015 Results	Year ending March 2016 Projections	Payout Ratio
Cash Dividends per Share	25.00	25.00	28.8%

Cash dividend for fiscal year ended March 2015 (planned): ¥25 per share (¥10 for ordinary dividend and ¥15 for special dividend)

Cash dividend for fiscal year ended March 2016 (forecast): ¥25 per share