



Put Our Heart into Technologies

Fiscal 2016
(Year ended March 2016)

Financial Results Presentation

Focus Systems Corporation
Tuesday May 31, 2016

This document uses information available as of March 31, 2016, 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.

Financial Results for Fiscal 2016

Ended March 31, 2016

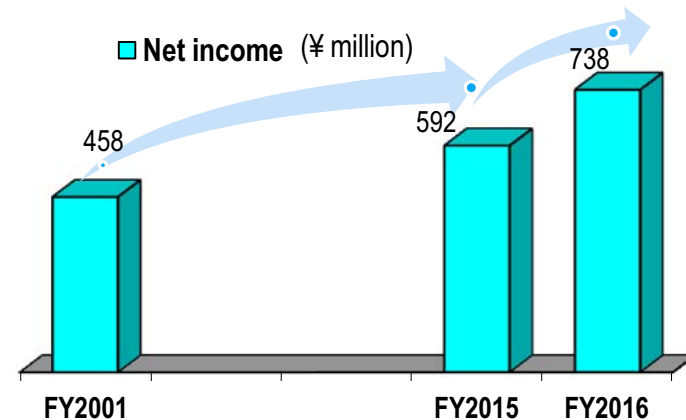
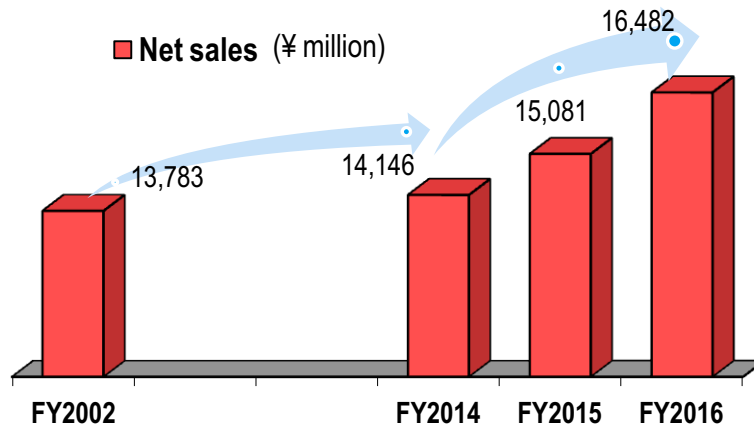


(1) Changed listing market from the Second Section to the First Section of the Tokyo Stock Exchange (TSE) (March 4, 2016)



(2) Delivered commemorative cash dividend (3.5 yen per share) in association with designation to the First Section of TSE

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



(4) Launched a new product (beacon) under the Focus Systems brand

Boosting IoT business with its thinness and lightness

Focus Systems
Thin-type beacon for business

FCS1301

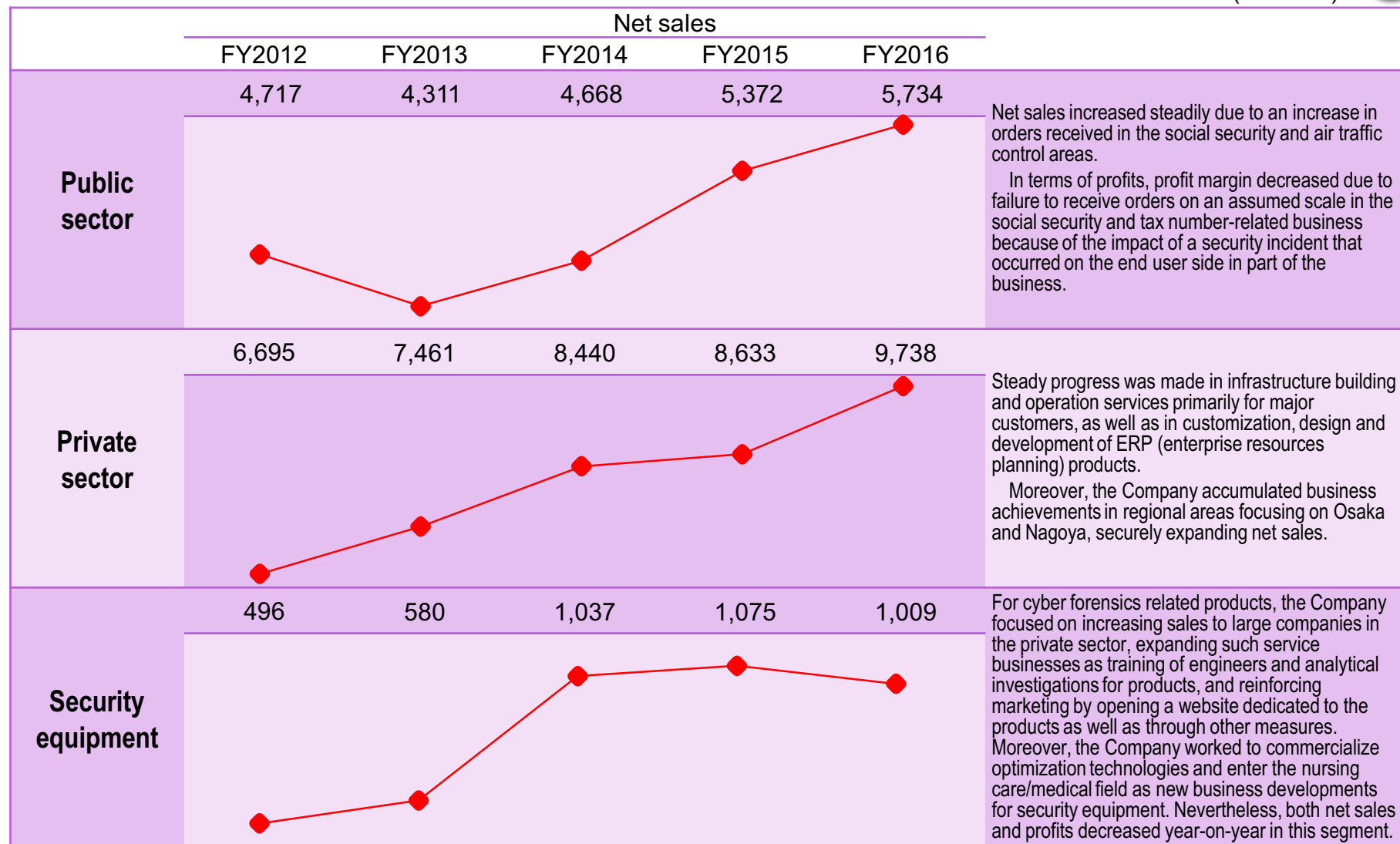


(¥ million)	Year ended March 2015 Results	Year ended March 2016 Plans	Year ended March 2016 Results	Year-on-year change		Changes compared with plan	
				Amount	Ratio	Amount	Ratio
Net sales	15,081	15,300	16,482	1,401	9.3%	1,182	7.7%
Public Sector	5,372	5,370	5,734	362	6.7%	364	6.7%
Private Sector	8,633	8,802	9,738	1,105	12.8%	936	10.6%
Security Equipment	1,075	1,128	1,009	(66)	-6.1%	(119)	-10.5%
Operating income	940	950	953	13	1.4%	3	0.3%
Ordinary income	897	920	950	53	5.9%	30	3.2%
Net income	592	600	738	146	24.6%	138	23.0%

- Achieved net sales significantly surpassing plans in the private-sector business, but failed to attain the planned figure in the security equipment business
- Cash dividend per share (planned): 16 yen (including 3.5 yen as commemorative dividend)

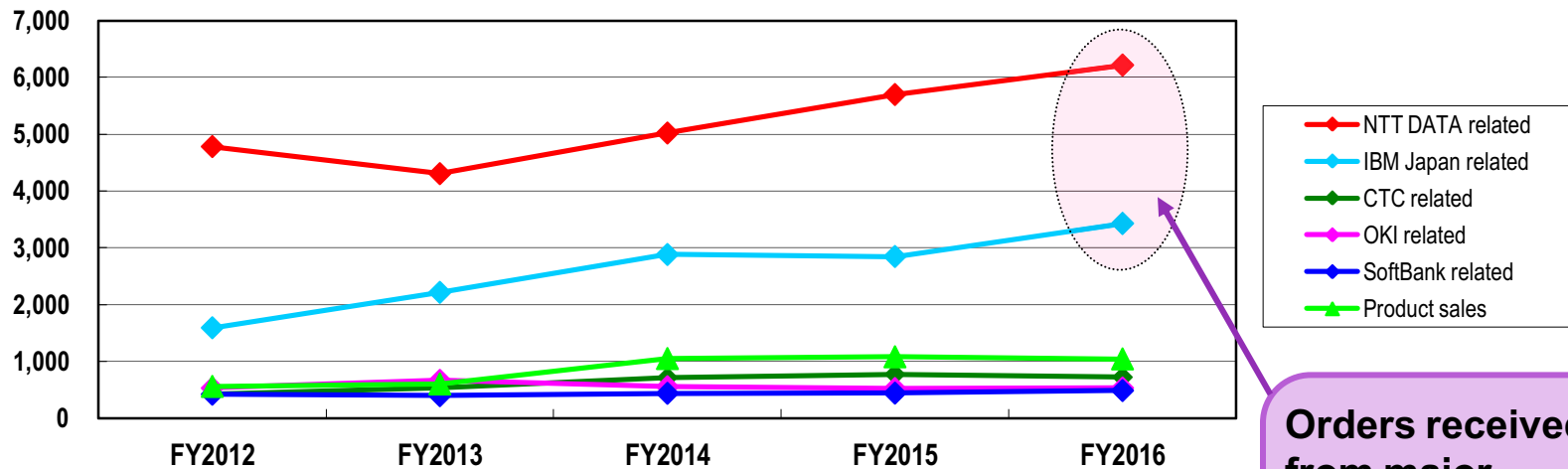
(Note) The Company made a modification on March 7, 2016 to its cash dividend forecast, deciding to deliver 3.5 yen per share as commemorative dividend in addition to the ordinary dividend of 12.5 yen per share.

(¥ million)



By customer group

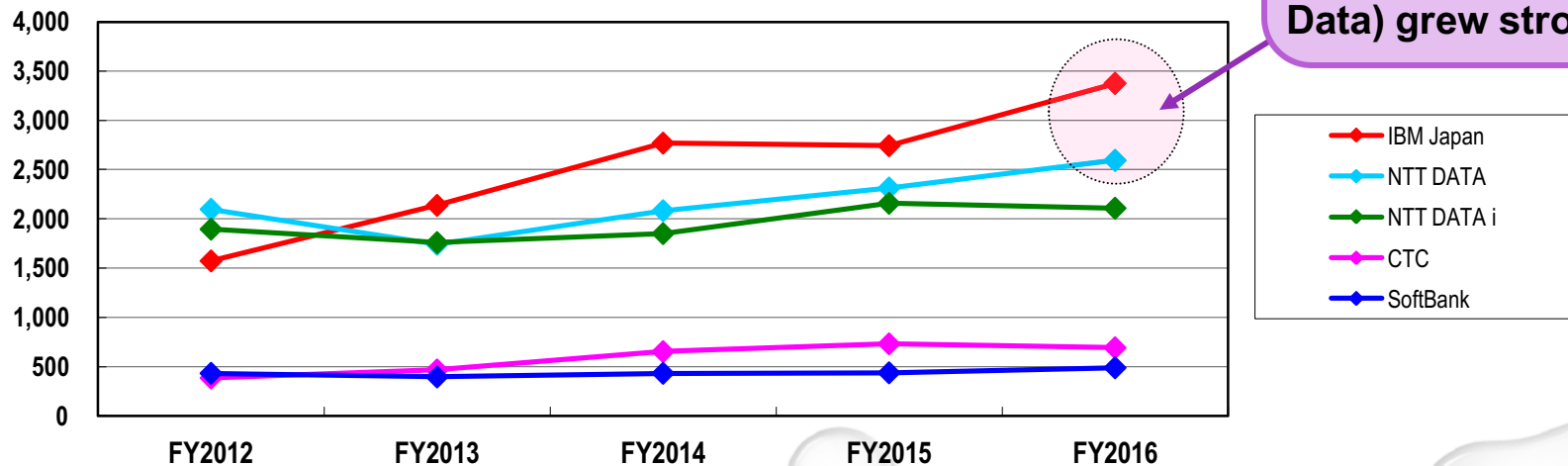
(¥ million)



Orders received from major customers (IBM Japan and NTT Data) grew strongly

By key customer

(¥ million)



Nonconsolidated Balance Sheets

(¥ million)

Item	As of Mar. 31, 2014	As of Mar. 31, 2015	As of Mar. 31, 2016
(ASSETS)			
Current Assets	6,428	6,897	7,597
Noncurrent Assets	5,408	7,443	7,339
Property, Plant and Equipment	3,741	3,747	3,473
Intangible Assets	60	188	234
Investments and Other Assets	1,606	3,507	3,631
Total Assets	11,837	14,340	14,936
(LIABILITIES)			
Current Liabilities	4,102	4,141	4,064
Noncurrent Liabilities	2,705	3,429	3,456
Total Liabilities	6,807	7,571	7,520
(NET ASSETS)			
Capital stock	2,905	2,905	2,905
Capital surplus	1,468	1,468	1,468
Retained earnings	719	1,173	1,739
Treasury stock	(706)	(706)	(706)
Valuation difference on available-for-sale securities	642	1,928	2,009
Total Net Assets	5,029	6,769	7,415
Total Liabilities and Net Assets	11,837	14,340	14,936

Total assets were up ¥596 million from a year earlier, largely because of increase of ¥909 million in accounts receivable – trade, against a decrease of ¥177 million in land.

Total liabilities were down ¥50 million from a year earlier, principally because of decreases of ¥282 million in current portion of long-term loans payable and ¥255 million in short-term loans payable, against increase of ¥291 million in bonds payable and ¥177 million in income taxes payable.

Net assets were up ¥646 million from a year earlier, mainly due to an increase of ¥565 million in retained earnings brought forward and ¥81 million in the valuation difference on available-for-sale securities.

Nonconsolidated Income Statements

(¥ million)

Item	FY2014 (ended Mar. 31, 2014)	FY2015 (ended Mar. 31, 2015)	FY2016 (ended Mar. 31, 2016)
Net Sales	14,146	15,081	16,482
Cost of Sales	12,181	12,976	14,285
Gross Profit	1,965	2,104	2,197
SG & A Expenses	1,077	1,164	1,243
Operating Income	887	940	953
Non-operating Income	54	49	69
Non-operating Expenses	92	92	72
Ordinary Income	849	897	950
Extraordinary Income	—	22	235
Extraordinary Loss	3	10	1
Income before Income Taxes	846	908	1,184
Income Taxes	390	316	445
Net Income	455	592	738

Net sales climbed ¥1,401 million from the previous fiscal year.

This was due to a ¥362 million increase of public sector business and a ¥1,105 million increase of private sector business, against a ¥66 million decrease of security equipment business. Cost of sales increased ¥1,308 million, with gross profit rising by ¥92 million.

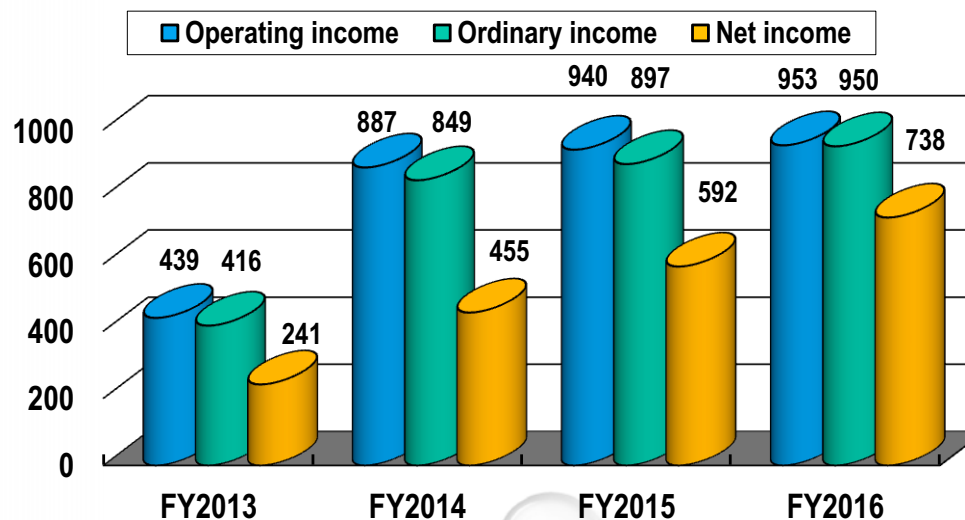
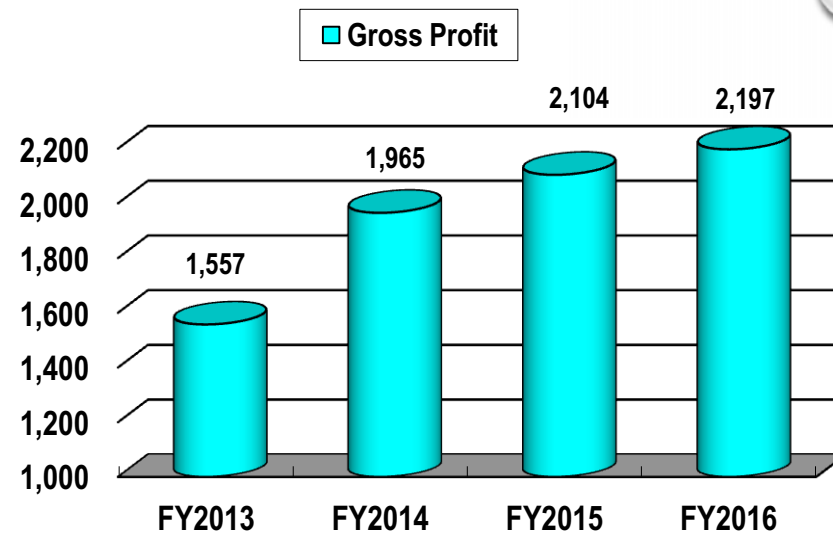
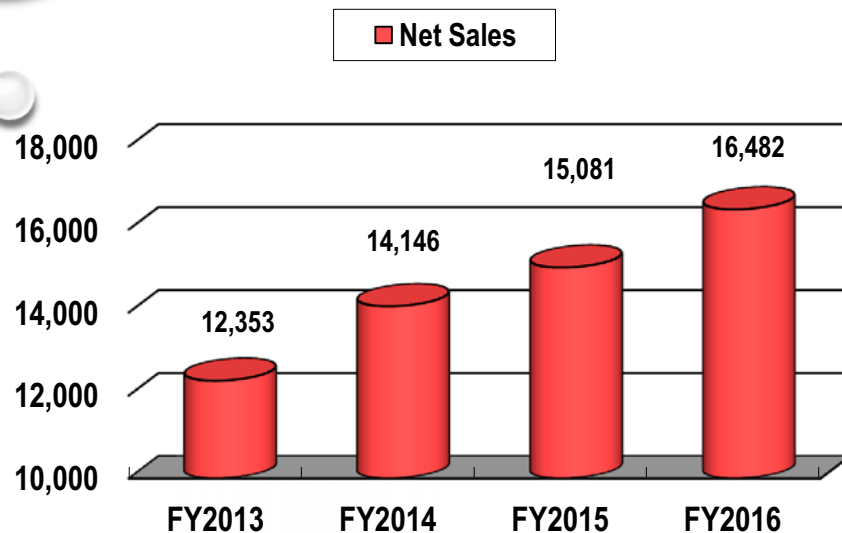
Operating income increased ¥13 million from the previous fiscal year.

Increase of extraordinary income was mainly due to gain on sales of investment securities.

The Company thus posted a net income of ¥738 million, up ¥146 million from the previous fiscal year.

Operating Results (Last 4 years)

(¥ 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, 2015	2,905	749	718	1,468	1,173	(706)	4,841	1,928	6,769
Changes of items during the period									
Dividends from surplus					(173)		(173)		(173)
Net income					738		738		738
Purchase of treasury stock						(0)	(0)		(0)
Net changes of items other than shareholders' equity								81	81
Total changes of items during the period	—	—	—	—	565	(0)	565	81	646
Balance as of March 31, 2016	2,905	749	718	1,468	1,739	(706)	5,406	2,009	7,415

Nonconsolidated Statements of Cash Flows

(¥ million)

Item	FY2014 (ended Mar. 31, 2014)	FY2015 (ended Mar. 31, 2015)	FY2016 (ended Mar. 31, 2016)
I Cash Flows from Operating Activities	667	567	42
II Cash Flows from Investing Activities	(119)	(334)	293
III Cash Flows from Financing Activities	(32)	(36)	(512)
IV Net Increase (Decrease) in Cash and Cash Equivalents	514	196	(176)
V Cash and Cash Equivalents at Beginning of Period	2,395	2,910	3,106
VI Cash and Cash Equivalents at End of Period	2,910	3,106	2,930

I Cash Flows from Operating Activities

Net cash provided by operating activities was ¥42 million. The main factors were ¥1,184 million of income before income taxes, which offset ¥875 million of increase in notes and accounts receivable - trade and ¥287 million of income tax paid.

II Cash Flows from Investing Activities

Net cash provided by investing activities was ¥293 million. The main factors were ¥272 million in proceeds from sales of property, plant and equipment.

III Cash Flows from Financing Activities

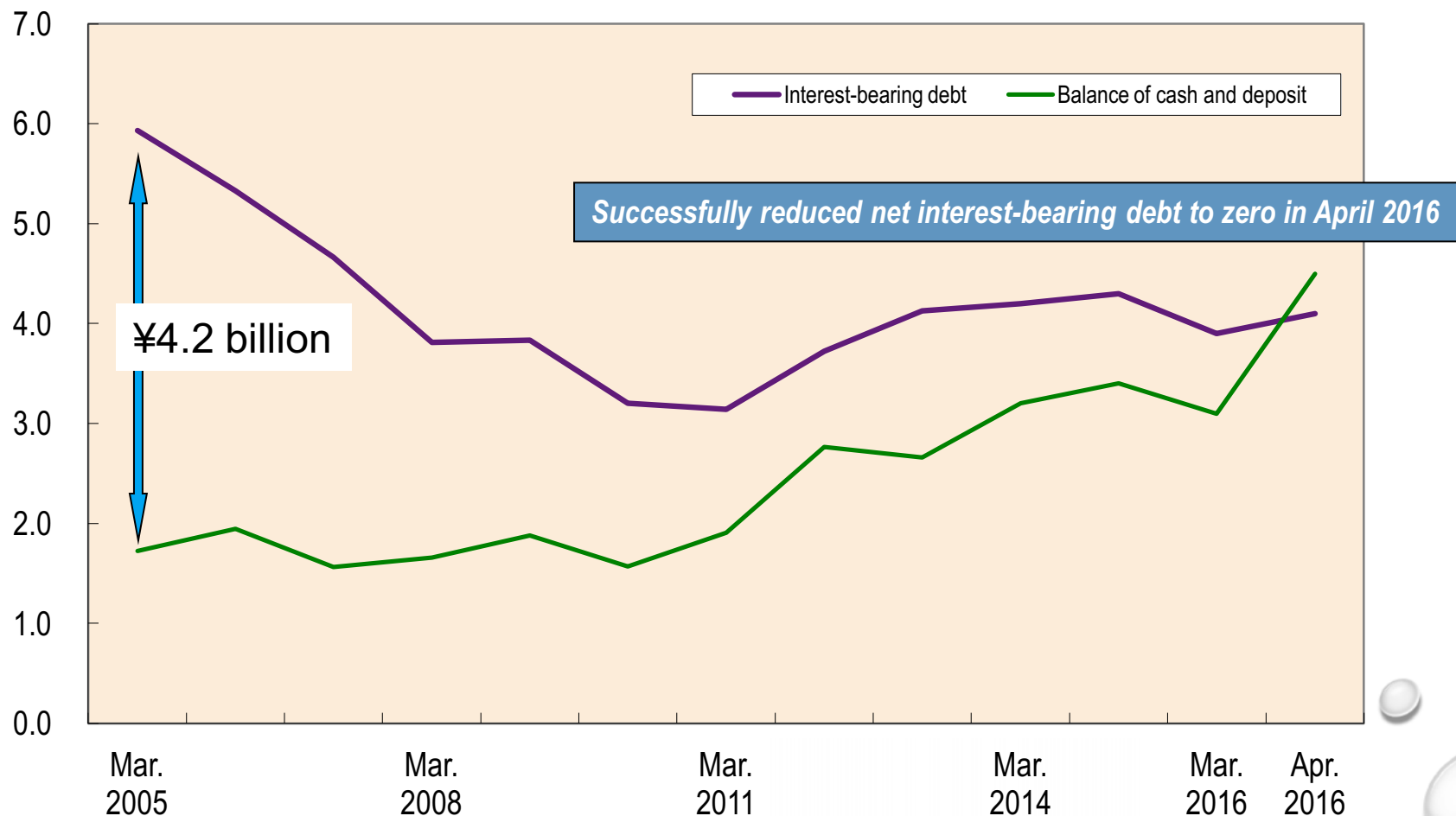
Net cash used in financing activities was ¥512 million. The main factors included ¥1,274 million in repayment of long-term loans payable, which offset ¥789 million in proceeds from long-term loans payable.

VI Cash and Cash Equivalents at End of Period

As a result, cash and cash equivalents at year-end increased ¥176 million from beginning of period to ¥2,930 million.

Management Target: Improvement Cash Flows

(¥ billion)



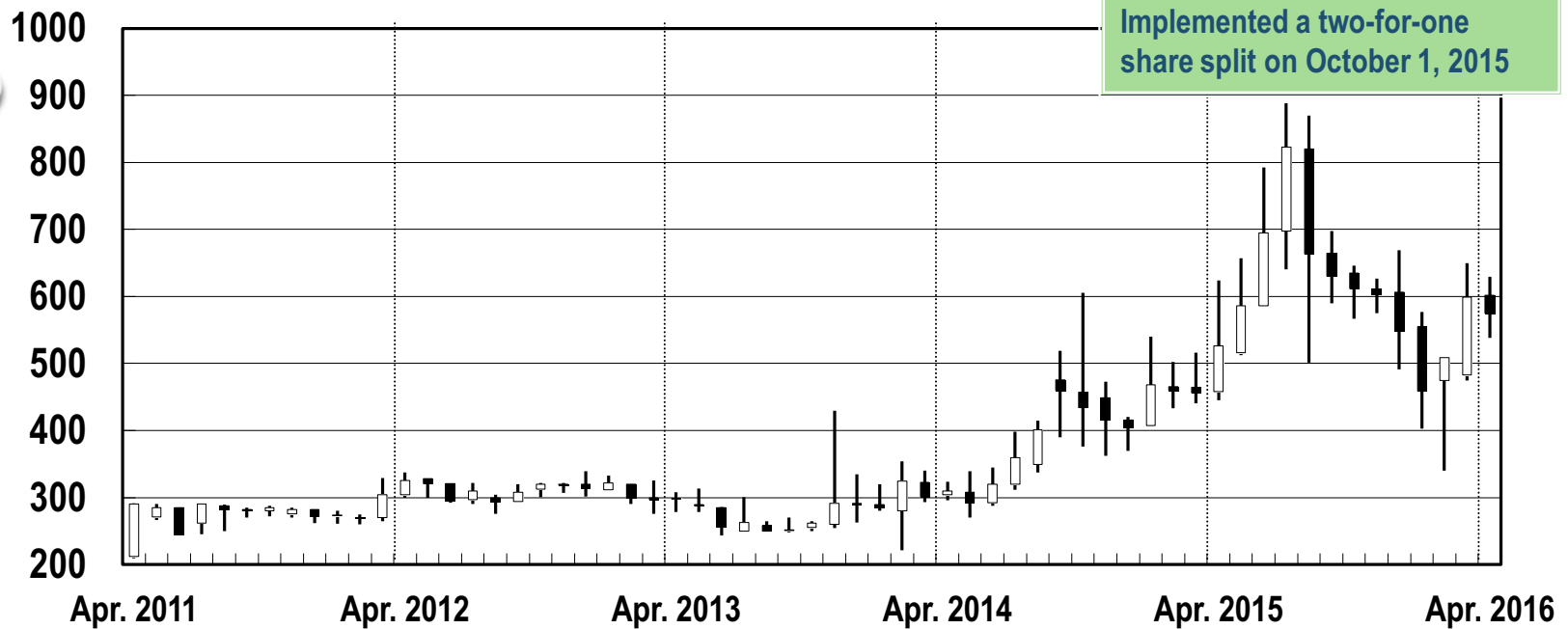
Changes in the Number of Employees

(Number of persons)



As a company listed on the First Section of TSE, the Company needs to establish a business management system to suit the growing number of employees and business partners, with an eye on 3 to 5 years ahead.

Changes in Share Price and Dividend



	Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016
Net income per share (¥)	9.76	17.02	32.91	42.81	53.36
Cash dividend per share (¥)	5	7.5	10	12.5	16
Payout ratio	51.2	44.1	30.4	29.2	30.0
Number of shareholders	3,196	2,917	3,023	3,303	4,253

*The Company implemented a two-for-one split of its common shares with October 1, 2015 as the effective date. Accordingly, figures before the split have been converted in accordance with the number of shares after the split.

Projections for Fiscal 2017



(¥ million)	Year ended March 2016 Results	Year ending March 2017 Projections	Year-on-year change
Net Sales	16,482	17,000	518
Operating Income	953	800	-153
Ordinary Income	950	770	-180
Net Income	738	490	-248

In order to further secure anticipated business opportunities, the Company will endeavor to enhance its capabilities as an enterprise.

- (1) Investments in hiring to secure more capable human resources, with an eye on 3 to 5 years ahead
- (2) Investments in educating engineers in order to further enhance the added-value of existing employees
- (3) Investments in systems and human resources for the internal control system, aiming to enhance corporate governance

(¥)	Year ended March 2016 Results	Year ending March 2017 Projections	Payout Ratio
Cash Dividends per Share	16.00	12.50	35.3%

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

¥12.5 of ordinary dividend and ¥3.5 as commemorative dividend