



Put Our Heart into Technologies

We are pleased to celebrate our 40th anniversary
and appreciate all your support.



Fiscal 2017
(Year ended March 2017)

Financial Results Presentation

Focus Systems Corporation
Tuesday June 6, 2017

This document uses information available as of June 6, 2017, 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.

I . Financial Results for Fiscal 2017

Ended March 31, 2017

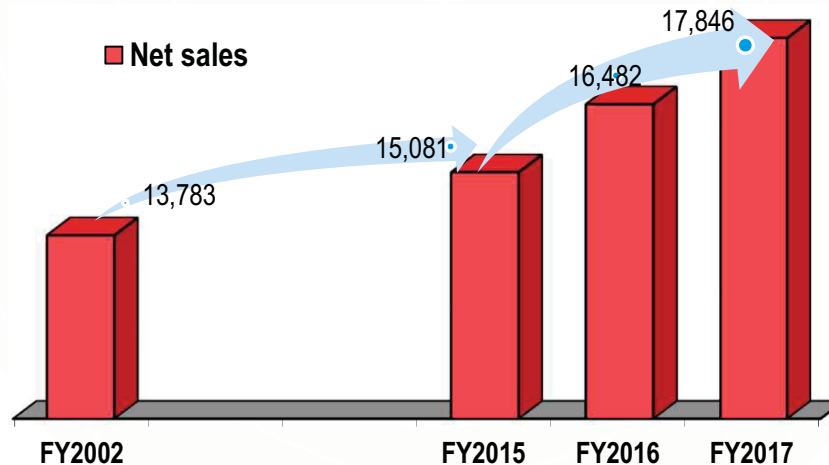


(1) Introduced a shareholder benefit program



(2) Invested in hiring, education and internal control system with an eye on 3 to 5 years ahead

(3) Posted new record highs for net sales

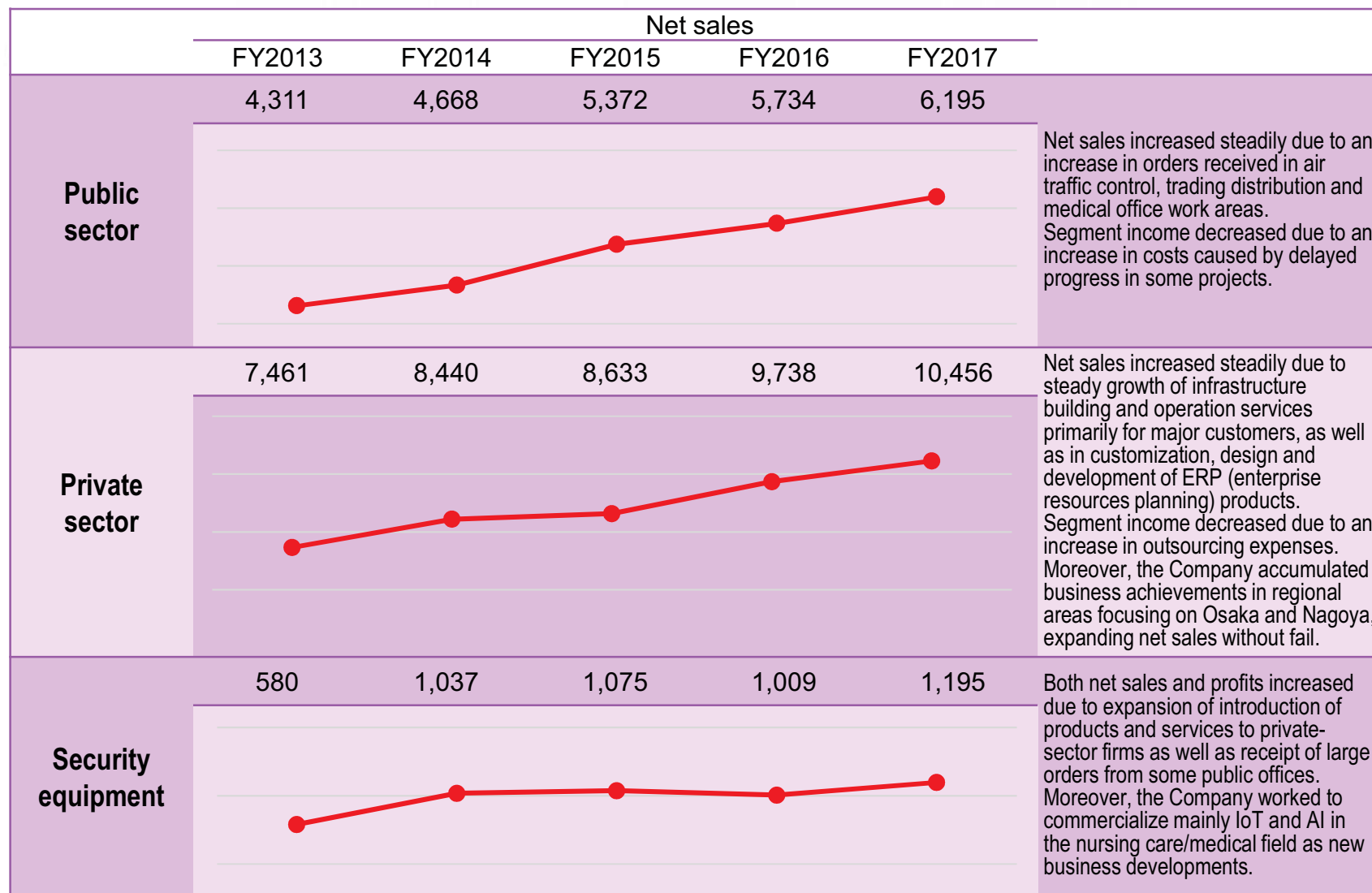


(4) Concluded official forensic training contract with Guidance Software, Inc.

(¥ million)	Year ended March 2016 Results	Year ended March 2017 Plans	Year ended March 2017 Results	Year-on-year change		Changes compared with plan	
				Amount	Ratio	Amount	Ratio
Net sales	16,482	17,000	17,846	1,364	8.3%	846	4.9%
Public Sector	5,734	5,951	6,195	460	8.0%	244	4.1%
Private Sector	9,738	10,074	10,456	717	7.4%	382	3.7%
Security Equipment	1,009	973	1,195	185	18.3%	222	22.8%
Operating income	953	800	743	(209)	-21.9%	(57)	-7.1%
Ordinary income	950	770	731	(218)	-22.9%	(39)	-5.0%
Net income	738	490	551	(187)	-25.3%	61	12.4%

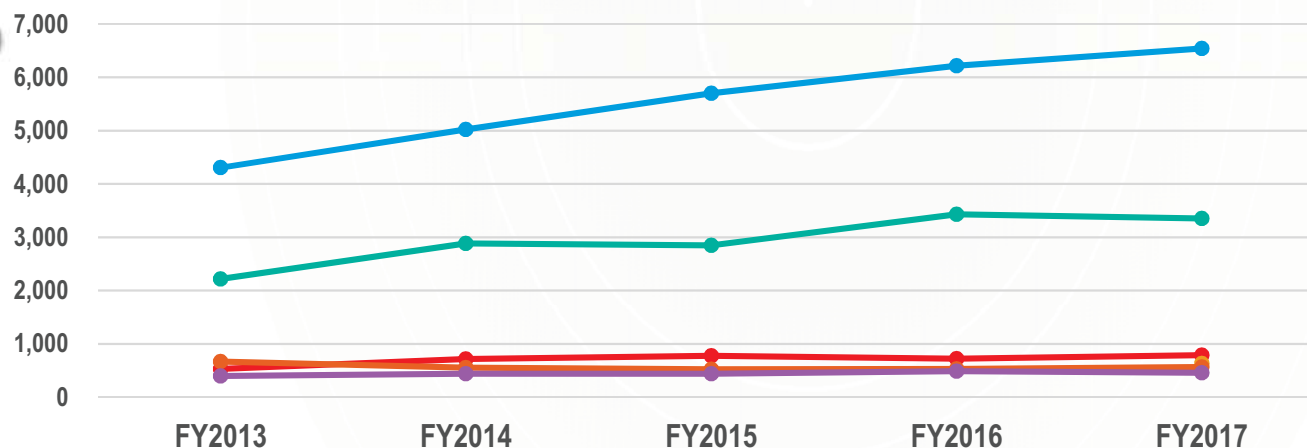
- Achieved net sales and net income plans, but failed to attain the planned operating income and ordinary income
- Cash dividend per share (forecast): 12.5 yen (ordinary dividend of 12.5 yen)

(¥ million)



Sales to Key Customers

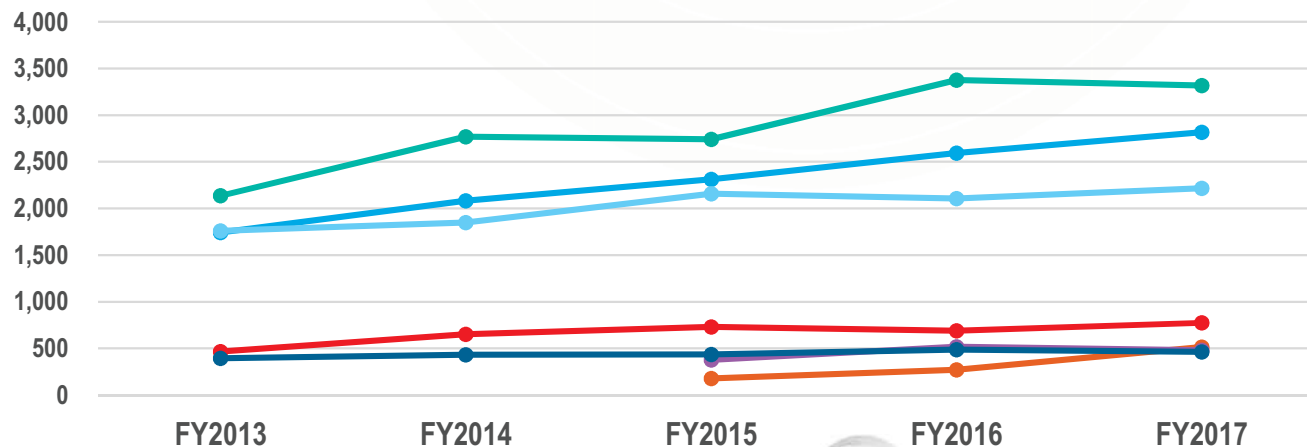
(¥ million)



By customer group

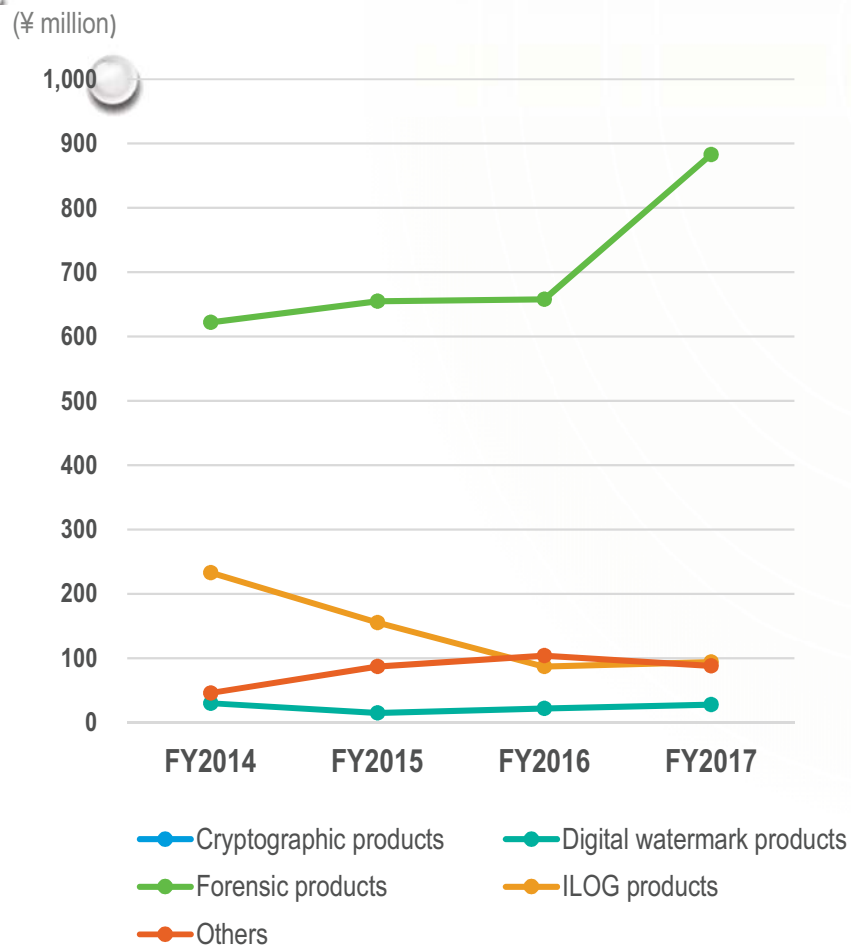
- NTT DATA related
- IBM Japan related
- CTC related
- IT Holdings related
- OKI related
- SoftBank related

(¥ million)

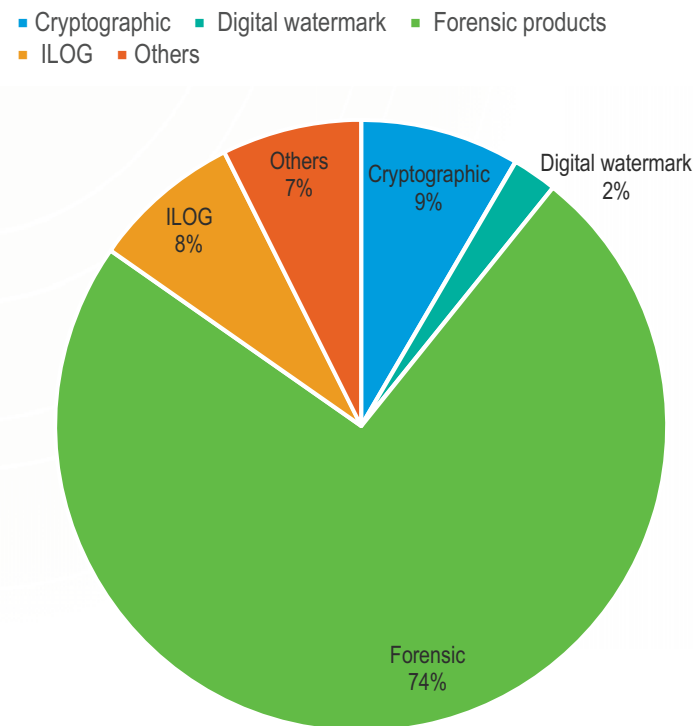


By key customer

- IBM Japan
- NTT DATA
- NTT DATA i
- CTC
- TIS
- NTT DATA Kansai
- SoftBank



Security Equipment Related Business in Fiscal 2017



Nonconsolidated Balance Sheets

(¥ million)

Item	As of Mar. 31, 2015	As of Mar. 31, 2016	As of Mar. 31, 2017
(ASSETS)			
Current Assets	6,897	7,597	7,881
Noncurrent Assets	7,443	7,339	6,685
Property, Plant and Equipment	3,747	3,473	3,525
Intangible Assets	188	234	208
Investments and Other Assets	3,507	3,631	2,951
Total Assets	14,340	14,936	14,567
(LIABILITIES)			
Current Liabilities	4,141	4,064	3,786
Noncurrent Liabilities	3,429	3,456	3,521
Total Liabilities	7,571	7,520	7,308
(NET ASSETS)			
Capital stock	2,905	2,905	2,905
Capital surplus	1,468	1,468	1,468
Retained earnings	1,173	1,739	2,069
Treasury stock	(706)	(706)	(706)
Valuation difference on available-for-sale securities	1,928	2,009	1,522
Total Net Assets	6,769	7,415	7,258
Total Liabilities and Net Assets	14,340	14,936	14,567

Total assets were down ¥369 million from a year earlier, largely because of decrease of ¥709 million in investment securities, against an increase of ¥478 million in cash and deposits.

Total liabilities were down ¥212 million from a year earlier, principally because of decreases of ¥250 million in deferred tax liabilities and ¥217 million in income taxes payable, against increase of ¥170 million in current portion of bonds and ¥161 million in bonds payable.

Net assets were down ¥157 million from a year earlier, mainly due to a decrease of ¥487 million in the valuation difference on available-for-sale securities, against increase of ¥330 million in retained earnings brought forward.

Nonconsolidated Income Statements

(¥ million)

Item	FY2015 (ended Mar. 31, 2015)	FY2016 (ended Mar. 31, 2016)	FY2017 (ended Mar. 31, 2017)
Net Sales	15,081	16,482	17,846
Cost of Sales	12,976	14,285	15,774
Gross Profit	2,104	2,197	2,072
SG & A Expenses	1,164	1,243	1,328
Operating Income	940	953	743
Non-operating Income	49	69	47
Non-operating Expenses	92	72	59
Ordinary Income	897	950	731
Extraordinary Income	22	235	37
Extraordinary Loss	10	1	—
Income before Income Taxes	908	1,184	768
Income Taxes	316	445	216
Net Income	592	738	551

Net sales climbed ¥1,364 million from the previous fiscal year.

This was due to a ¥460 million increase of public sector business, a ¥717 million increase of private sector business and a ¥185 million increase of security equipment business.

Cost of sales increased ¥1,488 million, with gross profit decreased ¥124 million.

Operating income decreased ¥209 million from the previous fiscal year.

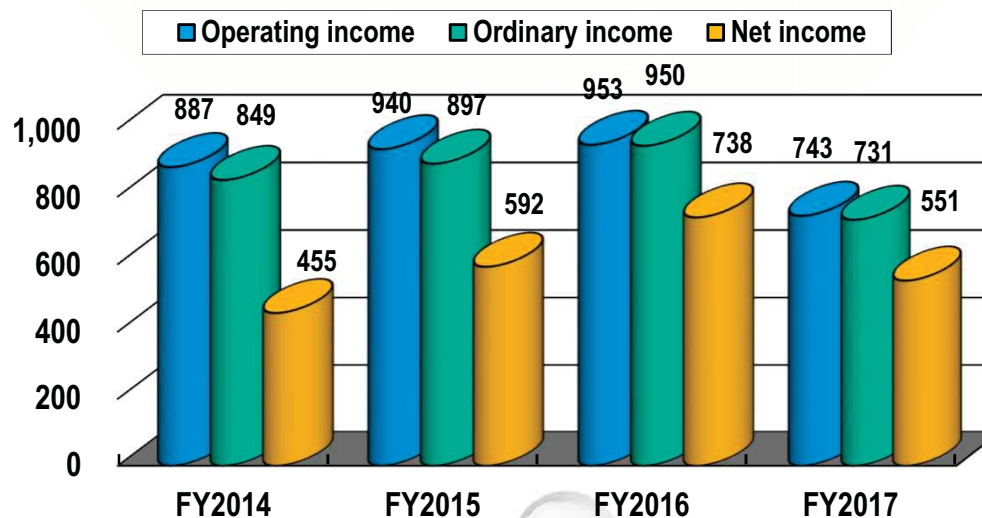
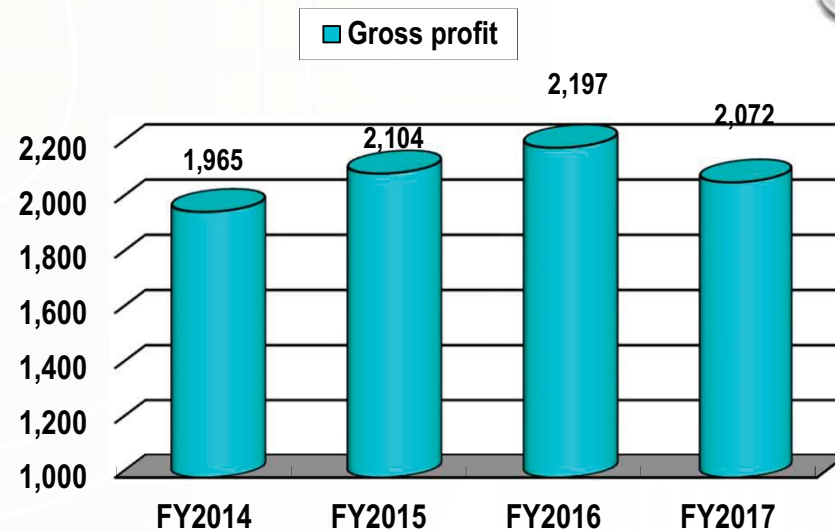
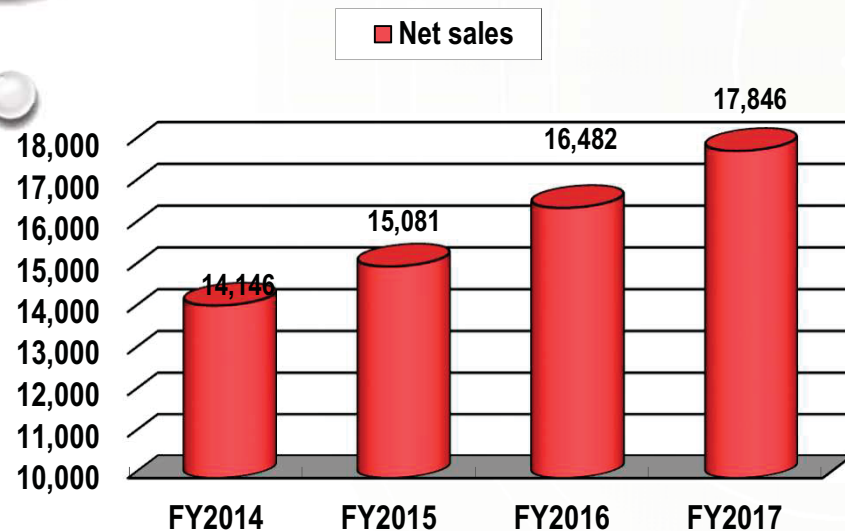
Ordinary income decreased ¥218 million from the previous fiscal year.

Decrease of extraordinary income was mainly due to loss on sales of investment securities.

The Company thus posted a net income of ¥551 million, down ¥187 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, 2016	2,905	749	718	1,468	1,739	(706)	5,406	2,009	7,415
Changes of items during the period									
Dividends from surplus					(221)		(221)		(221)
Net income					551		551		551
Purchase of treasury stock									
Net changes of items other than shareholders' equity								(487)	(487)
Total changes of items during the period	—	—	—	—	330	—	330	(487)	(157)
Balance as of March 31, 2017	2,905	749	718	1,468	2,069	(706)	5,737	1,522	7,259

Nonconsolidated Statements of Cash Flows

(¥ million)

Item	FY2015 (ended Mar. 31, 2015)	FY2016 (ended Mar. 31, 2016)	FY2017 (ended Mar. 31, 2017)
I Cash Flows from Operating Activities	567	42	490
II Cash Flows from Investing Activities	(334)	293	(62)
III Cash Flows from Financing Activities	(36)	(512)	88
IV Net Increase (Decrease) in Cash and Cash Equivalents	196	(176)	516
V Cash and Cash Equivalents at Beginning of Period	2,910	3,106	2,930
VI Cash and Cash Equivalents at End of Period	3,106	2,930	3,447

I Cash Flows from Operating Activities

Net cash provided by operating activities was ¥490 million. The main factors were ¥768 million of income before income taxes and ¥185 million of decrease in notes and accounts receivable - trade, which offset ¥474 million of income tax paid.

II Cash Flows from Investing Activities

Net cash used in investing activities was ¥62 million. The main factors were ¥91 million in payments for purchase of property, plant and equipment, which offset ¥38 million of decrease in time deposits.

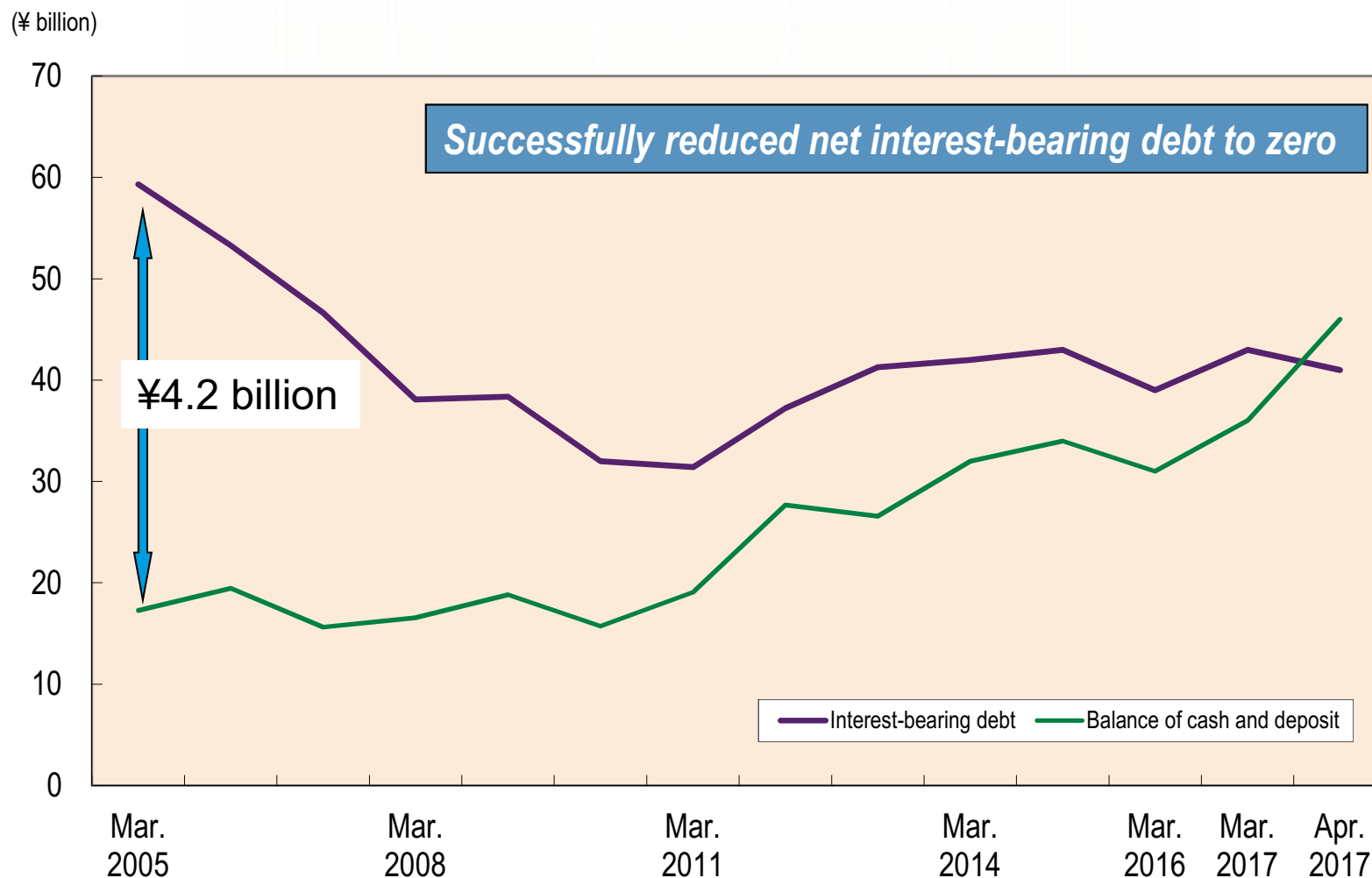
III Cash Flows from Financing Activities

Net cash provided by financing activities was ¥88 million. The main factors were ¥1,000 million in proceeds from long-term loans payable and ¥839 million in proceeds from issuance of bonds, which offset ¥1,012 million in repayment of long-term loans payable and ¥519 million in payments for redemption of bonds.

VI Cash and Cash Equivalents at End of Period

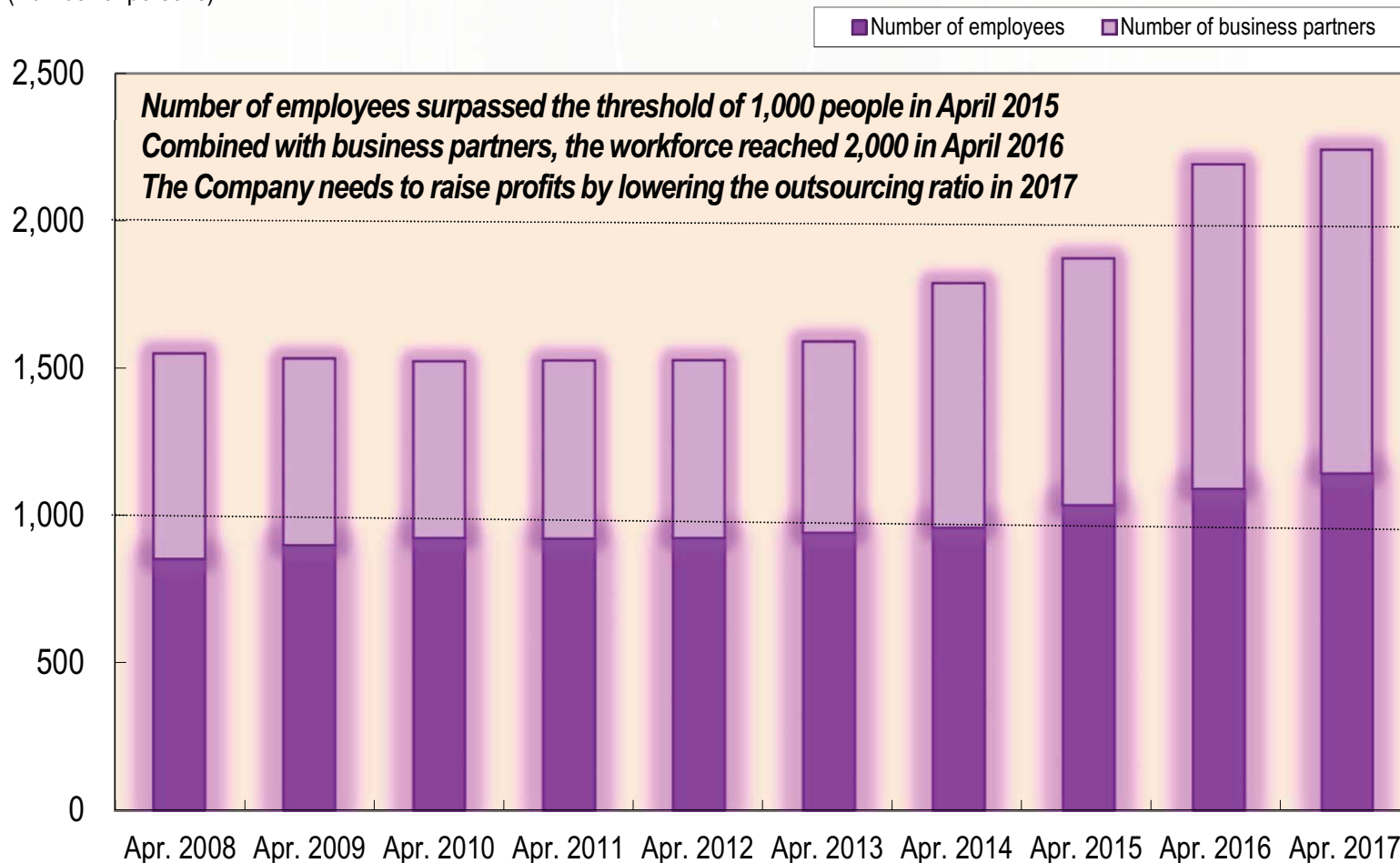
As a result, cash and cash equivalents at year-end increased ¥516 million from beginning of period to ¥3,447 million.

Management Target: Improvement Cash Flows

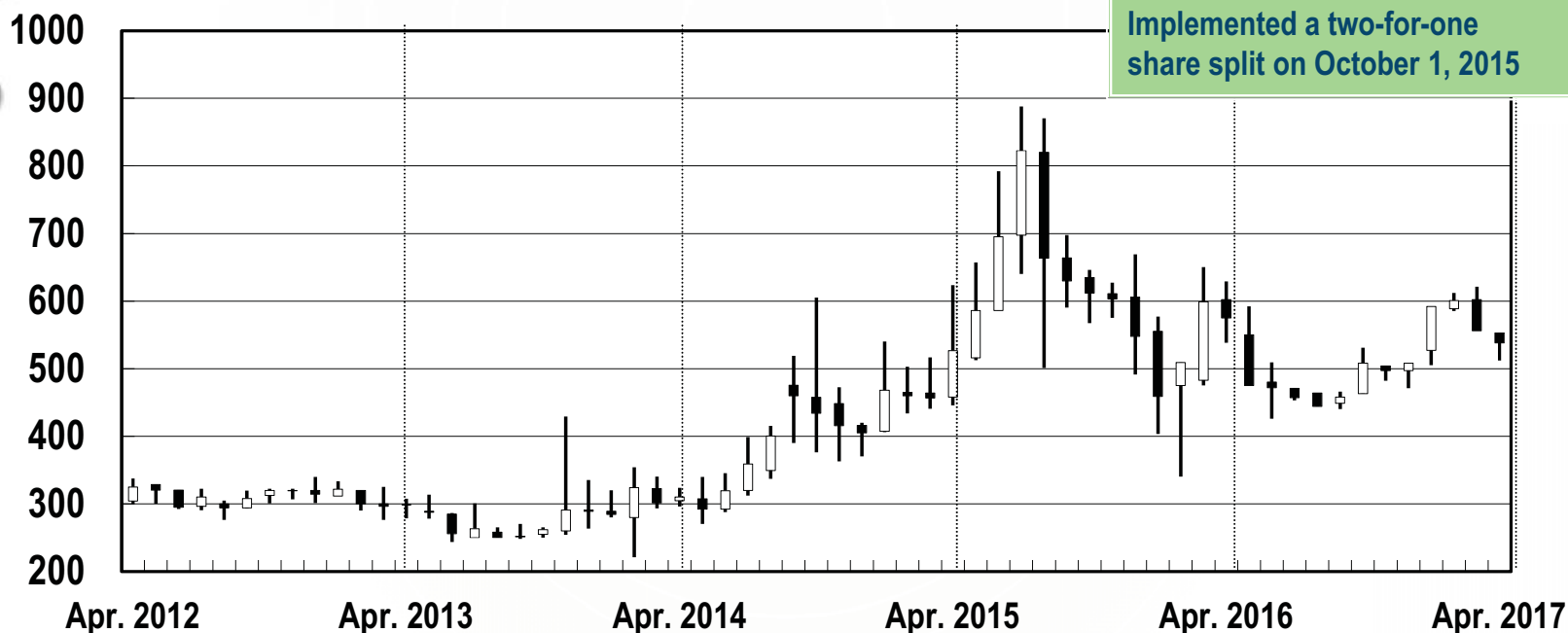


Changes in the Number of Employees

(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.



	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017
Net income per share (¥)	17.02	32.91	42.81	53.36	39.83
Cash dividend per share (¥) ※1	7.5	10	12.5	16 ※2	12.5
Payout ratio	44.1	30.4	29.3	30.0	31.4
Number of shareholders	2,917	3,023	3,303	4,253	5,132

※1 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.

※2 Cash dividend per share for the fiscal year ended March 2016 was the ordinary dividend of 12.5 yen and commemorative dividend of 3.5 yen.

II . Projections for Fiscal 2018

Ending March 31, 2018



(¥ million)	Year ended March 2017 Results	Year ending March 2018 Projections	Year-on-year change
Net Sales	17,846	18,400	554
Operating Income	743	850	107
Ordinary Income	731	820	89
Net Income	551	520	-31

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) Investment in educating existing employees to further enhance their added-value
- (3) Investments in human resources for the internal control system, aiming to enhance corporate governance

(¥)	Year ended March 2017 Results (forecast)	Year ending March 2018 Projections	Payout Ratio
Cash Dividends per Share	12.50	12.50	33.3%

Cash dividend per share for fiscal year ending March 2018 (forecast): ¥12.5 of ordinary dividend