



FYE June 2016 First Half

Financial Results

February 22, 2016

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Note pertaining to this data:

- In principle, monetary amounts included in this document are rounded down to the nearest million yen.
- The forward-looking statements included in this document, such as those about future performance, are based on information that the Company has obtained and certain assumptions that the Company considers reasonable. Actual business performance and other results may differ materially from forward-looking statements due to diverse factors.
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1

Overview of Financial Results

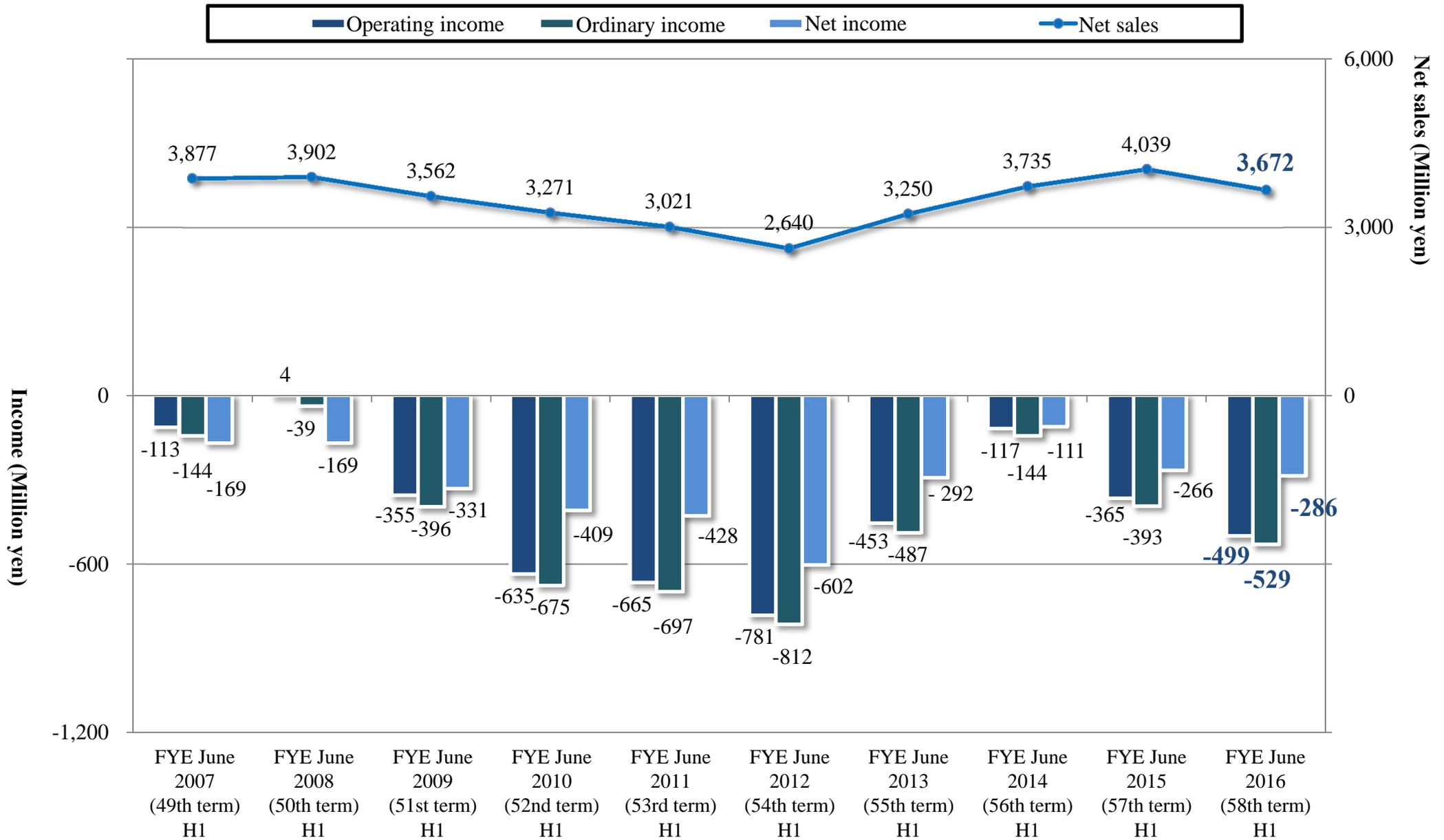
Financial Highlights

Although both net sales and income declined,
the backlog of orders reached a record high.

(Million yen)

	FYE June 2015 H1	FYE June 2016 H1	Year-on-year change (rate of change)
Net sales	4,039	3,672	-367 (-9.1%)
Operating income (loss)	-365	-499	-133 (-)
Ordinary income (loss)	-393	-529	-135 (-)
Net income (loss)	-266	-286	-19 (-)
Backlog of orders	5,923	6,721	798 (13.5%)

Trends in First-Half Results



Major Factors for Declines in Net Sales and Income

□ Seasonal fluctuations

- The delivery of deliverables is concentrated in the period from the end of March to the end of June when many customers close their books.

➔ Net sales in the first half tend to account for a low percentage of the total.

□ Changed basis for recording sales

- Previous (until 57th term): Completion-percentage basis
58th term: Full-completion basis
- The change was made to improve customer satisfaction and provide engineering consulting that accurately responds to customer challenges. It is difficult in system development to determine total revenue from construction works until requirement definitions and the design process have been completed.

➔ Resulted in a decline of the sales of the ordered projects

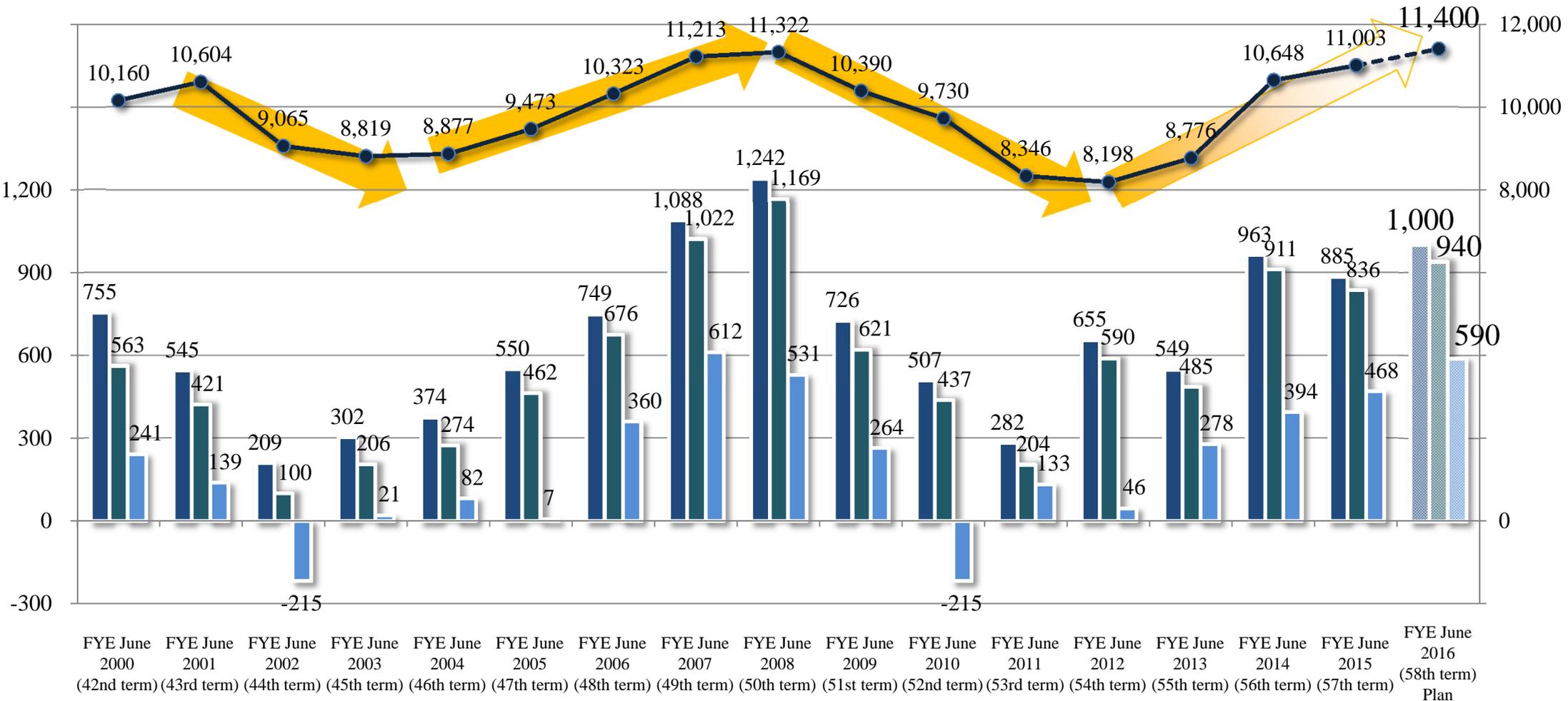
□ Increase in SGA expenses

- Strengthened marketing activities to propose comprehensive solutions by accurately extracting challenges of customers.
- Business development expenses to make a far-sighted investment increased.

Business activities remained strong as KKE plans to record most of abundant backlog of orders as net sales in the current fiscal year.

Full-Year Results Since Listing and Plan for FYE June 2016

Operating income Ordinary income Net income Net sales (Million yen)



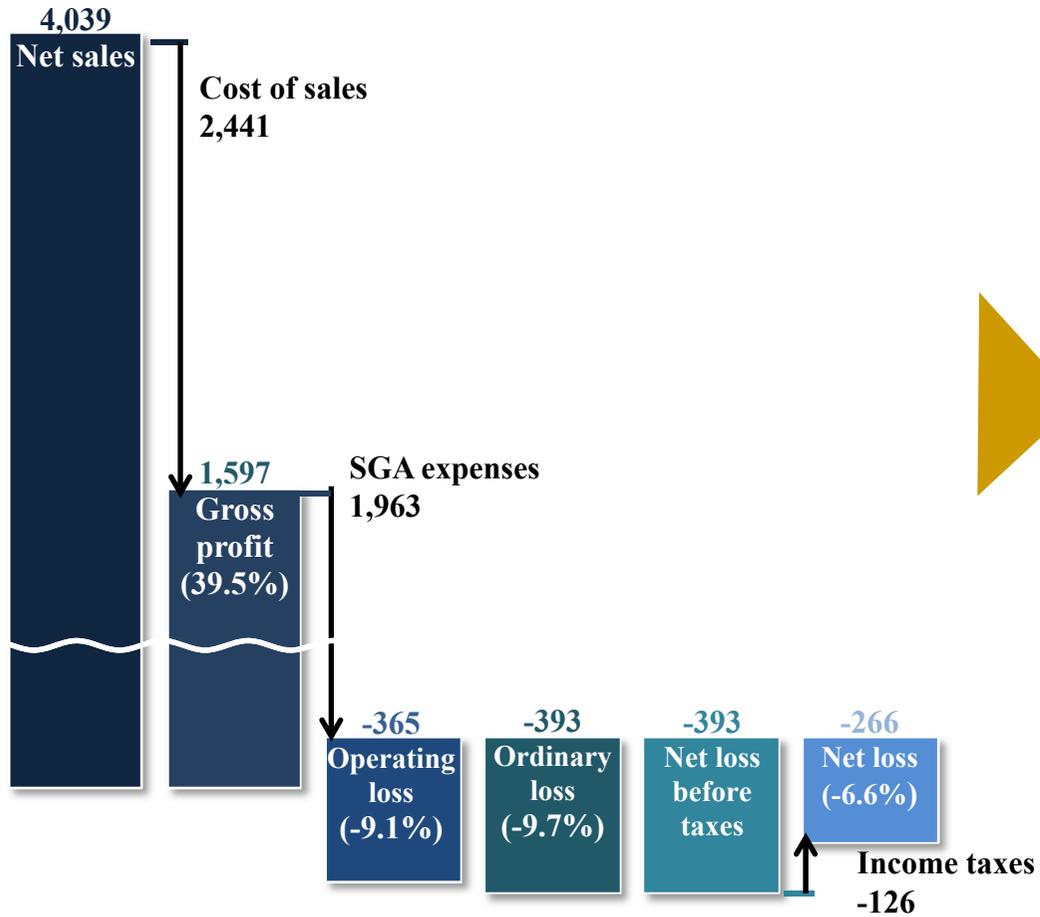
FYE June 2016 H1 Income Statement Highlights

(Million yen)

	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on-year change
Net sales	4,039	3,672	-367
Cost of sales	2,441	2,083	-358
Gross profit (loss) (Gross profit rate)	1,597 (39.5%)	1,588 (43.3 %)	-9
SGA expenses	1,963	2,087	124
Operating income (loss) (Operating income rate)	-365 (-9.1%)	-499 (-13.6%)	-133
Non-operating profit & loss	-27	-30	-2
Ordinary income (loss) (Ordinary income rate)	-393 (-9.7%)	-529 (-14.4%)	-135
Extraordinary profit & loss	-0	2	2
Net income (loss) before taxes	-393	-526	-133
Income taxes	-126	-240	-113
Net income (loss) (Net income rate)	-266 (-6.6%)	-286 (-7.8%)	-19

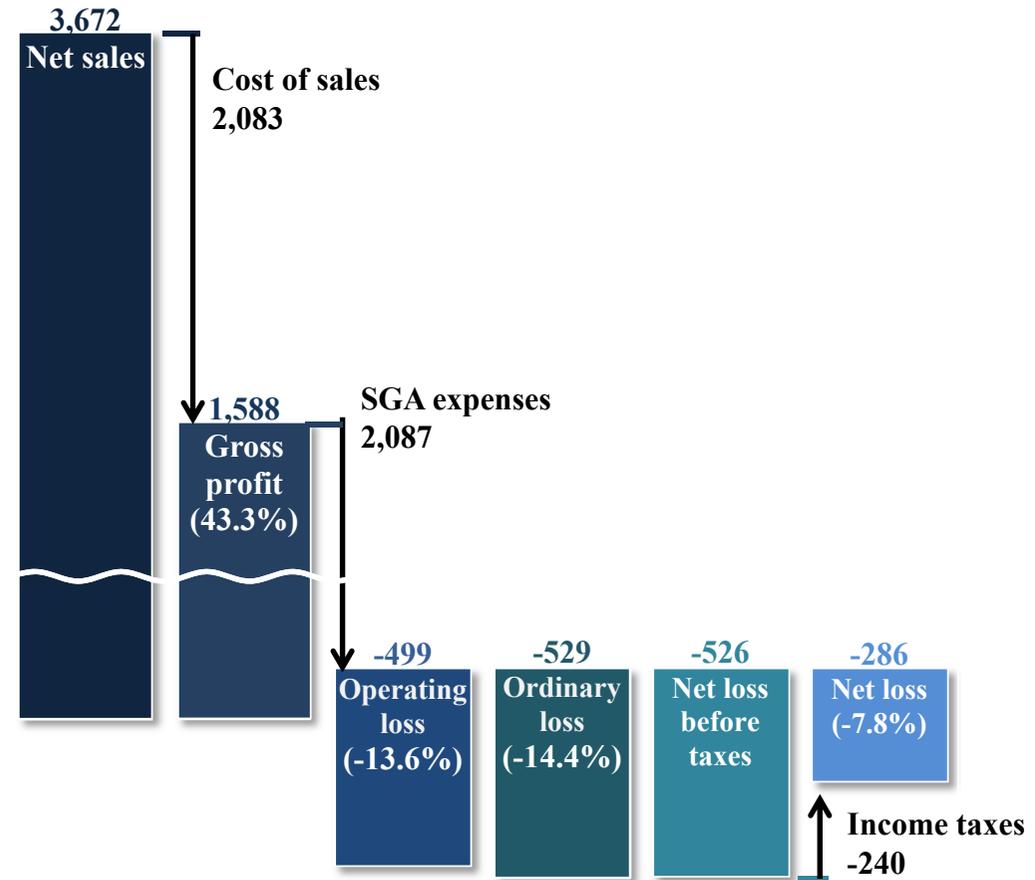
FYE June 2016 H1 Change in Profit and Loss

FYE June 2015 (57th term) H1



FYE June 2016 (58th term) H1

(Million yen)



FYE June 2016 H1 Highlights of Balance Sheet

(Million yen)

	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on- year change
Current assets	3,414	4,462	1,047
Cash and deposits	306	683	376
Notes and accounts receivable	1,316	1,553	237
Goods in process	895	1,280	385
Fixed assets	6,613	6,726	113
Property, plant and equipment	5,093	5,055	-38
Intangible assets	329	294	-35
Total assets	10,027	11,189	1,161

	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on- year change
Total liabilities	7,735	8,472	736
Current liabilities	5,780	5,564	-215
Short-term borrowings*	3,620	3,410	-210
Advances received	969	1,027	58
Long-term liabilities	1,955	2,907	952
Long-term borrowings	232	1,072	840
Total net assets	2,291	2,716	424
Total liabilities and net assets	10,027	11,189	1,161

* Long-term borrowings due within one year are included in short-term borrowings.

FYE June 2016 H1 Financial Position

B/S in H1 of FYE June 2015 (57th term)

Total assets: 10,027

Liabilities + Net assets: 10,027

Current assets 3,414 Cash and deposits 306 Accounts receivable 1,316 Goods in process 895	Current liabilities 5,780 Short-term borrowings 3,500 Long-term borrowings due within one year 120	Interest-Bearing Debt 3,911
Fixed assets 6,613 Investments and other assets 1,189	Long-term liabilities 1,955 Long-term borrowings 232	
Net assets 2,291 Retained earnings 1,924		

B/S in H1 of FYE June 2016 (58th term)

Total assets: 11,189 (Million yen)

Liabilities + Net assets: 11,189

Current assets 4,462 Cash and deposits 683 Accounts receivable 1,553 Goods in process 1,280	Current liabilities 5,564 Short-term borrowings 3,050 Long-term borrowings due within one year 360	Interest-Bearing Debt 4,548
Fixed assets 6,726 Investments and other assets 1,376	Long-term liabilities 2,907 Long-term borrowings 1,072	
Net assets 2,716 Retained earnings 2,189		

Change in assets (1,161) (Million yen)

- **Increase in current assets (1,047)**
 Increase in cash and deposits (376)
 Increase in accounts receivable (237)
 Increase in goods in process (385)
- **Increase in fixed assets (113)**
 Increase in investments and other assets (187)

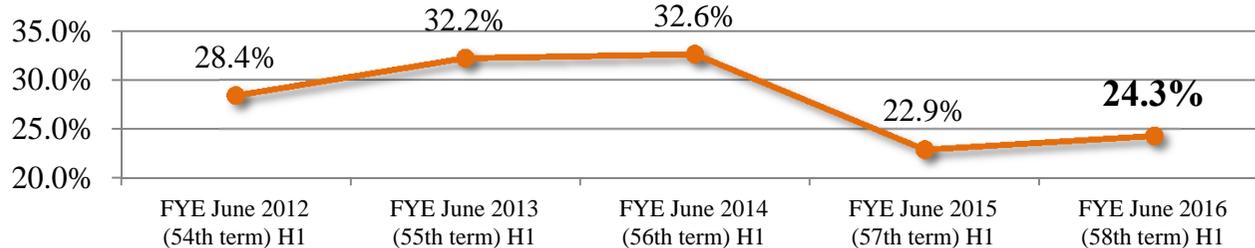
Change in liabilities (736)

- **Decrease in current liabilities (-215)**
 Decrease in short-term borrowings (-450)
 Increase in long-term borrowings due within one year (240)
- **Increase in long-term liabilities (952)**
 Increase in long-term borrowings (840)
 Increase in provisions for retirement benefits (91)

Change in net assets (424)

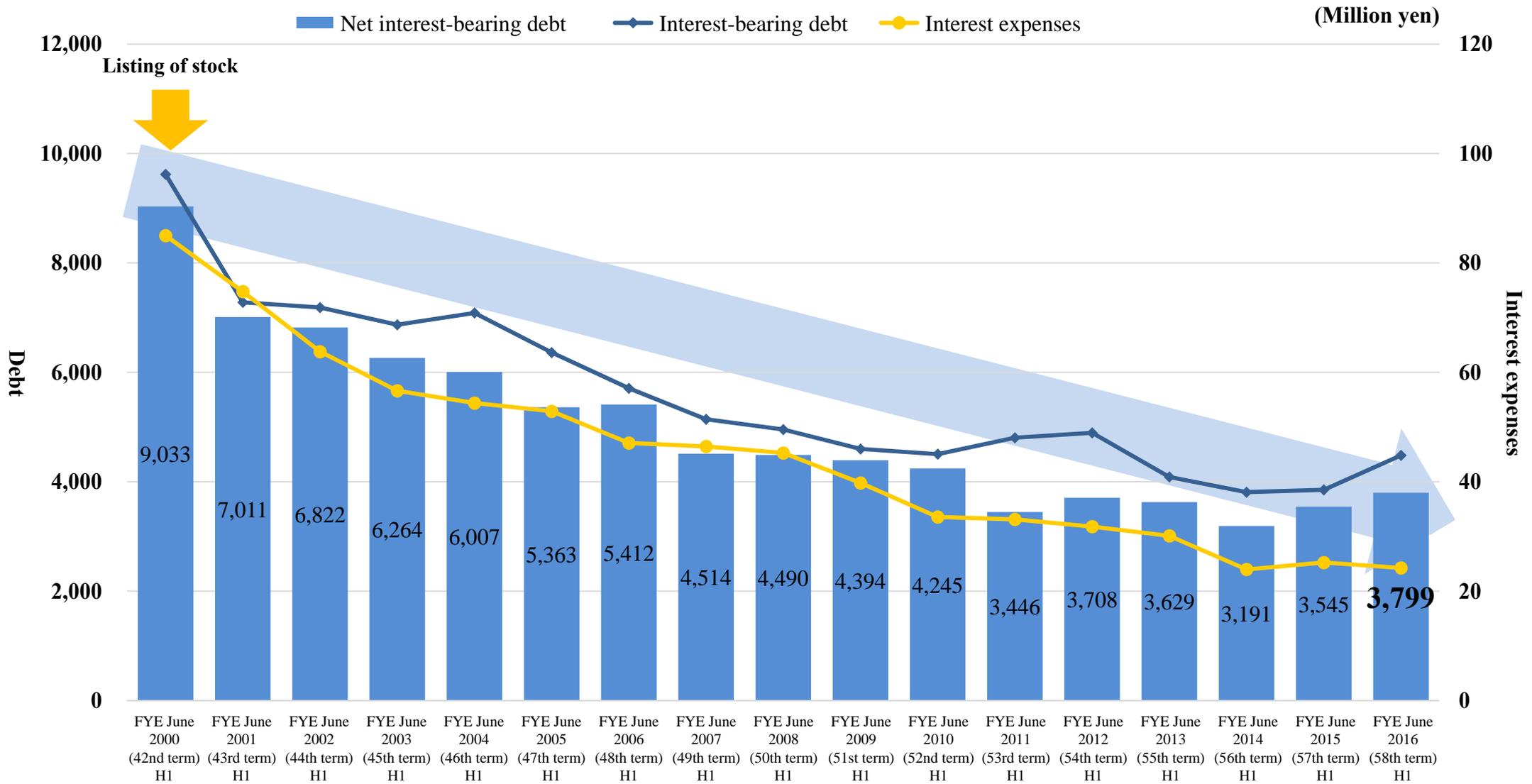
- **Increase in retained earnings (265)**
- **Decrease in treasury shares (148)**

Capital ratio



Changes in Net Interest-Bearing Debt and Interest Expenses

Reduced interest-bearing debt, maintaining a balance with business investment



FYE June 2016 H1 Cash Flow Statement Highlights

Actively made long-term investments in business development

(Million yen)

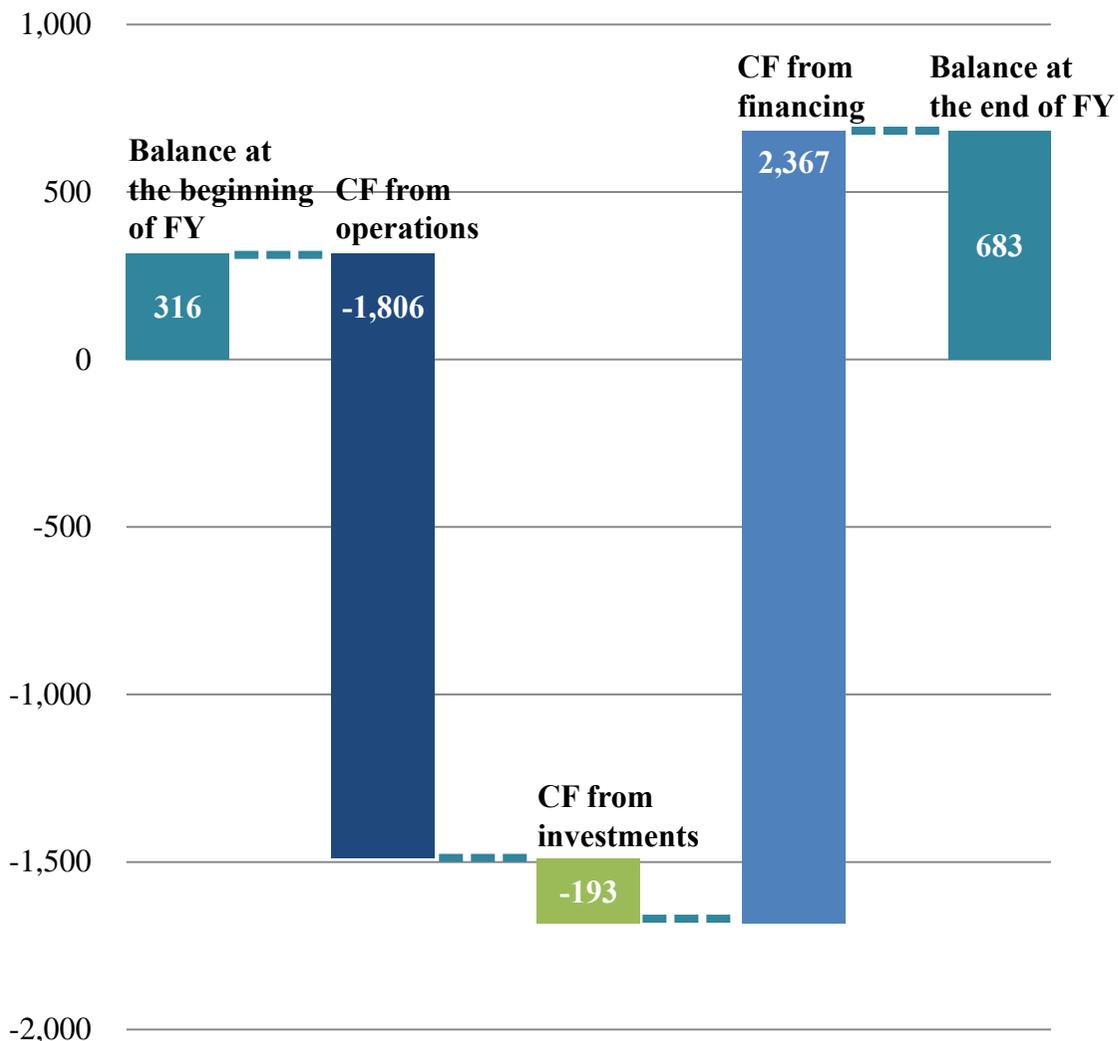
	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1
Balance at the beginning of FY	264	316
CF from operations	-1,245	-1,806
CF from investments	-57	-193
Free CF	-1,303	-1,999
CF from financing	1,345	2,367
Balance at the end of FY	306	683

FYE June 2016 H1 Cash Flow Breakdowns

C/F in H1 of FYE June 2016 (58th term)

(July 1, 2015 to December 31, 2015)

(Million yen)



(Million yen)

Major components of CF from operations

● Net loss before taxes	-526
● Increase in reserve for bonuses	347
● Decrease in accounts receivable	157
● Increase in inventories	-847
● Decrease in accrued expenses	-473
● Corporation and other taxes paid	-157

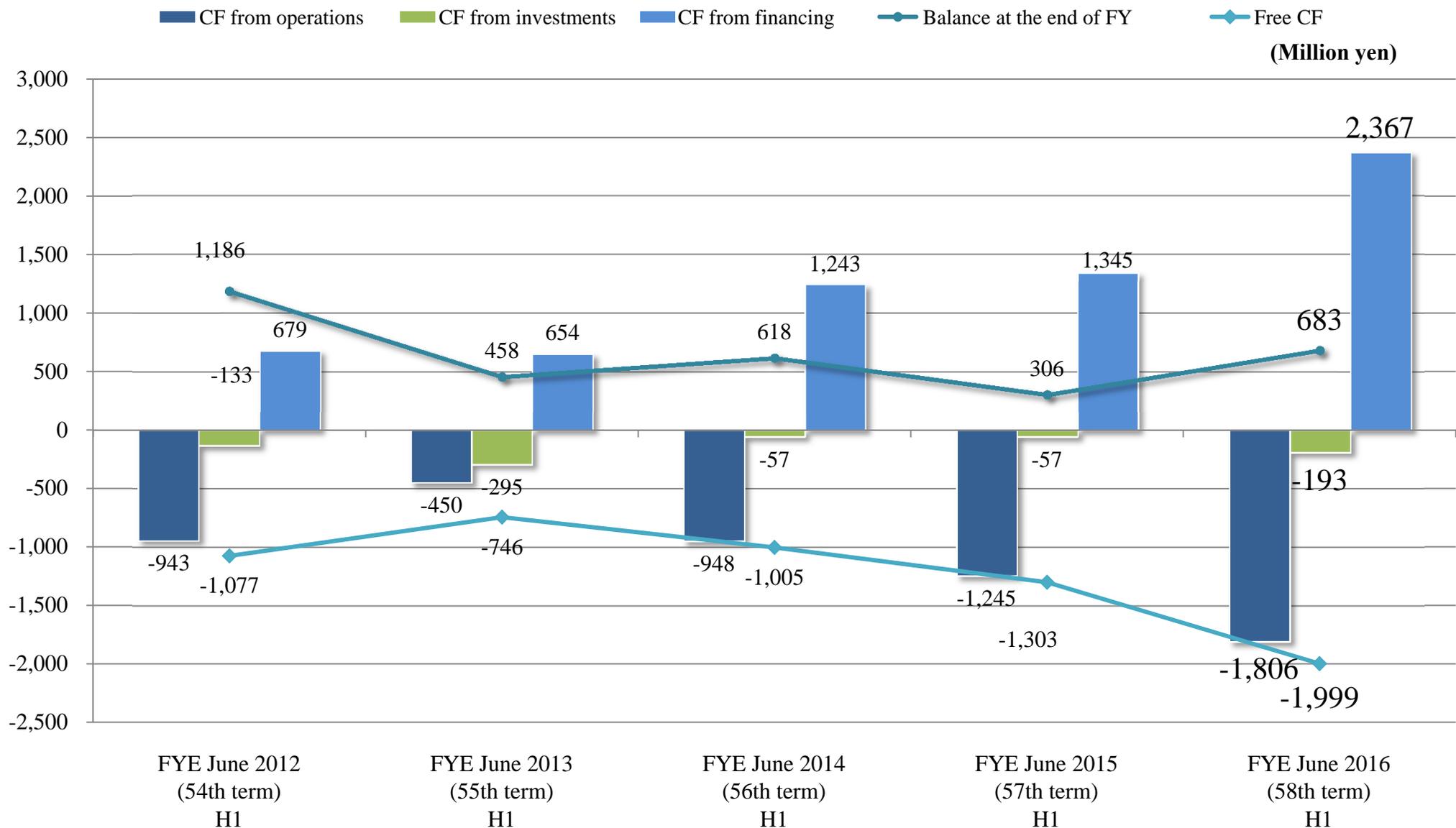
Major components of CF from investments

● Purchase of investments in capital of subsidiaries and associates	-122
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Major components of CF from financing

● Net increase in short-term loans payable	1,350
● Net increase in long-term loans payable	1,140

First-Half Cash Flows in the Last Five Fiscal Years





2

Results by Segment

Changes in Reported Segments (from the First Quarter of FYE June 2016)

Divided into two segments : Engineering Consulting and Product Service

Engineering Consulting

- Consultation of disaster risk reduction, earthquake resistance and environment assessment
- Structural design of buildings
- Software development (Requirement definitions, basic reviews, research & prototype)
- Simulation of manufacturing and logistics business
- Marketing consulting
- Risk analysis
- Multi-agent simulation
- Traffic simulation, etc.

System Solutions

- Development of
- Structural design support systems
 - Mobile communication and mobile network communication systems
 - Sales and design support systems for the manufacturing industry
 - Optimization and logistics systems, etc.

Product Service

- Sales of
- Structure analysis and seismic performance analysis software
 - Network simulation software
 - Radio wave propagation and electromagnetic wave analysis software
 - CAE software for designers in the manufacturing industry
 - Software for supporting marketing and decision-making
 - Statistical analysis software
 - Image processing software
 - Cloud based email delivery infrastructure service, etc.

Engineering Consulting

Integrate as

Engineering consulting and system solutions have become more closely tied, in order to propose solutions in an integrated manner by extracting challenges of customers.

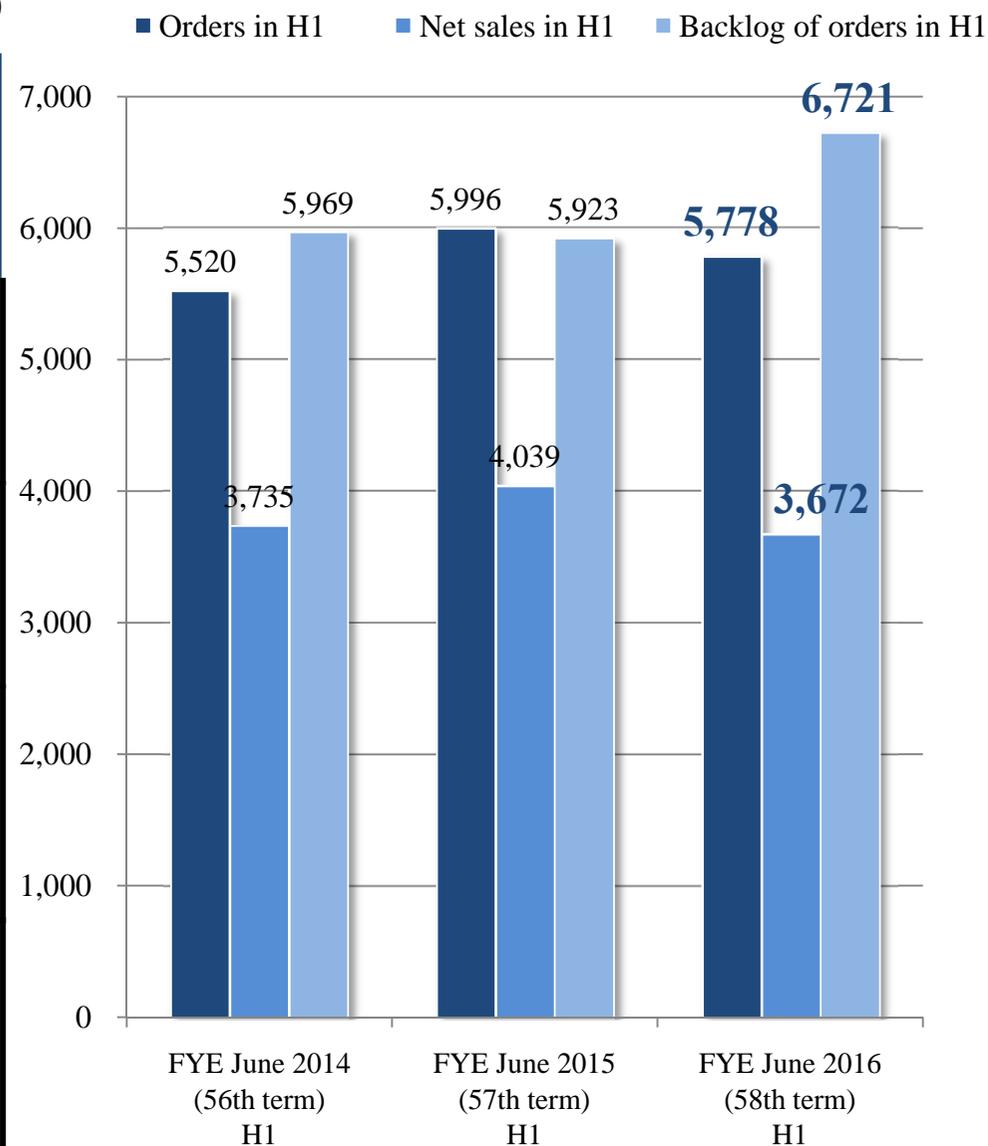
Product Service

Total of the Business Segments

(Million yen)

(Million yen)

	FYE June 2014 (56th term) H1	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on-year
Orders	5,520	5,966	5,778	-3.2%
Net sales	3,735	4,039	3,672	-9.1%
Segment profit (margin)	555 (14.9%)	485 (12.0%)	486 (13.2%)	0.2%
Backlog of orders	5,969	5,923	6,721	13.5%

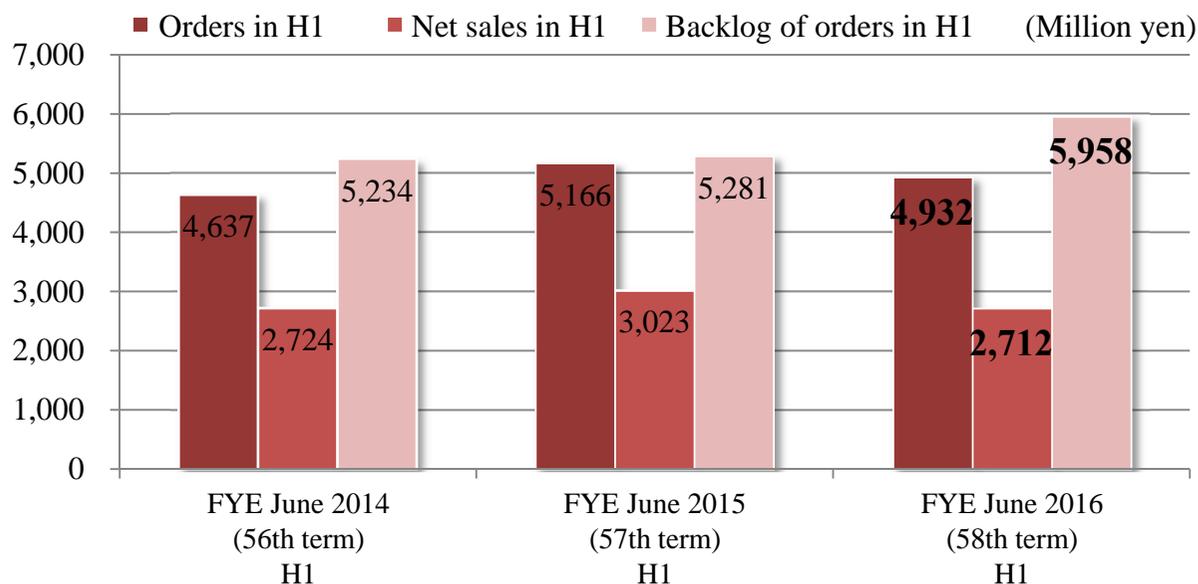


(1) Engineering Consulting

(Million yen)

	FYE June 2014 (56th term) H1	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on-year
Orders	4,637	5,166	4,932	-4.5%
Net sales	2,724	3,024	2,712	-10.3%
Segment profit (margin)	401 (14.7%)	390 (12.9%)	362 (13.4%)	-7.2%
Backlog of orders	5,234	5,281	5,958	12.8%

- ◆ Consultation on disaster risk reduction, earthquake resistance, and environment assessment analysis
- ◆ Structural design support systems
- ◆ Structural design of buildings
- ◆ Mobile communication and mobile network communication systems
- ◆ Sales and design support systems for the manufacturing industry
- ◆ Marketing consulting
- ◆ Optimization and logistics systems



Analysis of results

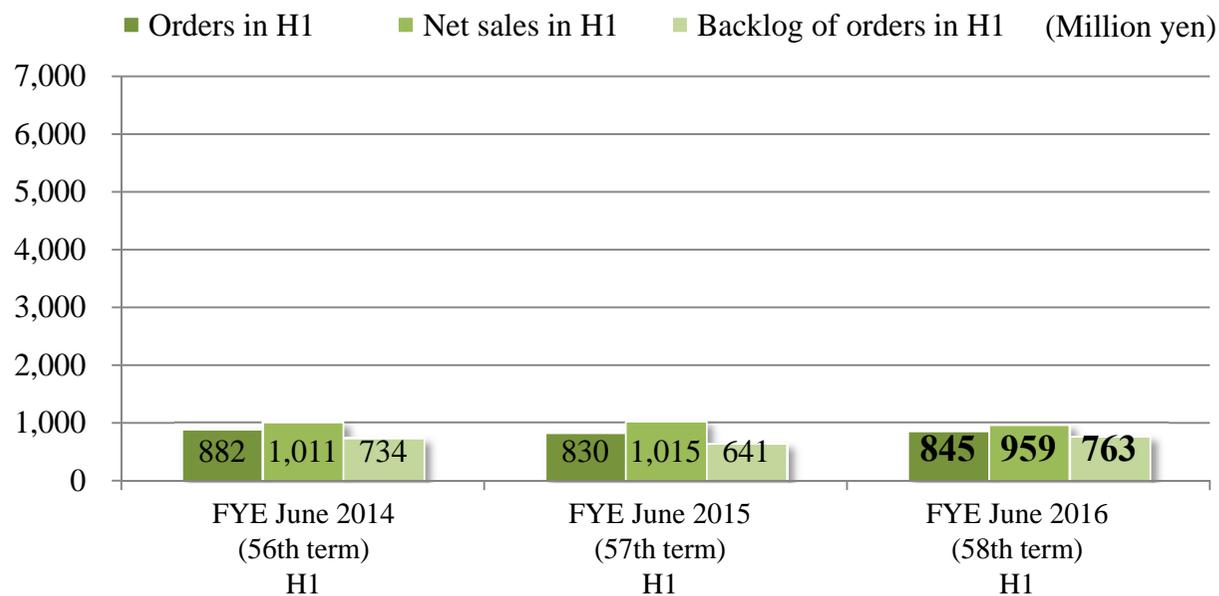
- System development for leading companies in housing industries investing for differentiation, seismic retrofitting for medium-term maintenance and structural design consulting remained strong.
- Analysis for disaster risk reduction and decision-making support consulting remained firm.

(2) Product Service

(Million yen)

	FYE June 2014 (56th term) H1	FYE June 2015 (57th term) H1	FYE June 2016 (58th term) H1	Year-on-year
Orders	882	830	845	1.8%
Net sales	1,011	1,015	959	-5.5%
Segment profit (margin)	153 (15.2%)	95 (9.4%)	123 (12.9%)	29.6%
Backlog of orders	734	641	763	18.9%

- ◆ Structure analysis and seismic performance analysis software
- ◆ Network simulation software
- ◆ Radio wave propagation and electromagnetic wave analysis software
- ◆ CAE software for designers in manufacturing industry
- ◆ Software for supporting marketing and decision-making
- ◆ Statistical analysis software
- ◆ Image processing software
- ◆ Cloud based email delivery infrastructure service
- ◆ Education and training



Analysis of results

- Sales of computational fluid dynamics software, CAE software for designers, risk management solutions for the manufacturing industry and cloud-based email distribution service, etc. remained firm.



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Forecast for Fiscal Year
Ending June 30, 2016

Estimates for Fiscal Year Ending June 2016 (58th Term)

(Million yen)

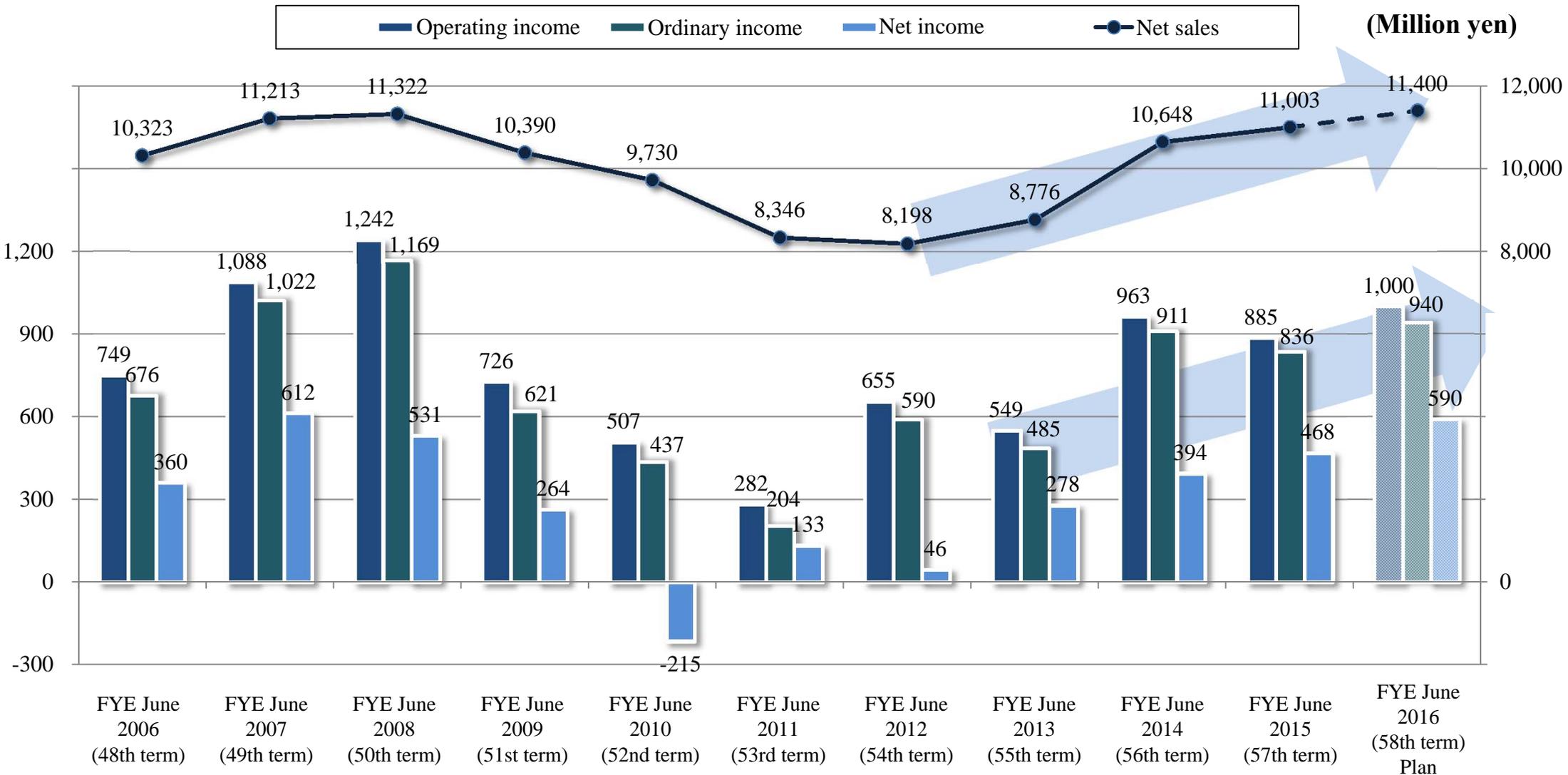
	FYE June 2015 (57th term)	FYE June 2016 (58th term) Plan	Change from previous FY	Rate of change from previous FY
Net sales	11,003	11,400	397	3.6%
Operating income	885	1,000	115	12.9%
Ordinary income	836	940	104	12.4%
Net income	468	590	122	25.9%

Dividends	40 yen per share	Interim: 15 yen
		Year end: 30 yen (plan)
		45 yen per share

Trends in Results and Results Forecasts

Toward higher sales and income for the fourth consecutive year

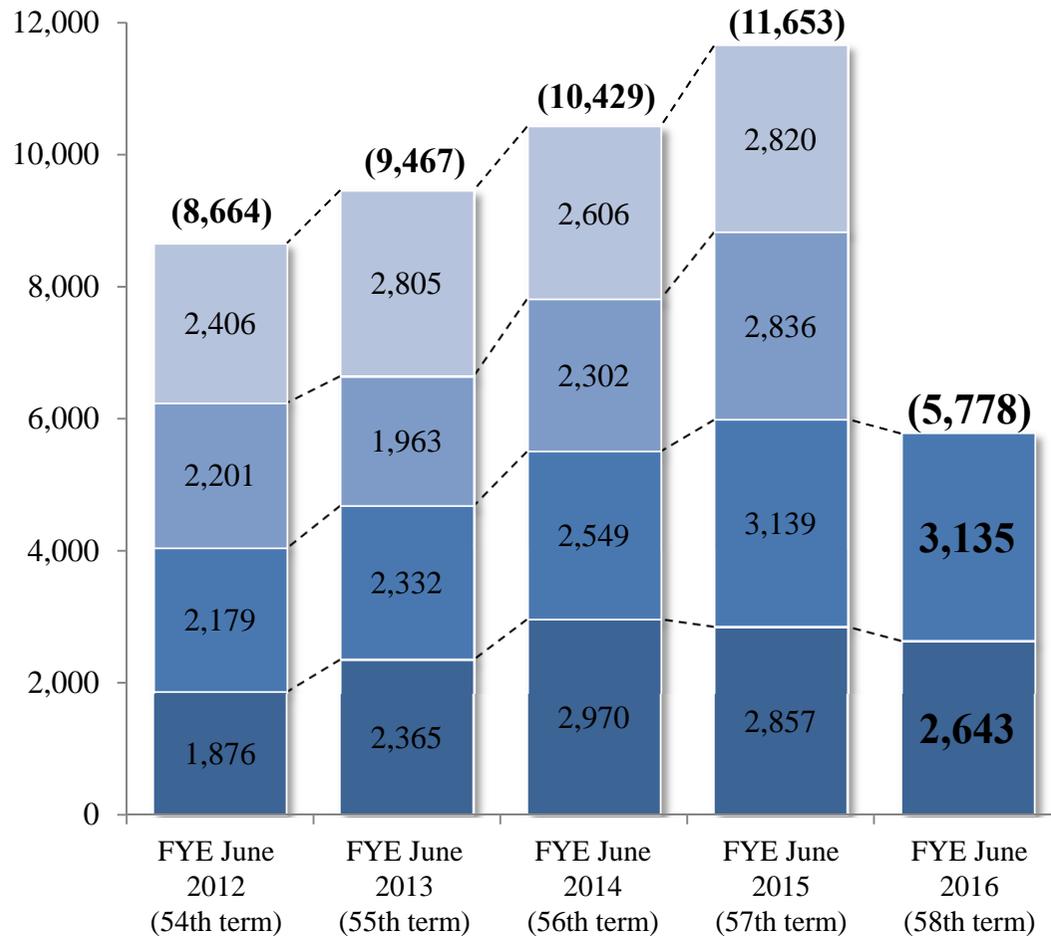
(Million yen)



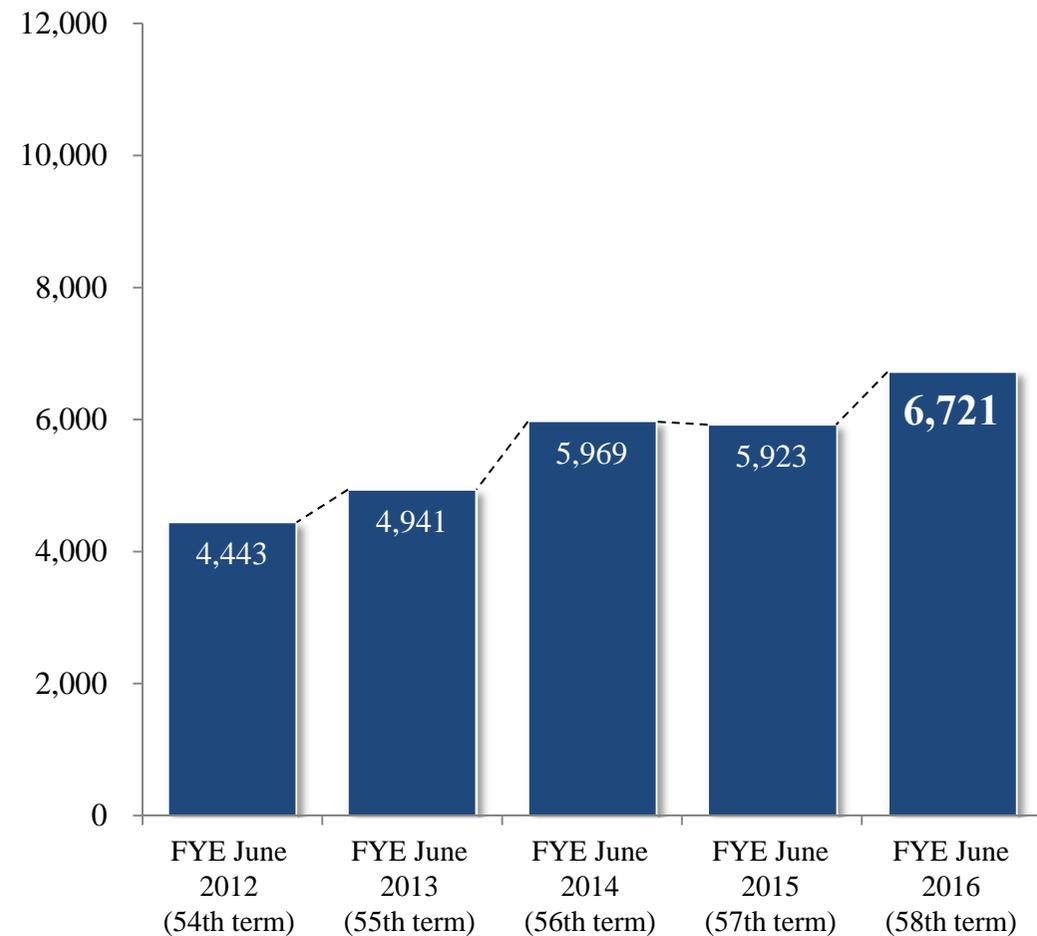
Changes in Orders and Backlog of Orders

Most of the extensive backlog of orders are to be recorded as net sales in the current fiscal year.

■ 1Q ■ 2Q ■ 3Q ■ 4Q

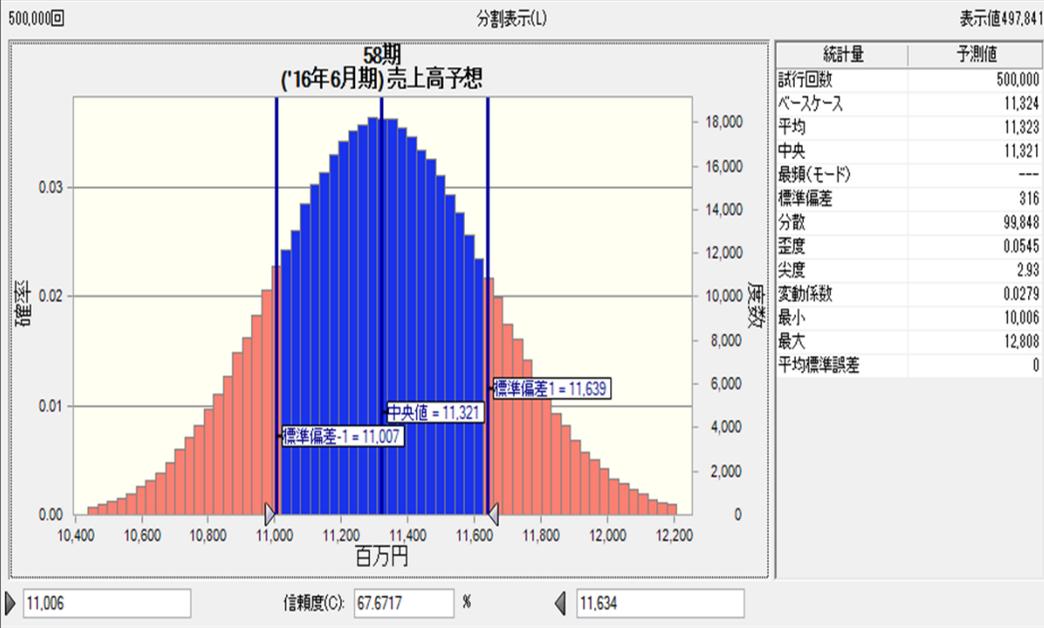


Orders (Million yen)



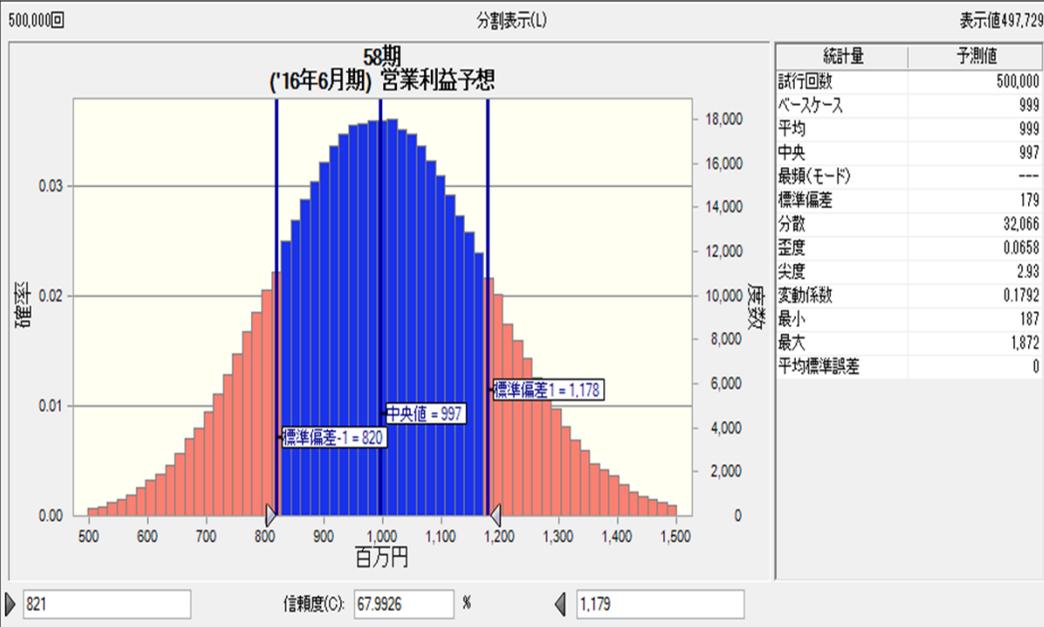
Backlog of order (Million yen)

Full-Year Results Forecasts Simulation using “Crystal Ball”



Conducted a simulation by preparing a model based on actual data for the past three years to gain insight.

- Median of net sales: 11,321 million yen
- Median of operating income: 997 million yen



Risk analysis software “Crystal Ball”

- A spread-sheet(Microsoft Excel) based quantitative risk analysis software using Monte Carlo Simulation.
- Mathematical analysis to make high-quality decisions without depending only on intuition and experience.
- Support persuasive decision-making with a graphical report.

Key Initiatives That Will Continue in the Future

To enhance total added value by continuing sustainable growth as a company.

Ensure the quality of services and products

- Foster an organizational climate that is uncompromising on quality, learning from failures in the past.

Human resources development

- Engineers, managers and executives who see and take actions from a company-wide perspective.

Invest in new business developments, develop “Design & Engineering” to overseas

- Increase added value beyond development of technology introduced from overseas.
- Achieve overseas development, making use of the accumulated technology and know-how yield in Japan.

Intellectual property strategy

- Secure intellectual property of the deliverables.
- Clarify areas of responsibility.

Management Indicators KKE Sets as the Targets

- Focus on operating income that shows the true earning power of a business +
Personnel costs and fringe benefits to hire excellent human resources based on our concept that human resources are the source of the company's growth
= Total added value

Continue sustainable development as a company by increasing the total added value.

- Reduce net interest-bearing debt at the term end, taking into account the balance with business investments.
- Increase ROE through high profit margins and efficient investments.
- Promote dividend policy of continuing to distribute stable dividends to shareholders who have held KKE shares for the medium and long term.

Response to Stakeholders of the Company



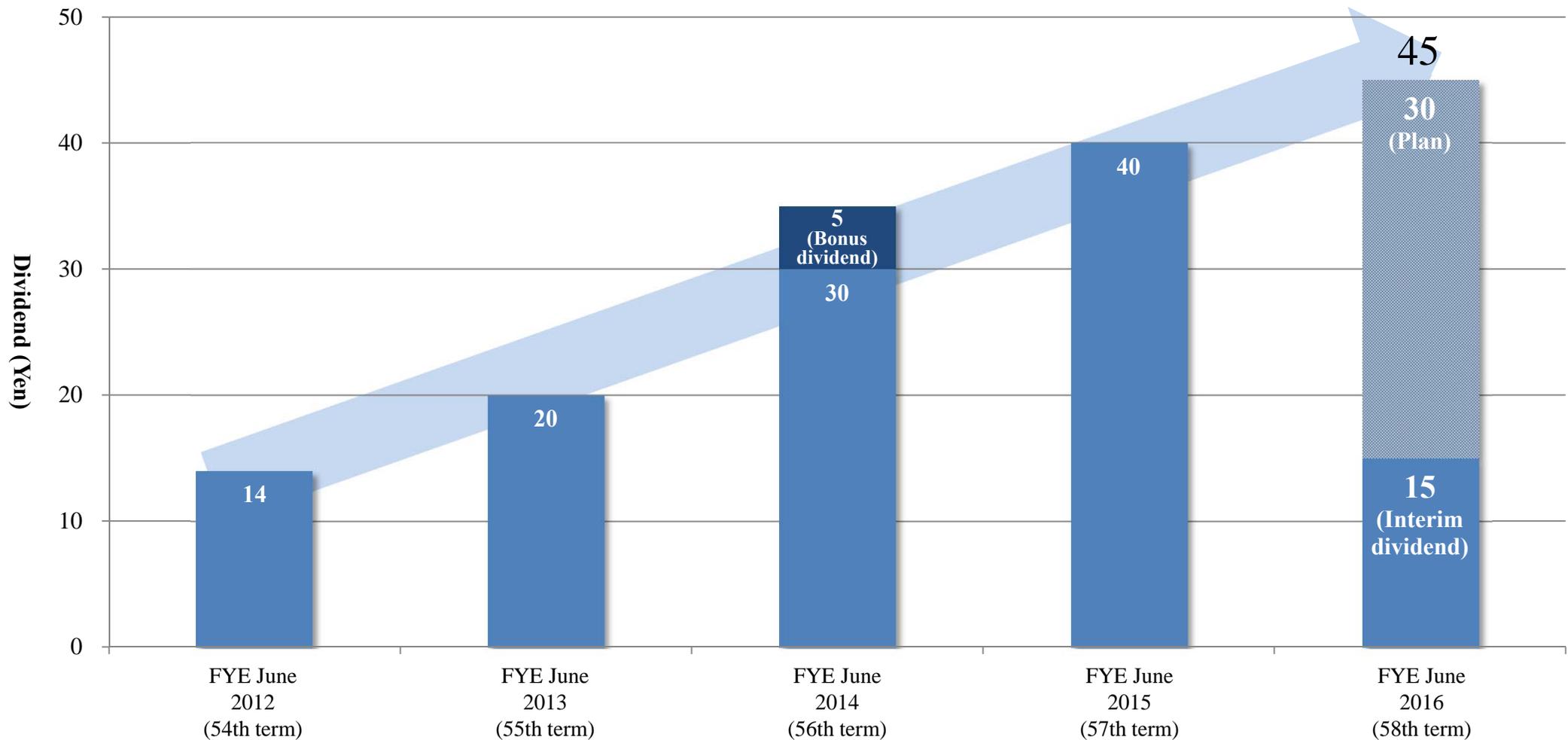
Payment of Interim Dividends

- **KKE will pay interim dividends as an opportunity to return profits to shareholders, irrespective of profit levels, and smooth the share price.**
- **In the Articles of Incorporation of KKE, there is a provision that allows KKE to pay interim dividends by resolution at a meeting of the Board of Directors. The record date for interim dividends is December 31 each year.**
- **KKE will not revise its full-year results forecasts but revise the year-end dividend per share to 30 yen.**

	Amount decided
Record date	December 31, 2015
Dividends per share	15 yen
Total amount of dividends	69 million yen
Effective date	March 10, 2016
Dividend resource	Retained earnings

Plan of a Dividend per Share

Seek to increase dividends for the fifth consecutive year.



* In the 56th term, KKE paid bonus dividends commemorating the 55th anniversary of its foundation. In the 58th term, KKE will pay interim dividends.

Introduction of “Stock Benefit Trust (Employee Shareholding Association Purchase-type)”

- **KKE resolved to introduce a stock benefit trust (employee shareholding association purchase-type) at a meeting of the Board of Directors held on November 13, 2015.**
 - **Purpose:**
To enhance the welfare program for employees and grant an incentive to enhance the corporate value of KKE.
 - **Settlor: KKE**
 - **Trustee: Mizuho Trust and Banking → Trustee of Retrust: Trust & Custody Services Bank**
 - **Beneficiaries: Members of the employee shareholding association who have met the criteria for beneficiary qualification**
 - **Date of trust: March 10, 2016 (planned)**
 - **Trust period: March 10, 2016 to May 10, 2018**

- **500,000 shares (655,000,000 yen) out of 1,504,528 shares of treasury stock (as of December 31, 2015) currently owned by KKE will be sold to Trust & Custody Services Bank in block.**



4

Management Policies for the Medium and Long Terms

Innovating for a Wise Future

- Utilizing the company’s technology built based on engineering knowledge, we aim to create a bright future society with full of human wisdom together with our stakeholders.
- We use the word “**innovating**” to express the process of creating society.





Professional Design & Engineering Firm

An organization to create high added value
through unique solutions based on engineering
approaches inspired by a combination of
academic and empirical knowledge



Three Principles for Action (To Become a Professional Design & Engineering Firm)

Prioritized management with limited resources

1 Collaboration: Always have a board vision.

Cooperate with partners both within and outside the Company.

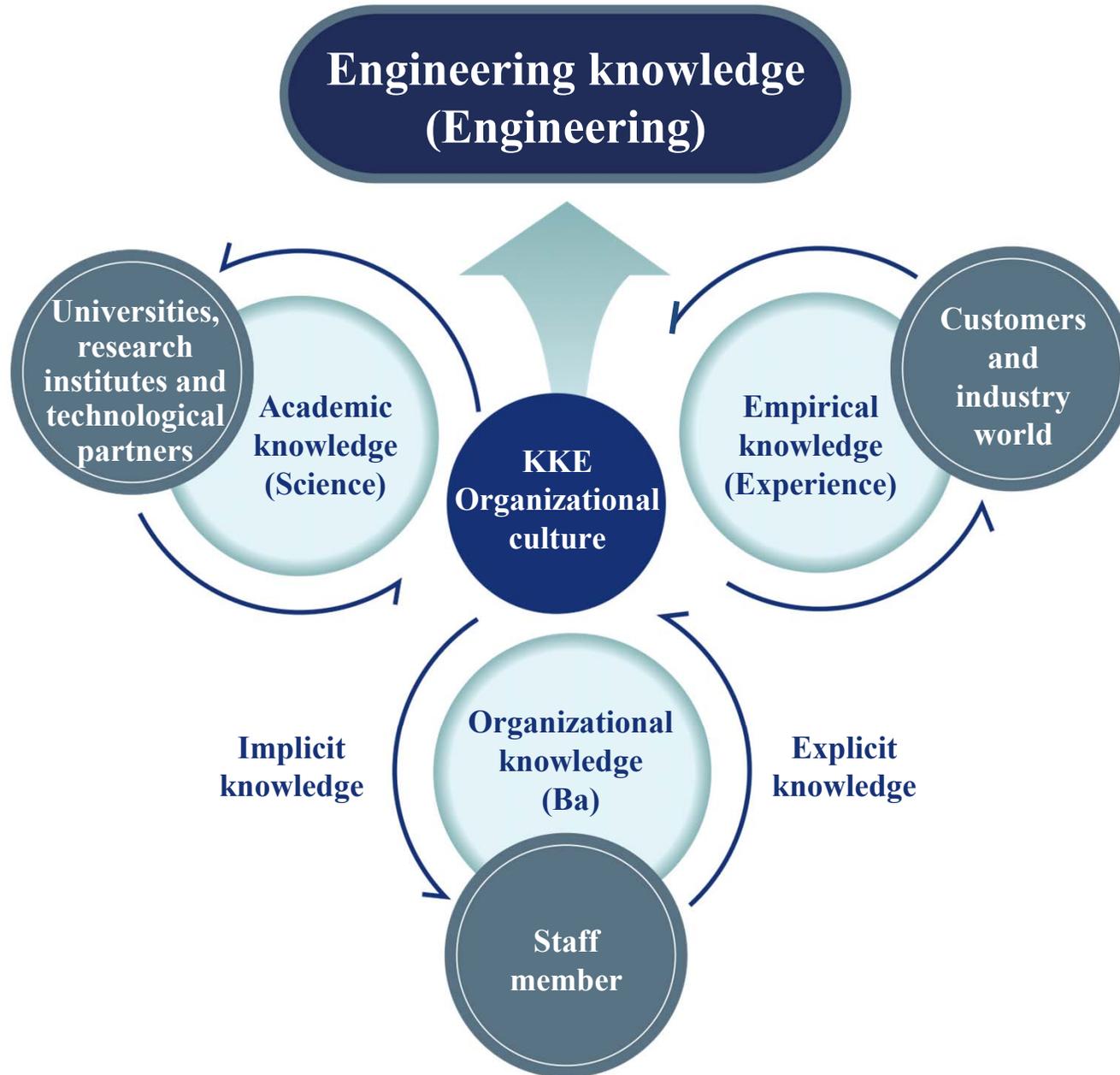
2 Feedback: Use the PDCA cycle.

Learn even from failure to enhance the strength of the organization.

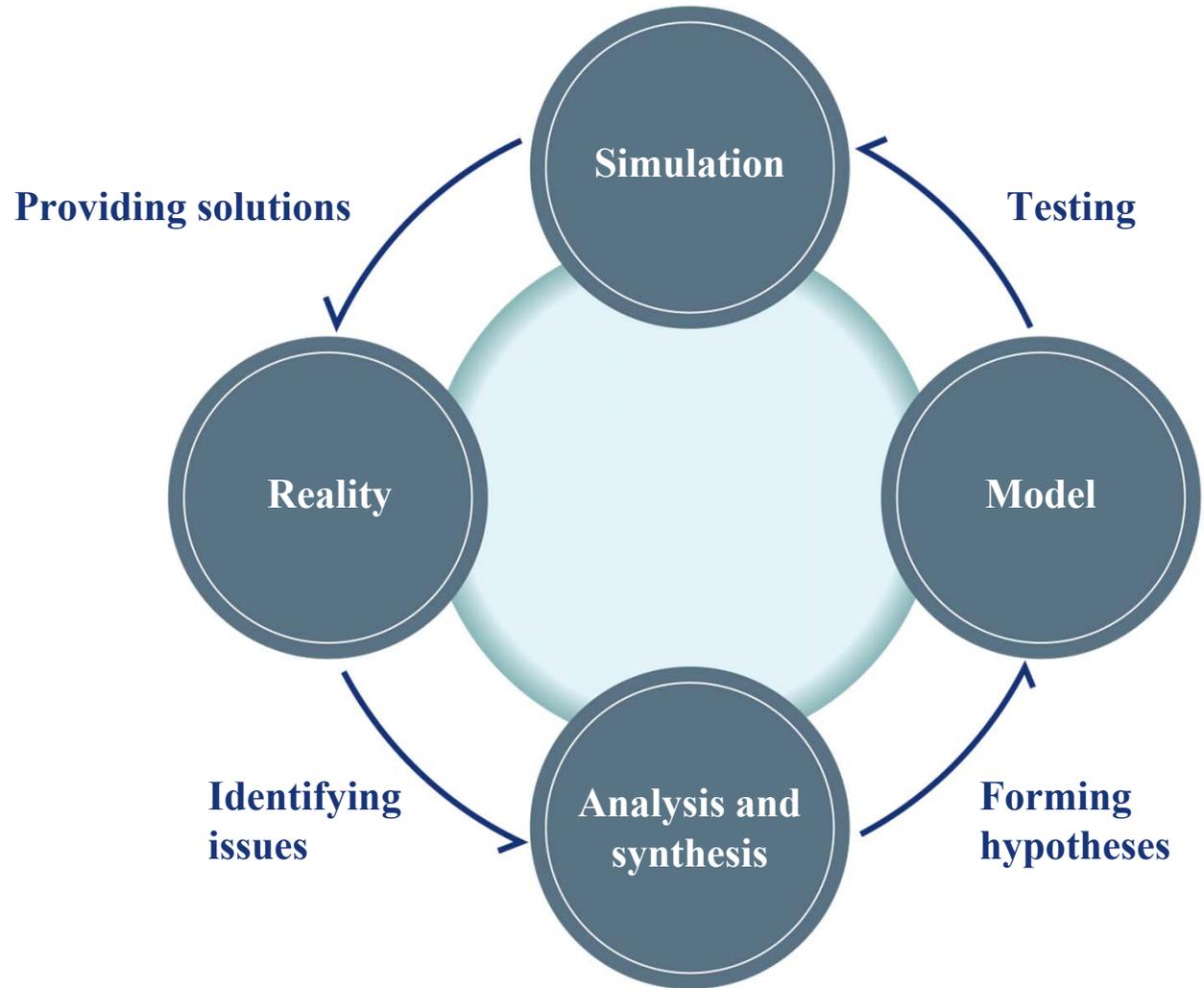
3 Speed: Stay ahead of the evolution of information technology.

Act promptly as members of the organization.

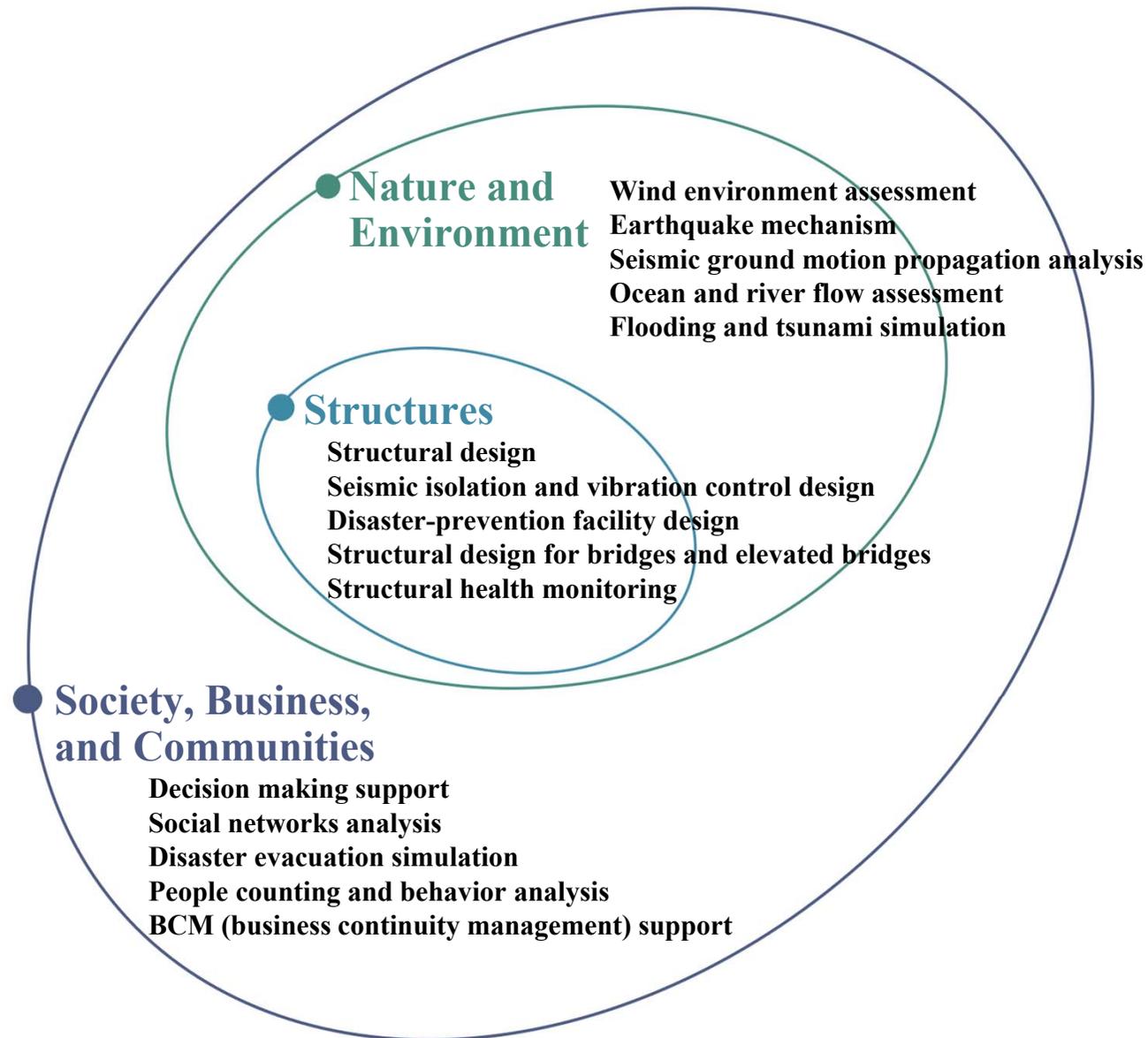
Structure of Knowledge (Our Vision)



Engineered Approach (Model and Simulation)



Expanding Business Domains



Scenarios for Increasing Added Value

1. | By investing in business development



2. | Through employee growth



3. | By increasing the number of employees (associates)



* KKE defines the amount obtained by adding personnel costs and fringe benefits to operating income as the total added value to represent the source of profit distributed to stakeholders.

Five I's to Enhance Added Value (Attitude)

I ntelligent

Engage to business based on compensation for knowledge and social contribution

I ndependent

Establish an environment with totally unrestricted, free thinking

I nterdisciplinary

Integrate and fuse diverse academic fields

I nnovative

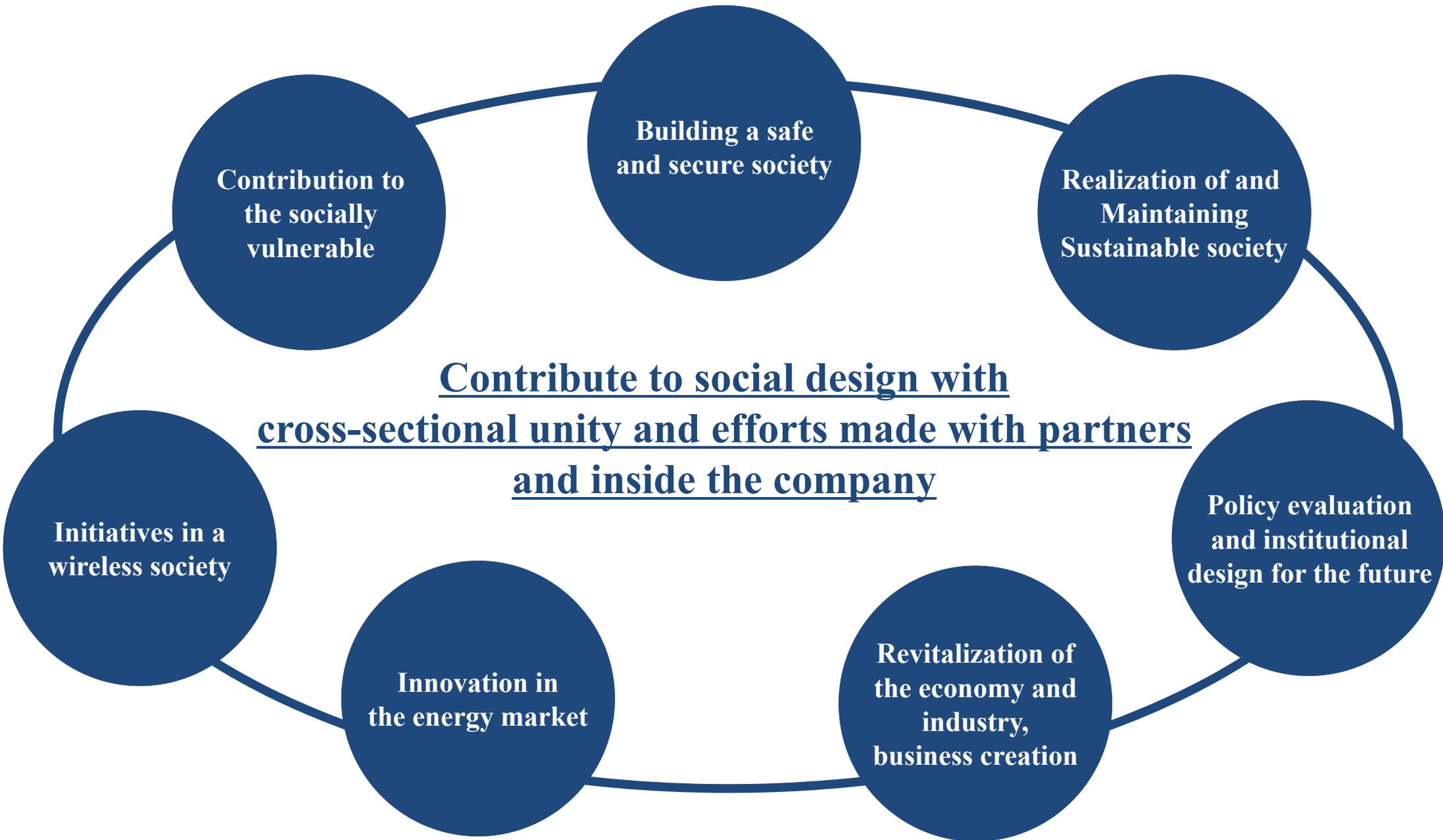
Have the structure, culture, and DNA to challenge new ideas

I nternational

Create alliances with overseas partners with different knowledge

Investment in New Business Developments

(1) Seven Domains for New Business Development



Investment in New Business Developments

(2) Cooperation with NavVis in Germany

Overview of cooperation

- **Partner company: NavVis GmbH (Headquartered in Munich, Germany)**
- **Beginning of business alliance: October 2015**
- **Alliance:**
Sales and development of solutions using NavVis, an indoor mapping & navigation platform, in the Japanese market

NavVis, a next-generation indoor digitalization platform

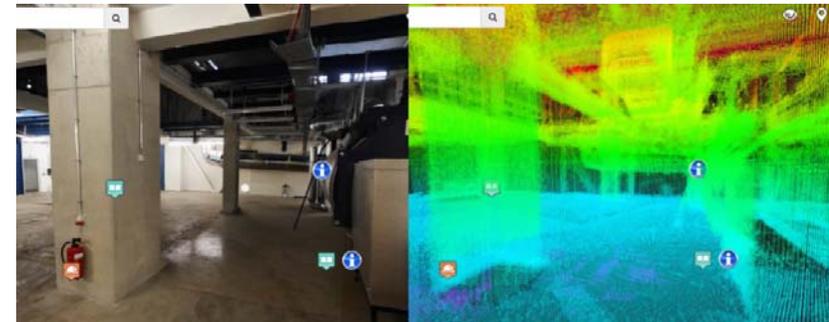
● Background

For outdoors: A mapping & navigation services based on location information (GPS) and geographical information (map) have become widely used.

Indoors: Services are not yet practical even though indoors account for 80-90% of economic activities.

➔ NavVis succeeded in developing an indoor 3D mapping & navigation platform with high utility.

- Example applications: Equipment management, retail industry, and construction site management, etc.



Synergy with business operated by KKE: structural health monitoring, marketing support for retailers and structural design

Enable wide-ranging social contributions through the development of added services tailored to the Japanese market

KKE's Investment in Business Developments in the Past

(1) Traffic Simulation

PTV Vision Series

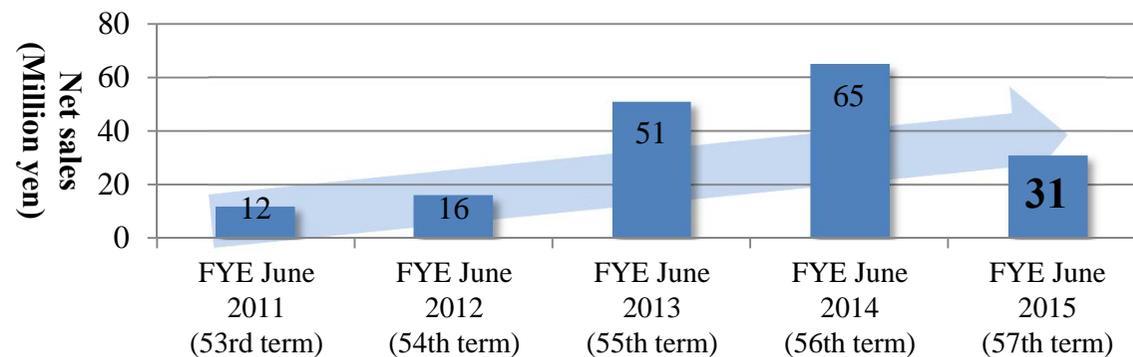
- Developed by PTV AG in Germany.
Traffic simulation that incorporates human factors
- From large-scale urban development and traffic plans to the verification of traffic streams at intersections
 - New urban traffic plan of Dubai
 - Forecast for traffic demand in parking areas at Beijing Olympics, etc.



Developing PTV Vision Series by combining them with solutions provided by KKE in the past.

- Examine a new urban traffic plan for reconstruction and redevelopment of afflicted areas
- Wide-scale evacuation plan at the time of disaster
- Verify traffic influence by introducing a new mobility (transportation service) etc.

- After the alliance in February 2012, the Business Development Dept. has been cultivating the business.
- In August 2015, the business was transferred to operational departments after it got on track.



KKE's Investment in Business Developments in the Past

(2) Video-based People Counting System & Consulting

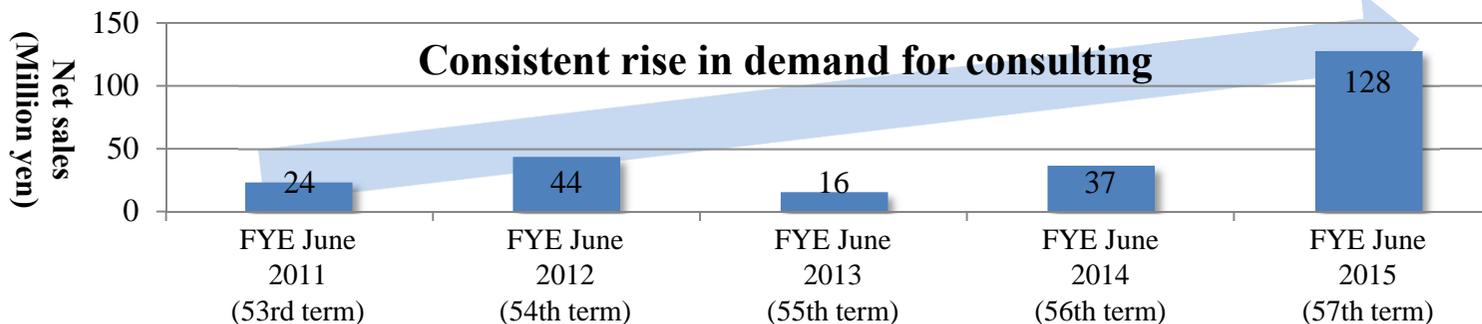
SiteView Series

System developed by Vitracom AG in Germany

- Real-time detection and measurement system of moving object using video images
 - ✓ Automatic surveillance of security systems
 - ✓ Pedestrian traffic measurement, etc.
- Correlation analysis is also possible based on long-term chronological data.

Developing pedestrian traffic consulting by combining SiteView Series with KKE's data analysis technology.

Introduced in actual stores of leading communication carriers, etc.
Support optimization of store environments in terms of purchase ratios by integrating POS data.



KKE's Investment in Business Developments in the Past

(3) Cooperation with SendGrid

SendGrid

- Developed by SendGrid, Inc. in the United States.
Cloud-based email distribution service
- Support companies' email delivery purposed for sales promotion activities, marketing and CRM.
 - Improve deliverability (messages that reach the Inbox), avoid ending in junk box.
→ Receive the benefit of cloud, free customers from building and maintaining their system.
 - SendGrid distributes 1% of all the emails (excluding junk mails) delivered in the world.

In December 2013, KKE launched its services for Japan, offering customized services that meet needs in the Japanese market.

Reduce operation cost and labor-saving,
Allow customers to focus on their business through an effective email marketing.

- Steady growth in sales after cooperation

2014 (56th term): 0.9 Mil yen (services began in the second half)

2015 (57th term): 16 Mil yen



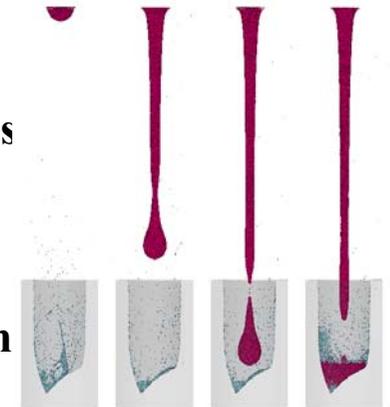
KKE's Investment in Business Developments in the Past

(4) Cooperation with Prometech Software, Inc.

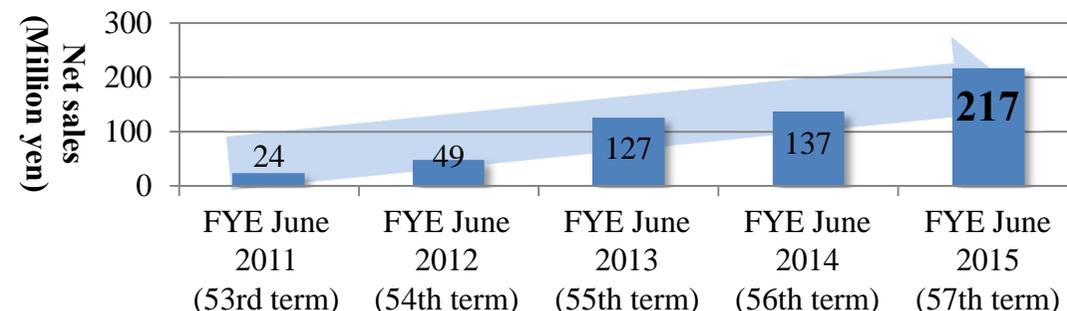
Prometech Software, Inc.

- ❑ Established: October 2004
- ❑ Capital: 201 million yen
- ❑ Venture company launched from the University of Tokyo
- Developed "Particleworks," CAE solution based on a fluid simulation theory "moving particle simulation method(MPS)"
 - ✓ The world's very first commercial fluid analysis software that uses MSP.
 - ✓ Solves physical phenomena that cannot be solved by conventional methods (mesh generation), such as breaking wave, mixing materials and powder flow.

- Capital and business alliance in October 2012
 - ✓ Acquired 36.7% of shares.
 - ✓ A wide-range business alliance including personnel exchanges: Two KKE members joining as outside directors
- Applied to KKE's disaster prevention-related business.
- Gained new customers
 - ✓ Shiseido Co., Ltd. reduced defectiveness of one of its lipsticks to less than one tenth
 - ✓ Also utilized in areas of regenerative medicine and bio-pharmaceuticals.



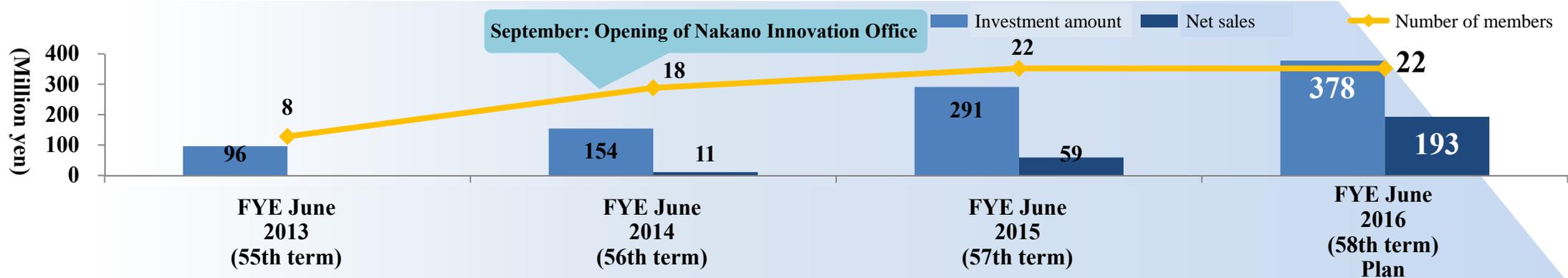
- ❑ Won the Award for Academic Startups (2014)
- ❑ Steady progress in business activities



KKE's Investment in Business Developments in the Past (5) Efforts of the Business Development Dept.

Contributes to a sustainable growth in added value, in the medium and long terms, as the core business development organization.

- ◆ Promotion of themes for business development
- ◆ Creation of new themes
- ◆ Fostering innovative culture
- ◆ Approach to form new business
- ◆ Business development and investment management



- Traffic simulation
- Cloud based email delivery (SendGrid)
- Regional vitalization business



- Traffic simulation
- Cloud based email delivery
- AOR (optimization in building structures)
- SDR



- Cloud based email delivery
- Marketing strategy
- AOR
- SDR
- Spatial communication design (NavVis)



- Cloud based email delivery
- Marketing strategy
- AOR
- SDR
- Spatial communication design
- EoD (Energy on Demand)
- MPS method business

- Business that have been profitable are transferred to operational departments: e.g. Traffic simulation
- Accelerate open innovation: Cooperation with ATR Venture Fund and HHI (Germany)

Investment in Venture Fund I

Investment in Kansai Science City ATR-Venture NVCC Investment Limited Partnership

Overview of investment

- ❑ Investment target: Venture companies related to ATR's research seeds and products
- ❑ Commitment amount: 200 million yen
- ❑ Duration of the fund: Until June 30, 2024
- ❑ Investors: KKE and several other companies

- ✓ Periodic meetings for technological exchange
- ✓ Technical study meetings with ATR-related companies and companies invested by the fund
(Human position measurement, drone-related areas and brain science, etc.)
- ✓ Participation in ATR exhibitions
- ✓ Realization of events using the human network of the fund

ATR (Advanced Telecommunications Research Institute International)



Keynote speech at KKE Vision 2015 OSAKA by Hiroshi Ishiguro of ATR



Vision

Excavate business seeds ATR technologies + Existing technologies of KKE

⇒ Creation of high value added business

- ❑ Create a project and business out of promising seeds, making use of the marketing capabilities of KKE
- ❑ Cultivation of human resources in management by dispatching personnel to fund-related venture companies
- ❑ Capital gains in the case of an exit



Telenoid Planning, Inc.,
a company invested by the fund

Investment in Venture Fund II

Mobile Internet Capital, Inc. Innovation IV Limited Liability Fund

Overview of investment

- ❑ **Investment target:** Next-generation ICT technology/Service & other sectors utilizing ICT, which have significant growth potential (e.g.) IoT, AI, healthcare and security
- ❑ **Commitment amount:** 200 million yen
- ❑ **Duration of the fund:** Until December, 2026

- ✓ **Sharing information on the efforts of many venture companies (about 500 cases a year)**
- ✓ **Having an opportunity to be exposed to presentations by venture companies through participating in MIC Day, an event for investors.**

Vision

Seek to cultivate and expand business of KKE.

- ❑ **Contribute to the growth of KKE by acquiring knowledge about the keys to business success and cultivation methods, etc.**
- ❑ **Create higher added value by creating an alliance between venture companies and KKE's business.**
- ❑ **Cultivate human resources in management by evaluating venture companies and dispatching managers to them.**

Growth of Staff Members:

(1) In-House Commendation

Hattori Award

Presented to staff members who have contributed to collaborating with industry-academia-government, and to social activities.



■ 33rd award winner

Structural Engineering Dept.

Toshiyuki Masatsuki

Project commendation

Commend excellent in-house projects.

26 operations that will contribute to society and become a model for others are subject to commendation.



■ Name of award winner project

Earned his doctorate (in engineering) with “Comprehension of seismic behavior of furniture and indoor damage in high-rise buildings due to an extended period of ground motion” and an improvement in name recognition

■ Reason for award

His work raised questions about the seismic behavior of not only buildings and structures, but also furniture, etc. by presenting many examples of seismic behavior of furniture that could have a significant impact on human life. It has great social significance and makes an important contribution to the recognition of KKE’s efforts for the creation of a safer and more secure society.

Growth of Staff Members:

(2) External Commendation

July 8, 2015

Received the special award in the Government, Industry and Academia Section at the 29th Grand Prize for Advanced Technology for Exhibiting Creativity

Award provider: Fuji Sankei Business i

Award winner: Masuto Nishiura, Natsuko Oouchi, Fumiko Owada from Business Development Dept.



November 5, 2015

Best Paper Award

Award provider: AsiaSim 2015

Award winner: Yuta Mihashi, Disaster Reduction & Environmental Engineering Dept.

His paper submitted to the Asia Simulation Conference 2015 (AsiaSim 2015) was recognized with the excellent paper award.



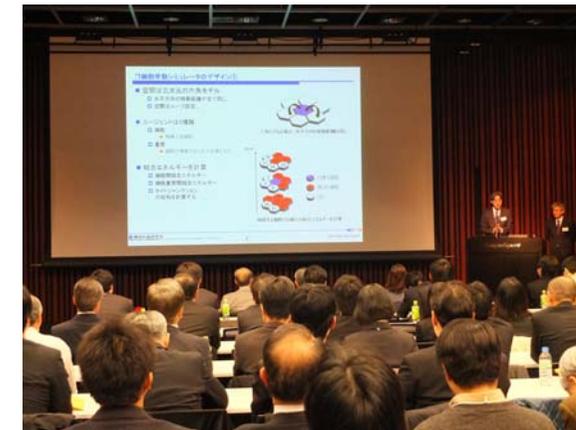
Growth of Staff Members:

(3) Outside Activities

Based on the corporate philosophy of “bridging academia and industrial worlds,” KKE encourages outside activities to deepen academic-industrial alliances on a company-wide basis.



- Collaborative study activities with outside groups: 27 groups**
- Lecturing at outside groups: 10 persons at 17 groups**
- Activities such as committee and study group : 61 persons at 102 groups**
- Study at universities in Japan and overseas: 9 persons**
- Papers published outside and books published: 54**



(January – December 2015)

Increase in Staff Members

(1) Recruitment Results

Total new employees
(including prospective employees)
from 2002 to 2016

354

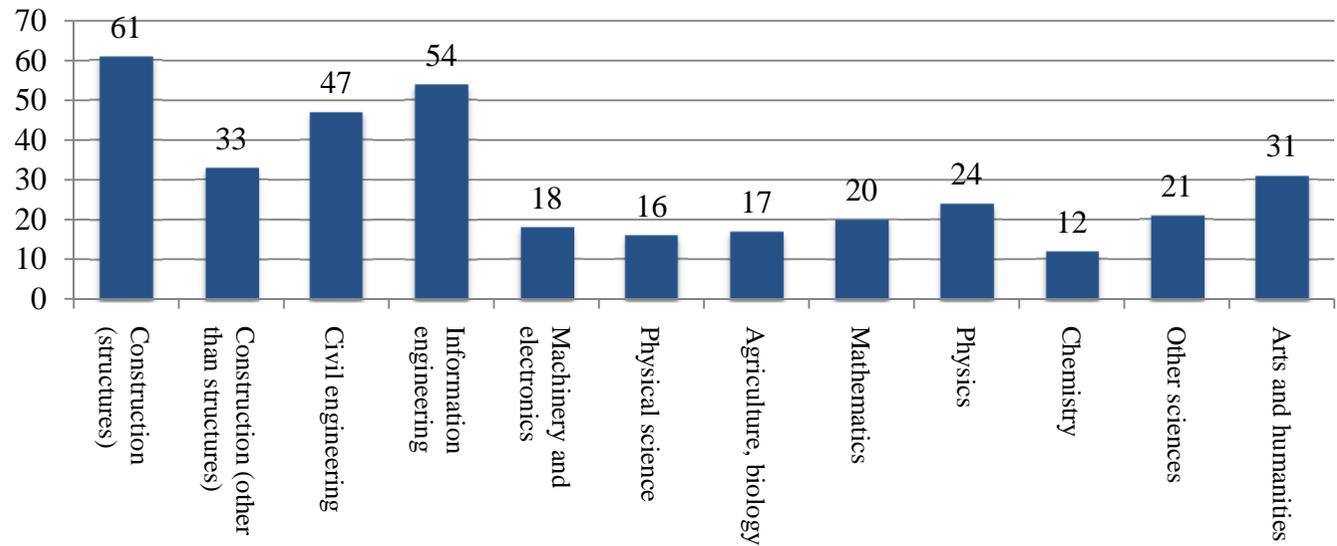
Universities they graduated from (breakdown of those who joined the Company from April 2002 to April 2016)	Number of people
Tokyo Institute of Technology	31
The University of Tokyo	23
Kyoto University	23
Kyushu University	21
Waseda University	18
University of Tsukuba	13
Tokyo University of Science	13
Kumamoto University	12
Osaka University	9
Keio University	8
Nihon University	8
Nagoya University	7
Tokyo Metropolitan University (*1)	7
Tokyo University of Agriculture	6
Tohoku University	5
Yokohama National University	5
Chuo University	5
Saitama University	5
Hosei University	5

Red numbers indicate persons who are to join KKE in 2016.

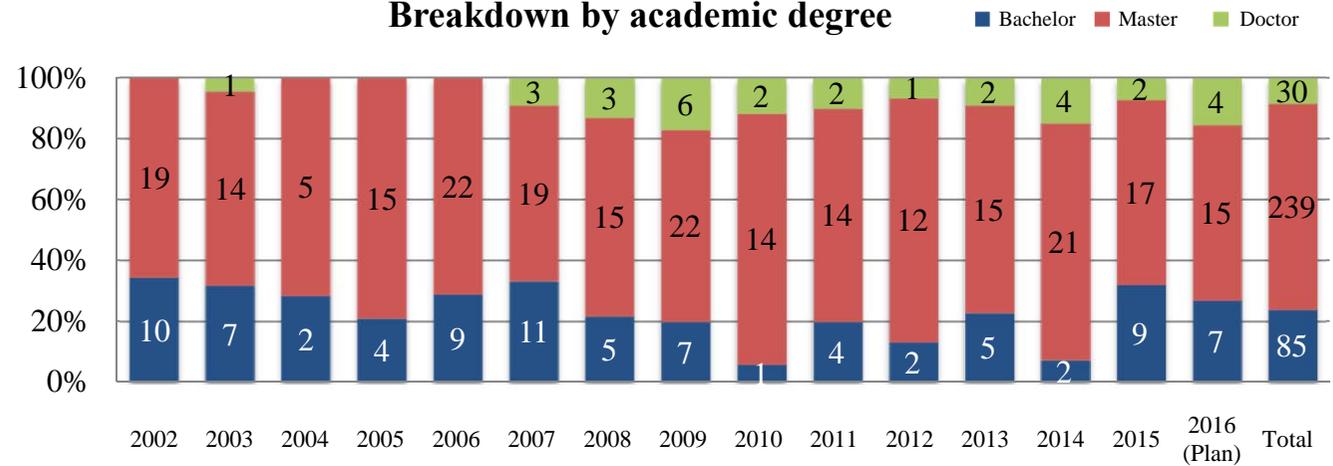
*1: Sum of Tokyo Metropolitan University and Tokyo Metropolitan Institute of Technology

*2: Each item of data includes prospective staff members.

University or college majors



Breakdown by academic degree



Increase in Staff Members

(2) Recruitment in Singapore

□ Activities

- **Participation in the ASEAN Career Fair 2016**
 - ◆ **A joint company information (screening) session where about 700 students participated from leading universities in ASEAN countries**
- **Implement recruitment activities at universities overseas**
 - ◆ **Visited four universities in Singapore and Thailand and implemented a company information session and a screening meeting.**
 - ◆ **About 100 students participated in the company information session.**

□ Purpose of activities

- **Secure a recruitment channel where students from various cultural areas and nationalities gather in order to enhance the diversity of the organization.**
- **For future global operations, the Company will increase foreign nationals as employees.**
(As of February 2016: 27 foreign nationals that will account for 4.7%)

□ Recruitment result in FY2016 (4 persons joined the Company in December 2015, and one person is to join the Company in April 2016)

- **Nationality:**
 - ◆ **Singapore, India, China, Indonesia, and Malaysia**
- **University:**
 - ◆ **National University of Singapore, Singapore Management University, Nanyang Technological University, Institut Teknologi Bandung, and University of Science, Malaysia**

ASEAN Career Fair 2016



Recruitment activity at university overseas



Professional Design & Engineering Firm that provides High Value-Added Solutions Supported on Intellectual Properties

Direction of initiatives

- Develop initiatives to manage and use intellectual and information assets to promote the transformation of tacit knowledge into explicit knowledge.
- Scheme formulation, contracts, and negotiations with an awareness of intellectual property from the early stages of business
- Promote a culture of sharing and using results and experiences, including both past successes and failures.
- Build a win-win relationship with partners founded upon the intellectual property we own
- Clarify the areas of responsibility.

(Reference information)

Number of patents we hold as of January 31, 2016: 54

Number of patent-pending inventions as of January 31, 2016: 27

Ranking in terms of patent assets in FY2015: Fourth among companies in the area of information and communications in emerging markets

(Reference: Data from Patent Result Co., Ltd.)

Promote the creation of business models and new technologies by integrating research and development with business strategies.

Report of the KKE Vision 2015

□ Purpose

- ✓ Organized an occasion for KKE and universities, research institutes and business partners to share engineering knowledge
- ✓ KKE's largest marketing event
- ✓ A forum to think about the future together through lectures

□ Tokyo

- **Date:** Thursday, October 29, 2015
- **Venue:** Hilton Tokyo
- **Applicants:** About 1,000 people
- **Keynote speech:** “Integration of mathematical knowledge based on the most advanced mathematical model and its application to society”
- **Lecturer:** Kazuyuki Aihara, Professor at the Institute of Industrial Science, the University of Tokyo and Director of the Collaborative Research Center for Innovative Mathematical Modelling

□ Osaka

- **Date:** Friday, November 20, 2015
- **Venue:** Congres Convention Center
- **Applicants:** About 600 people
- **Keynote speech:** “Humanoid robots and the future society”
- **Lecturer:** Hiroshi Ishiguro, Professor at the Department of Systems Innovation, Graduate School of Engineering Science, Osaka University



Thank you very much for taking the time
to attend today's briefing.

We look forward to your continued support and guidance.

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