



April 23, 2007

FYE June 2007
Q3 Financial Results
Supplemental Documentation

KOZO KEIKAKU ENGINEERING Inc.

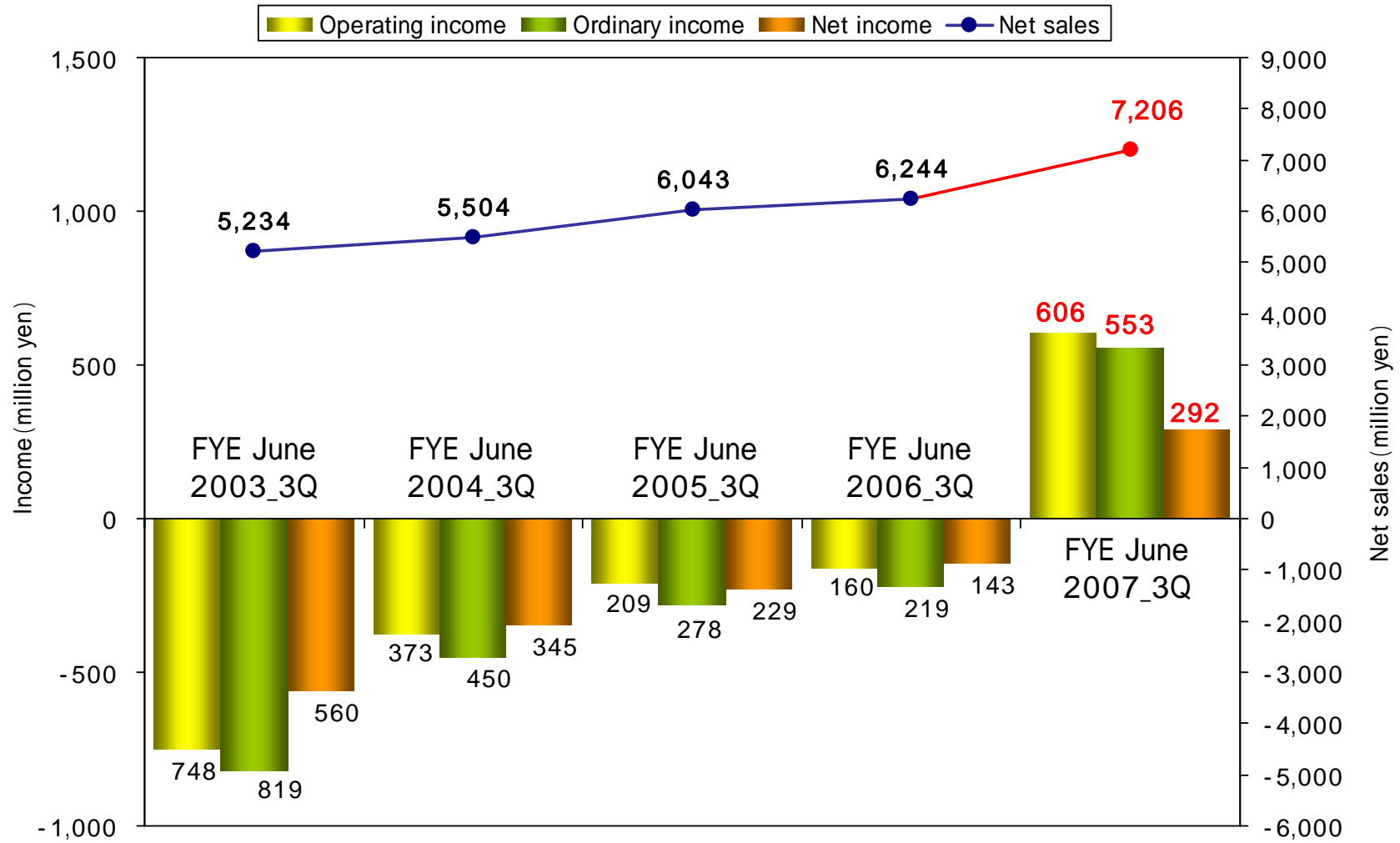
Note pertaining to this data: Results forecasts appearing in this material are prepared based on the information available as of the date of publication.
Actual performance results may differ from forecasted figures due to uncertainties such as the economic environment.

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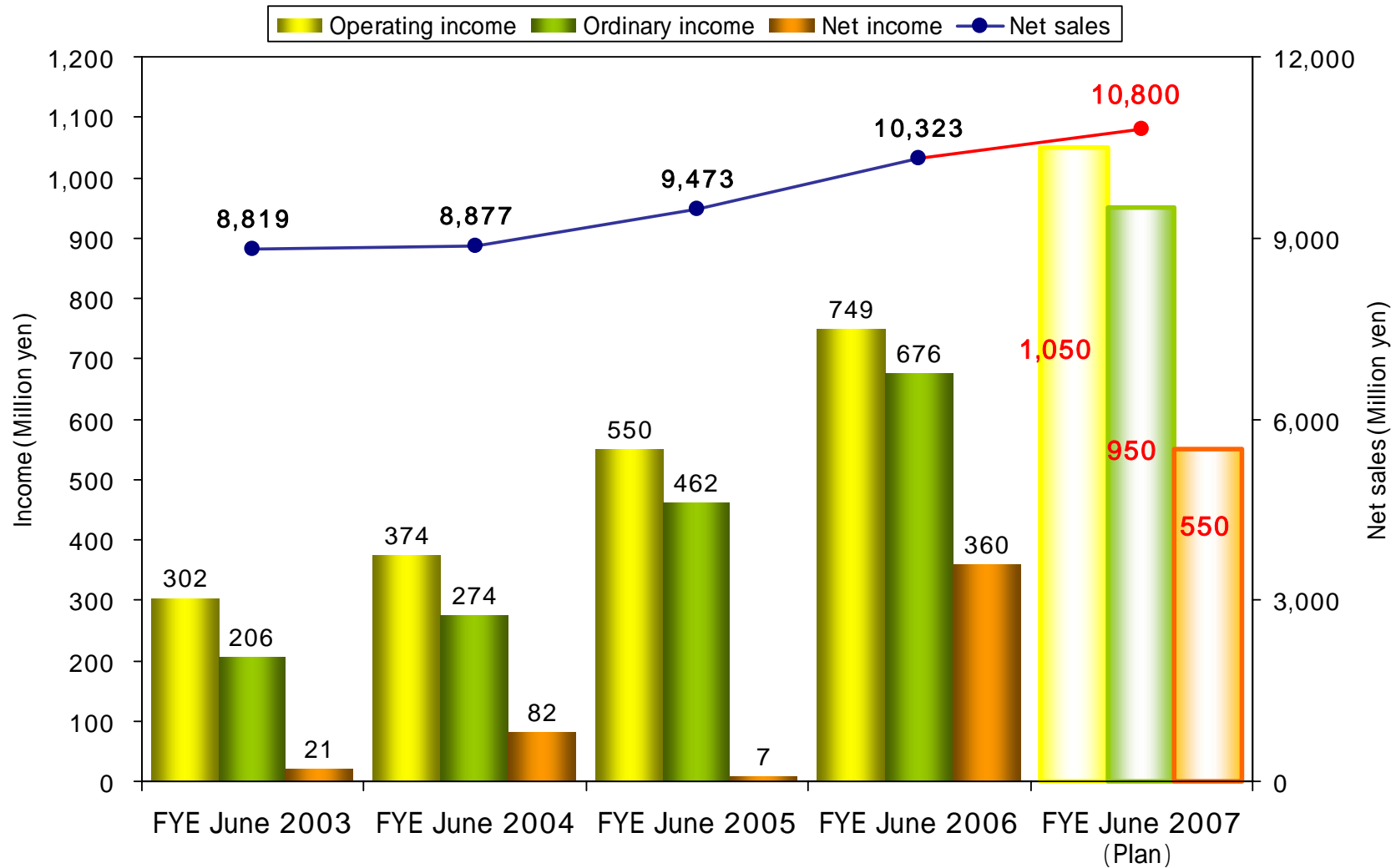
Note : Fractions under one million yen are omitted in the figures in this material.

1. Outline of Q3 Financial Results

Q3 Performance Since 2003



Full Term Performance Since 2003



Financial Highlights

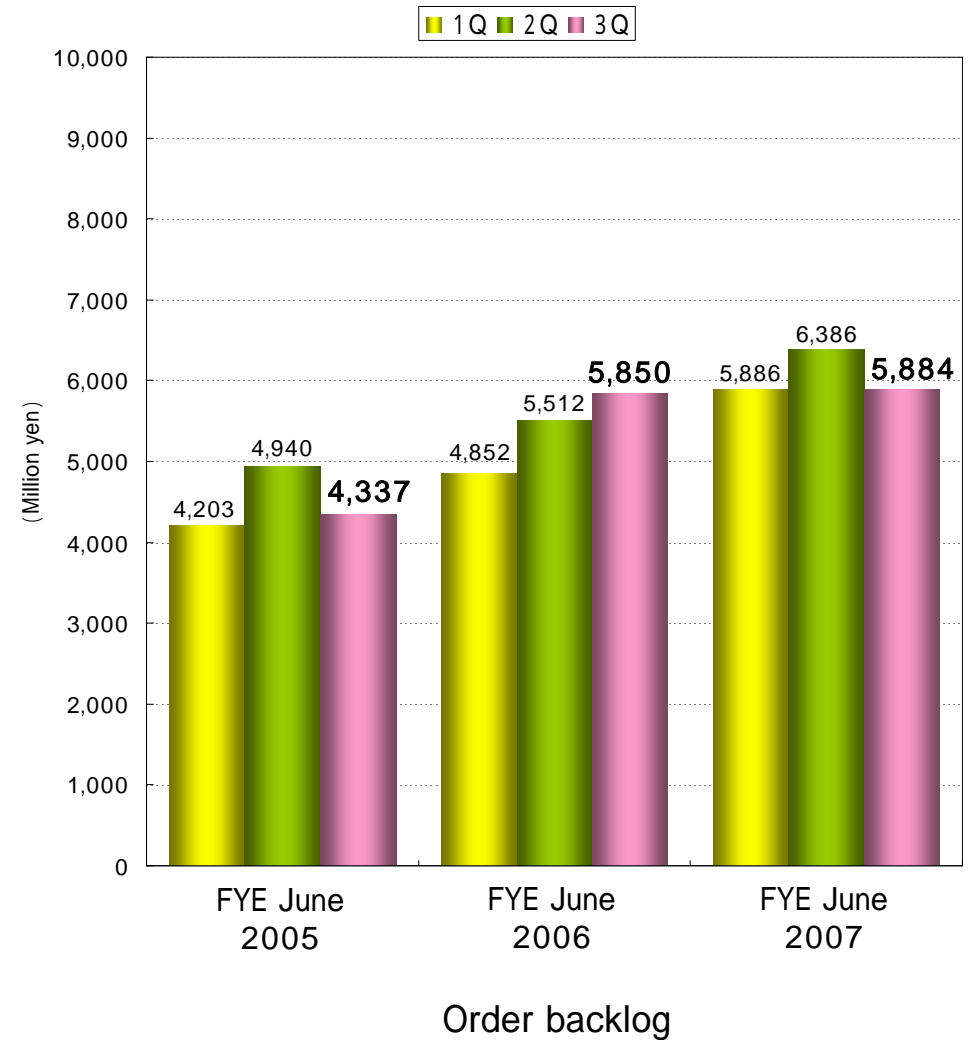
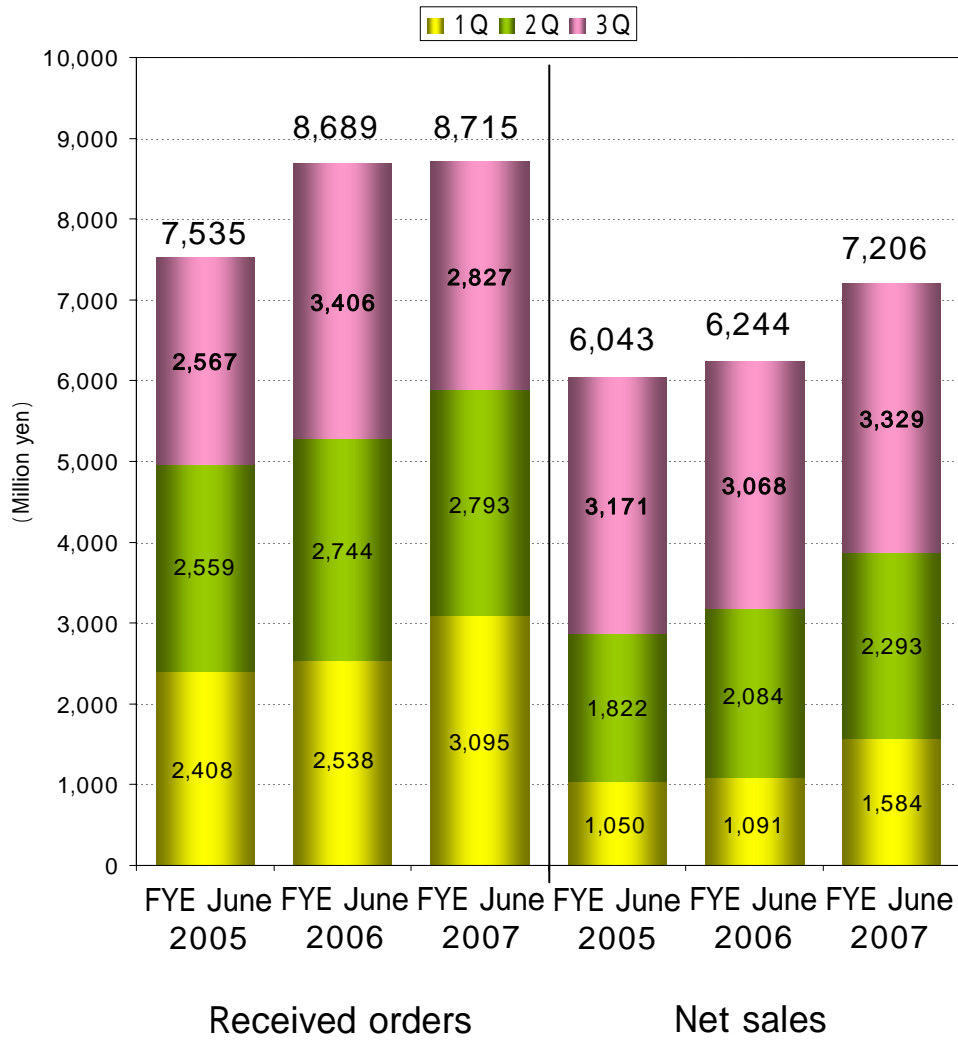
Million yen

	3Q FYE June 2006	3Q FYE June 2007	Change from previous FY	Rate of change
Orders Received	8,689	8,715	26	0.3%
Net sales	6,244	7,206	962	15.4%
Operating income	- 160	606	767	—
Ordinary income	- 219	553	772	—
Net income	- 143	292	436	—

Continuing favorable trend since midterm financial results

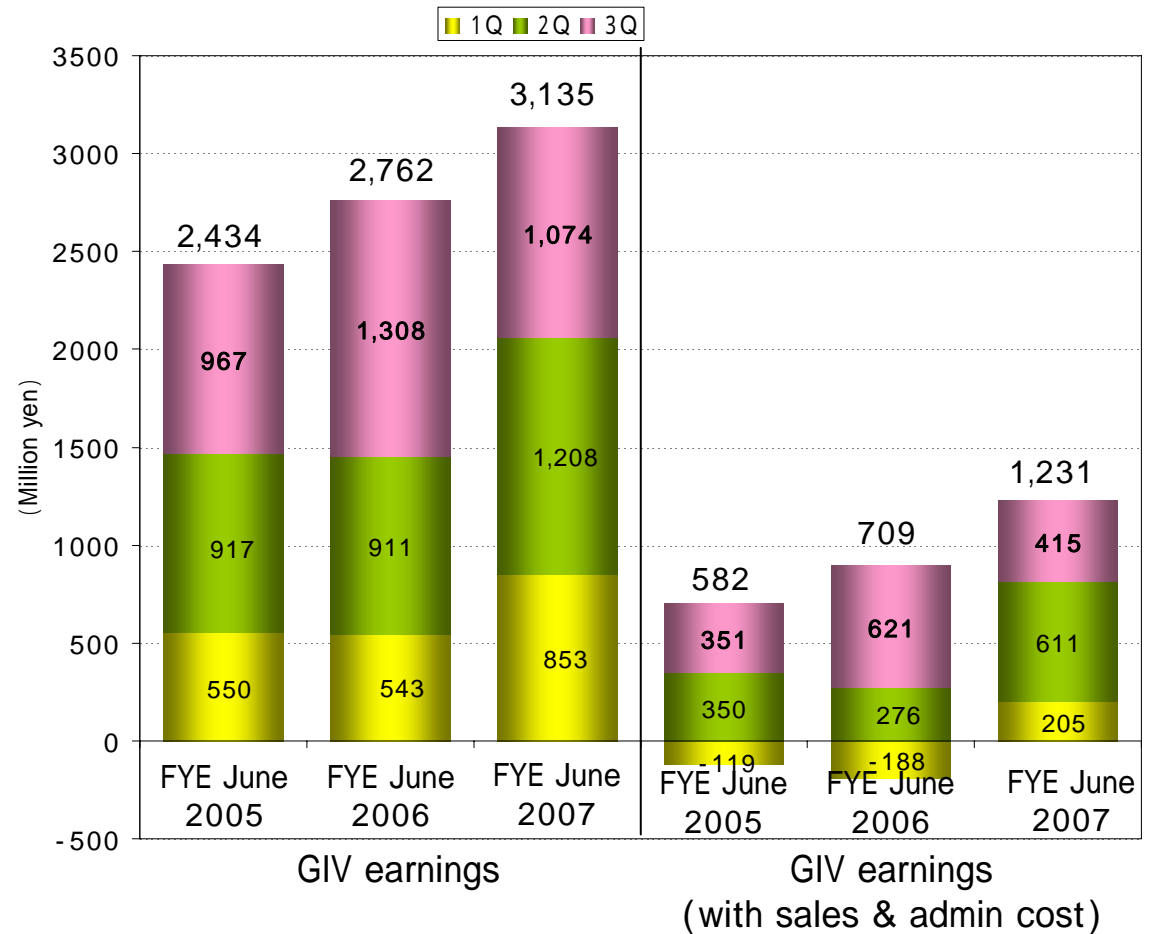
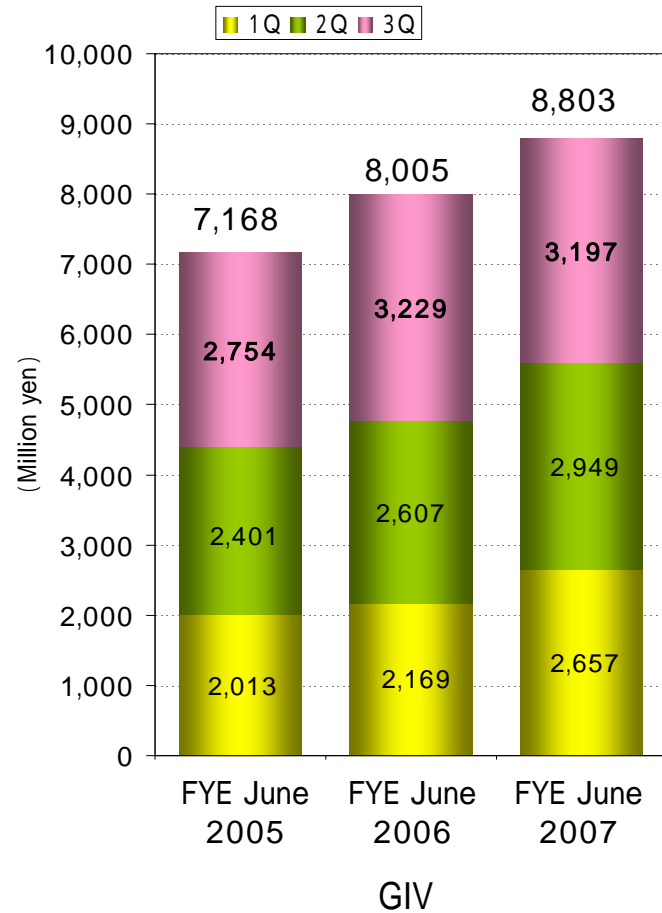
- Contributing factor for net sales increase:
 - Improvement of operation ratio by increase in received orders.
- Contributing factors for incomes:
 - High profitable orders resulting from reinforcement of proposal sales force and big amount of order.
 - Improvement of operation ratio by increase in order.
 - Decrease of unprofitable projects and withdrawal from unprofitable business resulted in lower burden.

Transition of Received Orders, Net Sales and Order Backlog



Transition of Generated Intellectual Value (GIV)

KKE has projects that tend to take a several months from order booking to the time the sale is accounted, and quantifies the progress of projects by converting it into a monetary amount to effectuate monthly performance management and conducts plan and result tracing.



Note: Due to our implementation of a salary system that operates in conjunction with our performance earnings may fluctuate at the end of the fiscal year due to a change in personnel cost.

2. Financial Statements

Balance Sheet

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q	Change from previous FY
Current assets	5,189	5,352	163
Cash on hand and in banks	1,017	1,212	194
Trade notes and accounts receivable	1,745	1,553	- 162
Product in progress	1,515	1,876	361
Fixed assets	6,970	6,868	- 102
Total assets	12,160	12,221	61
Current liabilities	5,821	5,683	- 137
Short - term liabilities	3,645	3,110	- 535
Fixed liabilities	3,401	3,021	- 380
Long - term debt	2,342	2,017	- 325
Total liabilities	9,222	8,704	- 518
Total net worth	2,937	3,516	579
Total liabilities and net worth	12,160	12,221	61

➤ Assets section

- Decreased in accounts receivable resulted in increase of cash on hand and in banks
- Increase in product in progress is due to the influence from the investment project for future

➤ Liability section

- Short - term liabilities and long - term liabilities both decreased. Debt - with - interest ratio came down from 49.2% to 42.0%

➤ Net worth section

- Increased in earned surplus carried forward by profit improvement

“Long - term debt scheduled for repayment within 1 year” are included in short - term debt.

Income Statement

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q	Change from previous FY
Net sales	6,244	7,206	962
Cost of sales	4,351	4,695	344
Gross profit	1,892	2,511	618
Sales and administrative expenses	2,053	1,904	- 149
Operating income	- 160	606	767
Non - operating income	16	22	6
Non - operating expense	74	75	0
Ordinary income	- 219	553	772
Extraordinary profit	26	44	17
Extraordinary loss	34	45	11
Net income before tax	- 227	552	779
Corporate income tax, local tax and business tax	7	166	158
Adjusted amount of corporate income tax	- 90	93	184
Net income	- 143	292	436

➤ Net sales

- Growth by 15.4% as a result of received order increase

➤ Gross profit

- Improvement of operation ratio and increase of highly profitable projects resulted in amelioration from 30.3% to 34.8% by 4.5 points

➤ Operating income

- Improvement by amelioration of gross profit and cut down of sales & administration cost

➤ Market situation

- Our sales proposal approach matched recovery in telecom, construction and manufacturing customers' motivation to invest.

Statement of Cash Flows

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q
Cash and cash equivalents at beginning of term	303	386
Cash flow from operations	-585	-1
Cash flow from investments	-194	-177
Free cash flow	-780	-178
Cash flow from financing	1,494	1,005
Cash and cash equivalent at end of term	1,017	1,212

Breakdown of cash flow

➤ Cash flow from operations

- Net income before income tax ¥552 million
- Decrease in accounts receivable ¥769 million
- Increase in inventories -¥972 million
- Decrease in accrued charge -¥456 million
- Amount paid for corporate income tax -¥448 million

➤ Cash flow from investments

- Acquisition of investment securities -¥180 million

➤ Cash flow from financing

- Increase in short-term debt ¥1,200 million
- Decrease in long-term debt -¥38 million

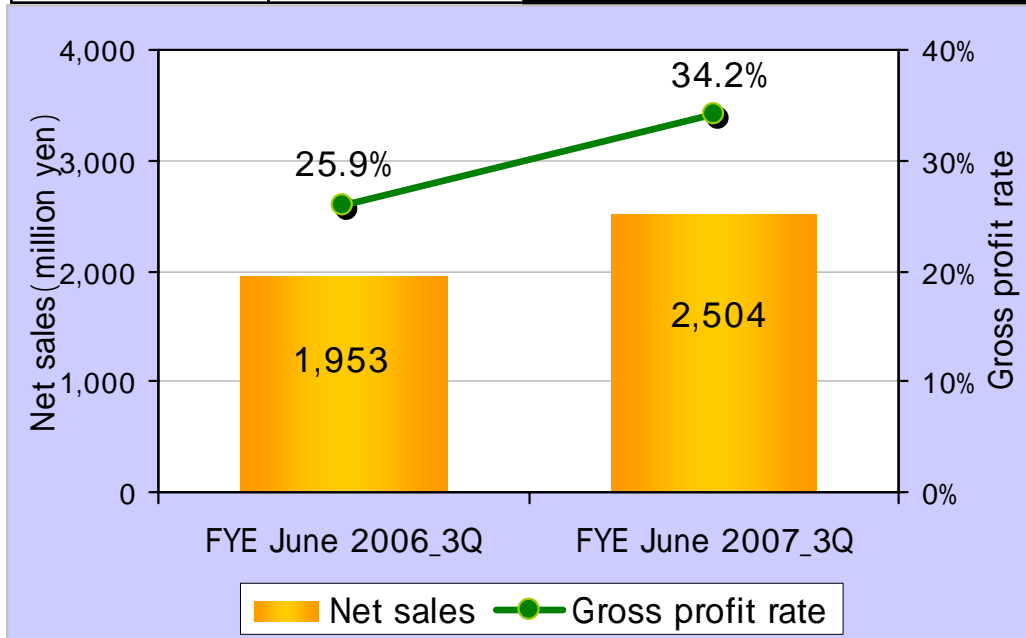
3. Breakdown by Segment

Note: The company's segmentation and its names have been changed in mid-term FYE June 2007.
For more information, please refer to "Breakdown by Segment" in the "FYE June 2007
Midterm financial results" document.

Segment Engineering Consulting

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q	Growth rate
Net sales	1,953	2,504	28.2%
Cost of sales	1,447	1,647	13.9%
Gross profit (margin)	506 (25.9%)	856 (34.2%)	69.2%



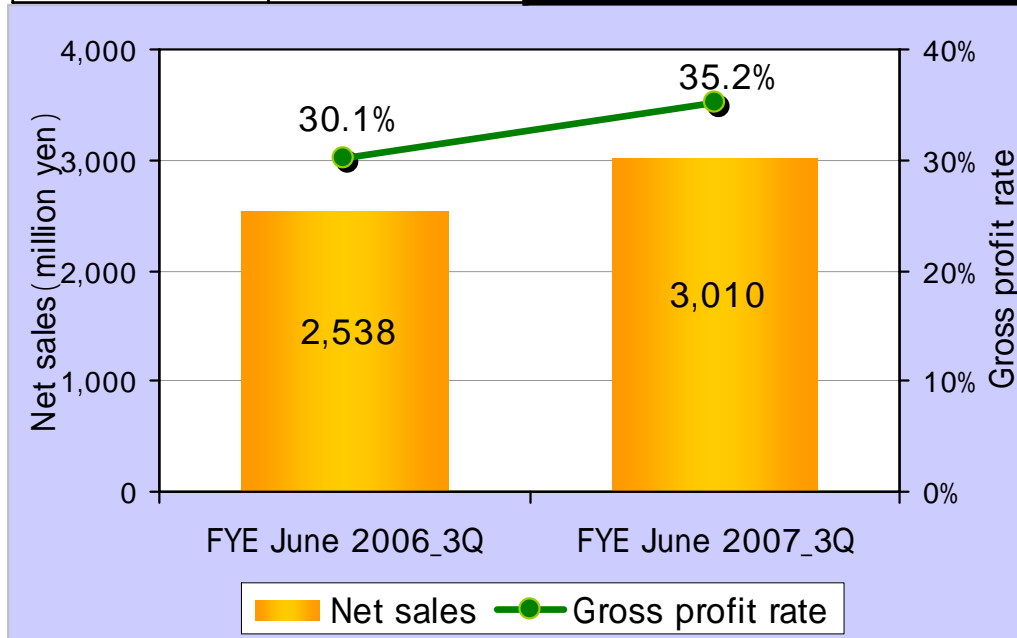
- ❖ Disaster prevention, anti-earthquake, numerical analysis
- ❖ Architectural structure design
- ❖ Marketing/decision-making support consulting
- ❖ Production/logistics simulating solutions
- ❖ Requirement definition and basic study in software development

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- Net sales
 - Net sales which had been cut down by withdrawal from architectural design business is recovered by growth of other businesses.
 - Gross profit
 - Selective order accepting was a result from favorable order amount.
 - Operation ratio is raised by increase of order booking.
 - Market situation
 - Software design and R&D services are favorable for telecom sector such as mobile phone service and research institution
 - Structure basic study and supervision service, its consulting service and numerical analysis service for contraction sector run in high gear.

Segment System Solution

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q	Growth rate
Net sales	2,538	3,010	18.6%
Cost of sales	1,775	1,951	9.9%
Gross profit (margin)	763 (30.1%)	1,058 (35.2%)	38.7%



- ❖ Mobile telecoms, mobile network communications system
- ❖ Sales/design support systems for manufacturing
- ❖ Multimedia solution
- ❖ Support systems for structural design

➤ Cost of sales

- High amount of received orders caused increase in cost of sales.

➤ Gross profit

- Favorable order situation resulted in changeover to profitable projects.
- Diminution of nonperforming projects.

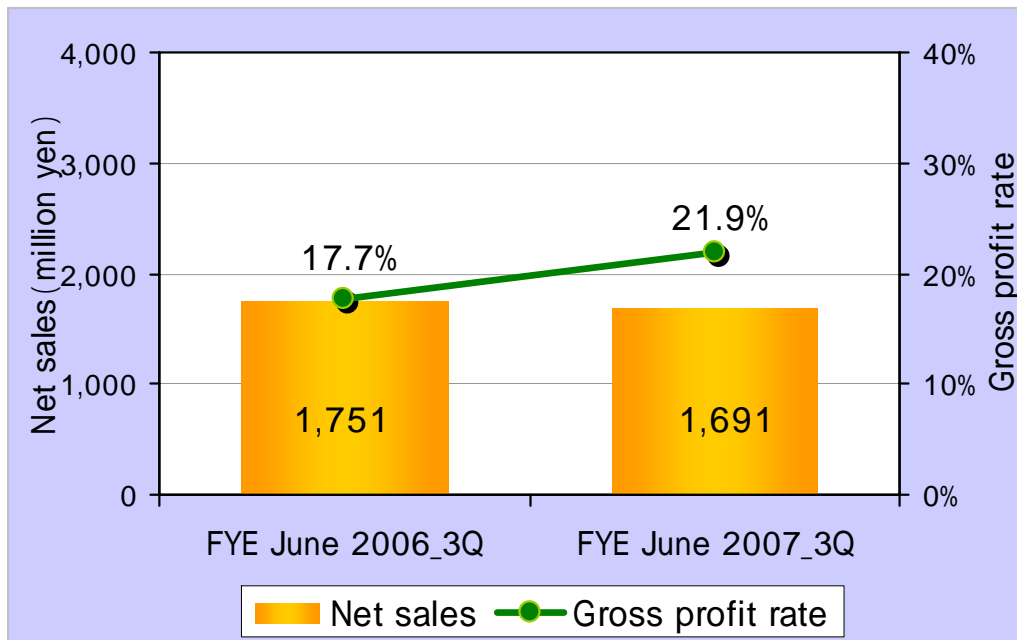
➤ Market situation

- Software development is pulling force especially in telecom sector such as mobile service and manufacturing sector like housing manufacturers.

Segment Products Service

Million yen

	FYE June 2006_3Q	FYE June 2007_3Q	Growth rate
Net sales	1,751	1,691	- 3.4%
Cost of sales	1,442	1,321	- 8.4%
Gross profit (margin)	309 (17.7%)	370 (21.9%)	19.6%



- ❖ CAE software for designers
 - ❖ Structural analysis / anti-earthquake inspection package software
 - ❖ Marketing / decision-making support software
 - ❖ Simulation software for telecom sector
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- Net sales
 - Decreased by withdrawal from business of civil engineering CAD package sales.
 - Diminution of net sales is temporarily seen in FYE June 2007 and this won't be future trend.
 - Cost of sales and gross profit rate
 - Favorably affected by discontinued operation of civil engineering CAD package sales.
 - Market situation
 - Sales of COSMOS series, support software for designer in manufacturing sector and QualNet, network simulator for research institution are favorable.

In the packaged software and Products service segment, cost of sales includes its sales/administrative expenses.