

## **Basic Policy on Internal Control over Financial Reporting**

On May 25, 2006, our Board of Directors resolved the “Basic Policy on Internal Control Systems,” which addresses the establishment of internal control systems required by the Companies Act.

Based on the “Basic Policy on Internal Control Systems,” the CTI Engineering Co., Ltd. (the Company) and the CTI Engineering Group will strive to establish, properly maintain and operate internal control over financial reporting in order to ensure the accuracy and reliability of our financial reports.

### **1. Responsibility**

The President and Managing Director of the Company is responsible for promoting matters related to internal control over financial reporting in the Company and the CTI Engineering Group.

### **2. Management system**

Decisions concerning the planning and scope of evaluations of internal control over financial reporting are made jointly each fiscal year by the Chief of the Administration Headquarters and the Head of the Audit Section of the Governance Management Headquarters, and are approved by the President and Managing Director.

The evaluation of internal control over financial reporting is performed by the Audit Section of the Governance Management Headquarters, and the results are approved by the President and Managing Director.

### **3. Evaluation period and record date**

The initial year in which the evaluation of internal control over financial reporting shall apply is the fiscal year beginning on January 1, 2009, and the evaluation will be conducted every fiscal year thereafter. The record date is December 31, the end of the fiscal year.

### **4. Education and training**

We will provide necessary education and training to ensure that internal control over financial reporting is properly implemented.

Established on January 1, 2009

CTI Engineering Co., Ltd.

Tatsuya Nishimura, Representative Director and President, CEO