

SECURITIES REPORT

(Report under Section 1, Article 24 of the Securities and Exchange Law)

Fiscal Year (38th Term)
(from January 1, 2000 to December 31, 2000)

CTI Engineering Co., Ltd.

9-11, Nihombashi-honcho 4-chome, Chuo-ku, Tokyo

(941-172)

Securities Report

(Report under section 1, Article 24 of the Securities and Exchange Law)

Fiscal Year (38th Term): from January 1, 2000 to December 31, 2000

To the director of the Kanto Local Finance Bureau

Submitted on March 30, 2001

Company name	CTI Engineering Co., Ltd.
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Place Available for Public Inspection

Designation Address

Address

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3-18, Nishiki 1-chome, Naka-ku, Nagoya

Osaka Office of CTI Engineering Co., Ltd.

2-15, Otemae 1-chome, Chuo-ku, Osaka

Tokyo Stock Exchange

2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo

Note:

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

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Part1: CORPORATE INFORMATION

CHAPTER 1: General

1. Changes in Major Management Indices

(1) Consolidated Management Indices of the Company

Fiscal year	34th term	35th term	36th term	37th term	38th term
Fiscal year-end	December 1996	December 1997	December 1998	December 1999	December 2000
Sales amount (Thousands of yen)	—	—	—	—	31,066,801
Ordinary profit (Thousands of yen)	—	—	—	—	1,895,784
Net income (Thousands of yen)	—	—	—	—	158,281
Net assets (Thousands of yen)	—	—	—	—	14,384,990
Total assets (Thousands of yen)	—	—	—	—	31,184,456
Net assets per share (Yen)	—	—	—	—	1,015.95
Net income per share (Yen)	—	—	—	—	11.17
Net income per share after adjustment of potential shares (Yen)	—	—	—	—	—
Net worth ratio (%)	—	—	—	—	46.1
Profit ratio of net worth (%)	—	—	—	—	1.1
Price earnings ratio (Times)	—	—	—	—	50.13
Cash flow from operating business activities (Thousands of yen)	—	—	—	—	1,734,135
Cash flow from investment activities (Thousands of yen)	—	—	—	—	1,599,231
Cash flow from financial activities (Thousands of yen)	—	—	—	—	219,136
Closing balance of cash and cash equivalents (Thousands of yen)	—	—	—	—	8,189,179
Number of employees (plus average number of temporary employees) (Persons)	— (—)	— (—)	— (—)	— (—)	1,105 (345)

Note:

1. Preparation of Consolidated Financial Statements started from the 38th term.
2. Sales amount does not include consumption tax
3. Net income per share after adjustment of potential shares is not entered for the 38th term because no bonds with warrants or convertible bonds have been issued.
4. Average number of temporary employees represents the average number of part-time workers for the year.

(2) Non-Consolidated Management Indices of the Company

Fiscal year	34th term	35th term	36th term	37th term	38th term
Fiscal year-end	December 1996	December 1997	December 1998	December 1999	December 2000
Sales amount (Thousands of yen)	34,235,989	34,965,286	31,799,021	31,759,495	30,198,339
Ordinary profit (Thousands of yen)	1,840,825	2,136,295	1,765,179	1,941,219	1,858,046
Net income (Thousands of yen)	893,830	871,665	838,184	75,231	150,904
Capital stock (Thousands of yen)	3,025,875	3,025,875	3,025,875	3,025,875	3,025,875
Number of outstanding shares (shares)	10,637,932	11,701,725	12,871,897	14,159,086	14,159,086
Net assets (Thousands of yen)	12,187,925	12,886,573	13,578,487	14,188,130	14,353,024
Total assets (Thousands of yen)	29,924,403	28,866,169	28,248,466	29,360,328	30,767,987
Net assets per share (Yen)	1,145.70	1,101.25	1,054.89	1,002.05	1,013.69
Cash Dividend per share (Interim dividend per share) (Yen)	11.00 (—)	12.50 (—)	11.00 (—)	13.00 (—)	12.00 (—)
Net income per share (Yen)	87.70	74.49	65.11	53.05	10.65
Net income per share after adjustment of potential shares (Yen)	81.86	69.81	63.39	—	—
Net worth ratio (%)	—	—	—	—	46.6
Profit ratio of net worth (%)	—	—	—	—	1.1
Price earnings ratio (Times)	—	—	—	—	52.58
Divided Payout ratio (%)	13.09	16.78	16.89	24.50	112.6
Number of employees (plus average number of temporary employees) (Persons)	1,025 (380)	1,066 (362)	1,070 (299)	1,077 (330)	1,056 (339)

Note:

- Sales amount does not include consumption tax.
- The Company implemented stock splits at a ratio of 1 for 1.1 shares on February 20, 1996, February 20, 1997, February 20, 1998 and February 19, 1999. Net income per share is calculated as if the stock split had been implemented at the beginning of the term.
- The cash dividend per share includes an additional dividend of 1 yen for the 34th term in commemorating the listing to TSE, a special dividend of 1.5 yen for the 35th term, an additional dividend of 2 yen commemorating listing to the first section of TSE for the 37th term and a special dividend of 1 yen for the 38th term.
- Net income per share after adjustment of potential shares is not entered for the 37th and 38th terms because no bonds with warrants or convertible bonds have been issued.
- Number of temporary employees represents the average number of part-time workers for the year.
- From the 38th term, number of working employees is entered as “the number of employees.”

2. Chronology

Date	Outline
April 1963	Established "Kensetsu Giken KK" in Ginza-nishi (Ginza 3-chome at present), Chuo-ku, Tokyo to conduct engineering consulting business
April 1963	Started business at the Head Office and Osaka Office in Minami-ku (Chuo-ku at present), Osaka at the same time as company establishment
February 1964	Changed trading name to "KK Kensetsu Gijutsu Kenkyujo (= CTI Engineering Co., Ltd.)"
December 1964	Registered at the Ministry of Construction as a construction consultant (No. 39-133)
June 1967	Opened Fukuoka Liaison Office (Fukuoka Office at present) in Fukuoka-shi, Fukuoka
April 1969	Moved the Head Office to Nihonbashi-koamicho, Chuuo-ku, Tokyo
September 1973	Moved the Head Office to Nihonbashi-honcho, Chuo-ku, Tokyo
January 1975	Opened Overseas Project Office (Overseas Department at present) in the Head Office to increase the number of oversea project orders
April 1976	Opened Sendai Liaison Office (Sendai Office at present) in Sendai, Miyagi
September 1976	Opened Nagoya Liaison Office (Nagoya Office at present) in Nakamura-ku, Nagoya
April 1977	Opened Hiroshima Liaison Office (Hiroshima Branch Office at present) in Hiroshima-shi, Hiroshima
July 1980	Opened Okinawa Liaison Office (Okinawa Branch Office at present) in Urazoe-shi, Okinawa
April 1983	Opened Niigata Liaison Office (Niigata Branch Office at present) in Niigata-shi, Niigata and Takamatsu Liaison Office (Takamatsu Branch Office at present) in Takamatsu-shi, Kagawa
December 1983	Established "CTI Chousasekkei KK" to be exclusively engaged in construction management projects
April 1985	Opened Nagasaki Liaison Office (Nagasaki Branch Office at present) in Nagasaki-shi, Nagasaki
June 1988	Opened Sapporo Liaison Office (Sapporo Branch Office at present) in Chuo-ku, Sapporo and Yokohama Liaison Office (Yokohama Branch Office at present) in Naka-ku, Yokohama
July 1989	Opened Front Department to be in charge of hydraulic model experiments for dams, rivers and erosion control
September 1990	Opened Fukui Liaison Office (Fukui Branch Office at present) in Fukui-shi, Fukui
April 1991	Opened Tokyo Office in Nihonbashi-honcho, Chuo-ku, Tokyo in preparation for larger-scale business
April 1994	Opened CM Headquarters in the Head Office to participate in "Construction Management (CM)" business acting as an agent in construction projects ranging from planning and design through to selection of constructor and construction control
April 1994	Opened Shizuoka Liaison Office (Shizuoka Branch Office at present) in Shizuoka-shi, Shizuoka
June 1994	Registered over-the-counter stock with the Japan Securities Dealers Association
April 1995	Opened Kagoshima Branch Office in Kagoshima-shi, Kagoshima
August 1996	Changed organization of the Front Dept. and opened Tsukuba Research Center in Tsukuba-shi, Ibaragi
October 1996	Stock listed on the Second Section of the Tokyo Stock Exchange
May 1997	Opened Kobe Branch Office in Chuo-ku, Kobe-shi
September 1997	Opened Kanazawa Branch Office in Kanazawa-shi, Ishikawa
September 1997	Constructed the Company's own building, which focuses on environment-consciousness, in Chuo-ku, Fukuoka as the first base-isolated building in Kyushu
April 1998	Promoted Sendai Branch and Nagoya Branch to Sendai Office and Nagoya Office respectively
March 1999	Established CTI Engineering International Co., Ltd. to isolate overseas operations making it independent of other operations
April 1999	Assigned the goodwill of the overseas division to the CTI Engineering International
April 1999	Opened Aomori Branch Office in Aomori-shi, Aomori and Okayama Branch Office in Okayama-shi, Okayama
June 1999	Stock listed on the First Section of the Tokyo Stock Exchange
December 1999	Established Management Techno Co., Ltd. to be exclusively engaged in management businesses
April 2000	Opened Management Business Department to be in charge of management business
April 2000	Opened Yamanashi Branch Office in Kofu-shi, Yamanashi, Gifu Branch Office in Gifu-shi, Gifu, Shiga Branch Office in Otsu-shi, Shiga and Nara Branch Office in Nara-shi, Nara

3. Business Contents

Our group consists of CTI Engineering Co., Ltd. and six other subsidiaries all of which are engaged in engineering consulting business related to public works for rivers, dams, roads etc. In the settlement of the current term, there is one consolidated subsidiary and no affiliated company carried by the equity method.

Description of our group's business, including the Company and other related companies, are shown as follows:

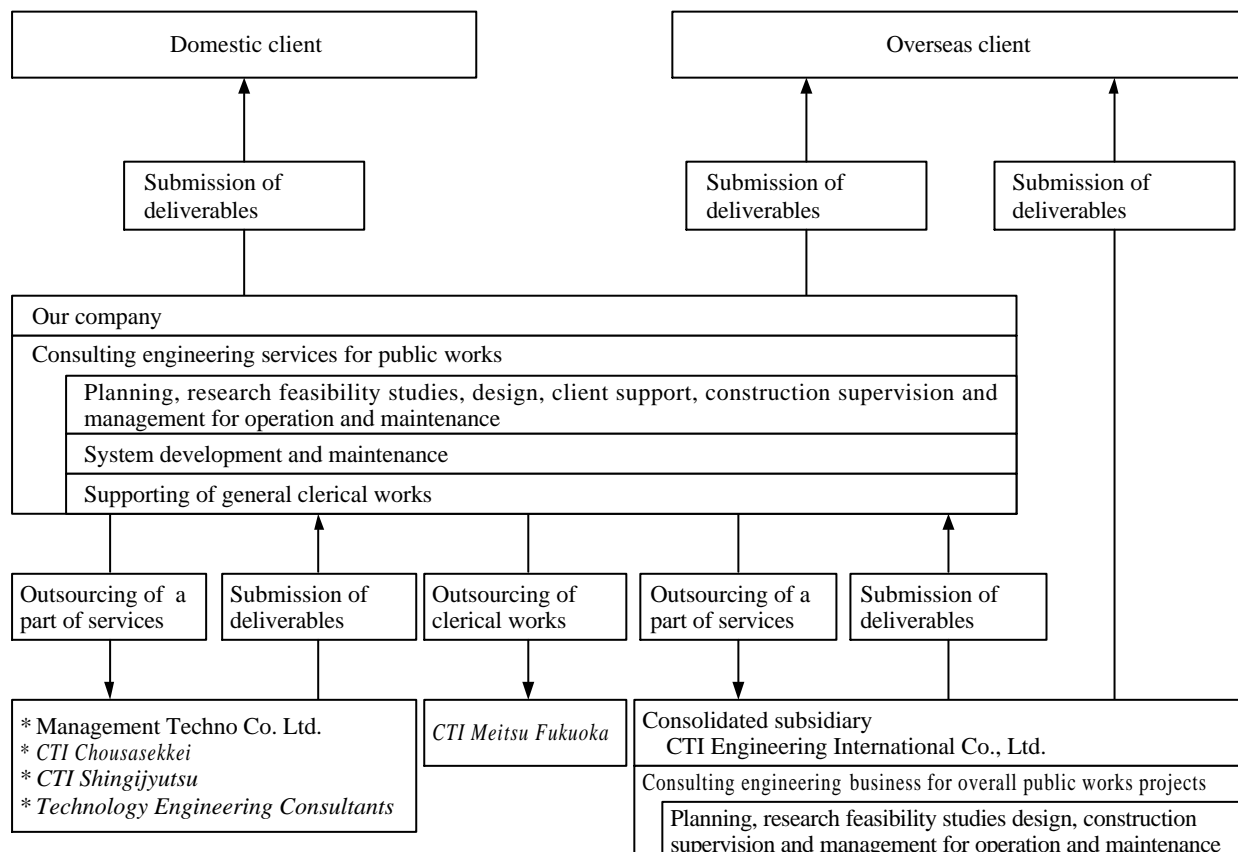
1) Domestic operations

Consulting engineering services including planning, research, feasibility studies, design, client support, construction supervision, management for operation and maintenance for public works in Japan as well as incidental system development, maintenance and supporting of general clerical works make up the main areas of the our domestic business operations.

2) Overseas operations

Consulting engineering services for overall public works projects including project finding, formulation of master plans, planning, research, feasibility studies, design, construction supervision and management for operation and maintenance in overseas market make up the main areas of our overseas business operations. We are in charge of these services together with our subsidiary CTI Engineering International Co., Ltd.

The above description can be shown in the business chart below.



Note:

Subsidiaries marked with asterisks are excluded from consolidation range due to a lower degree of importance concerning scale.

4. Situation of Subsidiary

Company name	Address	Capital	Major business contents	Voting right ratio	Relation contents	Remarks
(Consolidated subsidiary) CTI Engineering International Co., Ltd.	Chuo-ku, Tokyo	thousands of yen 100,000	Engineering consulting for overseas market	% 70	Receiving orders for engineering consulting services in overseas markets with our company. Our company guarantees some debts.	

5. Situation of employees

(1) Situation of consolidated Subsidiary

Number of employees	1,105 (345)
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Note:

"Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers for the year is shown in ().

(2) Situation of the Company

Number of employees	Age on average	Average length of employment	Average yearly wage
1,056 (339)	38.2 years old	11.0 years	8,527,239 yen

Note:

- "Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers for the year is shown in ().
- The average yearly wage contains bonus and extra wages.

(3) Situation of labor union

As shown below, the labor union has been organized in the Company. In the consolidated subsidiary, there has been no development of a labor union. All companies that are part of the group experience favorable labor-management relations.

Name: Kensetsu Giken Labor Union
 Superior organization: National Federation of Construction-Related Industry Workers' Union
 Established on: April 9, 1963
 Number of members: 705 (as of December 31, 2000)

CHAPTER 2: BUSINESS SITUATION

Upon commencing preparations for the financial statements from the current consolidated fiscal year, we do not make any comparison with the same term of the previous year.

1. Outline of results

(1) Results

In the current consolidated fiscal year, Japan's economy has been put in a severe situation with several large companies going bankrupt and the full unemployment rate kept at a high level in spite of signs of improvement for investment in facilities and equipment. On the other hand, in the engineering consulting industry, public investment has been generally remained stable due to the government's economic stimulus measures. However, the local government market situation was less stable because they faced worse financial situations coupled with an increase in competition intensity.

Under such situations, our group has promoted sales development close to the local areas corresponding to the decentralization and has positively aimed at receiving orders for the services in which our group excels, such as research and feasibility study services as follows:

- Planning service for river improvement and analysis service for measures to mitigate urban flood damage
- Services related to the Intelligent Transportation System (ITS)
- Environment assessment service and environment conservation planning service
- Information infrastructure improvement for IT achievement in public works

In addition, to cope with change in needs for public works, we have positively participated in planning service with taking advantage of our know-how we accumulated in our design service including recycling system analysis, diagnostics of concrete structures and preparation of maintenance plan. We also promoted overseas operations strongly.

As a new business, we established the Management Department for the purpose of positively promoting the management service and client support service. We received orders for many improvement and analysis services applicable to marinas and bicycle parking lots. Thus, allowing us to enhance the basis to receive orders of Privatized public works project (PFI, PPP) from now on. Further, we proposed a method to more effectively utilize the existing infrastructure using the general basin control software we have developed jointly with DHI, Denmark and we worked for provision of visual information easy to understand for residents positively utilizing information technology.

As a result, for our group as a whole, the amount of orders received was 33,653 million yen, the consolidated sales amount was 31,066 million yen and the consolidated ordinary profit was 1,895 million yen. In addition, in order to further enhance our financial situation, we also adjusted the reserve for the retirement pension to be introduced from the next fiscal term. We appropriated the past service cost of 821 million yen in the qualified retirement pension plan to the special loss and thereby supplement the shortage of the reserve to perform the pension obligations. This resulted in the consolidated current net income of 158 million yen.

Note:

The consumption tax is calculated by tax exclusion method. The sales amount, purchase amount and so on described in this report do not include the consumption tax.

(2) Cash flow

Major increase/decrease situations of cash and cash equivalents (hereinafter referred to as the fund) in the current consolidated fiscal year are as follows: the fund increase by sales activities including the income of service consignment charges was 1,734 million yen, the fund decrease by investment activities including the investment expense into facilities and equipment for Kanto Office construction was 1,599 million yen, and the fund decrease by obligations repayment and dividend payment in financial activities was 219 million yen. The fund decreased by 85 million yen and was 8,189 million yen at the end of the current consolidated fiscal year.

2. Production, orders received and sales

Our group is engaged in a single business as engineering consulting and incidental services. We do not have business categories other than this, and our statements below are shown with a single segment.

(1) Production results

(Unit: thousands of yen)

Category	Current consolidated fiscal year (From January 1, 2000 to December 31, 2000)	
		Change from the same term in previous year (%)
Engineering consulting	31,066,801	
Total	31,066,801	

Note:

The amounts are calculated according to the sales prices.

(2) Order receiving situation

(Unit: thousands of yen)

Category	Current consolidated fiscal year (From January 1, 2000 to December 31, 2000)			
	Orders received	Change from the same term in previous year (%)	Orders in hand	Change from the same term in previous year (%)
	Engineering consulting	33,653,656		29,525,579
Total	33,653,656		29,525,579	

Note:

1. We omitted indication of amounts here since the specifications vary depending on the client and the contents are diversified due to the nature of the business.
2. The amounts are calculated according to the sales prices.

(3) Sales results

1) Sales results

(Unit: thousands of yen)

Category	Current consolidated fiscal year (From January 1, 2000 to December 31, 2000)	
		Change from the same term in previous year (%)
Engineering consulting	31,066,801	
Total	31,066,801	

Note:

1. We omitted indication of amounts here since the specifications vary depending on the client and the contents are diversified due to the nature of the business.
2. The amounts are calculated according to the sales prices.

2) Sales results

In the current consolidated fiscal year, the clients representing at least 10% of the total sales results are as follows

(Unit: thousands of yen)

Client	Term	Current consolidated fiscal year (From January 1, 2000 to December 31, 2000)	
		Amount	Ratio (%)
Ministry of Construction		10,075,737	32.4

3. Our tasks ahead

(1) Outline of tasks

In the initial plan of the government budget for 2001, the public works cost has been kept at the level of the previous year. It is expected that the government will change its policy to reconstruct financial conditions in the near future and the public works cost will be reduced. To improve the infrastructure effectively with limited public works funds, a new construction and production system will be required. We take it as a business opportunity to enhance our management business that is now being positively promoted. In addition, with increase of the older aged population and public involvement (PI), the needs for the social infrastructure improvement will be higher and more diversified and the Ministry of Construction, the major client of our group has been reorganized into the Ministry of Land, Infrastructure and Transport. To cope with such changes, we will strongly promote the following measures

- Focused investment of administration resources to the management business
- Promotion of information technology and enhanced measures for environment
- Stronger support of accountability
- Earning power enhancement by internal reform

In the new century, the infrastructure will not support the information and the environment. It is rather expected that the information and the environment will serve as the infrastructure. In addition to positive proposals for IT support measures beyond the ordinary engineering consulting services, technology enhancement and quality improvement, we will reconfirm the ethics as engineers and will work eagerly for improvement of the results.

(2) Linked to the tasks

For medium to long-term range, public works will be reviewed and the investment will be naturally focused on effective projects according to the people's needs. It will be unavoidable that the public investment will gradually decrease, we think. For a construction consultant, this situation means increased opportunities to provide its technical know-how and at the same time severer competition. By internal reform and further brush-up of our technologies forecasting the clients' needs, we will get ready for severe environment and positively promote our business with taking the following measures.

- To assure new orders by enhancing the sales promotion close to clients with sales development all over Japan
- To positively develop the management business as a new style to cope with public works
- To enhance study of environment and information fields, which are expected to grow

4. Important agreements related to the management

Not applicable

5. Research and development activities

Our group develops business in Japan and in overseas market. In both markets, we mainly provide consulting services related to constructions. Therefore, we promote research and development without distinguishing the domestic and overseas markets.

Specifically, the management business, global environment and disaster prevention have been adopted as important topics and we have focused our investment into the problems related to them. In the current year, we have investigated 581 million yen in total (For fiscal year ending in December 2000) and have been eagerly promoting development mainly about the following topics.

1) Development of CM technology

- Research on the investment effect evaluation method for social infrastructure
- Development of the CM system
- Research on the value engineering

2) PFI analysis and research

- Research on the system to support the client
- Analysis and research about PFI

3) Research about new methods of infrastructure improvement

- Research on the public work project evaluation and economic evaluation method
- Research on the consensus-building system for public works
- Research on enliven urban cities

4) Research on global environment

- Developing new technologies to establish a system of waste recycling type
- Forecasting influence of higher temperature on the earth to rain falling
- Developing a forecast method for erosion along natural riverbanks

5) Research on disaster prevention

- Permanent deformation evaluation for liquefied life line facilities
- Research on disaster prevention measures and technologies for cultural assets

6) Research on large-scale building

- Development of soft structure design for a large scale or a large cross section structure below the ground

CHAPTER 3: FACILITIES & EQUIPMENT

1. Outline of Investment into Facilities and Equipment

To enhance the client-focused sales activities and to improve the service-performing environment, our group invested 766 million yen in facilities and equipment. The largest portion of that investment was the expense of 726 million yen for construction of our Kanto Office (formerly known as Omiya Branch of Tokyo Office tentatively). In the current term, we have not made any investment into or sold or removed any facilities or equipment that would seriously affect production capacity.

2. Major facilities and equipment

Major facilities and equipment of our group are as shown below

(1) Company submitting the report

(as of December 31, 2000)

Establishment (location)	Business line	Book value					Number of employees	Remarks
		Buildings and structures	Machinery and delivery equipment	Land (Area: m ²)	Others	Total		
Head Office (Chuo-ku, Tokyo)	General administration facilities	thousands of yen 2,191	thousands of yen 1,809	thousands of yen	thousands of yen 22,185	thousands of yen 26,186	persons 74 ()	
Tokyo Office (Chuo-ku, Tokyo)	Office	169,142			33,630	202,773	403 (189)	
Kanto Office (Urawa-shi, Saitama)	Office			769,064 (1,978)		769,064	()	
Research Center Tsukuba (Tsukuba-shi, Ibaragi)	Office and laboratory facilities	644,456	85,888	1,937,795 (50,605)	7,103	2,675,243	37 (21)	
Yono Dormitory (Yono-shi, Saitama)	Welfare facilities	483,160		820,435 (1,565)	2,352	1,305,948	()	
Kyushu Office (Chuo-ku, Fukuoka)	Office	753,487	15,186	1,025,594 (1,136)	38,201	1,832,469	120 ()	

Note:

- The book value does not include the temporary construction account.
- Kanto Office is scheduled to open in April 2001.
- Land area of Research Center Tsukuba includes the area of 14,895 m² leased from a party other than the consolidated company.
- The number of temporary employees is given in () with the average additional number for the year.

(2) Subsidiaries in Japan

Not applicable

(3) Subsidiaries out of Japan

Not applicable

3. New construction or removal plan for equipment

As of the end of the current consolidated fiscal year, the major plan for new facilities is as follows. There is no expansion or abolishment plan.

(Unit: thousands of yen)

Establishment	Location	Business line	Planned investment amount		Fund raising method	Scheduled date for start and completion		Increased capacity after completion
			Total amount	Already paid amount		Start	Completion	
Kanto Office of our company	Urawa-shi, Saitama	Office	1,310,000	764,673	Increased capital and our own fund	January 2000	April 2001	Investment is for rationalization and not for increase of capacity.
Total			1,310,000	764,673				

Note:

Amounts in the table do not include the consumption tax.

CHAPTER 4: STATUS OF THE COMPANY SUBMITTING THE REPORT

1. Status of Shares

(1) Total Number of Shares

Type	Total number of shares to be issued	Remarks
Common stock	stocks 40,000,000	
Total	40,000,000	

Number of shares issued	Inscribed /uninscribed and par-value /no-par	Type	Issued shares		Listed stock exchanges or securities dealers association at which the Company's stock is registered	Remarks
			As of the end of the fiscal year (December 31, 2000)	As of the date for submission (March 30, 2001)		
	Inscribed par-value stocks (face value: ¥50)	Common stock	stocks 14,159,086	stocks 14,159,086	Tokyo Stock Exchange First Section	Note
	Total		14,159,086	14,159,086		

Note:

All issued shares are granted with voting rights.

(2) Change in total number of outstanding shares and capital stock

Date	Total number of outstanding shares		Capital stock		Capital surplus reserve		Remarks
	Increase/decrease	Amount after increase/decrease	Increase/decrease	Amount after increase/decrease	Increase/decrease	Amount after increase/decrease	
February 20, 1996	stocks 913,583	stocks 10,049,414	thousands of yen	thousands of yen 2,147,094	thousands of yen	thousands of yen 3,243,729	Increase by stock split
June 30, 1996	88,518	10,137,932	142,780	2,289,875	142,654	3,386,384	Increase by conversion of convertible bonds (From January 1, 1996 to June 30, 1996)
October 22, 1996	500,000	10,637,932	736,000	3,025,875	736,000	4,122,384	General subscription: 500,000 stocks Issue price: 2,944 yen Capital incorporation: 1,472 yen
February 20, 1997	1,063,793	11,701,725		3,025,875		4,122,384	Increase by stock split
February 20, 1998	1,170,172	12,871,897		3,025,875		4,122,384	Increase by stock split
February 19, 1999	1,287,189	14,159,086		3,025,875		4,122,384	Increase by stock split

(3) Shareholders

Category	Distribution of shares (Number of shares per unit: 100 shares)							Shares below a unit
	Government and local public entities	Financial institutions	Securities companies	Other corporations	Foreign corporations (individuals included)	Individuals etc.	Total	
Number of shareholders	persons	31	14	136	15 ()	3,437	3,633	
Number of shares held	units	35,296	1,358	11,209	2,365 ()	90,534	140,762	stocks 82,886
Shareholding ratio	%	25.1	1.0	7.9	1.7 ()	64.3	100.0	

Note:

1. Among treasury stocks (370 stocks), three units are counted as "Individuals etc." and 70 stocks are counted as "Shares below a unit" in the table above. Note that, however, 370 is the number indicated on the shareholders' list. The number of stocks actually held is 70 stocks as of December 31, 2000.
2. "Other corporations" and "Shares below a unit" in the table above include 105 units of shares and 261 shares held by the Securities Custody and Transfer Organization respectively.

(4) Major shareholders

(As of December 31, 2000)

Name	Address	Number of shares held	Ratio of the number of shares held against the number of shares issued
CTI Engineering Employees' Stock-sharing Association	9th Chuo Bldg., 9-11, Nihonbashi-honcho 4-chome, Chuo-ku, Tokyo	thousands 3,136	% 22.2
The Sanwa Bank, Ltd.	5-6, Fushimicho 3-chome, Chuo-ku, Osaka	603	4.3
The Fuji Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo	402	2.8
The Asahi Bank, Ltd.	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	402	2.8
Sumitomo Life Insurance	18-24, Tsukiji 7-chome, Chuo-ku, Tokyo	390	2.8
The Toyo Trust & Banking Co., Ltd.	4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	354	2.5
Nihon Life Insurance	c/o Nihon Life Insurance Securities Administration Dept., 2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	294	2.1
Daiichi Life Insurance	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	269	1.9
Fuji Bank Capital Co., Ltd.	1 Kaguragashi 1-chome, Shinjuku-ku, Tokyo	211	1.5
Daido Life Insurance	2-1, Edobori 1-chome, Nishi-ku, Osaka	174	1.2
Total		6,240	44.1

(5) Voting rights

(As of December 31, 2000)

Issued Shares	Nonvoting shares stocks	Voting shares		Shares below a unit stocks	Remarks
		Treasury stocks etc. stocks	Others stocks		
			14,076,200	82,886	Shares below a unit include 70 treasury stocks held by our company

Note:

"Others" under "Voting shares" and "Shares below a unit" above include 10,500 stocks and 261 stocks held by the Securities Custody and Transfer Organization respectively.

Treasury Stocks	Name of owners		Number of shares held			Ratio of the shares held against the total number of shares issued	Remarks
	Name	Address	In its own name	Disguised ownership	Total		
				shares	shares	shares	%
	Total						

Note:

In addition to above, there are 300 stocks which should be owned by us according to the shareholders' list but are not actually owned by us. These stocks are included in "Others" under "Voting shares" in the table of "Issued Shares" above.

(6) Contents of the stock option system

Not applicable

2. Acquisition of treasury stocks

[State of Treasury Stock Acquisition Relative to Transfers to Directors or Employees and Stock Retirements with Profit, Capital Reserve or Revaluation Difference]

(1) State of treasury stocks acquired during the previous resolution period

Not applicable

(2) Resolutions relative to acquired treasury stocks at this ordinary general meeting of shareholders

Not applicable

[State of Decrease in Capital Stock, Purchase of the Company's Stock Relative to Write-Offs with Net Profit As Set Forth in Articles of Incorporation or of Callable stocks]

Not applicable

3. Dividend Policy

Our group considers that our long-term development and stable dividend distribution will satisfy the shareholder expectations. Further, since we are engaged in highly public projects as a construction consultant, it is indispensable to maintain stable management. For this, we think it necessary to assure an appropriate amount of internal reserve. We intend to apply internal reserve to investment into new technology development mainly for the management business expected to grow further and into other new businesses.

4. Change in Stock Price

(Unit: yen)

Highest and lowest stock prices for the past five fiscal years	Fiscal year	34th term	35th term	36th term	37th term	38th term
	Fiscal year end	December 1996	December 1997	December 1998	December 1999	December 2000
Highest		4,070 2,500	2,460 598	884 710	1,400	769
Lowest		2,710 2,400	610 570	591 619	625	545

Highest and lowest stock prices by month for the past six months	Month	July 2000	August 2000	September 2000	October 2000	November 2000	December 2000
	Highest	672	632	625	620	600	605
	Lowest	605	600	570	570	560	545

Note:

1. The highest and lowest stock prices and the stock turnovers are those announced by the Japan Securities Dealers Association before October 22, 1996, those marked on the Second Section of the Tokyo Stock Exchange for the period from October 22, 1996 to May 31, 1999 and those recorded on the First Section of the Tokyo Stock Exchange from June 1, 1999. Among the highest and lowest prices for the fiscal year of the 34th term, those marked "*" are according to announcement by the Japan Securities Dealers Association.
2. Values marked "[]" are the ex right stock prices due to the stock split.

5.Executive Management

Position	Name (date of birth)	Career	Number of shares held thousand shares
Chairman	Masao Umeda (March 26, 1929)	April 1951 Joined Civil Engineering Rearch Laboratory April 1963 Jointed CTI Engineering May 1966 General Manager, Water Resources Div. I, CTI Engineering May 1970 Director & Member of the Board CTI Engineering May 1976 Managing Director, CTI Engineering May 1977 Senior Managing Director, CTI Engineering May 1983 President, CTI Engineering March 1995 Chairman, CTI Engineering (present post)	170
President	Yumio Ishii (December 4, 1935)	April 1959 Joined Civil Engineering Rearch Laboratory April 1963 Jointed CTI Engineering June 1975 General Manager, Water Resources Div. I, CTI Engineering May 1982 Director & Member of the Board CTI Engineering June 1988 Managing Director, CTI Engineering March 1991 Senior Managing Director and Tokyo Office Branch Administrator, CTI Engineering March 1994 Vice President, CTI Engineering March 1995 President of CTI Engineering (present post)	82
Vice President (Chief, Headquarters Research & Development Dept.)	Shinichi Ishida (August 18, 1937)	April 1964 Joined the Ministry of Construction April 1987 Manager, River Dept., Tohoku Local Construction Office, Ministry of Construction April 1989 Joined Miyagi Prefectural Office April 1991 Joined Saitama Prefectural Office April 1993 Joined CTI Engineering March 1994 Managing Director, CTI Engineering April 1994 Chief, Construction Management Headquarters, CTI Engineering March 1995 Senior Managing Director and Tokyo Office Branch Administrator, CTI Engineering April 1998 Chief, Headquarters Research & Development Dept., CTI Engineering (present post) March 1999 Vice President, CTI Engineering (present post)	12
Vice President (Branch Administrator, Tokyo Office)	Kazuya Oshima (July 8, 1946)	April 1969 Joined CTI Engineering April 1991 General Manager, Water Resources Div. II, Tokyo Office, CTI Engineering April 1994 Chief, Human Intelligence Dept., Tokyo Office, CTI Engineering March 1995 Director & Member of the Board CTI Engineering April 1997 Deputy Branch Administrator, Tokyo Office, CTI Engineering March 1998 Managing Director, CTI Engineering April 1999 Tokyo Office Branch Administrator, CTI Engineering (present post) March 2000 Senior Managing Director, CTI Engineering March 2001 Vice President, CTI Engineering (present post)	37

Position	Name (date of birth)	Career	Number of shares held
Senior Managing Director	Shuzo Nakata (January 2, 1937)	<p>April 1960 Joined Civil Engineering Resarch Laboratory</p> <p>April 1963 Joined CTI Engineering</p> <p>June 1979 General Manager, Dam & River Structure Div., Osaka Office, CTI Engineering</p> <p>June 1988 Director & Member of the Board, CTI Engineering</p> <p>April 1991 Deputy Branch Administrator, Osaka Office, CTI Engineering</p> <p>March 1994 Managing Director of CTI Engineering & Branch Administrator of Osaka Office</p> <p>March 1998 Senior Managing Director, CTI Engineering (present post)</p> <p>December 1999 President of Management Techno Co., Ltd. (present post)</p>	thousand shares 53
Managing Director (Branch Administrator of Chubu Office)	Kenji Sugiura (October 22, 1937)	<p>April 1960 Joined the Ministry of Construction</p> <p>January 1986 Manager, River Dept., Chugoku Local Construction Office, Ministry of Construction</p> <p>April 1988 Joined Tottori Prefectural Office</p> <p>April 1990 Joined Kumamoto Prefectural Office</p> <p>June 1992 Joined CTI Engineering</p> <p>April 1994 Director & Member of the Board, CTI Engineering and General Manager, Nagoya Branch, Tokyo Office</p> <p>March 1995 Managing Director, CTI Engineering (present position), Chief, Construction Management Headquarters</p> <p>April 1997 General Manager, Nagoya Branch (Chubu Office at present), Tokyo Office, CTI Engineering</p>	12
Managing Director (Branch Administrator of Osaka Office)	Susumu Emi (June 6, 1937)	<p>April 1963 Joined Hanshin Expressway Public Corporation</p> <p>April 1993 Joined CTI Engineering and assumed the post of Chief, Road & Traffic Dept., Osaka Office</p> <p>March 1994 Director & Member of the Board, CTI Engineering</p> <p>March 1995 Deputy Branch Administrator, Osaka Office, CTI Engineering</p> <p>March 1998 Managing Director, CTI Engineering (present post)</p> <p>April 2000 Osaka Office Branch Administrator, CTI Engineering (present post)</p>	6
Managing Director (Branch Administrator of Kyushu Office)	Hiroaki Nakaya (February 24, 1940)	<p>April 1963 Joined the Ministry of Construction</p> <p>July 1967 Transferred to Science and Technology Agency</p> <p>October 1972 Transferred to Prime Minister's Office</p> <p>June 1974 Transferred to National Land Agency</p> <p>July 1979 Transferred to Okinawa Development Agency</p> <p>April 1986 Joined Kagawa Prefectural Office</p> <p>April 1988 Joined Hyogo Prefectural Office</p> <p>April 1990 Joined CTI Engineering</p> <p>March 1993 Director & Member of the Board, CTI Engineering</p> <p>April 1993 Deputy Chief, Headquarters Research & Development Dept. at present CTI Engineering</p> <p>March 1994 Chief, Headquarters Quality Management Dept. CTI Engineering</p> <p>April 1997 Chief, Construction Management Headquarters, CTI Engineering</p> <p>March 1999 Managing Director of CTI Engineering and Branch Administrator of Fukuoka Office (Kyushu Office at present) (present post)</p>	14

Position	Name (date of birth)	Career	Number of shares held
Managing Director (Chief, Headquarters Business Development Dept.)	Tetsuzo Okada (November 28, 1945)	<p>April 1970 Joined "Shin-Nihon Gijutsu Consultant Corp."</p> <p>July 1976 Joined CTI Engineering</p> <p>April 1991 General Manager, Highway & Bridges Div. II Osaka Office, CTI Engineering</p> <p>April 1995 Deputy Chief, Road & traffic Dept. Osaka Office, CTI Engineering</p> <p>March 1997 Director & Member of the Board and Chief, Road & traffic Dept. Tokyo Office, CTI Engineering (present post)</p> <p>April 1999 Deputy Branch Administrator, Tokyo Office, CTI Engineering (present post)</p> <p>March 2000 Managing Director and Chief, Headquarters Business Development Dept., CTI Engineering (present post)</p>	<p>thousand shares</p> <p>20</p>
Managing Director (Chief, Headquarters Quality Management Dept.)	Katsuji Terazono (November 12, 1937)	<p>April 1956 Joined the Ministry of Construction</p> <p>May 1977 Assistant Manager, Development Section, River Office, Ministry of Construction</p> <p>July 1983 Nanagashuku Dam Construction Office Manager, Tohoku Local Construction Office, Ministry of Construction</p> <p>July 1985 Transferred to Water Resources Development Corporation</p> <p>December 1987 Joined Dam Source Environment Improvement Center</p> <p>March 1998 Joined CTI Engineering</p> <p>March 1998 Director & Member of the Board CTI Engineering</p> <p>April 1998 Deputy Chief, Headquarters Research & Development Dept., CTI Engineering</p> <p>March 2000 Managing Director and Chief, Headquarters Quality Management Dept., CTI Engineering (present post)</p>	<p>3</p>
Managing Director (Chief, Headquarters Management Dept.)	Hiroshi Ide (November 12, 1943)	<p>April 1968 Joined CTI Engineering</p> <p>April 1990 General Manager, Urban & Regional Planning Div. Human Intelligence Dept., CTI Engineering</p> <p>April 1993 General Affairs Div. General Manager, Tokyo Office, CTI Engineering</p> <p>April 1997 General Manager, General Affairs Div., Headquarters Management Dept. CTI Engineering</p> <p>March 1998 Director & Member of the Board, CTI Engineering</p> <p>March 1999 Chief, Headquarters Management Dept., CTI Engineering (present post)</p> <p>March 2000 Managing Director, CTI Engineering (present post)</p>	<p>27</p>
Director & Member of the Board (Branch Administrator of Chugoku Office)	Shunichi Adachi (August 27, 1943)	<p>April 1966 Joined CTI Engineering</p> <p>April 1989 General Manager, Highway & Bridge Div., Fukuoka Office, CTI Engineering</p> <p>March 1996 Director & Member of the Board, CTI Engineering (present post), Deputy Branch Administrator, Fukuoka Office</p> <p>March 1999 Deputy Chief, Headquarters Research & Development Dept., CTI Engineering</p> <p>October 2000 Branch Administrator of Chugoku Office, CTI Engineering (present post)</p>	<p>29</p>

Position	Name (date of birth)	Career	Number of shares held
Director & Member of the Board (Deputy General Manager, Headquarters Research & Development Dept.)	Nobuo Imanishi (November 19, 1943)	April 1967 Joined CTI Engineering April 1991 General Manager, Water Resources Div., Osaka Office, CTI Engineering April 1994 Chief, Water Resources Dept., Osaka Office, CTI Engineering March 1996 Director & Member of the Board, CTI Engineering (present post) April 1997 General Manager, Hiroshima Branch (Chugoku Office at present), Osaka Office, CTI Engineering October 2000 Deputy General Manager, Headquarters Research & Development Dept., CTI Engineering (present post)	thousand shares 47
Director & Member of the Board (Deputy Branch Administrator, Tokyo Office)	Masami Nozaka (September 12, 1941)	April 1964 Joined CTI Engineering April 1991 General Manager, Dam & River Structure Div. Osaka Office, CTI Engineering April 1996 Chief, Dam & Water works Dept., Osaka Office, CTI Engineering April 1998 Chief, Dam & Water works Dept., Tokyo Office, CTI Engineering (present post) March 2000 Director & Member of the Board and Deputy Branch Administrator, Tokyo Office, CTI Engineering (present post)	15
Director & Member of the Board (Deputy Branch Administrator, Kyushu Office)	Keiichi Koya (October 1, 1949)	April 1974 Joined CTI Engineering April 1994 General Manager, Environment & Systems Engineering Div. Dept., Water Resources Dept. Osaka Office, CTI Engineering April 1997 Chief, Water Resources Dept. Osaka Office, CTI Engineering April 1999 Deputy Branch Administrator, Fukuoka Office (Kyushu Office at present), CTI Engineering (present post) March 2000 Director & Member of the Board, CTI Engineering (present post)	8
Director & Member of the Board (Deputy Branch Administrator, Osaka Office)	Reiichi Abe (November 4, 1949)	April 1974 Joined CTI Engineering April 1994 General Manager, Water Resources Div. I, Water Resources Dept. (River & Water Resources Div. at present), Tokyo Office, CTI Engineering April 1997 Chief, Water Resources Dept., Tokyo Office, CTI Engineering April 1999 Deputy Branch Administrator, Osaka Office, CTI Engineering (present post) March 2000 Director & Member of the Board, CTI Engineering (present post)	15
Director & Member of the Board (Management Business Dept. Branch Administrator)	Yoshihito Sabase (December 23, 1949)	April 1974 Joined CTI Engineering April 1993 General Manager, Information Technology Div., Human Intelligence Dept. Tokyo Office, CTI Engineering April 1997 Chief, Information & Construction Management Headquarters Tokyo Office, CTI Engineering March 1999 Chief, Construction Management Headquarters, CTI Engineering March 2000 Director & Member of the Board, CTI Engineering (present post) April 2000 Management Business Dept. Branch Administrator, CTI Engineering (present post)	12

Position	Name (date of birth)	Career	Number of shares held
Director & Member of the Board (Deputy Branch Administrator, Tokyo Office)	Konomu Uchimura (March 11, 1950)	April 1974 Joined CTI Engineering April 1994 General Manager, Water Resources Div. II, Water Resources Dept. (River & Water Resources Div.), Tokyo Office, CTI Engineering April 1997 Chief, Human Intelligence Dept., Tokyo Office, CTI Engineering (present post) April 1999 Deputy Branch Administrator, Tokyo Office, CTI Engineering (present post) March 2000 Director & Member of the Board, CTI Engineering (present post)	thousand shares 10
Director & Member of the Board (Deputy Branch Administrator, Tohoku Office)	Ken Kamitakahara (February 2, 1944)	April 1968 Joined CTI Engineering April 1991 General Manager, Water Resources Div. I, Tokyo Office, CTI Engineering April 1996 Deputy Chief, Engineering and Development Dept., CTI Engineering April 2000 Deputy Branch Administrator, Tohoku Office, CTI Engineering (present post) March 2001 Director & Member of the Board, CTI Engineering (present post)	0
Statutory Auditor	Yoshio Hata (September 12, 1937)	April 1962 Joined Civil Engineering Research Laboratory April 1963 Joined CTI Engineering April 1990 General Manager, Information Technology Div. Human Intelligence Dept. CTI Engineering January 1995 General Manager, Accounting Div., Headquarters Management Dept. CTI Engineering April 1996 Deputy Chief, Headquarters Management Dept., CTI Engineering March 2000 Statutory Auditor, CTI Engineering (present post)	45
Statutory Auditor	Suenao Hayashi (March 20, 1939)	April 1964 Joined CTI Engineering June 1986 General Manager, Water Resources Div. I, CTI Engineering March 1999 Chief, Quality Management Center (Headquarters Quality Management Dept. at present), CTI Engineering March 2000 Statutory Auditor, CTI Engineering (present post)	31
Auditor	Kunihiro Horiuchi (April 24, 1943)	April 1968 Appointed as Public Prosecutor April 1992 Public Prosecutor of Tokyo High Public Prosecutor's Office April 1996 Public Prosecutor of the Supreme Public Prosecutor's Office June 1997 Opened Horiuchi General Law Office (present post) April 1999 Professor at the Law Department, Tokai University (present post) March 2000 Auditor, CTI Engineering (present post)	
Auditor	Tomoo Araki (January 1, 1936)	April 1965 Appointed as Assistant Judge April 1974 Prosecutor of Tokyo District Public Prosecutor's Office April 1981 Judge of Tokyo District Court April 1989 Judge of Tokyo High Court June 1993 Director of Tokyo Legal Affairs Bureau March 1996 Director of Toyama District and Domestic Relations Courts February 1998 General Judge of Tokyo High Court January 2001 Registered as attorney (Tokyo Daiichi Law Office) (present post) March 2001 Auditor, CTI Engineering (present post)	
Total	23 persons		800

Note:

The two auditors -- Kunihiro Horiuchi and Tomoo Araki -- are outside auditors as set forth in Section 1, Article 18 of the Act Concerning Exceptions to the Commercial Code related to audit of joint-stock companies.

CHAPTER 5: STATUS OF ACCOUNTING

A. Preparation of the Consolidated Financial Statements and Non-consolidated Financial Statements

- (1) Our consolidated financial statements are prepared in accordance with the "Regulations on the terminology, forms and method of preparation of consolidated financial statements" (Ordinance of Ministry of Finance No.28 of 1976, hereinafter referred to as the "Regulations on Consolidated Financial Statements").
- (2) We started to prepare the consolidated financial statements from the current consolidated fiscal year. Therefore, we do not provide any description about the consolidated financial statements of the previous consolidated fiscal year.
- (3) Our non-consolidated financial statements are prepared in accordance with the "Regulations on the terminology, forms and method of preparation of financial statements" (Ordinance of Ministry of Finance No. 59, 1963, hereinafter referred to as the "Regulations on Financial Statements").

The non-consolidated financial statements for the 37th fiscal year (from January 1, 1999 to December 31, 1999) are prepared under the Regulations on Financial Statements before the revision and those for the 38th fiscal year (from January 1, 2000 to December 31, 2000) are prepared under the same Regulations after the revision.

B. Audit Certificate

In accordance with the provision of article 193 - 2 of the Securities and Exchange Law, the financial statements for the 37th fiscal year (from January 1, 1999 to December 31, 1999) were audited by Chuo Audit Corporation and the consolidated financial statements and the financial statements for the current consolidated fiscal year (from January 1, 2000 to December 31, 2000) and the 38th fiscal year (from January 1, 2000 to December 31, 2000) by ChuoAoyama Audit Corporation. The Company received their audit reports for each fiscal year as shown immediately before the consolidated financial statements and the non-consolidated financial statements.

Chuo Audit Corporation merged with Aoyama Audit Corporation on April 1, 2000 and changed the name to ChuoAoyama Audit Corporation.

[The audit reports above is omitted from the English translation]

1. Consolidated Financial Statements and Other Materials

(1) Consolidated Financial Statements

1) Consolidated Balance Sheet

(Unit: Thousands of yen)

Accounts	Term	Current Consolidated Fiscal Year (as of December 31, 2000)	
		Amount	Ratio
(Assets)			
Current assets			
1. Cash and bank deposits		5,367,459	
2. Notes receivable and other receivables		1,083,369	
3. Marketable Securities		3,312,843	
4. Prepaid expenses		9,250,577	
5. Deferred tax assets		71,240	
6. Others		143,446	
7. Allowance for doubtful accounts		1,296	
Total current Assets		19,227,640	61.7
Fixed assets			
(1) Tangible fixed assets			
1. Buildings and structures *2	3,543,291		
Accumulated depreciation	1,427,326	2,115,965	
2. Machinery and transportation equipment	275,461		
Accumulated depreciation	163,069	112,391	
3. Land *2		4,578,533	
4. Provisional construction account		802,090	
5. Others	563,261		
Accumulated depreciation	420,422	142,838	
Total tangible fixed assets		7,751,820	24.8
(2) Intangible fixed assets			
1. Others		458,225	
Total intangible fixed assets		458,225	1.5
(3) Investments and other assets			
1. Investment in securities *1		587,453	
2. Long-term loans receivable		80,326	
3. Others		2,330,730	
4. Deferred tax assets		748,585	
5. Allowance for doubtful accounts		325	
Total investments and other assets		3,746,769	12.0
Total fixed assets		11,956,816	38.3
Total assets		31,184,456	100.0

(Unit: Thousands of yen)

Accounts	Term	Current Consolidated Fiscal Year (as of December 31, 2000)	
		Amount	Ratio
(Liabilities)			
Current liabilities			
1. Accounts payable		1,086,960	
2. Short-term borrowings		316,000	
3. Accrued income taxes		403,800	
4. Reserve for bonuses		372,082	
5. Advances received		8,884,783	
6. Others		956,659	
Total current liabilities		12,020,387	38.5
Fixed liabilities			
1. Corporate Bonds *2		500,000	
2. Long-term borrowings		1,569,000	
3. Reserve for retirement allowances		1,520,242	
4. Reserve for directors retirement benefits		302,502	
5. Others		843,617	
Total fixed liabilities		4,735,362	15.2
Total liabilities		16,755,749	53.7
(Minority interest)			
Minority interest		43,716	0.2
(Capital)			
Capital		3,025,875	9.7
Capital reserve		4,122,384	13.2
Consolidated surplus		7,236,769	23.2
		14,385,029	46.1
Treasury shares		38	0.0
Total shareholders' equity		14,384,990	46.1
Total of liabilities, minority interest and shareholders equity		31,184,456	100.0

2) Consolidated Profit and Loss Account

(Unit: Thousands of yen)

Accounts	Term	Current Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	
		Amount	Ratio
Sales			%
Income from completed services		31,066,801	100.0
Cost of sales			
Cost of completed services		22,750,203	73.2
Gross profit		8,316,598	26.8
Selling, general and administrative expenses *1		6,401,299	20.6
Operating income		1,915,298	6.2
Non-operating revenues			
1. Interest earned		33,564	
2. Dividend earned		34,434	
3. House rent earned		16,843	
4. Others		55,045	0.4
Non-operating expenses			
1. Interest expense		43,549	
2. Unrealized loss on marketable securities		91,056	
3. Others		24,795	0.5
Ordinary profit		1,895,784	6.1
Extraordinary gain			
1. Reversal of reserve for doubtful accounts		1,667	
2. Reversal of reserve for retirement allowance		270,250	0.9
Extraordinary loss			
1. Loss from fixed assets disposal *2		20,601	
2. Unrealized loss of membership		274,302	
3. Past service cost of qualified retirement pension plan		1,210,634	
4. Transferred reserve for directors' retirement benefits		88,428	
5. Others		63,741	5.4
Net income before income tax		509,994	1.6
Corporation tax, inhabitants tax and enterprise tax		964,693	
Deferred income taxes etc.		618,393	1.1
Minority interest in profit of consolidated companies		5,411	0.0
Current net income		158,281	0.5

3) Consolidation Surplus Account

(Unit: Thousands of yen)

Accounts	Term	Current Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	
		Amount	
Opening balance of consolidated surplus		7,062,135	
1. Past years' adjustment for tax effect accounting		200,419	7,262,554
Decrease of consolidation surplus			
1. Dividend			184,066
Current net income			158,281
Closing balance of consolidation surplus			7,236,769

4) Consolidated Cash Flow Statement

(Unit: Thousands of yen)

Accounts	Term	Current Consolidated Fiscal Year
		(From January 1, 2000 to December 31, 2000)
		Amount
Cash flow from operating activities		
Current net income before income tax		509,994
Depreciation and amortization		442,849
Unrealized loss on investment securities		149,091
Decrease in reserve for doubtful accounts		1,667
Decrease in reserve for retirement allowance		268,779
Increase in reserve for directors' retirement benefits		154,790
Decrease in reserve for bonuses		119,896
Interest and dividend earned		67,999
Interest payable		43,549
Other non-operating revenues		1,663
Other non-operating expenses		8,061
Loss from fixed assets disposal		20,601
Unrealized loss of membership		274,302
Decrease in sales account		154,722
Increase in prepaid expenses		328,325
Decrease in other current assets		30,094
Decrease in account payable		49,138
Increase in advances received		979,392
Decrease in other current liabilities		16,325
Increase in other fixed liabilities		827,099
Sub total		2,740,753
Received interest and dividend		63,024
Interest payment		43,248
Payment of corporation income tax etc.		1,026,393
Cash flow provided by operating activities		1,734,135
Cash flow from investment activities		
Payments for marketable securities acquisition		189,369
Income from selling of marketable securities		45,280
payments for acquisition of tangible fixed assets		780,912
Income from selling of tangible fixed assets		35
Payments for acquisition of intangible fixed assets		171,485
Payments for acquisition of investment securities		2,553
Payments for loans		51,000
Income from loan collection		52,314
Other payments for investment		617,133
Other income from investment		115,594
Cash flow provided by investment activities		1,599,231
Cash flow from financial activities		
Income from short-term borrowing		380,000
Payment of short-term borrowing		380,000
Income from long-term borrowing		100,000
Payment of long-term borrowing		133,000
Retirement of treasury shares		781
Payment for acquisition of treasury shares		780
Dividend payment		183,887
Dividend payment for minority shareholders		2,250
Cash flow provided by financial activity		219,136
Effect in fluctuation of exchange rate for cash and cash equivalents		1,112
Increase/decrease in cash and cash equivalents		85,343
Opening balance of cash and cash equivalents		8,274,523
Closing balance of cash and cash equivalents		8,189,179

Basic Important Matters for Preparation of Consolidated Financial Statements

Term	Current Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)
<p>1. Consolidation range</p>	<p>(1) Number of consolidated subsidiaries: 1 Name of the consolidated subsidiary: Kensetsu Giken International Co., Ltd.</p> <p>(2) Number of non-consolidated subsidiaries: 5 Non-consolidated subsidiaries: Management Techno Co. Ltd. CTI Investigation and Design Co., Ltd. CTI New Technology Co., Ltd. Tech Consultants Co., Ltd. CTI Mates (Fukuoka) Co., Ltd.</p> <p>(3) Reason why the non-consolidated subsidiaries are excluded from consolidation range All of these non-consolidated subsidiaries are small and their total assets, sales, net profit and loss of the current term and surplus do not largely influence the consolidated financial statements.</p>
<p>2. Application of equity method</p>	<p>(1) Number of non-consolidated subsidiaries to which the equity method is applied The equity method is not applied to any non-consolidated subsidiary.</p> <p>(2) Non-consolidated subsidiaries to which the equity method is not applied Management Techno Co. Ltd., CTI Investigation and Design Co., Ltd., CTI New Technology Co., Ltd., Tech Consultants Co., Ltd. and CIT Mates (Fukuoka) Co., Ltd. have only a slight influence on the consolidated net profit and loss and the consolidated surplus respectively and do not have much importance as a whole. Therefore, they are excluded from the application range of the equity method.</p>
<p>3. Fiscal year of the consolidated subsidiary</p>	<p>The fiscal year of the consolidated subsidiary ends on the consolidated closing date.</p>
<p>4. Accounting standard</p> <p>(1) Valuation base and valuation method of important assets</p> <p>(2) Depreciation and amortization method of important depreciable assets</p> <p>(3) Entry standard of important reserves and allowances</p>	<p>1) Securities</p> <p>i) Quoted securities Decrease of cost and market method by moving average method (Adding back method)</p> <p>ii) Other securities Cost method by moving average method</p> <p>2) Inventories Prepaid expenses for uncompleted services ... Cost method by job cost system The following methods are adopted as set forth in the Corporation Tax Law: Tangible fixed assets ... Declining balance method. However, the straight-line method is adopted for the buildings (excluding the facilities attached to the buildings) acquired on and after April 1, 1998 according to the revision of the Corporation Tax Law in 1998. Intangible fixed assets ... Straight-line method. For software, the straight-line method based on the usable period in the Company (5 years) is adopted.</p> <p>1) Reserve for doubtful accounts To prepare for any loss by bad debts, we enter the limit amount as specified in the Corporation Tax Law.</p> <p>2) Reserve for bonuses To prepare for bonus payment to employees, we enter the reserve for bonuses according to the estimated payment amount standard.</p>

Item	Term Current Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)
<p>(4) Accounting treatment of important lease transactions</p> <p>(5) Other important matters for preparation of the consolidated financial statements</p>	<p>3) Reserve for retirement allowances To prepare for payment of retirement allowances with additional post benefit for the employees who cannot receive benefits from the qualified retirement pension plan, we enter 40% of the required payment amount at the end of the term for retirement based on personal reasons.</p> <p>4) Reserve for directors' retirement benefits To prepare for payment of the directors' retirement benefit, we enter the required payment amount at the end of the term according to our internal rules. Since we created this system in the previous consolidated fiscal year, we will transfer the amount for the past years equally for next five years (79,050,000 yen for this term). The consolidated subsidiary created this system in the current consolidated fiscal year and transferred the amount for previous years (9,377,000 yen). The amount of 88,428,000 yen in total is entered as extraordinary loss. Except for the cases where the ownership of the leased assets is transferred to leasees, financial lease transactions are treated according to the method for ordinary lease transactions.</p> <p>1) Qualified retirement pension plan i) Our group started to apply the qualified retirement pension plan on April 1, 1989 for those employees who reached mandatory retirement age after service for at least 20 years under our retirement allowance system. From October 1, 1998, we transferred the conventional allowances other than the employee retirement allowance with additional post benefit into the qualified retirement pension plan for all employees. ii) The total amount of the pension assets as of December 31, 2000 is 2,676,665,000 yen. iii) The period to pay premiums for the past service cost is seven years. iv) Excess of the reserve for retirement allowance generated by change of the entire system is reversed according to the provision of the Corporation Tax Law. Premiums for the past service cost and the reversal of excessive reserve for retirement allowance are both entered to the extraordinary profit and loss. v) With the reserve for retirement allowance 1,351,250,000 yen subtracted from the past service cost as of the end of the current consolidated fiscal year of 2,172,532 yen, the remaining amount of 821,281,000 yen is entered to the extraordinary loss as the past service cost of the qualified retirement pension plan.</p> <p>2) Accounting treatment of consumption tax Tax exclusion method is adopted.</p>
5. Valuation of assets and liabilities of the consolidated subsidiary	For valuation of assets and liabilities of the consolidated subsidiary, the overall current value method is adopted.
6. Amortization of consolidated adjustment account	Not applicable
7. Treatment of appropriation items	The consolidation surplus account is prepared according to the appropriation fixed in the consolidated fiscal year for appropriation of profit at the consolidated company.
8. Range of fund in the consolidated cash flow account	The fund (cash and cash equivalents) in the consolidated cash flow account comprises cash in hand, bank deposit which can be withdrawn at any time and short-term investment which can be easily realized and takes only a low risk about value fluctuation and for which the refund date comes within 3 months from the acquisition date.

Remarks

(Notes to Consolidated Balance Sheet)

Current consolidated fiscal year (as of December 31, 2000)	
*1 For non-consolidated companies	
Investment securities	99,029,000 yen
*2 Pledged assets and corresponding liabilities are as follows:	
(a) Pledged assets	
Buildings	¥477,920 thousand
<u>Land</u>	<u>846,079</u>
Total	1,324,000
(b) Corresponding liabilities	
<u>Corporate bonds</u>	<u>¥500,000 thousand</u>
Total	500,000
3. Warranty for liabilities	
Warranty for our employees' liabilities of 231,573,000 yen borrowed from banks	

(Notes on Consolidated Profit and Loss Account)

Current consolidated fiscal year from January 1, 2000 to December 31, 2000				
*1 Major items and amounts among selling, general and administrative expenses are as follows				
Wages and allowances				¥1,945,818 thousand
Bonuses				550,715
Transferred reserve for bonuses				109,706
Retirement allowances				130,711
Transferred reserve for retirement allowances				35,385
Transferred reserve for directors' retirement benefits				82,108
*2 Loss from fixed assets disposal can be broken down as follows				
	Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total
	thousands of yen	thousands of yen	thousands of yen	thousands of yen
Buildings and structures	6,055			6,055
Tangible fixed assets etc.	1,223		113	1,336
Intangible fixed assets etc.	12,674			12,674
Investment and other assets		534		534
Total	19,953	534	113	20,601

(Notes on Consolidated cash flow Account)

Current Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000	
1. Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet	
(as of December 31, 2000)	
Cash and bank deposit account	¥5,367,459 thousand
Marketable securities account	3,312,843
<u>Marketable securities with the investment period over 3 months</u>	<u>491,124</u>
Total	8,189,179

(Notes on lease arrangements)

Current Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000			
Financial lease transactions other than those by which the ownership of the leased assets is to be transferred to leasees			
1. Assumed acquisition cost, accumulated depreciation and closing balance of the leased assets			
(Unit: Thousands of yen)			
	Acquisition cost	Accumulated depreciation	Closing balance
Tangible fixed assets etc.	405,780	244,371	161,409
Intangible fixed assets etc.	84,814	55,971	28,843
Total	490,595	300,342	190,253
2. Unexpired lease payment at the end of term			
Within one year		¥103,320 thousand	
Over one year		104,099	
Total		207,420	
3. Lease payments, assumed depreciation, and assumed interest payments			
Lease payments		¥164,132 thousand	
Assumed depreciation		142,115	
Assumed interest payments		12,312	
4. Calculation method of assumed depreciation			
Straight-line method using the lease period as the service life and considering the residual value to be zero.			
5. Calculation method of assumed interest payments			
The difference between total lease payments and acquisition costs of the leased assets is considered the assumed interest. Interest method is used for its allocation to each period.			

(Notes on market value and other information of marketable securities)

Notes for the previous fiscal year (as of December 31, 1999) are given as notes for the financial statements.

Notes on Market Value and Other Information of marketable Securities

(Unit: Thousands of yen)

Type	Current Consolidated Fiscal Year (as of December 31, 2000)		
	Book Value on Consolidated Balance Sheet	Market Value	Unrealized Gain (Loss)
(1) Current assets			
Shares	147,195	119,382	27,812
Bonds and Notes	5,661	5,565	96
Others	519,547	448,879	70,667
Sub total	672,404	573,826	98,577
(2) Fixed assets			
Shares	425,580	456,800	31,219
Bonds and Notes	—	—	—
Others	—	—	—
Sub total	425,580	456,800	31,219
Total	1,097,984	1,030,627	67,357

Note:

1. Methods of market value estimation

Listed securities: Based mainly on the closing price at the Tokyo Stock Exchange.

OTC securities: Based on the final prices published by the Japan Securities Dealers Association.

Beneficiary certificates of unlisted security investment trust: Based on the constant price

2. Items and amounts in the Consolidated Balance Sheet excluded from above disclosure are as follows:

(Unit: Thousands of yen)

Type	Term	Current Consolidated Fiscal Year (as of Dec. 31, 2000)
Current assets		
1) Money Management Fund		1,918,015
2) Medium-term government securities fund		702,424
3) Beneficiary certificates of security investment trust within closed period		20,000
Fixed assets		
1) Unlisted stocks excluding OTC stocks		161,873

(Notes on derivatives transactions)

Notes for the previous fiscal year (as of December 31, 1999) are given as notes for the financial statements.

1. Matters concerning status of transactions

Current Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000	
1. Transaction contents	Interest swap transactions
2. Trading policy for transactions	For derivative transactions related to interests, we conduct interest swap transactions to hedge the interest fluctuation risk in borrowing. We do not conduct any other transactions for speculative purpose or the like.
3. Purpose of transaction utilization	U/C combined borrowing at variable interest from the bank and interest swap transactions in August 1998 so as to borrow money from the bank substantially at a fixed rate of interest.
4. Contents of the risk for the transactions	These consist of interest swap transactions with variable received amount and fixed payments. There is no interest fluctuation risk. The transaction counterparts are limited to high credit rated domestic banks and we judge that we carry little default risk.
5. Trading risk management system	Since we do not conduct derivative transactions on a daily basis, we do not have any internal rules. According to the resolution at the Board of Directors, we adopted the interest swap transactions to borrow money at a fixed rate. We do not admit to combine any new transaction with such interest swap transactions.
6. Supplementary explanation about market value of transactions	Not applicable

2. Matters concerning market value of transactions

Contract amount, market value and valuation gain or loss of derivative transactions

(1) Matters related to currency

Not applicable

(2) Matters related to interest rate

(Unit: Thousands of yen)

Category	Type	Current Consolidated Fiscal Year (as of December 31, 2000)			
		Contracts amount	Those over 1 year	Market value	Unrealized Gain/Loss
Transactions out of market	Interest swap transactions with variable received amount fixed payment	850,000	850,000	19,309	19,309
Total		850,000	850,000	19,309	19,309

Note:

The market value is calculated based on the prices presented by the financial institution we are dealing with.

(Tax effect accounting)

Term	Current Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)																						
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation	Deferred tax assets (current assets) <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Enterprise tax payable</td> <td style="text-align: right;">¥40,578 thousand</td> </tr> <tr> <td style="padding-left: 20px;">Reserve for bonuses</td> <td style="text-align: right;">21,772</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>8,889</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">71,240</td> </tr> </table> Deferred tax assets (fixed assets) <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Reserve for retirement allowances</td> <td style="text-align: right;">¥123,057 thousand</td> </tr> <tr> <td style="padding-left: 20px;">Reserve for directors' retirement benefits</td> <td style="text-align: right;">127,202</td> </tr> <tr> <td style="padding-left: 20px;">Past service cost for qualified retirement pension plan</td> <td style="text-align: right;">345,348</td> </tr> <tr> <td style="padding-left: 20px;">Unrealized loss of marketable securities</td> <td style="text-align: right;">24,403</td> </tr> <tr> <td style="padding-left: 20px;">Unrealized loss of membership</td> <td style="text-align: right;">115,344</td> </tr> <tr> <td style="padding-left: 20px;"><u>Others</u></td> <td style="text-align: right;"><u>13,228</u></td> </tr> <tr> <td style="padding-left: 20px;">Total</td> <td style="text-align: right;">748,585</td> </tr> </table>	Enterprise tax payable	¥40,578 thousand	Reserve for bonuses	21,772	<u>Others</u>	<u>8,889</u>	Total	71,240	Reserve for retirement allowances	¥123,057 thousand	Reserve for directors' retirement benefits	127,202	Past service cost for qualified retirement pension plan	345,348	Unrealized loss of marketable securities	24,403	Unrealized loss of membership	115,344	<u>Others</u>	<u>13,228</u>	Total	748,585
Enterprise tax payable	¥40,578 thousand																						
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Total	748,585																						
2. Breakdown by major item of causes leading to any material difference between the legal effective tax rate and the bearing rate of corporation tax or the like after application of tax effect accounting	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="padding-left: 20px;">Legal effective tax rate</td> <td style="text-align: right;">42.05 %</td> </tr> <tr> <td style="padding-left: 20px;">(Adjustment)</td> <td></td> </tr> <tr> <td style="padding-left: 40px;">No entry of loss from entertainment expense etc.</td> <td style="text-align: right;">5.37</td> </tr> <tr> <td style="padding-left: 40px;">Per capita inhabitant tax</td> <td style="text-align: right;">11.01</td> </tr> <tr> <td style="padding-left: 40px;">Income tax for the previous term</td> <td style="text-align: right;">7.53</td> </tr> <tr> <td style="padding-left: 40px;">No entry of profit from dividend earned etc.</td> <td style="text-align: right;">1.63</td> </tr> <tr> <td style="padding-left: 40px;">Others</td> <td style="text-align: right;">3.55</td> </tr> <tr> <td style="padding-left: 20px;">Bearing rate of corporation tax or the like after application of tax effect accounting</td> <td style="text-align: right;">67.88</td> </tr> </table>	Legal effective tax rate	42.05 %	(Adjustment)		No entry of loss from entertainment expense etc.	5.37	Per capita inhabitant tax	11.01	Income tax for the previous term	7.53	No entry of profit from dividend earned etc.	1.63	Others	3.55	Bearing rate of corporation tax or the like after application of tax effect accounting	67.88						
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Others	3.55																						
Bearing rate of corporation tax or the like after application of tax effect accounting	67.88																						

(Segment information)

1. Segment information by business type

Our group is engaged in a single business of engineering consulting and incidental services. We do not have any other business type and have nothing to be described here.

2. Segment information by location

We do not have any consolidated subsidiary located in any country or area outside of Japan or any important overseas branch. We have nothing to be described here.

3. Sales in overseas market

Sales in overseas market are below 10% of the consolidated sales amount and are omitted here.

(Transactions with the parties concerned)

There is nothing to be described here.

(Information per share)

Current Consolidated Fiscal Year from January 1, 2000 to December 31, 2000	
Net assets per share	¥1,015.95
Current net income per share	¥11.17
Current net income per share after adjustment of potential shares is not stated because we have not issued any bonds with stock option or convertible bond	

(Important matters generated later)

Current Consolidated Fiscal Year from January 1, 2000 to December 31, 2000

5) Supplemental Specifications for Consolidated Financial Statements

i) Corporate bonds specification

(Unit: Thousands of yen)

Issuer	Description	Issuance date	Previous term closing balance	Current term closing balance	Rate	Security	Redemption date	Remarks
CTI Engineering Co., Ltd.	7th secured bond with real guarantee	September 25, 1998	500,000	500,000	Yearly rate of 1.2%	Applicable	September 25, 2002	
Total			500,000	500,000				

Note:

The amounts planned to be redeemed for five years after the consolidated closing date are as follows

(Unit: Thousands of yen)

Within 1 year	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years
—	500,000	—	—	—

ii) Specifications about borrowings

(Unit: Thousands of yen)

Category	Previous term closing balance	Current term closing balance	Average rate	Repayment deadline	Remarks
Short-term borrowings	200,000	200,000	1.50%		
Long-term borrowings to be repaid within 1 year	109,000	116,000	1.44		
Long-term borrowings except those to be repaid within 1 year	1,609,000	1,569,000	1.96	2002—2003	
Total	1,918,000	1,885,000			

Note:

For the long-term borrowings except those to be repaid within 1 year, the amounts planned to be repaid for five years after the consolidated closing date are as follows

(Unit: Thousands of yen)

	Over 1 year and within 2 years	Over 2 years and within 3 years	Over 3 years and within 4 years	Over 4 years and within 5 years
Long-term borrowings	92,000	1,477,000	—	—

(2) Others

Not applicable

2. Non-Consolidated Financial Statements and Other Materials

(1) Non-Consolidated Financial Statements

1) Non-Consolidated Balance Sheet

(Unit: Thousands of yen)

Accounts	Term	37th fiscal year (as of December 31, 1999)		38th fiscal year (as of December 31, 2000)		
		Amount	Ratio	Amount	Ratio	
(Assets)						
Current assets						
1. Cash and bank deposits	*2	3,553,983		5,307,923		
2. Notes receivable		—		800		
3. Other receivables	*2	1,238,091		1,053,840		
4. Marketable securities	*5	5,014,466		3,312,843		
5. Treasury shares		75		38		
6. Prepaid expenses		8,681,666		8,907,368		
7. Advance payment		99,978		79,849		
8. Deferred tax assets		—		70,848		
9. Short-term loans		2,221		20,290		
10. Others		124,099		48,974		
11. Allowance for doubtful accounts		2,785		1,296		
Total current Assets		18,711,796	63.7	18,801,479	61.1	
Fixed assets						
(1) Tangible fixed assets						
1. Buildings	*1	2,917,717		2,903,366		
Accumulated depreciation		1,026,404	1,891,313	1,165,736	1,737,629	
2. Structures		632,272		632,272		
Accumulated depreciation		226,423	405,849	259,289	372,983	
3. Machinery and equipment		233,597		233,597		
Accumulated depreciation		114,702	118,894	132,782	100,814	
4. Vehicle and transportation equipment		29,687		29,687		
Accumulated depreciation		24,443	5,243	26,085	3,601	
5. Furniture and fixtures		538,244		554,883		
Accumulated depreciation		390,024	148,219	416,323	138,559	
6. Land	*1		4,578,533		4,578,533	
7. Provisional construction account			75,140		802,090	
Total tangible fixed assets			7,223,195		7,734,213	25.1
(2) Intangible fixed assets						
1. Leasehold			16,455		16,455	
2. Telephone rights			22,430		22,467	
3. Right of using special facilities			3,770		3,417	
4. Software			—		411,555	
5. Others			679		1,006	
Total intangible fixed assets			43,335		454,901	1.5
(3) Investments and other assets						
1. Investment in securities	*1, *5		597,602		488,423	
2. Shares of affiliated companies			165,100		169,029	
3. Investments			82,229		76,892	
4. Long-term deposit			—		500,000	
5. Long-term loan to employees			99,709		80,326	
6. Long-term prepaid cost			461,021		24,574	
7. Deferred tax assets			—		738,849	
8. Lease and guarantee deposit			1,314,889		1,269,491	
9. Membership			395,755		120,417	
10. Insurance reserve fond			255,097		298,609	
11. Others			11,102		11,102	
12. Allowance for doubtful accounts			504		325	
Total investments and other assets			3,382,001	11.5	3,777,392	12.3
Total fixed assets			10,648,532	36.3	11,966,507	38.9
Total assets			29,360,328	100.0	30,767,987	100.0

(Unit: Thousands of yen)

Accounts	Term	37th fiscal year (from Jan. 1, 1999 to Dec. 31, 1999)		38th fiscal year (from Jan. 1, 2000 to Dec. 31, 2000)	
		Amount	Ratio	Amount	Ratio
(Liabilities)			%		%
Current liabilities					
1. Accounts payable for services *2, *3		1,480,145		1,360,271	
2. Long-term borrowings to be repaid within a year *1		109,000		116,000	
3. Accounts payable *2		296,593		178,803	
4. Accrued income taxes		436,000		401,000	
5. Accrued consumption taxes		131,400		148,535	
6. Accrued expenses		298,370		319,102	
7. Advances received		7,654,908		8,577,362	
8. Deposits received		235,336		247,991	
9. Revenue received in advance		1,145		2,182	
10. Reserve for bonuses		467,657		353,159	
Total current liabilities		11,110,558	37.9	11,704,408	38.1
Fixed liabilities					
1. Corporate bonds *1		500,000		500,000	
2. Long-term borrowing *1		1,609,000		1,569,000	
3. Reserve for retirement allowances		1,788,409		1,517,927	
4. Reserve for directors' retirement benefits		147,712		280,009	
5. Past service cost payable		—		821,281	
6. Others		16,517		22,335	
Total fixed liabilities		4,061,639	13.8	4,710,554	15.3
Total liabilities		15,172,198	51.7	16,414,963	53.4
(Capital)					
Capital *4		3,025,875	10.3	3,025,875	9.8
Capital reserve		4,122,384	14.0	4,122,384	13.4
Profit reserve		136,880	0.5	156,880	0.5
Other surplus					
(1) Voluntary reserve					
Separate reserve	5,265,000	5,265,000		5,815,000	
(2) Current unappropriated profit		1,637,991		1,232,885	
Other surplus total		6,902,991	23.5	7,047,885	22.9
Total shareholders' equity		14,188,130	48.3	14,353,024	46.6
Total of liabilities and shareholders equity		29,360,328	100.0	30,767,987	100.0

2) Non-Consolidated Profit and Loss Account

(Unit: Thousands of yen)

Accounts	Term	37th fiscal year (from Jan. 1, 1999 to Dec. 31, 1999)		38th fiscal year (from Jan. 1, 2000 to Dec. 31, 2000)	
		Amount	Ratio	Amount	Ratio
Sales			%		%
Income from completed services		31,759,495	100.0	30,198,339	100.0
Cost of sales					
Cost of completed services		23,599,042	74.3	22,149,288	73.3
Gross profit		8,160,452	25.7	8,049,050	26.7
Selling, general and administrative expenses					
1. Directors' remuneration		357,942		390,723	
2. Salaries and allowances		1,904,567		1,902,786	
3. Bonuses		568,720		541,722	
4. Provision of reserve for bonuses		136,996		108,407	
5. Retirement allowances		274,901		129,899	
6. Provision of reserve for retirement allowances		30,301		35,335	
7. Provision of reserve for directors' retirement benefits		61,598		68,992	
8. Legal welfare expenses		—		320,257	
9. Traveling expenses		360,273		374,051	
10. Tax and public imposts		68,148		73,268	
11. Depreciation		65,333		79,615	
12. Rent expenses		674,004		653,204	
13. Research and investigation expenses		405,302		581,465	
14. Others		1,179,675	19.2	930,507	20.5
Operating income		2,072,686	6.5	1,858,813	6.2
Non-operating revenues					
1. Interest earned		11,757		13,344	
2. Dividend earned		46,964		39,684	
3. Interest from securities		25,608		17,521	
4. Rent earned		—		16,843	
5. Others		68,676	0.5	54,404	0.5
Non-operating expenses					
1. Interest expense		33,523		34,745	
2. Interest of corporate bonds		6,751		6,082	
3. Loss from selling securities		50,128		2,805	
4. Unrealized loss of securities		35,397		91,056	
5. Loss from investment trust cancellation		117,111		—	
6. Loss from foreign exchange		2,099		310	
7. Others		39,462	0.9	7,565	0.5
Ordinary profit		1,941,219	6.1	1,858,046	6.2
Extraordinary gain					
1. Reversal of allowance for doubtful accounts		677		1,667	
2. Reversal of reserve for retirement allowance		270,250		270,250	
3. Profit from selling investment securities		45,226		—	
4. Others		46	1.0	—	0.9
Extraordinary loss					
1. Loss from fixed assets disposal *1		13,278		20,488	
2. Office moving cost		3,087		4,046	
3. Unrealized loss of securities		—		58,034	
4. Unrealized loss of membership		—		274,302	
5. Past service cost of qualified retirement pension plan		386,261		1,210,634	
6. Transferred reserve for directors' retirement benefits		86,113		79,050	
7. Others		—	1.5	1,660	5.5
Net income before income tax		1,768,678	5.6	481,746	1.6
Corporation tax, inhabitants tax and enterprise tax		1,017,446	3.2	942,484	
Deferred income taxes etc.		—		611,642	1.1
Current net income		751,231	2.4	150,904	0.5
Profit brought forward to the next year		886,759		883,924	
Past years' adjustments on deferred income tax		—		198,055	
Current unappropriated profit		1,637,991		1,232,885	

Cost Specifications for Completed Services

(Unit: Thousands of yen)

Accounts	Term	37th fiscal year (from Jan. 1, 1999 to Dec. 31, 1999)		38th fiscal year (from Jan. 1, 2000 to Dec. 31, 2000)	
		Amount	Ratio	Amount	Ratio
Labor cost			%		
1. Salaries		5,541,592		5,363,267	
2. Bonuses		1,497,377		1,424,691	
3. Provision of reserve for bonuses		330,660		244,752	
4. Retirement allowances		191,838		192,602	
5. Provision of reserve for retirement allowances		16,442		12,455	
6. Others		938,708	8,516,620	940,295	8,178,063
Amount paid to subcontractors			10,523,840		9,889,787
Expenses					
1. Traveling expenses		892,332		888,308	
2. Printing and copying expenses		1,066,515		1,052,772	
3. Expendables cost		236,395		220,691	
4. Rents		1,245,303		1,231,374	
5. Depreciation		221,371		169,118	
6. Others		773,299	4,425,217	744,873	4,307,139
Current general business expenses			23,465,677		22,374,990
Opening expenses prepaid for uncompleted services			8,815,031		8,681,666
Total			32,280,709		31,056,657
Closing expenses prepaid for uncompleted services			8,681,666		8,907,368
Current cost of completed services			23,599,042		22,149,288
			36.3		36.6
			44.8		44.2
			18.9		19.2
			100.0		100.0

(Footnote)

37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
Cost accounting is according to the job order costing method.	Same as the previous year

3) Statement of Appropriation of Profit

(Unit: Thousands of yen)

Accounts	Term	37th fiscal year (Approved at General Shareholders' Meeting on March 30, 2000)		38th fiscal year (Approved at General Shareholders' Meeting on March 29, 2001)	
		Accounts	Accounts	Accounts	Accounts
Current unappropriated profit			1,637,991		1,232,885
Appropriation of profit					
1. Profit reserve		20,000		20,000	
2. Dividends		184,066		169,908	
3. Voluntary reserve					
Separate reserve		550,000	754,066	150,000	339,908
Retained earnings carried forward			883,924		892,976

Important Accounting Policy

Term Item	37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
1. Valuation base and method for securities	(1) Securities with market prices Lower of cost or market, with cost being determined by moving-average method Though the separation method has been conventionally applied to the lower of the cost or market basis, it is changed to the adding back method from the current term corresponding to the revision of the tax system in 1998. No amount is influenced by this change. (2) Other securities Lower of cost or market, with cost being determined by moving-average method	(1) Securities with market prices Lower of cost or market, with cost being determined by moving-average method (adding back method) (2) Other securities Same as the 37th year
2. Valuation base and method for inventories	Expenses prepaid for uncompleted services Cost basis according to job cost method	Expenses prepaid for uncompleted services Same as the 37th year
3. Depreciation of fixed assets	The following methods as specified in the Corporation Tax Law have been adopted Tangible fixed assets ... Declining balance method However, straight-line method is applied to the buildings (excluding facilities attached to them) acquired on and after April 1, 1998 corresponding to the revision of the tax system in 1998. (Reduction of service life) For the buildings (excluding facilities attached to them), the service life is reduced corresponding to the revision of the tax system in 1998. Influence of this change is small. Intangible fixed assets ... Straight-line method Long-term advance payment ... Straight-line method	The following methods as specified in the Corporation Tax Law have been adopted Tangible fixed assets ... Declining balance method However, straight-line method is applied to the buildings (excluding the facilities attached to them) acquired on and after April 1, 1998 corresponding to the revision of the tax system in 1998. Intangible fixed assets ... Same as 37th year For the software, however, the straight-line method according to the useful period in the Company (5 years) is adopted. Long-term advance payment ... Same as 37th year
4. Treatment of deferred assets	New share issuance expenses are fully treated as the cost at the time of payment.	—————
5. Accounting for allowances and reserves	(1) Allowance for doubtful accounts The limit as specified in the Corporation Tax Law is entered to prepare for possible loss caused by bad debts. (2) Accrued bonuses To prepare for bonus payment to employees, the reserve for bonuses is entered according to the estimated payment amount. Though we conventionally entered the limit amount for transfer according to the payment period under the provision of the Corporation Tax Law, we started to apply the method to determine the amount according to the estimated payment amount from the current term corresponding to the tax system revision in 1998. The influence of this change is small. (3) Reserve for retirement allowance To prepare for payment of retirement allowance with additional post benefit for the employees who cannot receive benefits from the qualified retirement pension plan, we enter 40% of the required payment amount at the end of the term for retirement by personal reason.	(1) Allowance for doubtful accounts Same as 37th year (2) Accrued bonuses To prepare for bonus payment to employees, the reserve for bonuses is entered according to the estimated payment amount. (3) Reserve for retirement allowance Same as 37th year

Term Item	37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
<p>6. Accounting for leases</p> <p>7. Accounting for consumption taxes</p>	<p>(Qualified retirement pension plan)</p> <p>i) Our group started to apply the qualified retirement pension plan on April 1, 1989 for the employees who retire at the age limit after service for at least 20 years under our retirement allowance system. From October 1, 1998, we transferred the conventional allowances other than the employee retirement allowance with additional post benefit into the qualified retirement pension plan for all employees.</p> <p>ii) The total amount of the pension assets as of December 31, 1999 is 2,391,804,000 yen.</p> <p>iii) The period to pay premiums for the past service cost is seven years.</p> <p>iv) Excess of the reserve for retirement allowance generated by change of the entire system is reversed according to the provision of the Corporation Tax Law. Premiums for the past service cost and the reversal of excessive reserve for retirement allowance are both entered to the extraordinary profit and loss.</p> <p>(4) Reserve for directors' retirement benefits</p> <p>To prepare for payment of the directors' retirement benefit, we enter the required payment amount at the end of the term according to our internal rules.</p> <p>Conventionally, we treated the directors' retirement benefits as the expense at the time of payment. However, with the directors' service becoming longer, we reviewed the rules about the directors' retirement benefit and, because the benefit payment is expected to increase in future, we changed the method. For appropriate profit and loss in a period and sound financial contents, we started to enter the amount required at the end of term according to our internal rules as the reserve for directors' retirement benefits from this term.</p> <p>Corresponding to this change, we entered the amount incurred in the current term (61,598,000 yen) to the "Selling, general and administrative expenses" and, for the corresponding amount for the past years (430,569,000 yen), enter the equal transferred amount for five years from now on. The amount borne in the current term (86,113,000 yen) is entered to the "Extraordinary Loss".</p> <p>As a result, the operating profit and the ordinary profit decreased by 61,598,000 yen respectively and the current income before income tax by 147,712,00 yen from the amounts according to the conventional method.</p> <p>Finance lease transactions other than those by which the ownership of the leased assets is to be transferred to lessees are treated by the accounting method conform to that for ordinary rental transaction. Tax exclusion method is adopted.</p>	<p>(Qualified retirement pension plan)</p> <p>i) Same as 37th year</p> <p>ii) The total amount of the pension assets as of December 31, 2000 is 2,665,898,000 yen.</p> <p>iii) Same as 37th year</p> <p>iv) Same as 37th year</p> <p>(4) Reserve for directors' retirement benefits</p> <p>To prepare for payment of the directors' retirement benefit, we enter the required payment amount at the end of the term according to our internal rules.</p> <p>Since we created this system in the previous year, we will transfer the amount for the past years equally for five years. The current transferred amount of 79,050,000 yen is entered as extraordinary loss.</p> <p>Same as 37th year</p> <p>Same as 37th year</p>

Change in accounting method

37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
	<p>The past service cost of the qualified retirement pension has been conventionally settled at the time of contribution. However, we reviewed the liabilities for retirement allowances as the retirement allowance account is to introduce from the next year and found a large amount of shortage in the reserve. For appropriate amount borne for pension cost and for much sounder finance, we changed the method to settle the cost at the time it is incurred from this term.</p> <p>Corresponding to this change, we entered the remaining amount of 821,281,000 yen determined by withdrawing the reserve for retirement allowances of 1,351,250,000 yen from the past service cost at the end of the current term 2,172,532,000 yen in the extraordinary loss as the past service cost of the qualified retirement pension plan. When compared with the amount by the conventional method, the current net income before income tax decreases by the same amount.</p> <p>This change has been implemented because it was learned in the second half of this year that the fund management environment for pension assets become much worse from now on and the importance of the amount is expected to be much higher.</p> <p>Therefore, the conventional method is applied for this interim period. For this interim period, the current net profit before tax is increased by 886,709,000 yen from the amount determined according to the method after change.</p>

Change in presentation of accounts

37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
<p>Accrued enterprise tax and business place tax were presented as "Accrued income taxes, etc. " in the previous fiscal year. From the current fiscal year, accrued enterprise tax (89,000,000 yen) is included in accrued corporation taxes and accrued business place tax (28,771,000 yen) is included in accounts payable.</p>	<p>"Legal welfare expenses" were included in "Others" of the selling, general and administrative expenses in the previous fiscal year, but they are presented as an independent item from the current fiscal year because the amount exceeds 5/100 of the selling, general and administrative expenses. Note that the "Legal welfare expenses" in the previous year were 289,416,000 yen.</p> <p>"Rent earned" was included in "Others" of the non-operating revenue in the previous year, but it is presented as an independent item from the current fiscal year because the amount exceeds 10/100 of the non-operating revenue. Note that the "Rent earned" in the previous year was 11,560,000 yen.</p>

Additional information

37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
<p style="text-align: center;">—————</p> <p style="text-align: center;">—————</p>	<p>1. Tax effect accounting</p> <p>Corresponding to the revision of the financial statements regulations, the tax effect accounting is applied from the current fiscal year.</p> <p>As a result, the deferred tax assets are entered as 809,698,000 yen (Current assets: 70,848,000 yen; Investment and other assets: 738,849,000 yen). Compared with the amounts by the conventional method, the current income increases by 611,642,000 yen and the current undistributed profit increases by 809,698,000 yen.</p> <p>2. Software used by the Company</p> <p>Until the previous fiscal year, the software was included in "Long-term prepaid cost" under the "Investment and other assets". For such software, the conventional accounting method is continuously adopted by application of the interim measure according to "Practical Business Policy for Accounting of Research & Development Cost and Software" (Report No. 12 of Accounting System Committee, Japan Public Accountant Association, March 31, 1999). However, according to the report, presentation of the above software is changed. From the "Long-term prepaid cost" under the "Investment and other assets", the account is changed to "Software" under the "Intangible fixed assets". For depreciation, the straight-line method for the usable period (5 years) in the Company is adopted. Software to be used by our company acquired in the current fiscal year is entered as "Software" under the intangible fixed assets and depreciated as described above according to the "Accounting Standard for Research & Development Cost" (Corporation Accounting Board, March 13, 1998).</p>

Notes

(Notes on Balance Sheet)

37th fiscal year (as of December 31, 1999)	38th fiscal year (as of December 31, 2000)																																																																			
<p>*1 Pledged assets and corresponding liabilities are as follows</p> <p>(a) Pledged assets</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Buildings</td> <td style="text-align: right;">¥516,020 thousand</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">846,079</td> </tr> <tr> <td><u>Investment securities</u></td> <td style="text-align: right;"><u>136,990</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">1,499,090</td> </tr> </table> <p>(b) Corresponding liabilities</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Corporate bonds</td> <td style="text-align: right;">¥500,000 thousand</td> </tr> <tr> <td><u>Long-term borrowings</u></td> <td></td> </tr> <tr> <td><u>(including the amount to be repaid within a year)</u></td> <td style="text-align: right;"><u>75,000</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">575,000</td> </tr> </table> <p>*2 Major foreign currency assets and liabilities</p> <table border="1" style="width: 100%; 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(Note on Profit and Loss Statement)

37th fiscal year (from January 1, 1999 to December 31, 1999)					38th fiscal year (from January 1, 2000 to December 31, 2000)			
*1 Loss from fixed assets disposal can be broken down as follows					*1 Loss from fixed assets disposal can be broken down as follows			
	Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total		Loss from fixed assets write-off	Loss from fixed assets cancellation	Total
	thousand of yen	thousand of yen	thousand of yen	thousand of yen		thousand of yen	thousand of yen	thousand of yen
Buildings	85	—	—	85	Buildings	6,055	—	6,055
Furniture and fixtures	3,793	—	—	3,793	Furniture and fixtures	1,223	—	1,223
Membership	—	700	8,700	9,400	Software	12,674	—	12,674
Total	3,878	700	8,700	13,278	Membership	—	534	534
					Total	19,953	534	20,488
(Additional information)								
Enterprise tax included in "Tax and public imposts" under the selling, general and administrative expenses in the previous year (208,496,000 yen for the current term) is presented as "Corporation tax, inhabitants tax and enterprise tax" corresponding to revision of the financial statements regulations. With this change, the operating profit, the ordinary profit and the current net income before income tax increase by the same amount respectively from the amounts according to the same standard as that used in the previous year.								

(Notes on lease arrangements)

37th fiscal year (from January 1, 1999 to December 31, 1999)				38th fiscal year (from January 1, 2000 to December 31, 2000)			
Finance lease transactions other than those by which the ownership of the leased assets is to be transferred to lessees				Finance lease transactions other than those by which the ownership of the leased assets is to be transferred to lessees .			
1. Assumed data as to acquisition cost, accumulated depreciation and closing balance				1. Assumed data as to acquisition cost, accumulated depreciation and closing balance			
(Unit: Thousands of yen)				(Unit: Thousands of yen)			
	Acquisition cost	Accumulated depreciation	Closing balance		Acquisition cost	Accumulated depreciation	Closing balance
Furniture and fixtures	628,113	402,065	226,048	Furniture and fixtures	405,780	244,371	161,409
Long-term prepaid cost	112,523	70,788	41,734	Software	84,814	55,971	28,843
Total	740,636	472,853	267,783	Total	490,595	300,342	190,253
2. Unexpired lease payment at the end of term				2. Unexpired lease payment at the end of term			
Within one year		¥141,157 thousand		Within one year		¥103,320 thousand	
Over one year		153,927		Over one year		104,099	
Total		295,084		Total		207,420	
3. Lease payments, assumed depreciation, and assumed interest payments				3. Lease payments, assumed depreciation, and assumed interest payments			
Lease payments		¥223,521 thousand		Lease payments		¥164,132 thousand	
Assumed depreciation		191,082		Assumed depreciation		142,115	
Assumed interest payments		20,107		Assumed interest payments		12,312	
4. Calculation method of assumed depreciation				4. Calculation method of assumed depreciation			
Straight-line method using the lease period as the service life and considering the residual value to be zero.				Same as 37th year			
5. Calculation method of assumed interest payments				5. Calculation method of assumed interest payments			
The difference between total lease payments and acquisition costs of the leased assets is considered the assumed interest. Interest method is used for its allocation to each period.				Same as 37th year			

(Notes on market value and other information of securities)

For the current fiscal year (as of December 31, 2000), similar information is given as notes for the consolidated financial statements.

Market value and other information of securities

(Unit: Thousands of yen)

Type	37th fiscal year (as of December 31, 1999)		
	Book Value on Consolidated Balance Sheet	Market Value	Unrealized Gain (Loss)
(1) Current assets			
Shares	201,093	149,600	51,492
(Treasury shares included)	(75)	(76)	(0)
Bonds	5,661	5,527	134
Others	386,122	420,172	34,049
Sub-total	592,877	575,300	17,577
(2) Fixed assets			
Shares	483,983	584,190	100,207
Bonds	—	—	—
Others	—	—	—
Sub-total	483,983	584,190	100,207
Total	1,076,861	1,159,491	82,630

Note:

1. Methods of market value estimation

Listed securities: Based on the closing price mainly at the Tokyo Stock Exchange.

OTC securities: Based on the final price published by the Japan Securities Dealers Association.

Beneficiary certificates of unlisted security investment trust: Based on the constant price

2. Shares presented as the current assets include the treasury shares.

3. Securities in the Balance Sheet excluded from above disclosure are as follows

Type	Term	37th Fiscal Year (as of Dec. 31, 1999)
Current assets		
1) Money Management Fund		3,371,222
2) Medium-term government securities fund		700,441
3) Beneficiary certificates of security investment trust within closed period		300,000
4) Unlisted short-term foreign bonds		50,000
Fixed assets		
1) Unlisted stocks excluding OTC stocks (Related companies' shares included)		278,719 (165,100)

(Notes on derivatives transactions)

For the current consolidated fiscal year (as of December 31, 2000), similar information is given as notes for the consolidated financial statements.

1. Matters concerning status of transactions

37th fiscal year (from January 1, 1999 to December 31, 1999)	
1. Transaction contents	Interest swap transactions
2. Trading policy for transactions	For derivative transactions related to interests, we conduct interest swap transactions to hedge the interest fluctuation risk in borrowing. We do not conduct any other transactions for speculative purpose or the like.
3. Purpose of transaction utilization	When we borrowed money from bank in August 1998, we combined borrowing at variable interest from the bank and interest swap transactions so as to borrow money from the bank substantially at a fixed interest rate.
4. Contents of the risk for the transactions	These consist of interest swap transactions with variable received amount and fixed payments. There is no interest fluctuation risk. The transaction counterparts are limited to high credit rated domestic banks and we judge that we carry little default risk.
5. Trading risk management system	Since we do not conduct derivative transactions on a daily basis, we do not have any internal rules. According to the resolution at the Board of Directors, we adopted the interest swap transactions to borrow money at a fixed rate. We do not admit to combine any new transaction with such interest swap transactions.
6. Supplementary explanation about market value of transactions	Not applicable

2. Matters concerning market value of transactions

Contract amount, market value and valuation gain or loss of derivative transactions

(1) Matters related to currency

Not applicable

(2) Matters related to interest rate

(Unit: Thousands of yen)

Category	Type	37th Fiscal Year (as of December 31, 1999)			
		Contracts amount	Those over 1 year	Market value	Unrealized Gain/Loss
Transactions out of market	Interest swap transactions with variable received amount fixed payment	850,000	850,000	18,148	18,148
	Total	850,000	850,000	18,148	18,148

Note:

The market value is calculated based on the prices presented by the financial institution we are dealing with.

(Notes on tax effect accounting)

Item	Term	37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation		—	Deferred tax assets (current assets)
			Enterprise tax payable
			¥40,368 thousand
			Accrued bonuses 21,772
			Others 8,707
			<u>Total</u> 70,848
			Deferred tax assets (fixed assets)
			Reserve for retirement allowances
			¥122,887 thousand
			Reserve for directors' retirement benefits 117,743
			Past service cost for qualified retirement pension plan
			345,348
			Unrealized loss of securities
			24,403
		Unrealized loss of membership	
		115,344	
		<u>Others</u> 13,121	
		<u>Total</u> 738,849	
2. Breakdown by major item of causes leading to any material difference between the legal effective tax rate and the bearing rate of corporation tax or the like after adoption of tax effect accounting		—	Legal effective tax rate 42.05 %
			(Adjustment)
			No entry of loss from entertainment expense etc. 4.68
			Per capita inhabitant tax
			11.62
			Corporation tax for the previous term
			7.97
			No entry of profit from dividend earned etc. 1.72
			Others 4.07
			Bearing rate of corporation tax or the like after application of tax effect accounting 68,67

(Information per share)

37th fiscal year (from January 1, 1999 to December 31, 1999)		38th fiscal year (from January 1, 2000 to December 31, 2000)	
Net assets per share	1,002.05 Yen	Net assets per share	1,013.69 Yen
Current net income per share	53.05 Yen	Current net income per share	10.65 Yen
Current net income per share after adjustment of potential shares is not stated because we have not issued any bond with stock option or convertible bond.		Same as 37th fiscal year	

(Important matters generated later)

37th fiscal year (from January 1, 1999 to December 31, 1999)	38th fiscal year (from January 1, 2000 to December 31, 2000)

4) Supplemental specifications

i) Specifications of securities

(Unit: Thousands of yen)

	Category	Issuer name	Par value	Number of shares	Acquisition value	Book value on balance sheet	Remarks	
	Stock	Securities temporarily held		Yen				
Nikonikodo Corp.			50	12,000	20,612	1,818		
Ichinen Co., Ltd.			50	922	13,309	604		
Royal Electric Co., Ltd.			50	21,000	14,598	14,598		
Kuwayama Corp.			50	26,400	13,831	13,831		
West Japan System Construction Corp.			50	74,000	29,852	15,725		
Enshu Truck Co., Ltd.			50	12,840	15,429	15,429		
Nanaboshi Co., Ltd.			50	23,000	28,922	9,969		
Yamaka Dengyo			50	33,900	48,632	10,407		
Tomoe Engineering Co., Ltd.			50	13,000	14,181	14,181		
Japan Switch Industrial Co., Ltd.			50	19,000	20,514	20,514		
Maruya Co., Ltd.		50	10,143	31,635	30,113			
		Sub-total			246,205	251,521	147,195	
Investment securities			The Sanwa Bank, Ltd.	50	100,785	183,703	81,068	
			Mizuho Holdings Ltd.	50,000	81	167,249	33,907	
			The Asahi Bank, Ltd.	50	119,000	130,399	46,548	
			The Bank of Tokyo-Mitsubishi, Ltd.	50	69,000	106,513	78,770	
			The Toyo Trust & Banking Co., Ltd.	50	50,000	44,804	14,306	
			Oyo Corp.	50	17,666	99,780	21,521	
			Asia Air Survey Co., Ltd.	50	102,000	98,823	32,335	
		Sho-Bond Corp.	50	12,800	49,953	20,236		
		Koken Boring Machine Co., Ltd.	50	20,900	6,452	6,452		
		Tsubasa Securities, Co., Ltd.	50	57,200	49,400	21,132		
		Chuo Securities Co., Ltd.	50	60,000	49,800	49,800		
		Maezawa Kasei Industries Co., Ltd.	50	36,000	81,163	39,827		
		Fukuyama Consultants Co., Ltd.	50	34,100	10,428	10,428		
		Shin-Nippon Meteorological & Oceanographical Consultant Co., Ltd.	50	17,000	30,009	10,200		
	Uchida Yoko Co., Ltd.	50	16,000	10,199	3,602			
	Other 11 issues			23,914	25,401	18,285		
	Sub-total			736,446	1,144,082	488,423		
	Total			982,651	1,395,603	635,618		
Public bonds, government bond and municipal bond	Category	Issuer name	Total face value	Acquisition value	Book value on balance sheet	Remarks		
	Securities temporarily held	(Convertible bonds)						
		Bonds from two issuers	6,000	6,000	5,661			
	Total	6,000	6,000	5,661				

	Category	Type and issuer name	Acquisition value or investment total	Book value on balance sheet	Remarks
Other securities	Securities temporarily held	Partners Investment Trust, Ltd.			
		(Money Management Fund)	301,684	301,684	
		(Medium-term government securities fund)	72,424	72,424	
		(Yamaichi Active 96-03)	10,000	10,000	
		(Partners Japan Securities Growth Open)	25,750	25,750	
		(Partners Japan Securities Style Select Growth Fund)	20,600	20,600	
		(Partners Japan Securities Style Select Value Fund)	30,900	30,900	
		(Fund of All-star Funds)	10,250	10,250	
		(Addition Type Bond Investment Trust of October)	100,000	101,280	
		Nikko Asset Management Co., LTd.			
		(Money Management Fund)	200,838	200,838	
		(Super OTC Growing Shares Open)	5,490	5,490	
		(Nikko Quants Active Japan)	15,375	15,375	
		Taiyo Investment Trust Consignment Co., Ltd.			
		(Bond Investment Trust of August)	100,000	100,000	
		Daiwa Securities Investment Trust Consignment Co., Ltd.			
		(Money Management Fund)	1,113,101	1,113,101	
		(Daiwa Value Stocks Open)	32,344	30,763	
		Nihon Kogyo Investment Trust Co., Ltd.			
		(IBJ Japan Selection)	42,036	41,408	
		Nissay Asset Management Investment and Trust Co., Ltd.			
		(Nissay TAA Stocks 70)	15,250	15,250	
		Shinko Investment Trust Co., Ltd.			
		(Money Management Fund)	201,479	201,479	
		(Brand Equity)	30,600	30,600	
		Asahi Tokyo Investment Trust Co., Ltd.			
		(Money Management Fund)	100,911	100,911	
		Morgan Stanley Asset Management Investment Trust Co., Ltd.			
(Morgan Stanley Japan Growth Fund)	20,884	20,884			
Yasuda Global Investment Trust Advisory Co., Ltd.					
(Stock CB Fund)	20,000	20,000			
Fuji Investment Trust Advisory Co., Ltd.					
(Fuji Three-way Open)	9,996	9,996			
Picte Investment and Trust Advisory Co., Ltd.					
(Picte Nippon Growth Fund)	51,000	51,000			
		Total	3,160,916	3,159,987	

2) Specifications of tangible fixed assets and others

(Unit: Thousands of yen)

Type of assets		Opening balance	Increase during the year	Decrease during the year	Closing balance	Accumulated depreciation or amortization		Closing balance after deduction	Remarks
							Amortization in the current term		
Tangible fixed assets	Buildings	2,917,717	5,492	19,843	2,903,366	1,165,736	153,121	1,737,629	
	Structures	632,272	—	—	632,272	259,289	32,865	372,983	
	Machinery and equipment	233,597	—	—	233,597	132,782	18,079	100,814	
	Vehicle and delivery equipment	29,687	—	—	29,687	26,085	1,642	3,601	
	Furniture and fixtures	538,244	34,123	17,484	554,883	416,323	42,559	138,559	
	Land	4,578,533	—	—	4,578,533	—	—	4,578,533	
	Temporary construction account	75,140	726,950	—	802,090	—	—	802,090	
	Total	9,005,193	766,565	37,328	9,734,431	2,000,217	248,268	7,734,213	
Intangible fixed assets	Leasehold	16,455	—	—	16,455	—	—	16,455	
	Telephone right	22,430	40	3	22,467	—	—	22,467	
	Right of using special facilities	6,386	—	—	6,386	2,969	352	3,417	
	Software	—	975,079	41,690	933,389	521,833	158,563	411,555	
	Others	970	400	—	1,370	364	73	1,006	
	Total	46,243	975,520	41,693	980,069	525,167	158,990	454,901	
Long-term prepaid expenses		975,896	15,878	816,710	175,065	150,490	27,994	24,574	

Note:

Major increase/decrease amounts in the current term are as follows

Temporary construction account

Expenses for construction of office building for Kanto Headquarter (formerly known as Omiya Branch, Tokyo Headquarter):
726,950,000 yen

Long-term prepaid expenses: Transfer to software: 816,710,000 yen

3) Specifications of capital

(Unit: Thousands of yen)

Category		Opening balance	Increase during the year	Decrease during the year	Closing account	Remarks
Capital		3,025,875	—	—	3,025,875	
Already issued shares included	(Issued shares)	(14,159,086shares)	(—shares)	(—shares)	(14,159,086shares)	
	Par value ordinary shares	3,025,875	—	—	3,025,875	
	Total	(14,159,086shares)	(—shares)	(—shares)	(14,159,086shares)	
		3,025,875	—	—	3,025,875	
Capital reserve and other capital surplus	(Capital reserve)					
	Premium on shares	4,122,384	—	—	4,122,384	
	Total	4,122,384	—	—	4,122,384	
Profit reserve and voluntary reserve	(Profit reserve)	136,880	20,000	—	156,880	(Note)
	(Voluntary reserve)	5,265,000	550,000	—	5,815,000	(Note)
	Separate reserve					
	Total	5,401,880	570,000	—	5,971,880	

Note:

Increase during the year mainly caused by reserve from profit disposal in closing of the previous fiscal year.

4) Specifications of allowances and reserves

(Unit: Thousands of yen)

Category	Opening balance	Increase during the year	Decrease during the year		Closing balance	Remarks
			Use with purpose	Others		
Allowance for doubtful accounts	3,289	1,622	—	3,289	1,622	(Note) 1
Accrued bonuses	467,657	353,159	467,657	—	353,159	
Reserve for retirement allowance	1,788,409	47,790	48,022	270,250	1,517,927	(Note) 2
Reserve for directors' retirement benefits	147,712	148,043	15,746	—	280,009	

Note:

1. The amount of "Others" under the "Decrease during the year" in the "Allowance for doubtful accounts" is caused by adding back according to provision under the Corporation Tax Law.
2. The amount of "Others" in the "Reserve for retirement allowance" is caused by appropriation of excessive amount corresponding to transfer to the qualified retirement pension plan.

(2) Details of major assets/liabilities

1) Assets section

i) Cash and bank deposits

(Unit: Thousands of yen)

Category		Amount	Remarks
Cash on hand		9,101	
Type of bank deposits	Checking deposit	181,124	
	Ordinary deposit	584,415	
	Special deposit	3,282	
	Deposit at notice	1,230,000	
	Time deposit	3,300,000	
Sub total		5,298,822	
Total		5,307,923	

ii) Notes receivable

(a) Breakdown by client

(Unit: Thousands of yen)

Client name	Amount	Remarks
Yokogawa Mentek Co., Ltd.	800	
Total	800	

(b) Breakdown by maturity date

(Unit: Thousands of yen)

Maturity date	Amount	Remarks
January 2001	—	
February	—	
March	—	
April	—	
May	800	
Total	800	

iii) Accounts receivable from completed services

(a) Breakdown by client

(Unit: Thousands of yen)

Client	Amount	Remarks
Ministry of Construction	207,361	
The Republic of the Philippines	187,602	
The Republic of Indonesia	141,469	
Japan Construction Information Center	47,901	
Nagasaki Prefecture	40,931	
Nara Prefecture	34,607	
Yamagata Prefecture	33,691	
Shiga Prefecture	24,339	
Kyoto City	22,899	
Toyokuni Kogyo Co., Ltd.	21,000	
Others	292,036	including the City of Matsuyama
Total	1,053,840	

(b) Generation, collection and remaining of accounts receivable

(Unit: Thousands of yen)

Balance brought forward (A)	Generation in current term (B)	Collected amount in current term (C)	Balance carried forward (D)	Collection ratio $\frac{(C)}{(A)+(B)} \times 100$	Days of remaining $\frac{(A)+(D)}{2}$ $\frac{(B)}{366}$
1,238,091	3,488,752	3,673,004	1,053,840	77.7%	120.2days

Note:

1. Though the tax exclusion method is applied to accounting of consumption taxes, the above amounts include consumption tax.
2. The amount of generation in current term does not include the amount entered as the advances received.

iv) Prepaid expenses for uncompleted services

(Unit: Thousands of yen)

Category	Amount	Remarks
Labor cost	3,397,363	
Subcontractor cost	3,616,629	
Expense	1,893,375	
Total	8,907,368	

2) Liabilities

i) Accounts payable—Trade

(Unit: Thousands of yen)

Service provider	Amount	Remarks
CTI Investigation and Design Co., Ltd.	53,977	
CTI Mates (Fukuoka) Co., Led.	29,644	
CTI New Technology Co., Ltd.	28,581	
CTI Science System Co., Ltd.	23,948	
Mates Printing System Co., Ltd.	22,347	
Zenko Corp.	21,357	
ES Twenty-One Co., Ltd.	18,267	
Grand Design Management Co., Ltd.	18,018	
Tech Consultants Co., Ltd.	17,522	
Shin Doboku Kaihatsu Co., Ltd.	17,062	
Others	1,109,544	including Sun Creative Co., Ltd.
Total	1,360,271	

ii) Advances received

(Unit: Thousands of yen)

Client	Amount	Remarks
Ministry of Construction	2,495,364	
Japan Highway Public Corporation	347,713	
Nagasaki Prefecture	322,963	
Hyogo Prefecture	314,050	
Oita Prefecture	226,904	
Miyazaki Prefecture	209,383	
Chiba Prefecture	189,695	
Fukushima Prefecture	184,474	
Yamanashi Prefecture	181,580	
Iwate Prefecture	171,670	
Others	3,933,564	
Total	8,577,362	

iii) Long-term borrowing

(Unit: Thousands of yen)

Lender	Amount	Remarks
The Sanwa Bank, Ltd.	550,000	
The Fuji Bank, Ltd.	300,000	
The Asahi Bank, Ltd.	300,000	
The Bank of Tokyo-Mitsubishi, Ltd.	200,000	
The Toyo Trust & Banking Co., Ltd.	100,000	
Nippon Life Insurance Corporation	20,000	
Daiichi Life Insurance Corporation	99,000	
Total	1,569,000	

(3) Others

Not applicable

Chapter 6: Shareholder Related Information

Closing date of account	December 31	Ordinary general meeting of shareholders	In March
Closing of the register of shareholders	January 1 to January 31	Record date	December 31
Classes of share certificate	One hundred (100) shares One thousand (1,000) shares Ten thousand (10,000) shares	Record date of interim dividends	June 30
		Unit of shares	100 shares
Stock transfer	Place of transfer	Stock Transfer Agency Division Toyo Trust & Banking Co., Ltd. 4-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Transfer agent	Toyo Trust & Banking Co., Ltd. 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Service offices	Head office and branches of Toyo Trust & Banking Co., Ltd.	
	Transfer fee	free of charge	New certificate issuance fee
Purchase of shares below one unit of shares	Place of purchase	Stock Transfer Agency Division Toyo Trust & Banking Co., Ltd. 4-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Agent	Toyo Trust & Banking Co., Ltd. 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Service office	Head office and branches of Toyo Trust & Banking Co., Ltd.	
	Service charge for purchase	free of charge	
Media of public notice	Nihon Keizai Shimbun, daily newspaper issued in Tokyo		
Privilege to shareholders	None		

Chapter 7: Reference

The Company submitted the following documents in the period from the beginning of the current fiscal year to the submission date of this Securities Report.

1. Securities Report and accompanying documents:[For the 37th fiscal year: from January 1, 1999 to December 31, 1999] Submitted to the director of the Kanto Local Finance Bureau on March 31, 2000
2. Semiannual Securities Report [during the 38th fiscal year: from January 1, 2000 to June 30, 2000] Submitted to the director of the Kanto Local Finance Bureau on September 22, 2000.

Part2: SURETY COMPANY'S INFORMATION

Not applicable