

# SECURITIES REPORT

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

Fiscal Year (39th Term)

(from January 1, 2001 to December 31, 2001)

**CTI Engineering Co., Ltd.**

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

(941-172)

## Securities Report

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

Fiscal Year (39th Term): from January 1, 2001 to December 31, 2001

To the director of the Kanto Local Finance Bureau

Submitted on March 29, 2002

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### Place Available for Public Inspection

<u>Designation Address</u>	<u>Address</u>
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	35th term	36th term	37th term	38th term	39th term
Fiscal year-end	December 1997	December 1998	December 1999	December 2000	December 2001
Sales amount (Million yen)	—	—	—	31,066	31,071
Ordinary profit (Million yen)	—	—	—	1,895	1,998
Net income (Million yen)	—	—	—	158	521
Net assets (Million yen)	—	—	—	14,384	14,688
Total assets (Million yen)	—	—	—	31,184	32,257
Net assets per share (Yen)	—	—	—	1,015.95	1037.40
Net income per share (Yen)	—	—	—	11.17	36.84
Net income per share after adjustment of potential shares (Yen)	—	—	—	—	—
Net worth ratio (%)	—	—	—	46.1	45.5
Profit ratio of net worth (%)	—	—	—	1.1	3.6
Price earnings ratio (Times)	—	—	—	50.13	14.9
Cash flow from operating business activities (Million yen)	—	—	—	1,734	2,359
Cash flow from investment activities (Million yen)	—	—	—	1,599	525
Cash flow from financial activities (Million yen)	—	—	—	219	92
Closing balance of cash and cash equivalents (Million yen)	—	—	—	8,189	9,941
Number of employees (plus average number of temporary employees) (Persons)	— (—)	— (—)	— (—)	1,105 (345)	1,042 (364)

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 and 39th term because no bonds with warrants or convertible bonds have been issued.

## (2) Non-Consolidated Management Indices of the Company

Fiscal year	35th term	36th term	37th term	38th term	39th term
Fiscal year-end	December 1997	December 1998	December 1999	December 2000	December 2001
Sales amount (Million yen)	34,965	31,799	31,759	30,198	30,339
Ordinary profit (Million yen)	2,136	1,765	1,941	1,858	1,873
Net income (Million yen)	871	838	751	150	470
Capital stock (Million yen)	3,025	3,025	3,025	3,025	3,025
Number of outstanding shares (shares)	11,701,725	12,871,897	14,159,086	14,159,086	14,159,086
Net assets (Million yen)	12,886	13,578	14,188	14,353	14,605
Total assets (Million yen)	28,866	28,248	29,360	30,767	31,870
Net assets per share (Yen)	1,101.25	1,054.89	1,002.05	1013.69	1,031.54
Cash Dividend per share (Interim dividend per share) (Yen)	12.50 (—)	11.00 (—)	13.00 (—)	12.00 (—)	11.00 (—)
Net income per share (Yen)	74.49	65.11	53.05	10.65	33.23
Net income per share after adjustment of potential shares (Yen)	69.81	63.39	—	—	—
Net worth ratio (%)	—	—	—	46.6	45.8
Profit ratio of net worth (%)	—	—	—	1.1	3.3
Price earnings ratio (Times)	—	—	—	52.58	16.55
Divided Payout ratio (%)	16.78	16.89	24.50	112.6	33.1
Number of employees (plus average number of temporary employees) (Persons)	1,066 (362)	1,070 (299)	1,077 (330)	1,056 (339)	989 (360)

Note:

1. Sales amount does not include consumption tax.
2. The Company implemented stock splits at a ratio of 1 for 1.1 shares on 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.
3. The cash dividend per share includes 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.
4. Net income per share after adjustment of potential shares is not entered after the 37th term because no bonds with warrants or convertible bonds have been issued.
5. 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
March 2001	With its main purposes being geological and related environmental activities, CTI Geo-Environment Co., Ltd. was established.
April 2001	Construction of the Company's own environmentally friendly headquarters in Omiya City (presently Saitama City), Saitama Prefecture.
November 2001	With its main purposes being environmental investigation activities, the CTI Environmental Techno. Co., Ltd. was established.

### 3. Business Contents

The Company's group consists of CTI Engineering Co., Ltd. (hereinafter "the Company") and eight other subsidiaries all of which are engaged in engineering consulting business related to public works for rivers, dams, roads, environment and information, etc. In the settlement of the current term, there is one consolidated subsidiary and no affiliated company carried by the equity method.

Descriptions of the Company's group businesses, including the Company and other related companies, are shown as follows:

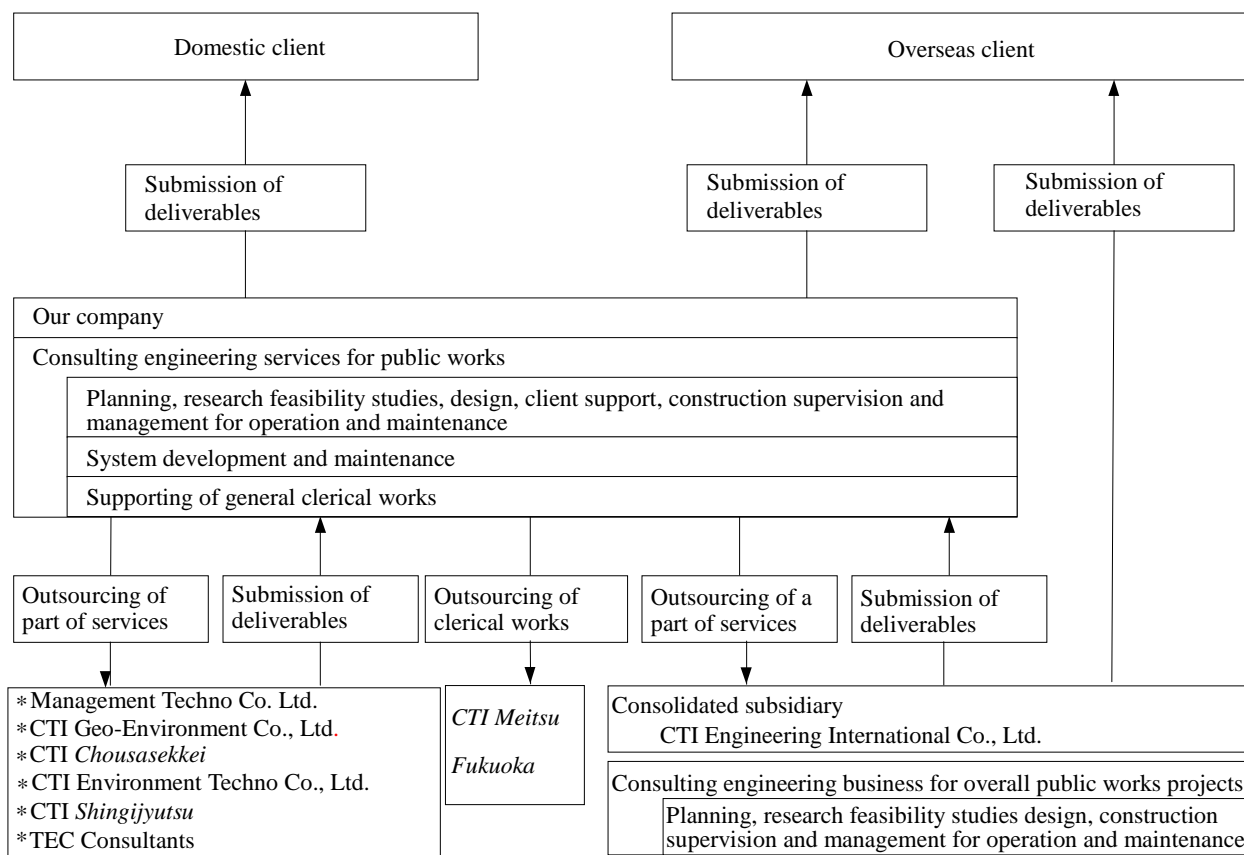
#### 1) Domestic operations

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 Company's 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 Company's overseas business operations. The Company is in charge of these services together with its 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	Million yen  100,000	Engineering consulting for overseas market	%  70.0	Receiving orders for engineering consulting services in overseas markets with the Company. The Company guarantees some debts.	

#### 5. Situation of employees

##### (1) Situation of consolidated Subsidiary

Number of employees	1,042 (364)
---------------------	-------------

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
989 (360)	38.9 years old	12.3 years	8,454,943 yen

Note:

1. "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. The average yearly wage contains bonus and extra wages.

##### (3) Situation of labor union

Nothing to be mentioned specially.

## CHAPTER 2: BUSINESS SITUATION

### 1. Outline of Results

#### (1) Results

In the current consolidated fiscal year, the Japanese economy deteriorated further with continuing low private consumption and unemployment rising to levels never before experienced. On the other hand, in the engineering consulting industry, the Japanese public works related budget was maintained at a level close to that of the previous fiscal year. Reflecting the worsening condition of local government, finances in this area stagnated and strict economic conditions continued.

Under such situations, the Company's group was able to obtain the good results as set forth below through active development of businesses responsive to the reforms in public works activities.

- Securing engineering consulting contracts with local governments, a first in Japan, the Company confirmed its position as a pioneer in providing support for persons commissioning works in the field of construction management.
- Many orders were received for PFI related works.
- The Company provided technical cooperation to the Nagano Prefectural Committee for their declaration of the post-dams policy.
- In engineering cooperation with DHI (Denmark based), the Company received an order to perform city disaster prevention works that utilize a sewage real time control system.
- The Company established a research organization, comprised of three major engineering consulting companies, that is conducting research into the design-build concept and has developed a high level multi-purpose system in respect of electronic data delivery.

In addition, utilizing the investigation and planning skills for which the Company's group is known, the Company actively pursued orders for Intelligent Transport Systems (ITS), environmental assessment works and infrastructure IT implementation works. Further, the Company has received high praise for its active involvement in "The 3rd World Water Forum" an international conference to be held in Kyoto in March 2003 under a theme vital for human existence namely, "Water."

However, increased competition and a drop in the overall unit price per order has made it difficult to increase orders.

As a result, the total value of orders received by the Company's group for the year was 29,510 million yen, being a 12.3% decrease compared to the previous year. However, the total value of completed works of 31,071 million yen represented a slight increase over the previous year with the result that the ordinary profit of 1,998 million yen was 5.4% higher than the previous year. Further, the lump sum redemption of 746 million yen that accrued due to an alteration to the accounting date that accompanied the introduction of the retirement payment accounting system resulted in a net profit of 521 million yen, being a 229.6% increase compared to the previous year.

(Note) The accounting in respect of consumption tax has been calculated using the tax exclusion method, therefore the sales and purchasing values presented in this report have all been calculated on a consumption tax excluded basis.

## (2) Cash Flow

For the current consolidated fiscal year, the amount of cash and cash equivalents (hereinafter “Capital”), has been partially offset by expenditures on the acquisition of tangible fixed assets. An increase in the pre-tax net profit and an increase in capital due to a reduction in the amount of expenditures resulting from uncompleted works has meant that capital has increased by 1,752 million yen compared to the previous consolidated fiscal year, the total at the end of the current consolidated fiscal year being 9,941 million yen.

The factors responsible for the cash flow position for the current consolidated fiscal year are as follows.

### (Cash flow in respect of sales activities)

Capital generated by sales activities increased by 2,359 million yen (a 36% increase compared to the previous consolidated fiscal year).

This is based on a pre-tax net profit of 1,028 million yen mainly due to a reduction of 926 million yen in expenditures for uncompleted works and an increase of 224 million yen in monies received for yet uncompleted works.

### (Cash flow in respect of investment activities)

Capital generated by investment activities decreased by 525 million yen (a 67.1% decrease compared to the previous consolidated fiscal year).

This was due mainly to the expenditure of 686 million yen for the acquisition of fixed tangible assets primarily capital expenditures for construction of the Kanto Office.

### (Cash flow generated by financing activities)

Capital generated by financing activities decreased by 92 million yen (a 57.5% decrease compared to the previous consolidated fiscal year).

The main factors were income of 80 million yen on monies lent and payment of share dividends of 169 million yen.

## 2. Production, orders received and sales

The Company's group is engaged in a single business as engineering consulting and incidental services.

The Company does not have business categories other than this, and its statements below are shown with a single segment.

### (1) Production results

(Unit: Million yen)

Category	Current consolidated fiscal year (From January 1, 2001 to December 31, 2001)	
		Change from the same term in previous year (%)
Engineering consulting	31,071	0.0
Total	31,071	0.0

Note:

The amounts are calculated according to the sales prices.

### (2) Order receiving situation

(Unit: Million yen)

Category	Current consolidated fiscal year (From January 1, 2001 to December 31, 2001)			
	Orders received	Change from the same term in previous year (%)	Orders in hand	Change from the same term in previous year (%)
Engineering consulting	29,510	12.3	27,694	5.3
Total	29,510	12.3	27,694	5.3

Note:

1. The Company 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: Million yen)

Category	Current consolidated fiscal year (From January 1, 2001 to December 31, 2001)	
		Change from the same term in previous year (%)
Engineering consulting	31,071	0.0
Total	31,071	0.0

Note:

1. The Company 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 by client

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

(Unit: Million yen)

Client	Term	Previous consolidated fiscal year (From January 1, 2000 to December 31, 2000)		Current consolidated fiscal year (From January 1, 2001 to December 31, 2001)	
		Amount	Ratio (%)	Amount	Ratio (%)
National Government		10,603	34.1	9,652	32.1

### 3. Our tasks ahead

#### (1) Outline of tasks

The Company is in a period where companies that are unable to recognize change in and respond rapidly to clients' needs are judged harshly in the marketplace. In addition, with the government's draft budget for FY2002 set to cut funds for public works by 10%, there will be without a doubt intense competition to receive orders.

Our group, having recognized these trends from early on, implemented a series of in-house reforms to improve both customer satisfaction and productivity, the fruits of which can now be seen. The Company believes that it can create new development bases if it can survive this period of competition.

To triumph over the competition, it is necessary to strongly promote the strategies below.

#### - Maintaining orders.

The Company must endeavor with all its might to maintain orders. To this end, at the same time as creating an inherently strong company that can beat the competition both in terms of technology and cost, the Company is providing services that perceive and are responsive to its clients' changing needs. In addition, the Company is actively developing its business interests abroad.

#### - Production system reforms.

The Company continues to thoroughly examine and implement organizational and personnel system reforms, quality assurance system reforms and strategies in respect of electronic tendering and electronic data delivery for CALS/EC.

#### - Promotion of new technology areas.

The Company is actively promoting its business activities by strengthening its strategies in respect of urbanization, the environment, the aging society and globalization, and also implementing new business execution systems in respect of public works.

The Company, as an engineering consultant engaged in the area of providing infrastructure to help people lead full lives, have stepped forward believing that with reforms and changes there is light at the end of the tunnel. The Company firmly believes that its course will result in the positive development of both society and its group, and it will continue to strive to improve its business results.

#### (2) Linked to the tasks

In the mid to long term, it is inevitable that reforms to public works will continue and the emphasis will be on the creation of more efficient businesses in line with citizens' needs. It is believed that further reductions in public investment cannot be avoided. While this can only increase competition for engineering consultants, there are also increased opportunities in the area of provision of technical know-how. The Company, by maintaining its order base through creating an inherently strong organization able to beat its competition and providing services which anticipate its clients' changing needs, continues preparations to face this strict environment. At the same time, the Company is actively developing its business through promoting in-house reforms and expanding into new fields of technology.

### 4. Important agreement related to the management

Not applicable.



## 5. Research and development activities

The CTI group have been expanding services both in Japan and overseas, while maintaining the majority of business in consulting services. In this respect, the group endeavor research and development activities without placing the foundry between Japan and overseas.

The group consider management business and civil & social infrastructure development are core themes, thus investing significantly in these areas. The group have invested a total of 588 million yen as of December 2001 on the selected research and development subjects as shown below:

1. Research and Development in Management Business
  - Construction management, asset management
  - PFI technology
  - CM/PM technology
  - Regional management
2. Research and Development in Civil & Social Infrastructure
  - Evaluation methodology of infrastructure projects
  - Asset management of infrastructure
  - New public management
  - Urban renewal
  - Integrated disaster reduction systems for urban flooding
  - Disaster prevention technologies for cultural assets
  - IT utilization
  - International business model
3. Research and Development in New Fields and Innovation
  - Application of Information Technology and efficient operation systems in waterworks
  - Joint research on environmental remediation
  - Support system for disaster restoration
  - Water quality preservation by innovative technologies

## 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, the Company's group invested 612 million yen in facilities and equipment. The largest portion of that investment was the expense of 576 million yen for construction of its Kanto Office.

In the current consolidated fiscal year, the Company has 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 the Company's group are as shown below

#### (1) Company submitting the report

(as of December 31, 2001)

Establishment (location)	Business line	Book value					Number of employees	Remarks
		Buildings and structures	Machinery and delivery equipment	Land (Area: m <sup>2</sup> )	Others	Total		
Head Office (Chuo-ku, Tokyo)	General administration facilities	Million yen 1	Million yen 1	Million yen	Million yen 45	Million yen 48	Persons 108 ( )	
Tokyo Head Office (Chuo-ku, Tokyo)	Office	129			29	158	343 (227)	
Kanto Office (Saitama-shi, Saitama)	Office	1,192	0	772 (1,978)	60	2,025	99 (52)	
Research Center Tsukuba (Tsukuba-shi, Ibaragi)	Office and laboratory facilities	601	72	1,937 (50,605)	7	2,620	37 (27)	
Yono Dormitory (Yono-shi, Saitama)	Welfare facilities	451		820 (1,565)	2	1,274	( )	
Kyushu Office (Chuo-ku, Fukuoka)	Office	701	12	1,025 (1,136)	25	1,764	122 ( )	

Note:

1. The construction of Kanto Office was completed in April 2001.
2. Land area of Research Center Tsukuba includes the area of 14,895 m<sup>2</sup> leased from a party other than the consolidated company.
3. 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

The Kanto Office building, which was under construction at the end of the previous consolidated fiscal year, was completed in April 2001. This construction's purpose was to invest in organizational streamlining and it was not meant to increase production capability. Further, there are no plans for any construction or removal of major equipment at the end of this consolidated fiscal year.

## CHAPTER 4: STATUS OF THE COMPANY

### 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	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, 2001)	As of the date for submission (March 29, 2002)		
	Common stock	stocks 14,159,086	stocks 14,159,086	Tokyo Stock Exchange First Section	All issued shares are granted with voting rights.
	Total	14,159,086	14,159,086		

#### (2) Change in total number of shares issued 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, 1997	Stocks 1,063,793	stocks 11,701,725	Million yen	Million yen 3,025	Million yen	Million yen 4,122	Increase by stock split (1: 1.1)
February 20, 1998	1,170,172	12,871,897		3,025		4,122	Increase by stock split (1: 1.1)
February 19, 1999	1,287,189	14,159,086		3,025		4,122	Increase by stock split (1: 1.1)

## (3) Shareholders

(As of December 31, 2001)

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	36	15	129	23 (1)	3,266	3,469	
Number of shares held	units	36,880	1,270	10,947	2,031 (40)	89,686	140,814	stocks 77,686
Shareholding ratio	%	26.2	0.9	7.8	1.4 (0.0)	63.7	100.0	

Note:

1. Among treasury stocks (650 stocks), six units are counted as "Individuals etc." and 50 stocks are counted as "Shares below a unit" in the table above. Note that, however, 650 is the number indicated on the shareholders' list. The number of stocks actually held is 550 stocks as of December 31, 2001.
2. "Other corporations" and "Shares below a unit" in the table above include 185 units of shares and 72 shares held by the Securities Custody and Transfer Organization respectively.

## (4) Major shareholders

(As of December 31, 2001)

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	thousand 2,922	% 20.6
The Sanwa Bank, Ltd.	5-6, Fushimicho 3-chome, Chuo-ku, Osaka	603	4.3
The Mitsubishi Trust & Banking Corporation (trust account)	1-2, Otemachi 1-chome, Chiyoda-ku, Tokyo	531	3.8
The Fuji Bank, Ltd.	5-5, 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		6,155	43.5

Note: As of January 15, 2002, The Sanwa Bank, Ltd. and The Toyo Trust & Banking Co., Ltd. changed their names to The UFJ Bank, Ltd. and The UFJ Trust Bank, Ltd., respectively.

## (5) Voting rights

(As of December 31, 2001)

Issued Shares	Nonvoting shares	Voting shares		Shares below a unit	Remarks
		Treasury stocks etc.	Others		
	Stocks	stocks 500	stocks 14,080,900	stocks 77,686	Shares below a unit include 50 treasury stocks held by the Company

Note:

"Others" under "Voting shares" and "Shares below a unit" above include 18,500 stocks and 72 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		
	CTI Engineering Co., Ltd.	9th Chuo Bldg., 9-11, Nihonbashi-honcho 4-chome, Chuo-ku, Tokyo	shares 500	shares	shares 500	%	(Note)
	Total		500		500		

Note:

In addition to above, there are 100 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. Acquirement of treasury stocks

1)[State of Purchase of Treasury Stock by Resolution at a Shareholders General Meeting, Purchase of Treasury Stock from Subsidiary Companies or Purchase of Treasury Stock Relative to Write-Offs due to 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

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

(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

## 3. Dividend Policy

The Company's group considers that engaging in long-term development and paying stable dividends lives up to the expectations of its shareholders. Being engaged in highly public operations as a engineering consultant, the Company must inevitably maintain stable management. For this reason, it is necessary to maintain a reasonable level of internal reserves.

In respect of these reserves, the Company is ready to apply these to prior investment in new fields of technology such as new works execution systems in the area of public works, an area in which future growth is expected.

## 4. Change in Stock Price

(Unit: yen)

Highest and lowest stock prices for the past five fiscal years	Fiscal year	35th term	36th term	37th term	38th term	39th term	
	Fiscal year end	December 1997	December 1998	December 1999	December 2000	December 2001	
	Highest	2,460 598	884 710	1,400	769	650	
	Lowest	610 570	591 619	625	545	451	
Highest and lowest stock prices by month for the past six months	Month	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001
	Highest	570	597	545	569	579	569
	Lowest	520	527	451	520	529	515

Note:

1. The highest and lowest stock prices are those marked on the Second Section of the Tokyo Stock Exchange until May 31, 1999 and were on the First Section of the Tokyo Stock Exchange from June 1, 1999.
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)
President & Representative Director	Yumio Ishii (December 4, 1935)	<p>April 1959 Joined Civil Engineering Research Laboratory</p> <p>April 1963 Joined CTI Engineering</p> <p>June 1975 General Manager, Water Resources Div. I, CTI Engineering</p> <p>May 1982 Director &amp; Member of the Board CTI Engineering</p> <p>June 1988 Managing Director, CTI Engineering</p> <p>March 1991 Senior Managing Director and Tokyo Office Branch Administrator, CTI Engineering</p> <p>March 1994 Vice President &amp; Representative Director, CTI Engineering</p> <p>March 1995 President of CTI Engineering (present post)</p>	84
Vice President & Representative Director(Chief, Headquarters Research & Development Dept.)	Shinichi Ishida (August 18, 1937)	<p>April 1964 Joined the Ministry of Construction</p> <p>April 1987 Manager, River Dept., Tohoku Local Construction Office, Ministry of Construction</p> <p>April 1989 Joined Miyagi Prefectural Office</p> <p>April 1991 Joined Saitama Prefectural Office</p> <p>April 1993 Joined CTI Engineering</p> <p>March 1994 Managing Director, CTI Engineering</p> <p>April 1994 Chief, Construction Management Headquarters, CTI Engineering</p> <p>March 1995 Senior Managing Director and Tokyo Office Branch Administrator, CTI Engineering</p> <p>April 1998 Chief, Headquarters Research &amp; Development Dept., CTI Engineering (present post)</p> <p>March 1999 Vice President, CTI Engineering</p> <p>March 2002 Vice President &amp; Representative Director, CTI Engineering (present post)</p>	15
Vice President & Representative Director (Administrator, Tokyo Head Office)	Kazuya Oshima (July 8, 1946)	<p>April 1969 Joined CTI Engineering</p> <p>April 1991 General Manager, Water Resources Div. II, Tokyo Office, CTI Engineering</p> <p>April 1994 Chief, Human Intelligence Dept., Tokyo Office, CTI Engineering</p> <p>March 1995 Director &amp; Member of the Board CTI Engineering</p> <p>April 1997 Deputy Branch Administrator, Tokyo Office, CTI Engineering</p> <p>March 1998 Managing Director, CTI Engineering</p> <p>April 1999 Tokyo Office (Tokyo Head Office at present) Branch Administrator, CTI Engineering (present post)</p> <p>March 2000 Senior Managing Director, CTI Engineering</p> <p>March 2001 Vice President, CTI Engineering</p> <p>March 2002 Vice President &amp; Representative Director, CTI Engineering (present post)</p>	39



Position	Name (date of birth)	Career	Number of shares held (thousand)
Managing Director (Branch Administrator of Chubu Office)	Kenji Sugiura (October 22, 1937)	April 1960 Joined the Ministry of Construction January 1986 Manager, River Dept., Chugoku Local Construction Office, Ministry of Construction April 1988 Joined Tottori Prefectural Office April 1990 Joined Kumamoto Prefectural Office June 1992 Joined CTI Engineering April 1994 Director & Member of the Board, CTI Engineering and General Manager, Nagoya Branch, Tokyo Office March 1995 Managing Director, CTI Engineering (present position), Chief, Construction Management Headquarters April 1997 General Manager, Nagoya Branch Tokyo Office (Chubu Office at present), CTI Engineering (present post)	14
Managing Director (Branch Administrator of Osaka Office)	Susumu Emi (June 6, 1937)	April 1963 Joined Hanshin Expressway Public Corporation April 1993 Joined CTI Engineering and assumed the post of Chief, Road & Traffic Dept., Osaka Office March 1994 Director & Member of the Board, CTI Engineering March 1995 Deputy Branch Administrator, Osaka Office, CTI Engineering March 1998 Managing Director, CTI Engineering (present post) April 2000 Osaka Office Branch Administrator, CTI Engineering (present post)	7
Managing Director (Branch Administrator of Kyushu Office)	Hiroaki Nakaya (February 24, 1940)	April 1963 Joined the Ministry of Construction July 1967 Transferred to Science and Technology Agency October 1972 Transferred to Prime Minister's Office June 1974 Transferred to National Land Agency July 1979 Transferred to Okinawa Development Agency April 1986 Joined Kagawa Prefectural Office April 1988 Joined Hyogo Prefectural Office April 1990 Joined CTI Engineering March 1993 Director & Member of the Board, CTI Engineering April 1993 Deputy Chief, Headquarters Research & Development Dept. at present CTI Engineering March 1994 Chief, Headquarters Quality Management Dept. CTI Engineering April 1997 Chief, Construction Management Headquarters, CTI Engineering March 1999 Managing Director of CTI Engineering and Branch Administrator of Fukuoka Office (Kyushu Office at present) (present post)	16

Position	Name (date of birth)	Career	Number of shares held (thousand)
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 &amp; Bridges Div. II Osaka Office, CTI Engineering</p> <p>April 1995 Deputy Chief, Road &amp; traffic Dept. Osaka Office, CTI Engineering</p> <p>March 1997 Director &amp; Member of the Board and Chief, Road &amp; 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>	21
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 Shichigashuku 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 &amp; Member of the Board CTI Engineering</p> <p>April 1998 Deputy Chief, Headquarters Research &amp; Development Dept., CTI Engineering</p> <p>March 2000 Managing Director and Chief, Headquarters Quality Management Dept., CTI Engineering (present post)</p>	5
Managing Director (Branch Administrator of Tohoku Office)	Hiroshi Ide (November 12, 1943)	<p>April 1968 Joined CTI Engineering</p> <p>April 1990 General Manager, Urban &amp; 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 &amp; Member of the Board, CTI Engineering</p> <p>March 1999 Chief, Headquarters Management Dept., CTI Engineering</p> <p>March 2000 Managing Director, CTI Engineering (present post)</p> <p>April 2001 Branch Administrator of Tohoku Office, CTI Engineering (present post)</p>	28

Position	Name (date of birth)	Career	Number of shares held (thousand)
Managing Director (Chief Engineer of Headquarters Research & Development Dept.)	Mizuho Imamura (June 7, 1940)	April 1964 Joined the Ministry of Construction April 1982 Manager of Ryumon Dam Works, Kyushu Region Construction Bureau, Ministry of Construction's April 1987 Supervisor of the Waterways Development Planning Section, Kanto Region Construction Bureau, Ministry of Construction July 1989 Planning Division Manager, Kyushu Region Construction Bureau, Ministry of Construction April 1991 Joined Okayama Prefectural Office May 1993 Joined Water Resources Development Public Corporation May 1995 Joined Kyushu Kensetsu Kosaikai January 2002 Joined CTI Engineering as Chief Engineer of Headquarters Research & Development Dept. (present post) March 2002 Managing Director, CTI Engineering (present post)	-
Director & Member of the Board (Branch Administrator of Chugoku Office)	Shunichi Adachi (August 27, 1943)	April 1966 Joined CTI Engineering April 1989 General Manager, Highway & Bridge Div., Fukuoka Office, CTI Engineering March 1996 Director & Member of the Board, CTI Engineering (present post), Deputy Branch Administrator, Fukuoka Office March 1999 Deputy Chief, Headquarters Research & Development Dept., CTI Engineering October 2000 Branch Administrator of Chugoku Office, CTI Engineering (present post)	30
Director & Member of the Board (General Manager, Headquarters Operations 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) April 2001 General Manager, Dam & Geotechnical Promotion Headquarters, CTI Engineering (present post)	48
Director & Member of the Board (Branch Administrator, Kanto 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 March 2000 Director & Member of the Board (present post) and Deputy Branch Administrator, Tokyo Office, CTI Engineering April 2001 Branch Administrator, Kanto Office, CTI Engineering (present post)	16

Position	Name (date of birth)	Career	Number of shares held (thousand)
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)	9
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)	16
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)	13

Position	Name (date of birth)	Career	Number of shares held (thousand)
Director & Member of the Board (Chief, Headquarters Management Dept.)	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 April 1999 Deputy Branch Administrator, Tokyo Office, CTI Engineering March 2000 Director & Member of the Board, CTI Engineering (present post) April 2001 Chief, Headquarters Management Dept., CTI Engineering (present post)	11
Director & Member of the Board (Deputy Branch Administrator, Tokyo Head 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 March 2001 Director & Member of the Board, CTI Engineering (present post) April 2001 Deputy Branch Administrator, Tokyo Head Office, CTI Engineering (present post) November 2001 President & Representative Director, CTI Environment Techno Co., Ltd. (present post)	20
Director & Member of the Board (Chief Engineer, Headquarters Research & Development Dept.)	Koji Nukazawa (December 9, 1947)	April 1972 Joined Ministry of Construction April 1988 Manager, Yamagata Works Office, Tohoku Region Construction Bureau, Ministry of Construction April 1992 Manager, Second Research Dept., ACTEC April 1996 Manager, Waterways Division, Kyushu Region Construction Bureau, Ministry of Construction April 1997 Joined Water Resources Development Public Corporation May 1999 Joined Civil Engineering Research Laboratory May 2001 Joined CTI Engineering as Chief Engineer, Headquarters Research & Development Dept. (present post) March 2002 Director & Member of the Board, CTI Engineering (present post)	2
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)	46
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)	32

Position	Name (date of birth)	Career	Number of shares held (thousand)
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) April 2001 Professor at the Law Department, RYUTSU KEIZAI UNIVERSITY (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) The Company's 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").

The consolidated financial statements for the previous consolidated fiscal year (from January 1, 2000 to December 31, 2000) are prepared under the Regulations on Consolidated Financial Statements before the revision and those for the current consolidated fiscal year (from January 1, 2001 to December 31, 2001) are prepared under the same Regulations after the revision.

- (2) The Company's 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 38th fiscal year (from January 1, 2000 to December 31, 2000) are prepared under the Regulations on Financial Statements before the revision and those for the 39th fiscal year (from January 1, 2001 to December 31, 2001) are prepared under the same Regulations after the revision.

- (3) The amounts for the items and other explanations in the Company's consolidated financial statements and the financial statements were previously recorded in units of 1,000 yen. From this consolidated fiscal year and this business year, however, the recorded amounts are to be shown in units of 1,000,000 yen. Further, for ease of comparison, the amounts shown for the previous consolidated fiscal year and previous business year have been converted into units of 1,000,000 yen.

### B. Audit Certificate

In accordance with the provision of article 193 - 2 of the Securities and Exchange Law, the consolidated financial statements and the financial statements for the previous consolidated fiscal year (from January 1, 2000 to December 31, 2000), the 38th fiscal year (from January 1, 2000 to December 31, 2000), the current consolidated fiscal year (from January 1, 2001 to December 31, 2001) and the 39th fiscal year (from January 1, 2001 to December 31, 2001) were audited by Chuo Aoyama Audit Corporation. The Company received their audit reports for each fiscal year.

[The above mentioned audit reports located on pages 21 and 23 for consolidated basis and on pages 43 and 45 for non-consolidated basis in Japanese original are omitted from the English translation]

## 1. Consolidated Financial Statements and Other Materials

### (1) Consolidated Financial Statements

#### 1) Consolidated Balance Sheet (Unit: Million yen)

(Unit: Million yen)

Accounts	Term	Previous Consolidated Fiscal Year (as of December 31, 2000)		Current Consolidated Fiscal Year (as of December 31, 2001)	
		Amount	Ratio	Amount	Ratio
			%		%
(Assets)					
Current assets					
1. Cash and bank deposits		5,367		2,619	
2. Notes receivable and other receivables		1,083		1,074	
3. Marketable Securities		3,312		7,322	
4. Prepaid expenses		9,250		8,324	
5. Deferred tax assets		71		117	
6. Others		143		265	
7. Allowance for doubtful accounts		1		1	
Total current Assets		19,227	61.7	19,721	61.1
Fixed assets					
(1) Tangible fixed assets					
1. Buildings and structures *2		3,543		4,751	
Accumulated depreciation		1,427	2,115	1,616	3,134
2. Machinery and transportation equipment		275		267	
Accumulated depreciation		163	112	174	93
3. Land *2			4,578		4,581
4. Provisional construction account			802		
5. Others		563		643	
Accumulated depreciation		420	142	436	207
Total tangible fixed assets		7,751	24.8	8,016	24.9
(2) Intangible fixed assets					
1. Others		458		412	
Total intangible fixed assets		458	1.5	412	1.3
(3) Investments and other assets					
1. Investment in securities *1		587		655	
2. Long-term loans receivable		80		67	
3. Others		2,330		2,128	
4. Deferred tax assets		748		1,256	
5. Allowance for doubtful accounts		0		0	
Total investments and other assets		3,746	12.0	4,106	12.7
Total fixed assets		11,956	38.3	12,535	38.9
Total assets		31,184	100.0	32,257	100.0



(Unit: Million yen)

Accounts	Term	Previous Consolidated Fiscal Year (as of December 31, 2000)		Current Consolidated Fiscal Year (as of December 31, 2001)	
		Amount	Ratio	Amount	Ratio
			%		%
(Liabilities)					
Current liabilities					
1. Accounts payable		1,086		917	
2. Short-term borrowings		316		488	
3. Corporate Bonds to be repaid within a year *2		—		500	
4. Accrued income taxes		403		531	
5. Reserve for bonuses		372		292	
6. Advances received		8,884		9,109	
7. Others		956		835	
Total current liabilities		12,020	38.5	12,674	39.3
Fixed liabilities					
1. Corporate Bonds *2		500		—	
2. Long-term borrowings		1,569		1,477	
3. Reserve for retirement allowances		1,520		—	
4. Reserve for retirement benefit		—		2,893	
5. Reserve for directors retirement benefits		302		421	
6. Others		843		36	
Total fixed liabilities		4,735	15.2	4,828	15.0
Total liabilities		16,755	53.7	17,503	54.3
(Minority interest)					
Minority interest		43	0.2	65	0.2
(Capital)					
Capital		3,025	9.7	3,025	9.4
Capital reserve		4,122	13.2	4,122	12.7
Consolidated surplus		7,236	23.2	7,588	23.5
IV Unrealized gains or losses on other securities		—	—	48	0.1
		14,385	46.1	14,688	45.5
Treasury stocks		0	0.0	0	0.0
Total shareholders' equity		14,384	46.1	14,688	45.5
Total of liabilities, minority interest and shareholders equity		31,184	100.0	32,257	100.0

## 2) Consolidated Profit and Loss Account

(Unit: Million yen)

Accounts	Term	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)		Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)	
		Amount	Ratio	Amount	Ratio
Sales					%
Income from completed services		31,066	100.0	31,071	100.0
Cost of sales					
Cost of completed services		22,750	73.2	22,707	73.1
Gross profit		8,316	26.8	8,363	26.9
Selling, general and administrative expenses *1		6,401	20.6	6,271	20.2
Operating income		1,915	6.2	2,092	6.7
Non-operating revenues					
1. Interest earned		33		29	
2. Dividend earned		34		11	
3. House rent earned		16		24	
4. Insurance dividends earned		—		13	
5. Others		55	0.4	57	0.4
Non-operating expenses					
1. Interest expense		43		42	
2. Unrealized loss on marketable securities		91		—	
3. Loss on sales of securities		—		49	
4. Loss from investment trust cancellation		—		128	
5. Others		24	0.5	9	0.7
Ordinary profit		1,895	6.1	1,998	6.4
Extraordinary gain					
1. Reversal of reserve for doubtful accounts		1		—	—
2. Reversal of reserve for retirement allowance		270	0.9	—	—
Extraordinary loss					
1. Loss from fixed assets disposal *2		20		42	
2. Unrealized loss of membership		274		6	
3. Past service cost of qualified retirement pension plan		1,210		—	
4. Retirement benefit expenses		—		746	
5. Transferred reserve for directors' retirement benefits		88		55	
6. Others		63	5.4	118	3.1
Net income before income tax		509	1.6	1,028	3.3
Corporation tax, inhabitants taxes and enterprise tax		964		1,000	
Deferred income taxes etc.		618	1.1	518	1.5
Minority interest in profit of consolidated Companies		5	0.0	24	0.1
Current net income		158	0.5	521	1.7

3) Consolidation Surplus Account

(Unit: Million yen)

Accounts	Term	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)		Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)	
		Amount		Amount	
Opening balance of consolidated surplus		7,062		7,236	
1. Past years' adjustment for tax effect accounting		200	7,262	—	7,236
Decrease of consolidation surplus					
1. Dividend			184		169
Current net income			158		521
Closing balance of consolidation surplus			7,236		7,588

## 4) Consolidated Cash Flow Statement

(Unit: Million yen)

Accounts	Term	Previous Consolidated Fiscal Year (From January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (From January 1, 2001 to December 31, 2001)
		Amount	Amount
Cash flow from operating activities			
Current net income before income tax		509	1,028
Depreciation and amortization		442	472
Unrealized loss on investment securities		149	75
Increase(decrease) in allowance for doubtful receivables		1	0
Decrease in reserve for retirement allowance		268	1,520
Increase in reserve for retirement benefit		—	2,893
Increase in reserve for directors' retirement benefits		154	119
Decrease in reserve for bonuses		119	79
Interest and dividend earned		67	41
Interest payable		43	42
Other non-operating revenues		1	11
Other non-operating expenses		8	0
Loss from fixed assets disposal		20	42
Loss on sales of securities		—	49
Loss from investment trust cancellation		—	91
Unrealized loss of membership		274	6
Decrease in sales account		154	9
Increase/decrease in prepaid expenses		328	926
Increase/decrease in other current assets		30	90
Decrease in account payable		49	170
Increase in advances received		979	224
Decrease in other current liabilities		16	31
Increase/decrease in other fixed liabilities		827	807
Sub total		2,740	3,231
Received interest and dividend		63	46
Interest payment		43	44
Payment of corporation income tax etc.		1,026	873
Cash flow provided by operating activities		1,734	2,359
Cash flow from investment activities			
Payments for marketable securities acquisition		189	601
Income from selling of marketable securities		45	598
Payments for acquisition of investment securities		2	51
Proceeds from sales of investment securities		—	178
Payments for acquisition of tangible fixed assets		780	686
Income from selling of tangible fixed assets		0	0
Payments for acquisition of intangible fixed assets		171	117
Payments for loans		51	54
Income from loan collection		52	57
Other payments for investment		617	164
Other income from investment		115	315
Cash flow provided by investment activities		1,599	525
Cash flow from financial activities			
Income from short-term borrowing		380	788
Payment of short-term borrowing		380	600
Income from long-term borrowing		100	—
Payment of long-term borrowing		133	108
Retirement of treasury stocks		0	0
Payment for acquisition of treasury stocks		0	0
Dividend payment		183	169
Dividend payment for minority shareholders		2	3
Cash flow provided by financial activity		219	92
Effect in fluctuation of exchange rate for cash and cash equivalents		1	11
Increase/decrease in cash and cash equivalents		85	1,752
Opening balance of cash and cash equivalents		8,274	8,189
Closing balance of cash and cash equivalents		8,189	9,941

Basic Important Matters for Preparation of Consolidated Financial Statements

Term Item	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)
1. Consolidation range	<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>(1) Number of consolidated subsidiaries: 1 Name of the consolidated subsidiary: As at present.</p> <p>(2) Number of non-consolidated subsidiaries: 7 Non-consolidated subsidiaries: Management Techno Co., Ltd. Construction Technologies Research Geological Environment Co., Ltd. CTI Investigation Design Co., Ltd. CTI Environment Techno 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 As at present.</p>
2. Application of equity method	<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>(1) Number of non-consolidated subsidiaries to which the equity method is applied: As at present.</p> <p>(2) Non-consolidated subsidiaries to which the equity method is not applied Management Techno Co., Ltd., Construction Technologies Research Geological Environment Co., Ltd., CTI Investigation Design Co., Ltd., CTI Environment Techno Co., Ltd., CTI New Technology Co., Ltd., Tech Consultants Co., Ltd., CTI 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>
3. Fiscal year of the consolidated subsidiary	The fiscal year of the consolidated subsidiary ends on the consolidated closing date.	As at present.



Term Item	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)
(3) Entry standard of important reserves and allowances	<p>1) Reserve for doubtful accounts To prepare for any loss by bad debts, the Company enters the limit amount as specified in the Corporation Tax Law.</p> <p>2) Reserve for bonuses To prepare for bonus payment to employees, the Company enters the reserve for bonuses according to the estimated payment amount standard.</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, the Company enters 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, the Company enters the required payment amount at the end of the term according to its internal rules. Since the Company created this system in the previous consolidated fiscal year, the Company will transfer the amount for the past years equally for next five years (79 million yen for this term). The consolidated subsidiary created this system in the current consolidated fiscal year and transferred the amount for previous years (9 million yen). The amount of 88 million yen in total is entered as extraordinary loss.</p>	<p>1) Reserve for doubtful accounts To prepare for any loss by bad debts, in respect of ordinary credit, for the loan loss ratio as regards credit designated as being in danger of becoming irrecoverable, the possibility of each item being recovered is considered and the amount deemed irrecoverable is recorded.</p> <p>2) Reserve for bonuses As at present.</p> <p>3) Reserve for retirement benefits To prepare for retirement benefits for employees, these were recorded based upon the obligations to pay retirement benefits and the forecast amount of pension assets as at the end of this consolidated accounting year. Further, in respect of the disparity arising at the time of alteration to accounting standards (746 million yen), an extraordinary loss redemption has been made. As regards the accounting disparity, expenses shall be disposed of from the next consolidated accounting year by the fixed amount method that shall use a predetermined number of years (5 years) within the average remaining employment period for those employees that were employed at the time of its occurrence.</p> <p>4) Reserve for directors' retirement benefits To prepare for payment of the directors' retirement benefit, the Company enters the required payment amount at the end of the term according to its internal rules. Since the Company created this system 2 consolidated fiscal years ago, the Company will transfer the amount for the past years equally for next five years. The amount of 55million yen in total for this term is entered as extraordinary loss.</p>

Term Item	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)
(4) Accounting treatment of important lease transactions  (5) Accounting treatment of important hedging activities	Except for the cases where the ownership of the leased assets is transferred to leases, financial lease transactions are treated according to the method for ordinary lease transactions.  _____	As at present.  1) Accounting for hedging activities The appropriate method is utilized for interest swap transactions because all the requirements for exceptional treatment are met. 2) Hedging instruments and hedging items - Hedging instruments: Interest swap transactions - Hedging items: Bank borrowings 3) Hedging policy For derivative transactions related to interests, the Company conducts interest swap transactions to hedge the interest fluctuation risk in borrowing. The Company does not conduct any other transactions for speculative purpose or the like.  _____
(6) Other important matters for preparation of the consolidated financial statements	1) Qualified retirement pension plan i) The Company's 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 its retirement allowance system. From October 1, 1998, the Company 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 million 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 million yen subtracted from the past service cost as of the end of the current consolidated fiscal year of 2,172 million yen, the remaining amount of 821 million yen is entered to the extraordinary loss as the past service cost of the qualified retirement pension plan. 2) Accounting treatment of consumption tax Tax exclusion method is adopted.	2) Accounting treatment of consumption tax As at present.



Term Item	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)
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.	As at present.
6. Amortization of consolidated adjustment account	Not applicable	As at present.
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.	As at present.
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.	As at present.

Remarks

(Notes to Consolidated Balance Sheet)

Previous consolidated fiscal year (as of December 31, 2000)	Current consolidated fiscal year (as of December 31, 2001)
<p>*1 For non-consolidated companies</p> <p>Investment securities ¥99 million</p> <p>*2 Pledged assets and corresponding liabilities are as follows:</p> <p>(a) Pledged assets</p> <p>Buildings ¥477 million</p> <p>Land 846</p> <hr/> <p>Total 1,324</p> <p>(b) Corresponding liabilities</p> <p>Corporate bonds ¥500 million</p> <hr/> <p>Total 500</p> <p>3. Warranty for liabilities</p> <p>Warranty for the Company's employees' liabilities of 233 million yen borrowed from banks</p>	<p>*1 For non-consolidated companies</p> <p>Investment securities ¥149 million</p> <p>*2 Pledged assets and corresponding liabilities are as follows:</p> <p>(a) Pledged assets</p> <p>Buildings ¥447 million</p> <p>Land 846</p> <hr/> <p>Total 1,293</p> <p>(b) Corresponding liabilities</p> <p>Corporate bonds to be repaid within a year ¥500 million</p> <hr/> <p>Total 500</p> <p>3. Warranty for liabilities</p> <p>Warranty for the Company's employees' liabilities of 201 million yen borrowed from banks</p>

(Notes on Consolidated Profit and Loss Account)

Current consolidated fiscal year from January 1, 2000 to December 31, 2000	Current consolidated fiscal year from January 1, 2001 to December 31, 2001																																																							
<p>*1 Major items and amounts among selling, general and administrative expenses are as follows</p> <p>Wages and allowances ¥1,945million</p> <p>Bonuses 550</p> <p>Transferred reserve for bonuses 109</p> <p>Retirement allowances 130</p> <p>Transferred reserve for retirement allowances 35</p> <p>Transferred reserve for directors' retirement benefits 82</p> <p>*2 Loss from fixed assets disposal can be broken down as follows</p> <p style="text-align: right;">(Unit: Million yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off</th> <th>Loss from fixed assets cancellation</th> <th>Loss from fixed assets selling</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td>6</td> <td></td> <td></td> <td>6</td> </tr> <tr> <td>Tangible fixed assets etc.</td> <td>1</td> <td></td> <td>0</td> <td>1</td> </tr> <tr> <td>Intangible fixed assets etc.</td> <td>12</td> <td></td> <td></td> <td>12</td> </tr> <tr> <td>Investment and other assets</td> <td></td> <td>0</td> <td></td> <td>0</td> </tr> <tr> <td>Total</td> <td>19</td> <td>0</td> <td>0</td> <td>20</td> </tr> </tbody> </table>		Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total	Buildings and structures	6			6	Tangible fixed assets etc.	1		0	1	Intangible fixed assets etc.	12			12	Investment and other assets		0		0	Total	19	0	0	20	<p>*1 Major items and amounts among selling, general and administrative expenses are as follows</p> <p>Wages and allowances ¥1,897million</p> <p>Bonuses 407</p> <p>Transferred reserve for bonuses 84</p> <p>Retirement allowances 66</p> <p>Retirement benefit expenses 122</p> <p>Transferred reserve for directors' retirement benefits 113</p> <p>Transferred reserve for doubtful receivables 0</p> <p>*2 Loss from fixed assets disposal can be broken down as follows</p> <p style="text-align: right;">(Unit: Million yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off</th> <th>Loss from fixed assets cancellation</th> <th>Loss from fixed assets selling</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Buildings and structures</td> <td>26</td> <td></td> <td></td> <td>26</td> </tr> <tr> <td>Tangible fixed assets etc.</td> <td>9</td> <td></td> <td>0</td> <td>9</td> </tr> <tr> <td>Intangible fixed assets etc.</td> <td></td> <td>6</td> <td></td> <td>6</td> </tr> <tr> <td>Total</td> <td>35</td> <td>6</td> <td>0</td> <td>42</td> </tr> </tbody> </table>		Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total	Buildings and structures	26			26	Tangible fixed assets etc.	9		0	9	Intangible fixed assets etc.		6		6	Total	35	6	0	42
	Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total																																																				
Buildings and structures	6			6																																																				
Tangible fixed assets etc.	1		0	1																																																				
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Total	35	6	0	42																																																				

## (Notes on Consolidated cash flow Account)

Previous Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000	Current Consolidated Fiscal Year: from January 1, 2001 to December 31, 2001
1. Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet  <p style="text-align: right;">(as of December 31, 2000)</p>	1. Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet  <p style="text-align: right;">(as of December 31, 2001)</p>
Cash and bank deposit account ¥5,367million	Cash and bank deposit account ¥2,619million
Marketable securities account 3,312	<u>Marketable securities account 7,322</u>
Marketable securities with the investment period over 3 months 491	Total 9,941
<u>Total 8,189</u>	

## (Notes on lease arrangements)

Previous Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000	Current Consolidated Fiscal Year: from January 1, 2001 to December 31, 2001																																
Financial lease transactions other than those by which the ownership of the leased assets is to be transferred to leases 1. Assumed acquisition cost, accumulated depreciation and closing balance of the leased assets  <p style="text-align: right;">(Unit: Million yen)</p>	Financial lease transactions other than those by which the ownership of the leased assets is to be transferred to leases 1. Assumed acquisition cost, accumulated depreciation and closing balance of the leased assets  <p style="text-align: right;">(Unit: Million yen)</p>																																
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 20%;">Acquisition cost</th> <th style="width: 20%;">Accumulated depreciation</th> <th style="width: 20%;">Closing balance</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets etc.</td> <td style="text-align: center;">405</td> <td style="text-align: center;">244</td> <td style="text-align: center;">161</td> </tr> <tr> <td>Intangible fixed assets etc.</td> <td style="text-align: center;">84</td> <td style="text-align: center;">55</td> <td style="text-align: center;">28</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center;">490</td> <td style="text-align: center;">300</td> <td style="text-align: center;">190</td> </tr> </tbody> </table>		Acquisition cost	Accumulated depreciation	Closing balance	Tangible fixed assets etc.	405	244	161	Intangible fixed assets etc.	84	55	28	Total	490	300	190	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%;"></th> <th style="width: 20%;">Acquisition cost</th> <th style="width: 20%;">Accumulated depreciation</th> <th style="width: 20%;">Closing balance</th> </tr> </thead> <tbody> <tr> <td>Tangible fixed assets etc.</td> <td style="text-align: center;">268</td> <td style="text-align: center;">513</td> <td style="text-align: center;">115</td> </tr> <tr> <td>Intangible fixed assets etc.</td> <td style="text-align: center;">45</td> <td style="text-align: center;">33</td> <td style="text-align: center;">11</td> </tr> <tr> <td style="text-align: right;">Total</td> <td style="text-align: center;">314</td> <td style="text-align: center;">187</td> <td style="text-align: center;">127</td> </tr> </tbody> </table>		Acquisition cost	Accumulated depreciation	Closing balance	Tangible fixed assets etc.	268	513	115	Intangible fixed assets etc.	45	33	11	Total	314	187	127
	Acquisition cost	Accumulated depreciation	Closing balance																														
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Tangible fixed assets etc.	268	513	115																														
Intangible fixed assets etc.	45	33	11																														
Total	314	187	127																														
2. Unexpired lease payment at the end of term Within one year ¥103 million Over one year 104 <hr/> Total 207	2. Unexpired lease payment at the end of term Within one year ¥64 million Over one year 74 <hr/> Total 138																																
3. Lease payments, assumed depreciation, and assumed interest payments Lease payments ¥164 million Assumed depreciation 142 Assumed interest payment 12	3. Lease payments, assumed depreciation, and assumed interest payments Lease payments ¥103 million Assumed depreciation 90 Assumed interest payment 7																																
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.	4. Calculation method of assumed depreciation As at present.																																
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.	5. Calculation method of assumed interest payments As at present.																																

## (Notes on marketable securities)

(Unit: Million yen)

Type	Previous Consolidated Fiscal Year (as of December 31, 2000)		
	Book Value on Consolidated Balance Sheet	Market Value	Unrealized Gain (Loss)
(1) Current assets			
Shares	147	119	27
Bonds and Notes	5	5	0
Others	519	448	70
Sub total	672	573	98
(2) Fixed assets			
Shares	425	456	31
Bonds and Notes	—	—	—
Others	—	—	—
Sub total	425	456	31
Total	1,097	1,030	67

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: Million yen)

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

(Current consolidated fiscal year) (As of December 31, 2001)

Marketable Securities

1. Other securities with fair value

(Unit: Million yen)

Classification	Type	Acquisition Cost	Consolidated Balance Sheet Recorded Amount	Amount Difference
Those whose acquisition cost exceeded the amount recorded on the consolidated balance sheet	(1) Shares	73	88	14
	(2) Bonds and Notes			
	1. National, local bonds			
	2. Corporate bonds			
	3. Others			
	(3) Others			
	Sub Total	73	88	14
Those whose acquisition cost did not exceed the amount recorded on the consolidated balance sheet	(1) Shares	313	248	64
	(2) Bonds and Notes			
	1. National, local bonds	—	—	—
	2. Corporate bonds	5	4	0
	3. Others	—	—	—
	(3) Others	132	99	33
	Sub Total	451	353	98
Total		525	441	83

2. Other securities sold during this consolidated fiscal year.

(Unit: Million yen)

Proceeds Amount	Total Gains on Sales	Total Loss on Sales
6,123	0	179

3. Details of major securities with no fair value

(Unit: Million yen)

Types	Consolidated Balance Sheet Recorded Amount	Remarks
(1) Other securities		
Non-listed Shares (excluding over-the-counter shares)	63	
Money Management Fund	4,716	
Medium-term government securities fund	1,405	
Free Financial Fund	1,200	

(Notes on derivatives transactions)

1. Matters concerning status of transactions

Previous Consolidated Fiscal Year: from January 1, 2000 to December 31, 2000	Current Consolidated Fiscal Year: from January 1, 2001 to December 31, 2001
<p>1. Transaction contents Interest swap transactions</p> <p>2. Trading policy for transactions For derivative transactions related to interests, the Company conducts interest swap transactions to hedge the interest fluctuation risk in borrowing. The Company does not conduct any other transactions for speculative purpose or the like.</p> <p>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.</p> <p>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 the Company judges that it carries little default risk.</p> <p>5. Trading risk management system Since the Company does not conduct derivative transactions on a daily basis, it does not have any internal rules. According to the resolution at the Board of Directors, the Company adopted the interest swap transactions to borrow money at a fixed rate. The Company does not admit to combine any new transaction with such interest swap transactions.</p> <p>6. Supplementary explanation about market value of transactions Not applicable</p>	<p>As at present.</p>

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: Million yen)

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

Note:

1. The market value is calculated based on the prices presented by the financial institution the Company is dealing with.
2. From this consolidated accounting year, there are no corresponding items, because hedge accounting is applied to derivative trading used by group of the Company.

(Notes on Retirement Benefit)

1. Outline of the current retirement benefit system

(1) The retirement benefit system of the Company and consolidated subsidiaries.

The Company and its consolidated subsidiaries as settled benefit type systems have an eligibility based retirement pension system and lump sum retirement system.

In addition, in the case of the retirement of present employees, there are cases where a retirement amount is paid even if the calculations performed in accordance with the retirement benefit accounting show no financial obligation to pay a retirement benefit.

(2) Additional explanation of system classification

1) Retirement Lump Sum System

	Establishment Date	Other	Remarks
The Company	At date of company establishment.	_____	
CTI Engineering International Co., Ltd.	At date of company establishment.	_____	

2) Qualification Retirement Pension System

	Establishment Date	Other	Remarks
The Company	1989	_____	Combined contract
CTI Engineering International Co., Ltd.	At date of company establishment.	_____	Combined contract

2. Retirement Benefit Obligations and Related Accounting Items

(Unit: Million yen)

	Current consolidated accounting year (As of December 31, 2001)
(1) Retirement Benefit Obligations	6,213
(2) Pension Assets	2,615
(3) Outstanding Accumulated Retirement Benefit Obligations: (1) + (2)	3,597
(4) Undisposed amount due to disparities arising at time of accounting standards alterations	—
(5) Previously unrecognized accounting disparities.	704
(6) Previously unrecognized pre-existing employment obligations (Obligation reduction amount)	—
(7) Consolidated Balance Sheet Recorded Net Amount: (3) + (4) + (5) + (6)	2,893
(8) Previously Paid Pension Assets	—
(9) Retirement Benefit Reserves: (7) – (8)	2,893

3. Retirement Benefit Costs and Related Accounting Items

(Unit: Million yen)

	Current consolidated accounting year (As of December 31, 2001)
Retirement Benefit Costs	1,271
(1) Labor costs	395
(2) Interest costs	209
(3) Expected operating profit (Subtracted)	83
(4) Cost disposal amount arising from disparities at the time of alteration to accounting treatment standards.	746
(5) Temporarily paid retirement amount	3

#### 4. Items Related to Accounting Standards for Retirement Benefit Obligations

	Current consolidated accounting year (As of December 31, 2001)
(1) Discount percentage (See note)	2.8%
(2) Expected operating profit percentage	3.0%
(3) Retirement benefits forecast	Periodic fixed amount standard.
(4) No. of years for disposal of disparity arising from accounting.	5 years from the next consolidated accounting year.
(5) No. of years for disposal of previous labor obligation.	—
(6) No. of years for disposal of disparities arising at time of accounting standard alterations.	1 year

Note: At the beginning of the fiscal year, the operations discount rate was 3.5%.



## (Tax effect accounting)

Term Item	Previous Consolidated Fiscal Year (from January 1, 2000 to December 31, 2000)	Current Consolidated Fiscal Year (from January 1, 2001 to December 31, 2001)
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation	Deferred tax assets (current assets)	Deferred tax assets (current assets)
	Enterprise tax payable ¥40 million	Enterprise tax payable ¥53 million
	Reserve for bonuses 21	Reserve for bonuses 53
	Others 8	Others 11
	Total 71	Total 117
	Deferred tax assets (fixed assets)	Deferred tax assets (fixed assets)
	Reserve for retirement allowances ¥123 million	Reserve for retirement allowances ¥896 million
	Reserve for directors' retirement benefits 127	Reserve for directors' retirement benefits 162
	Past service cost for qualified retirement pension plan 345	Unrealized loss of marketable securities 40
	Unrealized loss of marketable securities 24	Unrealized loss of membership 117
	Unrealized loss of membership 115	Unrealized gains or losses on other securities 35
Others 13	Others 4	
Total 748	Total 1,256	
Legal effective tax rate (Adjustment) 42.05 %	Legal effective tax rate (Adjustment) 42.05 %	
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	No entry of loss from entertainment expense etc. 5.37	No entry of loss from entertainment expense etc. 2.45
	Per capita inhabitant tax 11.01	Per capita inhabitant tax 5.93
	Income tax for the previous term 7.53	Income tax for the previous term 1.81
	No entry of profit from dividend earned etc. 1.63	No entry of profit from dividend earned etc. 0.71
	Others 3.55	Special exclusions arising on income from overseas trading including Technology 1.47
	Bearing rate of corporation tax or the like after application of tax effect accounting 67.88	Others 3.21
		Bearing rate of corporation tax or the like after application of tax effect accounting 46.85



## 5) Supplemental Specifications for Consolidated Financial Statements

### i) Corporate bonds specification

(Unit: Million 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	500	Yearly rate of 1.2%	Applicable	September 25, 2002	
Total			500	500				

Note:

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

(Unit: Million 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	—	—	—	—

### ii) Specifications about borrowings

(Unit: Million yen)

Category	Previous term closing balance	Current term closing balance	Average rate	Repayment deadline	Remarks
Short-term borrowings	200	388	1.30%		
Long-term borrowings to be repaid within 1 year	116	100	1.45		
Long-term borrowings except those to be repaid within 1 year	1,569	1,477	1.99	2002—2003	
Other Interest-bearing Liabilities	—	—	—	—	
Total	1,885	1,965			

Note:

1. In respect of the average interest ratio, outstanding borrowings amounts at the end of the term are set forth at a weighted average percentage.

2. 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: Million 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	1,477	—	—	—

### (2) Others

Not applicable

## 2. Non-Consolidated Financial Statements and Other Materials

### (1) Non-Consolidated Financial Statements

#### 1) Non-Consolidated Balance Sheet

(Unit: Million yen)

Accounts	Term	38th fiscal year (as of December 31, 2000)		39th fiscal year (as of December 31, 2001)	
		Amount	Ratio	Amount	Ratio
(Assets)			%		%
Current assets					
1. Cash and bank deposits *2		5,307		2,508	
2. Notes receivable		0		5	
3. Other receivables *2		1,053		1,049	
4. Marketable securities *5		3,312		7,322	
5. Treasury stocks		0		—	
6. Prepaid expenses		8,907		8,096	
7. Advance payment		79		118	
8. Deferred tax assets		70		100	
9. Short-term loans		20		30	
10. Others		48		98	
11. Allowance for doubtful accounts		1		1	
Total current Assets		18,801	61.1	19,328	60.6
Fixed assets					
(1) Tangible fixed assets					
1. Buildings *1		2,903		4,035	
Accumulated depreciation		1,165	1,737	1,318	2,717
2. Structures		632		707	
Accumulated depreciation		259	372	294	412
3. Machinery and equipment		233		234	
Accumulated depreciation		132	100	148	86
4. Vehicle and transportation equipment		29		21	
Accumulated depreciation		26	3	19	1
5. Furniture and fixtures		554		634	
Accumulated depreciation		416	138	430	203
6. Land *1		4,578		4,581	
7. Provisional construction account		802		—	
Total tangible fixed assets		7,734	25.1	8,003	25.1
(2) Intangible fixed assets					
1. Leasehold		16		16	
2. Telephone rights		22		22	
3. Right of using special facilities		3		3	
4. Software		411		365	
5. Others		1		0	
Total intangible fixed assets		454	1.5	408	1.3
(3) Investments and other assets					
1. Investment in securities *1, *5		488		505	
2. Shares of affiliated companies		169		219	
3. Investments		76		70	
4. Long-term deposit		500		500	
5. Long-term loan to employees		80		67	
6. Long-term prepaid cost		24		21	
7. Deferred tax assets		738		1,240	
8. Lease and guarantee deposit		1,269		1,085	
9. Membership		120		79	
10. Insurance reserve fund		298		330	
11. Others		11		10	
12. Allowance for doubtful accounts		0		0	
Total investments and other assets		3,777	12.3	4,129	13.0
Total fixed assets		11,966	38.9	12,541	39.4
Total assets		30,767	100.0	31,870	100.0

(Unit: Million yen)

Accounts	Term	38th fiscal year (as of December 31, 2000)		39th fiscal year (as of December 31, 2001)	
		Amount	Ratio	Amount	Ratio
(Liabilities)			%		%
Current liabilities					
1. Accounts payable for services	*2, *3	1,360		1,274	
2. Short-term Borrowings		—		188	
3. Long-term borrowings to be repaid within a year	*1	116		100	
4. Corporate Bonds to be repaid within a year	*1	—		500	
5. Accounts payable	*2	178		150	
6. Accrued income taxes		401		470	
7. Accrued consumption taxes		148		89	
8. Accrued expenses		319		310	
9. Advances received		8,577		8,913	
10. Deposits received		247		216	
11. Revenue received in advance		2		2	
12. Reserve for bonuses		353		259	
Total current liabilities		11,704	38.1	12,475	39.2
Fixed liabilities					
1. Corporate bonds	*1	500		—	
2. Long-term borrowing	*1	1,569		1,477	
3. Reserve for retirement allowances		1,517		—	
4. Reserve for retirement benefits		—		2,889	
5. Reserve for directors' retirement benefits		280		387	
6. Past service cost payable		821		—	
7. Others		22		36	
Total fixed liabilities		4,710	15.3	4,789	51.0
Total liabilities		16,414	53.4	17,265	54.2
(Capital)					
Capital	*4	3,025	9.8	3,025	9.5
Capital reserve		4,122	13.4	4,122	13.0
Profit reserve		156	0.5	176	0.5
Other surplus					
(1) Voluntary reserve					
Separate reserve		5,815		5,965	
(2) Current unappropriated profit					
Other surplus total		7,047	22.9	7,328	23.0
V Unrealized gains or losses on other securities		—	—	48	0.2
VI Treasury stocks		—	—	0	0.0
Total shareholders' equity		14,353	46.6	14,605	45.8
Total of liabilities and shareholders equity		30,767	100.0	31,870	100.0

## 2) Non-Consolidated Profit and Loss Account

(Unit: Million yen)

Accounts	Term	38th fiscal year (from Jan. 1, 2000 to Dec. 31, 2000)		39th fiscal year (from Jan. 1, 2001 to Dec. 31, 2001)	
		Amount	Ratio	Amount	Ratio
Sales			%		%
Income from completed services		30,198	100.0	30,339	100.0
Cost of sales					
Cost of completed services		22,149	73.3	22,301	73.5
Gross profit		8,049	26.7	8,038	26.5
Selling, general and administrative expenses					
1. Directors' remuneration		390		361	
2. Salaries and allowances		1,902		1,909	
3. Bonuses		541		399	
4. Provision of reserve for bonuses		108		81	
5. Retirement allowances		129		66	
6. Retirement benefit expenses		—		119	
7. Provision of reserve for retirement allowances		35		—	
8. Provision of reserve for directors' retirement benefits		68		101	
9. Legal welfare expenses		320		329	
10. Traveling expenses		374		352	
11. Tax and public imposts		73		70	
12. Depreciation		79		112	
13. Rent expenses		653		615	
14. Provision of allowance for doubtful receivables		—		0	
15. Research and investigation expenses		581		588	
16. Others		930		955	
Operating income		6,190	20.5	6,064	20.0
Non-operating revenues		1,858	6.2	1,974	6.5
1. Interest earned		13		12	
2. Dividend earned		39		18	
3. Interest from securities		17		14	
4. Rent earned		16		24	
5. Insurance dividends earned		—		13	
6. Others		54		43	
Non-operating expenses		141	0.5	127	0.4
1. Interest expense		34		33	
2. Interest of corporate bonds		6		6	
3. Loss from selling securities		2		49	
4. Unrealized loss of securities		91		—	
5. Loss from investment trust cancellation		—		128	
6. Loss from foreign exchange		0		0	
7. Others		7		9	
Ordinary profit		1,42	0.5	228	0.7
Extraordinary gain		1,858	6.2	1,873	6.2
1. Reversal of allowance for doubtful accounts		1		—	
2. Reversal of reserve for retirement allowance		270	0.9	—	—
Extraordinary loss					
1. Loss from fixed assets disposal *1		20		43	
2. Office moving cost		4		43	
3. Unrealized loss of securities		58		75	
4. Unrealized loss of membership		274		5	
5. Past service cost of qualified retirement pension plan		1,210		—	
6. Retirement benefit expenses		—		746	
7. Transferred reserve for directors' retirement benefits		79		55	
8. Others		1		—	
Net income before income tax		1,468	5.5	969	3.2
Corporation tax, inhabitants tax and enterprise tax		481	1.6	904	3.0
Deferred income taxes etc.		942		929	
Current net income		611	1.1	433	1.4
Profit brought forward to the next year		150	0.5	470	1.6
Past years' adjustments on deferred income tax		883		892	
Current unappropriated profit		198		—	
		1,232		1,363	

Cost Specifications for Completed Services

(Unit: Million yen)

Accounts	Term	38th fiscal year (from Jan. 1, 2000 to Dec. 31, 2000)		39th fiscal year (from Jan. 1, 2001 to Dec. 31, 2001)	
		Amount	Ratio	Amount	Ratio
Labor cost			%		
1. Salaries		5,363		5,236	
2. Bonuses		1,424		1,072	
3. Provision of reserve for bonuses		244		178	
4. Retirement allowances		192		—	
5. Retirement benefit expense				377	
6. Provision of reserve for retirement allowances		12		—	
7. Others		940	8,178	907	7,772
Amount paid to subcontractors			9,889		9,603
Expenses					
1. Traveling expenses		888		862	
2. Printing and copying expenses		1,052		1,048	
3. Expendables cost		220		212	
4. Rents		1,231		1,114	
5. Depreciation		169		193	
6. Others		744	4,307	682	4,114
Current general business expenses			22,374		21,490
Opening expenses prepaid for uncompleted services			8,681		8,907
Total			31,056		30,397
Closing expenses prepaid for uncompleted services			8,907		8,096
Current cost of completed services			22,149		22,301
			36.6		36.2
			44.2		44.7
			19.2		19.1
			100.0		100.0

(Footnote)

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
Cost accounting is according to the job order costing method.	Same as the previous year

3) Statement of Appropriation of Profit

(Unit: Million yen)

Accounts	Term	38th fiscal year (Approved at General Shareholders' Meeting on March 29, 2001)		39th fiscal year (Approved at General Shareholders' Meeting on March 28, 2002)	
		Accounts	Accounts	Accounts	Accounts
Current unappropriated profit			1232		1363
Appropriation of profit					
1. Profit reserve		20		—	
2. Dividends		169		155	
3. Voluntary reserve					
Separate reserve		150	339	300	455
Retained earnings carried forward			892		907

## Important Accounting Policy

Term	38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
<p>1. Valuation base and method for securities</p>	<p>(1) Securities with market prices Lower of cost or market, with cost being determined by moving-average method (adding back method)</p> <p>(2) Other securities Lower of cost or market, with cost being determined by moving-average method</p>	<p>(1) Shares in subsidiaries and affiliates Cost method according to moving average method</p> <p>(2) Other securities With fair value Calculated on the market value method based upon stock market prices as of the fiscal year-end. (Unrealized gains or losses have been dealt with according to the direct capital imputation method, while value of products sold has been calculated according to the moving average method.) With no fair value Cost method according to moving average method.</p>
<p>2. Valuation base and method for inventories</p>	<p>Expenses prepaid for uncompleted services Cost basis according to job cost method</p>	<p>Expenses prepaid for uncompleted services As at present.</p>
<p>3. Depreciation of fixed assets</p>	<p>The following methods as specified in the Corporation Tax Law have been adopted</p> <p>(1) 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.</p> <p>(2) Intangible fixed assets ... Straight-line method For the software, however, the straight-line method according to the useful period in the Company (5 years) is adopted.</p> <p>(3) Long-term advance payment ... Straight-line method</p>	<p>(1) 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. Further, the average life expectancy is as set forth below. Buildings: 15 – 50 years</p> <p>(2) Intangible fixed assets ... Straight-line method For the software, however, the straight-line method according to the useful period in the Company (5 years) is adopted.</p>
<p>4. Accounting for allowances and reserves</p>	<p>(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.</p> <p>(2) Accrued bonuses To prepare for bonus payment to employees, the reserve for bonuses is entered according to the estimated payment amount.</p>	<p>(1) Allowance for doubtful accounts In respect of ordinary credit, for the loan loss ratio as regards credit designated as being in danger of becoming irrecoverable the possibility of each item being recovered is considered and the amount deemed irrecoverable is recorded. to prepare for possible loss caused by bad debts.</p> <p>(2) Accrued bonuses As at present.</p>



Term Item	38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
	<p>(3) Reserve for retirement allowance</p> <p>To prepare for payment of retirement allowance with additional post benefit for the employees who cannot receive benefits from the qualified retirement pension plan, the Company enters 40% of the required payment amount at the end of the term for retirement by personal reason.</p> <p>(Qualified retirement pension plan)</p> <p>i) The Company's 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 its retirement allowance system. From October 1, 1998, the Company 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, 2000 is 2,665 million 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, the Company enters the required payment amount at the end of the term according to its internal rules.</p> <p>Since the Company created this system in the previous year, it will transfer the amount for the past years equally for five years. The current transferred amount of 79 million yen is entered as extraordinary loss.</p>	<p>(3) Reserve for retirement benefits</p> <p>To prepare retirement benefits for employees, these were recorded based upon the obligations to pay retirement benefits and the forecast amount of pension assets as at the end of this consolidated accounting year.</p> <p>Further, in respect of the disparity arising at time of the alteration to accounting standards (746 million yen), an extraordinary loss redemption has been made.</p> <p>As regards the accounting disparity, expenses shall be disposed of from the next consolidated accounting year by the fixed amount method that shall use a predetermined number of years (5 years) within the average remaining employment period for those employees that were employed at the time of its occurrence.</p> <p>(4) Reserve for directors' retirement benefits</p> <p>To prepare for payment of the directors' retirement benefit, the Company enters the required payment amount at the end of the term according to its internal rules.</p> <p>Since the Company created this system 2 fiscal years ago, it will transfer the amount for the past years equally for five years. The current transferred amount of 55 million yen is entered as extraordinary loss.</p>

Term Item	38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
<p>5. Accounting for leases</p> <p>6. Accounting treatment of hedging activities</p> <p>7. Accounting for consumption taxes</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.</p> <p>_____</p> <p>Tax exclusion method is adopted.</p>	<p>As at present</p> <p>1) Accounting for hedging activities The appropriate method is utilized for interest rate swaps because all the requirements for exceptional treatment are met.</p> <p>2) Hedging instruments and hedging items - Hedging instruments: interest rate swaps - Hedging items: Bank borrowings</p> <p>3) Hedging policy In respect of interest-related derivative trading, in order to hedge the interest rate fluctuation risk on monies borrowed, interest rate swaps takes place. There is no other speculative trading other than this item.</p> <p>Same as 38th year</p>

### Change in accounting method

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
<p>The past service cost of the qualified retirement pension has been conventionally settled at the time of contribution. However, the Company 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, the Company changed the method to settle the cost at the time it is incurred from this term.</p> <p>Corresponding to this change, the Company entered the remaining amount of 821 million yen determined by withdrawing the reserve for retirement allowances of 1,351 million yen from the past service cost at the end of the current term 2,172 million 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 million yen from the amount determined according to the method after change.</p>	<p style="text-align: center;">—————</p>

### Change in presentation of accounts

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
<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 million 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 million yen.</p>	<p>"Insurance dividend earned" was included "Other" in the non-operating revenue in the previous fiscal year, but it is presented as an independent item from the current fiscal year because the amount exceeds 10/100 of the total amount of non-operating revenue from the current fiscal year.</p> <p>Further, "Insurance dividend earned" for the previous fiscal year was 12 million yen.</p>

Additional information

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
<p>1. Tax effect accounting Corresponding to the revision of the financial statements regulations, the tax effect accounting is applied from the current fiscal year. As a result, the deferred tax assets are entered as 809 million yen. Compared with the amounts by the conventional method, the current income increases by 611 million yen and the current undistributed profit increases by 809 million yen.</p> <p>2. Software used by the Company 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 &amp; 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 the 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 &amp; Development Cost" (Corporation Accounting Board, March 13, 1998).</p>	<p>1. Retirement Benefit Calculations From this fiscal year, the accounting standards in respect of retirement benefits ("Opinion paper concerning establishment of accounting standards in respect of retirement benefits" – Business Accounting Council, June 16, 1998) have become applicable. As a result, due to disparities with the previous method, retirement benefit expenses increased by 932 million yen. Current profit was 124 million yen and gross profit prior to tax adjustment fell by 600 million yen. Further, now included in the retirement benefit reserves are the retirement benefit payment reserves and outstanding amounts for pre-existing employment obligation expenses that arose in respect of prior obligations under the corporate pension system.</p> <p>2. Financial Products Accounting From this fiscal year, the accounting standard in respect of financial products ("Opinion paper concerning establishment of accounting standards in respect of Financial Products – Business Accounting Council, January 22, 1999) has become applicable and the marketable securities evaluation method has altered. As a result, due to disparities with the previous method, current profit was 115 million yen and gross profit prior to tax adjustment increased by 39 million yen. Further, at the beginning of the fiscal term, there was an examination of the purposes of holding the marketable securities currently held and from those securities and investment trusts inclusive of all other securities, those with a maximum redemption period of less than one year from the present were recorded as liquid asset securities while all others were expressed as investment securities. As a result, the amount of liquid asset securities fell by 491 million yen while the amount of investment securities increased by the same amount.</p> <p>3. Foreign Currency Dealing Accounting Standard From this fiscal year, the amended Foreign Currency Dealing Accounting Standards ("Opinion paper concerning amendments to the Foreign currency Dealing Accounting Standards" – Business Accounting Council, October 22, 1999) have become applicable. These changes have no effect on profit and loss amounts.</p> <p>4. Treasury stocks "Treasury stocks" (liquid assets 0 million yen) that were recorded in the asset section the previous fiscal year due to amendments in the Financial Statements Regulations, were this fiscal year presented at the end of the assets section.</p>

## Notes

## (Notes on Balance Sheet)

38th fiscal year (as of December 31, 2000)			39th fiscal year (as of December 31, 2001)		
*1 Pledged assets and corresponding liabilities are as follows			*1 Pledged assets and corresponding liabilities are as follows		
(a) Pledged assets			(a) Pledged assets		
Buildings	¥477	million	Buildings	¥447	million
Land	846		Land	846	
Total	1,324		Total	1,293	
(b) Corresponding liabilities			(b) Corresponding liabilities		
Corporate bonds	¥500	million	Long-term borrowings		
Total	500		(including the amount to be repaid within a year)		
				¥500	million
			Total	500	
*2 Major foreign currency assets and liabilities			*2 Major foreign currency assets and liabilities		
Account	Foreign currency amount	Amount entered to Balance Sheet	Account	Foreign currency amount	Amount entered to Balance Sheet
		Million yen			Million yen
Cash and bank deposit	0	13	Cash and bank deposit	0	11
Account receivable	3,248,000,000 US dollars etc. rupee etc.	42	Account receivable	4,187,000,000 US dollars etc. rupee etc.	55
Account payable-trade	0	17			
	US dollars etc.				
*3 Amount for related companies is included as follows			*3 Amount for related companies is included as follows		
Account payable-trade	¥483	million	Account payable-trade	¥460	million
*4 Number of authorized shares	40,000,000	shares	*4 Number of authorized shares	40,000,000	shares
Total number of issued shares	14,159,086	shares	Total number of issued shares	14,159,086	shares
5 Guarantee of debts			5 Guarantee of debts		
The Company guarantees its employees' borrowing from bank (231 million yen) and the borrowing from the bank and advancement of Kensetsu Giken International (496 million yen).			The Company guarantees its employees' borrowing from bank (200 million yen) and the borrowing from the bank and advancement of Kensetsu Giken International (379 million yen).		

## (Note on Profit and Loss Statement)

38th fiscal year (from January 1, 2000 to December 31, 2000)				39th fiscal year (from January 1, 2001 to December 31, 2001)																																																										
<p>*2 Loss from fixed assets disposal can be broken down as follows (Unit: Million yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off</th> <th>Loss from fixed assets cancellation</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>6</td> <td></td> <td>6</td> </tr> <tr> <td>Furniture and fixtures</td> <td>1</td> <td></td> <td>1</td> </tr> <tr> <td>Software</td> <td>12</td> <td></td> <td>12</td> </tr> <tr> <td>Membership</td> <td></td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>19</td> <td>0</td> <td>20</td> </tr> </tbody> </table>					Loss from fixed assets write-off	Loss from fixed assets cancellation	Total	Buildings	6		6	Furniture and fixtures	1		1	Software	12		12	Membership		0	0	Total	19	0	20	<p>*1 Within non-operating profits, the total amount of profit from affiliated companies was 23 million yen, mainly comprised of the following major items. Received dividends: 11 million yen. Received rent income: 11 million yen.</p> <p>*2 Loss from fixed assets disposal can be broken down as follows (Unit: Million yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off</th> <th>Loss from fixed assets cancellation</th> <th>Loss from fixed assets selling</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>26</td> <td></td> <td></td> <td>26</td> </tr> <tr> <td></td> <td>0</td> <td></td> <td>0</td> <td>0</td> </tr> <tr> <td>Furniture and fixtures</td> <td>8</td> <td></td> <td></td> <td>8</td> </tr> <tr> <td>Membership</td> <td></td> <td>6</td> <td>1</td> <td>7</td> </tr> <tr> <td>Total</td> <td>35</td> <td>6</td> <td>1</td> <td>43</td> </tr> </tbody> </table>						Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total	Buildings	26			26		0		0	0	Furniture and fixtures	8			8	Membership		6	1	7	Total	35	6	1	43
					Loss from fixed assets write-off	Loss from fixed assets cancellation	Total																																																							
Buildings	6		6																																																											
Furniture and fixtures	1		1																																																											
Software	12		12																																																											
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	Loss from fixed assets write-off	Loss from fixed assets cancellation	Loss from fixed assets selling	Total																																																										
Buildings	26			26																																																										
	0		0	0																																																										
Furniture and fixtures	8			8																																																										
Membership		6	1	7																																																										
Total	35	6	1	43																																																										

## (Notes on lease arrangements)

38th fiscal year (from January 1, 2000 to December 31, 2000)				39th fiscal year (from January 1, 2001 to December 31, 2001)																																			
Finance lease transactions other than those by which the ownership of the leased assets is to be transferred to leasees 1. Assumed data as to acquisition cost, accumulated depreciation and closing balance (Unit: Million yen)				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 (Unit: Million yen)																																			
<table border="1"> <thead> <tr> <th></th> <th>Acquisition cost</th> <th>Accumulated depreciation</th> <th>Closing balance</th> </tr> </thead> <tbody> <tr> <td>Furniture and fixtures</td> <td>405</td> <td>244</td> <td>161</td> </tr> <tr> <td>Software</td> <td>84</td> <td>55</td> <td>28</td> </tr> <tr> <td>Total</td> <td>490</td> <td>300</td> <td>190</td> </tr> </tbody> </table>					Acquisition cost	Accumulated depreciation	Closing balance	Furniture and fixtures	405	244	161	Software	84	55	28	Total	490	300	190	<table border="1"> <thead> <tr> <th></th> <th>Acquisition cost</th> <th>Accumulated depreciation</th> <th>Closing balance</th> </tr> </thead> <tbody> <tr> <td>Furniture and fixtures</td> <td>268</td> <td>153</td> <td>115</td> </tr> <tr> <td>Software</td> <td>45</td> <td>33</td> <td>11</td> </tr> <tr> <td>Total</td> <td>314</td> <td>187</td> <td>127</td> </tr> </tbody> </table>					Acquisition cost	Accumulated depreciation	Closing balance	Furniture and fixtures	268	153	115	Software	45	33	11	Total	314	187	127
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2. Unexpired lease payment at the end of term				2. Unexpired lease payment at the end of term																																			
<table> <tr> <td>Within one year</td> <td>¥103</td> <td>million</td> <td></td> </tr> <tr> <td>Over one year</td> <td>104</td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>207</b></td> <td></td> <td></td> </tr> </table>				Within one year	¥103	million		Over one year	104			<b>Total</b>	<b>207</b>			<table> <tr> <td>Within one year</td> <td>¥64</td> <td>million</td> <td></td> </tr> <tr> <td>Over one year</td> <td>74</td> <td></td> <td></td> </tr> <tr> <td><b>Total</b></td> <td><b>138</b></td> <td></td> <td></td> </tr> </table>				Within one year	¥64	million		Over one year	74			<b>Total</b>	<b>138</b>										
Within one year	¥103	million																																					
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3. Lease payments, assumed depreciation, and assumed interest payments				3. Lease payments, assumed depreciation, and assumed interest payments																																			
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Lease payments	¥103	million																																					
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Assumed interest payments	7																																						
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.				4. Calculation method of assumed depreciation Same as 38 <sup>th</sup> year																																			
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.				5. Calculation method of assumed interest payments Same as 38 <sup>th</sup> year																																			

## (Notes on tax effect accounting)

Term Item	38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation	Deferred tax assets (current assets)	Deferred tax assets (current assets)
	Enterprise tax payable ¥40million	Enterprise tax payable ¥46million
	Accrued bonuses 21	Accrued bonuses 43
	Others 8	Others 10
	Total 70	Total 100
	Deferred tax assets (fixed assets)	Deferred tax assets (fixed assets)
	Reserve for retirement allowances ¥122million	Reserve for retirement allowances ¥880million
	Reserve for directors' retirement benefits 117	Reserve for directors' retirement benefits 162
	Past service cost for qualified retirement pension plan 345	Unrealized loss of securities 40
	Unrealized loss of securities 24	Unrealized loss of membership 117
Unrealized loss of membership 115	Unrealized gains or losses	
Others 13	On other securities 35	
Total 738	Total 1,240	
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 %	Legal effective tax rate 42.05 %
	(Adjustment)	(Adjustment)
	No entry of loss from entertainment expense etc. 4.68	No entry of loss from entertainment expense etc. 2.14
	Per capita inhabitant tax 11.62	Per capita inhabitant tax 6.53
	Corporation tax for the previous term 7.97	Corporation tax for the previous term 2.06
	No entry of profit from dividend earned etc. 1.72	No entry of profit from dividend earned etc. 0.81
	Others 4.07	Others 4.03
	Bearing rate of corporation tax or the like after application of tax effect accounting	Bearing rate of corporation tax or the like after application of tax effect accounting
	68,67	47,94

## (Information per share)

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
Net assets per share ¥1,013.69	Net assets per share ¥1,031.54
Current net income per share ¥10.65	Current net income per share ¥33.23
Current net income per share after adjustment of potential shares is not stated because the Company has not issued any bonds with stock option or convertible bond	As at present.

## (Important matters generated later)

38th fiscal year (from January 1, 2000 to December 31, 2000)	39th fiscal year (from January 1, 2001 to December 31, 2001)
_____	_____

4) Supplemental specifications

1) Specifications of securities

i) Marketable securities

(Unit: Million yen)

	Other securities	Other	Issuer name	Investment amount	Book value on balance sheet	Remarks
				Million		
			Nomura Asset Management Co., Ltd. (Money Management Fund)	2,801	2,801	
			Free Financial Fund	1,000	1,000	
			UFJ Partners Asset Management Co., Ltd. (Medium-term government securities fund)	1,204	1,204	
			Daiwa Securities Investment Trust Consignment Co., Ltd. (Money Management Fund)	714	714	
			(Shinko Investment Trust Co., Ltd.) (Money Management Fund)	200	200	
			Asahi Tokyo Investment Trust Management Co., Ltd. (Money Management Fund)	600	600	
			Nikko Asset Management Investment and Trust Co., Ltd. (Medium-term government securities fund)	200	200	
			Total	7,322	7,322	

ii) Investment securities

(Unit: Million yen)

	Other securities	Stock	Issuer name	Number of shares	Book value on balance sheet	Remarks
						Mitsubishi Tokyo Financial Group, Inc.
			Chuo Securities Co., Ltd.	60,000	49	
			Maezawa Kasei Industries Co., Ltd.	36,000	46	
			UFJ Holdings, Inc.	123.78	35	
			Asia Air Survey Co., Ltd.	102,000	30	
			Mizuho Holdings Inc.	81	21	
			Oyo Corp.	17,666	21	
			West Japan System Construction Corp.	74,000	17	
			Maruya Co., Ltd.	9,143	14	
			Tsubasa Securities Co., Ltd.	57,200	14	
			Other	181,196	87	
			Total	537,478.78	401	
	Other securities	Other	Issuer name	Investment amount	Book value on balance sheet	Remarks
				Million		
			UFJ Partners Asset Management Co., Ltd. (Partners Japan Securities Style Select Value Fund)	30	23	
			(Fund of All-star Funds)	10	6	
			Daiwa Securities Investment Trust Consignment Co., Ltd. (Daiwa Value Stocks Open)	30	24	
			Yasuda Kasai Global Asset Management Co., Ltd. (Stock CB Fund)	0	14	
			Nissay Asset Management Investment and Trust Co., Ltd. (Nissay TAA Stocks 70)	0	11	
			Nikko Asset Management Co., Ltd. (Nikko Quants Active Japan)	15	9	
			Fuji Investment Trust Advisory Co., Ltd. (Fuji Three-way Open)	10	9	
			Convertible bonds FORVAL Co., Ltd. First issue	—	4	
			Total		104	



## 2) Specifications of tangible fixed assets and others

(Unit: Million 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	2,903	1,205	72	4,035	1,318	198	2,717	
	Structures	632	75	—	707	294	35	412	
	Machinery and equipment	233	0	—	234	148	15	86	
	Vehicle and delivery equipment	29	—	8	21	19	0	1	
	Furniture and fixtures	554	129	50	634	430	54	203	
	Land	4,578	3	—	4,581	—	—	4,581	
	Temporary construction account	802	577	1,379	—	—	—	—	
	Total	9,734	1,991	1,510	10,215	2,211	305	8,003	
Intangible fixed assets	Leasehold	16	—	—	16	—	—	16	
	Telephone right	22	0	0	22	—	—	22	
	Right of using special facilities	6	0	—	7	3	0	3	
	Software	727	101	—	828	463	147	365	
	Others	1	—	—	1	0	0	0	
	Total	774	102	0	876	467	148	408	
Long-term prepaid expenses		130	8	2	136	115	10	21	
Deferred Assets		—	—	—	—	—	—	—	

Note:

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

Buildings: Increase due to the completion of office building for Kanto Headquarter

1,196 million yen

Temporary construction account: Reduction due to transfer to building account

as a result of the completion of the Kanto Branch Office building

1,379 million yen

### 3) Specifications of capital

(Unit: Million yen)

Category		Opening balance	Increase during the year	Decrease during the year	Closing account	Remarks
Capital		3,025	—	—	3,025	
Already issued shares included	(Issued shares)	(14,159,086shares)	(—shares)	(—shares)	(14,159,086shares)	(Note) 1
	Par value ordinary shares	3,025	—	—	3,025	
	Total	(14,159,086shares)	(—shares)	(—shares)	(14,159,086shares)	
		3,025	—	—	3,025	
Capital reserve and other capital surplus	(Capital reserve)					
	Premium on shares	4,122	—	—	4,122	
	Total	4,122	—	—	4,122	
Profit reserve and voluntary reserve	(Profit reserve)	156	20	—	176	(Note) 2
	(Voluntary reserve)					
	Separate reserve	5,815	150	—	5,965	(Note) 2
	Total	5,971	170	—	6,141	

Note:

1. The number of treasury stocks as at the final day of the fiscal year was 550.
2. 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: Million yen)

Category	Opening balance	Increase during the year	Decrease during the year		Closing balance	Remarks
			Use with purpose	Others		
Allowance for doubtful accounts	1	1	—	1	1	(Note)
Accrued bonuses	353	259	353	—	259	
Reserve for directors' retirement benefits	280	157	49	—	387	

Note:

From within the reductions to the allowance for doubtful accounts in this period, 1 million yen was recorded by low cost accounting.

(2) Details of major assets/liabilities

1) Assets section

i) Cash and bank deposits

(Unit: Million yen)

Category		Amount	Remarks
Cash on hand		8	
Type of bank deposits	Checking deposit	420	
	Ordinary deposit	416	
	Special deposit	2	
	Deposit at notice	1,660	
	Time deposit	—	
Sub total		2,499	
Total		2,508	

ii) Notes receivable

(a) Breakdown by client

(Unit: Million yen)

Client name	Amount	Remarks
Taisei Corporation	5	
Total	5	

(b) Breakdown by maturity date

(Unit: Million yen)

Maturity date	Amount	Remarks
January 2001	—	
February	5	
March	—	
April	—	
May	—	
Total	5	

iii) Accounts receivable from completed services

(a) Breakdown by client

(Unit: Million yen)

Client	Amount	Remarks
Japanese Government	188	
The Republic of the Philippines	131	
Iwate Prefecture	126	
The Republic of Indonesia	104	
Yamaguchi Prefecture	60	
Shizuoka Prefecture	54	
Saitama Prefecture	43	
Hyogo Prefecture	36	
Foundation of Hokkaido River Disaster Prevention Research Center	30	
Kyoto City	30	
Others	244	including the City of Matsuyama
Total	1,049	

## (b) Generation, collection and remaining of accounts receivable

(Unit: Million 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 $\frac{(A) + (D)}{2}$ $\frac{(B)}{365}$
1,053	3,404	3,408	1,049	76.4%	112.7 days

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: Million yen)

Category	Amount	Remarks
Labor cost	3,175	
Subcontractor cost	3,221	
Expense	1,699	
Total	8,096	

2) Liabilities

i) Accounts payable—Trade

(Unit: Million yen)

Service provider	Amount	Remarks
CTI Engineering International Co., Ltd.	389	
CTI Investigation and Design Co., Ltd.	32	
Mikuniya Corporation Osaka Branch	28	
Shin Doboku Kaihatsu Co., Ltd.	22	
Mates Printing System Co., Ltd.	18	
CTI Engineering Geological Environment Co., Ltd.	16	
Civil Engineering Information Service Co., Ltd.	14	
Asia Sekkei Ltd.	13	
Nihon Fukusha Kogyo Co., Ltd.	11	
Tohoku Information Center Co., Ltd.	11	
Others	715	including Mita Blueprints Ltd.
Total	1,274	

ii) Advances received

(Unit: Million yen)

Client	Amount	Remarks
Japanese Government	2,951	
Nagasaki Prefecture	486	
Japan Highway Public Corporation	333	
Iwate Prefecture	255	
Kagoshima Prefecture	245	
Kumamoto Prefecture	234	
Hyogo Prefecture	209	
Aomori Prefecture	192	
Fukushima Prefecture	169	
Shiga Prefecture	168	
Others	3,665	Including Shizuoka Prefecture
Total	8,913	

(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 UFJ Trust Bank Ltd. 4-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Transfer agent	UFJ Trust Bank Ltd. 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Service offices	Head office and branches of UFJ Trust Bank 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 UFJ Trust Bank Ltd. 4-3 Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Agent	UFJ Trust Bank Ltd. 4-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo	
	Service office	Head office and branches of UFJ Trust Bank Ltd.	
	Service charge for purchase	free of charge	
Media of public notice	Nihon Keizai Shimbun, daily newspaper		
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 38th fiscal year: from January 1, 2000 to December 31, 2000] Submitted to the director of the Kanto Local Finance Bureau on March 30, 2001
2. Semiannual Securities Report [during the 39th fiscal year: from January 1, 2001 to June 30, 2001] Submitted to the director of the Kanto Local Finance Bureau on September 25, 2001.





## Part2: SURETY COMPANY'S INFORMATION

Not applicable