

SECURITIES REPORT

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

Fiscal Year (43rd Term)

(from January 1, 2005 to December 31, 2005)

CTI Engineering Co., Ltd.

21-1, Nihonbashi-hamacho 3-chome, Chuo-ku, Tokyo

(941-172)

43rd Term (from January 1, 2005 to December 31, 2005)

SECURITIES REPORT

1. This securities report is the one obtained by attaching the table of contents to the paginating data on the securities report compiled under Article 24 Section 1 of the Securities and Exchange Law, which was submitted on March 30, 2006 through the Electronic Disclosure for Investors' Network (EDINET) stipulated in Article 27 Section 30.2 of the Law, and by outputting and printing the data.
2. This report does not include documents attached to the securities report submitted using the method mentioned above, but the audit reports are inserted at the end of this report.

(The above-mentioned audit reports are omitted from the English translation.)

CTI Engineering Co., Ltd.

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Cover

Document submitted	Securities report
Legal basis	Section 1, Article 24 of the Securities and Exchange Law
Recipient of document	Director of the Kanto Local Finance Bureau
Date of submission	March 30, 2006
Fiscal Year	43rd term (from January 1, 2005 to December 31, 2005)
Company name	CTI Engineering Co., Ltd.
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Place Available for Public Inspection	Osaka Head Office of CTI Engineering Co., Ltd. (2-15, Otemae 1-chome, Chuo-ku, Osaka) Tokyo Stock Exchange, Inc. (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.

Part1: CORPORATE INFORMATION

CHAPTER 1: General

1. Changes in Major Management Indices

(1) Consolidated Management Indices of the Company

Fiscal year		39th term	40th term	41st term	42nd term	43rd term
Fiscal year-end		December 2001	December 2002	December 2003	December 2004	December 2005
Sales amount	(million yen)	31,071	28,957	27,749	25,771	28,166
Ordinary profit	(million yen)	1,998	2,001	1,756	1,536	1,662
Net income	(million yen)	521	940	885	813	755
Net assets	(million yen)	14,688	15,514	16,270	16,971	17,697
Total assets	(million yen)	32,257	32,958	30,898	32,620	30,377
Net assets per share	(yen)	1,037.40	1,095.96	1,148.25	1,197.86	1,248.99
Net income per share	(yen)	36.84	66.43	61.34	56.23	51.78
Net income per share after adjustment of potential shares	(yen)	-	-	-	-	-
Net worth ratio	(%)	45.5	47.1	52.7	52.0	58.3
Profit ratio of net worth	(%)	3.6	6.2	5.6	4.9	4.4
Price earnings ratio	(times)	14.92	7.31	8.41	12.66	20.70
Cash flow from operating business activities	(million yen)	2,359	2,042	240	1,918	-1,854
Cash flow from investment activities	(million yen)	-525	-350	-100	-753	591
Cash flow from financial activities	(million yen)	-92	-626	-1,872	-223	-22
Closing balance of cash and cash equivalents	(million yen)	9,941	10,973	9,206	10,142	8,875
Number of employees (plus average number of temporary employees)	(persons)	1,042 (364)	1,029 (372)	1,029 (371)	1,037 (378)	1,094 (430)

Note:

1. Sales amount does not include consumption tax
2. Net income per share after adjustment of potential shares is not entered because no potential shares have been issued.

(2) Non-Consolidated Management Indices of the Company

Fiscal year		39th term	40th term	41st term	42nd term	43rd term
Fiscal year-end		December 2001	December 2002	December 2003	December 2004	December 2005
Sales amount	(million yen)	30,339	28,305	26,801	25,050	27,083
Ordinary profit	(million yen)	1,873	1,944	1,717	1,538	1,628
Net income	(million yen)	470	921	875	818	742
Capital stock	(million yen)	3,025	3,025	3,025	3,025	3,025
Number of outstanding shares	(shares)	14,159,086	14,159,086	14,159,086	14,159,086	14,159,086
Net assets	(million yen)	14,605	15,414	16,161	16,867	17,580
Total assets	(million yen)	31,870	32,349	30,363	32,042	29,569
Net assets per share	(yen)	1,031.54	1,088.95	1,140.58	1,190.51	1,240.72
Cash Dividend per share (Interim dividend per share)	(yen)	11.00 (-)	12.00 (-)	12.00 (-)	12.00 (-)	16.00 (-)
Net income per share	(yen)	33.23	65.11	60.68	56.56	50.85
Net income per share after adjustment of potential shares	(yen)	-	-	-	-	-
Net worth ratio	(%)	45.8	47.7	53.2	52.6	59.5
Profit ratio of net worth	(%)	3.3	6.1	5.5	5.0	4.3
Price earnings ratio	(times)	16.55	7.46	8.50	12.58	21.08
Divided Payout ratio	(%)	33.1	18.4	19.7	21.2	31.5
Number of employees (plus average number of temporary employees)	(persons)	989 (360)	979 (372)	978 (371)	985 (378)	1,036 (430)

Note:

1. Sales amount does not include consumption tax.
2. Cash dividend per share for the 40th term includes a special dividend of 1 yen. That for the 41st term includes a dividend of 1 yen paid in commemoration of the 40th anniversary of the Company's foundation.
3. Net income per share after adjustment of potential shares is not entered because no potential shares have been issued.

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
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
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
June 1994	Registered over-the-counter stock with the Japan Securities Dealers Association
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
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
March 1998	Promoted Sendai Branch and Nagoya Branch to Sendai Office and Nagoya Office respectively
April 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
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
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.

Date	Outline
April 2003	CTI Academy Co., Ltd. was established to specialize in training, the conducting of seminars, and other businesses.
April 2004	The operations of CTI Environmental Techno Co., Ltd. were transferred to CTI Chousasekkei, and the latter was renamed as AURA Engineering Co., Ltd.
May 2005	In the company 's 60th year of operations, the head office was relocated to Nihonbashi Hamacho, Chuo-ku, Tokyo.

3. Business Contents

The Company's group consists of CTI Engineering Co., Ltd. (hereinafter "the Company") and 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:

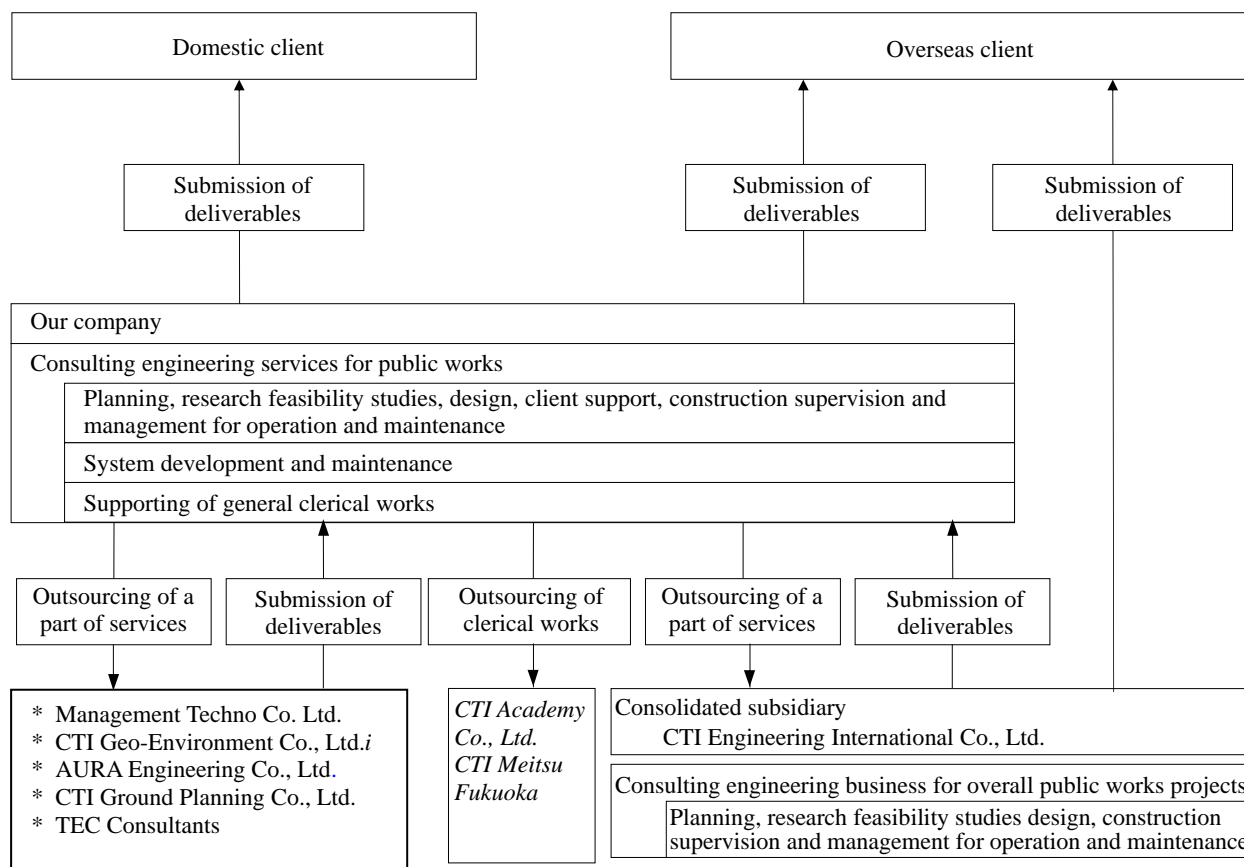
(i) Domestic operations

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.

(ii) 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:

- 1) Subsidiaries marked with asterisks are excluded from consolidation range due to a lower degree of importance concerning scale.
- 2) TEC Consultants was renamed as CIT Wing Co., Ltd. on February 14, 2006.

4. Situation of Subsidiary

Company name	Address	Capital (thousand yen)	Major business contents	Voting right ratio (%)	Relation contents
Consolidated subsidiary CTI Engineering International Co., Ltd.	Chuo-ku, Tokyo	100,000	Engineering consulting overseas market for	70.0	Receiving orders for engineering consulting services in overseas markets with the Company. The Company guarantees some debts.

5. Situation of employees

(1) Consolidation basis

Number of employees (persons)	1,094 (430)
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Note: "Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers for the year is shown in ().

(2) Non-consolidation basis

Number of employees (persons)	Age on average (years old)	Average length of employment (years)	Average yearly wage (yen)
1,036 (430)	40.5	11.7	8,018,922

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

At the submitting company, a labor union has been organized as follows:

- (i) Name: Labor Union of CTI Engineering
- (ii) Umbrella organization: National Federation of Construction Engineering Worker's Unions for Japan
- (iii) Number of union members: 653 (as of December 31, 2005)
- (iv) Other: There is no matter in particular to be mentioned, and labor-management relations are maintained in a stable manner based on mutual trust.

CHAPTER 2: BUSINESS SITUATION

1. Outline of Results

(1) Results

In this consolidated fiscal year there were signs of recovery in the Japanese economy, including improvements in corporate revenues and a gradual increase in both capital investment and consumer spending.

However, in the Group's sphere of business, namely construction consultancy, the trends in the industry did not reflect overall economic growth due to strict budget constraints that were placed on national and local governments and the resulting reduction in spending on public works. Furthermore, with the enactment of the "Public Works Quality Assurance Promotion Law" in April 2005, the selection process for construction consultants became more focused on the evaluation of engineering skills. As a result, competition in terms of both engineering skills and price intensified.

Against this background, the Group increased its emphasis on strategies such as improving engineering skills by securing superior human resources, reviewing organizational structures and the appropriate placement of personnel, and increasing its focus on the development of potential growth markets and cost reduction systems. The Company strived for positive growth through system improvements that were superior in terms of both engineering and price competitiveness.

In strengthening our engineering competitiveness, by fully utilizing our superior skills as a comprehensive construction consulting company and improving our proposal methods (with selection based on engineering ability), our Company was able to greatly increase the number of orders received. In addition, the Company aimed to strengthen its ability to meet client needs by taking advantage of our flexibility, which allows us to respond rapidly to emergency situations such as natural disasters, and our superior in-house cooperative framework. This, in turn, resulted in an increase in orders received. In addition, our Company actively expanded its operations into new areas of business such as client support, soil and groundwater pollution prevention strategies, and new energy vision strategies.

As a result, the Group recorded the following results for this consolidated fiscal year:

Orders received: ¥27,726 million, YoY increase 6.5%.

Income from completed sales: ¥28,166 million, YoY increase 9.3%

Ordinary profit: ¥1,662 million, YoY increase 8.2%.

While net income for this fiscal year declined YoY by 7.2%, due to accounting for an extraordinary loss of ¥755 million resulting from the relocation of our Company's head office, in terms of results the first step in our ongoing recovery has been made.

(2) Cash Flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) decreased YoY by ¥1,266 million compared to the end of the previous year, totaling ¥8,875 billion.

The conditions surrounding cash flow during the current consolidated fiscal year and the factors for increases and decreases in cash flow are as follows:

(Cash flow from operating activities)

Net cash used for operating activities was ¥1,854 million (Consolidated YoY increase - %).

The major reason for this was a reduction of ¥1,650 million in the reserve for retirement benefits that accompanied the establishment of a retirement benefit trust.

(Cash flow from investment activities)

Net cash obtained from investment activities was ¥591 million (Consolidated YoY increase - %).

The major revenue source was the ¥500 million obtained from the redemption of long-term deposits.

(Cash flows from financial activities)

Net cash used for financial activities was ¥22 million (Consolidated YoY decrease 90.2%).

The major reasons for this were a net increase in short-term borrowings of ¥150 million and dividend payments of ¥170 million.

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

Category	Current consolidated fiscal year (From January 1, 2005 to December 31, 2005) (million yen)	Change from the same term in previous year (%)
Engineering consulting	28,166	9.3
Total	28,166	9.3

Note: The amounts are calculated according to the sales prices.

(2) Order receiving situation

Category	Current consolidated fiscal year (From January 1, 2005 to December 31, 2005)			
	Orders received (million yen)	Change from the same term in previous year (%)	Orders in hand (million yen)	Change from the same term in previous year (%)
Engineering consulting	27,726	6.5	26,261	-1.6
Total	27,726	6.5	26,261	-1.6

Note: The amounts are calculated according to the sales prices.

(3) Sales results

1) Sales results

Category	Current consolidated fiscal year (From January 1, 2005 to December 31, 2005) (million yen)	Change from the same term in previous year (%)
Engineering consulting	28,166	9.3
Total	28,166	9.3

Note: 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:

Client	Previous consolidated fiscal year (From January 1, 2004 to December 31, 2004)		Current consolidated fiscal year (From January 1, 2005 to December 31, 2005)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
National Government	9,726	37.3	10,234	36.3

3. Our tasks ahead

Since the National Government budget for spending on public works decreased by 4.4% in FY2005, due to the enactment of the “Public Works Quality Assurance Promotion Law” last year, this will undoubtedly carry over into local government proposal methods (with selection based on engineering ability). It is predicted that engineering competitiveness will intensify due to a reduction in the volume of public works. In addition, while the strict operating environment continues, the budgets for public works will be distributed mainly among the Company’s fields of expertise, namely, disaster prevention and damage limitation, and urban and regional redevelopment. The Company remains confident of its ability to achieve positive results.

Against this background, the Company is continuing to actively introduce the strategies mentioned below in order to be the most competitive in terms of both engineering skills and price, and to secure our recovery.

Firstly, in order to improve engineering skills the Company will continue to secure superior human resources, review internal organizational structures, and ensure the appropriate deployment of personnel.

A falsified quake-resistance data scandal has created major problems within Japan since it was first uncovered last year. Although the Group has been completely uninvolved in carrying out this type of business and, therefore, was not negatively impacted at all, we will continue to improve our quality assurance systems and secure the best possible human resources in order to ensure quality control within the group. By focusing on increasing shareholder satisfaction as well as that of our clients and employees, the Group will also continue to implement strategies to increase corporate value.

4. Business risks

The Group’s business depends greatly on public works, so its business performance may be affected by public works trends.

5. Important agreement related to the management

Not applicable.

6. Research and development

The Group develops business and carries out research and development both in Japan and abroad.

Specifically, investment areas are divided into new business areas and new client needs (strategic research and research into commercialization), and research and development.

During the current consolidated fiscal year, the Group invested a total of ¥575 million to carry out research and development on the following major subjects:

1) Strategic research

- Research and development of management business
- Research in national land and culture (local government body infrastructure accounting modeling, communications technology, heat islands, ubiquitous computing, micro bubble, soft structure, new energy and energy saving measures, landscape, public relations, and public policy)

2) Commercialization research (asset management, international business, regional management, comprehensive management of dam projects, environmental systems, and water systems)

3) Investigative Research (prediction of tsunamis and tidal surges, satellite data transmission services, tunnel related research, eco-road technologies, IT investment cost reduction methods, Ariake Sea environmental rehabilitation, and next generation road transport systems)

7. Analysis of financial conditions and business performance

(1) Financial conditions

(Assets)

At the end of the current consolidated fiscal year, the Group's total assets totaled ¥30.377 billion, down by 6.9% compared to the previous year.

The major reason was a reduction in cash and deposits due to funding the retirement benefit trust.

(Liabilities)

Total liabilities at the end of this consolidated fiscal year were ¥12,600 million, a decrease of 19.1% compared to the end of the previous year.

The major reasons were a decrease in income received from incomplete services that followed on from a reduction in the brought forward services, as well as a decrease in the reserve for retirement benefits due to the establishment of the retirement benefit trust.

(Shareholders' equity)

At the end of the current consolidated fiscal year, shareholders' equity totaled ¥17,697 billion, up by 4.3% over a year earlier. This is mainly because net income for the current term was reported.

(2) Business performance

As of the end of this consolidated fiscal year, orders received amounted to ¥27,726 million, a YoY increase of 6.5%.

While income from completed services was ¥28,166 million, a YoY increase of 9.3%, and ordinary profit also rose by 8.2% to ¥1,662 million, net income for this fiscal year declined by 7.2% to ¥755 million. While ordinary profit exceeded the initial forecast for this fiscal year, net income was 94.4%.

The major reason for this was an increase in income from completed services that was offset against an extraordinary loss for the relocation of the Company's headquarters.

(3) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) decreased by ¥1,266 million compared to the end of the previous year, totaling ¥8,875 billion.

Cash flow used for operating activities was ¥1,854 million compared to the consolidated accounts for the previous fiscal year, a YoY decrease of - %. The main reason for this was a reduction of ¥1,650 million in the reserve for retirement benefits resulting from the establishment of the retirement benefit trust.

Cash flow obtained from investment activities was ¥591 million compared to the consolidated accounts for the previous fiscal year, a YoY increase of - %. The main reason for this was revenues of ¥500 million yen resulting from the redemption of long-term deposits.

Cash flow used for financial activities showed a ¥22 million YoY decrease against consolidated accounts for the previous fiscal year, at 90.2%. The main reasons for this were a net increase in the amount of short-term borrowings of ¥150 million yen and dividend payments of ¥170 million yen.

CHAPTER 3: FACILITIES & EQUIPMENT

1. Outline of Investment into Facilities and Equipment

The Group committed ¥221 million in capital investment to improve its business environment. Of particular note was the relocation of our headquarters to improve both earthquake resistance and the business environment of the Company's offices. New expenditures associated with this relocation, such as investment in facilities and equipment, totaled ¥284 million including capitalization. Expenses for the relocation itself and restoring our old headquarters to its original condition amounted to ¥141 million, which was financed by the Company. In addition, the retirement of facilities and equipment accounted for ¥98 million. This relocation had no impact on the Company's operational capabilities.

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, 2005

Establishment (location)	Business line	Book value (million yen)					Number of employees (persons)
		Buildings and structures	Machinery and delivery equipment	Land (area: m ²)	Others	Total	
Head Office (Chuo-ku, Tokyo)	General administrati on facilities	10	3	–	46	60	59 (10)
Tokyo Head Office (Chuo-ku, Tokyo)	Office	48	–	–	87	136	270 (113)
Tokyo Head Office Saitama Office (Urawa-ku, Saitama)	Office	995	0	772 (1,978)	31	1,800	130 (56)
Research Center Tsukuba (Tsukuba-shi, Ibaraki)	Office and laboratory facilities	458	38	1,937 (50,605)	8	2,442	40 (20)
Yono Dormitory (Chuo-ku, Saitama)	Welfare facilities	361	–	820 (1,565)	2	1,184	– (–)
Kyushu Office (Chuo-ku, Fukuoka)	Office	538	6	1,025 (1,136)	11	1,582	111 (28)

Note: 1. Land area of Research Center Tsukuba includes the area of 14,895 m² leased from a party other than the consolidated company.

2. 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

There are no plans to either introduce to or remove any major equipment from the consolidated accounts for this fiscal year.

CHAPTER 4: STATUS OF THE COMPANY

1. Status of Shares

(1) Total Number of Shares, etc.

(i) Total Number of Shares

Type	Total number of shares to be issued (shares)
Common stock	40,000,000
Total	40,000,000

(ii) Number of Shares Issued

Type	Issued shares as of the end of the fiscal year (shares) (December 31, 2005)	Issued shares as of the date for submission (shares) (March 30, 2006)	Listed stock exchanges or securities dealers association at which the Company's stock is registered	Details
Common stock	14,159,086	14,159,086	Tokyo Stock Exchange First Section	–
Total	14,159,086	14,159,086	–	–

(2) Stock options, etc.

Not applicable.

(3) Change in total number of shares issued and capital stock

Date	Increase/decrease in the total number of shares issued (shares)	Total number of shares issued (shares)	Increase/decrease in capital (million yen)	Capital (million yen)	Increase/decrease in capital reserve (million yen)	Capital reserve (million yen)
February 19, 1999 (Note)	1,287,189	14,159,086	–	3,025	–	4,122

Note: Increase due to stock splits at a ratio of 1 for 1.1 shares

(4) Shareholders

As of December 31, 2005

Category	Distribution of shares (Number of shares per unit: 100 shares)								Shares below a unit (shares)
	Government and local public entities	Financial institutions	Securities companies	Other corporations	Foreign corporations etc.		Individuals etc.	Total	
					Other than Individuals	Individuals			
Number of shareholders (persons)	–	44	18	95	41	3	2,471	2,672	–
Number of shares held (units)	–	40,441	1,707	8,445	17,067	194	73,214	141,068	52,286
Shareholding ratio (%)	–	28.7	1.2	6.0	12.1	0.1	51.9	100.0	–

Note:

1. Among treasury stocks (8,014 stocks), 80 units are counted as “Individuals etc.” and 14 stocks are counted as “Shares below a unit” in the table above. Note that, however, 8,014 is the number indicated on the shareholders’ list. The number of stocks actually held is 7,914 stocks as of December 31, 2005.
2. “Other corporations” and “Shares below a unit” in the table above include 41 units of shares and 72 shares held by the Securities Custody and Transfer Organization respectively.

(5) Major shareholders

As of December 31, 2005

Name	Address	Number of shares held (thousand)	Ratio of the number of shares held against the number of shares issued (%)
CTI Engineering Employees' Stock-sharing Association	21-1, Nihonbashi-hamacho 3-chome, Chuo-ku, Tokyo	1,844	13.0
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	1,009	7.1
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	354	2.5
State Street Bank and Trust Company 505019 (Standing proxy: Mizuho Corporate Bank, Ltd.)	6-7 Nihonbashi-kabutocho, Chuo-ku, Tokyo	341	2.4
Societe Generale Bank and Trust (Standing proxy: HSBC Tokyo Branch)	11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo	312	2.2
UFJ Bank Limited	21-24, Nishiki 3-chome, Naka-ku, Nagoya	303	2.1
Sumitomo Life Insurance Company (Standing proxy: Japan Trustee Services Bank, Ltd.)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	300	2.1
UBSAG London Asia Equities (Standing proxy: UBS Securities)	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	269	1.9
Nihon Life Insurance	2-2, Yurakucho 1-chome, Chiyoda-ku, Tokyo	269	1.9
Daiichi Life Insurance (Standing proxy: Trust & Custody Services Bank, Ltd.)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	269	1.9
Total	—	5,274	37.3

Note: 968,000 of the shares held by The Mater Trust Bank of Japan, Ltd. (trust account) are related to trust operations.

(6) Voting rights

(i) Issued Shares

As of December 31, 2005

Category	Number of shares (stock)	Number of voting rights (votes)	Details
Nonvoting shares	–	–	–
Shares with limited voting rights (Treasury stocks, etc.)	–	–	–
Shares with limited voting rights (Others)	–	–	–
Shares with complete voting rights (Treasury stocks, etc)	(Treasury stocks) Ordinary stocks 7,900	–	–
Shares with complete voting rights (Others)	Ordinary stocks 14,098,900	140,989	–
Shares below a unit	Ordinary stocks 52,286	–	–
Total number of shares issued	14,159,086	–	–
Voting rights of total shareholders	–	140,989	–

Note:

1. Included in “Shares with complete voting rights (others)” are 4,100 shares (41 votes) registered in the name of the Japan Securities Depository Center, Inc.
2. Included in “Shares below a unit” are 14 treasury stocks held by the Company.

(ii) Treasury Stocks, etc.

As of December 31, 2005

Name of owners	Address of owners	Number of shares held in its own name (shares)	Number of shares held disguised ownership (shares)	Total number of shares held (shares)	Ratio of the shares held against the total number of shares issued (%)
CTI Engineering Co., Ltd.	21-1, Nihonbashi-hamacho 3-chome, Chuo-ku, Tokyo	7,900	–	7,900	0.0
Total	–	7,900	–	7,900	0.0

Note: In addition to above, there are 100 stocks (one vote) 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 “Shares with complete voting rights” in the table of “Issued Shares” above.

(7) Contents of the stock option system

Not applicable.

2. Acquisition of Treasury Stocks

(1) Purchase of the Company's Own Shares through a Resolution by the Regular General Meeting of Shareholders or the Meeting of the Board of Directors

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

Not applicable.

(ii) 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

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

Not applicable.

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

Not applicable.

3. Dividend Policy

The Company believes that, to improve its return on investment and have the stable business base necessary for a construction consultancy engaged in operations of a highly public nature, it is critical to maintain an appropriate level of retained earnings. Accordingly, the Company will retain and allocate earnings at the level necessary to maintain its operational readiness, so that it is able to execute new operations systems for future public works, which are predicted to expand, as well as prioritize investment in new fields of technology related to the environment, urban planning, new energy, and business expansion.

As regards the allocation of earnings for this fiscal year, with results showing the first signs of a prolonged recovery, and while maintaining our policy of providing stable dividends, the dividend per share was increased by ¥4 this fiscal year to ¥16 to further improve returns to our shareholders. As in the past, based on a stable dividend policy, the Company will continue to provide returns on shareholder investment by taking into account the dividend payment ratio.

4. Change in Stock Price

(1) Highest and lowest stock prices for the past five fiscal years

Fiscal year	39th term	40th term	41st term	42nd term	43rd term
Fiscal year end	December 2001	December 2002	December 2003	December 2004	December 2005
Highest (yen)	650	639	598	757	1,199
Lowest (yen)	451	462	455	502	630

Note: The highest and lowest stock prices are those marked on the First Section of the Tokyo Stock Exchange.

(2) Highest and lowest stock prices by month for the past six months

Month	July 2005	August 2005	September 2005	October 2005	November 2005	December 2005
Highest (yen)	995	975	1,024	1,115	1,146	1,199
Lowest (yen)	944	856	908	974	1,080	1,060

Note: The highest and lowest stock prices are those marked on the First Section of the Tokyo Stock Exchange.

5. Executive Management

Board member position	Company position	Name	Date of birth	Career		Number of shares held (thousand)
Chairman & Representative Director		Yumio Ishii	December 4, 1935	April 1959 April 1963 June 1975 May 1982 June 1988 March 1991 March 1994 March 1995 March 2003	Joined Civil Engineering Research Laboratory Joined CTI Engineering General Manager, Water Resources Div. I Director & Member of the Board Managing Director Senior Managing Director and Tokyo Office Branch Administrator Vice President & Representative Director President & Representative Director Chairman & Representative Director (present post)	92
President & Representative Director		Kazuya Oshima	July 8, 1946	April 1969 April 1991 April 1994 March 1995 April 1997 March 1998 April 1999 March 2000 March 2001 March 2002 March 2003	Joined CTI Engineering General Manager, Water Resources Div. II, Tokyo Office Chief, Human Intelligence Dept., Tokyo Office Director & Member of the Board Deputy Branch Administrator, Tokyo Office Managing Director Tokyo Office (Tokyo Head Office at present) Branch Administrator Senior Managing Director Vice President Vice President & Representative Director President & Representative Director (present post)	52
Vice President	Principal, Osaka Head Office	Tetsuzo Okada	November 28, 1945	April 1970 July 1976 April 1991 April 1995 March 1997 April 1999 March 2000 March 2003 March 2005 April 2005	Joined "Shin-Nihon Gijutsu Consultant Corp." Joined CTI Engineering General Manager, Highway & Bridges Div. II Osaka Office Deputy Chief, Road & Traffic Dept. Osaka Office Director & Member of the Board and Chief, Road & Traffic Dept. Tokyo Office Deputy Branch Administrator, Tokyo Office Managing Director and Chief, Headquarters Business Development Dept. Senior Managing Director and Administrator of Tokyo Head Office Vice President (present post) Principal, Osaka Head Office (present post)	27

Board member position	Company position	Name	Date of birth	Career	Number of shares held (thousand)
Senior Managing Director	Chief, Headquarters Engineering Dept.	Hiroshi Ide	November 12, 1943	<p>April 1968 Joined CTI Engineering</p> <p>April 1990 General Manager, Urban & Regional Planning Div. Human Intelligence Dept.</p> <p>April 1993 General Affairs Div. General Manager, Tokyo Office</p> <p>April 1997 General Manager, General Affairs Div., Headquarters Management Dept.</p> <p>March 1998 Director & Member of the Board</p> <p>March 1999 Chief, Headquarters Management Dept.</p> <p>March 2000 Managing Director (present post)</p> <p>April 2001 Branch Administrator of Tohoku Office</p> <p>March 2003 Branch Administrator of Osaka Office (present post)</p> <p>March 2005 Senior Managing Director (present post)</p> <p>April 2005 Chief, Headquarters Engineering Dept. (present post)</p>	33
Senior Managing Director	Principal, Tokyo Head Office	Kazunori Yoshioka	January 4, 1946	<p>July 1998 Joined the Japan Institute of Construction Engineering</p> <p>July 2002 Joined CTI Engineering, Chief Engineer of Headquarters Research & Development Dept.</p> <p>March 2003 Managing Director and Chief of Headquarters Research & Development Dept. (present post)</p> <p>March 2005 Senior Managing Director (present post)</p> <p>April 2005 Principal, Tokyo Head Office (present post)</p>	6
Managing Director	Chief, Headquarters Business Development Dept.	Reiichi Abe	November 4, 1949	<p>April 1974 Joined CTI Engineering</p> <p>April 1994 General Manager, Water Resources Div. I, Water Resources Dept., Tokyo Office</p> <p>April 1997 Chief, Water Resources Dept., Tokyo Office</p> <p>April 1999 Deputy Branch Administrator, Osaka Office</p> <p>March 2000 Director & Member of the Board</p> <p>March 2003 Managing Director and Chief of Headquarters Business Development Dept. (present post)</p>	23
Managing Director		Yoshihito Sabase	December 23, 1949	<p>April 1974 Joined CTI Engineering</p> <p>April 1993 General Manager, Information Technology Div., Human Intelligence Dept., Tokyo Office</p> <p>April 1997 Chief, Information & Construction Management Headquarters Tokyo Office</p> <p>March 1999 Chief, Construction Management Headquarters</p> <p>March 2000 Director & Member of the Board</p> <p>April 2000 Management Business Dept. Branch Administrator</p> <p>March 2003 Managing Director (present post) and General Manager of Headquarters Operation Development Dept.</p> <p>March 2005 President & Representative Director of Management Techno Co., Ltd.</p>	18

Board member position	Company position	Name	Date of birth	Career		Number of shares held (thousand)
Managing Director	Principal, Kyushu Office and Okinawa Office	Konomu Uchimura	March 11, 1950	April 1974 April 1994 April 1997 April 1999 March 2000 April 2001 March 2003 March 2006	Joined CTI Engineering General Manager, Water Resources Div. II, Water Resources Dept., Tokyo Office Chief, Human Intelligence Dept., Tokyo Office Deputy Branch Administrator, Tokyo Office Director & Member of the Board Chief, Headquarters Management Dept. (present post) Managing Director (present post) Principal, Kyushu Office and Okinawa Office (present post)	16
Managing Director	General Manager of Management Dept.	Kazuo Murata	September 26, 1951	April 1978 April 1997 April 1999 April 2001 March 2003 April 2003 March 2004 March 2006	Joined CTI Engineering General Manager, Water Resources Div. V, Water Resources Dept. Tokyo Office Chief, Water Resources Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director (present post), Member of the Board and Chief of Headquarters Quality Management Dept. President & Representative Director of CTI Academy (present post) General Manager of Management Planning Dept. and Deputy Chief of Management Div. (present post) Managing Director, General Manager of Management Dept. (present post)	15
Managing Director	Principal, Chubu Office	Yasuki Komatsu	October 15, 1951	April 1976 April 1998 April 1999 April 2001 March 2003 April 2003 March 2006	Joined CTI Engineering General Manager, Road Planning Div., Road and Traffic Dept., Tokyo Office Chief, Road and Traffic Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director & Member of the Board (present post) Deputy Administrator, Tokyo Head Office (present post) Managing Director, Principal of Chubu Office (present post)	15
Director		Keiichi Koya	October 1, 1949	April 1974 April 1994 April 1997 April 1999 March 2000 March 2004 March 2004 February 2006	Joined CTI Engineering General Manager, Environment & Systems Engineering Div., Water Resources Dept. Osaka Office Chief, Water Resources Dept. Osaka Office Deputy Branch Administrator, Fukuoka Office Director & Member of the Board (present post) Branch Administrator, Chugoku Office (present post) Branch Administrator, Chugoku Office (present post) President and Representative Director, CTI Wing Co., Ltd. (present post)	14

Board member position	Company position	Name	Date of birth	Career		Number of shares held (thousand)
Director	Principal, Tohoku Office	Koji Nukazawa	December 9, 1947	May 1999 May 2001 March 2002 April 2002 March 2003	Joined Civil Engineering Research Laboratory Joined CTI Engineering as Chief Engineer, Headquarters Research & Development Dept. Director & Member of the Board (present post) Chief of Headquarters Quality Management Dept. Principal of Tohoku Office (present post)	8
Director	Deputy Principal, Tokyo Head Office	Asao Yu	January 17, 1955	April 1979 April 1997 April 2003 March 2005 April 2005	Joined CTI Engineering General Manager of Technical Dept. of Nagoya Branch, Tokyo Office Deputy Branch Administrator, Tokyo Head Office (present post) Director (present post) Deputy Principal, Tokyo Head Office (present post)	6
Director	Deputy Chief, Headquarters Engineering Dept.	Hiroyori Toyooka	October 5, 1947	April 2001 April 2005 March 2006	Joined Economic Research Association Joined CTI Engineering, Deputy Chief, Headquarters Engineering Dept. (present post) Director (present post)	1
Director	Deputy Principal, Tokyo Head Office	Norio Tomonaga	September 15, 1953	April 1979 April 1998 April 2004 March 2006	Joined CTI Engineering General Manager, Road Div. Technical Dept. IV of Tokyo Office. Deputy Chief of Tokyo Head Office Director, Deputy Principal, Tokyo Head Office (present post)	-
Director	Deputy Principal, Tokyo Head Office	Hideaki Kurita	January 1, 1954	April 1980 April 1998 April 2004 April 2005 March 2006	Joined CTI Engineering General Manager, Technical Dept. of Hiroshima Branch, Osaka Office. Deputy General Manager of Osaka Office Deputy Principal, Tokyo Head Office (present post) Director (present post)	-

Board member position	Company position	Name	Date of birth	Career		Number of shares held (thousand)
Statutory Auditor		Nobuo Imanishi	November 19, 1943	April 1967 April 1991 April 1994 March 1996 April 1997 October 2000 April 2001 March 2003	Joined CTI Engineering General Manager, Water Resources Div., Osaka Office Chief, Water Resources Dept., Osaka Office Director & Member of the Board General Manager, Hiroshima Branch, Osaka Office Deputy Chief of Headquarters Research & Development Dept. Chief of Dam & Geotechnical Promotion Headquarters Statutory Auditor (present post)	53
Auditor		Ken Kamitakahara	February 2, 1944	April 1968 April 1991 April 1996 April 2000 March 2001 April 2001 November 2001 March 2003 April 1968 March 2006	Joined CTI Engineering General Manager, Water Resources Div. I, Tokyo Office Deputy Chief, Engineering and Development Dept. Deputy Branch Administrator, Tohoku Office Director & Member of the Board (present post) Deputy Branch Administrator, Tokyo Head Office President & Representative Director, CTI Environment Techno Co., Ltd. Branch Administrator of Chubu Office of CTI Engineering (present post) Joined CTI Engineering Auditor (present post)	25
Auditor		Kunihiro Horiuchi	April 24, 1943	April 1968 April 1992 April 1996 June 1997 April 1999 March 2000	Appointed as Public Prosecutor Public Prosecutor of Tokyo High Public Prosecutor's Office Public Prosecutor of the Supreme Public Prosecutor's Office Opened Horiuchi General Law Office (present post) Professor at the Law Department, Tokai University (present post) Auditor, CTI Engineering (present post)	—
Auditor		Tomoo Araki	January 1, 1936	April 1965 April 1974 April 1981 April 1989 June 1993 March 1996 February 1998 January 2001 March 2001 April 2001	Appointed as Assistant Judge Prosecutor of Tokyo District Public Prosecutor's Office Judge of Tokyo District Court Judge of Tokyo High Court Director of Tokyo Legal Affairs Bureau Director of Toyama District and Domestic Relations Courts General Judge of Tokyo High Court Registered as attorney (Tokyo Daiichi Law Office) (present post) Auditor, CTI Engineering (present post) Professor at the Law Department, Ryutsu Keizai University (present post)	—
Total						409

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.

6. Corporate governance

(1) Basic policy of corporate governance

As stated in our corporate mission statement, the Company is a construction consultant that plays a role in providing the infrastructure vital for the improvement of the lifestyles of all people. As a member of the construction consultancy profession, it is the Company's basic management policy to conduct its operations in a neutral and independent manner, and to protect the lifestyle enjoyed by ordinary citizens who are the end users of this infrastructure. Therefore, the Company believes that it is necessary to increase the transparency of its management and the effectiveness of its internal control.

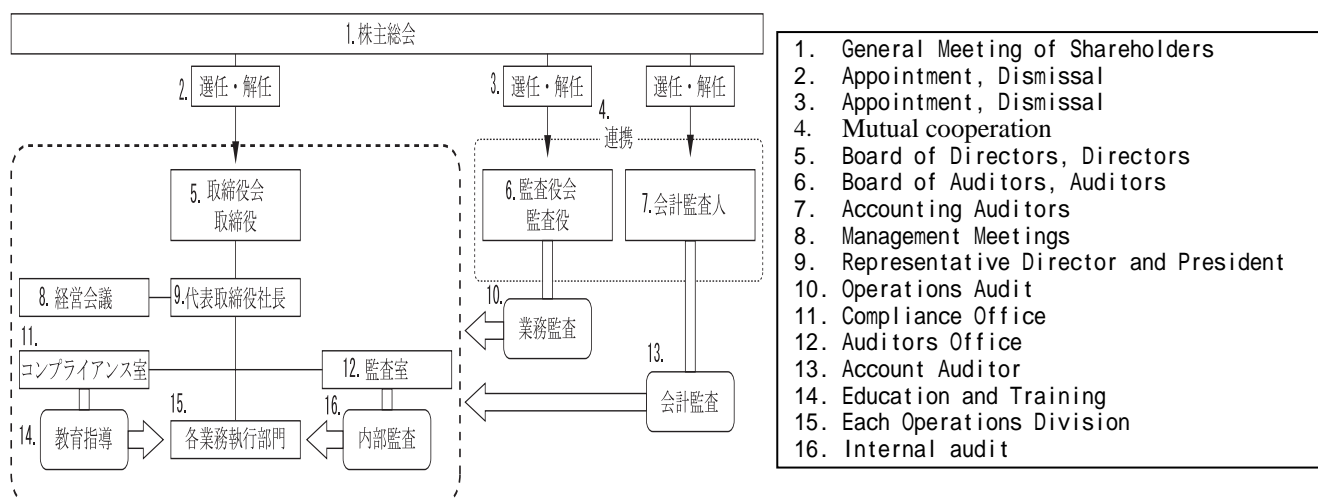
(2) Implementation of corporate governance measures

1) The role of our corporate bodies

Board of Directors meetings, as a general rule, are held once a month. The Board, in addition to passing resolutions on important business matters and other items also required under law, is also responsible for the overall supervision of the conduct of the Company's business. Further, the Board thoroughly discusses both internal and external issues. The Company has to date not appointed any external Directors.

The Company has appointed Auditors. The Auditors, in addition to attendance at Board of Directors meetings and other important meetings within the Company, audits corporate conduct as an independent body. At present 2 of the 3 Auditors are legal practitioners who have been appointed as external Auditors. The appointment of legal practitioners, with their high level of expertise and professional ethics, means that advice can be actively provided at an early stage of the decision-making process and ensures that the audit process is extremely thorough.

The roles of the various bodies within the Company are as shown below.



2) Internal control system

A Compliance Office and Audit Office that are under the direct control of the President have been established, as has a corporate framework that ensures legal compliance by strengthening internal control systems. In addition, one of the legal practitioners appointed as an External Auditor has been requested to provide independent advice to any staff member with concerns as a means of further strengthening the company's in-house operations monitoring system. Furthermore, by entering into consulting agreements with a number of legal firms, the Company has established a system that ensures the timely provision of appropriate advice.

As a further safeguard the Company regularly seeks the advice of its auditing firms to ensure the appropriate

handling of all matters before any problems arise.

(3) Improvement of the risk management system

Risk management of our service's quality is undertaken by Headquarter Engineering Dept. and that of other general matters by the Headquarter Management Dept.

(4) Internal, external and accounts auditing

Internal audits are performed by the Audit Office that has the authority to request additional personnel as required. At present the Audit Office staff is comprised of 1 Audit officer and 3 assisting staff members.

Based on directives from the Board of Auditors, the Auditor performs the audit with his/her assisting staff. Both internal and external Auditors actively contribute to the decision-making process in its early stages to ensure thorough implementation of the Company's auditing system. The Board of Auditors also works in close cooperation with the Accounts Auditor, holding discussions as required, to ensure that both operations and accounting audit functions are mutually strengthened.

Account auditing is performed under an auditing agreement with ChuoAoyama PricewaterhouseCoopers, with the account audits for this consolidated fiscal year being performed by the CPAs, Kouji Kitamoto and Toshiyuki Tanaka, who have been auditing the Company's accounts for the last 12 and 7 years, respectively. In addition, the performance of the Company's audit is assisted by 16 staff members who are mainly CPAs or assistant CPAs.

(5) Executives' compensation

Details	Amount (¥1 million)
Directors' compensation	270
Auditors' compensation	34

(Notes) 1. The above directors' compensation includes retirement gratuities paid to retiring directors.

2. The above Auditors' compensation includes retirement gratuities paid to retiring auditors.

3. In addition to the above directors' compensation, salaries (including bonuses) for the portion of services that directors, also an employee, rendered as an employee totaled ¥62 million.

(6) Auditing firm's compensation

Details	Amount (¥1 million)
Compensation for the preparation of audit certificates based on audit contracts	24
Compensation for other services	-

(3) Implementation of the Company's corporate governance systems in the last year

During the fiscal year ending December 2005, 13 Board of Directors and 13 Board of Auditors meetings were held.

To strengthen the Company's compliance systems, there was a full-fledged revision of both the compliance programs and the compliance manual to ensure the full transparency of compliance guidelines.

In addition to performing the appropriate control of insider information and holding investor meetings, the Company continues to maintain its policy of transparency in business dealings by actively disclosing information in a timely and appropriate manner through avenues such as press releases and dissemination on its website.

CHAPTER 5: STATUS OF ACCOUNTING

1. 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").

In accordance with the provisions of Paragraph 2 of the Additional Rules for the Cabinet Office Ordinance Revising Part of the Regulations on the Terminology, Forms and Method of Preparation of Consolidated Financial Statements (Cabinet Office Ordinance No. 5 of January 30, 2004), the old Regulations on Consolidated Financial Statements apply to the Company's financial statements.

(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").

In accordance with the provisions of Paragraph 2 of the Additional Rules for the Cabinet Office Ordinance Revising Part of the Regulations on the Terminology, Forms and Method of Preparation of Consolidated Financial Statements (Cabinet Office Ordinance No. 5 of January 30, 2004), the old Regulations on Consolidated Financial Statements apply to the Company's financial statements.

2. 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, 2004 to December 31, 2004), the previous fiscal year (from January 1, 2004 to December 1, 2004), the current consolidated fiscal year (from January 1, 2005 to December 31, 2005) and the current fiscal year (from January 1, 2005 to December 31, 2005) were audited by ChuoAoyama PricewaterhouseCoopers. The Company received their audit reports for each fiscal year.

[The above mentioned audit reports, which are inserted at the end of the Japanese original, are omitted from the English translation.]

1. Consolidated Financial Statements and Other Materials

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

Category	Note No.	Current Consolidated Fiscal Year (as of December 31, 2004)		Current Consolidated Fiscal Year (as of December 31, 2005)		
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)	
(Assets)						
I Current assets						
1. Cash and bank deposits			8,034		5,767	
2. Notes receivable and other receivables			725		844	
3. Marketable Securities			2,108		3,108	
4. Prepaid expenses			8,997		8,674	
5. Deferred tax assets			224		290	
6. Others			328		450	
Total current Assets			20,419	62.6	19,135	63.0
II Fixed assets						
(1) Tangible fixed assets						
1. Buildings and structures		4,670		4,313		
Accumulated depreciation		2,064	2,605	1,864	2,449	
2. Machinery and transportation equipment		270		272		
Accumulated depreciation		208	61	219	53	
3. Land			4,581		4,581	
4. Others		687		716		
Accumulated depreciation		532	154	496	220	
Total tangible fixed assets			7,403	22.7	7,304	24.0
(2) Intangible fixed assets						
1. Others			332		295	
Total intangible fixed assets			332	1.0	295	1.0
(3) Investments and other assets						
1. Investment in securities	*1		677		947	
2. Long-term loans receivable			31		21	
3. Deferred tax assets			1,010		881	
4. Others			2,744		1,792	
Total investments and other assets			4,464	13.7	3,642	12.0
Total fixed assets			12,200	37.4	11,242	37.0
Total assets			32,620	100.0	30,377	100.0

Category	Note No.	Current Consolidated Fiscal Year (as of December 31, 2004)		Current Consolidated Fiscal Year (as of December 31, 2005)	
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
(Liabilities)					
I Current liabilities					
1. Accounts payable		1,021		994	
2. Short-term borrowings		250		400	
3. Accrued income taxes		488		373	
4. Advances received		9,837		8,192	
5. Reserve for bonuses		315		460	
6. Others		1,069		1,216	
Total current liabilities		12,983	39.8	11,637	38.3
II Fixed liabilities					
1. Reserve for retirement benefit		2,207		556	
2. Reserve for directors retirement benefits		346		366	
3. Others		36		39	
Total fixed liabilities		2,590	8.0	963	3.2
Total liabilities		15,573	47.8	12,600	41.5
(Minority interest)					
Minority interest		74	0.2	80	0.2
(Capital)					
I Capital	*3	3,025	9.3	3,025	10.0
II Capital surplus		4,122	12.6	4,122	13.6
III Profit surplus		9,692	29.7	10,259	33.7
IV Unrealized gains or losses on other securities		134	0.4	294	1.0
V Treasury stocks	*4	-3	0.0	-5	0.0
Total Shareholders' equity		16,971	52.0	17,697	58.3
Total of liabilities, minority interest and shareholders equity		32,620	100.0	30,377	100.0

(ii) Consolidated Profit and Loss Account

Category	Note No.	Current Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)		Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)	
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
I Sales					
Income from completed services		25,771	100.0	28,166	100.0
II Cost of sales					
Cost of completed services		18,851	73.1	20,976	74.5
Gross profit		6,920	26.9	7,189	25.5
III Selling, general and administrative expenses	*1	5,476	21.3	5,637	20.0
Operating income		1,444	5.6	1,552	5.5
IV Non-operating revenues					
1. Interest earned		10		8	
2. Dividend earned		8		9	
3. Exchange rate gains		-		24	
4. House rent earned		32		31	
5. Insurance dividends earned		16		17	
6. Commissions earned		20		-	
7. Others		43	0.5	32	0.4
V Non-operating expenses					
1. Interest expense		2		2	
2. Loss from revaluation of investment		11		-	
3. Exchange loss		13		-	
4. Commissions paid		10		9	
5. Others		3	0.1	1	0.0
Ordinary profit		1,536	6.0	1,662	5.9
VI Extraordinary gain					
1. Reversal of reserve for doubtful accounts		0	0.0	-	-
VII Extraordinary loss					
1. Loss from fixed assets disposal	*2	8		101	
2. Business establishment relocation expenses		7		165	
3. Loss from dissolution of an affiliated company		4		-	
4. Premium for early retirement		18		21	
5. Others		3	0.2	4	1.0
Net income before income tax		1,494	5.8	1,370	4.9
Corporation tax, inhabitants taxes and enterprise tax		700		655	
Deferred income taxes etc.		-20	2.6	-45	2.2
Minority interest in profit of consolidated Companies		1	0.0	5	0.0
Current net income		813	3.2	755	2.7

(iii) Consolidated Surplus Account

		Current Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
Category	Note No.	Amount (million yen)	Amount (million yen)
(Capital surplus)			
I Opening balance of capital surplus		4,122	4,122
II Increase of capital surplus		-	
III Decrease of capital surplus		-	
IV Closing balance of capital surplus		4,122	4,122
(Profit surplus)			
I Opening balance of profit surplus		8,370	9,692
II Increase of profit surplus			
1. Current net income		885	755
III Decrease of profit surplus			
1. Dividend		169	169
2. Bonuses paid to directors		21	18
IV Closing balance of profit surplus		9,065	10,259

(iv) Consolidated Cash Flow Statement

		Previous Consolidated Fiscal Year (From January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (From January 1, 2005 to December 31, 2005)
Category	Note No.	Amount (million yen)	Amount (million yen)
Cash flow from operating activities			
Current net income before income tax		1,494	1,370
Depreciation and amortization		388	336
Decrease in allowance for doubtful receivables		0	-
Decrease in reserve for retirement benefit		-241	-1,650
Increase (decrease) in reserve for directors' retirement benefits		-1	19
Increase (decrease) in reserve for bonuses		-40	144
Interest and dividend earned		-19	-18
Interest payable		2	2
Exchange rate gains		-	-18
Other non-operating expenses		17	1
Loss from fixed assets disposal		8	101
Profit from sales of securities		-8	-7
Unrealized loss of membership		3	-
Increase (decrease) in sales account		157	-118
Increase (decrease) in prepaid expenses		-628	323
Increase (decrease) in other current assets		95	-47
Increase (decrease) in account payable		217	-27
Increase (decrease) in advances received		822	-1,645
Payment of directors' bonuses		-17	-18
Increase (decrease) in other current liabilities		-60	147
Increase (decrease) in other fixed liabilities		-1	3
Subtotal		2,188	-1,100
Received interest and dividend		18	19
Interest payment		-2	-2
Payment of corporation income tax etc.		-285	-770
Cash flow used for operating activities		1,918	-1,854
Cash flow from investment activities			
Payments for acquisition of investment securities		0	0
Proceeds from sales of investment securities		0	1
Payments for acquisition of tangible fixed assets		-29	-221
Payments for acquisition of intangible fixed assets		-166	-66
Payments for loans		-219	-300
Income from loan collection		220	237
Income from cancellation of long term deposits		-	500
Other payments for investment		-752	-269
Other income from investment		195	711
Cash flow provided by investment activities		-753	591
Cash flow from financial activities			
Income from short-term borrowing		300	820
Payment of short-term borrowing		-350	-670
Payment of long-term borrowing		0	-2
Dividend payment		-169	-170
Dividend payment for minority shareholders		-3	-
Cash flow used for financial activity		-223	-22
Effect in fluctuation of exchange rate for cash and cash equivalents		-5	-18
Increase (decrease) in cash and cash equivalents		936	-1,266
Opening balance of cash and cash equivalents		9,206	10,142
Closing balance of cash and cash equivalents		10,142	8,875

Basic Important Matters for Preparation of Consolidated Financial Statements

Item	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
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: 8 Non-consolidated subsidiaries: Management Techno Co., Ltd Construction Technologies Research Geological Environment Co., Ltd AURA Engineering Co., Ltd. (CTI Investigation Design Co., Ltd. changed the title to AURA Engineering Co., Ltd. as of April 1, 2004) CTI Academy Co., Ltd CTI Ground Planning Co., Ltd. Tech Consultants Co., Ltd. CTI Mates Fukuoka Co., Ltd CTI Environment Techno Co., Ltd. was dissolved as of May 31, 2004.</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, surplus and others of the current term 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: 8 Non-consolidated subsidiaries: Management Techno Co., Ltd Construction Technologies Research Geological Environment Co., Ltd AURA Engineering Co., Ltd. CTI Academy Co., Ltd CTI Ground Planning Co., Ltd. Tech Consultants Co., Ltd. (Renamed as CTI Wing Co., Ltd on February 14, 2006) 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>(1) Number of non-consolidated subsidiaries to which the equity method is applied: As at present.</p>

Item	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
3. Fiscal year of the consolidated subsidiary	<p>(2) Non-consolidated subsidiaries to which the equity method is not applied</p> <p>Management Techno Co., Ltd., Construction Technologies Research Geological Environment Co., Ltd., AURA Engineering Co., Ltd., CTI Academy Co., Ltd., CTI Ground Planning 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 profit 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>The fiscal year of the consolidated subsidiary ends on the consolidated closing date.</p>	<p>(2) Non-consolidated subsidiaries to which the equity method is not applied</p> <p>Management Techno Co., Ltd., Construction Technologies Research Geological Environment Co., Ltd., AURA Engineering Co., Ltd., CTI Academy Co., Ltd., CTI Ground Planning Co., Ltd., Tech Consultants Co., Ltd., (Renamed as CTI Wing Co., Ltd. on February 14, 2006) CTI Mates Fukuoka Co., Ltd. have only a slight influence on the consolidated net profit and loss and the profit 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>As at present.</p>
4. Accounting standard (1) Valuation base and valuation method of important assets	<p>1) Securities 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 by moving average method.</p> <p>2) Inventories Prepaid expenses for uncompleted services -- Cost method by job cost system</p>	<p>1) Securities As at present.</p> <p>2) Inventories As at present.</p>

Item	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
(2) Depreciation and amortization method of important depreciable assets	<p>1) Tangible fixed assets -- Declining balance method. However, the straight-line method is adopted for the buildings (excluding the facilities attached to the buildings) acquired on and after April 1, 1998.</p> <p>Further, the average life expectancy is as set forth below.</p> <p>Buildings: 15 50 years</p> <p>2) Intangible fixed assets ... Straight-line method. For software, the straight-line method based on the usable period in the Company (5 years) is adopted.</p>	<p>1) Tangible fixed assets ... Declining balance method. As at present.</p> <p>2) Intangible fixed assets ... Straight-line method. As at present.</p>
(3) Entry standard of important reserves and allowances	<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 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 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. As regards the accounting disparity, expenses shall be disposed of from the next fiscal 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>1) Reserve for doubtful accounts As at present.</p> <p>2) Reserve for bonuses As at present.</p> <p>3) Reserve for retirement allowances 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. As regards the accounting disparity, expenses shall be disposed of from the next fiscal 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. The Company also established a retirement benefit trust during this consolidated fiscal year.</p>

Item	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
(4) Accounting treatment of important lease transactions	<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.</p>	<p>4) Reserve for directors' retirement benefits As at present.</p>
(5) Other important matters for preparation of the consolidated financial statements	<p>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.</p>	<p>As at present.</p>
5. Valuation of assets and liabilities of the consolidated subsidiary	<p>1) Accounting treatment of consumption tax Tax exclusion method is adopted.</p>	<p>1) Accounting treatment of consumption tax As at present.</p>
6. Amortization of consolidated adjustment account	<p>For valuation of assets and liabilities of the consolidated subsidiary, the overall current value method is adopted.</p>	<p>As at present.</p>
7. Treatment of appropriation items	<p>Not applicable.</p>	<p>As at present.</p>
8. Range of fund in the consolidated cash flow account	<p>The consolidation surplus account is prepared according to the appropriation fixed in the consolidated fiscal year for appropriation of profit at the consolidated company.</p>	<p>As at present.</p>
	<p>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.</p>	<p>As at present.</p>

Change in presentation of accounts

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
<p>(Consolidated Profit and Loss Statement)</p> <p>1. In the previous consolidated fiscal year, losses from revaluation of investment were included in "Others" for non-operating revenues. They are reported, however, under a new section starting in the current consolidated fiscal year because their amount exceeds 10/100 of non-operating revenues. Commissions earned during the previous fiscal year totaled 6 million yen.</p>	<p>(Consolidated Profit and Loss Statement)</p> <p>1. "Commissions earned," which was recorded as a separate item in the accounts for the previous consolidated fiscal year, is now included under "Others" in this consolidated fiscal year, as this amount is less than 10/100 of non-operating revenues. The amount of "Commissions earned" in this consolidated fiscal year totaled 4 million yen.</p> <p>2. "Valuation loss on investments," which was recorded in non-operating costs in the accounts for the previous consolidated fiscal year, is now included under "Others" in this consolidated fiscal year, as this amount is less than 10/100 of non-operating costs. The amount of "Valuation loss on investments" in this consolidated fiscal year totaled 0 million yen.</p>

Additional Information

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
	<p>"The Law Concerning a partial Amendment to the Local Tax Law" (Law No. 9, 2003) was promulgated on March 31, 2003 and has applied to the introduction of pro-forma standard taxation for all fiscal years that commenced on or after April 1, 2004. Therefore, in accordance with "Practical treatment of the portion of profit and loss statement with pro-forma standard taxation under the Corporate Taxation Law" (Corporate Accounting Standards Committee Practical Application Report No. 12, Feb. 13, 2004), the direct ratio of added value and the ratio of shareholders equity are accounted for under selling, general and administrative expenses.</p> <p>As a result selling, general and administrative expenses increased by ¥64 million, while operating income, ordinary profit and net income before income tax decreased ¥64 million.</p>

(Notes on Consolidated Profit and Loss Account)

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)					Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)			
*1 Major items and amounts among selling, general and administrative expenses are as follows:					*1 Major items and amounts among selling, general and administrative expenses are as follows:			
Wages and allowances 1,870 million yen					Wages and allowances 1,898 million yen			
Bonuses 320					Bonuses 322			
Transferred reserve for bonuses 95					Transferred reserve for bonuses 117			
Retirement allowances 10					Retirement allowances 1			
Retirement benefit expenses 178					Retirement benefit expenses 237			
Transferred reserve for directors' retirement benefits 36					Transferred reserve for directors' retirement benefits 56			
Research and investigation expenses 554					Research and investigation expenses 575			
* 2 Loss from fixed assets disposal can be broken down as follows:					* 2 Loss from fixed assets disposal can be broken down as follows:			
	Loss from fixed assets write-off (million yen)	Loss from fixed assets cancellation (million yen)	Loss from fixed assets selling (million yen)	Total (million yen)		Loss from fixed assets write-off (million yen)	Loss from fixed assets cancellation (million yen)	Total (million yen)
Buildings and structures	1	-	-	1	Buildings and structures	87	-	87
Machine & equipment, and delivery equipment	4	-	-	4	Machine & equipment, and delivery equipment	13	-	13
Tangible fixed assets etc.	2	-	-	2	Tangible fixed assets etc.	0	-	0
Investment and other assets	-	0	0	0	Investment and other assets	-	0	0
Total	8	0	0	8	Total	100	0	101

(Notes on Consolidated Cash Flow Account)

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)				Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)			
1. Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet (as of December 31, 2004)				1. Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet (as of December 31, 2005)			
Cash and bank deposit 8,034 million yen account				Cash and bank deposit 5,767 million yen account			
Marketable securities 2,108 account				Marketable securities 3,108 account			
Total 10,142				Total 8,875			

(Notes on Lease Arrangements)

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)				Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)			
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				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			
	Acquisition cost(million yen)	Accumulated depreciation (million yen)	Closing balance(million yen)		Acquisition cost(million yen)	Accumulated depreciation (million yen)	Closing balance(million yen)
Tangible fixed assets etc.	180	121	59	Tangible fixed assets etc.	119	59	59
Intangible fixed assets etc.	4	2	1	Intangible fixed assets etc.	2	2	1
Total	185	124	60	Total	122	62	59
2. Unexpired lease payment at the end of term Within one year 42 million yen Over one year 20 <hr/> Total 63				2. Unexpired lease payment at the end of term Within one year 29 million yen Over one year 31 <hr/> Total 60			
3. Lease payments, assumed depreciation, and assumed interest payments Lease payments 55 million yen Assumed depreciation 50 Assumed interest 3 payment				3. Lease payments, assumed depreciation, and assumed interest payments Lease payments 48 million yen Assumed depreciation 45 Assumed interest 2 payment			
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)

1. Other securities with fair value

Classification	Type	Previous Consolidated Fiscal Year (as of December 31, 2004)			Current Consolidated Fiscal Year (as of December 31, 2005)		
		Acquisition Cost (million yen)	Consolidated Balance Sheet Recorded Amount (million yen)	Amount Difference (million yen)	Acquisition Cost (million yen)	Consolidated Balance Sheet Recorded Amount (million yen)	Amount Difference (million yen)
Those whose acquisition cost exceeded the amount recorded on the consolidated balance sheet	(1) Shares	248	475	226	259	755	496
	(2) Bonds and Notes						
	(i) National, local bonds	-	-	-	-	-	-
	(ii) Corporate bonds	-	-	-	-	-	-
	(iii) Others	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
	Subtotal	248	475	226	259	755	496
Those whose acquisition cost did not exceed the amount recorded on the consolidated balance sheet	(1) Shares	10	9	0	-	-	-
	(2) Bonds and Notes						
	(i) National, local bonds	-	-	-	1,000	1,000	-
	(ii) Corporate bonds	-	-	-	-	-	-
	(iii) Others	-	-	-	-	-	-
(3) Others	-	-	-	-	-	-	
	Subtotal	10	9	0	1,000	1,000	-
Total		259	485	226	1,259	1,755	496

2. Other securities sold during the previous consolidated fiscal year and the current consolidated fiscal year

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)			Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)		
Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)	Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)
1,225	0	-	1,001	0	-

3. Details of major securities with no fair value

Types	Previous Consolidated Fiscal Year (as of December 31, 2004)	Current Consolidated Fiscal Year (as of December 31, 2005)
	Consolidated Balance Sheet Recorded Amount (million yen)	Consolidated Balance Sheet Recorded Amount (million yen)
(1) Other securities		
(i) Non-listed Shares (excluding over-the-counter shares)	41	41
(ii) Money Management Fund	702	702
(iii) Medium-term government securities fund	706	706
(iv) Free Financial Fund	200	200
(v) Others	500	500

4. Within other securities, predicted redemption value after this settlement date of the consolidated accounts for those bonds that have reached maturity and those that will be held until the end of term.

Type	1 year or less (One million yen)	More than 1 year & within 5 years (One million yen)	More than 1 year & within 5 years (One million yen)	More than 1 year & within 5 years (One million yen)
(1) Bonds and Notes				
(i) National, local bonds	1,000	-	-	-
(i) Corporate bonds	-	-	-	-
(ii) Others	-	-	-	-
(2) Others	-	-	-	-

(Notes on Derivatives Transactions)

In the previous (January 1 to December 31, 2004) and current (January 1 to December 31, 2005) consolidated fiscal years, the Group did not use any derivative transactions, and therefore, there is no applicable information.

(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.

Concerning the pension fund system, the Company has participated in the Japan Civil Engineering Consultants Pension Fund (comprehensive type) since 1971.

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.

The Company also established a retirement benefit trust during this consolidated accounting fiscal year.

(2) Additional explanation of system classification

(i) 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.	-----	

(ii) 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

	Previous Consolidated Fiscal Year (as of December 31, 2004) (million yen)	Current Consolidated Fiscal Year (as of December 31, 2005) (million yen)
(1) Retirement Benefit Obligations	-7,076	-7,346
(2) Pension Assets	4,080	5,026
(3) Retirement Benefit Trust	1,499	1,499
(4) Outstanding Accumulated Retirement Benefit Obligations: (1) + (2) + (3)	-2,996	-819
(5) Unrealized disposal amount arising from disparity at the time of change in accounting standards	-	-
(6) Previously unrecognized accounting disparities.	788	262
(7) Previously unrecognized pre-existing employment obligations (Obligation reduction amount)	-	-
(8) Consolidated Balance Sheet Recorded Net Amount: (4) + (5) + (6) + (7)	-2,207	-556
(9) Previously Paid Pension Assets	-	-
(10) Retirement Benefit Reserves: (6) - (7)	-2,207	-556

Note: Besides the above pension funds, the pension assets computed as a percentage of installment contributions in the comprehensive-type pension fund scheme totaled 5,180 million yen in the previous term's consolidated report and 7,446 million yen in the current term's consolidated report.

3. Retirement Benefit Costs and Related Accounting Items

	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004) (million yen)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005) (million yen)
Retirement Benefit Costs	770	845
(1) Labor costs	446	509
(2) Interest costs	141	144
(3) Expected operating profit (Subtracted)	70	81
(4) Cost disposal amount arising from disparity at the time of change in accounting standards		
(5) Cost disposal Amount arising from accounting disparity	245	261
(6) Temporarily paid retirement amount	6	12

Note: Besides the above listed expenses for retirement allowances, the payments into the comprehensive-type pension fund (borne by corporation) were 245 million yen for the previous fiscal year's consolidated report and 315 million yen for this fiscal year's consolidated report.

4. Items Related to Accounting Standards for Retirement Benefit Obligations

	Previous Consolidated Fiscal Year (as of December 31, 2004) (million yen)	Current Consolidated Fiscal Year (as of December 31, 2005) (million yen)
(1) Discount percentage	2.0%	2.0%
(2) Expected operating profit percentage	2.0%	2.0%
(3) Retirement benefits forecast	Periodic fixed amount standard.	Periodic fixed amount standard.
(4) No. of years for disposal of disparity arising from accounting.	5 years from the next consolidated fiscal year.	5 years from the next consolidated fiscal year.
(5) No. of years for disposal of previous labor obligation.	_____	_____

(Tax effect accounting)

Item	Previous Consolidated Fiscal Year (as of December 31, 2004)	Current Consolidated Fiscal Year (as of December 31, 2005)
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation	Deferred tax assets (current assets)	Deferred tax assets (current assets)
	Accrued enterprise tax 39 million yen	Accrued enterprise tax 40 million yen
	Social insurance premiums for bonuses 14	Social insurance premiums for bonuses 21
	Reserve for bonuses 128	Reserve for bonuses 185
	Others 43	Others 43
	Subtotal 225	Subtotal 290
	Deferred tax liabilities (current liabilities)	
	Unpaid enterprise tax 0 million yen	
	Subtotal 0	
	Net deferred tax assets 224 million yen	
	Deferred tax assets (fixed assets)	Deferred tax assets (fixed assets)
	Reserve for retirement allowances 834 million yen	Reserve for retirement allowances 805 million yen
	Reserve for directors' retirement benefits 142	Reserve for directors' retirement benefits 150
	Unrealized loss of marketable securities 88	Unrealized loss of marketable securities 88
	Unrealized loss of membership 26	Unrealized loss of membership 25
	Others 11	Others 13
	Subtotal 1,103	Subtotal 1,082
	Deferred tax liabilities (fixed liabilities)	Deferred tax liabilities (fixed liabilities)
	Unrealized gains or losses on other securities 92 million yen	Unrealized gains or losses on other securities 201 million yen
	Subtotal 92	Subtotal 201
Net deferred tax assets 1,010 million yen	Net deferred tax assets 881 million yen	

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	Legal effective tax rate		Legal effective tax rate	
		42.05%		40.69%
	(Adjustment)		(Adjustment)	
	No entry of loss from entertainment expense etc.	1.09	No entry of loss from entertainment expense etc.	1.08
	Per capita inhabitant tax	4.20	Per capita inhabitant tax	4.61
	Non-inclusion of gains, including dividends received	-0.36	Non-inclusion of gains, including dividends received	-0.18
	IT related investment promotion tax system	-0.86	IT related investment promotion tax system	-0.83
	Others	-0.66	Others	-0.88
Bearing rate of corporation tax or the like after application of tax effect accounting	45.46	Bearing rate of corporation tax or the like after application of tax effect accounting	44.49	

(Segment Information)

The previous consolidated fiscal year (from January 1, 2004 to December 31, 2004) and the current consolidated fiscal year (from January 1, 2005 to December 31, 2005).

Segment Information by Business Type

The Company's group is engaged in a single business of engineering consulting and incidental services. The Company does not have any other business type and have nothing to be described here.

Segment Information by Location

The Company does not have any consolidated subsidiary located in any country or area outside of Japan or any important overseas branch. The Company has nothing to be described here.

Sales in Overseas Market

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

Transactions with related parties

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)

(Information per Share)

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
Net assets per share 1,197.86 yen	Net assets per share 1,248.99 yen
Current net income per share 56.23 yen	Current net income per share 51.78 yen
Current net income per share after adjustment of potential shares is not stated because the Company has not issued any bonds with stock options or convertible bonds.	As at present.

Note: Basis of calculation of current term net income per share and current term net income per share after adjustment of potential shares

Item	Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)
Current term net income in the consolidated income statement (million yen)	813	755
Current term net income related to common shares (million yen)	795	732
Breakdown of major amounts not belonging to ordinary shareholders (million yen)		
Bonuses for directors based on appropriation of profits	18	22
Amounts not belonging to ordinary shareholders (million yen)	18	22
Average number of common shares for the entire fiscal year (shares)	14,154,055	14,152,134
Breakdown of major current term net income adjustments used to calculate current term net income per share after adjustment of potential shares (million yen)	-	-
Current term net income adjustments (million yen)	-	-
Breakdown of major increases in the number of common shares used to calculate current term net income per share after adjustment of potential shares (million yen)	-	-
Increase in the number of common shares (shares)	-	-
Outline of potential shares that were not included in the calculation of current term net income per share after adjustment of potential shares because they did not have dilution effects	-	-

(Important Matters Generated Later)

Previous Consolidated Fiscal Year (from January 1, 2004 to December 31, 2004)	Current Consolidated Fiscal Year (from January 1, 2005 to December 31, 2005)

(v) Supplemental Specifications for Consolidated Financial Statements

Corporate bonds specification

Not applicable.

Specifications about borrowings

Category	Previous term closing balance (million yen)	Current term closing balance (million yen)	Average rate (%)	Repayment deadline
Short-term borrowings	250	400	0.84	–
Long-term borrowings to be repaid within 1 year	–	–	–	–
Long-term borrowings except those to be repaid within 1 year	–	–	–	–
Other Interest-bearing Liabilities	–	–	–	–
Total	250	400	–	–

Note:

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) Others

Not applicable.

2. Non-Consolidated Financial Statements and Other Materials

(1) Non-Consolidated Financial Statements

(i) Non-Consolidated Balance Sheet

Category	Note No.	Previous fiscal year (as of December 31, 2004)		Current fiscal year (as of December 31, 2005)	
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
(Assets)					
I Current assets					
1. Cash and bank deposits		7,969		5,576	
2. Completed work receivables		607		653	
3. Marketable securities		2,108		3,108	
4. Prepaid expenses		8,655		8,327	
5. Advance payment		102		112	
6. Deferred tax assets		216		275	
7. Short-term loans		157		230	
8. Others		52		86	
Total current Assets		19,870	62.0	18,371	62.1
II Fixed assets					
(1) Tangible fixed assets					
1. Buildings		3,941		3,584	
Accumulated depreciation		1,669	2,271	1,443	2,141
2. Structures		714		714	
Accumulated depreciation		388	326	412	302
3. Machinery and equipment		235		235	
Accumulated depreciation		181	53	189	45
4. Vehicle and transportation equipment		20		20	
Accumulated depreciation		14	6	16	3
5. Furniture and fixtures		677		706	
Accumulated depreciation		524	152	487	218
6. Land			4,581		4,581
Total tangible fixed assets		7,392	23.1	7,292	24.7
(2) Intangible fixed assets					
1. Leasehold			16		16
2. Software			289		253
3. Telephone rights			22		22
4. Right of using special facilities			2		2
5. Others			0		0
Total intangible fixed assets			331		294
(3) Investments and other assets					
1. Investment in securities			525		796
2. Shares of affiliated companies			220		220
3. Investments			10		-
4. Long-term deposit			1,400		900
5. Long-term loan to employees			31		21
6. Long-term prepaid cost			22		17
7. Deferred tax assets			964		819
8. Lease and guarantee deposit			985		568
9. Membership			57		56
10. Insurance reserve fond			229		209
11. Others			0		0

Total investments and other assets		4,448	13.8	3,609	12.2
Total fixed assets		12,172	38.0	11,197	37.9
Total assets		32,042	100.0	29,569	100.0

Category	Note No.	Previous fiscal year (as of December 31, 2004)		Current fiscal year (as of December 31, 2005)	
		Amount (million yen)	(%)	Amount (million yen)	Ratio (%)
(Liabilities)					
I Current liabilities					
1. Accounts payable for services	* 1	1,242		1,163	
2. Short-term borrowings		200		200	
3. Accounts payable		184		194	
4. Accrued income taxes		487		341	
5. Accrued consumption taxes		126		190	
6. Accrued expenses		429		473	
7. Advances received		9,480		7,916	
8. Deposits received		244		254	
9. Revenue received in advance		2		4	
10. Reserve for bonuses		297		435	
Total current liabilities		12,696	39.6	11,173	37.8
II Fixed liabilities					
1. Reserve for retirement benefits		2,162		490	
2. Reserve for directors' retirement benefits		279		284	
3. Others		36		39	
Total fixed liabilities		2,478	7.8	815	2.7
Total liabilities		15,174	47.4	11,989	40.5
(Capital)					
I Capital	* 2	3,025	9.4	3,025	10.2
II Capital surplus					
(1) Capital reserve		4,122		4,122	
Total capital surplus		4,122	12.9	4,122	14.0
III Profit surplus					
(1) Profit reserve		176		176	
(2) Voluntary reserve					
Separate reserve		7,700		8,300	
(3) Current unappropriated profit		1,711		1,665	
Total profit surplus		9,588	29.9	10,142	34.3
IV Unrealized gains or losses on other securities		134	0.4	294	1.0
V Treasury stocks	* 3	-3	0.0	-5	0.0
Total shareholders' equity		16,867	52.6	17,580	59.5
Total of liabilities and shareholders equity		32,042	100.0	29,569	100.0

(ii) Non-Consolidated Profit and Loss Account

Category	Note No.	Previous fiscal year (from January 1, 2004 to December 31, 2004)		Current fiscal year (from January 1, 2005 to December 31, 2005)	
		Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
I Sales					
Income from completed services		25,050	100.0	27,083	100.0
II Cost of sales					
Cost of completed services		18,333	73.2	20,085	74.2
Gross profit		6,716	26.8	6,997	25.8
III Selling, general and administrative expenses					
1. Directors' remuneration		271		248	
2. Salaries and allowances		1,829		1,859	
3. Bonuses		315		315	
4. Provision of reserve for bonuses		94		115	
5. Retirement allowances		8		1	
6. Retirement benefit expenses		172		235	
7. Provision of reserve for directors' retirement benefits		23		42	
8. Legal welfare expenses		350		398	
9. Traveling expenses		281		289	
10. Tax and public imposts		26		121	
11. Depreciation		103		82	
12. Rent expenses		389		322	
13. Research and investigation expenses		554		575	
14. Others		864	21.1	861	20.2
Operating income		1,431	5.7	1,528	5.6
IV Non-operating revenues					
1. Interest earned		9		7	
2. Dividend earned	* 1	15		9	
3. Interest from securities		0		0	
4. Exchange rate gains		-		15	
5. Rent earned	* 1	32		31	
6. Insurance dividends earned		16		16	
7. Commissions earned		20		-	
8. Others		42	0.5	32	0.4
V Non-operating expenses					
1. Interest expense		1		1	
2. Loss from revaluation of investment		11		-	
3. Loss from foreign exchange		3		-	
4. Commissions paid		10		9	
5. Others		3	0.1	1	0.0
Ordinary profit		1,538	6.1	1,628	6.0
VI Extraordinary gain					
1. Reversal of allowance for doubtful accounts		0	0.0	-	-
VII Extraordinary loss					
1. Loss from fixed assets disposal	* 2	8		101	
2. Office moving cost		7		165	
3. Loss from liquidation of affiliated company		4		-	
4. Premium for early retirement		18		21	
5. Others		3	0.2	4	1.1
Net income before income tax		1,496	5.9	1,335	4.9
Corporation tax, inhabitants tax and enterprise tax		689		618	
Deferred income taxes etc.		-11	2.7	-24	2.2
Current net income		818	3.2	742	2.7
Profit brought forward to the next year		893		923	
Current unappropriated profit		1,711		1,665	

Cost Specifications for Completed Services

Category	Note No.	Previous fiscal year (from January 1, 2004 to December 31, 2004)			Current fiscal year (from January 1, 2005 to December 31, 2005)		
		Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)
I Labor cost							
1. Salaries		5,498			5,799		
2. Bonuses		805			967		
3. Provision of reserve for bonuses		202			202		
4. Retirement benefit expense		550			562		
5. Others		1,010	8,067	42.7	1,127	8,660	43.8
II Amount paid to subcontractors			7,284	38.6		7,565	38.3
III Expenses							
1. Traveling expenses		871			916		
2. Printing and copying expenses		774			763		
3. Expendables cost		202			265		
4. Rents		855			827		
5. Depreciation		134			132		
6. Others		695	3,533	18.7	625	3,531	17.9
Current general business expenses			18,885	100.0		19,757	100.0
Opening expenses prepaid for uncompleted services			8,103			8,655	
Total			26,989			28,412	
Closing expenses prepaid for uncompleted services			8,655			8,327	
Current cost of completed services			18,333			20,085	

(Footnote)

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
Cost accounting is according to the job order costing method.	Same as the previous year.

(iii) Statement of Appropriation of Profit

Category	Note No.	Previous fiscal year (March 29, 2005)		Current fiscal year (March 29, 2006)	
		Amount (million yen)		Amount (million yen)	
I Current unappropriated profit			1,711		1,665
II Appropriation of profit					
1. Dividends		169		226	
2. Directors' bonuses		16		20	
3. Auditors' bonuses		1		1	
4. Voluntary reserve					
Separate reserve		600	787	400	648
III Retained earnings carried forward			923		1,017

Note: Dates indicate the one when approval was obtained at the general meeting of shareholders.

Important Accounting Policy

Item	Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
1. Valuation base and method for securities	<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>(1) Shares in subsidiaries and affiliates As at present.</p> <p>(2) Other securities As at present.</p>
2. Valuation base and method for inventories	Expenses prepaid for uncompleted services Cost method by job cost system	Expenses prepaid for uncompleted services As at present.
3. Depreciation of fixed assets	<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>(1) Tangible fixed assets As at present.</p> <p>(2) Intangible fixed assets As at present.</p>
4. Accounting allowances for and reserves	<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) 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>(1) Allowance for doubtful accounts As at present.</p> <p>(2) Reserve for bonuses As at present.</p>

Item	Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
	<p>(3) Reserve for retirement benefits 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. 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>(3) Reserve for retirement benefits 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. 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. The Company also established a retirement benefit trust during this consolidated fiscal year.</p>
<p>5. Accounting for leases</p> <p>6. Accounting for consumption taxes</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.</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>Tax exclusion method is adopted.</p>	<p>(4) Reserve for directors' retirement benefits As at present.</p> <p>As at present.</p> <p>As at present.</p>

Change in presentation of accounts

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
<p>1. In the previous fiscal year, loss from revaluation of investments was included in "Other" for non-operating revenues. They are reported, however, under a new section starting in the current fiscal year because their amount exceeds 10/100 of non-operating revenues. Loss from revaluation of investments during the previous fiscal year totaled 6 million yen.</p>	<p>1. "Commissions earned," which was recorded as a separate item in the accounts for the previous consolidated fiscal year, is now included under "Others" in this consolidated fiscal year, as this amount is less than 10/100 of non-operating revenues. The amount of "Commissions earned" in this consolidated fiscal year totaled 4 million yen.</p> <p>2. "Valuation loss on investments," which was recorded in non-operating costs in the accounts for the previous consolidated fiscal year, is now included under "Others" in this consolidated fiscal year, as this amount is less than 10/100 of non-operating costs. The amount of "Valuation loss on investments" in this consolidated fiscal year totaled 0 million yen.</p>

Additional Information

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
	<p>"The Law Concerning a partial Amendment to the Local Tax Law" (Law No. 9, 2003) was promulgated on March 31, 2003 and has applied to the introduction of pro-forma standard taxation for all fiscal years that commenced on or after April 1, 2004. Therefore, in accordance with "Practical treatment of the portion of profit and loss statement with pro-forma standard taxation under the Corporate Taxation Law" (Corporate Accounting Standards Committee Practical Application Report No. 12, Feb. 13, 2004), the direct ratio of added value and the ratio of shareholders equity are accounted for under selling, general and administrative expenses.</p> <p>As a result selling, general and administrative expenses increased by 64 million yen, while operating income, ordinary profit and net income before income tax decreased by 64 million yen. .</p>

Notes

(Note on Balance Sheet)

Previous fiscal year (as of December 31, 2004)	Current fiscal year (as of December 31, 2005)
<p>* 1 Amount for related companies is included as follows: Account payable-trade 339 million yen</p> <p>* 2 Number of authorized shares 40,000,000 shares Total number of issued shares (ordinary stocks) 14,159,086 shares</p> <p>* 3 Treasury stocks (ordinary stocks) 5,754 shares</p> <p>4 Guarantee of debts The Company guarantees its employees' borrowing from banks (161 million yen) and, the borrowing from banks and advancement of Kensetsu Giken International from banks (275 million yen).</p> <p>5. Dividend restrictions Due to the valuation of securities at market price, net assets increased by 134 million yen. The provision of Article 124 (Paragraph 1) Item 3 of the Enforcement Rules for the Commercial Code places restrictions on allocating an equivalent to this amount for payment of dividends.</p>	<p>* 1 Amount for related companies is included as follows: Account payable-trade 301 million yen</p> <p>* 2 Number of authorized shares 40,000,000 shares Total number of issued shares (ordinary stocks) 14,159,086 shares</p> <p>* 3 Treasury stocks (ordinary stocks) 7,914 shares</p> <p>4 Guarantee of debts The Company guarantees its employees' borrowing from banks (126 million yen) and, the borrowing from banks and advancement of Kensetsu Giken International from banks (245 million yen).</p> <p>5. Dividend restrictions Due to the valuation of securities at market price, net assets increased by 294 million yen. The provision of Article 124 (Paragraph 1) Item 3 of the Enforcement Rules for the Commercial Code places restrictions on allocating an equivalent to this amount for payment of dividends.</p>

(Note on Profit and Loss Statement)

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)																																																																				
<p>* 1 Within non-operating profits, the total amount of profit from affiliated companies was 30 million yen, mainly comprised of the following major items. Received dividends 10 million yen Received rent income 18</p> <p>* 2 Loss from fixed assets disposal can be broken down as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off (million yen)</th> <th>Loss from fixed assets cancellation (million yen)</th> <th>Loss from fixed assets selling (million yen)</th> <th>Total (million yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>1</td> <td></td> <td></td> <td>1</td> </tr> <tr> <td>Furniture and fixtures</td> <td>4</td> <td></td> <td></td> <td>4</td> </tr> <tr> <td>Softwares</td> <td>2</td> <td></td> <td></td> <td>2</td> </tr> <tr> <td>Patent right</td> <td>0</td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>Membership</td> <td></td> <td></td> <td>0</td> <td>0</td> </tr> <tr> <td>Long-term prepaid expenses</td> <td></td> <td>0</td> <td></td> <td>0</td> </tr> <tr> <td>Total</td> <td>8</td> <td>0</td> <td>0</td> <td>8</td> </tr> </tbody> </table>		Loss from fixed assets write-off (million yen)	Loss from fixed assets cancellation (million yen)	Loss from fixed assets selling (million yen)	Total (million yen)	Buildings	1			1	Furniture and fixtures	4			4	Softwares	2			2	Patent right	0			0	Membership			0	0	Long-term prepaid expenses		0		0	Total	8	0	0	8	<p>* 1 Within non-operating profits, the total amount of profit from affiliated companies was 24 million yen, mainly comprised of the following major items. Received dividends 2 million yen Received rent income 16</p> <p>* 2 Loss from fixed assets disposal can be broken down as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>Loss from fixed assets write-off (million yen)</th> <th>Loss from fixed assets cancellation (million yen)</th> <th>Total (million yen)</th> </tr> </thead> <tbody> <tr> <td>Buildings</td> <td>87</td> <td></td> <td>87</td> </tr> <tr> <td>Furniture and fixtures</td> <td>13</td> <td></td> <td>13</td> </tr> <tr> <td>Softwares</td> <td>0</td> <td></td> <td>0</td> </tr> <tr> <td>Membership</td> <td></td> <td></td> <td>0</td> </tr> <tr> <td>Long-term prepaid expenses</td> <td></td> <td>0</td> <td>0</td> </tr> <tr> <td>Total</td> <td>100</td> <td>0</td> <td>101</td> </tr> </tbody> </table>		Loss from fixed assets write-off (million yen)	Loss from fixed assets cancellation (million yen)	Total (million yen)	Buildings	87		87	Furniture and fixtures	13		13	Softwares	0		0	Membership			0	Long-term prepaid expenses		0	0	Total	100	0	101
	Loss from fixed assets write-off (million yen)	Loss from fixed assets cancellation (million yen)	Loss from fixed assets selling (million yen)	Total (million yen)																																																																	
Buildings	1			1																																																																	
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Total	8	0	0	8																																																																	
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Membership			0																																																																		
Long-term prepaid expenses		0	0																																																																		
Total	100	0	101																																																																		

(Notes on lease arrangements)

Previous fiscal year (from January 1, 2004 to December 31, 2004)				Current fiscal year (from January 1, 2005 to December 31, 2005)			
Finance lease transactions other than those by which the ownership of the leased assets is to be transferred to leasees				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				1. Assumed data as to acquisition cost, accumulated depreciation and closing balance			
	Acquisition cost (million yen)	Accumulated depreciation (million yen)	Closing balance (million yen)		Acquisition cost (million yen)	Accumulated depreciation (million yen)	Closing balance (million yen)
Furniture and fixtures	180	121	59	Furniture and fixtures	119	59	59
Software	4	2	1	Software	2	2	0
Total	185	124	60	Total	122	62	59
2. Unexpired lease payment at the end of term				2. Unexpired lease payment at the end of term			
Within one year 42 million yen				Within one year 29 million yen			
Over one year 20				Over one year 31			
Total 63				Total 60			
3. Lease payments, assumed depreciation, and assumed interest payments				3. Lease payments, assumed depreciation, and assumed interest payments			
Lease payments 55 million yen				Lease payments 48 million yen			
Assumed depreciation 50				Assumed depreciation 45			
Assumed interest payments 3				Assumed interest payments 2			
4. Calculation method of assumed depreciation				4. Calculation method of assumed depreciation			
Straight-line method using the lease period as the service life and considering the residual value to be zero.				As at present.			
5. Calculation method of assumed interest payments				5. Calculation method of assumed interest payments			
The difference between total lease payments and acquisition costs of the leased assets is considered the assumed interest. Interest method is used for its allocation to each period.				As at present.			

(Notes on securities)

Previous fiscal year (as of December 31, 2004)	Current fiscal year (as of December 31, 2005)
Current market value was not used for any of the subsidiaries.	As at present.

(Notes on tax effect accounting)

Item	Previous fiscal year (as of December 31, 2004)	Current fiscal year (as of December 31, 2005)
1. Breakdown by major cause of deferred tax assets and deferred tax credits generation	Deferred tax assets (current assets)	Deferred tax assets (current assets)
	Accrued enterprise tax 39 million yen	Accrued enterprise tax 37 million yen
	Social insurance premiums for bonuses 13	Social insurance premiums for bonuses 20
	Reserve for bonuses 121	Reserve for bonuses 175
	Others 42	Others 43
	Subtotal 216	Subtotal 275
	Deferred tax assets (fixed assets)	Deferred tax assets (fixed assets)
	Reserve for retirement allowances 816 million yen	Reserve for retirement allowances 778 million yen
	Reserve for directors' retirement benefits 113	Reserve for directors' retirement benefits 115
	Unrealized loss of securities 88	Unrealized loss of securities 88
	Unrealized loss of membership 26	Unrealized loss of membership 25
	Others 10	Others 13
	Subtotal 1,056	Subtotal 1,021
	Deferred tax liabilities (fixed liabilities)	Deferred tax liabilities (fixed liabilities)
	Unrealized gains or losses on other securities 92 million yen	Unrealized gains or losses on other securities 201 million yen
	Subtotal 92	Subtotal 201
	Net deferred tax assets 964 million yen	Net deferred tax assets 819 million yen

Item	Previous fiscal year (as of December 31, 2004)	Current fiscal year (as of December 31, 2005)		
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	40.69%
	(Adjustment)		(Adjustment)	
	No entry of loss from entertainment expense etc.	0.98	No entry of loss from entertainment expense etc.	1.03
	Per capita inhabitant tax	4.18	Per capita inhabitant tax	4.71
	No entry of profit from dividend earned etc.	-0.36	No entry of profit from dividend earned etc.	-0.19
	IT related investment promotion tax system	-0.86	IT related investment promotion tax system	-0.85
	Others	-0.71	Others	-0.94
	Bearing rate of corporation tax or the like after application of tax effect accounting	45.28	Bearing rate of corporation tax or the like after application of tax effect accounting	44.45

(Information per share)

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)
Net assets per share 1,190.51 yen	Net assets per share 1,240.72 yen
Current net income per share 56.56 yen	Current net income per share 50.85 yen
Current net income per share after adjustment of potential shares is not stated because there no potential shares.	As at present.

(Note) Basis of calculation of current term net income per share and current term net income per share after adjustment of potential shares

Item	Previous fiscal year (January 1, 2004 to December 31, 2004)	Current fiscal year (January 1, 2005 to December 31, 2005)
Current term net income in the income statement (million yen)	818	742
Current term net income related to common shares (million yen)	800	719
Breakdown of major amounts not belonging to ordinary shareholders (million yen)		
Bonuses for directors based on appropriation of profits	18	22
Amounts not belonging to ordinary shareholders (million yen)	18	22
Average number of common shares for the entire fiscal year (shares)	14,154,055	14,152,134
Breakdown of major current term net income adjustments used to calculate current term net income per share after adjustment of potential shares (million yen)	-	-
Current term net income adjustments (million yen)	-	-
Breakdown of major increases in the number of common shares used to calculate current term net income per share after adjustment of potential shares (million yen)	-	-
Increase in the number of common shares (shares)	-	-
Outline of potential shares that were not included in the calculation of current term net income per share after adjustment of potential shares because they did not have dilution effects	-	-

(Important matters generated later)

Previous fiscal year (from January 1, 2004 to December 31, 2004)	Current fiscal year (from January 1, 2005 to December 31, 2005)

(iv) Supplemental specifications

Specifications of securities

Shares

		Issuer name	Number of shares	Book value on balance sheet (million yen)
Investment securities	Other investment securities	Mitsubishi UFJ Financial Group, Inc.	145	232
		T&D Holdings, Inc.	19,200	150
		Mizuho Financial Group, Inc.	81	75
		Maezawa Kasei Industries Co., Ltd.	36,000	72
		Asia Air Survey Co., Ltd.	102,000	57
		West Japan System Construction Corp.	74,000	33
		Kuwayama Corporation	26,400	29
		Chuo Securities Co., Ltd.	60,000	24
		Oyo Corp.	17,666	22
		METOCEAN ENVIRONMENT INC.	17,000	21
		Others (16 issuers)	93,367	76
Total			445,859	796

Bonds and Notes

Type and Name			Total Par Value (Yen)	Balance Sheet Recorded Amount (One million yen)
Securities	Other Securities	2-year medium-term government securities fund No.216	1,000	1,000
Total			1,000	1,000

Other

		Issuer name	Investment amount etc. (shares)	Book value on balance sheet (million yen)
Marketable securities	Other marketable securities	Nomura Asset Management Co., Ltd. (Money Management Fund)	501,254,612	501
		Mitsubishi UFJ Asset Management Co., Ltd. (Medium-term government securities fund)	705,811,898	705
		Daiwa Securities Investment Trust Consignment Co., Ltd. (Money Management Fund)	201,097,088	201
		(Free Financial Fund)	200,229,426	200
		DWS Investment S.A. (Deutsch Money-Plus)	50,000	500
		Total		

Specifications of tangible fixed assets and others

Type of assets	Opening balance (million yen)	Increase during the year (million yen)	Decrease during the year (million yen)	Closing balance (million yen)	Accumulated depreciation or amortization (million yen)	Amortization in the current term (million yen)	Closing balance after deduction (million yen)
Tangible fixed assets							
Buildings	3,941	78	435	3,584	1,443	122	2,141
Structures	714	–	–	714	412	24	302
Machinery and equipment	235	–	–	235	189	7	45
Vehicle and delivery equipment	20	–	–	20	16	2	3
Furniture and fixtures	677	140	111	706	487	61	218
Land	4,581	–	–	4,581	–	–	4,581
Total tangible fixed assets	10,171	219	546	9,843	2,550	218	7,292
Intangible fixed assets							
Leasehold	16	–	–	16	–	–	16
Software	551	65	0	616	363	101	253
Telephone right	22	–	–	22	–	–	22
Right of using special facilities	6	–	–	6	4	0	2
Leasehold	1	–	–	1	0	0	0
Total intangible fixed assets	599	65	0	663	369	101	294
Long-term prepaid expenses	44	5	0	49	31	10	17
Deferred assets							
–	–	–	–	–	–	–	–
Total deferred assets	–	–	–	–	–	–	–

(Note) The major reason for the decrease this fiscal year is as follows:

Buildings. Headquarters and Tokyo headquarters. Office interior refurbishing: 432 million yen

Specifications of capital

Category		Opening balance	Increase during the year	Decrease during the year	Closing account
Capital (million yen)		3,025	–		3,025
Already issued shares included	Ordinary stocks*1 (shares)	(14,159,086)	(–)	(–)	(14,159,086)
	Ordinary stocks (million yen)	3,025	–	–	3,025
	Total (shares)	(14,159,086)	(–)	(–)	(14,159,086)
	Total (million yen)	3,025	–	–	3,025
Capital reserve and other capital surplus	(Capital reserve)				
	Premium on shares (million yen)	4,122	–	–	4,122
	Total (million yen)	4,122	–	–	4,122
Profit reserve and voluntary reserve	(Profit reserve) (million yen)	176	–	–	176
	(Voluntary reserve)				
	Separate reserve*2 (million yen)	7,700	600	–	8,300
	Total (million yen)	7,876	600	–	8,476

Note:

1. The number of treasury stocks as at the final day of the fiscal year was 7,914.
2. Increase during the year mainly caused by reserve from profit disposal in closing of the previous fiscal year.

Specifications of allowances and reserves

Category	Opening balance (million yen)	Increase during the year (million yen)	Decrease during the year (Use with purpose) (million yen)	Decrease during the year (Others) (million yen)	Closing balance (million yen)
Reserve for bonuses	297	435	297	–	435
Reserve for directors' retirement benefits	279	42	36	–	284

(2) Details of major assets/liabilities

1) Assets section

(i) Cash and bank deposits

Category	Amount (million yen)
Cash on hand	3
Type of bank deposits	
Checking deposit	1,895
Ordinary deposit	3,174
Time deposit	500
Special deposit	3
Subtotal	5,573
Total	5,576

(ii) Accounts receivable from completed services

(a) Breakdown by client

Client	Amount (million yen)
Japanese Government	147
Republic of Indonesia	118
Republic of the Philippines	118
Malaysia	34
Fukui Prefecture	33
Kyoto City	21
Saga Prefecture	16
Nagasaki Prefecture	15
Sagamihara City	13
Shiga Prefecture	11
Others	122
Total	653

(b) Generation, collection and remaining of accounts receivable

Balance brought forward (million yen) (A)	Generation in current term (million yen) (B)	Collected amount in current term (million yen) (C)	Balance carried forward (million yen) (D)	Collection ratio (%)	Days of remaining (days) (A)+(D)
				$\frac{(C)}{(A)+(B)} \times 100$	$\frac{2}{(B)}$ 365
607	1,673	1,627	653	71.4	137.5

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.

(iii) Prepaid expenses for uncompleted services

Category	Amount (million yen)
Labor cost	3,702
Subcontractor cost	3,024
Expense	1,599
Total	8,327

2) Liabilities

(i) Accounts payable—Trade

Service provider	Amount (million yen)
CTI Engineering International Co., Ltd.	221
Shin-Doboku Kaihatsu K.K.	25
OSAKA BROADCASTING CORPORATION	24
CTI Grand Planning Co., Ltd.	22
AURA Engineering Co., Ltd.	22
Technical Consultants Co., Ltd.	21
Otsuka Corporation	13
Nagoya Denki Kogyo Co., Ltd.	13
Daishin	12
Meitsu Printing System	11
Others	773
Total	1,163

Note: Technical Consultants Co., Ltd. was renamed as CTI Wing Co., Ltd. on February 14, 2006.

(ii) Advances received

Client	Amount (million yen)
Japanese Government	2,819
Hyogo Prefecture	499
Fukui Prefecture	352
Chiba Prefecture	211
Japan Institute of Construction Engineering	196
Aomori Prefecture	168
Shizuoka Prefecture	153
Yamanashi Prefecture	147
Kanagawa Prefecture	133
TOKYO METROPOLITAN GOVERNMENT	120
Others	3,114
Total	7,916

(3) Other

There is no applicable information.

Chapter 6: Shareholder Related Information

Closing date of account	December 31
Ordinary general meeting of shareholders	In March
Closing of the register of shareholders	Not closed
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 Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	Mitsubishi UFJ Trust and Banking Corporation 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Service offices	Head office and branches Mitsubishi UFJ Trust and Banking Corporation
Transfer fee	Free of charge
New certificate issuance fee	Free of charge
Purchase of shares below one unit of shares	
Place of purchase	Stock Transfer Agency Division Mitsubishi UFJ Trust and Banking Corporation
Agent	Mitsubishi UFJ Trust and Banking Corporation
Service office	Head office and branches Mitsubishi UFJ Trust and Banking Corporation
Service charge for purchase	Free of charge
Media of public notice	Nihon Keizai Shimbun, daily newspaper
Privilege to shareholders	None

Chapter 7: Reference Material

1. Parent Company Information

The Company has no parent company.

2. Other References

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	Fiscal year (42nd fiscal year)	from January 1, 2004 to December 31, 2004	Submitted to the director of the Kanto Local Finance Bureau on March 30, 2005.
(2) Semiannual Securities Report	(during the 43rd fiscal year)	from January 1, 2005 to June 30 2005	Submitted to the director of the Kanto Local Finance Bureau on September 22, 2005.

Part2: SURETY COMPANY INFORMATION

Not applicable.