

SECURITIES REPORT

(Report under Section 1, Article 24 of the Financial Instruments and Exchange Act)

Fiscal Year (50th Term)

(from January 1, 2012 to December 31, 2012)

CTI Engineering Co., Ltd.

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

(941-172)

50th Term (from January 1, 2012 to December 31, 2012)

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 Financial Instruments and Exchange Act, which was submitted through the Electronic Disclosure for Investors' Network (EDINET) stipulated in Article 27 Section 30.2 of the Act, 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 Financial Instruments and Exchange Act
Recipient of document	Director of the Kanto Local Finance Bureau
Date of submission	March 28, 2013
Fiscal Year	50th term (from January 1, 2012 to December 31, 2012)
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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.

Part 1: CORPORATE INFORMATION

CHAPTER 1: GENERAL

1. Changes in Major Management Indices

(1) Consolidated management indices of the Company

Fiscal year		46th term	47th term	48th term	49th term	50th term
Fiscal year-end		December 2008	December 2009	December 2010	December 2011	December 2012
Sales amount	(million yen)	30,786	31,374	30,939	33,646	32,515
Ordinary profit	(million yen)	1,330	1,281	1,279	1,129	1,076
Net income	(million yen)	600	630	634	421	550
Comprehensive income	(million yen)	–	–	–	507	701
Net assets	(million yen)	18,812	19,196	19,658	19,876	20,350
Total assets	(million yen)	30,852	29,970	32,243	30,332	32,319
Net assets per share	(yen)	1,327.14	1,352.78	1,383.80	1,397.99	1,429.83
Net income per share	(yen)	42.45	44.56	44.84	29.83	38.91
Net income per share after adjustment of potential shares	(yen)	–	–	–	–	–
Net worth ratio	(%)	60.8	63.8	60.7	65.2	62.6
Profit ratio of net worth	(%)	3.2	3.3	3.3	2.1	2.8
Price earnings ratio	(times)	16.42	10.39	10.12	17.60	15.50
Cash flow from operating business activities	(million yen)	457	-760	3,025	-1,005	921
Cash flow from investment activities	(million yen)	-208	-536	-1,483	683	-167
Cash flow from financial activities	(million yen)	-279	-402	-696	-238	-476
Closing balance of cash and cash equivalents	(million yen)	7,417	5,717	6,559	6,163	6,448
Number of employees (plus average number of temporary employees)	(persons)	1,415 (491)	1,423 (509)	1,452 (535)	1,557 (495)	1,588 (510)

- Notes: 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		46th term	47th term	48th term	49th term	50th term
Fiscal year-end		December 2008	December 2009	December 2010	December 2011	December 2012
Sales amount	(million yen)	27,833	28,050	27,220	28,416	27,040
Ordinary profit	(million yen)	1,235	1,079	1,121	946	878
Net income	(million yen)	574	510	541	363	463
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)	18,639	18,880	19,225	19,428	19,792
Total assets	(million yen)	28,547	27,195	29,905	27,373	28,228
Net assets per share	(yen)	1,317.81	1,334.97	1,359.42	1,373.83	1,399.57
Cash Dividend per share (Interim dividend per share)	(yen)	16.00 (-)	16.00 (-)	16.00 (-)	16.00 (-)	16.00 (-)
Net income per share	(yen)	40.61	36.08	38.27	25.68	32.81
Net income per share after adjustment of potential shares	(yen)	-	-	-	-	-
Net worth ratio	(%)fwp	65.3	69.4	64.3	71.0	70.1
Profit ratio of net worth	(%)	3.1	2.7	2.8	1.9	2.4
Price earnings ratio	(times)	17.16	12.83	11.86	20.45	18.38
Dividend Payout ratio	(%)	39.4	44.3	41.8	62.3	48.8
Number of employees (plus average number of temporary employees)	(persons)	1,218 (456)	1,238 (474)	1,255 (504)	1,269 (466)	1,270 (475)

- Notes: 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. 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 Nihombashi-koamicho, Chuo-ku, Tokyo
September 1973	Moved the Head Office to Nihombashi-honcho, Chuo-ku, Tokyo
January 1975	Opened Overseas Project Office (Overseas Department at present) in the Head Office to increase the number of overseas project orders
April 1976	Opened Sendai Liaison Office (Tohoku Office at present) in Sendai, Miyagi
September 1976	Opened Nagoya Liaison Office (Chubu Office at present) in Nakamura-ku, Nagoya
April 1977	Opened Hiroshima Liaison Office (Chugoku Office at present) in Hiroshima-shi, Hiroshima
July 1980	Opened Okinawa Liaison Office (Okinawa Office at present) in Urazoe-shi, Okinawa
April 1983	Opened Niigata Liaison Office (Hokuriku Office at present) in Niigata-shi, Niigata and Takamatsu Liaison Office (Shikoku Office at present) in Takamatsu-shi, Kagawa
December 1983	Established “CTI Chousasekai KK” (CTI AURA Co., Ltd. at present) to be exclusively engaged in construction management projects
June 1988	Opened Sapporo Liaison Office (Hokkaido Office at present) in Chuo-ku, Sapporo
July 1989	Opened Front Department to be in charge of hydraulic model experiments for dams, rivers and erosion control
April 1991	Opened Tokyo Office (Tokyo Head Office at present) in Nihombashi-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, Ibaraki
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 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
April 2001	Construction of the Company’s own environmentally friendly headquarters in Urawa City (presently Urawa Ward, Saitama City), Saitama Prefecture.
April 2003	CTI Academy Co., Ltd. was established to specialize in training, the conducting of seminars, and other businesses.
May 2005	In the company’s 60th year of operations, the head office was relocated to Nihombashi Hamacho, Chuo-ku, Tokyo.
June 2006	On June 1, 2006, the Fukuoka Association of Land Readjustment transferred its commercial operations to the Company’s wholly owned subsidiary, Fukuoka Land Readjustment Co., Ltd. (Newly founded and started operation on June 1, 2006) (presently Fukuoka Urban Engineering Co., Ltd.)
January 2008	Established Wuhan CTI-CRSRI Engineering & Environment Co., Ltd. to implement environmental consulting services with Changjiang River Scientific Research Institute
October 2010	The Company’s wholly owned subsidiary, Chi-ken Sogo Consultants Co., Ltd., absorbed the construction consultant business of SUMIKO CONSULTANTS CO., LTD. (presently Sumiko Resources Exploration & Development Co., Ltd.) and started operations.

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, the Company has three consolidated subsidiaries and no affiliates 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

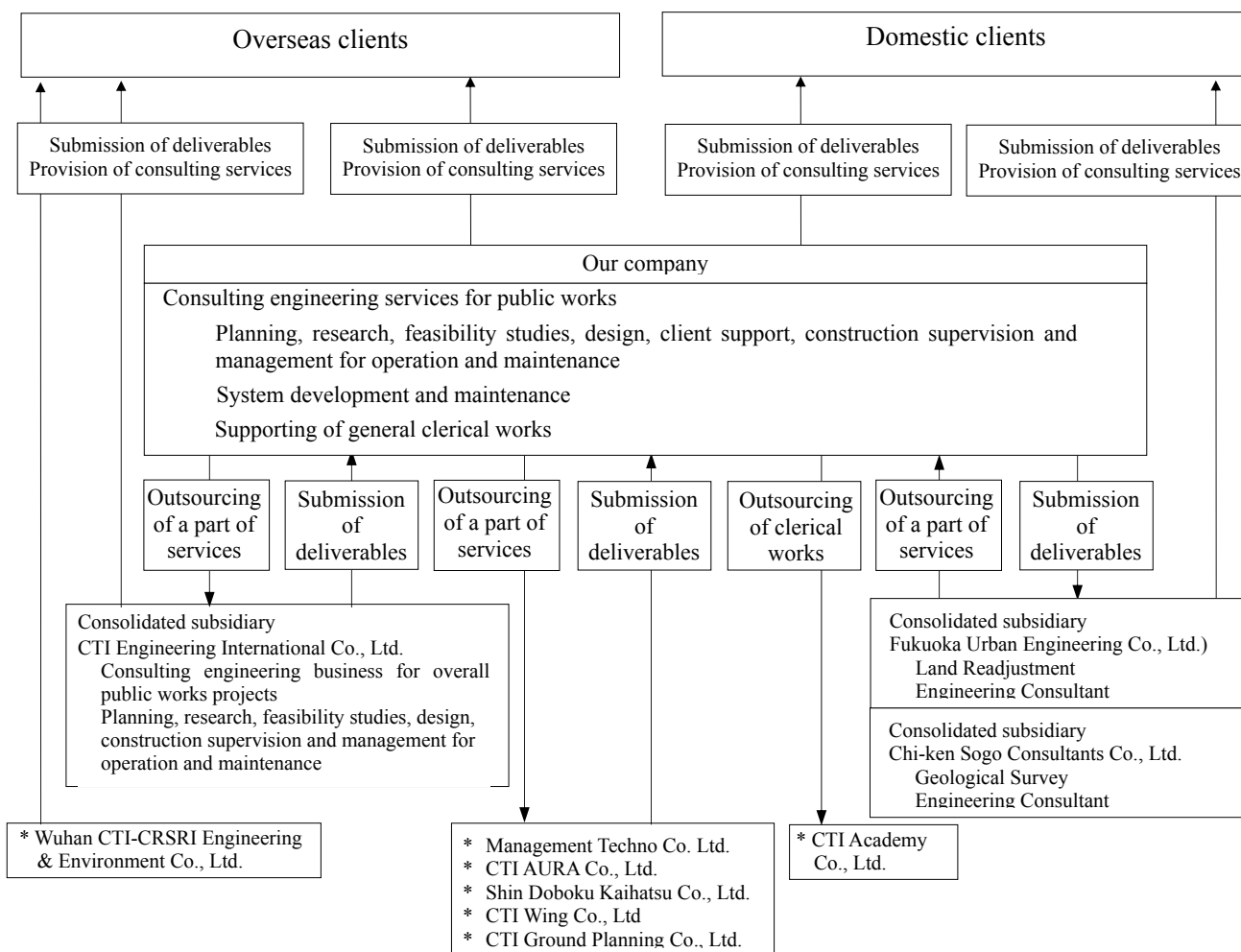
The Company's major consulting engineering services include planning, research, feasibility studies, design, client support, construction supervision, management for operation and maintenance for public works in Japan as well as incidental system development, maintenance and supporting of general clerical works, and land readjustment works. The Company is in charge of all of these operations. Additionally, the Company's subsidiary Fukuoka Urban Engineering Co., Ltd. is mainly in charge of land readjustment and urban redevelopment works. The Company's subsidiary Chi-ken Sogo Consultants Co., Ltd. is mainly in charge of geological work and works related to erosion control.

(ii) Overseas operations

The Company's major overseas business operations are 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. The Company is in charge of these services together with its subsidiary CTI Engineering International Co., Ltd.

Furthermore, the Company's overseas subsidiary, Wuhan CTI-CRSRI Engineering & Environment Co., Ltd., is in charge of water environmental consulting services in China.

The above description is shown in the business chart below.



Note: Companies marked with asterisks are excluded from the scope of consolidation due to a lower degree of importance concerning scale.

4. Situation of Consolidated Subsidiaries

Company name	Address	Capital (million yen)	Major business contents	Voting right ratio (%)	Relation contents
CTI Engineering International Co., Ltd.	Koto-ku, Tokyo	100	Engineering consulting for overseas market	70.0	Receives orders for engineering consulting services in overseas markets. The Company guarantees some debts. Auditor is shared with the Company.
Fukuoka Urban Engineering Co., Ltd.)	Chuo-ku, Tokyo	100	Land readjustment Engineering consulting	100.0	Receives orders for engineering consulting services from the Company. In addition, directly receives orders for land readjustment works, from local governments. Auditor is shared with the Company.
Chi-ken Sogo Consultants Co., Ltd.	Arakawa-ku, Tokyo	100	Geological survey Engineering consulting	100.0	Receives orders for engineering consulting services from the Company. In addition, directly receives orders for geological survey works, from local governments.

5. Situation of Employees

(1) Consolidation basis

As of December 31, 2012

Number of employees (persons)	1,588 (510)
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Note: "Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers during the year is shown in ().

(2) Non-consolidation basis

As of December 31, 2012

Number of employees (persons)	Age on average (years old)	Average length of employment (years)	Average yearly wage (yen)
1,270 (475)	42.23	13.08	7,758,958

Notes: 1. "Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers during 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: 763 (as of December 31, 2012)
- (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

The Japanese economy in the current consolidated fiscal year showed signs of gradual recovery as the demand for recovery from the damages of the Great East Japan Earthquake has begun in earnest. Despite these signs, however, uncertain future conditions persisted due to the yen's prolonged record-high appreciation, the ongoing deflationary trend, and the global economic downturn against the backdrop of sovereign debt crisis in Europe and Japan's strained international relations with neighboring countries.

With regard to construction consultancy, the industry in which the Group is involved, the business environment surrounding the Group showed a trend toward improvement as the national government increased budgetary measures for public works spending by 6.6% YoY in Fiscal 2012 and stopped cutting budgetary measures by local governments for non-subsidized works.

Under these circumstances, the Group has committed all of its strengths and resources to contribute to restoration from the Great East Japan Earthquake, mainly through the endeavors of the Tohoku Reconstruction Promotion Center in accordance with the mid-year business plan 2014 launched in 2012. The Group has also intensively studied disaster-prevention and disaster-mitigation plans to cope with other predictable earthquake and tsunami disaster scenarios such as Tokai, Tonankai, and Nankai earthquakes. The Group has also promoted business development in priority areas such as disaster response to cope with torrential rains, overseas projects, management, urban development, and the environment, while making stronger inroads into new areas, such as harbors and water supply.

Among our consolidated subsidiaries, CTI Engineering International Co., Ltd., an internationally active company, worked on disaster-prevention measures in developing countries using Japanese technologies. Fukuoka Land Readjustment Co., Ltd., a subsidiary specializing in land readjustment and urban redevelopment, engaged in reconstruction businesses closely related to the areas stricken by the Great East Japan Earthquake. Chi-ken Sogo Consultants Co., Ltd., a company specialized in erosion control and soil research, undertook projects to prevent sediment disasters. Our consolidated subsidiaries thus achieved steady results through progressive development in internationalization, earthquake recovery, disaster prevention and disaster mitigation.

As a consequence, orders received during this consolidated fiscal year were 37,707 million yen, a YoY significant increase of 19.3%. Meanwhile, income from completed services was 32,515 million yen, a YoY decrease of 3.4%, and ordinary profit was 1,076 million yen, down by 4.7% YoY. Current net income was 550 million yen, up by 30.4% YoY. Although income from completed services fell below the planned target, ordinary profit was almost as planned and current net income surpassed the planned target.

(2) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) increased by 285 million yen YoY, to a total of 6,448 million yen.

Net cash provided by operating activities was 921 million yen. The major item was a 1,488 million yen increase in prepaid expenses for uncompleted services.

Net cash used for investment activities was 167 million yen. The major items were an 88 million yen payment for acquisition of fixed assets and a 50 million yen payment for acquisition of securities of subsidiaries and affiliates.

Net cash used for financial activities was 476 million yen, a YoY increase of 99.7%. The major items were dividend payments of 226 million yen and repayments of lease obligations of 148 million yen.

2. Production, Orders Received and Sales

The Company's group is engaged in a single business as engineering consulting and incidental services. The Company does not have business categories other than this, and its statements below are shown with a single segment.

(1) Production results

Category	Current consolidated fiscal year (From January 1, 2012 to December 31, 2012) (million yen)	Change from the same term in previous year (%)
Engineering consulting	32,515	-3.4
Total	32,515	-3.4

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

(2) Order receiving situation

Category	Current consolidated fiscal year (From January 1, 2012 to December 31, 2012)			
	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	37,707	19.3	35,131	17.3
Total	37,707	19.3	35,131	17.3

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

(3) Sales results

1) Sales results

Category	Current consolidated fiscal year (From January 1, 2012 to December 31, 2012) (million yen)	Change from the same term in previous year (%)
Engineering consulting	32,515	-3.4
Total	32,515	-3.4

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, 2011 to December 31, 2011)		Current consolidated fiscal year (From January 1, 2012 to December 31, 2012)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
National Government	16,609	49.4	16,018	49.3

3. Our Tasks Ahead

We expect that budget for public works will significantly increase mainly thanks to the emergency economic measures of the national government, and that restoration from the Great East Japan Earthquake will accelerate. Under the National Land Toughening Plan calling for a review of nationwide measures for disaster prevention, disaster mitigation and the redevelopment of social infrastructures for the next generation, together with the various prerequisites for more systematic and strategic maintenance and management of the nation, the roles for a construction consultant are growing more important and more extensive.

We have implemented various structural reforms. On January 1, 2013, for example, we further strengthened the structure of the Tohoku Reconstruction Promotion Center. In addition, to deal with the maintenance, management, and renewal of social infrastructures moving into full swing, we will reorganize and expand the function of Asset Management Services Section of the Tokyo Head Office and rename it the Infrastructure Management Center on April 1, 2013.

Fiscal 2013 is the second year of the mid-year business plan 2014 based on the Group's third mid- and long-term vision (PH00S2015). To steadily bring the plan to a successful close, the Group will promote the strategies listed below.

- 1) Maximum contribution to earthquake restoration
- 2) Promoting structural reforms for our production systems
- 3) Accelerating our launch into new business areas, including harbors and water supply
- 4) Strengthening our efforts to maintain, manage, and renew social infrastructures
- 5) Ensuring high quality through the continuous reformation of our quality control system

In April 2013 we will reach a major milestone, the 50th anniversary of the founding of the Group as a stock company through a reorganization of our precursor, an incorporated foundation, in April 1963.

All of our employees and executives will work together to construct the groundwork for the security and safety of Japan's citizens and the development of society and economy with the sophisticated technologies our company has nurtured for the last half a century and our eagerness to take on new challenges.

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 both in Japan and abroad and carries out research and development necessary for its business.

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

During the current consolidated fiscal year, the Group invested a total of 409 million yen to carry out research and development on the following major subjects:

- 1) Strategic research (research in international business and research in urban business)
- 2) Restoration support (urban design considering disaster prevention, research on bridges with hydrodynamic resistance force and alarm systems for earthquake and flood damage alerts)
- 3) New business model research (project for introducing renewable energy to Kamaishi-shi, Iwate Prefecture, PPP/PFI business development, business development for harbor areas, commercializing the study of small hydroelectric power generation, business development in water supply and industrial water supply areas, study on the commercialization of railways, CM development for local governments and biodiversity business)
- 4) Research in national land and culture (a think tank, infrastructure management methods, a compact city, a mental health city, tourism development, cooperation bases for waterside restoration, composition system of ecology and culture, disaster prevention technology for cultural properties, research and countermeasures against hollowing out)
- 5) Technological research and development (safety for senior drivers, study on the use of 3D data, reconstruction in urban road spaces, study of CommnMP, hybrid hydrologic analysis, estimation of the movements of physical organisms in tidal mud flats, study of driftwood movement, strategic river engineering project, use of an image analyzing system, CTI-ITS development, use of space information of local government, study of slope collapse prediction, study of the optimization of a water reservoir administration, study of risk quantification for different soil types, study for improving flowing-water dams)

7. Analysis of Financial Conditions, Business Performance and Cash Flow

(1) Financial conditions

(Assets)

At the end of the current consolidated fiscal year, the Group's total assets totaled 32,319 million yen, for an increase of 6.5% compared to the previous year. The major item was an increase in prepaid expenses for uncompleted services.

(Liabilities)

Total liabilities at the end of this consolidated fiscal year were 11,969 million yen, for an increase of 14.5% compared to the end of the previous year. The major item was an increase in advances received from uncompleted services.

(Net Assets)

At the end of the current consolidated fiscal year, net assets totaled 20,350 million yen, for an increase of 2.4% over a year earlier. The major item was current net income.

(2) Business performance

As of the end of this consolidated fiscal year, orders received amounted to 37,707 million yen, a YoY increase of 19.3%. Income from completed services was 32,515 million yen, a YoY decrease of 3.4%. Ordinary

profit decreased by 4.7% YoY to 1,076 million yen, and current net income for this consolidated fiscal year increased by 30.4% YoY to 550 million yen.

(3) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) increased by 285 million yen compared to the end of the previous year, totaling 6,448 million yen.

Net cash provided by operating activities was 921 million yen. The major item was a 1,488 million yen increase in prepaid expenses for uncompleted services.

Net cash used for investment activities was 167 million yen. The major items were an 88 million yen payment for acquisition of fixed assets and a 50 million yen payment for acquisition of securities of subsidiaries and affiliates.

Net cash used for financial activities was 476 million yen, a YoY increase of 99.7%. The major items were dividend payments of 226 million yen and repayments of lease obligations of 148 million yen.

CHAPTER 3: FACILITIES & EQUIPMENT

1. Outline of Investment into Facilities and Equipment

The Group committed 35 million yen in capital investment chiefly to perform repair work for improving working conditions at offices and to acquire information equipment for enhancing operational efficiency.

There were no capital investments or sales or dispositions of facilities or equipment that had significant impacts on production capabilities in the current consolidated fiscal year.

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, 2012

Establishment (location)	Business line	Book value (million yen)						Number of employees (persons)
		Buildings and structures	Machinery and delivery equipment	Land (area: m ²)	Lease assets	Other	Total	
Head Office (Chuo-ku, Tokyo)	General administration facilities	10	–	–	17	6	34	98 (2)
Tokyo Head Office (Chuo-ku, Tokyo)	Office	49	–	–	37	32	119	365 (132)
Tokyo Head Office Saitama Office (Urawa-ku, Saitama)	Office	768	0	772 (1,978)	37	11	1,590	141 (75)
Research Center Tsukuba (Tsukuba-shi, Ibaraki)	Office and laboratory facilities	305	12	1,937 (50,605)	5	8	2,269	39 (16)
Yono Dormitory (Chuo-ku, Saitama)	Welfare facilities	237	–	820 (1,565)	–	0	1,057	– (–)
Kyushu Office (Chuo-ku, Fukuoka)	Office	370	2	1,025 (1,136)	51	5	1,454	123 (33)

Notes: 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 during 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

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

(ii) Number of shares issued

Class	Issued shares as of the end of the fiscal year (shares) (December 31, 2012)	Issued shares as of the date for submission (shares) (March 28, 2013)	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	Number of shares in one voting unit: 100 shares
Total	14,159,086	14,159,086	—	—

(2) Stock options, etc.

Not applicable.

(3) Current status of moving strike stock options, etc.

Not applicable.

(4) Rights plan

Not applicable.

(5) 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

(6) Shareholders

As of December 31, 2012

Category	Distribution of shares (Number of shares per unit: 100 shares)								Shares below a unit (shares)
	Government and local public entities	Financial institutions	Financial instruments firm	Other corporations	Foreign corporations etc.		Individuals etc.	Total	
					Other than Individuals	Individuals			
Number of shareholders (persons)	–	29	24	88	54	5	2,711	2,911	–
Number of shares held (units)	–	33,137	1,695	14,770	7,576	195	83,860	141,233	35,786
Shareholding ratio (%)	–	23.5	1.2	10.6	5.4	0.1	59.4	100.0	–

- Notes: 1. Among treasury stocks (17,398 stocks), 173 units are counted as “Individuals etc.” and 98 stocks are counted as “Shares below a unit” in the table above.
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.

(7) Major shareholders

As of December 31, 2012

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, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo	1,872	13.22
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	457	3.23
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	371	2.62
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)	354	2.50
Sumitomo Life Insurance Company (Standing proxy: Japan Trustee Services Bank, Ltd.)	18-24, Tsukiji 7-chome, Chuo-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	300	2.12
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	290	2.04
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	269	1.90
Dai-ichi Life Insurance Company, Limited (Standing proxy: Trust & Custody Services Bank, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	269	1.90
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	388 GREENWICH STREET, NY, NY 10013, USA (3-14, Higashishinagawa 2-chome, Shinagawa-ku, Tokyo)	259	1.82
Daido Life Insurance Company (Standing proxy: Japan Trustee Services Bank, Ltd.)	2-1, Edobori 1-chome, Nishi-ku, Osaka (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	174	1.23
Total	—	4,618	32.62

Note: 455 thousand shares held in The Master Trust Bank of Japan, Ltd. (trust account) and 286 thousand shares held in Japan Trustee Services Bank, Ltd. (trust account) are shares related to trust services.

(8) Voting rights

(i) Issued shares

As of December 31, 2012

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 (Other)	–	–	–
Shares with complete voting rights (Treasury stocks, etc.)	(Treasury stock) Common stock 17,300	–	–
Shares with complete voting rights (Other)	Common stock 14,106,000	141,060	–
Shares below a unit	Common stock 35,786	–	–
Total number of shares issued	14,159,086	–	–
Voting rights of total shareholders	–	141,060	–

- Notes: 1. “Shares with complete voting rights (other)” include 4,100 shares (41 votes) registered in the name of the Japan Securities Depository Center, Inc.
2. “Shares below a unit” include 98 treasury stocks held by the Company.

(ii) Treasury Stocks, etc.

As of December 31, 2012

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, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo	17,300	–	17,300	0.1
Total	–	17,300	–	17,300	0.1

(9) Contents of the stock option system

Not applicable.

2. Acquisition of Treasury Stocks

Class of Shares Acquisition of ordinary shares in accordance with Article 155-7 of the Companies Act.

(1) Acquisition of shares by resolution at a General Shareholders Meeting

None.

(2) Acquisition of shares by resolution at a Board of Directors Meeting

None.

(3) Items not related to resolutions at a General Shareholders Meeting or Board of Directors Meeting

Category	Number of Shares	Total Price (Yen)
Treasury stock acquired in this fiscal year	207	102,500
Treasury stock acquired in this period	—	—

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2013 to the date of the submission of this Securities Report.

(4) Disposal and holding of acquired treasury stock

Category	This Fiscal Year		This Period	
	Number of Shares	Total Amount Received on Divestiture (Yen)	Number of Shares	Total Amount Received on Divestiture (Yen)
Treasury stock acquired by public subscription	—	—	—	—
Treasury stock extinguished	—	—	—	—
Treasury stock acquired due to transfers from mergers, share swaps and company split-offs	—	—	—	—
Other	—	—	—	—
Held Treasury Stock	17,398	—	17,398	—

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2013 to the date of the submission of this Securities Report.

3. Dividend Policy

The Company determines dividends by resolution at a General Shareholders Meeting. While the Company's Articles of Incorporation, pursuant to Article 454-5 of the Companies Act, allow payment of interim dividends, as a general rule, dividends are paid once a year.

In determining dividends, while considering returns to investors, it is critical to maintain an appropriate level of internal reserves to ensure stable operations, as a construction consultancy engaged in operations of a highly public nature, internal reserves are for future use to ensure the necessary funds for business expansion, to execute new operations systems for future public works which are predicted to expand, and for priority investment in new fields of technology related to the environment, urban planning and new energy.

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.

Note: In respect of the dividend for the record date, December 31, 2012, at the 50th Ordinary General Shareholders Meeting held on March 27, 2013, it was resolved to pay a dividend of 16 yen per share (Total dividend payment amount 226 million yen).

4. Change in Stock Price

(1) Highest and lowest stock prices for the past 5 fiscal years

Fiscal year	46th term	47th term	48th term	49th term	50 term
Fiscal year end	December 2008	December 2009	December 2010	December 2011	December 2012
Highest (yen)	741	706	515	670	644
Lowest (yen)	500	424	388	399	445

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 2012	August 2012	September 2012	October 2012	November 2012	December 2012
Highest (yen)	483	500	499	499	512	644
Lowest (yen)	445	445	445	462	470	507

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		Term of office (Note no.)	Number of shares held (thousand)
Chairman & 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 March 2013	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 Branch Administrator Senior Managing Director Vice President & Director Vice President & Representative Director President & Representative Director Chairman & Representative Director (present post)	1	93
President & Representative Director		Kazuo Murata	September 26, 1951	April 1978 April 1997 April 1999 April 2001 March 2003 April 2004 March 2006 April 2009 March 2010 March 2011 April 2011 March 2013	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, Member of the Board and Chief of Headquarters Quality Management Dept. General Manager of Management Planning Dept. and Deputy Chief of Management Div. Managing Director, General Manager of Management Dept. Principal, Kyushu Office and Okinawa Office Director, Managing Executive Officer Senior Managing Executive Officer Principal, Tokyo Head Office President & Representative Director (present post)	1	37
Executive Officer, Vice President & Representative Director	Chief, Corporate Planning Dept.	Reiichi Abe	November 4, 1949	April 1974 April 1994 April 1997 April 1999 March 2000 March 2003 April 2009 March 2010 March 2011	Joined CTI Engineering General Manager, Water Resources Div. I, Water Resources Dept., Tokyo Office Chief, Water Resources Dept., Tokyo Office Deputy Branch Administrator, Osaka Office Director & Member of the Board Managing Director and Chief of Headquarters Business Development Dept. Chief, Corporate Planning Dept. (present post) Senior Managing Executive Officer & Director Executive Officer, Vice President & Representative Director (present post)	1	43

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Executive Officer, Vice President & Representative Director	Chief, Headquarters Engineering Dept.	Konomu Uchimura	March 11, 1950	April 1974 April 1994 April 1997 April 1999 March 2000 April 2001 March 2003 March 2006 April 2009 March 2010 March 2011 April 2011	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. Managing Director Principal, Kyushu Office and Okinawa Office Principal, Tokyo Head Office Senior Managing Executive Officer & Director Executive Officer, Vice President & Representative Director (present post) Chief, Headquarters Engineering Dept. (present post)	1	36
Executive Officer, Vice President & Director	Chief, Headquarters Business Development Dept.	Yasuki Komatsu	October 15, 1951	April 1976 April 1998 April 1999 April 2001 March 2003 April 2003 March 2006 April 2009 March 2010 March 2011 March 2013	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 Deputy Administrator, Tokyo Head Office Managing Director, Principal of Chubu Office Chief of Headquarters Business Development Dept. (present post) Director (present post), Managing Executive Officer Senior Managing Executive Officer Executive Officer & Vice President (present post)	1	39
Senior Managing Executive Officer & Director	Principal, Osaka Head Office	Asao Yu	January 17, 1955	April 1979 April 1997 March 2003 March 2005 April 2005 March 2006 April 2009 March 2010 March 2011 March 2013	Joined CTI Engineering General Manager Technology Div., Nagoya Branch Office, Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director & Member of the Board Deputy Administrator, Tokyo Head Office General Manager, Management Planning Dept. Principal, Chubu Office Executive Officer Director, Principal, Osaka Head Office (present post), Managing Executive Officer Senior Managing Executive Officer (present post)	1	23
Managing Executive Officer & Director	Principal, Chubu Office	Norio Tomonaga	September 15, 1953	April 1979 April 1998 April 2004 March 2006 March 2010 March 2011 March 2013	Joined CTI Engineering General Manager, Technology Div. IV, Road and Traffic Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Deputy Administrator, Tokyo Head Office, Director & Member of the Board Executive Officer Director, Principal, Chubu Office (present post) Managing Executive Officer (present post)	1	31

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Managing Executive Officer & Director	Chief, Headquarters Management Dept.	Hideaki Kurita	January 1, 1954	April 1980 April 1998 April 2004 April 2005 March 2006 April 2009 March 2010 March 2011 March 2013	Joined CTI Engineering General Manager, Technology Div., Hiroshima Branch Office, Osaka Office Deputy Branch Administrator, Osaka Office Deputy Administrator, Osaka Head Office Director & Member of the Board Chief, Headquarters Management Dept. (present post) Executive Officer Director (present post) Managing Executive Officer (present post)	1	23
Managing Executive Officer & Director		Michio Tanahashi	July 27, 1952	October 2012 November 2012 March 2013	Resigned from Statutory Director, Water Resource Environment Center Joined CTI Engineering, Executive Manager Managing Executive Officer & Director (present post)	1	3
Executive Officer & Director	Deputy Administrator, Tokyo Head Office	Kazuhiro Terai	February 28, 1956	April 1981 April 1999 April 2003 April 2007 March 2012 April 2012 March 2013	Joined CTI Engineering General Manager, Environmental Measures Div., Headquarters Environment Dept., Osaka Office General Manager, Management Business Division Deputy Branch Administrator, Tokyo Head Office Executive Officer (present post) Deputy Administrator, Tokyo Head Office (present post) Director (present post)	1	12
Executive Officer & Director	Principal, Tohoku Office	Tetsumi Nakamura	March 4, 1957	April 1977 April 2002 April 2006 April 2009 March 2010 April 2011 March 2013	Joined CTI Engineering General Manager, Water Resources Dept., Tokyo Head Office Deputy Branch Administrator, Tokyo Head Office Deputy Administrator, Tokyo Head Office Executive Officer (present post) Principal, Tohoku Office (present post) Director (present post)	1	14
Statutory Auditor		Kazuhiro Tani	February 2, 1953	April 1977 April 2000 April 2008 April 2011 March 2013	Joined CTI Engineering General Manager, Technology Div. II, Road and Traffic Dept., Tokyo Office General Manager, Secretariat Office, Headquarters Management Dept. General Manager, Development and Planning Div., Headquarters Management Dept. Statutory Auditor (present post)	2	—
Auditor		Mikio Wasaku	February 14, 1951	April 1974 April 1994 April 2002 April 2004 April 2008 March 2011 March 2013	Joined CTI Engineering General Manager, Technology Div. I, Dam Water Construction Dept., Tokyo Office Manager, Planning Office, Research Center For Sustainable Communities General Manager, Development and Planning Div., Headquarters Engineering Dept. Manager, Human Resources Development Office, Headquarters Management Dept. Statutory Auditor Auditor (present post)	3	33

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Auditor		Kunihiro Horiuchi	April 24, 1943	April 1968 April 1992 April 1996 June 1997 April 1999 March 2000 April 2010	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 Auditor, CTI Engineering (present post) Professor at the Law Department, Ryutsu Keizai University (present post)	3	—
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 April 2010	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 Member, Chiba Area Third Party Committee for Pension Record Confirmation, Ministry of Internal Affairs and Communications	3	—
Total							391

- Notes: 1 From March 27, 2012 until the conclusion of the ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2013.
- 2 From March 27, 2013 until the conclusion of the ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2016.
- 3 From March 24, 2011 until the conclusion of the ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2014.
- 4 Auditors, Kunihiro Horiuchi and Tomoo Araki, are external auditors pursuant to Article 2-16 of the Companies Act.
- 5 To ensure that the Company fully satisfies all conditions set forth under applicable laws a reserve auditor was appointed pursuant to Article 329-2 of the Companies Act. The history of that auditor is as stated below.

Name	Date of Birth	History		Term of office (Note no.)	No. of shares held (Thousand)
Kyoko Kikuchi	April 20, 1951	April 1985 April 1988 April 1991 April 2000 September 2000	Tokai University Legal Research Assistant Tokai University Faculty of Law Full-time tutor Tokai University Faculty of Law Assistant Professor Tokai University Faculty of Law Professor (Present post) Licensed attorney (Present post)	1	—

- Notes: 1 From March 24, 2011 until the conclusion of the ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2014.
- 2 The reserve auditor, Kyoko Kikuchi, is an external auditor as stipulated under Article 2-16 of the Companies Act.

6. Corporate Governance

(1) Status of 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.

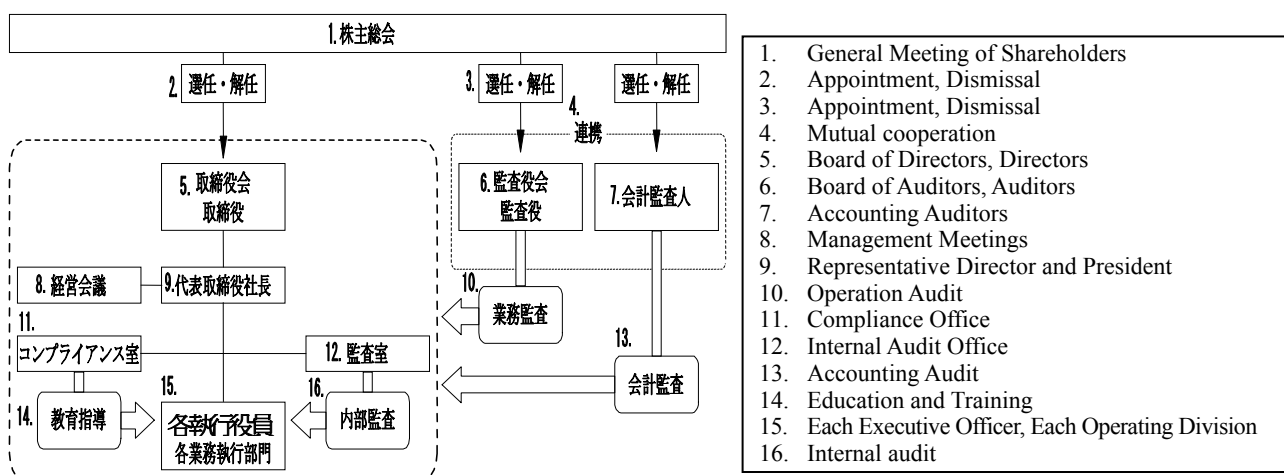
The Company has appointed Auditors. The Auditors, in addition to attendance at Board of Directors Meetings and other important meetings within the Company, audit corporate conduct as an independent body. At present 2 of the 4 Auditors are legal practitioners who have been appointed as external Auditors.

In addition, the Company holds a regular Management Meeting, an advisory body to the President consisting of Chiefs of the Head Office and representatives of business establishments, etc., once a month in principle. The Management Meeting discusses and submits reports on matters necessary for the execution of the President's duties.

The Company introduced an Executive Officers system in March 2010 to establish a structure for accelerating decision-making and for clarifying the functional differences between supervision and execution.

The Company believes that it can fully achieve supervisory and observation functions for the execution of its business by establishing an auditing system operated by its Auditors (including external Auditors) to monitor the execution of duties, and by clarifying the supervisory functions of the Board of Directors through the introduction of the Executive Officers system.

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



2. 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.

3. Relationship with External Directors/Auditors

There are no human relationships, financial relationships, business relationship, or other interests between the 2 External Auditors and the Company.

At present 2 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. In addition, the External Auditors supervise the Company's management from an independent position and objective point of view, give appropriate advice and opinions inside and outside the Board of Directors, and thereby appropriately perform their duties. Accordingly, the Company believes that the independence of these External Auditors is steadfastly maintained. In addition, the Company concluded a corporate lawyer agreement with one of the External Auditors.

Of the 4 Auditors, 2, or half of the total, are External Auditors. The Company considers this number appropriate for the supervision of its management.

The Company does not elect any External Directors. The introduction of the Executive Officers system reinforces the Board of Directors' functions of decision-making and supervision of the execution of duties. In addition, the Company has reinforced the subjective and neutral functions of management supervision from outside by electing 2 External Auditors out of the 4 Auditors. Furthermore, the 2 External Auditors attended almost all of the Board of Auditors Meetings, and we believe that we have established a structure essential for corporate governance wherein the subjective and neutral functions of management supervision from outside are fully operating. The Company thus adopts the present structure.

Although the Company has no standard or policy on the election of independent External Directors/Auditors, the Company mainly adheres to the Standard of Judgment on the independence of independent directors/auditors set by Tokyo Stock Exchange, Inc. and has reported Mr. Tomoo Araki as an independent auditor to the exchange.

4. Internal control system

A Compliance Office and Internal Audit Office 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 staff members with concerns, as a means of further strengthening the company's in-house operations monitoring system. The Internal Audit Office and Compliance Office, 2 departments responsible for internal control, regularly hold discussions and work in close cooperation with the Board of Auditors, a body whose meetings are also attended by the External Auditors.

In addition, the Board of Auditors regularly holds discussions and works in close cooperation with the Accounting Auditor to ensure that the operation audit function and accounting audit function are mutually strengthened.

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.

5. Internal, external and financial audits

Internal audits are performed by the Internal Audit Office that has the authority to request additional personnel as required. At present, the Internal Audit Office staff is comprised of 2 Audit officers and 3 assisting staff members. Specifically, planned internal comprehensive operational audits are performed annually on all divisions and departments within the Company.

Based on directives from the Board of Auditors, the Auditor performs the audit with his/her assisting staff. The Auditors, including External Auditors, actively contribute to the decision-making process in its early stages to ensure thorough implementation of the Company's auditing system. In addition, the Board of Auditors, a body whose meetings are also attended by the External Auditors, holds discussions as required and works in close cooperation with the Accounting Auditor to ensure that the operation audit function and accounting audit function are mutually strengthened. With regard to internal control, the Auditors attend the Board of Directors Meeting and other internally important meetings to receive reports and request explanations, as necessary, to ensure that the operational duties are properly executed.

The Company entered into an auditing agreement with Ernst & Young ShinNihon LLC as the Accounting Auditor. The CPAs Hiroaki Kosugi and Tatsuya Suzuki have been jointly responsible for audits for the consolidated fiscal year. The CPA Hiroaki Kosugi has been in charge since April 2007 and the CPA Tatsuya Suzuki has been in charge since April 2012. The auditors' support staff consists of 17 persons, including 7 CPAs.

Ernst & Young ShinNihon LLC retired as the Accounting Auditor at the conclusion of the 50th Ordinary General Meeting of Shareholders held on March 27, 2013, and Deloitte Touche Tohmatsu LLC was newly elected and took office as the Accounting Auditor at the meeting.

6. Executives' compensation, etc.

a. The total amount of compensation, etc. by category of executive, the total amount of compensation, etc. by classification, and the number of covered executives

Category of executive	Total amount of compensation, etc. (million yen)	Amount of compensation, etc. by classification (million yen)			The number of covered executives (persons)
		Basic compensation	Bonuses	Retirement benefits	
Directors (excluding External Directors)	293	275	18	–	11
Auditors (excluding External Auditors)	27	27	–	–	2
External Directors and Auditors	10	10	–	–	2

b. The total amount, etc. of compensation, etc. for a person whose compensation totals 1 hundred million yen

or more

No executive in the Company has received a total consolidated compensation, etc. of 1 hundred million yen or more, so description is omitted.

c. Significant salaries (including bonuses) for the portion of services performed by employees concurrently serving as Directors

There are no salaries (or bonuses) for the portion of services performed by employees concurrently serving as Directors.

d. The details of policies regarding the determination of the amount of compensation, etc. for executives, the method for computing such amounts, and the methods for determination

The Company has not made any particular decisions on the foregoing.

7. Holding of shares

a. The number of issues and the total book value on the balance sheet of investment stock held for purposes other than pure investment

Number of issues: 34 issues

Total book value on the balance sheet: 890 million yen

b. Division of holding, issuer name, number of shares, book value on balance sheet, and purpose of holding, of investment stock held for purposes other than pure investment

(Previous consolidated fiscal year)

Specified Investment Stock

Issuer name	Number of shares (shares)	Book value on balance sheet (million yen)	Purpose of holding
RAITO KOGYO CO., LTD.	265,100	111	To ensure stable shareholders
OYO Corporation	98,500	87	To ensure stable shareholders
NIPPON JOGESUIDO SEKKEI CO., LTD.	500	50	To ensure stable shareholders
Mitsubishi UFJ Financial Group, Inc.	145,000	47	To maintain and continue stable business relations
Ube Material Industries, Ltd.	136,000	32	To ensure stable shareholders
WESCO Inc.	200,072	32	To ensure stable shareholders
E・J Holdings Inc.	60,340	30	To ensure stable shareholders
Maewaza Kasei Industries Co., Ltd.	36,000	28	To ensure stable shareholders
T&D Holdings, Inc.	38,400	27	To maintain and continue stable business relations
NIPPON ENGINEERING CONSULTANTS CO., LTD.	100,000	22	To ensure stable shareholders
ASIA AIR SURVEY CO., LTD.	102,000	22	To ensure stable shareholders
SHO-BOND Holdings Co., Ltd.	12,800	21	To ensure stable shareholders
KOKUSAI KOGYO HOLDINGS CO., LTD.	111,000	21	To ensure stable shareholders
Kawasaki Geological Engineering Co., Ltd.	47,000	20	To ensure stable shareholders
CHODAI CO., LTD.	105,000	19	To ensure stable shareholders
NISHINIPPON SYSTEM INSTALLATIONS AND CONSTRUCTION CO., LTD.	74,000	16	To ensure stable shareholders
The Chiba Bank, Ltd.	30,000	14	To maintain and continue stable business relations
ACK G Limited	57,200	11	To ensure stable shareholders
Kuwayama Corporation	26,400	10	To ensure stable shareholders
FUKUYAMA CONSULTANTS CO., LTD.	34,100	8	To ensure stable shareholders
Mizuho Financial Group, Inc.	81,000	8	To maintain and continue stable business relations
IDEA Consultants, Inc.	17,000	5	To ensure stable shareholders
UCHIDA YOKO CO., LTD.	16,000	3	To ensure stable shareholders
ARIAKE JAPAN Co., Ltd.	1,829	2	To ensure stable shareholders
The Dai-ichi Life Insurance Company, Limited	26	1	To maintain and continue stable business relations
ICHINEN HOLDINGS Co., Ltd.	1,844	0	To ensure stable shareholders
NIPPON KOEI CO., LTD.	1,155	0	To ensure stable shareholders

(Current consolidated fiscal year)

Specified Investment Stock

Issuer name	Number of shares (shares)	Book value on balance sheet (million yen)	Purpose of holding
RAITO KOGYO CO., LTD.	265,100	131	To ensure stable shareholders
OYO Corporation	98,500	103	To ensure stable shareholders
Mitsubishi UFJ Financial Group, Inc.	145,000	66	To maintain and continue stable business relations
NIPPON JOGESUIDO SEKKEI CO., LTD.	50,000	58	To ensure stable shareholders
SHO-BOND Holdings Co., Ltd.	12,800	41	To ensure stable shareholders
T&D Holdings, Inc.	38,400	39	To maintain and continue stable business relations
WESCO Inc.	200,072	35	To ensure stable shareholders
CHODAI CO., LTD.	105,000	34	To ensure stable shareholders
Ube Material Industries, Ltd.	136,000	32	To ensure stable shareholders
Maezawa Kasei Industries Co., Ltd.	36,000	31	To ensure stable shareholders
E・J Holdings Inc.	60,340	30	To ensure stable shareholders
NIPPON ENGINEERING CONSULTANTS CO., LTD.	100,000	29	To ensure stable shareholders
ASIA AIR SURVEY CO., LTD.	102,000	28	To ensure stable shareholders
ACK G Limited	57,200	23	To ensure stable shareholders
Kawasaki Geological Engineering Co., Ltd.	47,000	21	To ensure stable shareholders
NISHINIPPON SYSTEM INSTALLATIONS AND CONSTRUCTION CO., LTD.	74,000	18	To ensure stable shareholders
Japan Asia Group Limited	7,248	15	To ensure stable shareholders
The Chiba Bank, Ltd.	30,000	15	To maintain and continue stable business relations
Mizuho Financial Group, Inc.	81,000	12	To maintain and continue stable business relations
Kuwayama Corporation	26,400	11	To ensure stable shareholders
IDEA Consultants, Inc.	17,000	11	To ensure stable shareholders
FUKUYAMA CONSULTANTS CO., LTD.	34,100	9	To ensure stable shareholders
UCHIDA YOKO CO., LTD.	16,000	3	To ensure stable shareholders
The Dai-ichi Life Insurance Company, Limited	26	3	To maintain and continue stable business relations
ARIAKE JAPAN Co., Ltd.	1,829	2	To ensure stable shareholders
ICHINEN HOLDINGS Co., Ltd.	1,844	0	To ensure stable shareholders
NIPPON KOEI CO., LTD.	1,155	0	To ensure stable shareholders

c. Investment stock held for the purpose of pure investment

Not applicable.

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

During the fiscal year ended December 2012, 13 Board of Directors and 12 Board of Auditors Meetings were held.

To strengthen compliance systems, the Board of Directors in May 2006, resolved to implement the items set forth in Article 362-4-6 (concerning internal control systems) of the Companies Act and made an amendment to the items in April 2008. We are always dedicated to further improving compliance through their implementation.

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.

4) Agreements set forth in Article 427, Paragraph 1 of the Companies Act (Liability Limitation Agreements)

Not applicable.

5) Election and dismissal of Directors

The fixed number of Directors is 12 without necessary qualifications. The Company sets forth in its Articles of Incorporation that resolutions for the election of Directors shall be adopted by a majority vote of the shareholders present who hold one third or more of the total number of voting rights of shareholders with voting rights. The Company also sets forth in its Articles of Incorporation that resolutions for the election of Directors shall not be by cumulative voting. In addition, the Company has not amended the requirements for resolutions to dismiss Directors set forth in the Companies Act.

6) Resolutions set forth in Article 309, Paragraph 2 of the Companies Act (Special Resolutions)

The Company sets forth in its Articles of Incorporation that the resolutions set forth in Article 309, Paragraph 2 of the Companies Act may be adopted by two thirds or more of the votes of the shareholders present who hold one third or more of the total number of voting rights of shareholders with voting rights. This provision is set forth to ensure that the Company avoids any situation in which it is unable to propose resolutions at a General Shareholders Meeting because a quorum is not present.

7) Matters set forth to be resolved by a Board of Directors Meeting in lieu of resolutions at a General Shareholders Meeting, and the reason therefor

The Company sets forth in its Articles of Incorporation that the distribution of surplus set forth in Article 454, Paragraph 5 of the Companies Act shall be determined by resolution at a Board of Directors Meeting. This provision is set forth because, in order to distribute surplus as set forth in Article 454, Paragraph 5 of the Companies Act, the said article requires the Company to stipulate in its Articles of Corporation that such distribution of surplus may be made by a resolution at a Board of Directors Meeting.

(2) Auditing compensation, etc.

1) Compensation for auditing CPAs, etc.

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for auditing services (million yen)	Compensation for non-auditing services (million yen)	Compensation for auditing services (million yen)	Compensation for non-auditing services (million yen)
The Company	37	–	38	–
Consolidated subsidiaries	–	–	–	–
Total	37	–	38	–

2) Other important compensation

Not applicable.

3) Description of non-auditing services provided by auditing CPAs, etc. to the Company

Not applicable.

4) Policy for decisions regarding auditing compensation

Determined by the Company in consideration of the number of days for the audit.

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).

(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).

2. Audit Report

In accordance with the provisions of 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the current consolidated fiscal year (from January 1, 2012 to December 31, 2012) and the non-consolidated financial statements for the current fiscal year (from January 1, 2012 to December 31, 2012) were audited by Ernst & Young ShinNihon LLC.

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

3. Special Approach to Ensure the Propriety of Consolidated Financial Statements, etc.

The Company has taken a special approach to ensure the propriety of consolidated financial statements, etc. Specifically, in order to develop a system to enable the Company to appropriately understand the details of accounting standards, and precisely cope with changes, etc. in accounting standards, etc., the Company has joined the Financial Accounting Standards Foundation and endeavors to collect information aggressively.

1. Consolidated Financial Statements and Other Materials

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2011)	Current Consolidated Fiscal Year (as of December 31, 2012)
Assets		
Current assets		
Cash and bank deposits	3,161	2,948
Notes receivable and completed work receivables	1,817	2,136
Marketable securities	3,002	3,500
Prepaid expenses for uncompleted services	10,300	11,737
Deferred tax assets	308	278
Other	442	455
Allowance for doubtful accounts	-27	-30
Total current assets	19,003	21,027
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,490	4,476
Accumulated depreciation	-2,490	-2,591
Buildings and structures, net	2,000	1,885
Machinery and transportation equipment	241	243
Accumulated depreciation	-222	-227
Machinery and transportation equipment, net	19	15
Land	4,610	4,610
Lease assets	535	522
Accumulated depreciation	-263	-265
Lease assets, net	271	256
Other	901	910
Accumulated depreciation	-741	-785
Other, net	160	124
Total tangible fixed assets	7,061	6,893
Intangible fixed assets		
Goodwill	12	-
Lease assets	9	18
Other	231	211
Total intangible fixed assets	253	230
Investments and other assets		
Investment in securities	*1	*1
Deferred tax assets	433	330
Prepaid pension cost	933	943
Other	*1	*1
Allowance for doubtful accounts	-	-2
Allowance for investment loss	-10	-
Total investments and other assets	4,013	4,168
Total fixed assets	11,328	11,292
Total assets	30,332	32,319

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2011)	Current Consolidated Fiscal Year (as of December 31, 2012)
Liabilities		
Current liabilities		
Accounts payable	1,210	1,455
Short-term borrowings	250	150
Lease obligations	132	125
Accrued income taxes	168	212
Advances received from uncompleted services	5,466	6,954
Reserve for bonuses	451	409
Reserve for bonuses to directors	25	23
Allowance for losses in operations	111	125
Other	1,461	1,405
Total current liabilities	9,277	10,861
Fixed liabilities		
Long-term accounts payable	147	147
Lease obligations	159	160
Reserve for retirement benefits	685	639
Asset retirement obligations	129	108
Other	57	51
Total fixed liabilities	1,179	1,108
Total liabilities	10,456	11,969
Net assets		
Shareholders' equity		
Capital	3,025	3,025
Capital surplus	4,122	4,122
Profit surplus	12,540	12,864
Treasury stock	-11	-11
Total shareholders' equity	19,677	20,001
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	92	218
Total accumulated other comprehensive income	92	218
Minority interest	105	129
Total net assets	19,876	20,350
Total liabilities and net assets	30,332	32,319

(ii) Consolidated Profit and Loss Account and Consolidated Statements of Comprehensive Income
Consolidated Profit and Loss Account

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Sales	33,646	32,515
Cost of sales	25,265	24,184
Gross profit	8,380	8,330
Selling, general and administrative expenses	*1 *2 7,395	*1 *2 7,388
Operating income	984	942
Non-operating revenues		
Interest earned	21	22
Dividend earned	21	20
House rent earned	40	37
Insurance dividends earned	13	20
Other	63	53
Total non-operating revenues	160	154
Non-operating expenses		
Interest expense	0	1
Commission paid	6	18
Exchange rate losses	7	-
Other	1	0
Total non-operating expenses	15	19
Ordinary profit	1,129	1,076
Extraordinary gain		
Reversal of allowance for investment loss	-	10
Total extraordinary gain	-	10
Extraordinary loss		
Loss from fixed assets disposal	*3 4	*3 2
Unrealized loss on investment in securities	65	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	22	-
Other	3	-
Total extraordinary loss	95	2
Net income before income tax	1,033	1,083
Corporation tax, inhabitants taxes and enterprise tax	417	402
Deferred income taxes etc.	175	105
Total income taxes	593	508
Income before minority interests	440	575
Minority interest in profit of consolidated Companies	18	25
Current net income	421	550

Consolidated Statements of Comprehensive Income

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Income before minority interests	440	575
Other comprehensive income		
Other valuation difference on available-for-sale securities	66	126
Total other comprehensive income	66	* 1 126
Comprehensive Income	507	701
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	488	676
Comprehensive income attributable to minority interests	18	25

(iii) Statement of Fluctuations in Consolidated Shareholders' Equity

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Shareholders' equity		
Capital		
Balance at the beginning of current period	3,025	3,025
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	3,025	3,025
Capital surplus		
Balance at the beginning of current period	4,122	4,122
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,122	4,122
Profit surplus		
Balance at the beginning of current period	12,406	12,540
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	421	550
Change of scope of consolidation	-61	-
Total changes of items during the period	133	323
Balance at the end of current period	12,540	12,864
Treasury stock		
Balance at the beginning of current period	-10	-11
Changes of items during the period		
Acquisition of treasury stock	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	-11	-11
Total shareholders' equity		
Balance at the beginning of current period	19,544	19,677
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	421	550
Acquisition of treasury stock	-0	-0
Change of scope of consolidation	-61	-
Total changes of items during the period	133	323
Balance at the end of current period	19,677	20,001

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities		
Balance at the beginning of current period	25	92
Changes of items during the period		
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)	66	126
Total changes of items during the period	66	126
Balance at the end of current period	92	218
Total accumulated other comprehensive income		
Balance at the beginning of current period	25	92
Changes of items during the period		
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)	66	126
Total changes of items during the period	66	126
Balance at the end of current period	92	218
Minority interest		
Balance at the beginning of current period	88	105
Changes of items during the period		
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)	17	24
Total changes of items during the period	17	24
Balance at the end of current period	105	129
Total net assets		
Balance at the beginning of current period	19,658	19,876
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	421	550
Acquisition of treasury stock	-0	-0
Change of scope of consolidation	-61	-
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)	83	150
Total changes of items during the period	217	473
Balance at the end of current period	19,876	20,350

(iv) Consolidated Cash Flow Statement

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Cash flow from operating activities		
Current net income before income tax	1,033	1,083
Depreciation and amortization	450	404
Goodwill amortization	27	12
Increase (decrease) in allowance for doubtful accounts	14	4
Increase (decrease) in reserve for retirement benefits	7	-45
Decrease (increase) in prepaid pension cost	-92	-9
Increase (decrease) in reserve for bonuses	-143	-42
Increase (decrease) in reserve for bonuses to directors	-9	-2
Increase (decrease) in allowance for losses in operations	-27	13
Increase (decrease) in allowance for investment loss	-	-10
Increase (decrease) in long-term accounts payable	-32	-
Interest and dividend earned	-43	-43
Interest payable	0	1
Foreign exchange loss (gain)	1	-8
Unrealized loss (gain) on investment in securities	65	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	22	-
Loss (gain) from fixed assets disposal	3	2
Decrease (increase) in sales account	-952	-321
Decrease (increase) in prepaid expenses for uncompleted services	1,545	-1,436
Decrease (increase) in other current assets	3	-29
Increase (decrease) in account payable	264	242
Increase (decrease) in advances received from uncompleted services	-2,710	1,488
Increase (decrease) in other current liabilities	117	-55
Increase (decrease) in other fixed liabilities	-7	-5
Other	11	-4
Subtotal	-449	1,238
Received interest and dividend	44	42
Interest payment	-1	-1
Payment of corporation income tax etc.	-599	-358
Cash flow provided by (used for) operating activities	-1,005	921

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Cash flow from investment activities		
Payments for acquisition of tangible fixed assets	-66	-32
Payments for acquisition of intangible fixed assets	-67	-55
Payments for acquisition of investment in securities	-94	-16
Repayments for loans	-254	-181
Income from loan collection	175	217
Payments for acquisition of securities of subsidiaries and affiliates	-	-50
Payments into time deposits	-3,500	-7,500
Proceeds from withdrawal of time deposits	4,500	7,500
Other payments	-36	-62
Other proceeds	26	12
Cash flow used for investment activities	683	-167
Cash flow from financial activities		
Income from short-term borrowing	700	1,660
Payment of short-term borrowing	-550	-1,760
Acquisition of treasury stock	-0	-0
Repayments of lease obligations	-160	-148
Dividend payment	-226	-226
Dividend payment for minority interests	-1	-1
Cash flow used for financial activity	-238	-476
Effect in fluctuation of exchange rate for cash and cash equivalents	-1	8
Increase (decrease) in cash and cash equivalents	-562	285
Opening balance of cash and cash equivalents	6,559	6,163
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	166	-
Closing balance of cash and cash equivalents	*1 6,163	*1 6,448

Basic Important Matters for Preparation of Consolidated Financial Statement

1. Consolidation range

(1) Number of consolidated subsidiaries: 3

Names of the consolidated subsidiaries:

CTI Engineering International Co., Ltd.

Fukuoka Urban Engineering Co., Ltd.

Chi-ken Sogo Consultants Co., Ltd.

(2) Number of non-consolidated subsidiaries: 7

Names of the non-consolidated subsidiaries:

Wuhan CTI-CRSRI Engineering & Environment Co., Ltd.

Management Techno Co., Ltd

CTI AURA Co., Ltd.

Shin Doboku Kaihatsu Co., Ltd.

CTI Wing Co., Ltd

CTI Ground Planning Co., Ltd.

CTI Academy Co., Ltd

(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 income or loss, surplus and other of the current term do not largely influence the consolidated financial statements.

2. Application of equity method

(1) Number of non-consolidated subsidiaries and affiliates to which the equity method is applied

The equity method is not applied to any non-consolidated subsidiary.

(2) Non-consolidated subsidiaries and affiliates to which the equity method is not applied

Wuhan CTI-CRSRI Engineering & Environment Co., Ltd., Management Techno Co., Ltd., CTI AURA Co., Ltd., Shin Doboku Kaihatsu Co., Ltd., CTI Wing Co., Ltd., CTI Ground Planning Co., Ltd., CTI Academy Co., Ltd., and InfraX Inc. have only a slight influence on the consolidated net income or 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.

3. Fiscal year of the consolidated subsidiary

The fiscal year of the consolidated subsidiary ends on the consolidated closing date.

4. Accounting standard

(1) Valuation base and valuation method of important assets

1) Securities

Held-to-maturity securities

Cost method.

Available-for-sale 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.

2) Inventories

Prepaid expenses for uncompleted services -- Cost method by job cost system

(2) Depreciation and amortization method of important depreciable assets

1) Tangible fixed assets (excluding lease assets) -- Declining balance method.

However, the straight-line method is adopted for 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: 17 – 50 years

2) Intangible fixed assets (excluding lease assets) -- Straight-line method.

For software, the straight-line method based on the usable period in the Company (5 years) is adopted.

3) Lease assets

Straight-line method using the lease period as the service life and considering the residual value to be zero.

(3) Entry standard of important reserves and allowances

1) Allowance 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.

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.

3) Reserve for bonuses to directors

Calculated on forecasted payment amount to prepare for bonus payments to Directors.

4) Allowance for losses in operations

Calculated according to the forecasted losses due to uncompleted services at the end of consolidated fiscal year in preparation for future losses related to ordered works.

5) Reserve for retirement benefits

To prepare for retirement benefits for employees, these were recorded based upon the obligations to pay retirement benefits and the forecast amount of pension assets as at the end of this consolidated accounting year.

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 benefits trust.

(4) Amortization method and period of goodwill

Goodwill is amortized as regulated over a period within 5 years using the straight-line method.

(5) Range of fund in the consolidated cash flow statement

The fund (cash and cash equivalents) in the consolidated cash flow statement 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.

(6) Other important matters for preparation of the consolidated financial statements

1) Accounting treatment of consumption tax

Tax exclusion method is adopted.

(Accounting Standards yet to be Adopted)

* Accounting Standard for Retirement Benefits (The Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012)

* Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Summary

Actuarial gains and losses and past service costs were amended to be recognized in profit or loss within the net assets section of the consolidated balance sheet at net of tax effects, and the deficit or surplus was amended to be recognized as a liability or asset. Regarding the methods for attributing expected benefit to periods, a benefit formula basis may be adopted besides a straight-line basis. A method for setting discount rates was also amended.

(2) Scheduled dates of adoption

The accounting standards are scheduled to be adopted at the end of the fiscal year ending December 31, 2014. However, the revised calculation methods for retirement benefits obligations and current service costs are scheduled to be adopted at the beginning of the fiscal year ending December 31, 2015.

(3) Effect of adoption of the accounting standards

The effect of adoption of the accounting standards on the financial statements during their preparation is currently being evaluated.

(Additional Information)

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) are applied for accounting changes and error corrections made on and after the beginning of the consolidated fiscal year ended December 31, 2012.

Notes:

(Notes on Consolidated Balance Sheet)

*1 For non-consolidated subsidiaries and affiliates:

	Previous Consolidated Fiscal Year (as of December 31, 2011)	Current Consolidated Fiscal Year (as of December 31, 2012)
Investment in securities (stock)	254 million yen	304 million yen
“Other” in investments and other assets	25	25

2 Warranty for liabilities

Warranty for the Company’s employees’ liabilities borrowed from financial institutions:

	Previous Consolidated Fiscal Year (as of December 31, 2011)	Current Consolidated Fiscal Year (as of December 31, 2012)
Employees	86 million yen	66 million yen

(Notes on Consolidated Profit and Loss Account)

*1 Major items and amounts among selling, general and administrative expenses are as follows:

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Wages and allowances	3,092 million yen	3,109 million yen
Bonuses	432	444
Transferred reserve for bonuses	131	119
Reserve for bonuses to directors	25	23
Retirement benefits expenses	154	173
Research and investigation expenses	408	409
Allowance for doubtful accounts	14	5

*2 The research and investigation expenses included in selling, general and administrative expenses are as follows:

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
	408 million yen	409 million yen

*3 Loss from fixed assets disposal can be broken down as follows:

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Buildings and structures in tangible fixed assets	1 million yen	1 million yen
Other tangible fixed assets	2	1
Total	4	2

(Notes on Consolidated Statements of Comprehensive Income)

*1 Reclassification adjustments to net income and related tax effect of other comprehensive income

Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)

Other valuation difference on available-for-sale securities

Amount recognized in the period	152 million yen
Reclassification adjustments to net income	0
Before tax-effect adjustment	152
Amount of tax effects	-26
Other valuation difference on available-for-sale securities	126
Total other comprehensive income	126

(Statement of Fluctuations in Consolidated Shareholders' Equity)

Previous Consolidated Fiscal Year (From January 1, 2011 to December 31, 2011)

1 Issued shares

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	14,159,086	-	-	14,159,086

2 Treasury stock

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	16,925	266	-	17,191

Note: The increase in the amount of treasury stock of 266 shares was due to acquisition of shares constituting less than one transaction unit.

3 New share subscription acquisition rights

Not applicable.

4 Dividends

(1) Dividend payment amount

Resolution	Type of Share	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 24, 2011	Common stock	226	16	December 31, 2010	March 25, 2011

(2) Within shares held on the record date of this consolidated fiscal year, the "effective date" will fall on the next consolidated fiscal year.

Resolution	Type of Share	Source of Dividends	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 27, 2012	Common stock	Profit surplus	226	16	December 31, 2011	March 28, 2012

Current Consolidated Fiscal Year (From January 1, 2012 to December 31, 2012)

1 Issued shares

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	14,159,086	-	-	14,159,086

2 Treasury stock

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	17,191	207	-	17,398

Note: The increase in the amount of treasury stock of 207 shares was due to acquisition of shares constituting less than one transaction unit.

- 3 New share subscription acquisition rights
Not applicable.

4 Dividends

(1) Dividend payment amount

Resolution	Type of Share	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 27, 2012	Common stock	226	16	December 31, 2011	March 28, 2012

(2) Within shares held on the record date of this consolidated fiscal year, the “effective date” will fall on the next consolidated fiscal year.

Resolution	Type of Share	Source of Dividends	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 27, 2013	Common stock	Profit surplus	226	16	December 31, 2012	March 28, 2013

(Notes on Consolidated Cash Flow Statement)

*1 Relation between the closing balance of the cash and cash equivalents and the amounts for items described on the Consolidated Balance Sheet

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Cash and bank deposit account	3,161 million yen	2,948 million yen
Marketable securities account	3,002	3,500
Total	6,163	6,448

(Notes on Lease Arrangements)

1. Financial lease transactions (Lessee side)

Finance lease transactions of which ownership is not transferred to the lessee

(1) Lease assets

1) Tangible fixed assets

Mainly office appliances (other)

2) Intangible fixed assets

Software (other)

(2) Depreciation and amortization method for lease assets

The method is outlined in “(2) Depreciation and amortization method of important depreciable assets of 4. Accounting standard” in Basic Important Matters for Preparation of Consolidated Financial Statement.

(Notes on Financial Instruments)

1. Items Related to Financial Instruments

(1) Policy of financial instruments

With regard to fund management, the Group's policy is to invest temporary surplus funds in highly secure financial assets only and does not engage in speculative transactions such as derivative financial instruments.

(2) Details and risks of financial instruments and the risk management system

Notes receivable and completed work receivables as trade receivables are exposed to customer credit risks. If, with regard to those risks, the Group receives no payment after a due date has passed, it will investigate the reasons and make the results known to related persons in-house, and the relevant department will then handle the matter appropriately, in accordance with the Rules on Management of Contract Duties and the Outline of the Handling of Contracts.

Marketable securities and investment in securities that mainly consist of investment trusts and shares are exposed to the risk of volatility in market prices. In the case of securities with fair value, the Group assesses their fair value on a regular basis.

(3) Supplementary explanation on matters related to the fair value, etc. of financial instruments

The fair value of financial instruments includes the value based on market prices or a reasonably calculated value for those without market prices. Because the calculation of the value entails variable factors, the value may fluctuate if different preconditions, etc. are applied.

2. Items Related to the Fair Value, etc. of Financial Instruments

The book value on the consolidated balance sheet, the fair value, and the difference between them are stated as follows. The table below does not include any financial instrument whose fair value is deemed to be considerably difficult to recognize.

Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)

	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference
(1) Cash and bank deposits	3,161	3,161	–
(2) Notes receivable and completed work receivables	1,817	1,817	–
(3) Marketable securities and investment in securities			
1) Held-to-maturity securities	500	514	14
2) Available-for-sale securities	3,661	3,661	–
Total	9,140	9,154	14

Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)

	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference
(1) Cash and bank deposits	2,948	2,948	–
(2) Notes receivable and completed work receivables	2,136	2,136	–
(3) Marketable securities and investment in securities			
1) Held-to-maturity securities	500	509	9
2) Available-for-sale securities	4,312	4,312	–
Total	9,898	9,907	9

Note 1. Items related to the methods for calculating the fair value of financial instruments and securities

Assets

(1) Cash and bank deposits

Cash and bank deposits are reported in book value because the fair value is almost equal to the book value due to the relatively short period of accounts settlement.

(2) Notes receivable and completed work receivables

Notes receivable and completed work receivables are reported in book value because the fair value is almost equal to the book value due to the relatively short period of accounts settlement.

(3) Marketable securities and investment in securities

With regard to the fair value of marketable securities and investment in securities, shares are recorded according to prices on stock exchanges, and bonds and notes are recorded according to prices on exchanges or prices quoted by financial institutions. In addition, Free Financial Funds, etc. are reported in book value because the fair value of Free Financial Funds, etc. is closely related to the book value due to the relatively short period of accounts settlement. With regard to items related to securities classified by purposes of holding, please see the Notes to Marketable Securities.

Debts

Not applicable.

Note 2. Book value on the consolidated balance sheet of financial instruments whose fair value is deemed to be considerably difficult to recognize

(million yen)		
Account title	As of December 31, 2011	As of December 31, 2012
Non-listed shares	318	384

Because non-listed shares have no market prices and their future cash flows cannot be estimated, their fair value is deemed to be considerably difficult to recognize. Accordingly, non-listed shares are not included in (3) Marketable securities and investment in securities.

Note 3. Predicted redemption value after the settlement date of the consolidated accounts for monetary credits and securities that have reached maturity

Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and bank deposits	3,161	-	-	-
Notes receivable and completed work receivables	1,817	-	-	-
Marketable securities and investment in securities				
Held-to-maturity securities				
Corporate bonds	-	-	500	-
Total	4,978	-	500	-

Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and bank deposits	2,948	-	-	-
Notes receivable and completed work receivables	2,136	-	-	-
Marketable securities and investment in securities				
Held-to-maturity securities				
Corporate securities	-	-	500	-
Total	5,085	-	500	-

(Notes on Marketable Securities)

1. Held-to-maturity securities

Previous Consolidated Fiscal Year (as of December 31, 2011)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Those whose fair value exceeds the amount recorded on the consolidated balance sheet	(1) Government bonds	-	-	-
	(2) Corporate bonds	500	514	14
	(3) Other	-	-	-
	Subtotal	500	514	14
Those whose fair value does not exceed the amount recorded on the consolidated balance sheet	(1) Government bonds	-	-	-
	(2) Corporate bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Total		500	514	14

Current Consolidated Fiscal Year (as of December 31, 2012)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Those whose fair value exceeds the amount recorded on the consolidated balance sheet	(1) Government bonds	-	-	-
	(2) Corporate bonds	500	509	9
	(3) Other	-	-	-
	Subtotal	500	509	9
Those whose fair value does not exceed the amount recorded on the consolidated balance sheet	(1) Government bonds	-	-	-
	(2) Corporate bonds	-	-	-
	(3) Other	-	-	-
	Subtotal	-	-	-
Total		500	509	9

2. Available-for-sale securities

Previous Consolidated Fiscal Year (as of December 31, 2011)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Acquisition Cost (million yen)	Difference (million yen)
Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	463	330	133
	(2) Bonds and Notes	–	–	–
	(3) Other	–	–	–
	Subtotal	463	330	133
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	195	213	-17
	(2) Bonds and Notes	–	–	–
	(3) Other	3,002	3,002	–
	Subtotal	3,198	3,215	-17
Total		3,661	3,546	115

Current Consolidated Fiscal Year (as of December 31, 2012)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Acquisition Cost (million yen)	Difference (million yen)
Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	786	516	270
	(2) Bonds and Notes	–	–	–
	(3) Other	–	–	–
	Subtotal	786	516	270
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	25	28	-2
	(2) Bonds and Notes	–	–	–
	(3) Other	3,500	3,500	–
	Subtotal	3,525	3,528	-2
Total		4,312	4,004	267

3. Available-for-sale securities sold during the consolidated fiscal year

Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)

	Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)
Shares	0	0	-

Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)

	Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)
Shares	0	-	0

4. Securities written down

Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)

In the previous consolidated fiscal year, the Group wrote down 65 million yen in shares classified as available-for-sales securities.

Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)

Not applicable in the current consolidated fiscal year.

(Notes on Derivatives Transactions)

The Group did not use any derivative transactions, and therefore, there is no applicable information.

(Notes on Retirement Benefits)

1. Outline of the current retirement benefits system

The Company and its consolidated subsidiaries have established an employees' pension fund of a fixed-benefit type, an approved superannuation fund system, a defined benefit corporate pension system and a lump sum retirement benefits system.

In respect of the employees' pension fund system the Company and CTI Engineering International Co., Ltd. joined Japan Civil Engineering Consultants Pension Fund (jointly established) in 1971. Fukuoka Urban Engineering Co., Ltd. joined All Japan Surveying Enterprises Multi Employers Pension Fund (jointly established) in 1972.

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 benefits accounting show no financial obligation to pay a retirement benefits.

The Company also has a retirement benefits trust.

2. Retirement Benefits Obligations and Related Accounting Items

	Previous Consolidated Fiscal Year (as of December 31, 2011) (million yen)	Current Consolidated Fiscal Year (as of December 31, 2012) (million yen)
(1) Retirement benefits obligations	-8,933	-9,080
(2) Pension assets	7,174	7,852
(3) Retirement benefits trust	1,250	1,303
(4) Outstanding accumulated retirement benefits obligations: (1) + (2) + (3)	-507	75
(5) Previously unrecognized accounting disparities.	755	228
(6) Consolidated balance sheet recorded net amount: (4) + (5)	248	303
(7) Prepaid pension cost	933	943
(8) Retirement benefits reserves: (6) - (7)	-685	-639

Note: When computing retirement benefits obligations, the Company and 1 of its consolidated subsidiaries adopt the general method, and the other 2 consolidated subsidiaries adopt the simplified method.

3. Retirement Benefits Costs and Related Accounting Items

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011) (million yen)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012) (million yen)
Retirement benefits costs	851	904
(1) Labor costs	602	582
(2) Interest costs	171	170
(3) Expected operating profit (Subtracted)	168	166
(4) Cost disposal Amount arising from accounting disparity	234	318
(5) Temporarily paid retirement amount	11	0

Note: Retirement benefit costs of the consolidated subsidiaries which adopt the simplified method are included in “(1) Labor costs.”

4. Items Related to Accounting Standards for Retirement Benefits Obligations

Items related to accounting standards for retirement benefits obligations of the Company and the consolidated subsidiaries which adopt the general method are as follows:

	Previous Consolidated Fiscal Year (as of December 31, 2011) (million yen)	Current Consolidated Fiscal Year (as of December 31, 2012) (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) Number 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. Items Related to Employees' Pension Fund

(1) Accumulation in the overall system

	(As of March 31, 2011) (million yen)		(As of March 31, 2012) (million yen)	
	Japan Civil Engineering Consultants Pension Fund (million yen)	All Japan Surveying Enterprises Multi Employers Pension Fund (million yen)	Japan Civil Engineering Consultants Pension Fund (million yen)	All Japan Surveying Enterprises Multi Employers Pension Fund (million yen)
Pension assets	141,748	145,766	145,344	146,037
Obligations to pay retirement benefits based on calculation of pension finance	173,530	159,635	176,728	162,741
Balance	-31,781	-13,869	-31,384	-16,703

(2) Percentage of total salaries of the Group to the overall system

	Previous Consolidated Fiscal Year (as of December 31, 2011) (%)	Current Consolidated Fiscal Year (as of December 31, 2012) (%)
Japan Civil Engineering Consultants Pension Fund	6.76	6.87
All Japan Surveying Enterprises Multi Employers Pension Fund	0.34	0.37

(3) Supplementary explanation

Previous Consolidated Fiscal Year

1) Japan Civil Engineering Consultants Pension Fund

The major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 27,162 million yen, surplus, and shortage of 4,619 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 20 years.

Additionally, the percentage described in (2) above was not identical to the Group's actual percentage.

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 9,860 million yen, surplus, and shortage of 4,009 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 20 years.

Additionally, the percentage described in (2) above was not identical to the Group's actual percentage.

Current Consolidated Fiscal Year

1) Japan Civil Engineering Consultants Pension Fund

The major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 24,984 million yen, surplus, and shortage of 4,009 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 15 years.

Additionally, the percentage described in (2) above was not identical to the Group's actual percentage.

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 9,354 million yen, surplus, and shortage of 7,350 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 20 years.

Additionally, the percentage described in (2) above was not identical to the Group's actual percentage.

(Stock Options)

Not applicable.

(Tax Effect Accounting)

1 Breakdown by major cause of deferred tax assets and deferred tax liabilities generation

	Previous Consolidated Fiscal Year (as of December 31, 2011)		Current Consolidated Fiscal Year (as of December 31, 2012)	
Deferred tax assets (current assets)				
Accrued enterprise tax	21	million yen	23	million yen
Allowance for losses in operations	46		47	
Reserve for bonuses	184		156	
Social insurance premiums for bonuses	24		20	
Loss brought forward	8		—	
Other	30		36	
Subtotal	314		284	
Allowance account	-5		-4	
Total	309		279	
Deferred tax liabilities (current liabilities)				
Enterprise tax receivable	1	million yen	0	million yen
Total	1		0	
Net of deferred tax assets (current assets)	308	million yen	278	million yen
Deferred tax assets (fixed assets)				
Reserve for retirement benefits	382	million yen	299	million yen
Long-term accounts payable	53		56	
Unrealized loss on securities	113		83	
Asset retirement obligations	56		40	
Other	28		27	
Subtotal	633		506	
Allowance account	-141		-95	
Total deferred tax assets	492		411	
Deferred tax liabilities (fixed liabilities)				
Tangible fixed assets	36	million yen	31	million yen
Other valuation difference on available-for-sale securities	22		49	
Total	59		81	
Net of deferred tax assets (fixed assets)	433	million yen	330	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

	Previous Consolidated Fiscal Year (as of December 31, 2011)		Current Consolidated Fiscal Year (as of December 31, 2012)	
Legal effective tax rate	40.69	%	40.69	%
(Adjustment)				
No entry of loss from entertainment expense etc.	0.95		0.85	
Per capita inhabitant tax	7.81		8.21	
No entry of profit from dividends earned, etc.	-0.59		-0.69	
Downward revision of ending deferred tax assets due to a change in tax rate	5.52		1.71	
No entry of loss from bonuses to directors	1.00		0.97	
Allowance account	2.48		-3.46	
Other	-0.49		-1.40	
Bearing rate of corporation tax or the like after application of tax effect accounting	57.37		46.88	

(Segment Information)

Segment Information

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

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 have nothing to be described here.

Relevant Information

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011)

1. Information by products and services

The Company's group operates a single segment consisting of engineering consulting and incidental services, and omits description.

2. Information by areas

(1) Sales

Sales to outside customers in Japan make up over 90% of the amount of sales in the Consolidated Profit and Loss Account, and are omitted here.

(2) Tangible fixed assets

The Group has no tangible fixed assets located outside of Japan. The Company has nothing to be described here.

3. Information by major customers

(million yen)

Name of customer	Sales	Name of the relevant segment
National government	16,609	Engineering consulting

Current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

1. Information by products and services

The Company's group operates a single segment consisting of engineering consulting and incidental services, and omits description.

2. Information by areas

(1) Sales

Sales to outside customers in Japan make up over 90% of the amount of sales in the Consolidated Profit and Loss Account, and are omitted here.

(2) Tangible Fixed Assets

The Group has no tangible fixed assets located outside of Japan. The Company has nothing to be described here.

3. Information by major customers

(million yen)

Name of customer	Sales	Name of the relevant segment
National government	16,018	Engineering consulting

Impairment losses on fixed assets by reportable segments

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

The Company has nothing to be described here.

Amortized amount and unamortized balance of goodwill by reportable segments

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

The Company operates a single segment consisting of engineering consulting and related works. The Company has nothing to be described here.

Gain on negative goodwill by reportable segments

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

The Company has nothing to be described here.

Information on related parties

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

The Company has nothing to be described here.

(Business Combination)

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

The Company has nothing to be described here.

(Notes on investment and rental property)

Previous consolidated fiscal year (from January 1, 2011 to December 31, 2011) and current consolidated fiscal year (from January 1, 2012 to December 31, 2012)

There are no significant investment or rental properties to be stated, so the statement is omitted here.

(Information per share)

	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Net assets per share	1,397.99 yen	1,429.83 yen
Current net income per share	29.83 yen	38.91 yen

Notes: 1. Current net income per share after adjustment of potential shares is not stated because the Company has issued no potential shares.

2. Basis of calculation of current net income per share:

Item	Previous Consolidated Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Consolidated Fiscal Year (from January 1, 2012 to December 31, 2012)
Current net income in the consolidated income statement (million yen)	421	550
Current net income related to common shares (million yen)	421	550
Amounts not belonging to ordinary shareholders (million yen)	-	-
Average number of common shares for the entire fiscal year (shares)	14,142,001	14,141,770

(Important Matters Generated Later)

Not applicable.

(v) Supplemental Specifications for Consolidated Financial Statements

Corporate bonds specification

Not applicable.

Specifications about borrowings

Category	Current term opening balance (million yen)	Current term closing balance (million yen)	Average rate (%)	Repayment deadline
Short-term borrowings	250	150	1.1	–
Long-term borrowings to be repaid within 1 year	–	–	–	–
Lease obligations to be repaid within 1 year	132	125	–	–
Long-term borrowings except those to be repaid within 1 year	–	–	–	–
Lease obligations except those to be repaid within 1 year	159	160	–	2014 to 2017
Other Interest-bearing Liabilities	–	–	–	–
Total	541	435	–	–

Notes: 1. In respect of the average interest ratio, balance at the end of the term such as outstanding borrowings are set forth at a weighted average percentage.

2. Because lease obligations are reported in the consolidated balance sheet in the amount before deducting assumed interest payments included in total lease payments, the average interest ratio of the lease obligations is not set forth.

3. The amount scheduled to be repaid for lease obligations (except those to be repaid within one year) within 5 years after the consolidated closing date is as follows.

Category	Over 1 year but within 2 years (million yen)	Over 2 years but within 3 years (million yen)	Over 3 years but within 4 years (million yen)	Over 4 years but within 5 years (million yen)
Lease obligations	78	50	23	7

Specifications about asset retirement obligations

The amount of asset retirement obligations at the beginning and end of the current consolidated fiscal year is no more than one hundredth of the total amount of liabilities and net assets at the beginning and end of the current consolidated fiscal year, respectively. The Company has nothing to be described here.

(2) Other

Quarterly financial information for the current consolidated fiscal year

(Cumulative period)	Three months ended March 31, 2012	First half ended June 30, 2012	Nine months ended to September 30, 2012	Current consolidated fiscal year
Sales (million yen)	6,631	17,011	25,018	32,515
Net income (loss) before income tax (million yen)	-310	455	817	1,083
Net income (loss) (million yen)	-151	207	386	550
Net income (loss) per share (yen)	-10.72	14.65	27.30	38.91

(Fiscal period)	First quarter from January 1, 2012 to March 31, 2012	Second quarter from April 1, 2012 to June 30, 2012	Third quarter from July 1, 2012 to September 30, 2012	Fourth quarter from October 1, 2012 to December 31, 2012
Net income (loss) per share (yen)	-10.72	25.38	12.65	11.60

2. Non-consolidated Financial Statements and Other Materials

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheet

(million yen)

	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Assets		
Current assets		
Cash and bank deposits	2,517	2,261
Notes receivable-trade	-	2
Completed work receivables	1,284	1,240
Marketable securities	3,002	3,500
Prepaid expenses for uncompleted services	8,267	9,244
Advance payment	110	109
Deferred tax assets	250	203
Short-term loans	*1 704	*1 468
Other	59	80
Allowance for doubtful accounts	-27	-30
Total current assets	16,168	17,079
Fixed assets		
Tangible fixed assets		
Buildings	3,670	3,665
Accumulated depreciation	-1,952	-2,033
Buildings, net	1,718	1,632
Structures	714	714
Accumulated depreciation	-519	-532
Structures, net	195	182
Machinery and equipment	236	236
Accumulated depreciation	-218	-221
Machinery and equipment, net	17	14
Furniture and fixtures	871	874
Accumulated depreciation	-722	-761
Furniture and fixtures, net	148	112
Land	4,581	4,581
Lease assets	463	432
Accumulated depreciation	-234	-221
Lease assets, net	228	211
Total tangible fixed assets	6,890	6,735
Intangible fixed assets		
Leasehold	16	16
Software	173	146
Telephone rights	22	22
Right of using special facilities	0	0
Lease assets	3	3
Other	0	0
Total intangible fixed assets	216	189
Investments and other assets		
Investment in securities	1,222	1,390
Shares in subsidiaries and affiliates	525	575
Investments in capital of subsidiaries and affiliates	25	25
Investments	3	3
Long-term time deposits	300	300
Long-term prepaid expenses	31	24
Deferred tax assets	374	274
Lease and guarantee deposit	664	669
Membership	52	52
Prepaid pension cost	910	909
Other	0	1
Allowance for investment loss	-10	-
Allowance for doubtful accounts	-	-2
Total investments and other assets	4,099	4,224
Total fixed assets	11,205	11,148
Total assets	27,373	28,228

(million yen)

	Previous Fiscal Year (as of December 31, 2011)		Current Fiscal Year (as of December 31, 2012)	
Liabilities				
Current liabilities				
Accounts payable for services	*1	1,105	*1	1,256
Lease obligations		112		101
Accounts payable		151		150
Accrued income taxes		144		122
Accrued consumption taxes		226		30
Accrued expenses		555		577
Advances received from uncompleted services		4,068		4,710
Deposits received		310		338
Revenue received in advance		7		5
Reserve for bonuses		406		353
Reserve for bonuses to directors		19		18
Allowance for losses in operations		68		48
Total current liabilities		7,177		7,713
Fixed liabilities				
Long-term accounts payable		104		104
Lease obligations		128		120
Reserve for retirement benefits		389		367
Asset retirement obligations		88		79
Other		57		51
Total fixed liabilities		768		723
Total liabilities		7,945		8,436
Net assets				
Shareholders' equity				
Capital		3,025		3,025
Capital surplus				
Capital reserve		4,122		4,122
Total capital surplus		4,122		4,122
Profit surplus				
Profit reserve		176		176
Other profit surplus				
General reserve		8,700		8,700
Profit surplus brought forward		3,321		3,559
Total profit surplus		12,198		12,436
Treasury stock		-11		-11
Total shareholders' equity		19,336		19,573
Valuation and translation differences				
Other valuation difference on available-for-sale securities		92		218
Total valuation and translation adjustment		92		218
Total net assets		19,428		19,792
Total liabilities and net assets		27,373		28,228

(ii) Non-consolidated Profit and Loss Account

(million yen)

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Sales	28,416	27,040
Cost of sales	21,113	19,802
Gross profit	7,303	7,237
Selling, general and administrative expenses		
Directors' remuneration	309	313
Salaries and allowances	2,713	2,729
Bonuses	399	408
Provision of reserve for bonuses	122	108
Provision of reserve for bonuses to directors	19	18
Retirement benefits expenses	146	161
Legal welfare expenses	615	607
Traveling expenses	305	436
Tax and public imposts	132	135
Depreciation	122	99
Rent expenses	368	379
Research and investigation expenses	*1	*1
Provision of allowance for doubtful accounts	14	5
Other	806	674
Total selling, general and administrative expenses	6,486	6,485
Operating income	817	751
Non-operating revenues		
Interest earned	*2	*2
Dividend earned	*2	*2
Interest from securities	15	13
Rent earned	*2	*2
Insurance dividends earned	13	20
Other	29	35
Total non-operating revenues	138	145
Non-operating expenses		
Interest paid	-	0
Commissions paid	6	18
Exchange rate losses	2	-
Other	0	0
Total non-operating expenses	8	18
Ordinary profit	946	878
Extraordinary gain		
Reversal of allowance for investment loss	-	10
Total extraordinary gain	-	10
Extraordinary loss		
Loss from fixed assets disposal	*3	*3
Unrealized loss on investment in securities	65	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	16	-
Other	0	-
Total extraordinary loss	85	2
Net income before income tax	861	886
Corporation tax, inhabitants tax and enterprise tax	343	301
Deferred income taxes etc.	154	121
Total income taxes	498	422
Current net income	363	463

Cost Specifications for Completed Services

Category	Note No.	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)			Current Fiscal Year (from January 1, 2012 to December 31, 2012)		
		Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)
I Labor cost							
1. Salaries		6,502			6,703		
2. Bonuses		973			983		
3. Provision of reserve for bonuses		271			234		
4. Retirement benefits expense		607			673		
5. Other		1,337	9,692	48.9	1,369	9,964	48.0
II Amount paid to subcontractors			6,852	34.6		7,372	35.5
III Expenses							
1. Traveling expenses		885			949		
2. Printing and copying expenses		406			379		
3. Expendables cost		234			244		
4. Rents		883			880		
5. Depreciation		204			181		
6. Provision of allowance for losses in operations		-29			-20		
7. Other		688	3,271	16.5	827	3,442	16.6
Current general business expenses			19,817	100.0		20,779	100.0
Opening prepaid expenses for uncompleted services			9,563			8,267	
Total			29,380			29,047	
Closing prepaid expenses for uncompleted services			8,267			9,244	
Current cost of completed services			21,113			19,802	

(Footnote) Cost accounting is according to the job order costing method.

(iii) Statement of Fluctuations in Shareholders' Equity

(million yen)

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Shareholders' equity		
Capital		
Balance at the beginning of current period	3,025	3,025
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	3,025	3,025
Capital surplus		
Capital reserve		
Balance at the beginning of current period	4,122	4,122
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,122	4,122
Total capital surplus		
Balance at the beginning of current period	4,122	4,122
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	4,122	4,122
Profit surplus		
Profit reserve		
Balance at the beginning of current period	176	176
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	176	176
Other profit surplus		
General reserve		
Balance at the beginning of current period	8,700	8,700
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	8,700	8,700
Profit surplus brought forward		
Balance at the beginning of current period	3,185	3,321
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	363	463
Total changes of items during the period	136	237
Balance at the end of current period	3,321	3,559
Total profit surplus		
Balance at the beginning of current period	12,062	12,198
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	363	463
Total changes of items during the period	136	237
Balance at the end of current period	12,198	12,436

(million yen)

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Treasury stock		
Balance at the beginning of current period	-10	-11
Changes of items during the period		
Acquisition of treasury stock	-0	-0
Total changes of items during the period	-0	-0
Balance at the end of current period	-11	-11
Total shareholders' equity		
Balance at the beginning of current period	19,199	19,336
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	363	463
Acquisition of treasury stock	-0	-0
Total changes of items during the period	136	237
Balance at the end of current period	19,336	19,573
Valuation and translation differences		
Other valuation differences on available-for-sale securities		
Balance at the beginning of current period	25	92
Changes of items during the period		
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	66	126
Total changes of items during the period	66	126
Balance at the end of current period	92	218
Total of valuation and translation differences		
Balance at the beginning of current period	25	92
Changes of items during the period		
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	66	126
Total changes of items during the period	66	126
Balance at the end of current period	92	218
Total net assets		
Balance at the beginning of current period	19,225	19,428
Changes of items during the period		
Dividends from surplus	-226	-226
Current net income	363	463
Acquisition of treasury stock	-0	-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	66	126
Total changes of items during the period	203	363
Balance at the end of current period	19,428	19,792

Important Accounting Policy

1. Valuation base and method for securities

(1) Held-to-maturity securities

Cost method.

(2) Shares in subsidiaries and affiliates

Cost method according to moving average method.

(3) Available-for-sale 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 net assets 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.

2. Valuation base and method for inventories

Prepaid expenses for uncompleted services -- Cost method by job cost system

3. Depreciation of fixed assets

(1) Tangible fixed assets (excluding lease 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: 17 – 50 years

(2) Intangible fixed assets (excluding lease assets) -- Straight-line method

For the software, however, the straight-line method according to the useful period in the Company (5 years) is adopted.

(3) Lease assets

Straight-line method using the lease period as the service life and considering the residual value to be zero.

4. Accounting for allowances and reserves

(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.

(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.

(3) Reserve for bonus to directors

Calculated on forecast payment amount to prepare for bonus payments to Directors.

(4) Allowance for losses in operations

Calculated according to the forecasted losses due to uncompleted services at the end of fiscal year in preparation for future losses related to ordered works.

(5) 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 benefits trust.

5. Accounting treatment of consumption taxes

Tax exclusion method is adopted.

(Additional Information)

The “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) are applied for accounting changes and error corrections made on and after the beginning of the fiscal year ended December 31, 2012.

Notes:

(Notes on Balance Sheet)

*1 Amount for subsidiaries and affiliates is included as follows:

	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Shot-term loans	704 million yen	468 million yen
Account payable for services	221	188

2 Warranty for liabilities

Warranty for the following employees' liabilities borrowed from financial institutions:

	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Employees of the Company	80 million yen	63 million yen
Employees of CTI Engineering International Co., Ltd.	5	2

(Notes on Profit and Loss Account)

*1 The research and investigation expenses included in selling, general and administrative expenses are as follows:

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
	408 million yen	409 million yen

*2 Within non-operating revenues, the major items from subsidiaries and affiliates were as follows.

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Received interest	10 million yen	6 million yen
Received dividends	5	6
Received rent income	34	31

*3 Loss from fixed assets disposal can be broken down as follows:

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Buildings	0 million yen	1 million yen
Furniture and fixtures	2	1
Total	2	2

(Notes on Statement of Fluctuations in Shareholders' Equity)

Previous Fiscal Year (From January 1, 2011 to December 31, 2011)

1 Treasury stock

Type of Share	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock	16,925	266	—	17,191

Note: The increase in the amount of treasury stock of 266 shares was due to acquisition of shares constituting less than one transaction unit.

Current Fiscal Year (From January 1, 2012 to December 31, 2012)

1 Treasury stock

Type of Share	As of the beginning of the fiscal year	Increase	Decrease	As of the end of the fiscal year
Common stock	17,191	207	—	17,398

Note: The increase in the amount of treasury stock of 207 shares was due to acquisition of shares constituting less than one transaction unit.

(Notes on lease arrangements)

1. Financial lease transactions (Lessee side)

Finance lease transactions of which ownership is not transferred to the lessee

(1) Lease assets

1) Tangible fixed assets

Mainly office appliances (furniture and fixtures)

2) Intangible fixed assets

Software

(2) Depreciation and amortization method for lease assets

The method is outlined in “3. Depreciation of fixed assets” in Important Accounting Policy.

(Notes on securities)

The fair value of shares in subsidiaries and affiliates is not stated, as these shares have no market value and their fair value is considered difficult to recognize.

The book value on the balance sheet for shares in subsidiaries and affiliates whose fair value is deemed to be considerably difficult to recognize is as follows.

	(million yen)	
	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Shares in subsidiaries	525 million yen	525 million yen
Shares in affiliates	-	50
Total	525	575

(Notes on tax effect accounting)

1 Breakdown by major cause of deferred tax assets and deferred tax liabilities generation

	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Deferred tax assets (current assets)		
Accrued enterprise tax	18 million yen	15 million yen
Allowance for losses in operations	27	17
Reserve for bonuses	165	134
Social insurance premiums for bonuses	21	17
Other	22	23
Subtotal	256	208
Allowance account	-5	-4
Total	250	203
Deferred tax assets (fixed assets)		
Reserve for retirement benefits	349 million yen	270 million yen
Long-term accounts payable	39	39
Unrealized loss of securities	113	83
Asset retirement obligations	31	34
Other	11	12
Subtotal	544	439
Allowance account	-122	-89
Total	421	350
Deferred tax liabilities (fixed liabilities)		
Tangible fixed assets	24 million yen	27 million yen
Other valuation difference on available-for-sale securities	22	49
Total	47	76
Net of deferred tax assets (fixed assets)	374 million yen	274 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 adoption of tax effect accounting

	Previous Fiscal Year (as of December 31, 2011)	Current Fiscal Year (as of December 31, 2012)
Legal effective tax rate	40.69 %	40.69 %
(Adjustment)		
No entry of loss from entertainment expense etc.	0.99	0.83
Per capita inhabitant tax	8.46	8.93
No entry of profit from dividend earned etc.	-0.71	-0.84
Downward revision of ending deferred tax assets due to a change in tax rate	5.71	1.62
No entry of loss from bonuses to directors	0.90	0.89
Allowance account	1.91	-3.91
Other	-0.11	-0.56
Bearing rate of corporation tax or the like after application of tax effect accounting	57.84	47.65

(Information per Share)

	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Net assets per share	1,373.83 yen	1,399.57 yen
Current net income per share	25.68 yen	32.81 yen

Notes: 1. Current net income per share after adjustment of potential shares is not stated because there are no potential shares.

2. Basis of calculation of current net income per share:

Item	Previous Fiscal Year (from January 1, 2011 to December 31, 2011)	Current Fiscal Year (from January 1, 2012 to December 31, 2012)
Current net income in the income statement (million yen)	363	463
Current net income related to common shares (million yen)	363	463
Amounts not belonging to ordinary shareholders (million yen)	–	–
Average number of common shares for the entire fiscal year (shares)	14,142,001	14,141,770

(Important Matters Generated Later)

Not applicable.

(iv) Supplemental specifications

Specifications of securities

Shares

		Issuer name	Number of shares	Book value on balance sheet (million yen)
Investment securities	Available-for-sale securities	RAITO KOGYO CO., LTD.	265,100	131
		OYO Corporation	98,500	103
		Mitsubishi UFJ Financial Group, Inc.	14,500	66
		NIPPON JOGESUIDO SEKKEI CO., LTD.	50,000	58
		PACIFIC CONSULTANTS INTERNATIONAL GROUP	100	50
		SHO-BOND Holdings Co., Ltd.	12,800	41
		T&D Holdings, Inc.	38,400	39
		WESCO Inc.	200,072	35
		CHODAI CO., LTD.	105,000	34
		Ube Material Industries, Ltd.	136,000	32
		Other (24 issues)	719,295	298
Total			1,770,267	890

Bonds and Notes

		Issuer name	Aggregate nominal amount (million yen)	Book value on balance sheet (million yen)
Investment securities	Held-to-maturity securities	BTMU (Curacao) Holdings N.V. Series850	500	500
Total			500	500

Other

		Issuer name	Investment amount etc. (shares)	Book value on balance sheet (million yen)
Marketable securities	Available-for-sale securities	Mitsubishi UFJ Asset Management Co., Ltd. (Mitsubishi UFJ Cash Fund)	500,278,839	500
		Nomura Asset Management Co., Ltd. (Free Financial Fund)	3,000,287,540	3,000
Total			3,500,566,379	3,500

Specifications of tangible fixed assets and other

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	3,670	6	10	3,665	2,033	83	1,632
Structures	714	–	–	714	532	13	182
Machinery and equipment	236	–	–	236	221	2	14
Furniture and fixtures	871	23	19	874	761	57	112
Land	4,581	–	–	4,581	–	–	4,581
Lease assets	463	104	134	432	221	121	211
Total tangible fixed assets	10,537	133	164	10,506	3,770	278	6,735
Intangible fixed assets							
Leasehold	16	–	–	16	–	–	16
Software	353	40	–	393	247	67	146
Telephone rights	22	–	–	22	–	–	22
Right of using special facilities	1	–	–	1	1	0	0
Lease assets	6	2	0	8	5	1	3
Other	0	–	–	0	0	0	0
Total intangible fixed assets	402	42	0	444	254	68	189
Long-term prepaid expenses	53	17	15	54	30	8	24
Deferred assets							
–	–	–	–	–	–	–	–
Total deferred assets	–	–	–	–	–	–	–

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 (Other) (million yen)	Closing balance (million yen)
Allowance for doubtful accounts	27	5	–	–	32
Allowance for investment loss	10	–	–	10	–
Reserve for bonuses	406	353	406	–	353
Reserve for bonuses to directors	19	18	19	–	18
Allowance for losses in operations	68	48	68	–	48

Note: The decreases during the year (other) in the amounts for “allowance for doubtful accounts” and “allowance for investment loss” were mainly due to the recovery of investment book values.

(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	1,656
Ordinary deposit	591
Special deposit	9
Subtotal	2,257
Total	2,261

(ii) Completed work receivables

(a) Breakdown by client

Client	Amount (million yen)
Japanese Government	501
Shiga Prefecture	70
Hyogo Prefecture	54
Central Nippon Expressway Company Limited	51
East Nippon Expressway Company Limited	48
Oita Prefecture	39
Nara Prefecture	31
Himeji City, Hyogo Prefecture	28
Kyoto Prefecture	26
Mie Prefecture Environmental Conservation Agency	23
Other	364
Total	1,240

(b) Generation, collection and remaining of completed work receivables

Opening balance (million yen) (A)	Generation in current term (million yen) (B)	Collected amount in current term (million yen) (C)	Closing balance (million yen) (D)	Collection ratio (%)	Days of remaining (days) (A)+(D)
				$\frac{(C)}{(A)+(B)} \times 100$	$\frac{2}{(B)}$ 366
1,284	4,550	4,593	1,240	78.7	101.6

- Notes: 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 from uncompleted services.

(iii) Prepaid expenses for uncompleted services

Category	Amount (million yen)
Labor cost	4,815
Subcontractor cost	2,635
Expense	1,792
Total	9,244

2) Liabilities

(i) Accounts payable for services

Service provider	Amount (million yen)
CTI AURA Co., Ltd.	62
CTI Grand Planning Co., Ltd.	46
CTI Wing Co., Ltd.	44
Shin Doboku Kaihatsu Co., Ltd.	29
Token Koei Co., Ltd.	22
TEIJIN ECO-SCIENCE LIMITED	22
Daiwa Technical Service Co., Ltd.	19
OTSUKA CORPORATION	16
Fuji Xerox Co., Ltd.	16
FORTECH Co., Ltd.	15
Other	959
Total	1,256

(ii) Advances received from uncompleted services

Client	Amount (million yen)
Japanese Government	1,566
Miyagi Prefecture	351
Central Nippon Expressway Company Limited	178
Iwate Prefecture	177
Shiga Prefecture	135
Hyogo Prefecture	113
Kanagawa Prefecture	95
Nara Prefecture	87
Shimane Prefecture	81
Shizuoka Prefecture	76
Other	1,848
Total	4,710

(3) Other

Not applicable.

CHAPTER 6: SHAREHOLDER RELATED INFORMATION

Fiscal year	January 1 to December 31
Ordinary general meeting of shareholders	In March
Record date	December 31
Record date of dividends from surplus	June 30, December 31
Unit of shares	100 shares
Purchase of shares below one unit of shares	
Place of purchase	(Special Account) Stock Transfer Agency Division Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	(Special Account) Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Service office	–
Service charge for purchase	Free of charge
Media of public notice	The Company's notices are published on its website. However, where due to unforeseen circumstances website publication is not possible, notices will be published in the Nihon Keizai Shimbun. The Company's website for public notices is as follows: http://www.ctie.co.jp/
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, its accompanying documents, and confirmation note

Fiscal year (49th fiscal year) (from January 1, 2011 to December 31, 2011) Submitted to the director of the Kanto Local Finance Bureau on March 28, 2012.

(2) Internal Control Report

Submitted to the director of the Kanto Local Finance Bureau on March 28, 2012.

(3) Quarterly Report and confirmation note

(First quarter of 50th fiscal year) (from January 1, 2012 to March 31, 2012) Submitted to the director of the Kanto Local Finance Bureau on May 14, 2012.

(Second quarter of 50th fiscal year) (from April 1, 2012 to June 30, 2012) Submitted to the director of the Kanto Local Finance Bureau on August 13, 2012.

(Third quarter of 50th fiscal year) (from July 1, 2012 to September 30, 2012) Submitted to the director of the Kanto Local Finance Bureau on November 12, 2012.

(4) Extraordinary Report

The Extraordinary Report subject to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. Submitted to the director of the Kanto Local Finance Bureau on March 28, 2013.

The Extraordinary Report subject to the provisions of Article 19, Paragraph 2, Item 9-4 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. Submitted to the director of the Kanto Local Finance Bureau on March 28, 2013.

Part 2: SURETY COMPANY INFORMATION

Not applicable.