SECURITIES REPORT

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

Fiscal Year (53rd Term)

(from January 1, 2015 to December 31, 2015)

CTI Engineering Co., Ltd.

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

(941-172)
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, Paragraph 1 of the Financial Instruments and Exchange Act, which was submitted through the Electronic Disclosure for Investors’ Network (EDINET) stipulated in Article 27-30-2 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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53rd Term SECURITIES REPORT  

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Securities report

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Recipient of document
Director of the Kanto Local Finance Bureau

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March 25, 2016

Fiscal Year
53rd term (from January 1, 2015 to December 31, 2015)

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Place Available for Public Inspection
Osaka Head Office of CTI Engineering Co., Ltd.  
(6-7, Doshomachi 1-chome, Chuo-ku, Osaka)

Chubu Office of CTI Engineering Co., Ltd.  
(5-13, Nishiki 1-chome, Naka-ku, Nagoya)

Tokyo Stock Exchange, Inc.
(2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
**1. Changes in Major Management Indices**

(1) Consolidated management indices of the Company

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales amount (million yen)</td>
<td>33,646</td>
<td>32,515</td>
<td>36,435</td>
<td>39,524</td>
<td>40,220</td>
</tr>
<tr>
<td>Ordinary profit (million yen)</td>
<td>1,129</td>
<td>1,076</td>
<td>1,638</td>
<td>2,525</td>
<td>2,734</td>
</tr>
<tr>
<td>Net income (million yen)</td>
<td>421</td>
<td>550</td>
<td>982</td>
<td>1,490</td>
<td>1,633</td>
</tr>
<tr>
<td>Comprehensive income (million yen)</td>
<td>507</td>
<td>701</td>
<td>1,270</td>
<td>1,584</td>
<td>1,891</td>
</tr>
<tr>
<td>Net assets (million yen)</td>
<td>19,876</td>
<td>20,350</td>
<td>21,392</td>
<td>21,870</td>
<td>23,816</td>
</tr>
<tr>
<td>Total assets (million yen)</td>
<td>30,332</td>
<td>32,319</td>
<td>37,132</td>
<td>41,011</td>
<td>43,937</td>
</tr>
<tr>
<td>Net assets per share (yen)</td>
<td>1,397.99</td>
<td>1,429.83</td>
<td>1,504.86</td>
<td>1,539.79</td>
<td>1,675.40</td>
</tr>
<tr>
<td>Net income per share (yen)</td>
<td>29.83</td>
<td>38.91</td>
<td>69.46</td>
<td>105.38</td>
<td>115.51</td>
</tr>
<tr>
<td>Net income per share after adjustment of potential shares (yen)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net worth ratio (%)</td>
<td>65.2</td>
<td>62.6</td>
<td>57.3</td>
<td>53.1</td>
<td>53.9</td>
</tr>
<tr>
<td>Profit ratio of net worth (%)</td>
<td>2.1</td>
<td>2.8</td>
<td>4.7</td>
<td>6.9</td>
<td>7.2</td>
</tr>
<tr>
<td>Price earnings ratio (times)</td>
<td>17.60</td>
<td>15.50</td>
<td>15.22</td>
<td>14.62</td>
<td>10.75</td>
</tr>
<tr>
<td>Cash flow from operating business activities (million yen)</td>
<td>-1,005</td>
<td>921</td>
<td>3,012</td>
<td>3,591</td>
<td>1,613</td>
</tr>
<tr>
<td>Cash flow from investment activities (million yen)</td>
<td>683</td>
<td>-167</td>
<td>-962</td>
<td>568</td>
<td>-1,766</td>
</tr>
<tr>
<td>Cash flow from financial activities (million yen)</td>
<td>-238</td>
<td>-476</td>
<td>89</td>
<td>-108</td>
<td>-196</td>
</tr>
<tr>
<td>Closing balance of cash and cash equivalents (million yen)</td>
<td>6,163</td>
<td>6,448</td>
<td>8,592</td>
<td>12,659</td>
<td>12,310</td>
</tr>
<tr>
<td>Number of employees (plus average number of temporary employees)</td>
<td>1,557 (495)</td>
<td>1,588 (510)</td>
<td>1,633 (492)</td>
<td>1,652 (496)</td>
<td>1,855 (499)</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Fiscal year-end</th>
<th>49th term</th>
<th>50th term</th>
<th>51st term</th>
<th>52nd term</th>
<th>53rd term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales amount (million yen)</td>
<td>28,416</td>
<td>27,040</td>
<td>30,059</td>
<td>33,211</td>
<td>33,734</td>
</tr>
<tr>
<td>Ordinary profit (million yen)</td>
<td>946</td>
<td>878</td>
<td>1,619</td>
<td>2,275</td>
<td>2,513</td>
</tr>
<tr>
<td>Net income (million yen)</td>
<td>363</td>
<td>463</td>
<td>969</td>
<td>1,366</td>
<td>1,520</td>
</tr>
<tr>
<td>Capital stock (million yen)</td>
<td>3,025</td>
<td>3,025</td>
<td>3,025</td>
<td>3,025</td>
<td>3,025</td>
</tr>
<tr>
<td>Number of outstanding shares (shares)</td>
<td>14,159,086</td>
<td>14,159,086</td>
<td>14,159,086</td>
<td>14,159,086</td>
<td>14,159,086</td>
</tr>
<tr>
<td>Net assets (million yen)</td>
<td>19,428</td>
<td>19,792</td>
<td>20,840</td>
<td>22,040</td>
<td>23,608</td>
</tr>
<tr>
<td>Total assets (million yen)</td>
<td>27,373</td>
<td>28,228</td>
<td>32,553</td>
<td>36,282</td>
<td>38,498</td>
</tr>
<tr>
<td>Net assets per share (yen)</td>
<td>1,373.83</td>
<td>1,399.57</td>
<td>1,473.74</td>
<td>1,558.60</td>
<td>1,669.52</td>
</tr>
<tr>
<td>Cash Dividend per share (Interim dividend per share) (yen)</td>
<td>16.00</td>
<td>16.00</td>
<td>18.00</td>
<td>18.00</td>
<td>20.00</td>
</tr>
<tr>
<td>Net income per share (yen)</td>
<td>25.68</td>
<td>32.81</td>
<td>68.59</td>
<td>96.66</td>
<td>107.54</td>
</tr>
<tr>
<td>Net income per share after adjustment of potential shares (yen)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net worth ratio (%)</td>
<td>71.0</td>
<td>70.1</td>
<td>64.0</td>
<td>60.7</td>
<td>61.3</td>
</tr>
<tr>
<td>Profit ratio of net worth (%)</td>
<td>1.9</td>
<td>2.4</td>
<td>4.7</td>
<td>6.4</td>
<td>6.4</td>
</tr>
<tr>
<td>Price earnings ratio (times)</td>
<td>20.45</td>
<td>18.38</td>
<td>15.41</td>
<td>15.94</td>
<td>11.55</td>
</tr>
<tr>
<td>Dividend Payout ratio (%)</td>
<td>62.3</td>
<td>48.8</td>
<td>26.2</td>
<td>18.6</td>
<td>18.6</td>
</tr>
<tr>
<td>Number of employees (plus average number of temporary employees) (persons)</td>
<td>1,269 (466)</td>
<td>1,270 (475)</td>
<td>1,295 (441)</td>
<td>1,315 (443)</td>
<td>1,399 (441)</td>
</tr>
</tbody>
</table>

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.
3. Dividend of 18 yen per share for the fiscal year ended December 31, 2013 includes a commemorative dividend of 2 yen to commemorate the 50th anniversary of founding as a stock company.
## 2. Chronology

<table>
<thead>
<tr>
<th>Date</th>
<th>Outline</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1963</td>
<td>Established “Kensetsu Giken KK” in Ginza-nishi (Ginza 3-chome at present), Chuo-ku, Tokyo to conduct engineering consulting business</td>
</tr>
<tr>
<td>April 1963</td>
<td>Started business at the Head Office and Osaka Office in Minami-ku (Chuo-ku at present), Osaka at the same time as company establishment</td>
</tr>
<tr>
<td>February 1964</td>
<td>Changed trading name to “KK Kensetsu Gijutsu Kenkyujo (= CTI Engineering Co., Ltd.)”</td>
</tr>
<tr>
<td>December 1964</td>
<td>Registered at the Ministry of Construction as a construction consultant (No. 39-133)</td>
</tr>
<tr>
<td>June 1967</td>
<td>Opened Fukuoka Liaison Office (Fukuoka Office at present) in Fukuoka-shi, Fukuoka</td>
</tr>
<tr>
<td>April 1969</td>
<td>Moved the Head Office to Nihombashi-koamicho, Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>September 1973</td>
<td>Moved the Head Office to Nihombashi-honcho, Chuo-ku, Tokyo</td>
</tr>
<tr>
<td>January 1975</td>
<td>Opened Overseas Project Office (Overseas Department at present) in the Head Office to increase the number of overseas project orders</td>
</tr>
<tr>
<td>April 1976</td>
<td>Opened Sendai Liaison Office (Tohoku Office at present) in Sendai, Miyagi</td>
</tr>
<tr>
<td>September 1976</td>
<td>Opened Nagoya Liaison Office (Chubu Office at present) in Nakamura-ku, Nagoya</td>
</tr>
<tr>
<td>April 1977</td>
<td>Opened Hiroshima Liaison Office (Chugoku Office at present) in Hiroshima-shi, Hiroshima</td>
</tr>
<tr>
<td>July 1980</td>
<td>Opened Okinawa Liaison Office (Okinawa Office at present) in Urazoe-shi, Okinawa</td>
</tr>
<tr>
<td>April 1983</td>
<td>Opened Niigata Liaison Office (Hokuriku Office at present) in Niigata-shi, Niigata and Takamatsu Liaison Office (Shikoku Office at present) in Takamatsu-shi, Kagawa</td>
</tr>
<tr>
<td>December 1983</td>
<td>Established “CTI Chousasekkei KK” (CTI AURA Co., Ltd. at present) to be exclusively engaged in construction management projects</td>
</tr>
<tr>
<td>June 1988</td>
<td>Opened Sapporo Liaison Office (Hokkaido Office at present) in Chuo-ku, Sapporo</td>
</tr>
<tr>
<td>July 1989</td>
<td>Opened Front Department to be in charge of hydraulic model experiments for dams, rivers and erosion control</td>
</tr>
<tr>
<td>April 1991</td>
<td>Opened Tokyo Office (Tokyo Head Office at present) in Nihombashi-honcho, Chuo-ku, Tokyo in preparation for larger-scale business</td>
</tr>
<tr>
<td>April 1994</td>
<td>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</td>
</tr>
<tr>
<td>June 1994</td>
<td>Registered over-the-counter stock with the Japan Securities Dealers Association</td>
</tr>
<tr>
<td>August 1996</td>
<td>Changed organization of the Front Dept. and opened Tsukuba Research Center in Tsukuba-shi, Ibaraki</td>
</tr>
<tr>
<td>October 1996</td>
<td>Stock listed on the Second Section of the Tokyo Stock Exchange</td>
</tr>
<tr>
<td>March 1999</td>
<td>Established CTI Engineering International Co., Ltd. to isolate overseas operations making it independent of other operations</td>
</tr>
<tr>
<td>April 1999</td>
<td>Assigned the goodwill of the overseas division to the CTI Engineering International</td>
</tr>
<tr>
<td>June 1999</td>
<td>Stock listed on the First Section of the Tokyo Stock Exchange</td>
</tr>
<tr>
<td>December 1999</td>
<td>Established Management Techno Co., Ltd. to be exclusively engaged in management businesses</td>
</tr>
<tr>
<td>April 2000</td>
<td>Opened Management Business Department to be in charge of management business</td>
</tr>
<tr>
<td>April 2003</td>
<td>CTI Academy Co., Ltd. (CTI Frontier Co., Ltd. at present) was established to specialize in training, the conducting of seminars, and other businesses.</td>
</tr>
<tr>
<td>May 2005</td>
<td>In the company’s 60th year of operations, the head office was relocated to Nihombashi Hamacho, Chuo-ku, Tokyo.</td>
</tr>
<tr>
<td>June 2006</td>
<td>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.)</td>
</tr>
<tr>
<td>January 2008</td>
<td>Established Wuhan CTI-CRSRI Engineering &amp; Environment Co., Ltd. to implement environmental consulting services with Changjiang River Scientific Research Institute</td>
</tr>
<tr>
<td>October 2010</td>
<td>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 &amp; Development Co., Ltd.) and started operations.</td>
</tr>
<tr>
<td>March 2014</td>
<td>Established CTI Myanmar Co., Ltd. to implement engineering consulting services jointly with Duwun Export &amp; Import Co., Ltd.</td>
</tr>
<tr>
<td>June 2015</td>
<td>Environmental Research &amp; Solutions CO., LTD., started its operations as the Company’s wholly owned subsidiary by way of a share transfer from UNITIKA LTD.</td>
</tr>
<tr>
<td>November 2015</td>
<td>NISSOKEN ARCHITECTS &amp; ENGINEERS Co., Ltd. started operations as the Company’s wholly owned subsidiary by way of a share transfer in the form of an incorporation-type company split.</td>
</tr>
</tbody>
</table>
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 four 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. The Company’s subsidiary NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. is in charge of architectural design and supervision.

(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 on the next page.
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

<table>
<thead>
<tr>
<th>Company name</th>
<th>Address</th>
<th>Capital (million yen)</th>
<th>Major business contents</th>
<th>Voting right ratio (%)</th>
<th>Relation contents</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTI Engineering International Co., Ltd.</td>
<td>Koto-ku, Tokyo</td>
<td>100</td>
<td>Engineering consulting for overseas market</td>
<td>70.0</td>
<td>Receives orders for engineering consulting services in overseas markets. Some directors double as directors of the Company. The Company guarantees some debts.</td>
</tr>
<tr>
<td>Fukuoka Urban Engineering Co., Ltd.</td>
<td>Chuo-ku, Tokyo</td>
<td>100</td>
<td>Land readjustment Engineering consulting</td>
<td>100.0</td>
<td>Receives orders for engineering consulting services from the Company. In addition, directly receives orders for land readjustment works, from local governments.</td>
</tr>
<tr>
<td>Chi-ken Sogo Consultants Co., Ltd.</td>
<td>Arakawa-ku, Tokyo</td>
<td>100</td>
<td>Geological survey Engineering consulting</td>
<td>100.0</td>
<td>Receives orders for engineering consulting services from the Company. In addition, directly receives orders for geological survey works, from local governments.</td>
</tr>
<tr>
<td>NISSOKEN ARCHITECTS &amp; ENGINEERS Co., Ltd.</td>
<td>Shibuya-ku, Tokyo</td>
<td>100</td>
<td>Architecture / design</td>
<td>100.0</td>
<td>Directly receives orders for architectural design and supervision.</td>
</tr>
</tbody>
</table>

### 5. Situation of Employees

#### (1) Consolidation basis

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (persons)</td>
<td>1,855 (499)</td>
</tr>
</tbody>
</table>

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 number of employees increased by 203 from the previous consolidated fiscal year mainly due to increased employment and the acquisition of all shares of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. on November 2, 2015 to make that company a consolidated subsidiary.

#### (2) Non-consolidation basis

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of employees (persons)</td>
<td>1,399 (441)</td>
</tr>
</tbody>
</table>

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: 826 (as of December 31, 2015)  
(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

With regard to construction consultancy, the industry in which the Group is involved, the business environment surrounding the Group remained on an improvement trend. Progress achieved was mainly attributable to steady public works spending, an increase in the unit price per engineer for three consecutive years, and improved calculation criteria for research and design works.

Many developments were also seen in the industry, such as the adoption of a bidding system to better respond to the features, etc. of research and design works, the systematic management of the progress of projects, and the appropriate implementation of order-related office works in consideration of the medium- and long-term procurement of personnel. The parties placing orders for consultancy services have adopted the aforesaid as common guidelines in their ordering processes, and the industry has recorded a year of bold steps toward the reform of its construction production and management system.

Under these circumstances, the Group has continuously committed all of its strengths and resources to contribute to restoration from the Great East Japan Earthquake. The Group has also worked to ensure stable orders received and improve profitability mainly in business related to disaster prevention and disaster mitigation, business related to the maintenance, management, and renewal of social infrastructure, and other business by strengthening its competitive edge in both technical know-how and price.

Among our consolidated subsidiaries, CTI Engineering International Co., Ltd., an internationally active company, has promoted the diversification of its customer base by cultivating business opportunities in civil markets, including orders received for large-scale sewerage development works from a company engaging in water supply and sewerage businesses in the Philippines. Fukuoka Land Readjustment Co., Ltd., a subsidiary specializing mainly in land readjustment, saw signs of recovery in existing markets and expansions in civil markets in addition to earthquake recovery works. Chi-ken Sogo Consultants Co., Ltd., a company specialized in erosion control and geological fields, received large-scale orders for geological surveys related to the linear shinkansen (bullet train). All three of these companies brought in increased orders through the activities described above.

Moreover, Environmental Research & Solutions CO., LTD., a subsidiary specializing in environmental monitoring and analysis, and NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd., a subsidiary specializing in architectural design and supervision, are newly included in the Group. The addition of these companies has widely expanded the business development of the Group.

As a consequence, orders received during this consolidated fiscal year were 40,353 million yen, a YoY increase of 0.0%. Meanwhile, income from completed services was 40,220 million yen, a YoY increase of 1.8%, and ordinary profit increased by 8.3% YoY to 2,734 million yen. Current net income increased by 9.6% YoY to 1,633 million yen.

(2) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) decreased by 349 million yen YoY, to a total of 12,310 million yen.
Net cash provided by operating activities was 1,613 million yen, a YoY decrease of 55.1%. The major items were net income before income tax of 2,721 million yen, a 797 million yen increase in sales account, and a 309 million yen increase in prepaid expenses for uncompleted services.

Net cash used for investment activities was 1,766 million yen. The major items were repayments for loans of 773 million yen, payments for acquisition of securities of subsidiaries and affiliates of 340 million yen, and payments for acquisition of investment securities of 230 million yen.

Net cash used for financial activities was 196 million yen, a YoY increase of 82.0%. The major items were dividend payments of 254 million yen, income from short-term borrowing of 150 million yen, and repayments of lease obligations of 91 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Current consolidated fiscal year (From January 1, 2015 to December 31, 2015) (million yen)</th>
<th>Change from the same term in previous year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering consulting</td>
<td>40,220</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>40,220</td>
<td>1.8</td>
</tr>
</tbody>
</table>

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

(2) Order receiving situation

<table>
<thead>
<tr>
<th>Category</th>
<th>Current consolidated fiscal year (From January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Orders received (million yen)</td>
</tr>
<tr>
<td>Engineering consulting</td>
<td>40,353</td>
</tr>
<tr>
<td>Total</td>
<td>40,353</td>
</tr>
</tbody>
</table>

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

(3) Sales results

1) Sales results

<table>
<thead>
<tr>
<th>Category</th>
<th>Current consolidated fiscal year (From January 1, 2015 to December 31, 2015) (million yen)</th>
<th>Change from the same term in previous year (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engineering consulting</td>
<td>40,220</td>
<td>1.8</td>
</tr>
<tr>
<td>Total</td>
<td>40,220</td>
<td>1.8</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Client</th>
<th>Previous consolidated fiscal year (From January 1, 2014 to December 31, 2014)</th>
<th>Current consolidated fiscal year (From January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (million yen)</td>
<td>Ratio (%)</td>
</tr>
<tr>
<td>National Government</td>
<td>20,582</td>
<td>52.1</td>
</tr>
</tbody>
</table>
3. Our Tasks Ahead

The national government took budgetary measures for public works spending in its supplementary budget for fiscal 2015 in relation to disaster-recovery works, disaster prevention and disaster mitigation works, and the acceleration of restoration. The main budget for fiscal 2016 is expected to remain the same level as that for fiscal 2015. Construction consultants will play a more important role than ever before in planned investment in social infrastructure improvement under the National Resilience Plan and the full-fledged application of the revised Quality Assurance Act.

In light of this business environment, the Group will promote the priority strategies listed below in a bid to promote the utilization of the management resources it has accumulated so far, further increase its competitiveness, and improve the overall vitality of the Group.

1) Strengthening business development
2) Reinforcing human resources
3) Enhancing productivity and organizational capability
4) Increasing the Group’s comprehensive strength

All of our employees and executives will continue to make concerted efforts with their utmost energy to carry out CTI Engineering’s social mission as a construction consultant with an important role in the security and safety of Japan’s citizens.

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 the opening up of new business areas and new business development (strategic research, international research, research for business development, and research for the development of new business areas), research in national land and culture, technology development, and human resources development.

During the current consolidated fiscal year, the Group invested a total of 930 million yen to carry out research and development on the following major subjects:

1) Strategic research (research in urban design considering disaster prevention, research in CIM, and research in infrastructure maintenance)
2) International research (international business promotion)
3) Research for business development (study on the commercialization of logistics, weather information services, study on the commercialization of smart communities in Japan and overseas, and agriculture related business development)
4) Research for the development of new business areas (business expansion in water supply and sewerage areas, business development in harbors and fishing ports, business development in urban reconstruction, business development in urban civil engineering, business development in railways, business exploitation in green infrastructure in agriculture and agricultural villages, and business development in CM and PM services)
5) Research in national land and culture (a think tank, declining population society, hydroelectric power generation valuation, measures for adapting to temperature variability, support for female engineers, a mental health city, an environment for fostering children, environmental design, waterside restoration, and collaborative value creation)
6) Technological research and development (CTI water circulation system, study of dam reconstruction technology, new river engineering theory, study of bridge renewal design, infrastructure public accounting, study of environmental targets for rivers, system for estimating the Japanese earthquake scale for ground, rainfall observation equipment via wireless LAN, underwater robot development, maintenance and administration of ICT bridges, effective use of sewage sludge, and a study on support for formulating regional disaster prevention plans)
7) Human resources development (training inside or outside of the company, dispatch to graduate school for employees with full-time jobs, dispatch overseas for training, etc.)


(1) Financial conditions

(Assets)

At the end of the current consolidated fiscal year, the Group’s total assets totaled 43,937 million yen, for an increase of 7.1% compared to the previous year. The major items were an increase in investment securities and the entry of long-term loans.

(Liabilities)

Total liabilities at the end of this consolidated fiscal year were 20,120 million yen, for an increase of 5.1% compared to the end of the previous year. The major items were increases in advances received from
uncompleted services and accrued consumption taxes in connection with a change in a tax rate.

(Net Assets)

At the end of the current consolidated fiscal year, net assets totaled 23,816 million yen, for an increase of 8.9% over a year earlier. The major item was current net income.

(2) Business performance

As of the end of this consolidated fiscal year, the Group’s orders received amounted to 40,353 million yen, a YoY increase of 0.0%. Income from completed services was 40,220 million yen, a YoY increase of 1.8%. Ordinary profit increased by 8.3% YoY to 2,734 million yen, and current net income for this consolidated fiscal year increased by 9.6% YoY to 1,633 million yen.

(3) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) decreased by 349 million yen compared to the end of the previous year, totaling 12,310 million yen.

Net cash provided by operating activities was 1,613 million yen, a YoY decrease of 55.1%. The major items were net income before income tax of 2,721 million yen, a 797 million yen increase in sales account, and a 309 million yen increase in prepaid expenses for uncompleted services.

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Net cash used for financial activities was 196 million yen, a YoY increase of 82.0%. The major items were dividend payments of 254 million yen, income from short-term borrowing of 150 million yen, and repayments of lease obligations of 91 million yen.
CHAPTER 3: FACILITIES & EQUIPMENT

1. **Outline of Investment into Facilities and Equipment**

   The Group committed 159 million yen in capital investment chiefly to perform repair work for improving working conditions at offices.

   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

<table>
<thead>
<tr>
<th>Establishment (location)</th>
<th>Business line</th>
<th>Book value (million yen)</th>
<th>Number of employees (persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Buildings and structures</td>
<td>Machinery and delivery equipment</td>
</tr>
<tr>
<td>Head Office (Chuo-ku, Tokyo)</td>
<td>General administration facilities</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>Tokyo Head Office (Chuo-ku, Tokyo)</td>
<td>Office</td>
<td>72</td>
<td>-</td>
</tr>
<tr>
<td>Tokyo Head Office Saitama Office (Urawa-ku, Saitama)</td>
<td>Office</td>
<td>695</td>
<td>0</td>
</tr>
<tr>
<td>Research Center Tsukuba (Tsukuba-shi, Ibaraki)</td>
<td>Office and laboratory facilities</td>
<td>259</td>
<td>10</td>
</tr>
<tr>
<td>Yono Dormitory (Chuo-ku, Saitama)</td>
<td>Welfare facilities</td>
<td>197</td>
<td>-</td>
</tr>
<tr>
<td>Kyushu Office (Chuo-ku, Fukuoka)</td>
<td>Office</td>
<td>319</td>
<td>1</td>
</tr>
</tbody>
</table>

   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

<table>
<thead>
<tr>
<th>Class</th>
<th>Total number of shares to be issued (shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>40,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>40,000,000</td>
</tr>
</tbody>
</table>

(ii) Number of shares issued

<table>
<thead>
<tr>
<th>Class</th>
<th>Issued shares as of the end of the fiscal year (shares)</th>
<th>Issued shares as of the date for submission (shares)</th>
<th>Listed stock exchanges or securities dealers association at which the Company's stock is registered</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>14,159,086</td>
<td>14,159,086</td>
<td>Tokyo Stock Exchange First Section</td>
<td>Number of shares in one voting unit: 100 shares</td>
</tr>
<tr>
<td>Total</td>
<td>14,159,086</td>
<td>14,159,086</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

(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

<table>
<thead>
<tr>
<th>Date</th>
<th>Increase/decrease in the total number of shares issued (shares)</th>
<th>Total number of shares issued (shares)</th>
<th>Increase/decrease in capital (million yen)</th>
<th>Capital (million yen)</th>
<th>Increase/decrease in capital reserve (million yen)</th>
<th>Capital reserve (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>February 19, 1999 (Note)</td>
<td>1,287,189</td>
<td>14,159,086</td>
<td>--</td>
<td>3,025</td>
<td>--</td>
<td>4,122</td>
</tr>
</tbody>
</table>

Note: Increase due to stock splits at a ratio of 1 for 1.1 shares
### (6) Shareholders

**As of December 31, 2015**

<table>
<thead>
<tr>
<th>Category</th>
<th>Government and local public entities</th>
<th>Financial institutions</th>
<th>Financial instruments firm</th>
<th>Other corporations</th>
<th>Foreign corporations etc.</th>
<th>Individuals etc.</th>
<th>Total (shares)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shareholders (persons)</td>
<td>–</td>
<td>30</td>
<td>27</td>
<td>86</td>
<td>80</td>
<td>7</td>
<td>3,188</td>
</tr>
<tr>
<td>Number of shares held (units)</td>
<td>–</td>
<td>35,699</td>
<td>2,415</td>
<td>14,323</td>
<td>18,356</td>
<td>304</td>
<td>141,302</td>
</tr>
<tr>
<td>Shareholding ratio (%)</td>
<td>–</td>
<td>25.3</td>
<td>1.7</td>
<td>10.1</td>
<td>13.0</td>
<td>0.2</td>
<td>100.0</td>
</tr>
</tbody>
</table>

**Notes:**

1. Among treasury stocks (18,276 stocks), 182 units are counted as “Individuals etc.” and 76 shares 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

<table>
<thead>
<tr>
<th>Name</th>
<th>Address</th>
<th>Number of shares held (thousand)</th>
<th>Ratio of the number of shares held against the number of shares issued (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTI Engineering Employees’ Stock-sharing Association</td>
<td>21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo</td>
<td>1,359</td>
<td>9.6</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (trust account)</td>
<td>8-11, Harumi 1-chome, Chuo-ku, Tokyo</td>
<td>448</td>
<td>3.2</td>
</tr>
<tr>
<td>The Bank of Tokyo-Mitsubishi UFJ, Ltd.</td>
<td>7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo</td>
<td>371</td>
<td>2.6</td>
</tr>
<tr>
<td>Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)</td>
<td>4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)</td>
<td>354</td>
<td>2.5</td>
</tr>
<tr>
<td>CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)</td>
<td>388 GREENWICH STREET, NY, NY 10013, USA (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)</td>
<td>347</td>
<td>2.5</td>
</tr>
<tr>
<td>Sumitomo Life Insurance Company (Standing proxy: Japan Trustee Services Bank, Ltd.)</td>
<td>18-24, Tsukiji 7-chome, Chuo-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)</td>
<td>300</td>
<td>2.1</td>
</tr>
<tr>
<td>Dai-ichi Life Insurance Company, Limited (Standing proxy: Trust &amp; Custody Services Bank, Ltd.)</td>
<td>13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)</td>
<td>269</td>
<td>1.9</td>
</tr>
<tr>
<td>Japan Trustee Services Bank, Ltd. (trust account 9)</td>
<td>8-11, Harumi 1-chome, Chuo-ku, Tokyo</td>
<td>229</td>
<td>1.6</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (trust account)</td>
<td>11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo</td>
<td>221</td>
<td>1.6</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
<td>6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo</td>
<td>188</td>
<td>1.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>4,090</strong></td>
<td><strong>28.9</strong></td>
</tr>
</tbody>
</table>

Note: 189 thousand shares held in The Master Trust Bank of Japan, Ltd. (trust account) and 281 thousand shares held in Japan Trustee Services Bank, Ltd. (trust account) are shares related to trust services.
(8) Voting rights

(i) Issued shares

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of shares (shares)</th>
<th>Number of voting rights (votes)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nonvoting shares</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares with limited voting rights (Treasury stocks, etc.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares with limited voting rights (Other)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares with complete voting rights (Treasury stocks, etc.)</td>
<td>(Treasury stock) Common stock 18,200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shares with complete voting rights (Other)</td>
<td>Common stock 14,112,000</td>
<td>141,120</td>
<td></td>
</tr>
<tr>
<td>Shares below a unit</td>
<td>Common stock 28,886</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total number of shares issued</td>
<td>14,159,086</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voting rights of total shareholders</td>
<td></td>
<td>141,120</td>
<td></td>
</tr>
</tbody>
</table>

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 76 treasury stocks held by the Company.

(ii) Treasury Stocks, etc.

<table>
<thead>
<tr>
<th>Name of owners</th>
<th>Address of owners</th>
<th>Number of shares held in its own name (shares)</th>
<th>Number of shares held disguised ownership (shares)</th>
<th>Total number of shares held (shares)</th>
<th>Ratio of the shares held against the total number of shares issued (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CTI Engineering Co., Ltd.</td>
<td>21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo</td>
<td>18,200</td>
<td>--</td>
<td>18,200</td>
<td>0.1</td>
</tr>
<tr>
<td>Total</td>
<td>--</td>
<td>18,200</td>
<td>--</td>
<td>18,200</td>
<td>0.1</td>
</tr>
</tbody>
</table>

(9) Contents of the stock option system

Not applicable.
2. Acquirement of Treasury Stocks

Class of Shares Acquisition of ordinary shares in accordance with Article 155, Item 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

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of Shares</th>
<th>Total Price (Yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock acquired in this fiscal year</td>
<td>205</td>
<td>262,739</td>
</tr>
<tr>
<td>Treasury stock acquired in this period</td>
<td>60</td>
<td>73,020</td>
</tr>
</tbody>
</table>

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2016 to the date of the submission of this Securities Report.

(4) Disposal and holding of acquired treasury stock

<table>
<thead>
<tr>
<th>Category</th>
<th>This Fiscal Year</th>
<th>This Period</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Shares</td>
<td>Total Amount Received on Divestiture (Yen)</td>
</tr>
<tr>
<td>Treasury stock acquired by public subscription</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Treasury stock extinguished</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Treasury stock acquired due to transfers from mergers, share swaps and company split-offs</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Held Treasury Stock</td>
<td>18,276</td>
<td>—</td>
</tr>
</tbody>
</table>

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2016 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, Paragraph 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, 2015, it was resolved at the 53rd Ordinary General Shareholders Meeting held on March 24, 2016 to pay a dividend of 20 yen per share (total dividend payment amount: 282 million yen).

4. **Change in Stock Price**

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

<table>
<thead>
<tr>
<th>Fiscal year end</th>
<th>49th term</th>
<th>50th term</th>
<th>51st term</th>
<th>52nd term</th>
<th>53rd term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest (yen)</td>
<td>670</td>
<td>644</td>
<td>1,080</td>
<td>1,942</td>
<td>1,576</td>
</tr>
<tr>
<td>Lowest (yen)</td>
<td>399</td>
<td>445</td>
<td>564</td>
<td>958</td>
<td>1,055</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest (yen)</td>
<td>1,233</td>
<td>1,360</td>
<td>1,306</td>
<td>1,296</td>
<td>1,330</td>
<td>1,330</td>
</tr>
<tr>
<td>Lowest (yen)</td>
<td>1,093</td>
<td>1,114</td>
<td>1,153</td>
<td>1,180</td>
<td>1,190</td>
<td>1,204</td>
</tr>
</tbody>
</table>

Note: The highest and lowest stock prices are those marked on the First Section of the Tokyo Stock Exchange.
5. Executive Management
Male: 15 persons  Female: 0 persons  (Ratio of female Directors and Auditors: 0.0 %)

<table>
<thead>
<tr>
<th>Board member position</th>
<th>Company position</th>
<th>Name</th>
<th>Date of birth</th>
<th>Career</th>
<th>Term of office (Note no.)</th>
<th>Number of shares held (thousand)</th>
</tr>
</thead>
</table>
| Chairman & Representative Director |                   | Kazuya Oshima     | July 8, 1946  | April 1969 Joined CTI Engineering  
April 1994 Chief, Human Intelligence Dept., Tokyo Office  
March 1995 Director & Member of the Board  
April 1997 Deputy Branch Administrator, Tokyo Office  
March 1998 Managing Director  
April 1999 Tokyo Office  
March 2000 Branch Administrator  
March 2001 Senior Managing Director  
March 2002 Vice President & Director  
March 2002 Vice President & Representative Director  
March 2003 President & Representative Director  
March 2013 Chairman & Representative Director (present post) |
|                        |                  |                    |               | 1 101                                                                                                                                                                                                                                                                                                                                  |                            |                                  |

| President & Representative Director |                   | Kazuo Murata       | September 26, 1951 | April 1978 Joined CTI Engineering  
April 1999 Chief, Water Resources Dept., Tokyo Office  
April 2001 Deputy Branch Administrator, Tokyo Head Office  
March 2003 Director, Member of the Board and Chief of Headquarters Quality Management Dept.  
April 2004 General Manager of Management Planning Dept. and Deputy Chief of Management Div.  
March 2006 Managing Director, General Manager of Management Dept.  
April 2009 Principal, Kyushu Office and Okinawa Office  
March 2010 Director, Managing Executive Officer  
March 2011 Senior Managing Executive Officer  
April 2011 Principal, Tokyo Head Office  
March 2013 President & Representative Director (present post) |
|                                  |                  |                    |               | 1 47                                                                                                                                                                                                                                                                                                                                  |                            |                                  |

| Executive Officer, Vice President & Representative Director | Chief, Corporate Planning Dept. | Yasuki Komatsu | October 15, 1951 | April 1976 Joined CTI Engineering  
April 1998 General Manager, Road Planning Div., Road and Traffic Dept., Tokyo Office  
April 1999 Chief, Road and Traffic Dept., Tokyo Office  
April 2001 Deputy Branch Administrator, Tokyo Head Office  
March 2003 Director & Member of the Board  
March 2003 Deputy Administrator, Tokyo Head Office  
March 2006 Managing Director, Principal of Chubu Office  
March 2010 Chief of Headquarters Business Development Dept.  
March 2011 Director, Managing Executive Officer  
March 2011 Senior Managing Executive Officer  
March 2011 Executive Officer & Vice President (present post)  
April 2013 Chief, Corporate Planning Dept. (present post)  
March 2015 Representative Director (present post) |
<p>|                                                             |                  |                    |               | 1 45                                                                                                                                                                                                                                                                                                                                  |                            |                                  |</p>
<table>
<thead>
<tr>
<th>Board member position</th>
<th>Company position</th>
<th>Name</th>
<th>Date of birth</th>
<th>Career</th>
<th>Term of office (Note no.)</th>
<th>Number of shares held (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Officer, Vice President &amp; Representative Director</td>
<td>Chief, Headquarters Engineering Dept.</td>
<td>Michio Tanahashi</td>
<td>July 27, 1952</td>
<td>October 2012 Resigned from Statutory Director, Water Resource Environment Center November 2012 Joined CTI Engineering, Executive Manager Director, Managing Executive Officer Chief, Headquarters Engineering Dept. (present post) March 2014 Senior Managing Executive Officer Executive Officer, Vice President &amp; Representative Director (present post)</td>
<td></td>
<td>1 7</td>
</tr>
<tr>
<td>Executive Officer, Vice President &amp; Director</td>
<td>Principal, Tokyo Head Office</td>
<td>Asao Yu</td>
<td>January 17, 1955</td>
<td>April 1979 Joined CTI Engineering April 1997 General Manager Technology Div., Nagoya Branch Office, Tokyo Office March 2003 Deputy Branch Administrator, Tokyo Head Office March 2005 Deputy Administrator, Tokyo Head Office General Manager, Management Planning Dept. April 2009 Principal, Chubu Office March 2010 Executive Officer March 2011 Director (present post), Managing Executive Officer, Principal, Osaka Head Office March 2013 Senior Managing Executive Officer Principal, Tokyo Head Office (present post) March 2016 Executive Officer &amp; Vice President (present post)</td>
<td></td>
<td>1 28</td>
</tr>
<tr>
<td>Senior Managing Executive Officer &amp; Director</td>
<td>Chief, Headquarters Business Development Dept.</td>
<td>Norio Tomonaga</td>
<td>September 15, 1953</td>
<td>April 1979 Joined CTI Engineering April 1998 General Manager, Technology Div. IV, Road and Traffic Dept., Tokyo Office April 2004 Deputy Branch Administrator, Tokyo Head Office March 2006 Deputy Administrator, Tokyo Head Office, Director &amp; Member of the Board Executive Officer March 2010 Director (present post), Principal, Chubu Office March 2011 Managing Executive Officer Chief, Headquarters Business Development Dept. (present post) March 2013 Senior Managing Executive Officer (present post)</td>
<td></td>
<td>1 35</td>
</tr>
<tr>
<td>Senior Managing Executive Officer &amp; Director</td>
<td>Principal, Osaka Head Office</td>
<td>Hideaki Kurita</td>
<td>January 1, 1954</td>
<td>April 1980 Joined CTI Engineering April 1998 General Manager, Technology Div., Hiroshima Branch Office, Osaka Office April 2004 Deputy Branch Administrator, Osaka Office April 2005 Deputy Administrator, Osaka Head Office March 2006 Director &amp; Member of the Board Executive Officer March 2009 Chief, Headquarters Management Dept. March 2010 Executive Officer March 2011 Director (present post) March 2013 Managing Executive Officer Principal, Osaka Head Office (present post) March 2016 Senior Managing Executive Officer (present post)</td>
<td></td>
<td>1 28</td>
</tr>
<tr>
<td>Board member position</td>
<td>Company position</td>
<td>Name</td>
<td>Date of birth</td>
<td>Career</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------</td>
<td>------</td>
<td>---------------</td>
<td>--------</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Term of office (Note no.): 1
Number of shares held (thousand): 16

- 23 -
<table>
<thead>
<tr>
<th>Name</th>
<th>Date of Birth</th>
<th>History</th>
<th>Term of office (Note no.)</th>
<th>Number of shares held (thousand)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Setsuko Yufu</td>
<td>March 28, 1952</td>
<td>Registered as attorney (present post)</td>
<td></td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Senior Partner, Atsumi &amp; Usui Law Office (currently Atsumi &amp; Sakai) (present post)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Part-time Instructor at the Keio University Law School</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes: 1 From March 26, 2015 until the conclusion of the Ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2018.
2 The reserve auditor, Setsuko Yufu, satisfies requirements as an External Auditor.
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.
The Company has established a management system to oversee the Group based on the content of the mission statement such as the Group’s management philosophies and management strategies, to the effect that Directors of subsidiaries must report to the parent company on important managerial matters in accordance with the provisions of the Regulations on the Management of Subsidiaries, and the Directors must obtain prior approval from the parent company as necessary.

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

The Company has yet to appoint any External Directors, because the candidate of External Director who was scheduled to be appointed declined the appointment for personal reasons.

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

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 has yet to appoint any External Directors. However, 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. Yasuro Tanaka 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 has concluded an auditing agreement with Deloitte Touche Tohmatsu LLC as the Accounting Auditor. The CPAs Hiroki Kitakata and Katsumi Takizawa have been jointly responsible for audits for the consolidated fiscal year. The CPAs Hiroki Kitakata and Katsumi Takizawa have been in charge since March 2013. The auditors’ support staff consists of 16 persons, including 8 CPAs.

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

<table>
<thead>
<tr>
<th>Category of executive</th>
<th>Total amount of compensation, etc. (million yen)</th>
<th>Amount of compensation, etc. by classification (million yen)</th>
<th>The number of covered executives (persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Basic compensation</td>
<td>Bonuses</td>
</tr>
<tr>
<td>Directors (excluding External Directors)</td>
<td>289</td>
<td>231</td>
<td>27</td>
</tr>
<tr>
<td>Auditors (excluding External Auditors)</td>
<td>27</td>
<td>27</td>
<td>–</td>
</tr>
<tr>
<td>External Directors and Auditors</td>
<td>15</td>
<td>12</td>
<td>–</td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Total amount (million yen)</th>
<th>The number of applicable executives (persons)</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>3</td>
<td>To concurrently serve as Directors</td>
</tr>
</tbody>
</table>

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: 35 issues
Total book value on the balance sheet: 1,593 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)  

<table>
<thead>
<tr>
<th>Issuer name</th>
<th>Number of shares (shares)</th>
<th>Book value on balance sheet (million yen)</th>
<th>Purpose of holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAITO KOGYO CO., LTD.</td>
<td>265,100</td>
<td>279</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>OYO Corporation</td>
<td>98,500</td>
<td>181</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>SHO-BOND Holdings Co., Ltd.</td>
<td>23,500</td>
<td>110</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Mitsubishi UFJ Financial Group, Inc.</td>
<td>145,000</td>
<td>96</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>CHODAI CO., LTD.</td>
<td>105,000</td>
<td>80</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NIPPON JOGESUIDO SEKKEI CO., LTD.</td>
<td>50,000</td>
<td>75</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>IDEA Consultants, Inc.</td>
<td>54,800</td>
<td>72</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>OHBA CO., LTD.</td>
<td>186,000</td>
<td>65</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Wesco Holdings Inc.</td>
<td>180,000</td>
<td>61</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>E • J Holdings Inc.</td>
<td>60,340</td>
<td>60</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>T&amp;D Holdings, Inc.</td>
<td>38,400</td>
<td>55</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>ASIA AIR SURVEY CO., LTD.</td>
<td>102,000</td>
<td>51</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>KAWADA technologies, inc.</td>
<td>12,000</td>
<td>48</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Maezawa Kasei Industries Co., Ltd.</td>
<td>36,000</td>
<td>43</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NIPPON ENGINEERING CONSULTANTS CO., LTD.</td>
<td>100,000</td>
<td>40</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>ACK G Limited</td>
<td>57,200</td>
<td>40</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Ube Industries, Ltd.</td>
<td>190,400</td>
<td>34</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>SYSKEN Corporation</td>
<td>74,000</td>
<td>26</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Kawasaki Geological Engineering Co., Ltd.</td>
<td>47,000</td>
<td>25</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Kuwayama Corporation</td>
<td>26,400</td>
<td>23</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>The Chiba Bank, Ltd.</td>
<td>30,000</td>
<td>23</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>FUKUYAMA CONSULTANTS CO., LTD.</td>
<td>34,100</td>
<td>17</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Mizuho Financial Group, Inc.</td>
<td>81,000</td>
<td>16</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>UCHIDA YOKO CO., LTD.</td>
<td>16,000</td>
<td>6</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>ARIAKE JAPAN Co., Ltd.</td>
<td>1,829</td>
<td>5</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>The Dai-ichi Life Insurance Company, Limited</td>
<td>2,600</td>
<td>4</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>ICHINEN HOLDINGS Co., Ltd.</td>
<td>1,844</td>
<td>1</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NIPPON KOEI CO., LTD.</td>
<td>1,155</td>
<td>0</td>
<td>To ensure stable shareholders</td>
</tr>
</tbody>
</table>
### Specified Investment Stock

<table>
<thead>
<tr>
<th>Issuer name</th>
<th>Number of shares (shares)</th>
<th>Book value on balance sheet (million yen)</th>
<th>Purpose of holding</th>
</tr>
</thead>
<tbody>
<tr>
<td>RAITO KOGYO CO., LTD.</td>
<td>265,100</td>
<td>313</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>OYO Corporation</td>
<td>98,500</td>
<td>134</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Mitsubishi UFJ Financial Group, Inc.</td>
<td>145,000</td>
<td>109</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>SHO-BOND Holdings Co., Ltd.</td>
<td>23,500</td>
<td>103</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>OHBA CO., LTD.</td>
<td>186,000</td>
<td>85</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NJS CO., LTD.</td>
<td>50,000</td>
<td>74</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>T&amp;D Holdings, Inc.</td>
<td>38,400</td>
<td>61</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>E・J Holdings Inc.</td>
<td>60,340</td>
<td>58</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>IDEA Consultants, Inc.</td>
<td>54,800</td>
<td>53</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Wesco Holdings Inc.</td>
<td>180,000</td>
<td>50</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>CHODAI CO., LTD.</td>
<td>105,000</td>
<td>49</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Ube Industries, Ltd.</td>
<td>190,400</td>
<td>48</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>ASIA AIR SURVEY CO., LTD.</td>
<td>102,000</td>
<td>45</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>KAWADA technologies, inc.</td>
<td>12,000</td>
<td>45</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>ACK G Limited</td>
<td>57,200</td>
<td>44</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Maezawa Kasei Industries Co., Ltd.</td>
<td>36,000</td>
<td>41</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NIPPON ENGINEERING CONSULTANTS CO., LTD.</td>
<td>100,000</td>
<td>40</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>The Chiba Bank, Ltd.</td>
<td>30,000</td>
<td>25</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>SYSKEN Corporation</td>
<td>74,000</td>
<td>22</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Kawasaki Geological Engineering Co., Ltd.</td>
<td>47,000</td>
<td>22</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Mizuho Financial Group, Inc.</td>
<td>81,000</td>
<td>19</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>FUKUYAMA CONSULTANTS CO., LTD.</td>
<td>34,100</td>
<td>17</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>Kuwayama Corporation</td>
<td>26,400</td>
<td>17</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>ARIAKE JAPAN Co., Ltd.</td>
<td>1,829</td>
<td>12</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>UCHIDA YOKO CO., LTD.</td>
<td>16,000</td>
<td>7</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>The Dai-ichi Life Insurance Company, Limited</td>
<td>2,600</td>
<td>5</td>
<td>To maintain and continue stable business relations</td>
</tr>
<tr>
<td>ICHINEN HOLDINGS Co., Ltd.</td>
<td>1,844</td>
<td>2</td>
<td>To ensure stable shareholders</td>
</tr>
<tr>
<td>NIPPON KOEI CO., LTD.</td>
<td>1,155</td>
<td>0</td>
<td>To ensure stable shareholders</td>
</tr>
</tbody>
</table>

- **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 2015, 14 Board of Directors and 13 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, Paragraph 4, Item 6 (concerning internal control systems) of the Companies Act and made amendments to the items in April 2008 and May 2015. 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)

The Company has entered into a liability limitation agreement with each of two External Auditors. The maximum liability limit under the agreement is 5,000,000 yen or the amount provided by applicable laws, whichever is greater.

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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Previous consolidated fiscal year</th>
<th>Current consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Compensation for auditing services (million yen)</td>
<td>Compensation for non-auditing services (million yen)</td>
</tr>
<tr>
<td>The Company</td>
<td>29</td>
<td>–</td>
</tr>
<tr>
<td>Consolidated subsidiaries</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>29</td>
<td>–</td>
</tr>
</tbody>
</table>

Note: Compensation for auditing services for the current consolidated fiscal year includes the additional compensation of 2 million yen associated with audits of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd., which became a subsidiary of the Company through the acquisition of shares.

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).

   The non-consolidated financial statements have been prepared pursuant to the provisions of Article 127 of the Regulations for Non-consolidated Financial Statements because the Company is a company submitting financial statements that have been prepared in accordance with special provision.

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, 2015 to December 31, 2015) and the non-consolidated financial statements for the current fiscal year (from January 1, 2015 to December 31, 2015) of the Company were audited by Deloitte Touche Tohmatsu LLC.

   [The abovementioned 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

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td>(as of December 31, 2014)</td>
<td>(as of December 31, 2015)</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>2,657</td>
<td>2,807</td>
</tr>
<tr>
<td>Notes receivable and completed work receivables</td>
<td>1,700</td>
<td>2,553</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>10,001</td>
<td>9,503</td>
</tr>
<tr>
<td>Prepaid expenses for uncompleted services</td>
<td>13,493</td>
<td>14,249</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>616</td>
<td>496</td>
</tr>
<tr>
<td>Other</td>
<td>454</td>
<td>483</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>-11</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td><strong>28,912</strong></td>
<td><strong>30,094</strong></td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tangible fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings and structures</td>
<td>4,561</td>
<td>4,590</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-2,775</td>
<td>-2,869</td>
</tr>
<tr>
<td>Buildings and structures, net</td>
<td>1,786</td>
<td>1,720</td>
</tr>
<tr>
<td>Machinery and transportation equipment</td>
<td>245</td>
<td>246</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-234</td>
<td>-234</td>
</tr>
<tr>
<td>Machinery and transportation equipment, net</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Land</td>
<td>4,584</td>
<td>4,584</td>
</tr>
<tr>
<td>Lease assets</td>
<td>364</td>
<td>335</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-190</td>
<td>-189</td>
</tr>
<tr>
<td>Lease assets, net</td>
<td>174</td>
<td>145</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>999</td>
<td>1,020</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-837</td>
<td>-792</td>
</tr>
<tr>
<td><strong>Total tangible fixed assets</strong></td>
<td><strong>6,718</strong></td>
<td><strong>6,689</strong></td>
</tr>
<tr>
<td><strong>Intangible fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lease assets</td>
<td>25</td>
<td>24</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td></td>
<td>56</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>217</td>
<td>408</td>
</tr>
<tr>
<td><strong>Total intangible fixed assets</strong></td>
<td><strong>243</strong></td>
<td><strong>489</strong></td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>*1 1,917</td>
<td>*1 2,719</td>
</tr>
<tr>
<td>Long-term loans receivable from subsidiaries and affiliates</td>
<td>-</td>
<td>539</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>408</td>
<td>88</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>1,050</td>
<td>1,416</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>*1 1,778</td>
<td>*1 1,916</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>-17</td>
<td>-17</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td><strong>5,136</strong></td>
<td><strong>6,663</strong></td>
</tr>
<tr>
<td><strong>Total fixed assets</strong></td>
<td><strong>12,098</strong></td>
<td><strong>13,843</strong></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>41,011</strong></td>
<td><strong>43,937</strong></td>
</tr>
</tbody>
</table>
## Liabilities

### Current liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable</td>
<td>1,457</td>
<td>1,800</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>850</td>
<td>1,000</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>81</td>
<td>73</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>722</td>
<td>498</td>
</tr>
<tr>
<td>Advances received from uncompleted services</td>
<td>10,792</td>
<td>11,347</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>1,108</td>
<td>962</td>
</tr>
<tr>
<td>Reserve for bonuses to directors</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Allowance for losses in operations</td>
<td>106</td>
<td>64</td>
</tr>
<tr>
<td>Other</td>
<td>2,113</td>
<td>2,793</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td><strong>17,260</strong></td>
<td><strong>18,568</strong></td>
</tr>
</tbody>
</table>

### Fixed liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term accounts payable</td>
<td>104</td>
<td>72</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>125</td>
<td>102</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>2</td>
<td>85</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>1,463</td>
<td>1,094</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>126</td>
<td>144</td>
</tr>
<tr>
<td>Other</td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td><strong>Total fixed liabilities</strong></td>
<td><strong>1,879</strong></td>
<td><strong>1,552</strong></td>
</tr>
</tbody>
</table>

### Total liabilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>19,140</strong></td>
<td><strong>20,120</strong></td>
</tr>
</tbody>
</table>

## Net assets

### Shareholders’ equity

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital</td>
<td>3,025</td>
<td>3,025</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>4,122</td>
<td>4,122</td>
</tr>
<tr>
<td>Profit surplus</td>
<td>14,856</td>
<td>16,571</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>-11</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td><strong>21,992</strong></td>
<td><strong>23,707</strong></td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>611</td>
<td>611</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans</td>
<td>-829</td>
<td>-627</td>
</tr>
<tr>
<td><strong>Total accumulated other comprehensive income</strong></td>
<td>-218</td>
<td>-15</td>
</tr>
</tbody>
</table>

### Minority interest

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minority interest</td>
<td>96</td>
<td>125</td>
</tr>
</tbody>
</table>

### Total net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total net assets</strong></td>
<td><strong>21,870</strong></td>
<td><strong>23,816</strong></td>
</tr>
</tbody>
</table>

### Total liabilities and net assets

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>41,011</strong></td>
<td><strong>43,937</strong></td>
</tr>
</tbody>
</table>
## (ii) Consolidated Profit and Loss Account and Consolidated Statements of Comprehensive Income

### Consolidated Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>39,524</td>
<td>40,220</td>
</tr>
<tr>
<td><strong>Cost of sales</strong></td>
<td>29,147</td>
<td>29,379</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>10,377</td>
<td>10,841</td>
</tr>
<tr>
<td><strong>Selling, general and administrative expenses</strong></td>
<td>*1 *2 7,988</td>
<td>*1 *2 8,243</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>2,388</td>
<td>2,598</td>
</tr>
<tr>
<td><strong>Non-operating revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned</td>
<td>14</td>
<td>16</td>
</tr>
<tr>
<td>Dividend earned</td>
<td>31</td>
<td>37</td>
</tr>
<tr>
<td>House rent earned</td>
<td>34</td>
<td>35</td>
</tr>
<tr>
<td>Insurance dividends earned</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Foreign exchange gains</td>
<td>21</td>
<td>-</td>
</tr>
<tr>
<td>Refund</td>
<td>-</td>
<td>20</td>
</tr>
<tr>
<td>Other</td>
<td>41</td>
<td>57</td>
</tr>
<tr>
<td><strong>Total non-operating revenues</strong></td>
<td>150</td>
<td>178</td>
</tr>
<tr>
<td><strong>Non-operating expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest expense</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Commission paid</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Foreign exchange losses</td>
<td>-</td>
<td>19</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total non-operating expenses</strong></td>
<td>13</td>
<td>42</td>
</tr>
<tr>
<td><strong>Ordinary profit</strong></td>
<td>2,525</td>
<td>2,734</td>
</tr>
<tr>
<td><strong>Extraordinary gain</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total extraordinary gain</strong></td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td><strong>Extraordinary loss</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from fixed assets disposal</td>
<td>*3 4 *3 6</td>
<td></td>
</tr>
<tr>
<td>Loss on cancel of lease contracts</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Unrealized loss on investment securities</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Loss on valuation of golf club membership</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total extraordinary loss</strong></td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net income before income tax</strong></td>
<td>2,537</td>
<td>2,721</td>
</tr>
<tr>
<td>Corporation tax, inhabitants taxes and enterprise tax</td>
<td>1,081</td>
<td>935</td>
</tr>
<tr>
<td>Deferred income taxes etc.</td>
<td>-40</td>
<td>146</td>
</tr>
<tr>
<td><strong>Total income taxes</strong></td>
<td>1,040</td>
<td>1,082</td>
</tr>
<tr>
<td><strong>Income before minority interests</strong></td>
<td>1,497</td>
<td>1,639</td>
</tr>
<tr>
<td>Minority interest in profit of consolidated companies</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td><strong>Current net income</strong></td>
<td>1,490</td>
<td>1,633</td>
</tr>
<tr>
<td></td>
<td>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</td>
<td>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Income before minority interests</td>
<td>1,497</td>
<td>1,639</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>87</td>
<td>0</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>* 1</td>
<td>87</td>
</tr>
<tr>
<td>Comprehensive Income</td>
<td>1,584</td>
<td>1,891</td>
</tr>
<tr>
<td>(Comprehensive income attributable to)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comprehensive income attributable to owners of the parent</td>
<td>1,577</td>
<td>1,876</td>
</tr>
<tr>
<td>Comprehensive income attributable to minority interests</td>
<td>6</td>
<td>14</td>
</tr>
</tbody>
</table>
### (iii) Statement of Fluctuations in Consolidated Shareholders’ Equity

#### Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital</th>
<th>Capital surplus</th>
<th>Profit surplus</th>
<th>Treasury stock</th>
<th>Total shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of current period</td>
<td>3,025</td>
<td>4,122</td>
<td>13,620</td>
<td>-11</td>
<td>20,757</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated balance</td>
<td>3,025</td>
<td>4,122</td>
<td>13,620</td>
<td>-11</td>
<td>20,757</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td>-254</td>
<td></td>
<td>-254</td>
</tr>
<tr>
<td>Current net income</td>
<td></td>
<td></td>
<td>1,490</td>
<td></td>
<td>1,490</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td>-0</td>
<td></td>
<td>-0</td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td></td>
<td></td>
<td>1,235</td>
<td>-0</td>
<td>1,235</td>
</tr>
<tr>
<td>Balance at the end of current period</td>
<td>3,025</td>
<td>4,122</td>
<td>14,856</td>
<td>-11</td>
<td>21,992</td>
</tr>
</tbody>
</table>

#### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Other valuation difference on available-for-sale securities</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Minority interest</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of current period</td>
<td>523</td>
<td></td>
<td>523</td>
<td>111</td>
<td>21,392</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated balance</td>
<td>523</td>
<td></td>
<td>523</td>
<td>111</td>
<td>21,392</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td></td>
<td>-254</td>
<td></td>
</tr>
<tr>
<td>Current net income</td>
<td></td>
<td></td>
<td></td>
<td>1,490</td>
<td></td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>-0</td>
<td></td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td>87</td>
<td>-829</td>
<td>-741</td>
<td>-14</td>
<td>-756</td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td>87</td>
<td>-829</td>
<td>-741</td>
<td>-14</td>
<td>478</td>
</tr>
<tr>
<td>Balance at the end of current period</td>
<td>611</td>
<td>-829</td>
<td>-218</td>
<td>96</td>
<td>21,870</td>
</tr>
</tbody>
</table>
Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)

### Shareholders’ equity

<table>
<thead>
<tr>
<th></th>
<th>Capital</th>
<th>Capital surplus</th>
<th>Profit surplus</th>
<th>Treasury stock</th>
<th>Total shareholders’ equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of current period</td>
<td>3,025</td>
<td>4,122</td>
<td>14,856</td>
<td>-11</td>
<td>21,992</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>336</td>
</tr>
<tr>
<td>Restated balance</td>
<td>3,025</td>
<td>4,122</td>
<td>15,192</td>
<td>-11</td>
<td>22,328</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td>-254</td>
<td></td>
<td></td>
<td>-254</td>
</tr>
<tr>
<td>Current net income</td>
<td></td>
<td></td>
<td>1,633</td>
<td></td>
<td>1,633</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td>-0</td>
<td>-0</td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td></td>
<td></td>
<td>1,378</td>
<td>-0</td>
<td>1,378</td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td>3,025</td>
<td>4,122</td>
<td>16,571</td>
<td>-12</td>
<td>23,707</td>
</tr>
</tbody>
</table>

### Accumulated other comprehensive income

<table>
<thead>
<tr>
<th></th>
<th>Other valuation difference on available-for-sale securities</th>
<th>Remeasurements of defined benefit plans</th>
<th>Total accumulated other comprehensive income</th>
<th>Minority interest</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at the beginning of current period</td>
<td>611</td>
<td>-829</td>
<td>-218</td>
<td>96</td>
<td>21,870</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>Restated balance</td>
<td>611</td>
<td>-829</td>
<td>-218</td>
<td>111</td>
<td>22,221</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current net income</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td>0</td>
<td>202</td>
<td>202</td>
<td>13</td>
<td>216</td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td>0</td>
<td>202</td>
<td>202</td>
<td>13</td>
<td>1,594</td>
</tr>
<tr>
<td>Balance at the end of current period</td>
<td>611</td>
<td>-627</td>
<td>-15</td>
<td>125</td>
<td>23,816</td>
</tr>
</tbody>
</table>
### (iv) Consolidated Cash Flow Statement

<table>
<thead>
<tr>
<th>Description</th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flow from operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current net income before income tax</td>
<td>2,537</td>
<td>2,721</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>345</td>
<td>366</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for doubtful accounts</td>
<td>15</td>
<td>-11</td>
</tr>
<tr>
<td>Increase (decrease) in net defined benefit liability</td>
<td>142</td>
<td>-5</td>
</tr>
<tr>
<td>Increase (decrease) in net defined benefit asset</td>
<td>-525</td>
<td>-413</td>
</tr>
<tr>
<td>Increase (decrease) in reserve for bonuses</td>
<td>573</td>
<td>-156</td>
</tr>
<tr>
<td>Increase (decrease) in reserve for bonuses to directors</td>
<td>6</td>
<td>0</td>
</tr>
<tr>
<td>Increase (decrease) in allowance for losses in operations</td>
<td>10</td>
<td>-61</td>
</tr>
<tr>
<td>Increase (decrease) in long-term accounts payable</td>
<td>-</td>
<td>-32</td>
</tr>
<tr>
<td>Interest and dividend earned</td>
<td>-45</td>
<td>-53</td>
</tr>
<tr>
<td>Interest payable</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Foreign exchange loss (gain)</td>
<td>-14</td>
<td>-0</td>
</tr>
<tr>
<td>Unrealized loss (gain) on investment securities</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Loss (gain) on sales of investment securities</td>
<td>-22</td>
<td>-</td>
</tr>
<tr>
<td>Loss (gain) from fixed assets disposal</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Loss on cancel of lease contracts</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Loss on valuation of golf club membership</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Decrease (increase) in sales account</td>
<td>601</td>
<td>-797</td>
</tr>
<tr>
<td>Decrease (increase) in prepaid expenses for uncompleted services</td>
<td>-649</td>
<td>-309</td>
</tr>
<tr>
<td>Decrease (increase) in other current assets</td>
<td>-66</td>
<td>-18</td>
</tr>
<tr>
<td>Increase (decrease) in account payable</td>
<td>-175</td>
<td>340</td>
</tr>
<tr>
<td>Increase (decrease) in advances received from uncompleted services</td>
<td>1,588</td>
<td>318</td>
</tr>
<tr>
<td>Increase (decrease) in other current liabilities</td>
<td>302</td>
<td>487</td>
</tr>
<tr>
<td>Increase (decrease) in other fixed liabilities</td>
<td>0</td>
<td>-4</td>
</tr>
<tr>
<td>Other</td>
<td>-27</td>
<td>313</td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>4,612</td>
<td>2,700</td>
</tr>
<tr>
<td>Received interest and dividend</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Interest payment</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>Payment of corporation income tax etc.</td>
<td>-1,065</td>
<td>-1,134</td>
</tr>
<tr>
<td><strong>Cash flow provided by (used for) operating activities</strong></td>
<td>3,591</td>
<td>1,613</td>
</tr>
</tbody>
</table>
## Cash flow from investment activities

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments for acquisition of marketable securities</td>
<td>-</td>
<td>6,000</td>
</tr>
<tr>
<td>Proceeds from sales of marketable securities</td>
<td>-</td>
<td>-6,000</td>
</tr>
<tr>
<td>Payments for acquisition of tangible fixed assets</td>
<td>-121</td>
<td>-184</td>
</tr>
<tr>
<td>Payments for acquisition of intangible fixed assets</td>
<td>-75</td>
<td>-174</td>
</tr>
<tr>
<td>Payments for acquisition of investment securities</td>
<td>-86</td>
<td>-230</td>
</tr>
<tr>
<td>Proceeds from sales of investment securities</td>
<td>540</td>
<td>-</td>
</tr>
<tr>
<td>Repayments for loans</td>
<td>-118</td>
<td>-773</td>
</tr>
<tr>
<td>Income from loan collection</td>
<td>126</td>
<td>143</td>
</tr>
<tr>
<td>Payments for acquisition of securities of subsidiaries and affiliates</td>
<td>-18</td>
<td>-340</td>
</tr>
<tr>
<td>Purchase of shares in subsidiaries resulting in change in scope of consolidation</td>
<td>-</td>
<td>*2 -189</td>
</tr>
<tr>
<td>Payments into time deposits</td>
<td>-2,000</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from withdrawal of time deposits</td>
<td>2,300</td>
<td>-</td>
</tr>
<tr>
<td>Other payments</td>
<td>-41</td>
<td>-30</td>
</tr>
<tr>
<td>Other proceeds</td>
<td>63</td>
<td>14</td>
</tr>
<tr>
<td>Cash flow used for investment activities</td>
<td>568</td>
<td>-1,766</td>
</tr>
</tbody>
</table>

## Cash flow from financial activities

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in short-term borrowings</td>
<td>250</td>
<td>150</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>-0</td>
<td>-0</td>
</tr>
<tr>
<td>Repayments of lease obligations</td>
<td>-103</td>
<td>-91</td>
</tr>
<tr>
<td>Dividend payment</td>
<td>-254</td>
<td>-254</td>
</tr>
<tr>
<td>Cash flow used for financial activity</td>
<td>-108</td>
<td>-196</td>
</tr>
<tr>
<td>Effect in fluctuation of exchange rate for cash and cash equivalents</td>
<td>14</td>
<td>0</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents</td>
<td>4,067</td>
<td>-349</td>
</tr>
<tr>
<td>Opening balance of cash and cash equivalents</td>
<td>8,592</td>
<td>12,659</td>
</tr>
<tr>
<td>Closing balance of cash and cash equivalents</td>
<td>*1 12,659</td>
<td>*1 12,310</td>
</tr>
</tbody>
</table>
Notes:
Basic Important Matters for Preparation of Consolidated Financial Statement

1. Consolidation range
(1) Number of consolidated subsidiaries: 4
Names of the consolidated subsidiaries:
   CTI Engineering International Co., Ltd.
   Fukuoka Urban Engineering Co., Ltd.
   Chi-ken Sogo Consultants Co., Ltd.
   NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.
   (NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. was included in the range of consolidation through
   the acquisition of all of its shares on November 2, 2015.)

(2) Number of non-consolidated subsidiaries: 11
Names of the non-consolidated subsidiaries:
   Environmental Research & Solutions CO., LTD.
   CTI Frontier Co., Ltd.
   Management Techno Co., Ltd
   Kamaishi Solar Power Generation Co., Ltd.
   Kamaishi Naranokidaira Solar Power Generation Co., Ltd.
   CTI AURA Co., Ltd.
   CTI Shin Doboku Co., Ltd.
   CTI Wing Co., Ltd
   CTI Ground Planning Co., Ltd.
   Wuhan CTI-CRSRI Engineering & Environment Co., Ltd.
   CTI Myanmar Co., Ltd.
   (Shin Doboku Kaihatsu Co., Ltd. was renamed “CTI Shin Doboku Co., Ltd.” on April 1, 2015. The
   Company acquired all shares of UNITIKA Environmental Technical Center Co., Ltd. on June 30, 2015 and
   renamed it “Environmental Research & Solutions CO., LTD.” on the same date. Kamaishi Solar Power
   Generation Co., Ltd. and Kamaishi Naranokidaira Solar Power Generation Co., Ltd. were incorporated on
   April 21, 2015 and August 27, 2015, respectively.)

(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
   Environmental Research & Solutions CO., LTD., CTI Frontier Co., Ltd., Management Techno Co., Ltd.,
   AURA Co., Ltd., CTI Shin Doboku Co., Ltd., CTI Wing Co., Ltd., CTI Ground Planning Co., Ltd., Wuhan
   CTI-CRSRI Engineering & Environment Co., Ltd., CTI Myanmar Co., Ltd., Sogo Setsubi Consulting Co., Ltd.,
   and SAPPORO NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. 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.
   (Sogo Setsubi Consulting Co., Ltd. and SAPPORO NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. are
   affiliates of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.)
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
      a) Held-to-maturity securities
         Amortized cost method.
      b) 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 for internal use, 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 current consolidated fiscal year in preparation for future losses related to ordered works.
(4) Accounting treatment of retirement benefits obligations

1) Periodic allocation of retirement benefits forecast
   When computing retirement benefits obligations, the benefit formula standard is applied for allocation of the retirement benefits forecast to the periods until the end of current consolidated fiscal year.

2) Expense disposal of accounting disparity
   As regards the accounting disparity, expenses shall be disposed of from the next consolidated 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.

3) Adoption of the simplified method in SMEs
   When computing net defined benefit liability and retirement benefit costs, some consolidated subsidiaries adopt the simplified method wherein retirement benefits obligations are forecasted payment amount, assuming that all employees terminate their services as of the balance sheet date for their own convenience.

(5) Entry standard of important revenues and expenses
   Sales are recognized by the completed-contract method. However, the revenues and expenses of construction contracts whose percentages of completion up to the end of this consolidated fiscal year can be reliably estimated are recognized by the percentage-of-completion method (the percentage of completion is computed at the cost incurred as a percentage of the estimated total expenses).

(6) Method and period for amortization of goodwill
   Goodwill is regularly amortized by the straight-line method over five years.

(7) 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.

(8) Other important matters for preparation of the consolidated financial statements
   Accounting treatment of consumption tax
   Tax exclusion method is adopted.
(Changes in Accounting Policy)

(Application of the Accounting Standard and the Guidance for Retirement Benefits)

The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued on May 17, 2012; hereinafter, the “Accounting Standard”) and the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on March 26, 2015; hereinafter, the “Guidance”) have been applied, effective from the current consolidated fiscal year, with respect to the provisions of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance, whereby the calculation method for retirement benefit obligations and labor costs has been revised. According to this application, the method for the periodic allocation of the retirement benefits forecast has been changed from a periodic fixed amount standard to a benefit formula standard, while the method for determining the discount percentage has been changed from a method where the percentage is determined based on the average remaining years of service of the eligible employees, to a method using a single weighted average discount percentage reflecting the period up to the expected timing of the retirement benefit payment, as well as the amount of retirement benefit payment for each such period.

For the application of the Accounting Standard and the Guidance, the transitional treatment provided for in Paragraph 37 of the Accounting Standard is observed. Accordingly, the effect of the changes in the calculation method for retirement benefit obligations and labor costs is reflected in “Profit surplus” at the beginning of the current consolidated fiscal year.

As a result, at the beginning of the current consolidated fiscal year, net defined benefit asset, net defined benefit liability, and deferred tax assets decreased by 129 million yen, 651 million yen, and 171 million yen, respectively, while profit surplus increased by 336 million yen. The effects on operating income, ordinary profit and net income before income tax for the current consolidated fiscal year were negligible.

The effect on information per share is described in the relevant section.

(Changes of Presentation)

(Changes in relation to retirement benefits)

In accordance with the revision of the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on March 26, 2015), the presentation of notes on retirement benefits under the multi-employer system has been changed and the consolidated financial statements for the previous consolidated fiscal year have been reclassified. The content of the reclassification and the amounts pertaining to the major items of the consolidated financial statements for the previous consolidated fiscal year are described in the relevant section.

(Notes on Consolidated Balance Sheet)

*1 For non-consolidated subsidiaries and affiliates:

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment securities (stock)</td>
<td>284 million yen</td>
<td>880 million yen</td>
</tr>
<tr>
<td>“Other” in investments and other assets</td>
<td>50</td>
<td>50</td>
</tr>
</tbody>
</table>

*2 Warranty for liabilities

<table>
<thead>
<tr>
<th>Warranty for the Company’s employees’ liabilities borrowed from financial institutions:</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>55 million yen</td>
<td>43 million yen</td>
</tr>
</tbody>
</table>
*1 Major items and amounts among selling, general and administrative expenses are as follows:

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(from January 1, 2014 to December 31, 2014)</td>
<td>(from January 1, 2015 to December 31, 2015)</td>
</tr>
<tr>
<td>Wages and allowances</td>
<td>2,988 million yen</td>
<td>3,038 million yen</td>
</tr>
<tr>
<td>Bonuses</td>
<td>526</td>
<td>559</td>
</tr>
<tr>
<td>Transferred reserve for bonuses</td>
<td>319</td>
<td>255</td>
</tr>
<tr>
<td>Reserve for bonuses to directors</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Retirement benefits expenses</td>
<td>146</td>
<td>184</td>
</tr>
<tr>
<td>Research and investigation expenses</td>
<td>668</td>
<td>930</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>17</td>
<td>0</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(from January 1, 2014 to December 31, 2014)</td>
<td>(from January 1, 2015 to December 31, 2015)</td>
</tr>
<tr>
<td>Research and investigation expenses</td>
<td>668 million yen</td>
<td>930 million yen</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(from January 1, 2014 to December 31, 2014)</td>
<td>(from January 1, 2015 to December 31, 2015)</td>
</tr>
<tr>
<td>Buildings and structures in tangible fixed assets</td>
<td>2 million yen</td>
<td>0 million yen</td>
</tr>
<tr>
<td>Other tangible fixed assets</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Other intangible fixed assets</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4</td>
<td>6</td>
</tr>
</tbody>
</table>

(Notes on Consolidated Statements of Comprehensive Income)

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

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(from January 1, 2014 to December 31, 2014)</td>
<td>(from January 1, 2015 to December 31, 2015)</td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount recognized in the period</td>
<td>175 million yen</td>
<td>-37 million yen</td>
</tr>
<tr>
<td>Reclassification adjustments to net income</td>
<td>-22</td>
<td>-</td>
</tr>
<tr>
<td>Before tax-effect adjustment</td>
<td>153</td>
<td>-37</td>
</tr>
<tr>
<td>Amount of tax effects</td>
<td>-65</td>
<td>38</td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>87</td>
<td>0</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount recognized in the period</td>
<td>-</td>
<td>72</td>
</tr>
<tr>
<td>Reclassification adjustments to net income</td>
<td>-</td>
<td>299</td>
</tr>
<tr>
<td>Before tax-effect adjustment</td>
<td>-</td>
<td>372</td>
</tr>
<tr>
<td>Amount of tax effects</td>
<td>-</td>
<td>-121</td>
</tr>
<tr>
<td>Remeasurements of defined benefit plans, net of tax</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>Total other comprehensive income</td>
<td>87</td>
<td>251</td>
</tr>
</tbody>
</table>
(Statement of Fluctuations in Consolidated Shareholders’ Equity)

Previous Consolidated Fiscal Year (From January 1, 2014 to December 31, 2014)

1 Issued shares

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>As of the beginning of the consolidated fiscal year</th>
<th>Increase</th>
<th>Decrease</th>
<th>As of the end of the consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>14,159,086</td>
<td>–</td>
<td>–</td>
<td>14,159,086</td>
</tr>
</tbody>
</table>

2 Treasury stock

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>As of the beginning of the consolidated fiscal year</th>
<th>Increase</th>
<th>Decrease</th>
<th>As of the end of the consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>17,737</td>
<td>334</td>
<td>–</td>
<td>18,071</td>
</tr>
</tbody>
</table>

Note: The increase in the amount of treasury stock of 334 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

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of Share</th>
<th>Source of Dividends</th>
<th>Total Dividend Amount (million yen)</th>
<th>Dividend Per Share (Yen)</th>
<th>Record Date</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary General Meeting of Shareholders</td>
<td>Common stock</td>
<td></td>
<td>254</td>
<td>18</td>
<td>December 31, 2013</td>
<td>March 28, 2014</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of Share</th>
<th>Source of Dividends</th>
<th>Total Dividend Amount (million yen)</th>
<th>Dividend Per Share (Yen)</th>
<th>Record Date</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary General Meeting of Shareholders</td>
<td>Common stock</td>
<td>Profit surplus</td>
<td>254</td>
<td>18</td>
<td>December 31, 2014</td>
<td>March 27, 2015</td>
</tr>
</tbody>
</table>

Current Consolidated Fiscal Year (From January 1, 2015 to December 31, 2015)

1 Issued shares

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>As of the beginning of the consolidated fiscal year</th>
<th>Increase</th>
<th>Decrease</th>
<th>As of the end of the consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>14,159,086</td>
<td>–</td>
<td>–</td>
<td>14,159,086</td>
</tr>
</tbody>
</table>

2 Treasury stock

<table>
<thead>
<tr>
<th>Type of Share</th>
<th>As of the beginning of the consolidated fiscal year</th>
<th>Increase</th>
<th>Decrease</th>
<th>As of the end of the consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common stock</td>
<td>18,071</td>
<td>205</td>
<td>–</td>
<td>18,276</td>
</tr>
</tbody>
</table>

Note: The increase in the amount of treasury stock of 205 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

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of Share</th>
<th>Source of Dividends</th>
<th>Total Dividend Amount (million yen)</th>
<th>Dividend Per Share (Yen)</th>
<th>Record Date</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary General Meeting of Shareholders March 26, 2015</td>
<td>Common stock</td>
<td></td>
<td>254</td>
<td>18</td>
<td>December 31, 2014</td>
<td>March 27, 2015</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Resolution</th>
<th>Type of Share</th>
<th>Source of Dividends</th>
<th>Total Dividend Amount (million yen)</th>
<th>Dividend Per Share (Yen)</th>
<th>Record Date</th>
<th>Effective Date</th>
</tr>
</thead>
</table>

(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

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank deposit account</td>
<td>2,657 million yen</td>
<td>2,807 million yen</td>
</tr>
<tr>
<td>Marketable securities account</td>
<td>10,001</td>
<td>9,503</td>
</tr>
<tr>
<td>Total</td>
<td>12,659</td>
<td>12,310</td>
</tr>
</tbody>
</table>

*2 Breakdown of assets and liabilities of a company that newly became a consolidated subsidiary of the Company through share acquisition in the current consolidated fiscal year

Following is a breakdown of assets and liabilities as of the commencement of the consolidation of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd., a company newly consolidated through share acquisition, and the relation between the acquisition costs of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. and expenditure (net amount) required for the acquisition:

<table>
<thead>
<tr>
<th>Asset/ Liability</th>
<th>Amount (in million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td>635</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>444</td>
</tr>
<tr>
<td>Goodwill</td>
<td>56</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>-460</td>
</tr>
<tr>
<td>Fixed liabilities</td>
<td>-375</td>
</tr>
<tr>
<td>Acquisition costs of NISSOKEN ARCHITECTS &amp; ENGINEERS Co., Ltd.</td>
<td>300</td>
</tr>
<tr>
<td>Cash and cash equivalents of NISSOKEN ARCHITECTS &amp; ENGINEERS Co., Ltd.</td>
<td>110</td>
</tr>
<tr>
<td>Net amount: Expenditure required for the acquisition of NISSOKEN ARCHITECTS &amp; ENGINEERS Co., Ltd.</td>
<td>189</td>
</tr>
</tbody>
</table>
(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.
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 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.

<table>
<thead>
<tr>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Book value on the consolidated balance sheet (million yen)</th>
<th>Fair value (million yen)</th>
<th>Difference (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash and bank deposits</td>
<td>2,657</td>
<td>2,657</td>
<td>–</td>
</tr>
<tr>
<td>(2) Notes receivable and completed work receivables</td>
<td>1,700</td>
<td>1,700</td>
<td>–</td>
</tr>
<tr>
<td>(3) Marketable securities and investment securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Available-for-sale securities</td>
<td>11,554</td>
<td>11,554</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>15,912</td>
<td>15,912</td>
<td>–</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
<th>Book value on the consolidated balance sheet (million yen)</th>
<th>Fair value (million yen)</th>
<th>Difference (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cash and bank deposits</td>
<td>2,807</td>
<td>2,807</td>
<td>–</td>
</tr>
<tr>
<td>(2) Notes receivable and completed work receivables</td>
<td>2,553</td>
<td>2,553</td>
<td>–</td>
</tr>
<tr>
<td>(3) Marketable securities and investment securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1) Held-to-maturity securities</td>
<td>228</td>
<td>225</td>
<td>-2</td>
</tr>
<tr>
<td>2) Available-for-sale securities</td>
<td>11,018</td>
<td>11,018</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>16,607</td>
<td>16,604</td>
<td>-2</td>
</tr>
</tbody>
</table>
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 securities
With regard to the fair value of marketable securities and investment 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 on 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

<table>
<thead>
<tr>
<th>Account title</th>
<th>As of December 31, 2014</th>
<th>As of December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-listed shares</td>
<td>364</td>
<td>975</td>
</tr>
</tbody>
</table>

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 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 (as of December 31, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Within 1 year (million yen)</th>
<th>Over 1 year but within 5 years (million yen)</th>
<th>Over 5 years but within 10 years (million yen)</th>
<th>Over 10 years (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank deposits</td>
<td>2,657</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Notes receivable and completed work receivables</td>
<td>1,700</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>4,358</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

Current Consolidated Fiscal Year (as of December 31, 2015)

<table>
<thead>
<tr>
<th></th>
<th>Within 1 year (million yen)</th>
<th>Over 1 year but within 5 years (million yen)</th>
<th>Over 5 years but within 10 years (million yen)</th>
<th>Over 10 years (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and bank deposits</td>
<td>2,807</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Notes receivable and completed work receivables</td>
<td>2,553</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Marketable securities and investment securities Held-to-maturity securities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>–</td>
<td>228</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>5,360</td>
<td>–</td>
<td>228</td>
<td>–</td>
</tr>
</tbody>
</table>
(Notes on Marketable Securities)
1. Held-to-maturity securities

Previous Consolidated Fiscal Year (as of December 31, 2014)
Not applicable.

Current Consolidated Fiscal Year (as of December 31, 2015)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Type</th>
<th>Book value on the consolidated balance sheet (million yen)</th>
<th>Fair value (million yen)</th>
<th>Difference (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost</td>
<td>(1) Government bonds</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(2) Corporate bonds</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost</td>
<td>(1) Government bonds</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(2) Corporate bonds</td>
<td>228</td>
<td>225</td>
<td>-2</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td><strong>Subtotal</strong></td>
<td>228</td>
<td>225</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>228</td>
<td>225</td>
<td>-2</td>
</tr>
</tbody>
</table>
2. Available-for-sale securities

### Previous Consolidated Fiscal Year (as of December 31, 2014)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Type</th>
<th>Book value on the consolidated balance sheet (million yen)</th>
<th>Acquisition Cost (million yen)</th>
<th>Difference (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Shares</td>
<td>1,552</td>
<td>709</td>
<td>843</td>
</tr>
<tr>
<td></td>
<td>(2) Bonds and Notes</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>1,552</td>
<td>709</td>
<td>843</td>
</tr>
<tr>
<td></td>
<td>(1) Shares</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(2) Bonds and Notes</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>10,001</td>
<td>10,001</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>10,001</td>
<td>10,001</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11,554</td>
<td>10,711</td>
<td>843</td>
</tr>
</tbody>
</table>

### Current Consolidated Fiscal Year (as of December 31, 2015)

<table>
<thead>
<tr>
<th>Classification</th>
<th>Type</th>
<th>Book value on the consolidated balance sheet (million yen)</th>
<th>Acquisition Cost (million yen)</th>
<th>Difference (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(1) Shares</td>
<td>1,461</td>
<td>654</td>
<td>807</td>
</tr>
<tr>
<td></td>
<td>(2) Bonds and Notes</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>1,461</td>
<td>654</td>
<td>807</td>
</tr>
<tr>
<td></td>
<td>(1) Shares</td>
<td>53</td>
<td>54</td>
<td>-1</td>
</tr>
<tr>
<td></td>
<td>(2) Bonds and Notes</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(3) Other</td>
<td>9,503</td>
<td>9,503</td>
<td>-1</td>
</tr>
<tr>
<td></td>
<td>Subtotal</td>
<td>9,556</td>
<td>9,558</td>
<td>-1</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>11,018</td>
<td>10,212</td>
<td>805</td>
</tr>
</tbody>
</table>
3. Held-to-maturity securities sold during the consolidated fiscal year

Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Cost of Sales (million yen)</th>
<th>Proceeds Amount (million yen)</th>
<th>Total Gains (Loss) on Sales (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate bonds</td>
<td>500</td>
<td>500</td>
<td>-</td>
</tr>
</tbody>
</table>

Reason for the sale:
The corporate bonds were sold through the exercise of rights of the bond issuer.

Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Not applicable.

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

Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)

<table>
<thead>
<tr>
<th></th>
<th>Proceeds Amount (million yen)</th>
<th>Total Gains on Sales (million yen)</th>
<th>Total Loss on Sales (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares</td>
<td>40</td>
<td>22</td>
<td>-</td>
</tr>
</tbody>
</table>

Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Not applicable.

5. Securities written down

Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
In the previous consolidated fiscal year, the Group wrote down 5 million yen in shares classified as investment securities.

Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Not applicable.

(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.


All of the pension fund systems the employees join are multi-employer systems, and because an amount of pension assets corresponding to the Company’s contribution cannot be reasonably computed, the Company carries out the accounting treatment in the same manner used for the defined contribution system.

A lump sum retirement benefits system held by some consolidated subsidiaries computes net defined benefit liability and retirement benefits costs using the simplified method.

The Company and CTI Engineering International Co., Ltd. received exemption from future payment obligations for a part of an employees’ pension fund on behalf of the government from the Minister of Health, Labour and Welfare on November 1, 2014.

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. Defined Benefit System (excluding the systems using the Simplified Method)

(1) Reconciliation of opening and closing balance of retirement benefits obligations

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of retirement benefit obligations at the beginning of year</td>
<td>9,713</td>
<td>11,599</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>–</td>
<td>-521</td>
</tr>
<tr>
<td>Restated balance</td>
<td>9,713</td>
<td>11,077</td>
</tr>
<tr>
<td>Labor costs</td>
<td>637</td>
<td>786</td>
</tr>
<tr>
<td>Interest costs</td>
<td>194</td>
<td>56</td>
</tr>
<tr>
<td>Accounting disparity</td>
<td>1,638</td>
<td>108</td>
</tr>
<tr>
<td>Retirement benefits paid</td>
<td>-585</td>
<td>-468</td>
</tr>
<tr>
<td>Balance of the retirement benefit obligations at the end of year</td>
<td>11,599</td>
<td>11,559</td>
</tr>
</tbody>
</table>

(2) Reconciliation of opening and closing balance of pension assets

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of pension assets at the beginning of year</td>
<td>10,266</td>
<td>11,359</td>
</tr>
<tr>
<td>Expected operating profit</td>
<td>205</td>
<td>227</td>
</tr>
<tr>
<td>Accounting disparity</td>
<td>493</td>
<td>182</td>
</tr>
<tr>
<td>Contribution from employer</td>
<td>911</td>
<td>935</td>
</tr>
<tr>
<td>Retirement benefits paid</td>
<td>-518</td>
<td>-416</td>
</tr>
<tr>
<td>Balance of the pension assets at the end of year</td>
<td>11,359</td>
<td>12,288</td>
</tr>
</tbody>
</table>
(3) Reconciliation of the ending balance of retirement benefits obligations and pension assets, and the net defined benefit liability and the net defined benefit asset included in the consolidated balance sheets

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded retirement benefits obligations</td>
<td>10,343</td>
<td>10,893</td>
</tr>
<tr>
<td>Pension assets</td>
<td>-11,359</td>
<td>-12,288</td>
</tr>
<tr>
<td>Unfunded retirement benefits obligations</td>
<td>-1,016</td>
<td>-1,395</td>
</tr>
<tr>
<td>Net amount of relevant liabilities and assets on the consolidated balance sheets</td>
<td>1,255</td>
<td>666</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>1,279</td>
<td>666</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>-1,040</td>
<td>-1,395</td>
</tr>
<tr>
<td>Net amount of relevant liabilities and assets on the consolidated balance sheets</td>
<td>239</td>
<td>-729</td>
</tr>
</tbody>
</table>

(4) Retirement benefits costs and related accounting items

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor costs</td>
<td>637</td>
<td>786</td>
</tr>
<tr>
<td>Interest costs</td>
<td>194</td>
<td>56</td>
</tr>
<tr>
<td>Expected operating profit</td>
<td>-205</td>
<td>-227</td>
</tr>
<tr>
<td>Cost disposal amount arising from accounting disparity</td>
<td>11</td>
<td>299</td>
</tr>
<tr>
<td>Retirement benefits costs under the defined benefit system</td>
<td>638</td>
<td>915</td>
</tr>
</tbody>
</table>

(5) Remeasurements of defined benefit plans, net of tax
The breakdown of items (before tax effect adjustment) included in remeasurements of defined benefit plans, net of tax is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting disparities</td>
<td>–</td>
<td>372</td>
</tr>
<tr>
<td>Total</td>
<td>–</td>
<td>372</td>
</tr>
</tbody>
</table>

(6) Remeasurements of defined benefit plans
The breakdown of items (before tax effect adjustment) included in remeasurements of defined benefit plans is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previously unrecognized accounting disparities</td>
<td>-1,325</td>
<td>-952</td>
</tr>
<tr>
<td>Total</td>
<td>-1,325</td>
<td>-952</td>
</tr>
</tbody>
</table>
(7) Matters regarding pension assets
1) Major breakdown of pension assets
The percentages of major asset types that account for the total pension assets are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic bonds</td>
<td>23 %</td>
<td>14 %</td>
</tr>
<tr>
<td>Domestic stocks</td>
<td>10</td>
<td>1</td>
</tr>
<tr>
<td>Foreign bonds</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Foreign stocks</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Life insurance general accounts</td>
<td>52</td>
<td>52</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
<td>100</td>
</tr>
</tbody>
</table>

Note: Total pension assets include a retirement benefit trust established for the corporate pension system (12% for the previous consolidated fiscal year and 11% for the current consolidated fiscal year).

2) Method for setting the long-term expected operating profit percentage
To determine the long-term expected operating profit percentage on pension assets, the current and projected distribution of pension assets, as well as the current and anticipated long-term yield rates of various assets that constitute the pension assets, are taken into account.

(8) Matters regarding the assumptions for actuarial calculations
Key assumptions for actuarial calculations

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount percentage</td>
<td>Primarily 0.7%</td>
<td>Primarily 0.6%</td>
</tr>
<tr>
<td>Long-term expected operating profit percentage</td>
<td>2.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

3. Defined Benefit System using the Simplified Method
(1) Reconciliation of opening and closing balance of net defined benefit liability using the Simplified Method

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance of net defined benefit liability at the beginning of year</td>
<td>216</td>
<td>173</td>
</tr>
<tr>
<td>Retirement benefits costs</td>
<td>41</td>
<td>46</td>
</tr>
<tr>
<td>Retirement benefits paid</td>
<td>-6</td>
<td>-10</td>
</tr>
<tr>
<td>Contribution to systems</td>
<td>-77</td>
<td>-83</td>
</tr>
<tr>
<td>Increase due to change in scope of consolidation</td>
<td>–</td>
<td>280</td>
</tr>
<tr>
<td>Net amount of relevant benefit liability and asset</td>
<td>173</td>
<td>407</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>183</td>
<td>428</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>-10</td>
<td>-20</td>
</tr>
<tr>
<td>Net amount of relevant benefit liability and asset</td>
<td>173</td>
<td>407</td>
</tr>
</tbody>
</table>
(2) Reconciliation of the ending balance of retirement benefits obligations and pension assets, and the net defined benefit liability and the net defined benefit asset included in the consolidated balance sheets

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funded retirement benefits obligations</td>
<td>445</td>
<td>946</td>
</tr>
<tr>
<td>Pension assets</td>
<td>-276</td>
<td>-539</td>
</tr>
<tr>
<td>Unfunded retirement benefits obligations</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>Net amount of relevant liabilities and assets on the consolidated balance sheets</td>
<td>173</td>
<td>407</td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>183</td>
<td>428</td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>-10</td>
<td>-20</td>
</tr>
<tr>
<td>Net amount of relevant liabilities and assets on the consolidated balance sheets</td>
<td>173</td>
<td>407</td>
</tr>
</tbody>
</table>

(3) Retirement benefit costs

Retirement benefit costs calculated using the simplified method

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Japan Civil Engineering Consultants Pension Fund</td>
<td>41 million yen</td>
<td>46 million yen</td>
</tr>
</tbody>
</table>

4. Multi-employer System

The required amounts of contribution to the employees’ pension fund under the multi-employer system, a system whose accounting treatment is carried out in the same manner as the defined contribution system, were 478 million yen for the previous consolidated fiscal year and 326 million yen for the current consolidated fiscal year.

(1) The latest savings in the multi-employer system

1) Japan Civil Engineering Consultants Pension Fund

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>Previous Consolidated Fiscal Year (as of March 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of March 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension assets</td>
<td>179,785</td>
<td>198,294</td>
</tr>
<tr>
<td>Sum of the actuarial obligations and minimum actuarial reserve based on pension finance computation (Note)</td>
<td>199,165</td>
<td>198,589</td>
</tr>
<tr>
<td>Balance</td>
<td>-19,379</td>
<td>-295</td>
</tr>
</tbody>
</table>

Note: An item stated as “Benefit obligations based on pension finance computation” in the previous consolidated fiscal year.

2) All Japan Surveying Enterprises Multi Employers Pension Fund

<table>
<thead>
<tr>
<th>(million yen)</th>
<th>Previous Consolidated Fiscal Year (as of March 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of March 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension assets</td>
<td>176,652</td>
<td>205,448</td>
</tr>
<tr>
<td>Sum of the actuarial obligations and minimum actuarial reserve based on pension finance computation (Note)</td>
<td>182,503</td>
<td>194,940</td>
</tr>
<tr>
<td>Balance</td>
<td>-5,851</td>
<td>10,508</td>
</tr>
</tbody>
</table>

Note: An item stated as “Benefit obligations based on pension finance computation” in the previous consolidated fiscal year.
3) Tokyo Architectural Engineer Pension Fund

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of March 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of March 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension assets</td>
<td>–</td>
<td>69,457</td>
</tr>
<tr>
<td>Sum of the actuarial obligations and minimum actuarial reserve based on pension finance computation</td>
<td>–</td>
<td>87,527</td>
</tr>
<tr>
<td>Balance</td>
<td>–</td>
<td>18,069</td>
</tr>
</tbody>
</table>

(2) Percentage of total salaries of the Group to the overall system under the multi-employer system

1) Japan Civil Engineering Consultants Pension Fund
   Previous Consolidated Fiscal Year 7.05% (from April 1, 2013 to March 31, 2014)
   Current Consolidated Fiscal Year 7.11% (from April 1, 2014 to March 31, 2015)

2) All Japan Surveying Enterprises Multi Employers Pension Fund
   Previous Consolidated Fiscal Year 0.43% (from April 1, 2013 to March 31, 2014)
   Current Consolidated Fiscal Year 0.44% (from April 1, 2014 to March 31, 2015)

3) Tokyo Architectural Engineer Pension Fund
   Previous Consolidated Fiscal Year -
   Current Consolidated Fiscal Year 1.34% (from April 1, 2014 to March 31, 2015)

(3) Supplementary explanation

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 (22,128 million yen for the previous consolidated fiscal year and 20,811 million yen for the current consolidated fiscal year), surplus, and shortage (-2,748 million yen for the previous consolidated fiscal year and -20,515 million yen for the current consolidated fiscal year).
   The pre-existing employment obligations under this system are amortized by the annuity repayment method over 15 years, and a special premium (152 million yen for the previous consolidated fiscal year and 213 million yen for the current consolidated fiscal year) was amortized in the consolidated financial statements. 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 (8,208 million yen for the previous consolidated fiscal year and 8,035 million yen for the current consolidated fiscal year), surplus, and shortage (-2,357 million yen for the previous consolidated fiscal year and -18,543 million yen for the current consolidated fiscal year).
   The pre-existing employment obligations under this system are amortized by the annuity repayment method over 20 years, and a special premium (3 million yen for the previous consolidated fiscal year and 3 million yen for the current consolidated fiscal year) was amortized in the consolidated financial statements. Additionally, the percentage described in (2) above was not identical to the Group’s actual percentage.

3) Tokyo Architectural Engineer 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 (- for the previous consolidated fiscal year and 12,693 million yen for the current consolidated fiscal year), surplus, and shortage (5,376 million yen for the current consolidated fiscal year).
   The pre-existing employment obligations under this system are amortized by the annuity repayment method over 18 years, and no special premium was amortized in the consolidated financial statements. 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

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deferred tax assets (current assets)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued enterprise tax</td>
<td>62 million yen</td>
<td>39 million yen</td>
</tr>
<tr>
<td>Allowance for losses in operations</td>
<td>38</td>
<td>22</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>396</td>
<td>318</td>
</tr>
<tr>
<td>Social insurance premiums for bonuses</td>
<td>58</td>
<td>53</td>
</tr>
<tr>
<td>Loss brought forward</td>
<td>–</td>
<td>28</td>
</tr>
<tr>
<td>Other</td>
<td>70</td>
<td>50</td>
</tr>
<tr>
<td>Subtotal</td>
<td>626</td>
<td>513</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-10</td>
<td>-16</td>
</tr>
<tr>
<td>Total</td>
<td>616</td>
<td>496</td>
</tr>
<tr>
<td><strong>Deferred tax assets (fixed assets)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net defined benefit liability</td>
<td>577 million yen</td>
<td>183 million yen</td>
</tr>
<tr>
<td>Long-term accounts payable</td>
<td>37</td>
<td>23</td>
</tr>
<tr>
<td>Unrealized loss on securities</td>
<td>74</td>
<td>67</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>45</td>
<td>48</td>
</tr>
<tr>
<td>Loss brought forward</td>
<td>–</td>
<td>82</td>
</tr>
<tr>
<td>Other</td>
<td>23</td>
<td>42</td>
</tr>
<tr>
<td>Subtotal</td>
<td>758</td>
<td>447</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-87</td>
<td>-134</td>
</tr>
<tr>
<td>Total deferred tax assets</td>
<td>670</td>
<td>312</td>
</tr>
<tr>
<td><strong>Deferred tax liabilities (fixed liabilities)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net defined benefit asset</td>
<td>– million yen</td>
<td>8 million yen</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>32</td>
<td>30</td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>232</td>
<td>194</td>
</tr>
<tr>
<td>Liability adjustment account</td>
<td>–</td>
<td>76</td>
</tr>
<tr>
<td>Total</td>
<td>264</td>
<td>309</td>
</tr>
<tr>
<td><strong>Net of deferred tax assets (fixed assets)</strong></td>
<td>405 million yen</td>
<td>2 million yen</td>
</tr>
</tbody>
</table>

Note: Net deferred tax assets for the previous consolidated fiscal year and the current consolidated fiscal year are included in the following items on the consolidated balance sheets.

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year (as of December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets - Deferred tax assets</td>
<td>616 million yen</td>
<td>496 million yen</td>
</tr>
<tr>
<td>Fixed assets - Deferred tax assets</td>
<td>408</td>
<td>88</td>
</tr>
<tr>
<td>Fixed liabilities - Deferred tax liabilities</td>
<td>2</td>
<td>85</td>
</tr>
</tbody>
</table>
2 Breakdown by major item of causes leading to any material difference between the legal effective tax rate and the bearing rate of corporation tax or the like after application of tax effect accounting

<table>
<thead>
<tr>
<th></th>
<th>Previous Consolidated Fiscal Year</th>
<th>Current Consolidated Fiscal Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(as of December 31, 2014)</td>
<td>(as of December 31, 2015)</td>
</tr>
<tr>
<td>Legal effective tax rate</td>
<td>38.01%</td>
<td>35.64%</td>
</tr>
<tr>
<td>(Adjustment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entry of loss from entertainment expense etc.</td>
<td>0.48</td>
<td>0.42</td>
</tr>
<tr>
<td>Per capita inhabitant tax</td>
<td>3.63</td>
<td>3.38</td>
</tr>
<tr>
<td>No entry of profit from dividends earned, etc.</td>
<td>-0.30</td>
<td>-0.33</td>
</tr>
<tr>
<td>Downward revision of ending deferred tax assets due to a change in tax rate</td>
<td>1.73</td>
<td>1.79</td>
</tr>
<tr>
<td>Tax credit under the Income Growth Promotion</td>
<td>-2.54</td>
<td>-2.09</td>
</tr>
<tr>
<td>Tax System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entry of loss from bonuses to directors</td>
<td>0.33</td>
<td>0.40</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-0.10</td>
<td>-0.06</td>
</tr>
<tr>
<td>Other</td>
<td>-0.24</td>
<td>0.61</td>
</tr>
<tr>
<td>Bearing rate of corporation tax or the like after application of tax effect accounting</td>
<td>41.00</td>
<td>39.76</td>
</tr>
</tbody>
</table>

3 Revision to amounts of deferred tax assets pursuant to a change in the rate of income taxes

Pursuant to the promulgation of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) on March 31, 2015, corporation income tax rates will be reduced for the fiscal years beginning on or after April 1, 2015. In accordance with this change, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been reduced from 35.64% to 33.06% with respect to temporary differences that are expected to be eliminated during the consolidated fiscal year beginning on January 1, 2016 or to 32.26% with respect to temporary differences that are expected to be eliminated during the consolidated fiscal year beginning on or after January 1, 2017. The effects of this change are expected to be negligible.

As a result of this change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 59 million yen while deferred income taxes etc., other valuation difference on available-for-sale securities, and remeasurements of defined benefit plans recognized in the current consolidated fiscal year increased by 48 million yen, 20 million yen, and 30 million yen, respectively.
(Segment Information)

Segment Information
Previous consolidated fiscal year (from January 1, 2014 to December 31, 2014) and current consolidated fiscal year (from January 1, 2015 to December 31, 2015)

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, 2014 to December 31, 2014)
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)
<table>
<thead>
<tr>
<th>Name of customer</th>
<th>Sales</th>
<th>Name of the relevant segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government</td>
<td>20,582</td>
<td>Engineering consulting</td>
</tr>
</tbody>
</table>

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
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)
<table>
<thead>
<tr>
<th>Name of customer</th>
<th>Sales</th>
<th>Name of the relevant segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>National government</td>
<td>19,215</td>
<td>Engineering consulting</td>
</tr>
</tbody>
</table>
Impairment losses on fixed assets by reportable segments
Previous consolidated fiscal year (from January 1, 2014 to December 31, 2014) and current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
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, 2014 to December 31, 2014)
The Company has nothing to be described here.

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
The Company’s group operates a single segment consisting of engineering consulting and incidental services, and omits description.

Gain on negative goodwill by reportable segments
Previous consolidated fiscal year (from January 1, 2014 to December 31, 2014) and current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
The Company has nothing to be described here.

Information on related parties
Previous consolidated fiscal year (from January 1, 2014 to December 31, 2014)
The Company has nothing to be described here.

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
(1) Transaction between the company submitting consolidated financial statements and the related parties
(a) Non-consolidated subsidiary and affiliates, etc. of the company submitting consolidated financial statements

<table>
<thead>
<tr>
<th>Type</th>
<th>Name of company, etc.</th>
<th>Location</th>
<th>Business outline</th>
<th>Ratio of voting rights holding (held) (%)</th>
<th>Relationship with related party</th>
<th>Summary of transactions</th>
<th>Amount of transaction (million yen)</th>
<th>Item</th>
<th>Balance at end of fiscal year (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-consolidated subsidiary</td>
<td>Kamaishi Naranokaidaira Solar Power Generation Co., Ltd.</td>
<td>Kamaishi-shi, Iwate</td>
<td>Solar power generation</td>
<td>100</td>
<td>Outsourcing of a part of the Company’s services</td>
<td>Loan of funds</td>
<td>550</td>
<td>Short-term loans</td>
<td>28</td>
</tr>
<tr>
<td>Non-consolidated subsidiary</td>
<td>Non-consolidated subsidiary</td>
<td>Kamaishi Naranokaidaira Solar Power Generation Co., Ltd.</td>
<td>Kamaishi-shi, Iwate</td>
<td>Solar power generation</td>
<td>100</td>
<td>Outsourcing of a part of the Company’s services</td>
<td>Loan of funds</td>
<td>521</td>
<td>Long-term loans</td>
</tr>
</tbody>
</table>

Note: The terms and conditions of transactions are as follows:
* Loan transactions: The loan interest rate is determined in consideration of the prevailing market rates.

(Business Combination)
Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
Business combination by acquisition
(1) Overview of the business combination
1) Name of the company acquired and description of its business
   Name of the company acquired: NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. (hereinafter, "NISSOKEN")
   Description of business: Architecture / design
2) Major reason for the business combination
   The Company aims to develop its business in order to become a “multi-infrastructure enterprise” and to move forward to expand its business into broader peripheral fields beyond engineering consulting, the field in which the Company has engaged so far. In particular, the Company expects to expand the business of architectural design, the mainstay field of NISSOKEN, through collaboration with the related divisions of the Company. The Company also expects to strengthen its ability to accelerate new business development by acquiring NISSOKEN and making it a group company. For the above-mentioned reasons,
the Company decided to acquire all of the shares of NISSOKEN.

3) Date of business combination
   November 2, 2015 (share acquisition date)
   December 31, 2015 (deemed acquisition date)

4) Legal form of business combination
   Share acquisition by cash used as consideration

5) Name of the company after the combination
   Unchanged

6) Ratio of voting rights acquired
   100%

7) Major grounds for determining the acquiring company
   Because the Company has acquired all shares by cash as consideration.

(2) Period during which the operating results of the acquired company are included in the consolidated profit and loss account for the current consolidated fiscal year
The operating results of the acquired company are not included in the operating results of the Company for the current consolidated fiscal year because the end of the current consolidated fiscal year is the deemed acquisition date.

(3) Acquisition costs of the acquired company and the breakdown thereof
   Consideration for acquisition  Cash  300 million yen
   Acquisition costs  300 million yen

(4) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization
   1) Amount of goodwill incurred
      56 million yen
   2) Reasons for the goodwill incurred
      Goodwill incurred from expected excess earnings power in the future arising from further business expansion.
   3) Method and period of amortization
      Amortized by the straight-line method over five years.

(5) Assets received and liabilities undertaken on the date of the business combination, and the breakdown thereof
   Current assets  635 million yen
   Fixed assets  444
   Total assets  1,079
   Current liabilities  460
   Fixed liabilities  375
   Total liabilities  835

(6) The estimated amounts of the impact of the business combination on the consolidated profit and loss account for the current consolidated fiscal year when the business combination is assumed to have been completed on the first day of the current consolidated fiscal year, and the method for calculating the same
   The estimated amounts of the impact are not shown because they are immaterial.

(Notes on Investment and Rental Property)
Previous consolidated fiscal year (from January 1, 2014 to December 31, 2014) and current consolidated fiscal year (from January 1, 2015 to December 31, 2015)
There are no significant investment or rental properties to be stated, so the statement is omitted here.
### Information per Share

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets per share</td>
<td>1,539.79 yen</td>
<td>1,675.40 yen</td>
</tr>
<tr>
<td>Current net income per share</td>
<td>105.38 yen</td>
<td>115.51 yen</td>
</tr>
</tbody>
</table>

**Notes:**
1. Current net income per share after adjustment of potential shares is not stated because the Company has issued no potential shares.
2. As stated in the “Changes in Accounting Policy,” the Company has adopted the Accounting Standard and the Guidance for Retirement Benefits and observes the transitional treatment provided for in Paragraph 37 of the Accounting Standard. As a result, net assets per share for the current consolidated fiscal year increased by 23.77 yen. The effects on current net income per share are expected to be negligible.
3. Basis of calculation of current net income per share:

<table>
<thead>
<tr>
<th>Item</th>
<th>Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current net income in the consolidated income statement (million yen)</td>
<td>1,490</td>
<td>1,633</td>
</tr>
<tr>
<td>Current net income related to common shares (million yen)</td>
<td>1,490</td>
<td>1,633</td>
</tr>
<tr>
<td>Amounts not belonging to ordinary shareholders (million yen)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Average number of common shares for the entire fiscal year (shares)</td>
<td>14,141,148</td>
<td>14,140,884</td>
</tr>
</tbody>
</table>

**Important Matters Generated Later**

Not applicable.
Supplemental Specifications for Consolidated Financial Statements

Corporate bonds specification
Not applicable.

Specifications about borrowings

<table>
<thead>
<tr>
<th>Category</th>
<th>Current term opening balance (million yen)</th>
<th>Current term closing balance (million yen)</th>
<th>Average rate (%)</th>
<th>Repayment deadline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term borrowings</td>
<td>850</td>
<td>1,000</td>
<td>0.7</td>
<td>–</td>
</tr>
<tr>
<td>Long-term borrowings to be repaid within 1 year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Lease obligations to be repaid within 1 year</td>
<td>81</td>
<td>73</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Long-term borrowings except those to be repaid within 1 year</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Lease obligations except those to be repaid within 1 year</td>
<td>125</td>
<td>102</td>
<td>–</td>
<td>2017 to 2021</td>
</tr>
<tr>
<td>Other Interest-bearing Liabilities</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Total</td>
<td>1,056</td>
<td>1,175</td>
<td>–</td>
<td>–</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Over 1 year but within 2 years (million yen)</th>
<th>Over 2 years but within 3 years (million yen)</th>
<th>Over 3 years but within 4 years (million yen)</th>
<th>Over 4 years but within 5 years (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lease obligations</td>
<td>49</td>
<td>32</td>
<td>15</td>
<td>4</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>(Cumulative period)</th>
<th>Three months ended March 31, 2015</th>
<th>First half ended June 30, 2015</th>
<th>Nine months ended to September 30, 2015</th>
<th>Current consolidated fiscal year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (million yen)</td>
<td>7,809</td>
<td>21,546</td>
<td>30,705</td>
<td>40,220</td>
</tr>
<tr>
<td>Net income before income tax (million yen)</td>
<td>226</td>
<td>1,748</td>
<td>2,235</td>
<td>2,721</td>
</tr>
<tr>
<td>Net income (million yen)</td>
<td>145</td>
<td>1,078</td>
<td>1,386</td>
<td>1,633</td>
</tr>
<tr>
<td>Net income per share (yen)</td>
<td>10.30</td>
<td>76.25</td>
<td>98.04</td>
<td>115.51</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(Fiscal period)</th>
<th>First quarter from January 1, 2015 to March 31, 2015</th>
<th>Second quarter from April 1, 2015 to June 30, 2015</th>
<th>Third quarter from July 1, 2015 to September 30, 2015</th>
<th>Fourth quarter from October 1, 2015 to December 31, 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income per share (yen)</td>
<td>10.30</td>
<td>65.96</td>
<td>21.78</td>
<td>17.47</td>
</tr>
</tbody>
</table>
## 2. Non-consolidated Financial Statements and Other Materials

### (1) Non-consolidated Financial Statements

#### (i) Non-consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and bank deposits</td>
<td>1,782</td>
<td>1,820</td>
</tr>
<tr>
<td>Completed work receivables</td>
<td>780</td>
<td>1,487</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>10,001</td>
<td>9,503</td>
</tr>
<tr>
<td>Prepaid expenses for uncompleted services</td>
<td>10,569</td>
<td>10,861</td>
</tr>
<tr>
<td>Advance payment</td>
<td>122</td>
<td>131</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>489</td>
<td>450</td>
</tr>
<tr>
<td>Short-term loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>99</td>
<td>135</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>-11</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>24,117</td>
<td>24,712</td>
</tr>
<tr>
<td><strong>Fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Tangible fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>3,740</td>
<td>3,747</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-2,183</td>
<td>-2,261</td>
</tr>
<tr>
<td>Buildings, net</td>
<td>1,556</td>
<td>1,485</td>
</tr>
<tr>
<td>Structures</td>
<td>716</td>
<td>716</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-554</td>
<td>-563</td>
</tr>
<tr>
<td>Structures, net</td>
<td>162</td>
<td>153</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>236</td>
<td>238</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-226</td>
<td>-227</td>
</tr>
<tr>
<td>Machinery and equipment, net</td>
<td>10</td>
<td>11</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>954</td>
<td>959</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-806</td>
<td>-755</td>
</tr>
<tr>
<td>Furniture and fixtures, net</td>
<td>147</td>
<td>203</td>
</tr>
<tr>
<td>Land</td>
<td>4,556</td>
<td>4,556</td>
</tr>
<tr>
<td>Lease assets</td>
<td>270</td>
<td>238</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>-148</td>
<td>-143</td>
</tr>
<tr>
<td>Lease assets, net</td>
<td>122</td>
<td>95</td>
</tr>
<tr>
<td><strong>Total tangible fixed assets</strong></td>
<td>6,556</td>
<td>6,506</td>
</tr>
<tr>
<td><strong>Intangible fixed assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold</td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Software</td>
<td>146</td>
<td>328</td>
</tr>
<tr>
<td>Telephone rights</td>
<td>22</td>
<td>22</td>
</tr>
<tr>
<td>Right of using special facilities</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lease assets</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total intangible fixed assets</strong></td>
<td>191</td>
<td>373</td>
</tr>
<tr>
<td><strong>Investments and other assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment securities</td>
<td>1,631</td>
<td>1,822</td>
</tr>
<tr>
<td>Shares in subsidiaries and affiliates</td>
<td>554</td>
<td>1,195</td>
</tr>
<tr>
<td>Investments in capital of subsidiaries and affiliates</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>Investments</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Long-term loans</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term time deposits</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Long-term prepaid expenses</td>
<td>29</td>
<td>25</td>
</tr>
<tr>
<td>Lease and guarantee deposit</td>
<td>711</td>
<td>711</td>
</tr>
<tr>
<td>Membership</td>
<td>51</td>
<td>52</td>
</tr>
<tr>
<td>Prepaid pension cost</td>
<td>1,584</td>
<td>1,706</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>-0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total investments and other assets</strong></td>
<td>5,416</td>
<td>6,905</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>36,282</td>
<td>38,498</td>
</tr>
<tr>
<td></td>
<td>Previous Fiscal Year (as of December 31, 2014)</td>
<td>Current Fiscal Year (as of December 31, 2015)</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable for services</td>
<td>1,314</td>
<td>*1 1,579</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>55</td>
<td>46</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>310</td>
<td>305</td>
</tr>
<tr>
<td>Accrued income taxes</td>
<td>648</td>
<td>487</td>
</tr>
<tr>
<td>Accrued consumption taxes</td>
<td>224</td>
<td>724</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>786</td>
<td>879</td>
</tr>
<tr>
<td>Advances received from uncompleted services</td>
<td>8,471</td>
<td>8,714</td>
</tr>
<tr>
<td>Deposits received</td>
<td>476</td>
<td>521</td>
</tr>
<tr>
<td>Revenue received in advance</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>941</td>
<td>924</td>
</tr>
<tr>
<td>Reserve for bonuses to directors</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Allowance for losses in operations</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>Other</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>13,302</td>
<td>14,244</td>
</tr>
<tr>
<td><strong>Fixed liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term accounts payable</td>
<td>89</td>
<td>56</td>
</tr>
<tr>
<td>Lease obligations</td>
<td>76</td>
<td>57</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>78</td>
<td>239</td>
</tr>
<tr>
<td>Reserve for retirement benefits</td>
<td>545</td>
<td>142</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>93</td>
<td>94</td>
</tr>
<tr>
<td>Other</td>
<td>57</td>
<td>53</td>
</tr>
<tr>
<td>Total fixed liabilities</td>
<td>940</td>
<td>645</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>14,242</td>
<td>14,890</td>
</tr>
<tr>
<td><strong>Net assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>3,025</td>
<td>3,025</td>
</tr>
<tr>
<td>Capital surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital reserve</td>
<td>4,122</td>
<td>4,122</td>
</tr>
<tr>
<td>Total capital surplus</td>
<td>4,122</td>
<td>4,122</td>
</tr>
<tr>
<td><strong>Profit surplus</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profit reserve</td>
<td>176</td>
<td>176</td>
</tr>
<tr>
<td>Other profit surplus</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General reserve</td>
<td>8,700</td>
<td>8,700</td>
</tr>
<tr>
<td>Profit surplus brought forward</td>
<td>5,415</td>
<td>6,983</td>
</tr>
<tr>
<td>Total profit surplus</td>
<td>14,292</td>
<td>15,860</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>-11</td>
<td>-12</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>21,429</td>
<td>22,996</td>
</tr>
<tr>
<td><strong>Valuation and translation differences</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>611</td>
<td>611</td>
</tr>
<tr>
<td>Total valuation and translation adjustment</td>
<td>611</td>
<td>611</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>22,040</td>
<td>23,608</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>36,282</td>
<td>38,498</td>
</tr>
</tbody>
</table>
(ii) Non-consolidated Profit and Loss Account

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>33,211</td>
<td>33,734</td>
</tr>
<tr>
<td>Cost of sales</td>
<td>23,941</td>
<td>24,102</td>
</tr>
<tr>
<td>Gross profit</td>
<td>9,270</td>
<td>9,631</td>
</tr>
<tr>
<td>Selling, general and administrative expenses</td>
<td>*2 7,116 *2 7,253</td>
<td>*2 7,253</td>
</tr>
<tr>
<td>Operating income</td>
<td>2,153</td>
<td>2,377</td>
</tr>
<tr>
<td>Non-operating revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest earned</td>
<td>*1 6</td>
<td>*1 9</td>
</tr>
<tr>
<td>Dividend earned</td>
<td>*1 33</td>
<td>*1 41</td>
</tr>
<tr>
<td>Interest from securities</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>Rent earned</td>
<td>*1 35</td>
<td>*1 35</td>
</tr>
<tr>
<td>Insurance dividends earned</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Other</td>
<td>35</td>
<td>43</td>
</tr>
<tr>
<td>Total non-operating revenues</td>
<td>127</td>
<td>151</td>
</tr>
<tr>
<td>Non-operating expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commissions paid</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>2,275</td>
<td>2,513</td>
</tr>
<tr>
<td>Extraordinary gain</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on sales of investment securities</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Total extraordinary gain</td>
<td>22</td>
<td>-</td>
</tr>
<tr>
<td>Extraordinary loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss from fixed assets disposal</td>
<td>*3 3</td>
<td>*3 6</td>
</tr>
<tr>
<td>Unrealized loss on investment securities</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td>Loss on cancel of lease contracts</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Loss on valuation of golf club membership</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Total extraordinary loss</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Net income before income tax</td>
<td>2,288</td>
<td>2,500</td>
</tr>
<tr>
<td>Corporation tax, inhabitants tax and enterprise tax</td>
<td>980</td>
<td>884</td>
</tr>
<tr>
<td>Deferred income taxes etc.</td>
<td>-58</td>
<td>95</td>
</tr>
<tr>
<td>Total income taxes</td>
<td>921</td>
<td>979</td>
</tr>
<tr>
<td>Current net income</td>
<td>1,366</td>
<td>1,520</td>
</tr>
</tbody>
</table>
Cost Specifications for Completed Services

<table>
<thead>
<tr>
<th>Category</th>
<th>Note No.</th>
<th>Previous Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount (million yen)</td>
<td>Ratio (%)</td>
</tr>
<tr>
<td>I Labor cost</td>
<td></td>
<td>7,625</td>
<td>7,898</td>
</tr>
<tr>
<td></td>
<td>1. Salaries</td>
<td>644</td>
<td>640</td>
</tr>
<tr>
<td></td>
<td>2. Bonuses</td>
<td>1,685</td>
<td>11,721 48.2</td>
</tr>
<tr>
<td></td>
<td>3. Provision of reserve for bonuses</td>
<td>1,685</td>
<td>11,721 48.2</td>
</tr>
<tr>
<td></td>
<td>4. Retirement benefits expense</td>
<td>1,685</td>
<td>11,721 48.2</td>
</tr>
<tr>
<td></td>
<td>5. Other</td>
<td>8,839</td>
<td>36.3</td>
</tr>
<tr>
<td>II Amount paid to subcontractors</td>
<td></td>
<td>8,062</td>
<td>33.1</td>
</tr>
<tr>
<td>III Expenses</td>
<td></td>
<td>24,326</td>
<td>100.0</td>
</tr>
<tr>
<td></td>
<td>1. Traveling expenses</td>
<td>1,027</td>
<td>997</td>
</tr>
<tr>
<td></td>
<td>2. Printing and copying expenses</td>
<td>411</td>
<td>366</td>
</tr>
<tr>
<td></td>
<td>3. Expendables cost</td>
<td>321</td>
<td>251</td>
</tr>
<tr>
<td></td>
<td>4. Rents</td>
<td>899</td>
<td>1,087</td>
</tr>
<tr>
<td></td>
<td>5. Depreciation</td>
<td>144</td>
<td>144</td>
</tr>
<tr>
<td></td>
<td>6. Provision of allowance for losses in operations</td>
<td>167</td>
<td>15.5</td>
</tr>
<tr>
<td></td>
<td>7. Other</td>
<td>23,941</td>
<td>24,102</td>
</tr>
</tbody>
</table>

(Footnote) Cost accounting is according to the job order costing method.
(iii) Statement of Fluctuations in Shareholders’ Equity
Previous Fiscal Year (from January 1, 2014 to December 31, 2014)

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital surplus</th>
<th>Profit surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital reserve</td>
<td>Total capital surplus</td>
</tr>
<tr>
<td>Capital</td>
<td>3,025</td>
<td>4,122</td>
</tr>
<tr>
<td>Capital reserve</td>
<td>4,122</td>
<td></td>
</tr>
<tr>
<td>Total capital surplus</td>
<td>4,122</td>
<td></td>
</tr>
<tr>
<td>Profit reserve</td>
<td>176</td>
<td></td>
</tr>
<tr>
<td>Other profit surplus</td>
<td>8,700</td>
<td></td>
</tr>
<tr>
<td>Total profit surplus</td>
<td>8,700</td>
<td></td>
</tr>
<tr>
<td>General reserve</td>
<td>4,303</td>
<td></td>
</tr>
<tr>
<td>Profit surplus brought forward</td>
<td>4,303</td>
<td></td>
</tr>
<tr>
<td>Total profit surplus</td>
<td>4,303</td>
<td></td>
</tr>
</tbody>
</table>

Balance at the beginning of current period
Cumulative effects of changes in accounting policies
Restated balance
Changes of items during the period
Dividends from surplus
Current net income
Acquisition of treasury stock
Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)
Total changes of items during the period
Balance at the end of current period

Balance at the beginning of current period
Cumulative effects of changes in accounting policies
Restated balance
Changes of items during the period
Dividends from surplus
Current net income
Acquisition of treasury stock
Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)
Total changes of items during the period
Balance at the end of current period

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Valuation and translation differences</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock</td>
<td>Total shareholders’ equity</td>
<td>Other valuation differences on available-for-sale securities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total net assets</td>
</tr>
<tr>
<td>Balance at the beginning of current period</td>
<td>-11</td>
<td>20,317</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restated balance</td>
<td>-11</td>
<td>20,317</td>
</tr>
</tbody>
</table>
| Changes of items during the period
Dividends from surplus | -254 | 523 | 523 | -254 |
| Current net income | 1,366 | 523 | 523 | 1,366 |
| Acquisition of treasury stock | -0 | -0 | 87 | 87 | -0 |
| Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount) | 87 | 87 | 87 |
| Total changes of items during the period | -0 | 1,111 | 87 | 87 | 1,199 |
| Balance at the end of current period | -11 | 21,429 | 611 | 611 | 22,040 |
### Shareholders' equity

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
<th>Capital surplus</th>
<th>Profit surplus</th>
<th>Total profit surplus</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Capital reserve</td>
<td>Total capital surplus</td>
<td>Profit reserve</td>
</tr>
<tr>
<td>Balance at the beginning of current period</td>
<td>3,025</td>
<td>4,122</td>
<td>4,122</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Restated balance</td>
<td>3,025</td>
<td>4,122</td>
<td>4,122</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current net income</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balance at the end of current period</td>
<td>3,025</td>
<td>4,122</td>
<td>4,122</td>
</tr>
</tbody>
</table>

### Valuation and translation differences

<table>
<thead>
<tr>
<th>Valuation and translation differences</th>
<th>Total shareholders’ equity</th>
<th>Total net assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treasury stock</td>
<td>Total shareholders’ equity</td>
<td>Other valuation differences on available-for-sale securities</td>
</tr>
<tr>
<td>Balance at the beginning of current period</td>
<td>-11</td>
<td>21,429</td>
</tr>
<tr>
<td>Cumulative effects of changes in accounting policies</td>
<td>-</td>
<td>301</td>
</tr>
<tr>
<td>Restated balance</td>
<td>-11</td>
<td>21,730</td>
</tr>
<tr>
<td>Changes of items during the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Dividends from surplus</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current net income</td>
<td>-</td>
<td>1,520</td>
</tr>
<tr>
<td>Acquisition of treasury stock</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fluctuations during this fiscal year for items other than shareholders’ equity (Net amount)</td>
<td>-</td>
<td>0</td>
</tr>
<tr>
<td>Total changes of items during the period</td>
<td>-</td>
<td>1,265</td>
</tr>
<tr>
<td>Balance at the end of current period</td>
<td>-12</td>
<td>22,996</td>
</tr>
</tbody>
</table>
Notes:
Important Accounting Policy
1. Valuation base and method for securities
   (1) Held-to-maturity securities
       Amortized 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 software for internal use, 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.

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.
1) Periodic allocation of retirement benefits forecast
   When computing retirement benefits obligations, the benefit formula standard is applied for allocation of retirement benefits forecast to the periods until the end of current fiscal year.

2) Expense disposal of accounting disparity
   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.

5. Entry standard of important revenues and expenses
   Sales are recognized by the completed-contract method. However, revenues and expenses of construction contracts whose percentages of completion up to the end of this fiscal year can be reliably estimated are recognized by the percentage-of-completion method (the percentage of completion is computed at the cost incurred as a percentage of the estimated total expenses).

6. Other important accounting policies as bases for the preparation of financial statements
   (1) Accounting treatment of consumption taxes
       Tax exclusion method is adopted.

   (2) Accounting treatment of retirement benefits
       The accounting treatment of unrecognized accounting disparities relating to retirement benefits is different from the accounting treatment of unrecognized accounting disparities relating to retirement benefits in the consolidated financial statements.

   (Changes in Accounting Policy)
   (Application of the Accounting Standard and the Guidance for Retirement Benefits)
   The Accounting Standard for Retirement Benefits (ASBJ Statement No. 26 issued on May 17, 2012; hereinafter, the “Accounting Standard”) and the Guidance on the Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25 issued on March 26, 2015) have been applied, effective from the current fiscal year, whereby the calculation method for retirement benefit obligations and labor costs has been revised. According to this application, the method for the periodic allocation of the retirement benefits forecast has been changed from a periodic fixed amount standard to a benefit formula standard, while the method for determining the discount percentage has been changed from a method where the percentage is determined based on the average remaining years of service of the eligible employees, to a method using a single weighted average discount percentage reflecting the period up to the expected timing of the retirement benefit payment, as well as the amount of retirement benefit payment for each such period.
   For the application of the Accounting Standard and the Guidance, the transitional treatment provided for in Paragraph 37 of the Accounting Standard is observed. Accordingly, the effect of the changes in the calculation method for retirement benefit obligations and labor costs is reflected in “Profit surplus” at the beginning of the current fiscal year.
   As a result, at the beginning of the current fiscal year, prepaid pension cost and reserve for retirement benefits decreased by 153 million yen and 599 million yen, respectively, while deferred tax liabilities and profit surplus brought forward increased by 144 million yen and 301 million yen, respectively. The effects on operating income, ordinary profit and net income before income tax for the current fiscal year were negligible.
   Net assets per share for the current fiscal year increased by 21.34 yen. The effects on current net income per share are expected to be negligible.
(Notes on Balance Sheet)

*1 Assets and liabilities for subsidiaries and affiliates

The amount of monetary claims and monetary debts for subsidiaries and affiliates other than those presented separately is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shot-term monetary claims</td>
<td>301 million yen</td>
<td>344 million yen</td>
</tr>
<tr>
<td>Shot-term monetary debts</td>
<td>147</td>
<td>250</td>
</tr>
<tr>
<td>Long-term monetary claims</td>
<td>–</td>
<td>539</td>
</tr>
<tr>
<td>Long-term monetary debts</td>
<td>46</td>
<td>46</td>
</tr>
</tbody>
</table>

2 Warranty for liabilities

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

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees of the Company</td>
<td>52 million yen</td>
<td>41 million yen</td>
</tr>
<tr>
<td>Employees of CTI Engineering International Co., Ltd.</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

(Notes on Profit and Loss Account)

*1 Total amount of turnover of operating transactions and transactions other than operating transactions, with subsidiaries and affiliates

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover of operating transactions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>34 million yen</td>
<td>70 million yen</td>
</tr>
<tr>
<td>Subcontractor cost</td>
<td>1,249 million yen</td>
<td>1,302 million yen</td>
</tr>
<tr>
<td>Other operating transactions</td>
<td>111 million yen</td>
<td>119 million yen</td>
</tr>
<tr>
<td>Turnover of transactions other than operating transactions</td>
<td>47 million yen</td>
<td>53 million yen</td>
</tr>
</tbody>
</table>

*2 The percentage of expenses included in selling expenses is approximately 34% for the previous fiscal year and 34% for the current fiscal year, and the percentage of expenses included in general and administrative expenses is 66% for the previous fiscal year and 66% for the current fiscal year.

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

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and allowances</td>
<td>2,639 million yen</td>
<td>2,635 million yen</td>
</tr>
<tr>
<td>Transferred reserve for bonuses</td>
<td>289 million yen</td>
<td>248 million yen</td>
</tr>
<tr>
<td>Reserve for bonuses to directors</td>
<td>28 million yen</td>
<td>27 million yen</td>
</tr>
<tr>
<td>Retirement benefits expenses</td>
<td>131 million yen</td>
<td>167 million yen</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>77</td>
<td>88</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (from January 1, 2014 to December 31, 2014)</th>
<th>Current Fiscal Year (from January 1, 2015 to December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>1 million yen</td>
<td>0 million yen</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Software</td>
<td>–</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>
(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.

<table>
<thead>
<tr>
<th>Shares in subsidiaries</th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>554 million yen</td>
<td>1,195 million yen</td>
</tr>
</tbody>
</table>

(Notes on Tax Effect Accounting)

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

<table>
<thead>
<tr>
<th>Deferred tax assets (current assets)</th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrued enterprise tax</td>
<td>55 million yen</td>
<td>41 million yen</td>
</tr>
<tr>
<td>Allowance for losses in operations</td>
<td>12</td>
<td>9</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>335</td>
<td>305</td>
</tr>
<tr>
<td>Social insurance premiums for bonuses</td>
<td>47</td>
<td>52</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>41</td>
</tr>
<tr>
<td>Subtotal</td>
<td>494</td>
<td>450</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-4</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>489</td>
<td>450</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred tax assets (fixed assets)</th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserve for retirement benefits</td>
<td>96 million yen</td>
<td>-</td>
</tr>
<tr>
<td>Long-term accounts payable</td>
<td>31</td>
<td>18</td>
</tr>
<tr>
<td>Unrealized loss of securities</td>
<td>74</td>
<td>67</td>
</tr>
<tr>
<td>Asset retirement obligations</td>
<td>33</td>
<td>30</td>
</tr>
<tr>
<td>Other</td>
<td>22</td>
<td>17</td>
</tr>
<tr>
<td>Subtotal</td>
<td>258</td>
<td>133</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-80</td>
<td>-74</td>
</tr>
<tr>
<td>Total</td>
<td>177</td>
<td>58</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Deferred tax liabilities (fixed liabilities)</th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepaid pension cost</td>
<td>-</td>
<td>83 million yen</td>
</tr>
<tr>
<td>Tangible fixed assets</td>
<td>23</td>
<td>20</td>
</tr>
<tr>
<td>Other valuation difference on available-for-sale securities</td>
<td>232</td>
<td>194</td>
</tr>
<tr>
<td>Total</td>
<td>255</td>
<td>298</td>
</tr>
</tbody>
</table>

Net of deferred tax liabilities (fixed liabilities) | 78 million yen | 239 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

<table>
<thead>
<tr>
<th></th>
<th>Previous Fiscal Year (as of December 31, 2014)</th>
<th>Current Fiscal Year (as of December 31, 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legal effective tax rate</td>
<td>38.01%</td>
<td>35.64%</td>
</tr>
<tr>
<td>(Adjustment)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entry of loss from entertainment expense etc.</td>
<td>0.46</td>
<td>0.38</td>
</tr>
<tr>
<td>Per capita inhabitant tax</td>
<td>3.60</td>
<td>3.29</td>
</tr>
<tr>
<td>No entry of profit from dividend earned etc.</td>
<td>-0.33</td>
<td>-0.36</td>
</tr>
<tr>
<td>Downward revision of ending deferred tax assets due to a change in tax rate</td>
<td>1.57</td>
<td>1.79</td>
</tr>
<tr>
<td>Tax credit under the Income Growth Promotion</td>
<td>-2.64</td>
<td>-2.26</td>
</tr>
<tr>
<td>Tax System</td>
<td></td>
<td></td>
</tr>
<tr>
<td>No entry of loss from bonuses to directors</td>
<td>0.36</td>
<td>0.40</td>
</tr>
<tr>
<td>Allowance account</td>
<td>-0.44</td>
<td>-0.08</td>
</tr>
<tr>
<td>Other</td>
<td>-0.33</td>
<td>0.39</td>
</tr>
<tr>
<td>Bearing rate of corporation tax or the like after application of tax effect accounting</td>
<td>40.26</td>
<td>39.19</td>
</tr>
</tbody>
</table>

### 3 Revision to amounts of deferred tax assets pursuant to a change in the rate of income taxes

Pursuant to the promulgation of the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act for Partial Amendment of the Local Tax Act, etc.” (Act No. 2 of 2015) on March 31, 2015, corporation income tax rates will be reduced for the fiscal years beginning on or after April 1, 2015. In accordance with this change, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been reduced from 35.64% to 33.06% with respect to temporary differences that are expected to be eliminated during the fiscal year beginning on January 1, 2016 or to 32.26% with respect to temporary differences that are expected to be eliminated during the fiscal year beginning on or after January 1, 2017. As a result of this change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 24 million yen while deferred income taxes etc. and other valuation difference on available-for-sale securities recognized in the current fiscal year increased by 44 million yen and 20 million yen, respectively.

(Important Matters Generated Later)
Not applicable.
(iv) Supplemental specifications

Specifications of tangible fixed assets and other

<table>
<thead>
<tr>
<th>Type of assets</th>
<th>Opening balance (million yen)</th>
<th>Increase during the year (million yen)</th>
<th>Decrease during the year (million yen)</th>
<th>Depreciation or amortization in the current term (million yen)</th>
<th>Closing balance (million yen)</th>
<th>Accumulated depreciation or amortization (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Tangible fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buildings</td>
<td>1,556</td>
<td>9</td>
<td>1</td>
<td>78</td>
<td>1,485</td>
<td>2,261</td>
</tr>
<tr>
<td>Structures</td>
<td>162</td>
<td>–</td>
<td>–</td>
<td>9</td>
<td>153</td>
<td>563</td>
</tr>
<tr>
<td>Machinery and equipment</td>
<td>10</td>
<td>2</td>
<td>–</td>
<td>0</td>
<td>11</td>
<td>227</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>147</td>
<td>145</td>
<td>5</td>
<td>83</td>
<td>203</td>
<td>755</td>
</tr>
<tr>
<td>Land</td>
<td>4,556</td>
<td>–</td>
<td>–</td>
<td></td>
<td>4,556</td>
<td>–</td>
</tr>
<tr>
<td>Lease assets</td>
<td>122</td>
<td>34</td>
<td>1</td>
<td>60</td>
<td>95</td>
<td>143</td>
</tr>
<tr>
<td><strong>Total tangible fixed assets</strong></td>
<td>6,556</td>
<td>192</td>
<td>9</td>
<td>233</td>
<td>6,506</td>
<td>3,951</td>
</tr>
<tr>
<td><strong>Intangible fixed assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leasehold</td>
<td>16</td>
<td>–</td>
<td>–</td>
<td></td>
<td>16</td>
<td>–</td>
</tr>
<tr>
<td>Software</td>
<td>146</td>
<td>245</td>
<td>0</td>
<td>63</td>
<td>328</td>
<td>–</td>
</tr>
<tr>
<td>Telephone rights</td>
<td>22</td>
<td>–</td>
<td>–</td>
<td></td>
<td>22</td>
<td>–</td>
</tr>
<tr>
<td>Right of using special facilities</td>
<td>0</td>
<td>–</td>
<td>–</td>
<td></td>
<td>0</td>
<td>–</td>
</tr>
<tr>
<td>Lease assets</td>
<td>5</td>
<td>1</td>
<td>–</td>
<td>1</td>
<td>5</td>
<td>–</td>
</tr>
<tr>
<td>Other</td>
<td>0</td>
<td>–</td>
<td>–</td>
<td></td>
<td>0</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total intangible fixed assets</strong></td>
<td>191</td>
<td>247</td>
<td>0</td>
<td>65</td>
<td>373</td>
<td>–</td>
</tr>
</tbody>
</table>

Specifications of allowances and reserves

<table>
<thead>
<tr>
<th>Category</th>
<th>Opening balance (million yen)</th>
<th>Increase during the year (million yen)</th>
<th>Decrease during the year (million yen)</th>
<th>Closing balance (million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allowance for doubtful accounts</td>
<td>12</td>
<td>0</td>
<td>11</td>
<td>0</td>
</tr>
<tr>
<td>Reserve for bonuses</td>
<td>941</td>
<td>924</td>
<td>941</td>
<td>924</td>
</tr>
<tr>
<td>Reserve for bonuses to directors</td>
<td>28</td>
<td>27</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>Allowance for losses in operations</td>
<td>35</td>
<td>27</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>Reserve for retirement benefits</td>
<td>-54</td>
<td>249</td>
<td>52</td>
<td>142</td>
</tr>
</tbody>
</table>

The opening balance of the reserve for retirement benefits is stated as the restated balance after reflecting the cumulative effects of changes in accounting policies of 559 million yen.

(2) Details of major assets/liabilities

The Company prepares consolidated financial statements, so the description is omitted here.

(3) Other

Not applicable.
### CHAPTER 6: SHAREHOLDER RELATED INFORMATION

<table>
<thead>
<tr>
<th>Fiscal year</th>
<th>January 1 to December 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary general meeting of shareholders</td>
<td>In March</td>
</tr>
<tr>
<td>Record date</td>
<td>December 31</td>
</tr>
<tr>
<td>Record date of dividends from surplus</td>
<td>June 30, December 31</td>
</tr>
<tr>
<td>Unit of shares</td>
<td>100 shares</td>
</tr>
<tr>
<td>Purchase of shares below one unit of shares</td>
<td>(Special Account)</td>
</tr>
<tr>
<td>Place of purchase</td>
<td>Stock Transfer Agency Division</td>
</tr>
<tr>
<td></td>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
</tr>
<tr>
<td></td>
<td>4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo</td>
</tr>
<tr>
<td>Transfer agent</td>
<td>(Special Account)</td>
</tr>
<tr>
<td></td>
<td>Mitsubishi UFJ Trust and Banking Corporation</td>
</tr>
<tr>
<td></td>
<td>4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo</td>
</tr>
<tr>
<td>Service office</td>
<td>–</td>
</tr>
<tr>
<td>Service charge for purchase</td>
<td>Free of charge</td>
</tr>
<tr>
<td>Media of public notice</td>
<td>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 Shim bun. The Company’s website for public notices is as follows: <a href="http://www.ctie.co.jp/">http://www.ctie.co.jp/</a></td>
</tr>
<tr>
<td>Privilege to shareholders</td>
<td>None</td>
</tr>
</tbody>
</table>
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 (52nd fiscal year) (from January 1, 2014 to December 31, 2014) Submitted to the director of the Kanto Local Finance Bureau on March 27, 2015.

   (2) Internal Control Report
       Submitted to the director of the Kanto Local Finance Bureau on March 27, 2015.

   (3) Quarterly Report and confirmation note
       (First quarter of 53rd fiscal year) (from January 1, 2015 to March 31, 2015) Submitted to the director of the Kanto Local Finance Bureau on May 14, 2015.
       (Second quarter of 53rd fiscal year) (from April 1, 2015 to June 30, 2015) Submitted to the director of the Kanto Local Finance Bureau on August 13, 2015.
       (Third quarter of 53rd fiscal year) (from July 1, 2015 to September 30, 2015) Submitted to the director of the Kanto Local Finance Bureau on November 12, 2015.

   (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 27, 2015.
Part 2: SURETY COMPANY INFORMATION

Not applicable.