

SECURITIES REPORT

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

Fiscal Year (52nd Term)

(from January 1, 2014 to December 31, 2014)

CTI Engineering Co., Ltd.

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

(941-172)

52nd Term (from January 1, 2014 to December 31, 2014)

SECURITIES REPORT

1. This securities report is the one obtained by attaching the table of contents to the paginating data on the securities report compiled under Article 24, 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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Cover

Document submitted	Securities report
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Recipient of document	Director of the Kanto Local Finance Bureau
Date of submission	March 27, 2015
Fiscal Year	52nd term (from January 1, 2014 to December 31, 2014)
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Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Part 1: CORPORATE INFORMATION

CHAPTER 1: GENERAL

1. Changes in Major Management Indices

(1) Consolidated management indices of the Company

Fiscal year		48th term	49th term	50th term	51st term	52nd term
Fiscal year-end		December 2010	December 2011	December 2012	December 2013	December 2014
Sales amount	(million yen)	30,939	33,646	32,515	36,435	39,524
Ordinary profit	(million yen)	1,279	1,129	1,076	1,638	2,525
Net income	(million yen)	634	421	550	982	1,490
Comprehensive income	(million yen)	–	507	701	1,270	1,584
Net assets	(million yen)	19,658	19,876	20,350	21,392	21,870
Total assets	(million yen)	32,243	30,332	32,319	37,132	41,011
Net assets per share	(yen)	1,383.80	1,397.99	1,429.83	1,504.86	1,539.79
Net income per share	(yen)	44.84	29.83	38.91	69.46	105.38
Net income per share after adjustment of potential shares	(yen)	–	–	–	–	–
Net worth ratio	(%)	60.7	65.2	62.6	57.3	53.1
Profit ratio of net worth	(%)	3.3	2.1	2.8	4.7	6.9
Price earnings ratio	(times)	10.12	17.60	15.50	15.22	14.62
Cash flow from operating business activities	(million yen)	3,025	-1,005	921	3,012	3,591
Cash flow from investment activities	(million yen)	-1,483	683	-167	-962	568
Cash flow from financial activities	(million yen)	-696	-238	-476	89	-108
Closing balance of cash and cash equivalents	(million yen)	6,559	6,163	6,448	8,592	12,659
Number of employees (plus average number of temporary employees)	(persons)	1,452 (535)	1,557 (495)	1,588 (510)	1,633 (492)	1,652 (496)

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

(2) Non-consolidated Management Indices of the Company

Fiscal year		48th term	49th term	50th term	51st term	52nd term
Fiscal year-end		December 2010	December 2011	December 2012	December 2013	December 2014
Sales amount	(million yen)	27,220	28,416	27,040	30,059	33,211
Ordinary profit	(million yen)	1,121	946	878	1,619	2,275
Net income	(million yen)	541	363	463	969	1,366
Capital stock	(million yen)	3,025	3,025	3,025	3,025	3,025
Number of outstanding shares	(shares)	14,159,086	14,159,086	14,159,086	14,159,086	14,159,086
Net assets	(million yen)	19,225	19,428	19,792	20,840	22,040
Total assets	(million yen)	29,905	27,373	28,228	32,553	36,282
Net assets per share	(yen)	1,359.42	1,373.83	1,399.57	1,473.74	1,558.60
Cash Dividend per share (Interim dividend per share)	(yen)	16.00 (-)	16.00 (-)	16.00 (-)	18.00 (-)	18.00 (-)
Net income per share	(yen)	38.27	25.68	32.81	68.59	96.66
Net income per share after adjustment of potential shares	(yen)	-	-	-	-	-
Net worth ratio	(%)	64.3	71.0	70.1	64.0	60.7
Profit ratio of net worth	(%)	2.8	1.9	2.4	4.7	6.4
Price earnings ratio	(times)	11.86	20.45	18.38	15.41	15.94
Dividend Payout ratio	(%)	41.8	62.3	48.8	26.2	18.6
Number of employees (plus average number of temporary employees)	(persons)	1,255 (504)	1,269 (466)	1,270 (475)	1,295 (441)	1,315 (443)

- 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

Date	Outline
April 1963	Established “Kensetsu Giken KK” in Ginza-nishi (Ginza 3-chome at present), Chuo-ku, Tokyo to conduct engineering consulting business
April 1963	Started business at the Head Office and Osaka Office in Minami-ku (Chuo-ku at present), Osaka at the same time as company establishment
February 1964	Changed trading name to “KK Kensetsu Gijutsu Kenkyujo (= CTI Engineering Co., Ltd.)”
December 1964	Registered at the Ministry of Construction as a construction consultant (No. 39-133)
June 1967	Opened Fukuoka Liaison Office (Fukuoka Office at present) in Fukuoka-shi, Fukuoka
April 1969	Moved the Head Office to Nihombashi-koamicho, Chuo-ku, Tokyo
September 1973	Moved the Head Office to Nihombashi-honcho, Chuo-ku, Tokyo
January 1975	Opened Overseas Project Office (Overseas Department at present) in the Head Office to increase the number of oversea project orders
April 1976	Opened Sendai Liaison Office (Tohoku Office at present) in Sendai, Miyagi
September 1976	Opened Nagoya Liaison Office (Chubu Office at present) in Nakamura-ku, Nagoya
April 1977	Opened Hiroshima Liaison Office (Chugoku Office at present) in Hiroshima-shi, Hiroshima
July 1980	Opened Okinawa Liaison Office (Okinawa Office at present) in Urazoe-shi, Okinawa
April 1983	Opened Niigata Liaison Office (Hokuriku Office at present) in Niigata-shi, Niigata and Takamatsu Liaison Office (Shikoku Office at present) in Takamatsu-shi, Kagawa
December 1983	Established “CTI Chousasekkei KK” (CTI AURA Co., Ltd. at present) to be exclusively engaged in construction management projects
June 1988	Opened Sapporo Liaison Office (Hokkaido Office at present) in Chuo-ku, Sapporo
July 1989	Opened Front Department to be in charge of hydraulic model experiments for dams, rivers and erosion control
April 1991	Opened Tokyo Office (Tokyo Head Office at present) in Nihombashi-honcho, Chuo-ku, Tokyo in preparation for larger-scale business
April 1994	Opened CM Headquarters in the Head Office to participate in “Construction Management (CM)” business acting as an agent in construction projects ranging from planning and design through to selection of constructor and construction control
June 1994	Registered over-the-counter stock with the Japan Securities Dealers Association
August 1996	Changed organization of the Front Dept. and opened Tsukuba Research Center in Tsukuba-shi, Ibaraki
October 1996	Stock listed on the Second Section of the Tokyo Stock Exchange
September 1997	Constructed the Company’s own building, which focuses on environment-consciousness, in Chuo-ku, Fukuoka as the first base-isolated building in Kyushu
March 1999	Established CTI Engineering International Co., Ltd. to isolate overseas operations making it independent of other operations
April 1999	Assigned the goodwill of the overseas division to the CTI Engineering International
June 1999	Stock listed on the First Section of the Tokyo Stock Exchange
December 1999	Established Management Techno Co., Ltd. to be exclusively engaged in management businesses
April 2000	Opened Management Business Department to be in charge of management business
April 2001	Construction of the Company’s own environmentally friendly headquarters in Urawa City (presently Urawa Ward, Saitama City), Saitama Prefecture.
April 2003	CTI Academy Co., Ltd. (CTI Frontier Co., Ltd. at present) was established to specialize in training, the conducting of seminars, and other businesses.
May 2005	In the company’s 60th year of operations, the head office was relocated to Nihombashi Hamacho, Chuo-ku, Tokyo.
June 2006	On June 1, 2006, the Fukuoka Association of Land Readjustment transferred its commercial operations to the Company’s wholly owned subsidiary, Fukuoka Land Readjustment Co., Ltd. (Newly founded and started operation on June 1, 2006) (presently Fukuoka Urban Engineering Co., Ltd.)
January 2008	Established Wuhan CTI-CRSRI Engineering & Environment Co., Ltd. to implement environmental consulting services with Changjiang River Scientific Research Institute
October 2010	The Company’s wholly owned subsidiary, Chi-ken Sogo Consultants Co., Ltd., absorbed the construction consultant business of SUMIKO CONSULTANTS CO., LTD. (presently Sumiko Resources Exploration & Development Co., Ltd.) and started operations.
March 2014	Established CTI Myanmar Co., Ltd. to implement engineering consulting services jointly with Duwun Export & Import Co., Ltd.

3. Business Contents

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

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

(i) Domestic operations

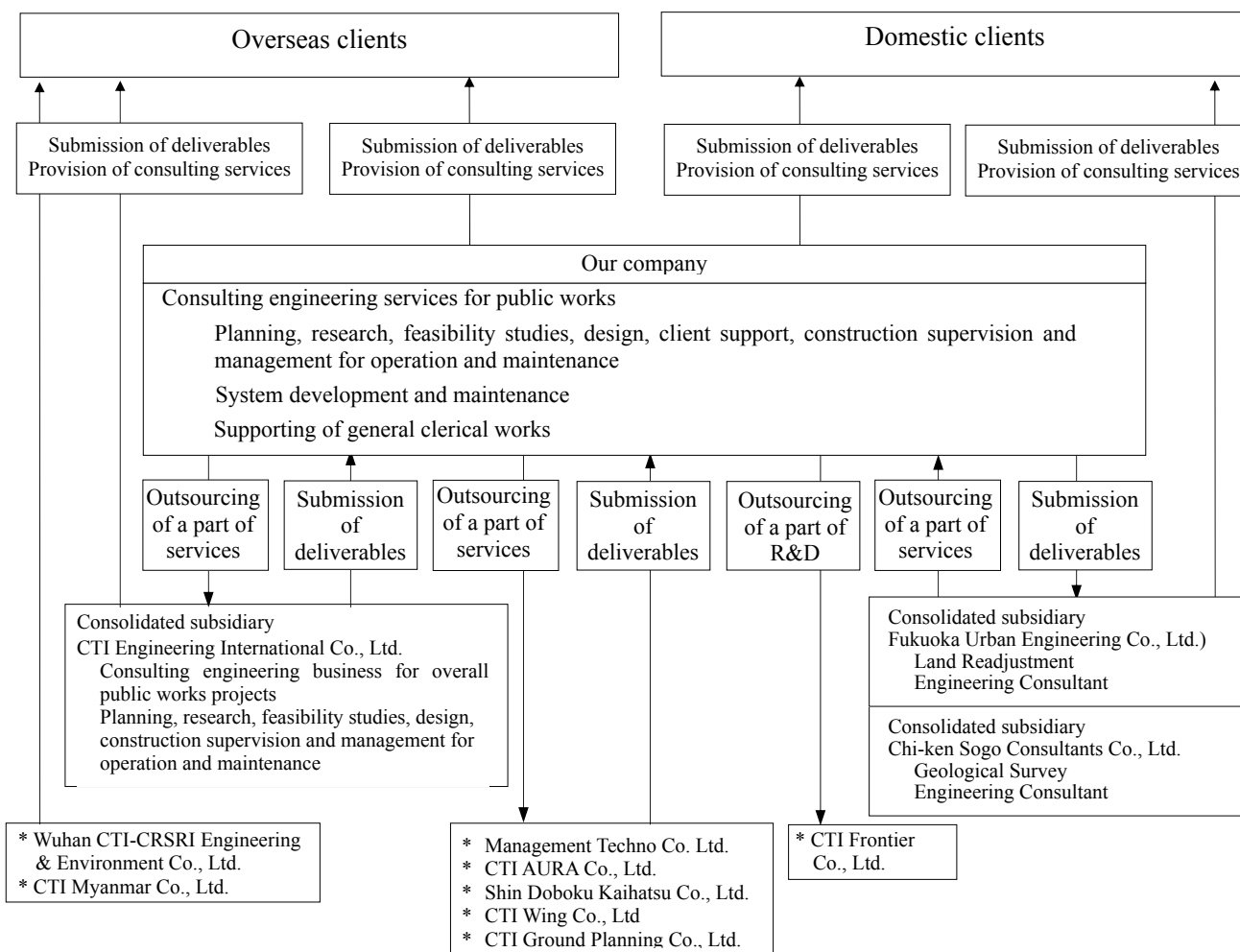
The Company's major consulting engineering services include planning, research, feasibility studies, design, client support, construction supervision, management for operation and maintenance for public works in Japan as well as incidental system development, maintenance and supporting of general clerical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

(ii) Overseas operations

The Company's major overseas business operations are consulting engineering services for overall public works projects including project finding, formulation of master plans, planning, research, feasibility studies, design, construction supervision and management for operation and maintenance. The Company is in charge of these services together with its subsidiary CTI Engineering International Co., Ltd.

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

The above description is shown in the business chart below.



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

4. Situation of Consolidated Subsidiaries

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

5. Situation of Employees

(1) Consolidation basis

As of December 31, 2014

Number of employees (persons)	1,652 (496)
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Note: "Number of employees" shows the number of regular workers. For temporary employees, the average number of additional temporary workers during the year is shown in ().

(2) Non-consolidation basis

As of December 31, 2014

Number of employees (persons)	Age on average (years old)	Average length of employment (years)	Average yearly wage (yen)
1,315 (443)	42.93	13.71	8,266,751

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: 784 (as of December 31, 2014)

(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 improved mainly due to the rollout of various revisions in the legal framework to promote public works in an appropriate and steady manner and an increase in the unit price per engineer, against a backdrop of steadily increasing public works spending spurred by the impact of the government's economic growth strategy.

In particular, concrete reforms have been promoted as a result of the Cabinet's approval of the amendment to the Act for Promoting Quality Assurance in Public Works (Quality Assurance Act) and the amendment to basic policies for the Act. These reforms include measures to procure personnel in the medium- and long-term, enhance the opportunity for selecting consultants based on technical evaluations, and establish a qualification system toward the assurance of research and design quality.

Under these circumstances, the Group has continuously committed all of its strengths and resources to contribute to restoration from the Great East Japan Earthquake and has aggressively responded to business related to disaster prevention and disaster mitigation, business related to the maintenance, management, and renewal of social infrastructure, and other business. The Group has also worked to ensure orders received by demonstrating its competitive edge under the "Proposal System", which is for selecting contractors based on their technical strengths, and strengthening its price competitiveness as well.

Among our consolidated subsidiaries, CTI Engineering International Co., Ltd., an internationally active company, has steadily increased orders received for projects in Central Asia and other peripheral countries in addition to its projects for its mainstay, ODA business in Southeast Asia. Fukuoka Land Readjustment Co., Ltd., a subsidiary specializing in land readjustment and urban redevelopment, 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 soil research, aggressively promoted business related to disaster prevention and disaster mitigation. All three of these companies brought in increased orders through the activities described above.

As a consequence, orders received during this consolidated fiscal year were 40,348 million yen, a YoY decrease of 6.3%. Meanwhile, income from completed services was 39,524 million yen, a YoY increase of 8.5%, and ordinary profit increased by 54.1% YoY to 2,525 million yen mainly due to an improved cost ratio attributable to effective production. Current net income increased by 51.7% YoY to 1,490 million yen.

(2) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) increased by 4,067 million yen YoY, to a total of 12,659 million yen.

Net cash provided by operating activities was 3,591 million yen, a YoY increase of 19.2%. The major items were net income before income tax of 2,537 million yen, a 1,588 million yen increase in advances received from uncompleted services, and a ¥649 million yen decrease in prepaid expenses for uncompleted services.

Net cash provided by investment activities was 568 million yen. The major item was proceeds from sales of

investment securities of 540 million yen.

Net cash used for financial activities was 108 million yen. The major items were dividend payments of 254 million yen, income from short-term borrowing of 250 million yen, and repayments of lease obligations of 103 million yen.

2. Production, Orders Received and Sales

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

(1) Production results

Category	Current consolidated fiscal year (From January 1, 2014 to December 31, 2014) (million yen)	Change from the same term in previous year (%)
Engineering consulting	39,524	8.5
Total	39,524	8.5

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

(2) Order receiving situation

Category	Current consolidated fiscal year (From January 1, 2014 to December 31, 2014)			
	Orders received (million yen)	Change from the same term in previous year (%)	Orders in hand (million yen)	Change from the same term in previous year (%)
Engineering consulting	40,348	-6.3	42,602	2.0
Total	40,348	-6.3	42,602	2.0

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

(3) Sales results

1) Sales results

Category	Current consolidated fiscal year (From January 1, 2014 to December 31, 2014) (million yen)	Change from the same term in previous year (%)
Engineering consulting	39,524	8.5
Total	39,524	8.5

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

2) Sales results by client

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

Client	Previous consolidated fiscal year (From January 1, 2013 to December 31, 2013)		Current consolidated fiscal year (From January 1, 2014 to December 31, 2014)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
National Government	16,983	46.6	20,582	52.1

3. Our Tasks Ahead

The main budget for fiscal 2015 slightly increased from the budget for fiscal 2014 despite the postponement of increased tax revenue, which assures that the ongoing budget declines recorded since last year have bottomed out. We expect that economic recovery spurred by growth strategies will get into full swing from now. 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 develop business bases that can flexibly respond to any type of change in the business environment as foundations for the coming stage.

- 1) Steadily procuring orders received and profit
- 2) Accelerating technology development and new business development
- 3) Securing and training various human resources
- 4) Strategically promoting quality control
- 5) Reforming our management and production system

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 and research into commercialization), research in national land and culture, technology development, and human resources development.

During the current consolidated fiscal year, the Group invested a total of 668 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) New business model research (entry into dam-type hydroelectric power generation, study on the commercialization of logistics, PFI and PPP business development in regional revitalization, business development in urban civil engineering, study on the commercialization of smart community in Japan and overseas, business development in CM and PM services, agriculture related business development, and business development in fields we have yet to enter)
- 4) Research in national land and culture (a think tank, a compact city, benefits from investment in social infrastructure, measures for adapting temperature variability, support for female engineers, a mental health city, an environment for fostering children, environmental design, waterside restoration, realization of the "*machi-niwa*" concept (making a town like a garden by fusing public and private resources), collaborative value creation, agricultural technology, big data application, and support for disaster prevention of cultural properties)
- 5) Technological research and development (PDCA cycle-type operation and maintenance, grouting rationalization, three-dimensional hydraulic analytical technology, a flood prevention mechanism using reservoirs, a structure-sensing technology, bicycle usability, traffic behavior model development, tunnel sensing, territory management, three-dimensional environmental surveys, ITS for large-size vehicles, FS on the commercialization of offshore wind power, underwater robot development, and inspection robot development)
- 6) 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.)

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

(1) Financial conditions

(Assets)

At the end of the current consolidated fiscal year, the Group's total assets totaled 41,011 million yen, for an increase of 10.4% compared to the previous year. The major item was an increase in marketable securities mainly due to revenue increase.

(Liabilities)

Total liabilities at the end of this consolidated fiscal year were 19,140 million yen, for an increase of 21.6% compared to the end of the previous year. The major items were decreases in advances received from uncompleted services and reserve for retirement benefits in connection with changes in accounting standards

and an increase in net defined benefit liability.

(Net Assets)

At the end of the current consolidated fiscal year, net assets totaled 21,870 million yen, for an increase of 2.2% over a year earlier. The major items were current net income and the entry of remeasurements of defined benefit plans in connection with changes in accounting standards.

(2) Business performance

As of the end of this consolidated fiscal year, the Group's orders received amounted to 40,348 million yen, a YoY decrease of 6.3%. Income from completed services was 39,524 million yen, a YoY increase of 8.5%. Ordinary profit increased by 54.1% YoY to 2,525 million yen, and current net income for this consolidated fiscal year increased by 51.7% YoY to 1,490 million yen.

(3) Cash flow

At the end of the current consolidated fiscal year, cash and cash equivalents (funds) increased by 4,067 million yen compared to the end of the previous year, totaling 12,659 million yen.

Net cash provided by operating activities was 3,591 million yen, a YoY increase of 19.2%. The major items were net income before income tax of 2,537 million yen, a 1,588 million yen increase in advances received from uncompleted services, and a 649 million yen decrease in prepaid expenses for uncompleted services.

Net cash provided by investment activities was 568 million yen. The major item was proceeds from sales of investment securities of 540 million yen.

Net cash used for financial activities was 108 million yen. The major items were dividend payments of 254 million yen, income from short-term borrowing of 250 million yen, and repayments of lease obligations of 103 million yen.

CHAPTER 3: FACILITIES & EQUIPMENT

1. Outline of Investment into Facilities and Equipment

The Group committed 130 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

As of December 31, 2014

Establishment (location)	Business line	Book value (million yen)						Number of employees (persons)
		Buildings and structures	Machinery and delivery equipment	Land (area: m ²)	Lease assets	Other	Total	
Head Office (Chuo-ku, Tokyo)	General administration facilities	10	–	–	11	23	45	102 (3)
Tokyo Head Office (Chuo-ku, Tokyo)	Office	74	–	–	13	49	137	374 (115)
Tokyo Head Office Saitama Office (Urawa-ku, Saitama)	Office	718	0	772 (1,978)	16	7	1,515	129 (76)
Research Center Tsukuba (Tsukuba-shi, Ibaraki)	Office and laboratory facilities	273	8	1,937 (50,605)	2	8	2,230	40 (14)
Yono Dormitory (Chuo-ku, Saitama)	Welfare facilities	210	–	820 (1,565)	–	0	1,030	– (–)
Kyushu Office (Chuo-ku, Fukuoka)	Office	337	1	1,025 (1,136)	25	20	1,410	126 (21)

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

2. The number of temporary employees is given in () with the average additional number during the year.

(2) Subsidiaries in Japan

Not applicable.

(3) Subsidiaries out of Japan

Not applicable.

3. New Construction or Removal Plan for Equipment

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

CHAPTER 4: STATUS OF THE COMPANY

1. Status of Shares

(1) Total number of shares, etc.

(i) Total number of shares

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

(ii) Number of shares issued

Class	Issued shares as of the end of the fiscal year (shares) (December 31, 2014)	Issued shares as of the date for submission (shares) (March 27, 2015)	Listed stock exchanges or securities dealers association at which the Company's stock is registered	Details
Common stock	14,159,086	14,159,086	Tokyo Stock Exchange First Section	Number of shares in one voting unit: 100 shares
Total	14,159,086	14,159,086	–	–

(2) Stock options, etc.

Not applicable.

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

Not applicable.

(4) Rights plan

Not applicable.

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

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

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

(6) Shareholders

As of December 31, 2014

Category	Distribution of shares (Number of shares per unit: 100 shares)								Shares below a unit (shares)
	Government and local public entities	Financial institutions	Financial instruments firm	Other corporations	Foreign corporations etc.		Individuals etc.	Total	
					Other than Individuals	Individuals			
Number of shareholders (persons)	–	28	30	78	77	6	2,820	3,039	–
Number of shares held (units)	–	36,657	2,855	14,202	17,946	204	69,425	141,289	30,186
Shareholding ratio (%)	–	26.0	2.0	10.1	12.7	0.1	49.1	100.0	–

- Notes: 1. Among treasury stocks (18,701 stocks), 180 units are counted as “Individuals etc.” and 71 stocks are counted as “Shares below a unit” in the table above.
2. “Other corporations” and “Shares below a unit” in the table above include 41 units of shares and 72 shares held by the Securities Custody and Transfer Organization respectively.

(7) Major shareholders

As of December 31, 2014

Name	Address	Number of shares held (thousand)	Ratio of the number of shares held against the number of shares issued (%)
CTI Engineering Employees' Stock-sharing Association	21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo	1,550	11.0
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	547	3.9
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	384	2.7
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	371	2.6
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The Master Trust Bank of Japan, Ltd.)	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo)	354	2.5
Sumitomo Life Insurance Company (Standing proxy: Japan Trustee Services Bank, Ltd.)	18-24, Tsukiji 7-chome, Chuo-ku, Tokyo (8-11, Harumi 1-chome, Chuo-ku, Tokyo)	300	2.1
Dai-ichi Life Insurance Company, Limited (Standing proxy: Trust & Custody Services Bank, Ltd.)	13-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo (8-12, Harumi 1-chome, Chuo-ku, Tokyo)	269	1.9
DEUTSCH BANK AG LONDON-PB NON-TREATY CLIENTS 613 (Standing proxy: Deutsche Securities Inc.)	TAUNUSANLAGE 12, D-60325 FRANKFURT AM MAIN, FEDERAL REPUBLIC OF GERMANY (6-6, Nagatacho 2-chome, Chiyoda-ku, Tokyo)	236	1.7
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	188	1.3
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank Japan Ltd.)	388 GREENWICH STREET, NY, NY 10013, USA (27-30, Shinjuku 6-chome, Shinjuku-ku, Tokyo)	184	1.3
Total	—	4,387	31.0

Note: 111 thousand shares held in The Master Trust Bank of Japan, Ltd. (trust account) and 421 thousand shares held in Japan Trustee Services Bank, Ltd. (trust account) are shares related to trust services.

(8) Voting rights

(i) Issued shares

As of December 31, 2014

Category	Number of shares (shares)	Number of voting rights (votes)	Details
Nonvoting shares	–	–	–
Shares with limited voting rights (Treasury stocks, etc.)	–	–	–
Shares with limited voting rights (Other)	–	–	–
Shares with complete voting rights (Treasury stocks, etc.)	(Treasury stock) Common stock 18,000	–	–
Shares with complete voting rights (Other)	Common stock 14,110,900	141,109	–
Shares below a unit	Common stock 30,186	–	–
Total number of shares issued	14,159,086	–	–
Voting rights of total shareholders	–	141,109	–

- 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 71 treasury stocks held by the Company.

(ii) Treasury Stocks, etc.

As of December 31, 2014

Name of owners	Address of owners	Number of shares held in its own name (shares)	Number of shares held disguised ownership (shares)	Total number of shares held (shares)	Ratio of the shares held against the total number of shares issued (%)
CTI Engineering Co., Ltd.	21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo	18,000	–	18,000	0.1
Total	–	18,000	–	18,000	0.1

(9) Contents of the stock option system

Not applicable.

2. Acquisition of Treasury Stocks

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

Category	Number of Shares	Total Price (Yen)
Treasury stock acquired in this fiscal year	334	424,484
Treasury stock acquired in this period	38	56,278

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2015 to the date of the submission of this Securities Report.

(4) Disposal and holding of acquired treasury stock

Category	This Fiscal Year		This Period	
	Number of Shares	Total Amount Received on Divestiture (Yen)	Number of Shares	Total Amount Received on Divestiture (Yen)
Treasury stock acquired by public subscription	—	—	—	—
Treasury stock extinguished	—	—	—	—
Treasury stock acquired due to transfers from mergers, share swaps and company split-offs	—	—	—	—
Other	—	—	—	—
Held Treasury Stock	18,071	—	18,109	—

Note: Treasury stock acquired in this period does not include shares acquired that were less than one transaction unit from March 1, 2015 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, 2014, at the 52nd Ordinary General Shareholders Meeting held on March 26, 2015, it was resolved to pay a dividend of 18 yen per share (total dividend payment amount: 254 million yen).

4. Change in Stock Price

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

Fiscal year	48th term	49th term	50th term	51st term	52nd term
Fiscal year end	December 2010	December 2011	December 2012	December 2013	December 2014
Highest (yen)	515	670	644	1,080	1,942
Lowest (yen)	388	399	445	564	958

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

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

Month	July 2014	August 2014	September 2014	October 2014	November 2014	December 2014
Highest (yen)	1,409	1,870	1,865	1,942	1,795	1,683
Lowest (yen)	1,124	1,268	1,612	1,535	1,536	1,532

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

5. Executive Management

Board member position	Company position	Name	Date of birth	Career	Term of office (Note no.)	Number of shares held (thousand)
Chairman & Representative Director		Kazuya Oshima	July 8, 1946	<p>April 1969 April 1991 April 1994 March 1995 April 1997 March 1998 April 1999 March 2000 March 2001 March 2002 March 2003 March 2013</p> <p>Joined CTI Engineering General Manager, Water Resources Div. V, Tokyo Office Chief, Human Intelligence Dept., Tokyo Office Director & Member of the Board Deputy Branch Administrator, Tokyo Office Managing Director Tokyo Office Branch Administrator Senior Managing Director Vice President & Director Vice President & Representative Director President & Representative Director Chairman & Representative Director (present post)</p>	1	99
President & Representative Director		Kazuo Murata	September 26, 1951	<p>April 1978 April 1997 April 1999 April 2001 March 2003 April 2004 March 2006 April 2009 March 2010 March 2011 April 2011 March 2013</p> <p>Joined CTI Engineering General Manager, Water Resources Div. V, Water Resources Dept. Tokyo Office Chief, Water Resources Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director, Member of the Board and Chief of Headquarters Quality Management Dept. General Manager of Management Planning Dept. and Deputy Chief of Management Div. Managing Director, General Manager of Management Dept. Principal, Kyushu Office and Okinawa Office Director, Managing Executive Officer Senior Managing Executive Officer Principal, Tokyo Head Office President & Representative Director (present post)</p>	1	43
Executive Officer, Vice President & Representative Director	Chief, Corporate Planning Dept.	Yasuki Komatsu	October 15, 1951	<p>April 1976 April 1998 April 1999 April 2001 March 2003 April 2003 March 2006 April 2009 March 2010 March 2011 March 2013 April 2013 March 2015</p> <p>Joined CTI Engineering General Manager, Road Planning Div., Road and Traffic Dept., Tokyo Office Chief, Road and Traffic Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director & Member of the Board Deputy Administrator, Tokyo Head Office Managing Director, Principal of Chubu Office Chief of Headquarters Business Development Dept. Director, Managing Executive Officer Senior Managing Executive Officer Executive Officer & Vice President (present post) Chief, Corporate Planning Dept. (present post) Representative Director (present post)</p>	1	43

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Senior Managing Executive Officer & Director	Principal, Tokyo Head Office	Asao Yu	January 17, 1955	April 1979 April 1997 March 2003 March 2005 April 2005 March 2006 April 2009 March 2010 March 2011 March 2013 April 2013	Joined CTI Engineering General Manager Technology Div., Nagoya Branch Office, Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director & Member of the Board Deputy Administrator, Tokyo Head Office General Manager, Management Planning Dept. Principal, Chubu Office Executive Officer Director (present post), Managing Executive Officer, Principal, Osaka Head Office Senior Managing Executive Officer (present post) Principal, Tokyo Head Office (present post)	1	27
Senior Managing Executive Officer & Director	Chief, Headquarters Engineering Dept.	Michio Tanahashi	July 27, 1952	October 2012 November 2012 March 2013 April 2013 March 2014	Resigned from Statutory Director, Water Resource Environment Center Joined CTI Engineering, Executive Manager Director (present post), Managing Executive Officer Chief, Headquarters Engineering Dept. (present post) Senior Managing Executive Officer (present post)	1	5
Managing Executive Officer & Director	Chief, Headquarters Business Development Dept.	Norio Tomonaga	September 15, 1953	April 1979 April 1998 April 2004 March 2006 March 2010 March 2011 March 2013 April 2013	Joined CTI Engineering General Manager, Technology Div. IV, Road and Traffic Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Deputy Administrator, Tokyo Head Office, Director & Member of the Board Executive Officer Director (present post), Principal, Chubu Office Managing Executive Officer (present post) Chief, Headquarters Business Development Dept. (present post)	1	34
Managing Executive Officer & Director	Principal, Osaka Head Office	Hideaki Kurita	January 1, 1954	April 1980 April 1998 April 2004 April 2005 March 2006 April 2009 March 2010 March 2011 March 2013 April 2013	Joined CTI Engineering General Manager, Technology Div., Hiroshima Branch Office, Osaka Office Deputy Branch Administrator, Osaka Office Deputy Administrator, Osaka Head Office Director & Member of the Board Chief, Headquarters Management Dept. Executive Officer Director (present post) Managing Executive Officer (present post) Principal, Osaka Head Office (present post)	1	27

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Executive Officer & Director	Chief, Headquarters Management Dept.	Kazuhiro Terai	February 28, 1956	April 1981 April 1999 April 2003 April 2007 March 2012 April 2012 March 2013 April 2013	Joined CTI Engineering General Manager, Environmental Measures Div., Headquarters Environment Dept., Osaka Office General Manager, Management Business Division Deputy Branch Administrator, Tokyo Head Office Executive Officer (present post) Deputy Administrator, Tokyo Head Office Director (present post) Chief, Headquarters Management Dept. (present post)	1	15
Executive Officer & Director	Principal, Kyushu Office and Okinawa Office	Tetsumi Nakamura	March 4, 1957	April 1977 April 2002 April 2006 April 2009 March 2010 April 2011 March 2013 March 2015	Joined CTI Engineering General Manager, Water Resources Dept., Tokyo Head Office Deputy Branch Administrator, Tokyo Head Office Deputy Administrator, Tokyo Head Office Executive Officer (present post) Principal, Tohoku Office Director (present post) Principal, Kyushu Office and Okinawa Office	1	17
Executive Officer & Director	(In charge of International Business)	Keiji Sasabe	March 7, 1952	March 1988 April 1988 July 1999 March 2006 March 2008 March 2009 March 2015	Resigned from Chuo Kaihatsu International Corporation Joined CTI Engineering Transferred to CTI Engineering International Co., Ltd., General Manager, Technology Div. IV, Operation Dept. Director, CTI Engineering International Co., Ltd. Managing Director, CTI Engineering International Co., Ltd. President & Representative Director, CTI Engineering International Co., Ltd. (present post) Executive Officer & Director, CTI Engineering (present post)	2	0
Executive Officer & Director	Principal, Chubu Office	Akinori Nakahira	April 14, 1953	March 1994 April 1994 April 1999 April 2009 March 2010 April 2012 March 2015	Resigned from Nakahori Soil Corner Co., Ltd. Joined CTI Engineering General Manager, Technology Div. IV, Road and Traffic Dept., Osaka Head Office Deputy Administrator, Osaka Head Office Executive officer (present post) President & Representative Director, Fukuoka Urban Engineering Co., Ltd. Director & Principal, Chubu Office, CTI Engineering (present post)	2	14
Statutory Auditor		Yuichi Tou	March 2, 1955	April 1977 April 2000 April 2008 April 2011 March 2015	Joined CTI Engineering General Manager, Technology Div. I, Chubu Office General Manager, Operations Management Div., Headquarters Engineering Dept. Manger, Human Resources Development Office, Headquarters Management Dept. Statutory Auditor (present post)	3	0

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)	
Auditor		Kazuhiro Tani	February 27, 1953	April 1977 April 2000 April 2008 April 2011 March 2013 March 2015	Joined CTI Engineering General Manager, Technology Div. II, Road and Traffic Dept., Tokyo Office General Manager, Secretariat Office, Headquarters Management Dept. General Manager, Development and Planning Div., Headquarters Management Dept. Statutory Auditor Auditor (present post)	4	20	
Auditor		Kunihiro Horiuchi	April 24, 1943	April 1968 April 1992 April 1996 June 1997 April 1999 March 2000 April 2010	Appointed as Public Prosecutor Public Prosecutor of Tokyo High Public Prosecutor's Office Public Prosecutor of the Supreme Public Prosecutor's Office Opened Horiuchi General Law Office (present post) Professor at the Law Department, Tokai University Auditor, CTI Engineering (present post) Professor at the Law Department, Ryutsu Keizai University	3	—	
Auditor		Yasuro Tanaka	February 9, 1946	April 1971 April 1981 April 1985 April 1994 February 2003 February 2005 March 2009 February 2011 April 2011 March 2015	Appointed as Assistant Judge Judge of Tokyo District Court General Manager, Training Div., United Nations Asia and Far East Institute for the Prevention of Crime and the Treatment of Offenders General Judge of Tokyo District Court Director of Morioka District and Domestic Relations Courts General Judge of Tokyo High Court Director of Sapporo High Court Registered as attorney (present post) Professor at the Meiji University Graduate School of Law (present post) Auditor, CTI Engineering (present post)	3	—	
Total								350

- Notes: 1 From March 27, 2014 until the conclusion of the Ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2015.
- 2 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, 2015.
- 3 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.
- 4 From March 27, 2013 until the conclusion of the Ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2016.
- 5 Auditors, Kunihiro Horiuchi and Yasuro Tanaka, are external auditors.

6 To ensure that the Company fully satisfies all conditions set forth under applicable laws a reserve auditor was appointed pursuant to Article 329-2 of the Companies Act. The history of that auditor is as stated below.

Name	Date of Birth	History		Term of office (Note no.)	No. of shares held (Thousand)
Setsuko Yufu	March 28, 1952	April 1981 January 2002 April 2010	Registered as attorney (present post) Senior Partner, Atsumi & Usui Law Office (currently Atsumi & Sakai) (present post) Part-time Instructor at the Keio University Law School	1	—

- 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.

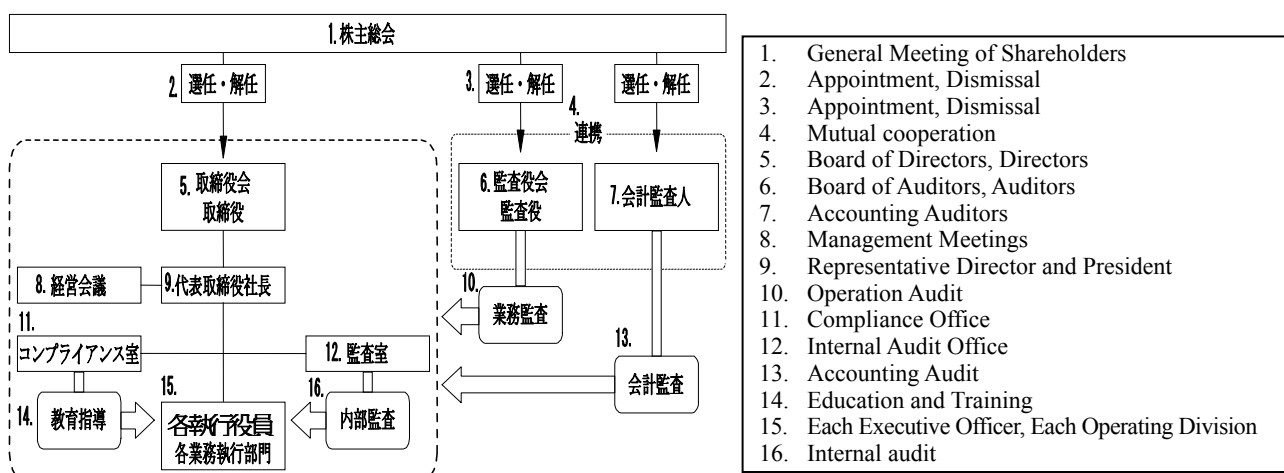
The Company has appointed Auditors. The Auditors, in addition to attendance at Board of Directors Meetings and other important meetings within the Company, audit corporate conduct as an independent body. At present 2 of the 4 Auditors are legal practitioners who have been appointed as external Auditors.

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.



2. Improvement of the risk management system

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

3. Relationship with External Directors/Auditors

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

At present 2 Auditors are legal practitioners who have been appointed as external Auditors. The appointment of legal practitioners, with their high level of expertise and professional ethics, means that advice can be actively provided at an early stage of the decision-making process and ensures that the audit process is extremely thorough. In addition, the External Auditors supervise the Company's management from an independent position and objective point of view, give appropriate advice and opinions inside and outside the Board of Directors, and thereby appropriately perform their duties. Accordingly, the Company believes that the independence of these External Auditors is steadfastly maintained. In addition, the Company concluded a corporate lawyer agreement with one of the External Auditors.

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

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

Although the Company has no standard or policy on the election of independent External Directors/Auditors, the Company mainly adheres to the Standard of Judgment on the independence of independent directors/auditors set by Tokyo Stock Exchange, Inc. and has reported Mr. 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 15 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

Category of executive	Total amount of compensation, etc. (million yen)	Amount of compensation, etc. by classification (million yen)			The number of covered executives (persons)
		Basic compensation	Bonuses	Retirement benefits	
Directors (excluding External Directors)	289	260	28	—	11
Auditors (excluding External Auditors)	27	27	—	—	2
External Directors and Auditors	10	10	—	—	2

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

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

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

Total amount (million yen)	The number of applicable executives (persons)	Details
28	2	To concurrently serve as Directors

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

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

7. Holding of shares

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

Number of issues: 35 issues

Total book value on the balance sheet: 1,631 million yen

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

(Previous consolidated fiscal year)

Specified Investment Stock

Issuer name	Number of shares (shares)	Book value on balance sheet (million yen)	Purpose of holding
RAITO KOGYO CO., LTD.	265,100	204	To ensure stable shareholders
OYO Corporation	98,500	158	To ensure stable shareholders
SHO-BOND Holdings Co., Ltd.	23,500	113	To ensure stable shareholders
Mitsubishi UFJ Financial Group, Inc.	145,000	100	To maintain and continue stable business relations
CHODAI CO., LTD.	105,000	78	To ensure stable shareholders
E・J Holdings Inc.	60,340	69	To ensure stable shareholders
NIPPON JOGESUIDO SEKKEI CO., LTD.	50,000	64	To ensure stable shareholders
T&D Holdings, Inc.	38,400	56	To maintain and continue stable business relations
Japan Asia Group Limited	72,480	52	To ensure stable shareholders
WESCO Inc.	180,000	44	To ensure stable shareholders
ACK G Limited	57,200	43	To ensure stable shareholders
Ube Industries, Ltd.	190,400	42	To ensure stable shareholders
ASIA AIR SURVEY CO., LTD.	102,000	38	To ensure stable shareholders
Maezawa Kasei Industries Co., Ltd.	36,000	38	To ensure stable shareholders
KAWADA technologies, inc.	12,000	33	To ensure stable shareholders
NIPPON ENGINEERING CONSULTANTS CO., LTD.	100,000	29	To ensure stable shareholders
Kawasaki Geological Engineering Co., Ltd.	47,000	24	To ensure stable shareholders
NISHINIPPON SYSTEM INSTALLATIONS AND CONSTRUCTION CO., LTD.	74,000	22	To ensure stable shareholders
The Chiba Bank, Ltd.	30,000	21	To maintain and continue stable business relations
Mizuho Financial Group, Inc.	81,000	18	To maintain and continue stable business relations
IDEA Consultants, Inc.	17,000	17	To ensure stable shareholders
Kuwayama Corporation	26,400	15	To ensure stable shareholders
OHBA CO., LTD.	64,200	13	To ensure stable shareholders
FUKUYAMA CONSULTANTS CO., LTD.	34,100	11	To ensure stable shareholders
ARIAKE JAPAN Co., Ltd.	1,829	4	To ensure stable shareholders
The Dai-ichi Life Insurance Company, Limited	2,600	4	To maintain and continue stable business relations
UCHIDA YOKO CO., LTD.	16,000	4	To ensure stable shareholders
ICHINEN HOLDINGS Co., Ltd.	1,844	1	To ensure stable shareholders
NIPPON KOEI CO., LTD.	1,155	0	To ensure stable shareholders

(Current consolidated fiscal year)

Specified Investment Stock

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

c. Investment stock held for the purpose of pure investment

Not applicable.

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

During the fiscal year ended December 2014, 13 Board of Directors and 12 Board of Auditors Meetings were held.

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

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

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

Not applicable.

5) Election and dismissal of Directors

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

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

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

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

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

(2) Auditing compensation, etc.

1) Compensation for auditing CPAs, etc.

Category	Previous consolidated fiscal year		Current consolidated fiscal year	
	Compensation for auditing services (million yen)	Compensation for non-auditing services (million yen)	Compensation for auditing services (million yen)	Compensation for non-auditing services (million yen)
The Company	29	–	29	–
Consolidated subsidiaries	–	–	–	–
Total	29	–	29	–

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) (hereinafter, the "Regulations for Consolidated Financial Statements").

Pursuant to Article 3, Paragraph 2 of the Supplementary Provisions of the "Cabinet office ordinance partially amending the regulations on the terminology, forms and method of preparation of financial statements" (Cabinet Office Ordinance No. 61, September 21, 2012), the comparative information included in the consolidated financial statements for the current consolidated fiscal year (from January 1, 2014 to December 31, 2014) has been prepared in accordance with the Regulations for Consolidated Financial Statements before the amendment.

(2) The Company's non-consolidated financial statements are prepared in accordance with the "Regulations on the terminology, forms and method of preparation of financial statements" (Ordinance of Ministry of Finance No. 59, 1963) (hereinafter, the "Regulations for Non-consolidated Financial Statements").

Pursuant to Article 2, Paragraph 2 of the Supplementary Provisions of the "Cabinet office ordinance partially amending the regulations on the terminology, forms and method of preparation of financial statements" (Cabinet Office Ordinance No. 61, September 21, 2012), the comparative information included in the non-consolidated financial statements for the current fiscal year (from January 1, 2014 to December 31, 2014) has been prepared in accordance with the Regulations for Non-consolidated Financial Statements before the amendment.

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, 2014 to December 31, 2014) and the non-consolidated financial statements for the current fiscal year (from January 1, 2014 to December 31, 2014) 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

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Assets		
Current assets		
Cash and bank deposits	3,390	2,657
Notes receivable and completed work receivables	2,301	1,700
Marketable securities	5,502	10,001
Prepaid expenses for uncompleted services	12,843	13,493
Deferred tax assets	413	616
Other	427	454
Allowance for doubtful accounts	-13	-11
Total current assets	24,865	28,912
Fixed assets		
Tangible fixed assets		
Buildings and structures	4,518	4,561
Accumulated depreciation	-2,689	-2,775
Buildings and structures, net	1,828	1,786
Machinery and transportation equipment	245	245
Accumulated depreciation	-232	-234
Machinery and transportation equipment, net	13	10
Land	4,584	4,584
Lease assets	408	364
Accumulated depreciation	-213	-190
Lease assets, net	195	174
Other	938	999
Accumulated depreciation	-791	-837
Other, net	146	162
Total tangible fixed assets	6,768	6,718
Intangible fixed assets		
Lease assets	21	25
Other	202	217
Total intangible fixed assets	223	243
Investments and other assets		
Investment securities	*1	*1
	2,192	1,917
Deferred tax assets	160	408
Prepaid pension cost	1,129	-
Net defined benefit asset	-	1,050
Other	*1	*1
	1,791	1,778
Allowance for doubtful accounts	-0	-17
Total investments and other assets	5,274	5,136
Total fixed assets	12,266	12,098
Total assets	37,132	41,011

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Liabilities		
Current liabilities		
Accounts payable	1,618	1,457
Short-term borrowings	600	850
Lease obligations	92	81
Accrued income taxes	706	722
Advances received from uncompleted services	9,204	10,792
Reserve for bonuses	534	1,108
Reserve for bonuses to directors	21	28
Allowance for losses in operations	95	106
Other	1,843	2,113
Total current liabilities	14,717	17,260
Fixed liabilities		
Long-term accounts payable	104	104
Lease obligations	132	125
Deferred tax liabilities	-	2
Reserve for retirement benefits	601	-
Net defined benefit liability	-	1,463
Asset retirement obligations	121	126
Other	63	57
Total fixed liabilities	1,022	1,879
Total liabilities	15,740	19,140
Net assets		
Shareholders' equity		
Capital	3,025	3,025
Capital surplus	4,122	4,122
Profit surplus	13,620	14,856
Treasury stock	-11	-11
Total shareholders' equity	20,757	21,992
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	523	611
Remeasurements of defined benefit plans	-	-829
Total accumulated other comprehensive income	523	-218
Minority interest	111	96
Total net assets	21,392	21,870
Total liabilities and net assets	37,132	41,011

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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Sales	36,435	39,524
Cost of sales	27,357	29,147
Gross profit	9,077	10,377
Selling, general and administrative expenses	*1 *2 7,558	*1 *2 7,988
Operating income	1,519	2,388
Non-operating revenues		
Interest earned	21	14
Dividend earned	21	31
House rent earned	34	34
Insurance dividends earned	21	6
Foreign exchange gains	6	21
Other	41	41
Total non-operating revenues	145	150
Non-operating expenses		
Interest expense	3	5
Commission paid	6	5
Expenses for the Company's 50th anniversary project	15	-
Other	1	2
Total non-operating expenses	25	13
Ordinary profit	1,638	2,525
Extraordinary gain		
Gain on sales of investment securities	-	22
Gain on sales of fixed assets	*3 166	*3 -
Total extraordinary gain	166	22
Extraordinary loss		
Loss from fixed assets disposal	*4 12	*4 4
Loss on cancel of lease contracts	14	1
Unrealized loss on investment securities	34	5
The Company's share in the expenses for removal of underground obstacles	31	-
Other	0	-
Total extraordinary loss	93	10
Net income before income tax	1,712	2,537
Corporation tax, inhabitants taxes and enterprise tax	829	1,081
Deferred income taxes etc.	-82	-40
Total income taxes	746	1,040
Income before minority interests	965	1,497
Minority interest in profit (loss) of consolidated Companies	-16	6
Current net income	982	1,490

Consolidated Statements of Comprehensive Income

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Income before minority interests	965	1,497
Other comprehensive income		
Other valuation difference on available-for-sale securities	304	87
Total other comprehensive income	* 1	* 1
Comprehensive Income	1,270	1,584
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,287	1,577
Comprehensive income attributable to minority interests	-16	6

(iii) Statement of Fluctuations in Consolidated Shareholders' Equity
 Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

(million yen)

	Shareholders' equity				
	Capital	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,025	4,122	12,864	-11	20,001
Changes of items during the period					
Dividends from surplus			-226		-226
Current net income			982		982
Acquisition of treasury stock				-0	-0
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)					
Total changes of items during the period	—	—	755	-0	755
Balance at the end of current period	3,025	4,122	13,620	-11	20,757

(million yen)

	Accumulated other comprehensive income			Minority interest	Total net assets
	Other valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	218	—	218	129	20,350
Changes of items during the period					
Dividends from surplus					-226
Current net income					982
Acquisition of treasury stock					-0
Fluctuations during this consolidated fiscal year for items other than shareholders' equity (Net amount)	304	—	304	-18	286
Total changes of items during the period	304	—	304	-18	1,042
Balance at the end of current period	523	—	523	111	21,392

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

(million yen)

	Shareholders' equity				
	Capital	Capital surplus	Profit surplus	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	3,025	4,122	13,620	-11	20,757
Changes of items during the period					
Dividends from surplus			-254		-254
Current net income			1,490		1,490
Acquisition of treasury stock				-0	-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)					
Total changes of items during the period	—	—	1,235	-0	1,235
Balance at the end of current period	3,025	4,122	14,856	-11	21,992

(million yen)

	Accumulated other comprehensive income			Minority interest	Total net assets
	Other valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at the beginning of current period	523	—	523	111	21,392
Changes of items during the period					
Dividends from surplus					-254
Current net income					1,490
Acquisition of treasury stock					-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	87	-829	-741	-14	-756
Total changes of items during the period	87	-829	-741	-14	478
Balance at the end of current period	611	-829	218	96	21,870

(iv) Consolidated Cash Flow Statement

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Cash flow from operating activities		
Current net income before income tax	1,712	2,537
Depreciation and amortization	366	345
Increase (decrease) in allowance for doubtful accounts	-17	15
Increase (decrease) in reserve for retirement benefits	-38	-
Increase (decrease) in net defined benefit liability	-	142
Decrease (increase) in prepaid pension cost	-186	-
Increase (decrease) in net defined benefit asset	-	-525
Increase (decrease) in reserve for bonuses	125	573
Increase (decrease) in reserve for bonuses to directors	-1	6
Increase (decrease) in allowance for losses in operations	-29	10
Increase (decrease) in long-term accounts payable	-43	-
Interest and dividend earned	-42	-45
Interest payable	3	5
Foreign exchange loss (gain)	-4	-14
Unrealized loss (gain) on investment securities	34	5
Loss (gain) on sales of investment securities	-	-22
Loss (gain) from fixed assets disposal	-154	4
Loss on cancel of lease contracts	14	1
Decrease (increase) in sales account	-164	601
Decrease (increase) in prepaid expenses for uncompleted services	-1,106	-649
Decrease (increase) in other current assets	41	-66
Increase (decrease) in account payable	152	-175
Increase (decrease) in advances received from uncompleted services	2,250	1,588
Increase (decrease) in other current liabilities	429	302
Increase (decrease) in other fixed liabilities	-0	0
Other	9	-27
Subtotal	3,349	4,612
Received interest and dividend	41	49
Interest payment	-3	-5
Payment of corporation income tax etc.	-375	-1,065
Cash flow provided by (used for) operating activities	3,012	3,591

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Cash flow from investment activities		
Payments for acquisition of marketable securities	-3,000	-
Proceeds from sales of marketable securities	3,000	-
Payments for acquisition of tangible fixed assets	-105	-121
Proceeds from sales of tangible fixed assets	192	-
Payments for acquisition of intangible fixed assets	-53	-75
Payments for acquisition of investment securities	-98	-86
Proceeds from sales of investment securities	-	540
Repayments for loans	-145	-118
Income from loan collection	172	126
Payments for acquisition of securities of subsidiaries and affiliates	-11	-18
Payments for investments in capital of subsidiaries and affiliates	-25	-
Payments into time deposits	-3,300	-2,000
Proceeds from withdrawal of time deposits	2,500	2,300
Other payments	-121	-41
Other proceeds	33	63
Cash flow used for investment activities	-962	568
Cash flow from financial activities		
Net increase (decrease) in short-term borrowings	450	250
Acquisition of treasury stock	-0	-0
Repayments of lease obligations	-132	-103
Dividend payment	-226	-254
Dividend payment for minority interests	-1	-
Cash flow used for financial activity	89	-108
Effect in fluctuation of exchange rate for cash and cash equivalents	4	14
Increase (decrease) in cash and cash equivalents	2,143	4,067
Opening balance of cash and cash equivalents	6,448	8,592
Closing balance of cash and cash equivalents	*1 8,592	*1 12,659

Notes:

Basic Important Matters for Preparation of Consolidated Financial Statement

1. Consolidation range

(1) Number of consolidated subsidiaries: 3

Names of the consolidated subsidiaries:

CTI Engineering International Co., Ltd.

Fukuoka Urban Engineering Co., Ltd.

Chi-ken Sogo Consultants Co., Ltd.

(2) Number of non-consolidated subsidiaries: 8

Names of the non-consolidated subsidiaries:

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

Management Techno Co., Ltd

CTI AURA Co., Ltd.

Shin Doboku Kaihatsu Co., Ltd.

CTI Wing Co., Ltd

CTI Ground Planning Co., Ltd.

CTI Frontier Co., Ltd.

CTI Myanmar Co., Ltd.

(CTI Myanmar Co., Ltd. was established on March 7, 2014.)

(3) Reason why the non-consolidated subsidiaries are excluded from consolidation range

All of these non-consolidated subsidiaries are small and their total assets, sales, net income or loss, surplus and other of the current term do not largely influence the consolidated financial statements.

2. Application of equity method

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

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

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

Wuhan CTI-CRSRI Engineering & Environment Co., Ltd., Management Techno Co., Ltd., CTI AURA Co., Ltd., Shin Doboku Kaihatsu Co., Ltd., CTI Wing Co., Ltd., CTI Ground Planning Co., Ltd., CTI Frontier Co., Ltd., and CTI Myanmar 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.

(InfraX Inc. was dissolved on July 31, 2014.)

3. Fiscal year of the consolidated subsidiary

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

4. Accounting standard

(1) Valuation base and valuation method of important assets

1) Securities

Held-to-maturity securities

Cost method.

Available-for-sale securities

- With fair value

Calculated on the market value method based upon stock market prices as of the fiscal year-end.

(Unrealized gains or losses have been dealt with according to the direct capital imputation method, while value of products sold has been calculated according to the moving average method.)

- With no fair value
Cost method by moving average method.
 - 2) Inventories
Prepaid expenses for uncompleted services -- Cost method by job cost system
- (2) Depreciation and amortization method of important depreciable assets
- 1) Tangible fixed assets (excluding lease assets) -- Declining balance method.
However, the straight-line method is adopted for the buildings (excluding the facilities attached to them) acquired on and after April 1, 1998.
Further, the average life expectancy is as set forth below.
Buildings: 17 – 50 years
 - 2) Intangible fixed assets (excluding lease assets) -- Straight-line method.
For software 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 periodic fixed amount 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) 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.

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

1) Accounting treatment of consumption tax

Tax exclusion method is adopted.

(Changes in Accounting Policy)

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 May 17, 2012; hereinafter, the “Guidance”) have been applied, effective from the end of the current consolidated fiscal year, with the exception of the provisions of Paragraph 35 of the Accounting Standard and Paragraph 67 of the Guidance. According to this application, the amount obtained by deducting the pension assets from the retirement benefits obligations is recognized as “Net defined benefit asset” or “Net defined benefit liability,” and previously unrecognized accounting disparities are recognized as “Net defined benefit asset” or “Net defined benefit liability.”

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 this change is reflected in the “Remeasurements of defined benefit plans” under “Accumulated other comprehensive income.”

As a result, net defined benefit asset of 1,050 million yen and net defined benefit liability of 1,463 million yen were reported at the end of the current consolidated fiscal year, along with a decrease of 829 million yen in accumulated other comprehensive income.

Net assets per share of common stock decreased by 58.66 yen.

(Accounting Standards yet to be Adopted)

* Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)

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

(1) Summary

The accounting standards described above include revisions to the accounting treatment of unrecognized actuarial gain or loss and unrecognized past service costs, the calculation methods for retirement benefit obligations and current service costs, and the expanded disclosure requirements, with a view to improving financial reporting and accommodating related international trends.

(2) Scheduled dates of adoption

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

Because the accounting standards provide for the transitional treatment, they do not retroactively apply to the consolidated financial statements for previous consolidated fiscal years.

(3) Effect of adoption of the accounting standards

The adoption of the accounting standards has the following effects on the consolidated financial statements: At the beginning of the next consolidated fiscal year, net defined benefit asset, net defined benefit liability and deferred tax assets are expected to decrease by 129 million yen, 651 million yen, and 187 million yen, respectively, while profit surplus is expected to increase by 320 million yen. The effects on operating income, ordinary profit, and net income before income tax for the next consolidated fiscal year are expected to be negligible.

(Changes of Presentation)

(Consolidated Profit and Loss Account)

“Foreign exchange gains,” an item included in “Other” of “Non-operating revenues” in the previous consolidated fiscal year, is presented separately for the current consolidated fiscal year because its quantitative materiality has increased. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 47 million yen of “Other” of “Non-operating revenues” in the Consolidated Profit and Loss Account for the previous consolidated fiscal year has been reclassified as “Foreign exchange gains” of 6 million yen and “Other” of 41 million yen.

(Consolidated Cash Flow Statement)

“Income from short-term borrowing” and “Payment of short-term borrowing” of “Cash flow from financial activities,” items presented as separate totals in the previous consolidated fiscal year, are presented together on a net basis as “Net increase (decrease) in short-term borrowings” from the current consolidated fiscal year, because of their rapidity and short durations. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 2,150 million yen of “Income from short-term borrowing” of “Cash flow from financial activities” and -1,700 million yen of “Payment of short-term borrowing” in the Consolidated Cash Flow Statement for the previous consolidated fiscal year have been reclassified as “Net increase (decrease) in short-term borrowings” of 450 million yen.

(Notes on Consolidated Balance Sheet)

*1 For non-consolidated subsidiaries and affiliates:

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Investment securities (stock)	281 million yen	284 million yen
“Other” in investments and other assets	50	50

*2 Warranty for liabilities

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

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Employees	66 million yen	55 million yen

(Notes on Consolidated Profit and Loss Account)

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

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Wages and allowances	3,083 million yen	2,988 million yen
Bonuses	544	526
Transferred reserve for bonuses	158	319
Reserve for bonuses to directors	21	28
Retirement benefits expenses	153	146
Research and investigation expenses	443	668
Allowance for doubtful accounts	-	17

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

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
	443 million yen	668 million yen

*3 Gain on sales of fixed assets can be broken down as follows:

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Land in tangible fixed assets	166 million yen	- million yen
Total	166	-

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

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Buildings and structures in tangible fixed assets	9 million yen	2 million yen
Other tangible fixed assets	2	1
Total	12	4

(Notes on Consolidated Statements of Comprehensive Income)

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

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Other valuation difference on available-for-sale securities		
Amount recognized in the period	423 million yen	175 million yen
Reclassification adjustments to net income	-1	-22
Before tax-effect adjustment	422	153
Amount of tax effects	-117	-65
Other valuation difference on available-for-sale securities	304	87
Total other comprehensive income	304	87

(Statement of Fluctuations in Consolidated Shareholders' Equity)

Previous Consolidated Fiscal Year (From January 1, 2013 to December 31, 2013)

1 Issued shares

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

2 Treasury stock

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	17,398	339	-	17,737

Note: The increase in the amount of treasury stock of 339 shares was due to acquisition of shares constituting less than one transaction unit.

3 New share subscription acquisition rights

Not applicable.

4 Dividends

(1) Dividend payment amount

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

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

Resolution	Type of Share	Source of Dividends	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 27, 2014	Common stock	Profit surplus	254	18	December 31, 2013	March 28, 2014

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

1 Issued shares

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

2 Treasury stock

Type of Share	As of the beginning of the consolidated fiscal year	Increase	Decrease	As of the end of the consolidated fiscal year
Common stock	17,737	334	-	18,071

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

Resolution	Type of Share	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 27, 2014	Common stock	254	18	December 31, 2013	March 28, 2014

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

Resolution	Type of Share	Source of Dividends	Total Dividend Amount (million yen)	Dividend Per Share (Yen)	Record Date	Effective Date
Ordinary General Meeting of Shareholders March 26, 2015	Common stock	Profit surplus	254	18	December 31, 2014	March 27, 2015

(Notes on Consolidated Cash Flow Statement)

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

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Cash and bank deposit account	3,390 million yen	2,657 million yen
Marketable securities account	5,502	10,001
Subtotal	8,892	12,659
Time deposits whose deposit periods are in excess of three months	-300	—
Total	8,592	12,659

(Notes on Lease Arrangements)

1. Financial lease transactions (Lessee side)

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

(1) Lease assets

1) Tangible fixed assets

Mainly office appliances (other)

2) Intangible fixed assets

Software (other)

(2) Depreciation and amortization method for lease assets

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

(Notes on Financial Instruments)

1. Items Related to Financial Instruments

(1) Policy of financial instruments

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

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

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

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

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

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

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

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

Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and bank deposits	3,390	3,390	—
(2) Notes receivable and completed work receivables	2,301	2,301	—
(3) Marketable securities and investment securities			
1) Held-to-maturity securities	500	501	1
2) Available-for-sale securities	6,833	6,833	—
Total	13,025	13,026	1

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

	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and bank deposits	2,657	2,657	—
(2) Notes receivable and completed work receivables	1,700	1,700	—
(3) Marketable securities and investment securities			
Available-for-sale securities	11,554	11,554	—
Total	15,912	15,912	—

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

(million yen)		
Account title	As of December 31, 2013	As of December 31, 2014
Non-listed shares	361	364

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 (from January 1, 2013 to December 31, 2013)

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and bank deposits	3,390	-	-	-
Notes receivable and completed work receivables	2,301	-	-	-
Marketable securities and investment securities				
Held-to-maturity securities				
Corporate bonds	-	-	500	-
Total	5,691	-	500	-

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

	Within 1 year (million yen)	Over 1 year but within 5 years (million yen)	Over 5 years but within 10 years (million yen)	Over 10 years (million yen)
Cash and bank deposits	2,657	-	-	-
Notes receivable and completed work receivables	1,700	-	-	-
Total	4,358	-	-	-

(Notes on Marketable Securities)

1. Held-to-maturity securities

Previous Consolidated Fiscal Year (as of December 31, 2013)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Those whose fair value exceeds the amount recorded on the consolidated balance sheet	(1) Government bonds	–	–	–
	(2) Corporate bonds	500	501	1
	(3) Other	–	–	–
	Subtotal	500	501	1
Those whose fair value does not exceed the amount recorded on the consolidated balance sheet	(1) Government bonds	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Total		500	501	1

Current Consolidated Fiscal Year (as of December 31, 2014)

Not applicable.

2. Available-for-sale securities

Previous Consolidated Fiscal Year (as of December 31, 2013)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Acquisition Cost (million yen)	Difference (million yen)
Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	1,297	605	692
	(2) Bonds and Notes	–	–	–
	(3) Other	–	–	–
	Subtotal	1,297	605	692
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	33	35	-2
	(2) Bonds and Notes	–	–	–
	(3) Other	5,502	5,502	–
	Subtotal	5,535	5,537	-2
Total		6,833	6,142	690

Current Consolidated Fiscal Year (as of December 31, 2014)

Classification	Type	Book value on the consolidated balance sheet (million yen)	Acquisition Cost (million yen)	Difference (million yen)
Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Shares	1,552	709	843
	(2) Bonds and Notes	–	–	–
	(3) Other	–	–	–
	Subtotal	1,552	709	843
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	–	–	–
	(2) Bonds and Notes	–	–	–
	(3) Other	10,001	10,001	–
	Subtotal	10,001	10,001	–
Total		11,554	10,711	843

3. Held-to-maturity securities sold during the consolidated fiscal year

Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

Not applicable.

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

	Cost of Sales (million yen)	Proceeds Amount (million yen)	Total Gains (Loss) on Sales (million yen)
Corporate bonds	500	500	–

Reason for the sale:

The corporate bonds were sold through the exercise of rights of the bond issuer.

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

Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

	Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)
Shares	4	1	–

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

	Proceeds Amount (million yen)	Total Gains on Sales (million yen)	Total Loss on Sales (million yen)
Shares	40	22	–

5. Securities written down

Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

In the previous consolidated fiscal year, the Group wrote down 34 million yen in shares classified as investment securities.

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

In the current consolidated fiscal year, the Group wrote down 5 million yen in shares classified as investment securities.

(Notes on Derivatives Transactions)

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

(Notes on Retirement Benefits)

Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)

1. Outline of the current retirement benefits system

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

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

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

The Company also has a retirement benefits trust.

2. Retirement Benefits Obligations and Related Accounting Items

(1) Retirement benefits obligations	-10,140	million yen
(2) Pension assets	9,168	
(3) Retirement benefits trust	1,309	
<hr/>		
(4) Outstanding accumulated retirement benefits obligations: (1) + (2) + (3)	336	
(5) Previously unrecognized accounting disparities.	191	
<hr/>		
(6) Consolidated balance sheet recorded net amount: (4) + (5)	528	
(7) Prepaid pension cost	1,129	
<hr/>		
(8) Retirement benefits reserves: (6) – (7)	-601	

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

3. Retirement Benefits Costs and Related Accounting Items

(1) Labor costs	580	million yen
(2) Interest costs	173	
(3) Expected operating profit (Subtracted)	-180	
(4) Cost disposal amount arising from accounting disparity	232	
(5) Temporarily paid retirement amount	0	
<hr/>		
(6) Retirement Benefits Costs: (1)+(2)+(3)+(4)+(5)	806	

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

4. Items Related to Accounting Standards for Retirement Benefits Obligations

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

(1) Discount percentage	2.0%
(2) Expected operating profit percentage	2.0%
(3) Retirement benefits forecast	Periodic fixed amount standard
(4) Number of years for disposal of disparity arising from accounting	5 years from the next consolidated fiscal year

5. Items Related to Employees' Pension Fund

(1) Accumulation in the overall system (As of March 31, 2013)

1) Japan Civil Engineering Consultants Pension Fund

Pension assets	162,116	million yen
Benefit obligations based on pension finance computation	188,179	
Balance	-26,063	

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Pension assets	159,598	million yen
Benefit obligations based on pension finance computation	172,428	
Balance	-12,830	

(2) Percentage of total salaries of the Group to the overall system (As of March 31, 2013)

1) Japan Civil Engineering Consultants Pension Fund	6.95%
2) All Japan Surveying Enterprises Multi Employers Pension Fund	0.43%

(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 of 23,463 million yen, surplus, and shortage of 2,600 million yen.

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

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

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 8,410 million yen, surplus, and shortage of 4,419 million yen.

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

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

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

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.

The Company and CTI Engineering International Co., Ltd. joined Japan Civil Engineering Consultants Pension Fund (jointly established) in 1971. Fukuoka Urban Engineering Co., Ltd. joined All Japan Surveying Enterprises Multi Employers Pension Fund (jointly established) in 1972.

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

Balance of retirement benefit obligations at the beginning of year	9,713	million yen
Labor costs	637	
Interest costs	194	
Accounting disparity	1,638	
Retirement benefits paid	-585	
Balance of the retirement benefit obligations at the end of year	11,599	

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

Balance of pension assets at the beginning of year	10,266	million yen
Expected operating profit	205	
Accounting disparity	493	
Contribution from employer	911	
Retirement benefits paid	-518	
Balance of the pension assets at the end of year	11,359	

(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

Funded retirement benefits obligations	10,343	million yen
Pension assets	-11,359	
	-1,016	
Unfunded retirement benefits obligations	1,255	
Net amount of relevant liabilities and assets on the consolidated balance sheets	239	
Net defined benefit liability	1,279	
Net defined benefit asset	-1,040	
Net amount of relevant liabilities and assets on the consolidated balance sheets	239	

(4) Retirement benefits costs and related accounting items

Labor costs	637	million yen
Interest costs	194	
Expected operating profit	-205	
Cost disposal amount arising from accounting disparity	11	
Retirement benefits costs under the defined benefit system	638	

(5) Remeasurements of defined benefit plans

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

Previously unrecognized accounting disparities	-1,325	million yen
Total	-1,325	

(6) 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:

Domestic bonds	23	%
Domestic stocks	10	
Foreign bonds	4	
Foreign stocks	8	
Life insurance general accounts	52	
Other	3	
Total	100	

Note: Total pension assets include 12% of a retirement benefit trust established for the corporate pension system.

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.

(7) Matters regarding the assumptions for actuarial calculations

Key assumptions for actuarial calculations at the end of the current consolidated fiscal year

Discount percentage	Primarily 0.7%
Long-term expected operating profit percentage	2.0%

3. Defined Benefit System using the Simplified Method

(1) Reconciliation of opening and closing balance of net defined benefit liability using the Simplified Method

Balance of net defined benefit liability at the beginning of year	216	million yen
Retirement benefits costs	41	
Retirement benefits paid	-6	
Contribution to systems	-77	
Net amount of relevant benefit liability and asset	173	
Net defined benefit liability	183	
Net defined benefit asset	-10	
Net amount of relevant benefit liability and asset	173	

(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

Funded retirement benefits obligations	445	million yen
Pension assets	-276	
	169	
Unfunded retirement benefits obligations	4	
Net amount of relevant liabilities and assets on the consolidated balance sheets	173	
Net defined benefit liability	183	
Net defined benefit asset	-10	
Net amount of relevant liabilities and assets on the consolidated balance sheets	173	

(3) Retirement benefit costs

Retirement benefit costs calculated using the simplified method 41 million yen

4. Multi-employer System

(1) The latest savings in the multi-employer system (as of March 31, 2014)

1) Japan Civil Engineering Consultants Pension Fund

Pension assets	179,785	million yen
Benefit obligations based on pension finance computation	199,165	
Balance	-19,379	

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Pension assets	176,652	million yen
Benefit obligations based on pension finance computation	182,503	
Balance	-5,851	

(2) Percentage of total salaries of the Group to the overall system under the multi-employer system (as of March 31, 2014)

1) Japan Civil Engineering Consultants Pension Fund	7.05%
2) All Japan Surveying Enterprises Multi Employers Pension Fund	0.43%

(3) Supplementary explanation

The required amount 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, was 478 million yen.

1) Japan Civil Engineering Consultants Pension Fund

The major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 22,128 million yen, surplus, and shortage of -2,748 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 15 years, and a special premium of 152 million yen was amortized in the consolidated financial statements for the current consolidated fiscal year.

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

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance of 8,208 million yen, surplus, and shortage of -2,357 million yen.

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 20 years, and a special premium of 3 million yen was amortized in the consolidated financial statements for the current consolidated fiscal year.

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

(Stock Options)
Not applicable.

(Tax Effect Accounting)

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

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Deferred tax assets (current assets)		
Accrued enterprise tax	60 million yen	62 million yen
Allowance for losses in operations	37	38
Reserve for bonuses	203	396
Social insurance premiums for bonuses	27	58
Loss brought forward	39	-
Other	54	70
Subtotal	421	626
Allowance account	-4	-10
Total	417	616
Deferred tax liabilities (current liabilities)		
Enterprise tax receivable	3 million yen	- million yen
Total	3	-
Net of deferred tax assets (current assets)	413 million yen	616 million yen
Deferred tax assets (fixed assets)		
Reserve for retirement benefits	230 million yen	- million yen
Net defined benefit liability	-	577
Long-term accounts payable	38	37
Unrealized loss on securities	83	74
Asset retirement obligations	43	45
Loss brought forward	38	-
Other	21	23
Subtotal	455	758
Allowance account	-95	-87
Total deferred tax assets	360	670
Deferred tax liabilities (fixed liabilities)		
Tangible fixed assets	32 million yen	32 million yen
Other valuation difference on available-for-sale securities	167	232
Total	199	264
Net of deferred tax assets (fixed assets)	160 million yen	405 million yen

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.

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Current assets - Deferred tax assets	413 million yen	616 million yen
Fixed assets - Deferred tax assets	160	408
Fixed liabilities - Deferred tax liabilities	-	2

2 Breakdown by major item of causes leading to any material difference between the legal effective tax rate and the bearing rate of corporation tax or the like after application of tax effect accounting

	Previous Consolidated Fiscal Year (as of December 31, 2013)	Current Consolidated Fiscal Year (as of December 31, 2014)
Legal effective tax rate	38.01 %	38.01 %
(Adjustment)		
No entry of loss from entertainment expense etc.	0.74	0.48
Per capita inhabitant tax	5.23	3.63
No entry of profit from dividends earned, etc.	-0.37	-0.30
Downward revision of ending deferred tax assets due to a change in tax rate	-	1.73
Tax credit under the Income Growth Promotion Tax System	-	-2.54
No entry of loss from bonuses to directors	0.52	0.33
Allowance account	0.02	-0.10
Other	-0.53	-0.24
Bearing rate of corporation tax or the like after application of tax effect accounting	43.62	41.00

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. 10 of 2014) on March 31, 2014, the Special Corporation Tax for Reconstruction of Tohoku Region will not be imposed for consolidated fiscal years beginning on or after April 1, 2014. In accordance with this change, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been reduced from 38.01% (applied for the previous consolidated fiscal year) to 35.64% with respect to temporary differences that are expected to be eliminated during the consolidated fiscal year beginning on January 1, 2015.

As a result, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 43 million yen and deferred income taxes etc. recognized in the current consolidated fiscal year increased by 43 million yen.

(Segment Information)

Segment Information

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

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, 2013 to December 31, 2013)

1. Information by products and services

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

2. Information by areas

(1) Sales

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

(2) Tangible Fixed Assets

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

3. Information by major customers

(million yen)

Name of customer	Sales	Name of the relevant segment
National government	16,983	Engineering consulting

Current 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)

Name of customer	Sales	Name of the relevant segment
National government	20,582	Engineering consulting

Impairment losses on fixed assets by reportable segments

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

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, 2013 to December 31, 2013)

The Company has nothing to be described here.

Current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

The Company has nothing to be described here.

Gain on negative goodwill by reportable segments

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

The Company has nothing to be described here.

Information on related parties

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

The Company has nothing to be described here.

(Business Combination)

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

The Company has nothing to be described here.

(Notes on investment and rental property)

Previous consolidated fiscal year (from January 1, 2013 to December 31, 2013) and current consolidated fiscal year (from January 1, 2014 to December 31, 2014)

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

(Information per share)

	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Net assets per share	1,504.86 yen	1,539.79 yen
Current net income per share	69.46 yen	105.38 yen

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

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

Item	Previous Consolidated Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)
Current net income in the consolidated income statement (million yen)	982	1,490
Current net income related to common shares (million yen)	982	1,490
Amounts not belonging to ordinary shareholders (million yen)	–	–
Average number of common shares for the entire fiscal year (shares)	14,141,540	14,141,148

(Important Matters Generated Later)

Not applicable.

(v) Supplemental Specifications for Consolidated Financial Statements

Corporate bonds specification

Not applicable.

Specifications about borrowings

Category	Current term opening balance (million yen)	Current term closing balance (million yen)	Average rate (%)	Repayment deadline
Short-term borrowings	600	850	0.7	–
Long-term borrowings to be repaid within 1 year	–	–	–	–
Lease obligations to be repaid within 1 year	92	81	–	–
Long-term borrowings except those to be repaid within 1 year	–	–	–	–
Lease obligations except those to be repaid within 1 year	132	125	–	2016 to 2020
Other Interest-bearing Liabilities	–	–	–	–
Total	824	1,056	–	–

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

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

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

Category	Over 1 year but within 2 years (million yen)	Over 2 years but within 3 years (million yen)	Over 3 years but within 4 years (million yen)	Over 4 years but within 5 years (million yen)
Lease obligations	64	35	18	5

Specifications about asset retirement obligations

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

(2) Other

Quarterly financial information for the current consolidated fiscal year

(Cumulative period)	Three months ended March 31, 2014	First half ended June 30, 2014	Nine months ended to September 30, 2014	Current consolidated fiscal year
Sales (million yen)	10,006	20,878	30,158	39,524
Net income before income tax (million yen)	1,050	1,970	2,371	2,537
Net income (million yen)	587	1,113	1,341	1,490
Net income per share (yen)	41.56	78.73	94.84	105.38

(Fiscal period)	First quarter from January 1, 2014 to March 31, 2014	Second quarter from April 1, 2014 to June 30, 2014	Third quarter from July 1, 2014 to September 30, 2014	Fourth quarter from October 1, 2014 to December 31, 2014
Net income per share (yen)	41.56	37.17	16.11	10.54

2. Non-consolidated Financial Statements and Other Materials

(1) Non-consolidated Financial Statements

(i) Non-consolidated Balance Sheet

(million yen)

	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Assets		
Current assets		
Cash and bank deposits	2,480	1,782
Completed work receivables	1,348	780
Marketable securities	5,502	10,001
Prepaid expenses for uncompleted services	10,185	10,569
Advance payment	107	122
Deferred tax assets	313	489
Short-term loans	*1 441	*1 283
Other	74	99
Allowance for doubtful accounts	-13	-11
Total current assets	20,439	24,117
Fixed assets		
Tangible fixed assets		
Buildings	3,705	3,740
Accumulated depreciation	-2,113	-2,183
Buildings, net	1,591	1,556
Structures	714	716
Accumulated depreciation	-544	-554
Structures, net	170	162
Machinery and equipment	236	236
Accumulated depreciation	-223	-226
Machinery and equipment, net	12	10
Furniture and fixtures	902	954
Accumulated depreciation	-764	-806
Furniture and fixtures, net	137	147
Land	4,556	4,556
Lease assets	313	270
Accumulated depreciation	-167	-148
Lease assets, net	146	122
Total tangible fixed assets	6,615	6,556
Intangible fixed assets		
Leasehold	16	16
Software	127	146
Telephone rights	22	22
Right of using special facilities	0	0
Lease assets	2	5
Other	0	0
Total intangible fixed assets	169	191
Investments and other assets		
Investment securities	1,909	1,631
Shares in subsidiaries and affiliates	551	554
Investments in capital of subsidiaries and affiliates	50	50
Investments	3	3
Long-term time deposits	800	800
Long-term prepaid expenses	38	29
Deferred tax assets	104	-
Lease and guarantee deposit	736	711
Membership	51	51
Prepaid pension cost	1,083	1,584
Other	0	0
Allowance for doubtful accounts	-0	-0
Total investments and other assets	5,329	5,416
Total fixed assets	12,114	12,164
Total assets	32,553	36,282

(million yen)

	Previous Fiscal Year (as of December 31, 2013)		Current Fiscal Year (as of December 31, 2014)	
Liabilities				
Current liabilities				
Accounts payable for services	*1	1,406	*1	1,314
Lease obligations		67		55
Accounts payable		192		310
Accrued income taxes		687		648
Accrued consumption taxes		212		224
Accrued expenses		696		786
Advances received from uncompleted services		6,748		8,471
Deposits received		421		476
Revenue received in advance		4		4
Reserve for bonuses		500		941
Reserve for bonuses to directors		21		28
Allowance for losses in operations		42		35
Other		-		3
Total current liabilities		11,001		13,302
Fixed liabilities				
Long-term accounts payable		89		89
Lease obligations		85		76
Deferred tax liabilities		-		78
Reserve for retirement benefits		381		545
Asset retirement obligations		91		93
Other		63		57
Total fixed liabilities		711		940
Total liabilities		11,712		14,242
Net assets				
Shareholders' equity				
Capital		3,025		3,025
Capital surplus				
Capital reserve		4,122		4,122
Total capital surplus		4,122		4,122
Profit surplus				
Profit reserve		176		176
Other profit surplus				
General reserve		8,700		8,700
Profit surplus brought forward		4,303		5,415
Total profit surplus		13,180		14,292
Treasury stock		-11		-11
Total shareholders' equity		20,317		21,429
Valuation and translation differences				
Other valuation difference on available-for-sale securities		523		611
Total valuation and translation adjustment		523		611
Total net assets		20,840		22,040
Total liabilities and net assets		32,553		36,282

(ii) Non-consolidated Profit and Loss Account

(million yen)

	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)		Current Fiscal Year (from January 1, 2014 to December 31, 2014)	
Sales		30,059		33,211
Cost of sales		21,934		23,941
Gross profit		8,125		9,270
Selling, general and administrative expenses	*2	6,639	*2	7,116
Operating income		1,485		2,153
Non-operating revenues				
Interest earned	*1	7	*1	6
Dividend earned	*1	26	*1	33
Interest from securities		17		9
Rent earned	*1	35	*1	35
Insurance dividends earned		21		6
Other		47		35
Total non-operating revenues		155		127
Non-operating expenses				
Commissions paid		6		5
Expenses for the Company's 50th anniversary project		15		-
Other		1		0
Total non-operating expenses		22		5
Ordinary profit		1,619		2,275
Extraordinary gain				
Gain on sales of fixed assets	*3	166	*3	-
Gain on sales of investment securities		-		22
Total extraordinary gain		166		22
Extraordinary loss				
Loss from fixed assets disposal	*4	11	*4	3
Unrealized loss on investment securities		34		5
Loss on cancel of lease contracts		13		1
The Company's share in the expenses for removal of underground obstacles		31		-
Other		0		-
Total extraordinary loss		92		10
Net income before income tax		1,693		2,288
Corporation tax, inhabitants tax and enterprise tax		782		980
Deferred income taxes etc.		-58		-58
Total income taxes		723		921
Current net income		969		1,366

Cost Specifications for Completed Services

Category	Note No.	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)			Current Fiscal Year (from January 1, 2014 to December 31, 2014)		
		Amount (million yen)		Ratio (%)	Amount (million yen)		Ratio (%)
I Labor cost							
1. Salaries		7,052			7,625		
2. Bonuses		1,218			1,314		
3. Provision of reserve for bonuses		336			644		
4. Retirement benefits expense		587			451		
5. Other		1,545	10,741	47.0	1,685	11,721	48.2
II Amount paid to subcontractors			8,635	37.7		8,839	36.3
III Expenses							
1. Traveling expenses		979			1,027		
2. Printing and copying expenses		397			411		
3. Expendables cost		283			321		
4. Rents		867			899		
5. Depreciation		151			144		
6. Provision of allowance for losses in operations		-5			-7		
7. Other		823	3,497	15.3	967	3,765	15.5
Current general business expenses			22,875	100.0		24,326	100.0
Opening prepaid expenses for uncompleted services			9,244			10,185	
Total			32,119			34,511	
Closing prepaid expenses for uncompleted services			10,185			10,569	
Current cost of completed services			21,934			23,941	

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

(iii) Statement of Fluctuations in Shareholders' Equity
 Previous Fiscal Year (from January 1, 2013 to December 31, 2013)

(million yen)

	Shareholders' equity						
	Capital	Capital surplus		Profit reserve	Profit surplus		Total profit surplus
		Capital reserve	Total capital surplus		Other profit surplus		
					General reserve	Profit surplus brought forward	
Balance at the beginning of current period	3,025	4,122	4,122	176	8,700	3,559	12,436
Changes of items during the period							
Dividends from surplus						-226	-226
Current net income						969	969
Acquisition of treasury stock							
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)							
Total changes of items during the period	—	—	—	—	—	743	743
Balance at the end of current period	3,025	4,122	4,122	176	8,700	4,303	13,180

(million yen)

	Shareholders' equity		Valuation and translation differences		Total net assets
	Treasury stock	Total shareholders' equity	Other valuation differences on available-for-sale securities	Total of valuation and translation differences	
Balance at the beginning of current period	-11	19,573	218	218	19,792
Changes of items during the period					
Dividends from surplus		-226			-226
Current net income		969			969
Acquisition of treasury stock	-0	-0			-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)			304	304	304
Total changes of items during the period	-0	743	304	304	1,048
Balance at the end of current period	-11	20,317	523	523	20,840

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

(million yen)

	Shareholders' equity						
	Capital	Capital surplus		Profit reserve	Profit surplus		Total profit surplus
		Capital reserve	Total capital surplus		Other profit surplus		
					General reserve	Profit surplus brought forward	
Balance at the beginning of current period	3,025	4,122	4,122	176	8,700	4,303	13,180
Changes of items during the period							
Dividends from surplus						-254	-254
Current net income						1,366	1,366
Acquisition of treasury stock							
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)							
Total changes of items during the period	—	—	—	—	—	1,112	1,112
Balance at the end of current period	3,025	4,122	4,122	176	8,700	5,415	14,292

(million yen)

	Shareholders' equity		Valuation and translation differences		Total net assets
	Treasury stock	Total shareholders' equity	Other valuation differences on available-for-sale securities	Total of valuation and translation differences	
Balance at the beginning of current period	-11	20,317	523	523	20,840
Changes of items during the period					
Dividends from surplus		-254			-254
Current net income		1,366			1,366
Acquisition of treasury stock	-0	-0			-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

Notes:

Important Accounting Policy

1. Valuation base and method for securities

(1) Held-to-maturity securities

Cost method.

(2) Shares in subsidiaries and affiliates

Cost method according to moving average method.

(3) Available-for-sale securities

* With fair value

Calculated on the market value method based upon stock market prices as of the fiscal year-end. (Unrealized gains or losses have been dealt with according to the direct net assets imputation method, while value of products sold has been calculated according to the moving average method.)

* With no fair value

Cost method according to moving average method.

2. Valuation base and method for inventories

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

3. Depreciation of fixed assets

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

However, straight-line method is applied to the buildings (excluding the facilities attached to them) acquired on and after April 1, 1998.

Further, the average life expectancy is as set forth below.

Buildings: 17 – 50 years

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

For 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 periodic fixed amount 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 of presentation)

Non-consolidated balance sheet, non-consolidated profit and loss account, statement of fluctuations in shareholders' equity, specifications of tangible fixed assets and other, and specifications of allowances and reserves are prepared in accordance with forms prescribed in Article 127, Paragraph 1 of the Regulations for Non-consolidated Financial Statements.

Notes to each of the items listed in Article 127, Paragraph 2 of the Regulations for Non-consolidated Financial Statements have been changed to notes to matters listed in the Ordinance on Company Accounting corresponding to the items.

Disclosure of the following notes has been omitted.

- * Notes to research and development expenses prescribed in Article 86 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 2 of the Article.
- * Notes to treasury shares prescribed in Article 107 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 2 of the Article.
- * Notes to lease transactions prescribed in Article 8-6 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 4 of the Article.
- * Notes to asset retirement obligations prescribed in Article 8-28 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 2 of the Article.
- * Notes to per-share amount of net assets prescribed in Article 68-4 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 3 of the Article.
- * Notes to the per-share amount of net income for the period or per-share amount of net loss for the period prescribed in Article 95-5-2 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 3 of the Article.
- * Notes to the diluted per-share amount of net income for the period prescribed in Article 95-5-3 of the Regulations for Non-consolidated Financial Statements are omitted pursuant to Paragraph 4 of the Article.
- * A schedule of securities prescribed in Article 121, Paragraph 1, (1) of the Regulations for Non-consolidated Financial Statements is omitted pursuant to Paragraph 3 of the Article.

(Non-consolidated Profit and Loss Account)

“Reversal of allowance for doubtful accounts,” an item presented separately in “Non-operating revenues” in the previous fiscal year, is included in “Other” for the current fiscal year because its quantitative materiality has decreased. To reflect this change in presentation, the financial statements for the previous fiscal year have been reclassified.

As a result, 17 million yen of “Reversal of allowance for doubtful accounts” of “Non-operating revenues” in the Non-consolidated Profit and Loss Account for the previous fiscal year has been reclassified as “Other.”

(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:

	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Shot-term monetary claims	554 million yen	301 million yen
Shot-term monetary debts	207	147
Long-term monetary debts	45	46

2 Warranty for liabilities

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

	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Employees of the Company	65 million yen	52 million yen
Employees of CTI Engineering International Co., Ltd.	1	2

(Notes on Profit and Loss Account)

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

	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Fiscal Year (from January 1, 2014 to December 31, 2014)
Turnover of operating transactions		
Sales	138 million yen	34 million yen
Subcontractor cost	1,217	1,249
Other operating transactions	93	111
Turnover of transactions other than operating transactions	50	47

*2 The percentage of expenses included in selling expenses is approximately 37% for the previous fiscal year and 34% for the current fiscal year, and the percentage of expenses included in general and administrative expenses is 63% 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:

	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Fiscal Year (from January 1, 2014 to December 31, 2014)
Wages and allowances	2,676 million yen	2,639 million yen
Transferred reserve for bonuses	149	289
Reserve for bonuses to directors	21	28
Retirement benefits expenses	143	131
Allowance for doubtful accounts	—	0
Depreciation and amortization	94	77

*3 Gain on sales of fixed assets can be broken down as follows:

	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Fiscal Year (from January 1, 2014 to December 31, 2014)
Land	166 million yen	— million yen
Total	166	—

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

	Previous Fiscal Year (from January 1, 2013 to December 31, 2013)	Current Fiscal Year (from January 1, 2014 to December 31, 2014)
Buildings	8 million yen	1 million yen
Furniture and fixtures	2	1
Total	11	3

(Notes on securities)

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

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

	(million yen)	
	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Shares in subsidiaries	536 million yen	554 million yen
Shares in affiliates	15	—
Total	551	554

(Notes on tax effect accounting)

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

	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Deferred tax assets (current assets)		
Accrued enterprise tax	58 million yen	55 million yen
Allowance for losses in operations	16	12
Reserve for bonuses	190	335
Social insurance premiums for bonuses	25	47
Other	27	42
Subtotal	317	494
Allowance account	-4	-4
Total	313	489
Deferred tax assets (fixed assets)		
Reserve for retirement benefits	220 million yen	96 million yen
Long-term accounts payable	32	31
Unrealized loss of securities	83	74
Asset retirement obligations	32	33
Other	16	22
Subtotal	385	258
Allowance account	-89	-80
Total	296	177
Deferred tax liabilities (fixed liabilities)		
Tangible fixed assets	24 million yen	23 million yen
Other valuation difference on available-for-sale securities	167	232
Total	191	255
Net of deferred tax assets (fixed assets)	104 million yen	— million yen
Net of deferred tax liabilities (fixed liabilities)	—	78

2 Breakdown by major item of causes leading to any material difference between the legal effective tax rate and the bearing rate of corporation tax or the like after adoption of tax effect accounting

	Previous Fiscal Year (as of December 31, 2013)	Current Fiscal Year (as of December 31, 2014)
Legal effective tax rate	38.01 %	38.01 %
(Adjustment)		
No entry of loss from entertainment expense etc.	0.60	0.46
Per capita inhabitant tax	4.70	3.60
No entry of profit from dividend earned etc.	-0.37	-0.33
Downward revision of ending deferred tax assets due to a change in tax rate	-	1.57
Tax credit under the Income Growth Promotion Tax System	-	-2.64
No entry of loss from bonuses to directors	0.41	0.36
Allowance account	0.02	-0.44
Other	-0.64	-0.33
Bearing rate of corporation tax or the like after application of tax effect accounting	42.73	40.26

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. 10 of 2014) on March 31, 2014, the Special Corporation Tax for Reconstruction of Tohoku Region will not be imposed for fiscal years beginning on or after April 1, 2014. In accordance with this change, the effective statutory tax rate used to calculate deferred tax assets and deferred tax liabilities has been reduced from 38.01% (applied for the previous consolidated fiscal year) to 35.64% with respect to temporary differences that are expected to be eliminated during the fiscal year beginning on January 1, 2015.

As a result, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 35 million yen and deferred income taxes etc. recognized in the current fiscal year increased by 35 million yen.

(Important Matters Generated Later)

Not applicable.

(iv) Supplemental specifications

Specifications of tangible fixed assets and other

Type of assets	Opening balance (million yen)	Increase during the year (million yen)	Decrease during the year (million yen)	Depreciation or amortization in the current term (million yen)	Closing balance (million yen)	Accumulated depreciation or amortization (million yen)
Tangible fixed assets						
Buildings	1,591	47	1	80	1,556	2,183
Structures	170	1	–	10	162	554
Machinery and equipment	12	–	–	2	10	226
Furniture and fixtures	137	66	1	55	147	806
Land	4,556	–	–	–	4,556	–
Lease assets	146	51	1	73	122	148
Total tangible fixed assets	6,615	167	4	221	6,556	3,918
Intangible fixed assets						
Leasehold	16	–	–	–	16	–
Software	127	78	1	58	146	–
Telephone rights	22	–	–	–	22	–
Right of using special facilities	0	–	–	0	0	–
Lease assets	2	4	–	1	5	–
Other	0	0	–	0	0	–
Total intangible fixed assets	169	83	1	59	191	–

Specifications of allowances and reserves

Category	Opening balance (million yen)	Increase during the year (million yen)	Decrease during the year (million yen)	Closing balance (million yen)
Allowance for doubtful accounts	13	0	1	12
Reserve for bonuses	500	941	500	941
Reserve for bonuses to directors	21	28	21	28
Allowance for losses in operations	42	35	42	35
Reserve for retirement benefits	381	229	66	545

(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

Fiscal year	January 1 to December 31
Ordinary general meeting of shareholders	In March
Record date	December 31
Record date of dividends from surplus	June 30, December 31
Unit of shares	100 shares
Purchase of shares below one unit of shares	
Place of purchase	(Special Account) Stock Transfer Agency Division Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Transfer agent	(Special Account) Mitsubishi UFJ Trust and Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Service office	–
Service charge for purchase	Free of charge
Media of public notice	The Company's notices are published on its website. However, where due to unforeseen circumstances website publication is not possible, notices will be published in the Nihon Keizai Shimbun. The Company's website for public notices is as follows: http://www.ctie.co.jp/
Privilege to shareholders	None

CHAPTER 7: REFERENCE MATERIAL

1. Parent Company Information

The Company has no parent company.

2. Other References

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

(1) Securities Report, its accompanying documents, and confirmation note

Fiscal year (51st fiscal year) (from January 1, 2013 to December 31, 2013) Submitted to the director of the Kanto Local Finance Bureau on March 28, 2014.

(2) Internal Control Report

Submitted to the director of the Kanto Local Finance Bureau on March 28, 2014.

(3) Quarterly Report and confirmation note

(First quarter of 52nd fiscal year) (from January 1, 2014 to March 31, 2014) Submitted to the director of the Kanto Local Finance Bureau on May 14, 2014.

(Second quarter of 52nd fiscal year) (from April 1, 2014 to June 30, 2014) Submitted to the director of the Kanto Local Finance Bureau on August 13, 2014.

(Third quarter of 52nd fiscal year) (from July 1, 2014 to September 30, 2014) Submitted to the director of the Kanto Local Finance Bureau on November 13, 2014.

(4) Extraordinary Report

The Extraordinary Report subject to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. Submitted to the director of the Kanto Local Finance Bureau on March 28, 2014.

Part 2: SURETY COMPANY INFORMATION

Not applicable.