SECURITIES REPORT

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

Fiscal Year (53rd Term)

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

CTI Engineering Co., Ltd.

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

(941-172)

53rd Term (from January 1, 2015 to December 31, 2015)

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.

Contents

Cover

Document submitted	Securities report
Legal basis	Article 24, Paragraph 1 of the Financial Instruments and Exchange Act
Recipient of document	Director of the Kanto Local Finance Bureau
Date of submission	March 25, 2016
Fiscal Year	53rd term (from January 1, 2015 to December 31, 2015)
Company name	CTI Engineering Co., Ltd.
Representative	Kazuo Murata, President and Representative Director
Address of Head Office	21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo
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Address for Inquiries	21-1, Nihombashi-hamacho 3-chome, Chuo-ku, Tokyo
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Contact	Kazuhiro Terai, Managing Executive Officer & Director, serving as the Chief of Headquarters Management Dept.
Place Available for Public Inspection	Osaka Head Office of CTI Engineering Co., Ltd. (6-7, Doshomachi 1-chome, Chuo-ku, Osaka) Chubu Office of CTI Engineering Co., Ltd. (5-13, Nishiki 1-chome, Naka-ku, Nagoya) Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Part 1: CORPORATE INFORMATION

CHAPTER 1: GENERAL

1. Changes in Major Management Indices

(1) Consolidated management indices of the Company

Fiscal year		49th term	50th term	51st term	52nd term	53rd term
Fiscal year-end		December 2011	December 2012	December 2013	December 2014	December 2015
Sales amount	(million yen)	33,646	32,515	36,435	39,524	40,220
Ordinary profit	(million yen)	1,129	1,076	1,638	2,525	2,734
Net income	(million yen)	421	550	982	1,490	1,633
Comprehensive income	(million yen)	507	701	1,270	1,584	1,891
Net assets	(million yen)	19,876	20,350	21,392	21,870	23,816
Total assets	(million yen)	30,332	32,319	37,132	41,011	43,937
Net assets per share	(yen)	1,397.99	1,429.83	1,504.86	1,539.79	1,675.40
Net income per share	(yen)	29.83	38.91	69.46	105.38	115.51
Net income per share after adjustment of potential shares	(yen)	–	–	–	–	–
Net worth ratio	(%)	65.2	62.6	57.3	53.1	53.9
Profit ratio of net worth	(%)	2.1	2.8	4.7	6.9	7.2
Price earnings ratio	(times)	17.60	15.50	15.22	14.62	10.75
Cash flow from operating business activities	(million yen)	-1,005	921	3,012	3,591	1,613
Cash flow from investment activities	(million yen)	683	-167	-962	568	-1,766
Cash flow from financial activities	(million yen)	-238	-476	89	-108	-196
Closing balance of cash and cash equivalents	(million yen)	6,163	6,448	8,592	12,659	12,310
Number of employees (plus average number of temporary employees)	(persons)	1,557 (495)	1,588 (510)	1,633 (492)	1,652 (496)	1,855 (499)

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		49th term	50th term	51st term	52nd term	53rd term
Fiscal year-end		December 2011	December 2012	December 2013	December 2014	December 2015
Sales amount	(million yen)	28,416	27,040	30,059	33,211	33,734
Ordinary profit	(million yen)	946	878	1,619	2,275	2,513
Net income	(million yen)	363	463	969	1,366	1,520
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)	19,428	19,792	20,840	22,040	23,608
Total assets	(million yen)	27,373	28,228	32,553	36,282	38,498
Net assets per share	(yen)	1,373.83	1,399.57	1,473.74	1,558.60	1,669.52
Cash Dividend per share (Interim dividend per share)	(yen)	16.00 (–)	16.00 (–)	18.00 (–)	18.00 (–)	20.00 (–)
Net income per share	(yen)	25.68	32.81	68.59	96.66	107.54
Net income per share after adjustment of potential shares	(yen)	–	–	–	–	–
Net worth ratio	(%)	71.0	70.1	64.0	60.7	61.3
Profit ratio of net worth	(%)	1.9	2.4	4.7	6.4	6.4
Price earnings ratio	(times)	20.45	18.38	15.41	15.94	11.55
Dividend Payout ratio	(%)	62.3	48.8	26.2	18.6	18.6
Number of employees (plus average number of temporary employees)	(persons)	1,269 (466)	1,270 (475)	1,295 (441)	1,315 (443)	1,399 (441)

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, Chuuo-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
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 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.
June 2015	Environmental Research & Solutions CO., LTD., started its operations as the Company’s wholly owned subsidiary by way of a share transfer from UNITIKA LTD.
November 2015	NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. started operations as the Company’s wholly owned subsidiary by way of a share transfer in the form of an incorporation-type company split.

3. Business Contents

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

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

(i) Domestic operations

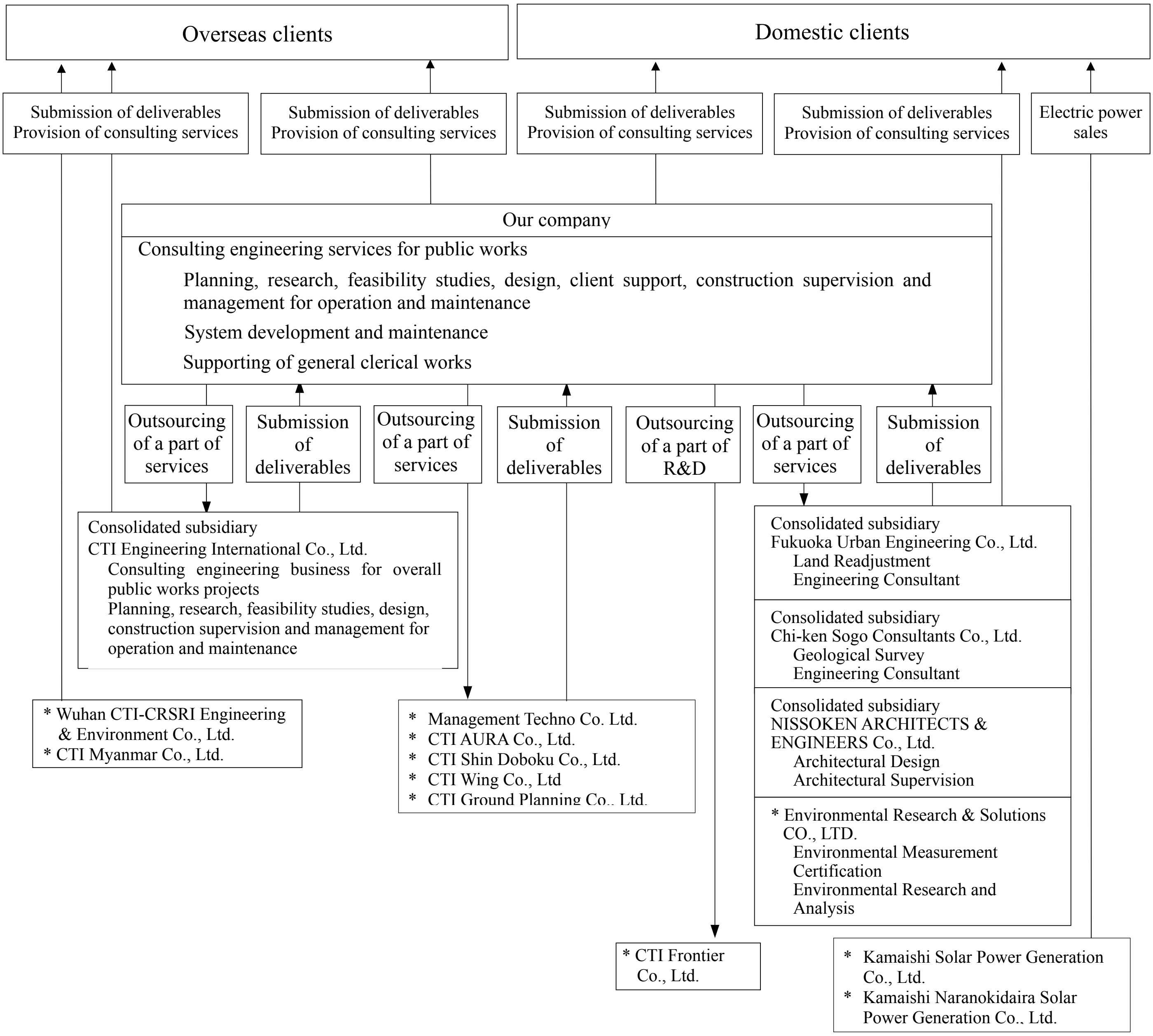
The Company’s major consulting engineering services include planning, research, feasibility studies, design, client support, construction supervision, management for operation and maintenance for public works in Japan as well as incidental system development, maintenance and supporting of general clerical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

(ii) Overseas operations

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

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

The above description is shown in the business chart on the next page.



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

4. Situation of Consolidated Subsidiaries

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.
NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.	Shibuya-ku, Tokyo	100	Architecture / design	100.0	Directly receives orders for architectural design and supervision.

5. Situation of Employees

(1) Consolidation basis

As of December 31, 2015

Number of employees (persons)	1,855 (499)

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

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

(2) Non-consolidation basis

As of December 31, 2015

Number of employees (persons)	Age on average (years old)	Average length of employment (years)	Average yearly wage (yen)
1,399 (441)	42.83	13.49	8,464,424

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

2. The average yearly wage contains bonus and extra wages.

(3) Situation of labor union

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

(i) Name: Labor Union of CTI Engineering

(ii) Umbrella organization: National Federation of Construction Engineering Worker's Unions for Japan

(iii) Number of union members: 826 (as of December 31, 2015)

(iv) Other: There is no matter in particular to be mentioned, and labor-management relations are maintained in a stable manner based on mutual trust.

CHAPTER 2: BUSINESS SITUATION

1. Outline of Results

(1) Results

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

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

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

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

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

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

(2) Cash flow

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

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

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

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

2. Production, Orders Received and Sales

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

(1) Production results

Category	Current consolidated fiscal year (From January 1, 2015 to December 31, 2015) (million yen)	Change from the same term in previous year (%)
Engineering consulting	40,220	1.8
Total	40,220	1.8

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

(2) Order receiving situation

Category	Current consolidated fiscal year (From January 1, 2015 to December 31, 2015)			
	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	40,353	0.0	42,734	0.3
Total	40,353	0.0	42,734	0.3

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

(3) Sales results

1) Sales results

Category	Current consolidated fiscal year (From January 1, 2015 to December 31, 2015) (million yen)	Change from the same term in previous year (%)
Engineering consulting	40,220	1.8
Total	40,220	1.8

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, 2014 to December 31, 2014)		Current consolidated fiscal year (From January 1, 2015 to December 31, 2015)	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
National Government	20,582	52.1	19,215	47.8

3. Our Tasks Ahead

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

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

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

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

4. Business Risks

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

5. Important Agreement Related to the Management

Not applicable.

6. Research and Development

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

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

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

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

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 43,937 million yen, for an increase of 7.1% compared to the previous year. The major items were an increase in investment securities and the entry of long-term loans.

(Liabilities)

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

(Net Assets)

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

(2) Business performance

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

(3) Cash flow

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

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

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

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

CHAPTER 3: FACILITIES & EQUIPMENT

1. Outline of Investment into Facilities and Equipment

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

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

2. Major Facilities and Equipment

Major facilities and equipment of the Company's group are as shown below.

(1) Company submitting the report

As of December 31, 2015

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	–	–	8	16	35	100 (2)
Tokyo Head Office (Chuo-ku, Tokyo)	Office	72	–	–	10	76	159	378 (114)
Tokyo Head Office Saitama Office (Urawa-ku, Saitama)	Office	695	0	772 (1,978)	8	11	1,487	136 (72)
Research Center Tsukuba (Tsukuba-shi, Ibaraki)	Office and laboratory facilities	259	10	1,937 (50,605)	1	7	2,216	41 (14)
Yono Dormitory (Chuo-ku, Saitama)	Welfare facilities	197	–	820 (1,565)	–	0	1,018	– (–)
Kyushu Office (Chuo-ku, Fukuoka)	Office	319	1	1,025 (1,136)	15	14	1,375	125 (27)

Notes: 1. Land area of Research Center Tsukuba includes the area of 14,895 m^2 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, 2015)	Issued shares as of the date for submission (shares) (March 25, 2016)	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, 2015

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)	–	30	27	86	80	7	3,188	3,418	–
Number of shares held (units)	–	35,699	2,415	14,323	18,356	304	70,205	141,302	28,886
Shareholding ratio (%)	–	25.3	1.7	10.1	13.0	0.2	49.7	100.0	–

Notes: 1. Among treasury stocks (18,276 stocks), 182 units are counted as "Individuals etc." and 76 shares are counted as "Shares below a unit" in the table above.

2. "Other corporations" and "Shares below a unit" in the table above include 41 units of shares and 72 shares held by the Securities Custody and Transfer Organization respectively.

(7) Major shareholders

As of December 31, 2015

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	1,359	9.6
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	448	3.2
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
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)	347	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
Japan Trustee Services Bank, Ltd. (trust account 9)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	229	1.6
The Master Trust Bank of Japan, Ltd. (trust account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	221	1.6
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo	188	1.3
Total	—	4,090	28.9

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

(8) Voting rights

(i) Issued shares

As of December 31, 2015

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 18,200	–	–
Shares with complete voting rights (Other)	Common stock 14,112,000	141,120	–
Shares below a unit	Common stock 28,886	–	–
Total number of shares issued	14,159,086	–	–
Voting rights of total shareholders	–	141,120	–

Notes: 1. "Shares with complete voting rights (other)" include 4,100 shares (41 votes) registered in the name of the Japan Securities Depository Center, Inc.

2. "Shares below a unit" include 76 treasury stocks held by the Company.

(ii) Treasury Stocks, etc.

As of December 31, 2015

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	18,200	–	18,200	0.1
Total	–	18,200	–	18,200	0.1

(9) Contents of the stock option system

Not applicable.

2. Acquirement of Treasury Stocks

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

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

None.

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

None.

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

Category	Number of Shares	Total Price (Yen)
Treasury stock acquired in this fiscal year	205	262,739
Treasury stock acquired in this period	60	73,020

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

(4) Disposal and holding of acquired treasury stock

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	18,276	—	18,336	—

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

3. Dividend Policy

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

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

As in the past, based on a stable dividend policy, the Company will continue to provide returns on shareholder investment by taking into account the dividend payment ratio.

Note: In respect of the dividend for the record date, December 31, 2015, it was resolved at the 53rd Ordinary General Shareholders Meeting held on March 24, 2016 to pay a dividend of 20 yen per share (total dividend payment amount: 282 million yen).

4. Change in Stock Price

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

Fiscal year	49th term	50th term	51st term	52nd term	53rd term
Fiscal year end	December 2011	December 2012	December 2013	December 2014	December 2015
Highest (yen)	670	644	1,080	1,942	1,576
Lowest (yen)	399	445	564	958	1,055

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 2015	August 2015	September 2015	October 2015	November 2015	December 2015
Highest (yen)	1,233	1,360	1,306	1,296	1,330	1,330
Lowest (yen)	1,093	1,114	1,153	1,180	1,190	1,204

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

5. Executive Management

Male: 15 persons Female: 0 persons (Ratio of female Directors and Auditors: 0.0 %)

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Chairman & Representative Director		Kazuya Oshima	July 8, 1946	April 1969 April 1991 April 1994 March 1995 April 1997 March 1998 April 1999 March 2000 March 2001 March 2002 March 2003 March 2013	Joined CTI Engineering General Manager, Water Resources Div. 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)	1	101
President & Representative Director		Kazuo Murata	September 26, 1951	April 1978 April 1997 April 1999 April 2001 March 2003 April 2004 March 2006 April 2009 March 2010 March 2011 April 2011 March 2013	Joined CTI Engineering General Manager, Water Resources Div. V, Water Resources Dept. Tokyo Office Chief, Water Resources Dept., Tokyo Office Deputy Branch Administrator, Tokyo Head Office Director, Member of the Board and Chief of Headquarters Quality Management Dept. General Manager of Management Planning Dept. and Deputy Chief of Management Div. Managing Director, General Manager of Management Dept. Principal, Kyushu Office and Okinawa Office Director, Managing Executive Officer Senior Managing Executive Officer Principal, Tokyo Head Office President & Representative Director (present post)	1	47
Executive Officer, Vice President & Representative Director	Chief, Corporate Planning Dept.	Yasuki Komatsu	October 15, 1951	April 1976 April 1998 April 1999 April 2001 March 2003 April 2003 March 2006 April 2009 March 2010 March 2011 March 2013 April 2013 March 2015	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)	1	45

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Executive Officer, Vice President & Representative Director	Chief, Headquarters Engineering Dept.	Michio Tanahashi	July 27, 1952	October 2012 November 2012 March 2013 April 2013 March 2014 March 2016	Resigned from Statutory Director, Water Resource Environment Center Joined CTI Engineering, Executive Manager Director, Managing Executive Officer Chief, Headquarters Engineering Dept. (present post) Senior Managing Executive Officer Executive Officer, Vice President & Representative Director (present post)	1	7
Executive Officer, Vice President & 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 March 2016	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 Principal, Tokyo Head Office (present post) Executive Officer & Vice President (present post)	1	28
Senior 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 March 2016	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 Chief, Headquarters Business Development Dept. (present post) Senior Managing Executive Officer (present post)	1	35
Senior 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 March 2016	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 Principal, Osaka Head Office (present post) Senior Managing Executive Officer (present post)	1	28

Board member position	Company position	Name	Date of birth	Career		Term of office (Note no.)	Number of shares held (thousand)
Managing Executive Officer & Director	Chief, Headquarters Management Dept.	Kazuhiro Terai	February 28, 1956	April 1981 April 1999 April 2003 April 2007 March 2012 April 2012 March 2013 April 2013 March 2016	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 Deputy Administrator, Tokyo Head Office Director (present post) Chief, Headquarters Management Dept. (present post) Managing Executive Officer (present post)	1	16
Managing 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 March 2016	Joined CTI Engineering General Manager, Water Resources Dept., Tokyo Head Office Deputy Branch Administrator, Tokyo Head Office Deputy Administrator, Tokyo Head Office Executive Officer Principal, Tohoku Office Director (present post) Principal, Kyushu Office and Okinawa Office (present post) Managing Executive Officer (present post)	1	18
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)	1	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)	1	16
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)	2	12

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)	3	21
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	2	–
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 Sappro High Court Registered as attorney (present post) Professor at the Meiji University Graduate School of Law (present post) Auditor, CTI Engineering (present post)	2	–
Total							380

Notes: 1 From March 24, 2016 until the conclusion of the Ordinary General Meeting of Shareholders Meeting held in respect of the fiscal year ending December 31, 2017.

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, 2018.

3 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.

4 Auditors, Kunihiro Horiuchi and Yasuro Tanaka, are External Auditors.

5 To ensure that the Company fully satisfies all conditions set forth under applicable laws a reserve auditor was appointed pursuant to Article 329-3 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.

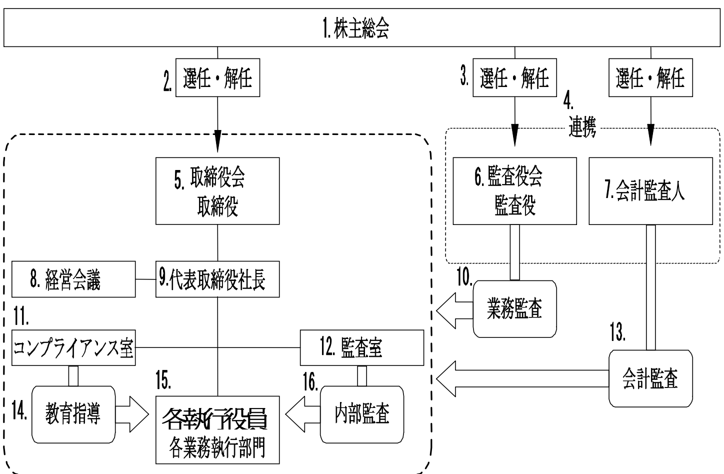
The Company has appointed Auditors. The Auditors, in addition to attendance at Board of Directors Meetings and other important meetings within the Company, audit corporate conduct as an independent body. At present 2 of the 4 Auditors are legal practitioners who have been appointed as External Auditors.

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.



1. General Meeting of Shareholders
2. Appointment, Dismissal
3. Appointment, Dismissal
4. Mutual cooperation
5. Board of Directors, Directors
6. Board of Auditors, Auditors
7. Accounting Auditors
8. Management Meetings
9. Representative Director and President
10. Operation Audit
11. Compliance Office
12. Internal Audit Office
13. Accounting Audit
14. Education and Training
15. Each Executive Officer, Each Operating Division
16. Internal audit

The Company has established a management system to oversee the Group based on the content of the mission statement such as the Group's management philosophies and management strategies, to the effect that Directors of subsidiaries must report to the parent company on important managerial matters in accordance with the provisions of the Regulations on the Management of Subsidiaries, and the Directors must obtain prior approval from the parent company as necessary.

2. Improvement of the risk management system

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

3. Relationship with External Directors/Auditors

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

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

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

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

The Company has yet to appoint any External Directors. However, the introduction of the Executive Officers system reinforces the Board of Directors' functions of decision-making and supervision of the execution of duties. In addition, the Company has reinforced the subjective and neutral functions of management supervision from outside by electing 2 External Auditors out of the 4 Auditors. Furthermore, the 2 External Auditors attended almost all of the Board of Auditors Meetings, and we believe that we have established a structure essential for corporate governance wherein the subjective and neutral functions of management supervision from outside are fully operating. The Company thus adopts the present structure.

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

4. Internal control system

A Compliance Office and Internal Audit Office under the direct control of the President have been established, as has a corporate framework that ensures legal compliance by strengthening internal control systems. In addition, one of the legal practitioners appointed as an External Auditor has been requested to provide independent advice to staff members with concerns, as a means of further strengthening the company's in-house operations monitoring system. The Internal Audit Office and Compliance Office, 2 departments responsible for internal control, regularly hold discussions and work in close cooperation with the Board of Auditors, a body whose meetings are also attended by the External Auditors.

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

As a further safeguard, the Company regularly seeks the advice of its auditing firms to ensure the appropriate handling of all matters before any problems arise.

5. Internal, external and financial audits

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

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

The Company has concluded an auditing agreement with Deloitte Touche Tohmatsu LLC as the Accounting Auditor. The CPAs Hiroki Kitakata and Katsumi Takizawa have been jointly responsible for audits for the consolidated fiscal year. The CPAs Hiroki Kitakata and Katsumi Takizawa have been in charge since March 2013. The auditors' support staff consists of 16 persons, including 8 CPAs.

6. Executives' compensation, etc.

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

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	231	27	30	13
Auditors (excluding External Auditors)	27	27	–	–	3
External Directors and Auditors	15	12	–	2	3

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
40	3	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: 1,593 million yen

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

(Previous consolidated fiscal year)

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

(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	313	To ensure stable shareholders
OYO Corporation	98,500	134	To ensure stable shareholders
Mitsubishi UFJ Financial Group, Inc.	145,000	109	To maintain and continue stable business relations
SHO-BOND Holdings Co., Ltd.	23,500	103	To ensure stable shareholders
OHBA CO., LTD.	186,000	85	To ensure stable shareholders
NJS CO., LTD.	50,000	74	To ensure stable shareholders
T&D Holdings, Inc.	38,400	61	To maintain and continue stable business relations
E・J Holdings Inc.	60,340	58	To ensure stable shareholders
IDEA Consultants, Inc.	54,800	53	To ensure stable shareholders
Wesco Holdings Inc.	180,000	50	To ensure stable shareholders
CHODAI CO., LTD.	105,000	49	To ensure stable shareholders
Ube Industries, Ltd.	190,400	48	To ensure stable shareholders
ASIA AIR SURVEY CO., LTD.	102,000	45	To ensure stable shareholders
KAWADA technologies, inc.	12,000	45	To ensure stable shareholders
ACK G Limited	57,200	44	To ensure stable shareholders
Maezawa Kasei Industries Co., Ltd.	36,000	41	To ensure stable shareholders
NIPPON ENGINEERING CONSULTANTS CO., LTD.	100,000	40	To ensure stable shareholders
The Chiba Bank, Ltd.	30,000	25	To maintain and continue stable business relations
SYSKEN Corporation	74,000	22	To ensure stable shareholders
Kawasaki Geological Engineering Co., Ltd.	47,000	22	To ensure stable shareholders
Mizuho Financial Group, Inc.	81,000	19	To maintain and continue stable business relations
FUKUYAMA CONSULTANTS CO,. LTD.	34,100	17	To ensure stable shareholders
Kuwayama Corporation	26,400	17	To ensure stable shareholders
ARIAKE JAPAN Co., Ltd.	1,829	12	To ensure stable shareholders
UCHIDA YOKO CO., LTD.	16,000	7	To ensure stable shareholders
The Dai-ichi Life Insurance Company, Limited	2,600	5	To maintain and continue stable business relations
ICHINEN HOLDINGS Co., Ltd.	1,844	2	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 2015, 14 Board of Directors and 13 Board of Auditors Meetings were held.

To strengthen compliance systems, the Board of Directors in May 2006, resolved to implement the items set forth in Article 362, Paragraph 4, Item 6 (concerning internal control systems) of the Companies Act and made amendments to the items in April 2008 and May 2015. We are always dedicated to further improving compliance through their implementation.

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

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

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

5) Election and dismissal of Directors

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

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

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

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

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

(2) Auditing compensation, etc.

1) Compensation for auditing CPAs, etc.

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	–	31	–
Consolidated subsidiaries	–	–	–	–
Total	29	–	31	–

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

2) Other important compensation

Not applicable.

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

Not applicable.

4) Policy for decisions regarding auditing compensation

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

CHAPTER 5: STATUS OF ACCOUNTING

1. Preparation of the Consolidated Financial Statements and Non-consolidated Financial Statements

(1) The Company’s consolidated financial statements are prepared in accordance with the “Regulations on the terminology, forms and method of preparation of consolidated financial statements” (Ordinance of Ministry of Finance No. 28 of 1976).

(2) The Company’s non-consolidated financial statements are prepared in accordance with the “Regulations on the terminology, forms and method of preparation of financial statements” (Ordinance of Ministry of Finance No. 59, 1963).

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

2. Audit Report

In accordance with the provisions of 193-2, paragraph 1 of the Financial Instruments and Exchange Act, the consolidated financial statements for the current consolidated fiscal year (from January 1, 2015 to December 31, 2015) and the non-consolidated financial statements for the current fiscal year (from January 1, 2015 to December 31, 2015) of the Company were audited by Deloitte Touche Tohmatsu LLC.

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

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

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

1. Consolidated Financial Statements and Other Materials

(1) Consolidated Financial Statements

(i) Consolidated Balance Sheet

(million yen)

		Previous Consolidated Fiscal Year (as of December 31, 2014)		Current Consolidated Fiscal Year (as of December 31, 2015)
Assets				
Current assets				
Cash and bank deposits		2,657		2,807
Notes receivable and completed work receivables		1,700		2,553
Marketable securities		10,001		9,503
Prepaid expenses for uncompleted services		13,493		14,249
Deferred tax assets		616		496
Other		454		483
Allowance for doubtful accounts		-11		-
Total current assets		28,912		30,094
Fixed assets				
Tangible fixed assets				
Buildings and structures		4,561		4,590
Accumulated depreciation		-2,775		-2,869
Buildings and structures, net		1,786		1,720
Machinery and transportation equipment		245		246
Accumulated depreciation		-234		-234
Machinery and transportation equipment, net		10		12
Land		4,584		4,584
Lease assets		364		335
Accumulated depreciation		-190		-189
Lease assets, net		174		145
Other		999		1,020
Accumulated depreciation		-837		-792
Other, net		162		227
Total tangible fixed assets		6,718		6,689
Intangible fixed assets				
Lease assets		25		24
Goodwill		-		56
Other		217		408
Total intangible fixed assets		243		489
Investments and other assets				
Investment securities	*1	1,917	*1	2,719
Long-term loans receivable from subsidiaries and affiliates		-		539
Deferred tax assets		408		88
Net defined benefit asset		1,050		1,416
Other	*1	1,778	*1	1,916
Allowance for doubtful accounts		-17		-17
Total investments and other assets		5,136		6,663
Total fixed assets		12,098		13,843
Total assets		41,011		43,937

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Liabilities		
Current liabilities		
Accounts payable	1,457	1,800
Short-term borrowings	850	1,000
Lease obligations	81	73
Accrued income taxes	722	498
Advances received from uncompleted services	10,792	11,347
Reserve for bonuses	1,108	962
Reserve for bonuses to directors	28	27
Allowance for losses in operations	106	64
Other	2,113	2,793
Total current liabilities	17,260	18,568
Fixed liabilities		
Long-term accounts payable	104	72
Lease obligations	125	102
Deferred tax liabilities	2	85
Net defined benefit liability	1,463	1,094
Asset retirement obligations	126	144
Other	57	53
Total fixed liabilities	1,879	1,552
Total liabilities	19,140	20,120
Net assets		
Shareholders' equity		
Capital	3,025	3,025
Capital surplus	4,122	4,122
Profit surplus	14,856	16,571
Treasury stock	-11	-12
Total shareholders' equity	21,992	23,707
Accumulated other comprehensive income		
Other valuation difference on available-for-sale securities	611	611
Remeasurements of defined benefit plans	-829	-627
Total accumulated other comprehensive income	-218	-15
Minority interest	96	125
Total net assets	21,870	23,816
Total liabilities and net assets	41,011	43,937

(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, 2014 to December 31, 2014)		Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)	
Sales		39,524		40,220
Cost of sales		29,147		29,379
Gross profit		10,377		10,841
Selling, general and administrative expenses	*1 *2	7,988	*1 *2	8,243
Operating income		2,388		2,598
Non-operating revenues				
Interest earned		14		16
Dividend earned		31		37
House rent earned		34		35
Insurance dividends earned		6		11
Foreign exchange gains		21		-
Refund		-		20
Other		41		57
Total non-operating revenues		150		178
Non-operating expenses				
Interest expense		5		5
Commission paid		5		15
Foreign exchange losses		-		19
Other		2		1
Total non-operating expenses		13		42
Ordinary profit		2,525		2,734
Extraordinary gain				
Gain on sales of investment securities		22		-
Total extraordinary gain		22		-
Extraordinary loss				
Loss from fixed assets disposal	*3	4	*3	6
Loss on cancel of lease contracts		1		-
Unrealized loss on investment securities		5		-
Loss on valuation of golf club membership		-		6
Total extraordinary loss		10		12
Net income before income tax		2,537		2,721
Corporation tax, inhabitants taxes and enterprise tax		1,081		935
Deferred income taxes etc.		-40		146
Total income taxes		1,040		1,082
Income before minority interests		1,497		1,639
Minority interest in profit of consolidated companies		6		6
Current net income		1,490		1,633

Consolidated Statements of Comprehensive Income

(million yen)

		Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)		Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Income before minority interests		1,497		1,639
Other comprehensive income				
Other valuation difference on available-for-sale securities		87		0
Remeasurements of defined benefit plans, net of tax		-		250
Total other comprehensive income	* 1	87	* 1	251
Comprehensive Income		1,584		1,891
(Comprehensive income attributable to)				
Comprehensive income attributable to owners of the parent		1,577		1,876
Comprehensive income attributable to minority interests		6		14

(iii) Statement of Fluctuations in Consolidated Shareholders' Equity

Previous 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
Cumulative effects of changes in accounting policies					—
Restated balance	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
Cumulative effects of changes in accounting policies					—
Restated balance	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

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

(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	14,856	-11	21,992
Cumulative effects of changes in accounting policies			336		336
Restated balance	3,025	4,122	15,192	-11	22,328
Changes of items during the period					
Dividends from surplus			-254		-254
Current net income			1,633		1,633
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	—	—	1,378	-0	1,378
Balance at the end of current period	3,025	4,122	16,571	-12	23,707

(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	611	-829	-218	96	21,870
Cumulative effects of changes in accounting policies				14	350
Restated balance	611	-829	-218	111	22,221
Changes of items during the period					
Dividends from surplus					-254
Current net income					1,633
Acquisition of treasury stock					-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)	0	202	202	13	216
Total changes of items during the period	0	202	202	13	1,594
Balance at the end of current period	611	-627	-15	125	23,816

(iv) Consolidated Cash Flow Statement

(million yen)

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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)		Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)	
Cash flow from investment activities				
Payments for acquisition of marketable securities		-		6,000
Proceeds from sales of marketable securities		-		-6,000
Payments for acquisition of tangible fixed assets		-121		-184
Payments for acquisition of intangible fixed assets		-75		-174
Payments for acquisition of investment securities		-86		-230
Proceeds from sales of investment securities		540		-
Repayments for loans		-118		-773
Income from loan collection		126		143
Payments for acquisition of securities of subsidiaries and affiliates		-18		-340
Purchase of shares in subsidiaries resulting in change in scope of consolidation		-	*2	-189
Payments into time deposits		-2,000		-
Proceeds from withdrawal of time deposits		2,300		-
Other payments		-41		-30
Other proceeds		63		14
Cash flow used for investment activities		568		-1,766
Cash flow from financial activities				
Net increase (decrease) in short-term borrowings		250		150
Acquisition of treasury stock		-0		-0
Repayments of lease obligations		-103		-91
Dividend payment		-254		-254
Cash flow used for financial activity		-108		-196
Effect in fluctuation of exchange rate for cash and cash equivalents		14		0
Increase (decrease) in cash and cash equivalents		4,067		-349
Opening balance of cash and cash equivalents		8,592		12,659
Closing balance of cash and cash equivalents	*1	12,659	*1	12,310

Notes:

Basic Important Matters for Preparation of Consolidated Financial Statement

1. Consolidation range

(1) Number of consolidated subsidiaries: 4

Names of the consolidated subsidiaries:

CTI Engineering International Co., Ltd.
Fukuoka Urban Engineering Co., Ltd.
Chi-ken Sogo Consultants Co., Ltd.
NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.

(NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. was included in the range of consolidation through the acquisition of all of its shares on November 2, 2015.)

(2) Number of non-consolidated subsidiaries: 11

Names of the non-consolidated subsidiaries:

Environmental Research & Solutions CO., LTD.
CTI Frontier Co., Ltd.
Management Techno Co., Ltd
Kamaishi Solar Power Generation Co., Ltd.
Kamaishi Naranokidaira Solar Power Generation Co., Ltd.
CTI AURA Co., Ltd.
CTI Shin Doboku Co., Ltd.
CTI Wing Co., Ltd
CTI Ground Planning Co., Ltd.
Wuhan CTI-CRSRI Engineering & Environment Co., Ltd.
CTI Myanmar Co., Ltd.

(Shin Doboku Kaihatsu Co., Ltd. was renamed “CTI Shin Doboku Co., Ltd.” on April 1, 2015. The Company acquired all shares of UNITIKA Environmental Technical Center Co., Ltd. on June 30, 2015 and renamed it “Environmental Research & Solutions CO., LTD.” on the same date. Kamaishi Solar Power Generation Co., Ltd. and Kamaishi Naranokidaira Solar Power Generation Co., Ltd. were incorporated on April 21, 2015 and August 27, 2015, respectively.)

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

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

2. Application of equity method

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

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

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

Environmental Research & Solutions CO., LTD., CTI Frontier Co., Ltd., Management Techno Co., Ltd., Kamaishi Solar Power Generation Co., Ltd., Kamaishi Naranokidaira Solar Power Generation Co., Ltd., CTI AURA Co., Ltd., CTI Shin Doboku Co., Ltd., CTI Wing Co., Ltd., CTI Ground Planning Co., Ltd., Wuhan CTI-CRSRI Engineering & Environment Co., Ltd., CTI Myanmar Co., Ltd., Sogo Setsubi Consulting Co., Ltd., and SAPPORO NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. have only a slight influence on the consolidated net income or loss and the profit surplus respectively, and do not have much importance as a whole. Therefore, they are excluded from the application range of the equity method.

(Sogo Setsubi Consulting Co., Ltd. and SAPPORO NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. are affiliates of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.)

3. Fiscal year of the consolidated subsidiary

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

4. Accounting standard

(1) Valuation base and valuation method of important assets

1) Securities

Held-to-maturity securities

Amortized 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 benefit formula standard is applied for allocation of the retirement benefits forecast to the periods until the end of current consolidated fiscal year.

2) Expense disposal of accounting disparity

As regards the accounting disparity, expenses shall be disposed of from the next consolidated fiscal year by the fixed amount method that shall use a predetermined number of years (5 years) within the average remaining employment period for those employees that were employed at the time of its occurrence.

3) Adoption of the simplified method in SMEs

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

(5) Entry standard of important revenues and expenses

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

(6) Method and period for amortization of goodwill

Goodwill is regularly amortized by the straight-line method over five years.

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

The fund (cash and cash equivalents) in the consolidated cash flow statement comprises cash in hand, bank deposit which can be withdrawn at any time and short-term investment which can be easily realized and takes only a low risk about value fluctuation and for which the refund date comes within 3 months from the acquisition date.

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

Accounting treatment of consumption tax

Tax exclusion method is adopted.

(Changes in Accounting Policy)

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

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

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

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

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

(Changes of Presentation)

(Changes in relation to retirement benefits)

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

(Notes on Consolidated Balance Sheet)

*1 For non-consolidated subsidiaries and affiliates:

	Previous Consolidated Fiscal Year (as of December 31, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Investment securities (stock)	284 million yen	880 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, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Employees	55 million yen	43 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, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Wages and allowances	2,988 million yen	3,038 million yen
Bonuses	526	559
Transferred reserve for bonuses	319	255
Reserve for bonuses to directors	28	27
Retirement benefits expenses	146	184
Research and investigation expenses	668	930
Allowance for doubtful accounts	17	0

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

Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
668 million yen	930 million yen

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

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Buildings and structures in tangible fixed assets	2 million yen	0 million yen
Other tangible fixed assets	1	5
Other intangible fixed assets	-	0
Total	4	6

(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, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Other valuation difference on available-for-sale securities		
Amount recognized in the period	175 million yen	-37 million yen
Reclassification adjustments to net income	-22	-
Before tax-effect adjustment	153	-37
Amount of tax effects	-65	38
Other valuation difference on available-for-sale securities	87	0
Remeasurements of defined benefit plans, net of tax		
Amount recognized in the period	-	72
Reclassification adjustments to net income	-	299
Before tax-effect adjustment	-	372
Amount of tax effects	-	-121
Remeasurements of defined benefit plans, net of tax	-	250
Total other comprehensive income	87	251

(Statement of Fluctuations in Consolidated Shareholders' Equity)

Previous 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

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

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	18,071	205	–	18,276

Note: The increase in the amount of treasury stock of 205 shares was due to acquisition of shares constituting less than one transaction unit.

3 New share subscription acquisition rights

Not applicable.

4 Dividends

(1) Dividend payment amount

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

(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 24, 2016	Common stock	Profit surplus	282	20	December 31, 2015	March 25, 2016

(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, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Cash and bank deposit account	2,657 million yen	2,807 million yen
Marketable securities account	10,001	9,503
Total	12,659	12,310

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

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

Current assets	635 million yen
Fixed assets	444
Goodwill	56
Current liabilities	-460
Fixed liabilities	-375
Acquisition costs of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.	300
Cash and cash equivalents of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.	110
Net amount: Expenditure required for the acquisition of NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd.	189

(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, 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	–

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

	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
(1) Cash and bank deposits	2,807	2,807	–
(2) Notes receivable and completed work receivables	2,553	2,553	–
(3) Marketable securities and investment securities			
1) Held-to-maturity securities	228	225	-2
2) Available-for-sale securities	11,018	11,018	–
Total	16,607	16,604	-2

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, 2014	As of December 31, 2015
Non-listed shares	364	975

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

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

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

	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	–	–	–

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

	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	2,807	–	–	–
Notes receivable and completed work receivables	2,553	–	–	–
Marketable securities and investment securities Held-to-maturity securities Corporate bonds	–	–	228	–
Total	5,360	–	228	–

(Notes on Marketable Securities)

1. Held-to-maturity securities

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

Not applicable.

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

Classification	Type	Book value on the consolidated balance sheet (million yen)	Fair value (million yen)	Difference (million yen)
Those whose amount recorded on the consolidated balance sheet exceeds the acquisition cost	(1) Government bonds	–	–	–
	(2) Corporate bonds	–	–	–
	(3) Other	–	–	–
	Subtotal	–	–	–
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Government bonds	–	–	–
	(2) Corporate bonds	228	225	-2
	(3) Other	–	–	–
	Subtotal	228	225	-2
Total		228	225	-2

2. Available-for-sale securities

Previous 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

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

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	1,461	654	807
	(2) Bonds and Notes	–	–	–
	(3) Other	–	–	–
	Subtotal	1,461	654	807
Those whose amount recorded on the consolidated balance sheet does not exceed the acquisition cost	(1) Shares	53	54	-1
	(2) Bonds and Notes	–	–	–
	(3) Other	9,503	9,503	–
	Subtotal	9,556	9,558	-1
Total		11,018	10,212	805

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

Previous 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.

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

Not applicable.

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

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

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

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

Not applicable.

5. Securities written down

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

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

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

Not applicable.

(Notes on Derivatives Transactions)

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

(Notes on Retirement Benefits)

1. Outline of the current retirement benefits system

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

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. NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. joined Tokyo Architectural Engineer Pension Fund (jointly established) in 1969.

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

(million yen)

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

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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Balance of pension assets at the beginning of year	10,266	11,359
Expected operating profit	205	227
Accounting disparity	493	182
Contribution from employer	911	935
Retirement benefits paid	-518	-416
Balance of the pension assets at the end of year	11,359	12,288

(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

(million yen)

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

(4) Retirement benefits costs and related accounting items

(million yen)

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

(5) Remeasurements of defined benefit plans, net of tax

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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Accounting disparities	–	372
Total	–	372

(6) Remeasurements of defined benefit plans

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

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Previously unrecognized accounting disparities	-1,325	-952
Total	-1,325	-952

(7) Matters regarding pension assets

1) Major breakdown of pension assets

The percentages of major asset types that account for the total pension assets are as follows:

	Previous Consolidated Fiscal Year (as of December 31, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Domestic bonds	23 %	14 %
Domestic stocks	10	1
Foreign bonds	4	1
Foreign stocks	8	1
Life insurance general accounts	52	52
Other	3	31
Total	100	100

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

2) Method for setting the long-term expected operating profit percentage

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

(8) Matters regarding the assumptions for actuarial calculations

Key assumptions for actuarial calculations

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Discount percentage	Primarily 0.7%	Primarily 0.6%
Long-term expected operating profit percentage	2.0%	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

(million yen)

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Balance of net defined benefit liability at the beginning of year	216	173
Retirement benefits costs	41	46
Retirement benefits paid	-6	-10
Contribution to systems	-77	-83
Increase due to change in scope of consolidation	–	280
Net amount of relevant benefit liability and asset	173	407
Net defined benefit liability	183	428
Net defined benefit asset	-10	-20
Net amount of relevant benefit liability and asset	173	407

(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

(million yen)

	Previous Consolidated Fiscal Year (as of December 31, 2014)	Current Consolidated Fiscal Year (as of December 31, 2015)
Funded retirement benefits obligations	445	946
Pension assets	-276	-539
	169	407
Unfunded retirement benefits obligations	4	–
Net amount of relevant liabilities and assets on the consolidated balance sheets	173	407
Net defined benefit liability	183	428
Net defined benefit asset	-10	-20
Net amount of relevant liabilities and assets on the consolidated balance sheets	173	407

(3) Retirement benefit costs

Retirement benefit costs calculated using the simplified method

Previous Consolidated Fiscal Year	41 million yen
Current Consolidated Fiscal Year	46 million yen

4. Multi-employer System

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

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

1) Japan Civil Engineering Consultants Pension Fund

(million yen)

	Previous Consolidated Fiscal Year (as of March 31, 2014)	Current Consolidated Fiscal Year (as of March 31, 2015)
Pension assets	179,785	198,294
Sum of the actuarial obligations and minimum actuarial reserve based on pension finance computation (Note)	199,165	198,589
Balance	-19,379	-295

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

2) All Japan Surveying Enterprises Multi Employers Pension Fund

(million yen)

	Previous Consolidated Fiscal Year (as of March 31, 2014)	Current Consolidated Fiscal Year (as of March 31, 2015)
Pension assets	176,652	205,448
Sum of the actuarial obligations and minimum actuarial reserve based on pension finance computation (Note)	182,503	194,940
Balance	-5,851	10,508

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

3) Tokyo Architectural Engineer Pension Fund

(million yen)

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

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

1) Japan Civil Engineering Consultants Pension Fund

Previous Consolidated Fiscal Year 7.05% (from April 1, 2013 to March 31, 2014)
Current Consolidated Fiscal Year 7.11% (from April 1, 2014 to March 31, 2015)

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Previous Consolidated Fiscal Year 0.43% (from April 1, 2013 to March 31, 2014)
Current Consolidated Fiscal Year 0.44% (from April 1, 2014 to March 31, 2015)

3) Tokyo Architectural Engineer Pension Fund

Previous Consolidated Fiscal Year -
Current Consolidated Fiscal Year 1.34% (from April 1, 2014 to March 31, 2015)

(3) Supplementary explanation

1) Japan Civil Engineering Consultants Pension Fund

The major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance (22,128 million yen for the previous consolidated fiscal year and 20,811 million yen for the current consolidated fiscal year), surplus, and shortage (-2,748 million yen for the previous consolidated fiscal year and -20,515 million yen for the current consolidated fiscal year).

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 15 years, and a special premium (152 million yen for the previous consolidated fiscal year and 213 million yen for the current consolidated fiscal year) was amortized in the consolidated financial statements.

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

2) All Japan Surveying Enterprises Multi Employers Pension Fund

Major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance (8,208 million yen for the previous consolidated fiscal year and 8,035 million yen for the current consolidated fiscal year), surplus, and shortage (-2,357 million yen for the previous consolidated fiscal year and -18,543 million yen for the current consolidated fiscal year).

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

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

3) Tokyo Architectural Engineer Pension Fund

The major reasons for the balance described in (1) above were the balance of pre-existing employment obligations based on the calculation of pension finance (- for the previous consolidated fiscal year and 12,693 million yen for the current consolidated fiscal year), surplus, and shortage (5,376 million yen for the current consolidated fiscal year).

The pre-existing employment obligations under this system are amortized by the annuity repayment method over 18 years, and no special premium was amortized in the consolidated financial statements.

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

(Stock Options)

Not applicable.

(Tax Effect Accounting)

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

	Previous Consolidated Fiscal Year (as of December 31, 2014)		Current Consolidated Fiscal Year (as of December 31, 2015)	
Deferred tax assets (current assets)				
Accrued enterprise tax	62	million yen	39	million yen
Allowance for losses in operations	38		22	
Reserve for bonuses	396		318	
Social insurance premiums for bonuses	58		53	
Loss brought forward	–		28	
Other	70		50	
Subtotal	626		513	
Allowance account	-10		-16	
Total	616		496	
Deferred tax assets (fixed assets)				
Net defined benefit liability	577	million yen	183	million yen
Long-term accounts payable	37		23	
Unrealized loss on securities	74		67	
Asset retirement obligations	45		48	
Loss brought forward	–		82	
Other	23		42	
Subtotal	758		447	
Allowance account	-87		-134	
Total deferred tax assets	670		312	
Deferred tax liabilities (fixed liabilities)				
Net defined benefit asset	–	million yen	8	million yen
Tangible fixed assets	32		30	
Other valuation difference on available-for-sale securities	232		194	
Liability adjustment account	–		76	
Total	264		309	
Net of deferred tax assets (fixed assets)	405	million yen	2	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, 2014)		Current Consolidated Fiscal Year (as of December 31, 2015)	
Current assets - Deferred tax assets	616	million yen	496	million yen
Fixed assets - Deferred tax assets	408		88	
Fixed liabilities - Deferred tax liabilities	2		85	

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

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

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

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

(Segment Information)

Segment Information

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

The Company's group is engaged in a single business as engineering consulting and incidental services. The Company does not have business categories other than this, and have nothing to be described here.

Relevant Information

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

1. Information by products and services

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

2. Information by areas

(1) Sales

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

(2) Tangible Fixed Assets

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

3. Information by major customers

(million yen)

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

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)

1. Information by products and services

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

2. Information by areas

(1) Sales

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

(2) Tangible Fixed Assets

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

3. Information by major customers

(million yen)

Name of customer	Sales	Name of the relevant segment
National government	19,215	Engineering consulting

Impairment losses on fixed assets by reportable segments

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

The Company has nothing to be described here.

Amortized amount and unamortized balance of goodwill by reportable segments

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

The Company has nothing to be described here.

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)

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

Gain on negative goodwill by reportable segments

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

The Company has nothing to be described here.

Information on related parties

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

The Company has nothing to be described here.

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)

(1) Transaction between the company submitting consolidated financial statements and the related parties

(a) Non-consolidated subsidiary and affiliates, etc. of the company submitting consolidated financial statements

Type	Name of company, etc.	Location	Paid-in capital or investment in capital (million yen)	Business outline	Ratio of voting rights holding (held) (%)	Relationship with related party	Summary of transactions	Amount of transaction (million yen)	Item	Balance at end of fiscal year (million yen)
Non-consolidated subsidiary	Kamaishi Naranokidaira Solar Power Generation Co., Ltd.	Kamaishi-shi, Iwate	5	Solar power generation	100	Outsourcing of a part of the Company's services	Loan of funds	550	Short-term loans	28
									Long-term loans	521

Note: The terms and conditions of transactions are as follows:

* Loan transactions: The loan interest rate is determined in consideration of the prevailing market rates.

(Business Combination)

Current consolidated fiscal year (from January 1, 2015 to December 31, 2015)

Business combination by acquisition

(1) Overview of the business combination

1) Name of the company acquired and description of its business

Name of the company acquired: NISSOKEN ARCHITECTS & ENGINEERS Co., Ltd. (hereinafter, "NISSOKEN")

Description of business: Architecture / design

2) Major reason for the business combination

The Company aims to develop its business in order to become a "multi-infrastructure enterprise" and to move forward to expand its business into broader peripheral fields beyond engineering consulting, the field in which the Company has engaged so far. In particular, the Company expects to expand the business of architectural design, the mainstay field of NISSOKEN, through collaboration with the related divisions of the Company. The Company also expects to strengthen its ability to accelerate new business development by acquiring NISSOKEN and making it a group company. For the above-mentioned reasons, the Company decided to acquire all of the shares of NISSOKEN.

3) Date of business combination
   November 2, 2015 (share acquisition date)
   December 31, 2015 (deemed acquisition date)
4) Legal form of business combination
   Share acquisition by cash used as consideration
5) Name of the company after the combination
   Unchanged
6) Ratio of voting rights acquired
   100%
7) Major grounds for determining the acquiring company
   Because the Company has acquired all shares by cash as consideration.

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

(3) Acquisition costs of the acquired company and the breakdown thereof

Consideration for acquisition	Cash	300 million yen
Acquisition costs		300 million yen

(4) Amount of goodwill incurred, reasons for the goodwill incurred, and the method and period of amortization

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

(5) Assets received and liabilities undertaken on the date of the business combination, and the breakdown thereof

Current assets	635	million yen
Fixed assets	444	
Total assets	1,079	
Current liabilities	460	
Fixed liabilities	375	
Total liabilities	835	

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

(Notes on Investment and Rental Property)

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

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

(Information per Share)

	Previous Consolidated Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Consolidated Fiscal Year (from January 1, 2015 to December 31, 2015)
Net assets per share	1,539.79 yen	1,675.40 yen
Current net income per share	105.38 yen	115.51 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. As stated in the "Changes in Accounting Policy," the Company has adopted the Accounting Standard and the Guidance for Retirement Benefits and observes the transitional treatment provided for in Paragraph 37 of the Accounting Standard. As a result, net assets per share for the current consolidated fiscal year increased by 23.77 yen. The effects on current net income per share are expected to be negligible.

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

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

(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	850	1,000	0.7	–
Long-term borrowings to be repaid within 1 year	–	–	–	–
Lease obligations to be repaid within 1 year	81	73	–	–
Long-term borrowings except those to be repaid within 1 year	–	–	–	–
Lease obligations except those to be repaid within 1 year	125	102	–	2017 to 2021
Other Interest-bearing Liabilities	–	–	–	–
Total	1,056	1,175	–	–

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	49	32	15	4

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, 2015	First half ended June 30, 2015	Nine months ended to September 30, 2015	Current consolidated fiscal year
Sales (million yen)	7,809	21,546	30,705	40,220
Net income before income tax (million yen)	226	1,748	2,235	2,721
Net income (million yen)	145	1,078	1,386	1,633
Net income per share (yen)	10.30	76.25	98.04	115.51

(Fiscal period)	First quarter from January 1, 2015 to March 31, 2015	Second quarter from April 1, 2015 to June 30, 2015	Third quarter from July 1, 2015 to September 30, 2015	Fourth quarter from October 1, 2015 to December 31, 2015
Net income per share (yen)	10.30	65.96	21.78	17.47

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, 2014)		Current Fiscal Year (as of December 31, 2015)
Assets				
Current assets				
Cash and bank deposits		1,782		1,820
Completed work receivables		780		1,487
Marketable securities		10,001		9,503
Prepaid expenses for uncompleted services		10,569		10,861
Advance payment		122		131
Deferred tax assets		489		450
Short-term loans	*1	283	*1	323
Other		99		135
Allowance for doubtful accounts		-11		-
Total current assets		24,117		24,712
Fixed assets				
Tangible fixed assets				
Buildings		3,740		3,747
Accumulated depreciation		-2,183		-2,261
Buildings, net		1,556		1,485
Structures		716		716
Accumulated depreciation		-554		-563
Structures, net		162		153
Machinery and equipment		236		238
Accumulated depreciation		-226		-227
Machinery and equipment, net		10		11
Furniture and fixtures		954		959
Accumulated depreciation		-806		-755
Furniture and fixtures, net		147		203
Land		4,556		4,556
Lease assets		270		238
Accumulated depreciation		-148		-143
Lease assets, net		122		95
Total tangible fixed assets		6,556		6,506
Intangible fixed assets				
Leasehold		16		16
Software		146		328
Telephone rights		22		22
Right of using special facilities		0		0
Lease assets		5		5
Other		0		0
Total intangible fixed assets		191		373
Investments and other assets				
Investment securities		1,631		1,822
Shares in subsidiaries and affiliates		554		1,195
Investments in capital of subsidiaries and affiliates		50		50
Investments		3		3
Long-term loans		-	*1	539
Long-term time deposits		800		800
Long-term prepaid expenses		29		25
Lease and guarantee deposit		711		711
Membership		51		52
Prepaid pension cost		1,584		1,706
Other		0		0
Allowance for doubtful accounts		-0		-0
Total investments and other assets		5,416		6,905
Total fixed assets		12,164		13,785
Total assets		36,282		38,498

(million yen)

		Previous Fiscal Year (as of December 31, 2014)		Current Fiscal Year (as of December 31, 2015)
Liabilities				
Current liabilities				
Accounts payable for services	*1	1,314	*1	1,579
Lease obligations		55		46
Accounts payable		310		305
Accrued income taxes		648		487
Accrued consumption taxes		224		724
Accrued expenses		786		879
Advances received from uncompleted services		8,471		8,714
Deposits received		476		521
Revenue received in advance		4		4
Reserve for bonuses		941		924
Reserve for bonuses to directors		28		27
Allowance for losses in operations		35		27
Other		3		2
Total current liabilities		13,302		14,244
Fixed liabilities				
Long-term accounts payable		89		56
Lease obligations		76		57
Deferred tax liabilities		78		239
Reserve for retirement benefits		545		142
Asset retirement obligations		93		94
Other		57		53
Total fixed liabilities		940		645
Total liabilities		14,242		14,890
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		5,415		6,983
Total profit surplus		14,292		15,860
Treasury stock		-11		-12
Total shareholders' equity		21,429		22,996
Valuation and translation differences				
Other valuation difference on available-for-sale securities		611		611
Total valuation and translation adjustment		611		611
Total net assets		22,040		23,608
Total liabilities and net assets		36,282		38,498

(ii) Non-consolidated Profit and Loss Account

(million yen)

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

Cost Specifications for Completed Services

Category	Note No.	Previous Fiscal Year (from January 1, 2014 to December 31, 2014) Amount (million yen)		Ratio (%)	Current Fiscal Year (from January 1, 2015 to December 31, 2015) Amount (million yen)		Ratio (%)
I Labor cost							
1. Salaries		7,625			7,898		
2. Bonuses		1,314			1,405		
3. Provision of reserve for bonuses		644			640		
4. Retirement benefits expense		451			674		
5. Other		1,685	11,721	48.2	1,852	12,471	51.1
II Amount paid to subcontractors			8,839	36.3		8,062	33.1
III Expenses							
1. Traveling expenses		1,027			997		
2. Printing and copying expenses		411			366		
3. Expendables cost		321			251		
4. Rents		899			1,087		
5. Depreciation		144			144		
6. Provision of allowance for losses in operations		-7			-7		
7. Other		967	3,765	15.5	1,020	3,859	15.8
Current general business expenses			24,326	100.0		24,394	100.0
Opening prepaid expenses for uncompleted services			10,185			10,569	
Total			34,511			34,964	
Closing prepaid expenses for uncompleted services			10,569			10,861	
Current cost of completed services			23,941			24,102	

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

(iii) Statement of Fluctuations in Shareholders' Equity

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

(million yen)

	Shareholders' equity						
		Capital surplus		Profit surplus			
					Other profit surplus		
	Capital	Capital reserve	Total capital surplus	Profit reserve	General reserve	Profit surplus brought forward	Total profit surplus
Balance at the beginning of current period	3,025	4,122	4,122	176	8,700	4,303	13,180
Cumulative effects of changes in accounting policies							—
Restated balance	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
Cumulative effects of changes in accounting policies					—
Restated balance	-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

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

(million yen)

	Shareholders' equity						
		Capital surplus		Profit surplus			
					Other profit surplus		
	Capital	Capital reserve	Total capital surplus	Profit reserve	General reserve	Profit surplus brought forward	Total profit surplus
Balance at the beginning of current period	3,025	4,122	4,122	176	8,700	5,415	14,292
Cumulative effects of changes in accounting policies						301	301
Restated balance	3,025	4,122	4,122	176	8,700	5,717	14,594
Changes of items during the period							
Dividends from surplus						-254	-254
Current net income						1,520	1,520
Acquisition of treasury stock							
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)							
Total changes of items during the period	—	—	—	—	—	1,266	1,266
Balance at the end of current period	3,025	4,122	4,122	176	8,700	6,983	15,860

(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	21,429	611	611	22,040
Cumulative effects of changes in accounting policies		301			301
Restated balance	-11	21,730	611	611	22,341
Changes of items during the period					
Dividends from surplus		-254			-254
Current net income		1,520			1,520
Acquisition of treasury stock	-0	-0			-0
Fluctuations during this fiscal year for items other than shareholders' equity (Net amount)			0	0	0
Total changes of items during the period	-0	1,265	0	0	1,266
Balance at the end of current period	-12	22,996	611	611	23,608

Notes:

Important Accounting Policy

1. Valuation base and method for securities

(1) Held-to-maturity securities

Amortized cost method.

(2) Shares in subsidiaries and affiliates

Cost method according to moving average method.

(3) Available-for-sale securities

* With fair value

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

* With no fair value

Cost method according to moving average method.

2. Valuation base and method for inventories

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

3. Depreciation of fixed assets

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

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

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

Buildings: 17 – 50 years

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

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

(3) Lease assets

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

4. Accounting for allowances and reserves

(1) Allowance for doubtful accounts

In respect of ordinary credit, for the loan loss ratio as regards credit designated as being in danger of becoming irrecoverable, the possibility of each item being recovered is considered and the amount deemed irrecoverable is recorded to prepare for possible loss caused by bad debts.

(2) Reserve for bonuses

To prepare for bonus payment to employees, the Company enters the reserve for bonuses according to the estimated payment amount standard.

(3) Reserve for bonus to directors

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

(4) Allowance for losses in operations

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

(5) Reserve for retirement benefits

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

1) Periodic allocation of retirement benefits forecast

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

2) Expense disposal of accounting disparity

As regards the accounting disparity, expenses shall be disposed of from the next fiscal year by the fixed amount method that shall use a predetermined number of years (5 years) within the average remaining employment period for those employees that were employed at the time of its occurrence.

5. Entry standard of important revenues and expenses

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

6. Other important accounting policies as bases for the preparation of financial statements

(1) Accounting treatment of consumption taxes

Tax exclusion method is adopted.

(2) Accounting treatment of retirement benefits

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

(Changes in Accounting Policy)

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

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

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

As a result, at the beginning of the current fiscal year, prepaid pension cost and reserve for retirement benefits decreased by 153 million yen and 599 million yen, respectively, while deferred tax liabilities and profit surplus brought forward increased by 144 million yen and 301 million yen, respectively. The effects on operating income, ordinary profit and net income before income tax for the current fiscal year were negligible.

Net assets per share for the current fiscal year increased by 21.34 yen. The effects on current net income per share are expected to be negligible.

(Notes on Balance Sheet)

*1 Assets and liabilities for subsidiaries and affiliates

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

	Previous Fiscal Year (as of December 31, 2014)	Current Fiscal Year (as of December 31, 2015)
Shot-term monetary claims	301 million yen	344 million yen
Shot-term monetary debts	147	250
Long-term monetary claims	–	539
Long-term monetary debts	46	46

2 Warranty for liabilities

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

	Previous Fiscal Year (as of December 31, 2014)	Current Fiscal Year (as of December 31, 2015)
Employees of the Company	52 million yen	41 million yen
Employees of CTI Engineering International Co., Ltd.	2	1

(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, 2014 to December 31, 2014)	Current Fiscal Year (from January 1, 2015 to December 31, 2015)
Turnover of operating transactions		
Sales	34 million yen	70 million yen
Subcontractor cost	1,249	1,302
Other operating transactions	111	119
Turnover of transactions other than operating transactions	47	53

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

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

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

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

	Previous Fiscal Year (from January 1, 2014 to December 31, 2014)	Current Fiscal Year (from January 1, 2015 to December 31, 2015)
Buildings	1 million yen	0 million yen
Furniture and fixtures	1	5
Software	–	0
Total	3	6

(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, 2014)	Current Fiscal Year (as of December 31, 2015)
Shares in subsidiaries	554 million yen	1,195 million yen
Total	554	1,195

(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, 2014)	Current Fiscal Year (as of December 31, 2015)
Deferred tax assets (current assets)		
Accrued enterprise tax	55 million yen	41 million yen
Allowance for losses in operations	12	9
Reserve for bonuses	335	305
Social insurance premiums for bonuses	47	52
Other	42	41
Subtotal	494	450
Allowance account	-4	―
Total	489	450
Deferred tax assets (fixed assets)		
Reserve for retirement benefits	96 million yen	― million yen
Long-term accounts payable	31	18
Unrealized loss of securities	74	67
Asset retirement obligations	33	30
Other	22	17
Subtotal	258	133
Allowance account	-80	-74
Total	177	58
Deferred tax liabilities (fixed liabilities)		
Prepaid pension cost	― million yen	83 million yen
Tangible fixed assets	23	20
Other valuation difference on available-for-sale securities	232	194
Total	255	298
Net of deferred tax liabilities (fixed liabilities)	78 million yen	239 million yen

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

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

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

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

As a result of this change, the amount of deferred tax assets (after deducting the amount of deferred tax liabilities) decreased by 24 million yen while deferred income taxes etc. and other valuation difference on available-for-sale securities recognized in the current fiscal year increased by 44 million yen and 20 million yen, respectively.

(Important Matters Generated Later)

Not applicable.

(iv) Supplemental specifications

Specifications of tangible fixed assets and other

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	1,556	9	1	78	1,485	2,261
Structures	162	–	–	9	153	563
Machinery and equipment	10	2	–	0	11	227
Furniture and fixtures	147	145	5	83	203	755
Land	4,556	–	–	–	4,556	–
Lease assets	122	34	1	60	95	143
Total tangible fixed assets	6,556	192	9	233	6,506	3,951
Intangible fixed assets						
Leasehold	16	–	–	–	16	–
Software	146	245	0	63	328	–
Telephone rights	22	–	–	–	22	–
Right of using special facilities	0	–	–	0	0	–
Lease assets	5	1	–	1	5	–
Other	0	–	–	0	0	–
Total intangible fixed assets	191	247	0	65	373	–

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	12	0	11	0
Reserve for bonuses	941	924	941	924
Reserve for bonuses to directors	28	27	28	27
Allowance for losses in operations	35	27	35	27
Reserve for retirement benefits	-54	249	52	142

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

(2) Details of major assets/liabilities

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

(3) Other

Not applicable.

CHAPTER 6: SHAREHOLDER RELATED INFORMATION

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 (52nd fiscal year) (from January 1, 2014 to December 31, 2014)	Submitted to the director of the Kanto Local Finance Bureau on March 27, 2015.
(2) Internal Control Report	Submitted to the director of the Kanto Local Finance Bureau on March 27, 2015.

(3) Quarterly Report and confirmation note

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

(4) Extraordinary Report

The Extraordinary Report subject to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance on Disclosure of Corporate Information, etc.	Submitted to the director of the Kanto Local Finance Bureau on March 27, 2015.

Part 2: SURETY COMPANY INFORMATION

Not applicable.