For the Fiscal Year ended March 31, 2011

Annual Select® 2011

TechMatrix Corporation

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Corporate Profile

TechMatrix is a specialist IT corporate group that helps to transform the business models and strengthen the competitiveness of client companies using state-of-the-art IT technology. As a solutions provider that understands the needs and resolves the issues of client companies, we are striving to continue our role as IT technology professionals that aim to create high value-added and enhance customer satisfaction.

Providing total services that encompass the whole process of analysis, design, development and integration, testing, operation and maintenance in order to install applications, network infrastructure and security infrastructure at client companies, our goal is to become a key partner that supports the management challenges in client companies.

TechMatrix is always exploring new trends in the IT field, where technological innovations occur on a daily basis, to deliver pioneering, state-of-the-art, best-of-breed technologies and solutions.

(Source: Correspondence to Shareholders)

I. Summary of Selected Financial Data (Consolidated)

	23rd term Fiscal year ended March 31, 2007	24th term Fiscal year ended March 31, 2008	25th term Fiscal year ended March 31, 2009	26th term Fiscal year ended March 31, 2010	27th term Fiscal year ended March 31, 2011
Net sales (Thousands of yen)	–	11,612,279	13,438,799	14,248,410	15,202,909
Ordinary income (Thousands of yen)	–	1,145,850	751,073	786,488	679,093
Net income (Thousands of yen)	–	525,714	360,339	336,064	186,189
Comprehensive income (Thousands of yen)	–	–	–	–	227,731
Net assets (Thousands of yen)	–	4,506,353	4,816,960	5,084,815	5,161,389
Total assets (Thousands of yen)	–	9,644,331	10,482,980	11,675,123	10,934,569
Net assets per share (Yen)	–	69,833.26	75,054.59	78,900.96	79,084.55
Net income per share (Yen)	–	8,499.00	5,848.71	5,564.17	3,082.70
Diluted net income per share (Yen)	–	8,412.10	–	–	–
Equity ratio (%)	–	44.8	43.2	40.8	43.7
Return on equity (ROE) (%)	–	12.8	8.1	7.2	3.9
Price earnings ratio (PER) (Times)	–	7.3	4.3	9.3	18.7
Net cash provided by (used in) operating activities (Thousands of yen)	–	874,063	659,109	912,920	760,663
Net cash provided by (used in) investing activities (Thousands of yen)	–	(1,013,514)	(391,474)	(393,573)	(345,415)
Net cash provided by (used in) financing activities (Thousands of yen)	–	251,120	69,541	(93,696)	(335,145)
Cash and cash equivalents at end of period (Thousands of yen)	–	2,058,898	2,396,075	2,821,726	2,901,828
Number of employees [Separately, average number of temporary employees] (Persons)	– [–]	468 [260]	664 [151]	752 [97]	740 [92]

Notes:
1. Because consolidated financial statements were prepared only from the 24th term, results are not presented for previous terms.
2. Net sales do not include consumption taxes.
3. The figure in brackets in the number of employees field is the average number of individuals working as regular temporary employees (including temporary dispatched and contracted employees).
4. Diluted net income per share for the 25th, 26th and 27th terms is not presented because there were no potentially dilutive shares.

(Source: Annual Securities Report)

II. Message From Management

Sales increased while profits decreased in the midst of a challenging economic environment.

Takashi Yuri
President and CEO

Now that our 27th term (FY2010; April 1, 2010 to March 31, 2011) has come to an end, we are honored to present this report on the company’s operating performance, overview, and achievements for the term.

During our 27th term, in the Japanese economy, although there were signs of a partial recovery in corporate performance, the appreciation of the yen against other major currencies and sluggishness in stock prices were prolonged, and as a result, corporate capital expenditure did not arrive at a full-scale recovery. At the end of the period, an unprecedented, major earthquake struck, further clouding the prospects for the Japanese economy. The challenging economic environment has increased pressures for cost reduction in companies, which has led to a trend towards removing IT assets from the balance sheet. Consequently, there is an expansion in cloud services which is creating a paradigm shift in the industry. Under this environment, our group implemented the following initiatives.

Improvement in our corporate creditworthiness and expansion of our operating bases

Having listed our stock on the second section of the Tokyo Stock Exchange in June 2010, we have made efforts towards the improvement of our corporate creditworthiness and the enhancement of our internal control system. In July 2010, we opened our Nagoya sales branch as the sales base for our medical related business.

Launch of new businesses and development of our stock business

We carried out initiatives to preempt changes in demand for IT by aggressively launching new products and deploying new services. On a group-wide basis, we newly deployed cloud services and expanded sales of our existing services, and made efforts to augment our stock business along with our operation and maintenance services.

Realization of the integration capacity of our group

We continued our initiatives to maximize synergy with the five subsidiaries of our group. In particular, we pressed ahead with independent initiatives within the group by making efforts to carry out within the group functions which had previously been subcontracted out, such as maintenance, operation and monitoring, and outsourced development.

In the coming fiscal year, in which we expect the challenging economic environment to continue for a while longer, we will continue to respond positively to rapid paradigm shifts in the IT business model. Going forward, we will also continue to aim to be of service to our shareholders by realizing further improvement in our corporate value.

（Source: Correspondence to Shareholders)

III. Top Interview

TechMatrix: Past, Present and Future

Q. Looking back at the 27th term, what kind of year was it in terms of results?

A. It seems appropriate to say it was an extremely hard year. Although some people reacted to the final phase of the previous fiscal year by suggesting that the economy was probably heading towards a phase of recovery, the sovereign debt problem in Greece in May triggered rapid appreciation in the yen and declines in stock prices. It appears that companies became hesitant regarding capital investment after that, as major Japanese corporations rely on external demand. In addition, with the challenging economic conditions of the past few years, pressure to hold down costs emerged at companies, and demand increased significantly for cloud services, where companies “use” such services over the internet rather than “owning” IT assets. Although we are taking account of this trend proactively as a stock business, in the short term, as we schedule and recognize net sales on a monthly basis, it has a negative impact with respect to net sales and profits. With the addition of these factors, in terms of the figures, our results were disappointing. However, as we changed the fiscal year-end of three consolidated subsidiaries to the consolidated balance sheet date, applicable terms of those three companies were 15 month-periods. Because of this, for our final results, there was an increase in consolidated net sales, but there were decreases in consolidated profits and non-consolidated net sales and profits.

Q. In this challenging business environment, it seems that achieving your targets for the 28th term will require a lot of motivation. Please explain the Company’s principles for action once again.

A. The image of professional human resources that TechMatrix aims for is called “SIMPLE&4C.” This name is an abbreviation of “Speed” (faster and earlier than all others), “Innovation” (constantly innovating) “Management” (management), “Passion” (passion), “Learning” (constant self-development), “Endeavour” (making every effort), “Commitment” (Determination to achieve targets), “Customer satisfaction” (advancement of customer satisfaction), “Confidence” (to trust and be trusted), and “Challenge” (Constantly challenging). There is a lot of content to this, but it means “continue to challenge with passion, and with the added value we produce through our use of IT, earn the trust of customers.” This basic approach remains the same even if there are changes in the external environment. In order to put this into practice, we believe that it is important to have a willingness to constantly learn about the latest IT technology and expertise in our customers’ business. IT is only a tool and is not our purpose. You do not achieve results just by being conversant in the technology. Value is produced only after making use of it.

At present, in the IT industry, the seismic change towards cloud services is advancing rapidly. It is one of the concrete means by which a company can realize “operations without owning” by shifting IT assets off their balance sheets. It could be said that this is the great revolution since the establishment of the IT

（Source: Correspondence to Shareholders)

industry. Alternatively, it could be said that it is the big goal of internet technology and virtualization technologies. TechMatrix aims to constantly be a company challenging for its targets with a passionate heart. Of course, we will also continue to work on M&As in order to accelerate the speed of the development of our business.

– Our Market –

Q. In the SI (system integration) industry, the paradigm shift from system ownership to system use has accelerated. What was your feeling about this looking back at the past year? Also, how is the industry likely to change in the coming year?

A. Until now, SI (system integrator) companies raised profits through development work centered on contracting and the sale of IT equipment, as well as the maintenance of such developments and equipment. However, these business models give rise to industry-specific problems, as they have a labor-intensive business structure, while the industry is structured with multiple-subcontractors and the volumes of work that are highly seasonal. The future we should aim for is a stock-type business model which can be expected to yield stable growth. One solution for this is SaaS (Software as a Service), in which, rather than developing the same application from scratch for each customer, we develop a system that incorporates the best practice of each industry, in anticipation of our customers, and our customers make use of this through the internet. It is necessary for TechMatrix to transfigure itself into a service creator and service provider. In order to offer reliable services for our customers, we must also provide services with high added value in the domain of aftercare, such as operation and maintenance after installation. Of course, we cannot meet the needs of the whole world by ourselves, so that we will continue to provide information infrastructure technology and security technology to a large number of cloud service providers.

On the other hand, the permeation of IT technology into the area of general consumers' everyday lives is rapidly becoming something that is unseen by those consumers. Software is incorporated into a wide range of devices, such as automobiles, cellular phones, office equipment, household electrical appliances and medical equipment. In the future, it is likely that a large amount of such devices will be connected to the internet, and a variety of devices, not just what we know as computers, will be connected as a network, and they will work in cooperation with each other. When that time arrives, the most important things will be the quality and the functional safety of the embedded software, since defects in such software may have direct impact over lives of the general public. At TechMatrix, we provide the test tools, architecture analysis tools and configuration and change management tools to realize improvements in the quality of embedded software.

In addition, the unprecedented large earthquake that occurred on March 11, 2011 revealed how fragile the world's structure is. Current society is supported by infrastructure that uses IT technology. However, a large number of such facilities are overly concentrated in the Tokyo Metropolitan area, and the recent large earthquake served as a reminder of the risk of this over-concentration. Demand is now arising for revamps of business continuity plans (BCP), disaster recovery plans, and a remote access environment that allows working from home, and the expansion and restructuring of systems. In order to create a more robust society that can deliver peace of mind and safety, IT has an extremely large role. TechMatrix intends to reevaluate the role it can fulfill and its own value within this context.

（Source: Correspondence to Shareholders)

– Our Strength –

Q. In the creation of cloud services that utilize the strengths of the Company, were you able to find enough competitive strength during the 27th term?

A. Our efforts towards cloud services developed significantly during the 27th term. In the CRM field, there was an increase in contracts in “FastCloud,” a SaaS service in the “Fast series,” which is a mainstay among our packages. In addition, in the medical field, there were steady increases in the numbers of institutes which entered into a contract, in the numbers of transactions of stored digital medical images, and in the pay-as-you-go amount for the cloud service provided by ICHIGO, our consolidated subsidiary. Use of the service has also begun at large-sized medical check-up facilities. As it is now accepted by law to store medical information outside of medical institutions, momentum towards the use of cloud services at such medical institutions, that are short-staffed on IT technicians, is expected to grow more and more. In the field of internet services, we have also started the provision of “Raku-raku back office,” a SaaS service that supports the back office operations of shops which exhibit their products on the online “Rakuten marketplace.” Additionally, in our Information Infrastructure business there was further advancement in our provision of solutions for the construction of cloud environments for major data center providers and cloud service providers through the integration of network devices, security devices and storage devices.

In addition, our consolidated subsidiaries CROSS HEAD and Okinawa Cross Head performed strongly in contracts received for monitoring and operation of the IT assets of customers stored at data centers. At TechMatrix Group, taking advantage of having a subsidiary in Okinawa, an area that is considered at least risk of earthquakes in Japan, we make efforts to promote a regional, decentralized disaster recovery proposal using the data center in Okinawa. With its own brand name of “CUMO,” Okinawa Cross Head has also started providing its own cloud service (HaaS, or Hardware as a Service), and is putting its efforts into the on-demand provision of server resources using virtualization technology. It also purchases groupware and webmail SaaS operations from other companies for implementation in “CUMO.” Additionally, it is engaged in the provision in the Asian market of data distribution infrastructure that utilizes the high-capacity lines of GIX (Global Internet Exchange), which it is promoting jointly with Okinawa Prefecture.

– Our Strategy –

**Q. Please give an update on the management strategy that you explained last time.
Did profits expand more than the expansion in sales, and what approach will you take in the 28th term?**

A. In the 27th period, as three of our consolidated subsidiaries changed their fiscal year-end and their operation results of fifteen months were included in the consolidated financial statements for the current fiscal year, we achieved net sales that were close to expectations at the beginning of the period. However, in real terms, we ended the term without achieving our target. Although we were supported by the robust business results of our consolidated subsidiaries, on a non-consolidated basis, we finished the year well below expectations. In our results, our level of achievement in terms of profits was also low at the end of the period. In particular, a slump in our sale of products can be singled out as the main reason for this. However, in part, this is also a reflection of the effect of a deferral of net sales from growth in SaaS business. There were also impacts from the large earthquake so that the scheduled delivery of some goods became impossible at the end of the period. In the 28th term, there will be no change in the uncertainty in the situation regarding what kind of effects from the earthquake will remain and whether we will be able to overcome them. Even so, in real terms, we planned for increases in sales and profits. Although we will still be operating in a challenging economic environment, we intend to work towards an improvement in results by taking changes as opportunities.

Q. Did you manage to cultivate your stock business, and what are your intentions for the 28th term?

A. I have repeatedly given explanations about the development of the stock business before, but in addition to the existing type of stock business with services such as maintenance and operations, we will strive to grow new types of stock services, such as cloud services. Although this side of the business may have some adverse effects on net sales and profits for a while, we will continue our active development of this field in order to achieve our two important purposes, such as securing stable profits over the medium- and long-term, and reacting to the paradigm shift in our industry.

Q. Did the renewal of segments enhance their complementary relationship, and what are your intentions for the 28th term?

A. In the 28th term, we implemented a renewal of our segments, by which we brought out the strengths of each segment and at the same time promoted cross-selling between our Information Infrastructure business and our Application Services business. By providing everything from applications to information infrastructure, this approach is enhancing convenience in procurement at our customers while contributing to quality improvement as a total system. Additionally, we are coordinating closely with our consolidated subsidiaries, bringing out our total strength as a group, and providing streamlined services over the whole life cycle of a system, including design, development (integration), maintenance and operation. This basic policy will not change at all in the 28th term.

Q. Did your consolidated subsidiaries go back to profitability and will you continue to pursue M&As in the 28th term?

A. In the 27th term, four of our five consolidated subsidiaries ended in the black. CASAREAL, which concentrates on development, moved into the black. ICHIGO, which is still in its launch period, closed its books slightly in the red, but we expect the company to move into profit in the 28th term due to accumulated contracts and an increase in pay-as-you-go fees. In the 28th term, all of our companies, both on a non-consolidated level and including our consolidated subsidiaries, are expected to turn into the black. In addition, in order to speed up the development of our business, we will continue to look into M&As. Although businesses that would be complementary within our existing business segments are our central targets, we also intend to operate our business with a constant commitment to quick action.

（Source: Correspondence to Shareholders)

IV. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
Assets		
Current assets		
Cash and deposits	2,821,726	2,901,828
Notes and accounts receivable-trade	3,927,227	3,228,810
Inventories	242,978	215,637
Advance payments-trade	34,295	–
Advance payment-cost of maintenance service	1,246,916	1,092,804
Prepaid expenses	115,802	–
Accounts receivable-other	23,640	–
Deferred tax assets	197,472	215,799
Other	11,840	226,620
Allowance for doubtful accounts	(1,388)	(1,772)
Total current assets	8,620,512	7,879,728
Noncurrent assets		
Property, plant and equipment		
Buildings	106,622	100,424
Accumulated depreciation	(50,861)	(45,041)
Accumulated impairment loss	(14,310)	–
Buildings, net	41,449	55,383
Tools, furniture and fixtures	849,965	896,733
Accumulated depreciation	(612,457)	(654,859)
Accumulated impairment loss	(554)	–
Tools, furniture and fixtures, net	236,954	241,873
Lease assets	28,476	80,918
Accumulated depreciation	(9,745)	(25,445)
Lease assets, net	18,731	55,472
Total property, plant and equipment	297,135	352,729
Intangible assets		
Goodwill	853,239	836,433
Software	462,529	536,785
Software in progress	218,616	178,865
Other	5,939	19,029
Total intangible assets	1,540,325	1,571,114
Investments and other assets		
Investment securities	338,120	307,335
Long-term prepaid expenses	9,216	–
Deferred tax assets	44,327	33,618
Lease and guarantee deposits	479,830	–
Insurance funds	327,629	362,877
Other	20,073	428,658
Allowance for doubtful accounts	(2,049)	(1,492)
Total investments and other assets	1,217,149	1,130,997
Total noncurrent assets	3,054,610	3,054,841
Total assets	11,675,123	10,934,569

(Source: Annual Securities Report)

(Thousands of yen)

	As of March 31, 2010	As of March 31, 2011
Liabilities		
Current liabilities		
Accounts payable-trade	1,335,738	1,072,580
Short-term loans payable	390,000	350,000
Current portion of bonds	80,000	80,000
Current portion of long-term loans payable	24,465	28,274
Accounts payable-other	275,387	–
Accrued expenses	209,850	–
Income taxes payable	310,974	240,051
Lease obligations	9,406	22,858
Advance received-sales of maintenance service	2,872,756	2,452,173
Provision for bonuses	181,883	260,902
Other	112,980	475,081
Total current liabilities	5,803,443	4,981,921
Noncurrent liabilities		
Lease obligations	17,847	51,393
Bonds payable	210,000	120,000
Long-term loans payable	109,982	68,800
Provision for retirement benefits	405,772	464,688
Provision for directors' retirement benefits	39,160	56,027
Other	4,101	30,348
Total noncurrent liabilities	786,864	791,257
Total liabilities	6,590,308	5,773,179
Net assets		
Shareholders' equity		
Capital stock	1,298,120	1,298,120
Capital surplus	1,405,350	1,405,350
Retained earnings	2,103,497	2,138,691
Treasury stock	(46,145)	(46,145)
Total shareholders' equity	4,760,821	4,796,015
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,638	(19,467)
Total accumulated other comprehensive income	4,638	(19,467)
Subscription rights to shares	12,194	12,032
Minority interests	307,160	372,808
Total net assets	5,084,815	5,161,389
Total liabilities and net assets	11,675,123	10,934,569

(Source: Annual Securities Report)

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net sales	14,248,410	15,202,909
Cost of sales	9,462,520	10,164,556
Gross profit	4,785,890	5,038,352
Selling, general and administrative expenses	4,039,460	4,372,111
Operating income	746,429	666,241
Non-operating income		
Interest and dividends income	3,112	2,197
Foreign exchange gains	27,851	22,570
Subsidy income	22,298	7,377
Gain on donation of noncurrent assets	–	4,576
Other	7,126	8,425
Total non-operating income	60,387	45,146
Non-operating expenses		
Interest expenses	6,749	9,501
Interest on bonds	3,802	3,465
Stock issuance cost	326	316
Loss on investments in partnership	5,621	3,521
Going public expenses	–	13,092
Other	3,828	2,396
Total non-operating expenses	20,328	32,294
Ordinary income	786,488	679,093
Extraordinary income		
Gain on sales of noncurrent assets	–	344
Gain on sales of investment securities	13,248	–
Reversal of allowance for doubtful accounts	958	–
Gain on reversal of subscription rights to shares	–	161
Other	479	–
Total extraordinary income	14,685	506
Extraordinary loss		
Loss on retirement of noncurrent assets	14,739	3,901
Loss on valuation of investment securities	7,041	42,037
Impairment loss	14,864	–
Office transfer expenses	16,646	10,628
Special payment for disaster	–	7,920
Other	8,618	4,178
Total extraordinary losses	61,910	68,668
Income before income taxes and minority interests	739,264	610,932
Income taxes-current	353,753	365,597
Income taxes-deferred	14,495	(6,502)
Total income taxes	368,248	359,094
Income before minority interests	–	251,837
Minority interests in income	34,951	65,648
Net income	336,064	186,189

（Source: Annual Securities Report)

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Income before minority interests	–	251,837
Other comprehensive income		
Valuation difference on available-for-sale securities	–	(24,105)
Total amount of other comprehensive income	–	(24,105)
Comprehensive income	–	227,731
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	–	162,083
Comprehensive income attributable to minority interests	–	65,648

（Source: Annual Securities Report)

(3) Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Shareholders' equity		
Capital stock		
Balance at the end of previous period	1,298,120	1,298,120
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	1,298,120	1,298,120
Capital surplus		
Balance at the end of previous period	1,405,350	1,405,350
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	1,405,350	1,405,350
Retained earnings		
Balance at the end of previous period	1,876,149	2,103,497
Changes of items during the period		
Dividends from surplus	(108,716)	(150,995)
Net income	336,064	186,189
Total changes of items during the period	227,348	35,194
Balance at the end of current period	2,103,497	2,138,691
Treasury stock		
Balance at the end of previous period	(46,145)	(46,145)
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	(46,145)	(46,145)
Total shareholders' equity		
Balance at the end of previous period	4,533,473	4,760,821
Changes of items during the period		
Dividends from surplus	(108,716)	(150,995)
Net income	336,064	186,189
Total changes of items during the period	227,348	35,194
Balance at the end of current period	4,760,821	4,796,015

（Source: Annual Securities Report)

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(326)	4,638
Changes of items during the period		
Net changes of items other than shareholders' equity	4,964	(24,105)
Total changes of items during the period	4,964	(24,105)
Balance at the end of current period	4,638	(19,467)
Total accumulated other comprehensive income		
Balance at the end of previous period	(326)	4,638
Changes of items during the period		
Net changes of items other than shareholders' equity	4,964	(24,105)
Total changes of items during the period	4,964	(24,105)
Balance at the end of current period	4,638	(19,467)
Subscription rights to shares		
Balance at the end of previous period	11,604	12,194
Changes of items during the period		
Net changes of items other than shareholders' equity	590	(161)
Total changes of items during the period	590	(161)
Balance at the end of current period	12,194	12,032
Minority interests		
Balance at the end of previous period	272,209	307,160
Changes of items during the period		
Net changes of items other than shareholders' equity	34,951	65,648
Total changes of items during the period	34,951	65,648
Balance at the end of current period	307,160	372,808
Total net assets		
Balance at the end of previous period	4,816,960	5,084,815
Changes of items during the period		
Dividends from surplus	(108,716)	(150,995)
Net income	336,064	186,189
Net changes of items other than shareholders' equity	40,506	41,380
Total changes of items during the period	267,854	76,574
Balance at the end of current period	5,084,815	5,161,389

(Source: Annual Securities Report)

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	739,264	610,932
Depreciation and amortization	439,293	500,868
Impairment loss	14,864	–
Amortization of goodwill	100,871	111,805
Increase (decrease) in allowance for doubtful accounts	(958)	(171)
Interest and dividends income	(3,112)	(2,197)
Interest expenses	6,749	9,501
Foreign exchange losses (gains)	(1,983)	0
Loss (gain) on valuation of investment securities	7,041	42,037
Loss (gain) on sales of noncurrent assets	–	(344)
Loss on retirement of noncurrent assets	14,739	3,901
Gain on donation of noncurrent assets	–	(4,576)
Decrease (increase) in notes and accounts receivable-trade	(645,441)	700,740
Decrease (increase) in inventories	13,985	14,943
Increase (decrease) in notes and accounts payable-trade	199,048	(265,605)
Increase (decrease) in provision for bonuses	11,832	79,018
Increase (decrease) in provision for directors' retirement benefits	3,238	16,867
Increase (decrease) in provision for retirement benefits	56,150	58,915
Increase (decrease) in advance received-sales of maintenance service	615,071	(420,583)
Decrease (increase) in advance payments-cost of maintenance service	(113,362)	154,112
Decrease (increase) in long-term prepaid expenses	5,518	–
Other, net	(282,572)	(405,230)
Subtotal	1,180,240	1,204,937
Interest and dividends income received	3,112	2,197
Interest expenses paid	(10,772)	(16,386)
Income taxes paid	(259,659)	(430,085)
Net cash provided by (used in) operating activities	912,920	760,663

(Source: Annual Securities Report)

(Thousands of yen)

	Fiscal year ended March 31, 2010	Fiscal year ended March 31, 2011
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(127,798)	(186,033)
Proceeds from sales of property, plant and equipment	–	1,809
Purchase of intangible assets	(119,259)	(161,349)
Purchase of investment securities	(27,128)	(40,520)
Proceeds from sales of investment securities	22,310	500
Decrease (increase) in time deposits	2,890	–
Payments for lease deposits	(40,686)	–
Collection of lease deposits	13,442	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(46,610)	–
Other, net	(70,732)	40,178
Net cash provided by (used in) investing activities	(393,573)	(345,415)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	1,500,000	1,690,000
Decrease in short-term loans payable	(1,460,000)	(1,730,000)
Proceeds from long-term loans payable	100,000	–
Repayment of long-term loans payable	(38,658)	(37,373)
Redemption of bonds	(80,000)	(90,000)
Cash dividends paid	(108,369)	(151,017)
Repayments of lease obligations	(6,668)	(16,754)
Net cash provided by (used in) financing activities	(93,696)	(335,145)
Net increase (decrease) in cash and cash equivalents	425,650	80,102
Cash and cash equivalents at beginning of period	2,396,075	2,821,726
Cash and cash equivalents at end of period	2,821,726	2,901,828

(Source: Annual Securities Report)

V. Company Information / Stock Information

Company Information (as of March 31, 2011)

Trade name:	TechMatrix Corporation
Date of establishment:	August 30, 1984
Listing date:	February 18, 2005
Business year:	From April 1 to March 31 of the following year
Record date:	
Ordinary General Meeting of Shareholders:	June of each year
Year-end dividend:	March 31
Interim dividend:	September 30
Paid-in capital:	¥1,298.12 million
Number of employees:	832 (Consolidated)

Head office:

Keikyu No.7 Building, 10-8, Takanawa 4-chome, Minato-ku, Tokyo 108-8588

Telephone: +81-3-5792-8600 (Main)

Group companies:

Ichigo LLC	NCL Communications K.K.
CROSS HEAD	CASAREAL, inc.
Okinawa Cross Head Co., Ltd.	

Directors and Corporate Auditors

President and CEO	Takashi Yuri
Executive Officer and Director	Yoshihisa Yoda
Senior Executive Officer and Director	Yusei Nakashima
Executive Officer and Director	Takaharu Yai
Director	Akio Sugihara
Director	Nobuyuki Nishimura
Full-time Corporate Auditor	Muneoki Uchida
Corporate Auditor	Ken Takayama
Corporate Auditor	Masayoshi Ito
Corporate Auditor	Ryota Miura

Stock Status

Total number of authorized shares:	207,360 shares
Total number of shares issued:	61,898 shares
Number of shareholders:	2,312 persons

Major shareholders (Top 10)

Shareholder name	Number of shares held (shares)	Share-holding ratio (%)
Rakuten, Inc.	19,200	31.01
NISSHO ELECTRONICS CORPORATION	18,473	29.84
Synergy Marketing, Inc.	2,638	4.26
TechMatrix Employees' Shareholding Association	2,362	3.81
TechMatrix Corporation	1,500	2.42
Fukuta Seisakusho LLC	1,000	1.61
Japan Securities Finance Co., Ltd.	759	1.22
Riskmonster.com	700	1.13
TIS Inc.	611	0.98
Sadayuki Arai	240	0.38

(Source: Annual Securities Report)