

The segment information of the Company and its consolidated subsidiaries for each of the two years in the period ended March 31, 2002, classified by industry segments is summarized as follows:

For the year ended March 31, 2002	Millions of Yen				
	Computer Service	Venture Capital	Total	Elimination & Unallocatable Amounts	Consolidated
Sales:					
Sales to outside customers	¥66,157	¥ 4,075	¥70,232	¥ —	¥70,232
Inter-segment sales/transfers	212	44	256	(256)	—
Total	66,369	4,119	70,488	(256)	70,232
Operating expenses	58,181	22,656	80,838	3,567	84,405
Operating profit or loss	8,188	(18,537)	(10,350)	(3,823)	(14,173)
Assets					
Depreciation	¥24,382	¥36,768	¥61,150	¥18,757	¥79,907
Capital expenditure	747	33	780	314	1,094
	720	49	769	405	1,174

For the year ended March 31, 2001	Millions of Yen				
	Computer Service	Venture Capital	Total	Elimination & Unallocatable Amounts	Consolidated
Sales:					
Sales to outside customers	¥59,924	¥27,787	¥87,711	¥ —	¥ 87,711
Inter-segment sales/transfers	356	42	398	(398)	—
Total	60,280	27,829	88,109	(398)	87,711
Operating expenses	53,415	17,632	71,047	3,843	74,890
Operating profit or loss	6,865	10,197	17,062	(4,241)	12,821
Assets					
Depreciation	¥20,462	¥53,516	¥73,978	¥29,914	¥103,892
Capital expenditure	758	66	824	197	1,021
	1,667	19	1,686	248	1,934

For the year ended March 31, 2002	Thousands of U.S. Dollars				
	Computer Service	Venture Capital	Total	Elimination & Unallocatable Amounts	Consolidated
Sales:					
Sales to outside customers	\$496,488	\$ 30,581	\$527,069	\$ —	\$527,069
Inter-segment sales/transfers	1,591	330	1,921	(1,921)	—
Total	498,079	30,911	528,990	(1,921)	527,069
Operating expenses	436,630	170,026	606,656	26,769	633,435
Operating profit or loss	61,449	(139,115)	(77,674)	(28,690)	(106,364)
Assets					
Depreciation	\$182,979	\$275,933	\$458,912	\$140,765	\$599,677
Capital expenditure	5,606	248	5,854	2,356	8,210
	5,403	368	5,771	3,039	8,810

Note 1: The amounts of operating loss included in the column "Elimination or Unallocatable Amount" are ¥3,743 million and ¥3,842 million for the years ended March 31, 2002 and 2001, respectively, which includes expenses mostly charged to the Administration Department.

Note 2: The amounts of assets included in the column "Elimination or Unallocatable Amount" are ¥32,594 million and ¥38,348 million for the years ended March 31, 2002 and 2001, respectively, which includes surplus working fund (cash and securities), long term investment fund (investment in securities and long-term deposits) and other assets which are attributable to the Administrative Department.

(2) Geographic Segment Information

Segment information classified by geographic area (inside and outside Japan) for each of the two years ended March 31, 2002 is summarized as follows:

For the year ended March 31, 2002	Millions of Yen					
	Japan	U.S.A.	China	Total	Elimination or Unallocatable Amounts	Consolidated
Sales:						
(1) Sales to outside customers	¥65,279	¥ 4,711	¥ 242	¥ 70,232	¥ —	¥ 70,232
(2) Intersegment sales/transfer	423	44	23	490	(490)	—
Total	65,702	4,755	265	70,722	(490)	70,232
Operating expenses	57,362	17,896	5,893	81,151	3,254	84,405
Operating profit or losses	¥ 8,340	¥ (13,141)	¥ (5,628)	¥ (10,429)	¥ (3,744)	¥ (14,173)
Assets						
	¥17,492	¥ 36,867	¥ 6,791	¥ 61,150	¥18,757	¥ 79,907

For the year ended March 31, 2001	Millions of Yen					
	Japan	U.S.A.	China	Total	Elimination or Unallocatable Amounts	Consolidated
Sales:						
(1) Sales to outside customers	¥58,705	¥28,875	¥ 131	¥87,711	¥ —	¥ 87,711
(2) Intersegment sales/transfer	705	7	35	747	(747)	—
Total	59,410	28,882	166	88,458	(747)	87,711
Operating expenses	51,994	18,613	440	71,047	3,843	74,890
Operating profit or losses	¥7,416	¥10,269	¥ (274)	¥17,411	¥ (4,590)	¥ 12,821
Assets						
	¥20,079	¥52,764	¥1,311	¥74,154	¥29,738	¥103,892

For the year ended March 31, 2002	Thousands of U.S. Dollars					
	Japan	U.S.A.	China	Total	Elimination or Unallocatable Amounts	Consolidated
Sales:						
(1) Sales to outside customers	\$489,899	\$ 35,354	\$ 1,816	\$527,069	\$ —	\$ 527,069
(2) Intersegment sales/transfer	3,174	330	173	3,677	(3,677)	—
Total	493,073	35,684	1,989	530,746	(3,677)	527,069
Operating expenses	430,484	134,304	44,225	609,013	24,420	633,433
Operating profit or losses	\$ 62,589	\$ (98,620)	\$ (42,236)	\$ (78,267)	\$ (28,097)	\$ (106,364)
Assets						
	\$131,272	\$276,676	\$ 50,964	\$458,912	\$140,765	\$ 599,677

Note 1: The amounts of operating loss included in the column "Elimination or Unallocatable Amount" are ¥3,743 million and ¥3,842 million for the years ended March 31, 2002 and 2001, respectively, which includes expenses mostly charged to the Administration Department.

Note 2: The amounts of assets included in the column "Elimination or Unallocatable Amount" are ¥32,823 million and ¥38,844 million for the years ended March

31, 2002 and 2001, respectively, which includes surplus working fund (cash and securities), long term investment fund (investment in securities and long-term deposits) and other assets which are attributable to the Administrative Department.

Note 3: The segment of "Asia" represents China for Sales and Operating profit or losses, and China and Korea for Assets.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

	Millions of Yen		
	U.S.A.	Other	Total
<i>For the year ended March 31, 2002</i>			
Overseas sales	¥4,833	¥312	¥ 5,145
Consolidated sales	—	—	70,232
Ratio	6.9%	0.4%	7.3%

(3) Sales outside Japan

	Millions of Yen		
	U.S.A.	Other	Total
<i>For the year ended March 31, 2001</i>			
Overseas sales	¥29,838	¥169	¥30,007
Consolidated sales	—	—	87,711
Ratio	34.0%	0.2%	34.2%

	Thousands of U.S. Dollars		
	U.S.A.	Other	Total
<i>For the year ended March 31, 2002</i>			
Overseas sales	\$36,270	\$2,341	\$ 38,611
Consolidated sales	—	—	527,069
Ratio	6.9%	0.4%	7.3%

16. RELATED PARTY TRANSACTIONS

Material transactions of the directors of the Group companies for the year ended March 31, 2002 are as follows:

Name of related party	Company	Position	Percentage of equity ownership owned	Counter party	Description of transactions	¥ (millions) / \$ (thousands)				
						Transaction		Outstanding Balance		
						For the year ended March 31, 2002		At March 31, 2002		
Koki Okuda	Trans Cosmos	Chairman and president	19.4%	C.P.C. Inc.	Computer Service	¥473	\$3,550	Accounts receivable	¥52	\$390
								Other Current Assets	1	7
Syuichi Tamura	Trans Cosmos	Director	—	Live Picture Japan K.K.	Computer Service	12	90	Accounts receivable	0	0
						88	660	Other Current Assets	1	7

17. SUBSEQUENT EVENTS

No significant events subsequent to March 31, 2002 are noted.

The Board of Directors of
Trans Cosmos Inc.

We have audited the accompanying consolidated balance sheets of Trans Cosmos Inc. and its consolidated subsidiaries as at March 31, 2002 and 2001, and the related consolidated statements of income and shareholders' equity and cash flows for each of the three years in the period ended March 31, 2002, all expressed in Japanese yen.

Our audits were made in accordance with auditing standards, procedures and practices generally accepted and applied in Japan and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements referred to above present fairly the consolidated financial position of Trans Cosmos Inc. and its consolidated subsidiaries as at March 31, 2002 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2002, in conformity with accounting principles and practices generally accepted in Japan (see Note 1) applied on a consistent basis.

As described in Note 2, effective from the year ended March 31, 2001, Trans Cosmos Inc. and its consolidated subsidiaries have adopted new Japanese accounting standards for retirement benefits, financial instruments and foreign currency translation.

The amount expressed in U.S. dollars, provided solely for the convenience of the reader, have been translated on the basis set forth in Note 4 to the accompanying consolidated financial statements.

Chuo Aoyama Audit Corporation

Chuo Aoyama Audit Corporation

Tokyo, Japan
June 27, 2002

NON-CONSOLIDATED BALANCE SHEETS

At March 31, 2002 and 2001

ASSETS	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2002	2001	2002
Current Assets:			
Cash, Time deposits and commercial paper	¥ 2,975	¥ 8,427	\$ 22,326
Marketable securities	—	1,601	—
Notes and accounts receivable:			
Customers	7,544	7,400	56,615
Subsidiaries and affiliates	816	1,078	6,124
	8,360	8,478	62,739
Less: allowance for bad doubt	(7)	(7)	(52)
	8,353	8,471	62,687
Short-term loans to subsidiaries	7,892	8,021	59,227
Job and software in progress and merchandise	133	654	998
Deferred tax assets	320	354	2,402
Merchandise	237	396	1,779
Prepaid expenses	187	163	1,403
Other current assets	871	941	6,536
Total current assets	20,968	29,028	157,358
Investments and Advances:			
Investments in securities	3,458	6,336	25,951
Investments in and advances to subsidiaries and affiliates	43,141	42,946	323,760
Long-term loans to subsidiaries	8,000	—	60,038
Other investments	2,973	6,163	22,311
Total investments and advances	57,572	55,445	432,060
Property Equipment, at cost, less Accumulated Depreciation	3,792	4,689	28,458
Fixed Leasehold Deposits	2,182	1,929	16,375
Deferred Charges, Intangibles and Other	519	763	3,895
Deferred tax assets	978	—	7,340
	¥86,011	¥91,854	\$645,486

The accompanying notes are an integral part of the statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2002	2001	2002
Current Liabilities:			
Commercial paper	¥ —	¥ 5,000	\$ —
Accounts payable:			
Suppliers	1,883	1,726	14,131
Subsidiaries and affiliates	1,300	1,234	9,756
	3,183	2,960	23,887
Income taxes payable	929	1,272	6,972
Accrued expenses	1,033	971	7,752
Accrued bonuses to employees	1,115	1,078	8,368
Reserve for loss on guarantees	300	—	2,251
Other current liabilities	670	696	5,029
Total current liabilities	7,230	11,977	54,259
Long-term Liabilities:			
Long-term bank loans	3,000	3,000	22,514
Deferred tax liabilities	—	435	—
Reserve for retirement benefits	68	37	510
Other long-term liabilities	182	164	1,366
Total long-term liabilities	3,250	3,636	24,390
Shareholders' Equity:			
Common stock:			
Authorized 90,088,176 shares at March 31, 2002 and 2001, respectively			
Issued 24,397,023 shares at March 31, 2002 and 2001, respectively	29,066	29,066	218,131
Additional paid-in capital	30,623	30,623	229,816
Legal reserve	389	357	2,919
General reserve	14,900	12,900	111,820
Retained earnings	480	2,753	3,602
Unrealized gains on marketable securities and investments in securities	74	542	556
Treasury stock, at cost, 174 shares March 31, 2002	(1)	—	(7)
Total shareholders' equity	75,531	76,241	566,837
	¥86,011	¥91,854	\$645,486

The accompanying notes are an integral part of the statements.

NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended March 31, 2002, 2001 and 2000

	Millions of Yen			Thousands of U.S. Dollars (Note 3)
	2002	2001	2000	2002
Net Sales	¥54,514	¥49,626	¥39,386	\$409,110
Cost of Sales	43,693	39,132	30,592	327,902
Gross profit	10,821	10,494	8,794	81,208
Selling, General and Administrative Expenses	6,785	6,478	5,228	50,919
Operating income	4,036	4,016	3,566	30,289
Non-Operating Income (Expenses):				
Interest income	191	305	363	1,433
Interest expenses	(42)	(46)	(28)	(315)
Dividend income	58	1,137	569	435
Loss on sale/disposal of property	(78)	(218)	(57)	(586)
Loss on disposal of inventories	(131)	—	(69)	(983)
Loss on write-down of marketable securities and investments in securities	(2,053)	(1,777)	—	(15,407)
Loss on write-down of golf club membership	(92)	(169)	—	(690)
Gain on sale/disposal of marketable securities	—	459	18	—
Gain on sale/disposal of investments in securities	665	—	—	4,991
Gain on sale/disposal of investments in affiliates	4,610	2,541	512	34,597
Loss on liquidation of business segment	(3,946)	(794)	(704)	(29,614)
New share issue expenses	—	(6)	(254)	—
Loss on investments in partnership	(1,363)	(742)	(73)	(10,229)
Loss on closure of offices	—	—	(90)	—
New SFA development costs	(757)	—	—	(5,681)
Reserve for loss on guarantees	(300)	—	—	(2,251)
Other, net	(8)	(160)	41	(60)
	(3,246)	530	228	(24,360)
Income before income taxes	790	4,546	3,794	5,929
Income Taxes				
- Current	1,513	2,148	1,594	11,355
- Deferred	(1,039)	(164)	(119)	(7,797)
Net income	¥ 316	¥ 2,562	¥ 2,319	\$ 2,371
Per Share:		Yen		U.S. Dollars
Net income	¥ 13.0	¥ 105.2	¥ 99.9	\$ 0.10
Cash dividends	¥ 20.0	¥ 20.0	¥ 20.0	\$ 0.15
Weighted average number of shares (in thousands)	24,362	24,362	23,210	24,362

The accompanying notes are an integral part of the statements.

NON-CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

For the years ended March 31, 2002, 2001 and 2000

	Number of shares of common stock	Millions of Yen				
		Common Stock	Additional paid-in capital	Legal reserve	General reserve	Retained earnings
Balance as at March 31, 1999	21,344,613	¥ 13,421	¥ 14,244	¥ 250	¥ 10,000	¥ 1,916
Cash dividends	—	—	—	—	—	(457)
Transfer to legal reserve	—	—	—	51	—	(51)
Directors' bonuses	—	—	—	—	—	(53)
Transfer to general reserve	—	—	—	—	1,200	(1,200)
New share issue on August 17, 1999	3,000,000	15,603	15,603	—	—	—
Prior years' tax adjustments	—	—	—	—	—	30
Net income for the year ended March 31, 2000	—	—	—	—	—	2,319
Balance as at March 31, 2000	24,344,613	29,024	29,847	301	11,200	2,504
Cash dividends	—	—	—	—	—	(487)
Transfer to legal reserve	—	—	—	56	—	(56)
Directors' bonuses	—	—	—	—	—	(70)
Transfer to general reserve	—	—	—	—	1,700	(1,700)
New share issue with merger on December 1, 2000	52,410	42	776	—	—	—
Net income for the year ended March 31, 2001	—	—	—	—	—	2,562
Balance as at March 31, 2001	24,397,023	29,066	30,623	357	12,900	2,753
Cash dividends	—	—	—	—	—	(487)
Transfer to legal reserve	—	—	—	32	—	(32)
Directors' bonuses	—	—	—	—	—	(70)
Transfer to general reserve	—	—	—	—	2,000	(2,000)
Net income for the year ended March 31, 2001	—	—	—	—	—	316
Balance as at March 31, 2002	24,397,023	¥ 29,066	¥ 30,623	¥ 389	¥ 14,900	¥ 480
		Thousands of U.S. Dollars (Note3)				
Balance as at March 31, 2001		\$218,132	\$229,816	\$2,679	\$ 96,811	\$ 20,660
Cash dividends		—	—	—	—	(3,655)
Transfer to legal reserve		—	—	240	—	(240)
Directors' bonuses		—	—	—	—	(525)
Transfer to general reserve		—	—	—	15,009	(15,009)
Net income for the year ended March 31, 2002		—	—	—	—	2,371
Balance as at March 31, 2002		\$218,132	\$229,816	\$2,919	\$111,820	\$ 3,602

The accompanying notes are an integral part of the statements.

1. BASIS OF PRESENTING THE NON-CONSOLIDATED FINANCIAL STATEMENTS**(1) Accounting principles**

The accompanying non-consolidated financial statements have been prepared from accounts maintained by Trans Cosmos Inc. (the "Company"). The Company has maintained their accounts in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from those of International Accounting Standards.

Certain items presented in the non-consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan.

The statement of cash flows has been required to be prepared in the consolidated financial statements with effect for the years ended March 31, 2002, 2001 and 2000.

The non-consolidated financial statements are not intended to present the non-consolidated financial position, results of operations and cash flows of the Company in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

(2) Treasury stocks

Effective from the fiscal year ended March 31, 2002, under the amended financial statements regulations in Japan, treasury stocks, which were previously presented in "Current assets", have been reclassified as a deduction item in "Shareholders' equity".

2. ACCOUNTING PRINCIPLES AND PRACTICES EMPLOYED BY THE COMPANY

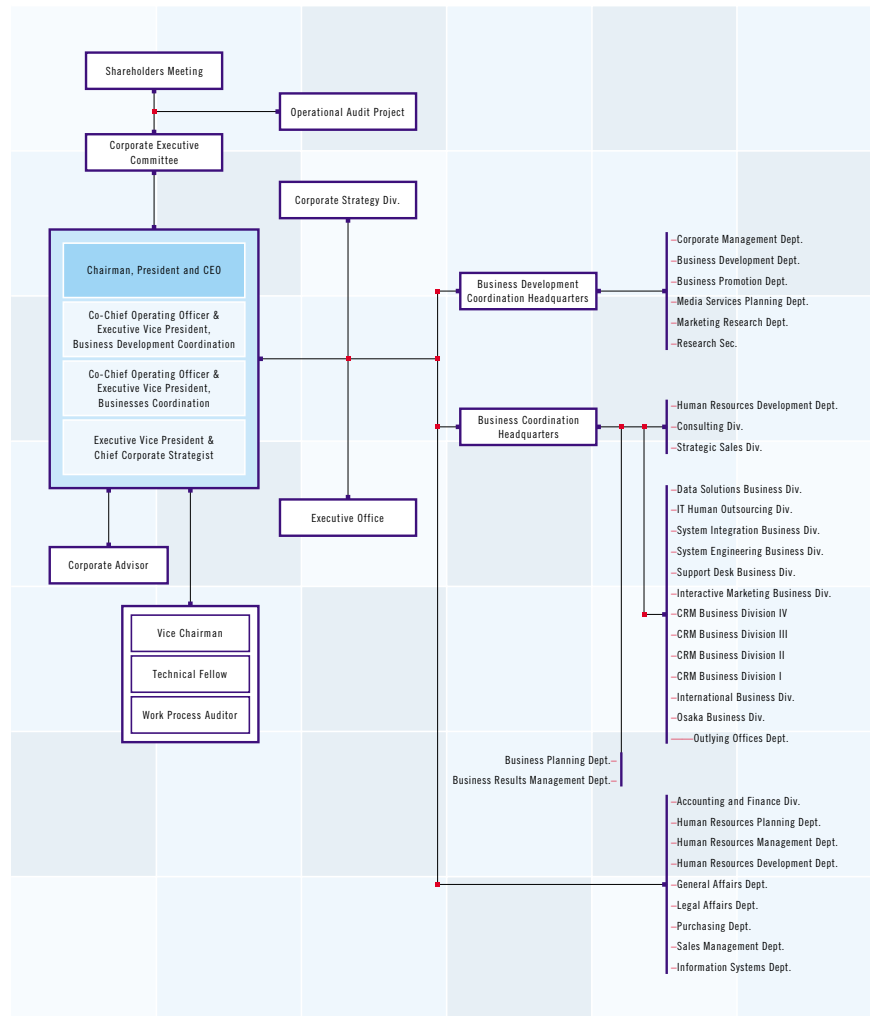
Accounting principles and practices employed by the Company in preparing the accompanying non-consolidated financial statements, which have significant effects thereon, are explained in Note 2 of the Notes to the Consolidated Financial Statements. Therefore, the accompanying non-consolidated financial statements should be read in conjunction with such notes.

3. UNITED STATES DOLLAR AMOUNTS

The Company maintains accounting records in yen. The dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on a basis of ¥133.25=US\$1. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥133.25=US\$1 or any other rate.

4. LEGAL RESERVE AND RETAINED EARNINGS

The Japanese Commercial Code provided that an amount equivalent to at least 10% of certain cash disbursements with respect to each fiscal year be appropriated to a legal reserve equals 25% of the stated capital. The Japanese Commercial Code, amended effective on October 1 2001, provides that an amount equivalent to at least 10% of certain cash disbursements with respect to each fiscal year be appropriated to legal reserve until an aggregated amount of additional paid-in capital and the legal reserve equals 25% of stated capital.



HEADQUARTERS

National Headquarter

Sumitomo Seimei Akasaka Bldg., 3-3-3 Akasaka, Minato-ku, Tokyo, 107-0052 Japan
Tel: +81-3-3586-2880 Fax: +81-3-3586-8616

OFFICE

Osaka Headquarter

Shin Asahi Bldg.,
2-3-18 Nakanoshima, Kita-ku, Osaka, 530-0005 Japan
Tel: +81-6-6202-7601 Fax: +81-6-6202-7610

Sapporo Office

Sumitomo Shoji Sapporo Bldg.,
1-6 Kitaichijo-Higashi, Chou-ku, Sapporo, 060-0031 Japan
Tel: +81-11-271-0259 Fax: +81-11-232-0180

Sendai Office

Miyagino Center Bldg.,
4-5-22 Zakuro-oka, Miyagino-ku, Sendai, 983-0852 Japan
Tel: +81-2-293-3255 Fax: +81-2-2-293-3181

Nagoya Office

Nagoya KS Bldg.,
3-1-18 Taiko, Nakamura-ku, Nagoya, 453-0801 Japan
Tel: +81-52-453-7585 Fax: +81-52-453-7587

Wakayama Office

Wakayama Nisseki Kaikan Bldg.,
2-1-22 Fukiage, Wakayama, 640-8137 Japan
Tel: +81-73-432-1831 Fax: +81-73-432-1832

Hiroshima Office

Hiroshima Green Bldg.,
8-12 Nakamachi, Naka-ku, Hiroshima, 730-0037 Japan
Tel: +81-82-249-4970 Fax: +81-82-249-5204

Fukuoka Office

Sumitomo Seimei Hakata-eki Higashi Bldg.,
1-13-9 Hakata-eki, Higashi, Hakata-ku, Fukuoka, 812-0013 Japan
Tel: +81-92-473-1267 Fax: +81-92-475-1625



BOARD OF DIRECTORS

Chairman, President and CEO	Koki Okuda
Vice Chairmen	Isamu Sagara Yoshiharu Uenoyama
Co-Chief Operating Officer & Executive Vice President	Koji Funatsu Masataka Okuda
Executive Vice President & Chief Corporate Strategist	Shozo Okuda
Executive Vice President	Yasuki Matsumoto
Senior Managing Directors	Toshikazu Tanizawa Kuniko Ishikawa Akihiko Soyama Hideaki Ishioka
Managing Directors	Kazuhiro Sugiyura Tatsushi Maekawa Tsunetaka Miyawo Shinichi Misawa Masayuki Tada Takahide Murao Koji Okamoto Hiroshi Kaizuka
Director & Corporate Advisor	Ichizo Nakai
Directors	Mitsuo Ishii Akira Miyake Tsugio Kanno Takuo Sakaguchi Masahiro Ueno Ji-Hyun Lee Shojiro Takashima Koichi Iwami Masaya Nishimura Yoichi Ochiai Masunaru Yamakawa Masakatsu Moriyama
Corporate Auditors	Kenkichiro Okubo Katsumi Eguchi Masao Saito Kazumi Miyata

CORPORATE PROFILE

Name	Trans Cosmos, Inc.
Head office	Sumitomo Seimei Akasaka Bldg., 3-3-3, Akasaka, Minato-ku, Tokyo, 107-0052 Japan Phone : +81-3-3586-2880 Fax : +81-3-3586-8616
Incorporated	June 18, 1985
Capital	¥29,065,968,631 ; 24,397,023 outstanding shares ; 32,650 shareholders (as of March 31, 2002)
Employees	7,991 group, 5,043 parent (as of March 31, 2002)
Major banks	Sumitomo-Mitsui Banking Corporation Mizuho Corporate Bank, UFJ Bank

People & Technology

Creatively bringing people and technology together to increase the value we add through our services is the foundation of our business. That is why we include "People & Technology" in our logo. "People" means our top-notch staff, who are able to fulfill their roles right down to the finest details. "Technology" means the optimal IT solutions we are able to find for our clients by constantly monitoring the latest technology trends in search of ever-more-effective solutions. Our logo reflects our staunch commitment to staying grounded on this foundation, our intention to grow globally, and our dedication to bringing technology closer to people, making it easier to use by connecting people and technology in innovative ways.

CORPORATE PHILOSOPHY

Client satisfaction is the true value of our company, and the growth of each of our employees creates the value that shapes our future.

Commitment to our clients

- We will keep abreast of the latest technology trends, and continually provide high-value-added services by creatively bringing together high-quality people and leading-edge technology.
- We will build solid partnerships with our clients based on trust.

Commitment to our employees

- The limitless potential of our employees is our greatest resource and we will support the education and training needed for each employee's growth.
- We will provide opportunities fairly, and will match compensation and new growth opportunities to demonstrated results and ability.

Commitment to society and our shareholders

- We strive to raise shareholder value and contribute to the progress of society by growing our business.