



The Marketing Chain Management Company



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Annual Report 2005
Year ended March 31, 2005



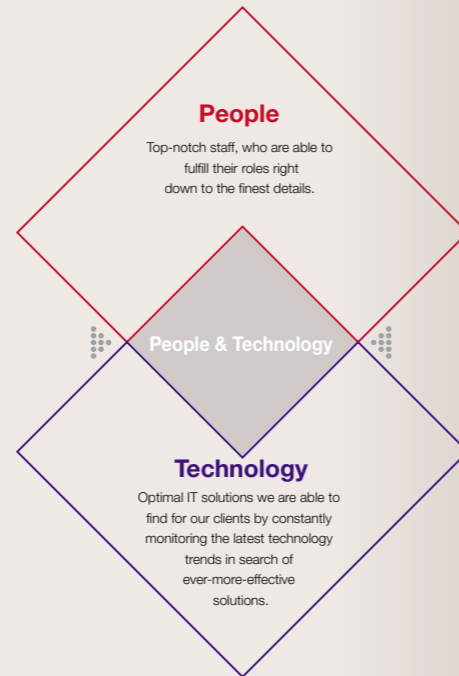
The Marketing Chain Management Company

“Marketing Chain Management” is the name we at transcosmos have given to the outsourcing services model we developed to propel us forward as we move into the 21st century. An amalgamation of transcosmos’ years of experience and accumulated expertise, Marketing Chain Management promises to revolutionize marketing. Considering the current trend that the Internet has become indispensable to our daily lives and businesses, we support customers to synchronize real-time marketing opportunities with the contact and call centers that enable companies and consumers to communicate directly with one another.

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
- Commitment to our employees
- Commitment to society and our shareholders



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- Consolidated **Net Sales** grew 17.9% to **¥91,898** million.
- Consolidated **Operating Income** grew to **¥4,997** million.
- Consolidated **Net Income** grew to **¥4,848** million.
- Consolidated **Total Assets** was **¥86,915** million.
- Consolidated **Total Shareholders’ Equity** was **¥57,133** million.
- **Net Income per Share** grew to **¥211.3**.
- **Cash Dividends per Share** grew to **¥40**.

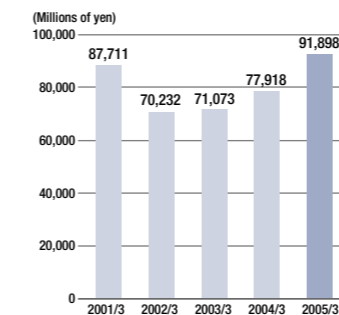
Rapid sales growth in digital marketing services

Digital marketing services—primarily Internet advertising and the strategic planning, design, construction, and operation of websites—performed strongly, registering 65% year-on-year growth on a consolidated basis.

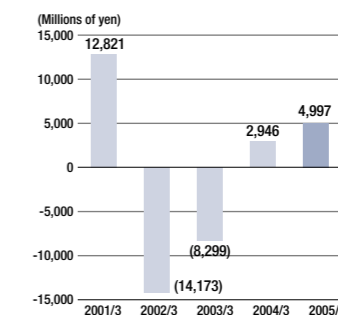
Adoption of dividend policy that emphasizes link to financial performance

In order to further increase the return of profits to shareholders, we have changed our former dividend policy that emphasized stability to one whereby our payout ratio is linked to consolidated financial results.

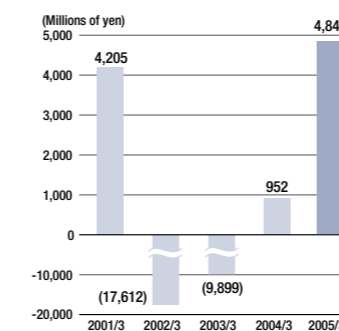
Net sales



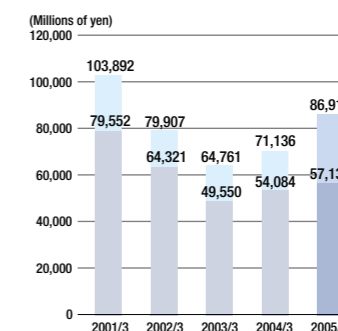
Operating income



Net income



**Total assets
Total shareholders’ equity**





Messages from Top Management



Founder & Group CEO
transcosmos inc.

Koki Okuda

transcosmos has been a pioneer of Japan's information-processing outsourcing business since the company's inception in 1966. We have consistently worked to raise the level of satisfaction among our clients by combining outstanding people with the latest information technology to deliver high-value-added services.

Bringing people and technology together to increase the value we add is the enduring foundation of our business,

and we express this in our logo with the words "People & Technology," which we adopted at the end of 2001. We support operational innovation with outsourcing services staffed by highly experienced personnel who use the latest technology to meet the increasingly diversified needs of our clients.

We adopted the corporate slogan, "The Marketing Chain Management Company," on April 1, 2002, 36 years

after our foundation; this is to mark a new stage in our development, one in which we focus on enhancing the competitiveness of our clients by enabling them to link directly with their customers. This corporate vision permeates every company in our group, informing and enhancing our services.



Chairman & CEO
transcosmos inc.

Koji Funatsu

The spread of broadband, VoIP, and other similar advanced technologies to ordinary consumers is making the links between businesses and their customers more direct and interactive. Such changes are spurring dramatic transformations in corporate marketing.

In recognition of such fundamental changes in the contemporary business environment, we have launched a plan to better fulfill our role as the Marketing Chain Management

Company. We define our business activities under three major domains: 1) Marketing Chain Management Services, which directly connect our clients' businesses with their customers through linking our Digital Marketing Services and our Call Center/Contact Center Services; 2) Support Desk Services, which support our clients with in-house system implementations and provide support desk services; and 3) System Engineering Services, which provide engineering

services for our clients' product development and on-site engineers for support of systems development. We will be working to increase integration across these three domains.



President & COO
transcosmos inc.

Masataka Okuda

The telephone, the Web, email, VoIP, application services, and video are all fusing around a common Internet protocol, giving rise to a new channel of communication with functionality far superior to that of the traditional telephone—and making Internet technology and know-how an integral part of contact center services. For example, the use of the Internet and digital data processing is transforming telemarketing from conventional telephone-based operations to a highly cost effective, more-interactive and content-rich environment.

Contact center infrastructure is also built on Internet technology: Customers can contact an agent directly through a live web page, have an online conversation, get support for products and services, request product information, and even make purchases. Environments like this are already becoming a common reality.

At transcosmos, we continually adopt the latest Internet technology while developing new services for handling and processing information. For instance, J-Stream provides support for live video communication, DoubleClick Japan

delivers advertising and content to finely segmented targets, and NetRatings Japan analyzes web usage with Japan's largest Internet audience ratings panel. Armed with technologies and expertise such as these, transcosmos' Marketing Chain Management Services integrate these technologies with clients' existing Web sites, organically linking customer relationship management and promotions, and optimizing and streamlining marketing work to help clients acquire new customers, expand sales, and enhance their customers' experience and satisfaction.



Q Could you discuss transcosmos's financial results for the year ended 31 March 2005?

A The corporate environment has turned favorable for the field of information services. Our client companies have been advancing their corporate core competencies and—with contracted and temporary employees representing a growing percentage of the workforce—are progressively leaning toward an outsourcing policy.

On the other hand, our client companies' expectations of IT outsourcing are diversifying to include both cost reduction and solutions as to how to strengthen their main businesses. They are demanding higher value-added IT service offerings, and as a result, competition in the market is growing increasingly intense.

Under these conditions, our marketing chain management service business performed well and boosted sales. Our call center/contact center service operations were engaged by the Japan Post to handle orders, requests, and inquiries of its Yu-Pack parcel and redelivery services. Business process outsourcing (BPO) operations received new orders for its latest service, which, prompted by the Act on the Protection of Personal Information, enables source traceability

of personal data. In digital marketing and other related services, sales grew substantially, owing to sales from Web productions as well as a rising demand for animated Internet advertisements that use streaming technology and contextual advertisement listings with content that reflects search engine results. Overall, results in the marketing chain management service segment remained strong, as sales rose 19% year on year to 52.6 billion yen.

In the system engineering service business, orders for design work support, concentrated on the auto sector and related industries, showed a positive turnaround. Sales in the support desk service business also rose, bolstered by demand for administration support desk service such as internal IT systems, business systems, etc.; solutions service, including business support, staff training, and IT asset management; and application management services, incorporating our ERP services.

In the field of corporate venture capital business, both sales and operating profit rose because of divestment activities that exceeded our corporate plan.

Q Could you explain what marketing chain management is all about?

A Marketing chain management service is our own concept. With broadband access spreading to the average consumer, it has become important for companies to establish direct relationships with their customers. We support the crucial process of transforming targeted potential prospects into real customers through optimized communications that deepen customer recognition and understanding of products and services.

One special quality of marketing chain management is the fusion of digital marketing services, combined with transcosmos's 39 years experience offering call centers/contact centers services to meet the needs of our

customers. Our digital marketing services include website assessments/competitive analysis using the leading edge internet technologies, creation of interactive websites based on survey data and customers' opinions, customization of online and digital campaign promotions to target the customer database, and e-mail marketing.

In this way, the transcosmos group offers a consistent "chain" of products ranging from customer support to customer development that is the strength of marketing chain management. Moreover, to meet the demand for new services, we continually strive to enhance the chain by developing and expanding our menu of services.

Q What market trends do you see in your key markets and what are your strategies for dealing with them?

A Computer and Consumer Electronics
As more consumers move to broadband and the home computing environment advances, direct sales on the Web are increasing. In line with the network support that our client companies increasingly demand, we continue to expand the services we offer, with a special focus on digital marketing.

Telecommunication and Internet Service Providers

These service providers are constantly upgrading their offerings, in the feverish competition for subscribers. As services become more complicated and advanced, support needs will expand as well. Through our call center/contact center service, we focus on outbound services, including helping our clients execute a strategy that reduces contract cancellation to a minimum.

Finance/Securities

Deregulation has lifted restrictions on banks to serve as intermediaries in the securities business, and tie-ups between

financial and non-financial institutions are becoming more common. As our clients face an increasingly complex menu of financial products, their need for support in customer management is growing. Our strategy is to help clients meet these needs through our digital marketing service and call center/contact center service offerings.

Government and Public Agencies

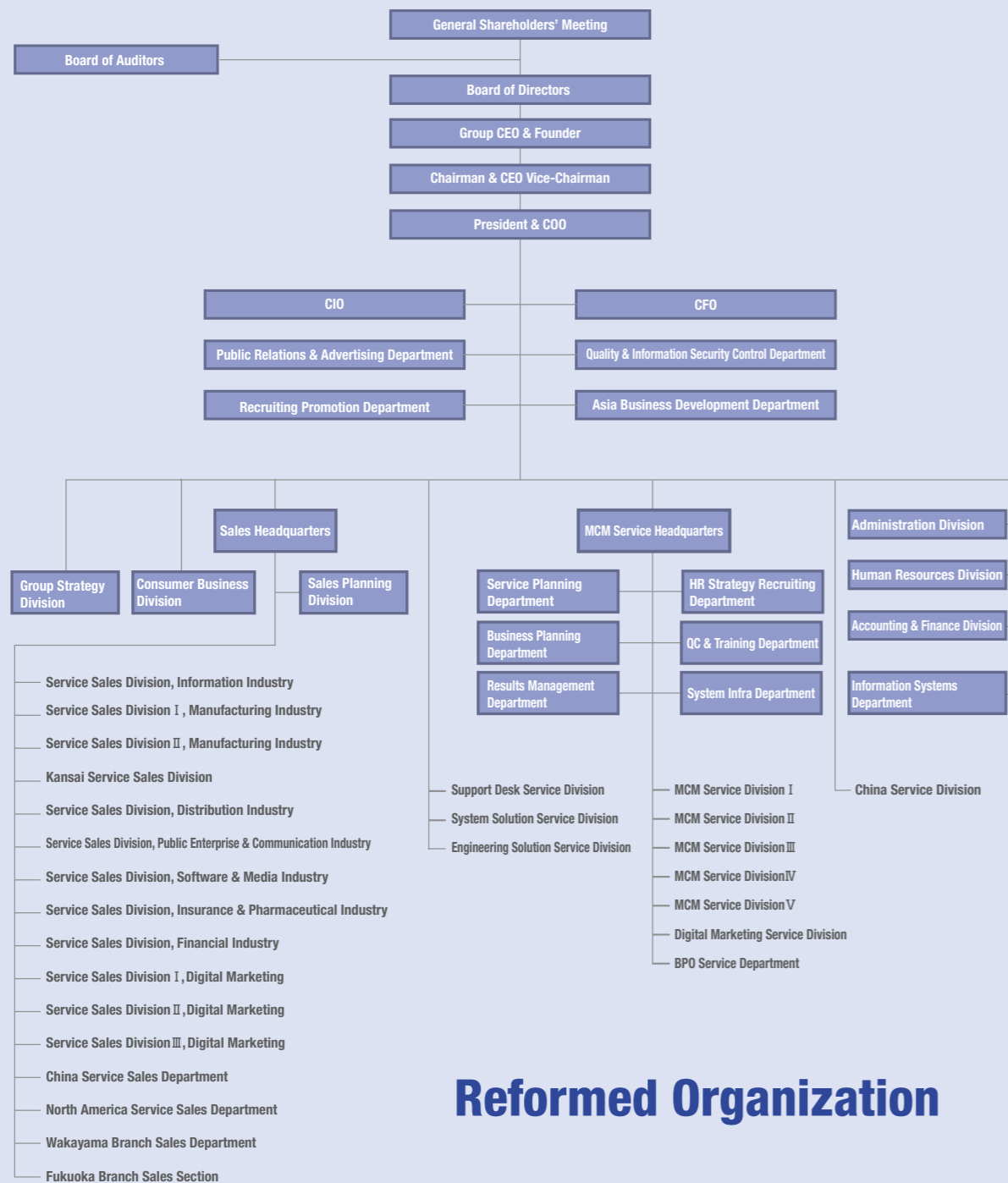
Recently, public agencies have begun to perceive their citizens as customers and are making efforts to raise the level of customer satisfaction. One such effort is a newly developed electronic application system that enables people to make online requests for resident certificates and other official documents. Use of the electronic system is facilitated by transcosmos call centers/contact centers, which offer the public guidance and support regarding the navigation of the system. In addition, we provide governments and public agencies with digital marketing services that focus on Web-based content.

Q Is the mobile sector truly where the market for services is expanding most notably?

A Mobile phones now act as a "lifestyle infrastructure" for individuals. For companies as well, the cellular phone is a tool that provides an indispensable marketing channel.

With the know-how we have cultivated in customer support and digital marketing service, we are using mobile promotions, offering QR code (a two-dimensional bar code), "empty mail" (such as automatic replies), "mobile stick" (for connecting to the Internet), and other mobile phone tools to measure the effectiveness of mobile ads, return-on-investment analysis, automatic building of member databases,

and specially targeted mail communications that are all adopted to the marketing chain management technique and offered as a one-stop service. Specialized, full mobile service for cellular phones—extending from mobile marketing plans and uses to the contents of creative works; infrastructure construction; system development, construction, and operation; and customer support—is being added to the marketing chain management service as a mobile channel and is being incorporated into marketing chain management's multichannel system.



Reformed Organization

Q Building upon the change to the sector-based organization structure in April 2004, in April 2005 other organizational reforms were implemented. What were the aims of these changes?

A The main aim was to help our client companies boost revenue and become more cost efficient. Our move to a sector-based structure in 2004 allowed us to create for client companies a one-stop service. We develop a service model that is specialized for each client and its industry, to provide higher value-added outsourced services such as call center/contact center services, digital marketing services, in-house enterprise support desk services, system development, and design work support. These services can be offered either individually or as a package of services.

In examining the new system that has been put into place in the year since April 2004, the objective of the organizational reforms in April 2005 was to transform the

organization to allow for the highest performance and the greatest risk control, thereby increasing the value of the transcosmos group. In this major reorganization, the unified Service Sales Division, Manufacturing Industry was reorganized into Service Sales Division I, Manufacturing Industry and Service Sales Division II, Manufacturing Industry. In addition, a Service Sales Division III, Digital Marketing was newly established. Finally, in an effort to further clarify the mission of the marketing chain management service sector, its staffing structure was partially reorganized. We believe these changes will help us create additional superior services for our client companies and promote a faster establishment of new business models.

Q transcosmos has combined new business development and investment operations into the corporate venture capital business. Against this backdrop of organizational reform, could you discuss your strategy in this area?

A Previously, the corporate venture capital business had been the primary dealings of our subsidiary operations. This time, the new business development and strategic investment operations, which had previously been dispersed across various departments at transcosmos, have been integrated into the corporate venture capital business. This consolidation will allow us to conduct IT service business more flexibly and efficiently and at the same time ensure their activities reflect companywide policy and technological needs.

One of our goals is to gain a better understanding of the results achieved through investment operations now concentrated in the corporate venture capital business and reflect this understanding in transcosmos's consolidated financial statements in an effort to ensure management transparency and maximize shareholder value.

The corporate venture capital business, with the aim of strengthening the marketing chain management services of the transcosmos group, is involved in investment and new business development with domestic and foreign venture companies possessing new technology and new business models related

mainly to digital marketing and customer support. This business pursues two main types of investment. The first type is majority investment, with the aim of continuously expanding the consolidated earnings of the transcosmos group by including the invested company within the scope of consolidation. The second type is minority investment, with the aim of maintaining a relatively small equity interest, to pursue synergies and collaboration with transcosmos services and then realize profits through the planned sale of transcosmos's equity interest.

In an environment where communication mechanisms like broadband and cell phones are rapidly changing, it is essential to quickly and continually introduce new services that utilize the latest Internet technologies to provide outstanding support to the marketing activities of our client companies through our outsourcing services.

From this perspective, the ability of the corporate venture capital business to quickly find, assess, and commercialize new technology and services is indispensable to our outsourcing services. We believe this is the best method for improving customer satisfaction.

Q Could you describe your risk management philosophy?

A We are exposed to a wide range of risks because of macroeconomic factors, including financial conditions, operating results, the cash flow situation, and fluctuations in the economy, as well as specific factors such as the unique business environment we operate in, the length of contract period with our client companies, the competition we face, our exposure to the corporate venture capital business and M&A, the need to attract and retain excellent personnel, and the incidence of major lawsuits. In addition, our high value-added service offerings, a review of our human resource portfolio concerning the shift from full-time employees to contract and part-time workers, and the enhancement of call centers in regional areas all require appropriate risk management policies.

Under the circumstances, with the Act on the Protection of Personal Information going into effect in April 2005, we have established a Quality and Information Security

Control Department to handle quality control, personal data, and compliance issues. But prior to the enforcement of the act, in February 2003 we had already obtained a "privacy mark" certificate and built a management system for personal information. Furthermore, in March 2005 we obtained BS7799 certification (an international standard for information security management) and achieved compliance with the conformity assessment scheme for Information Security Management Systems (ISMS) (a domestic standard for information security management) for our leading contact center Marketing Chain Management Center Komagome. Currently, our other contact centers are also operating in accordance with these standards.

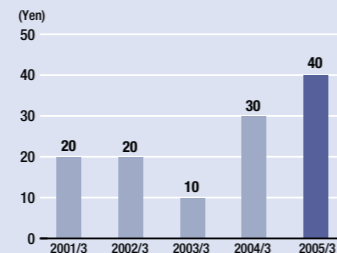


Q Could you describe your philosophy concerning return to shareholders?

A One of our top management priorities is returning profits to shareholders. Our basic policy has been to distribute dividends, based on our performance, in a stable manner that is fair to past, present, and future shareholders. Recently, however, we have modified our dividend policy so that our payout ratio is linked to consolidated financial results. We believe this change from a dividend policy that emphasized stability to one linked to our financial performance will boost profit return for our shareholders and enhance our stock market value. Going forward, we will move to a dividend policy that focuses on a payout ratio linked to consolidated

financial results. As a result of this policy change, we will pay a dividend of 40 yen per share for the year ended March 2005, up 10 yen from the previous year.

Five-Year Change in Cash Dividends per Share



transcosmos at a Glance

transcosmos Group

Consolidated Business Segments

IT Services Businesses

Outsourcing Services

Marketing Chain Management Services

We support the crucial process of transforming targeted potential customers and prospects into new customers through optimized communications that deepen customer recognition and understanding of products and services. In addition, we implement user-friendly system solutions that incorporate leading-edge IT technologies.

Digital Marketing Services

Call Center/Contact Center Services

System Integration Services

DoubleClick

macromill

NetMile

AskJeeves

BPS

CODE

Areka!

AD2

CyberSource

WebCrew

transcosmos CRM



J-Stream

marketswitch

Cast.co.jp

transcosmos CRM

support

NetRatings

CyberSource

listen

transcosmos CRM

kyushu

transcosmos CRM

kyushu

Support Desk Services

We help maximize efficiency with comprehensive management and administration of internal corporate systems.

Business System Support Desk Services

IT Support Desk Services

Accelcareer



Engineering Services and System Solution Services

Building on our base of advanced technologies, we offer support across the entire spectrum of development and design activities. Moreover, we provide on-site support for deployment and administration of back-office systems, including backbone business systems.

Engineering Services

System Solution Services

SKYLIGHT



(For engineering management work done in eastern Japan as part of the CAD Machine Design Support Service within the System Engineering Service Headquarters Engineering Solutions Service Division, East)

China Offshore Development Services and Global IT Support Services

Installation support for cutting-edge technology and service.

transcosmos information Creative

transcosmos information system

transcosmos MCM Shanghai

transcosmos america

CIC KOREA



Corporate Venture Capital Business

We at transcosmos are always working to create a new, superior level of service.

transcosmos Investment & Business Development



Marketing Chain Management Services

The spread of broadband to ordinary consumers links them directly with businesses and fundamentally changes marketing. We support the crucial process of transforming targeted potential customers and prospects into new customers through optimized communications that deepen customer recognition and understanding of products and services.

Marketing Chain Management Services Model



We are increasing the value of our call center and contact center services and maintaining our competitiveness while providing a host of digital marketing services to link businesses with their customers. These include website creation, assessment and analysis of website, email

marketing, internet advertising, data mining, marketing research, video content production and marketing systems integration. We also continually update our service offerings to keep in step with clients' needs for new services.

Digital Marketing Services

The scope of Japan's domestic Internet advertising market during 2004 was 181.4 billion yen (according to a Dentsu survey), which shows a 53.3% increase over the previous year. With higher advertising rates than radio, the Internet has become a more important promotion channel than ever before, and cannot be overlooked. As a result, transcocosmos provides services based on a precise understanding of the

market trends, including animated Internet advertisements that use streaming technology, and contextual advertisement listings with content that reflects search engine results. The fiscal 2006 consolidated sales target for the digital marketing business has been set at 15 billion yen, a 52% increase over the previous year, and we are aiming for further growth.

Web marketing Services

transcocosmos offers a full suite of digital marketing services tailored to the needs of client companies, including assessment and competitive analysis of Web sites using the latest internet technology, creation of interactive Web sites

based on survey data and customer opinions, online promotions using customer databases, planning and proposal of digital campaigns and promotions, and email marketing.

Marketing Fields



Call Center/Contact Center Services

In the Call Center/Contact Center Services, we reduce costs by automating the service processes as much as possible with IP Contact Centers, eContact Center Voice Recognition Introduction and eContact Center Web Self-help. As a result, we can shift agents to respond to more troublesome inquiries and cross-selling based on customer databases, which contributes to an improvement in the quality of customer support activities and an increase in sales for client companies. (Pursuing differentiation based on reliable operations and the value of the continuous, long-term accumulation of know-how with emphasis on careful process management between technology utilization and properly trained human resources.)

Our new call center in Naha, Okinawa, is scheduled for completion next spring. Located in the new downtown area, the call center will be able to accommodate 1,400 operators at one time, employing 3,000 customer service

agents. The fiscal 2006 consolidated sales target for the call center and contact center business has been set at 58 billion yen, a 5% increase over the previous year, and we are aiming for further growth.

New Naha Contact Center



Address
4-2-9 Omoromachi, Naha, Okinawa

Lot size
1,485.89m²

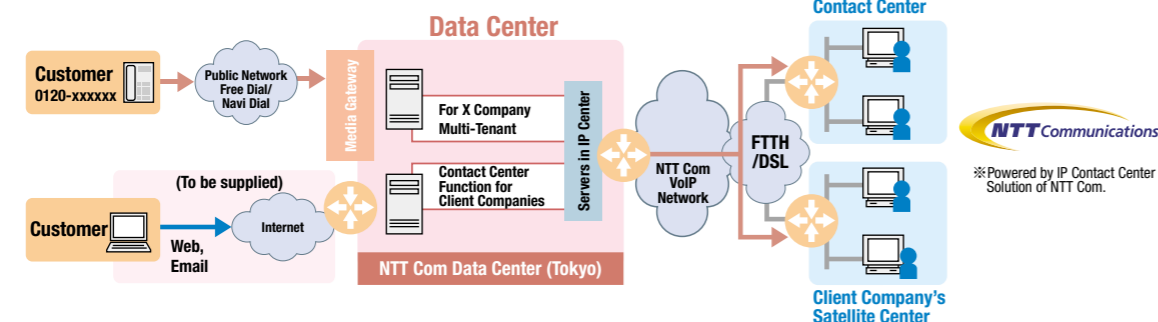
Building details
Height: Nine floors above ground
Structure: Steel reinforced concrete
Floor space: 10,907.51m²
• Offices: 8,529.51m²
• Parking lot: 2,378m²

IP Contact Center Services

transcosmos provides comprehensive services at low cost, from design to construction, post-construction support, education and dispatch of agents necessary for the contact

center business. Combining emails, websites, IP telephones and TV telephones may lead to further enhancement of sales power, higher customer satisfaction and cost reduction.

System Diagram of the IP Contact Center Service



eContact Center Voice Recognition

Introduction Services

Are you familiar with the software called "Nuance?" This is a voice recognition technology widely used in North America for referencing stock prices, and considered as the de facto global standard due to its high recognition ratio and broad multi-lingual applicability. This technology broadly attracts attention for its proven efficiency to bring down costs per call to one-tenth or less. transcosmos

quickly introduced this technology into its call center and contact center services, and succeeded in automating incoming call processing, decreasing the number of missed calls at peak times, and achieving both lower costs and higher customer satisfaction without expanding the scale of the center services.

Powered by
Nuance Technology
NUANCE

eContact Center Web Self-help Services

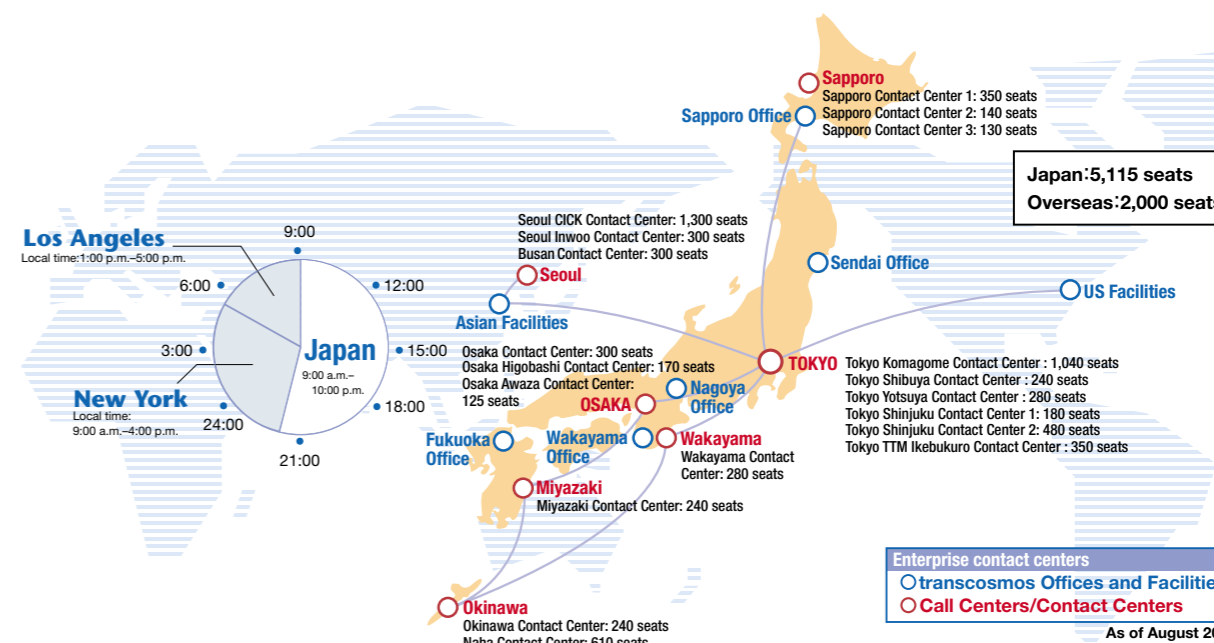
transcosmos has effectively applied the self-support technology "Jeeves" to client companies' websites as a "reception counter" to allow visitors to pose questions in natural language format, like, "What should I be careful of when expanding the memory on my PC?" and speedily access

the answer he/she needs. This technology also feeds back stored questions (live voices of visitors), which can be used for the planning of new products/services, and optimization of the website contents.

Powered by
Ask Jeeves Technology
JEEVES SOLUTIONS

Chart of Deployment of Call Centers/Contact Centers

transcosmos responds flexibly to a wide range of demands for outsourcing and requests concerning the cost and the time block from client companies via call centers/contact centers deployed both at home and abroad.



Other Services

Support Desk Services

transcosmos helps client companies to establish, diffuse, and stabilize "strategy-related systems" to boost sales (by improving sales efficiency and avoiding opportunity losses) and a backbone system to boost profit (by raising business efficiency and cost-cutting) through exemplary results and a

service menu, specialized by industry and business. The main services include comprehensive support desk services, ERP support desk services, server/network support desk services, and other services that meet the needs of our client companies.

Engineering Services

By mainly targeting the automobile industry, we provide a wide range of engineering services to meet all the development and design needs of client companies based on advanced CAD, CAM, CAE, and PDM tools. As a result, transcosmos has enjoyed a strong demand for its engineering

services. In the future, we intend to become a global technology provider by continuing to supply engineering solutions that offer powerful and comprehensive support for our clients' development pipelines.

System Solution Services

At transcosmos, we carefully select and assign the engineers most suitable for providing the client with on-site service and for supporting the development and administration of systems that will enhance the client's corporate information strategies. Focusing on systems development, from off-the-shelf to open-

source systems, we can handle a wide range of business applications in every phase, from defining the requirements to the design, manufacturing, testing, and operation of the systems.

Global IT Support Services

For the many Japanese manufacturers advancing overseas, particularly into China, transcosmos can provide high-quality, low-priced project management that seamlessly integrates initial design, development, and system testing. We offer offshore development services in China to ensure optimal systems for our client companies, Japanese-language data entry services for credit card application forms and supermarket point card registration operations, as well as call center/contact center services for 24-hour operations in

multiple languages. In addition, we offer distribution services for the overseas sale of various hardware and software products created in Japanese; support desk services to provide staff fluent in English, Chinese, Korean, Japanese, and other languages, mainly to Japanese corporate clients; and quality assurance and localization services to maintain quality assurance in all local languages and enable software localization.

Corporate Venture Capital Business

transcosmos opened its San Francisco office in 1989. We watch technology trends in the U.S., a leader of outsourcing services, and make efforts to import excellent technologies such as "Nuance," the world standard voice recognition system, and "DoubleClick," an Internet advertising distribution system. At

present, transcosmos has established an Investment of Business Development Division with 30 specialists to continue pursuing the next-generation high value-added services through the startup of new business areas and management of affiliate company groups.

Network

transcosmos Group

JAPAN

Marketing-chain management

- DoubleClick Japan Inc.
- J-Stream Inc.
- NetRatings Japan Inc.
- Macromill, Inc.
- Marketswitch Japan KK
- CyberSource KK
- AD2 Inc.
- BPS Inc.

Call Center/Contact Center

- transcosmos CRM Okinawa Inc.
- transcosmos CRM Sapporo Inc.
- transcosmos CRM Miyazaki Inc.
- transcosmos CRM Wakayama Inc.
- Wakayama Planet KK

E-business sites

- Ask Jeeves Japan Co., Ltd.
- WebCrew Inc.
- AtomShockwave K.K.
- Forecast Communications Inc.
- NetMile, Inc.
- Listen Japan, Inc.
- Fujisan Magazine Service Co., Ltd.
- Arekao Inc.
- CinemaNow Japan Inc.
- CODE Inc.

IT Training/IT Personnel

- Accelcareer Co., Ltd

Consulting/System Integration/System Engineering Services

- Skylight Consulting, Inc.
- Applied Technology Co., Ltd.

USA

Service Development Company

- Transcosmos Investments & Business Development, Inc.

Service Company

- transcosmos America Inc.

Strategically Associated Companies

- DoubleClick Inc.
- NetRatings, Inc.
- RealNetworks, Inc.
- Nuance Communications, Inc.
- Sendmail, Inc.
- BeVocal, Inc.
- Donnerwood Media, Inc.
- Pheedo, Inc.
- Audioblog, Inc.
- Buzznet, Inc.
- Multiply, Inc.
- Become, Inc.

ASIA

China

- transcosmos Information Creative (China) Co., Ltd., Tianjin Headquarters
- transcosmos Information Creative (China) Co., Ltd., Shanghai Office
- transcosmos Information system (Shanghai) Co., Ltd. Onexeno Limited

South Korea

- transcosmos Engineering Korea Inc.
- CIC Korea, Inc.
- Inwoo Tech, Inc.



Offices

Headquarters

National Headquarters

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Osaka Headquarters

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Sapporo Office

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9F Daiwa Shoken Sendai Bldg., 2-8-13 Chuo, Aoba-ku, Sendai, 9810-0021 Japan
Tel: +81-22-212-6401 FAX: +81-22-221-7003

Nagoya Office

Hirokoji Bldg., 2-3-6 Sakae, Naka-ku, Nagoya, 460-0008 Japan
Tel: +81-52-223-1238 Fax: +81-52-223-1239

Wakayama Office

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

Fukuoka Office

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

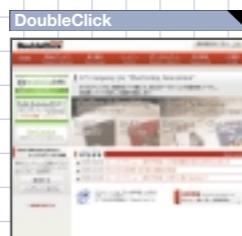
Our website features various information about transcosmos, including our corporate profile, services, group companies, news releases, and investor relations. You can also learn more about our group companies by visiting their websites.



<http://www.trans-cosmos.co.jp/>



<http://www.stream.co.jp>



<http://www.doubleclick.ne.jp>



<http://www.ad2.co.jp/>



<http://www.shockwave.co.jp/>



<http://www.co-de.co.jp/>

CONSOLIDATED STATEMENTS OF INCOME

For the years ended 31 March	Millions of yen (except per share data)					Thousands of U.S. dollars (except per share data)
	2005	2004	2003	2002	2001	2005
Net sales	¥ 91,898	¥ 77,918	¥ 71,073	¥ 70,232	¥ 87,711	\$ 855,742
Gross profit	21,322	18,866	7,943	(894)	26,228	198,551
Operating income	4,997	2,946	(8,299)	(14,173)	12,821	46,527
Net income	4,848	952	(9,899)	(17,612)	4,205	45,143
Net income per share	211.3	39.3	(405.7)	(721.9)	172.6	1.97

CONSOLIDATED BALANCE SHEETS

At 31 March	Millions of yen					Thousands of U.S. dollars
	2005	2004	2003	2002	2001	2005
Total current assets	¥ 51,773	¥ 36,433	¥ 37,907	¥ 51,421	¥ 69,005	\$ 482,099
Total current liabilities	13,669	11,698	10,531	10,945	19,068	127,282
Total non-current liabilities	12,767	2,083	1,123	3,139	3,875	118,891
Total shareholders' equity	57,133	54,084	49,550	64,321	79,552	532,015

NON-CONSOLIDATED STATEMENTS OF INCOME

For the years ended 31 March	Millions of yen (except per share data)					Thousands of U.S. dollars (except per share data)
	2005	2004	2003	2002	2001	2005
Net sales	¥ 79,798	¥ 65,360	¥ 57,389	¥ 54,514	¥ 49,626	\$ 743,071
Gross profit	16,616	14,662	11,045	10,821	10,494	154,727
Operating income	3,975	4,268	2,514	4,036	4,016	37,011
Net income	3,126	3,360	(23,281)	316	2,562	29,111
Net income per share	136.2	140.6	(954.3)	13.0	105.2	1.27
Cash dividends per share	40.0	30.0	10.0	20.0	20.0	0.37
Weighted average number of shares (thousand)	22,926	23,805	24,396	24,362	24,362	—

NON-CONSOLIDATED BALANCE SHEETS

At 31 March	Millions of yen					Thousands of U.S. dollars
	2005	2004	2003	2002	2001	2005
Total current assets	¥ 34,967	¥ 19,955	¥ 16,553	¥ 20,968	¥ 29,028	\$ 325,605
Total current liabilities	11,542	9,637	7,711	7,230	11,977	107,471
Total non-current liabilities	12,046	2,156	1,190	3,250	3,636	112,169
Total shareholders' equity	60,341	57,552	51,784	75,531	76,241	561,891

Note: U.S. dollar amounts are translated from yen, solely for convenience, at the rate of ¥107.39 = U.S.\$1.

Operating Results

Net Sales, Operating Income, and Net Income

In the fiscal year ended 31 March 2005, the Japanese economy generally moved into a recovery phase. There was improvement in company earnings, especially in the manufacturing sector, and the employment picture showed new signs of activity, as companies increased their hiring of new graduates and private capital investment rose.

In the field of IT service business our client companies' need for IT outsourcing is increasing. On the other hand, they are demanding cost reduction and higher value-added IT service offerings, and as a result, competition in the market is growing increasingly intense.

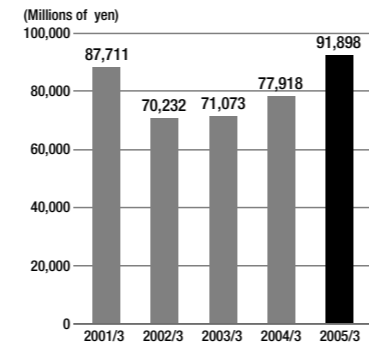
In this environment, our consolidated net sales grew 17.9% year on year (13,980 million yen) to 91,898 million yen and consolidated operating income was 4,997 million yen, up 69.6% (2,051 million yen). The consolidated net income rose a significant 409% (3,895 million yen) to 4,848 million yen, reflecting a gain on the sale of investments in securities of 3,095 million yen, as well as a gain on the sale of affiliated company shares of 1,394 million yen.

Broken down by region, net sales in Japan grew 15.2% to 87,697 million yen, while operating income fell 5.5% to 8,268 million yen. In the United States, net sales rose 138.2% to 3,424 million yen, while operating income improved sharply to 1,452 million yen compared with an operating loss of 459 million yen the year before. Net sales in Asia grew 125.2% to 777 million yen and operating income rose 385.9% to 633 million yen.

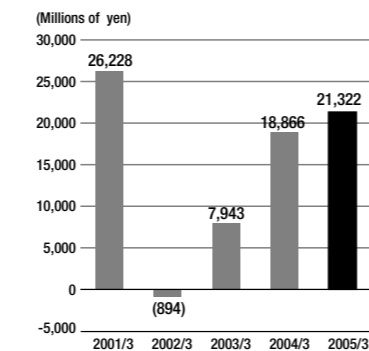
Cost of Sales and SG&A Expenses

Cost of sales increased 19.5% year on year to 70,576 million yen, while the cost of sales ratio grew slightly to 76.8% from 75.8%. Gross profit rose 13% to 21,322 million, with a gross margin of 23.2%. SG&A expense increased only 2.5% to 16,326 million yen.

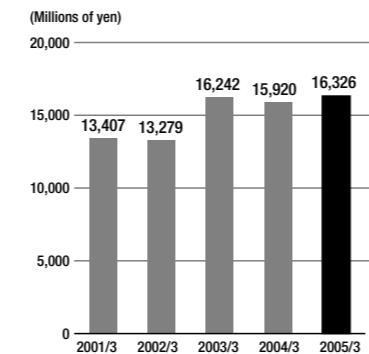
Net sales



Gross profit



SG & A Expenses



Segment Information

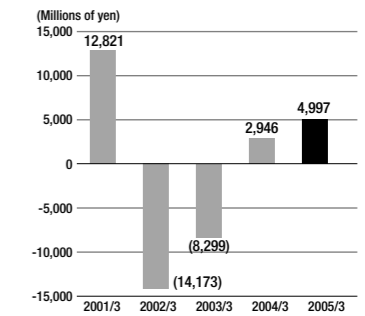
IT Services Businesses

Our marketing chain management services have been growing and flourishing. The acquisition of clients in new business categories created favorable conditions for new orders in the call center/contact center services. Sales in digital marketing and other related services grew 65% to 9.9 billion yen. In system engineering services businesses, conditions also turned positive for design support orders focused on automakers and other industries. Sales in support desk services businesses also continued to rise. Overall, net sales in the IT services businesses grew 15.3% year on year to 88,396 million yen, while operating profit fell 2.3% to 8,400 million yen.

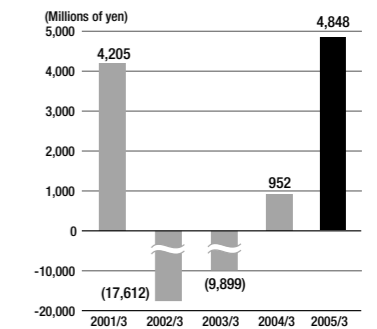
Corporate Venture Capital Business

In our corporate venture capital business, sales of securities invested for operating purposes increased. Net sales rose a robust 179.8% year on year to 3,502 million yen. Operating income was 1,951 million yen, a major turnaround from the 178 million yen loss recorded the year before.

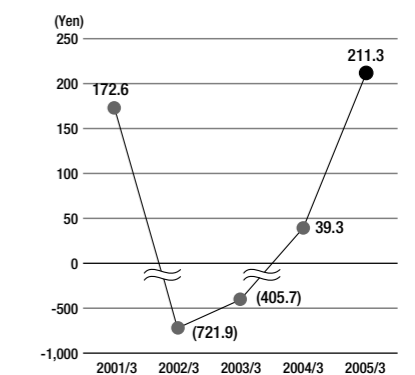
Operating income



Net income



Net income per share

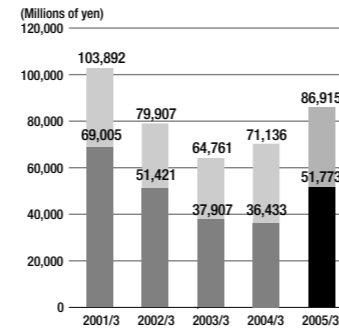


Financial Position

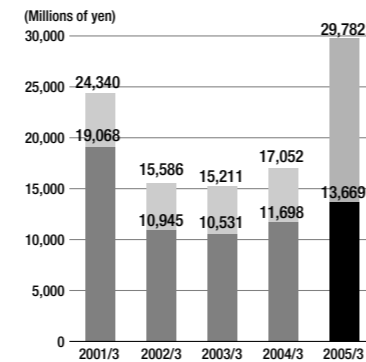
Assets, Liabilities, and Shareholders' Equity

Consolidated total assets in fiscal 2005 grew 15,779 million yen, compared with the previous year, to 86,915 million yen. Total current assets grew 15,340 million yen to 51,773 million yen. The main reason for the growth was the funds acquired through the issuance of Euroyen convertible bonds with stock acquisition rights. Total long-term assets grew 440 million yen to 35,143 million yen because of an increase in the market value of investments in securities and a decline in deferred tax assets. Total current liabilities rose 1,971 million yen to 13,669 million yen, as accounts payable and accrued expenses increased. Total non-current liabilities increased 10,685 million yen to 12,767 million yen because of the issuance of bonds and other items. Total shareholders' equity grew 3,049 million yen to 57,133 million yen, as retained earnings grew 4,052 million yen, while treasury stock declined 1,524 million yen due to buyback.

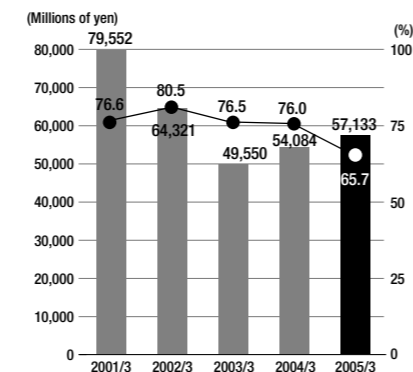
Total assets Total current assets



Total liabilities Total current liabilities



Total shareholders' equity Equity ratio



Cash Flows

Net cash provided by operating activities fell 2,290 million yen to 6,818 million yen. The major reason for the decline is that, while net income before income taxes increased 7,652 million yen, income increased only 1,062 million yen after including increases and decreases in items excluding operating activities and nonfund items. Additionally, income tax refunds fell by 3,459 million yen.

Net cash used in investing activities fell 4,815 million yen to 328 million yen. The main reasons for the decline were an increase in proceeds from the sale of investments in securities and a decrease in expenditures for purchasing affiliated company shares.

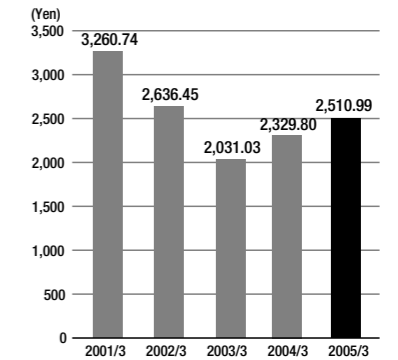
Net cash provided by financing activities increased 10,096 million yen to 6,864 million yen because of the funds acquired through the issuance in June 2004 of Euroyen convertible bonds with stock acquisition rights.

As a result of these activities, cash and cash equivalents grew by 14,175 million yen to 29,358 million yen for the period ending March 2005.

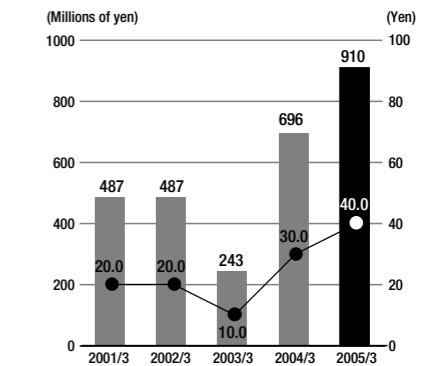
Forward-Looking Statements

This annual report contains statements regarding future performance including business plans, performance projections, and strategic forecasts. Those statements are based on management's assessment of currently available information to transcocosmos. Therefore changes in the operating environment may cause actual results and progress in management strategies differing from the forecasts made in this report.

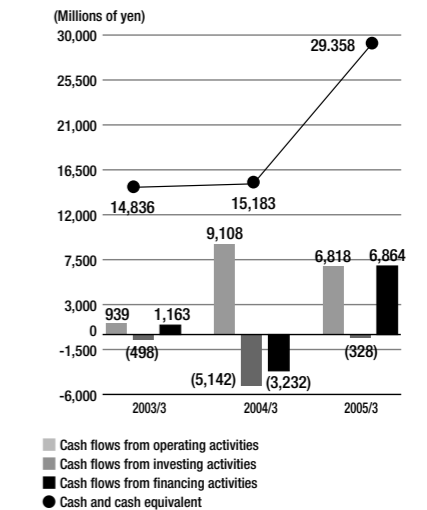
Total shareholders' equity per share



Total cash dividends Cash dividends per share



Cash flows



Consolidated Balance Sheets

At 31 March 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2004	2005
ASSETS			
Current Assets:			
Cash and time deposits (Note 4)	¥ 28,904	¥ 13,218	\$ 269,151
Marketable securities (Note 5)	529	2,165	4,926
Investments in securities for operating purposes	2,926	4,678	27,247
Notes and accounts receivable:			
Third parties	14,764	12,341	137,478
Unconsolidated subsidiaries and affiliates	57	46	536
	14,821	12,387	138,014
Less: allowance for bad debt	(192)	(170)	(1,786)
	14,629	12,217	136,228
Work and software in progress and merchandise (Note 6)	590	310	5,494
Income taxes refundable	6	548	53
Deferred tax assets (Note 16)	2,233	2,131	20,796
Other current assets	1,956	1,166	18,204
Total current assets	51,773	36,433	482,099
Investments and Advances:			
Investments in securities (Note 5)	15,388	12,301	143,288
Investments in and advances to unconsolidated subsidiaries and affiliates	7,194	6,262	66,990
Long-term loans receivable	1,043	657	9,716
Other investments	237	125	2,210
Less: allowance for bad debt	(352)	(355)	(3,279)
Total investments and advances	23,510	18,990	218,925
Property and equipment, at cost, less accumulated depreciation (Note 7)			
	5,117	4,897	47,650
Security deposits (Note 8)			
	2,273	2,153	21,163
Intangibles and other			
	1,821	1,775	16,966
Deferred tax assets (Note 16)			
	1,944	6,155	18,101
Prepaid pension costs (Note 10)			
	477	733	4,439
	¥ 86,915	¥ 71,136	\$ 809,343

The accompanying notes are an integral part of these consolidated financial statements.

At 31 March 2005 and 2004

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2004	2005
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Short-term bank loans (Note 9)	¥ 400	¥ 5	\$ 3,725
Current portion of long-term bank loans (Note 9)	65	1,031	605
Accounts payable:			
Third parties	5,773	4,644	53,761
Unconsolidated subsidiaries and affiliates	26	15	238
	5,799	4,659	53,999
Income taxes payable	440	53	4,093
Accrued bonuses for employees	2,264	2,098	21,084
Advances received	334	331	3,114
Other current liabilities	4,367	3,521	40,662
Total current liabilities	13,669	11,698	127,282
Non-Current Liabilities:			
Straight bonds (Note 9)	10,180	—	94,795
Long-term bank loans (Note 9)	2,390	2,035	22,252
Deferred tax liabilities (Note 16)	0	16	2
Security deposits received	17	17	161
Reserve for retirement benefits (Note 10)	8	15	79
Negative goodwill	145	—	1,354
Other non-current liabilities	27	—	248
Total non-current liabilities	12,767	2,083	118,891
Minority Interests in Subsidiaries	3,346	3,271	31,155
Commitments and Contingent Liabilities (Notes 11 and 12)			
Stockholders' Equity:			
Common stock:			
Authorized 90,088,176 shares at 31 March 2005 and 2004			
Issued 24,397,023 shares at 31 March 2005 and 2004	29,066	29,066	270,658
Capital surplus	22,666	22,622	211,064
Retained earnings	(2,851)	(6,902)	(26,545)
Unrealized gains on marketable securities and investments in securities	8,553	7,542	79,642
Foreign currency translation adjustments	4,358	4,892	40,581
	61,792	57,220	575,400
Treasury stock			
At cost, 1,645,055 and 1,189,739 shares at 31			
March 2005 and 2004, respectively	(4,659)	(3,136)	(43,385)
Total stockholders' equity	57,133	54,084	532,015
	¥ 86,915	¥ 71,136	\$ 809,343

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

For the years ended 31 March 2005, 2004 and 2003

	Millions of yen			Thousands of U.S.dollars (Note 3)
	2005	2004	2003	2005
Net Sales (Note 18)	¥ 91,898	¥ 77,918	¥ 71,073	\$ 855,742
Cost of Sales	70,576	59,052	63,130	657,191
Gross profit	21,322	18,866	7,943	198,551
Selling, General and Administrative Expenses	16,325	15,920	16,242	152,024
Operating income	4,997	2,946	(8,299)	46,527
Non-Operating Income (Expenses):				
Interest income	128	148	119	1,189
Interest expenses	(40)	(29)	(37)	(373)
New share issuance cost	—	(3)	(23)	—
Bond issuance cost	(66)	—	—	(611)
Dividend income	97	15	7	899
Gain on sale/disposal of investments in securities	3,115	641	558	29,010
Loss on sale/disposal of investments in securities	(2)	(25)	(67)	(17)
Loss on disposal of property and equipment	(372)	(302)	(276)	(3,464)
Loss on liquidation of business segment (Note 15)	—	—	(2,104)	—
Gains on sale/disposal of investments in affiliates	1,394	32	—	12,978
Loss on write-down of investments in affiliates (Note 14)	(7)	(179)	(3,230)	(63)
Equity in earnings of unconsolidated subsidiaries and affiliates	(401)	(175)	(580)	(3,736)
Foreign exchange losses	(101)	(1,202)	(1,120)	(943)
Loss on investments in partnerships	(225)	(294)	(511)	(2,096)
Loss on write-down of marketable securities and investments in securities	(150)	(296)	(1,868)	(1,396)
Gain on return of substitutional portion of employee pension fund	—	—	755	—
Gains on issuance of shares by investees	546	32	845	5,080
Loss on issuance of shares by investees	(247)	(0)	(14)	(2,296)
Loss on write-down of golf club memberships	(28)	(21)	(75)	(260)
Amortization of goodwill	(809)	—	—	(7,530)
New SFA development costs	—	—	(2,651)	—
Head office relocation expenses	—	(828)	—	—
Gain on transfer of business	125	—	—	1,168
Other, net	11	(147)	(208)	105
Total Non-Operating Income (Expenses)	2,968	(2,633)	(10,480)	27,644
Income/(loss) before income taxes and minority interests in net loss of subsidiaries	7,965	313	(18,779)	74,171
Income Taxes (Note 16)				
- Current	161	140	180	1,503
- Refund	—	(853)	(3,660)	—
- Deferred	2,993	270	(5,047)	27,867
	4,811	756	(10,252)	44,801
Minority Interests in Net Loss of Subsidiaries	37	196	353	342
Net income/(loss)	¥ 4,848	¥ 952	¥ (9,899)	\$ 45,143
	Yen			U.S. dollars (Note 3)
Per Share:				
Net income/(loss)	¥ 211.3	¥ 39.3	¥ (405.7)	\$ 1.97
Cash dividends	¥ 40.0	¥ 30.0	¥ 10.0	\$ 0.37
Weighted average number of shares (in thousands)	22,926	28,804	24,396	

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity

For the years ended 31 March 2005, 2004 and 2003

	Number of shares of common stock	Millions of yen		
		Common stock	Capital surplus	Retained earnings
Balance at 31 March 2002	24,397,023	¥ 29,066	¥ 30,623	¥ (5,468)
Cash dividends	—	—	—	(488)
Increase due to additional unconsolidated subsidiaries and affiliates	—	—	—	1
Net loss for the year ended 31 March 2003	—	—	—	(9,899)
Balance at 31 March 2003	24,397,023	29,066	30,623	(15,854)
Directors' bonuses	—	—	—	(1)
Decrease due to additional consolidation of subsidiaries	—	—	—	(0)
Transfer from capital surplus to retained earnings	—	—	(8,001)	8,001
Net income for the year ended 31 March 2004	—	—	—	952
Balance at 31 March 2004	24,397,023	29,066	22,622	(6,902)
Increase in capital surplus due to merger with a consolidated subsidiary	—	—	69	—
Loss on disposal of treasury stock	—	—	(25)	—
Directors' bonuses	—	—	—	(16)
Cash dividends	—	—	—	(696)
Increase in retained earnings due to decrease in number of affiliates accounted for by the equity method	—	—	—	48
Decrease in retained earnings due to merger of consolidated subsidiaries	—	—	—	(64)
Decrease in retained earnings due to merger with a consolidated subsidiary	—	—	—	(69)
Net income for the year ended 31 March 2005	—	—	—	4,848
Balance at 31 March 2005	24,397,023	¥ 29,066	¥ 22,666	¥ (2,851)
		Thousands of U.S. dollars (Note 3)		
Balance at 31 March 2004		\$ 270,658	\$ 210,656	\$ (64,275)
Increase in capital surplus due to merger with a consolidated subsidiary		—	644	—
Loss on disposal of treasury stock		—	(236)	—
Directors' bonuses		—	—	(149)
Cash dividends		—	—	(6,483)
Increase in retained earnings due to decrease in number of affiliates accounted for by the equity method		—	—	452
Decrease in retained earnings due to merger of consolidated subsidiaries		—	—	(590)
Decrease in retained earnings due to merger with a consolidated subsidiary		—	—	(643)
Net income for the year ended 31 March 2005		—	—	45,143
Balance at 31 March 2005		\$ 270,658	\$ 211,064	\$ (26,545)

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended 31 March 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2005	2004	2003	2005
Cash Flows from Operating Activities:				
Net income/(loss) before income tax	¥ 7,965	¥ 313	¥ (18,779)	\$ 74,171
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	1,004	823	1,031	9,350
Amortization of excess costs of investments over equity in net assets	800	39	383	7,449
Amortization of intangible assets	452	318	270	4,207
Accrued interest and dividend income	(224)	(163)	(126)	(2,087)
Accrued interest expenses	40	29	37	373
Foreign exchange losses	146	1,199	1,074	1,358
New share issuance cost	—	3	23	—
Bond issuance cost	66	—	—	611
Loss on liquidation of business segment	—	—	2,104	—
Loss on write-down of investments of affiliates	7	179	3,230	63
Equity in earnings of unconsolidated subsidiaries and affiliates	401	175	580	3,736
Dilution gain from change in equity interest	(299)	(32)	(832)	(2,785)
(Gain)/loss on sale of investments in unconsolidated subsidiaries and affiliates, net	(1,375)	(32)	6	(12,800)
Gain on sale/disposal of investments in securities, net	(3,114)	(616)	(491)	(28,993)
Gain on return of substitutional portion of employee pension fund	—	—	(755)	—
Reversal of allowance for bad debt	38	140	393	354
Increase/(decrease) in reserve for retirement benefits	254	290	(351)	2,366
Loss on write-down of investments in securities	150	296	1,868	1,396
Loss on investments in partnerships	225	294	511	2,096
Loss on write-down of golf club memberships	28	21	75	260
Loss on disposal of property and equipment	372	302	276	3,464
Loss on write-down of investments in securities for operating purposes	25	148	7,236	234
Increase in accrued bonuses for employees	152	445	155	1,416
Increase in notes and accounts receivable	(942)	(1,534)	(539)	(8,768)
Decrease in investment in securities for operating purposes	545	210	1,377	5,074
Decrease in work and software in progress and merchandise	3	45	52	28
(Decrease)/increase in accounts payable	(44)	159	315	(411)
Other, net	(498)	2,064	(142)	(4,639)
Sub total	6,177	5,115	(1,019)	57,523
Interest and dividends received	251	234	191	2,338
Interest paid	(41)	(33)	(41)	(385)
Income taxes refunded	511	3,970	3,218	4,761
Income taxes paid	(80)	(178)	(1,410)	(752)
Net cash provided by operating activities	¥ 6,818	¥ 9,108	¥ 939	\$ 63,485

The accompanying notes are an integral part of these consolidated financial statements.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2005	2004	2003	2005
Cash Flows from Investing Activities:				
Deposit of long-term time deposits	¥ (75)	¥ —	¥ (1,717)	\$ (698)
Withdrawal of long-term time deposits	—	17	1,718	—
Payments for purchase of marketable securities	(3,000)	(200)	—	(27,932)
Proceeds from sale of marketable securities	3,200	—	—	29,795
Payments for purchase of property and equipment	(1,070)	(1,396)	(989)	(9,964)
Payments for purchase of investments in securities	(782)	(521)	(524)	(7,278)
Proceeds from sale of investments in securities	3,432	983	1,109	31,958
Payments for purchase of investments in affiliates	(1,624)	(3,563)	(765)	(15,120)
Proceeds from sale of investments in affiliates	776	—	—	7,230
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation (Note 17)	(26)	—	—	(241)
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation	—	—	(119)	—
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 17)	149	—	868	1,389
Payments for purchase of intangibles	(838)	(820)	(412)	(7,799)
Payments for purchase of other investments	(1,194)	(1,552)	(828)	(11,123)
Proceeds from sale of other investments	724	1,910	1,161	6,737
Net cash used in investing activities	(328)	(5,142)	(498)	(3,046)
Cash Flows from Financing Activities:				
Proceeds from short-term bank loans	320	—	2,100	2,980
Repayment of short-term bank loans	(1,231)	(100)	(2,293)	(11,467)
Proceeds from long-term bank loans	—	2,000	—	—
Repayment of long-term bank loans	(34)	(2,068)	(16)	(320)
Proceeds from issuance of straight bond	9,934	—	—	92,507
Payments for purchase of treasury stock	(1,589)	(3,134)	(1)	(14,799)
Proceeds from sale of treasury stock	40	—	—	375
Proceeds from stock issuance to minority interests	140	91	1,865	1,302
Payments for capital reduction to minority interests	(18)	(13)	—	(164)
Cash dividends paid	(696)	—	(488)	(6,483)
Dividends paid to minority interests	(2)	(8)	(4)	(16)
Net cash provided by/(used in) financing activities	6,864	(3,232)	1,163	63,915
Effect of exchange rate changes on cash and cash equivalents	102	(421)	(592)	950
Net increase in cash and cash equivalents	13,456	313	1,011	125,304
Increase due to increase in consolidated subsidiaries	719	34	41	6,693
Cash and cash equivalents at beginning of year	15,183	14,836	13,784	141,382
Cash and cash equivalents at end of year	¥ 29,358	¥ 15,183	¥ 14,836	\$ 273,379

Reconciliation of cash and time deposits in the balance sheet to cash and cash equivalents at year-end.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2005	2004	2003	2005
Cash and time deposits	¥ 28,904	¥ 13,218	¥ 12,630	\$ 269,151
Marketable securities	529	2,165	2,226	4,926
	29,433	15,383	14,856	274,077
Time deposits and government bonds with a maturity period exceeding three months	(75)	(200)	(20)	(698)
Cash and cash equivalents	¥ 29,358	¥ 15,183	¥ 14,836	\$ 273,379

The accompanying notes are an integral part of these consolidated financial statements.

1. Basis of Presenting the Consolidated Financial Statements

(1) Accounting principles

The accompanying consolidated financial statements have been prepared from accounts maintained by transcosmos inc., (the "Company") and its consolidated subsidiaries. The Company and its domestic consolidated subsidiaries have 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 generally accepted in Japan, which are different in certain respects as to application and disclosure requirements from those of International Financial Reporting Standards.

The accounts of 8 overseas consolidated subsidiaries, Transcosmos Investments & Business Development, Inc., EGI Fund Management Company L.L.C., EGI Fund Management Company 2 L.L.C., transcosmos America Inc., Point Cast Japan L.L.C., Career Incubation USA Inc. (incorporated in the USA), transcosmos Information Creative (China) Co., Ltd. (incorporated in China), and IBR Inc. (incorporated in Korea) are based on their accounting records maintained in conformity with accounting principles and practices generally accepted in their respective countries. Although certain differences exist in the accounting principles employed by the overseas subsidiaries, essentially, no adjustments have been made to their accounts in order to conform to Japanese accounting principles in the accompanying consolidated financial statements.

Certain items presented in the 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.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation

The Company had 41 subsidiaries (majority-owned companies) as of 31 March 2005 (44 as of 31 March 2004 and 44 as of 31 March 2003). The consolidated financial statements include the accounts of the Company and 35 of its subsidiaries for the year ended 31 March 2005 (39 for the year ended 31 March 2004 and 39 for the year ended 31 March 2003).

The remaining 3 (5 for 2004 and 5 for 2003) subsidiaries, whose combined asset, net sales and net income in the aggregate are not significant in relation to those of the consolidated financial statements of the Company have been excluded from consolidation.

The Company and all of its consolidated subsidiaries use a year ending 31 March, except for Transcosmos Investments & Business Development, Inc., EGI Fund Management Company L.L.C., EGI Fund Management Company 2 L.L.C., transcosmos America Inc., Point Cast Japan L.L.C., En Compass Group K.K., transcosmos Information Creative (China) Co., Ltd., Listen Japan, Inc., Career Incubation USA Inc., Atom ShockWave K.K., IBR Inc., CODE Inc. and Applied Technology Co., LTD. Those subsidiaries use a year ending on 31 December. The accounts of those subsidiaries have been consolidated by using the result of operations and account balances for such a fiscal year and necessary adjustments have been made for any material transactions that occurred between the various fiscal year-ends.

(2) Consolidation and Elimination

For the purposes of preparing the consolidated financial statements, any gains/losses in relation to inter-company transactions have been eliminated, and the portion thereof attributable to minority interests is charged to minority interests.

Applicable inter-company accounts have been eliminated. The cost of investments in the common stock of consolidated subsidiaries is offset by the underlying equity in the net assets of such subsidiaries. The difference between the cost of an investment and the amount of underlying equity in net assets of such subsidiaries is deferred and amortized over 5 or 10-year period on a straight-line basis. In the event that an unexpected difference occurs between the cost of an investment and the amount of underlying equity in the net assets of these subsidiaries, the consolidation adjustments account is reduced accordingly.

An adjustment is made to the calculation of depreciation to eliminate unrealized profits on depreciable assets sold among the Companies.

(3) Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The equity method is applied to investments in two unconsolidated subsidiaries and 19 affiliates for the year ended 31 March 2005 (three unconsolidated subsidiaries and 16 affiliates for the year ended 31 March 2004 and two unconsolidated subsidiaries and 14 affiliates for the year ended 31 March 2003). The investments in the remaining unconsolidated subsidiaries and affiliates are carried at cost.

(4) Securities

Securities held by the Company and its subsidiaries are, under the accounting standard for financial instruments, classified into two categories:

Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount. Cost of sales is determined by the moving-average method.

Other securities for which market quotations are unavailable are stated at cost, determined by the moving-average method.

Investment in limited partnerships and similar partnership are stated at a net share equivalent value based on recent financial statements available, as of the reporting date pursuant to the partnership agreement.

Following a partial revision to the Japanese securities and exchange laws effective from 1 December 2004, investments in limited partnerships and similar partnership are classified as investment securities from the year ended 31 March 2005.

The amount of applicable investments in partnerships which are included in "investments in securities" on the consolidated balance sheets is ¥572 million (\$5,322 thousand) and ¥1,574 million for the years ended 31 March 2005 and 2004, respectively.

(5) Inventories

Work and software in progress are stated at cost, which is determined on an individual project basis. Merchandise is mostly stated at cost, cost being determined by average cost method.

(6) Property and Equipment

Depreciation expense for the Company and domestic subsidiaries is principally computed using the declining-balance method, at rates based on the estimated useful lives. Depreciation for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings), which were acquired on or after 1 April 1998, is computed using the straight-line method.

Depreciation expense for foreign subsidiaries is principally computed using the straight-line method.

Also, depreciation of certain equipment of the Company's call center is computed using the straight-line method, based on the estimated useful lives of the related assets.

(7) Accounting for Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases. Leases do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(8) Amortization of Intangible Assets

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over 5 years, and software for sales purposes is amortized based on estimated sales quantities over 3 years with minimum amortization of one-third of the total amortization.

(9) Amortization of Deferred Charges

Bond issuance costs are charged to income as incurred.

(10) Allowance for Bad Debts

An allowance for bad debts accounts is provided against potential losses on collection at an amount measured by a historical bad debt ratio, plus an amount deemed necessary to cover possible losses estimated on an individual account basis.

(11) Accrued Bonuses for Employees

Accrued bonuses for employees is determined by certain consolidated subsidiaries based on the estimated bonuses to be paid to employees.

(12) Reserve for Retirement Benefits

The reserve for retirement benefits as of 31 March, represents the estimated present value of projected benefit obligations in excess of the fair value of the plan assets except that, as permitted under the new standard, unrecognized actuarial differences are amortized on a straight-line basis over the period of 5 years from the next year in which they arise.

(13) Hedge Accounting

All derivatives are stated at fair value. Gains and losses arising from changes in the fair value of derivatives designated as "hedging instruments" are deferred as an asset or liability.

The derivative designated as hedging instruments by the Company are principally spot exchange forward agreements to reduce exposure to the risk of foreign currency exchange rate fluctuations in respect of future transactions denominated in foreign currencies, and interest rate swap agreements to reduce exposure to the risk of interest rate fluctuations in respect of bank loans.

The Company has a policy to utilize the above hedging instruments in order to reduce exposure to the risks of fluctuations in foreign currency exchange rates and interest rates, based on the Company's internal regulations.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains and losses on the hedging instruments and the related items from the commencement of the hedges.

(14) Accounting for Consumption Tax

In Japan, consumption tax is imposed at a flat rate of 5 per cent on all purchases of goods and services for domestic consumption (with certain exemptions). The consumption tax imposed on the Group's domestic sales to customers is withheld by the Group at the time of sale and is subsequently paid to the national government. The consumption tax withheld upon sale and the consumption tax paid by the Group on purchases of goods and services is not included in the related amounts in the accompanying consolidated financial statements of income.

(15) Translation of Foreign Currency Financial Statements

Translation of foreign currency financial statements of overseas subsidiaries into Japanese yen for consolidation purposes is done using the current exchange rates prevailing at their balance sheet dates, with the exception of stockholders' equity, which is translated using historical rates. Revenue and expense accounts are translated using the current exchange rate prevailing at the balance sheet dates.

The difference in yen amounts arising from the use of different rates is represented as "foreign currency translation adjustments" in stockholders' equity, except for the portion belonging to minority stockholders, which is included in "minority interests in subsidiaries".

(16) Appropriation of Retained Earnings

Under the Commercial Code of Japan and the Articles of Incorporation of the Company, the plan for appropriation of retained earnings (primarily for cash dividend payments) proposed by the Board of Directors is required to be approved at the shareholders' meeting which must be held within three months after the end of each financial year. The appropriations charged to retained earnings in each financial year as reflected in the accompanying financial statements represents those which were approved at the shareholders' meeting during that year and were applicable to the immediately preceding financial year.

(17) Income Taxes

The income taxes of the Company and its domestic subsidiaries consist of corporate income taxes, local inhabitants taxes and enterprise taxes.

Income taxes were determined using the assets and liabilities approach, whereby deferred tax assets and liabilities were recognized in respect of temporary differences between the tax basis of assets and liabilities and those as reported in the financial statements.

(18) Net Income / (Loss) Per Share

The computation of net income/(loss) per share is based on the weighted average number of shares of common stock outstanding. Cash dividends per share shown in the consolidated statement of operations are the amounts applicable to the respective years.

(19) Effect of the Change in the Standard Enterprise Tax in Japan

Effective from 1 April 2004, the enterprise tax components attributable to added value and capital were reported in selling, general and administrative expenses due to the Act for Partial Revision of Local Tax Law passed on 31 March 2003. Cost of sales increased by ¥239 million and selling, general and administrative expenses increased by ¥75 million. As a result, operating income, ordinary income and income before income tax and minority interests decreased accordingly by ¥315,161 million for the fiscal year ended 31 March 2005.

(20) Accounting Standard for Impairment of Fixed Assets

On 9 August 2002, the Business Accounting Council in Japan issued "Accounting Standard for Impairment of Fixed Assets". The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the income statement by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use. The standard shall be effective for the year beginning 1 April 2005. However, earlier adoption is permitted for the year beginning 1 April 2004 and for years ended between 31 March 2004 and 31 March 2005. The Company has not yet applied this new standard nor has it determined the effect of applying it on the Company's consolidated financial statements.

(21) Reclassifications

Certain amounts for the prior years have been reclassified in conformity with the presentation for 2005. These changes had no impact on net income/(loss) or net cash flows previously reported.

3. United States Dollar Amounts

The Company maintains accounting records in yen. The dollar amounts included in the consolidated financial statements for the year ended 31 March 2005 and notes thereto represent the arithmetical results of translating yen to dollars on a basis of ¥107.39=US\$1, the approximate effective rate of exchange prevailing at 31 March 2005. 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 ¥107.39=US\$1 or any other rate.

4. Collateral

A deposit of ¥1 million (\$9,311 thousand) as of 31 March 2005 and 2004 was pledged as collateral for guarantees on advertising transaction.

5. Marketable Securities and Investment in Securities

(1) The cost, book value and unrealized gain or loss on other securities with fair value as of 31 March 2005 and 2004 were as follows:

Description	Millions of yen 31 March 2005		
	Acquisition cost	Book value (Fair market value)	Unrealized gain (loss)
Fair market value exceeds acquisition cost			
Equity securities	¥ 1,202	¥ 15,459	¥ 14,257
Fair market value does not exceed acquisition cost			
Equity securities	102	96	(6)
Total	¥ 1,304	¥ 15,555	¥ 14,251

Description	Millions of yen 31 March 2004		
	Acquisition cost	Book value (Fair market value)	Unrealized gain (loss)
Fair market value exceeds acquisition cost			
Equity securities	¥ 2,320	¥ 14,173	¥ 11,853
Fair market value does not exceed acquisition cost			
Equity securities	—	—	—
Total	¥ 2,320	¥ 14,173	¥ 11,853

Description	Thousands of U.S. dollars (Note 3) 31 March 2005		
	Acquisition cost	Book value (Fair market value)	Unrealized gain (loss)
Fair market value exceeds acquisition cost			
Equity securities	\$ 11,197	\$ 143,953	\$ 132,756
Fair market value does not exceed acquisition cost			
Equity securities	951	897	(55)
Total	\$ 12,148	\$ 144,850	\$ 132,701

(Note 1) Besides the above, the equity amount equivalent to the valuation difference of the financial assets, which there is an investment-to-investment partnership and is contained in union composition property, is ¥455 million (\$4,305 thousand) for the years ended 31 March 2004.

(Note 2) The acquisition cost of other securities with fair value as of 31 March 2005 and 2004 is presented at the amount after write-down of ¥3 million (\$26 thousand) and ¥2 million, respectively.

In the event that a decline in the value of the other securities is 30% or more and is considered permanent, the acquisition cost is written down to fair value.

(2) Other securities sold:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Proceeds from sales of available-for-sale securities	¥ 13,448	¥ 2,202	\$ 125,227
Realized gain	5,304	1,257	49,391
Realized loss	(4)	(25)	(34)

(3) The book value of major securities without fair value as of 31 March 2004 and 2003 is as follows:

The reserve for retirement benefits as of 31 March 2004 and 2003 is analyzed as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Unlisted stocks	¥ 1,988	¥ 1,222	\$ 18,508
MMA	529	1,465	4,926
FFF	—	500	—
Investments in limited partnerships	770	—	7,178
Others	—	200	24
	¥ 3,287	¥ 3,387	\$ 30,636

6. Work and Software in Progress

"Work and Software in Progress" represents the accumulated costs of uncompleted work for software development, data processing and other work under contract with customers.

7. Property and Equipment

Property and equipment as of 31 March 2005 and 2004 is summarized as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Buildings and structures	¥ 3,418	¥ 3,011	\$ 31,824
Cars and vehicles	9	14	88
Equipment, furniture and fixtures	4,855	4,482	45,206
	8,282	7,507	77,118
Less: accumulated depreciation	(4,478)	(3,834)	(41,696)
	3,804	3,673	35,422
Land	1,311	1,219	12,227
Construction in progress	2	5	16
	¥ 5,117	¥ 4,897	\$ 47,665

8. Security Deposits

Security deposits as of 31 March 2005 and 2004 are deposits paid to lessors in connection with leases of buildings and office space, computers and related equipment. Lessors in Japan require large amounts of leasehold deposits equivalent to several months' lease rental payments. Such leasehold deposits do not bear interest and are generally returnable only after the lease is terminated.

9. Short-term and Long-term Debt

(1) Short-term bank loans as at 31 March 2005 and 2004 were as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2003
	2005	2004	
Unsecured bank loans (average interest rate of 1.7 per cent and 0.0 per cent)	¥ 400	¥ 5	\$ 3,725

(2) The outstanding bank overdrafts and loan commitments contracted as at 31 March 2005 and 2004 were as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Credit facilities			
Used	¥ 10,000	¥ 10,000	\$ 93,119
Unused	—	—	—
	¥ 10,000	10,000	\$ 93,119

(3) Long-term debt as at 31 March 2005 and 2004 was as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Unsecured	¥ 2,455	¥ 23,066	\$ 22,857
Long-term bank loans, due 2006 to 2012 (average interest rate of 1.5 per cent excluding current portion) transcocos inc.			
Zero coupon convertible bonds due on 20 March 2008(*1)	10,000	—	93,119
Applied Technology Co., LTD 1.17 per cent, unsecured straight bonds, due on 20 June 2008	100	—	931
0.41 per cent, unsecured straight bonds, due on 25 August 2008	160	—	1,490
0.68 per cent, unsecured straight bonds, due on 10 September 2008	80	—	745
	12,795	3,066	119,142
Less: Current portion	225	1,031	2,094
	¥ 12,570	¥ 2,035	\$ 117,048

(*1)

The ¥10,000 million Zero Coupon Convertible Bonds (the "Bonds", whose terms shall, unless specified requires otherwise, include stock acquisition rights incorporated in the Bonds) of transcocos inc. due 2008 were issued in denominations of ¥1,000,000 each, with stock acquisition rights.

Summary

- 1) Payment date: 21 June 2004
- 2) Due of redemption: 20 June 2008
- 3) Convertible price: Initially ¥4,410 per share
- 4) Convertible term: After 6 July 2004 up to and including 6 June 2008.

The aggregate annual maturity of long-term debt subsequent to 31 March 2005 is as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2005	
Year ending 31 March			
Within one year	¥ 225	\$ 2,094	
Over one year less than two years	2,105	19,603	
Over two years less than three years	106	991	
Over three years less than four years	10,108	94,121	
Over four years less than five years	49	457	
Thereafter	202	1,875	
Total	¥ 12,795	\$ 119,141	

10. Retirement Benefit Plan

The reserve for retirement benefits as of 31 March 2005 and 2004 is analyzed as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Projected benefit obligations	¥ (3,431)	¥ (3,134)	\$ (31,952)
Plan assets	4,304	3,895	40,080
	873	761	8,128
Unrecognized actuarial differences	(404)	(43)	(3,768)
	469	718	4,360
Prepaid pension costs	477	733	4,439
The reserve for retirement benefits	¥ (8)	¥ (15)	\$ (79)

Net pension expense related to the retirement benefits for the years ended 31 March 2005 and 2004 was as follows:

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Service costs	¥ 397	¥ 391	\$ 3,700
Interest costs	30	28	276
Expected return on plan assets	215	(27)	2,003
Amortization of actuarial differences	(39)	245	(367)
Amortization of unrecognized prior service costs	—	—	—
Net pension expenses	603	637	5,612
Gain on return of substitutional portion of employee pension fund	—	—	—
	¥ 603	¥ 637	\$ 5,612

(Note) The above amounts are deducted from the amount of employees donations to the business annuity fund or employees' pension fund.

Assumptions used in calculation of the above information were as follows:

	31 March	
	2005	2004
Discount rate	1.0%	1.0%
Expected rate of return on plan assets	1.0%	1.0%
Method of attributing the projected benefits to periods of service	Straight Line-basis	Straight Line-basis
Amortization of unrecognized prior service costs	5 years	5 years
Amortization of unrecognized actuarial differences	5 years	5 years

11. Contingent Liabilities

As of 31 March 2005 and 2004, the Group was contingently liable as guarantor or under comfort letters or similar instruments for the following borrowings incurred by its unconsolidated subsidiaries, affiliates and others.

	Millions of yen 31 March		Thousands of U.S. dollars (Note 3) 31 March 2005
	2005	2004	
Guarantees on loans and other:			
Access Markets International Partners, Inc.	¥ —	¥ 129	\$ —
Others	—	4	—
	¥ —	¥ 133	\$ —

12. Lease Transactions

The Group leases certain equipment, furniture and fixtures. Pro forma information pertinent to the lease contracts of the Group which do not transfer the ownership of the leased assets to the lessees on an "as if capitalized" basis for the years ended 31 March 2005 and 2004 is as follows:

	Millions of yen 31 March 2005		
	Acquisition Cost	Accumulated depreciation	Net leasehold property
Buildings	¥ 18	¥ 5	¥ 13
Cars and Vehicles	6	3	3
Furniture and Fixtures	1,423	938	485
Software	309	155	154
Total	¥ 1,756	¥ 1,101	¥ 655

	Millions of yen		
	31 March 2004		
	Acquisition Cost	Accumulated depreciation	Net leasehold property
Buildings	¥ 17	¥ 14	¥ 3
Cars and Vehicles	3	0	3
Furniture and Fixtures	1,586	955	631
Software	310	167	143
Total	¥ 1,916	¥ 1,136	¥ 780

	Thousands of U.S. dollars (Note 3)		
	31 March 2005		
	Acquisition Cost	Accumulated depreciation	Net leasehold property
Buildings	\$ 169	\$ 45	\$ 124
Cars and Vehicles	54	27	27
Furniture and Fixtures	13,252	8,732	4,520
Software	2,874	1,443	1,431
Total	\$ 16,349	\$ 10,247	\$ 6,102

Future minimum lease payments under finance leases, including the interest expense thereon as of 31 March 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	31 March		
	2005	2004	2005
Due within one year	¥ 342	¥ 414	\$ 3,184
Due after one year	341	411	3,174
	¥ 683	¥ 825	\$ 6,358

Depreciation expenses, lease expenses and interest expenses which are not reflected in the accompanying consolidated statements of income for the years ended 31 March 2005 and 2004 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	31 March		
	2005	2004	2005
Depreciation expenses	¥ 433	¥ 474	\$ 4,030
Lease expenses	408	455	3,801
Interest expenses	15	20	136

13. Derivatives and Hedging Activities

The Company utilizes derivative financial instruments, which comprise forward exchange contracts to reduce exposure to risks from fluctuations in foreign currency exchange rates. The Company also utilizes interest rate swaps to reduce exposure to risks from fluctuations in the interest rate of bank loans. The Company holds derivative financial instruments within the amount with specific purposes of the transactions. The Company does not hold or issue derivative financial instruments for trading purposes.

The Company is exposed to certain market risks arising from its forward exchange contracts and from interest swap agreements. The counter parties also expose the Company to the risk of credit loss in the event of non-performance to the currency; however, the Company does not anticipate non-performance by any of these counter parties all of whom are financial institutions with high credit ratings.

Under the Company's risk management policy, all derivative financial instruments are designed, executed and controlled by the financial department with the approval of the president. Due to the fact that such transactions are rare, no specific rule relating to them has been drawn up.

14. Loss on Write-Down of Investments in Affiliates

Loss on write-down of investments in affiliates includes the amortization of the difference of ¥2,970 million between the cost of an investment and the amount of underlying equity in the net assets of such affiliates in the year ended 31 March 2003.

15. Loss on Liquidation of Business Segment

In connection with the bankruptcy of certain subsidiaries, the Company incurred a loss of ¥2,104 million in the years ended 31 March 2003. This consisted of the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	31 March 2004			
	2005	2004	2003	2005
Loss on write-down of investments in affiliates	¥ —	¥ —	¥ 1,602	\$ —
Loss on write-down of inventory	—	—	251	—
Others	—	—	251	—
	¥ —	¥ —	¥ 2,104	\$ —

16. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which in the aggregate resulted in statutory tax rates of approximately 40.69 per cent and 42.05 per cent for the years ended 31 March 2005 and 2004, respectively. Foreign subsidiaries are subject to the income taxes of the countries in which they operate.

The difference between the effective tax rate and statutory tax rate for the years ended 31 March 2003 is not presented because of the net loss in that year.

According to the Act for Partial Revision of Local Tax Law passed 31 March 2003, the statutory effective tax rate used for calculation of deferred tax assets and liabilities relating to temporary differences for the year ended 31 March 2003 has changed.

The effect of the adoption of the new standard for 2003 was immaterial.

The tax effects of temporary differences that give rise to a significant portion of the deferred tax assets and liabilities as of 31 March 2005 and 2004 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	31 March		
	2005	2004	2005
Deferred tax assets:			
Accrued bonuses	¥ 880	¥ 761	\$ 8,196
Accrued enterprise tax	116	8	1,083
Gain on disposal of investments in affiliates	2,337	2,977	21,762
Write-down of golf club memberships	157	144	1,462
Tax losses carried forward	10,367	12,985	96,535
Allowance for bad debt	200	342	1,862
Loss on liquidation of investments in affiliates	388	160	3,617
Write-down of marketable securities	464	589	4,324
Write-down of investments in securities	329	223	3,062
Others	339	294	3,152
	15,577	18,483	145,055
Valuation allowance	(5,844)	(5,590)	(54,424)
Total deferred tax assets	9,733	12,893	90,631
Deferred tax liabilities:			
Valuation difference on other securities	5,668	4,749	52,777
Gain on capital reduction	—	149	—
Others	—	2	—
Total deferred tax liabilities	5,668	4,900	52,777
Net deferred tax assets	¥ 4,065	¥ 7,993	\$ 37,854

Reconciliation between the statutory tax rate and effective tax rate as at 31 March 2005.

	31 March 2005
Statutory tax rate	40.69%
(Reconciliation)	
Valuation allowance	(4.01)
Tax-rate difference of subsidiaries in foreign countries	(4.76)
Non deductible items (entertainment expenses, etc.)	2.05
Inhabitant taxes per capita	0.43
Equity in earnings of unconsolidated subsidiaries and affiliates	2.05
The offset dividend earned	2.12
Gain or loss on issuance of shares by investees	(1.53)
Unrecognized profits of deficit subsidiaries	(2.59)
Other	5.15
Effective tax rate	39.60%

17. Supplementary Cash Flow Information

(1) The assets and liabilities of companies newly consolidated through the additional purchase of shares are as follows:

	As of 1 April 2004	
	Millions of yen	Thousand of U.S. dollars
Current assets	¥ 380	\$ 3,543
Non-current assets	303	2,825
Current liabilities	(392)	(3,654)
Non-current liabilities	(103)	(959)
Negative goodwill	(188)	(1,755)
Acquisition cost	0	0
Cash and cash equivalents	(136)	(1,267)
Proceeds from purchase of shares	¥ (136)	\$ (1,267)

Marketswitch Japan KK

	As of 1 October 2004	
	Millions of yen	Thousand of U.S. dollars
Current assets	¥ 16	\$ 151
Non-current assets	1	12
Goodwill	2	16
Current liabilities	(1)	(12)
Minority interests in subsidiaries	(8)	(75)
Net deficit by equity method	(8)	(69)
Acquisition cost	2	23
Cash and cash equivalents	(15)	(145)
Proceeds from purchase of shares	¥ (13)	\$ (122)

(2) The assets and liabilities of companies excluded from the scope of consolidated through the sale of shares are as follows:

Access Venture Partners, LLC

	As of 1 January 2004	
	Millions of yen	Thousand of U.S. dollars
Current assets	¥ 21	\$ 196
Loss on sale of investments in securities	(0)	(0)
Amount for sale of investments in subsidiaries	21	196
Cash and cash equivalents	(21)	(196)
Payment on sale of shares	¥ (0)	\$ (0)

NetworkAsia

	As of 31 December 2004	
	Millions of yen	Thousand of U.S. dollars
Current assets	¥ 41	\$ 389
Current liabilities	(1)	(14)
Minority interests in subsidiaries	(68)	(631)
Gain on sale of investments in subsidiaries	43	401
Amount for sale of investments in subsidiaries	15	145
Cash and cash equivalents	(41)	(386)
Payments on sale of shares	¥ (26)	\$ (241)

18. Segment Information

(1) Industry Segment Information

The Company and its subsidiaries operate principally in the following two industry segments:

Industry segment:	Major activities:
Computer service	Data processing, data entry, software development, sales of equipment
Venture capital	Venture capital investment

The segment information of the Group for each of the two years in the period ended 31 March 2005 classified by industry segments is summarized as follows:

	For the year ended 31 March 2005				
	Millions of yen				
	Computer service	Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Sales:					
Sales to outside customers	¥ 88,396	¥ 3,502	¥ 91,898	¥ —	¥ 91,898
Inter-segment sales/transfers	12	—	12	(12)	0
Total	88,408	3,502	91,910	(12)	91,898
Operating expenses	80,008	1,551	81,559	5,342	86,901
Operating profit or loss	8,400	1,951	10,351	(5,354)	4,997
Assets	¥ 46,171	¥ 5,797	¥ 51,968	¥ 34,947	¥ 86,915
Depreciation	1,007	2	1,009	447	1,456
Capital expenditure	1,595	1	1,596	312	1,908

	For the year ended 31 March 2004				
	Millions of yen				
	Computer service	Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Sales:					
Sales to outside customers	¥ 76,666	¥ 1,252	¥ 77,918	¥ —	¥ 77,918
Inter-segment sales/transfers	20	—	20	(20)	—
Total	76,686	1,252	77,938	(20)	77,918
Operating expenses	68,092	1,430	69,522	5,450	74,972
Operating profit or loss	8,594	(178)	8,416	(5,470)	2,946
Assets	¥ 44,517	¥ 8,108	¥ 52,625	¥ 18,511	¥ 71,136
Depreciation	780	18	798	343	1,141
Capital expenditure	798	12	810	1,406	2,216

	For the year ended 31 March 2005				
	Thousands of U.S. dollars				
	Computer service	Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Sales:					
Sales to outside customers	\$ 823,130	\$ 32,612	\$ 855,742	\$ —	\$ 855,742
Inter-segment sales/transfers	112	—	112	112	—
Total	823,242	32,612	855,854	(112)	855,742
Operating expenses	745,023	14,441	759,464	49,751	809,215
Operating profit or loss	78,219	18,171	96,390	(49,863)	46,527
Assets	\$ 429,938	\$ 53,978	\$ 483,916	\$ 325,427	\$ 809,343
Depreciation	9,376	15	9,391	4,166	13,557
Capital expenditure	14,854	3	14,857	2,906	17,763

(Note 1) The amounts of operating loss included in the column "elimination or unallocatable amount" are ¥5,356 million (\$49,877 thousand) and ¥5,508 million for the years ended 31 March 2005 and 2004, respectively, which include expenses mostly charged to the administration department.

(Note 2) The amounts of assets included in the column "elimination or unallocatable amount" are ¥35,143 million (\$327,250 thousand) and ¥18,705 million for the years ended 31 March 2005 and 2004, respectively, which include surplus working funds (cash and securities), long-term investment funds (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 the years ended 31 March 2005 and 2004 is summarized as follows:

	For the year ended 31 March 2005					
	Millions of yen					
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Sales:						
Sales to outside customers	¥ 87,697	¥ 3,424	¥ 777	¥ 91,898	¥ —	¥ 91,898
Inter-segment sales/transfer	120	79	304	503	(503)	—
Total	87,817	3,503	1,081	92,401	(503)	91,898
Operating expenses	79,549	2,051	448	82,048	4,853	86,901
Operating profit or loss	¥ 8,268	¥ 1,452	¥ 633	¥ 10,353	¥ (5,356)	¥ 4,997
Assets	¥ 45,642	¥ 5,446	¥ 1,864	¥ 52,952	¥ 33,963	¥ 86,915

For the year ended 31 March 2004						
Millions of yen						
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Sales:						
Sales to outside customers	¥ 76,135	¥ 1,438	¥ 345	¥ 77,918	¥ —	¥ 77,918
Inter-segment sales/transfer	361	91	190	642	(642)	—
Total	76,496	1,529	535	78,560	(642)	77,918
Operating expenses	67,751	1,988	405	70,144	4,828	74,972
Operating profit or loss	¥ 8,745	¥ (459)	¥ 130	¥ 8,416	¥ (5,470)	¥ 2,946
Assets	¥ 41,350	¥ 7,146	¥ 4,040	¥ 52,536	¥ 18,600	¥ 71,136

For the year ended 31 March 2005						
Thousands of U.S. dollars						
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Sales:						
Sales to outside customers	\$ 816,621	\$ 31,889	\$ 7,232	\$ 855,742	\$ —	\$ 855,742
Inter-segment sales/transfer	1,115	733	2,832	4,680	(4,680)	—
Total	817,736	32,622	10,064	860,422	(4,680)	855,742
Operating expenses	740,746	19,102	4,176	764,024	45,191	809,215
Operating profit or loss	\$ 76,990	\$ 13,520	\$ 5,888	\$ 96,398	\$ (49,871)	\$ 46,527
Assets	\$ 425,012	\$ 50,715	\$ 17,353	\$ 493,079	\$ 316,264	\$ 809,343

(Note 1) The amounts of operating loss included in the column "elimination or unallocatable amount" are ¥5,356 million (\$49,877 thousand) and ¥5,508 million for the years ended 31 March 2005 and 2004, respectively, which include expenses mostly charged to the administration department.

(Note 2) The amounts of assets included in the column "elimination or unallocatable amount" are ¥35,143 million (\$327,250 thousand) and ¥18,705 million for the years ended 31 March 2005 and 2004, respectively, which include surplus working funds (cash and securities), long-term investment funds (investment in securities and long-term deposits) and other assets which are attributable to the administrative department.

(Note 3) The segment "Asia" represents China and Korea for the year ended 31 March 2005, and China, Korea and Taiwan for the year ended 31 March 2004.

(3) Sales outside Japan

No material sales outside Japan of the Group for the year ended 31 March 2005 and 2004 are noted.

19. Related Party Transactions

No material transactions by the directors of the Group for the years ended 31 March 2005 and 2004 are noted.

20. Net Income (Loss) and Dividends Per Share

Net income (loss) per share shown for each year in the accompanying Consolidated Statements of Operations is based on the weighted average number of shares of common stock outstanding during each year. No diluted effect on net loss per share for the years ended 31 March 2003 is disclosed since the Company has issued neither bonds with subscription warrants nor convertible bonds.

Effective from the year ended 31 March 2003, the Company and its subsidiaries applied Financial Accounting Standard No.2 "Financial Accounting Standards for Earnings per Share" and the Financial Accounting Standards Implementation Guidance No.4 "Implementation Guidance for Accounting Standards for Earnings per share" issued by Accounting Standards Board of Japan on 25 September 2002.

The basis for the calculation of net loss per share for the years ended 31 March 2005 and 2004 is as follows:

Millions of yen			Thousands of U.S. dollars (Note 3)	
31 March			31 March	
	2005	2004	2005	
Net income	¥ 4,848	¥ 952	\$ 45,143	
Less: Components not pertaining to common shareholders				
Bonuses to directors	(3)	(16)	(28)	
Net income pertaining to common stock	4,845	936	45,115	
Effect of potential dilution related to stock option	(13)	(1)	(118)	
Net income pertaining to common stock shareholders for computation of diluted net income per share	¥ 4,832	¥ 935	\$ 44,997	
Weighted average outstanding shares of common stock (shares)	22,926,257	23,804,727	—	
Effect of dilutive securities (shares)	1,885,983	45,710	—	
Weighted-average shares for diluted earning per shares computation (shares)	24,812,240	23,850,437	—	

By applying the current method, the amounts of net income per share for the years ended 31 March 2005 and 2004 are calculated as follows:

Millions of yen			Thousands of U.S. dollars (Note 3)	
31 March			31 March	
	2005	2004	2005	
Net income per share	¥ 211.3	¥ 39.3	\$ 2.0	
Net assets per share	2,511.0	2,329.8	23.4	
The diluted effect on net income per share	194.8	39.2	1.8	

Cash dividend per share shown for each year in the accompanying Consolidated Statements of Operations represent dividends declared as applicable to the respective years, rather than those paid in the respective years.

21. Subsequent Events

Significant events subsequent to 31 March 2005 are as follows:

(1) The appropriation of retained earnings of the Company for the year ended 31 March 2005, which was approved by the Board of Directors held on 28 April 2005, is as follows:

Millions of yen	
Appropriations:	
Cash dividends (¥40 per share)	¥ 910
Bonuses to directors	3
Total	¥ 913

(2) Although, in the past, we have positioned the evaluation, development and promotion of know-how related to internet technology ventures as sources of competitiveness, it was resolved in the Board of Directors meeting held on 28 April 2005 to clearly position investments in those ventures as a core business within the organization, and to strengthen the workforce as a corporate venture business to pursue profit and benefit from the synergies with information service business.

As a result of this resolution, investments in securities of ¥13,814 million were reclassified to investments in securities for operating purposes, and deferred tax liabilities (current liabilities) of ¥4,941 million were reclassified to deferred tax liabilities (non-current liabilities) on 1 April 2005.

Significant events subsequent to 31 March 2004 are noted as follows:

The ¥10,000 million Zero Coupon Convertible Bonds (tenkanshasaigata shinkabu yoyakuken-tsuki shasai) (the "bonds", whose terms and conditions shall, unless specified otherwise, include stock acquisition rights incorporated therein) of transcosmos inc. due 2008 were issued in denominations of ¥1,000,000 each with stock acquisition rights (shinkabu yoyakuken), in accordance with the Board of Directors' decision on 2 June 2004.

Summary

- 1) Offer price: 102.5 per share
- 2) Payment date: 21 June 2004
- 3) Due of redemption: 20 June 2008
- 4) Convertible price: Initially ¥4,410 per share
- 5) Convertible term: After 6 July 2004 up to and including 6 June 2008.

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders of transcosmos inc.

We have audited the accompanying consolidated balance sheets of transcosmos inc. and its subsidiaries as of 31 March 2005 and 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended 31 March 2005, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of transcosmos inc. and its subsidiaries as of 31 March 2005 and 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended 31 March 2005, in conformity with accounting principles generally accepted in Japan.

As described in Note 21, transcosmos inc. resolved in the Board of Directors meeting held on 28 April 2005 to strengthen the structure of corporate venture capital business.

As described in Note 21, transcosmos inc. issued ¥10,000 million in Zero Coupon Convertible Bonds due 2008.

The amounts expressed in U.S. dollars, which are provided solely for the convenience of the reader, have been translated on the basis set forth in Note 3 to the accompanying consolidated financial statements.

ChuoAoyama pricewaterhouseCoopers

ChuoAoyama PricewaterhouseCoopers
Tokyo, Japan
29 June 2005



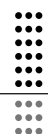
Non-Consolidated Balance Sheets

At 31 March 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2004	2005
ASSETS			
Current Assets:			
Cash and time deposits	¥ 18,748	¥ 4,488	\$ 174,574
Notes and accounts receivable:			
Third parties	12,723	10,175	118,474
Subsidiaries and affiliates	137	232	1,272
	12,860	10,407	119,746
Less: allowance for bad debt	(41)	(48)	(378)
	12,819	10,359	119,368
Short-term loans receivable to subsidiaries	—	1,951	—
Work and software in progress and merchandise	89	34	829
Deferred tax assets	2,219	2,098	20,660
Merchandise	68	125	632
Prepaid expenses	383	306	3,568
Other current assets	641	594	5,974
Total current assets	34,967	19,955	325,605
Investments and Advances:			
Investments in securities	14,517	11,979	135,176
Investments in and advances to subsidiaries and affiliates	24,864	23,006	231,527
Stock purchase warrants from subsidiaries	3	—	32
Long-term loans receivable to subsidiaries	5,450	7,010	50,750
Other investments	199	140	1,852
Less: allowance for bad debt	(3,825)	(3,305)	(35,615)
Total investments and advances	41,208	38,830	383,722
Property and equipment, at cost, less accumulated depreciation	3,921	3,767	36,512
Security deposits	2,077	1,820	19,337
Deferred charges, intangibles and others	1,092	995	10,170
Other non-current assets to subsidiaries and affiliates	144	110	1,339
Deferred tax assets	65	3,160	605
Prepaid pension tax	455	708	4,241
	¥ 83,929	¥ 69,345	\$ 781,531

The accompanying notes are an integral part of the financial statements.

At 31 March 2005 and 2004	Millions of yen		Thousands of U.S. dollars (Note 3)
	2005	2004	2005
LIABILITIES AND STOCKHOLDERS' EQUITY			
Current Liabilities:			
Current portion of long-term bank loans	¥ —	¥ 1,000	\$ —
Accounts payable:			
Third parties	4,440	3,162	41,341
Subsidiaries and affiliates	840	872	7,825
	5,280	4,034	49,166
Income taxes payable	321	33	2,992
Accrued expenses	2,196	1,652	20,451
Accrued bonuses for employees	2,127	1,803	19,809
Other current liabilities	1,618	1,115	15,053
Total current liabilities	11,542	9,637	107,471
Non-Current Liabilities:			
Straight bonds	10,000	—	93,119
Long-term bank loans	2,000	2,000	18,624
Other non-current liabilities	46	156	426
Total non-current liabilities	12,046	2,156	112,169
Total liabilities	23,588	11,793	219,640
Stockholders' Equity:			
Common stock:			
Authorized 90,088,176 shares at 31 March 2005 and 2004			
Issued 24,397,023 shares at 31 March 2005 and 2004	29,066	29,066	270,658
Additional paid-in capital	15,069	15,000	140,322
Other capital surplus	7,597	7,623	70,743
Legal reserve	—	—	—
General reserve	—	—	—
Retained earnings	5,776	3,360	53,785
Unrealized gains on marketable securities and investments in securities	7,492	5,638	69,768
Treasury stock, at cost, 1,645,055 and 1,189,739 shares at 31 March 2005 and 2004, respectively	(4,659)	(3,135)	(43,385)
Total stockholders' equity	60,341	57,552	561,891
	¥ 83,929	¥ 69,345	\$ 781,531

The accompanying notes are an integral part of the statements.



Non-Consolidated Statements of Operations

For the years ended 31 March 2005, 2004 and 2003

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2005	2004	2003	2005
Net Sales	¥ 79,798	¥ 65,360	¥ 57,389	\$ 743,071
Cost of Sales	63,182	50,698	46,344	588,344
Gross profit	16,616	14,662	11,045	154,727
Selling, general and administrative expenses	12,641	10,394	8,531	117,716
Operating income	3,975	4,268	2,514	37,011
Non-operating income (expenses):				
Interest income	45	120	146	422
Interest expenses	(36)	(27)	(29)	(336)
Dividend income	51	79	13	474
Bond issuance cost	(66)	—	—	(611)
Loss on sale/disposal of property and equipment	(101)	(53)	(184)	(943)
Loss on write-down of marketable securities and investments in securities	(150)	(274)	(1,739)	(1,393)
Loss on write-down of investments in affiliates	(560)	(297)	—	(5,212)
Loss on write-down of golf club memberships	(28)	(17)	(75)	(260)
Gain on sale/disposal of investments in securities	3,040	579	491	28,306
Gain on sale/disposal of investments in affiliates	0	38	149	1
Gain on return of substitutional portion of employee pension fund	—	—	719	—
Loss on liquidation of business segment	—	(202)	(25,729)	—
Headquarters relocation costs	—	(520)	—	—
Loss on investments in partnerships	(225)	(667)	(511)	(2,096)
Gain on dissolution of subsidiary	33	—	—	307
New SFA development costs	—	—	(2,934)	—
Provision for allowance for bad debt	(1,008)	(523)	(2,785)	(9,382)
Other, net	(57)	(40)	(120)	(543)
Total non-operating income (expenses)	938	(1,804)	(32,588)	8,734
Income/(loss) before income taxes	4,913	2,464	(30,074)	45,745
Income taxes				
- Current	41	71	14	380
- Deferred	1,746	(967)	(6,807)	16,254
Net income/(loss)	¥ 3,126	¥ 3,360	¥ (23,281)	\$ 29,111

Per Share:	Yen			U.S. dollars
	2005	2004	2003	2005
Net income/(loss)	¥ 136.2	¥ 140.6	¥ (954.3)	\$ 1.27
Cash dividends	¥ 40.0	¥ 30.0	¥ 10.0	\$ 0.37
Weighted average number of shares (in thousands)	22,926	23,805	24,396	

The accompanying notes are an integral part of the financial statements.



Non-Consolidated Statements of Stockholders' Equity

For the years ended 31 March 2005, 2004 and 2003

	Number of shares of common stock	Millions of yen					
		Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	General reserve	Retained earnings
Balance as at 31 March 2002	24,397,023	¥ 29,066	¥ 30,623	¥ —	¥ 389	¥ 14,900	¥ 480
Cash dividends	—	—	—	—	—	—	(488)
Net loss for the year ended 31 March 2003	—	—	—	—	—	—	(23,281)
Balance as at 31 March 2003	24,397,023	29,066	30,623	—	389	14,900	(23,289)
Transfer to retained earnings	—	—	(8,000)	—	(389)	(14,900)	23,289
Transfer to other capital surplus	—	—	(7,623)	7,623	—	—	—
Net income for the year ended 31 March 2004	—	—	—	—	—	—	3,360
Balance as at 31 March 2004	24,397,023	29,066	15,000	7,623	—	—	3,360
Increase in additional paid-in capital due to merger with a consolidated subsidiary	—	—	69	—	—	—	—
Loss on disposal of treasury stock	—	—	—	(26)	—	—	—
Cash dividends	—	—	—	—	—	—	(696)
Bonuses to directors	—	—	—	—	—	—	(14)
Net income for the year ended 31 March 2005	—	—	—	—	—	—	3,126
Balance as at 31 March 2005	24,397,023	¥ 29,066	¥ 15,069	¥ 7,597	¥ —	¥ —	¥ 5,776

	Number of shares of common stock	Thousands of U.S. dollars (Note 3)					
		Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	General reserve	Retained earnings
Balance as at 31 March 2004		\$ 270,658	\$ 139,678	\$ 70,978	\$ —	\$ —	\$ 31,288
Increase in additional paid-in capital due to merger with a consolidated subsidiary		—	644	—	—	—	—
Loss on disposal of treasury stock		—	—	(235)	—	—	—
Cash dividends		—	—	—	—	—	(6,483)
Bonuses to directors		—	—	—	—	—	(131)
Net income for the year ended 31 March 2005		—	—	—	—	—	29,111
Balance as at 31 March 2005		\$ 270,658	\$ 140,322	\$ 70,743	\$ —	\$ —	\$ 53,785

The accompanying notes are an integral part of the financial statements.

1. Basis of Presenting the Non-Consolidated Financial Statements

Accounting principles

The accompanying non-consolidated financial statements have been prepared from accounts maintained by transcosmos 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 Financial Reporting 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 is required to be prepared in the consolidated financial statements with effect for the years ended 31 March 2005, 2004 and 2003.

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, and 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 at a rate of ¥107.39=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 ¥107.39=US\$1 or any other rate.

4. Additional Paid-in Capital, Legal Reserve and Retained Earnings

The Japanese Commercial Code provided that an amount equivalent to at least 10% of certain cash disbursements as appropriations of retained earnings with respect to each fiscal year be appropriated as legal reserve until the total amount of additional paid-in capital and legal reserve equals 25 per cent of the stated capital.

CORPORATE INFORMATION

Name transcosmos inc.

Head Office 3-25-18, Shibuya, Shibuya-ku,
Tokyo 150-8530 Japan

Incorporated June 18, 1985

Capital ¥29,065,968,631

Employees 7,604 group, 6,379 parent
(as of March 31, 2005)

Major Banks Sumitomo Mitsui Banking Corporation
Mizuho Corporate Bank, Ltd.
UFJ Bank Limited

STOCK INFORMATION

Accounting Year-end
March 31

Month of General Shareholders' Meeting
June

Issued Common Stocks
24,397,023
(as of March 31, 2005)

Number of Shareholders
23,509
(as of March 31, 2005)

Stock Exchange Listing
Tokyo Stock Exchange

Auditing Corporation
ChuoAoyama PricewaterhouseCoopers

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OFFICERS

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
Vice Chairman	Osamu Goto Toshikazu Tanizawa
President & COO	Masataka Okuda
Executive Vice Presidents	Shojiro Takashima Yasuki Matsumoto
Senior Managing Directors	Koichi Iwami Masakatsu Moriyama
Member, Board of Directors	Taiki Yoshioka
Standing Auditor	Yoshiharu Uenoyama
Auditors	Masahiko Tanimura Teruyuki Hiroyama Tsutomu Yamamoto
Corporate Executive Officers	Masaya Nishimura Masayuki Tada Masaaki Muta Hiroshi Kaizuka Shinichi Nagakura
Corporate Senior Officers	Kazuhiro Umemura Tsunetaka Miyaryo Masatoshi Kouno Hirofumi Inoue Tsutomu Kawase Chikashi Sasamori Kazuhiro Yamaki Yujiro Mitera Nobuhiko Fujimoto Koji Okamoto Kazuhiro Shimizu Kokkei Nakayama Yoichi Kawano Akira Miyake Hirofumi Shiokawa Kimihide Okino
Corporate Officers	Hironori Katada Yutaka Kojima Kunio Shimofusa Yasuhiro Hayami Masatoshi Araki Tsugio Kanno Hiroyuki Kohara Tadashi Makino