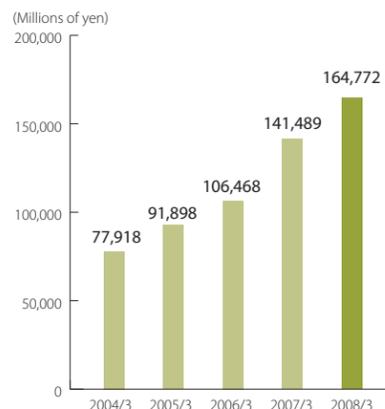


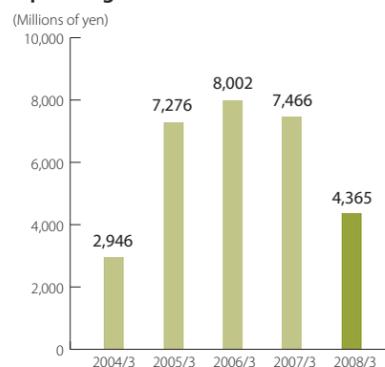
Financial Statements

Management's Discussion and Analysis

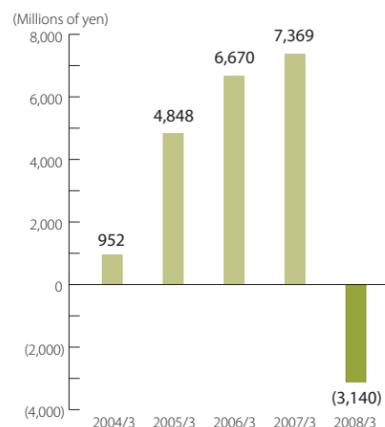
Net Sales



Operating Income



Net Income



Operating Results

Net Sales, Operating Income and Net Income

During the fiscal year ended 31 March 2008, the Japanese economy experienced a moderate but consistent recovery, but the rapid increase in oil prices, substantial downturns in stock markets and the continued appreciation of the yen caused by the rapid increase in oil prices, the subprime mortgage crisis in the United States, and other factors have caused rising uncertainty concerning personal consumption and future economic prospects. Overseas, although the United States is showing signs of economic slowdown, Russia, China, India, and a number of Middle Eastern countries are growing rapidly. The corporate sector is experiencing a moderate improvement in corporate income, and although there are some signs of constraints, capital investment continues to expand. There are also indications that the scope of outsourcing use is growing as a result of expectations concerning cost reductions and improvements in operations.

Under these economic conditions, net sales and operating income in the IT services for companies (BtoB) sector were up from the previous fiscal year. **transcosmos** has also been working hard to position media services for consumers (BtoC) as a core group business for the medium term. The company has implemented a process of selection and concentration of business resources with respect to unprofitable group companies with the intention of improving income. To enhance the added value provided to client companies, **transcosmos** engages in the corporate venture capital business including strategic investment, monitoring the latest developments in technology and services in Japan and overseas and incorporating them into its own list of services.

As a result of the above, for the fiscal year under review, consolidated net sales were ¥164,772 million, an increase of ¥23,282 million or 16.5% from the previous fiscal year. Consolidated operating income was ¥4,365 million, down ¥3,101 million or 41.5%. This decline was primarily the result of an increase in impairment losses from investment in non-listed companies in the CVC business. A consolidated net loss of ¥3,140 million was posted (compared to consolidated net income of ¥7,369 million the previous fiscal year). This loss was the result of sales of shares not proceeding as planned because of the downturn in stock markets resulting in a substantial decline in gain on sale/disposal of investments in securities and gain on sale/disposal of investments in affiliates from the prior fiscal year, the recording of losses on impairment of fixed assets from the lump-sum amortization of goodwill for some affiliates, and the writing down of deferred tax assets in conjunction with revisions to the Practical Guidelines on Tax Effect Accounting in Consolidated Financial Statements, resulting in an increase in income taxes deferred of ¥2,222 million.

By region, in Japan, the IT services performed strongly and net sales jumped ¥24,804 million or 20.1% from the previous fiscal year to ¥148,424 million. Operating income was ¥10,679, down ¥261 million or 2.4%. In the United States, net sales fell ¥2,739 million or 53.5% to ¥2,380 million, and an operating loss of 911 million yen was posted (compared to operating income of ¥2,177 million the

previous fiscal year). In Asian countries other than Japan, net sales increased ¥1,217 million or 9.5% to ¥13,968 million, while operating income decreased ¥829 million or 56.8% to ¥629 million.

As a result of the above developments, overseas net sales as a percentage of total sales during the year under review fell from 12.9% to 10.4% because of a decrease in net sales in the corporate venture capital business in the United States and other factors.

Segment Information

IT Services

The IT services remained robust from the prior fiscal year with net sales up ¥25,698 million or 19.3% from the previous fiscal year to ¥158,915 million, primarily as a result of strong orders for Marketing Chain Management Services, a core service sector. Operating income was ¥10,303 million, down ¥161 million or 1.5% from the previous fiscal year.

Corporate Venture Capital Business

The Corporate Venture Capital Business posted net sales of ¥5,857 million, down ¥2,416 million or 29.2% from the previous fiscal year as a result of a decrease in sales of investment securities. Operating income was ¥16 million, down ¥3,918 million or 99.6% because of an increase in impairment losses on investing in non-publicly traded companies.

Financial Position

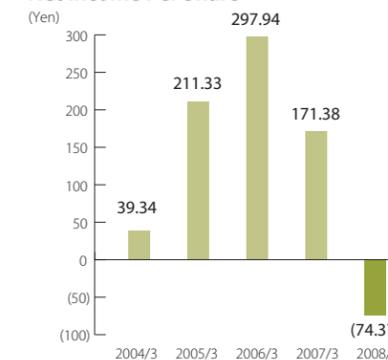
Assets, Liabilities and Net Assets

Total assets were up 0.7% from the end of the previous fiscal year to ¥97,099 million. Current assets decreased 4.9% to ¥58,756 million. The decrease was mainly due to a decline in cash and time deposits in conjunction with new investment in affiliates and payment of income taxes. Fixed assets rose 10.9% to ¥38,343 million because of increases in tangible and intangible fixed assets resulting from capital investment in call centers and other new facilities by **transcosmos** and its subsidiaries.

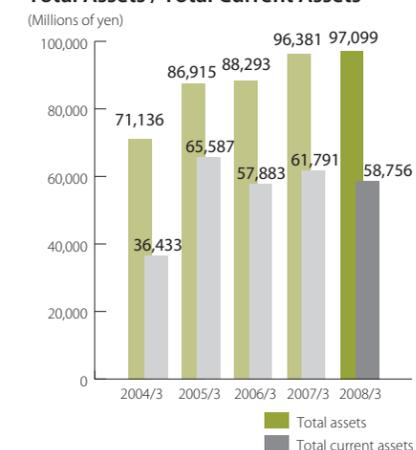
Total liabilities increased 26.9% from the end of the previous fiscal year to ¥47,338 million. Current liabilities rose 32.5% to ¥32,148, primarily as a result of the conversion of non-current liabilities to current liabilities in conjunction with corporate bonds becoming due in less than one year. Non-current liabilities were up 16.4% to ¥15,190 million. The increase was largely due to higher long-term debt.

Total net assets decreased 15.8% from the end of the previous fiscal year to ¥49,761 million. The main factors behind the decline were a decrease in retained earnings from the posting of a net loss for the year under review and additional acquisition of treasury stocks. The equity ratio fell from 54.5% to 44.2%.

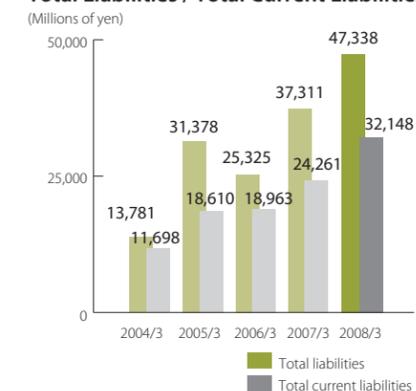
Net Income Per Share



Total Assets / Total Current Assets

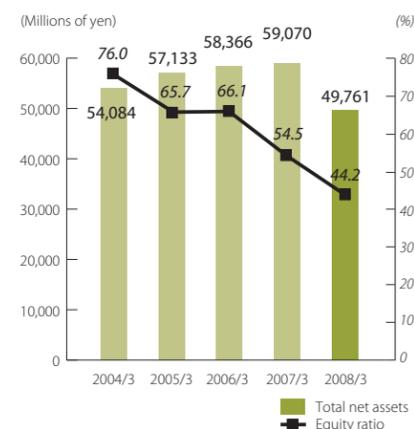


Total Liabilities / Total Current Liabilities

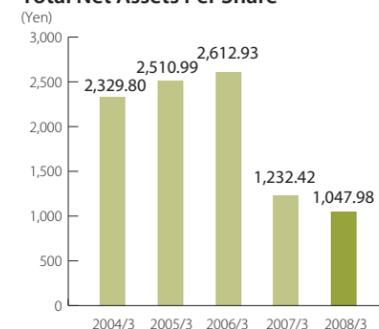


Management's Discussion and Analysis

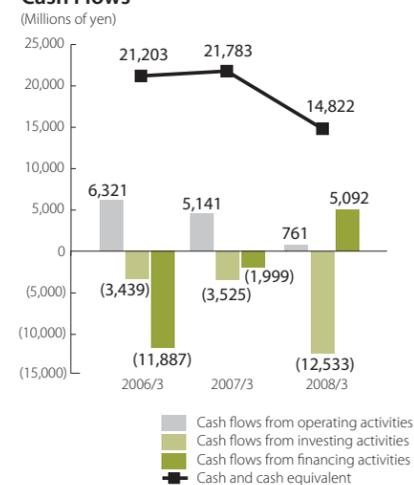
Total Net Assets / Equity Ratio



Total Net Assets Per Share



Cash Flows



Cash Flows

Net cash flows from operating activities were ¥761 million, a decrease of ¥4,380 million from the previous fiscal year. The decline was primarily the result of a substantial increase in income taxes paid by **transcosmos**.

Net cash used in investing activities was ¥12,533 million, an increase of ¥9,008 million from the previous fiscal year. The increase was mainly the result of a large decrease in proceeds from the sale of the shares of affiliates.

Net cash flows from financing activities were ¥5,092 million (compared to net cash used in financing activities of ¥1,999 million in the previous fiscal year). This result was mainly from an increase in income from short-term bank loans and a decrease in outflows for the acquisition of treasury stocks.

As a result of the above, the balance of cash and cash equivalents including foreign currency translation adjustments at the end of the fiscal year under review were down ¥6,961 million from the end of the previous fiscal year to ¥14,882 million.

Five-year Summary

CONSOLIDATED STATEMENTS OF INCOME

For the years ended 31 March	Millions of yen (except per share data)					Thousands of U.S. dollars*1 (except per share data)
	2008	2007	2006	2005	2004	2008
Net sales	¥164,772	¥141,489	¥106,468	¥91,898	¥77,918	\$1,644,428
Gross profit	33,592	34,079	28,261	23,600	18,866	335,249
Operating income	4,365	7,466	8,002	7,276	2,946	43,563
Net income (loss)	(3,140)	7,369	6,670	4,848	952	(31,335)
Net income (loss) per share	(74.4)	171.4	297.9	211.3	39.3	(0.74)

CONSOLIDATED BALANCE SHEETS

At 31 March	Millions of yen					Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2008
Total current assets	¥58,756	¥61,791	¥57,883	¥65,587	¥36,433	\$586,386
Total current liabilities	32,148	24,261	18,963	18,610	11,698	320,840
Total non-current liabilities	15,190	13,050	6,362	12,768	2,083	151,595
Total net assets*2	49,761	59,070	58,366	57,133	54,084	496,616

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)
	2008	2007	2006	2005	2004	2008
Net sales	¥133,021	¥109,822	¥95,252	¥79,798	¥65,360	\$1,327,550
Gross profit	27,298	23,914	24,448	18,894	14,662	272,434
Operating income	8,050	5,428	8,693	6,254	4,268	80,343
Net income	3,318	7,503	4,707	3,126	3,360	33,118
Basic net income per share	78.6	174.5	210.2	136.2	140.6	0.78
Cash dividends per share	40.0	40.0	70.0	40.0	30.0	0.40
Weighted average number of shares (in thousands)	42,218	43,001	22,376	22,926	23,805	

NON-CONSOLIDATED BALANCE SHEETS

At 31 March	Millions of yen					Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2008
Total current assets	¥31,435	¥35,161	¥34,039	¥46,563	¥19,955	\$313,722
Total current liabilities	24,467	17,835	15,130	14,264	9,637	244,186
Total non-current liabilities	14,635	12,182	5,205	12,046	2,156	146,056
Total net assets*2	51,758	53,898	56,919	60,341	57,552	516,540

Notes: (*1) U.S. dollars amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S.\$1.

(*2) Effective from the year ended March 2007, the Company adopted a new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No.8 issued by the Accounting Standards Board of Japan).

Consolidated Balance Sheets

At 31 March 2008 and 2007	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
ASSETS			
Current assets:			
Cash and time deposits	¥ 15,413	¥ 21,325	\$ 153,823
Securities	20	704	197
Investments in securities for operating purposes	10,257	12,179	102,367
Notes and accounts receivable :			
Third parties	26,460	22,871	264,071
Unconsolidated subsidiaries and affiliates	27	30	273
	26,487	22,901	264,344
Less: allowance for doubtful accounts	(277)	(293)	(2,768)
	26,210	22,608	261,576
Work and software in progress and merchandise	1,266	1,366	12,637
Deferred tax assets	1,692	188	16,891
Other current assets	3,898	3,421	38,895
Total current assets	58,756	61,791	586,386
Investments and advances:			
Investments in securities	1,788	1,035	17,846
Investments in and advances to unconsolidated subsidiaries and affiliates	6,491	5,201	64,777
Investments in other securities of unconsolidated subsidiaries and affiliates	358	398	3,575
Investments in affiliates	394	282	3,930
Long-term loans receivable	623	802	6,215
Other investments	1,179	1,680	11,771
Less: allowance for doubtful accounts	(284)	(394)	(2,836)
Total investments and advances	10,549	9,004	105,278
Property and equipment, at cost less accumulated depreciation	13,109	11,351	130,827
Leasehold deposits	5,084	4,470	50,738
Software	2,897	3,168	28,912
Intangibles and other	2,072	351	20,680
Deferred tax assets	276	2,590	2,759
Prepaid pension costs	1,964	1,519	19,599
Goodwill	2,392	2,137	23,872
Total assets	¥ 97,099	¥ 96,381	\$ 969,051

U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S. \$1.

At 31 March 2008 and 2007	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term debt	¥ 1,870	¥ 1,149	\$ 18,665
Current portion of long-term debt	43	91	434
Current portion of bonds	5,312	-	53,014
Accounts payable:			
Third parties	10,846	9,285	108,246
Unconsolidated subsidiaries and affiliates	110	121	1,096
	10,956	9,406	109,342
Income taxes payable	2,675	4,069	26,700
Accrued expenses	5,000	-	49,896
Accrued bonuses for employees	3,147	2,799	31,408
Advances received from customers	860	545	8,580
Other current liabilities	2,285	6,202	22,801
Total current liabilities	32,148	24,261	320,840
Non-current liabilities:			
Bonds	36	5,414	359
Long-term debt	14,690	7,282	146,602
Deferred tax liabilities	34	70	336
Security deposits received	11	11	112
Reserve for retirement benefits	144	254	1,439
Other non-current liabilities	275	19	2,747
Total non-current liabilities	15,190	13,050	151,595
Commitments and contingent liabilities			
Net assets :			
Stockholders' equity:			
Common stock :			
Authorized: 150,000,000 shares at 31 March 2008 and 2007			
Issued: 48,794,046 shares at 31 March 2008 and 2007			
Capital surplus	29,066	29,066	290,080
Retained earnings	23,058	23,081	230,115
Treasury stock, at cost:			
7,802,130 and 6,157,473 shares at 31 March 2008 and 2007, respectively	(17,835)	(15,815)	(177,988)
Total stockholders' equity	37,939	44,908	378,633
Valuation and translation adjustments:			
Unrealized gains on marketable securities and investments in securities	311	2,303	3,099
Net deferred hedge losses	(7)	-	(71)
Foreign currency translation adjustments	4,716	5,335	47,070
Total valuation and translation adjustments	5,020	7,638	50,098
Minority interests	6,802	6,524	67,885
Total net assets	49,761	59,070	496,616
Total liabilities and net assets	¥ 97,099	¥ 96,381	\$ 969,051

U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S. \$1.

Consolidated Statements of Income

For the years ended 31 March 2008, 2007 and 2006	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Net sales	¥ 164,772	¥ 141,489	¥ 106,468	\$ 1,644,428
Cost of sales	131,180	107,410	78,207	1,309,179
Gross profit	33,592	34,079	28,261	335,249
Selling, general and administrative expenses	29,227	26,613	20,259	291,686
Operating income	4,365	7,466	8,002	43,563
Non-operating income (expenses):				
Interest income	183	125	59	1,823
Interest expense	(281)	(174)	(26)	(2,806)
Dividend income	6	5	3	62
Gain on sale/disposal of investments in securities	260	1,259	3,155	2,597
Loss on sale/disposal of investments in securities	(0)	(187)	(1)	(4)
Loss on disposal of property and equipment	(523)	(847)	(185)	(5,224)
Loss on impairment of fixed assets	(1,393)	(4,056)	(970)	(13,903)
Gain on sale/disposal of investments in affiliates	458	9,708	1,640	4,570
Reversal of allowance for doubtful accounts	79	28	4	786
Write-downs of investments in affiliates	(506)	(560)	(102)	(5,052)
Equity in loss of unconsolidated subsidiaries and affiliates	(658)	(661)	(1,249)	(6,570)
Gain on subsidy accounts	93	180	50	929
Development grant	-	172	-	-
A picture business investment loss	(123)	-	-	(1,223)
Office move eviction compensation money	219	-	-	2,185
Gain on change in retirement benefit plan	-	773	-	-
Foreign exchange losses	-	-	(154)	-
Write-downs of marketable securities and investments in securities	(133)	(257)	-	(1,324)
Gain on issuance of shares to investees	487	385	581	4,857
Loss on issuance of shares to investees	(5)	(2)	(475)	(48)
Write-downs of golf club memberships	-	-	(11)	-
Amortization of goodwill	-	-	(58)	-
Other income	394	751	670	3,941
Other expenses	(678)	(497)	(428)	(6,759)
Total non-operating income (expenses)	(2,121)	6,145	2,503	(21,163)
Income before income taxes and minority interests	2,244	13,611	10,505	22,400
Income taxes:				
Current	3,791	4,117	108	37,836
Deferred	2,104	2,157	3,585	21,005
	(3,651)	7,337	6,812	(36,441)
Minority interests in net income (loss) of consolidated subsidiaries	511	32	(142)	5,106
Net income (loss)	¥ (3,140)	¥ 7,369	¥ 6,670	\$ (31,335)

U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S. \$1.

Consolidated Statements of Changes in Net Assets

For the years ended 31 March 2008 and 2007	Number of shares of common stock in issue	Millions of yen								
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on marketable securities and investments in securities	Net deferred hedge losses	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at 31 March 2006	24,397,023	¥ 29,066	¥ 23,218	¥ 2,768	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 55,052
Reclassified balance as of 31 March 2006	-	-	-	(10,291)	8,633	-	4,972	4,602	-	7,916
Implementation of stock split (two-for-one)	24,397,023	-	-	-	-	-	-	-	-	-
Directors' bonuses	-	-	-	(3)	-	-	-	-	-	(3)
Cash dividends	-	-	-	(1,564)	-	-	-	-	-	(1,564)
Increase in retained earnings due to increase in number of consolidated subsidiaries	-	-	-	7	-	-	-	-	-	7
Decrease in retained earnings due to increase in number of consolidated subsidiaries	-	-	-	(1)	-	-	-	-	-	(1)
Net income for the year ended 31 March 2007	-	-	-	7,369	-	-	-	-	-	7,369
Acquisition of treasury stock	-	-	-	(5,794)	-	-	-	-	-	(5,794)
Disposition of treasury stock	-	-	(137)	-	270	-	-	-	-	133
Other changes	-	-	-	-	(6,330)	-	363	1,922	-	(4,045)
Balance at 31 March 2007	48,794,046	¥ 29,066	¥ 23,081	¥ 8,576	¥ (15,815)	¥ 2,303	¥ -	¥ 5,335	¥ 6,524	¥ 59,070
Cash dividends	-	-	-	(1,705)	-	-	-	-	-	(1,705)
Net loss for the year ended 31 March 2008	-	-	-	(3,140)	-	-	-	-	-	(3,140)
Decrease with the merger	-	-	-	(57)	-	-	-	-	-	(57)
Decrease with decrease of a share method application company	-	-	-	(9)	-	-	-	-	-	(9)
Employee encouragement and a public welfare fund	-	-	-	(15)	-	-	-	-	-	(15)
Acquisition of treasury stock	-	-	-	(2,068)	-	-	-	-	-	(2,068)
Disposition of treasury stock	-	-	(23)	-	48	-	-	-	-	25
Other changes	-	-	-	-	(1,992)	(7)	(619)	278	-	(2,340)
Balance at 31 March 2008	48,794,046	¥ 29,066	¥ 23,058	¥ 3,650	¥ (17,835)	¥ 311	¥ (7)	¥ 4,716	¥ 6,802	¥ 49,761
		Thousands of U.S. dollars								
Balance at 31 March 2006		\$ 290,080	\$ 231,714	\$ 27,626	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 549,420
Reclassified balance as of 31 March 2006		-	-	-	(102,702)	86,157	-	49,617	45,931	79,003
Directors' bonuses		-	-	(30)	-	-	-	-	-	(30)
Cash dividends		-	-	(15,604)	-	-	-	-	-	(15,604)
Increase in retained earnings due to increase in number of consolidated subsidiaries		-	-	66	-	-	-	-	-	66
Decrease in retained earnings due to increase in number of consolidated subsidiaries		-	-	(12)	-	-	-	-	-	(12)
Net income for the year ended 31 March 2007		-	-	73,547	-	-	-	-	-	73,547
Acquisition of treasury stock		-	-	(57,833)	-	-	-	-	-	(57,833)
Disposition of treasury stock		-	(1,367)	-	2,697	-	-	-	-	1,330
Other changes		-	-	-	-	(63,170)	-	3,629	19,179	(40,362)
Balance at 31 March 2007		\$ 290,080	\$ 230,347	\$ 85,593	\$ (157,838)	\$ 22,987	\$ -	\$ 53,246	\$ 65,110	\$ 589,525
Cash dividends		-	-	(17,021)	-	-	-	-	-	(17,021)
Net loss for the year ended 31 March 2008		-	-	(31,335)	-	-	-	-	-	(31,335)
Decrease with the merger		-	-	(566)	-	-	-	-	-	(566)
Decrease with decrease of a share method application company		-	-	(90)	-	-	-	-	-	(90)
Employee encouragement and a public welfare fund		-	-	(155)	-	-	-	-	-	(155)
Acquisition of treasury stock		-	-	(20,630)	-	-	-	-	-	(20,630)
Disposition of treasury stock		-	(232)	-	480	-	-	-	-	248
Other changes		-	-	-	(19,888)	(71)	(6,176)	2,775	-	(23,360)
Balance at 31 March 2008		\$ 290,080	\$ 230,115	\$ 36,426	\$ (177,988)	\$ 3,099	\$ (71)	\$ 47,070	\$ 67,885	\$ 496,616

U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S. \$1.

Consolidated Statements of Cash Flows

For the years ended 31 March 2008, 2007 and 2006	Millions of yen		Thousands of U.S. dollars	
	2008	2007	2006	2008
Cash flows from operating activities:				
Income before income taxes and minority interests	¥ 2,244	¥ 13,611	¥ 10,505	\$ 22,400
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation	2,551	2,083	978	25,455
Loss on impairment of fixed assets	1,393	4,056	970	13,903
Amortization of goodwill	563	168	(26)	5,615
Amortization of intangible assets	1,008	1,217	553	10,063
Increase in accrued bonuses for employees	316	286	189	3,153
Reversal of allowance for doubtful accounts	(144)	34	17	(1,437)
(Decrease)/Increase in reserve for retirement benefits	(546)	(1,011)	28	(5,450)
Accrued interest and dividend income	(189)	(130)	(63)	(1,885)
Accrued interest expense	281	174	26	2,806
Foreign exchange losses	(33)	2	154	(332)
Equity in loss of unconsolidated subsidiaries and affiliates	658	661	1,249	6,570
Gain on sale/disposal of investments in securities, net	(260)	(1,072)	(3,155)	(2,593)
Gain on sale of investments in unconsolidated subsidiaries and affiliates, net	(458)	(9,708)	(1,621)	(4,570)
Write-downs of investments in affiliates	506	560	102	5,052
Gain on dilution of equity interest	(482)	(383)	(105)	(4,809)
Write-downs of golf club memberships	-	-	11	-
Loss on disposal of property and equipment	523	847	185	5,224
Increase in notes and accounts receivable	(3,167)	(5,336)	(324)	(31,608)
Increase in investments in securities for operating purposes	(3,912)	(2,699)	(3,697)	(39,047)
Write-downs of investments in securities for operating purposes	2,556	894	8	25,508
(Increase) /Decrease in work and software in progress and merchandise	169	(505)	18	1,688
Increase/(Decrease) in accounts payable	1,300	945	(149)	12,976
Other, net	1,385	809	1,012	13,816
Subtotal	6,262	5,503	6,865	62,498
Interest and dividends received	179	185	50	1,790
Interest paid	(292)	(177)	(51)	(2,911)
Income taxes refunded	-	-	6	-
Income taxes paid	(5,388)	(370)	(549)	(53,784)
Net cash provided by operating activities	¥ 761	¥ 5,141	¥ 6,321	\$ 7,593

U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥100.20 = U.S. \$1.

For the years ended 31 March 2008, 2007 and 2006	Millions of yen		Thousands of U.S. dollars	
	2008	2007	2006	2008
Cash flows from investing activities:				
Deposit of long-term time deposits	¥ (486)	¥ (153)	¥ (15)	\$ (4,854)
Withdrawal of long-term time deposits	116	959	-	1,157
Purchases of property and equipment	(4,764)	(4,106)	(3,918)	(47,547)
Purchases of intangibles	(3,151)	(2,529)	(928)	(31,443)
Purchases of investments in securities	(806)	(233)	(175)	(8,043)
Proceeds from sale of investments in securities	327	1,962	3,302	3,260
Proceeds from repayment of investments in securities	-	-	500	-
Purchases of investments in affiliates	(3,317)	(5,516)	(4,209)	(33,103)
Proceeds from sale of investments in affiliates	786	10,491	4,231	7,841
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(892)	(924)	(1,782)	(8,906)
Proceeds from purchases of investments in subsidiaries resulting in change in scope of consolidation	83	-	-	825
Purchases of other investments and guarantee deposits	(128)	(4,677)	(1,070)	(1,269)
Proceeds from sale of other investments and guarantee deposits	(301)	1,201	625	(2,999)
Net cash used in investing activities	(12,533)	(3,525)	(3,439)	(125,081)
Cash flows from financing activities:				
Proceeds from short-term bank loans	6,548	405	15	65,349
Repayment of short-term bank loans	(5,874)	(448)	(512)	(58,623)
Repayment of long-term bank loans	(126)	(2,225)	(460)	(1,258)
Proceeds from long-term bank loans	7,500	7,000	-	74,850
Repurchases of treasury stock	(2,067)	(5,795)	(10,121)	(20,630)
Proceeds from sale of treasury stock	25	133	212	249
Proceeds from stock issuance to minority interests	868	510	168	8,664
Repayment of bonds	(66)	-	(180)	(659)
Cash dividends paid	(1,705)	(1,564)	(910)	(17,021)
Dividends paid to minority interests	(11)	(15)	(99)	(107)
Net cash (used in) provided by financing activities	5,092	(1,999)	(11,887)	50,814
Effect of exchange rate changes on cash and cash equivalents	(281)	8	376	(2,796)
Net (decrease)/ increase in cash and cash equivalents	(6,961)	(375)	(8,629)	(69,470)
Cash and cash equivalents at beginning of year	21,783	21,203	29,358	217,391
Increase due to increase in consolidated subsidiaries	-	955	474	-
Cash and cash equivalents at end of year	¥ 14,822	¥ 21,783	¥ 21,203	\$ 147,921

Non-Consolidated Balance Sheets

At 31 March 2008 and 2007	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
ASSETS			
Current assets:			
Cash and time deposits	¥ 3,842	¥ 8,416	\$ 38,343
Investments in securities for operating purposes	3,027	7,102	30,210
Notes and accounts receivable:			
Third parties	20,517	17,477	204,760
Subsidiaries and affiliates	176	165	1,756
	20,693	17,642	206,516
Less: allowance for doubtful accounts	(47)	(84)	(468)
	20,646	17,558	206,048
Short-term loans receivable from subsidiaries	558	151	5,564
Work and software in progress and merchandise	138	128	1,379
Merchandise	1	1	14
Prepaid expenses	688	627	6,870
Deferred tax assets	1,577	154	15,735
Other current assets	958	1,024	9,559
Total current assets	31,435	35,161	313,722
Investments and Advances:			
Investments in securities	1,453	474	14,503
Investments in and advances to subsidiaries and affiliates	38,197	32,538	381,212
Investments in other securities of subsidiaries and affiliates	1,099	1,456	10,968
Long-term loans receivable from subsidiaries	10,419	6,685	103,978
Other investments	174	232	1,737
Less: allowance for doubtful accounts	(4,016)	(3,522)	(40,078)
Total investments and advances	47,326	37,863	472,320
Property and equipment, at cost, less accumulated depreciation	5,015	3,756	50,048
Leasehold deposits	3,030	2,734	30,234
Deferred charges, intangibles and other	1,946	2,515	19,424
Other non-current assets to subsidiaries and affiliates	144	144	1,435
Deferred tax assets	-	223	-
Prepaid pension costs	1,964	1,519	19,599
Total assets	¥ 90,860	¥ 83,915	\$ 906,782

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At 31 March 2008 and 2007	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of bonds	¥ 5,171	¥ -	\$ 51,607
Accounts payable:			
Third parties	7,431	6,003	74,162
Subsidiaries and affiliates	1,206	1,000	12,038
	8,637	7,003	86,200
Income taxes payable	2,303	3,652	22,984
Accrued expenses	3,692	2,955	36,841
Accrued bonuses for employees	2,843	2,568	28,376
Other current liabilities	1,821	1,657	18,178
Total current liabilities	24,467	17,835	244,186
Non-Current Liabilities:			
Bonds	-	5,171	-
Long-term debt	14,500	7,000	144,710
Other non-current liabilities	135	11	1,346
Total non-current liabilities	14,635	12,182	146,056
Total liabilities	39,102	30,017	390,242
Net assets:			
Stockholders' Equity			
Common stock:			
Authorized 150,000,000 shares at 31 March 2008 and 2007			
Issued 48,794,046 shares at 31 March 2008 and 2007	29,066	29,066	290,080
Other capital surplus	23,058	23,081	230,115
Retained earnings	17,120	15,506	170,854
Treasury stock, at cost, 7,802,130 and 6,157,473 shares at 31 March 2008 and 2007, respectively	(17,835)	(15,815)	(177,988)
Total stockholders' equity	51,409	51,838	513,061
Valuation and translation adjustments:			
Unrealized gains on marketable securities and investment in securities	349	2,060	3,479
Total net assets	51,758	53,898	516,540
Total liabilities and net assets	¥ 90,860	¥ 83,915	\$ 906,782

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Non-Consolidated Statements of Income

For the years ended 31 March 2008, 2007 and 2006	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	2008
Net sales	¥ 133,021	¥ 109,822	¥ 95,252	\$ 1,327,550
Cost of sales	105,723	85,908	70,804	1,055,116
Gross profit	27,298	23,914	24,448	272,434
Selling, general and administrative expenses	19,248	18,486	15,755	192,091
Operating income	8,050	5,428	8,693	80,343
Non-operating income (expenses):				
Interest income	124	79	30	1,242
Interest expense	(217)	(145)	(26)	(2,163)
Dividend income	41	60	99	412
Loss on disposal of merchandise	-	-	(25)	-
Loss on impairment of fixed assets	-	(898)	(870)	-
Loss on sale/disposal of property and equipment	(425)	(97)	(137)	(4,239)
Loss on sale/disposal of investment in securities	-	(187)	-	-
Write-down of marketable securities and investment in securities	(119)	(72)	-	(1,188)
Write-down of investment in affiliates	(662)	(817)	(727)	(6,605)
Write-down of golf club memberships	-	-	(11)	-
Gain on sale/disposal of investment in securities	5	331	149	53
Gain on sale/disposal of investment in affiliates	74	8,971	796	738
Gain on subsidy account	33	174	-	329
Gain on change in retirement benefits plan	-	773	-	-
Foreign exchange losses	-	-	(62)	-
Gain on dissolution of subsidiary	188	173	1	1,879
Limited liability partnership investment loss	(70)	-	-	(697)
Loss in investment in movie business fund	(123)	-	-	(1,223)
Compensation for eviction and relocation of offices	219	-	-	2,185
Other, income	198	357	485	1,958
Other, expenses	(720)	(994)	(198)	(7,199)
Total non-operating income (expenses)	(1,454)	7,708	(496)	(14,518)
Income before income taxes	6,596	13,136	8,197	65,825
Income taxes				
Current	3,206	3,472	37	31,992
Deferred	72	2,161	3,453	715
Net income	¥ 3,318	¥ 7,503	¥ 4,707	\$ 33,118
Per share:		Yen		U.S. dollars
Basic net income per share	¥ 78.60	¥ 174.48	¥ 210.2	\$ 0.78
Cash dividends	¥ 40.0	¥ 40.0	¥ 70.0	\$ 0.40
Weighted average number of shares (in thousands)	42,218	43,001	22,376	

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Non-Consolidated Statements of Changes in Net Assets

For the years ended 31 March 2008 and 2007	Number of shares of common stock in issue	Millions of yen							
		Common stock	Additional paid-in capital	Other capital surplus	Retained earnings	An earned surplus reserve	Treasury stock, at cost	Unrealized gains on marketable securities and investment in securities	Total
Balance at 31 March 2006	24,397,023	¥ 29,066	¥ 15,069	¥ 8,149	¥ 9,570	¥ -	¥ -	¥ -	¥ 61,854
Reclassified balance as of March 31, 2006	-	-	-	-	-	(10,291)	5,356	(4,935)	-
Implementation of stock split (two-for-one)	24,397,023	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	(1,564)	-	-	-	(1,564)	-
Transfer from Additional paid-in capital to Other capital surplus	-	-	(15,069)	15,069	-	-	-	-	-
Directors' bonuses	-	-	-	(3)	-	-	-	(3)	-
Acquisition of treasury stock	-	-	-	-	-	(5,794)	-	(5,794)	-
Disposal of treasury stock	-	-	(137)	-	-	270	-	133	-
Net income for the year ended 31 March 2007	-	-	-	7,503	-	-	-	7,503	-
Other changes	-	-	-	-	-	-	(3,296)	(3,296)	-
Balance at 31 March 2007	48,794,046	¥ 29,066	¥ -	¥ 23,081	¥ 15,506	¥ -	¥ (15,815)	¥ 2,060	¥ 53,898
Cash dividends	-	-	-	(1,875)	171	-	-	(1,704)	-
Acquisition of treasury stock	-	-	-	-	-	(2,068)	-	(2,068)	-
Disposal of treasury stock	-	-	(23)	-	-	48	-	25	-
Net income for the year ended 31 March 2008	-	-	-	3,318	-	-	-	3,318	-
Other changes	-	-	-	-	-	-	(1,711)	(1,711)	-
Balance at 31 March 2008	48,794,046	¥ 29,066	¥ -	¥ 23,058	¥ 16,949	¥ 171	¥ (17,835)	¥ 349	¥ 51,758
		Thousands of U.S. dollars							
Balance at 31 March 2006		\$ 290,080	\$ 150,391	\$ 81,324	\$ 95,513	\$ -	\$ -	\$ -	\$ 617,308
Reclassified balance as of March 31, 2006	-	-	-	-	-	(102,702)	53,450	(49,252)	-
Cash dividends	-	-	-	(15,604)	-	-	-	(15,604)	-
Transfer from Additional paid-in capital to Other capital surplus	-	(150,391)	150,391	-	-	-	-	-	-
Directors' bonuses	-	-	-	(30)	-	-	-	(30)	-
Acquisition of treasury stock	-	-	-	-	-	(57,833)	-	(57,833)	-
Disposal of treasury stock	-	-	(1,368)	-	-	2,697	-	1,329	-
Net income for the year ended 31 March 2007	-	-	-	74,878	-	-	-	74,878	-
Other changes	-	-	-	-	-	-	(32,897)	(32,897)	-
Balance at 31 March 2007		\$ 290,080	\$ -	\$ 230,347	\$ 154,757	\$ -	\$ (157,838)	\$ 20,553	\$ 537,899
Cash dividends	-	-	-	(18,723)	1,702	-	-	(17,021)	-
Acquisition of treasury stock	-	-	-	-	-	(20,630)	-	(20,630)	-
Disposal of treasury stock	-	-	(232)	-	-	480	-	248	-
Net income for the year ended 31 March 2008	-	-	-	33,118	-	-	-	33,118	-
Other changes	-	-	-	-	-	-	(17,074)	(17,074)	-
Balance at 31 March 2008		\$ 290,080	\$ -	\$ 230,115	\$ 169,152	\$ 1,702	\$ (177,988)	\$ 3,479	\$ 516,540

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Investor Information

As of 1 July 2008

CORPORATE INFORMATION

Name	transcosmos inc.
Head Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530 Japan
Incorporated	18 June 1985
Capital	¥29,065,968,631
Employees	11,883(group), 8,340(parent) (as of 31 March 2008)
Major Banks	Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.

STOCK INFORMATION

Accounting Year-end	31 March
Month of General Stockholders' Meeting	June
Issued Common Stocks	48,794,046
Number of Stockholders	22,538 (as of 31 March 2008)
Stock Exchange Listing	Tokyo Stock Exchange
Auditing Corporation	Ernst & Young ShinNihon

OFFICERS

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
Executive Vice Chairman	Osamu Goto
President & COO	Masataka Okuda
Executive Vice President	Koichi Iwami Shojiro Takashima
Senior Managing Director	Masakatsu Moriyama Shinichi Nagakura Hiroyuki Mukai
Member, Board of Director	Taiki Yoshioka Kichiro Takao Yoko Kamiyama Takeshi Natsuno
Corporate Executive Officer	Kunio Shimofusa Masaaki Muta Hiroshi Kaizuka Masayuki Tada Nobuhiko Fujimoto Yoichi Kawano
Corporate Senior Officer	Masatoshi Kouno Hiroyuki Morita Kazuhiko Yamaki Hirofumi Inoue Yasuhiro Hayami Koji Okamoto Kazuhiro Shimizu Kimihide Okino Kazuhiro Umemura
Corporate Officer	Hiroyuki Uchimura Shinya Takatomi Keisuke Yoshida Kenshi Matsubara Teiji Mishima Masahito Nonomura Masaru Chiba Shunji Hidaka Yoshihiro Uematsu Yuichiro Kubo Yutaka Kojima Masato Ogino Hiroyuki Kohara Hitoshi Honda
Standing Auditor	Hideaki Ishioka
Auditor	Teruyuki Hiiro Kazushi Watanabe Toshiaki Nakamura

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