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The Marketing Chain Management Company

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The Marketing Chain Management Company

Annual Report 2006
Year ended March 31, 2006

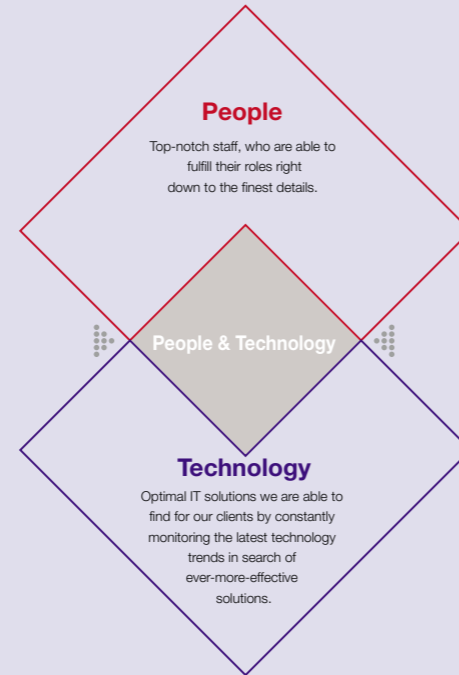
The Marketing Chain Management Company

"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

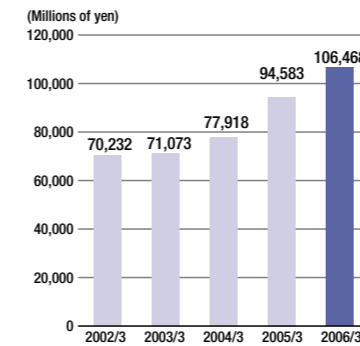
Client satisfaction is the true value of our company, and the growth of each of our employees creates the value that shapes our future.

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

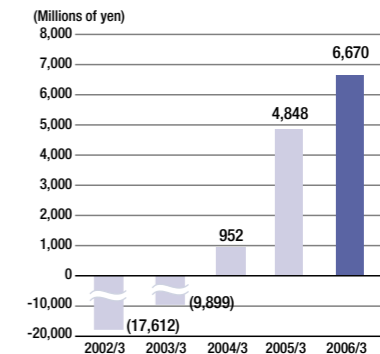


- ▶ Consolidated **Net Sales** grew 12.6% to **¥106,468** million.
- ▶ Consolidated **Operating Income** grew 10.0% to **¥8,002** million.
- ▶ Consolidated **Net Income** grew 37.6% to **¥6,670** million.
- ▶ Consolidated **Total Assets** were **¥88,293** million.
- ▶ Consolidated **Total Shareholders' Equity** was **¥58,366** million.
- ▶ **Net Income per Share** grew to **¥297.94**.
- ▶ **Cash Dividends per Share** grew to **¥70**.

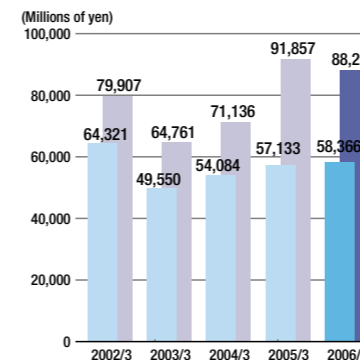
Net sales



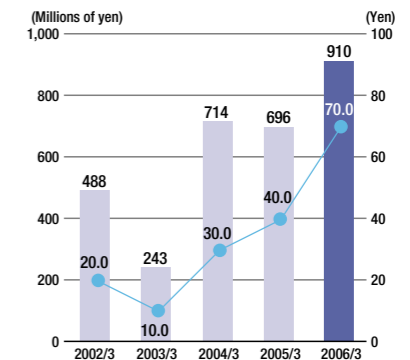
Net income



Total assets Total shareholders' equity



Total cash dividends Cash dividends per share



| | |
|---------------------------|----|
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The transcosmos group's business segments

| IT Services Business | |
|-------------------------------------|--|
| Marketing Chain Management Services | |
| Digital Marketing Services | |
| Call Center/Contact Center Services | |
| Support Desk Services | |
| Engineering Solutions Services | |
| China Offshore Development Services | |
| Corporate Venture Capital Business | |

To meet newly emerging demand for services, the Company is continually adding new service menus that respond to the needs of its client companies.

Digital Marketing Services

transcosmos offers a full suite of digital marketing services tailored to every need of its client companies, including Web site assessment and competitive analysis using the latest Internet technology, the creation of interactive Web sites based on survey data and consumer opinions, online promotions using consumer databases, the planning and proposal of digital campaigns and promotions, and e-mail marketing.

Call Center/Contact Center Services

The defining characteristics of transcosmos' services are reliable operations based on an exacting management of processes that links the use of technology and optimally educated and trained human resources, together with the expertise accumulated over 40 years of successful operation. The use of multiple contact channels, including telephone, fax, e-mail, and VoIP, allows the reduction of costs through maximum automation of operations. This also allows agents to answer difficult questions, and to shift to cross-selling using consumer databases. The synergies realized by these multiple contact channels contribute to the enhancement of the quality of customer support that transcosmos' corporate clients can provide and to the growth of sales.

Support Desk Services

Bringing to bear its impressive experience and service menus specialized by operation and industry, transcosmos offers client companies support for the establishment, diffusion, and stabilization of strategic systems to increase sales (by enhancing marketing efficiency and avoiding opportunity loss), and backbone systems for raising profitability (by enhancing operational efficiency and reducing costs).

To increase the return on IT investments, the Company offers one-stop services that support the stable operation of core operations, as well as swift response and resolution when problems emerge.

Engineering Solutions Services

Using advanced CAD, CAM, CAE, and PDM technologies, transcosmos provides powerful and comprehensive engineering support for its client companies' development and design activities.

The Company provides capable on-site engineers to support the development and operation of back office systems, including backbone systems. Focusing on systems development, from off-the-shelf to open source systems, transcosmos 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.

China Offshore Development Services

The information-systems development work requested by each of transcosmos' business divisions and affiliates within Japan is performed by Japanese speaking systems engineers who can serve as a bridge between Japanese clients and Chinese engineers and by Chinese engineers with expertise in cutting-edge IT technology. These meet the needs of client companies with integrated systems development that runs the gamut from initial design and development, to maintenance. This allows the Company to offer information-systems development for Japanese clients at the same high quality as domestic work, but at lower cost.

Corporate Venture Capital Business

In the corporate venture capital business, the Company is seeking to strengthen marketing chain management services by investing primarily in venture companies that are in the digital marketing services and customer support service fields, and which have new technology and new business models. It is also conducting new business development in these fields.

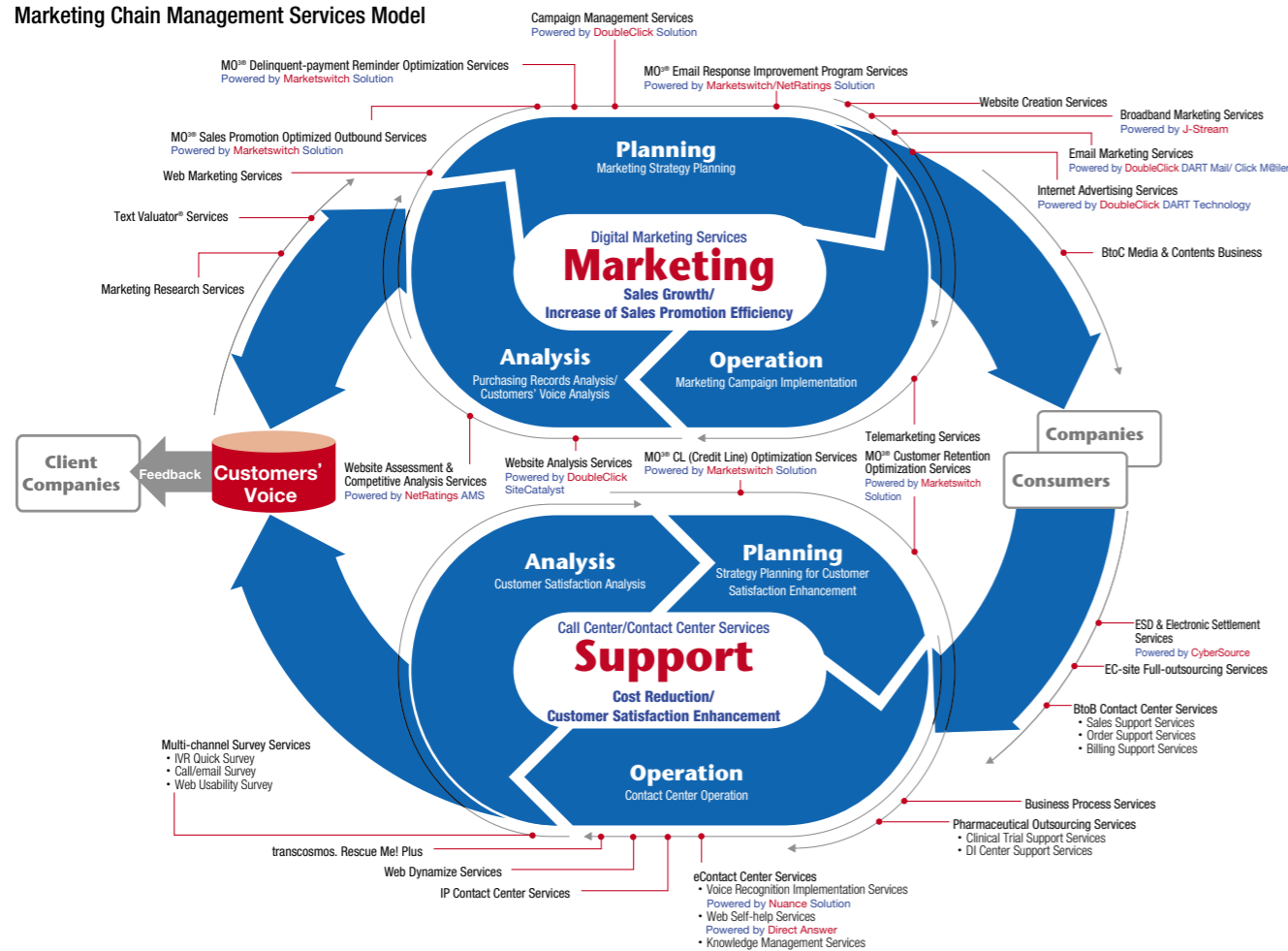
The Company's investments can be broadly divided into two

categories. The first type is majority investment, which has the objective of continuously expanding the consolidated earnings of the transcosmos group. The second type is minority investment, which has two aims. The first is pursuing synergies and collaboration with transcosmos' services while maintaining a relatively small equity interest. The second is the realization of profits through the deliberate sale of transcosmos' equity interest.

IT Services Business

Marketing Chain Management Services

Marketing Chain Management Services Model



The spread of broadband services to general consumers gives them direct connections to businesses, forcing major changes in marketing. In the marketing chain management services business, the Company's digital marketing services and call center/contact center services work together to directly link its

client companies with consumers, optimizing communication between client companies and the potential customers and prospects they are targeting. This enhances product and service recognition and comprehension, which contributes to the conversion of prospects into new customers.



Chairman & CEO, transcosmos inc.

Koji Funatsu

Operating Results

In the fiscal year ended March 31, 2006, the Japanese economy had to adjust to soaring crude-oil prices and growing risks, including those associated with overseas economic trends. Despite this, the recovery of corporate earnings and growth in capital investment, chiefly in the manufacturing industries, ushered in both expansion and qualitative improvements in employment. This created a growth cycle linked to rising income in the household sector, and drove an ongoing recovery led by domestic demand. Businesses are reevaluating their in-house resources, and taking bold steps to outsource operations that are outside their core fields. As the time approaches for renewal of IT services contracts, client companies are looking for a growing number of improvements in service content and cost. At the same time, however, there has for some time been high demand for added value IT services that offer speed and sales growth, cost reductions, and a higher level of customer satisfaction, and this represents an opportunity for **transcosmos** to expand its business.

The organic connection between **transcosmos**' two business domains—the IT services businesses and the corporate venture capital business—enables it to offer services that precisely meet the needs of client companies. In the IT services businesses in particular, **transcosmos** offers the following services: (1) digital marketing services, which offer comprehensive support for the development of corporate Websites, Internet advertising, and other effective promotion activities; (2) multichannel accessible contact center services (telephone/e-mail, Web) that make maximum use of information received from consumers; (3) support desk services that maximize management efficiency in the comprehensive management and employment of corporate systems; (4) engineering solutions services that support the development and design aspects of a company's manufacturing operations; (5) system solution services, which provide a broad range of support for corporate systems; and (6) offshore development services in China, which provide the high-quality, low-cost systems client companies need, covering phases from planning through initial design, development, and system maintenance.

In the fiscal year under review, net sales in the digital marketing services business rose 15.9% to ¥15,899 million, showing growth that makes it one of **transcosmos**' most important services. Looking forward, **transcosmos** has established the goals of building the number-one Website development system in Japan and of building one of the top-two Internet-advertising sales systems in the industry. Total net sales in the IT services businesses increased 13% (¥11,463 million) year-on-year to ¥99,859 million.

The key to **transcosmos**' consistency in offering its client companies the best possible services is the way the Company stays abreast of the latest technological developments, both in Japan and overseas, and incorporates them into its own IT services businesses.

In the corporate venture capital business, the effects of unrealized capital gains resulting from the accomplishment of IPOs in which the Company is invested, as well as the planned sales of these assets, are reflected in consolidated performance. However, it is an important principle that companies in which **transcosmos** invests must generate synergies with its businesses. As a result of partial sales of securities holdings, which exceeded that of the previous fiscal year, net sales for the corporate venture capital business in fiscal 2006 increased 6.8% to ¥6,609 million.

As a result of the foregoing, consolidated net sales for the fiscal year under review rose 12.6% to ¥106,468 million, and consolidated operating income grew 10.0% to ¥8,002 million. Consolidated net income jumped 37.6% to ¥6,670 million, primarily due to gains on sales of investment securities.

Medium- and Long-Term Strategy

transcosmos has introduced a medium-term business plan for fiscal 2007 and beyond, establishing the management goals of ¥220.0 billion in consolidated net sales and ¥16.0 billion in consolidated operating income by fiscal 2010. Guided by the corporate slogan, "Marketing Chain Management Services," the entire **transcosmos** group is working to attain these goals through growth not just in Japan, but in Asia and other markets as well.

With the increasing popularity of broadband access, the Internet is more often employed as business infrastructure (B-to-B). As a communications tool, the Internet is linking businesses and consumers (B-to-C) more directly than ever before. This phenomenon has resulted in the emergence of a Consumer-Led, Communication-Centered Society, characterized by the direct communication of information from consumers to businesses and society, in addition to the traditional one-way communication of information from businesses. Given these circumstances, while continuing to expand its existing B-to-B business, the **transcosmos** group established a B-to-C Business Strategy Division in September 2005 to launch an all-out effort in the B-to-C business, and is reinforcing its services to consumers through aggressive formation of alliances with capable media enterprises and content holders.

* The Marketing Chain Management Service concept

An outsourcing service that supports the acquisition of new customers by optimizing communications with potential customers and prospects, while providing broader knowledge and deeper understanding of products and services.

Return of Profits to Shareholders

transcosmos regards the return of profits to shareholders as one of its most important management issues. The Company's policy is to distribute dividends as appropriate in light of its consolidated performance. A dividend of ¥70 per share was declared on March 31, 2006, up ¥30 per share from a year earlier.

Corporate Governance

transcosmos adheres to its Basic Management Philosophy, Management Goals, and Code of Conduct to ensure compliance with applicable laws and regulations, as well as sound and transparent corporate activities. These written commitments articulate **transcosmos'** corporate ethics and expectations for employee conduct, as well as the basic thinking that supports the group's corporate governance. **transcosmos** is engaged in building systems and implementing appropriate measures that will earn the trust of stockholders, client companies, employees, and the public, deliver sustainable growth that reflects the interests of all stakeholders, and generate increased corporate value over the medium and long term.

In accordance with the measures outlined in the recently adopted medium-term business plan, the term of office for directors has been reduced from two years to one, and two more outside directors have been added to the board. The new structure of the board, with nine internal directors and three outside directors, will allow the highly independent outside directors to exercise strong and effective management oversight. In addition to this, corporate governance has been strengthened through the implementation of an internal controls system, together with thorough training in compliance via an E-learning system. Through adoption of the auditor system, **transcosmos** has built a system of corporate governance that is in step with its actual business activities. The Group CEO & Founder and the Company CEO, who are responsible for important management decisions and oversight of the execution of operations, and the COO, who is responsible for overall control and execution of operations, form the core of the management structure. These officers are committed to flexible and rational decision-making, and to mutual oversight.

The **transcosmos** group will continue striving to deepen the confidence of all stakeholders by conducting itself in a way that contributes to both industry and the broader society.

Medium-Term Business Plan (Fiscal 2007-2010)

This is the last year of the five-year plan inaugurated in the fiscal year ended March 2002. **transcosmos** has drawn up a new four-year medium-term business plan, to run through fiscal 2010, with the objectives of heightening awareness of its corporate slogan, "Marketing Chain Management Services," throughout the group, and achieving vigorous expansion not only in Japan, but also in Asia and other places overseas.

Mission statements in the medium-term business plan

- Seize the number-one position in the digital marketing industry**
 - Maintain Japan's largest Web development system
 - Build Japan's largest marketing system for Internet advertising
- Become Japan's largest global IT outsourcer**
 - Maintain Japan's largest Asia-centered overseas outsourcing system
 - Generate 10% of total net sales overseas
- Establish a B-to-C business**
 - Establish a B-to-C business through business alliances based on solid relationships of trust with influential media firms and content holders

Financial targets (unit : yen)



Marketing Chain Management Service Business Domain

Marketing chain management services are proprietary services developed by **transcosmos** that foster direct communication between corporations and consumers through digital marketing services (which provide comprehensive support ranging from the development of corporate Websites to Internet advertising and other effective promotion activities); and multichannel accessible call center/contact center services (telephone/e-mail/Web) that make maximum use of information received from consumers organically. The business process (BP) business is a new addition to the medium-term business plan.

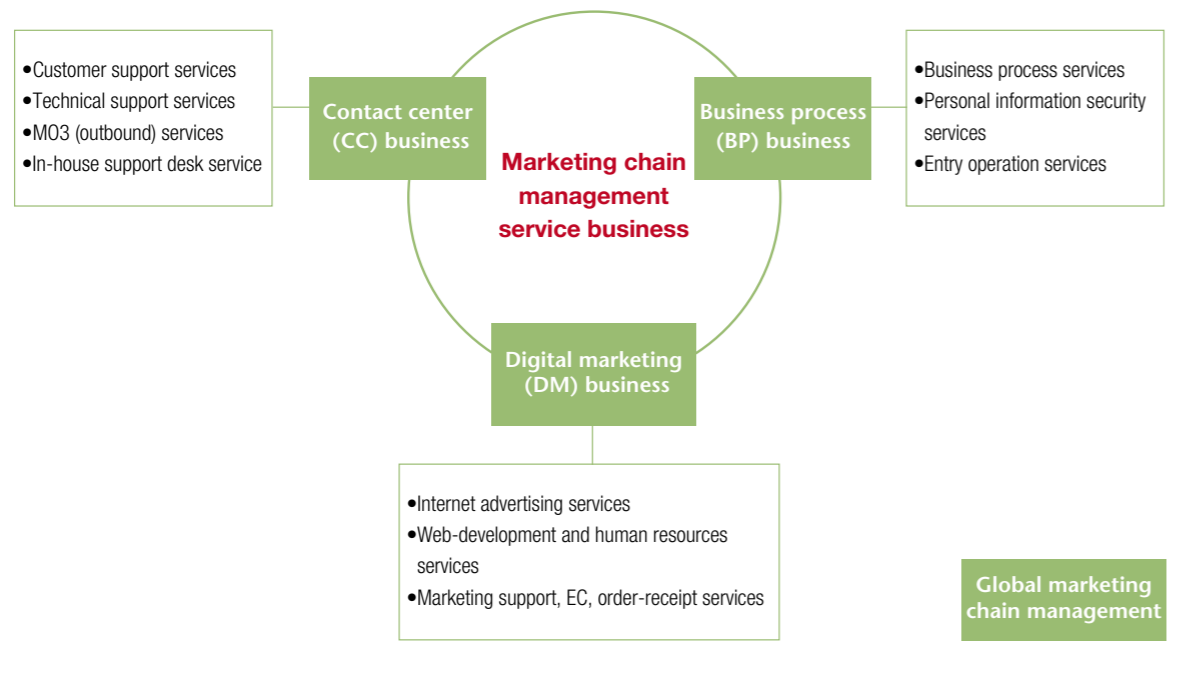
•Overview of the BP business

The BP business involves comprehensive proposals to client companies for consigned operations involving the diagnosis, design, construction, and implementation of business processes, primarily in connection with client companies' data entry operations.

•Reason for adding the BP business

The Law concerning the Protection of Personal Information, which came into effect on April 1, 2005, represents a major business opportunity for **transcosmos**. Through its ability to generate proposals for the reengineering of systems and business processes, the Company can increase the corporate value of client companies. **transcosmos** shifts the business strategies of client companies to the level of execution, providing strong leverage as a partner in building a company that can not only survive but succeed.

Business domain of the MCM service business



Growth strategy for the MCM service business through the fiscal year ending March 31, 2010:

With the advance of digital technology, corporate responses to communications from their customers are becoming increasingly interactive

Rapid expansion of the digital marketing business

- Growing sales of Internet advertising services
- Expansion of Japan' largest Web development service
- Moving forward with the development of new DM services

Heightening competitiveness in the contact center service business

- Strengthening cost competitiveness through the expansion of regional bases
- Expanding services in the financial and communications industries
- Vigorous expansion of customer analysis services

Expansion of the new MCM market

- Promotion of financial BP services
- Enter overseas (Asia) MCM market
- Pursue M& A and Partner strategy

Number one outsourcer in the customer communication (MCM service) domain

Non-Consolidated net income for the fiscal year ending March 31, 2009: ¥160.8 billion.

Digital Marketing Services

Through its digital marketing services, the Company offers seamless marketing services that link client companies with consumers and their customers. These include the development of interactive Websites based on consumer opinions, and Internet advertising services optimized to meet the needs of each client company.

Main initiatives

1. Marketing Internet advertising services

As one of the top Internet advertising companies in the industry, **transcosmos** is doing all it can to strengthen its advertising agency business, and to step up its expansion in the digital media domain.

2. Expanding Japan's largest Web development services

To expand Japan's largest Web development/human resources business, the Company has set a target of building a network of 1,000 Web human resources by fiscal 2010 through the promotion of outsourced Web development services and corporate Web human resources services.

3. Developing new MCM services such as marketing support, EC full outsourcing, and order processing center services

The Company implements marketing promotion and support for corporations offering unified marketing support, EC full outsourcing, and order processing center services in retail stores, using the telephone, and on the Web.

Marketing fields

Website Creation

In order to improve functions, services, and brand value sought by client companies, **transcosmos** produces complete renewal projects, and builds websites based on a strategic perspective.

Digital Campaign and Promotion

transcosmos develops plans for digital campaigns and promotions that utilize the Internet and mobile, allowing for easier consumer response compared with conventional mass marketing methods. This service offers total support for client company needs, and includes implementation of campaigns and promotions, as well as assessment of their effectiveness.



Website Assessment and Competitive Analysis

transcosmos ascertains trends in website usage through log analysis and visitor rates for client company sites, and then evaluates site usability and content. We can also investigate trends at competing companies or in the entire industry.

Email Marketing

transcosmos provides seamless email marketing services, from overall planning and the provision of high function distribution engines to operational services such as content production, distribution operations, inbound email handling and reporting.

Call Center/Contact Center Services

The strength of **transcosmos'** call center/contact center services lies in compiling customer opinions from multiple contact channels into one consumer database, and providing the results of analysis of that data to client companies. The Company also automates operations as far as technology allows—enabling human resources to be shifted to cross-selling through use of the consumer database—and increases added value by adding outbound marketing and other sales expansion functions.

Main initiatives

1. Strengthening cost competitiveness through accelerated development of regional bases

Using the momentum created by the April 2006 establishment of the Naha Marketing Chain Management Center (MCM Naha) in Okinawa Prefecture and the July establishment of the Sendai Marketing Chain Management Center (MCM Sendai) in Miyagi Prefecture, the

Company shifted call centers out of major metropolitan areas into outlying regions, including Sapporo and Fukuoka. The Company is planning to increase the ratio of call centers located in outlying regions from the current 35% to 60%, and to reduce personnel expenses by increasing the number of call center workers in outlying regions to 7,000.

Accelerate engagement with target industries

Target industries for fiscal 2010 include the financial, communications, mail-order and direct sales industries, and the Company will further strengthen its position in the contact center service industry.

Main service strategies by industry and type of business

| Finance | |
|----------------------|--|
| Banks: | Engage in direct banking outbound operations |
| Securities: | Build an organization of 1,000 licensed securities brokers |
| Insurance: | Foster candidates for the non-life insurance broker license, aiming to become No. 1 in the mutual insurance market |
| Credit cards: | Win outbound request-for-payment operations through MO3 services |
| Communications | |
| Fixed: | Inbound/outbound operations related to changes from fixed-line telephones to FTTH |
| Mobile: | Entry into mobile information centers and expansion |
| ISP: | Provide contract protection services to increase market share |
| Other: | Begin IP telephone support operations |

Mail-order and direct sales

| | |
|--------------------------|--|
| Mail-order sales: | Develop information operations at regional bases |
| B-to-B: | Develop consumer-specific sales promotions based on consumer database analysis |
| Television: | Promotion and support of program-tied direct sales |

Fiscal 2010 net sales targets by industry and type of business

| Industry/Type of Business | FY2005 | FY2010 |
|--|--------|--------|
| 1. Manufacturing I (PCs/peripherals/consumer electronics/software) | 27% | 20% |
| 2. Finance (banks/insurance/securities/credit cards) | 16% | 25% |
| 3. Communications (fixed/mobile/ISP) | 12% | 20% |
| 4. Mail-order and direct sales | 5% | 12% |
| 5. Manufacturing II (automobiles/pharmaceuticals/food/cosmetics) | 3% | 5% |
| 6. Public sector | 3% | 6% |

*Figures are market shares in indicated industries

2. Designate the financial, communications, mail-order and direct sales industries as target industries, and expand services

Maintain and expand orders in the technical support domain, where the Company is strong, and also designate as target industries the financial, communications, mail-order and direct sales industries where its competitors are strong, and strive to maximize orders in those fields.

3. Accelerate development of outbound services through customer analysis services

In outbound services, offer an optimum mix of all operations and functions that corporate clients need for their communications with customers to maximize their performance.

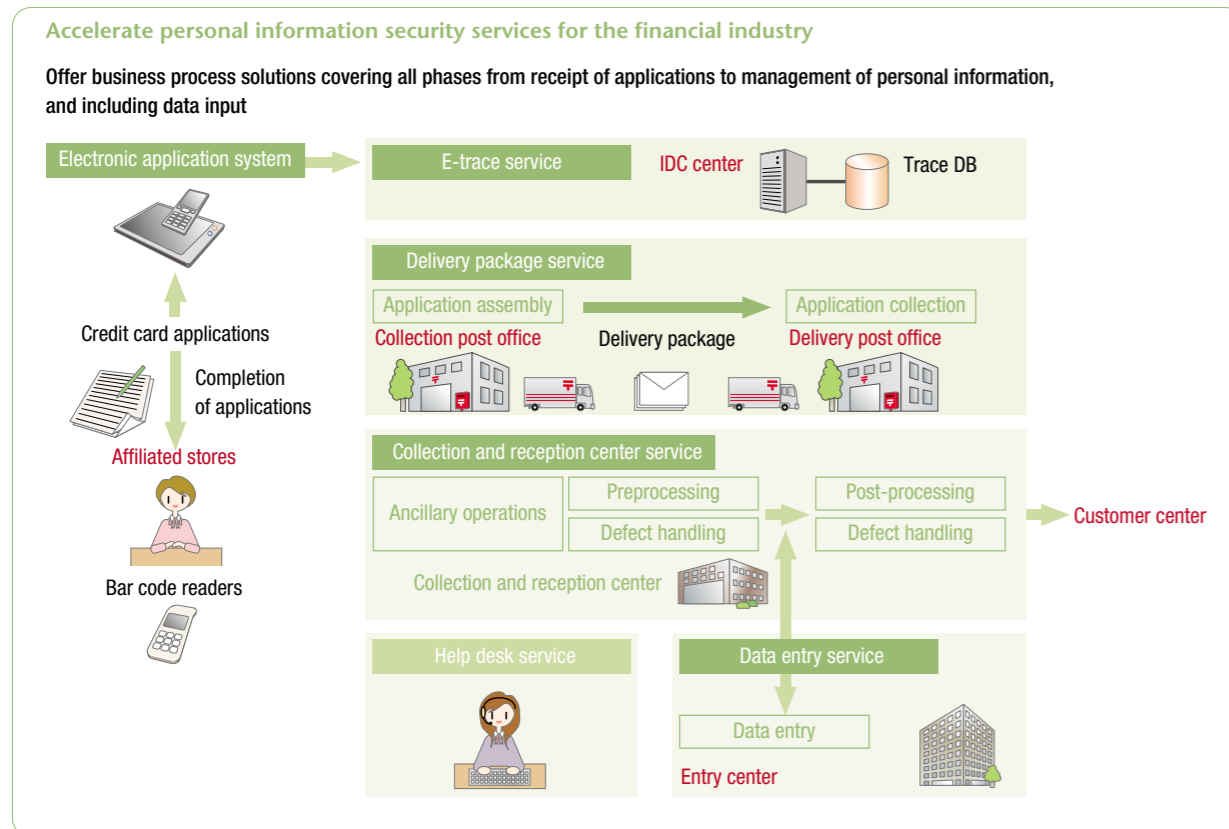
Business Process Services

The Company provides comprehensive consigned business process (BP) services primarily in the area of data entry, which was **transcosmos**' core business at its founding. Beginning with the generation of corporate information, **transcosmos**' services cover all stages from digitization to use, protection and final disposition.

Main initiatives

1. Accelerate the development of services designed to assist the financial industry in complying with Japan's Law concerning the Protection of Personal Information

The Company is accelerating the provision of comprehensive services to the financial industry, covering everything from receipt of applications through personal information management and data entry.



2. Enhance cost competitiveness and business process capabilities in China and Japan's outlying regions
transcosmos Information System (Shanghai), established in February 2005, offers Japanese data entry services related to

applications, point cards, and other documents. Using the cost benefits of this offshore operation, the Company is able to differentiate itself from its competition by offering inexpensive, precise data entry services.

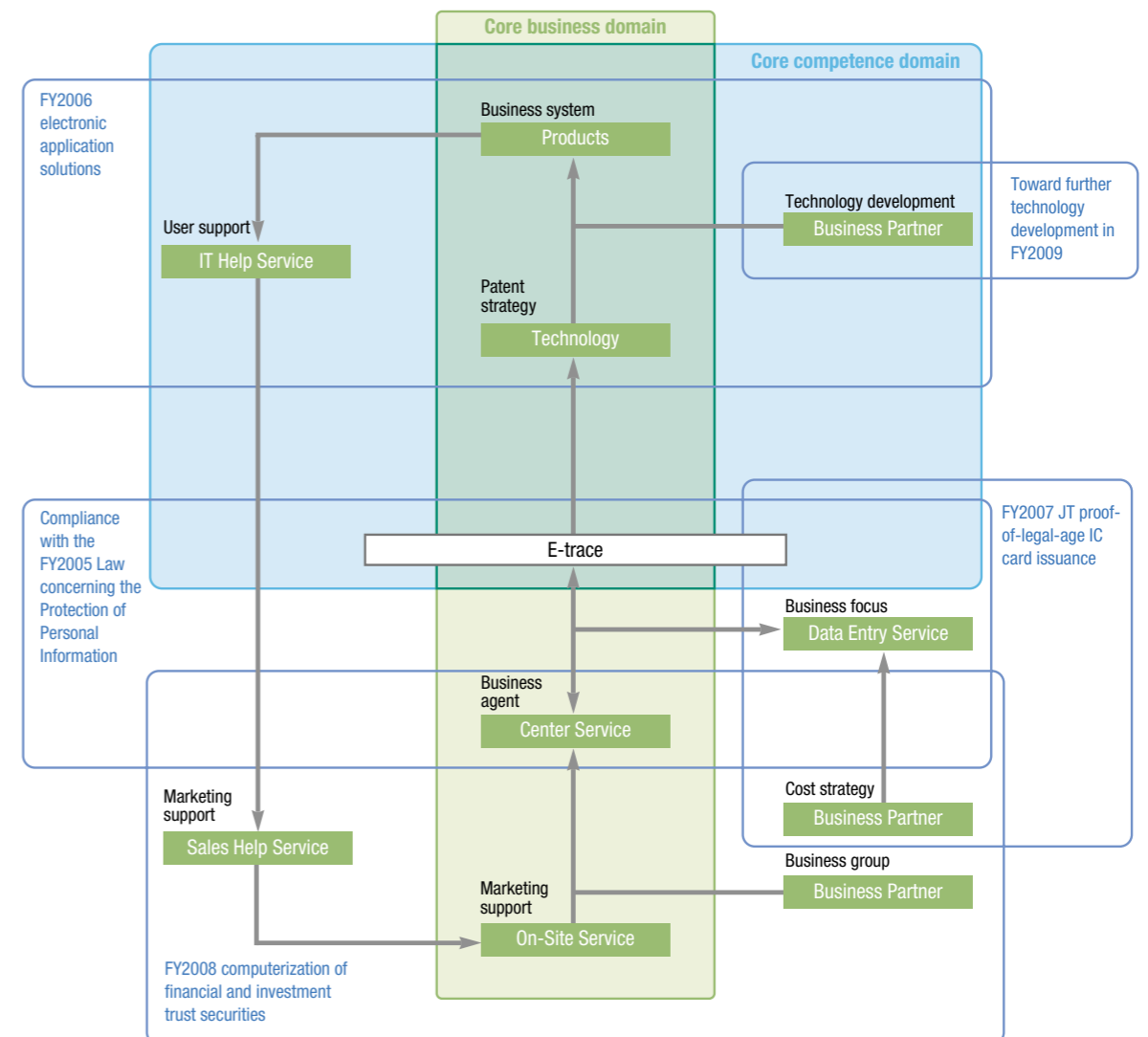
3. Establish a leading position in the BPO market by strengthening partner strategy

Business process services have a large effect on the efficiency of a company's management. The market potential, therefore, is extremely high. The Company is projecting the potential needs for personnel, accounting, and other back office and procurement

operations. In anticipation of future expansion in this market, **transcosmos** is strengthening its partner strategy with a view to increasing business process efficiency in each industry, and is accelerating the development (investment) in the building of new BP services.

Expand the business strategy and implement the partner strategy

In response to the expansion of the BPO market, strengthen the partner strategy with a view to increasing the efficiency of business processes by industry and type of business, and accelerate the development of BP services



Global Marketing Chain Management Services

Marketing chain management services are growing in Japan, and **transcosmos** is seeking to become the leading MCM service company in Asia by expanding operations and forging alliances in China and Korea.

Main initiatives

1. Vigorously expand in the Chinese market by leveraging partner strategy

With Shanghai Wicresoft Co., Ltd. (a joint venture founded in Shanghai by the venture capital firm, Shanghai Alliance Investment Co., Ltd., and Microsoft Corporation of the United States) as its partner, **transcosmos** inaugurated contact center services in China in 2006, and plans to expand these operations from their present 60 seats to 1,200 seats in 2008. In addition, **transcosmos** will be entering the Chinese Internet-advertising-related market, targeting the Internet advertising agency and Web design businesses, concentrating its resources in its partner strategy and other company strategies.

2. Become the top outsourcer in the Korean market

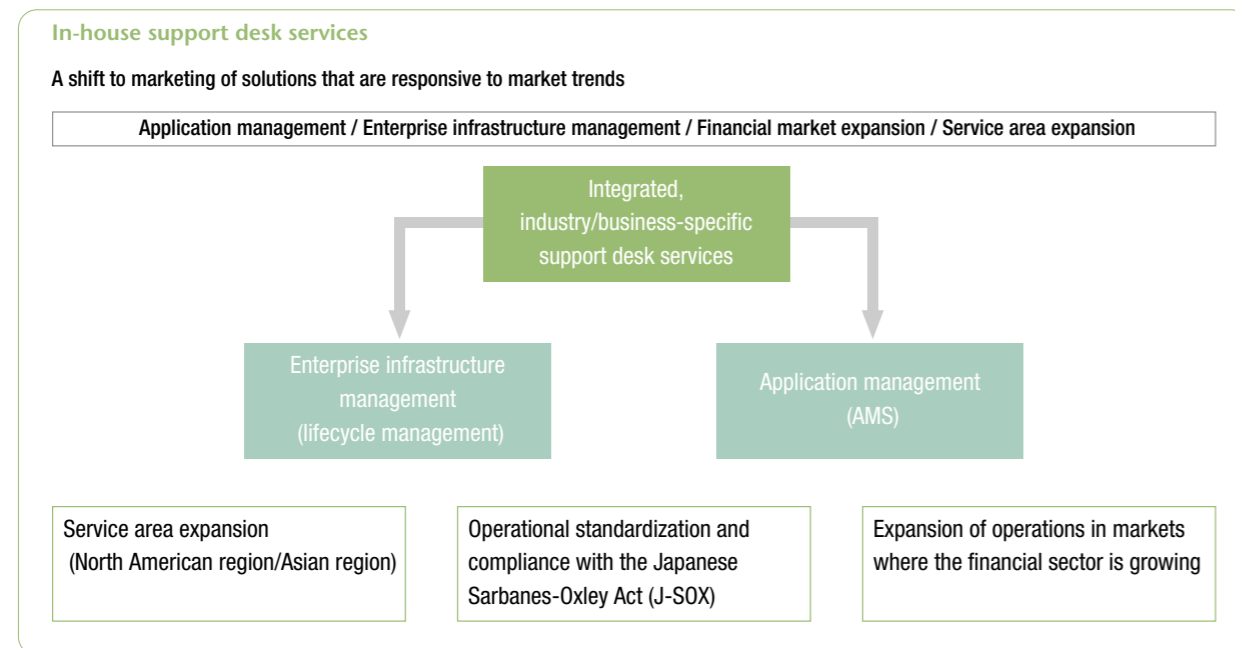
transcosmos seeks to become the top outsourcer in the Korean contact center market.

3. Promote the services of the transcosmos group in Asian markets other than Japan, China, and Korea, through provision of unified MCM services

Through common pursuit of the partnership strategy and other strategies, the Company is striving to expand MCM services (which are growing in Japan) in China and Korea as well.

Support Desk Service Domain

transcosmos realizes the establishment and consistent application of strategic systems used to increase sales (enhance marketing efficiency and reduce opportunity loss) and core systems used to increase profits (boost operational efficiency and cut costs) within client companies, through strong management performance and industry/business specific services.



Main initiatives

1. Develop application management services that include support for application maintenance

Develop processes that improve the productivity of the IT business division and reduce operating costs, through the optimization of the application environment and implementation of a continuous improvement cycle.

2. Accelerate and intensify the development of industry/business specific services

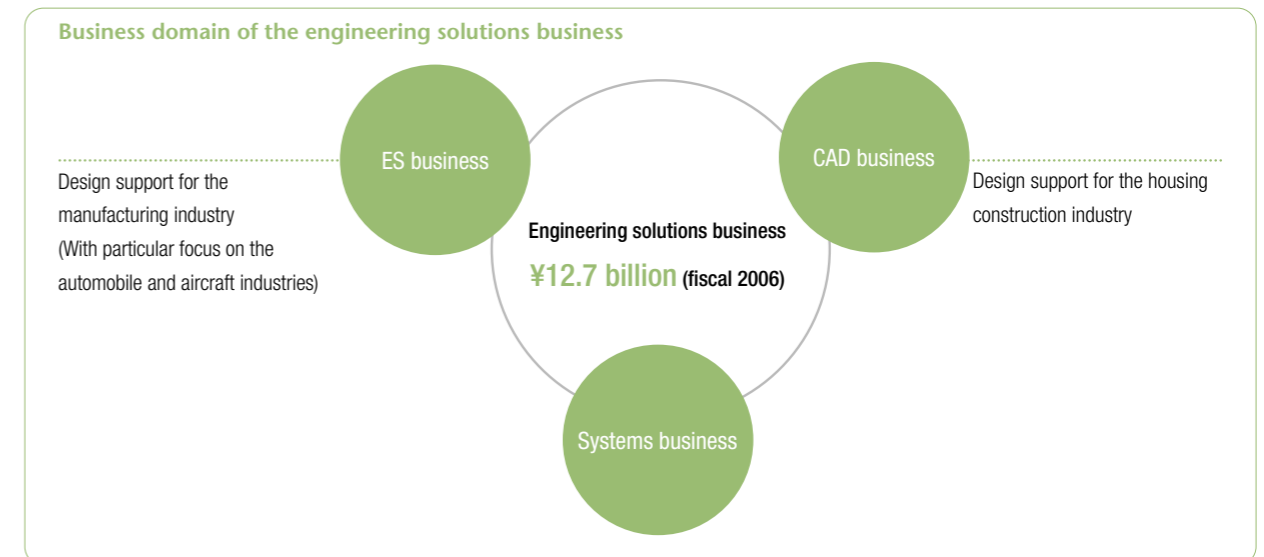
Specific systems employed vary according to the client company's industry and business. **transcosmos** is using its 40 years of knowledge and experience in support desk operations to develop services for a broad range of client companies.

3. Develop lifecycle support services ranging from the procurement of IT assets to their disposal

In addition to client companies, **transcosmos** works with group companies and affiliated firms to tie together various types of data on IT assets that had previously been handled individually, to achieve integrated asset management. Management of assets from procurement through disposal enables TCO analysis and the use of information in an IT asset strategy.

Engineering Solution Service Business Domain

Today, client companies in manufacturing must display high-speed, high-quality, low-cost development and design operations if they are to survive and beat the competition. Because of this trend, it has become customary for companies to outsource all or a portion of their development and design operations. As a technology provider, **transcosmos** employs sophisticated CAD/CAM/CAE/PDM technology to meet client companies' needs for total development and design functions.



transcosmos' engineering solutions services include onsite support for the building and operation of back office systems including core systems, in addition to design support for the manufacturing industry (with particular emphasis on the automobile and aircraft industries) in the ES business, and design support for the housing construction industry in the CAD business.

Main initiatives

1. Accelerate manufacturing support for the transport equipment industry with regard to all of Asia
2. Establish the number-one system for providing engineering solutions in Japan, Korea, and China

China Offshore Development Service Business Domain

With regard to the orders for information systems development received primarily from large Japanese information systems companies and **transcosmos'** various business divisions and affiliates in Japan, **transcosmos** Information Creative (China) Co., Ltd., participates in the preliminary design and establishment of features in Japan, and detailed design, building, implementation, and testing performed in China. Also in China, **transcosmos** Information Creative offers total system solution services ranging from the building of infrastructure for Japanese firms with operations in China to support for systems development and use. When **transcosmos** Information Creative was established, it started operations with 20 new graduates of local universities, primarily Nankai University and Tianjin University, and has grown to employ over 600 engineers today.

As a second base of operations, the Company plans to build a 32,000m² facility on a 20,000m² site in the Guangzhou Software Park, with the support of the Guangzhou City Government. Accordingly, the Company plans by 2009 to increase the number of its engineers in Tianjin to 1,200 and the number in Guangzhou to 800.

Main initiatives

1. Establish an organization in China that has 2,000 engineers at three faculties



2. Become the number one offshore development firm in China

B-to-C Media Service Business Domain

In an environment where the consumer-driven communications society has become established, **transcosmos** is expanding its existing B-to-B business. Together with this, the Company established a B-to-C Business Strategy Headquarters in September 2005 to facilitate its full-scale entry into additional B-to-C businesses. The **transcosmos** group is strengthening its consumer services by forming alliances with prominent media firms and content holders both in Japan and overseas.

B-To-C media service business integrates all of group's capabilities

Enhance collective strength by making services compatible with Web 2.0 and aggressively seeking alliances with prominent media firms and content holders.



Main initiatives

1. Aggressively seek alliances with prominent media firms and content holders
2. Make existing services Web 2.0 compatible
3. Vigorously invest in the development of cutting-edge Internet technology



Corporate Venture Capital Business Domain

transcosmos supports the marketing activities of its client companies through outsourcing services. To achieve customer satisfaction, it is essential to rapidly and continuously introduce new services that employ the latest Internet technology. A corporate venture capital business that can uncover, study, and commercialize new services at a high speed is inextricably linked to our Company's outsourcing service business.

Basic investment philosophy

The creation of business synergies with invested firms—investment in business development is the fundamental principle

transcosmos' strategy is to invest in unlisted firms that have services and technology that can be thought to contribute to marketing chain management services, and then growing together.

Main initiatives

1. Import technology and services from invested companies in the U.S. to Japan

Expansion of latent profit resulting from the IPOs of invested companies, and a planned exit strategy

Since this is considered a business, it is the Company's fundamental policy to sell when the invested company conducts an IPO. However, the Company's response can differ according to the market environment and relationship with the invested company. It is also a fundamental principle to reinvest the gains on the sale.

2. Expand joint operations and dealing of invested companies in Japan with the transcosmos group

Invested companies in Japan and overseas are able to license superior technology to the transcosmos group, when transcosmos can agree on terms with the management of invested companies, or establish a joint venture in Japan.

transcosmos group

JAPAN

- **Marketing chain management**
 - DoubleClick Japan Inc.
 - J-Stream Inc.
 - NetRatings Japan Inc.
 - Marketswitch Japan KK
 - CyberSource KK
 - BPS Inc.

- **Call Center/Contact Center Operation Services**

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

- **E-business sites**

- Ask.jp Co., Ltd.
- Shockwave Entertainment, Inc.
- Forecast Communications Inc.
- NetMile, Inc.
- Listen Japan, Inc.
- Fujisan Magazine Service Co., Ltd.
- Arekao Inc.
- CinemaNow Japan Inc.
- DIGITAL GOLF Inc.

- **Consulting/System Integration/System Engineering Services**

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

USA

- **Service Development Company**

- Transcosmos Investments & Business Development, Inc.
- TEAM LAB BUSINESS DEVELOPMENT INC.

- **Service Company**

- transcosmos America Inc.

- **Strategically Associated Companies**

- DoubleClick Inc.
- NetRatings, Inc.
- Donnerwood Media, Inc.
- Pheedo, Inc.
- Audioblog, Inc.
- Multiply, Inc.
- Become, Inc.
- Optimost

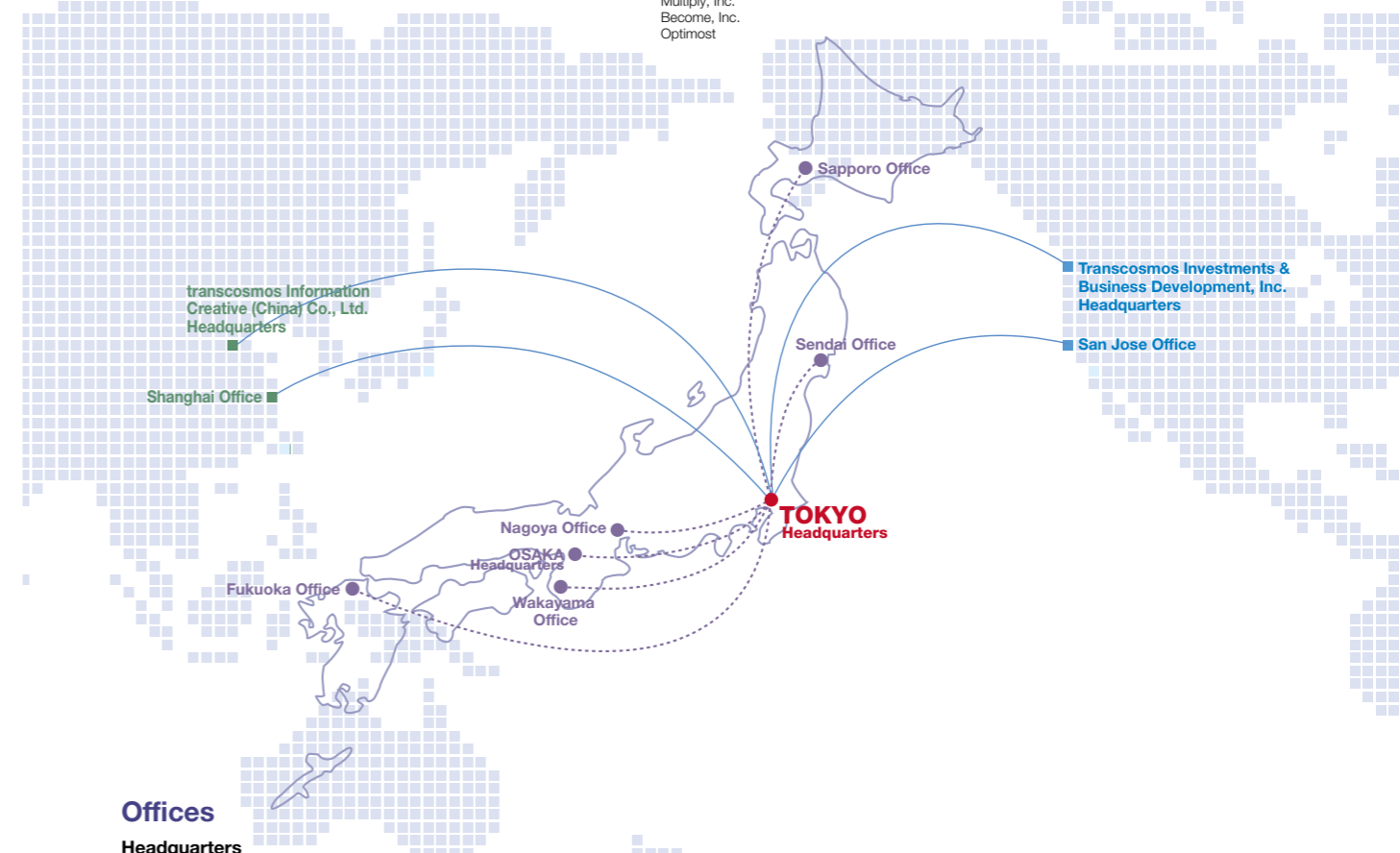
ASIA

- **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
- transcosmos design development Co., Ltd.
- Qingdao Zuki Industrial Design Co., Ltd.

- **South Korea**

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



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Principal Subsidiaries

J-Stream



Japan's largest streaming video provider, also engaged in Podcast portal operations.



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

DoubleClick



Delivers world standard Internet advertising.



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

listenJapan



Music download sales from world's largest database of artists.



<http://listen.jp/>

arekao



A shopping navigator blog for women that allows the selection and purchase of the best products.



<http://arekao.jp/>

Shockwave Entertainment



Specialized game and animation portal.



<http://jp.shockwave.com/>

Financial Statements