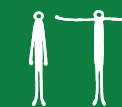


transcosmos inc.
www.trans-cosmos.co.jp

Your
Global



Partner.

ANNUAL REPORT 2007
Year ended 31 March 2007

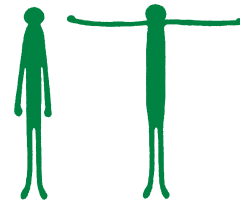
trans
cosmos
people & technology

transcosmos inc. is a comprehensive IT outsourcer, providing the highest-quality IT technology in the global market, and a labor force at optimal cost performance, tailored for each client company.

People & Technology

transcosmos provides high value-added services generated through the fusion of "People" and "Technology." "People" refers to high-caliber staff with outstanding skills that are the result of required education and training, and a personnel system that evaluates performance and abilities fairly. "Technology" refers to our distinctive R&D, which constantly absorbs cutting-edge global technologies. To this end, we have R&D centers in the United States, China, South Korea and elsewhere. By continuing to enhance the quality of such "People" and "Technology," we provide client companies with optimal services, featuring high quality and outstanding cost performance.

Your Global



Partner.

Global = Cost performance x Pinpoint precision
This is the transcosmos IT partner equation.

Contents

FY2007 Highlights	1
transcosmos at a Glance	2
Message from the Management	4
Special Feature	8
Review of Operations	10
Principal Subsidiaries	20
Network	21
Financial Statements	22
Investor Information	51

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 information currently available to transcosmos. Therefore, changes in the operating environment may cause actual results and progress in management strategies to differ from the forecasts made in this report.

FY2007 Highlights

Consolidated **net sales** increased 32.9% to
¥141,489 million

Consolidated **operating income** decreased 6.7% to
¥7,466 million

Consolidated **net income** increased 10.5% to
¥7,369 million

Consolidated **total assets** were
¥96,381 million

Consolidated **net assets** were
¥59,070 million

Net income per share was
¥171.38

Cash dividends per share were
¥40

Topics

The Contact Center World Awards 2006 Winner of the Best of the Best Awards in the "Outbound Campaign" category

Our sales promotion campaign presentation, which is based on transcosmos' proprietary outbound MO3® methodology, was highly evaluated.

5th Tokyo Interactive Ad Awards Bronze prize in the "Product" category

The Web 2.0 based customer participatory content, which we have provided for our clients, was highly evaluated at the 5th Tokyo Interactive Ad Awards.

A U.S. shopping search website, "BECOME," began full-scale operation in the Japanese market

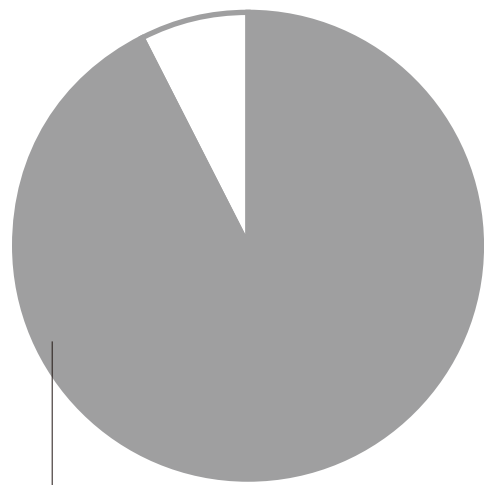
Become Japan K.K., a transcosmos consolidated subsidiary and a joint venture company in alliance with U.S. Become, Inc., started a search engine, BECOME JAPAN, that specializes in online shopping.

Business tie-up with the Tong Yang Group in South Korea

The Tong Yang Group is a South Korean conglomerate that has one of the three biggest financial groups in the country. It boasted total sales in the period equivalent to transcosmos' fiscal 2006 amounting to approximately ¥500 billion. Through a business tie-up with the group, transcosmos will accelerate the development of its BtoB service in South Korea.

IT Services

BtoB



¥131,066million

Digital Marketing Services We provide complete Internet services including corporate website creation, using the latest Internet technologies, online promotion and Internet advertising such as Listing.

Call Center Services

We collect customers' data via multiple contact channels (including telephone, e-mail and websites) into a single customer database, in order to fully utilize and manage it.

Business Process Outsourcing Services

Comprehensive Support Desk Services include helping client companies introduce and manage systems underlying their core businesses, employee education, IT asset management and other miscellaneous services.

Business Process Solution Services

Harnessing our image entry* network system, which is the largest such network owned by a Japanese company (consisting of 10 sites in Japan and two sites in China), we provide comprehensive services covering diagnosis, design, implementation and execution of business processes. (*Image entry is a highly secure, leading-edge data entry. It does not directly deliver original data but transforms the original into image format using a scanner and/or a FAX server, thereby delivering it onto the network.)

Engineering Solution Services

Drawing on our expertise and know-how accumulated through CAD/CAM and other solutions, we offer engineering services that comprehensively support and reinforce customers' manufacturing capability.

Offshore System Development Services in China

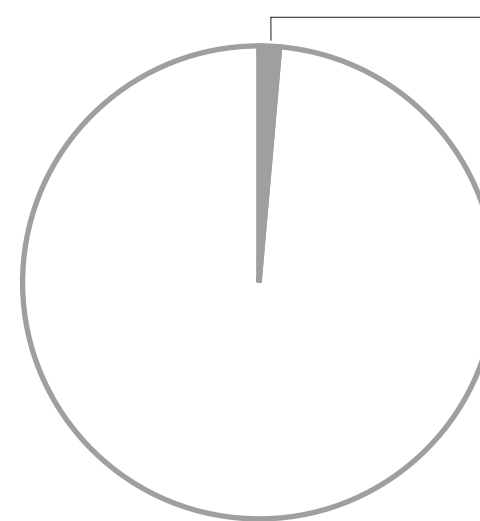
With an operational base in Tianjin, China, we conduct planning, upstream design, development and maintenance of systems desired by our client companies. All such services are of the high quality and at a low cost.

Overseas Business

We are developing a business structure to expand digital marketing and call center services, which we have operated in Japan, to China, South Korea and other Asian countries with Japanese-standard quality and technology.

IT Services

BtoC

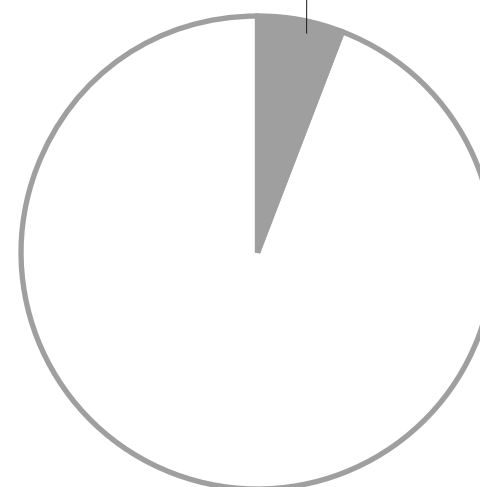


¥2,150million

BtoC Media Services

The transcosmos Group is developing services for individual consumers for use in preparing marketing strategies. To continually follow customer trends, we import leading-edge U.S. services, innovate through joint development with domestic venture companies with cutting-edge technologies, and reinforce joint businesses via strategic alliances with major media companies and content holders in each business field.

Corporate Venture Capital Business (CVC)



¥8,273million

Corporate Venture Capital Business

To provide optimal services for our client companies on a continuing basis, and as part of our R&D activities to add higher value to services, we invest in business development that enables business synergies.

Message from the Management



Koji Funatsu
Chairman & CEO

transcosmos recognizes that the broadband Internet works not only as a business infrastructure (BtoB) but also as a communications tool. In addition, transcosmos realizes that society connects a company with individuals (BtoC) more directly than ever before. Furthermore, this trend has changed the conventional one-way provision of information from companies to individuals to an individual customer-oriented communications society in which individuals can directly dispatch information to companies and society at large.

In fiscal 2007, ended 31 March 2007, the Japanese Internet advertising market, which is linked to the Group's digital marketing services, continued to grow robustly. According to surveys conducted by Dentsu Inc., sales in Internet advertising market in fiscal 2007 surged 130% to ¥363 billion from a year earlier. According to MIC Research Institute Ltd., the Web integration market, a field closely linked with Internet advertising, climbed to about ¥540 billion in fiscal 2007, up approximately 130% from the previous year. According to "Survey 2006 (from October 2005 to September 2006)" by *Nihon Ryutsu Sangyo Shimbun*, sales of call center services - our core business - by the top 30 companies in the domestic telemarketing business exceeded ¥400 billion for the first time ever, and the demand for call centers continues to steadily rise.

In such a situation, transcosmos formulated a four-year Medium-Term Business Plan starting in fiscal 2007 to establish its competitive edge.

Medium-Term Business Plan

The Medium-Term Business Plan aims to optimize corporate marketing activities for higher efficiency, expand sales, acquire new customers and enhance customer satisfaction by synchronizing transcosmos' three services: Digital Marketing (DM) Services, Call Center (CC) Services and Business Process Outsourcing (BPO) Services. DM Services comprehensively help companies establish their website, using the latest Internet technology as well as conduct effective promotion activities such as Internet advertising. CC Services are compatible with multiple channels including phone, e-mail and websites and optimize the use and management of information from consumers. BPO Services help client companies to realize their IT strategies by providing support with everything from planning system strategies to the design, establishment and implementation of IT systems, in addition to educating and assisting employees to get familiar with such systems and strategies. Given that our client companies operate in various industries, we provide tailor-made services to each company's businesses.

We will also focus our resources on expanding the BtoC Media Services as a mainstay business of the transcosmos Group. Grasping individual customer trends directly enables us to provide our client companies with higher value-added services. In our offshore system development services in China and Engineering Solution Services - designing business support services - we will use either a single service or a combination of services flexibly to create an effective business

model specializing in each client company's business, thereby providing higher value-added outsourcing services.

Furthermore, we will aggressively invest in business development (Corporate Venture Capital (CVC)) to improve service competitiveness and add higher value to our services.

Current Status of the Medium-Term Business Plan

Consolidated net sales jumped dramatically, leveraged by a steady advance in orders received from Digital Marketing (DM) Services, Call Center (CC) Services and Business Process Outsourcing (BPO) Services, all of which are subcategories of the BtoB business in IT Services. The recent consolidation of two of our subsidiaries providing CC services in South Korea largely contributed to our performance. Consolidated operating income also increased 9.0% year over year. We are confident that the targets of our four-year Medium-Term Business Plan will be achieved within the remaining three years. Within our IT Services, the loss from our BtoC business was largely reduced although we implemented anticipatory investments as initially scheduled. The reduction ratio of the loss was higher than we had expected.

Basic Management Policy

The true value of our company lies in customer satisfaction, and the development of each employee creates value and secures our future.

Commitment to our clients

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

Commitment to our employees

* The unlimited potential of our employees is our greatest resource, and we will provide generous education and training as necessary for each employee's progress.
* We will provide equal opportunities to all employees, and will offer matching compensation and new opportunities, depending on each person's performance and competence.

Commitment to society and our stockholders

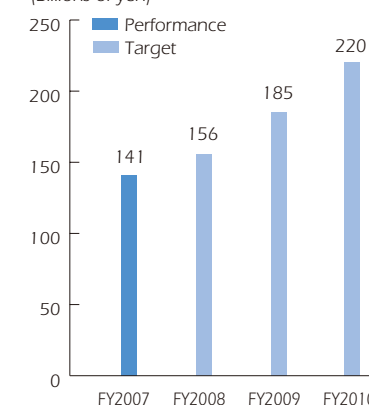
*The Group strives to grow its businesses, thereby enhancing stockholders' value and contributing to advancements in the society.

Mission of Medium-Term Business Plan

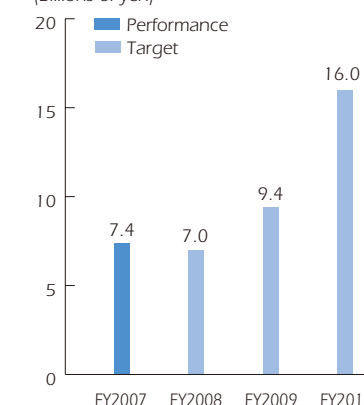
- 1 Become No. 1 in the digital marketing industry
- 2 Become Japan's largest global IT outsourcer
- 3 Establish a BtoC business

Performance Target of the Medium-Term Business Plan on a Consolidated Basis

Net sales
(Billions of yen)



Operating income
(Billions of yen)



Implement Organizational Reforms Based on the Medium-Term Business Plan

We revamped the overall company system, effective in fiscal 2008, to offer higher value-added services to client companies and enhance customer satisfaction. By reinforcing the link between manufacturing (a system for providing services) and sales (a system for conducting sales activities), we will extensively provide high-quality outsourcing services by either a single use or by combining DM Services, CC Services and Business BPO Services. To achieve the management targets of the Medium-Term Business, we will strive to reduce marketing and management costs to establish a cost-competitive system.

Policy and Measures for Profit Distribution to Stockholders (Dividend Policy)

To make it easier for people to invest in our Company, as of 1 April 2006, we implemented a two-for-one stock split for stockholders recorded or registered in the last register of beneficial stockholders on 31 March 2006. We made this decision taking the Company's current stock prices into consideration.

We also acquired 2,200,000 common shares in the Company during FY2007 to improve the stock value.

transcosmos places the distribution of retained earnings to

stockholders as one of its prime management issues. In fiscal 2005, we shifted from a conventional stable dividend policy to a dividend policy that emphasizes a payout ratio relative to business results. The Company paid a dividend of ¥40 (an annual dividend of ¥40) per share at the end of the current fiscal term. For the next fiscal term, we plan to pay a ¥40 annual dividend per share, of which ¥20 will be a special dividend.

The Company intends to use its internal reserves to improve its financial standing and to make capital investments in new call centers, information systems, etc. The Company will expand its business and add higher value to our services through new investments and M&A in areas that can create synergies with its businesses.

Term of Office and Composition of Directors

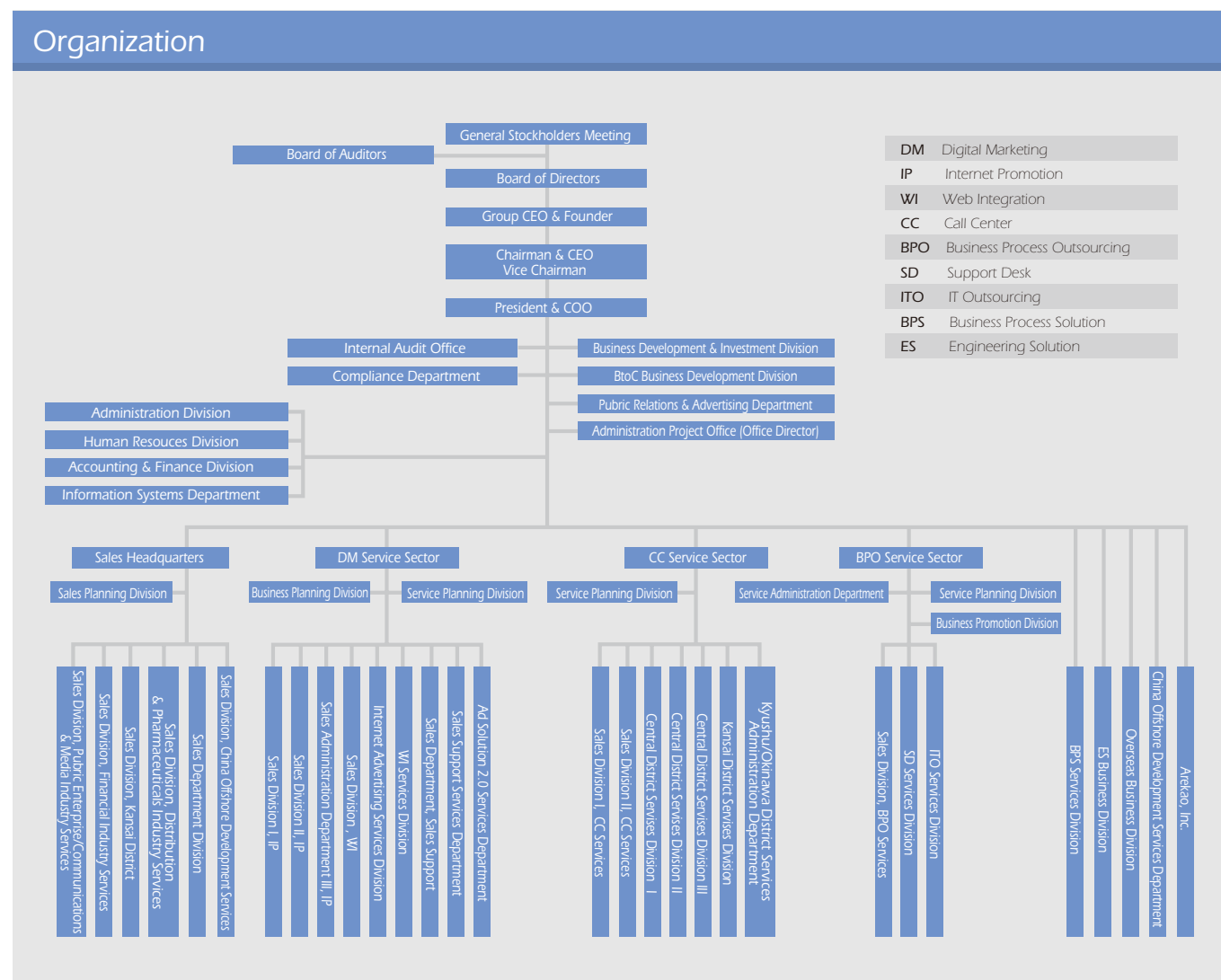
transcosmos introduced the auditors system and has a corporate governance system that is appropriate for our current business content. The system is based around the Board of Directors and the Board of Auditors. In June 2004, we introduced the executive officers system to expedite decision-making and the execution of business, thereby reinforcing our capability to address changes in the business environment. In June 2006, we shortened the term of office for directors from two years to one year and added two more outside directors, independent of the Company's management, to improve monitoring of management. The Board of Directors consists of eleven (11) directors, of which three (3) are outside directors. The Board of Auditors consists of four (4) auditors including three (3) outside auditors.

Corporate Governance

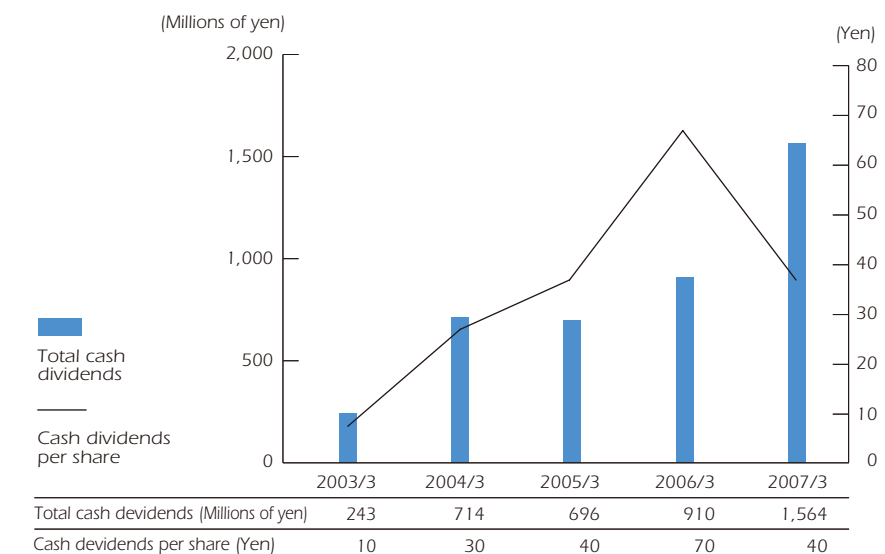
To conduct sound and transparent corporate activities in compliance with related laws and regulations, transcosmos formulated the Basic Management Philosophy, the Management Goals and the Code of Conduct as standards which all employees must comply with and enforce. They form the basic concept that supports corporate governance as a code of conduct for employees and corporate philosophy. To respond to trust from stockholders, employees and society, we are striving to establish a corporate governance system and implement appropriate measures. We strive to continually develop as a company that can live up to all stakeholders' interests and improve corporate value over the medium to long term.

Compliance Education

To familiarize employees with our Compliance Program, the Company established the "Compliance Charter" and the "Compliance Guidance for Conduct" to adhere to an ethical approach and emphasize compliance with laws and ordinances. The "Compliance Charter" indicates what should be addressed by the Company in order to comply with domestic or foreign laws, international rules and the spirit of those regulations. The "Compliance Guidance for Conduct" indicates the key guidelines for employees based on the "Compliance Charter." Basic matters to which every employee must take heed from the perspective of the Compliance Program are specifically set forth as our norm.



Total Cash Dividends and Cash Dividends per share



Won the Best of the Best Awards in the Best Outbound Campaign Category at the 2006 Contact Center World Awards!

At the 2006 Contact Center World Awards held in Las Vegas, Nevada (US) in November 2006, transcocosmos presented case studies from its sales campaign based on MO³®, its proprietary outbound methodology, and won the Best of the Best Awards in the Best Outbound Campaign Category.

What are the Contact Center World Awards?

The Contact Center World Awards, which are sponsored by ContactCenterWorld.com, are a global conference that accredits companies and/or managers of outstanding call centers worldwide. Companies and persons in nine categories were selected from among entrants from the Americas region, Europe, the Middle East and Africa region, and the Asia-Pacific region. These nominees competed at the world conference held in Las Vegas.

Case Study of Sales Promotion Campaign for Which We Won

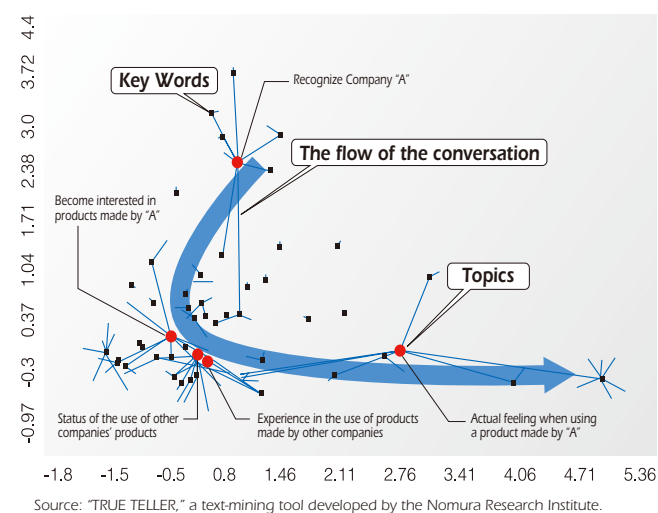
We explain our approach more by using the case study of the sales promotion campaign for which we won the Best of the Best Awards. A health-food sales agency, "A," our client, has a sales outbound center, but performance at the center was unstable due to big gaps in the order-receipt ratios for individual operators.

To address this situation, transcocosmos began improving the quality of the customer list, optimizing the shifts of operators and visualizing a successful conversation pattern. In order to improve list quality, we identify high-potential target customers, using data-mining technology. The data-mining technology is also used to optimize the shifts of operators. Text-mining technology contributes to the visualization of successful conversation patterns, thereby helping to standardize each operator's sales skills. In particular we developed scripts that create an effective conversation flow with customers and improved the management at call centers, which were staffed by a customer analyst team, for carrying out customer analyses, and operators. As a result, the frequency of contact with customers doubled and the order-receipt ratio tripled.

The Analysis Desk

Since the Analysis Desk analyzes actual customer comments, we can quickly propose various effective services to client companies from call centers; for example, the undertaking of sales promotion campaigns, the prevention of inbound cancellation calls and the making of outbound calls to promote cross-selling. Moreover, analyses of conversations between customers and operators at a call center help operators improve their conversation skills, resulting in higher profitability for client companies.

Example of Visualization of Winning Conversation



transcocosmos' Recognition on Outbound Services

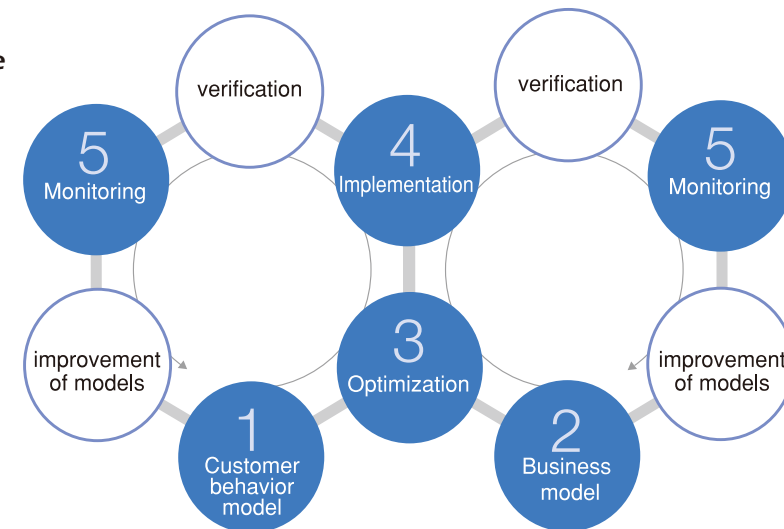
The Personal Information Protection Act, which became effective in April 2005, raised customers' awareness of the inappropriate disclosure of personal information. Customers became sensitive to the improper handling of personal information, thereby forcing companies to rethink how to manage customer information and conduct outbound services. To make matters worse, the abuse of outbound operations by a minority of unscrupulous salespersons, who engage in such activities as coercive sales or bank transfer scams without considering the plight of consumers, damage the image that consumers have of such services. Nevertheless, the Company believes that outbound operations are the key to long-term sales increases and profitability. We regard outbound operations as an important means for connecting companies with customers, promoting one-to-one communication and developing close relationships between both the parties, eventually resulting in higher profitability.

Now, what kind of outbound operations can solve the aforementioned problems and lead our business to success?

MO³ outbound services

Conventional outbound services were unsophisticated and depended on experience and intuition. In contrast, we now adopt a scientific outbound method, MO³®. MO³® is a general term for transcocosmos' proprietary outbound services that optimize all necessary outbound functions from our client companies to their customers to produce maximum effects. transcocosmos provides MO³® services for its client companies in various industries including manufacturing, logistics, communications, finance and insurance. Based on a numerical "customer behavior model," we calculate and find out "when, how and which operator should make outbound calls to which customer and what to offer" to produce the maximum return on investment (ROI). Then we develop contact operations to those individuals determined to have the most potential.

MO³ Scheme



MO³ consists of: (1) a Customer behavior model; (2) a Business model; (3) Optimization, (4) Implementation of outbound operations; and (5) Monitoring.

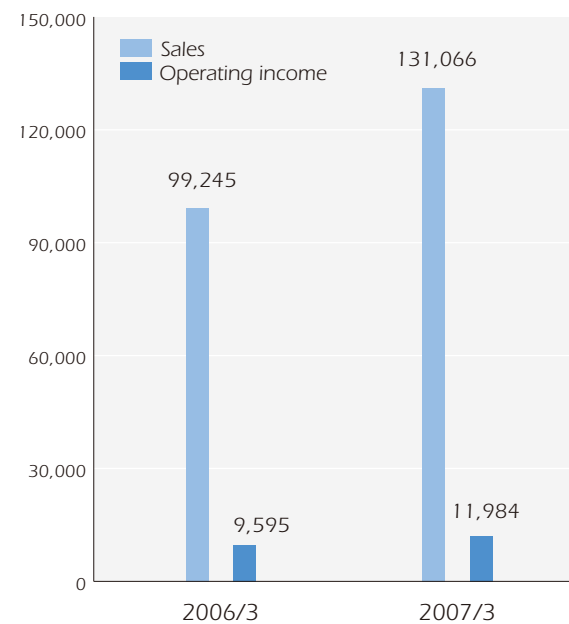
- | | |
|---|--|
| (1) Customer behavior model | We identify potential customers by calculating a ratio of response to outbound calls using data mining technology. |
| (2) Business model | Instead of the simple execution of business without any strategy, we establish a successful business model that reflects strategic intentions. |
| (3) Optimization | Using an optimization algorithm, we make an outbound call implementation plan that pursues the highest profitability. |
| (4) Implementation of outbound operations | We implement outbound operations in line with a specific business model. |
| (5) Monitoring | We assess the results of outbound operations and make improvements for continuous growth of the outbound center. |

IT Services BtoB Business

- Digital Marketing Services
- Call Center Services
- Business Process Outsourcing (BPO) Services
- Business Process Solution (BPS) Services
- Engineering Solutions Business
- Offshore System Developing Services in China
- Overseas Business

Consolidated sales and operating income in the BtoB business

(Millions of yen)

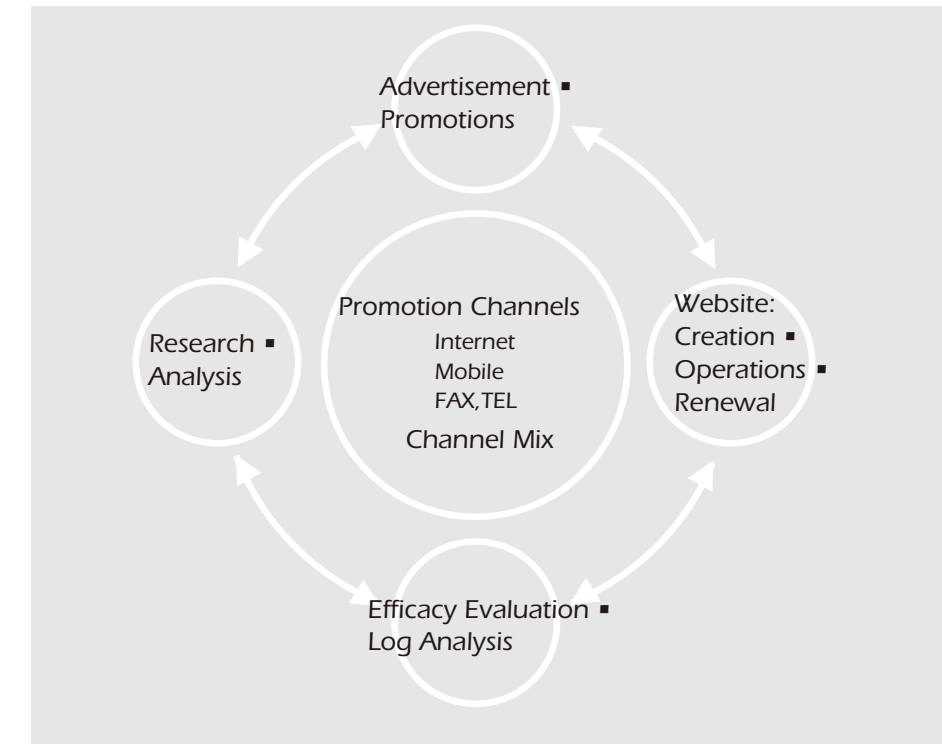


The BtoB business supports client companies based on the Marketing Chain Management concept. This business consists mainly of Digital Marketing Services, Call Center Services and Business Process Outsourcing Services. Digital Marketing Services comprehensively support a variety of client company activities, from the creation of websites to promotional activities such as Internet advertising. Call Center Services via multiple contact channels make the best use of and fully manage information from customers. Business Process Outsourcing Services help client companies manage and control their in-house systems.

Revenue in the BtoB business for the year ended 31 March 2007, rose 24.9%. Increases in anticipatory investment expenses for boosting operations received and operating expenses to reinforce the sales and marketing system were offset by profitable factors, including the launch of new call centers, which boosted revenue. In addition, demand for outsourcing services from client companies was brisk. Many companies aggressively strive to improve operational efficiency, enhance customer satisfaction, promote marketing and expand sales. Such factors contributed to our profitability.

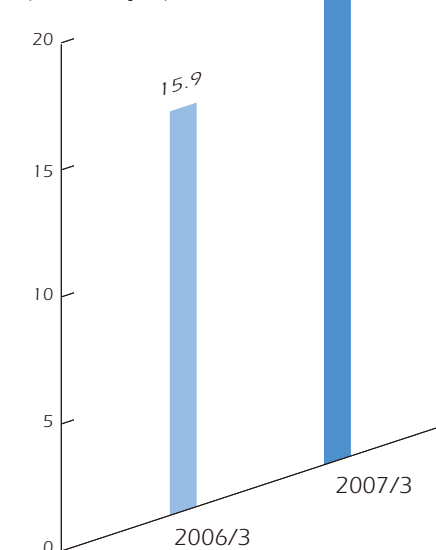
transcosmos renovated its organizational structure in April 2007. Except for part of the marketing system, we reinforced the structural ties between the manufacturing sector (service provider) and the sales sector (marketing), which enabled us to quickly offer appropriate services in response to the needs of client companies. Such a functional tie-up further enhanced our outsourcing services through the use of our Digital Marketing (DM) Services, Call Center Services or Business Process Outsourcing Services, which is a combination of both of them.

Digital Marketing Services



Upward trend in consolidated sales for Digital Marketing Services

(Billions of yen)



Digital Marketing Services continue to maintain favorable growth. Our Internet advertising service, a component of our DM Services, not only provides listing advertising spots and search engine optimization (SEO) services, but also after-sales assistance to clients for improving the advertising management, taking into account cost-effectiveness. Another component of our DM Services is website creation. This service creates or updates websites based on analyses of various data, such as access logs, sales data, customer surveys and website diagnoses. We offer systems from a customer perspective that enables us to increase sales of their products and services. Their appreciation of this approach is reflected in our favorable business results.

Another contributing factor has been our affiliates' services and know-how, which differentiated our business from competitors and contributed to our performance. Affiliates such as J-Stream Inc., which delivers streaming videos and handles podcasting portal sites, and Doubleclick Japan Inc., which delivers Internet advertising, are leading companies in the IT industry.

Call Center Services

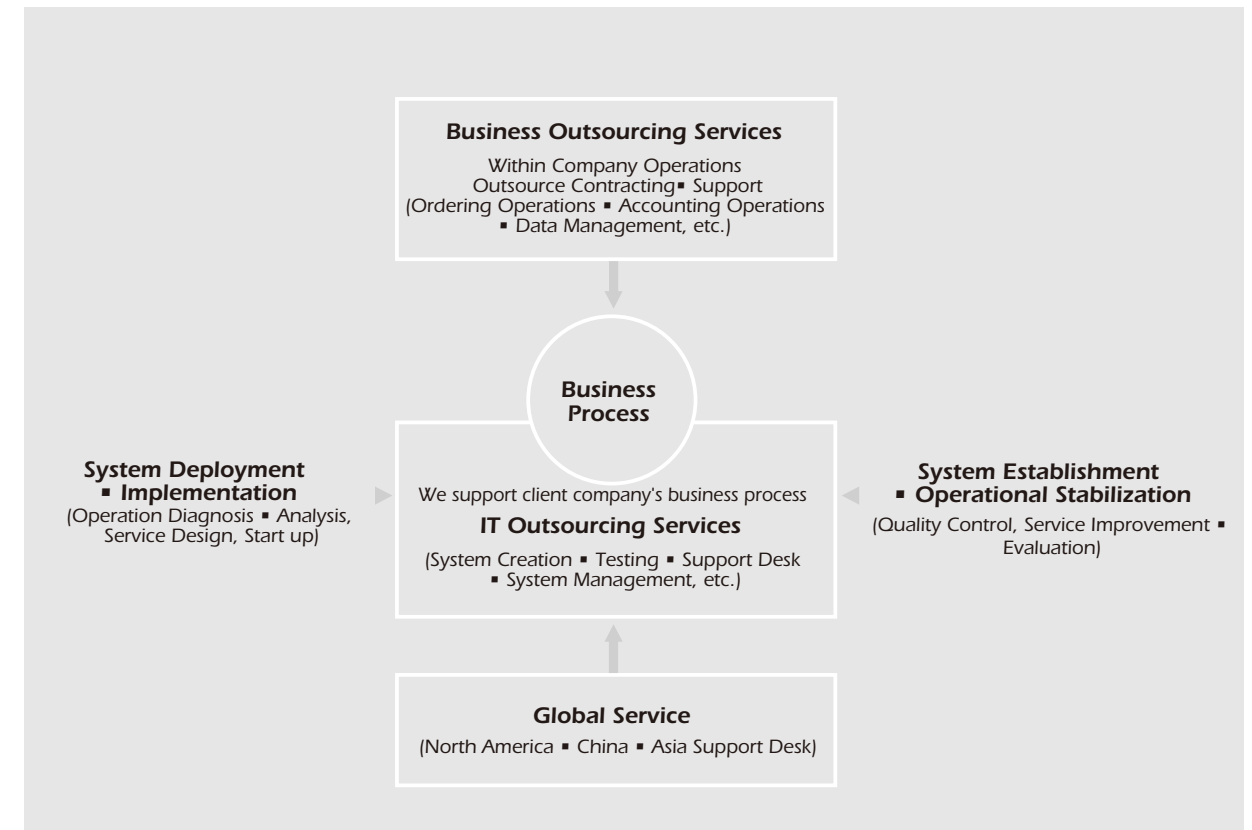
Call Center Network



During the year under review, transcosmos established new call centers in Naha, Sendai, Yokohama and Miyazaki. The total number of operators' seats in Japan increased to approximately 8,000 (as of 31 March 2007). We are continuing to reinforce cost competitiveness by establishing call centers in regional areas. In addition, CIC Korea, Inc. and Inwoo Tech, Inc., which provide Call Center Services in South Korea, were consolidated during the year under review, which largely contributed to our performance. Call Center Services are expanding mainly in the financial and communications industries and the public sector. In particular, orders received for outbound services based on transcosmos' proprietary customer analysis services have increased mainly in the financial industry.

transcosmos' Call Center Services, which combine inbound and outbound services, allow us to efficiently increase the number of opportunities to approach customers. This advantage is created by implementing optimal outbound services that are designed using data mining technology to scientifically analyze inbound information from customers. Acquired from customer feedback, such information is collected while addressing inbound calls for inquiries and cancellations. Such a rational and scientific approach, through which we can improve our client companies' marketing activities and create opportunities to expand their sales, is increasingly appreciated.

Business Process Outsourcing (BPO) Services



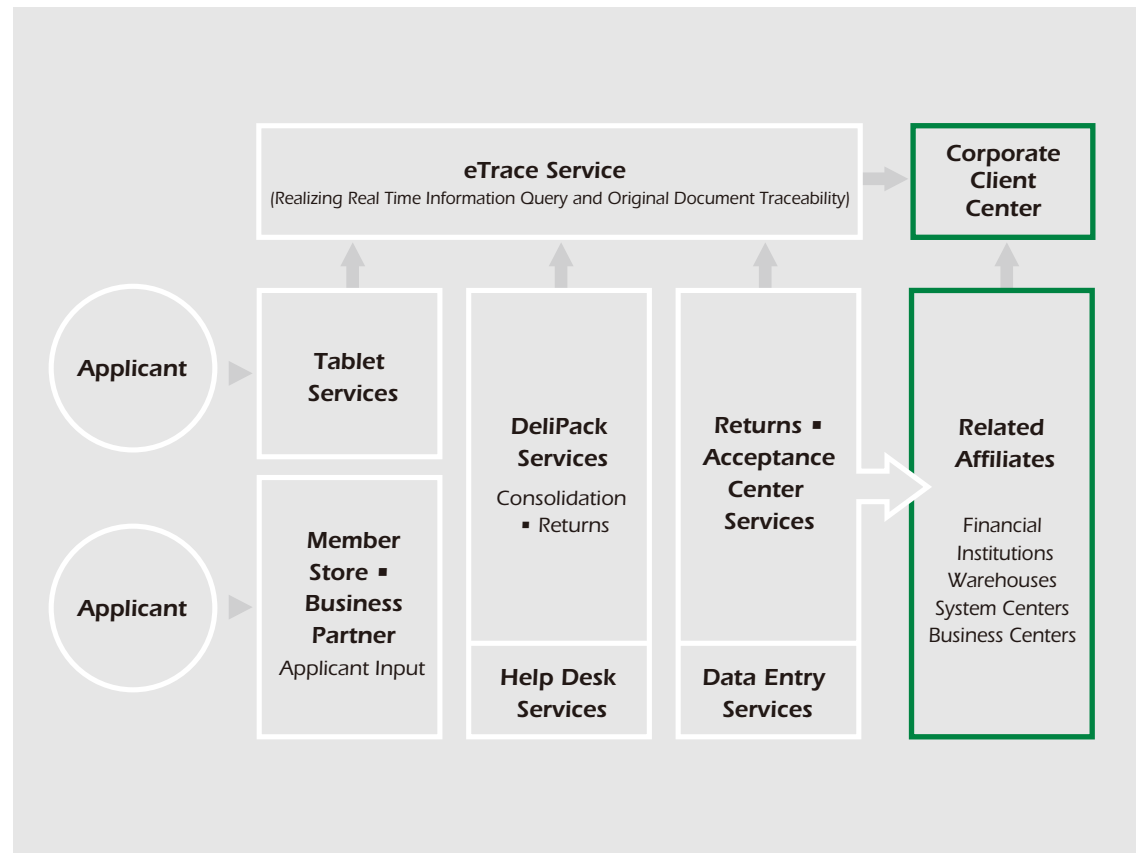
BPO services provide comprehensive solutions to our clients, from strategic planning support, to IT management process diagnostics, design, establishment and implementation of IT systems. The operations side of these services are also extensively developed, including assistance with employee education and compilation of manuals for familiarizing an entire company with their IT system.

We also provide client companies with ordering and accounting services - areas that were previously handled only internally. After we have reviewed their business processes, clients effectively outsource such services to us, contributing to their improved performance in those capacities. BPO services also cover IT infrastructure such as the server and network maintenance businesses, which require both technical know-how and a support structure,

and rapid system development delivery at reasonable prices. BPO services during the year under review progressed steadily mainly in the manufacturing, financial and communications industries. Our client companies continued to make full use of our outsourcing businesses, and recent legal changes to comply with J-SOX have caused companies to review their internal control systems, the IT control management and regulations related to these issues. These factors contributed to transcosmos' profitability.

In addition to the above services, concentrating on global manufacturers, we will proactively improve services in such areas as infrastructure building for newly established bases overseas and onsite supplier coordination.

Business Process Solution (BPS) Services

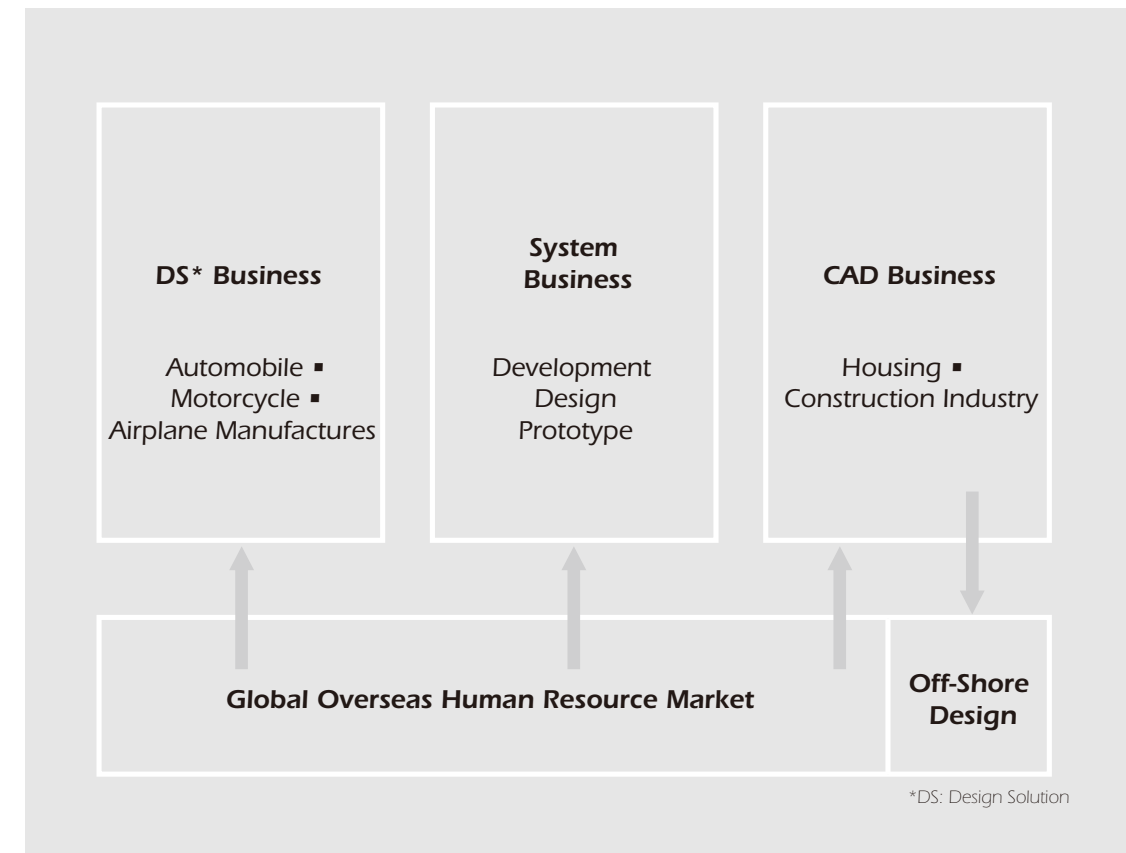


The deregulation of the financial industry, the full implementation of the Personal Information Protection Law in April 2005, the reinforcement of internal controls, and other such factors, are causing companies to address compliance and corporate governance more proactively. **transcosmos** undertakes everything from diagnoses to the design, establishment and implementation of business processes, and also provides business improvement consultation.

By combining Japan's largest data entry system, which can flexibly handle major projects in Japan and China by means of traceability via *etrace™*, we provide application service provider (ASP) services for retrieving personal information documents related to card issuing and other applications, reception desks and help desks.

For the year under review, business advanced steadily for collecting application forms for subscription and data entry mainly in the financial industries that deal in card and credit sales, and communications industries. We believe this increase is attributable to higher business processing capacity and cost competitiveness due to the expansion of regional centers in Japan and China.

Engineering Solutions Business

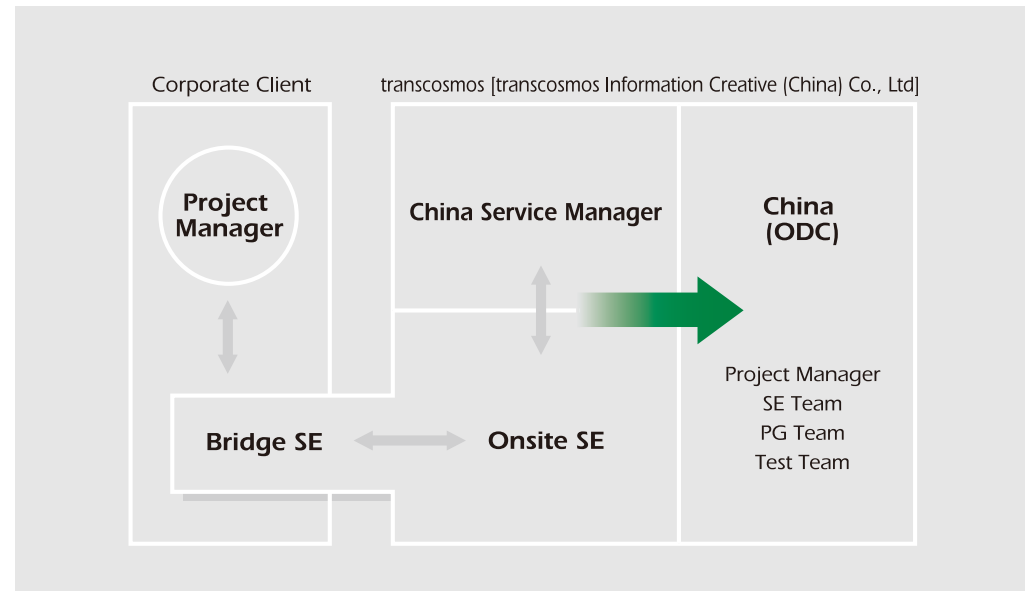


As a global provider of technologies, **transcosmos** offers comprehensive engineering solution services for quality manufacturing from design and trials to system development mainly for manufacturing clients. Drawing on one of the largest workforces in Japan, the Company has responded to the recent favorable performance by automobile manufacturers. At **transcosmos**, in addition to Japanese engineers, we support the education of engineering students from South Korea and China via alliances with universities in those countries, and employ high-caliber human resources with a firm understanding of 3-D CAD technologies.

To support design for the housing construction industry, we mainly utilize 2-D CAD technologies. Our global business structure has enabled initial development in China while quickly addressing domestic needs such as quality improvement and cost reduction. We are also engaged in comprehensive construction businesses, including the design of office buildings and establishing an optical fiber wiring network.

Despite the expansion of market demand, a situation is emerging whereby we cannot easily increase orders received. As such, it is increasingly difficult to secure outstanding human resources as a result of the economic recovery in Japan. We intend to accelerate the establishment of a structure to offer leading engineering solutions in Japan, South Korea and China, further increasing profit.

Offshore System Developing Services in China



The Offshore System Developing Services in China progressed during the year under review. This business offers high-quality and low-cost systems for client companies - from planning, design and development to maintenance. Conventional offshore developing services (ODS) are appropriate for short-term and small-scale projects, whereas offshore developing center (ODC) services are better for long-term and large-scale projects. Net sales for ODC services are small but steadily expanding, as reflected in a 46.4% increase from a year earlier.



Offshore developing center

The ODC services of transcosmos feature a Japanese-speaking SE team, specialized engineers who are dedicated to a specific client customer's project, with customized facilities for each customer. The Japanese-speaking SE team makes it possible to communicate with and issue work instructions to Chinese engineers and then confirm the progress of operations in Japanese. Through this structure, we provide convenient services that make our client companies feel as if our project sites were their own development bases.

At transcosmos Information Creative (China) Co., Ltd., which is a wholly owned subsidiary of transcosmos and a base of offshore development, we have streamlined the latest infrastructure with security measures that comply with the ISO2700 (BS7799). We also acquired Level 5 - the highest level - of the Capability Maturity Model Integration (CMMI), which evaluates the maturity of organizations that conduct system development and maintenance. These accomplishments reflect our highly reliable infrastructure and management organization.

Overseas business

In China, South Korea and other Asian countries, we are establishing a structure to offer services of the same level of quality and technologies as we do in Japan. Aiming to become the leading outsourcer in the South Korean call center market, transcosmos increased its investment ratios in two companies and consolidated them as its subsidiaries, resulting in large increases in earnings and profits in Asia.



China

With transcosmos MCM Shanghai Co., Ltd., as an operating base of our MCM business in China, we are aggressively developing call center services, data entry services, China offshore developing services and engineering solutions services that strongly support client companies' actual operations for quality manufacturing.



South Korea

In South Korea, transcosmos enters into capital alliances with local corporations to provide a wide range of services tailored to local markets. Such services include call center services and digital marketing services like Internet advertising agency services and video content services.

9FRUITSMEDIA, Inc., the Company's affiliate and a major Internet advertising agency, which conducts tasks related to marketing strategies, from planning to implementation, in order to enhance corporate brands, was awarded the Best Campaign of the Year by the Internet Marketing Council of Korea in 2006.



Thailand

Mitsiam Tele-Services Co., Ltd., an affiliate of the Company, manages offshore-type call centers in Thailand. We intend to, not only further expand business in Thailand, but also develop business elsewhere in Southeast Asia.

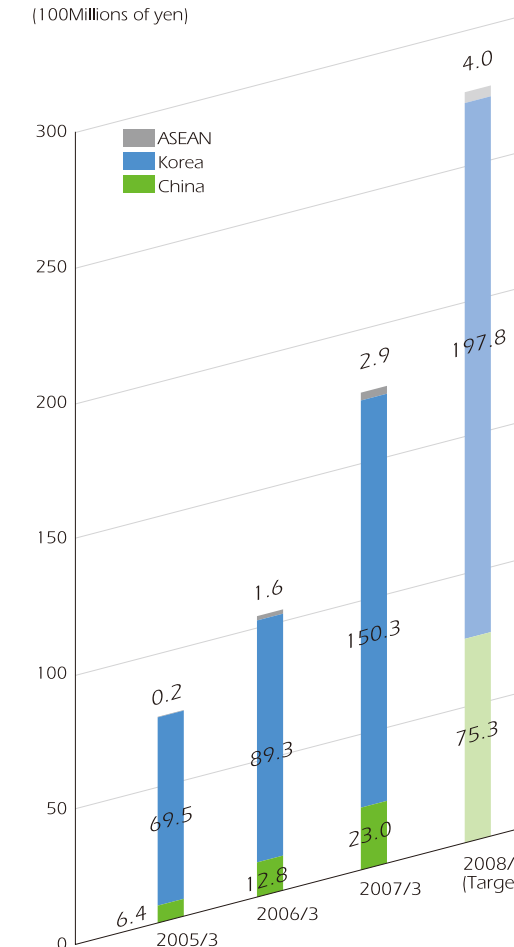


United States

Having established its IT strategic base in the United States, transcosmos invests in the introduction of the latest technologies for improving MCM services, while selling PC peripheral devices, software and hardware and providing a variety of services for Japanese companies operating in the United States. Our operational bases are New York, Seattle, Silicon Valley and Los Angeles.

Sales overseas

(100Millions of yen)

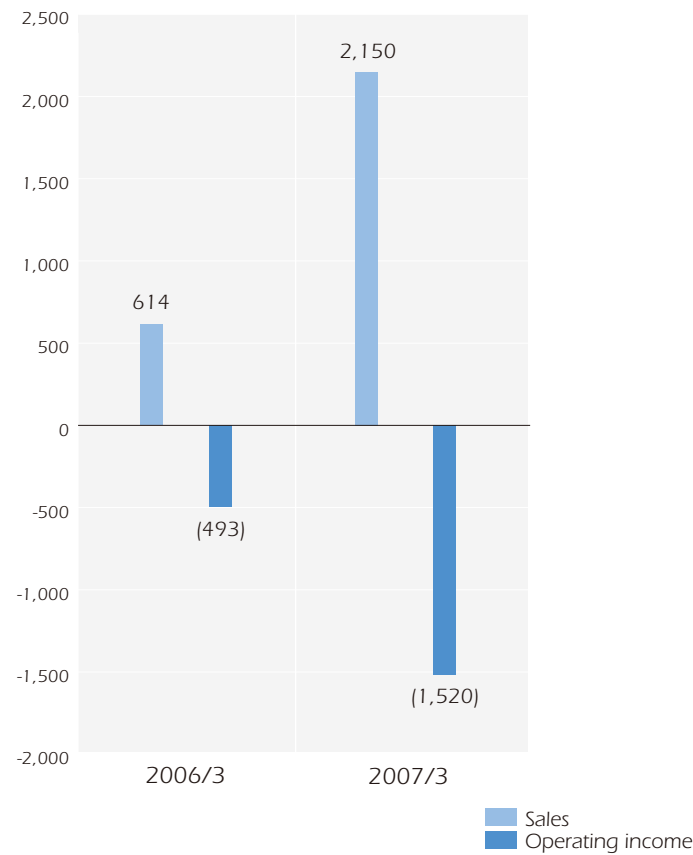


Review of Operations Corporate Venture Capital Business



Consolidated sales and operating income in the BtoC business

(Millions of yen)

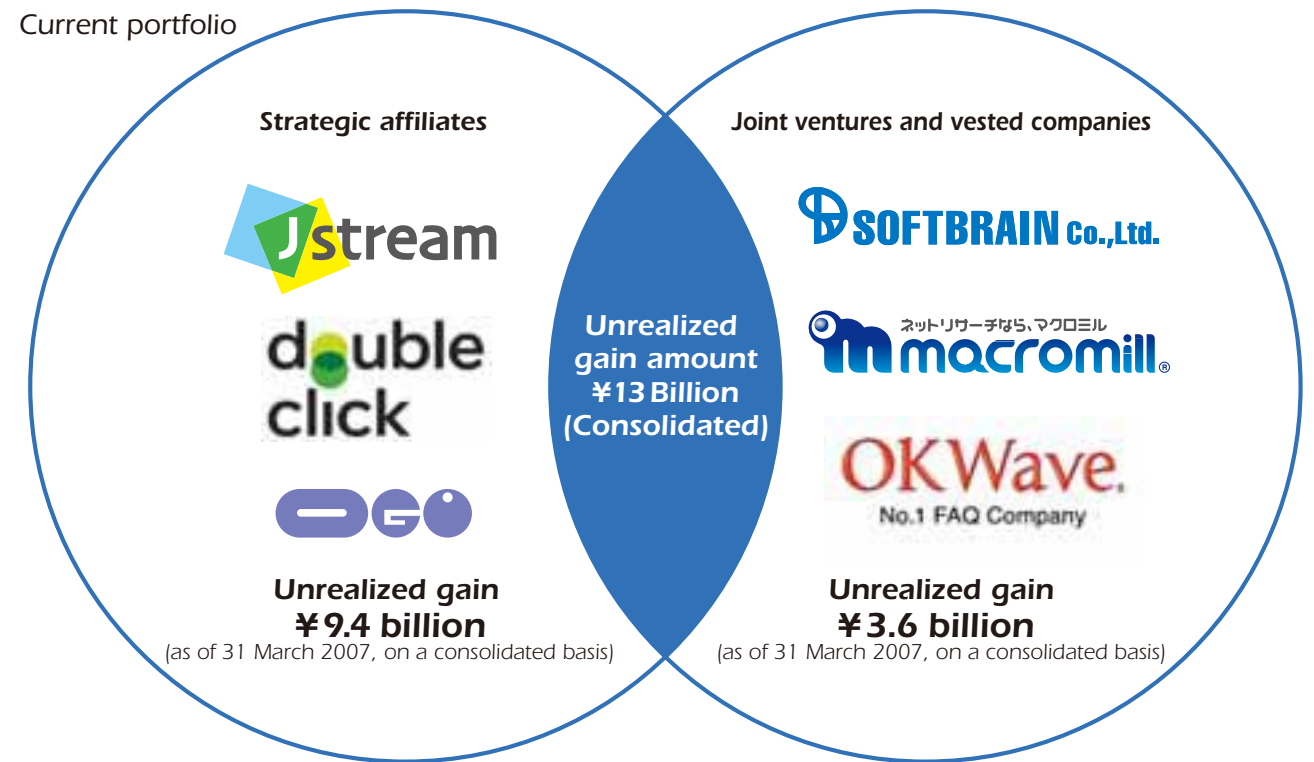


To continually monitor trends and address consumer needs and then use such knowledge in marketing strategies for client companies, **transcosmos** aggressively develops the BtoC business. We are developing high-quality consumer services that harness business tie-ups with major media companies and content holders such as Ask.jp for video uploads, a highest-speed Weblog search, and Become Japan, a new search engine specializing in shopping.

In March 2007, we established **Co-Core Inc.**, which is developing "meet-me (Version α)," an online 3-D virtual community business, with **FromSoftware, Inc.**, and **Sankei Shimbun Co., Ltd.** We aim to launch the Metaverse* business by creating a virtual Tokyo life for general PC users including women and children to enjoy. We plan to launch the service by the end of the year.

*Metaverse refers to a 3-D virtual space that originated in the 1992 sci-fi novel *Snow Crash* by Neal Stephenson. Rules in the space are open-source, thereby allowing creation and change by users. Metaverse is drawing attention as a new business field for advertising and marketing.

Current portfolio



Over the past twenty years, **transcosmos** has kept an eye on technological changes in the United States, which is advanced in the use of outsourcing services and has introduced useful technologies into Japan. Through the launch of new businesses and via the management of the Group's affiliates and subsidiaries, we have pursued next-generation high-value-added services. In our Corporate Venture Capital business, which aims for the prompt assimilation of the latest technologies and services both inside Japan and overseas, we have pursued the provision of high-value-added services that set us apart from our competitors. This focus has resulted in major companies offering world-class technologies, such as streaming videos by **J-Stream Inc.**, surveys of Internet viewer ratings by **NetRatings Japan Inc.**, and delivery of Internet advertisements by **DoubleClick Japan Inc.**

Current business synergies include importing technologies and services to Japan from U.S. companies in which we are investing, investments in Asia for business expansion, and other transactions via business tie-ups with domestic companies in which we invest. We also use the investments for the sake of revenue to fund our subsequent M&A.

Principal Subsidiaries

J-Stream BtoB service



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

Japan's largest streaming video provider, also engaged in the podcasting portal service.



DoubleClick BtoB service



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

Global standard in Internet advertising distribution.



BECOME Japan BtoC service



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

New type of shopping search engine, providing comprehensive, relevant, and unbiased research as well as a comparison shopping service.



Ask.jp BtoC service



<http://Ask.jp/>

The continually evolving search engine with the fastest blog searches around



Shockwave Entertainment BtoC service



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

Portal specializing in games and animation



Network

Offices

Headquarters

3-25-18 Shibuya, Shibuya-ku, Tokyo 150-8530 Japan
Tel: +81-3-4363-1111 Fax: +81-3-4363-0111

Offices

Osaka Headquarters

Umeshin Daiichi Seimei Bldg., 2-3-5 Sonezaki, Kita-ku, Osaka, 530-0057 Japan
Tel: +81-6-6130-6100 Fax: +81-6-6130-6101

Sapporo Office

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

Sendai Office

Daiwa Securities Sendai Bldg., 2-8-13 Chuo, Aoba-ku, Sendai, 980-0021 Japan
Tel: +81-22-293-3255 Fax: +81-22-293-3181

Nagoya Office

5F NBF Nagoya 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 Hakata-eki, Higashi, Hakata-ku, Fukuoka, 812-0013 Japan
Tel: +81-92-473-1267 Fax: +81-92-475-1625

transcosmos group

Japan

Marketing Chain Management Service

J-Stream Inc.
DoubleClick Japan Inc.
NetRatings Japan Inc.
CyberSource, K.K.
Marketswift Japan K.K.
Abacus Japan K.K.
Business Process Service co., LTD(BPS)

Call Center Operation Services

transcosmos CRM Okinawa Inc.
transcosmos CRM Miyazaki Inc.
transcosmos CRM Sapporo Inc.
transcosmos CRM Wakayama Inc.
Wakayama Planet K.K.

E-Business sites

Ask.jp Co., Ltd.
Forecast Communications Inc.
Listen Japan, Inc.
CinemaNow Japan, Inc.
Shockwave Entertainment, Inc.
arekao, Inc.
Fujisan Magazine Service Co., Ltd.
NetMile, Inc.
Become Japan K.K.
DigiMA Inc.
Co-Core Inc.
amimo LLP
S.M.Online Co., Ltd.
Tong Yang Online 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.
Donnerwood Media, Inc.
Pheedo, Inc.
Audioblog, Inc.
Multiply, Inc.
Become, Inc. Optimost

China

transcosmos MCM Shanghai Co., Ltd.
Wecosmos Co., Ltd.
transcosmos Information System(Shanghai) Co., Ltd.
OneXeno Limited
transcosmos Information Creative (China)Co., Ltd.
transcosmos design development Co., Ltd.
Qingdao Zuki Industrial Design Co., Ltd.

South Korea

transcosmos MCM Korea Co., Ltd.
CIC Korea, Inc.
Inwoo Tech Inc.
9 FRUITSMEDIA, Inc.
S.M.Online Co., Ltd.
Tong Yang Online Co., Ltd.
APPLIED TECHNOLOGY KOREA INC

