transcosmos inc.

www.trans-cosmos.co.jp

Your

Global

IT

Partner.

ANNUAL REPORT 2007

Year ended 31 March 2007

trans cosmos

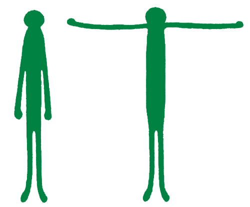
people & technology

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

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.

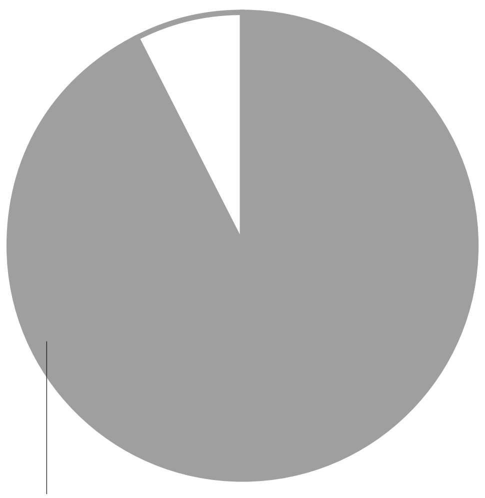
Business tie-up with the Tong Yang Group in South Korea
The Tong Yang Group is a South Korean conglomerate that has one of the three biggest financial groups in the country. It boasted total sales in the period equivalent to transcosmos' fiscal 2006 amounting to approximately ¥500 billion. Through a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

transcosmos at a Glance

people & technology

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

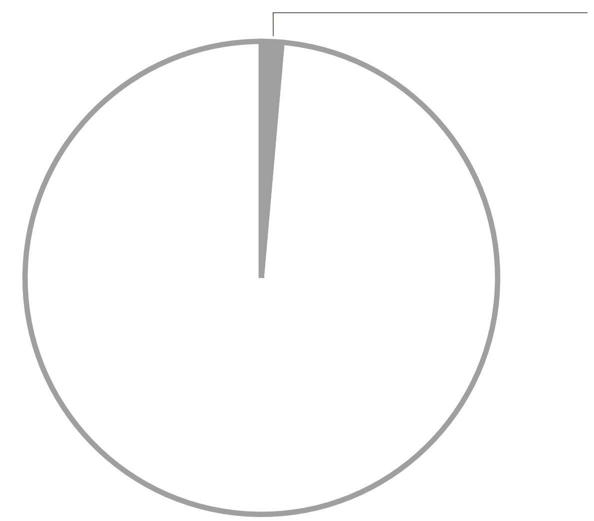
With an operational base in Tianjin, China, we conduct planning, upstream design, development and maintenance of systems desired by our client companies. All such services are of the high quality and at a low cost.

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

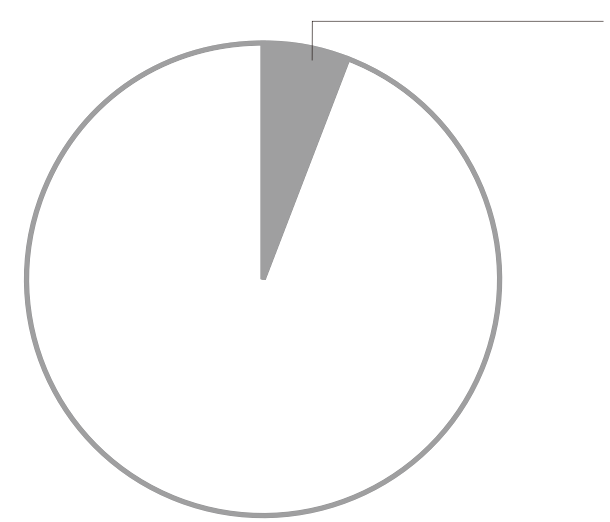


¥2,150million

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.

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.

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.

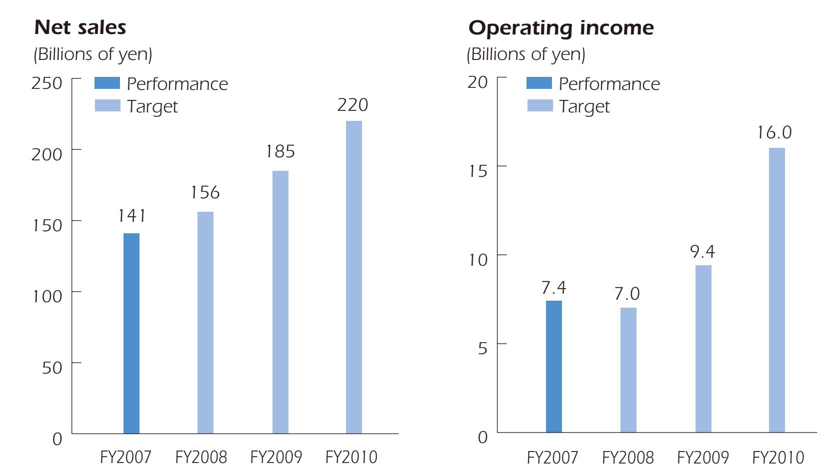
Mission of Medium-Term Business Plan

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



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.

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.

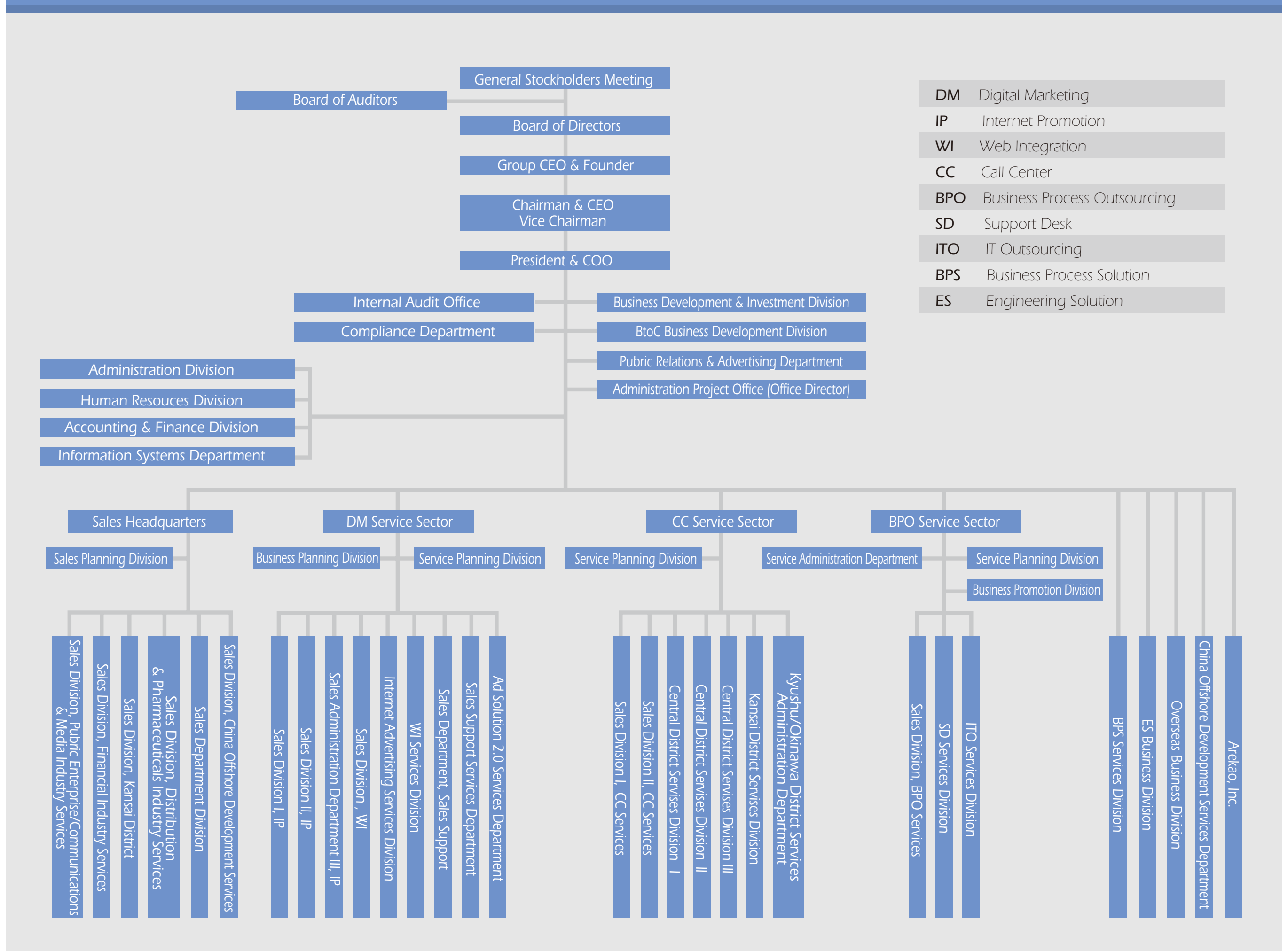
Term of Office and Composition of Directors

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.

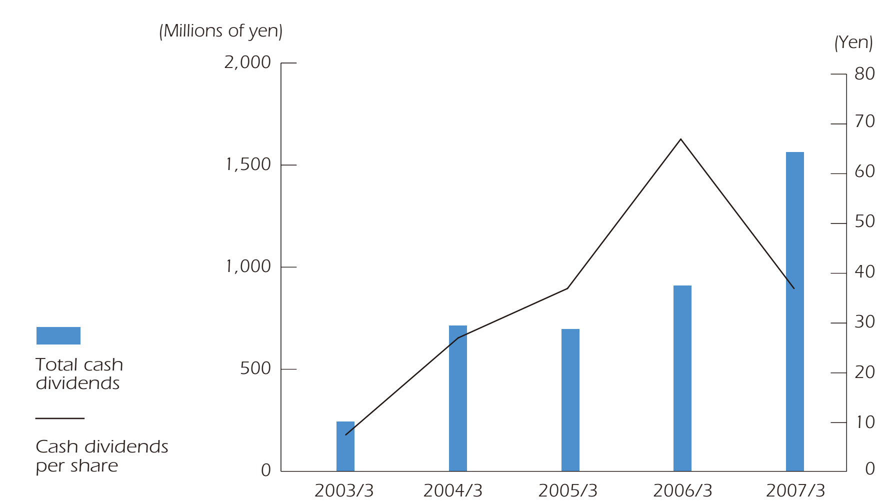
Compliance Education

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.

Organization



Total Cash Devidends and Cash Devidends per share



	2003/3	2004/3	2005/3	2006/3	2007/3
Total cash dividends (Millions of yen)	243	714	696	910	1,564
Cash dividends per share (Yen)	10	30	40	70	40

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, transcosmos presented case studies from its sales campaign based on MO^{3}®, 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

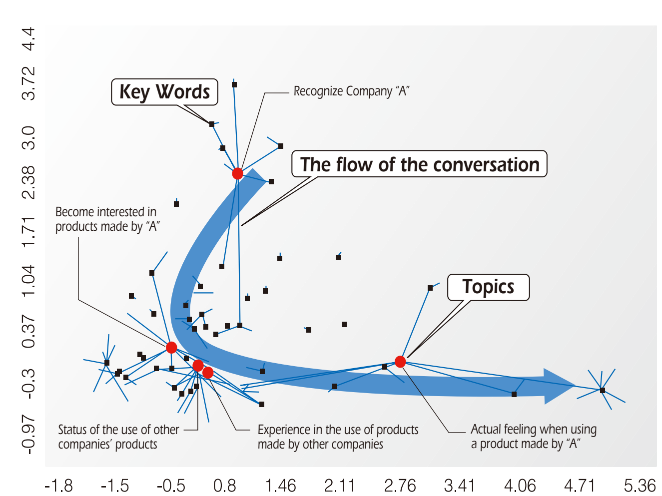
We explain our approach more by using the case study of the sales promotion campaign for which we won the Best of the Best Awards. A health-food sales agency, "A," our client, has a sales outbound center, but performance at the center was unstable due to big gaps in the order-receipt ratios for individual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

To address this situation, transcosmos 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



Source: "TRUE TELLER," a text-mining tool developed by the Nomura Research Institute.

transcosmos' 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.

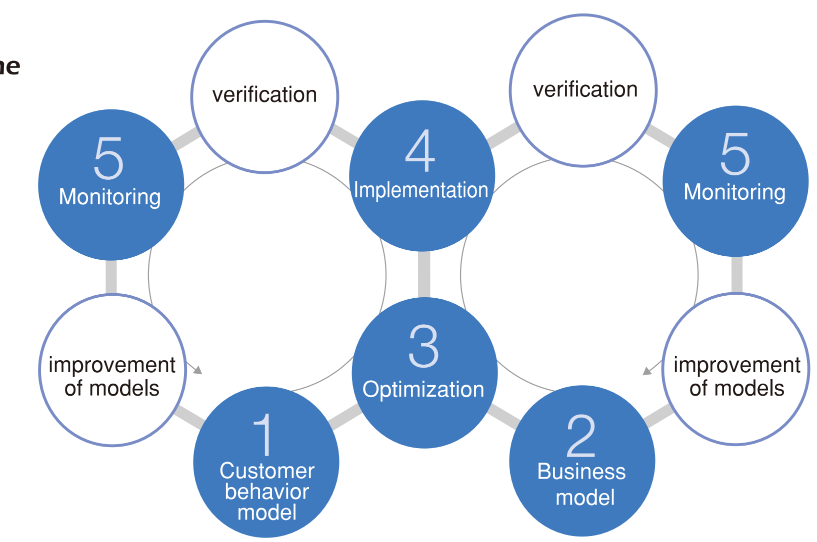
Nevertheless, the Company believes that outbound operations are the key to long-term sales increases and profitability. We regard outbound operations as an important means for connecting companies with customers, promoting one-to-one communication and developing close relationships between both the parties, eventually resulting in higher profitability.

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

MO^{3} outbound services

Conventional outbound services were unsophisticated and depended on experience and intuition. In contrast, we now adopt a scientific outbound method, MO^{3}®. MO^{3}® is a general term for transcosmos' proprietary outbound services that optimize all necessary outbound functions from our client companies to their customers to produce maximum effects. transcosmos provides MO^{3}® 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.

MO^{3} Scheme



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

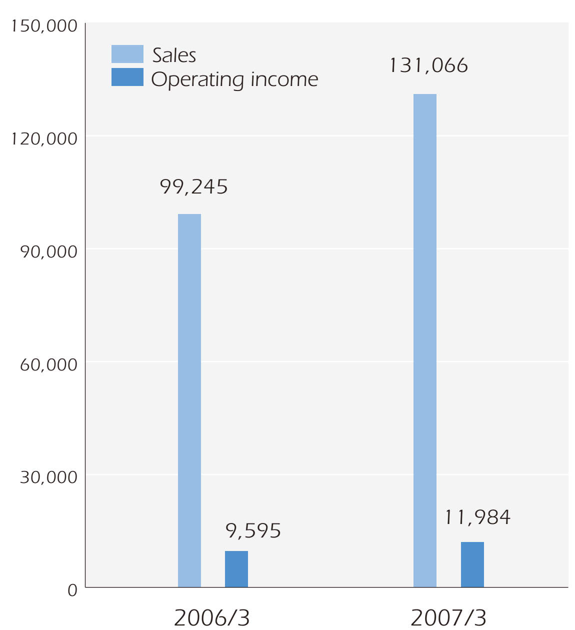
(1)Customer behavior model	We identify potential customers by calculating a ratio of response to outbound calls using data mining technology.
(2) Business model	Instead of the simple execution of business without any strategy, we establish a successful business model that reflects strategic intentions.
(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

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

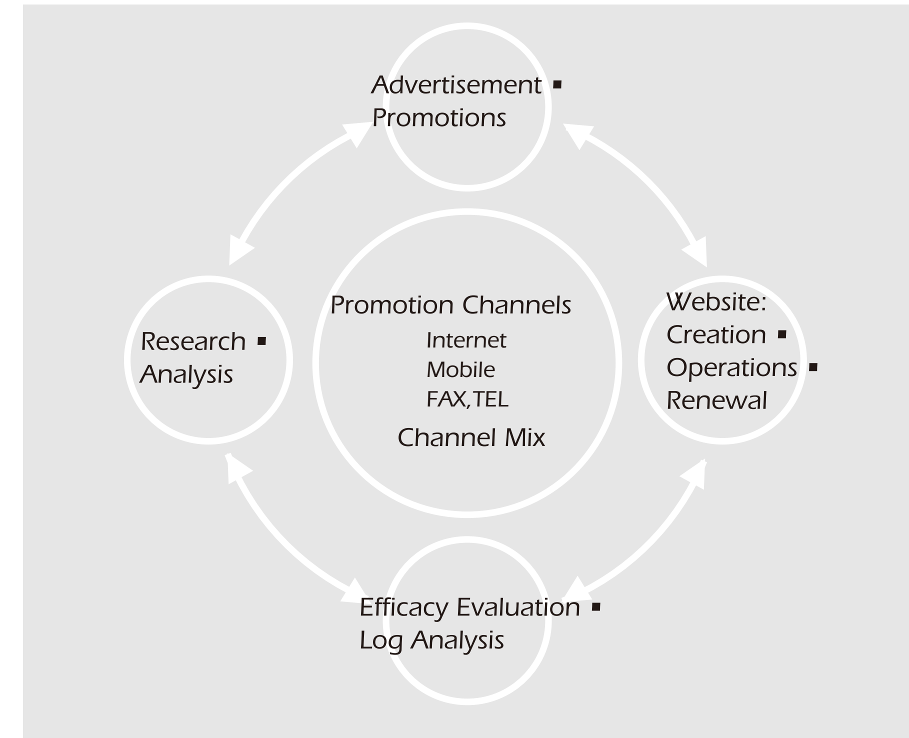


The BtoB business supports client companies based on the Marketing Chain Management concept. This business consists mainly of Digital Marketing Services, Call Center Services and Business Process Outsourcing Services. Digital Marketing Services comprehensively support a variety of client company activities, 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.

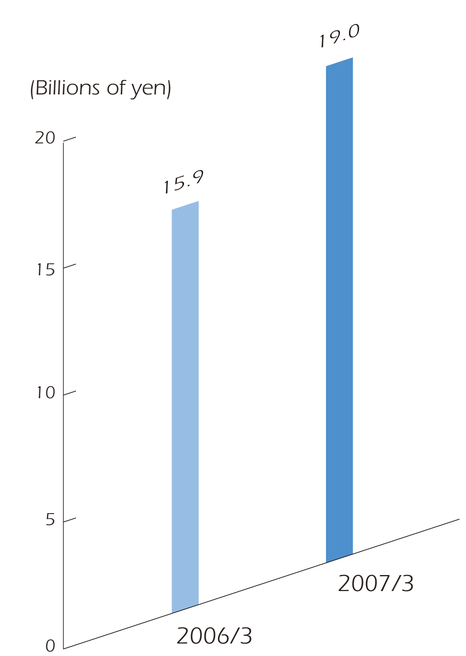
Revenue in the BtoB business for the year ended 31March 2007, rose 24.9%. Increases in anticipatory investment expenses for boosting operations received and operating expenses to reinforce the sales and marketing system were offset by profitable factors, including the launch of new call centers, which 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



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.

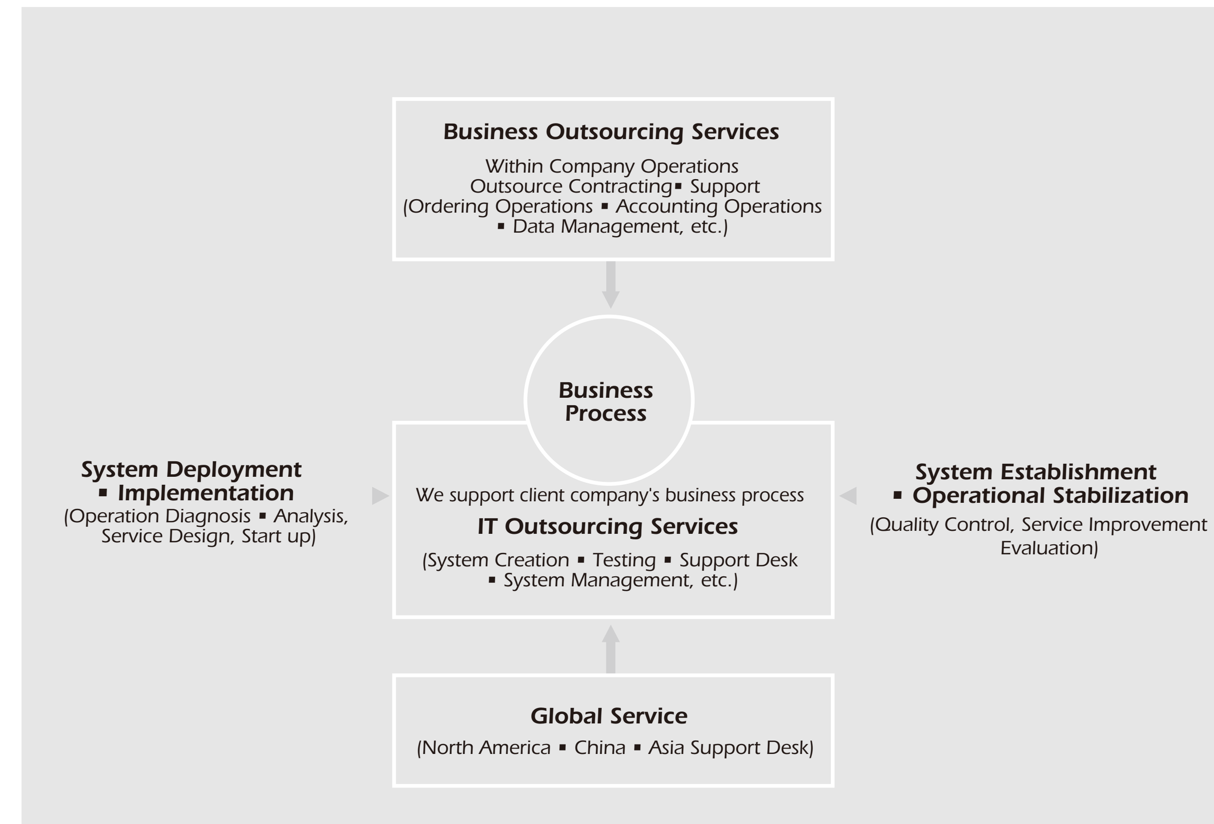
Call Center Services

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

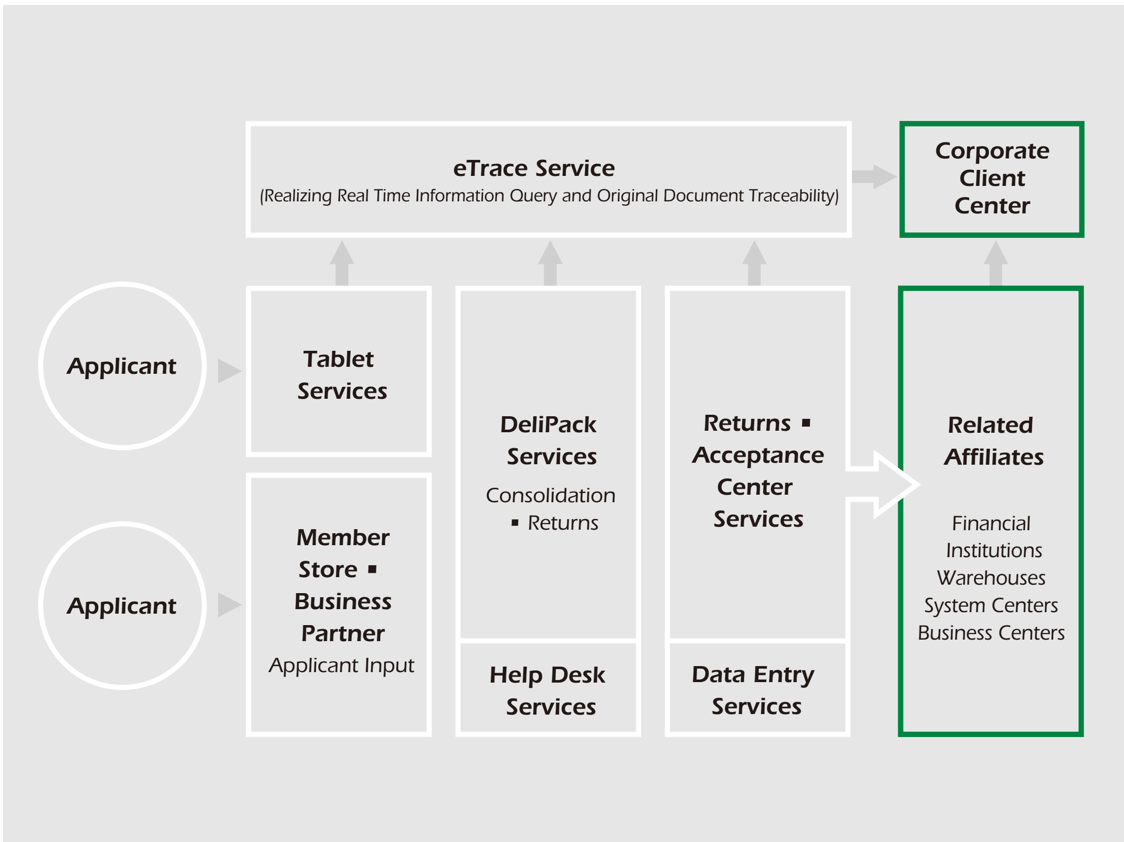


BPO services provide comprehensive solutions to our clients, from strategic planning support, to IT management process diagnostics, design, establishment and implementation of IT systems. The operations side of these services are also extensively developed, including assistance with employee education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

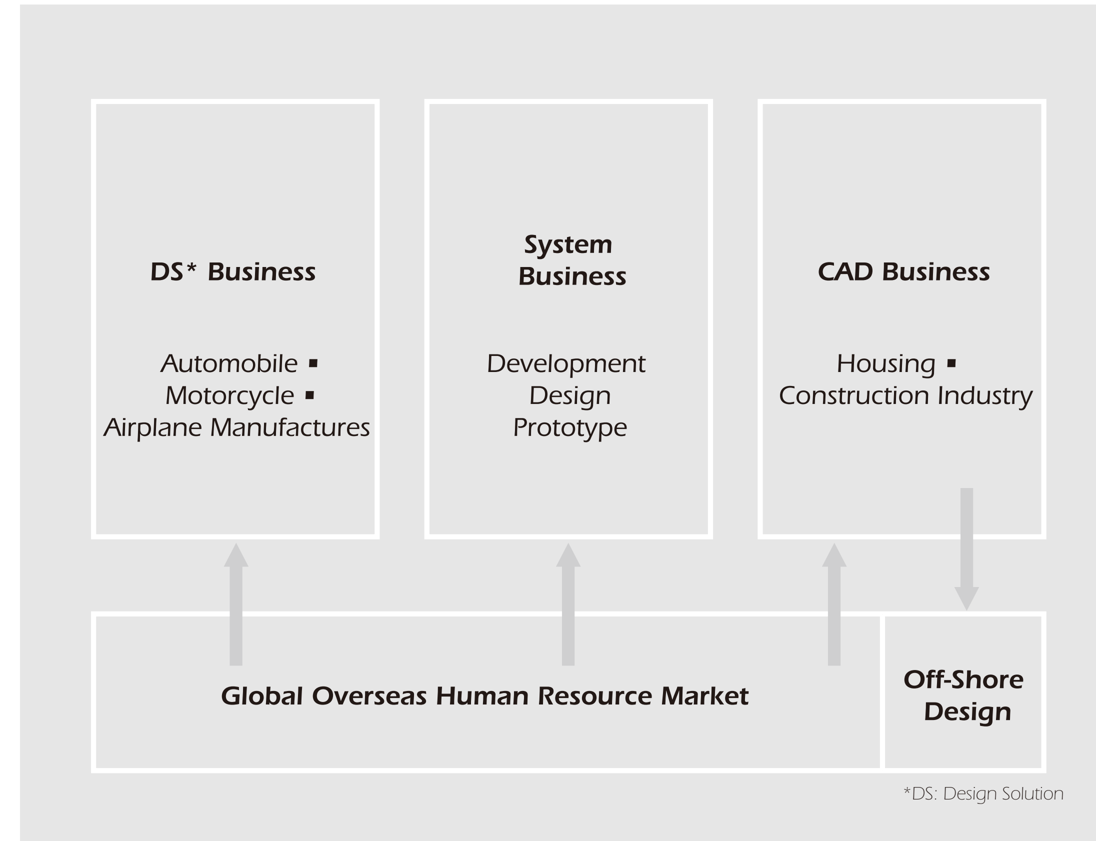


The deregulation of the financial industry, the full implementation of the Personal Information Protection Law in April 2005, the reinforcement of internal controls, and other such factors, are causing companies to address compliance and corporate governance more proactively. transcosmos undertakes everything 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

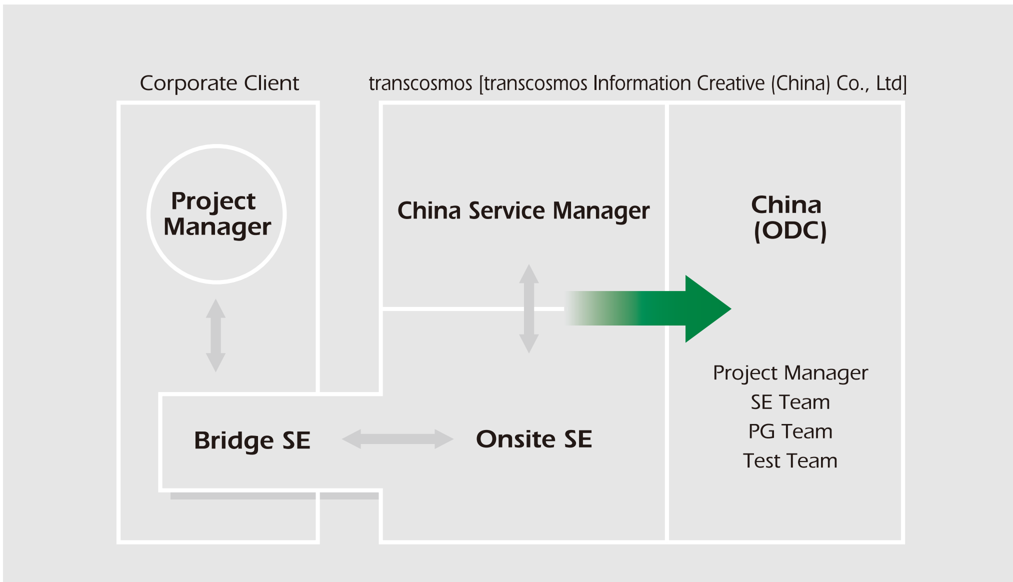


As a global provider of technologies, transcosmos offers comprehensive engineering solution services for quality manufacturing from design and trials to system development mainly for manufacturing clients. Drawing on one of the largest workforces in Japan, the Company has responded to the recent favorable 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.

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.

Offshore developing center

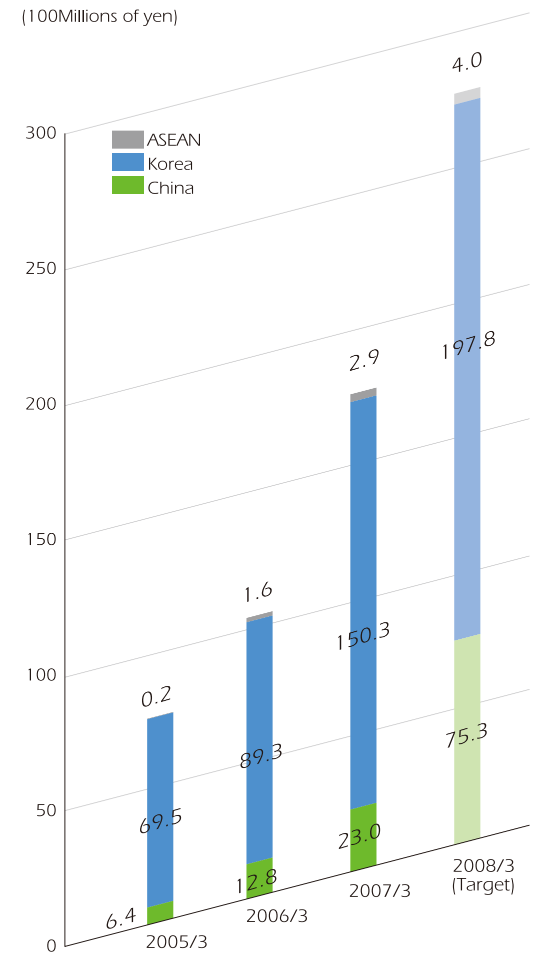
At transcosmos Information Creative (China) Co., Ltd., which is a wholly owned subsidiary of transcosmos and a base of offshore development, we have streamlined the latest infrastructure with security measures that comply with the ISO2700 (BS7799). We also acquired Level 5 - the highest level - of the 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.

Sales overseas

(100Millions of yen)



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.

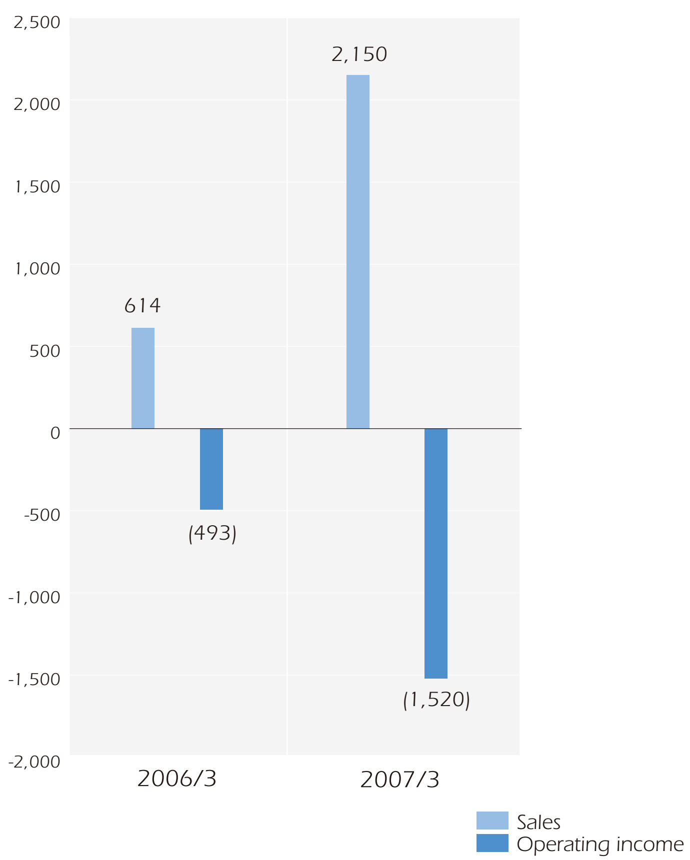
United States

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.

IT Services
BtoC Business

BtoC Media Services

Consolidated sales and operating income in the BtoC business

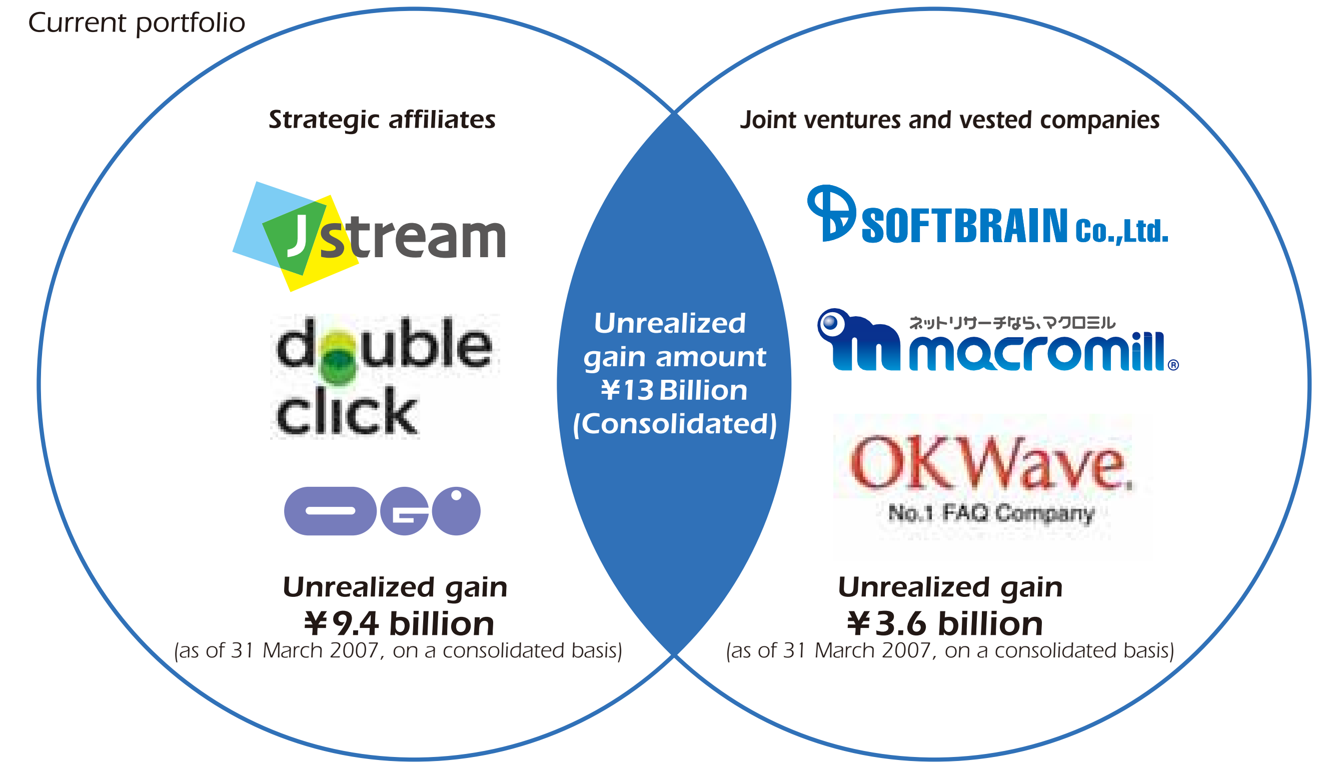


To continually monitor trends and address consumer needs and then use such knowledge in marketing strategies for client companies, transcosmos aggressively develops the BtoC business. We are developing high-quality consumer services that harness business tie-ups with major media companies and content 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.

Corporate Venture Capital Business



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

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

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

DoubleClick BtoB service

Global standard in Internet advertising distribution.

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

BECOME Japan BtoC service

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

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

Ask.jp BtoC service

The continually evolving search engine with the fastest blog searches around

http://Ask.jp/

Shockwave Entertainment BtoC service

Portal specializing in games and animation

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

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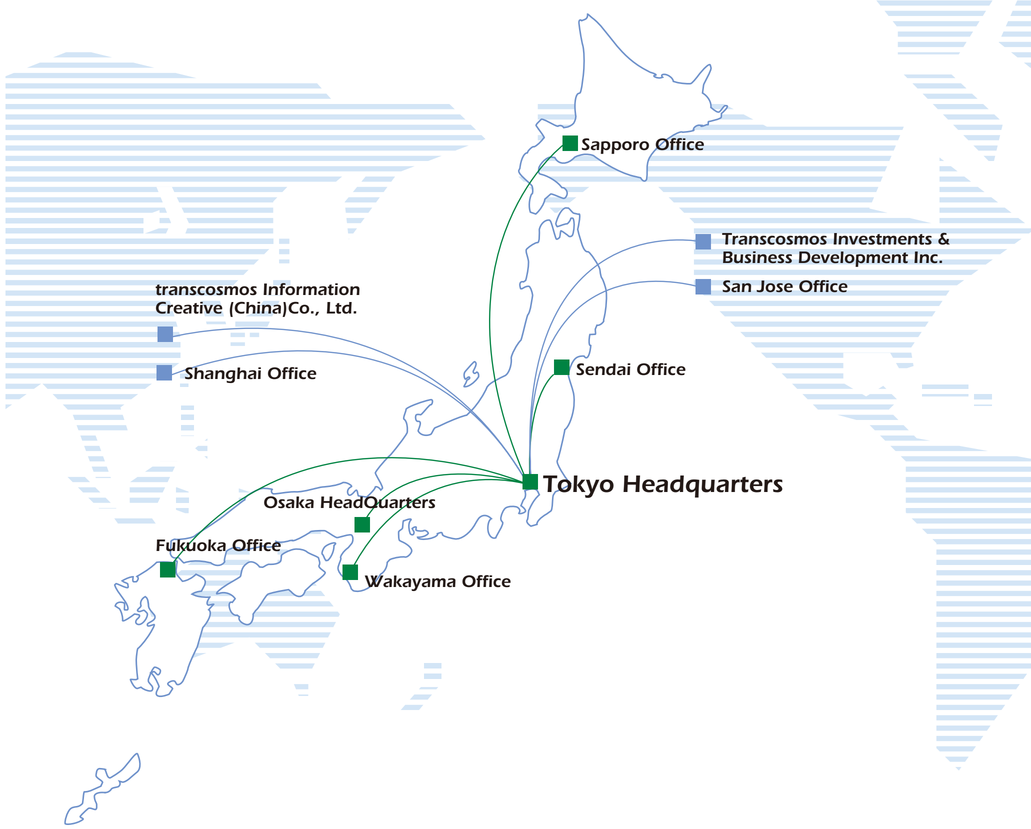
Fukuoka Office
Sumitomo Seimei Hakata-eki Higashi Bldg., 1-13-9
Hakata-eki, Higashi, Hakata-ku, Fukuoka,
812-0013 Japan
Tel: +81-92-473-1267 Fax: +81-92-475-1625



transcosmos group

Japan

Marketing Chain Management Service
J-Stream Inc.
DoubleClick Japan Inc.
NetRatings Japan Inc.
CyberSource, K.K.
Marketswich 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

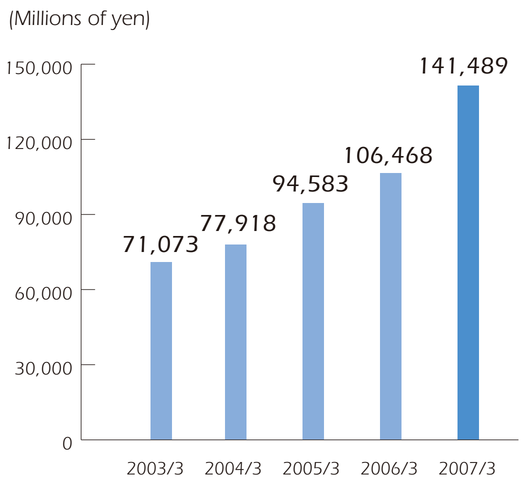
transcosmos MCM Shanghai Co., Ltd.
Wecosmos Co., Ltd
transcosmos Information System(Shanghai) Co., Ltd.
OneXeno Limited
transcosmos Information Creative (China)Co., Ltd.
transcosmos design development Co., Ltd.
Oingdao Zuki Industrial Design Co., Ltd.

South Korea

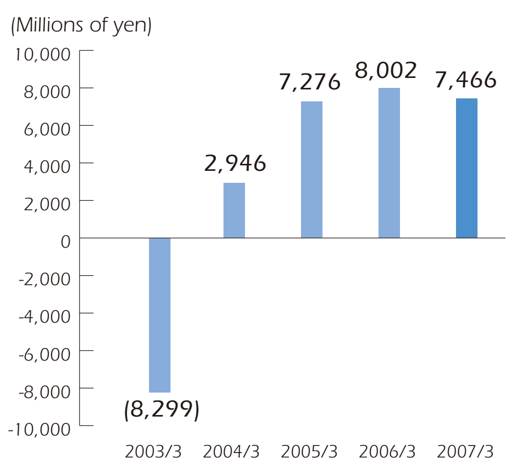
transcosmos MCM Korea Co,. Ltd.
CIC Korea, Inc.
Inwoo Tech Inc.
9 FRUITSMEDIA, Inc.
S.M.Online Co., Ltd.
Tong Yang Online Co,Ltd.
APPLIED TECHNOLOGY KOREA INC

Financial Statements
Management's Discussion and Analysis

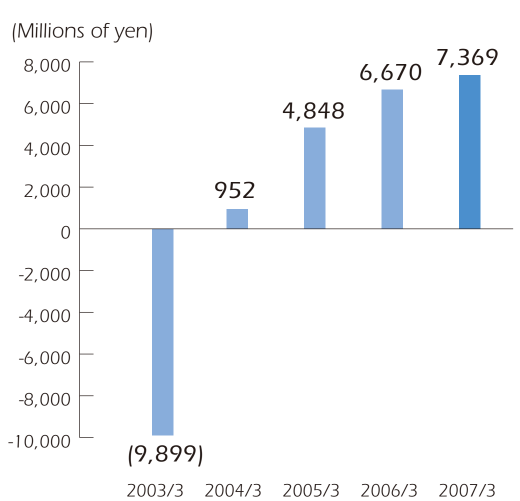
Net sales



Operating income



Net income



Operating Results

Net Sales, Operating Income and Net Income

During the fiscal year ended 31 March 2007, the Japanese economy experienced a moderate but consistent recovery mainly reflecting brisk demand in the private sector and supported by favorable corporate performance, which improved the employment and income environment, thereby contributing to household budgets. However, concerns over interest rates and high raw material prices linger and have dampened any optimistic views. Although companies review in-house resources and tend to aggressively outsource operations other than their core operations for improved efficiency, once such a contract period ends, such companies request us to reconsider the service content and prices. Due to the rapid dissemination of broadband access, the IT environment supporting individual consumers and families has become increasingly sophisticated on a global scale. Having expanded rapidly, mobile phones, which also function as digital cameras, electronic money and videophones, have directly connected companies and consumers, enriching that relationship, and have become an important channel for communications.

Given this, net sales and operating income in the IT Services for companies (BtoB) for the year under review largely exceeded those of a year earlier. In the IT Services for individual consumers (BtoC), an operating loss of approximately ¥1.5 billion was posted due to increased up-front investment, mainly in transcosmos' subsidiaries such as Ask.jp. However, the loss was smaller than initially expected. In the corporate venture capital business, net sales, which included a gain on sales of investment securities held, increased year over year.
As a result, net sales and profit for the year under review, which was also the first year of the Medium-Term Business Plan announced in May 2006, were higher than initially targeted. Consolidated net sales for the year ended 31 March 2007, rose ¥35,021 million, or 32.9% from a year earlier, to ¥141,489 million. Although consolidated operating income was down ¥536 million, or 6.7%, to ¥7,466 million, income before income taxes and minority interests increased ¥3,106 million, or 29.5%, to ¥13,611 million. Consolidated net income advanced ¥699 million, or 10.5%, to ¥7,369 million.

By region, in Japan, IT Services progressed favorably, resulting in an increase in net sales to ¥123,620 million, up ¥18,815 million, or 18.0%, year over year. Operating income declined ¥3,397 million, or 23.7%, to ¥10,940 million. In the United States, net sales jumped ¥4,289 million, or 516.8%, to ¥5,119 million. Operating income was ¥2,177 million compared with an operating loss of ¥64 million for the previous fiscal year. In Asia, net sales surged ¥11,918 million to ¥12,751 million leveraged mainly by an increase in the number of consolidated subsidiaries. Operating income soared ¥1,210 million, or 486.0%, to ¥1,459 million.

Segment Information

IT Services(Computer service)
In the IT Services, net sales increased ¥33,358 million, or 33.4% from a year earlier, to ¥133,217 million and operating income rose ¥1,362 million, or 15.0%, to ¥10,464 million, owing to continued favorable orders received mainly in the Marketing Chain Management Services and an increase in the number of consolidated subsidiaries.

Corporate Venture Capital Business
In the Corporate Venture Capital Business, net sales increased ¥1,664 million, or 25.2%, to ¥8,273 million as a result of selling more investment securities held compared with the previous year. Operating income declined ¥1,473 million, or 27.2%, to ¥3,933 million, due to a decrease in profit on sales and a loss posted on the valuation of investment securities.

Financial Position

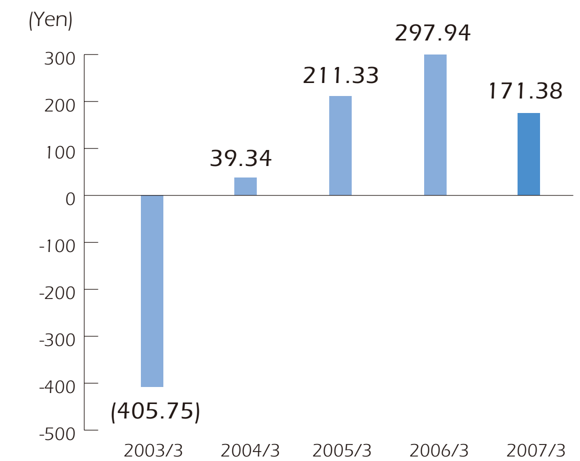
Assets, Liabilities and Net Assets

Total assets increased 9.2% from the end of the previous fiscal year to ¥96,381 million.
Current assets increased 6.8% year over year to ¥61,791 million. The increase was mainly due to a rise in accounts receivable related to the expansion in net sales. Fixed assets rose 13.7% to ¥34,589 million owing to an increase in tangible and intangible fixed assets held by newly consolidated subsidiaries.

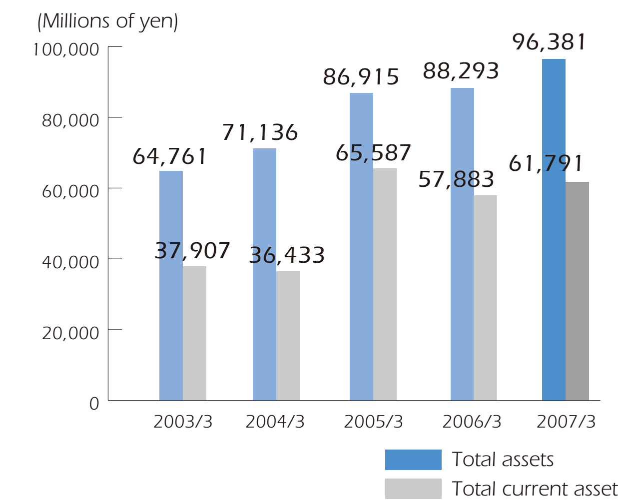
Total liabilities increased 47.3% from the end of the previous fiscal year to ¥37,311 million. Current liabilities rose 27.9% year over year to ¥24,261 million, mainly due to an increase in transcosmos' income taxes payable. Non-current liabilities surged 105.1% to ¥13,050 million primarily due to transcosmos' long-term bank loans.

Total net assets decreased 6.2% from the end of the previous fiscal year to ¥59,070 million, mainly due to a decrease in unrealized gains on marketable securities and investment in securities, together with the additional repurchase of treasury stock. Net assets per share decreased from ¥1,380.51 to ¥1,232.42, due to an increase of 24,397,023 shares issued as the result of a 2-for-1 stock split conducted on 1 April 2006. The equity ratio was 54.5% compared with 66.1% for the previous consolidated fiscal year.

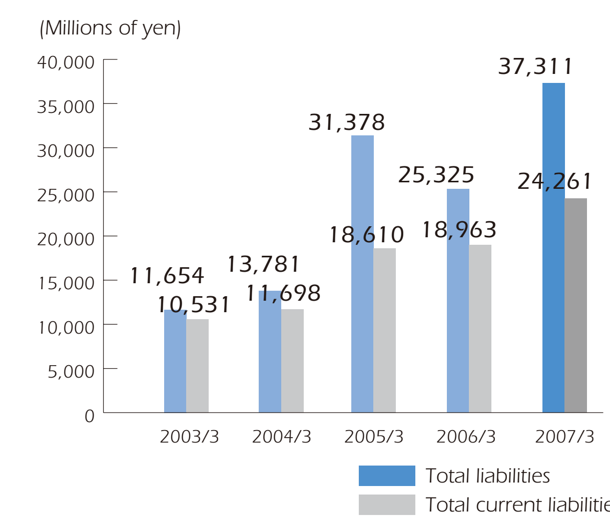
Net income per share



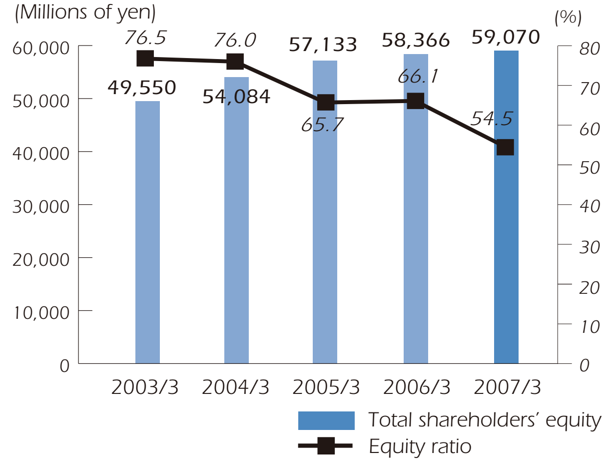
Total assets
Total current assets



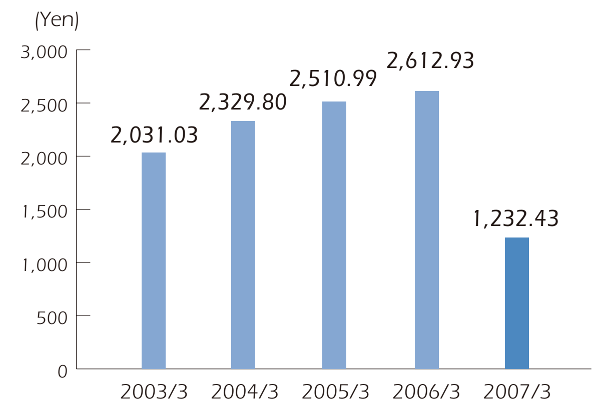
Total liabilities
Total current liabilities



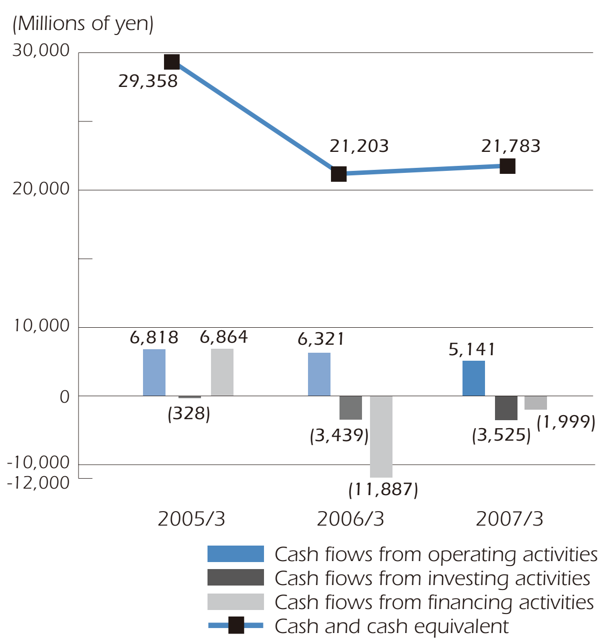
Total stockholders' equity
Equity ratio



Total stockholders' equity per share



Cash flow



Cash Flows

Net cash provided by operating activities was ¥5,141 million, down ¥1,180 million from the end of the previous fiscal year. The decline was mainly attributable to a ¥9,708 million loss on investments in unconsolidated subsidiaries and affiliates and a ¥5,336 million decrease in notes and accounts receivable despite an increase in income before income taxes.

Net cash used in investing activities amounted to ¥3,525 million, an ¥86 million increase compared with the previous fiscal year. Despite an increase in proceeds from sale of investments in affiliates, expenses for the purchase of intangible non-current assets and increased security deposits paid, and proceeds from sale of investments securities decreased.

Net cash used in financing activities was ¥1,999 million, a decrease of ¥9,888 million compared with the end of the previous fiscal year. The decline was mainly attributable to proceeds from long-term bank loans and largely decreased expenses for the repurchase of treasury stock.

As a result, cash and cash equivalents including effect of exchange rate changes on March 31, 2007, were ¥21,783 million, up ¥580 million from March 31, 2006.

Five-Year Summary

CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen (except per share data)					Thousand of U.S. dollars*1 (except per share data)
For the years ended 31 March	**2007**	2006	2005	2004	2003	**2007**
Net sales	**¥ 141,489**	¥ 106,468	¥ 94,583	¥ 77,918	¥ 71,073	**$ 1,198,151**
Gross profit	**34,079**	28,261	23,600	18,866	7,943	**288,587**
Operating income	**7,466**	8,002	7,276	2,946	(8,299)	**63,219**
Net income	**7,369**	6,670	4,848	952	(9,899)	**62,405**
Net income per share	**171.4**	297.9	211.3	39.3	(405.7)	**1.45**

CONSOLIDATED BALANCE SHEETS

	Millions of yen					Thousand of U.S. dollars
At 31 March	**2007**	2006	2005	2004	2003	**2007**
Total current assets	**¥ 61,791**	¥ 57,883	¥ 65,587	¥ 36,433	¥ 37,907	**$ 523,255**
Total current liabilities	**24,261**	18,963	18,610	11,698	10,531	**205,441**
Total non-current liabilities	**13,050**	6,362	12,768	2,083	1,123	**110,508**
Total net assets*2	**59,070**	58,366	57,133	54,084	49,550	**500,215**

NON-CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen (except per share data)					Thousand of U.S. dollars (except per share data)
For the years ended 31 March	**2007**	2006	2005	2004	2003	**2007**
Net sales	**¥ 109,822**	¥ 95,252	¥ 82,483	¥ 65,360	¥ 57,389	**$ 929,990**
Gross profit	**23,914**	24,448	18,894	14,662	11,045	**202,509**
Operating income	**5,428**	8,693	6,254	4,268	2,514	**45,962**
Net income	**7,503**	4,707	3,126	3,360	(23,281)	**63,534**
Basic net income per share	**174.5**	210.2	136.2	140.6	(954.3)	**1.48**
Cash dividends per share	**40.0**	70.0	40.0	30.0	10.0	**0.34**
Weighted average number of shares (in thousands)	**43,001**	22,376	22,926	23,805	24,396	

NON-CONSOLIDATED BALANCE SHEETS

	Millions of yen					Thousand of U.S. dollars
At 31 March	**2007**	2006	2005	2004	2003	**2007**
Total current assets	**¥ 35,161**	¥ 34,039	¥ 46,563	¥ 19,955	¥ 16,553	**$ 297,748**
Total current liabilities	**17,835**	15,130	14,264	9,637	7,711	**151,029**
Total non-current liabilities	**12,182**	5,205	12,046	2,156	1,190	**103,161**
Total net assets*2	**53,898**	56,919	60,341	57,552	51,784	**456,409**

Notes:

(*1) U.S. dollar amounts are translated from yen, solely for convenience of the reader, at the rate of ¥118.09 = 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). As for details, please refer to Note 2.

Consolidated Balance Sheets

At 31 March 2007 and 2006	Millions of yen				Thousands of U.S. dollars (Note 3)	
		2007		2006		2007
ASSETS						
Current Assets:						
Cash and time deposits (Note 8)	¥	**21,325**	¥	21,803	$	**180,581**
Securities (Note 4)		**704**		325		**5,959**
Investments in securities for operating purposes (Note 4)		**12,179**		15,956		**103,131**
Notes and accounts receivable (Note 23) : Third parties		**22,871**		16,903		**193,680**
Unconsolidated subsidiaries and affiliates		**30**		25		**254**
		22,901		16,928		**193,934**
Less: allowance for doubtful accounts		**(293)**		(277)		**(2,484)**
		22,608		16,651		**191,450**
Work and software in progress and merchandise (Note 5)		**1,366**		624		**11,566**
Deferred tax assets (Note 16)		**188**		56		**1,593**
Other current assets		**3,421**		2,468		**28,975**
Total current assets		**61,791**		57,883		**523,255**
Investments and Advances:						
Investments in securities (Note 4)		**1,035**		5,243		**8,768**
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 4)		**5,201**		6,440		**44,042**
Investments in other securities of unconsolidated subsidiaries and affiliates (Note 4)		**398**		—		**3,373**
Investments in affiliates (Note 4)		**282**		45		**2,392**
Long-term loans receivable		**802**		1,076		**6,791**
Other investments		**1,680**		964		**14,220**
Less: allowance for doubtful accounts		**(394)**		(356)		**(3,338)**
Total investments and advances		**9,004**		13,412		**76,248**
Property and equipment, at cost less accumulated depreciation (Note 6,8 and 11)		**11,351**		8,398		**96,123**
Leasehold deposits (Note 7)		**4,470**		2,978		**37,856**
Software (Note 11)		**3,168**		1,738		**26,824**
Intangibles and other		**351**		401		**2,972**
Deferred tax assets (Note 16)		**2,590**		2,822		**21,930**
Prepaid pension costs (Note 9)		**1,519**		444		**12,860**
Goodwill (Notes 11 and 22)		**2,137**		217		**18,096**
Total assets	¥	**96,381**	¥	88,293	$	**816,164**

At 31 March 2007 and 2006	Millions of yen				Thousands of U.S. dollars (Note 3)	
		2007		2006		2007
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Short-term debt (Note 8)	¥	**1,149**	¥	15	$	**9,729**
Current portion of long-term debt (Note 8)		**91**		2,000		**766**
Accounts payable (Note 23) :						
Third parties		**9,285**		8,059		**78,629**
Unconsolidated subsidiaries and affiliates		**121**		14		**1,022**
		9,406		8,073		**79,651**
Income taxes payable (Note 16)		**4,069**		293		**34,459**
Accrued bonuses for employees		**2,799**		2,474		**23,706**
Advances received from customers		**545**		404		**4,615**
Other current liabilities		**6,202**		5,704		**52,515**
Total current liabilities		**24,261**		18,963		**205,441**
Non-Current Liabilities:						
Bonds (Note 8)		**5,414**		5,171		**45,846**
Long-term debt (Note 8)		**7,282**		29		**61,664**
Deferred tax liabilities (Note 16)		**70**		965		**589**
Security deposits received		**11**		11		**95**
Reserve for retirement benefits (Note 9)		**254**		133		**2,149**
Other non-current liabilities		**19**		53		**165**
Total non-current liabilities		**13,050**		6,362		**110,508**
Commitments and Contingent Liabilities (Notes 14)						
Net assets (Note 17 and 20) :						
Stockholders' Equity :						
Common stock (Note 21) :						
Authorized : 150,000,000 shares at 31 March 2007 and 90,088,176 shares at 31 March 2006 Issued : 48,794,046 shares at 31 March 2007 and 24,397,023 shares at 31 March 2006		**29,066**		29,066		**246,134**
Capital surplus		**23,081**		23,218		**195,450**
Retained earnings		**8,576**		2,768		**72,626**
Treasury stock, at cost :						
6,157,473 and 2,060,902 shares at 31 March 2007 and 2006, respectively		**(15,815)**		(10,291)		**(133,926)**
Total stockholders' equity		**44,908**		44,761		**380,284**
Valuation and translation adjustments:						
Unrealized gains on marketable securities and investments in securities		**2,303**		8,633		**19,505**
Foreign currency translation adjustments		**5,335**		4,972		**45,180**
Total valuation and translation adjustments		**7,638**		13,605		**64,685**
Minority interests		**6,524**		4,602		**55,246**
Total net assets		**59,070**		62,968		**500,215**
Total liabilities and net assets	¥	**96,381**	¥	88,293	$	**816,164**

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

Financial Statements

Consolidated Statements of Income

For the years ended 31 March 2007, 2006 and 2005	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	**2007**
Net sales (Note 18)	**¥ 141,489**	¥ 106,468	¥ 94,583	**$1,198,151**
Cost of sales	**107,410**	78,207	70,983	**909,564**
Gross profit	**34,079**	28,261	23,600	**288,587**
Selling, general and administrative expenses (Note 10)	**26,613**	20,259	16,324	**225,368**
Operating income	**7,466**	8,002	7,276	**63,219**
Non-operating Income (expenses):				
Interest income	**125**	59	126	**1,060**
Interest expense	**(174)**	(26)	(40)	**(1,476)**
Bond issuance cost	—	—	(66)	—
Dividend income	**5**	3	88	**42**
Gain on sale/disposal of investments in securities	**1,259**	3,155	621	**10,657**
Loss on sale/disposal of investments in securities	**(187)**	(1)	(2)	**(1,583)**
Loss on disposal of property and equipment	**(847)**	(185)	(372)	**(7,168)**
Loss on impairment of fixed assets	**(4,056)**	(970)	—	**(34,348)**
Gain on sale/disposal of investments in affiliates	**9,708**	1,640	1,394	**82,208**
Reversal of allowance for doubtful accounts	**28**	4	6	**237**
Write-downs of investments in affiliates	**(560)**	(102)	(7)	**(4,740)**
Equity in loss of unconsolidated subsidiaries and affiliates	**(661)**	(1,249)	(401)	**(5,601)**
Gain on subsidy accounts	**180**	50	80	**1,526**
Development grant	**172**	—	—	**1,453**
Gain on change in retirement benefit plan	**773**	—	—	**6,548**
Foreign exchange losses	—	(154)	(101)	—
Write-downs of marketable securities and investments in securities	**(257)**	—	(150)	**(2,179)**
Gain on issuance of shares to investees	**385**	581	546	**3,260**
Loss on issuance of shares to investees	**(2)**	(475)	(247)	**(19)**
Write-downs of golf club memberships	—	(11)	(28)	—
Amortization of goodwill	—	(58)	(809)	—
Gain on sale of businesses	—	—	125	—
Other income	**751**	670	465	**6,364**
Other expenses	**(497)**	(428)	(539)	**(4,203)**
Total non-operating income (expenses)	**6,145**	2,503	689	**52,038**
Income before income taxes and minority interests	**13,611**	10,505	7,965	**115,257**
Income taxes (Note 16)				
Current	**4,117**	108	161	**34,865**
Deferred	**2,157**	3,585	2,993	**18,263**
	7,337	6,812	4,811	**62,129**
Minority interests in net income (loss) of consolidated subsidiaries	**32**	(142)	37	**276**
Net income (Note 20)	**¥ 7,369**	¥ 6,670	¥ 4,848	**$ 62,405**

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

Consolidated Statement of Changes in Net Assets

For the year ended 31 March 2007	Number of shares of common stock in issue (Note 12)	Common stock	Capital surplus	Retained earnings (Note 12)	Treasury stock, at cost (Note 12)	Unrealized gains on marketable securities and investments in securities	Foreign currency translation adjustments	Minority interests	Total net assets
		Millions of yen							
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 (a-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
		Thousands of U.S. dollars (Note 3)							
Balance at 31 March 2006		$ 246,134	$ 196,611	$ 23,441	$ —	$ —	$ —	$ —	$ 466,186
Reclassified balance as of 31 March 2006		—	—	—	(87,143)	73,105	42,100	38,972	67,034
Directors' bonuses		—	—	(25)	—	—	—	—	(25)
Cash dividends		—	—	(13,241)	—	—	—	—	(13,241)
Increase in retained earnings due to increase in number of consolidated subsidiaries		—	—	56	—	—	—	—	56
Decrease in retained earnings due to increase in number of consolidated subsidiaries		—	—	(10)	—	—	—	—	(10)
Net income for the year ended 31 March 2007		—	—	62,405	—	—	—	—	62,405
Acquisition of treasury stock		—	—	—	(49,072)	—	—	—	(49,072)
Disposition of treasury stock		—	(1,161)	—	2,289	—	—	—	1,128
Other changes		—	—	—	—	(53,600)	3,080	16,274	(34,246)
Balance at 31 March 2007		$ 246,134	$ 195,450	$ 72,626	$ (133,926)	$ 19,505	$ 45,180	$ 55,246	$ 500,215

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

Consolidated Statements of Stockholders' Equity

For the years ended 31 March 2006 and 2005	Number of shares of common stock in issue	Millions of yen Common stock	Capital surplusl	Retained earnings
Balance as at 31 March 2004	24,397,023	¥ 29,066	¥ 22,622	¥ (6,902)
Increase in capital surplus due to merger with a consolidated subsidiary	—	—	69	—
Loss on sale of treasury stock	—	—	(25)	—
Directors' bonuses	—	—	—	(16)
Cash dividends	—	—	—	(696)
Increase in retained earnings due to decrease in number of affiliates accounted for by the equity method	—	—	—	48
Decrease in retained earnings due to merger of consolidated subsidiaries	—	—	—	(64)
Decrease in retained earnings due to merger with a consolidated subsidiary	—	—	—	(69)
Net income for the year ended 31 March 2005	—	—	—	4,848
Balance at 31 March 2005	24,397,023	¥ 29,066	¥ 22,666	¥ (2,851)
Gain on sale of treasury stock	—	—	552	—
Directors' bonuses	—	—	—	(3)
Cash dividends	—	—	—	(910)
Increase in retained earnings due to increase in number of consolidated subsidiaries	—	—	—	734
Increase in retained earnings due to decrease in number of affiliates accounted for by the equity method	—	—	—	59
Increase in other earned surplus	—	—	—	195
Decrease in retained earnings due to increase in number of consolidated subsidiaries	—	—	—	(674)
Decrease in retained earnings due to decrease in number of affiliates accounted for by the equity method	—	—	—	(452)
Net income for the year ended 31 March 2006	—	—	—	6,670
Balance at 31 March 2006	24,397,023	¥ 29,066	¥ 23,218	¥ 2,768

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

Consolidated Statements of Cash Flows

For the years ended 31 March 2007, 2006 and 2005	Millions of yen **2007**	2006	2005	Thousands of U.S. dollars (Note 3) **2007**
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	**¥ 13,611**	¥ 10,505	¥ 7,965	**$ 115,257**
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation	**2,083**	978	1,004	**17,639**
Loss on impairment of fixed assets	**4,056**	970	—	**34,348**
Amortization of goodwill	**168**	(26)	800	**1,420**
Amortization of intangible assets	**1,217**	553	452	**10,306**
Increase in accrued bonuses for employees	**286**	189	152	**2,423**
Reversal of allowance for doubtful accounts	**34**	17	38	**284**
(Decrease)/Increase in reserve for retirement benefits	**(1,011)**	28	254	**(8,565)**
Accrued interest and dividend income	**(130)**	(63)	(224)	**(1,102)**
Accrued interest expense	**174**	26	40	**1,476**
Foreign exchange losses	**2**	154	146	**15**
Equity in loss of unconsolidated subsidiaries and affiliates	**661**	1,249	401	**5,601**
Gain on sale/disposal of investments in securities, net	**(1,072)**	(3,155)	(3,114)	**(9,074)**
Gain on sale of investments in unconsolidated subsidiaries and affiliates,net	**(9,708)**	(1,621)	(1,375)	**(82,208)**
Write-downs of investments in affiliates	**560**	102	7	**4,739**
Gain on dilution of equity interest	**(383)**	(105)	(299)	**(3,241)**
Loss on investments in partnerships	—	—	225	—
Write-downs of golf club memberships	—	11	28	—
Loss on disposal of property and equipment	—	—	372	—
Write-downs of investments in securities for operating purposes	—	—	25	—
Loss on disposal of property and equipment	**847**	185	—	**7,168**
Increase in notes and accounts receivable	**(5,336)**	(324)	(942)	**(45,182)**
Increase in investments in securities for operating purposes	**(2,699)**	(3,697)	—	**(22,858)**
Write-downs of investments in securities for operating purposes	**894**	8	150	**7,573**
Decrease in investment in securities for operating purposes	—	—	545	—
(Increase)/Decrease in work and software in progress and merchandise	**(505)**	18	3	**(4,274)**
Increase/(Decrease) in accounts payable	**945**	(149)	(44)	**7,999**
Other, net	**809**	1,012	(432)	**6,858**
Subtotal	**5,503**	6,865	6,177	**46,602**
Interest and dividends received	**185**	50	251	**1,569**
Interest paid	**(177)**	(51)	(41)	**(1,500)**
Income taxes refunded	—	6	511	—
Income taxes paid	**(370)**	(549)	(80)	**(3,137)**
Net cash provided by operating activities	**¥ 5,141**	¥ 6,321	¥ 6,818	**$ 43,534**

Financial Statements

Consolidated Statements of Cash Flows (continued)

For the years ended 31 March 2007, 2006 and 2005	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	**2007**
Cash flows from investing activities:				
Deposit of long-term time deposits	**¥ (153)**	¥ (15)	¥ (75)	**$ (1,292)**
Withdrawal of long-term time deposits	**959**	—	—	**8,118**
Purchases of marketable securities	**—**	—	(3,000)	**—**
Proceeds from sale of marketable securities	**—**	—	3,200	**—**
Purchases of property and equipment	**(4,106)**	(3,918)	(1,070)	**(34,770)**
Purchases of intangibles	**(2,529)**	(928)	(838)	**(21,411)**
Purchases of investment in securities	**(233)**	(175)	(782)	**(1,976)**
Proceeds from sale of investments in securities	**1,962**	3,302	3,432	**16,611**
Proceeds from repayment of investments in securities	**—**	500	—	**—**
Purchase of investments in affiliates	**(5,516)**	(4,209)	(1,624)	**(46,712)**
Proceeds from sale of investments in affiliates	**10,491**	4,231	776	**88,844**
Payments for sale of investments in subsidiaries resulting in change in scope of consolidation	**—**	—	(26)	**—**
Purchases of investment in subsidiaries resulting in change in scope of consolidation (Note 13)	**(924)**	(1,782)	—	**(7,827)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 13)	**—**	—	149	**—**
Purchases of other investments and guarantee deposits	**(4,677)**	(1,070)	(1,194)	**(39,605)**
Proceeds from sale of other investments and guarantee deposits	**1,201**	625	724	**10,172**
Net cash used in investing activities	**(3,525)**	(3,439)	(328)	**(29,848)**
Cash flows from financing activities:				
Proceeds from short-term bank loans	**405**	15	320	**3,429**
Repayment of short-term bank loans	**(448)**	(512)	(1,231)	**(3,795)**
Repayment of long-term bank loans	**(2,225)**	(460)	(34)	**(18,847)**
Proceeds from long-term bank loans	**7,000**	—	—	**59,277**
Proceeds from issuance of bonds	**—**	—	9,934	**—**
Repurchases of treasury stock	**(5,795)**	(10,121)	(1,589)	**(49,072)**
Proceeds from sale of treasury stock	**133**	212	40	**1,128**
Proceeds from stock issuance to minority interests	**510**	168	140	**4,315**
Repayment of bonds	**—**	(180)	—	**—**
Payments for capital reduction to minority interests	**—**	—	(18)	**—**
Cash dividends paid	**(1,564)**	(910)	(696)	**(13,240)**
Dividends paid to minority interests	**(15)**	(99)	(2)	**(125)**
Net cash (used in) provided by financing activities	**(1,999)**	(11,887)	6,864	**(16,930)**
Effect of exchange rate changes on cash and cash equivalents	**8**	376	102	**66**
Net (decrease)/increase in cash and cash equivalents	**(375)**	(8,629)	13,456	**(3,178)**
Cash and cash equivalents at beginning of year	**21,203**	29,358	15,183	**179,548**
Increase due to increase in consolidated subsidiaries	**955**	474	719	**8,088**
Cash and cash equivalents at end of year	**¥ 21,783**	¥ 21,203	¥ 29,358	**$ 184,458**

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

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Basis of presentation

transcosmos inc. (the "Company") and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its overseas subsidiaries maintain their books of account in conformity with those of their respective countries of domicile. The Company and all consolidated subsidiaries are referred to herein as the "Group." The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Securities and Exchange Law of Japan.

Certain reclassifications have been made to present the accompanying consolidated financial statements in a format which is familiar to readers outside Japan.

As permitted, amounts of less than one million yen have been rounded to the nearest thousand.

(2) Basis of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the parent company and all subsidiaries over which it exerts substantial control either through majority ownership of voting stock and/or by other means.

All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in affiliates (other than subsidiaries as defined above) whose decision-making and control over their own operations are significantly affected in various ways by the Group are accounted for by the equity method. Investments in 23 and 21 affiliates have been accounted for by the equity method for the years ended 31 March 2007 and 2006, respectively.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

Certain overseas subsidiaries are consolidated on the basis of fiscal periods ending 31 December, which differs from the balance sheet date of the Company; however, all necessary adjustments between the fiscal year end of these overseas subsidiaries and that of the Company have been made, thus enabling them to report financial results equivalent to those as of and for the consolidated fiscal year end.

All assets and liabilities of subsidiaries are revalued at fair value on acquisition and, if applicable, the excess cost over the underlying net assets at the respective dates of acquisition is presented as goodwill and amortized over a period of five or ten years on a straight-line basis.

The Company had 71 and 56 subsidiaries as of 31 March 2007 and 2006, respectively. The accompanying consolidated financial statements include the accounts of the Company and 59 of its subsidiaries for the year ended 31 March 2007; 49 subsidiaries for the year ended 31 March 2006. The remaining subsidiaries, whose combined assets, net sales and net income in the aggregate were not significant in relation to those of the consolidated financial statements of the Company, have been excluded from consolidation.

(3) Foreign currency translation

Monetary assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated at the exchange rates in effect at each balance sheet date if not hedged by forward foreign exchange contracts, or at the contracted rates of exchange when hedged by forward foreign exchange contracts. The resulting exchange gain or loss is recognized as other income or expense.

Assets and liabilities, and revenue and expense accounts of the overseas consolidated subsidiaries are translated at the exchange rates in effect at each balance sheet date. Translation adjustments are presented as foreign currency translation adjustments and minority interests in the consolidated balance sheets.

(4) Cash and cash equivalents

Cash on hand and in banks, and all highly liquid investments, generally with a maturity of three months or less when purchased, which are readily convertible into known amounts of cash and are so near maturity that they represent only an insignificant risk of any change in value attributable to changes in interest rates, are considered cash and cash equivalents.

(5) Securities

Securities other than equity securities issued by subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(6) Work and software in progress and merchandise

Work and software in progress are stated at cost, which is determined on an individual project basis. Merchandise is primarily stated at cost, using the average cost method.

(7) Property, plant and equipment, and depreciation
Property, and equipment is recorded at cost. Depreciation of property, and equipment is principally computed by the declining balance method over the estimated useful lives of the respective assets. However, buildings (excluding leasehold improvements) acquired on or after 1 April 1998 by the Company and its domestic consolidated subsidiaries are depreciated by the straight-line method over their respective estimated useful lives. Depreciation of certain equipment of the Company's call center is computed using the straight-line method, based on the estimated useful lives of the respective assets.

Significant renewals and betterments are capitalized at cost. Maintenance and repairs are charged to income.

Depreciation expense of overseas consolidated subsidiaries is principally computed using the straight-line method.

(8) Leases
Non-cancelable leases are accounted for as operating leases regardless of whether such leases are classified as operating or finance leases, except that leases which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(9) Intangible assets and amortization
Intangible assets, including capitalized computer software costs, are amortized by the straight-line method over their respective estimated useful lives. Computer software intended for internal use is amortized over an estimated useful life of 5 years, and computer software developed for sales purposes is amortized over a period of 3 years.

(10) Allowance for doubtful accounts
The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on the collection of receivables. The level of the provision is based on the historical experience with write-offs plus an estimate of specific probable doubtful accounts determined by a review of the collectibility of individual receivables.

(11) Reserve for retirement benefits
Accrued employees' retirement benefits are provided based on the projected retirement benefit obligation and the pension fund assets.

Prior service cost is amortized as incurred by the straight-line method over a period (5 years) which is shorter than the average remaining years of service of the employees participating in the plans.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period (5 years) which is shorter than the average remaining years of service of the employees participating in the plans.

(12) Derivative financial instruments
The Company and certain consolidated subsidiaries have entered into various derivative transactions in order to manage certain risk arising from adverse fluctuation in foreign currency exchange rates and interest rates. Derivative financial instruments are carried at fair value with changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred and included, net of the applicable income taxes, in net assets directly.

(13) Income taxes
Deferred income taxes are recognized by the asset and liability method under which deferred tax assets and liabilities are determined based on the differences between financial reporting and the tax bases of the assets and liabilities, and are measured using the enacted tax rates and laws which will be in effect when the differences are expected to reverse.

(14) Reclassifications
Certain amounts the prior year's financial statements have been reclassified to conform to the 2007 presentation. These changes had no impact on net income or net cash flows previously reported.

2. Changes in Accounting Policies

(1) Effective the year ended 31 March 2007, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet and the related implementation guidance. In addition, effective the year ended 31 March 2007, the Company is required to prepare consolidated statements of changes in net assets instead of consolidated statements of stockholders' equity.

Total stockholders' equity under the previous method of presentation amounted to ¥52,546 million ($444,969 thousand) 31 March 2007.

(2) Effective the year ended 31 March 2007, the Company has adopted a new accounting standard for business combinations, a new accounting standard for business divestitures and the related implementation guidance.

(3) Effective the year ended 31 March 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' and statutory auditors' bonuses. The effect of the adoption of this standard was to decrease both operating income and income before income taxes and minority interests by ¥16 million ($135 thousand) from the amounts which would have been recorded under the previous method.

(4) Until the year ended 31 March 2005, the Company considered the evaluation, development and promotion of intellectual property related to internet technology ventures as sources of competitiveness. The Company decided to clearly position investment in those ventures as a core business within the organization, and to strengthen the workforce as a corporate venture business to pursue profit and benefit from the synergies with the information service business effective April 2005. As a result, investments in securities of ¥13,814 million were reclassified to investments in securities for operating purposes, and non-current deferred tax liabilities of ¥4,941 million were reclassified to current deferred tax liabilities on 1 April 2005. In addition, sales of investments in securities resulting from the Corporate Venture Capital business, which had been presented as non-operating income (expense) at net amounts in prior years, are included in sales and cost of sales at gross amounts effective the year ended 31 March 2006. As a result, net sales, cost of sales, gross profit and operating income increased by ¥6,149 million, ¥225 million, ¥5,924 million and ¥5,924 million, respectively, and commission expense (SG&A), gain on sales of investments in securities (non-operating income), dividend income (non-operating income) and loss on investment in partnerships (non-operating expense) decreased by ¥11 million, ¥5,915 million, ¥25 million and ¥ 6 million, respectively, for the year ended 31 March 2006 as compared with the amounts which would have been recorded under the previous method.

(5) On 9 August 2002, the Business Accounting Council in Japan issued an "accounting standard for impairment of fixed Aassets". The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss shall be recognized in the consolidated statement of income by reducing the carrying amount of impaired assets or a group of assets to the recoverable amount to be measured as the higher of net selling price and value in use. The Group adopted this standard effective the year beginning 1 April 2005. As a result of this adoption, income before income taxes decreased by ¥970 million for the year ended 31 March 2006.

3. United States Dollar Amounts

Solely for the convenience of the reader, the accompanying consolidated financial statements for the year ended 31 March 2007 have been presented in U.S. dollars by translating all yen amounts at ¥118.09 = U.S.$1.00, the exchange rate prevailing on 31 March 2007. This translation should not be construed as a representation that yen have been, could have been, or could in the future be converted into U.S. dollars at the above or any other rate.

4. Securities

Information regarding marketable securities classified as other securities with quoted market prices at 31 March 2007 and 2006 is summarized as follows:

(1) Other securities with quoted market prices

	Millions of yen		
	31 March 2007		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost: Stock	¥ 1,053	¥ 4,688	¥ 3,635
Securities whose acquisition cost exceeds their carrying value: Stock	152	131	(21)
Total	¥ 1,205	¥ 4,819	¥ 3,614

	Millions of yen		
	31 March 2006		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost: Stock	¥ 1,924	¥ 15,055	¥ 13,131
Securities whose acquisition cost exceeds their carrying value: Stock	825	695	(130)
Total	¥ 2,749	¥ 15,750	¥ 13,001

	Thousands of U.S. dollars (Note 3)		
	31 March 2007		
	Acquisition cost	Carrying value	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition cost: Stock	$ 8,921	$ 39,699	$ 30,778
Securities whose acquisition cost exceeds their carrying value: Stock	1,286	1,107	(179)
Total	$ 10,207	$ 40,806	$ 30,599

(Note) In the event that a decline in the value of marketable securities is 30% or more and is considered other than temporary, the acquisition cost is written down to fair value.

(2) Sales of securities classified as other securities with quoted market prices and the related aggregate gain and loss for the years ended 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Sales proceeds	¥ 7,931	¥ 9,425	$ 67,165
Aggregate gain	6,244	9,129	52,879
Aggregate loss	(187)	(1)	(1,583)

(3) Other securities without quoted market prices as of 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Investment in securities:			
Unlisted stocks	¥ 7,520	¥ 4,341	$ 63,677
Money market account	704	323	5,958
Investments in limited partnerships	794	1,107	6,729
	¥ 9,018	¥ 5,771	$ 76,364

5. Work and Software in Progress

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

6. Property and Equipment

Property and equipment as of 31 March 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Buildings and structures	¥ 6,632	¥ 4,859	$ 56,158
Cars and vehicles	71	50	604
Equipment, furniture and fixtures	10,788	8,059	91,357
	17,491	12,968	148,119
Less: accumulated depreciation	(7,552)	(5,890)	(63,951)
	9,939	7,078	84,168
Land	1,407	1,135	11,914
Construction in progress	5	185	42
	¥ 11,351	¥ 8,398	$ 96,124

7. Leasehold Deposits

Leasehold deposits as of 31 March 2007 and 2006 are deposits paid to lessors in connection with leases of buildings and office space, computers and related equipment. Lessors in Japan require large amounts of leasehold deposits equivalent to several months' lease rental payments. Such leasehold deposits do not earn interest and are generally returnable only after the lease is terminated.

8. Short-term and Long-term Debt

(1) Short-term bank loans as of 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Unsecured bank loans (at average interest rates of 5.0% and 1.7% at 31 March 2007 and 2006, respectively)	¥ 1,149	¥ 15	$ 9,729

(2) Long-term debt as of 31 March 2007 and 2006 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Unsecured long-term bank loans, due 2008 to 2014 (at an average interest rate of 2.3% excluding current portion)	¥ 7,372	¥ 2,029	$ 62,430
Unsecured zero coupon convertible bonds due on 20 March 2008 (*1), issued by the Company	5,171	5,171	43,789
Unsecured bonds, issued by a subsidiary (FromSoftware, Inc.):			
0.42% bonds due on 24 July 2008	15	—	127
0.85% bonds due on 20 July 2007	20	—	169
0.77% bonds due on 26 March 2010	108	—	915
0.88% bonds due on 27 February 2009	100	—	847
	12,786	7,200	108,277
Less: current portion	90	2,000	767
	¥ 12,696	¥ 5,200	$ 107,510

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

The Bonds are exercisable during the period from 6 July 2004 to 6 June 2008 (unless the Bonds are previously redeemed or purchased and cancelled) and entitle the bearer to acquire fully-paid and non-assessable shares of common stock of the Company at a conversion price of ¥2,205 ($19) per share.

The aggregate annual maturity of long-term debt subsequent to 31 March 2007 is as follows:

Year ending 31 March	Millions of yen	Thousands of U.S. dollars
2008	¥ 156	$ 1,325
2009	5,355	45,350
2010	108	914
2011	52	440
2012	7,037	59,589
2013 and thereafter	78	659
Total	¥ 12,786	$ 108,277

(3) Assets pledged as collateral for short-term bank loans, long-term debt and certain other current liabilities of up to a maximum amount of ¥620 million ($5,247 thousand) at 31 March 2007 are summarized as follows:

	31 March 2007	
	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥ 482	$ 4,082
Land	269	2,277
	¥ 751	$ 6,539

(4) Guarantees on advertising

A bank deposit of ¥1 million ($8 thousand) as of 31 March 2007 and 2006 was pledged as collateral for guarantees on advertising transactions.

9. Retirement Benefit Plans

(1) Overview of retirement benefits

The Company and certain subsidiaries have defined benefit pension plans, defined contribution pension plans and a lump-sum payment plan.

Certain employees may be entitled to additional special retirement benefits (which have not been provided for) based on the conditions under which termination occurs.

Effective 1 March 2007, a certain portion of a defined benefit pension plan was transferred to a defined contribution pension plan. As a result of this change, prepaid pension costs increased by ¥773 million and a gain on termination was recognized. The transfer of funds from the defined benefit pension plan to the defined contribution pension plan was completed on 25 August 2007.

(2) Retirement benefit obligation

The following table sets forth the funded and accrued status of the plans, and the amounts recognized in the consolidated balance sheets as of 31 March 2007 and 2006 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Retirement benefit obligation	¥ (2,734)	¥ (3,723)	$ (23,155)
Plan assets at fair value	5,956	5,393	50,435
Fund surplus	3,222	1,670	27,280
Unrecognized actuarial gain	(1,957)	(1,358)	(16,569)
Net amount	1,265	312	10,711
Prepaid pension costs	1,519	445	12,860
Reserve for retirement benefits	¥ (254)	¥ (133)	$ (2,149)

	31 March 2007	
	Millions of yen	Thousands of U.S. dollars
Decrease in projected benefit obligation	¥ 1,501	$ 12,709
Amount of assets transferred to the defined benefit pension plans	(1,179)	(9,985)
Unrecognized actuarial differences	451	3,824
Increase in prepaid pension costs	¥ 773	$ 6,548

(3) Retirement benefit expenses

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Service cost	¥ 614	¥ 380	$ 5,199
Interest cost	35	33	296
Expected return on plan assets	(160)	(42)	(1,356)
Amortization of actuarial (gain) loss	(167)	32	(1,411)
Net pension expense	322	403	2,728
Gain on return of substitutional portion of employee pension fund	773	—	6,548
Retirement benefit (gain) expense	¥ (451)	¥ 403	$ (3,820)

(4) Assumptions used in the calculation of the above information are summarized as follows:

	31 March	
	2007	2006
Discount rates	1.0%	1.0%
Expected rates of return on plan assets	3.0%	1.0%
Method of attributing projected benefit obligation to periods of service	Straight-Line method	Straight-Line method
Amortization of prior service cost	5 years	5 years
Amortization of actuarial differences	5 years	5 years

10. Selling, General and Administrative Expenses and R&D Expenses

The major components of selling, general and administrative expenses for the years ended 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Allowance for doubtful accounts	¥ 187	¥ 51	$ 1,586
Advertising expense	1,007	1,046	8,528
Executive remuneration	760	597	6,435
Salaries and bonuses	10,354	7,541	87,680
Accrued bonuses for employees	566	464	4,795
Recruiting	778	1,178	6,592
Office rent	1,572	1,193	13,315
Depreciation expense	828	690	7,010

R&D expenses, included in selling, general and administrative expenses and cost of sales, for the years ended 31 March 2007 and 2006 amounted to ¥309 million ($2,616 thousand) and ¥259 million, respectively.

11. Loss on Impairment of Fixed Assets

The Company and certain consolidated subsidiaries recognized a loss on impairment of fixed assets, goodwill and other non-current assets due to the facts that recovery to fair value was not deemed probable. The following table summarizes loss on impairment of fixed assets for the year ended 31 March 2007:

Description	Impaired asset	Millions of yen	Thousands of U.S. dollars
A netsuite, business royalties	Long-term prepaid expenses	¥ 886	$ 7,502
WebMK business, intellectual property rights	Long-term prepaid expenses	¥ 12	$ 100
News content delivery business	Goodwill	¥ 939	$ 7,949
A search site administration business specializing in online shopping	Goodwill	¥ 592	$ 5,009
A search site administration business	Furniture and fixtures	¥ 145	$ 1,232
	Software	17	147
	Long-term prepaid expenses	42	354
	Goodwill	352	2,981
	Total	¥ 556	$ 4,714
An internet movie delivery business for online shopping	Goodwill	¥ 204	$ 1,728
Database construction and administration business	Buildings and structures	¥ 8	$ 64
	Furniture and fixtures	10	89
	Software	39	330
	Goodwill	119	1,009
	Total	¥ 176	$ 1,492
Content community administration business for online shopping	Goodwill	¥ 171	$ 1,452

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Description	Impaired asset	Millions of yen	Thousands of U.S. dollars
An affiliated advertisement business	Goodwill	¥ 152	$ 1,286
An internet-related service business	Furniture and fixtures	¥ 20	$ 170
	Software	81	687
	Goodwill	15	122
	Total	¥ 116	$ 979
Other	Buildings and structures	¥ 4	$ 36
	Furniture and fixtures	24	208
	Software	74	625
	Goodwill	150	1,268
	Total	¥ 252	$ 2,137

Method of asset grouping

All assets other than corporate assets are classified into business units.

Method of calculation of the recoverable amounts

The recoverable amounts of assets in the business units were computed based on value in use.

12. Supplementary Information for Consolidated Statement of Changes in Net Assets

(1) Total number of shares issued

Class of shares	Shares: Balance at beginning of year	Increase	Decrease	Balance at end of year
Common stock	24,397,023	24,397,023	—	48,794,046

The increase in the number of shares issued to 48,794,046 was due to the implementation of a two-for-one stock split.

(2) Treasury stock

Class of shares	Shares: Balance at beginning of year	Increase	Decrease	Balance at end of year
Common stock	2,060,902	4,202,009	105,438	6,157,473

Outline of reasons for changes

Increase:

A two-for-one stock split	2,060,902 shares
Repurchases of treasury stock	2,140,800 shares
Redemption of odd-lot shares	307 shares

Decrease:

Exercise of stock options	105,400 shares
Sale of odd-lot shares	38 shares

(3) Distributions

1. Payment of dividends

Resolution	Class of shares	Total amount of dividends (Millions of yen Yen)	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of stockholders held on 29 June 2006	Common stock	¥1,564 ($13,240 thousand)	¥70 ($0.59)	31 March 2006	29 June 2006

2. Dividends with an effective date falling in the following fiscal year but whose record date was in the current fiscal year

Resolution	Class of shares	Source of distribution	Total amount of dividends (Millions of yen Yen)	Dividends per share (Yen)	Record date	Effective date
Annual general meeting of stockholders held on 26 June 2007	Common stock	Retained earnings	¥1,705 ($14,442 thousand)	¥40 ($0.34)	31 March 2007	27June 2007

13. Supplementary Cash Flow Information

(1) The following table represents a reconciliation of cash and cash equivalents at 31 March 2007 and 2006:

	Millions of yen, 31 March 2007	Millions of yen, 31 March 2006	Thousands of U.S. dollars, 31 March 2007
Cash and time deposits	¥ 21,324	¥ 21,803	$ 180,581
Securities	704	325	5,959
	22,028	22,128	186,540
Time deposits with maturities exceeding three months	(245)	(925)	(2,082)
Cash and cash equivalents	¥ 21,783	¥ 21,203	$ 184,458

(2) The assets and liabilities of subsidiaries newly consolidated through additional purchases of shares are summarized as follows:

Inwoo Tech, Inc.

As of 30 June 2006	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 876	$ 7,418
Non-current assets	1,164	9,857
Goodwill	299	2,531
Current liabilities	(856)	(7,248)
Non-current liabilities	(238)	(2,016)
Minority interests in subsidiaries	(464)	(3,925)
Net deficit resulting from application of the equity method	(161)	(1,366)
Acquisition cost	620	5,251
Cash and cash equivalents	(273)	(2,314)
Payments for purchases of shares	¥ 347	$ 2,937

Become Japan Corporation

As of 30 June 2006	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 571	$ 4,834
Non-current assets	98	833
Goodwill	591	5,009
Current liabilities	(14)	(121)
Minority interests in subsidiaries	(131)	(1,109)
Net deficit resulting from application of the equity method	(631)	(5,347)
Acquisition cost	484	4,099
Cash and cash equivalents	(318)	(2,694)
Payments for purchases of shares	¥ 166	$ 1,405

FromSoftware, Inc.

As of 30 September 2006	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 464	$ 3,926
Non-current assets	1,347	11,406
Goodwill	498	4,221
Current liabilities	(1,430)	(12,109)
Non-current liabilities	(414)	(3,506)
Acquisition cost	465	3,938
Cash and cash equivalents	(230)	(1,948)
Payments for purchases of shares	¥ 235	$ 1,990

OneXeno Limited

As of 31 March 2007	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 154	$ 1,304
Non-current assets	18	156
Goodwill	37	313
Current liabilities	(36)	(306)
Minority interests in subsidiaries	(47)	(394)
Net deficit resulting from application of the equity method	(6)	(53)
Acquisition cost	120	1,020
Cash and cash equivalents	(117)	(992)
Payments for purchases of shares	¥ 3	$ 28

CinemaNow Japan, Inc.

As of 31 March 2007	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 895	$ 7,579
Non-current assets	174	1,478
Goodwill	369	3,124
Current liabilities	(57)	(484)
Minority interests in subsidiaries	(377)	(3,192)
Net deficit resulting from application of the equity method	(5)	(45)
Acquisition cost	999	8,460
Cash and cash equivalents	(826)	(6,993)
Payments for purchases of shares	¥ 173	$ 1,467

(3) The following is a summary of the assets which were acquired as a result of a business transfer:

CSK Marketing Corporation

As of 30 June 2006	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 13	$ 115
Non-current assets	586	4,960
Total assets	¥ 599	$ 5,075

14. Lease Transactions

(1) The Group leases certain equipment, furniture and fixtures. Pro forma information pertinent to the lease contracts of the Group which do not transfer ownership of the leased assets to the lessee on an "as if capitalized" basis as of 31 March 2007 and 2006 is summarized as follows:

Millions of yen, 31 March 2007	Acquisition cost	Accumulated depreciation	Net book value
Buildings	¥ 40	¥ 30	¥ 10
Cars and vehicles	9	3	6
Furniture and fixtures	1,166	663	503
Software	287	181	106
Total	¥ 1,502	¥ 877	¥ 625

Millions of yen, 31 March 2006	Acquisition cost	Accumulated depreciation	Net book value
Buildings	¥ 40	¥ 23	¥ 17
Cars and vehicles	6	4	2
Furniture and fixtures	1,457	893	564
Software	384	214	170
Total	¥ 1,887	¥ 1,134	¥ 753

Thousands of U.S. dollars, 31 March 2007	Acquisition cost	Accumulated Depreciation	Net book value
Buildings	$ 340	$ 257	$ 83
Cars and vehicles	80	26	54
Furniture and fixtures	9,878	5,615	4,263
Software	2,427	1,531	896
Total	$ 12,725	$ 7,429	$ 5,296

(2) Depreciation expense, lease rental expense and interest expense which have not been reflected in the consolidated statements of income for the years ended 31 March 2007 and 2006 are presented as follows:

	Millions of yen, 31 March 2007	Millions of yen, 31 March 2006	Thousands of U.S. dollars, 31 March 2007
Depreciation expense	¥ 399	¥ 409	$ 3,381
Lease rental expense	438	377	3,710
Interest expense	20	12	166

Depreciation is computed by applying the straight-line method over the estimated useful lives of the respective assets assuming that the Company guarantees a nil residual value at the end of each lease term.

(3) The following is a schedule of future minimum lease payments subsequent to 31 March 2007 under finance leases accounted for as operating leases:

	Millions of yen, 31 March 2007	Millions of yen, 31 March 2006	Thousands of U.S. dollars, 31 March 2007
Due within one year	¥ 315	¥ 319	$ 2,673
Due after one year	325	427	2,750
	¥ 640	746	$ 5,423

15. Derivatives and Hedging Activities

The Company and its consolidated subsidiaries primarily utilize comprehensive forward foreign exchange contracts to hedge their exposure to foreign exchange fluctuation relating to their receivables and payables denominated in foreign currencies. The Company and its consolidated subsidiaries also utilize interest-rate swaps to manage the risks of interest-rate fluctuation and to equalize their financial costs for each fiscal year with regard to short- term and long-term debt at variable interest rates.

As a matter of policy, the Company and its consolidated subsidiaries do not speculate in derivatives which are subject to significant market value fluctuation. The Company and its consolidated subsidiaries do not anticipate any credit risk resulting from non-performance by any of the counterparties because all are financial institutions with high credit ratings. The Company and its consolidated subsidiaries have established internal rules for entering into and monitoring derivative transactions which prescribe the managers' duties and the management of these positions. Derivatives are controlled by the Financial Section, which has established an internal control system to supervise the procedures and transaction limits.

As of 31 March 2007 and 2006, the outstanding forward foreign exchange and interest-rate swap contracts are summarized as follows:

	Millions of yen		
	31 March 2007		
	Contractual value or notional principal amount — Total	Fair value	Unrealized gain (loss)
Foward foreign exchange contracts	¥ 562	¥ 570	¥ 8
Interest-rate swap contracts	200	(15)	(15)

	Millions of yen		
	31 March 2006		
	Contractual value or notional principal amount — Total	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts	¥ 750	¥ 748	¥ 2

	Thousands of U.S. dollars		
	31 March 2007		
	Contractual value or Notional principal amount — Total	Fair value	Unrealized gain (loss)
Foward foreign exchange contracts	$ 4,761	$ 4,832	$ 71
Interest-rate swap contracts	1,694	(124)	(124)

16. Income Taxes

The Company and its domestic subsidiaries are subject to several taxes based on income, which, in the aggregate, resulted in a statutory tax rates of approximately 40.69% for the years ended 31 March 2007 and 2006. Overseas subsidiaries are subject to the income taxes of the respective countries in which they operate.

The tax effects of temporary differences that give rise to the deferred tax assets and liabilities as of 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Deferred tax assets:			
Accrued bonuses	¥ 1,133	¥ 961	$ 9,592
Accrued enterprise tax	334	74	2,830
Gain on sale of investments in affiliates eliminated upon consolidation	2,317	2,279	19,622
Write-downs of golf club memberships	155	179	1,315
Tax loss carried forward	7,769	9,431	65,788
Allowance for doubtful accounts	1,439	531	12,188
Write-downs of investments in affiliates	6,346	298	53,736
Write-downs of marketable securities	1,980	241	16,765
Write-downs of investments in securities	164	48	1,393
Loss on impairment of fixed assets	663	—	5,613
Prepaid pension costs	(618)	—	(5,233)
Other	666	484	5,639
Gross defferd tax assets	22,348	14,526	189,248
Valuation allowance	(18,185)	(8,557)	(153,955)
Total deferred tax assets	4,163	5,969	35,253
Deferred tax liabilities:			
Unrealized gain on marketable securities and investments in securities	1,455	4,610	12,318
Total deferred tax liabilities	1,455	4,610	12,318
Net deferred tax assets	¥ 2,708	¥ 1,359	$ 22,935

A reconciliation between the statutory tax rate and the effective tax rates for the years ended 31 March 2007 and 2006 is as follows:

	31 March	
	2007	2006
Statutory tax rate	40.69%	40.69%
Valuation allowance	(1.27)	(7.51)
Tax rate differences of overseas subsidiaries	(2.09)	(1.73)
Non-deductible items (entertainment expenses, etc.)	2.30	2.25
Inhabitant's taxes per capita	0.52	0.50
Equity in loss of unconsolidated subsidiaries and affiliates	1.98	4.84
Cash dividends eliminated upon consolidation	0.18	0.40
Gain or loss on issuance of shares by investees	(1.14)	(0.41)
Loss on disposal of goodwill	8.01	–
Unrecognized profits of subsidiaries	(1.08)	(1.25)
Other	(2.00)	(2.62)
Effective tax rates	46.10%	35.16%

17. Stockholders' Equity

The Commercial Code of Japan (the "Code") provides that an amount equal to at least 10% of the amounts to be disbursed as distributions of retained earnings be appropriated to the legal reserve until the sum of the legal reserve and additional paid-in capital equals 25% of the common stock account. The Code also stipulates that, to the extent that the sum of the additional paid-in capital account and the legal reserve exceeds 25% of the common stock account, the amount of any such excess is available for appropriation by resolution of the stockholders. Both the legal reserve and additional paid-in capital may be used to eliminate of or reduce a deficit by resolution of the Board of Directors. In accordance with the Code, the Company has provided a legal reserve which is included in retained earnings.

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on 1 May 2006. The Law provides that amounts from additional paid-in capital and retained earnings may be distributed to the stockholders at any time by resolution of the stockholders or by the Board of Directors, if certain provisions are met subject to the extent of the applicable sources of such distributions. The Law further provides that amounts equal to 10% of such distributions be transferred to the capital reserve included in additional paid-in capital or the legal reserve included in retained earnings based on the applicable sources of such distributions until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

18. Segment Information

(1) Business Segment Information

The business segment information of the Group for the years ended 31 March 2007 and 2006 is summarized as follows:

	For the year ended 31 March 2007				
	Millions of yen				
	Computer service	Corporate Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:					
Sales to external customers	¥ 133,217	¥ 8,273	¥ 141,490	¥ —	¥ 141,490
Inter-segment sales/transfers	44	—	44	(44)	—
Total	133,261	8,273	141,534	(44)	141,490
Operating expenses	122,797	4,340	127,137	6,887	134,024
Operating income	¥ 10,464	¥ 3,933	¥ 14,397	¥ (6,931)	¥ 7,466
Total assets	¥ 66,870	¥ 17,845	¥ 84,715	¥ 11,666	¥ 96,381
Depreciation	2,982	51	3,033	267	3,300
Loss on impairment of fixed assets	4,056	—	4,056	—	4,056
Capital expenditure	5,813	292	6,105	661	6,766

	For the year ended 31 March 2006				
	Millions of yen				
	Computer service	Corporate Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:					
Sales to external customers	¥ 99,859	¥ 6,609	¥ 106,468	¥ —	¥ 106,468
Inter-segment sales/transfers	17	—	17	(17)	—
Total	99,876	6,609	106,485	(17)	106,468
Operating expenses	90,774	1,203	91,977	6,489	98,466
Operating income	¥ 9,102	¥ 5,406	¥ 14,508	¥ (6,506)	¥ 8,002
Total assets	¥ 54,190	¥ 23,275	¥ 77,465	¥ 10,828	¥ 88,293
Depreciation	1,193	9	1,202	329	1,531
Loss on impairment of fixed assets	100	—	100	870	970
Capital expenditure	4,585	6	4,591	613	5,204

	For the year ended 31 March 2007				
	Thousands of U.S. dollars				
	Computer service	Corporate Venture capital	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:					
Sales to external customers	$ 1,128,096	$ 70,055	$ 1,198,151	$ —	$ 1,198,151
Inter-segment sales/transfers	378	—	378	(378)	—
Total	1,128,474	70,055	1,198,529	(378)	1,198,151
Operating expenses	1,039,862	36,747	1,076,609	58,322	1,134,931
Operating income	$ 88,612	$ 33,308	$ 121,920	$ (58,700)	$ 63,220
Total assets	$ 566,263	$ 151,113	$ 717,376	$ 98,788	$ 816,164
Depreciation	25,250	438	25,688	2,257	27,945
Loss on impairment of fixed assets	34,348	—	34,348	—	34,348
Capital expenditure	49,226	2,471	51,697	5,600	57,297

(*1) The Company and its consolidated subsidiaries operate principally in the following two business segments:

Business segment:	Major activities:
Computer service	Data processing, data entry, software development and sale of equipment
Corporate venture capital	Venture capital investment

(*2) The amounts of operating expenses included in the column "elimination or unallocatable amounts" were ¥6,979 million ($59,102 thousand) and ¥6,510 million ($55,124 thousand) for the years ended 31 March 2007 and 2006, respectively, which include expenses primarily charged to the administration department.

(*3) The amounts of total assets included in the column "elimination or unallocatable amounts" were ¥11,869 million ($100,509 thousand) and ¥11,070 million ($93,740 thousand) as of 31 March 2007 and 2006, respectively, which include surplus working funds (cash and bank deposits), long-term investment funds (investments in securities) and other assets attributable to the administrative department.

(*4) As described in Note 2 (3), effective the year ended 31 March 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' and statutory auditors' bonuses. As a result of the adoption of this standard, operating expenses in the column "elimination or unallocatable amounts" increased by ¥16 million ($135 thousand) and operating income in the same column decreased by the same amount as compared with the amounts which would have been recorded under the previous method.

(2) Geographic Segment Information

Segment information classified by geographic area (inside and outside Japan) for the years ended 31 March 2007 and 2006 is summarized as follows:

	For the year ended 31 March 2007					
	Millions of yen					
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:						
Sales to external customers	¥ 123,620	¥ 5,119	¥ 12,751	¥ 141,490	¥ —	¥ 141,490
Inter-segment sales/transfers	101	356	1,133	1,590	(1,590)	—
Total	123,721	5,475	13,884	143,080	(1,590)	141,490
Operating expenses	112,781	3,298	12,425	128,504	5,520	134,024
Operating income	¥ 10,940	¥ 2,177	¥ 1,459	¥ 14,576	¥ (7,110)	¥ 7,466
Total assets	¥ 63,147	¥ 8,948	¥ 13,095	¥ 85,190	¥ 11,191	¥ 96,381

	For the year ended 31 March 2006					
	Millions of yen					
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:						
Sales to external customers	¥ 104,805	¥ 830	¥ 833	¥ 106,468	¥ —	¥ 106,468
Inter-segment sales/transfers	102	97	396	595	(595)	—
Total	104,907	927	1,229	107,063	(595)	106,468
Operating expenses	90,569	991	980	92,540	5,926	98,466
Operating income (loss)	¥ 14,338	¥ (64)	¥ 249	¥ 14,523	¥ (6,521)	¥ 8,002
Total assets	¥ 57,252	¥ 11,817	¥ 8,420	¥ 77,489	¥ 10,804	¥ 88,293

	For the year ended 31 March 2007					
	Thousands of U.S. dollars					
	Japan	U.S.A.	Asia	Total	Elimination or unallocatable amounts	Consolidated
Net Sales:						
Sales to external customers	$1,046,829	$ 43,345	$ 107,977	$ 1,198,151	$ —	$ 1,198,151
Inter-segment sales/transfers	858	3,020	9,590	13,468	(13,468)	—
Total	1,047,687	46,365	117,567	1,211,619	(13,468)	1,198,151
Operating expenses	955,041	27,931	105,212	1,088,184	46,748	1,134,932
Operating income	$ 92,646	$ 18,434	$ 12,355	$ 123,435	$ (60,216)	$ 63,219
Total assets	$ 534,737	$ 75,771	$ 110,888	$ 721,396	$ 94,768	$ 816,164

(*1) The amounts of operating expenses included in the column "elimination or unallocatable amounts" were ¥6,979 million ($59,102 thousand) and ¥6,510 million ($55,124 thousand) for the years ended 31 March 2007 and 2006, respectively, which include expenses primarily charged to the administration department.

(*2) The amounts of total assets included in the column "elimination or unallocatable amounts" were ¥11,869 million ($100,509 thousand) and ¥11,070 million ($93,740 thousand) as of 31 March 2007 and 2006, respectively, which include surplus working funds (cash and bank deposits), long-term investment funds (investments in securities) and other assets attributable to the administrative department.

(*3) The segment "Asia" represents China and South Korea for the years ended 31 March 2007 and 2006.

(*4) As described in Note 2.(3), effective the year ended 31 March 2007, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for directors' and statutory auditors' bonuses. As a result of the adoption of this standard, operating expenses in the column "elimination or unallocatable amounts" increased by ¥16 million ($135 thousand) and operating income in the same column deceased by the same amount as compared with the amounts which would have been recorded under the previous method.

(3) Overseas Sales

	For the year ended 31 March 2007			
	Millions of yen			
	U.S.A.	Asia	Others	Total
Sales:				
Overseas sales	¥ 5,594	¥ 12,176	¥ 471	¥ 18,241
Consolidated net sales	—	—	—	141,490
Overseas sales as a percentage of consolidated net sales	4.0%	8.6%	0.3%	12.9%

	For the year ended 31 March 2007			
	Thousands of U.S. dollars			
	U.S.A.	Asia	Others	Total
Sales:				
Overseas sales	$ 47,370	$ 103,110	$ 3,983	$ 154,463
Consolidated net sales	—	—	—	1,198,151
Overseas sales as a percentage of consolidated net sales	4.0%	8.6%	0.3%	12.9%

(*1) Main countries in each category

(1)U.S.A. .................U.S.A.
(2)Asia ....South Korea and China
(3)Other ....Netherlands, Singapore, U.K., France and Ireland

(*2) Overseas sales consists of export sales of the Company, domestic consolidated subsidiaries and overseas consolidated subsidiaries (other than exports to Japan).

(*3) As overseas sales constituted less than 10% of the consolidated total for the year ended 31 March 2006, the corresponding disclosure of overseas sales information has been omitted.

19. Related Party Transactions

The following table summarizes the total amount of transactions entered into with related parties for the year ended 31 March 2007:

(1) Key management personnel

Management personnel	Relationship	% of owned voting rights (*3)	Transactions	Thousands of yen
Koji Funatsu	Chairman and Representative Director of the Company	0.1%, directly owned	Exercise of stock options	¥12 ($99 thousand)
Toshikazu Tanizawa	Vice Chairman and Director of the Company	0.0%, directly owned	Exercise of stock options	¥3 ($28 thousand)
Shojiro Takashima	Vice President and Director of the Company	0.0%, directly owned	Exercise of stock options	¥4 ($37 thousand)
Koichi Iwami	Vice President and Director of the Company	–	Exercise of stock options	¥1 ($10 thousand)
Shozo Okuda	A special advisor of the Company	0.7%, directly owned	Payment of advisory fees (*1)	¥3 ($23 thousand)
HM Kosan, Ltd.	–	(*2)	Leasing of the Company's residence (*2)	¥6 ($49 thousand)

Transaction terms and policies for determination of transaction terms, etc.

(*1) The transaction represents payment for an advisory contract entered into with Shozo Okuda who is a younger brother of Koki Okuda, Representative Director, Group CEO and founder of the Company.

(*2) The transaction was conducted on an arm's-length basis under an agreement entered into between third parties. The transaction amount excludes consumption taxes. In addition, the voting rights of HM Kosan, Ltd. were wholly owned by the immediate family (stockholders of the Company) of Koki Okuda, Representative Director, Group CEO and founder of the Company.

(*3) Percentages of owned voting rights have been rounded down.

(2) Affiliates

	% of owned voting rights (*3)	Transactions	Thousands of yen
CyberSource K.K., agency for collection of bills	48.3%, directly owned	Agency transactions for remittances of payments from credit card companies	¥3,589 ($30,367 thousand)

20. Amounts Per Share

Basic net income per share is computed based on the net income available for distribution to the stockholders of common stock and the weighted-average number of share of common stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to the stockholders and the weighted-average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock acquisition rights and the conversion of convertible bonds.

The amounts per share of net assets have been computed based on the net assets available for distribution to the stockholders of common stock and the number of shares of common stock outstanding at the year end.

Amounts per share for the years ended 31 March 2007 and 2006 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Basic net income per share	¥ 171.4	¥ 297.9	$ 1.5
Net assets per share	1,232.4	2,612.9	10.4
Diluted net income per share	161.1	270.1	1.4

The basis for the calculations of basic and diluted net income per share for the years ended 31 March 2007 and 2006 was as follows:

	Millions of yen		Thousands of U.S. dollars
	31 March		31 March
	2007	2006	2007
Net income	¥ 7,369	¥ 6,670	$ 62,405
Less: Net income not available to common stockholders:			
Bonuses to directors	—	(3)	—
Net income available to common stockholders:	7,369	6,667	62,405
Effect of potential dilution related to stock options	(0)	(12)	(1)
Net income available to common stockholders for computation of diluted net income per share	¥ 7,369	¥ 6,655	$ 62,404

	Shares	
Weighted-average number of outstanding shares of common stock	43,001,291	22,376,126
Effect of dilutive securities	2,751,360	2,261,858
Weighed-average number of shares of common stock for computation of diluted net income per share	45,752,651	24,637,984

21. Stock Acquisition Rights

At 31 March 2007, the Company had the following stock option plans approved by the stockholders in accordance with the Law:

	2005 plan	2004 plan	2003 plans	2002 plan	2001 plan
Date of approval by stockholders	1 August 2005	2 August 2004	1 August and 24 September 2003	3 December 2002	1 August 2001
Grantees	12 officers, 391 employees and an advisor of the Group	16 officers, 325 employees and an advisor of the Group	39 officers, 183 employees and 4 advisors of the Group	42 officers, 173 employees and 4 advisors of the Group	30 officers and 63 employees of the Group
Type of stock	Common stock	Common stock	Common stock	Common stock	Common stock
Number of shares granted	295,600	266,800	282,000 and 2,000	289,000	227,000
Exercise price (yen)	¥ 2,270	¥ 1,611	¥1,171 and ¥1,453	¥ 833	¥ 2,083
Exercise price (U.S. dollars)	$ 19	$ 14	$ 10 and $ 12	$ 7	$ 18
Exercisable period	1 July 2007 - 30 June 2011	1 July 2006 - 30 June 2010	1 July 2005 - 30 June 2009	1 July 2004 - 30 June 2008	1 July 2003 - 30 June 2007
Non-vested (number of shares):					
Outstanding at the beginning of the year	295,600	—	—	—	—
Granted during the year	—	—	—	—	—
Forfeited during the year	25,800	—	—	—	—
Vested during the year	—	—	—	—	—
Outstanding at the end of the year	269,800	—	—	—	—
Vested (number of shares):					
Outstanding at the beginning of the year	—	266,800	227,200 and 2,000	212,200	149,000
Vested during the year	—	—	—	—	—
Exercised during the year	—	27,200	6,400	54,200	—
Forfeited during the year	—	14,000	10,400	2,600	—
Outstanding at the end of the year	—	225,600	210,400 and 2,000	155,400	149,000
Weighted-average market price (yen)	—	¥ 2,752	¥ 3,042	¥ 2,823	—
Weighted-average market price (U.S. dollars)	—	$ 23	$ 26	$ 24	—

22. Business Combinations and Business Divestiture

Application of purchase method

<Partial acquisition of CSK Marketing Corporation>

(1) Summary of acquisition:
- Name of acquired company CSK Marketing Corporation
- Business acquired Call center operation
- Purpose of the acquisition Expansion of the Company's call center operation and increase in number of local service related employees
- Acquisition date 1 June 2006
- Classification under the Corporation Law (the "Law") Business transfer

(2) Period, for which the operating results of CSK Marketing Corporation are included in the accompanying consolidated financial statements:
- From 1 June 2006 to 31 March 2007

(3) The acquisition cost:
- Acquisition cost ¥628 million ($5,314 thousand)
- Cash paid ¥628 million ($5,314 thousand)

(4) Goodwill recognized:
- Amount: ¥203 million ($1,721 thousand)
- Goodwill recognized presents the future earnings power of the Group through business development.
- Amortization period 5 years on a straight-line basis.

(5) Fair value of the assets and liabilities of CSK Marketing Corporation at the acquisition date are summarized as follows:

	As of 31 March 2007	
	Millions of yen	Thousands of U.S. dollars
Buildings and construction	¥ 90	$ 766
Furniture and fixtures	289	2,445
Goodwill	203	1,721
Others	17	143
Total assets	599	5,075
Expendable supplies	29	239
Total	¥ 628	$ 5,314

__Business transfers within the Group__

<Partial business transfer from Business Process Service co., LTD>

(1) Summary of business transfer:

- Name of the company from which the business is being transferred: Business Process Service co., LTD (a wholly- owned subsidiary)
- Business transferred: Outsourcing services of e-trace and administrative operations
- Purpose of the transfer: Recognition of business process solution services in the Group
- Transfer date: 29 September 2006
- Classification under the Law: Business transfer

<Spinoff of a business from APPLIED TECHNOLOGY CO., LTD>

(1) Summary of spinoff of a business:

- Name of the spun-off company: TransCosmos Technologies Inc. (a wholly-owned and newly established subsidiary)
- Business spun off: A system integration business section
- Purpose of the transaction: Reconstruction of a core business related to a bridge system engineering ring to "tie Asian development with the needs of Japanese customers." In this connection, the Company established a wholly- owned subsidiary, TransCosmos Technologies Inc.
- Date of spinoff: 1 January 2007
- Classification under the Law: Spinoff from APPLIED TECHNOLOGY CO., LTD and establishment of a new company, TransCosmos Technologies Inc.

(2) Classification of the system integration business section in business segment information:
Classified under the computer service segment

23. Effect of Bank Holiday on 31 March 2007

As financial institutions in Japan were closed on 31 March 2007, ¥9 million ($78 thousand) of trade notes receivable maturing on 31 March 2007, were settled on the following business day in April and accounted for accordingly.

Report of Independent Auditors

The Board of Directors
transcosmos, inc.

We have audited the accompanying consolidated balance sheet of transcosmos inc. and consolidated subsidiaries as of 31 March 2007 and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of transcosmos inc. and consolidated subsidiaries for the years ended 31 March 2006 and 2005 were audited by other auditors whose report dated 29 June 2006 expressed an unqualified opinion on those financial statements and included explanatory paragraphs that disclosed a change in method of accounting for investments in securities of the Corporate Venture Capital business and the segmentation of its industry segment and the adoption of a new accounting standard for impairment of fixed assets as discussed in Note 2(4) and (5) to the accompanying consolidated financial statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of transcosmos inc. and consolidated subsidiaries at 31 March 2007, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Supplemental Information

As described in "Changes in Accounting Policies," effective 1 April 2006, the Company has adopted a new accounting standard for the presentation of net assets in the balance sheet.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended 31 March 2007 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

26 June 2007

Financial Statements

Non-Consolidated Balance Sheets

At 31 March 2007 and 2006	Millions of yen				Thousands of U.S. dollars (Note 3)	
		2007		2006		2007
ASSETS						
Current Assets:						
Cash and time deposits	¥	8,416	¥	7,956	$	71,270
Investments in securities for operating purposes		7,102		11,529		0,139
Notes and accounts receivable: Third parties		17,477		12,773		147,995
Subsidiaries and affiliates		165		127		1,395
		17,642		12,900		149,390
Less: allowance for doubtful accounts		(84)		(34)		(708)
		17,558		12,866		148,682
Short-term loans receivable from subsidiaries		151		300		1,280
Work and software in progress and merchandise		128		135		1,088
Merchandise		1		11		8
Prepaid expenses		627		525		5,307
Deferred tax assets		154		—		1,302
Other current assets		1,024		717		8,672
Total current assets		35,161		34,039		297,748
Investments and Advances:						
Investments in securities		474		1,391		4,017
Investments in and advances to subsidiaries and affiliates		32,538		26,573		275,538
Stock purchase warrants from subsidiaries		—		3		—
Investments in other securities of subsidiaries and affiliates		1,456		—		12,333
Long-term loans receivable from subsidiaries		6,685		10,790		56,608
Other investments		231		201		1,964
Less: allowance for doubtful accounts		(3,523)		(3,466)		(29,833)
Total investments and advances		37,863		35,492		320,627
Property and equipment, at cost, less accumulated depreciation		3,756		2,939		31,803
Leasehold deposits		2,734		2,222		23,154
Deferred charges, intangibles and other		2,515		1,452		21,299
Other non-current assets to subsidiaries and affiliates		144		144		1,218
Deferred tax assets		223		531		1,890
Prepaid pension costs		1,519		435		12,860
Total assets	¥	83,915	¥	77,254	$	710,599

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

At 31 March 2007 and 2006	Millions of yen				Thousands of U.S. dollars (Note 3)	
		2007		2006		2007
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Current portion of long-term debt	¥	—	¥	2,000	$	—
Accounts payable: Third parties		6,003		5,550		50,839
Subsidiaries and affiliates		1,000		668		8,467
		7,003		6,218		59,306
Income taxes payable		3,652		211		30,926
Deferred tax liabilities		—		248		—
Accrued expenses		2,955		2,490		25,025
Accrued bonuses for employees		2,568		2,326		21,748
Other current liabilities		1,657		1,637		14,024
Total current liabilities		17,835		15,130		151,029
Non-Current Liabilities:						
Bonds		5,171		5,171		43,789
Long-term debt		7,000		—		59,277
Other non-current liabilities		11		34		95
Total non-current liabilities		12,182		5,205		103,161
Total liabilities		30,017		20,335		254,190
Net assets:						
Stockholders' Equity Common stock: (Note 5) Authorized 150,000,000 shares at 31 March 2007 and 90,088,176 shares at 2006 Issued 48,794,046 shares at 31 March 2007 and 24,397,023 shares at 2006		29,066		29,066		246,134
Additional paid-in capital		—		15,069		—
Other capital surplus		23,081		8,149		195,450
Retained earnings		15,506		9,570		131,312
Treasury stock, at cost, 6,157,473 and 2,060,902 shares at 31 March 2007 and 2006, respectively		(15,815)		(10,291)		(133,926)
Total stockholders' equity		51,838		51,563		438,970
Valuation and translation adjustments:						
Unrealized gains on marketable securities and investment in securities		2,060		5,356		17,439
Total net assets		53,898		56,919		456,409
Total liabilities and net assets	¥	83,915	¥	77,254	$	710,599

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

Financial Statements

Non-Consolidated Statements of Income

For the years ended 31 March 2007, 2006 and 2005	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	**2007**
Net Sales	**¥ 109,822**	¥ 95,252	¥ 82,483	**$ 929,990**
Cost of Sales	**85,908**	70,804	63,589	**727,481**
Gross profit	**23,914**	24,448	18,894	**202,509**
Selling, general and administrative expenses	**18,487**	15,755	12,640	**156,547**
Operating income	**5,428**	8,693	6,254	**45,962**
Non-operating income/(expenses):				
Interest income	**79**	30	43	**668**
Interest expense	**(145)**	(26)	(36)	**(1,232)**
Dividend income	**60**	99	43	**511**
Bond issuance cost	—	—	(66)	—
Loss on disposal of merchandise	—	(25)	(4)	—
Loss on impairment of fixed assets	**(898)**	(870)	—	**(7,602)**
Loss on sale/disposal of property and equipment	**(97)**	(137)	(101)	**(819)**
Loss on sale/disposal of investment in securities	**(187)**	—	—	**(1,583)**
Write-down of marketable securities and investment in securities	**(72)**	—	(150)	**(609)**
Write-down of investment in affiliates	**(817)**	(727)	(560)	**(6,916)**
Write-down of golf club memberships	—	(11)	(28)	—
Gain on sale/disposal of investment in securities	**331**	149	545	**2,803**
Gain on sale/disposal of investment in affiliates	**8,971**	796	0	**75,964**
Gain on subsidy account	**174**	—	—	**1,470**
Gain on change in retirement benefits plan	**773**	—	—	**6,548**
Foreign exchange losses	—	(62)	—	—
Gain on dissolution of subsidiary	**173**	1	33	**1,461**
Bad debt expense	—	—	(1,008)	—
Other, income	**357**	485	140	**3,025**
Other, expenses	**(994)**	(198)	(192)	**(8,413)**
Total non-operating income (expenses)	**7,708**	(496)	(1,341)	**65,276**
Income before income taxes	**13,136**	8,197	4,913	**111,238**
Income taxes - Current	**3,472**	37	41	**29,403**
- Deferred	**2,161**	3,453	1,746	**18,301**
Net income	**¥ 7,503**	¥ 4,707	¥ 3,126	**$ 63,534**
	Yen			U.S. dollars
Per share: Basic net income per share	**¥ 174.48**	¥ 210.2	¥ 136.2	**$ 1.48**
Cash dividends	**¥ 40**	¥ 70.0	¥ 40.0	**$ 0.34**
Weighted average number of shares (in thousands)	**43,001**	22,376	22,926	

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

Non-Consolidated Statement of Changes in Net Assets

For the year ended 31 March 2007

Millions of yen

	Number of shares of common stock in issue	Common stock	Additional paid-in capital	Other capital surplus	Retained earnings	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 spilt (two-for-one)(Note 5)	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**

Thousands of U.S. dollars (Note 3)

	Number of shares of common stock in issue	Common stock	Additional paid-in capital	Other capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains on marketable securities and investment in securities	Total
Balance at 31 March 2006		**$ 246,134**	**$ 127,607**	**$ 69,004**	**$ 81,043**	—	—	**$ 523,788**
Reclassified balance as of March 31, 2006		—	—	—	—	$ (87,143)	$ 45,353	(41,790)
Cash dividends		—	—	—	(13,240)	—	—	(13,240)
Transfer from Additional paid-in capital to Other capital surplus		—	(127,607)	127,607	—	—	—	—
Directors' bonuses		—	—	—	(25)	—	—	(25)
Acquisition of treasury stock		—	—	—	—	(49,072)	—	(49,072)
Disposal of treasury stock		—	—	(1,161)	—	2,289	—	1,128
Net income for the year ended 31 March 2007		—	—	—	63,534	—	—	63,534
Other changes		—	—	—	—	—	(27,914)	(27,914)
Balance at 31 March 2007		**$ 246,134**	**$ —**	**$ 195,450**	**$ 131,312**	**$ (133,926)**	**$ 17,439**	**$ 456,409**

Non- Consolidated Statements of Changes in Stockholder's Equity

For the years ended 31 March 2006 and 2005

	Number of shares of common stock in issue	Common stock	Additional paid-in capital	Other capital surplus	Legal reserve	General reserve	Retained earnings
Balance at 31 March 2004	**24,397,023**	**¥ 29,066**	**¥ 15,000**	**¥ 7,623**	**¥ —**	**¥ —**	**¥ 3,360**
Increase in additional paid-in capital due to merger with a consolidated subsidiary	—	—	69	—	—	—	—
Loss on sale of treasury stock	—	—	—	(26)	—	—	—
Cash dividends	—	—	—	—	—	—	(696)
Directors' bonuses	—	—	—	—	—	—	(14)
Net income for the year ended 31 March 2005	—	—	—	—	—	—	3,126
Balance at 31 March 2005	**24,397,023**	**¥ 29,066**	**¥ 15,069**	**¥ 7,597**	**¥ —**	**¥ —**	**¥ 5,776**
Gain on sale of treasury stock	—	—	—	552	—	—	—
Cash dividends	—	—	—	—	—	—	(910)
Directors' bonuses	—	—	—	—	—	—	(3)
Net income for the year ended 31 March 2006	—	—	—	—	—	—	4,707
Balance at 31 March 2006	**24,397,023**	**¥ 29,066**	**¥ 15,069**	**¥ 8,149**	**¥ —**	**¥ —**	**¥ 9,570**

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

Notes to the Non-Consolidated Financial Statements

1. Basis of Presenting the Non-Consolidated Financial Statements

Accounting principles

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

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

The statements of cash flows is required to be prepared in the consolidated financial statements for the years ended 31 March 2007, 2006 and 2005.

2. Accounting Principles and Practices Employed by the Company

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

3. United States Dollar Amounts

The Company maintains accounting records in yen. The U.S. dollar amounts included in the non-consolidated financial statements and notes thereto represent the arithmetical results of translating yen to U.S. dollars at a rate of ¥118.09=US$1. The inclusion of such U.S. dollar amounts is solely for convenience of the reader and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at ¥118.09=US$1 or any other rate.

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

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

5. Stockholders' equity

On 1 April 2006, the Company made a stock split by way of a free share distribution at rate of 2 shares for each outstanding share, and 24,397,023 shares of common stock with no par value were issued to stockholders of record on 31 March 2006.

Stated capital was not changed as a result of this stock split.
The starting date of the dividend computation for the stock split was set on 1 April

Investor Information

As of 1 July 2007

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
10,356(group), 7,520(parent) (as of 31 March 2007)

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
22,559 (as of 31 March 2007)

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
Member, Board of Director	Taiki Yoshioka Kichiro Takao Yoko Kamiyama
Corporate Executive Officer	Masaaki Muta Hiroshi Kaizuka Nobuhiko Fujimoto Masayuki Tada Yoichi Kawano
Corporate Senior Officer	Kunio Shimofusa Masatoshi Kouno Tsutomu Kawase Tsunetaka Miyaryo Hiroyuki Morita Kazuhiko Yamaki Yasuhiro Hayami Koji Okamoto Hirofumi Inoue Kazuhiro Shimizu Kimihide Okino Kazuhiro Umemura Akira Miyake
Corporate Officer	Hiroyuki Uchimura Keisuke Yoshida Kenshi Matsubara Yutaka Kojima Yoshihiro Uematsu Shunji Hidaka Yuichiro Kubo Masato Ogino Masatoshi Araki Hiroyuki Kohara
Standing Auditor	Mitsuo Ishii
Auditor	Teruyuki Hiiro Kazushi Watanabe Toshiaki Nakamura