

To Our Shareholders and Investors

April 1, 2011 to September 30, 2011

Business Report



Your Global IT Partner.

[Management Philosophy]

The level of our customers' satisfaction is a measure of the value of our existence, and the professional development of all our employees creates that value and our future.

1 Our Commitment to Clients

- Keep abreast of worldwide technical trends, and continually provide high-quality, value-added services by integrating people and technology.
- Build true partnerships that are trusted by customers.

2 Our Commitment to Employees

- Employees are our greatest asset having unlimited potential, and we will make every effort to support education necessary for individual development.
- Extend opportunities fairly, and provide appropriate compensation and new growth opportunities based on achievements and abilities.

3 Our Commitment to Society & Shareholders

- Increase shareholder value through the growth of our group, and also contribute to the progress of society.

trans
cosmos
people & technology

transcosmos inc.
Securities Code: 9715

Efforts in the First Half Ended September 2011

With regard to the business environment surrounding our group, in particular the information services market, and despite continued caution toward IT capital spending, companies' sentiment toward IT investment is taking a turn for the better in light of risk management and BCPs (business continuity plans). The digital marketing market was marked by self-restraint in advertisement in the wake of the Great East Japan Earthquake, but also recovery among the industries which have been in a slump since the global financial crisis in 2008, and a growing number of companies seeking new marketing platforms centering on smartphones, tablet terminals, and social media, reflecting a continued upward trend. As a result, our group incorporated a new slogan for this year—aiming to build a foundation for new growth—focusing on strengthening the sale of services that satisfy companies' needs, and further enhancing our

Net sales: **¥79,030** million

Operating income: **¥4,143** million

Net income: **¥2,363** million

overseas development to meet re-accelerated globalization demands.

Recovery of domestic demand and expansion of overseas business activities

In Japan, orders have generally remained firm, especially in business process outsourcing services that support the improvement of operational efficiency of companies, and in digital marketing services in high demand. In the overseas market, meanwhile, our group has aggressively provided services to Western and Asian companies as well as to Japanese companies overseas, armed with our strong structural base as a service provider centering on Asian markets and our ability to ensure Japanese quality.

Significantly improved profitability

We have addressed profitability improvement through such efforts as the reduction of the cost ratio by ongoing reviews of unprofitable/low profit operations and the reduction of selling, general and administrative expenses by streamlining and cutting costs in other than direct operations.

Efforts in the Future

It is expected that the Japanese economy will continue to face uncertainties due to fiscal problems among Western countries, fears of a slowdown of economic growth in emerging countries, which have been leading the world

economy, an unprecedentedly strong yen, and the impact of a slump in the stock market on corporate earnings. Keeping a close eye on the trends among client business activities, our group will continue to focus on creating and providing services which satisfy clients' needs, while achieving higher group sales, cost reductions, and improvements in operational efficiency. In addition, our group will strive to strengthen operating bases in growth regions by enhancing businesses in Asian markets, focusing on China.

It is difficult to assess the impact of the sharp appreciation of the yen as well as that of power shortages from the earthquake on future business trends, and because it is also currently difficult to assess the effect of these factors on our consolidated earnings, forecasts for consolidated earnings for the period ending March 2012 have not yet been determined but will be announced as soon as possible.

To Our Shareholders and Investors

For the period ending March 2012 there will be no interim dividend. Since it is currently difficult to forecast earnings, the year-end dividend has not yet been determined. These forecasts will be announced as soon as possible.

We appreciate the continued support and cooperation of our shareholders and investors as we move into the future.

December 2011

President and COO **Masataka Okuda**

Launched "Coremetrics," an SaaS-type solution

In the field of online marketing, we and IBM Japan, Ltd. worked together in providing new solutions centering on "Coremetrics," IBM's SaaS (software as a service)-type solution to achieve optimization and automation in the field of online marketing, which is becoming increasingly diversified and complex.



Selected for Global Outsourcing 100® two years in a row

We ranked 46th in the world in the 2011 Global Outsourcing 100® and were among the top 10 on outsourcer sub-lists in China, Southwest Asia, and Japan as selected by the International Association of Outsourcing Professionals (IAOP®). By industry sub-lists, we were included among the world's best 20 outsourcers for retail, consumer goods, IT and CRM (customer relationship management).



Introduced virtual technology to the BPO infrastructure

We have introduced VDI (virtual desktop infrastructure) to the infrastructure of our overseas subsidiary transcocosmos (Thailand) Co., Ltd., which provides offshore Japanese call-center and BPO (business process outsourcing) services. The introduction of this virtual technology will promote energy-saving and cost reductions while preventing information leaks and providing BCP (business continuity plan) support.



Enhanced Chinese VOC analysis desk service

We began selling the Chinese language version of the SaaS text mining tool "Visualization Engine" developed and sold by Plus Alpha Consulting Co., Ltd. With the existing "Chinese VOC (voice of customer) Analysis Desk Service," it is possible to further provide services in accordance with the individual needs of client companies.



Partnered with U.S. company Wildfire Interactive, Inc., a social media marketing platform provider

We have partnered with the U.S. company Wildfire Interactive, Inc, with a track record of over 150,000 projects, and started providing the "Wildfire" social media marketing platform on Facebook and Twitter in Japan. We will provide companies with total support for promotion campaigns utilizing social media such as Facebook and Twitter.



Contracted for Okinawa Prefecture's "DTP & Web Design Service Manpower Development"

We and the group subsidiary Web Works Co., Ltd. have contracted to undertake "DTP & Web Design Service Manpower Development" which is a manpower development program conducted by Okinawa Prefecture. Training is provided for currently unemployed job seekers who reside in the prefecture to help them acquire immediately employable skills, which will lead to a lower unemployment rate and job creation.



BtoC Business to Consumer

We operate businesses utilizing the Internet and consortiums with Japan's top-notch companies in diverse fields that include "Sankei Digital Inc.," a joint venture with Sankei Shimbun Co., Ltd., "Watch Me! TV," with Fuji Television, and "Forecast," with Nippon Television. We offer a platform for brand support and media channel development, such as "meet-me."



CC Call Center Services

We provide outsourcing services that include call center operations, which provide professional responses to inquiries and complaints from customers regarding the products and services offered by companies, and fulfillment services for the collection, input, and issuance of business forms, applications, and vouchers.



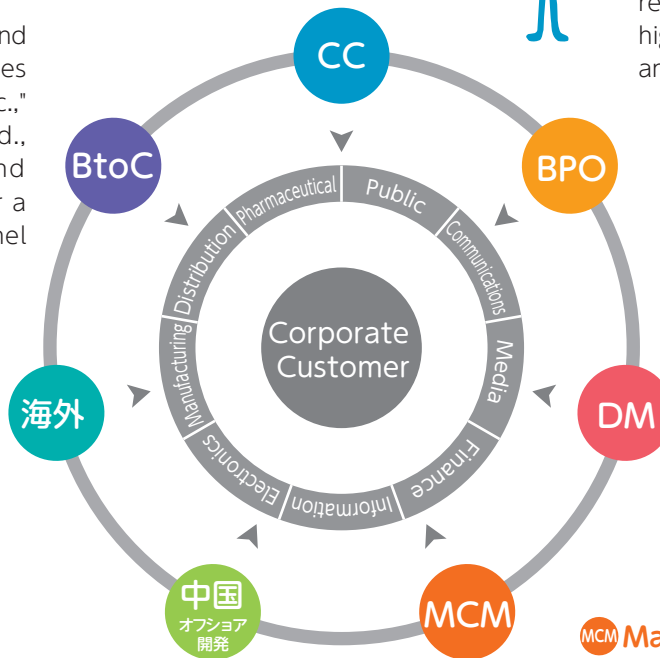
海外 Global Services

We provide call center services and digital marketing services to support overseas market penetration focusing on Asia, including South Korea and China. Utilizing overseas resources, we offer high-quality business process outsourcing services in Japanese at low cost for companies in Japan.



中国 Offshore System Developing Services

We have offshore development services whereby software and systems are developed and operated in China and provided to Japanese companies. Through the use of centers in China, we are achieving significant cost reductions in areas including system development, facilities, personnel and infrastructure, while providing the quality and technology equivalent to those in Japan.



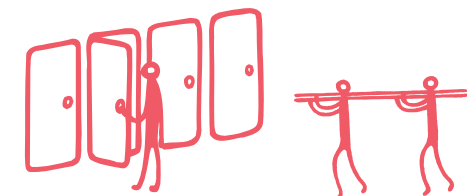
BPO Business Process Outsourcing Services

We provide outsourcing services that support client companies' IT, operations, and design departments. As a specialist, we offer one-stop outsourcing services for non-core operations, which allows client companies to allocate their resources to core businesses, resulting in higher operational efficiency, lower costs, and strengthened competitiveness.



DM Digital Marketing Services

We provide one-stop digital marketing services such as Internet advertisement, website creation, and mobile services. We also support companies' promotional activities through social media networks such as Facebook and Twitter, and on smartphones and tablet terminals.



MCM Marketing Chain Management Solution Services

Using cutting edge technologies, we support companies' marketing activities such as surveys, analyses, and data mining, by providing specialized analysts and operators. In addition, in coordination with call center businesses and digital marketing businesses, we collect and analyze feedback from customers to support companies' communication activities with consumers.



All Nippon Airways Co., Ltd.

Improving convenience and sales promotion by developing an Android™ application, utilizing our wealth of experience and know-how

We signed up with All Nippon Airways Co., Ltd. (hereinafter, "ANA") for developing its Android™-compatible application for a "Tabidachi Space" website, an online forum that allows Tabidachi members and flight attendants to share travel information. Working in close cooperation with ANA and its group companies, we developed the application in approximately three months, timed with the release of the new Android™ device. Since its release, the number of application downloads and ticket reservations have exceeded the 200% target. Through multiple devices and in partnership with social media networks, such as Facebook and Twitter, ANA has been able to approach a broad range of users.

DM Digital Marketing Services

Issues	Service Introduced
Brand enhancement and customer satisfaction improvement through development of Android application	Website creation/application development service for smartphones

Results

- 1 Developed Android™ application in a short period.
- 2 Provided knowledge and know-how cultivated through abundant development experience.
- 3 Deployed support service through multiple devices.

Voice



We were assured by the smooth progress and high-level management skills, despite the time limitation.

Offering numerous practical solutions that could never have been found were it not for their development experience and know-how, transcosmos inc. came up with a high-quality application that met our expectations. With complete control and management of the issues, they were able to clarify everyone's responsibilities and find appropriate solutions, making them not simply developers, but close partners.

Customer's Voice



Noboru Yamamoto
All Nippon Airways Co., Ltd.
Consumer Sales and Marketing
Sales Systems
Customer Team Leader



Yoshinobu Maeda
All Nippon Airways Co., Ltd.
Consumer Sales and Marketing
Web Sales—Web Planning
Team Chief

Im Co., Ltd.

EC site for smartphones meets user needs, enabling access increase by 200% in one month!

We signed up with Im Co., Ltd., which deploys various content through an EC (electronic commerce) site, including "Rice Force" cosmetics containing ingredients derived from rice, for developing its EC site for smartphones. We designed the EC site in detail from the viewpoints of both system and interface design, so as to make maximum use of smartphone functions and increase convenience for the user. We also enabled its access from a wide range of smartphones through repeated verification with actual devices and various models. As a result, access by iPhone was up 200% in one month since its release.

DM Digital Marketing Services

Issues	Service Introduced
Optimization of smartphone devices and improvement of the usability of the EC site	Total solution for smartphones

Results

- 1 Implemented smooth movement and operability of active content using JavaScript.
- 2 Enhanced convenience for the user through detailed attention to operability and design.
- 3 Significant increase in access due to improved usability.

Voice



transcosmos fulfilled all of our wishes, and we were able to develop a satisfactory, high-quality site.

Since the development of the site for smartphones was an advanced and first-time effort for our group companies, we were feeling our way every day. Thanks to the leadership of experienced transcosmos specialists, we were able to move forward, and learned a great deal through the development process. It was reassuring that transcosmos deployed not as an individual, but rather as a team, in which close communication and information sharing were well-implemented.

Customer's Voice



Yumiko Mori
Im Co., Ltd.
Director
Web Promotion Div.
Multimedia Dept.

Consolidated Balance Sheets

(Millions of yen)

	As of Sept. 30, 2011	As of Mar. 31, 2011
● Assets		
Total current assets	64,545	61,102
Non-current assets	27,333	29,031
Total assets	91,878	90,134
● Liabilities		
Total current Liabilities	29,228	32,105
Total non-current liabilities	16,791	13,618
Total liabilities	46,020	45,723
● Net assets		
Stockholders' equity	44,948	43,943
Total valuation and translation adjustments	(2,818)	(2,902)
Minority interests	3,729	3,369
Total net assets	45,858	44,410
Total liabilities and net assets	91,878	90,134

Consolidated Statements of Income

(Millions of yen)

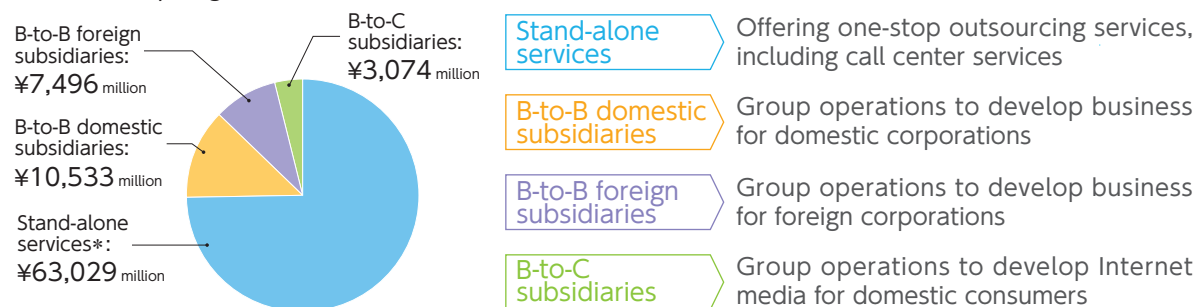
	1H FY2012 Apr. 1 - Sept. 30, 2011	1H FY2011 Apr. 1 - Sept. 30, 2010
① Net sales	79,030	74,350
Cost of sales	64,630	61,269
Gross profit	14,400	13,081
Selling, general and administrative expenses	10,256	10,656
② Operating income	4,143	2,425
Ordinary income	4,070	2,481
③ Net income	2,363	2,526

Consolidated Statements of Cash Flows

(Millions of yen)

	1H FY2012 Apr. 1 - Sept. 30, 2011	1H FY2011 Apr. 1 - Sept. 30, 2010
Cash flows from operating activities	4,222	6,284
Cash flows from investing activities	(914)	759
Cash flows from financing activities	(1,891)	1,346
Cash and cash equivalents at end of year	32,708	35,803

■ Net Sales by Segment for 1H FY2012 (Consolidated)



Note: Does not include transactions between segments of ¥5,103 million
 *Stand-alone services means parent company services, exclusive of subsidiaries' services.

① Net sales

Driven by robust orders in our group's core stand-alone services and the expansion of demand for overseas services centering on South Korea and China, consolidated net sales grew by 6.3% on a year-on-year basis.

② Operating income

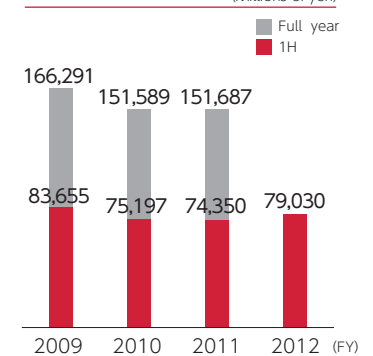
Due to increased net sales, as well as the improved gross profit margin mainly from the stand-alone services and reduced selling, general and administrative expenses, operating income grew by 70.8% on a year-on-year basis.

③ Net income

Due to the reduction of gains on the sale of investment securities, etc., posted in the same period the previous year, and an increase in tax expenses, consolidated net income recorded a year-on-year decrease of 6.4%.

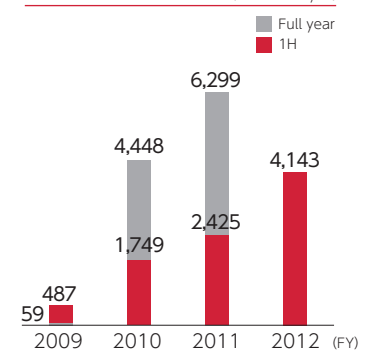
■ Net sales

(Millions of yen)



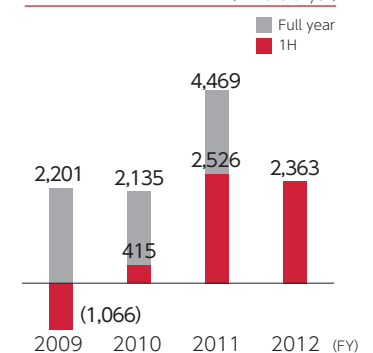
■ Operating income

(Millions of yen)



■ Net income

(Millions of yen)



Impact of the Great East Japan Earthquake

Due to the Great East Japan Earthquake of March 11, 2011, our group's Sendai center temporarily suspended its operations. Approximately 1,000 employees were on duty at the time. Despite the damage, including the temporary interruption of all utilities, we were able to confirm the safety of all employees and manage to resume partial operations in two weeks. By May, we nearly restored operations to the level before the earthquake.

Although the earthquake had no serious impact on our business performance, we are planning to enhance our crisis-management system, including BCPs (business continuity plans), taking into consideration the balance between a decentralized system, which aims to flexibly move operations to other sites in case of a disaster, like that of March 11, and a centralized system, aiming for efficiency.

After the earthquake, we dispatched

volunteers as telephone receptionists to some local governments. Our know-how in call center operations, such as compiling phone calls in a manual and sharing FAQs, and the spirit of helpfulness were highly praised. This is leading to an increase in orders from local governments, and our contribution to the earthquake restoration efforts through our business.

We received a letter of appreciation from the Ground Self-Defense Force (GSDF).

One of our employees was called upon as a "high readiness Self-Defense Forces Reservist" after the earthquake, and engaged in rescue operations in the stricken area. We received a letter of appreciation from the GSDF chief of staff as a company whose employees cooperate in time of disaster.



A letter of appreciation

Shareholder special benefit plan

We have a special benefit plan for shareholders, in which we give a flat 1,000 points to every shareholder holding 1,000 or more shares at the end of March every year. The shareholders can exchange them for selected foods from all over Japan which are carefully chosen from 11 regions where our centers are located, or redeem them in the Donation to Social Contribution Program. For the period ending March 2012, new items are added to the list, such as local products from the Tohoku district, entitled "Don't give up, Tohoku," and donations for the victims of the Great East Japan Earthquake through the Japanese Red Cross Society. We received many applications for this benefit plan from our shareholders.



Application for the benefit plan for the period ending March 2012 has closed. Shareholders will receive the benefit plan catalogue for the next fiscal year at the beginning of June 2012.

As a good corporate citizen CSR activities

We contribute to the development of the economy and society, conduct responsible business activities, and fulfill our corporate social responsibilities (CSR). These perfectly reflect our corporate activities in which all employees are involved, and win trust from our stakeholders as we continually create social value. The following are our CSR activities developed as a part of the business process.

● Diversity promotion activities

transcosmos assist, a specified subsidiary of transcosmos, received an award: "Model Corporation for Improved Employment of Persons with Disabilities."



transcosmos assist inc. received the JEED President's Award as a "Model Corporation for Improved Employment of Persons with Disabilities," sponsored by the Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (JEED), supported by the Ministry of Health, Labor, and Welfare, an incorporated administrative agency. The award is given for improvement in business skills and accuracy, as well as expansion of assignment scope by understanding each employee's business skill level, responding objectively and giving appropriate work directions. These effective structures have been established in the parent company as well as in subsidiary companies.



*transcosmos assist inc. was established in April 2005 as a specified subsidiary of transcosmos with an objective of fostering employment of persons with disabilities. transcosmos assist inc. actively employs persons with mental disabilities including autism and developmental disabilities. It creates an appropriate place of employment where persons with disabilities can utilize their abilities to their fullest extent, supports their active participation in the society, and provides an environment to enhance each employee's potential.

● Environmental practices

We are contributing to the realization of a recycling society with the goal of economic and social development and harmony with the global environment through our business activities. As a global corporation, we have adopted the international standard ISO14001 for environmental management systems at our Shibuya corporate headquarters and our Osaka office, and we are working on continued improvement.

Principal efforts

- Establishment of environmental objectives for each organization: We are targeting the achievement of goals by establishing environmental objectives within each organization and employing the PDCA cycle.
- Promotion of the Eco Office: This summer, we achieved 25% reduction in electricity consumption at our Shibuya corporate headquarters in comparison with that of peak hours of last year. We have been undertaking various environmental activities, such as separating trash.
- Control of paper consumption: Use of multi-function devices with a personalized log management function has led to security improvement and promoted a paperless system.
- Environmental enhancement through business activities: We are committed to environment conservation through business activities, providing services that enable designing and operating business processes that are friendly to the environment, such as improvement of operational efficiency utilizing human resources and information technology, and cooperating with the environmental activities of our corporate clients.
- Employee training: We are raising the environment consciousness of our employees through e-learning and the transmission of information in company newsletters, and the like.

Corporate Information (As of September 30, 2011)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 8,253 Group: 15,590
Major Banks	Sumitomo Mitsui Banking Mizuho Corporate Bank Tokyo-Mitsubishi UFJ Bank Sumitomo Trust & Banking Resona Bank Bank of Yokohama

Stock Information (As of September 30, 2011)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	23,665

Network (As of September 30, 2011)

Head Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan TEL: 81-3-4363-1111 FAX: 81-3-4363-0111
Osaka Main Office	Meijiyasuda-Seimei Osaka Umeda Bldg, 3-3-20, Umeda, Kita-ku, Osaka-shi, Osaka 530-0001(Reception 2F) TEL: 81-6-6457-1600 FAX: 81-6-6457-160
Domestic Locations	Sapporo・Sendai・Yokohama・Nagoya・Wakayama・Fukuoka・Kumamoto・Miyazaki・Okinawa
Overseas Locations	United States (New York・Los Angeles) Korea (Seoul・Busan) China (Beijing, Shanghai, Tianjin, Dalian, Qingdao, Guangzhou, Suzhou, Wuxi, Benxi, Shenzhen) Singapore Thailand (Bangkok)

Principal Stockholders (As of September 30, 2011)

Name	Number of shares (thousand shares)	Ratio of shares (%)
Koki Okuda	7,498	15.37
Masataka Okuda	5,910	12.11
Mihoko Hirai	2,185	4.48
Japan Trustee Services Bank, Ltd. (Account in Trust)	2,056	4.21
Okuda Ikueikai Foundation	1,753	3.59
THE BANK OF NEW YORK - JASDECTREATY ACCOUNT	802	1.64
The Master Trust Bank of Japan, Ltd. (Account in Trust)	659	1.35
Employee Shareholding Association of transcosmos inc.	569	1.17
STATE STREET BANK AND TRUST COMPANY 505103	459	0.94
RBC DEXIA INVESTOR SERVICE TRUST, LONDON - LENDING ACCOUNT	299	0.61

Notes: 1. Other than the above, our company retains 7,649 thousand shares of its own stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to two decimal places.

Directors, Auditors and Corporate Officers (As of September 30, 2011)

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
President & COO	Masataka Okuda
Senior Executive Managing Director	Koichi Iwami
Executive Managing Directors	Hiroyuki Mukai Masakatsu Moriyama Shinichi Nagakura
Member, Board of Directors	Takeshi Natsuno* Jutaro Takinami* Nozomu Yoshida*
Standing Auditor	Hideaki Ishioka
Auditors	Kichiro Takao Kazushi Watanabe* Toshiaki Nakamura*
Corporate Senior Officers	Kunio Shimofusa Hiroshi Kaizuka Masaaki Muta Kokkei Nakayama Yoichi Kawano Masatoshi Kouno Hitoshi Honda
Corporate Officers	Masahito Nonomura Masayuki Tada Yasuhiro Hayami Kazuhiro Yamaki Kazuhiro Umemura Kazuhiro Shimizu

* We have designated three outside board members and two auditors as independent directors with no conflict of interest with general shareholders and have submitted written notification of these matters to the Tokyo Stock Exchange.