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Securities Code: 9715
June 3, 2011

To Those Shareholders with Voting Rights

Masataka Okuda
President and COO
transcosmos inc.
25-18, Shibuya 3-chome, Shibuya-ku,
Tokyo, Japan

NOTICE OF THE 26th ANNUAL GENERAL MEETING OF SHAREHOLDERS

We extend our deepest sympathies to everyone who suffered hardship from the Great East Japan Earthquake.

You are cordially invited to attend the 26th Annual General Meeting of Shareholders. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot using the Voting Rights Exercise Form enclosed herein or electronically via the Company's website on the exercise of voting rights indicated on the Voting Rights Exercise Form (please refer to the instructions on page 3).

Please review the Reference Documents for the Annual General Meeting of Shareholders shown in the following pages and either return the Voting Rights Exercise Form with your vote by postal mail or vote via the Internet by 5:50 p.m. of June 27, 2011 (Monday).

1. Date and Time: 10:00 a.m., Tuesday, June 28, 2011

2. Place: Meiji Yasuda Life Insurance Osaka Umeda Building 13th floor (Meeting Room)
3-20, Umeda 3-chome, Kita-ku, Osaka-shi, Osaka
(The meeting will be held in the building, in which the Company's Osaka Headquarters is located and which is different from the meeting place of the previous year. It was selected in order to avoid any unexpected effects from the Great East Japan Earthquake.)

3. Agenda of the Meeting:

Matters to be reported:
1. Business Report, Consolidated Financial Statements and results of audits by the Accounting Auditor and the Board of Statutory Auditors of the Consolidated Financial Statements for the 26th Fiscal Term (from April 1, 2010 to March 31, 2011)
2. Financial Statements for the 26th Fiscal Term (from April 1, 2010 to March 31, 2011)

Proposals to be resolved:

Proposal No. 1: Appropriation of surplus for the 26th fiscal term
Proposal No. 2: Partial Amendment to the Articles of Incorporation
Proposal No. 3: Election of Ten Directors
Proposal No. 4: Election of One Substitute Statutory Auditor

1. For those attending, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
2. Please be notified beforehand that if it becomes necessary to amend any matters related to the contents described in the attached Reference Documents for the Annual General Meeting of Shareholders, Business Report, Financial Statements, or Consolidated Financial Statements before the day preceding the Annual General Meeting of Shareholders, it will be presented on the Company's website at: (http://www.trans-cosmos.co.jp/e/ir/).

Procedures for the Electronic Exercise of Voting Rights (via the Internet, etc.)

If you prefer to exercise your voting rights via the Internet, please accept the following conditions before exercising your rights.

1. Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (shown below). They can also exercise their voting rights online by mobile phone.
   (Website URL for the exercise of voting rights) http://www.webdk.net
   *** If you have a mobile phone with barcode-reading capability, you can exercise your voting rights via the company-designated website by scanning the "QR code" to the right. For further details on the procedure, please refer to the operation manual for your mobile phone.**
   (QR Code is a trademark of DENSO WAVE INCORPORATED.)
2. If you are exercising your voting rights via the Internet, please enter the code and the password for the exercise of voting rights indicated on the Voting Rights Exercise Form attached herein and follow the instructions on the screen to register whether you approve or disapprove of each proposal.
3. Exercise of voting rights via the Internet is accepted until 5:50 p.m. of June 27, 2011 (Monday). Note, however, that we would like to ask you to exercise your voting rights as soon as possible to ensure that we have sufficient time for tallying the votes.
4. If you exercise your voting rights twice, once by mail and once via the Internet, we will treat your Internet vote as the valid exercise of your voting rights, regardless of the time or date of arrival of your vote.
5. If you exercise your voting rights several times via the Internet, we will treat the most recent vote as the valid exercise of your voting rights.
6. Connection fees payable to the providers and communication expenses payable to telecommunication carriers (including telephone charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.

System Environment for the Electronic Exercise of Voting Rights (via the Internet, etc.)

The following system environment is required for the use of the website to exercise voting rights.

1) Access to the Internet
2) If you are to exercise voting rights using your personal computer, Microsoft® Internet Explorer 6.0 must be installed as your browser. Any PC hardware capable of supporting these browsers will be adequate.
3) If you are to exercise voting rights via mobile phone, the device must be capable of 128 bit SSL telecommunication (encrypted communication). (For security reasons, the Company website is only configured to support mobile telecommunications (encrypted communication). Consequently, certain devices cannot be used. You may also exercise your voting rights using the full browser function of mobile phones, including smartphones, but please note that such exercise may not be possible depending on the mobile phone model.
   (Microsoft® is a trademark of U.S. Microsoft Corporation in the U.S. and other countries.)

Inquiries about the Exercise of Voting Rights via the Internet

If you have any questions about the exercise of voting rights via the Internet, please call one of the following numbers.

Transfer Agent:	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department
Direct Line:	(Toll free) 0120-186-417 (9 a.m. - 9 p.m.; within Japan only)
Inquiries about matters other than exercise of voting rights:	
	(Toll free) 0120-176-417 (Weekdays 9 a.m. - 5 p.m.; within Japan only)

TSE Platform for the Electronic Exercise of Voting Rights

Management trust banks and other nominee shareholders (including standing proxies) who in advance send in applications to use the "Electronic Voting Platform for Institutional Investors" (the "TSE Platform") managed by ICJ Inc., founded by Tokyo Stock Exchange, Inc. and others, may use the TSE Platform as an alternative to the conventional method of online voting described above.

Attached document (1)

BUSINESS REPORT

(from April 1, 2010 to March 31, 2011)

1. Business Overview of the Group

(1) Progress and Results of Operations

In the fiscal year ended March 31, 2011, the Japanese economy was on its way toward a moderate recovery, with increasing exports and production, against the backdrop of global economic recovery mainly in emerging countries such as China and India. This was in spite of negative factors such as a strong yen, ongoing deflation and a severe labor market. However, the Great East Japan Earthquake, which occurred on March 11, 2011, brought devastating damage to the Japanese economy, with immediate impacts such as decoupled supply chains in corporate activities and slowing economic activities due to decreased electricity supply.

In this economic situation, in the information service industry in which the Group develops businesses, companies remained cautious about IT investment; however, they actively began making attempts to improve business performance and accelerate growth by entering Asian markets including China, which maintains its high economic growth, and capturing strong foreign demand.

The Group actively pursued its global strategy, spotting these changes in its business environment. And it continued striving to create and offer high value-added services in order to improve its competitiveness in the domestic market.

As an effort in global business, the Group started “China EC Support Service,” which comprehensively provides chat and call center services, web site development and management, and Internet promotion for companies wishing to develop their e-commerce business. It also started to provide “Chinese VOC Analysis Desk Service” which helps companies to collect, analyze and use customers’ opinions, as expressed at call centers and via the Internet, in the Chinese market.

Meanwhile, the Group expanded its center-based service for call centers, on-site plus center-based service for digital marketing, and center plus offshore-based service for business process outsourcing, reinforcing its system to provide high value-added services.

As a step toward creating new services, the Group started reviewing its business with stay-home operators using a SaaS CRM system.

In terms of operating results, the Group’s profitability significantly improved due to the elimination of non-operational staff in the Company’s services, improved performance at domestic subsidiaries and overseas business being on a growth path, in addition to the effect of reorganizing and unifying the Group companies which took place in the previous fiscal year.

The Group’s office in Sendai temporarily halted operations because of the Great East Japan Earthquake, but resumed them at an early date.

As a result, consolidated operating results for the fiscal year ended March 31, 2011 were as follows. Net sales were 151,687 million yen, up 0.1% from the previous year. As for profit, thanks to the effect of various measures implemented in the previous year, operating income increased 41.6% from the previous year to 6,299 million yen, and ordinary income increased 43.5% from the previous year to 6,512 million yen. Net income increased 109.3% from the previous year to 4,469 million yen owing to the recording of a gain on sale of investment in securities.

The operating results by segment are as follows.

The Company’s services

In the outsourcing service business and other businesses of the Company, sales were 123,667 million yen and segment profit was 5,019 million yen, affected by a decrease in orders in the first half of the year.

BtoB domestic subsidiaries

In the BtoB domestic subsidiaries, sales were 21,719 million yen, and segment profit improved to 516 million yen, affected by the Group reorganization executed in the previous year.

BtoB overseas subsidiaries

In the BtoB overseas subsidiaries, as orders for the call center service in South Korea and China remained high, sales were 13,740 million yen and segment profit was 139 million yen.

BtoC subsidiaries

In the BtoC subsidiaries, affected by the selection and concentration of businesses executed in the previous year, sales were 2,945 million yen and segment profit was 394 million yen.

(2) Issues to Be Addressed

The environment surrounding the outsourcing business is changing considerably along with corporate needs. The Group's business environment changes on a daily basis, with events such as the maturing of markets, intensifying competition, globalization and technological innovation. Consequently, corporate outsourcing needs are changing from traditional ones, which focused on reducing costs, to needs for a management strategy to promptly and properly respond to rapidly changing business environments. Accordingly, the Group, an outsourcing service provider, understands that it is a key management issue to create, maintain and provide flexible and high value-added services to materialize corporate strategies while precisely grasping changing corporate needs. Also, in order to improve the Group's corporate competitiveness, we will focus our efforts on further pursuing global business, which is a high growth domain, and making a more solid management base to ensure stable growth, while continuing to increase efforts to improve customer satisfaction and service quality.

1) Increasing the value added to services

The Group provides comprehensive outsourcing services which help our client companies to increase their sales, reduce their costs, and improve their marketing efficiency and customer satisfaction. The Group does this by providing clients with each service or by integrating the call center service, business process outsourcing service and digital marketing service. In order to further evolve these services, the Group will create and provide unique services which suit changing corporate needs by promptly incorporating state-of-the-art technologies and trends such as stay-home call centers, cloud computing, social media, smart phones and tablet PCs.

2) Pursuit of global business

The Group will reinforce its overseas business development, regarding the global market as a growth area. Starting with an expansion to North America, it is now focusing on business development in the Asian markets such as rapidly growing China and South Korea. In addition to the offshore service which helps companies improve their cost competitiveness, the Group will develop the call center service, digital marketing service and e-commerce support service for overseas markets, utilizing its personnel, well familiar with the Asian market, and its business expertise and know-how which it acquired through its long experience in the Japanese market, in order to establish its uniqueness and predominance in the global market.

3) Developing and consolidating crisis management system

With the Great East Japan Earthquake, which occurred on March 11, 2011, the Group's two offices in Sendai suspended operations; however, there was no serious damage to our employees or facilities, and we were able to resume operations at an early date. It is essential for the Group, which undertakes the operations of its client companies, to continue to develop and consolidate a system which enables it to continue and promptly resume operations in a situation where it is difficult to continue business activities when such a disaster happens. Therefore the Group will improve the precision of its business continuity plan (BCP), bracing for diversifying risks such as disasters, acts of terrorism and accidents, and will reinforce its measures against the expected electricity shortage this summer so that it can continue business through the use of batteries and cooperation with offices in western Japan.

Based on these principles, the whole Company will continue to work together to put its corporate philosophy into practice ("Client satisfaction is the true value of our company, and the growth of every employee creates the value that shapes our future"), to strive to raise corporate value, and to contribute to the progress of our shareholders, client companies, employees, and society by growing our group businesses.

(3) Status of Raising Funds

The Company raised funds of 5,020 million yen by means of long-term borrowings from financial institutions as funds required by the Group.

(4) Status of Capital Investment

There is nothing significant to be noted during the current fiscal year.

(5) Transfers, Absorption-type Splits, or Incorporation-type Splits of Business

There is nothing significant to be noted during the current fiscal year.

(6) Acquisition of Businesses of Other Companies

There is nothing significant to be noted during the current fiscal year.

(7) Succession of Rights and Duties of Other Institutions in Relation to Mergers or Absorption-type Splits

There is nothing significant to be noted during the current fiscal year.

(8) Acquisition or Disposal of the Shares, Other Equities, or Stock Acquisition Rights of Other Companies

There is nothing significant to be noted during the current fiscal year.

(9) Trends of Business Results and Assets of the Group

	FY 2008 (23rd Fiscal Term)	FY 2009 (24th Fiscal Term)	FY 2010 (25th Fiscal Term)	FY 2011 (26th Fiscal Term)
Net sales (millions of yen)	164,771	166,291	151,589	151,687
Ordinary income (millions of yen)	3,677	(1,193)	4,539	6,512
Net income (loss) (millions of yen)	(3,139)	2,201	2,135	4,469
Net income (loss) per share (yen)	(74.37)	55.75	54.30	108.63
Total assets (millions of yen)	97,098	88,092	91,637	90,134
Net assets (millions of yen)	49,760	39,560	41,425	44,410
Net assets per share (yen)	1,047.98	871.39	922.62	997.46

Note: Net income per share is calculated by deducting the average number of treasury shares in each fiscal term from the average total number of shares issued in each fiscal term. Net assets per share are calculated by deducting the number of treasury shares as of end of the term from the total number of issued shares as of end of the term.

(10) Status of Parent Company and Major Subsidiaries

1) Relationship with the parent company

Not applicable.

2) Major subsidiaries

Name	Capital	Ratio of voting	Principal business
J-Stream Inc.	2,182 million yen	45.2%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	600 million yen	60.2%	System integration business for GIS/manufacturers
transcosmos Korea Inc.	KRW5,302 million	75.3%	Call center business in South Korea
Transcosmos CRM Okinawa Inc.	100 million yen	100%	Call center business in Japan

(11) Principal Business of the Group (As of March 31, 2011)

The Company Group mainly engages in call center services, business process solutions services, digital marketing services, overseas services, and BtoC services.

(12) Principal Business Offices of the Group (As of March 31, 2011)

Offices	Locations
Head Office of the Company:	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Headquarters and Branch Offices:	Osaka, Nagoya, Wakayama, Fukuoka
Domestic Offices:	Sapporo, Sendai, Kawaguchi, Tokyo, Yokohama, Nagoya, Osaka, Wakayama, Fukuoka, Kumamoto, Miyazaki, Okinawa
Overseas Offices:	U.S.A. (New York, Los Angeles), Korea (Seoul, Busan), China (Beijing, Shanghai, Tianjin, Dalian, Qingdao, Guangzhou, Suzhou, Wuxi, Benxi, Shenzhen), Singapore, Thailand (Bangkok)

(13) Employees (As of March 31, 2011)

1) Employees of the Group

Business segment	Number of employees	Number of temporary employees
Company’s services	8,494	13,704
BtoB domestic subsidiaries	1,178	2,841
BtoB overseas subsidiaries	5,178	1,947
BtoC subsidiaries	202	17
Total	15,052	18,509

2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
8,494 (13,704)	-541 (+331)	32 years, 11 months	6 years, 10 months

Note: “Number of employees” refers to the number of employees actually working at the Company. Number of temporary employees is separately indicated in parentheses, which shows the average number in the current fiscal year.

(14) Major Creditors (As of March 31, 2011)

Creditor	Loan outstanding (millions of yen)
Mizuho Corporate Bank, Ltd.	4,700
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,562
Sumitomo Mitsui Banking Corporation	3,265

2. Matters Concerning Shares of the Company (As of March 31, 2011)

(1) Total number of shares authorized to be issued: 150,000,000 shares

(2) Total number of shares issued: 48,794,046 shares

(number of shares constituting one unit: 100 shares)

(3) Number of shareholders at end of the fiscal year: 24,838

(of which 20,861 shareholders hold unit shares)

(4) Top ten major shareholders

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
Koki Okuda	7,498	18.3
Masataka Okuda	5,910	14.4
Mihoko Hirai	2,185	5.3
Okuda Ikueikai, Foundation	1,753	4.3
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,571	3.8
Master Trust Bank of Japan, Ltd. (Account in Trust)	734	1.8
Employee Shareholding Association of transcosmos inc.	528	1.3
STATE STREET BANK AND TRUST COMPANY 505103	440	1.1
THE BANK OF NEW YORK – JASDECTREATY ACCOUNT	411	1.0
Japan Trustee Services Bank, Ltd. (Account in Trust 4)	288	0.7

Notes:

1. Although the Company holds 7,648 thousand shares of treasury stock, it is excluded from the top ten major shareholders above. Shareholding ratio is calculated by excluding treasury stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to the nearest first decimal.

3. Matters Concerning the Stock Acquisition Rights, etc. of the Company

(1) Stock Acquisition Rights, etc. Held by the Company's Officers (As of March 31, 2011)

	First Stock Acquisition Rights 2005	
Number of persons holding the Stock Acquisition Rights and the Number of Stock Acquisition Rights	(Persons)	(No. of the rights)
- Directors (excluding Outside Directors)	6	123
- Outside Directors	0	0
- Statutory Auditors	1	4
Class of shares subject to Stock Acquisition Rights	Common stock	
Number of shares subject to Stock Acquisition Rights	25,400 shares	
Property value to be contributed when the Stock Acquisition Rights are exercised (per share)	2,270 yen	
Exercise Period for Stock Acquisition Rights	July 1, 2007- June 30, 2011	
Conditions for exercising the Stock Acquisition Rights	The stock acquisition rights holder must be posted as a director, statutory auditor, executive officer, or employee of the Company or of any of the subsidiaries of the Company as of the exercise date of the right.	

(2) Stock Acquisition Rights Delivered to the Company's Employees During the Fiscal Year

Not applicable.

4. Corporate Officers (As of March 31, 2011)

(1) Directors and Statutory Auditors

Position	Name	Assignment or principal responsibilities
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Senior Managing Director	Koichi Iwami	Chief of Service Division
Executive Managing Director	Hiroyuki Mukai	Chief of Sales Division
Executive Managing Director	Masakatsu Moriyama	General Manager of BtoC Business Development Division and "meet-me" Sales Promotion Department
Executive Managing Director	Shinichi Nagakura	Chief in charge of Portfolio Management Department and President and CEO of transcosmos America, Inc.
Outside Director	Takeshi Natsuno	
Outside Director	Jutaro Takinami	
Outside Director	Nozomu Yoshida	
Standing Statutory Auditor	Hideaki Ishioka	
Statutory Auditor	Kichiro Takao	
Outside Statutory Auditor	Kazushi Watanabe	
Outside Statutory Auditor	Toshiaki Nakamura	

Notes:

1. Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida are Outside Directors.
2. Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura are Outside Statutory Auditors.
3. Outside Statutory Auditor Toshiaki Nakamura is a certified public tax accountant and possesses considerable expertise and experience in finance and accounting.
4. Apart from the above, Directors who concurrently hold significant positions at other companies are as follows:
   (1) Executive Vice President and Director Koichi Iwami concurrently holds the positions of Chairman of transcosmos Information System (Shanghai) Co., Ltd., Chairman of transcosmos MCM Shanghai Co., Ltd. and Chairman of transcosmos BPO China Co., Ltd.
   (2) Senior Managing Director Masakatsu Moriyama concurrently holds the position of Representative Director of Kabushiki Kaisha Co-Core Inc.
   (3) Executive Managing Director Shinichi Nagakura concurrently holds the position of President and CEO of transcosmos America, Inc.
5. The Company has designated Outside Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida, and Outside Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.

(2) Outside Corporate Officers

1) Status of positions held in other organizations as executive officer and relation of said other organizations with the Company

Outside Director Takeshi Natsuno concurrently holds the positions of Director of PIA Corporation and Director of DWANGO Co., Ltd. The Company has business relationship with PIA Corporation.

Outside Director Nozomu Yoshida concurrently holds the position of Representative Director of takibi, Inc. The Company has business relationship with takibi, Inc.

2) Status of positions held in other organizations as Outside Directors and relation of said other organizations with the Company

Outside Director Takeshi Natsuno concurrently holds the positions of Part-time Director of NTT Resonant Inc., Outside Director of Sega Sammy Holdings Inc., Outside Director of SBI Holdings, Inc. and Outside Director of GREE, Inc. The Company has business relationships with NTT Resonant Inc., SBI Holdings, Inc. and GREE, Inc.

Outside Director Jutaro Takinami concurrently holds the positions of Part-time Director of APPLIED TECHNOLOGY CO., LTD. and Outside Director of Transcosmos Technologies Inc. Both companies are subsidiaries of the Company.

Outside Statutory Auditor Toshiaki Nakamura concurrently holds the position of Outside Statutory Auditor of RISO KYOIKU CO., LTD. There is no special relationship between the Company and the company.

3) Liability Limitation Agreement with Outside Directors and Outside Statutory Auditors

The Company has entered into, with each of Outside Directors and with each of Outside Statutory Auditors, the liability limitation agreement, which limits liability for damage under Article 423 (1) of the Corporation Law pursuant to the provisions of Article 427 (1) of the Corporation Law.

The maximum amount of liability for damage under such agreement is 1 million yen or the amount provided for in Article 425 (1) of the Corporation Law, whichever is higher, for Outside Directors Takeshi Natsuno and Jutaro Takinami; and 1 million yen or the amount provided for in Article 425 (1) of the Corporation Law, whichever is higher, for Outside Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura.

(3) Principal Activities of Outside Corporate Officers

Principal Activities at Board of Directors' and Board of Statutory Auditors' Meetings during the current fiscal year

Name of Outside Corporate Officers	Position	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings (Number of times)	Main comments
Takeshi Natsuno	Outside Director	11/12 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Jutaro Takinami	Outside Director	12/12 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Nozomu Yoshida	Outside Director	10/10 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Kazushi Watanabe	Outside Statutory Auditor	12/12 13/13	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Toshiaki Nakamura	Outside Statutory Auditor	12/12 13/13	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.

(4) Remuneration paid to Directors and Statutory Auditors

Category	Number of Directors and Statutory Auditors paid	Amount paid
Directors (Outside Directors among the above)	11 (4)	211 million yen (41 million yen)
Statutory Auditors (Outside Statutory Auditors among the above)	4 (2)	30 million yen (12 million yen)
Total	15	241 million yen

Notes:

1. A resolution of the General Meeting of Shareholders limits the remuneration to Directors to 50 million yen per month. (Annual General Meeting of Shareholders held on June 27, 1997)
2. A resolution of the General Meeting of Shareholders limits the remuneration to Statutory Auditors to 5 million yen per month. (Annual General Meeting of Shareholders held on June 25, 1988)

5. Principal Activities of the Accounting Auditor

(1) Name of the Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Remuneration paid to the Accounting Auditor during the current fiscal year

Total remuneration to be paid during the current fiscal year of the Company (Note)	120 million yen
Total amount of money and other profits from properties to be paid by the Company and its subsidiaries to the Accounting Auditor	185 million yen

Note: The Audit agreement between the Company and the Accounting Auditor does not separate or is unable to effectively separate audit remunerations for audits under the Corporation Law and audit remunerations for audits under the Securities and Exchange Law. Accordingly, the amount described above does not separate these two types of payment.

(3) Audits of subsidiaries

Among the major subsidiaries of the Company, transcosmos Korea Inc. underwent legal audits by certified public accountants or accounting auditor other than the Company's Accounting Auditor (including overseas accountants with qualifications similar to those of these accountants).

(4) Summary of the Liability Limitation Agreement

Not applicable.

(5) Policy on determining the dismissal or non-reappointment of the Accounting Auditor

If the Accounting Auditor commits or causes any violations of or conflicts with the provisions of the Corporation Law, the Certified Public Accountant Law, or any other laws or regulations of Japan, or if there is any considerable doubt therefore, the Board of Directors will, after obtaining the consent of the Board of Statutory Auditors, submit a proposal for the dismissal or the disapproval of reappointment of the Accounting Auditor to the General Meeting of Shareholders. If any of the provisions of Article 340, Paragraph 1 of the Corporation Law applies to the Accounting Auditor, the Board of Statutory Auditors will dismiss the Accounting Auditor upon the unanimous approval of the Statutory Auditors. Further, the Board of Statutory Auditors may decide on the reappointment or the disapproval of reappointment by taking into consideration the length of years the Accounting Auditor has served in his or her office.

6. Corporate Structure and Policies

(1) Corporate Structure to Ensure Legal Compliance and Compliance with the Articles of Incorporation in the Execution of Duties by Directors and Other Corporate Structure to Ensure the Properness of Operations

1) Corporate structure to ensure legal compliance and compliance with the Articles of Incorporation in the execution of duties by Directors

In order to satisfy corporate social responsibility, compliance with laws and regulations, and compliance with the Articles of Incorporation, the Company ensures that Directors adhere to the Compliance Charter, the Code of Conduct, and the Compliance Rules in the execution of duties. The Company will further raise the awareness of all of the Directors on matters of compliance through training and ensure the execution of duties based on these principles.

The Meeting of Board of Directors, which is to be held once a month in principle, will be operated in accordance to the Board of Directors Regulations. Communication among the Directors is encouraged, and the Directors will oversee the execution of one another’s duties. The Statutory Auditors will also participate in the Board Meetings and oversee the execution of the duties of the Directors to ensure that such duties are performed in accordance with all relevant laws. Outside Directors will also be present at the Board Meetings and work to enhance management oversight functions.

Through the implementation of the laws and regulations related to internal control, the Company has once again drawn up a set of basic plans for the establishment of a stronger system for internal control, with the cooperation and support of attorneys, certified public accountants, and other external consultants.

2) System for the storage and management of information in relation to the execution of duties by the Directors

Important decision-making and reports are made in accordance with the Board of Directors Regulations.

Documents related to the execution of duties and other information shall be handled in compliance with the Document Management Rules, Information Management Rules, and Insider Trading Rules. Inspections will be carried out to confirm whether these rules are applied properly, and each rule will be reviewed as necessary.

The administrative work related to these matters, including the inspections to confirm whether the rules are applied and the reviews of the procedures, will be managed under the control of the General Manager of the Business Administration Division and reported to the Board of Directors in a timely manner.

To ensure efficient execution of business, the Company shall endeavor to further promote a system for the rationalization of business and implementation of the IT system.

3) Rules related to the management of the risk of loss and other systems

As stipulated under the Internal Audit Regulations, the Internal Audit Office, an organization under the direct supervision of the President, will prepare an audit plan based on careful consideration of the items to be audited and the audit methods, and conduct the audit in accordance with the plan.

If any breach of law, regulations, or the Articles of Incorporation is discovered through an audit by the Internal Audit Office, or if any business act which may lead to a risk of loss due to other causes is found, the matter shall be reported immediately to the President.

The Compliance Department will be in charge of risk management in accordance with the basic rules on risk management.

Each department will conduct risk management in relation to its respective sector and has built a system to report matters promptly to the Compliance Department in case a risk of loss is discovered. To facilitate the collection of risk information, the Company will familiarize employees with the importance of the existence of the Compliance Department and instruct them to promptly report any risk of loss they discover through the organization.

The information management system will be strengthened in accordance with the rules on the protection of privacy marks and other personal information.

4) System to ensure the efficient execution of duties by the Directors

The Company will ensure the efficient performance of business and implement an assessment and remuneration system linked to the performance results by drawing up an annual plan, medium term management plan, etc., clarifying the objectives to be achieved by the Company, clarifying the organization and business targets with which each Director will be charged, and then by having the Board of Directors review the level of target achievements and feed back the results.

In accordance with the Board of Directors Regulations, the Rules on the Division of Authorities, and the Document Approval Rules, the Company will clarify the authoritative powers and the responsibilities of the Directors.

The Directors will manage and oversee the execution of business by the Executive Officers.

The Company will simplify its processes to ensure that decisions can be made promptly in accordance with the rules of management meetings. Decisions on significant matters shall be made promptly and with care at management meetings comprising the representative directors.

5) System to ensure that the execution of duties by the employees complies with laws and regulations, and the Articles of Incorporation

The Company will see to it that all of employees are familiar with the Compliance Charter, Code of Conduct, and Compliance Rules, to ensure that the employees fulfill their social responsibilities and comply with all relevant laws and regulations, and the Articles of Incorporation in the execution of their duties.

Anti-social elements threatening the order and safety of civil society will be approached with a resolute attitude by the organization as a whole and an internal system excluding business and all other relationships with these elements shall be developed based on the Code of Conduct.

The Compliance Department will name an executive officer in charge of the department as the responsible person, and plan for and implement compliance programs regularly. The Company will raise employees' knowledge of compliance and create a mindset that adheres to compliance by holding training sessions on compliance and preparing and distributing manuals.

The Company will create hotlines in order to establish an environment in which internal whistleblowers may easily provide information.

6) System to ensure the properness of operations by the Company group made up of the Company and its subsidiaries

In order to confirm whether there is any information suggestive of a risk to the Company group made up of the Company and its subsidiaries, the departments in charge of the Company's subsidiaries will take necessary measures for the management of the subsidiaries in accordance with the management rules of the affiliated companies, as called for by the situations of the subsidiaries.

If the departments in charge of the subsidiaries discover any risk of loss of the subsidiaries, it will promptly notify the representative directors of the details of the risk of loss discovered, the level of possible loss, and the influence on the Company.

The Company will dispatch its personnel as Directors or Statutory Auditors to the subsidiaries, and the dispatched directors will attend the Board of Directors' Meetings of the subsidiaries and manage the operations of the subsidiaries.

In order to prevent improper transactions or accounting procedures between the Company and the subsidiaries, the Internal Audit Office will conduct audits, as necessary.

The Group periodically holds a Statutory Auditors Group Meeting constituted of Standing Statutory Auditors of the Company and major subsidiaries and takes measures to raise efficiency and effectiveness of audits.

7) Matters related to employees appointed for the support of Statutory Auditors when so requested by Statutory Auditors

If the Statutory Auditors request the Company to appoint employees to assist them in their work, the representative directors will select one or more suitable employees promptly after considering the reasons for their assignment as assistants to the Statutory Auditors, the number of employees to assign, and the conditions and period of the assignment.

8) Matters related to the independence of the employees described in 7) above from Directors

Employees who are to assist the Statutory Auditors in their work will support the auditing business of the Statutory Auditors under the direction and supervision of the Statutory Auditors. Transfers, evaluation, and disciplinary measures of such employees shall be carried out with the prior consent of the Board of Statutory Auditors.

9) System for reporting to the Statutory Auditors by Directors and employees, and other systems for reporting to the Statutory Auditors

Directors and employees shall report to the Statutory Auditors regularly on the following items, and the Statutory Auditors will attend the Board of Directors' Meetings and other important meetings for briefing.

- Matters to be resolved and matters to be reported at the Board of Directors' Meetings
- Monthly, quarterly, and annual business results, earnings forecasts, and financial conditions
- Details of significant disclosure materials
- Significant organizational and personnel changes
- Matters that may cause material loss to the Company
- The Company's significant accounting principles, accounting standards, and any changes thereto
- Activities of the Internal Audit Office and the Compliance Department
- Other significant matters for approval, or for resolution

If any other event determined by the Statutory Auditors to require reporting occurs, it shall be promptly reported.

10) Other system to ensure that audits by the Statutory Auditors will be effectively conducted

The Directors and employees will work to deepen their understanding of the audits by the Statutory Auditors and to improve the environment for the audits by the Statutory Auditors.

The representative directors will exchange opinions regularly with the Statutory Auditors and establish a system to help the Statutory Auditors communicate efficiently with the Internal Audit Office and perform effective auditing services.

11) System to conduct timely and appropriate disclosures

The Company will keep the officers and employees well informed in accordance with the Timely Disclosure Rules, and establish a reporting line of disclosure information within the Company group consisting of the Company and the subsidiaries. The propriety of the details will be secured, and timely and appropriate disclosures will be achieved at the management meetings.

(2) Basic Policy Regarding the Control of the Company

Basic Policy regarding persons who control decision on the Company's financial and business policies

1) Details of the Basic Policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who understand the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and the common interests of its shareholders.

If any party proposes a purchase involving a transfer of corporate control of the Company, the Company believes that the decision on the proposed purchase shall be ultimately made based on the intent of the shareholders as a whole. Also, the Company would not reject a large-scale purchase of the Company's shares if it would contribute to ensuring and enhancing the Company's corporate value and the common interests of its shareholders. Nonetheless, there are several forms of corporate acquisition that benefit neither the corporate value of the target company nor the common interests of its shareholders, such as the following: those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's Board of Directors and shareholders to consider the terms of the large-scale purchase, or for the target company's Board of Directors to make an alternative proposal; and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for the shareholders than those presented by the acquirer.

The Company places importance on the level of customer satisfaction, and strives to maintain and improve its corporate value. The Company thinks that the source of its corporate value lies in: (a) its comprehensive technological capabilities which it has accumulated since its foundation as a pioneer in the information processing outsourcing business, (b) the existence of people who can fuse state-of-the-art technologies in quick response to environmental changes and (c) various stable and long-term relationships with customers which were built by utilizing the strength as an independent corporation. If these sources of the corporate value are not understood and these elements are not secured and improved over the mid-to-long-term by the acquirer of a proposed large-scale purchase of the Company's shares, the Company's corporate value and the common interests of its shareholders will be harmed. The Company believes that it is necessary to ensure its corporate value and the common interests of its shareholders by taking necessary and reasonable countermeasures against such abusive purchases.

2) Summary of specific measures to realize the Basic Policy

a) Special measures to realize the Basic Policy such as effective use of the Company's assets and proper formation of the Company group

Medium-term Business Plan, etc.

The Company, with the understanding of the sources of its corporate value, will endeavor to improve the corporate value of the Company and common interest of shareholders by implementing the following measures under the principle of "customer first" which it has upheld since its foundation.

(i) Provision of services to globalizing market

Since the Company launched its business in China in 1995 and entered the system development market (offshore development) providing high quality services at a low cost, it has accelerated the structuring and development of the service system in the global market such as local call center services, digital marketing services, and business process outsourcing services. In preparation for globalization of client needs, the Company will strive to strengthen its global competitiveness by promoting globalization of its core business, i.e., call center services, establishing call center bases in Asia including China, South Korea, and Thailand, and providing global call center services that offer assistance in 10 major languages in Asia.

(ii) Provision of services specific to business categories and operations

The business environment is changing rapidly as indicated in amendments to laws. With the changes in the business environment, needs in outsourcing have diversified and issues specific to each industry sector and business category have been revealed. The Company has adopted an industry-sector-based structure in order to comprehensively respond to diversified needs. The Company secures qualified personnel and technology in each industry sector and business category, and endeavors to improve its service structure to enable it to provide the best services in each industry sector.

(iii) Provision of services with high value-added and high quality in cooperation with Group companies

The Company has not only its original services but also various subsidiaries that are highly specialized in their analytical abilities and technology. The Company will seek to provide high value-added and high quality services by strengthening cooperation with Group companies and creating higher business synergy based on the management ability of the Company's personnel, and strengthen its cost competitiveness with its originality and comprehensive ability.

To strengthen its corporate governance

In order to realize transparent and fair management, the Company's policy is to limit the tenure of directors to one year. In addition, it has strengthened the monitoring function on management by making three out of ten directors be independent outside directors. Also, it has introduced an operating director system in an attempt to enhance its responsiveness to changes in the business environment by expediting the decision-making process. The Board of Statutory Auditors consists of four Statutory Auditors including two Outside Statutory Auditors, and they attend important meetings such as the Board of Directors meetings and conduct audits on the Company and subsidiaries in and outside Japan, auditing the execution of duties by Directors. The Company has registered three Outside Directors and two Outside Statutory Auditors with the Tokyo Stock Exchange as independent director/auditors.

(b) Measures to prevent inappropriate persons from controlling the financial and business policy decisions of the Company in light of the basic policy

(i) The Company introduced a plan as a countermeasure to any act of substantial acquisition of the Company shares (countermeasure to acquisition) (the "Plan") as of July 1, 2009. This was based on the resolution of the Board of Directors Meeting held on May 20, 2009 and the resolution of the 24th Annual Shareholders Meeting held on June 25, 2009. A summary of the Plan is shown in (ii) below.

(ii) Summary of the Plan

A. Purpose of the Plan

The Board of Directors Meeting of the Company, as stipulated by the basic policy, thinks that persons who conduct a substantial acquisition of the Company shares which does not contribute to the corporate value of the Company or the common interest of shareholders are inappropriate as persons who control decisions relating to the Company's finance and businesses. The Plan is intended to make it possible to propose alternative plans to shareholders when a substantial acquisition of the Company shares is conducted, secure information and time necessary for shareholders to determine whether to respond to such substantial acquisition or negotiate for shareholders, in order to prevent any substantial acquisition that would be not enhance the corporate value of the Company or be in the common interest of shareholders.

B. Acquisitions Targeted

The Plan applies to a purchase or other form of acquisition of the Company shares that falls under (a) or (b) below, an act similar to these, or a proposal thereof (the “Purchases,” this includes an act of soliciting purchase to a third party; however, cases in which the board of directors of the Company allows not to apply the Plan are excluded) is conducted.

(a) Purchase or other form of acquisition of shares and other securities which the Company issues in which the shareholding thereof would be 20% or more

(b) Takeover bid of shares and other securities which the Company issues and in which the shareholding thereof of the holder and persons in a special relationship would be 20% or more

C. Procedure to implement the Plan

Persons who want to make the Purchases (the “Purchaser”) shall submit a document which includes a pledge to comply with the process of the Plan in a format the Company specifies separately before starting or exercising the Purchases. They shall also submit a document (the “Purchase Statement”) which describes certain necessary information for the judgment of shareholders following the format which the Company delivers. The Board of Directors of the Company shall, when it receives the Purchase Statement, promptly submit this to the Independent Committee.

If the Independent Committee decides that the description in the Purchase Statement is insufficient as necessary information, it may request the Purchaser to submit additional information with a due date for response. And the Independent Committee shall examine the details of the Purchase, collect and compare information on the management plans and business plans of the Purchasers and the Board of Directors of the Company, review alternative plans which the Board of Directors of the Company proposes and discuss and negotiate with the Purchaser during 60 days as a rule after the time it receives information from the Purchaser and the Board of Directors of the Company (including what it requested to submit additionally).

After that, if the Independent Committee determines that the Purchase constitutes a reason to implement the Plan stipulated in D. below, it shall advise the Board of Directors of the Company to provide free allocation of stock subscription rights as an implementation of the Plan. If the applicability of event for implementation 2 (the “Event for Implementation 2”) of the events for implementation stipulated in D. below is disputed, the Independent Committee may add a reservation to require confirmation by shareholders in implementing the free allocation of stock subscription rights.

In addition, in implementing the free allocation of stock subscription rights following the Plan, the Board of Directors of the Company may convene the Shareholders Meeting and confirm the intentions of shareholders on the implementation of the free allocation of stock subscription rights if (i) the Independent Committee adds a reserve to require confirmation by Shareholders Meeting in implementing the free allocation of stock subscription rights or (ii) the applicability of the Event for Implementation 2 is at issue for the Purchase, and the Board of Directors decides that it is appropriate to confirm the intention of shareholders in light of the duty of care of a good manager in consideration of time and other constraints needed to convene a Shareholders Meeting.

The Board of Directors of the Company shall place utmost importance on the recommendation by the Independent Committee stated above, and make a resolution to implement or not implement the free allocation of stock subscription rights, and if the aforementioned resolution of the Shareholders Meeting exists, follow the resolution.

D. Requirements for free allocation of stock subscription rights

The requirements for implementing free allocation of stock subscription rights by implementing the Plan are as follows.

<u>Event for implementation 1</u>

The Purchase does not follow the process stipulated by the Plan (including a case where time and information reasonably needed to judge the details of the Purchase are not provided), and it is appropriate to implement a free allocation of stock subscription rights.

Event for implementation 2

Any of the following applies, and it is appropriate to implement a free allocation of stock subscription rights.

(a) There is a possibility that the Purchase may cause clear infringement on the corporate value of the Company and common interest of shareholders by the following acts:

(i) an act of buying shares and demanding the Company to purchase them back at higher prices

(ii) an act of temporarily controlling the management of the Company and conducting management to realize a profit for the Purchaser at the expense of the Company, for example by acquiring important assets of the Company at a bargain

(iii) an act of diverting Company assets as collateral or source of repayment of debts of the Purchaser or its group company

(iv) an act of temporarily controlling the management of the Company, disposing of expensive assets which are not related to the business of the Company at the moment, paying temporarily high dividends using the proceeds from the sale or selling shares at higher prices after waiting for the stock price to surge as a result of the temporarily high dividends

(b) There is a possibility that the Purchase may virtually coerce shareholders to sell their shares in ways such as a two-stage involuntary purchase (purchasing shares of takeover bid without soliciting purchase of all shares at the first purchase and setting terms for purchase unfavorably at the second stage or without making them clear).

(c) Terms of purchase (including the purchase price and type, timing, legality of the method, feasibility or policies relating to other shareholders of the Company, employees, customers, business partners and other stakeholders of the Company after the Purchase) are not sufficient in light of the intrinsic value of the Company.

(d) The purchase may cause serious risk of infringing on the corporate value of the Company or the common interest of shareholders by impairing the scheme (fusion of humans and technology capabilities) which is indispensable for creating the corporate value of the Company or the relationship with employees, customers or business partners.

E. Other

The stock subscription right which will be allocated to shareholders in accordance with the Plan can be exercised by paying the amount determined separately by the Board of Directors of the Company or the Shareholders Meeting within the range between the lower limit of one yen and the upper limit of 50% of the market price of one share of the stock of the Company. In addition, one share of common stock can be acquired by the exercise as a general rule. Further, a term of exercise that an exercise of right by the Purchaser and its related parties is not permitted as a general rule and a term of acquisition that the Company can acquire a stock subscription right from the Purchaser and its related parties in exchange for one share of the stock of the Company are attached.

The effective period of the Plan is from July 1, 2009 to the conclusion of the Annual Shareholders Meeting associated with the last of the fiscal years that end within three years after the conclusion of the 24th Annual Shareholders Meeting. However, even prior to the termination of the effective period, if a resolution to withdraw the authorization of the Board of Directors on decision related to free allocation of stock subscription rights in relation to the Plan is made by Shareholders Meeting of the Company, or if a resolution to abolish the Plan is made by the Board of Directors, the Plan shall be abolished at the time.

(3) Judgment of the Board of Directors of the Company on the measures in (2) and the reasons therefor

The Medium-term Business Plan and various measures such as the enhancement of corporate government of the Company are developed as specific measures to continuously and sustainable improve the corporate value of the Company and the common interest of shareholders, and are consistent with the Company’s basic policy.

In addition, the Plan is a framework to ensure the corporate value of the Company and the common interest of shareholders in the event of Purchase of the Company shares, and is consistent with the basic policy. And it values the intention of shareholders in that it received the approval of shareholders when it was introduced, that it is designed to confirm the intention of shareholders as to implement the Plan in certain cases, that it is attached with a so-called sunset provision under which the effective period is set to be about three years, and that the Plan can be abolished anytime by the shareholders meeting or the Board of Directors of the Company. Moreover, its fairness and objectivity are secured in that reasonable and objective requirements are provided with respect to the implementation of the Plan, that the Independent Committee consisting of outside directors independent of the management is established and implementation of the Plan is required to go through the judgment by the Independent Committee, that the Independent Committee can use third party experts and others and obtain advice, and that the tenure of Director of the Company is limited to one year.

Therefore, the Plan serves to enhance the corporate value of the Company and the common interest of shareholders, and is not intended to preserve the positions of the Company executives.

(3) Policies on the Decision on Dividends from Surplus

The Company positions redistribution of profits to shareholders as one of its most important management policies. With regard to dividend policy, the Company adopts a policy to emphasize dividend propensity linked to business performance, and its basic policy is to improve the market value of the Company stock as a result of redistributing more profits to shareholders.

We plan to pay a dividend of 33.00 yen per share for the fiscal year based on the aforementioned policy.

Note: Amounts shown in this Business Report are rounded down to the unit.

Attached document (2)

Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**61,102**	**Current liabilities**	**32,105**
Cash and deposits	31,797	Accounts payable—trade	4,118
Notes and accounts receivable—trade	23,406	Short-term bank loans	846
Securities	27	Current portion of bonds	1,070
Merchandise and finished goods	41	Current portion of long-term bank loans	12,152
Work and software in progress	552		
Supplies	52	Accounts payable	2,435
Deferred tax assets	3,769	Accrued expenses	5,077
Other	1,894	Income taxes payable	592
Allowance for doubtful accounts	(438)	Accrued consumption tax	1,337
		Advances received	665
Fixed assets	**29,031**	Accrued bonuses for employees	3,107
Tangible fixed assets	**7,661**	Other	702
Buildings and structures	3,685	**Fixed liabilities**	**13,618**
Vehicles and transportation equipment	16	Bonds	1,660
		Long-term bank loans	8,525
Tools, furniture and fixtures	2,495	Reserve for retirement benefits	127
Land	1,145	Reserve for loss on litigation	2,555
Lease assets	311	Long-term security deposits received	44
Construction in progress	7	Other	705
Intangible fixed assets	**1,891**		
Goodwill	297	**Total liabilities**	**45,723**
Software	1,266	**Net Assets**	
Lease assets	47	**Shareholders' equity**	**43,943**
Software in progress	66	**Common stock**	**29,065**
Other	212	**Capital surplus**	**20,510**
Investments and other assets	**19,479**	**Retained earnings**	**10,289**
Investment in securities	3,919	**Treasury stock**	**(15,922)**
Investment in stocks of unconsolidated subsidiaries and affiliates	3,358	**Accumulated other comprehensive income**	**(2,902)**
		Unrealized gain on securities	**(149)**
Investment in other securities of unconsolidated subsidiaries and affiliates	75	**Foreign currency translation adjustment**	**(2,752)**
Investment in unconsolidated subsidiaries and affiliates	368	**Minority interests**	**3,369**
Long-term loans receivable	194		
Deferred tax assets	2,707		
Security deposits	4,584		
Prepaid pension costs	1,518		
Other	3,071		
Allowance for doubtful accounts	(318)		
		Total net assets	**44,410**
Total assets	**90,134**	**Total liabilities and net assets**	**90,134**

Note: Figures less than one million are rounded down to the nearest million.

Attached document (3)

Consolidated Statement of Income

(from April 1, 2010 to March 31, 2011)

(Millions of yen)

Account item	Amount	
Net sales		**151,687**
Cost of sales		**123,799**
Gross Profit		**27,887**
Selling, general and administrative expenses		**21,588**
Operating income		**6,299**
Non-operating income:		
Interest income	58	
Dividend income	8	
Gain on investments in partnership	166	
Employment development subsidy	551	
Other	257	1,042
Non-operating expenses:		
Interest expenses	554	
Foreign exchange losses	132	
Other	142	830
Ordinary income		**6,512**
Extraordinary gains:		
Gain on sale/disposal of fixed assets	3	
Gain on sale/disposal of investment in securities	1,701	
Gain on sale/disposal of investment in unconsolidated subsidiaries and affiliates	118	
Reversal of allowance for doubtful accounts	36	
Gain on changes in equity	27	
Other	413	2,300
Extraordinary losses:		
Loss on sale/disposal of fixed assets	4	
Loss on disposal of fixed assets	86	
Impairment loss	2,171	
Loss on write-down of investment in securities	123	
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	219	
Other	523	3,129
Income before income taxes and minority interests		**5,683**
Income taxes—current	472	
Income taxes—deferred	693	1,165
Income before minority interests		4,518
Minority interests in net income of subsidiaries		48
Net income		**4,469**

Note: Figures less than one million are rounded down to the nearest million.

Attached document (4)

Consolidated Statement of Changes in Net Assets

(from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2010	29,065	20,511	6,257	(15,921)	39,912
Change during the fiscal year					
Dividend of surplus			(411)		(411)
Net income			4,469		4,469
Acquisition of treasury stock				(1)	(1)
Disposal of treasury stock		(0)		1	0
Change of scope of consolidation			(7)		(7)
Effect of changes in fiscal year-ends of consolidated subsidiaries			(19)		(19)
Net change in items other than shareholders' equity during the fiscal year					–
Total change during the fiscal year	–	(0)	4,031	(0)	4,030
Balance as of March 31, 2011	29,065	20,510	10,289	(15,922)	43,943

	Accumulated other comprehensive income			Minority interests	Total net assets
	Unrealized gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of March 31, 2010	207	(2,156)	(1,949)	3,462	41,425
Change during the fiscal year					
Dividend of surplus					(411)
Net income					4,469
Acquisition of treasury stock					(1)
Disposal of treasury stock					0
Change of scope of consolidation					(7)
Effect of changes in fiscal year-ends of consolidated subsidiaries					(19)
Net change in items other than shareholders' equity during the fiscal year	(356)	(595)	(952)	(92)	(1,045)
Total change during the fiscal year	(356)	(595)	(952)	(92)	2,984
Balance as of March 31, 2011	(149)	(2,752)	(2,902)	3,369	44,410

Note: Figures less than one million are rounded down to the nearest million.

Notes to Consolidated Financial Statements

Basis of preparation of consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 49

The names of principal consolidated subsidiaries
J-Stream Inc., APPLIED TECHNOLOGY CO., LTD., transcosmos Korea Inc., transcosmos CRM Okinawa Inc.
Changes in our consolidated subsidiaries during the fiscal year under review are as follows:

(New)
- transcosmos BPO China Co., Ltd. (established on April 28, 2010)
- Transcosmos Digital Marketing Cayman Co., Ltd. (changed from an equity method affiliate due to an increase in shares with voting rights) (former Tensyn Communication Holding Co., Ltd.)
- transcosmos CC China (Beijing) Co., Ltd. (due to an increased share of voting rights in its holding company, Transcosmos Digital Marketing Cayman Co., Ltd.) (former Tensyn Interactive (Beijing) Consulting Co., Ltd.)

(Excluded)
- Applied Technology Korea, Inc. (dissolution completed on June 25, 2010)
- Shenyang transcosmos Information System Co., Ltd. (dissolution completed on September 8, 2010)
- Listen Japan Inc. (due to sale of all shares held by the Company)
- transcosmos CRM Miyazaki Inc. (dissolution completed on January 28, 2011)
- Marketswitch Japan Co., Ltd. (dissolution completed on March 30, 2011)

(2) Names of principal non-consolidated subsidiaries

transcosmos design development (Dalian) Co., Ltd. and others

(Reason for exclusion from the scope of consolidation)
All non-consolidated subsidiaries are small in size, and each item of their total assets, net sales, net income (calculated according to our equity interest) and retained earnings (calculated according to our equity interest) is not substantial, and do not have a material impact on the consolidated financial statements.

2. Application of equity method

(1) Number of affiliates: 16

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method
NetRatings Japan Inc., Forecast Communications Inc.
Changes in non-consolidated subsidiaries and affiliates accounted for by the equity method are as follows:

(New)
- Tensyn Digital Marketing Technology Co., Ltd. (due to an increased share of voting rights of its holding company transcosmos CC China (Beijing) Co., Ltd.) (former Tensyn Interactive Advertising Co. Ltd.)

- Shenyang Xinhua Tdc Tech Co., Ltd. (new acquisition)

(Excluded)
- Grid Solutions Inc. (dissolution completed on May 28, 2010)
- Nihon Koukyou Ryoukin Service Co., Ltd. (due to sale of all shares held by the Company)
- Transcosmos Digital Marketing Cayman Co., Ltd. (changed to consolidated subsidiary due to increased shares in voting rights)
- Fujisan Magazine Service Co., Ltd. (due to sale of part of shares held by the Company)
- Digital Golf Inc. (excluded from equity method affiliates due to decreased shares in voting rights)

(2) Unconsolidated subsidiaries to which the equity method is not applied (transcosmos Design and Development (Dalian) Limited and others) are excluded from the scope of application of the equity method as their impact on net income or loss (amount proportional to the ownership) and retained earnings (amount proportional to the ownership) is infinitesimal, and has low importance as a whole.

(3) For those subsidiaries accounted for by the equity method that have different account closing dates from the Company, financial statements are stated according to fiscal year of the respective companies.

(Changes in accounting policies)

Starting this fiscal year, the “Accounting Standard for Equity Method of Accounting for Investments” (ASBJ Statement No. 16 published on March 10, 2008) and the “Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method” (ASBJ PITF No. 24, March 10, 2008) are applied, and necessary modifications have been made in preparing consolidated financial statements. Its effects on ordinary income and income before income taxes and minority interests are insignificant.

3. Fiscal year, etc. of the consolidated subsidiaries

Following are the consolidated subsidiaries with different account closing dates from the Company.

(Account closing date: December 31)

- APPLIED TECHNOLOGY CO., LTD.
- CCP Mezzanine 2006 Toushijigyokumiai
- CCP-Biotech 3 toushijigyokumiai
- CCP-Global Fund I
- transcosmos Information Creative Japan
- transcosmos America, Inc.
- transcosmos Information Creative (China) Co., Ltd.
- transcosmos Information System (Shanghai) Co., Ltd.
- transcosmos MCM Shanghai Co., Ltd.
- transcosmos Information Creative Holdings.
- Transcosmos Digital Marketing Cayman Co., Ltd.
- transcosmos Korea Inc.
- Shine Harbour Ltd.
- transcosmos (Thailand) Co., Ltd.
- transcosmos CC China
- Beijing transcosmos Technologies Co., Ltd.
- Beijing transcosmos Interactive Services Co., Ltd.
- Suzhou transcosmos Information Creative Co., Ltd.
- transcosmos business service outsourcing suzhou Co., Ltd.
- Shanghai transcosmos Interactive Services Co., Ltd.
- Wuxi transcosmos Interactive Services Co., Ltd.
- transcosmos Investment Consulting (Beijing) Co., Ltd.

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries as of its account closing date. In the case of significant transactions that took place between the account closing dates of the consolidated subsidiaries and the consolidated account closing date, necessary adjustments are made for consolidation purposes.

Starting this fiscal year, TransCosmos Technologies Inc. has changed its account closing date from December 31 to March 31.

(Account closing date: Others)

Names of company	Account closing dates
• CCP-Global Fund II	May 31
• Larc ccp12 tousijigyokumiai	August 31
• CAREER INCUBATION, INC.	September 30

The consolidated financial statements are prepared based on the financial statements of each of the consolidated subsidiaries prepared on the basis of the provisional closing of account as of the consolidated account closing date.

Starting this fiscal year, BandWagon, Inc. has changed its account closing date from April 30 to March 31.

4. Significant accounting policies

(1) Standards and methods of valuation of securities

Other available-for-sale securities

Securities with market value……………………Market value method based on the market price as of the account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Securities without market value………………Stated at cost using the moving-average method.

Investments to limited liability partnership for investment, etc.
The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

(2) Derivative transactions.................................. Market value method

(3) Standards and method of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise and finished goods…………………… Gross average method
Work and software in progress ……………………… Specific cost method
Supplies……………………………………………………… Cost using the last-purchase-price method

(4) Depreciation methods for fixed assets

Tangible fixed assets
(excluding lease assets) …………………………Buildings (excluding building fixtures)

a) Buildings acquired on or before March 31, 1998
Depreciated using the old declining-balance method.

b) Buildings acquired between April 1, 1998 and March 31, 2007
Depreciated using the old straight-line method.

c) Buildings acquired on or after April 1, 2007
Depreciated using the straight-line method.
Other property and equipment
a) Other property and equipment acquired on or before March 31, 2007
Depreciated using the old declining-balance method.
b) Other property and equipment acquired on or after April 1, 2007
Depreciated using the declining-balance method.
For a part of the Company's call center facilities (furniture and fixtures), declining-balance method according to economic useful life (approximately 50% shorter than the statutory useful life) is used.
Overseas consolidated subsidiaries mainly use the straight-line method.
In addition, items acquired on or before March 31, 2007 are depreciated using the straight line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible fixed assets (excluding lease assets) ………… Depreciated mainly using the straight-line method. As for software for in-house use, the straight-line method is used with a useful life of 5 years. Software for commercial sale is depreciated based on the quantity expected to be sold within 3 years after being put on the market. If the amount of depreciation is less than the amount of even installment based on the remaining life, it is depreciated with the amount not less than the even installment.

Lease assets ………… Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee.
These lease transactions are accounted for over the lease terms without residual value.

(5) Standards of accounting for significant allowances, accruals and reserves

Allowance for doubtful accounts ………… Allowance for estimated uncollectible amounts are calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Accrued bonuses for employees ………… Accrued bonuses for employees of the Company and domestic consolidated subsidiaries is calculated based on the estimates of bonus obligations for the current fiscal term.

Reserve for retirement benefits ………… Reserve for retirement benefits for employees of the Company and certain consolidated subsidiaries is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.

Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.

Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.

Reserve for loss on litigation ······················ To provide for loss regarding lawsuits involving consolidated subsidiaries of the Company, the monetary loss that could occur in the future is estimated and the amount deemed necessary is posted.

(6) Other important issues which are bases for preparing consolidated financial statements

1) Translation of significant foreign-currency-denominated assets and liabilities into yen

Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income. Assets and liabilities of overseas subsidiaries are translated into yen at the spot exchange rate as of the account closing date of each company. The resulting exchange differences have been recorded as a component of "foreign currency translation adjustment" and "minority interests" in the section of Net Assets.

2) Significant hedge accounting

(i) Hedge accounting method:······················ Deferred accounting treatment is applied.
Special accounting rules are applied to interest swap transactions which conform to requirements of special accounting rules.

(ii) Means for hedging and hedged items:···· Means for hedging: Interest rate swaps
Hedged items: Bank loans

(iii) Hedging policy: ································ Interest rate swap transactions are conducted to avoid interest rate fluctuation risks in accordance with the internal rules.

(iv) Assessment method of effectiveness of hedges:
The assessment of effectiveness is omitted because the requirements for exceptional accounting are met.

3) Accounting for consumption taxes ············· Consumption tax and local consumption tax are accounted for by the tax exclusion method.

4) Basis for recording significant revenues and expenses

Basis for recording revenues and expenses on software produced on orders

The percentage of completion method (the cost-to-cost method, etc. for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year ended March

31, 2011, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

5) Method and period of amortization of goodwill and negative goodwill

Goodwill and negative goodwill incurred before March 31, 2010 are amortized by equal installments over 5 years or 10 years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

5. Change in important items that form the basis for the preparation of the consolidated financial statements

(1)Application of accounting standard for asset retirement obligations

Starting the fiscal year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18, March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21, March 31, 2008) are adopted.

As a result, operating income and ordinary income decreased by 147 million yen and income before income taxes and minority interests decreased by 201 million yen.

(2) Application of "Accounting Standard for Business Combinations" and other standards

Starting the fiscal year ended March 31, 2011, the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), "Partial amendments to Accounting Standard for Research and Development Costs" (ASBJ Statement No. 23, December 26, 2008), "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, December 26, 2008), "Accounting Standard for Equity Method of Accounting for Investments" (ASBJ Statement No. 16, announced on December 26, 2008) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, December 26, 2008) are adopted.

6. Change in presentation

Consolidated financial statements

The "Investments" (0 million yen for the current fiscal year) in "Investments and other assets," which was separately presented in the previous fiscal year, is included in "Other" in Investments and other assets because it has become insignificant in terms of amount.

Consolidated statement of income

Starting the fiscal year ended March 31, 2011, the "Ministerial Ordinance for Partial Revision of the Ordinance for Enforcement of the Corporation Law, Corporate Accounting Rules, etc." (Ordinance of the Ministry of Justice No. 7 of March 27, 2009) is adopted pursuant to the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, December 26, 2008), and the title "Income before minority interests" is presented.

7. Additional information

Starting the fiscal year ended March 31, 2011, the "Ministerial Ordinance for Partial Revision of the Corporate Accounting Rules" (Ordinance of the Ministry of Justice No. 33 of September 30, 2010) is adopted pursuant to the "Accounting Standard for Presentation of Comprehensive Income " (ASBJ Statement No. 25, June 30, 2010), and "Valuation and translation adjustments" and "Total valuation and translation adjustments" in Consolidated Balance Sheet and Consolidated Statement of Changes in Net Assets are presented as "Accumulated other comprehensive income" and "Total accumulated other comprehensive income," respectively.

Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral:

Bank deposit	¥1 million
Buildings and structures	¥187 million
Land	¥89 million
Total	¥277 million

Liabilities on collateral

Current portion of long-term bank loans	¥19 million
Long-term bank loans	¥43 million
Total	¥62 million

2. Accumulated depreciation of tangible fixed assets ¥11,233 million
3. Contingent liabilities
   Alfresa Pharma Corporation and Mitsubishi Tanabe Pharma Corporation filed a suit against the Company in the Tokyo District Court for damages in the amount of 1,474 million yen concerning the investigational new drug assignment work ordered by the said companies on February 18, 2011. The Company intends to clearly state its claims in the court.

Notes to the Consolidated Statement of Changes in Net Assets

1. Total number of shares issued

Class of shares	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	48,794,046	—	—	48,794,046

2. Treasury sock

Class of shares	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,646,736	2,502	621	7,648,617

(Outline of causes for changes)

Details of number of shares increased are as follows.
Increase due to purchase of shares less than one unit: 2,502 shares
Details of number of shares decreased are as follows.
Decrease due to sale of shares less than one unit: 621 shares

3. Dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 24, 2010	Common stock	411	10	March 31, 2010	June 25, 2010

(2) Dividends with an effective date falling in the following fiscal year, among distributions with record dates belonging to the current fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Annual General Meeting of Shareholders held on June 28, 2011	Common stock	Retained earnings	1,357	33	March 31, 2011	June 29, 2011

Notes on financial instruments

1. Matters related to the status of financial instruments

(1) Policy on financial instruments

The Company Group makes investments in stocks based upon the request of business promotions including business or capital tie-up, or invests excess funds in financial instruments such as deposits whose principles are secured, as a basic policy.

In order to obtain funding, the Company selects the most adequate financial instruments, including bank borrowings, bond issuance or stock issuance, depending on the situations. And derivatives are used in interest rate swap, currency swap and currency forward transactions to hedge against market risks and the Company has a policy not to use derivatives for speculation.

(2) Details, risks and risk management of financial instruments

Notes receivable and accounts receivable, which are operating receivables, are exposed to customers' credit risks. With regard to these risks, we manage maturities and balances for each business partner and strive to find out early and mitigate concerns for collection due to deteriorating financial circumstances. Investment in securities mainly consists of stocks related to operations and capital alliances. Although these are exposed to market fluctuation risk and issuers' credit risks, we grasp the market prices and obtain issuers' financial statements on a regular basis and we grasp the market prices and obtain issuers' financial statements on a regular basis. At the same time, we properly review the values of investment and make efforts to collect the investment values.

Most of accounts payable and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term bank loans payable out of loans payable are mainly financing for operational transactions; long-term bank loans payable (less than 5 years as a general rule) and bonds are financing for long-term investments such as capital investments. Among them, part of long-term bank loans payable have floating interest rates and are exposed to interest rate fluctuation risk, therefore they are hedged using derivatives (interest rate swap transactions). Those hedged items that meet the requirements for exceptional accounting of interest rate swap are assessed for effectiveness by judging them, and those which do not meet the requirements for exceptional accounting are assessed by comparing the accumulated market changes of the hedged assets and hedging instruments and based on the changes of both.

The planning, execution and management of derivatives are conducted by the specialized department based upon the proper procedures in accordance with the approval policy. Also, in using derivatives, we conduct transactions only with financial institutions with a high credit rating to mitigate credit risks.

As to operational debts and loans payable, the Company Group manages them by having each company prepare monthly cash flow plans in order not to detract the creditability of the Company Group. The Company Group also obtains commitment-line facilities in order to ensure to fulfill all obligations.

(3) Supplemental explanations of matters related to fair value of financial instruments

The contract amount with respect to derivatives in “2. Matters related to fair values of financial instruments” does not itself represent the volume of market risk on derivatives.

2. Matters related to fair values of financial instruments

The recorded amounts on the consolidated financial statements, fair values and the differences of these as of March 31, 2011 are as follows. Financial instruments whose fair values are extremely difficult to determine are not listed in the following table.

(Million of yen)

	Recorded amount on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	31,797	31,797	–
(2) Notes receivable and accounts receivable	23,406	23,406	–
(3) Securities and investment in securities			
Other securities	181	181	–
(4) Accounts payable	(4,118)	(4,118)	–
(5) Short-term bank loans payable	(846)	(846)	(0)
(6) Accrued expenses	(5,077)	(5,077)	–
(7) Bonds	(2,730)	(2,768)	(38)
(8) Long-term bank loans payable	(20,677)	(20,905)	(227)
(9) Derivatives			
(i) Those to which hedge accounting is not applied	–	(317)	(317)
(ii) Those to which hedge accounting is applied	–	–	–

*Items recorded in Liabilities are marked with ( ).

Note 1: Measurement of fair value of financial instrument and matters related to securities and derivatives
(1) Cash and deposits and (2) Notes receivable and accounts receivable
As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(3) Securities and investment in securities
With regard to the fair values of investment in securities, market prices at stock exchanges are used for stocks and prices provided by banks are used for bonds.

(4) Accounts payable, and (6) Accrued expenses
As these are settled in the short term, their fair values are almost equivalent to book values, and therefore their book values are used.

(5) Short-term bank loans
The fair values of short-term bank loans are measured by the present value of future cash flows of each debt categorized according to a certain range of term, and discounted by rates which incorporate terms to repayment dates and credit risks.

(7) Bonds
The fair values of bonds that the Company issued are measured by the present value of the sums of principal and interest discounted by rates which incorporate terms to repayment dates and credit risk.

(8) Long-term bank loans
The fair values of long-term bank loans are measured based upon the present values obtained by discounting the total amount of principals and interests at a rate with term to maturity and credit risk taken into account. Long-term bank loans with floating rates are the hedged item of interest rate swaps under special accounting treatment (see (9) below). The fair values of these loans are measured based upon the present values obtained by discounting the total amount of principals and interests, which are accounted for together with associated interest rate swaps, at a rate with term to maturity and credit risk taken into account.

(9) Derivatives

(i) Those to which hedge accounting is not applied
With regard to derivatives, the contract amount as of the settlement date or principal equivalent stipulated by contract, fair value, unrealized profits and losses and the measurement method of the fair values for each type of underlying asset and counterparty are as follows.

(Millions of yen)

Type of underlying asset	Category	Type of derivative	Contract amount		Fair value	Unrealized profits and losses
				Longer than one year		
Currency	Transactions other than market transactions	Currency swap U.S. dollar	1,863	1,863	(317)	(317)
Total			1,863	1,863	(317)	(317)

Note: Measurement of fair value: ···················· Measured based on prices provided by financial institutions with which the Company has an account

(ii) Those to which hedge accounting is applied
Interest rate swaps which qualify for special accounting treatment are accounted for as an integral part of long-term bank loans, a hedged item. Thus, their fair values are included in the fair value of long-term bank loans. (see (8) above).

Note 2: Unlisted equity securities (Consolidated balance sheet amount: 3,764 million yen) are not included in the above “(3) Securities and investment securities” since their market price is not available, it is not possible to estimate the future cash flows, and the assessment of their fair values is deemed extremely difficult.

Notes regarding per share data

1. Net assets per share	997.46 yen
2. Net income per share	108.63 yen

Notes regarding significant subsequent events

Not applicable.

Attached document (5)

Non-Consolidated Balance Sheet

(As of March 31, 2011)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**48,114**	**Current liabilities**	**27,543**
Cash and deposits	23,590	Accounts payable—trade	4,742
Notes receivable	20	Short-term bank loans payable	200
Accounts receivable—trade	19,557	Current portion of bonds payable	1,050
Merchandise	3	Current portion of long-term bank loans payable	12,092
Work and software in progress	133		
Supplies	9	Accounts payable	1,109
Advances	104	Accrued expenses	3,841
Prepaid expenses	536	Income taxes payable	265
Short-term loans	200	Accrued consumption tax	860
Accounts receivable—other	347	Advances received	277
Deferred tax assets	3,490	Deposits received	236
Other	159	Accrued bonuses for employees	2,709
Allowance for doubtful accounts	(40)	Other	157
Fixed assets	**33,201**	**Fixed liabilities**	**12,467**
Tangible fixed assets	**3,054**	Bonds	1,600
Buildings	1,069	Long-term bank loans	7,968
Structures	12	Long-term security deposits received	21
Tools, furniture and fixtures	1,491	Reserve for loss on litigation	2,555
Land	373	Other	321
Lease assets	107		
Intangible fixed assets	**1,379**		
Goodwill	259		
Software	966		
Lease assets	28		
Telephone rights	89	**Total liabilities**	**40,010**
Software in progress	34	**Net Assets**	
Investments and other assets	**28,767**	**Shareholders' equity**	**41,677**
Investment in securities	5,432	**Common stock**	**29,065**
Investment in stocks of subsidiaries and affiliates	11,962	**Capital surplus**	**20,510**
		Other capital surplus	20,510
Investment in other securities of subsidiaries and affiliates	96	**Retained earnings**	**8,023**
		Legal retained earnings	375
Investment in subsidiaries and affiliates	731	Other retained earnings	7,647
Long-term loans receivable from subsidiaries and affiliates	2,311	Unappropriated retained earnings	7,647
		Treasury stock	**(15,922)**
Prepaid pension costs	1,518	**Valuation and translation adjustments**	**(372)**
Litigation related suspense payments	2,557	**Net unrealized gain (loss) on securities**	**(372)**
Deferred tax assets	2,603		
Security deposits	3,032		
Other	428		
Allowance for doubtful accounts	(1,907)		
		Total net assets	**41,305**
Total assets	**81,316**	**Total liabilities and net assets**	**81,316**

Note: Figures less than one million are rounded down to the nearest million.

Attached document (6)

Non-Consolidated Statement of Income

(from April 1, 2010 to March 31, 2011)

(Millions of yen)

Account item	Amount	
Net sales		**123,667**
Cost of sales		**103,724**
Gross Profit		**19,942**
Selling, general and administrative expenses		**14,923**
Operating income		**5,019**
Non-operating income:		
Interest income	107	
Dividend income	19	
Employment development subsidy	366	
Other	90	583
Non-operating expenses:		
Interest expenses	458	
Interest on bonds	53	
Commitment fee	23	
Loss on investment in movie business fund	40	
Other	112	688
Ordinary income		**4,914**
Extraordinary gains:		
Gain on sale/disposal of fixed assets	6	
Gain on sale/disposal of investment in securities	1,700	
Gain on dissolution of subsidiaries and affiliates	64	
Company establishment subsidies	120	
Other	328	2,220
Extraordinary losses:		
Loss on disposal of fixed assets	54	
Impairment loss	1,561	
Loss on sale/disposal of investment in securities	87	
Loss on dissolution of subsidiaries and affiliates	33	
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	1,028	
Other	485	3,251
Income before income taxes		**3,883**
Income taxes—current	84	
Income taxes—deferred	971	1,055
Net income		**2,827**

Note: Figures less than one million are rounded down to the nearest million.

Attached document (7)

Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2010 to March 31, 2011)

(Millions of yen)

	Shareholders' equity		
	Common stock	Capital surplus	
		Other capital surplus	Total capital surplus
Balance as of March 31, 2010	29,065	20,511	20,511
Change during the fiscal year			
Dividend of surplus			
Net income			
Acquisition of treasury stock			
Disposal of treasury stock		(0)	(0)
Net change in items other than shareholders' equity during the fiscal year			
Total change during the fiscal year	–	(0)	(0)
Balance as of March 31, 2011	29,065	20,510	20,510

(Millions of yen)

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance as of March 31, 2010	334	5,273	5,607	(15,921)	39,262
Change during the fiscal year					
Dividend of surplus	41	(452)	(411)		(411)
Net income		2,827	2,827		2,827
Acquisition of treasury stock				(1)	(1)
Disposal of treasury stock				1	0
Net change in items other than shareholders' equity during the fiscal year					
Total change during the fiscal year	41	2,374	2,416	(0)	2,414
Balance as of March 31, 2011	375	7,647	8,023	(15,922)	41,677

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain (loss) on securities	Total valuation and translation adjustments	
Balance as of March 31, 2010	199	199	39,462
Change during the fiscal year			
Dividend of surplus			(411)
Net income			2,827
Acquisition of treasury stock			(1)
Disposal of treasury stock			0
Net change in items other than shareholders' equity during the fiscal year	(571)	(571)	(571)
Total change during the fiscal year	(571)	(571)	1,843
Balance as of March 31, 2011	(372)	(372)	41,305

Note: Figures less than one million are rounded down to the nearest million.

Notes to Non-Consolidated Financial Statements

Significant accounting policies

1. Standards and methods of valuation of securities

Shares of majority-owned subsidiaries and affiliates
······Stated at cost using the moving-average method

Other available-for-sale securities

Securities with market value ······Market value method based on the market price as of the account closing date. (Differences in valuation are included directly in net assets and costs of securities sold are calculated using the moving-average method.)

Securities without market value ······Stated at cost using the moving-average method.

Investments to limited liability partnership for investment, etc.
The evaluation is based on the Company's holding ratio of the net asset of the limited liability partnership for investment, etc., in which the Company invests, in the most recent fiscal year.

2. Derivative transactions ······Market value method

3. Standards and methods of valuation of inventories

The cost method (method to reduce book value from lower profitability) is adopted as the standard for valuation.

Merchandise······Gross average method
Work and software in progress ······Specific cost method
Supplies······Cost using the last-purchase-price method

4. Depreciation methods for fixed assets

Tangible fixed assets
(excluding lease assets) ······

Buildings (excluding building fixtures)
a. Buildings acquired on or before March 31, 1998
Depreciated using the old declining-balance method.
b. Buildings acquired on or before March 31, 2007 after April 1, 1998
Depreciated using the old straight-line method.
c. Buildings acquired after April 1, 2007
Depreciated using the straight-line method.

Other property and equipment
a. Other property and equipment acquired on or before March 31, 2007
Depreciated using the old declining-balance method.
b. Other property and equipment acquired after April 1, 2007
Depreciated using the declining-balance method.
For a part of the Company's call center facilities (furniture and fixtures), straight-line method

according to economic useful life (approximately 50% shorter than the statutory useful life) is used. In addition, items acquired on or before March 31, 2007 are depreciated using the straight line method over five years starting the fiscal year following the fiscal year when the final depreciable limit is reached.

Intangible assets (excluding lease assets) ······ Straight-line method
As for software for in-house use, the straight-line method is used with a useful life of 5 years.

Lease assets ······ Finance leases other than those for which the ownership of the leased property is deemed to transfer to the lessee.
These lease transactions are accounted for over the lease terms without residual value.

5. Policies of accounting for allowances, accruals and reserves

Allowance for doubtful accounts ······ Allowance for estimated uncollectible amounts for claims as of the fiscal year-end are calculated using historical data for general receivables and individually considering the probability of collection for doubtful receivables.

Accrued bonuses for employees ······ Accrued bonuses for employees are calculated based on the estimates of bonus obligations for the current fiscal term.

Reserve for retirement benefits ······ Reserve for retirement benefits for employees is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.
Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.
Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.

Reserve for loss on litigation ······ To provide for loss regarding lawsuits involving consolidated subsidiaries of the Company, the monetary loss that could occur in the future is estimated and the amount deemed necessary is posted.

6. Basis for recording revenues and expenses

Basis for recording revenues and expenses on software produced on orders

·························· The percentage of completion method (the cost-to-cost method for the percentage of completion estimate) is applied for the portion completed by the end of the fiscal year ended March 31, 2011, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

7. Other important issues which are bases for preparing consolidated financial statements

(1) Hedge accounting

(i) Hedge accounting ·························· Deferred accounting treatment is applied.
Special accounting rules are applied to interest swap transactions which conform to requirements of special accounting rules.

(ii) Means for hedging and hedged items ········ Means for hedging: Interest rate swaps
Hedged items: Bank loans

(iii) Hedging policy ·························· Interest rate swaps are entered into to hedge the risks of fluctuations in interest rates in accordance with the Company's internal rules.

(iv) Assessment method of effectiveness of hedges
The assessment of effectiveness is omitted because the requirements for exceptional accounting are met.

(2) Standard for translation of assets and liabilities denominated in foreign currencies into yen
Monetary assets and liabilities denominated in foreign currencies are translated into yen at the spot exchange rate as of the end of the fiscal term, and the resulting exchange differences are credited or charged to income.

(3) Accounting for consumption taxes ················ Consumption tax and local consumption tax are accounted for by the tax exclusion method.

8. Changes in important accounting policies

Application of accounting standard for asset retirement obligations

Starting the fiscal year ended March 31, 2011, the "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No. 18; March 31, 2008) and the "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No. 21; March 31, 2008) are adopted. As a result, operating income and ordinary income each decreased by 145 million yen and income before income taxes decreased by 190 million yen.

Notes to the Non-Consolidated Balance Sheet

1. A bank deposit of 1,000,000 yen was pledged as collateral.

2. Liabilities for guarantees:

Guarantee for debt obligations to financial institutions	
transcosmos (Thailand) Co., Ltd.	¥41 million
Guarantee for debt obligations to affiliates	
Co-Core Inc.	¥370 million
Guarantee on deposit obligations from subsidiaries and affiliates	
Tci-Business-Service Co., Ltd.	¥1,819 million
Guarantee on leasehold contracts	
transcosmos field marketing Inc.	¥0 million
Web Works, Ltd.	¥0 million
Guarantee on lease agreement obligations	
Qingdao Zuki Industrial Design Co., Ltd.	¥36 million
Total	¥2,267 million

3. Accumulated depreciation of tangible fixed assets ¥7,210 million

4. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding separate line item)

Short-term monetary receivables from subsidiaries and affiliates	¥565 million
Long-term monetary payables to subsidiaries and affiliates	¥1,251 million

5. Contingent liabilities
Alfresa Pharma Corporation and Mitsubishi Tanabe Pharma Corporation filed a suit against the Company in the Tokyo District Court for damages in the amount of 1,474 million yen concerning the investigational new drug assignment work ordered by the said companies on February 18, 2011. The Company intends to clearly state its claims in the court

Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

Net sales	¥314 million
Net purchase	¥10,909 million
Transactions other than operating transactions	¥217 million

Notes to the Non-Consolidated Statement of Changes in Net Assets

Treasury stock

Class of shares	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	7,646,736	2,502	621	7,648,617

(Outline of causes for changes)

Details of the number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 2,502 shares

Details on the number of shares decreased are as follows.

Decrease due to sale of shares less than one unit: 621 shares

Notes concerning tax effect accounting

Details by primary causes of deferred tax assets and deferred tax liabilities

Deferred tax assets:	
Accrued bonuses for employees	¥1,102 million
Accrued enterprise tax	¥76 million
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	¥2,053 million
Reserve for loss on litigation	¥1,039 million
Over-depreciation	¥984 million
Loss on write-down of investment in securities	¥747 million
Allowance for doubtful accounts	¥473 million
Loss on investment in movie business fund	¥394 million
Tax Goodwill	¥365 million
Prepaid pension costs	(¥617 million)
Amount of loss carried forward	¥4,072 million
Other	¥575 million
Sub-total	¥11,266 million
Provision for devaluation	¥5,074 million
Total of deferred tax assets	¥6,191 million
Deferred tax liabilities:	
Unrealized gain on securities	¥7 million
Adjustments to goodwill due to merger	¥90 million
Total of deferred tax liabilities	¥97 million
Net of deferred tax assets	¥6,094 million

Notes concerning leased fixed assets

In addition to fixed assets recorded on the Balance Sheet, computers and some of their peripherals are used under finance lease transactions that do not transfer ownership.

1. Acquisition costs equivalents, accumulated depreciation equivalents, and year-end balance equivalents of leased assets

	Acquisition costs equivalents (Millions of yen)	Accumulated depreciation equivalents (Millions of yen)	Year-end balance equivalents (Millions of yen)
Tools, furniture and fixtures	276	174	101
Software	44	25	18
Total	320	200	120

2. Year-end balance of prepaid lease equivalents

Within one year	¥70 million
Over one year	¥57 million
Total	¥127 million

3. Lease expenses, depreciation equivalents, and interest expense equivalents

Lease expenses	¥95 million
Depreciation equivalents	¥84 million
Interest expense equivalents	¥3 million

4. Calculation method for depreciation equivalents

Depreciation equivalents of leased assets are calculated by straight-line method based on lease period of useful lives with residual values of zero.

5. Calculation method for interest expense equivalents

An interest expense equivalent is the difference between the total amount of lease expenses and the acquisition costs equivalents of leased assets. The interest expense equivalents are allocated to each fiscal year by the interest method.

6. Operating lease transactions

Future lease payments

Within one year	¥5 million
Over one year	¥1 million
Total	¥6 million

Notes concerning transactions with related parties

(1) Parent company and major corporate shareholders, etc.

Not applicable.

(2) Subsidiaries, affiliates, etc.

Attribution	Name of company, etc.	Capital stock or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (millions of yen)	Account	Balance as of the end of the fiscal year (millions of yen)
Subsidiary	Tci-Business-Service Co., Ltd.	¥100 million	BtoB domestic subsidiaries	Owning Direct 100.0%	Loan of funds	Loan of funds (Note 1)	2,220	Long-term loans receivable	2,307
						Collection of loan	4,566		
						Guarantee of obligations (Note 2)	1,819		
						loan take over	1,039 (Note 3)		
Subsidiary	Listen Japan, Inc.	–	–	–	–	Loan waiver (Note 3)	1,016	–	–

Terms and conditions of transactions and the policies on determination thereof:

1. The interest rate of the loan was determined reasonably based on the market interest rate.
2. This guarantees obligations in custody from the subsidiaries and affiliates.
3. The loan take over was made in association with a stock transfer of Listen Japan Inc. in December 2010, and Listen Japan Inc. has been excluded from the scope of consolidation.
4. Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
5. Percentages of owning (owned) voting rights, etc. are expressed down to the nearest first decimal place.

(3) Brother companies

Not applicable.

(4) Directors and primary individual shareholders

Not applicable.

Notes concerning per share data

1. Net assets per share 1,003.89 yen
2. Net loss per share 68.72 yen

Notes concerning significant subsequent events

Not applicable.

Attached document (8)

Certified Copy of the Accounting Auditors' Report

REPORT OF INDEPENDENT AUDITORS

May 13, 2011

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Kenji Yumoto

Designated and Engagement Partner
Certified Public Accountant
Go Nakagawa

Designated and Engagement Partner
Certified Public Accountant
Nobuaki Chonan

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of the Company applicable to the fiscal year from April 1, 2010 to March 31, 2011. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion based on the audit.

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

As a result of our audit, it is our opinion that the consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate group comprising the Company and its consolidated subsidiaries in accordance with accounting standards generally accepted in Japan.
Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Attached document (9)

Certified Copy of the Accounting Auditors' Report

REPORT OF INDEPENDENT AUDITORS

May 13, 2011

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Kenji Yumoto

Designated and Engagement Partner
Certified Public Accountant
Go Nakagawa

Designated and Engagement Partner
Certified Public Accountant
Nobuaki Chonan

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the financial statements, that is, the balance sheet, the statement of income, the statement of changes in net assets, the notes to financial statements, and the supplementary schedules of the Company applicable to the 26th business year from April 1, 2010 to March 31, 2011. These financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on our audit.

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

As a result of our audit, it is our opinion that the financial statements and the supplementary schedules properly present in all material respects the Company's financial position and the results of operations of the group in accordance with accounting standards generally accepted in Japan.
Our firm and engagement partners have no interest in the Company that must be disclosed pursuant to the provisions of the Certified Public Accountants Law.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

Attached document (10)

Certified Copy of the Audit Report f the Board of Statutory Auditors

AUDIT REPORT OF STATUTORY AUDITORS

The Board of Statutory Auditors, having deliberated the issues based on the reports made by each Statutory Auditor concerning the methods and results of their audit of the business activities of the Directors for the 26th business term from April 1, 2010 to March 31, 2011, prepared this Audit Report and hereby submits it as follows:

1. Outline of auditing method applied by the Statutory Auditors and the Board of Statutory Auditors:
The Board of Statutory Auditors established the auditing policies and the audit plan for the term under review, received reports and explanations regarding the status of audits and the results thereof from each Statutory Auditor, as well as reports and explanations regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanation as necessary.

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and the audit plan for the term under review, each Statutory Auditor endeavored to collect information and established auditing circumstances through communication with Directors, internal audit staff and other employees, and attended the Board of Directors' meeting and other important meetings to receive reports regarding execution of duties from Directors, employees, etc. and requested explanations as necessary. Each Statutory Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices. Each Statutory Auditor monitored and verified the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of the system necessary to ensure proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Law, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors. Statutory Auditors received from subsidiaries their business reports as necessary through communication and information sharing with their Directors and Statutory Auditors. Statutory Auditors also reviewed the basic policy stipulated in Item 3-a, Article 118 of the Ordinance for Enforcement of the Corporation Law and the activities stipulated in Item 3-b of the same Ordinance which are described in the business report, based on the deliberations at the meetings of the Board of Directors and other meetings. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2011.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports of the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), and the supplementary schedules, for the year ended on March 31, 2011.

2. Results of Audit

(1) Results of audit of business report etc.

1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company;
2) Regarding the performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the Company; and
3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control and the execution of duties by Directors.
4) There are no matters to be pointed out with respect to the basic principles on those who shall control the decision of the Company's financial and operational policies described in the business reports. Activities stipulated in Item 3-b, Article 118 of the Ordinance for Enforcement of the Corporation Law, which are described in the business reports, are in line with such basic principles, unharmful to common interest of shareholders, and not intended to maintain the positions of Directors or Statutory Auditors of the Company.

(2) Results of audit of financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

(3) Results of audit of consolidated financial statements and supplementary schedules

The auditing methods and results of the Accounting Auditor, Ernst & Young ShinNihon LLC, are fair and reasonable.

May 13, 2011

Board of Statutory Auditors of transcosmos inc.

Standing Statutory Auditor	Hideaki Ishioka
Statutory Auditor	Kichiro Takao
Outside Statutory Auditor	Kazushi Watanabe
Outside Statutory Auditor	Toshiaki Nakamura

Reference Documents for the Annual General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of surplus for the 26th fiscal term

Matters related to year-end dividend

The Company proposes to pay a year-end dividend as follows in accordance with its dividend policy.

(1) Type of dividend asset

Cash dividend

(2) Allotment of dividend assets to shareholders and the total amount

33 yen per share of common stock of the Company

Total amount 1,357,799,157 yen

(3) Effective date of dividend of surplus

Wednesday, June 29, 2011

Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Reasons for Amendments

The Company makes partial amendments to Article 2 (Purpose) of the Articles of Incorporation of the Company in anticipation of the Company's future business developments.

2. Details of Amendments

The details of the amendments are as follows.

(Underlined sections are amendments.)

Current Version	Proposed Amendments
(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses. 1 to 12 (Omitted) <u>13. Lines reselling services as a second class telecommunication carrier</u> under the Telecommunication Business Law 14 to 25. (Omitted)	(Purpose) Article 2. The purpose of the Company shall be to engage in the following businesses. 1 to 12. (Same as present) 13. <u>Telecommunication carrier</u> under the Telecommunication Business Law 14 to 25. (Same as present)

Proposal No. 3: Election of Ten Directors

The term of office of all the ten Directors will expire at the conclusion of this Meeting. Accordingly, it is proposed that ten Directors be elected.

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares owned
1	Koki Okuda (January 9, 1937)	June 1966	Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director	7,498,800 shares (0 shares)
		December 1974	President, Representative Director of Kabushiki Kaisha Kansai Maruei Keisan Center	
		June 1975	President, Representative Director of Wakayama Maruei Keisan Center Kabushiki Kaisha	
		November 1978	President, Representative Director of Kabushiki Kaisha Input Research Institute	
		January 1982	President, Representative Director of Gunma Maruei Keisan Center Kabushiki Kaisha	
		April 1982	President, Representative Director of Kabushiki Kaisha Maritec	
		June 1984	Board member of Japan Information Technology Services Industry Association	
		June 1985	President, Representative Director of the Company	
		May 1997	President, Representative Director of J-Stream Inc.	
		June 1998	Chairman, Representative Director & President of the Company	
		December 1999	President, Representative Director of eVentures Inc.	
		September 2002	Chairman, Representative Director of the Company & Group CEO	
		June 2003	Founder, Representative Director & Group CEO (present post)	

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares owned
2	Koji Funatsu (March 18, 1952)	April 1981 December 1995 April 1998 June 1998 June 1999 April 2000 November 2000 April 2001 April 2002 September 2002 June 2003 June 2007 June 2009	Joined RECRUIT CO., LTD. Director of Recruit Hokkaido Jalan Co., Ltd. Joined the Company, General Manager of Business Planning & Development Division Managing Director Senior Managing Director, Assistance in Overseas Business Control Vice President, Representative Director, in charge of Marketing and Consulting Divisions, in charge of each Business Divisions In charge of Business Control Division In charge of Business Strategy Division & Human Resources Division Vice President, Representative Director, Chief of Business Administration Division, for Human Resources President, Representative Director & CEO Chairman, Representative Director & CEO (present post) Vice-Chairman, Japan Telemarketing Association (present post) Outside Director, Kadokawa Group Holdings, Inc. (present post)	25,200 shares (1,695 shares)
3	Masataka Okuda (March 29, 1967)	April 1988 June 1996 June 1998 April 2000 April 2001 April 2002 June 2002 September 2002 June 2003	Joined the Company Director, Deputy General Manager of Marketing Division Managing Director, Chief of Office of President Vice President, Representative Director, Chief of Business Planning & Development, Deputy Chief of Overseas Business Division Chief of Office of President & Business Promotion Division, Deputy Chief of Overseas Business Division, Deputy Chief of Accounting & Finance Division & Maintenance Services Division of the Company Vice President, Representative Director & Co-COO and CEO of Business Development Division of the Company Representative Director of eVentures Inc. Vice President, Representative Director & COO of the Company President, Representative Director & COO of the Company (present post)	5,910,368 shares (3,392 shares)

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares owned
4	Koichi Iwami (January 10, 1967)	April 1993	Joined Ajinomoto Co., Inc.	4,400 shares (4,203 shares)
		March 2001	Joined the Company	
		June 2002	Director, Deputy General Manager of Business Development Division	
		June 2004	Corporate Executive Officer	
		February 2005	Chairman of transcosmos Information system (Shanghai) Co., Ltd. (present post)	
		April 2005	Chief of Marketing Chain Management Services of the Company	
		June 2005	Senior Managing Director	
		August 2005	Chairman of transcosmos MCM Shanghai Co., Ltd. (present post)	
		June 2006	Executive Vice President, Director of the Company	
		April 2010	Senior Managing Director, in charge of Services Sector (present post), Chairman of transcosmos business service outsourcing Suzhou Co Ltd (present post)	
5	Hiroyuki Mukai (July 23, 1952)	April 1977	Joined IBM Japan, Ltd.	0 shares (2,357 shares)
		January 1995	General Manager of Retail System Division of Logistic System Davison	
		January 1997	External assignment to the Asian Head Office (Tokyo)	
		January 1998	External assignment to the European Head Office (France)	
		April 2000	Administration Officer and General Manager of Logistics System Division	
		April 2004	Administration Officer and General Manager of PC & Printing Division	
		March 2005	President of Lenovo Japan Co., Ltd.	
		October 2007	Joined the Company, Corporate Executive Officer in charge of Sales Planning Division General Manager of Business Development & Investments of the Company	
		June 2008	Senior Managing Director, Chief of Sales Division	
		April 2009	Executive Managing Director, Chief of Sales Division (present post)	

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares owned
6	Masakatsu Moriyama (May 21, 1970)	April 1993	Joined Pricewaterhouse Consultant (present IBM Japan, Ltd.)	2,000 shares (0 shares)
		June 2000	Joined the Company	
		June 2002	Director	
		June 2003	Managing Director	
		June 2004	Corporate Executive Officer	
		September 2005	Senior Managing Director, General Manager of BtoC Business Development Division	
		March 2007	Representative Director of Co-Core Inc. (present post)	
		June 2009	Executive Managing Director, General Manager of BtoC Business Development Division and "meet-me" Sales Promotion Department	
		April 2011	Executive Managing Director, General Manager of BtoC Business Development Division (present post)	
7	Shinichi Nagakura (January 7, 1964)	March 1986	Joined RECRUIT CO., LTD.	1,000 shares (0 shares)
		June 1998	Joined the Company	
		June 2004	Corporate Officer, General Manager of Service Development Division	
		June 2005	Corporate Senior Officer, in charge of Group Strategy	
		September 2005	Corporate Executive Officer, General Manager of Business Development & Investments	
		June 2006	Senior Managing Director	
		April 2009	President and CEO of transcosmos America, Inc. (present post)	
		April 2010	Executive Managing Director, in charge of Portfolio Management Department, President and CEO of transcosmos America, Inc. (present post)	
8	Takeshi Natsuno (March 17, 1965)	April 1988	Joined Tokyo Gas Co., Ltd.	0 shares (30,541 shares)
		September 1997	Joined NTT Mobile Communications Network Inc. (present NTT Docomo Inc.)	
		June 2005	Executive Officer and Manager in charge of Multimedia Services at NTT Docomo Inc.	
		May 2008	Guest Professor at Graduate School of Media and Governance, Keio University (present post)	
		June 2008	Outside Director of the Company (present post) Outside Director of Sega Sammy Holdings Inc. (present post) Director of Pia Corporation (present post) Part-time Director of NTT Resonant Inc. (present post) Outside Director of SBI Holdings, Inc. (present post)	
		December 2008	Director of Dwango Co., Ltd. (present post)	
		September 2009	Outside Director of GREE, Inc. (present post)	

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares owned
9	Jutaro Takinami (September 28, 1941)	April 1968	Joined Nippon Jimuki Co., Ltd.	0 shares (1,321 shares)
		February 1972	Joined Dentsu Inc.	
		December 1975	Seconded to Information Services International-Dentsu, Ltd.	
		June 1985	Director of Information Services International-Dentsu, Ltd.	
		June 1990	Managing Director of Information Services International-Dentsu, Ltd.	
		June 1994	Senior Managing Director of Information Services International-Dentsu, Ltd.	
		June 1998	President of Information Services International-Dentsu, Ltd.	
		June 2004	President and COO of Information Services International-Dentsu, Ltd.	
		March 2009	Part-time Director of Applied Technology (present post)	
		June 2009	Outside Director of the Company (present post) Vice-Chairman of Telecom Services Association (present post)	
		March 2010	Outside Director of Transcosmos Technologies Inc. (present post)	
10	Nozomu Yoshida (December 1, 1956)	April 1980	Joined Dentsu Inc.	0 shares (0 shares)
		July 1989	Seconded to Dentsu Communications Institute Inc.	
		October 2000	Representative Director of nozomu.net (present post)	
		January 2002	Director of Concent, Inc. (present post)	
		June 2004	Representative Director of takibi, Inc. (present post)	
		May 2008	Representative Director of Odayaka Living Co., Ltd. (present post)	
		June 2010	Outside Director of the Company (present post)	

Notes: 1. Figures in parentheses in the column of “No. of Company shares held” by candidates for Directors are equities in the Directors’ shareholding society. (Fractions smaller than one share are omitted.)

2. Director candidate Masakatsu Moriyama concurrently holds the position of Representative Director of Kabushiki Kaisha Co-Core Inc., with which the Company has business relationship.
Director candidate Nozomu Yoshida concurrently holds the position of Representative Director of takibi, Inc., with which the Company has business relationship.
No special interests exist between the Company and other candidates for Directors.

3. Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida are candidates for Outside Directors. The Company has designated Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida as independent executives stipulated by the Tokyo Stock Exchange, and registered them with that exchange as such. If this proposal is approved and the three candidates take the posts of Outside Directors, they will continue to be independent executives.

4. Reasons for the election of candidates for Outside Directors and reasons why the Company considers the offices of Outside Directors to be performed appropriately
Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida have ample experience, track histories of performance, and knowledge, including knowledge and experience in corporate management, and are also in objective positions amenable to the execution of operations independently of our management team. We consider that their presence will be highly conducive to the management of the Company. Therefore, we nominate them for election as Outside Directors.

5. While Takeshi Natsuno was Director of FeliCa Networks, Inc., an incident involving the leak of customer data by a temporary employee of that company occurred on November 21, 2006. Takeshi Natsuno was not involved in the incident. He fulfilled his responsibilities subsequent to the incident by aggressively effectuating efforts to raise awareness of risk management and instructed others in the compliance to legal statutes and regulations, the formulation of rules and the implementation of measures to prevent reoccurrences. In addition, while Takeshi Natsuno served as Director at Sumitomo Mitsui Card Co., Ltd., as a result of an incident involving the unauthorized access from an external party to the server of the Internet service "Vpass" developed by that company occurring on January 30, 2007, a portion of customers' credit card information was leaked. That company filed a damage report with the police, explained the circumstances to customers and apologized to them and effectuated other countermeasures. Takeshi Natsuno was not involved in this incident. He fulfilled his responsibilities subsequent to the incident by aggressively working towards the building of a framework to prevent reoccurrences such as by instructing to inspect the weaknesses of the system, strengthen the monitoring framework as well as effectuate other measures.
6. Liability Limitation Agreement with Outside Directors
   The Company has entered into, with each of Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida, the liability limitation agreement, which limits liability for damage under Article 423 (1) of the Corporation Law pursuant to the provision of Article 427 (1) of the Corporation Law. The maximum amount of liability for damage under such agreement is ¥1 million or the amount provided for in Article 425 (1) of the Corporation Law, whichever is higher. If the re-election of Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida is approved, the Company intends to continue the liability limitation agreement.
7. Years for which the candidates for Outside Directors are to take office as Outside Directors:
   1) The term of office of Takeshi Natsuno, an Outside Director, shall be three years at the conclusion of this Annual General Meeting of Shareholders.
   2) The term of office of Jutaro Takinami, an Outside Director, shall be two years at the conclusion of this Annual General Meeting of Shareholders.
   3) The term of office of Nozomu Yoshida, an Outside Director, shall be one year at the conclusion of this Annual General Meeting of Shareholders.

Proposal No. 4: Election of One Substitute Statutory Auditor

The effective tenure of substitute Statutory Auditor Teruyuki Hiiro, who was elected at the Annual General Meeting of Shareholders held on June 24, 2010, shall expire at the beginning of this General Meeting. Accordingly, it is proposed that one substitute Statutory Auditor be elected.

The Board of Statutory Auditors has previously given its consent to this proposal.

The candidate for substitute Statutory Auditor is as follows.

Name (Date of Birth)	Career summary and position at the Company (significant concurrent positions outside the Company)		No. of Company shares owned
Teruyuki Hiiro (January 15, 1933)	April 1956	Joined Tomoe Engineering Co., Ltd.	0 shares
	January 1989	Director of Tomoe Engineering Co., Ltd.	
	January 1993	Managing Director of Tomoe Engineering Co., Ltd.	
	January 1997	Senior Managing Director of Tomoe Engineering Co., Ltd.	
	June 2004	Outside Statutory Auditor of the Company	
	June 2009	Substitute Statutory Auditor	
	April 2010	Advisor (present post)	

Notes: 1. Teruyuki Hiiro and the Company have entered into an advisory contract.

2. Teruyuki Hiiro is a nominee for a substitute Outside Statutory Auditor.

3. Reasons for the election of the candidate for substitute Outside Statutory Auditor and reasons why the Company considers the office of substitute Outside Statutory Auditor shall be performed appropriately by same

Teruyuki Hiiro has experiences in executing the duties of Outside Statutory Auditor of the Company for five years, and he has ample experience, a track history of performance, and knowledge, and is in an objective position amenable to the execution of operations independently of our management team. We consider that his presence will be highly conducive to the management of the Company. Therefore, we nominate his for election as substitute Outside Statutory Auditor.

4. If Teruyuki Hiiro assumes the office of Outside Statutory Auditor, the Company will enter into an agreement that limits the liability for damages provided for in Article 423, paragraph (1) of the Corporation Law with him pursuant to the provisions of Article 427, paragraph (1) of the said Law. The maximum amount for the liability for damages under the agreement is either of 1 million yen or the amount stipulated in Article 425, paragraph (1) of the Corporation Law, whichever is higher.