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Securities Code: 9715
June 10, 2014

To Our Shareholders

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

NOTICE OF THE 29th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 29th 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 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 and 4).

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 24, 2014 (Tuesday).

1. Date and Time: 10:00 a.m., Wednesday, June 25, 2014

2. Place: Aoyama Diamond Hall 1st floor (Diamond Room)
6-8, Kitaaoyama 3-chome, Minato-ku, Tokyo

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 29th Fiscal Term (from April 1, 2013 to March 31, 2014)
2. Financial Statements for the 29th Fiscal Term (from April 1, 2013 to March 31, 2014)

Proposals to be resolved:

Proposal No. 1: Appropriation of surplus for the 29th fiscal term
Proposal No. 2: Partial Amendment to Articles of Incorporation
Proposal No. 3: Election of Fifteen Directors
Proposal No. 4: Election of One Statutory Auditor
Proposal No. 5: Election of One Substitute Statutory Auditor
Proposal No. 6: Revision of remuneration amounts for Corporate Officers, and revision from maximum monthly remuneration to maximum annual remuneration

1. For those attending, please submit the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.
2. Please note 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, the amended contents will be presented on the Company’s website at: (http://www.trans-cosmos.co.jp/e/ir/).

Procedures for the Exercise of Voting Rights via the Internet

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.web54.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 24, 2014 (Tuesday). We would however 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, or if you exercise your voting rights more than once using the computer and mobile phone, 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 access charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.

System Environment for the Exercise of Voting Rights via the Internet

If you are exercising your voting rights via the Internet, please confirm the following regarding your systems.

1. When using the website for personal computers:
   1) Display resolution shall be 800 dots horizontal x 600 dots vertical (SVGA) or higher.
   2) The following applications must have been installed:
      (a) Microsoft® Internet Explorer Ver.5.01 SP2 or later as web browser
      (b) Adobe® Acrobat® Reader™ Ver.4.0 or later, or Adobe® Reader® Ver.6.0 or later as PDF file reader
         * Internet Explorer is the registered trademark, trademark, or name of a product of U.S. Microsoft Corporation in the U.S. and other countries, while Adobe® Acrobat® Reader® and Adobe® Reader® are registered trademarks, trademarks, or names of products of the U.S. Adobe Systems Incorporated in the U.S. and other countries.
         *Each of the software mentioned above is distributed free of charge on the website of the respective companies.
   3) If you have activated the "popup blocker" function in the web browser or add-in tools, etc., of your personal computer, please disable (or temporarily disable) the function and allow the use of "Cookies" with the site in the settings concerning security.
   4) If you cannot access the site mentioned above, there is a possibility that communications with the Internet are restricted by the settings of firewall proxy server, antivirus software, etc. Please confirm details of these settings.
2. When using the website for mobile phones:
   The model of your mobile phone must be able to receive one of the following services and be equipped with 128bit Secure Socket Layer (SSL) to allow encrypted telecommunications.
   1) i-mode
   2) EZweb
   3) Yahoo!Keitai
      * i-mode is a trademark, registered trademark, or name of service of NTT DOCOMO, INC., while EZweb, Yahoo!, and Yahoo! Keitai are a trademark, registered trade mark, or name of service of KDDI CORPORATION, Yahoo! Incorporated of the U.S. and SoftBank Mobile Corp., respectively.

* If you access the website using the full browser application of mobile phones, if you access the website from a personal computer via telephone terminals using the phone only as a telecommunications device, or if you access the website using smartphones, your voting will be handled as voting on the website for personal computers even if the handset used satisfies the conditions described above.

Inquiries about How to Operate Personal Computers, etc.

1. If you have any questions about how to operate PCs, mobile phones, etc., concerning the exercise of voting rights via the Internet on the site, please call the following number.
   Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Web Support
   Direct Line: (Toll free) 0120-652-031 (9:00 – 21:00; within Japan only)
2. For other inquiries, please call one of the following numbers.
   1) Shareholders who have accounts with securities companies:
      Shareholders who have accounts with securities companies are requested to make inquiries to the securities company where they respectively have accounts.
   2) Shareholders who do not have accounts with securities companies (Shareholders who have special accounts):
      Sumitomo Mitsui Trust Bank, Limited, Stock Transfer Agency Administration Center
      (Toll free) 0120-782-031 (9:00 – 17:00, excluding the weekend and holidays; 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, 2013 to March 31, 2014)

1. Business Overview of the Group

(1) Progress and Results of Operations

During the fiscal year ended March 31, 2014, Japan's economy was on a recovery track, supported by the correction of the strong yen and the rise in stock prices thanks to the government's fiscal policy and the monetary easing measures implemented by the Bank of Japan, improvement in corporate performance and the pickup in capital investment, and brisk consumer spending due to last-minute demand before the consumption tax hike. Meanwhile, there remains uncertainty over the future due to downside risks to overseas economies, such as slowing economies in emerging countries, the situation in Ukraine and the impact of tapering of the U.S. monetary easing program.

In the information service market in which the Group is involved, there is expanding demand for the business process outsourcing business that helps improve corporate management through optimization of marketing using information technology (IT), strengthening of cost competitiveness, operational reform and the like. With an increasing movement to seek ways to expand sales of products and services using electronic commerce (EC), outsourcing demand is also expanding in association with these needs.

Given such a situation, the Group focused on providing and creating outsourcing services, including a call center service, business process outsourcing service and digital marketing service, to help corporate clients increase sales and reduce costs.

Regarding the call center service, new call centers were established in Hokkaido and Osaka, respectively, in response to growing demand. As a new service, the Group started providing "Emergency Call Center Service – Risk Prevention Measures Package", through which a call center for emergency contact can be opened in just one day at the shortest in the event of emergencies such as information leakage or a recall. In addition, PT. transcosmos Indonesia was established in Indonesia as a joint venture company with the Salim Group, a major financial combine, and started offering a call center service for the local market. In the business process outsourcing service, the Group had its own building, "Transcosmos Outsourcing Center Suzhou", constructed as an integrated outsourcing base to provide off-shore services in China. Also, in Daqing, China, a new off-shore base was created in a bid to strengthen the Group delivery system to help meet diversifying corporate needs. In the digital marketing service, game applications for smart phones were developed and supplied, and new services including Demand-Side Platform (DSP) service were released one after another in line with the evolution of ad technology. In the analysis and big data-related area, survey and analysis services for mail order/EC/membership service providers were expanded. As a result of these efforts, existing services were expanded and new services were added, leading to a steady increase in service orders. Furthermore, strong earnings were recorded as the Group worked on improving productivity, quality and profit margins.

Meanwhile, with an eye to its future growth strategy, the Group strengthened and pushed ahead with its outsourcing service system that offers corporate clients one-stop global support for their EC businesses. Specifically, the Group entered into capital/business tie-ups with PFSweb, Inc., a leading player in the U.S. EC outsourcing industry, FineEX, a major EC fulfillment and logistics company in China, and PT. BERRYBENKA, a large fashion EC website operator in Indonesia, respectively. In addition, the Group aggressively reinforced its business framework in Southeast Asia by agreeing to form a capital/business alliance with Luxola Pte. Ltd., a Singaporean company that operates a cross-border EC website for cosmetics in eight Southeast Asian countries.

As a result, consolidated operating results for the fiscal year ended March 31, 2014, were as follows. Net sales were 186,503 million yen, up 12.1% from the previous year. As for profit, due to increase in net sales and improvement in gross profit margin on sales, operating income increased 31.5% from the previous year to 9,541 million yen, and ordinary income increased 18.5% from the previous year to 10,082 million yen. Net income increased 27.8% from the previous year to 6,289 million yen.

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 145,832 million yen, up 8.1% from the previous year, and segment profit was 6,936 million yen, up 25.1% from the previous year. This is due to expanding demand for IT services and higher profitability as a result of proper adjustment of costs.

BtoB domestic subsidiaries

In BtoB domestic subsidiaries, sales were 20,682 million yen, down 2.8% from the previous year because some subsidiaries were excluded from the scope of consolidation in the first quarter of the current consolidated fiscal year. However, segment profit increased 30.1% from the previous year to 950 million yen owing to improvements in profits at some subsidiaries engaging in business process outsourcing.

BtoB overseas subsidiaries

In BtoB overseas subsidiaries, sales increased 8.3% from the previous year to 19,339 million yen due to an expansion in offshore development orders in China. Segment profit decreased 4.7% from the previous year to 499 million yen, affected by decreasing orders and falling profits at subsidiaries in South Korea.

BtoC subsidiaries

In BtoC subsidiaries, sales were 11,107 million yen, up 261.9% from the previous year, and segment profit was 1,073 million yen, up 179.4% from the previous year. This is because some subsidiaries were included in the scope of consolidation from the fourth quarter of the previous consolidated fiscal year.

Segment profits are calculated based operating profits on the Consolidated Statement of Income.

(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 and reduce their costs. The Group does this by providing clients with each service or by integrating digital marketing service, the call center service, and business process outsourcing 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 cloud computing, social media, smartphones 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

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 a disaster happens. Therefore, the Group will improve the precision of its BCP, bracing for diversifying risks such as disasters, acts of terrorism and accidents, and will reinforce its measures against the expected electricity shortage so that it can continue business through the use of batteries and cooperation with each office all over 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

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

(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 2011 (26th Fiscal Term)	FY 2012 (27th Fiscal Term)	FY 2013 (28th Fiscal Term)	FY 2014 (29th Fiscal Term)
Net sales (millions of yen)	151,687	161,208	166,335	186,503
Ordinary income (millions of yen)	6,512	8,970	8,507	10,082
Net income (millions of yen)	4,469	4,969	4,919	6,289
Net income per share (yen)	108.63	120.77	119.57	152.87
Total assets (millions of yen)	90,134	93,137	88,420	92,173
Net assets (millions of yen)	44,410	48,819	53,301	60,809
Net assets per share (yen)	997.46	1,101.41	1,212.44	1,394.09

Note: Net income per share is calculated by deducting the average number of treasury stock 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 stock 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	53.78%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	600 million yen	60.21%	System integration business for GIS/manufacturers
transcosmos Korea Inc.	KRW5,302 million	99.98%	Call center business in South Korea
transcosmos CRM Okinawa Inc.	100 million yen	100.0%	Call center business in Japan

(11) Principal Business of the Group (As of March 31, 2014)

The Company Group mainly engages in call center services, business process outsourcing services, digital marketing services, EC one stop services, global services, and BtoC services.

(12) Principal Business Offices of the Group (As of March 31, 2014)

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

(13) Employees (As of March 31, 2014)

1) Employees of the Group

Business segment	Number of employees	Number of temporary employees
Company's services	8,045	15,216
BtoB domestic subsidiaries	1,111	3,423
BtoB overseas subsidiaries	5,716	1,585
BtoC subsidiaries	317	42
Total	15,189	20,266

2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
8,045 (15,216)	+166 (+812)	35 years, 4 months	8 years, 8 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, 2014)

Creditor	Loan outstanding (millions of yen)
Mizuho Bank, Ltd.	459
Sumitomo Mitsui Banking Corporation	433
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	420

2. Matters Concerning Shares of the Company (As of March 31, 2014)

(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: 18,029

(of which 14,640 shareholders hold unit shares)

(4) Top ten major shareholders

Name	Number of shares held (thousands of shares)	Shareholding ratio (%)
Koki Okuda	7,498	18.2
Masataka Okuda	5,910	14.4
Okuda Ikueikai, Public Interest Incorporated Foundation	1,753	4.3
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,629	4.0
Mihoko Hirai	1,463	3.6
Master Trust Bank of Japan, Ltd. (Account in Trust)	1,153	2.8
HM Kosan, Ltd.	722	1.8
THE BANK OF NEW YORK – JASDECTREATY ACCOUNT	619	1.5
Employee Shareholding Association of transcosmos inc.	607	1.5
STATE STREET BANK AND TRUST COMPANY 505103	590	1.4

Notes:

1. Although the Company holds 7,653 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 held 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, 2014)

Not applicable.

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

Not applicable.

4. Corporate Officers (As of March 31, 2014)

(1) Directors and Statutory Auditors

Position	Name	Assignment or principal responsibilities and significant concurrent positions
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer Outside Director of KADOKAWA CORPORATION
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Executive Vice President	Koichi Iwami	Chief of Call Center Services Headquarters, Chief of Global Business Sector, and General Manager of Services Promotion Division Chairman of transcosmos MCM Shanghai Co., Ltd. Chairman of transcosmos Korea Inc. Director of transcosmos analytics inc. Director of transcosmos philippines, inc.
Senior Executive Managing Director	Hiroyuki Mukai	In charge of Sales Headquarters
Executive Managing Director	Masakatsu Moriyama	General Manager of BtoC Business Development Division, in charge of Digital Marketing Services Sector and Deputy General Manager of Services Promotion Division Representative Director of TEAMLAB Business Development Inc. President and Representative Director of Co-Core Inc. Director of transcosmos philippines, inc. Representative Director of NIHONCHOKUHAN Co., Ltd.
Executive Managing Director	Shinichi Nagakura	Deputy Chief of Global Business Sector, Manager of Global Business Sector, Silicon Valley Branch and President and CEO of transcosmos America, Inc. Director of Merlin Information Systems Group Limited Director of PFSweb, Inc.
Executive Managing Director	Masaaki Muta	Chief of Sales Headquarters In charge of Sales Management Administration Department and Outside Director of J-Stream Inc.
Executive Managing Director	Masatoshi Kouno	Chief of Business Process Outsourcing Services Headquarters and Deputy General Manager of Services Promotion Division
Outside Director	Takeshi Natsuno	Guest Professor of Keio University, Graduate School of Media and Governance Outside Director of Sega Sammy Holdings Inc. Director of Pia Corporation Part-time Director of NTT Resonant Inc. Director of Dwango Co., Ltd. Outside Director of DLE Inc. Outside Director of GREE, Inc.
Outside Director	Jutaro Takinami	Part-time Director of APPLIED TECHNOLOGY CO., LTD. Outside Director of transcosmos Technologies Inc.
Outside Director	Nozomu Yoshida	Representative Director of nozomu.net Director of Concent, Inc. Representative Director of Odayaka Living Co., Ltd.

		Outside Statutory Auditor of ASAHI Net, Inc.
Standing Statutory Auditor	Hideaki Ishioka	
Outside Statutory Auditor	Toshiaki Nakamura	Outside Statutory Auditor of Riso Kyoiku Co., Ltd. Outside Statutory Auditor of Tokyo Bay Hotels Corporation
Outside Statutory Auditor	Setsuo Yamane	

Notes:

1. Changes in Directors during the fiscal year are as follows:
   Executive Managing Director, Masatoshi Kouno: Elected at the 28th Annual General Meeting of Shareholders held on June 26, 2013, and took office
2. Changes in Statutory Auditors during the fiscal year are as follows:
   Statutory Auditor Kichiro Takao: Retired from office due to expiry of the term of office as of the conclusion of the 28th Annual General Meeting of Shareholders held on June 26, 2013
   Outside Statutory Auditor Teruyuki Hiiro: Retired from office due to expiry of the term of office as of the conclusion of the 28th Annual General Meeting of Shareholders held on June 26, 2013
   Outside Statutory Auditor Setsuo Yamane: Elected at the 28th Annual General Meeting of Shareholders held on June 26, 2013, and took office
3. Outside Director Takeshi Natsuno retired upon his resignation as an Outside Director of Trenders Inc., which had been one of his concurrent positions, on May 20, 2014.
   Outside Director Nozomu Yoshida retired upon his resignation as a Director of takibi, Inc., which had been one of his concurrent positions, on September 30, 2013.
4. Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida are Outside Directors.
5. Statutory Auditors Toshiaki Nakamura and Setsuo Yamane are Outside Statutory Auditors.
6. Outside Statutory Auditor Toshiaki Nakamura is a certified public tax accountant and possesses considerable expertise and experience in finance and accounting.
7. The Company has designated Outside Directors Takeshi Natsuno and Jutaro Takinami, and Outside Statutory Auditor Toshiaki Nakamura and Setsuo Yamane as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.

(2) Outside Corporate Officers

1) Status of significant concurrent positions as executive officer held outside the Company 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. There is no special relationship between these companies and the Company.

Outside Director Nozomu Yoshida concurrently holds the positions of Representative Director of nozomu.net and Representative Director of Odayaka Living Co., Ltd. There is no special relationship between these companies and the Company. The Company has a business relationship with takibi inc. for which Nozomu Yoshida served as Director.

2) Status of significant concurrent positions as Outside Directors, etc. held outside the Company 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., DLE Inc., and GREE, Inc. The Company has business relationships with NTT Resonant Inc., DLE Inc., and GREE, Inc. The Company has a business relationship with Trenders Inc. for which Takeshi Natsuno served as Director.

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 Director Nozomu Yoshida concurrently holds the position of Outside Director of Concent, Inc. and the position of Outside Statutory Auditor of ASAHI Net, Inc. The Company has a business relationship with ASAHI Net, Inc.

Outside Statutory Auditor Toshiaki Nakamura concurrently holds the position of Outside Statutory Auditor of Riso Kyoiku Co., Ltd. and Tokyo Bay Hotels Corporation. There is no special relationship between these companies 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, Paragraph 1 of the Corporation Law pursuant to the provisions of Article 427, Paragraph 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, Paragraph 1 of the Corporation Law, whichever is higher, for Outside Directors Takeshi Natsuno, Jutaro Takinami and Nozomu Yoshida; and 1 million yen or the amount provided for in Article 425, Paragraph 1 of the Corporation Law, whichever is higher, for Outside Statutory Auditors Toshiaki Nakamura and Setsuo Yamane.

(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	12/13 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on the viewpoint of former director of listed companies and his wide knowledge and experience in Internet business.
Jutaro Takinami	Outside Director	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 in management of other companies for long term.
Nozomu Yoshida	Outside Director	12/13 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience in Internet business.
Toshiaki Nakamura	Outside Statutory Auditor	13/13 15/15	He has generally given opinions on matters to be resolved and reported, as necessary, based on his wide knowledge and experience as a public tax accountant.
Setsuo Yamane	Outside Statutory Auditor	10/10 11/11	He has generally given opinions on matters to be resolved and reported, as necessary, based on his wide knowledge and experience on police duty for long term...

Note: Changes to Statutory Auditors during the fiscal year are as follows:

Outside Statutory Auditor Setsuo Yamane:	Took office because he was elected as a substitute Statutory Auditor at the 28th Annual General Meeting of Shareholders held on June 26, 2013.

(4) Remuneration paid to Directors and Statutory Auditors

Category	Number of Directors and Statutory Auditors paid	Amount paid
Directors (Outside Directors among the above)	12 (3)	351 million yen (42 million yen)
Statutory Auditors (Outside Statutory Auditors among the above)	5 (3)	25 million yen (12 million yen)
Total	17	376 million yen

Notes:

1. Amount paid includes Directors' bonuses of 36 million yen resolved at Board of Directors' Meeting held on April 30, 2014.
2. 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)
3. 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. Status 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)	96 million yen
Total amount of money and other profits from properties to be paid by the Company and its subsidiaries to the Accounting Auditor	157 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) Matters concerning 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) Non-auditing service

The Company pays accounting auditors compensation for the service relating to agreed procedures, other than the service as provided in Article 2, Paragraph 1 of the Certified Public Accountants Act.

(5) Summary of the Liability Limitation Agreement

Not applicable.

(6) 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 therefor, the Board of Directors will, after obtaining the consent of the Board of Statutory Auditors, submit a proposal for the dismissal or non-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 non-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 sessions on compliance 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 laws, regulations, or the Articles of Incorporation is found 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 Promotion 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 build a system to report matters promptly to the Compliance Promotion Department in case a risk of loss is discovered. To facilitate the collection of risk information, the Company will familiarize the Directors and employees with the importance of the existence of the Compliance Promotion Department and instruct them to promptly report any risk of loss they discover through the organization.

The information management system will be enhanced based on privacy marks and other personal information protection regulations.

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 feedback 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.

If the 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 Management 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 continuing to implement the following measures under the principle of "customer first" which it has upheld since its foundation.

(i) Measures for Marketing & Sales and BPO business fields

In order to provide comprehensive and global support to help companies boost sales and reduce costs, which are critical issues common to all enterprises, the Company will designate Marketing & Sales and BPO (Business Process Outsourcing) as its new business fields and provide a variety of outsourcing services in these fields. In the Marketing & Sales business field, as the points of contact between companies and customers, including call centers, mobile telecommunications, and websites, are becoming more interactive, the Company will help corporate customers ensure sales growth by creating services that lead to enhancements of points of customer contact and providing solutions that maximize customer value. Various functions the Company provides, including call centers, serve as front points of contact with customers for our client companies. The Company will deliver maximum customer value by revealing latent needs and tasks of client companies through the use of the customer analysis and consulting capabilities specific to the Company, which can identify various issues related to customers while undertaking such functions. The Company will also quickly focus on need to respond to such new channels as e-commerce (EC), smartphones, and social networking services (SNS) by creating and providing more suitable services.

In the BPO business, which leads to cost reductions and improved business efficiency of companies, the Company has achieved cost optimizations to meet the need for cost reductions within client companies, by making the most of the strengths of the Company–standardizing the most suitable processes created by people using IT. The Company has also developed low-cost and high-quality solutions by shifting the service delivery model from an onsite-based model to a near shore and offshore-based model, in addition to applying its track record and expertise accumulated since it was established. Furthermore, the Company has expanded its service fields from such conventional fields as operations for customer support divisions, operations for information system divisions, and sales administrative operations, to fields of corporate operations such as personnel affairs, accounting, general affairs, and purchasing. The Company will provide one-stop services to satisfy more extensive needs for cost reductions.

(ii) Provision of services to globalizing market

Since the Company launched its business in China in 1995 and entered the system development market (offshore development) by providing high-quality services at a low cost, it has accelerated the structuring and development of its service system in the Asian market, centering on China and South Korea, such as local call center services, digital marketing services, and business process outsourcing services. In South Korea, the Company provides a real MCM service by enhancing the digital marketing business in addition to existing businesses (call center, direct mail, and field services), with a view to becoming a leading company as the No. 1 outsourcer. In China, the Company has established a firm foundation for the MCM business in the Chinese market by linking and integrating businesses and reinforcing its brand recognition, sales capabilities, and services in China. In addition, the Company will pursue low-cost and high-quality offshore services for the Japanese market, while aiming for further growth in the EC market, which is a promising market, and the financial and telecommunications markets. With regard to its entry into the European and U.S. markets, the Company aims to ensure earnings opportunities in order to establish its business model.

The Company believes that appropriate management is necessary to achieve the global development described above. The Company will accelerate its global development by linking business and management methods through not only promoting the hiring and development of overseas local personnel, but also the standardization and consistent application of best practices on a global basis by establishing the “TCI way,” its original management method, which is recognized globally.

(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 twelve directors be independent outside directors. In terms of operations, the independence of each Director, who is a member of the Board of Directors, is ensured to enable him/her give opinions at his/her discretion, and there are active discussions. For instance, in business development, including the provision of digital marketing functions using SNS, which the Company is currently promoting, the Company is achieving great effects from promoting its business by obtaining the expertise of Outside Directors. Also, it has introduced an executive officer 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 three 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.

(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 decided to renew a plan as a countermeasure to any act of substantial acquisition of the Company shares (countermeasure to acquisition) (the “Plan”). This was based on the resolution of the Board of Directors Meeting held on May 15, 2012 and the resolution of the 27th Annual General Meeting of Shareholders held on June 27, 2012. A summary of the Plan is shown in (ii) below.

(ii) Summary of the Plan

The Board of Directors 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, and prevent any substantial acquisition that would impair the corporate value of the Company and the common interest of shareholders.

The Plan sets out procedures necessary to achieve the purposes stated above, including requirements for acquirers to provide information in advance in case the acquirer intends to acquire 20% or more of the Company’s share certificates or other equity securities.

The acquirer must not effect a large-scale acquisition of the shares and other equity securities of the Company until and unless the Board of Directors determines not to trigger the Plan in accordance with the procedures for the Plan.

In the event that an acquirer does not follow the procedures set out in the Plan, or a large-scale acquisition of shares and other equity securities of the Company could harm the corporate value of the Company and, in turn, the common interests of its shareholders, etc., and in cases such as where the acquisition satisfies the triggering requirements set out in the Plan, the Company will implement a gratis allotment of stock acquisition rights (*shinkabu yoyakuken mushou wariate*) for stock acquisition rights with (a) an exercise condition that does not allow the acquirer, etc., to exercise the rights as a general rule, and (b) an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer, etc., to all shareholders, except the Company, at that time, or implement any other reasonable measures that may be taken under laws and ordinances and the Company’s Articles of Incorporation. If the gratis allotment of Stock Acquisition Rights were to take place in accordance the Plan and all shareholders other than the acquirer receive shares in the Company as a result of those shareholders exercising or the Company acquiring those stock acquisition rights, the ratio of voting rights in the Company held by the acquirer may be diluted by up to about a maximum of approximately 50%.

To eliminate arbitrary decisions by directors, the Company will establish the Independent Committee, which is solely composed of members who are independent of the management of the Company such as outside directors to make objective decisions with respect to matters such as implementation or non-implementation of the gratis allotment of stock acquisition rights or acquisition of stock acquisition rights under the Plan. In addition, the Board of Directors may, if prescribed in the Plan, hold a meeting of shareholders and confirm the intent of the Company’s shareholders regarding implementation of the gratis allotment of the stock acquisition rights or other measures.

Transparency with respect to the course of those procedures will be ensured by timely disclosure to all of the Company’s shareholders.

The effective period of the Plan is from June 27, 2012 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 27th Annual Shareholders Meeting.

(3) Policies on the Decision on Dividend of 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 profits to shareholders.

We plan to pay a dividend of 46.00 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, 2014)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**66,926**	**Current liabilities**	**30,511**
Cash and deposits	30,521	Accounts payable—trade	7,846
Notes and accounts receivable—trade	31,694	Short-term bank loans	366
Merchandise and finished goods	79	Current portion of bonds	20
Work and software in progress	674	Current portion of long-term bank loans	1,668
Supplies	33		
Deferred tax assets	1,778	Accounts payable	3,909
Other	2,445	Accrued expenses	7,106
Allowance for doubtful accounts	(300)	Income taxes payable	2,258
Fixed assets	**25,246**	Accrued consumption tax	1,682
Tangible fixed assets	**7,714**	Advances received	765
Buildings and structures	3,388	Accrued bonuses for employees	3,541
Vehicles and transportation equipment	10	Other	1,345
Tools, furniture and fixtures	2,492		
Land	1,181	**Fixed liabilities**	**851**
Lease assets	285	Long-term bank loans	352
Construction in progress	356	Net defined benefit liability	172
Intangible fixed assets	**1,800**	Long-term security deposits received	33
Goodwill	151	Other	294
Software	1,178		
Lease assets	31	**Total liabilities**	**31,363**
Software in progress	145	**Net Assets**	
Other	293	**Shareholders' equity**	**55,753**
Investments and other assets	**15,731**	**Common stock**	**29,065**
Investment in securities	2,494	**Capital surplus**	**20,510**
Investment in stocks of unconsolidated subsidiaries and affiliates	5,113	**Retained earnings**	**22,105**
Investment in other securities of unconsolidated subsidiaries and affiliates	76	**Treasury stock**	**(15,929)**
Investment in unconsolidated subsidiaries and affiliates	2,260	**Accumulated other comprehensive income**	**1,600**
		Unrealized gain on securities	**611**
Long-term loans receivable	434	**Foreign currency translation adjustment**	**989**
Deferred tax assets	133	**Minority interests**	**3,455**
Security deposits	5,159		
Other	314		
Allowance for doubtful accounts	(256)	**Total net assets**	**60,809**
Total assets	**92,173**	**Total liabilities and net assets**	**92,173**

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

Attached document (3)

Consolidated Statement of Income

(from April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount	
Net sales		**186,503**
Cost of sales		**151,100**
Gross Profit		**35,403**
Selling, general and administrative expenses		**25,861**
Operating income		**9,541**
Non-operating income:		
Interest income	55	
Dividend income	31	
Share of profit of entities accounted for using equity method	15	
Foreign exchange gains	261	
Employment development subsidy	167	
Other	376	907
Non-operating expenses:		
Interest expenses	85	
Provision of allowance for doubtful accounts	108	
Other	172	366
Ordinary income		**10,082**
Extraordinary gains:		
Gain on sale/disposal of investment in securities	234	
Gain on sales of subsidiaries and affiliates' stocks	33	
Reversal of reserve for loss on litigation	1,064	
Other	222	1,554
Extraordinary losses:		
Impairment loss	156	
Loss on write-down of investment in securities	1,123	
Loss on litigation	406	
Other	175	1,861
Income before income taxes and minority interests		**9,776**
Income taxes—current	2,617	
Income taxes—deferred	285	2,903
Income before minority interests		6,872
Minority interests in income		583
Net income		**6,289**

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

Attached document (4)

Consolidated Statement of Changes in Net Assets

(from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the fiscal year	29,065	20,510	17,297	(15,924)	50,949
Change during the fiscal year					
Dividend of surplus			(1,481)		(1,481)
Net income			6,289		6,289
Acquisition of treasury stock				(4)	(4)
Net change in items other than shareholders' equity during the fiscal year					–
Total change during the fiscal year	–	–	4,808	(4)	4,803
Balance at the end of the fiscal year	29,065	20,510	22,105	(15,929)	55,753

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

(Millions of yen)

	Accumulated other comprehensive income			Minority interests	Total net assets
	Unrealized gain on securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at the beginning of the fiscal year	248	(1,314)	(1,065)	3,417	53,301
Change during the fiscal year					
Dividend of surplus			–		(1,481)
Net income			–		6,289
Acquisition of treasury stock			–		(4)
Net change in items other than shareholders' equity during the fiscal year	362	2,303	2,666	38	2,704
Total change during the fiscal year	362	2,303	2,666	38	7,507
Balance at the end of the fiscal year	611	989	1,600	3,455	60,809

Note: Figures less than one million yen 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: 44

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:

(Newly included)
- Hottech digital technology (Tianjin) Co., Ltd. (established on October 22, 2013)

(Excluded)
- ENTERMEDIA, INC. (sold all shares held in the company)

(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 accounted for by the equity method: 14

Names of principal non-consolidated subsidiaries and affiliates accounted for by the equity method
Nielsen Co., Ltd., Forecast Communications Inc.
Changes to our non-consolidated subsidiaries and affiliates accounted for by the equity method during the fiscal year under review are as follows:

(Newly included)
- PFSweb, Inc. (newly acquired)
- FineEx (newly acquired)

(Exclude)
- 9Fruitsmedia, Inc. (sold all shares held in the company)
- NCP Zero-Base Fund (dissolution completed on April 9, 2013)

(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.

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
- transcosmos Information Creative Japan
- NIHONCHOKUHAN Co. Ltd.
- transcosmos America, Inc.
- transcosmos Information Creative (China) Co., Ltd.
- transcosmos Information System (Shanghai) Co., Ltd.
- transcosmos MCM Shanghai Co., Ltd.
- transcosmos Korea Inc.
- Transcosmos Information Creative Holdings.
- Shine Harbour Ltd.
- transcosmos CC China
- transcosmos (Thailand) Co., Ltd.
- Shanghai transcosmos Interactive Services Co., Ltd.
- Beijing transcosmos Interactive Services Co., Ltd.
- Suzhou transcosmos Information Creative Co., Ltd.
- Wuxi transcosmos Interactive Services Co., Ltd.
- transcosmos business service outsourcing suzhou Co., Ltd.
- Transcosmos Investment Consulting (Beijing) Co., Ltd. Investment Consulting
- Hottech digital technology (Tianjin) Co., Ltd.
- Transcosmos Digital Marketing Cayman 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.

(Account closing date: Others)

Names of company	Account closing dates
• CCP-Global Fund II	May 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.

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 consolidated 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) 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

(3) 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.
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 five years. Software for commercial sale is depreciated based on the quantity expected to be sold within three 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 by straight-line method based on lease period of useful lives with residual values of zero.

(4) 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.

Accrued bonuses for directors ················ Accrued bonuses for directors are provided based on the estimates of bonus obligations attributable to the current fiscal term.

(5) 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 of special accounting rules 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, 2014, 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 on or before March 31, 2010 are amortized by equal installments over five years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

6) Standards of accounting for liabilities for retirement benefits

To calculate liabilities for retirement benefits and retirement benefit expenses, some consolidated subsidiaries use a simplified method that assumes that the retirement benefit obligation is equal to the amount of benefits that would be required to be paid if all eligible employees voluntarily retire at the fiscal year-end.

5. Change in presentation

Consolidated balance sheet-related

The “reserve for retirement benefits” presented in the previous consolidated fiscal year is presented as “liabilities for retirement benefits” effective from the current consolidated fiscal year, as a result of the application of the “Accounting Standards for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012; hereinafter “Retirement Benefits Accounting Standards”) and the “Guidance on Accounting Standards for Retirement Benefits” (ASBJ Guidance No. 25, May 17, 2012).

The application of the Retirement Benefits Accounting Standards, etc., is pursuant to the transitional treatment prescribed in Paragraph 37 of the Retirement Benefits Accounting Standards.

Notes to the Consolidated Balance Sheet

1. Accumulated depreciation of tangible fixed assets ¥13,769 million
2. 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. With regard to this lawsuit, on January 23, 2012, the plaintiff filed for an expansion of the scope of the claim and accordingly, the claimed amount of damages was changed to 2,501 million yen. However, a judicial settlement was reached for this lawsuit on September 9, 2013.

Notes to the Consolidated Statement of Changes in Net Assets

1. Total number of shares issued

Class of shares	Number of shares at the beginning of the current 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 beginning of the current 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)	7,650,551	2,825	—	7,653,376

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 2,825 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 26, 2013	Common stock	1,481	36	March 31, 2013	June 27, 2013

(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 25, 2014	Common stock	Retained earnings	1,892	46	March 31, 2014	June 26, 2014

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 and accounts receivable-trade, 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-trade and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term bank loans out of loans payable are mainly financing for operational transactions; long-term bank loans (less than five 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 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 bank loans, 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 has commitment-line contracts in place in order to ensure to fulfill all obligations.

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, 2014 are as follows. Financial instruments whose fair values are extremely difficult to determine are not listed in the following table.

(Millions of yen)

	Recorded amount on consolidated balance sheet*	Fair value*	Difference
(1) Cash and deposits	30,521	30,521	–
(2) Notes and accounts receivable- trade	31,694	31,694	–
(3) Securities and investment in securities			
Other available-for-sale securities	1,097	1,097	–
(4) Accounts payable-trade	(7,846)	(7,846)	–
(5) Short-term bank loans	(366)	(366)	0
(6) Accrued expenses	(7,106)	(7,106)	–
(7) Bonds	(20)	(19)	0
(8) Long-term bank loans	(2,020)	(2,041)	(20)
(9) Derivatives	–	–	–

*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 and accounts receivable-trade

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 securities and investment in securities, market prices at stock exchanges are used for stocks and prices provided by banks are used for bonds.

(4) Accounts payable-trade, 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 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. 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

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.

Note 2: Unlisted equity securities (Consolidated balance sheet amount: 1,396 million yen) are not included in the above “(3) Securities and investment securities, Other available-for-sale 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	1,394.09 yen
2. Net income per share	152.87 yen

Notes regarding significant subsequent events

At the Board of Directors’ meeting held on April 28, 2014, the Company resolved to transfer all shares of its consolidated subsidiary, FromSoftware, Inc. (segment: BtoC subsidiary, main business: planning, development and sale of game software), to KADOKAWA CORPORATION (scheduled for May 21, 2014). As a result of the transfer of these shares (transfer price: 2,844 million yen), approximately 1,753 million yen of gain on sales of affiliates' stocks is expected to be recorded as extraordinary gains in the consolidated financial statements for the first quarter of the fiscal year ending March 2015.

Attached document (5)

Non-Consolidated Balance Sheet

(As of March 31, 2014)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**46,916**	**Current liabilities**	**22,320**
Cash and deposits	20,065	Accounts payable—trade	7,168
Notes receivable	38	Current portion of long-term bank loans	1,623
Accounts receivable—trade	23,629	Accounts payable	1,763
Merchandise	0	Accrued expenses	5,073
Work and software in progress	151	Income taxes payable	1,455
Supplies	10	Accrued consumption tax	1,111
Advances	119	Advances received	440
Prepaid expenses	605	Deposits received	253
Short-term loans	200	Accrued bonuses for employees	3,174
Accounts receivable—other	50	Accrued bonuses for directors	36
Deferred tax assets	1,466	Other	220
Other	582	**Fixed liabilities**	**668**
Allowance for doubtful accounts	(3)	Long-term security deposits received	10
Fixed assets	**24,102**	Provision for loss on guarantees	526
Tangible fixed assets	**2,509**	Deferred tax liabilities	30
Buildings	878	Other	100
Structures	8		
Tools, furniture and fixtures	1,124		
Land	373		
Lease assets	124		
Intangible fixed assets	**837**	**Total liabilities**	**22,988**
Goodwill	51	**Net Assets**	
Software	634	**Shareholders' equity**	**47,608**
Lease assets	18	**Common stock**	**29,065**
Telephone rights	89	**Capital surplus**	**20,510**
Software in progress	42	Other capital surplus	20,510
Investments and other assets	**20,755**	**Retained earnings**	**13,961**
Investment in securities	1,875	Legal retained earnings	811
Investment in stocks of subsidiaries and affiliates	14,495	Other retained earnings	13,149
		Unappropriated retained earnings	13,149
Investment in other securities of subsidiaries and affiliates	162	**Treasury stock**	**(15,929)**
		Valuation and translation adjustments	**421**
Investment in subsidiaries and affiliates	948	**Net unrealized gain (loss) on securities**	**421**
Long-term loans receivable from subsidiaries and affiliates	1,671		
Security deposits	2,940		
Other	256		
Allowance for doubtful accounts	(1,595)		
		Total net assets	**48,030**
Total assets	**71,019**	**Total liabilities and net assets**	**71,019**

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

Attached document (6)

Non-Consolidated Statement of Income

(from April 1, 2013 to March 31, 2014)

(Millions of yen)

Account item	Amount	
Net sales		**145,832**
Cost of sales		**122,722**
Gross Profit		**23,109**
Selling, general and administrative expenses		**16,173**
Operating income		**6,936**
Non-operating income:		
Interest income	29	
Dividend income	43	
Foreign exchange gains	514	
Reversal of provision for loss on guarantees	259	
Other	250	1,096
Non-operating expenses:		
Interest expenses	64	
Interest on bonds	2	
Provision of allowance for doubtful accounts	449	
Other	170	687
Ordinary income		**7,344**
Extraordinary gains:		
Reversal of reserve for loss on litigation	1,064	
Company establishment subsidies	44	
Other	177	1,286
Extraordinary losses:		
Impairment loss	78	
Loss on sale/disposal of investment in securities	1,123	
Loss on litigation	406	
Other	155	1,763
Income before income taxes		**6,867**
Income taxes—current	1,691	
Income taxes—deferred	305	1,996
Net income		**4,871**

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

Attached document (7)

Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity		
	Common stock	Capital surplus	
		Other capital surplus	Total capital surplus
Balance at the beginning of the fiscal year	29,065	20,510	20,510
Change during the fiscal year			
Dividend of surplus			–
Net income			–
Acquisition of treasury stock			–
Net change in items other than shareholders' equity during the fiscal year			–
Total change during the fiscal year	–	–	–
Balance at the end of the fiscal year	29,065	20,510	20,510

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

(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 at the beginning of the fiscal year	663	9,907	10,571	(15,924)	44,223
Change during the fiscal year					
Dividend of surplus	148	(1,629)	(1,481)		(1,481)
Net income		4,871	4,871		4,871
Acquisition of treasury stock			–	(4)	(4)
Net change in items other than shareholders' equity during the fiscal year			–		–
Total change during the fiscal year	148	3,242	3,390	(4)	3,385
Balance at the end of the fiscal year	811	13,149	13,961	(15,929)	47,608

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

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain (loss) on securities	Total valuation and translation adjustments	
Balance at the beginning of the fiscal year	174	174	44,398
Change during the fiscal year			
Dividend of surplus		–	(1,481)
Net income		–	4,871
Acquisition of treasury stock		–	(4)
Net change in items other than shareholders' equity during the fiscal year	247	247	247
Total change during the fiscal year	247	247	3,632
Balance at the end of the fiscal year	421	421	48,030

Note: Figures less than one million yen 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. 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

3. 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.
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)………………………… Straight-line method
As for software for in-house use, the straight-line method is used with a useful life of five 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 by straight-line method based on lease period of useful lives with residual values of zero.

4. Standards of accounting for allowances, accruals and reserves

Allowance for doubtful accounts ……………… Allowance for estimated uncollectible is 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.

Accrued bonuses for directors………………… Accrued bonuses for directors are provided based on the estimates of bonus obligations attributable to the current fiscal term.

Provision for loss on guarantees ………………To prepare for losses arising from fulfilling guarantee obligations of affiliated companies, the Company appropriates a provision for the estimated cost of losses for guarantee obligation which are highly likely to be required for fulfilling such obligations, taking into consideration the recoverability by exercising right of indemnity.

5. 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, 2014, which is deemed to be certain to complete, and the completed contract method is applied otherwise.

6. Other important issues which are bases for preparing non-consolidated financial statements

(1) 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 swaps 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.

(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.

7. Change in presentation

Non-consolidated Statement of Income

"Gain on sales of subsidiaries and affiliates' stocks" (11 million yen in the current fiscal year), which was presented separately in Extraordinary gains in the previous fiscal year, and "Loss on valuation of stocks of subsidiaries and affiliates" (117 million yen in the current fiscal year), which was presented separately in Extraordinary losses in the previous fiscal year, are included in "Other" in Extraordinary gains and "Other" in Extraordinary losses, respectively, in the current fiscal year, because the amount has become insignificant.

Notes to the Non-Consolidated Balance Sheet

1. Liabilities for guarantees:

Guarantee for debt obligations to subsidiaries and affiliates	
Co-Core Inc.	¥270 million
Guarantee on deposit obligations from subsidiaries and affiliates	
Tci-Business-Service Co., Ltd.	¥2,139 million
Total	¥2,409 million

2. Accumulated depreciation of tangible fixed assets ¥7,936 million

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

Short-term monetary receivables from subsidiaries and affiliates	¥431 million
Short-term monetary payables to subsidiaries and affiliates	¥1,538 million

4. 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. With regard to this lawsuit, on January 23, 2012, the plaintiff filed for an expansion of the scope of the claim and accordingly, the claimed amount of damages was changed to 2,501 million yen. However, a judicial settlement of this lawsuit was reached on September 9, 2013.

Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

Net sales	¥275 million
Net purchase	¥12,402 million
Transactions other than operating transactions	¥110 million

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

Treasury stock

Class of shares	Number of shares at the beginning of the current 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)	7,650,551	2,825	–	7,653,376

(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: 2,825 shares

Notes concerning tax effect accounting

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

Deferred tax assets:	
Accrued bonuses for employees	¥1,131 million
Accrued enterprise tax	¥154 million
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	¥1,736 million
Loss on write-down of investment in securities	¥1,601 million
Allowance for doubtful accounts	¥488 million
Loss on investments in movie business fund	¥263 million
Inventory based on the percent of completion method	¥51 million
Impairment loss	¥32 million
Other	¥590 million
Sub-total	¥6,051 million
Provision for devaluation	¥4,377 million
Total of deferred tax assets	¥1,673 million
Deferred tax liabilities:	
Sales under the percent of completion method	¥91 million
Unrealized gain on securities	¥146 million
Other	¥0 million
Total of deferred tax liabilities	¥237 million
Net of deferred tax assets	¥1,435 million

2. Adjustment in the amount of deferred tax assets and deferred tax liabilities due to changes in corporate tax rates

“The Act for Partial Revision of the Income Tax Act, etc.” (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the special corporation tax for reconstruction will be no longer levied from the consolidated fiscal year commencing on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the fiscal year commencing on April 1, 2014, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities for the current fiscal year has been changed from 38.01% in the previous fiscal year to 35.64%.

As a result, the amount of deferred tax assets (after deduction of deferred tax liabilities) has decreased by 95 million yen, and the amount of income taxes–deferred recorded for the current fiscal year has increased by 105 million yen.

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

Not applicable.

2. Year-end balance of prepaid lease equivalents

Not applicable.

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

Lease expenses	¥1 million
Depreciation equivalents	¥1 million
Interest expense equivalents	¥0 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.

Notes concerning transactions with related parties

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

Not applicable.

(2) Subsidiaries, affiliates, etc.

<table>
<tr><th>Attribution</th><th>Name of company, etc.</th><th>Capital stock or investments in capital</th><th>Description of business or occupation</th><th>Percentage of owning (owned) voting rights, etc. (%)</th><th>Relationship with related parties</th><th>Type of transaction</th><th>Transaction amount (millions of yen)</th><th>Account</th><th>Balance as of the end of the fiscal year (millions of yen)</th></tr>
<tr><td rowspan="3">Subsidiary</td><td rowspan="3">Tci-Business-Service Co., Ltd.</td><td rowspan="3">¥100 million</td><td rowspan="3">BtoB domestic subsidiaries</td><td rowspan="3">Owning Direct 100.0%</td><td rowspan="3">Loan of funds</td><td>Loan of funds (Note 1)</td><td>1,295</td><td rowspan="3">Long-term loans receivable from subsidiaries and affiliates</td><td rowspan="3">1,369</td></tr>
<tr><td>Collection of loan</td><td>973</td></tr>
<tr><td>Guarantee of obligations (Note 2)</td><td>2,139</td></tr>
</table>

Note: 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 and fund raising rate.
2. This guarantees obligations in custody from the subsidiaries and affiliates.
3. Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
4. Percentages of owning (owned) voting rights, etc. are rounded off 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 1,167.48 yen
2. Net income per share 118.41 yen

Notes concerning significant subsequent events

At the Board of Directors' meeting held on April 28, 2014, the Company resolved to transfer all shares of its consolidated subsidiary, FromSoftware, Inc. (Segment: BtoC subsidiary, main business: planning, development and sale of game software), to KADOKAWA CORPORATION (scheduled for May 21, 2014). As a result of the transfer of these shares (transfer price: 2,844 million yen), approximately 2,379 million yen of gain on sales of affiliates' stocks is expected to be recorded as extraordinary gains in the non-consolidated financial statements for the first quarter of the fiscal year ending March 2015.

Attached document (8)

Certified Copy of the Accounting Auditors' Report on Consolidated Financial Statements

REPORT OF INDEPENDENT AUDITORS

May 13, 2014

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Yasunori Arao

Designated and Engagement Partner
Certified Public Accountant
Toru Oshitanai

Designated and Engagement Partner
Certified Public Accountant
Nobuaki Chonan

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the consolidated 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, 2013 to March 31, 2014.

Management's responsibility for the consolidated financial statements
The management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the consolidated financial statements based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
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.

Interest
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, 2014

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Yasunori Arao

Designated and Engagement Partner
Certified Public Accountant
Toru Oshitanai

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 29th business year from April 1, 2013 to March 31, 2014.

Management's responsibility for the financial statements
The management is responsible for the preparation and fair presentation of these financial statements and the supplementary schedules in accordance with generally accepted accounting principles in Japan. This includes the development, implementation, and maintenance of internal control deemed necessary by the management for the preparation and fair presentation of financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

Independent auditors' responsibility
Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audits as independent auditors. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those auditing standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the supplementary schedules are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected and applied depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. The purpose of an audit is not to express an opinion on the effectiveness of the entity's internal control. However, in making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used, the method of their application, and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Audit opinion
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 Company in accordance with accounting standards generally accepted in Japan.

Interest
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 of 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 29th business term from April 1, 2013 to March 31, 2014, 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 regarding the status of audits and the results thereof from each Statutory Auditor, as well as reports regarding the status of the execution of duties from the Directors and Accounting Auditor, and requested explanations 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' meetings 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 the head office and principal offices. In addition, with respect to contents of resolutions of the Board of Directors regarding the development of the system to ensure that the performance of duties by the Directors conforms to the laws and regulations and the Articles of Incorporation and other systems that are stipulated in Article 100 (1) and (3) of the Ordinance for Enforcement of the Corporation Law as being necessary to ensure appropriateness of operations of a joint stock company, and also the systems (Internal Control system) established in accordance with such resolutions, as described in the Business Report, Statutory Auditors periodically received reports from the Directors and employees, requested explanations as necessary and expressed opinions, on the establishment and management of such systems. The contents of the basic policies set forth in Article 118, Item 3-a of the Ordinance for Enforcement of the Corporation Law and undertakings set forth in Item 3-b of said article, as described in the business report, were also considered in light of the circumstances, etc. of deliberations by the board of directors and other bodies. With respect to subsidiaries, each Statutory Auditor endeavored to facilitate communication and exchange information with Directors, Statutory Auditors and other employees of subsidiaries, and received business reports from subsidiaries as necessary. In accordance with the procedures mentioned above, Statutory Auditors reviewed the business reports and the supplementary schedules for the fiscal year ended on March 31, 2014.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports on the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, Statutory Auditors 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, Statutory Auditors 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 fiscal year ended on March 31, 2014.

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;
3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There is no matter requiring additional mention concerning the internal control system with respect to the contents of the Business Report and the execution of duties by Directors; and
4) There is no matter 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 Article 118, Item 3-b 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

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

May 15, 2014
Board of Statutory Auditors of transcosmos inc.

Standing Statutory Auditor Hideaki Ishioka
Outside Statutory Auditor Toshiaki Nakamura
Outside Statutory Auditor Setsuo Yamane

Reference Documents for the Annual General Meeting of Shareholders

Proposals and references

Proposal No. 1: Appropriation of surplus for the 29th 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

46 yen per share of common stock of the Company

Total amount 1,892,470,820 yen

(3) Effective date of dividend of surplus

Thursday, June 26, 2014

Proposal No. 2: Partial Amendment to Articles of Incorporation

1. Reasons for Amendments

(1) The Company partially makes changes in “Purposes” of Article 2 of the existing Articles of Incorporation of the Company in order to clearly specify its business activities in line with the current status of its businesses as well as to respond to diversification of its business activities.

(2) The Company makes a change to the number of Directors in the “Number of Corporate Officers” of Article 17 of the existing Articles of Incorporation of the Company in order to respond to changes in future business environments as well as to strengthen its management structure.

2. Details of Amendments

The details of the amendments are as follows.

(Underlined sections are amendments.)

Current Version	Proposed Amendments
(Purpose)	(Purpose)
Article 2. The purpose of the Company shall be to engage in the following businesses.	Article 2. The purpose of the Company shall be to engage in the following businesses.
1. Information and telecommunication, information distribution, information gathering and providing services and other businesses related to information systems	1. Businesses related to business process outsourcing and business process support
2. Business process outsourcing business and businesses related to business process support	2. Businesses related to contact centers and contact center systems
3. Businesses related to call center service and call center system	3. Businesses related to digital marketing, Internet advertising, social media and website construction and operation, and other advertising, marketing and research
4. Businesses related to business systems and engineering systems	4. Businesses related to e-commerce, EC fulfillment and other electronic commercial transactions
5. Businesses related to advertising, marketing and research	5. Businesses related to Internet content, mobile content and applications, and visual and audio software
6. (Omitted)	6. (Same as present)
7. Businesses related to the Internet and mobile site content and visual and audio software	7. Businesses related to business systems and engineering systems
8. Businesses related to computer software, hardware, database system, network system, information security and other information technologies	8. Businesses related to information and telecommunication, information distribution, information gathering and provision, computer software, hardware, database systems, network system and information security, and other information technologies and information systems
9.-13. (Omitted)	9.-13. (Same as present)
14. Businesses such as consultation, survey, research, publishing, education and technical	14. Businesses such as consultation, survey, analysis, research, publishing, education, technical

guidance, and information-provision services relating to the above 1 through 13	guidance, and information-provision service relating to the above 1 through 13
15.-16. (Omitted)	15.-16. (Same as present)
17. Travel agency business <u>and</u> banking agency business	17. Travel agency business<u>,</u> banking agency business <u>and money lending business</u>
18.-21. (Omitted)	18.-21. (Same as present)
22. Sale <u>or</u> acting as agency of pharmaceutical products	22. <u>Manufacturing,</u> sale, <u>export and import,</u> acting as agency <u>and brokerage</u> of pharmaceutical products<u>, quasi-drugs, medical equipment, cosmetics, etc.</u>
23. Sale <u>or</u> brokerage of liquor	23. Sale<u>, export and import, and</u> brokerage of liquor
24. <u>Retail and wholesale</u> of rice, health foods, apparels, housewares and sundry, health appliances, furniture, bedclothes, books, CDs, DVDs and others	24. <u>Manufacturing, sale, export and import, acting as agency and brokerage</u> of rice, health foods, apparels, <u>accessories,</u> housewares and sundry, health appliances, furniture, bedclothes, books, CDs, DVDs<u>, home electronics, sporting goods</u> and others
25.-27. (Omitted)	25.-27. (Same as present)
(Number of Directors)	(Number of Directors)
Article 17. The number of the Company's Directors shall not exceed <u>14</u>.	Article 17. The number of the Company's Directors shall not exceed <u>17</u>.

Proposal No. 3: Election of Fifteen Directors

The term of office of all the twelve Directors will expire at the conclusion of this Meeting. Accordingly, the Company requests to add three more Directors for reinforcing the management setup and approval for the election of fifteen Directors provided Proposal No. 2 is approved as proposed.

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 held
1	Koki Okuda (January 9, 1937)	June 1966	Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director	7,498,800 shares (– 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 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)	
2	Koji Funatsu (March 18, 1952)	April 1981	Joined RECRUIT CO., LTD.	25,200 shares (4,814 shares)
		December 1995	Director of Recruit Hokkaido Jalan Co., Ltd.	
		April 1998	Joined the Company, General Manager of Business Planning & Development Division	
		June 1998	Managing Director	
		June 1999	Senior Managing Director, Assistance in Overseas Business Control	
		April 2000	Vice President, Representative Director, in charge of Marketing and Consulting Divisions, in charge of each Business Divisions	
		September 2002	President, Representative Director & CEO	
		June 2003	Chairman, Representative Director & CEO (present post)	
		June 2009	Outside Director, Kadokawa Group Holdings, Inc. (At present, KADOKAWA CORPORATION) (present post)	
		June 2011	Chairman of Japan Telemarketing Association (At present, Contact Center Association of Japan) (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 held
3	Masataka Okuda (March 29, 1967)	April 1988	Joined the Company	5,910,368 shares (6,846 shares)
		June 1996	Director, Deputy General Manager of Marketing Division	
		June 1998	Managing Director, Chief of Office of President	
		April 2000	Vice President, Representative Director, Chief of Business Planning & Development, Deputy Chief of Overseas Business Division	
		April 2002	Vice President, Representative Director & Co-COO and CEO of Business Development Division of the Company	
		June 2002	Representative Director of eVentures Inc.	
		September 2002	Vice President, Representative Director & COO of the Company	
		June 2003	President, Representative Director & COO of the Company (present post)	
4	Koichi Iwami (January 10, 1967)	April 1993	Joined Ajinomoto Co., Inc.	4,400 shares (6,400 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.	
		June 2005	Senior Managing Director of the Company	
		August 2005	Chairman of transcosmos MCM Shanghai Co., Ltd. (present post)	
		June 2006	Executive Vice President, Director of the Company	
		March 2012	Chairman and Director of transcosmos Korea Inc. (present post)	
		May 2012	Director of transcosmos analytics inc. (present post)	
		July 2012	Director of transcosmos philippines, inc. (present post)	
		April 2014	Executive Vice President, Director, Chief of Global Business Sector, General Manager of Services Promotion Division, and in charge of Call Center Services Headquarters (present post) of the Company	
5	Hiroyuki Mukai (July 23, 1952)	April 1977	Joined IBM Japan, Ltd.	– shares (10,449 shares)
		March 2005	President of Lenovo Japan Co., Ltd.	
		October 2007	Joined the Company, Corporate Executive Officer, in charge of Sales Planning Division of the Company	
		June 2008	Senior Managing Director, Chief of Sales Division	
		April 2009	Executive Managing Director, Chief of Sales Division	
		June 2012	Senior Managing Director, in charge of Sales Headquarter (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 held
6	Masakatsu Moriyama (May 21, 1970)	April 1993	Joined Pricewaterhouse Consultant Co., Ltd. (present IBM Japan, Ltd.)	2,000 shares (4,177 shares)
		June 2000	Joined the Company	
		June 2002	Director	
		June 2003	Managing Director	
		June 2004	Corporate Executive Officer	
		June 2005	Representative Director of transcosomos & Team Lab Inc. (at present, TEAMLAB Business Development Inc.) (present post)	
		September 2005	Senior Managing Director, General Manager of BtoC Business Development Division	
		March 2007	President and Representative Director of Co-Core Inc. (present post)	
		July 2012	Director of transcosmos philippines, inc. (present post)	
		December 2012	Representative Director of transcosmos Direct (currently NIHONCHOKUHAN Co., Ltd.) (present post)	
		April 2014	Senior Executive Managing Director, General Manager of BtoC Business Development Division and in charge of Digital Marketing Services Sector (present post)	
7	Shinichi Nagakura (January 7, 1964)	March 1986	Joined RECRUIT CO., LTD.	1,000 shares (2,786 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)	
		November 2011	Director of Merlin Information Systems Group Limited (present post)	
		April 2014	Senior Executive Managing Director and Deputy Chief of Global Business Sector, Manager of Global Business Sector, Silicon Valley Branch, and President and CEO of transcosmos America 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 held
8	Masaaki Muta (February 9, 1965)	April 1989	Joined RECRUIT CO., LTD.	108 shared (777 shares)
		April 1999	Joined Doubleclick Japan Inc.	
		June 1999	Managing Director of Doubleclick Japan Inc.	
		November 2001	Director, Vice President of K.K. AskJeeves Japan	
		June 2003	Joined the Company, Deputy Manager of Marketing Chain Management Services Business Division, Sales Division No. 1	
		June 2012	Executive Managing Director, Chief of Sales Division and General Manager of Sales Headquarters, Global Business Sales Administration Department	
		June 2013	Outside Director of J-Stream Inc. (present post)	
		April 2014	Executive Managing Director, Chief of Sales Headquarters and Deputy General Manager of Services Promotion Division (present post)	
9	Masatoshi Kouno (August 22, 1965)	March 1986	Joined the Company	4,800 shares (237 shares)
		July 2004	Corporate Officer, General Manager of Support Desk Service Division	
		June 2005	Corporate Senior Officer, General Manager of Support Desk Service Division	
		June 2011	Corporate Senior Officer, General Manager of Services Promotion Division of the Company	
		June 2013	Executive Managing Director, Chief of Business Process Outsourcing Services Headquarters and Deputy General Manager of Services Promotion Division	
		May 2014	Executive Managing Director, Chief of Business Process Outsourcing Services Headquarters and Deputy General Manager of Services Promotion 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 held
*10	Hitoshi Honda (April 1, 1967)	April 1990	Joined TOSHIBA CORPORATION	– shares (– shares)
		April 2005	Joined Urban Corporation, Inc.	
		October 2005	Joined FAST RETAILING CO., LTD.	
		August 2008	Joined the Company, Corporate Officer and Manager of Corporate Planning Division	
		March 2010	Director of APPLIED TECHNOLOGY CO., LTD. (present post)	
		June 2010	Director of J-Stream Inc. (present post)	
		April 2011	Corporate Officer, Chief Financial Officer, in charge of Accounting & Finance Division and General Manager of Corporate Management Division of the Company	
		June 2011	Corporate Senior Officer, Chief Financial Officer, in charge of Accounting & Finance Division and General Manager of Corporate Management Division	
		July 2012	Director of transcosmos philippines, inc. (present post)	
		April 2014	Corporate Senior Officer, Chief Financial Officer, and in charge of Administration Division, Portfolio Management Administration Department, Accounting & Finance Division, Affiliated Companies Corporate Management Division and Corporate Management Division of the Company (present post)	
*11	Kiyoshi Shiraishi (September 26, 1956)	April 1981	Joined FUJITSU LIMITED	– shares (– shares)
		July 1988	Joined Recruit Holdings Co., Ltd.	
		November 1998	Joined the Company, Deputy General Manager of Business Planning & Development Division	
		November 1998	Representative Director & President of J-Stream Inc.	
		October 2005	Representative Director & President and President & Corporate Officer of J-Stream Inc.	
		June 2006	Chairman, Representative Director & President and President & Corporate Officer of J-Stream Inc.	
		June 2008	Chairman, Representative Director & President of J-Stream Inc. (present post)	
		October 2013	Representative Director & President of Up Arrows 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 held
12	Takeshi Natsuno (March 17, 1965)	April 1988	Joined Tokyo Gas Co., Ltd.	– shares (61,642 shares)
		September 1997	Joined NTT Mobile Communications Network Inc. (present NTT Docomo Inc.)	
		June 2005	Executive Officer and Manager in charge of Multimedia Services of NTT Docomo Inc.	
		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)	
		December 2008	Director of Dwango Co., Ltd. (present post)	
		June 2009	Outside Director of DLE Inc. (present post)	
		September 2009	Outside Director of GREE, Inc. (present post)	
		November 2013	Guest Professor at Graduate School of Media and Governance, Keio University (present post)	
13	Jutaro Takinami (September 28, 1941)	April 1968	Joined Nippon Jimuki Co., Ltd.	– shares (4,408 shares)
		February 1972	Joined Dentsu Inc.	
		December 1975	Seconded to Information Services International-Dentsu, Ltd.	
		June 1998	President of Information Services International-Dentsu, Ltd.	
		March 2009	Part-time Director of APPLIED TECHNOLOGY CO., LTD. (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)	
14	Nozomu Yoshida (December 1, 1956)	April 1980	Joined Dentsu Inc.	– shares (2,784 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.	
		May 2008	Representative Director of Odayaka Living Co., Ltd. (present post)	
		June 2010	Outside Director of the Company (present post)	
		June 2011	Outside Statutory Auditor of ASAHI Net, 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 held
*15	Eiji Uda (August 3, 1956)	April 1981	Joined IBM Japan, Ltd.	− shares (– shares)
		January 1999	Senior General Manager and Manager of Information Service Industry Business Division of IBM Japan, Ltd.	
		January 2001	Representative Director & President of SOFTBANK COMMERCE CORP. (at present, SoftBank BB Corp.)	
		March 2004	Senior Vice President of salesforce.com, Inc.	
		April 2004	Representative Director & President of salesforce.com Co., Ltd.	
		April 2012	Executive Vice President of salesforce.com, Inc. (present post)	
		April 2014	Director & Executive Advisor of salesforce.com Co., Ltd. (at present)	

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. An asterisk (*) mark attached to the number of candidate represents a candidate newly standing for directorship.

3. Director candidate Masakatsu Moriyama concurrently holds the position of Representative Director of TEAMLAB Business Development Inc. and President and Representative Director of Co-Core Inc., with which the Company has business relationship.

The Director candidate, Mr. Kiyoshi Shiraishi, concurrently holds the position of Chairman, Representative Director & President of J-Stream Inc. and the position of Representative Director & President of Up Arrows Inc., with which the Company has a business relationship.

No special interests exist between the Company and other candidates for Directors.

4. Takeshi Natsuno, Jutaro Takinami, Nozomu Yoshida and Eiji Uda are candidates for Outside Directors.

5. 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, Nozomu Yoshida and Eiji Uda 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.

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, paragraph 1 of the Corporation Law pursuant to the provision of Article 427, paragraph 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, paragraph 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. Moreover, if the election of Eiji Uda is approved, the Company intends to enter into a liability limitation agreement with him.

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 six years at the conclusion of this Annual General Meeting of Shareholders.

2) The term of office of Jutaro Takinami, an Outside Director, shall be five years at the conclusion of this Annual General Meeting of Shareholders.

3) The term of office of Nozomu Yoshida, an Outside Director, shall be four years at the conclusion of this Annual General Meeting of Shareholders.

8. The Company has registered Takeshi Natsuno and Jutaro Takinami as independent executives stipulated by the Tokyo Stock Exchange. If this proposal is approved and the two candidates take the posts of Outside Directors, they will continue to be independent executives. Moreover, if the election of Eiji Uda is approved, the Company intends to register him as an independent executive.

Proposal No. 4: Election of One Statutory Auditor

To strengthen its audit system, the Company requests approval of the election of one new Statutory Auditor.

The candidate for Statutory Auditors is as follows:

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

Candidate No.	Name (Date of Birth)	Career summary and position at the Company (Significant concurrent positions outside the Company)		No. of Company shares held
1	Kunio Shimofusa (September 1, 1951)	April 1975	Joined The Daiei, Inc.	1,000 shares
		September 1992	Joined BELLSYSTEM24, Inc.	
		December 1996	Joined TELEMARKETING JAPAN CO., LTD. (at present, TMJ, Inc.)	
		May 1998	Director of TELEMARKETING JAPAN CO., LTD.	
		May 2000	Joined Bewith, Inc. Representative Director of Bewith, Inc.	
		May 2002	Joined the Company	
		June 2004	Corporate Officer, Chief of Marketing Chain Management Service and General Manager of Customer Service	
		June 2007	Corporate Senior Officer, Chief of Call Center Services Headquarters	
		May 2008	Corporate Executive Officer, Chief of Call Center Services Headquarters and General Manager of Sales Promotion Department, Call Center Services Headquarters	
		March 2009	Chairman & Representative Director of transcosmos Field Marketing Inc.	
		April 2009	Corporate Senior Officer, Chief of Call Center Services Headquarters and General Manager of Sales Promotion Department, Call Center Service Headquarters of the Company	
		June 2012	Corporate Officer in charge of Internal Audit Office and Manager of Compliance Promotion Department (present post)	

Notes: 1. Kunio Shimofusa is a candidate newly standing for the office of Statutory Auditor.
2. No special interests exist between the Company and Kunio Shimofusa.

Proposal No. 5: Election of One Substitute Statutory Auditor

The effective tenure of Substitute Statutory Auditor Miwa Tsurumori, who was elected at the 28th Annual General Meeting of Shareholders held on June 26, 2013, expires at the beginning of this General Meeting. Therefore, it is proposed that one substitute Statutory Auditor be elected again in case the number of serving Statutory Auditors falls below the number required by law.

The candidate for substitute Statutory Auditor is as follows.

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

Name (Date of Birth)	Career summary and position at the Company (significant concurrent positions outside the Company)		No. of Company shares held
Miwa Tsurumori (February 10, 1977)	October 2006	Registered as a lawyer Joined Fairness Law Office (present post)	– shares
	October 2013	Joined Uchisaiwaicho Law Office (present post)	

Notes: 1. Miwa Tsurumori is a candidate for a substitute Outside Statutory Auditor.

2. Miwa Tsurumori provides in legal services under her maiden name (Matsutani).

3. No special interests exist between the Company and Miwa Tsurumaki.

4. Regarding 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.

   Though Miwa Tsurumori does not have experience of direct involvement in corporate management, she has extensive experience, a track history of performance, and knowledge, as an attorney, and is in an objective position amenable to the execution of operations independently of our management team. We consider that her presence will be highly conducive to the management of the Company. Therefore, we nominate her for election as substitute Outside Statutory Auditor.

5. If Miwa Tsurumori 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 her 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.

Proposal No. 6: Revision of remuneration amounts for Corporate Officers, and revision from maximum monthly remuneration to maximum annual remuneration

The amount of remuneration for the Company's Directors and for the Company's Statutory Auditors was approved at the Annual General Meeting of Shareholders held on June 27, 1997 and the Annual General Meeting of Shareholders held on June 25, 1988, respectively, as 50 million yen or less per month for Directors and 5 million yen or less per month for Statutory Auditors, and this has continued to the present.

Since then, the economic climate has changed significantly, and to make it possible to flexibly set corporate officers' remuneration amounts in the future, it is hereby proposed to convert the existing monthly amounts into annual amounts and revise Directors' remuneration.

Remuneration amounts payable will include bonuses, and the "total amount of remuneration for Directors will be revised to 800 million yen or less per year (of which the amount of remuneration for Outside Directors will be 100 million yen or less per year)" and the "total amount of remuneration for Statutory Auditors will be revised to 60 million yen per year." These revised remunerations will apply retroactively to April in fiscal 2014.

As is conventionally done, Directors' remuneration will not include the portion of employee's salary for Directors who concurrently serve as employees.

At present, the Company has 12 Directors and three Statutory Auditors. If the Proposals No.2, No. 3 and No. 4 are approved, the Company will have 15 Directors (four of which are Outside Directors) and four Statutory Auditors (two of which are Outside Statutory Auditors).