

To Our Shareholders and Investors

Business Report

Your Global IT Partner.



April 1, 2012 ➤➤ March 31, 2013

transcosmos inc. has been offering a higher level of value-added services by combining outstanding *human resources* with the latest *technological advancements* since its start of business in 1966. We are aspiring to become a *global IT partner* to our client companies by providing comprehensive IT outsourcing services on a worldwide scale, which achieve optimization and streamlining of marketing, expansion of sales of EC (e-commerce) and mail order businesses, optimization of business operations, such as back-office and IT systems, and reduction of operational costs, among others, for our clients.

**trans
cosmos**
people & technology

transcosmos inc.

Securities Code: 9715

We would like to express sincere appreciation to our shareholders and investors for their continued exceptional support.

Along with greetings to our shareholders and investors, we hereby present a report on our performance in fiscal year 2013, ended March 31, 2013 (April 1, 2012 to March 31, 2013).

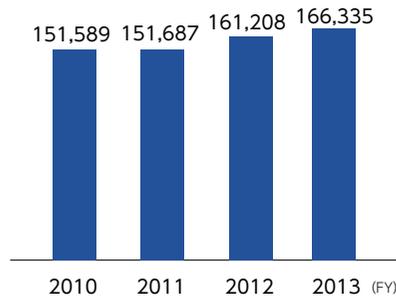


Summary of Financial Results for the Fiscal Year under Review

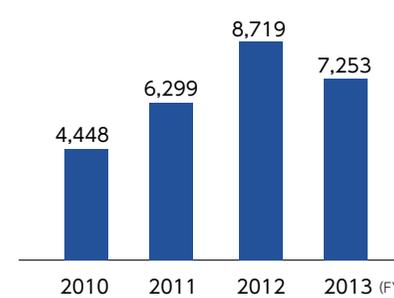
Developments in the information service industry that our group is involved in, include the emergence of system replacement projects, which companies have been postponing until now, as well as increased BCP^① measures and cost reduction needs. On the whole, this has resulted in an expanding market trend, including a continued increase in demand for services such as IT-related operations and outsourcing of back-office^② operations. Furthermore, in response to greater corporate demand, for example, for



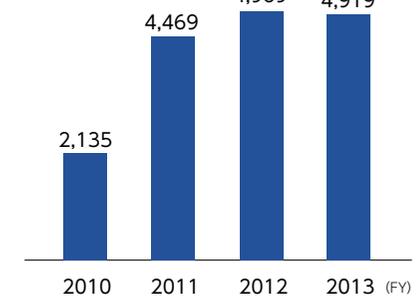
(Millions of yen)



(Millions of yen)



(Millions of yen)



more active global development and enhanced international competitiveness, overseas demand is also growing for services including BPO (business process outsourcing) that relate to reduced costs, and digital marketing leading to increased sales. Under these circumstances, although earnings have been impacted by factors including priority investment in areas such as expanded hiring of new graduates, system enhancements for new business development and the start-up of new order entry operations, as well as the completion of some large spot projects, the group has made efforts to strengthen management and the operating base

for future strategies, including high value-added services and the acceleration of overseas expansion.

Specific Outcomes in the Fiscal Year under Review

In the domestic market, we have expanded our call centers in both Hokkaido and Fukuoka in order to strengthen our nearshore^③ call center bases in response to increasing demand for cost reductions. In addition, we have formed a partnership with Yahoo Japan Corporation to support the introduction, management and operation of tag management services and to provide consulting services. Also, as the first of our certified partners, we will provide a paid support program for major advertisers and advertising agencies of Yahoo! promotional ads beginning in the spring of 2013. Furthermore, in

①BCP

BCP stands for business continuity plan, meaning a plan to ensure continuation of business. It is an aspect of management and operations policy for the stable execution of business.

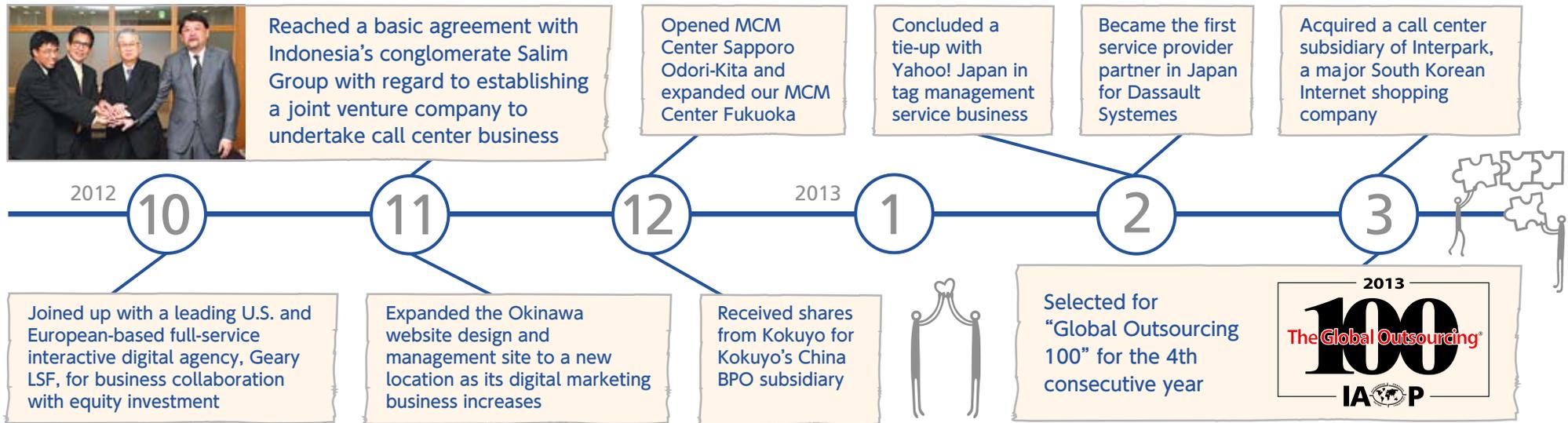
②Back Office

Back office refers to the section within a company that deals with clerical and administrative tasks, such as finance and accounting, general administration, and human resource management, rather than servicing customers.

③Nearshore

Business operations such as system development and call center services at sites that are relatively closer to remote client locations, such as smaller cities in Japan.

Glossary



order to strengthen BPO services in the area of design development, we have concluded Japan's first service provider partner contract with Dassault Systemes Co., Ltd., which is a world leader in the fields of 3D design software, 3D digital mock-up and product lifecycle management solutions.

Overseas, on the other hand, in order to break into the call center business in Indonesia, which is the largest economic power in Southeast Asia, we have reached a basic agreement with PT Cyberindo Aditama, an IT company in Indonesia's leading conglomerate, Salim Group, regarding the establishment of a joint venture company for the purpose of conducting a call center business in Indonesia. In addition, transcocosmos Korea Inc., which cultivates business such as call center and digital marketing services in Korea, has acquired InterPark CS Co., Ltd., a developer of call center

business for the online shopping site "Interpark," from its parent company Interpark INT Corporation, a major EC operator in Korea, and we have built a system to enhance support services for EC and direct sales.

Future Outlook

We will continue with efforts to create the most appropriate services to meet the needs of our client companies, such as sales expansion and cost reductions. Moreover, we will aspire to ensure better earnings than in the previous fiscal year by accelerating business operations in Asian markets, including China and South Korea. Furthermore, we will reinforce the development of EC full outsourcing services in order to be able to support the EC business of our client companies in the global EC markets, which are

expected to grow rapidly going forward.

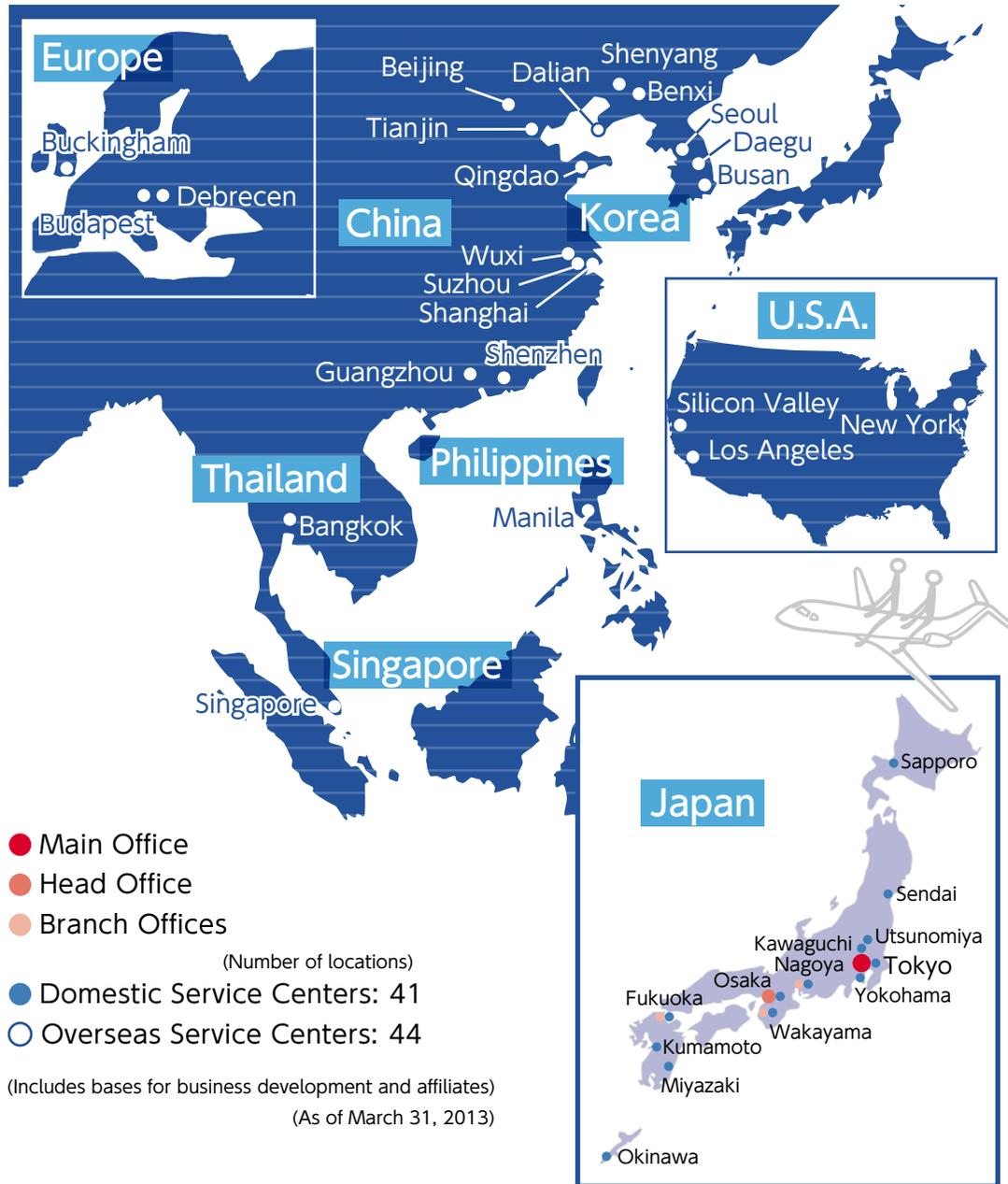
A Message to Our Shareholders

A year-end dividend of 36 yen per share for the fiscal year under review was approved at the 28th annual general shareholders' meeting, based on our basic profit allocation policy. A dividend forecast for the next fiscal year has not yet been made, but the exact figure will be announced as soon as possible.

We would like to ask for the ongoing support and encouragement of our shareholders and investors.

June 2013
Masataka Okuda
 President and COO

Global Network



Our Business

Business Process Outsourcing Services

Outsourcing services to support the non-core operations of companies include the following: back-office operations, including accounting/finance, and human resources; order placement services; operation and maintenance of IT systems; mechanical, architectural, and other design operations.

Features of our company

- Established the largest off-shore service system for Japan (China and Thailand, 12 bases and 2,676 staff)
- Offering services in a wide range of areas: systems development/operation, order processing, architectural design, mechanical design, embedded systems development, data input, human resources/general affairs/accounting/back-office
- Established off-shore development system in China in 1995 before the rest of the industry
- Time-tested wealth of experience (47 years in business, one of the longest in the help-desk industry)

4 Fulfillment

Administrative operations, such as packaging and shipment of products, after receiving orders from consumers, etc. In general, they include order placement, inventory management, shipment operations, invoicing, and management of client data.

5 Help Desk

In-company operations to deal with inquiries about operating PCs and software as well as troubleshooting. Many companies outsource these tasks.

6 Ad Technology

Advertising activities that make full use of IT, taking advantage of Internet technology.

Glossary





Digital Marketing Services

Supporting marketing activities, which make use of Internet infrastructures and offering Internet promotions, website design and operations, EC and mail-order sales support, analysis and research services, among others.

- Features of our company**
- Digital marketing service provider focusing on Japan, China and South Korea
 - Established one-stop support system which includes all services from Internet promotion to website design and operations
 - Established system to provide the largest website design and operations in Japan (1,800 staff in Japan)
 - Actively introducing the latest ad technology through our business development base in San Francisco

Call Center Services

Offering outsourcing services for customer support operations such as dealing with inquiries and complaints from customers, informing on products and services, and supporting marketing and sales.

- Features of our company**
- Largest call center service provider in Asia, focusing on Japan, China and South Korea
 - Offering the largest call center services in Japan with 21 bases and 12,280* seats in Japan as well as 20 bases and 6,090* seats overseas
 - Business experience in many industries, including financial, telecommunication, high-tech, medical, cosmetics, distribution, automobile and airline, as well as in the public sector
 - Established Shibuya Social Media Center, one of the first in the industry, which specializes in customer support for social media
- *As of March 31, 2013

LIXIL Corporation

Unified over 300 separate customer contact points and reduced operational costs by 30%. With a knowledge base covering tens of thousands of products and product information, responded to inquiries from 43,000 retail and sales outlets.

Business Process Outsourcing Service

- Purpose: Cost optimization of product support operations for retail and sales outlets
- Introduced service: Back-office services

Outcomes

- 1 Unified customer contact points that were spread across the nation and reduced operational costs by 30%
- 2 Accessed detailed information for tens of thousands of products
- 3 Responded to inquiries from professional sales staff from 43,000 retail and sales outlets.

Testimonial



Yukihiro Hirota
Group Head
Customer Support
Planning Department
LIXIL Corporation

“Quality improvement became easier and we could envision improvement in customer services using PDCA.”



The General Product Information Support Center, which we have asked transcosmos to operate, handles over 40,000 inquiries a month from retail and sales outlets, who are our valued clients.

Given that there are tens of thousands of items, providing support with a high level of specialization to customers familiar with the products, is no easy task. Nevertheless, transcosmos is meeting our needs as an organization by offering follow-ups on practical training and periodic skills training sessions and working on each and every staff member's development.



Tatsuo Uchiyama
Group Leader
Customer Support
Planning Department
Product Information
Support Division
LIXIL Corporation

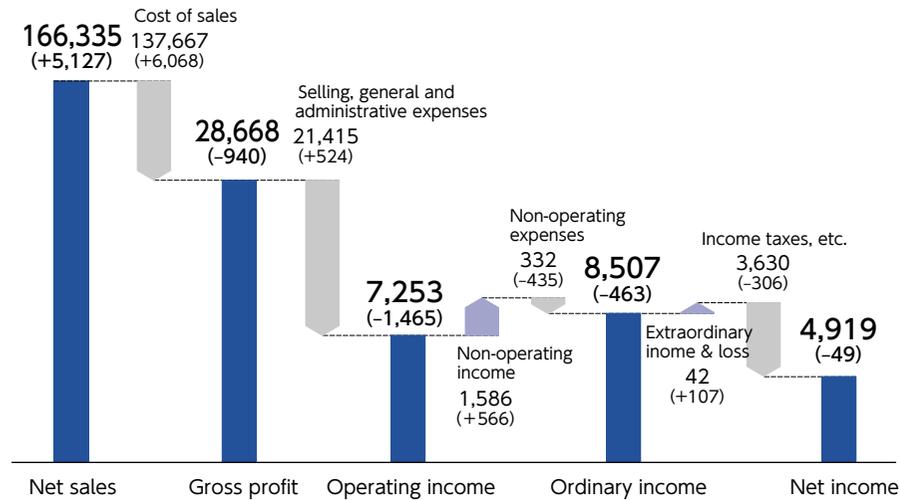
We are currently cooperating with transcosmos to improve the quality of customer services using the quality management process “six sigma.” We hope to pursue customer satisfaction by improving on the existing quality of support using transcosmos' suggestions, which are based on experience in the field.

Consolidated Financial Results

Consolidated Statements of Income

(Millions of yen)

FY2013 (April 1, 2012 – March 31, 2013)



Notes: 1. Bar graphs are not proportionate to corresponding values for ease of understanding.
2. Figures in parentheses are year-on-year changes.

Net sales

Net sales increased 3.2% year on year, due to steady orders for B-to-B overseas subsidiaries and stand-alone services—which are the primary businesses of our group—especially in the fields of digital marketing services and business process outsourcing services.

Operating income

Gross profit dropped due to decreases in high-profit projects related to the termination of large spot projects and the impact of the timing of product releases by B-to-C subsidiaries as well as increased costs as a result of advance investment in call center service expansion projects for stand-alone services. Moreover, operating income decreased 16.8% year on year due to higher selling, general, and administrative expenses caused by advance investment in business growth, such as the increased hiring of new graduates and promotion of new business development.

Net income

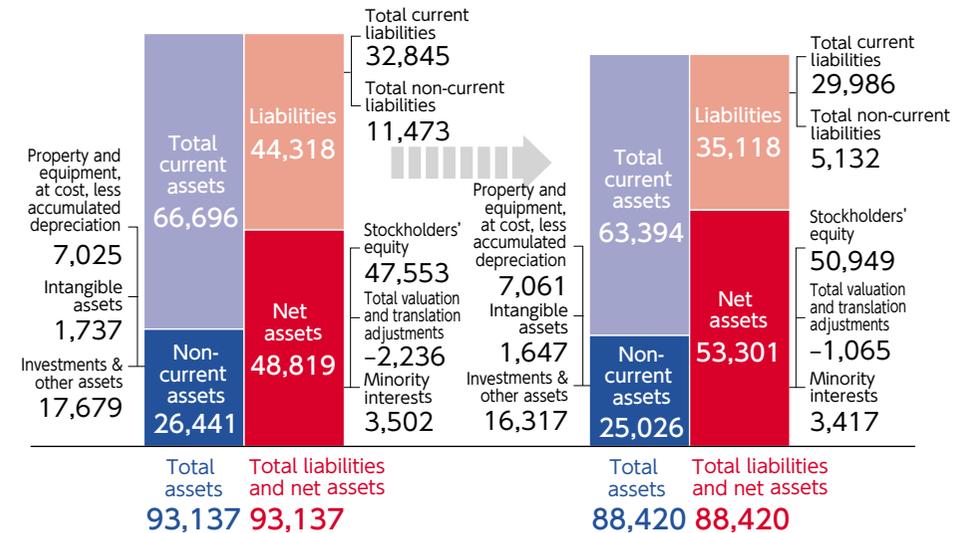
Net income decreased 1.0% year on year, as the drop in operating income was covered by foreign exchange gains for non-operating income and gains on sales of stocks under extraordinary income, etc.

Consolidated Balance Sheets

(Millions of yen)

As of March 31, 2012

As of March 31, 2013



Total assets

Total assets decreased ¥4,716 million from the end of the previous fiscal year. By item, current assets decreased ¥3,301 million, owing to a decrease in cash and deposits caused by the repayment of loans payable as well as in deferred tax assets related to the deficit at our company. Non-current assets decreased ¥1,415 million, due to a decline in investment securities as a result of mark-to-market evaluation of listed stocks and recording of loss on valuation of investment securities, etc.

Liabilities

Liabilities decreased ¥9,199 million from the end of the previous fiscal year, mainly due to repayment of loans payable.

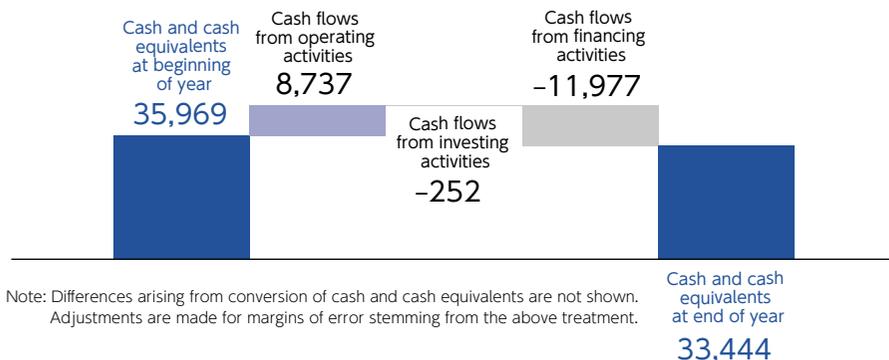
Net assets

Net assets increased ¥4,482 million from the end of the previous fiscal year due to an increase in retained earnings by the recording of net profit in the fiscal year under review, an increase in foreign currency translation adjustments, etc. As a result, shareholders' equity ratio increased 7.7 percentage points to 56.4%.

Consolidated Statements of Cash Flows

(Millions of yen)

FY2013 (April 1, 2012 – March 31, 2013)

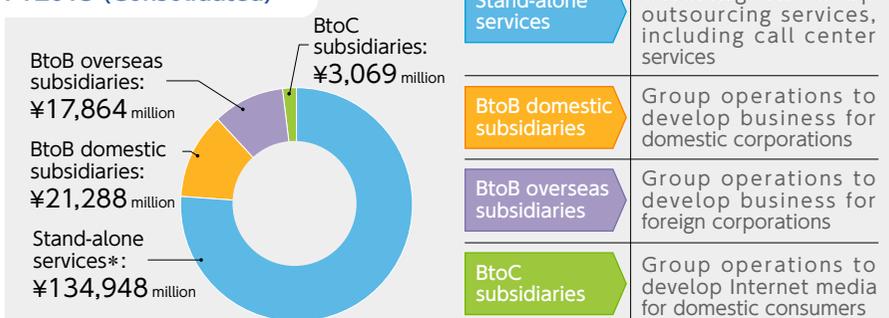


Note: Differences arising from conversion of cash and cash equivalents are not shown. Adjustments are made for margins of error stemming from the above treatment.

Cash flows

Cash flows provided by operating activities decreased ¥4,545 million year on year, due to a decrease in income before income taxes, as well as decrease of foreign exchange losses (gains) and loss (gain) on sales of stocks of subsidiaries and affiliates, etc. Cash flows from investing activities decreased ¥1,749 million year on year due to an increase in income from sales of stocks of affiliated companies. Cash flows used in financing activities increased ¥5,504 million year on year, due to a decrease of income from long-term loans payable. As a result of the above, cash and cash equivalents at the end of the fiscal year under review decreased ¥2,525 million from the end of the previous fiscal year.

Net Sales by Segment for FY2013 (Consolidated)



Note: Does not include transactions between segments of ¥10,835 million
*Refers to parent company services, exclusive of subsidiaries' services

Stand-alone services	Offering one-stop outsourcing services, including call center services
BtoB domestic subsidiaries	Group operations to develop business for domestic corporations
BtoB overseas subsidiaries	Group operations to develop business for foreign corporations
BtoC subsidiaries	Group operations to develop Internet media for domestic consumers

Latest News/CSR Activities

Latest News

A Strategic and Equity Partnership with a Major U.S. End-To-End eCommerce Outsourcing Provider, PFSweb

On May 15, 2013, transcosmos inc. agreed to enter into a strategic and equity partnership in e-commerce outsourcing with a NASDAQ-listed company PFSweb, Inc. by accepting a third-party share allocation. transcosmos will account for its investment in PFSweb through the equity method. Through this alliance, transcosmos is launching a full-scale entry into e-commerce outsourcing in the United States and the EU, in order to provide e-commerce business support for Japanese companies, as well as to support PFSweb's clients in their e-commerce expansion to the Japanese market.



PFSweb Fulfillment Center



PFSweb Call Center

- Founded: 1994
- Headquarters: Texas, U.S.A.
- No. of Employees: Approximately 1,300
- Total Revenue: \$281.6 million (Dec. 2012)
- Locations: 10 (7 in North America, 2 in the EU, 1 in Asia)



CSR Activities

transcosmos Korea Participates in Social Contribution Activities

- transcosmos Korea employees attend a charity event and bazaar
Donations to organizations for women and children: 6,922,100 won
Donations to crisis hot-lines for women and children: 4,000,000 won
Donations to education institutions for young North Korean refugees: 4,000,000 won
- IT education programs for young North Korean refugees and organizations supporting truant students, in cooperation with South Korea National Youth Policy Research Institute
- Job training for young North Korean refugees
- Campaigns against sexual assault and domestic violence



Corporate Information (As of March 31, 2013)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 7,879 Group: 14,447
Major Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Corporate Bank, Ltd.
Main Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan TEL: 81-3-4363-1111 FAX: 81-3-4363-0111
Osaka Head Office	Meijiyasuda-Seimei Osaka Umeda Bldg., 3-3-20, Umeda, Kita-ku, Osaka, Osaka 530-0001, Japan TEL: 81-6-6457-1600 FAX: 81-6-6457-1601

Principal Stockholders (As of March 31, 2013)

Name	Number of shares (thousand shares)	Ratio of shares(%)
Koki Okuda	7,498	15.37
Masataka Okuda	5,910	12.11
Okuda Ikueikai Foundation	1,753	3.59
Mihoko Hirai	1,463	3.00
THE BANK OF NEW YORK – JASDEC TREATY ACCOUNT	901	1.85
Limited Company HM Kosan	722	1.48
Japan Trustee Services Bank, Ltd. (Account in Trust)	715	1.47
Employee Shareholding Association of transcosmos inc.	618	1.27
The Master Trust Bank of Japan, Ltd. (Account in Trust)	565	1.16
STATE STREET BANK AND TRUST COMPANY	524	1.07

Notes: 1. Other than the above, our company retains 7,650 thousand shares of its own stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to two decimal places.

Stock Information (As of March 31, 2013)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	21,338

Directors, Auditors and Corporate Officers (As of June 30, 2013)

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
President & COO	Masataka Okuda
Executive Vice President	Koichi Iwami
Senior Executive Managing Director	Hiroyuki Mukai
Executive Managing Directors	Masakatsu Moriyama Shinichi Nagakura Masaaki Muta Masatoshi Kouno
Members, Board of Directors	Takeshi Natsuno* Jutaro Takinami* Nozomu Yoshida*
Standing Auditor	Hideaki Ishioka
Auditors	Toshiaki Nakamura* Setsuo Yamane*
Corporate Senior Officers	Hiroshi Kaizuka Yoichi Kawano Kokkei Nakayama Takashi Shimizu Hitoshi Honda Kazuhiko Yamaki
Corporate Officers	Tsutomu Hasegawa Hirofumi Inoue Yasuhiro Hayami Kunio Shimofusa Hiroyuki Uchimura

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