



**transcosmos inc.**  
**Consolidated Financial Report**  
**For the Nine Months Ended March 31, 2015 [J-GAAP]**  
**(For the 3rd Quarter of the Fiscal Year Ended March 31, 2016)**

January 29, 2016

(Amounts less than ¥1M are rounded down.)

1. Consolidated Performance for the Nine Months Ended March 31, 2015  
 (April 1, 2015 - December 31, 2015)

(1) Consolidated results of operations (cumulative total)

(Percentages are shown as year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to shareholders of transcosmos inc.	
	¥M	%	¥M	%	¥M	%	¥M	%
3Q Mar. 2016 Period	164,954	12.9	6,705	0.7	6,307	(12.8)	7,294	7.5
3Q Mar. 2015 Period	146,141	8.2	6,660	6.1	7,231	0.2	6,782	15.0

(Note) Comprehensive income: 3Q Mar. 2016 Period ¥19,061 million 142.2% 3Q Mar. 2015 Period ¥7,868 million (2.6%)

	Earnings per share	Earnings per share after adjustment for residual securities
	¥	¥
3Q Mar. 2016 Period	177.32	-
3Q Mar. 2015 Period	164.87	-

(2) Consolidated financial standing

	Total assets	Total net assets	Shareholders' equity ratio	Net assets per share
	¥M	¥M	%	¥
As of Dec. 31, 2015	145,001	84,567	56.4	1,987.69
As of Mar. 31, 2015	101,551	67,396	64.0	1,580.91

(Reference) Shareholders' equity: As of December 31, 2015 ¥81,768 million As of March 31, 2015 ¥65,037 million

2. Dividend Status

	Annual dividends				
	1Q End	2Q End	3Q End	Year End	Total
	¥	¥	¥	¥	¥
Mar. 2015 Period	-	0.00	-	54.00	54.00
Mar. 2016 Period	-	0.00	-	-	-
Mar. 2016 Period (Forecast)	-	-	-	-	-

(Note) Corrections to the consolidated performance forecast figures for this quarter: None  
 The dividend forecast for Fiscal Year ending March 31, 2016 is not yet to be determined.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2016  
 (April 1, 2015 - March 31, 2016)

The consolidated financial forecast for Fiscal Year ending March 31, 2016 is not yet to be determined and presented because of the difficulties in making a reasonable forecast.

**Unaudited Quarterly Consolidated Balance Sheet**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
As of December 31, 2015 and March 31, 2015

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 2)
	As of December 31, 2015	As of March 31, 2015	As of December 31, 2015
<b>Current assets:</b>			
Cash and deposits	¥ 35,457	¥ 31,880	\$ 294,152
Notes and accounts receivable - trade	34,602	31,690	287,066
Marketable securities	—	100	—
Merchandise and finished goods	759	182	6,303
Work in process	969	898	8,044
Supplies	40	32	337
Deferred tax assets	1,031	1,843	8,553
Others	3,360	2,984	27,879
Less - allowance for doubtful accounts	(308)	(342)	(2,556)
<b>Total current assets</b>	<b>75,913</b>	<b>69,269</b>	<b>629,779</b>
<b>Non-current assets:</b>			
Property, plant and equipment:			
Buildings and structures, net	3,988	3,727	33,088
Tools, furniture and fixtures, net	3,195	2,824	26,511
Land	833	844	6,912
Others, net	493	516	4,093
<b>Total property, plant and equipment, net</b>	<b>8,510</b>	<b>7,914</b>	<b>70,605</b>
Intangible assets:			
Goodwill	3,037	75	25,202
Software	1,737	1,448	14,411
Others	441	375	3,666
<b>Total intangible assets</b>	<b>5,216</b>	<b>1,899</b>	<b>43,280</b>
Investments and other assets:			
Investment securities	31,463	4,272	261,023
Shares of subsidiaries and affiliates	14,563	9,545	120,815
Investments in capital of subsidiaries and affiliates	2,180	2,256	18,086
Deferred tax assets	77	62	641
Guarantee deposits	5,532	5,533	45,894
Others	1,988	1,131	16,498
Less - allowance for doubtful accounts	(445)	(332)	(3,693)
<b>Total investments and other assets</b>	<b>55,359</b>	<b>22,468</b>	<b>459,266</b>
<b>Total non-current assets</b>	<b>69,087</b>	<b>32,282</b>	<b>573,152</b>
<b>Total assets</b>	<b>¥ 145,001</b>	<b>¥ 101,551</b>	<b>\$ 1,202,931</b>

See accompanying notes to unaudited quarterly consolidated financial statements.

**Unaudited Quarterly Consolidated Balance Sheet**  
transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES  
As of December 31, 2015 and March 31, 2015

	Millions of yen		Thousands of U.S. dollars (Note 2)
	As of December 31, 2015	As of March 31, 2015	As of December 31, 2015
<b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable - trade	¥ 8,921	¥ 7,706	\$ 74,008
Current portion of long-term debt	83	90	692
Accounts payable - other	4,565	4,631	37,876
Accrued expenses	9,197	7,668	76,302
Income taxes payable	1,216	2,631	10,089
Accrued consumption taxes	3,202	5,348	26,567
Provision for bonuses	1,865	3,633	15,477
Others	2,177	1,482	18,068
Total current liabilities	31,229	33,194	259,082
<b>Non-current liabilities:</b>			
Convertible bond-type bonds with subscription rights to shares	10,049	—	83,372
Long-term debt	5,145	165	42,687
Deferred tax liabilities	4,749	382	39,405
Liability for retirement benefits	14	19	119
Derivatives liabilities	8,809	—	73,080
Others	435	394	3,613
Total non-current liabilities	29,204	961	242,277
Total liabilities	60,433	34,155	501,360
<b>NET ASSETS</b>			
Shareholders' equity:			
Capital stock	29,065	29,065	241,131
Capital surplus	20,510	20,510	170,155
Retained earnings	32,549	27,476	270,030
Treasury stock	(15,937)	(15,932)	(132,217)
Total shareholders' equity	66,188	61,120	549,099
Accumulated other comprehensive income:			
Unrealized holding gain on securities	20,802	1,199	172,574
Unrealized loss on hedging instruments	(6,606)	—	(54,810)
Foreign currency translation adjustments	1,384	2,716	11,486
Total accumulated other comprehensive income	15,579	3,916	129,251
Non-controlling interests	2,799	2,358	23,221
Total net assets	84,567	67,396	701,571
<b>Total liabilities and net assets</b>	¥ 145,001	¥ 101,551	\$ 1,202,931

See accompanying notes to unaudited quarterly consolidated financial statements.

## Unaudited Quarterly Consolidated Statement of Income

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

For the nine months ended December 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>Net sales</b>	¥ 164,954	¥ 146,141	\$ 1,368,463
<b>Cost of sales</b>	135,588	119,472	1,124,839
Gross profit	29,366	26,668	243,623
<b>Selling, general and administrative expenses</b>	22,660	20,008	187,990
Operating income	6,705	6,660	55,632
<b>Non-operating income (expenses):</b>			
Interest income	67	64	560
Interest expenses	(20)	(17)	(171)
Dividend income	69	23	579
Share of profit of entities accounted for using equity method	73	32	608
Foreign exchange gain (loss)	(217)	449	(1,808)
Gain on sales of investment securities	2,843	330	23,587
Gain on sales of shares of subsidiaries and affiliates	1,297	1,841	10,764
Loss on retirement of non-current assets	(17)	(14)	(142)
Impairment loss on fixed assets	(29)	(42)	(244)
Loss on valuation of investment securities	—	(11)	—
Office transfer expenses	(16)	—	(140)
Other income (expenses), net	89	1,192	739
Total non-operating income (expenses)	4,138	3,849	34,333
Income before income taxes and non-controlling interests	10,844	10,509	89,965
<b>Income taxes:</b>			
Current	2,631	2,798	21,833
Deferred	775	706	6,437
	3,407	3,504	28,270
<b>Net income</b>	7,436	7,005	61,694
<b>Net income attributable to non-controlling interests</b>	142	222	1,180
<b>Net income attributable to shareholders of transcosmos inc.</b>	¥ 7,294	¥ 6,782	\$ 60,514

See accompanying notes to unaudited quarterly consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 2)
	2015	2014	2015
<b>Net income</b>	¥ 7,436	¥ 7,005	\$ 61,694
<b>Other comprehensive income:</b>			
Unrealized holding gain (loss) on securities	19,608	468	162,669
Unrealized loss on hedging instruments	(6,606)	—	(54,810)
Foreign currency translation adjustments	(958)	359	(7,955)
Share of other comprehensive income of entities accounted for using equity method	(418)	35	(3,468)
<b>Total other comprehensive income</b>	<b>11,624</b>	<b>862</b>	<b>96,435</b>
<b>Comprehensive income</b>	¥ <b>19,061</b>	¥ 7,868	\$ <b>158,130</b>
<b>Total comprehensive income attributable to:</b>			
Shareholders of transcocosmos inc.	¥ 18,957	¥ 7,646	\$ 157,272
Non-controlling interests	103	221	857

*See accompanying notes to unaudited quarterly consolidated financial statements.*

## **Notes to Unaudited Quarterly Consolidated Financial Statements**

transcosmos inc. AND ITS CONSOLIDATED SUBSIDIARIES

### **1. Accounting Changes**

Application of "Accounting Standard for Business Combinations," and other applicable standards.

Effective from April 1, 2015, the Company has applied "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No.21 of September 13, 2013), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 of September 13, 2013), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 of September 13, 2013) and other related accounting standards. Due to the application of these standards, the presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests." To reflect these changes in presentation, the quarterly consolidated financial statements for the nine-month period ended December 31, 2014 and consolidated financial statements for the year ended March 31, 2015 have been reclassified.

### **2. U.S. Dollar Amounts**

The accompanying quarterly consolidated financial statements are expressed in yen, and solely for the convenience of the reader, have been translated into United States (U.S.) dollars at the rate of ¥120.54=\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 31, 2015. This translation should not be construed as a representation that the amounts shown could be converted to U.S. dollars at such rate.

### 3. Segment Information

(1) Information on net sales and profit or loss for each reportable segment for the nine months ended December 31, 2015 and 2014

		Millions of yen										
		2015										
		Reportable segments										
		Parent	Domestic	Overseas	Total	Eliminations	Consolidated					
		company	subsidiaries and	subsidiaries								
			affiliates	and affiliates								
Net sales												
Sales to third parties	¥	131,221	¥	12,093	¥	21,639	¥	164,954	¥	—	¥	164,954
Inter-segment sales and transfers		154		2,859		741		3,754		(3,754)		—
Total	¥	131,375	¥	14,953	¥	22,380	¥	168,709	¥	(3,754)	¥	164,954
Segment profit	¥	5,950	¥	705	¥	37	¥	6,693	¥	12	¥	6,705

		Thousands of U.S. dollars (Note 2)										
		2015										
		Reportable segments										
		Parent	Domestic	Overseas	Total	Eliminations	Consolidated					
		company	subsidiaries and	subsidiaries								
			affiliates	and affiliates								
Net sales												
Sales to third parties	\$	1,088,613	\$	100,331	\$	179,517	\$	1,368,463	\$	—	\$	1,368,463
Inter-segment sales and transfers		1,278		23,724		6,147		31,150		(31,150)		—
Total	\$	1,089,892	\$	124,055	\$	185,664	\$	1,399,613	\$	(31,150)	\$	1,368,463
Segment profit	\$	49,363	\$	5,854	\$	312	\$	55,530	\$	101	\$	55,632

Note A: Segment profit of ¥12 million (\$101 thousand) in “Eliminations” consists of inter-segment elimination.

Note B: Total consolidated segment profit agrees with consolidated operating income.

		Millions of yen										
		2014										
		Reportable segments										
		Parent	Domestic	Overseas	Total	Eliminations	Consolidated					
		company	subsidiaries and	subsidiaries								
			affiliates	and affiliates								
Net sales												
Sales to third parties	¥	115,857	¥	13,568	¥	16,715	¥	146,141	¥	—	¥	146,141
Inter-segment sales and transfers		139		7,705		575		8,420		(8,420)		—
Total	¥	115,996	¥	21,274	¥	17,290	¥	154,561	¥	(8,420)	¥	146,141
Segment profit	¥	5,304	¥	943	¥	380	¥	6,628	¥	31	¥	6,660

Note A: Segment profit of ¥31 million in “Eliminations” consists of inter-segment elimination of ¥16 million and goodwill amortization of ¥15 million.

Note B: Total consolidated segment profit agrees with consolidated operating income.

(2) Change in classification of reportable segments

From the first quarter of the year ending March 31, 2016, the classification of the reportable segments has been changed from the four segments of “Parent company,” “B to B domestic subsidiaries,” “B to B overseas subsidiaries” and “B to C subsidiaries” to three segments of “Parent company,” “Domestic subsidiaries and affiliates” and “Overseas subsidiaries and affiliates.”

Segment information for the nine months ended December 31, 2014 has been reclassified reflecting the change in the reportable segments.