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Securities Code: 9715
June 3, 2010

To Those Shareholders with Voting Rights

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

NOTICE OF THE 25th ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are cordially invited to attend the 25th Annual General Meeting of Shareholders. The meeting will be held as described below.

If you are unable to attend the meeting, you can exercise your voting rights by paper ballot using the Voting Rights Exercise Form enclosed herein or electronically via the Company's website on the exercise of voting rights indicated on the Voting Rights Exercise Form (please refer to the instructions on page 2).

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 23, 2010 (Wednesday).

1. Date and Time: 10:00 a.m., Thursday, June 24, 2010

2. Place: Aoyama Diamond Hall 1st Floor (Diamond Room)
6-8, Kita-Aoyama 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 25th Fiscal Term (from April 1, 2009 to March 31, 2010)
2. Financial Statements for the 25th Fiscal Term (from April 1, 2009 to March 31, 2010)

Proposals to be resolved:
Proposal No. 1: Appropriation of surplus for the 25th fiscal term
Proposal No. 2: Partial Amendment to Articles of Incorporation
Proposal No. 3: Election of Ten Directors
Proposal No. 4: Election of One Substitute Statutory Auditor

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

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

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

1. Shareholders exercising their voting rights via the Internet can only do so via the website designated by the Company (shown below). They can also exercise their voting rights online by mobile phone.
   (Website URL for the exercise of voting rights) http://www.webdk.net
   *** If you have a mobile phone with barcode-reading capability, you can exercise your voting rights via the company-designated website by scanning the "QR code" to the right. For further details on the procedure, please refer to the operation manual for your mobile phone.**
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 23, 2010 (Wednesday). Note, however, that we would like to ask you to exercise your voting rights as soon as possible to ensure that we have sufficient time for tallying the votes.
4. If you exercise your voting rights twice, once by mail and once via the Internet, we will treat your Internet vote as the valid exercise of your voting rights, regardless of the time or date of arrival of your vote.
5. If you exercise your voting rights several times via the Internet, we will treat the most recent vote as the valid exercise of your voting rights.
6. Connection fees payable to the providers and communication expenses payable to telecommunication carriers (including telephone charges) when accessing the website for the exercise of voting rights will be borne by the shareholders.

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

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

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

Inquiries about the Exercise of Voting Rights via the Internet

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

Transfer Agent:	The Sumitomo Trust & Banking Co., Ltd. Stock Transfer Agency Department
Direct Line:	(Toll free) 0120-186-417 (accessible 24 hours; within Japan only)
Forms and other inquiries:	(Toll free) 0120-176-417 (Weekdays 9 a.m. - 5 p.m.; within Japan only)

TSE Platform for the Electronic Exercise of Voting Rights

Management trust banks and other nominee shareholders (including standing proxies) who send in applications to use the "Electronic Voting Platform for Institutional Investors" (the "TSE Platform") managed by ICJ Inc., founded by Tokyo Stock Exchange Group, Inc., 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, 2009 to March 31, 2010)

1. Business Overview of the Group

(1) Progress and Results of Operations

In the fiscal year ended March 31, 2010, the Japanese economy remained in a severe situation due to prolonged effects of the global financial crisis and the strong yen and deflation. Consumer spending is recovering in some areas, supported by the economic stimulus package of the government and monetary authorities and by corporate earnings thanks to the effect of suppressed capital spending and cost reductions. However, there are causes for concern such as deflation and a stubbornly high unemployment rate, and the economic environment continued to be unstable. Overseas, while China quickly returned to a recovery path and continued to have high economic growth, advanced countries such as the U.S. and those in Europe continue to be in a severe economic condition.

In this situation, the information services industry in which the Group is involved remained in a severe situation. This was because demand for IT services decreased due to restrained IT investments by corporations and a trend has surfaced in which companies switch to insourcing in an attempt to secure profit, such as by reducing outflowing costs and rearranging in-house human resources.

Due to this environment, although the Group's key services of the call center service business and digital marketing service business remained relatively stable, part of the business process outsourcing service business, such as CAD engineer staffing and the business process solution business, slumped affected by the deterioration in the business environment.

As a result, the Company made efforts such as reducing costs, streamlining management, and expanding and providing new services which would lead to stronger competitiveness. At the same time, it strived to regain profitability by reorganizing and structurally reforming the Group.

With regard to efforts to expand new services, we started providing indirect cost reduction solutions which improve operational process and optimize costs, and operational efficiency solutions in the designing operation field.

In addition, in an attempt to reorganize the Group we have consolidated affiliates. For example, DoubleClick Japan Inc. and TCIPlus Inc. merged and Become, Inc. was sold. With regard to efforts for structural reform, we have reduced expenses as much as possible, mainly personnel expenses, and streamlined and downsized our organization.

Also, as a stepping stone for the future, we carried out a global strategy in Asia mainly in Japan, China and South Korea. In China we opened a call center operational base in Wuxi, which is our fourth in China, and concluded a strategic partnership contract with Taobao, the largest e-commerce company in China. In South Korea, we formed a strategic business alliance with KT Corporation, the largest telecommunication company there.

As a result, although consolidated net sales were 151,589 million yen, down 8.8% from the previous year, thanks to the effects of various measures such as the selection and focus of businesses and cost structural reforms, consolidated operating income was 4,448 million yen (59 million yen of operating income in the previous year) and consolidated ordinary income was 4,539 million yen (1,193 million yen of ordinary loss in the previous year). And consolidated net income was 2,135 million yen, down 3.0% from the previous year, as a result of recording a loss due to impairment and other losses as extraordinary loss.

Operating results by segment

The disclosure is omitted since the Company has withdrawn from corporate venture capital business as of the previous fiscal year and now has only one business segment.

Operating results by geographic segment

In Japan, net sales decreased 8.7% from the previous year to 141,041 million yen. The primary factor for this was a decrease in revenue from the business process outsourcing service business of the Company. Operating income was 10,885 million yen, up 50.8% from the previous year due to the effect of cost reductions.

In the U.S., sales were 268 million yen, down 83.7% from the previous year because of our withdrawal from the corporate venture capital business. Operating income was 2 million yen (an operating loss of 2,192 million yen in the previous year).

In Asia, sales were 10,279 million yen, up 0.9% from the previous year. Operating loss was 160 million yen (an operating income of 216 million yen in the previous year) because of an increased cost incurred to launch a new business.

(2) Issues to Be Addressed

Although the Japanese economy is showing some signs of recovery supported by the economic stimulus package implemented by the government and monetary authorities, it continues to be in a severe condition in the fiscal year ended March 31, 2010. There is decreased capital spending, a strong yen, and deflation and deterioration in the employment situation because the global financial crisis is drawing out. We need to consider the impact of these economic trends as risk factors in managing the Company.

Meanwhile, the environment in which the Company operates is changing along with the business strategies of its clients, who are speeding up recovery efforts. Clients have replaced the *in-sourcing philosophy* of “owning and effecting all functions in-house” for an *outsourcing philosophy* where they “concentrate managerial resources on their core competency while outsourcing peripheral tasks to specialized companies based on efficiency and speed considerations.” While the Company can expect this change in the business environment to bring new opportunities for expanded orders, we recognize that creating, maintaining and providing high value-added outsourcing services that strengthen our corporate competitiveness is an important managerial issue. To achieve this, we will improve our service menu to expand sales and reduce costs at client companies, promote efficiency in marketing and enhance customer satisfaction in the areas of call center services, business process outsourcing services, business process solution services, digital marketing services, and more.

With the Company’s principles outlined above, 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 Fundraising

The Company raised funds of 6,128 million yen by means of long-term borrowings form financial institutions as funds required by the Group.

(4) Status of Capital Investment

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

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

The Company absorbed DoubleClick Japan Inc. on March 30, 2010 as stated in Item 7, and transferred the DART business, which it succeeded on March 31, 2010, and part of the rights that the Company had held in relation to the business to Google Inc. or its subsidiaries.

(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

The Company absorbed its consolidated subsidiaries DoubleClick Japan Inc. and TCIPlus Inc. on March 30, 2010 and March 31, 2010 respectively.

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

The Company executed a share exchange to make its consolidated subsidiary DoubleClick Inc. into a wholly-owned subsidiary on March 29, 2010. It absorbed the company on March 30, 2010 as stated in the previous item.

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

	FY 2007 (22nd Fiscal Term)	FY 2008 (23rd Fiscal Term)	FY 2009 (24th Fiscal Term)	FY 2010 (25th Fiscal Term)
Net sales (millions of yen)	141,489	164,771	166,291	151,589
Ordinary income (millions of yen)	7,289	3,677	(1,193)	4,539
Net income (loss) (millions of yen)	7,369	(3,139)	2,201	2,135
Net income (loss) per share (yen)	171.38	(74.37)	55.75	54.30
Total assets (millions of yen)	96,380	97,098	88,092	91,637
Net assets (millions of yen)	59,070	49,760	39,560	41,425
Net assets per share (yen)	1,232.42	1,047.98	871.39	922.62

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

(10) Major Status of Parent Company and Subsidiaries

1) Relationship with the parent company

Not applicable.

2) Major subsidiaries

Name	Common stock	Ratio of voting	Principal business
J-Stream Inc.	2,182 million yen	45.0%	Data distribution service business using the Internet
APPLIED TECHNOLOGY CO., LTD.	1,205 million yen	60.2%	System integration business for GIS/manufacturers
transcosmos Korea Inc.	KRW5,302 million	75.3%	Call center business in South Korea
transcosmos CRM Okinawa Inc.	100 million yen	100%	Call center business in Japan

(11) Principal Business of the Group (As of March 31, 2010)

The Company Group mainly engages in call center services, business process outsourcing services, business process solutions services, digital marketing services, China offshore development services and overseas services.

(12) Principal Business Offices of the Group (As of March 31, 2010)

Offices	Location
Head Office of the Company:	25-18, Shibuya 3-chome, Shibuya-ku, Tokyo
Business Offices etc.:	Osaka, Nagoya, Wakayama, Fukuoka
Call Centers, etc.:	Sapporo, Sendai, Tokyo, Yokohama, Nagoya, Osaka, Wakayama, Fukuoka, Kumamoto, Miyazaki, Okinawa
Overseas Offices:	U.S.A. (New York, Los Angeles), Korea (Seoul, Busan, Cheongju), China (Beijing, Shanghai, Tianjin, Dalian, Qingdao, Guangzhou, Suzhou, Wuxi, Benxi), Thailand (Bangkok)

(13) Employees (As of March 31, 2010)

1) Employees of the Group

Business Segment	Number of employees	(Number of temporary employees)
Information Services Business	15,094	(16,954)
All companies (common)	540	—
Total	15,634	(16,954)

2) Employees of the Company

Number of employees	Year-on-year change	Average age	Average length of service
9,035 (13,373)	+58 (+186)	31 years, 10 months	5 years, 11 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, 2010)

Creditors	Loan Outstanding (in millions of yen)
Mizuho Corporate Bank, Ltd.	6,200
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	5,687
Sumitomo Mitsui Banking Corporation	3,541

2. Matters Concerning Shares of the Company (As of March 31, 2010)

(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: 27,097
(of which 22,856 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
Mihoko Hirai	2,185	5.3
Okuda Ikueikai, Foundation	1,753	4.3
Japan Trustee Services Bank, Ltd. (Account in Trust)	866	2.1
Master Trust Bank of Japan, Ltd. (Account in Trust)	634	1.5
Japan Trustee Services Bank, Ltd. (Account in Trust 4)	569	1.4
Employee Shareholding Association of transcosmos inc.	475	1.2
Mellon Bank ABN Amro Global Custody NV	407	1.0
Shozo Okuda	283	0.7

Notes:
1. Although the Company holds 7,646 thousand shares of treasury stock, it is excluded from the top ten major shareholders above. Shareholding ratio is calculated by excluding treasury stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to the nearest first decimal.

3. Matters Concerning the Stock Acquisition Rights, etc. of the Company (As of March 31, 2010)

(1) Stock Acquisition Rights, etc. Held by the Company's Officers

	First Stock Acquisition Rights 2004		First Stock Acquisition Rights 2005	
Number of persons holding the Stock Acquisition Rights and the Number of Stock Acquisition Rights	(Persons)	(No. of the rights)	(Persons)	(No. of the rights)
- Directors (excluding Outside Directors)	5	101	6	123
- Outside Directors	—		1	17
- Statutory Auditors	1	2	1	4
Class of shares subject to Stock Acquisition Rights	Common stock		Common stock	
Number of shares subject to Stock Acquisition Rights	20,600 shares		28,800 shares	
Property value to be contributed when the Stock Acquisition Rights are exercised (per share)	1,611 Yen		2,270 Yen	
Exercise Period for Stock Acquisition Rights	July 1, 2006- June 30, 2010		July 1, 2007- June 30, 2011	
Conditions for exercising the Stock Acquisition Rights	The stock acquisition rights holder must be posted as a director, statutory auditor, executive officer, or employee of the Company or of any of the subsidiaries of the Company as of the exercise date of the right.		The stock acquisition rights holder must be posted as a director, statutory auditor, executive officer, or employee of the Company or of any of the subsidiaries of the Company as of the exercise date of the right.	

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

Not applicable.

4. Corporate Officers (As of March 31, 2010)

(1) Directors and Statutory Auditors

Position	Name	Assignment or principal responsibilities
Founder, Representative Director & Group CEO	Koki Okuda	Group Chief Executive Officer
Chairman, Representative Director & CEO	Koji Funatsu	Chief Executive Officer
President, Representative Director & COO	Masataka Okuda	Chief Operating Officer
Senior Managing Director	Koichi Iwami	Chief in charge of Call Center Services Sector, Business Process Outsourcing Services Sector, Business Process Solution Services Division, Digital Marketing Services Division, China Offshore Developing Services Department, Service Planning Division and General Manager of Asia Digital Marketing Service Department
Executive Managing Director	Hiroyuki Mukai	Chief of Sales Division
Executive Managing Director	Masakatsu Moriyama	General Manager of BtoC Business Development Division and “meet-me” Sales Promotion Department
Executive Managing Director	Shinichi Nagakura	General Manager of Business Development & Investments and Chief of North America Business Department
Outside Director	Taiki Yoshioka	
Outside Director	Takeshi Natsuno	
Outside Director	Jutaro Takinami	
Standing Statutory Auditor	Hideaki Ishioka	
Statutory Auditor	Kichiro Takao	
Outside Statutory Auditor	Kazushi Watanabe	
Outside Statutory Auditor	Toshiaki Nakamura	

Notes:

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

(2) Outside Corporate Officers

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

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

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

Outside Director Takeshi Natsuno concurrently holds the positions of Outside Director of SEGA SAMMY HOLDINGS INC., Outside Director of SBI Holdings, Inc. and Outside Director of GREE, Inc. The Company has business relationship with SBI Holdings, Inc.

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

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

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

The Company provides in its Articles of Incorporation that it may enter into agreements with Outside Directors and Outside Statutory Auditors to impose a maximum amount of liability the Outside Directors and Outside Statutory Auditors are to bear for damages to the Company, to the higher of either an amount of 1 million yen or more as specified in advance, or an amount prescribed by the relevant laws and regulations. The Company has executed the Liability Limitation Agreement with each of Outside Directors Taiki Yoshioka, Takeshi Natsuno and Jutaro Takinami, and with Outside Statutory Auditors Kazushi Watanabe and Toshiaki Nakamura.

(3) Principal Activities of Outside Corporate Officers

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

Name of Outside Corporate Officers	Position	Attendance at Board of Directors' Meetings and Board of Statutory Auditors' Meetings (Number of times)	Main comments
Taiki Yoshioka	Outside Director	19/20 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Takeshi Natsuno	Outside Director	17/20 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Jutaro Takinami	Outside Director	15/15 —	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Kazushi Watanabe	Outside Statutory Auditor	20/20 17/17	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.
Toshiaki Nakamura	Outside Statutory Auditor	20/20 17/17	He has generally given advice and made proposals on matters to be resolved and reported, as necessary, based on his wide knowledge and experience.

(4) Remuneration paid to Directors and Statutory Auditors

Category	Number of Directors and Statutory Auditors paid	Amount paid
Directors (Outside Directors among the above)	11 (5)	167 million yen (40 million yen)
Statutory Auditors (Outside Statutory Auditors among the above)	5 (3)	28 million yen (12 million yen)
Total	16	195 million yen

Notes:

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

5. Principal Activities of the Accounting Auditor

(1) Name of the Accounting Auditor

Ernst & Young ShinNihon LLC

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

Total remuneration to be paid during the current fiscal year of the Company (Note)	130 million yen
Total amount of money and other profits from properties to be paid by the Company and its subsidiaries to the Accounting Auditor	240 million yen

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

(3) Audits of subsidiaries

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

(4) Details of the Liability Limitation Agreement

Not applicable.

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

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

6. Corporate Structure and Policies

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11) System to conduct timely and appropriate disclosures

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

(2) Basic Policy Regarding the Control of the Company

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

1) Details of the Basic Policy

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

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

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

2) Specific details of the measures to realize the Basic Policy

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

(Medium-term Business Plan, etc.)

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

(i) Provision of services to globalizing market

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

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

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

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

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

(To strengthen its corporate governance)

In order to realize transparent and fair management, the Company's policy is to limit the tenure of directors to one year. In addition, after the 24th Annual Shareholders' Meeting on June 25, 2009, it strengthened the monitoring function on management by making three out of ten directors be independent outside directors. Also, it has introduced an operating director system in an attempt to enhance its responsiveness to changes in the business environment by expediting the decision-making process. After the 24th Annual Shareholders' Meeting on June 25, 2009, the Board of Auditors consisted of four 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 introduced a plan as a countermeasure to any act of substantial acquisition of the Company shares (countermeasure to acquisition) (the "Plan") as of July 1, 2009. This was based on the resolution of the Board of Directors Meeting held on May 20, 2009 and the resolution of the 24th Annual Shareholders Meeting held on June 25, 2009. A summary of the Plan is shown in (ii) below.

(ii) Summary of the Plan

A. Purpose of the Plan

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

B. Acquisitions Targeted

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

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

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

C. Procedure to implement the Plan

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

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

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

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

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

D. Requirements for free allocation of stock subscription rights

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

<u>Event for implementation 1</u>

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

Event for implementation 2

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

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

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

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

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

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

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

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

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

E. Other

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

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

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

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

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

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

(3) Policies on the Decision on Dividends from Surplus

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

We plan to pay a dividend of 10.00 yen per share for the fiscal year based on the aforementioned policy.

Note: Digits less than those shown in this Business Report are rounded down.

Attached document (2)

Consolidated Balance Sheet

(As of March 31, 2010)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**58,715**	**Current liabilities**	**28,021**
Cash and deposits	28,249	Accounts payable — trade	4,099
Notes and accounts receivable—trade	24,865	Short-term bank loans	791
Securities	80	Current portion of bonds	1,070
Merchandise and finished goods	20	Current portion of long-term bank loans	8,543
Work and software in progress	653		
Supplies	18	Accounts payable	2,408
Deferred tax assets	3,397	Accrued expenses	5,213
Other	1,586	Income taxes payable	536
Allowance for doubtful accounts	(156)	Accrued consumption tax	1,377
		Advances received	546
Fixed assets	**32,921**	Accrued bonuses for employees	2,711
Tangible fixed assets	**9,106**	Other	722
Buildings and structures	4,242	**Fixed liabilities**	**22,190**
Vehicles and transportation equipment	35	Bonds	2,730
		Long-term bank loans	16,085
Tools, furniture and fixtures	3,330	Reserve for retirement benefits	111
Land	1,154	Reserve for loss on litigation	2,548
Lease assets	341	Long-term security deposits received	44
Construction in progress	2	Other	671
Intangible fixed assets	**4,674**		
Goodwill	1,085	**Total liabilities**	**50,212**
Software	3,192	**Net Assets**	
Lease assets	63	**Shareholders' equity**	**39,912**
Software in progress	105	**Common stock**	**29,065**
Other	228	**Capital surplus**	**20,511**
Investments and other assets	**19,140**	**Retained earnings**	**6,257**
Investment in securities	4,346	**Treasury stock**	**(15,921)**
Investment in stocks of unconsolidated subsidiaries and affiliates	3,769	**Valuation and translation adjustments**	**(1,949)**
		Unrealized gain on securities	**207**
Investment in other securities of unconsolidated subsidiaries and affiliates	49	**Foreign currency translation adjustment**	**(2,156)**
Investments	4	**Minority interests**	**3,462**
Investment in unconsolidated subsidiaries and affiliates	352		
Long-term loans receivable	203		
Deferred tax assets	3,728		
Security deposits	4,872		
Prepaid pension costs	1,846		
Other	400		
Allowance for doubtful accounts	(432)	**Total net assets**	**41,425**
Total assets	**91,637**	**Total liabilities and net assets**	**91,637**

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

Attached document (3)

Consolidated Statement of Income

(from April 1, 2009 to March 31, 2010)

(Millions of yen)

Account item	Amount	
Net sales		**151,589**
Cost of sales		**123,238**
Gross Profit		**28,350**
Selling, general and administrative expenses		**23,902**
Operating income		**4,448**
Non-operating income:		
Interest income	67	
Dividend income	17	
Gain on valuation of derivatives	140	
Employment development subsidy	689	
Other	252	1,167
Non-operating expenses:		
Interest expenses	507	
Equity in loss of unconsolidated subsidiaries and affiliates	73	
Foreign exchange losses	198	
Other	297	1,076
Ordinary income		**4,539**
Extraordinary gains:		
Gain on sale/disposal of fixed assets	97	
Gain on sale/disposal of investment in securities	156	
Gain on sale/disposal of investment in unconsolidated subsidiaries and affiliates	456	
Reversal of allowance for doubtful accounts	94	
Gain on changes in equity	33	
Gain on transfer of business	3,959	
Other	483	5,282
Extraordinary losses:		
Loss on sale/disposal of fixed assets	3	
Loss on disposal of fixed assets	179	
Impairment loss	2,247	
Loss on write-down of investment in securities	888	
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	355	
Loss on changes in equity	111	
Provision for reserve for loss on litigation	2,548	
Other	1,709	8,043
Income before income taxes and minority interests		**1,778**
Income taxes—current	410	
Income taxes—deferred	(71)	338
Minority interests in net loss of subsidiaries		695
Net income		**2,135**

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

Attached document (4)

Consolidated Statement of Changes in Net Assets

(from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2009	29,065	23,009	4,155	(19,749)	36,482
Change during the fiscal year					
Decrease due to share exchange		(2,494)		3,818	1,323
Decrease due to merger		(0)		0	0
Net income			2,135		2,135
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		(4)		9	5
Change of scope of consolidation			(33)		(33)
Net change in items other than shareholders' equity during the fiscal term					–
Total change during the fiscal year	–	(2,498)	2,101	3,827	3,430
Balance as of March 31, 2010	29,065	20,511	6,257	(15,921)	39,912

	Valuation and translation adjustments				Stock acquisition rights	Minority interests	Total net assets
	Unrealized gain on securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total valuation and translation adjustments			
Balance as of March 31, 2009	407	(4)	(2,631)	(2,228)	0	5,306	39,560
Change during the fiscal year							
Decrease due to share exchange							1,323
Decrease due to merger							0
Net income							2,135
Acquisition of treasury stock							(0)
Disposal of treasury stock							5
Change of scope of consolidation							(33)
Net change in items other than shareholders' equity during the fiscal term	(200)	4	474	278	(0)	(1,844)	(1,565)
Total change during the fiscal year	(200)	4	474	278	(0)	(1,844)	1,864
Balance as of March 31, 2010	207	–	(2,156)	(1,949)	–	3,462	41,425

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

Notes to Consolidated Financial Statements

Basis of preparation of consolidated financial statements

1. Scope of Consolidation

(1) Number of consolidated subsidiaries: 51

The names of principal consolidated subsidiaries

J-Stream Inc., APPLIED TECHNOLOGY CO., LTD., transcosmos Korea Inc., transcosmos CRM Okinawa Inc.

Changes in our consolidated subsidiaries during the fiscal year under review are as follows:

(New)

- Wuxi transcosmos Interactive Services Co., Ltd. (established on May 7, 2009)

(Excluded)

- Digit Co., Ltd. (sale of all shares held by the Company)
- Larc ccp9 toushijigyokumiai (dissolution completed on April 30, 2009)
- Larc ccp10 toushijigyokumiai (dissolution completed on April 30, 2009)
- BPS Inc. (dissolution completed on April 30, 2009)
- SMART LUCK ENTERPRISES LIMITED (sale of all shares held by the Company)
- TGWW (Beijing) Information Consultation Co., Ltd (By sale of all shares held in its holding company Smart Luck Enterprises Limited)
- Beijing Technology Glorious World-Wide (By sale of all shares held in its holding company Smart Luck Enterprises Limited)
- Abacus Japan KK (dissolution completed on June 26, 2009)
- Organic Trend International Corporation (sale of all shares held by the Company)
- Inwoo Tech, Inc. (Dissolved due to merger with the Company’s subsidiary transcosmos Korea Inc. (formerly CIC Korea, Inc.))
- OneXeno Limited (sale of all shares held by the Company)
- Become Japan Corporation (sale of all shares held by the Company)
- Flavour Inc. (due to sale of all holding shares of Become Japan Corporation, the holding company)
- IBR, Inc. (dissolution completed on September 21, 2009)
- transcosmos CRM Sapporo Inc. (dissolution completed on October 26, 2009)
- CinemaNow Japan Inc. (dissolution completed on December 29, 2009)
- Career Incubation USA, Inc. (dissolution completed on January 31, 2010)
- Shockwave Entertainment, Inc. (dissolution completed on March 29, 2010)
- DoubleClick Japan Inc. (Dissolved due to merger with the Company on March 30, 2010)
- TCIPlus Inc. (Dissolved due to merger with the Company on March 31, 2010)
- Biz Trust inc. (dissolution completed on March 31, 2010)

(2) Names of principal non-consolidated subsidiaries

transcosmos design development (Dalian) Co., Ltd., transcosmos MCM Korea Co., Ltd.

(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: 19

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

(New)

- Autoc One KK
- Pheedo, inc.

The above two companies were transferred from operational investment securities to stocks of affiliates due to a withdrawal from the corporate venture capital business.

(Excluded)

- Smart Tips Inc. (sale of all shares held by the Company)
- HUNUS INVESTMENT CO., LTD. (excluded from affiliates accounted for by the equity method due to the decline in the ratio of voting rights)
- NetSuite Inc. (sale of all shares held by the Company)
- NetMile, Inc. (sale of all shares held by the Company)
- DIGIMIHO Co., Ltd. (sale of all shares held by the Company)

(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)

- Listen Japan, Inc.
- APPLIED TECHNOLOGY CO., LTD.
- CCP Mezzanine 2006 Toushijigyokumiai
- CCP-Biotech 3 toushijigyokumiai
- CCP-Global Fund I
- transcosmos Information Creative Japan
- transcosmos America, Inc.
- transcosmos Information Creative (China) Co., Ltd.
- transcosmos Information System (Shanghai) Co., Ltd.
- Shine Harbour Ltd.
- transcosmos Korea Inc.
- APPLIED TECHNOLOGY KOREA, INC.
- Shenyang transcosmos Information System Co., Ltd.
- transcosmos CC China
- Beijing transcosmos Technologies Co., Ltd.
- transcosmos (Thailand) Co., Ltd.
- Beijing transcosmos Interactive Services Co., Ltd.
- Suzhou transcosmos Information Creative Co., Ltd.

- transcosmos MCM Shanghai Co., Ltd.
- transcosmos Information Creative Holdings.
- TransCosmos Technologies Inc.
- Shanghai transcosmos Interactive Services Co., Ltd.
- Wuxi transcosmos Interactive Services 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: Other)

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

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

4. Significant accounting policies

(1) Standards and methods of valuation of securities

Other available-for-sale securities

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

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

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

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

(3) Standards and method of valuation of inventories

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

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

(4) Depreciation methods for fixed assets

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

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

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

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

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

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

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

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

Reserve for retirement benefits	Reserve for retirement benefits for employees of the Company and certain consolidated subsidiaries is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the consolidated fiscal term. Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred. Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred. (Changes in accounting policies) Starting the fiscal year ended March 31, 2010, "Partial Amendments to the Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No. 19, July 31, 2008) is adopted. The change has no impact on profits or losses.
Reserve for loss on litigation	To provide for loss regarding lawsuits involving consolidated subsidiaries of the Company, the monetary loss that could occur in the future is estimated and the amount deemed necessary is posted.

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

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

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

2) Significant hedge accounting

(i) Hedge accounting method:	Deferred accounting treatment is applied. Special accounting rules are applied to interest swap transactions which conform to requirements of special accounting rules.
(ii) Means for hedging and hedged items:	Means for hedging: Interest rate swaps Hedged items: Bank loans
(iii) Hedging policy:	Interest rate swap transactions are conducted to avoid interest rate fluctuation risks in accordance with the internal rules.

(iv) Assessment method of effectiveness of hedges:

The assessment of effectiveness is omitted because the requirements for exceptional accounting are met.

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

4) Matters related to amortization of goodwill and negative goodwill

Goodwill is amortized by equal installments over 5 years or 10 years. If any circumstance arises which prevents the effect of amortization of goodwill, amount of amortization will be decreased accordingly.

5. Valuation of assets and liabilities of consolidated subsidiaries

Valuation of assets and liabilities of consolidated subsidiaries is determined based on the full-assessment by market value method.

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

(1) Application of accounting standard for construction contracts

With respect to accounting standard for revenues related to BTO software, the completed contract method had been adopted before. However, starting the fiscal year ended March 31, 2010, the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Implementation Guidance for Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007) are adopted, and starting with software development contracts that started in the fiscal year ended March 31, 2010, the percent-of-completion method is applied for contracts whose completion is deemed certain for the completed part by the end of the fiscal year (percentage of completion is estimated using the cost comparison method), and the completed contract method is used for others.

Because of this, net sales increased by 320 million yen, and operating income, ordinary income and net income before tax increased by 62 million yen respectively.

(2) Translation standard for revenues and expenses of foreign subsidiaries

Revenues and expenses of foreign subsidiaries had been translated at the spot exchange rates on the account settlement date into yen before. However, starting the fiscal year ended March 31, 2010, we have switched to the method of translating at the annual average spot exchange rate into yen. This change has been adopted to recognize periodical profits and losses more accurately by mitigating the impact of temporary fluctuations in exchange rates on the periodical profits and losses.

As a result, compared with the previous method, net sales decreased by 194 million yen, and operating income, ordinary income and net income before tax decreased by 7 million yen, 17 million yen and 6 million yen respectively.

7. Change in presentation

Consolidated financial statements

"Gain on dissolution of subsidiaries and affiliates" (0 million yen for the fiscal year ended March 31, 2010) in extraordinary profits and "Loss on sale/disposal of investment in securities" (0 million yen for the fiscal year ended March 31, 2010) in extraordinary losses which were reported separately in the previous fiscal year are presented under "Other" in extraordinary profits and "Other" in extraordinary losses because they became insignificant in terms of amount.

Notes to the Consolidated Balance Sheet

1. Assets pledged as collateral:

Bank deposit	¥40 million
Current assets—other	¥2 million
Buildings and structures	¥215 million
Land	¥98 million
Total	¥356 million

Liabilities on collateral

Current portion of long-term bank loans	¥21 million
Long-term bank loans	¥69 million
Total	¥91 million

2. Accumulated depreciation of tangible fixed assets ¥10,811 million

Notes to the Consolidated Statement of Changes in Net Assets

1. Total number of shares issued

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

2. Treasury sock

Class of shares	Number of shares at the end of the previous consolidated fiscal year	Number of shares increased during the current consolidated fiscal year	Number of shares decreased during the current consolidated fiscal year	Number of shares at the end of the current consolidated fiscal year
Common stock (shares)	9,484,713	241	1,838,218	7,646,736

(Outline of causes for changes)

Details of number of shares increased are as follows.

Increase due to purchase of shares less than one unit: 241 shares

Details of number of shares decreased are as follows.

Decrease due to share exchange 1,833,678 shares

Decrease due to the exercise of stock options: 4,400 shares

Decrease due to merger 140 shares

3. Shares subject to the stock acquisition rights (excluding the stock acquisition rights for which the exercise period does not arrive) as of the current consolidated fiscal year

Not applicable.

4. Dividends

(1) Dividends paid

Not applicable.

(2) Dividends with an effective date falling in the following consolidated fiscal year, among distributions with record dates belonging to the current consolidated 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 24, 2010	Common stock	Retained earnings	411	10	March 31, 2010	June 25, 2010

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 derivative instruments are used in interest rate swap, currency swap and currency forward transactions to hedge against market risks and the Company has a policy not to use derivatives for speculation.

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

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

Most of accounts payable and accrued expenses, which are operating payables, have payment due dates that are less than one year away. Short-term bank loans payable out of loans payable are mainly financing for operational transactions; long-term bank loans payable (less than 5 years as a general rule) and bonds are financing for long-term investments such as capital investments. Among them, part of long-term bank loans payable have floating interest rates and are exposed to interest rate fluctuation risk, therefore they are hedged using derivative instruments (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 derivative instruments are conducted by the specialized department based upon the proper procedures in accordance with the approval policy. Also, in using derivatives, we conduct transactions only with financial institutions with a high credit rating to mitigate credit risks.

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

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

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

2. Matters related to market value of financial instruments

The recorded amount on the consolidated financial statements, market value and the difference of these as of March 31, 2010 are as follows. Financial instruments whose market value is extremely difficult to determine are not listed in the following table.

(Million of yen)

	Recorded amount on consolidated balance sheet*	Market value*	Difference
(1) Cash and deposits	28,249	28,249	–
(2) Notes receivable and accounts receivable	24,865	24,865	–
(3) Securities and investment in securities			
Other securities	257	257	–
(4) Accounts payable	(4,099)	(4,099)	–
(5) Short-term bank loans payable	(791)	(791)	(0)
(6) Accrued expenses	(5,213)	(5,213)	–
(7) Bonds	(3,800)	(3,879)	(79)
(8) Long-term bank loans payable	(24,629)	(25,146)	(517)
(9) Derivative instruments			
(i) Those to which hedge accounting is not applied	–	(332)	(332)
(ii) Those to which hedge accounting is applied	–	–	–

*Items recorded in Liabilities are marked with ( ).

Note 1: Calculation method of market value of financial instrument and matters related to securities and derivative instruments

(1) Cash and deposits and (2) Notes receivable and accounts receivable

As these are settled in the short term, their market values are almost equivalent to book values, and therefore their book values are used.

(3) Securities and investment in securities

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

(4) Accounts payable, and (6) Accrued expenses

As these are settled in the short term, their market values are almost equivalent to book values, and therefore their book values are used.

(5) Short-term bank loans

The market values of short-term bank loans are calculated 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 market values of bonds that the Company issued are calculated 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 market values of long-term bank loans are measured based upon the present values calculated by discounting the total amount of principles 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. These loans are measured based upon the present values calculated by discounting the total amount of principles 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) Derivative instruments

(i) Those to which hedge accounting is not applied

With regard to derivative instruments, the contract amount as of the settlement date or principal equivalent stipulated by contract, market value, unrealized profits and losses and the calculation method of the market values for each type of underlying asset and counterparty are as follows (see (8) above).

(Millions of yen)

Type of underlying asset	Category	Type of derivative instrument	Contract amount		Market value	Unrealized profits and losses
				Longer than one year		
Interest rate	Transactions other than market transactions	Interest rate swap paying fixed rate and receiving floating rates	200	200	0	0
Currency		Currency swap U.S. dollar	2,106	2,106	(333)	(333)
Total			2,306	2,306	(332)	(332)

Note: Calculation method of market value: ····· calculated based on prices provided by financial institutions with which the Company has an account

(ii) Those to which hedge accounting is applied

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

Note 2: Unlisted equity securities (Consolidated balance sheet amount: 4,170 million yen) are not included in the above “ (3)Securities and investment securities” since their market price is not available, it is not possible to estimate the future cash flows, and the assessment of their fair values is deemed extremely difficult.

(Additional information)

Starting the fiscal year ended March 31, 2010, “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, March 10, 2008) and “Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 10, 2008) are applied.

Notes regarding per share data

1. Net assets per share	922.62 yen
2. Net income per share	54.30 yen

Notes regarding significant subsequent events

Not applicable.

Other notes

Withdrawal from the corporate venture capital business

As a result of withdrawing from the corporate venture capital business at the end of the fiscal year ended March 31, 2009, “operational investment in securities” (current assets) of 5,133 million yen was transferred to “investment in securities” (investments and other assets) of 4,088 million yen and “investment in stocks of subsidiaries and affiliates” (investments and other assets) of 1,044 million yen, and “deferred tax liabilities” (current liabilities) of 234 million yen to “deferred tax liabilities” (fixed liabilities) respectively at the start of the fiscal year ended March 31, 2010. As a result, while gains from sale of securities in the corporate venture capital business were recorded as sales and the book value of the securities sold were recorded as cost of sales previously, starting this fiscal year, we have switched to the accounting method where gains and losses from sale of securities are recorded as extraordinary items.

As a result, sales and cost of sales in the fiscal year ended March 31, 2010 decreased by 405 million yen and 1,137 million yen respectively, and both gross profit and operating income increased by 731 million yen. In addition, dividend income (non-operating income), loss on investment partnership (non-operating expenses), gain on sale of investment in securities (extraordinary gains), other extraordinary gains, loss on write-down of investment in securities (extraordinary losses) and loss on sale of stock of affiliates (extraordinary losses) increased by 2 million yen, 13 million yen, 73 million yen, 31 million yen, 825 million yen and 2 million yen respectively.

Attached document (5)

Non-Consolidated Balance Sheet

(As of March 31, 2010)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	**45,136**	**Current liabilities**	**23,579**
Cash and deposits	20,121	Accounts payable—trade	4,369
Notes receivable	12	Current portion of bonds payable	1,050
Accounts receivable—trade	20,422	Current portion of long-term bank loans payable	8,485
Merchandise	3		
Work and software in progress	83	Accounts payable	1,204
Supplies	11	Accrued expenses	4,063
Advances	105	Income taxes payable	333
Prepaid expenses	585	Accrued consumption tax	928
Deferred tax assets	3,304	Advances received	377
Short-term loans	204	Deposits received	270
Accounts receivable—other	157	Accrued bonuses for employees	2,436
Other	178	Other	60
Allowance for doubtful accounts	(53)	**Fixed liabilities**	**20,787**
Fixed assets	**38,693**	Bonds	2,650
Tangible fixed assets	**4,061**	Long-term bank loans	15,432
Buildings	1,392	Long-term security deposits received	21
Structures	14	Reserve for loss on litigation	2,548
Tools, furniture and fixtures	2,154	Other	135
Land	373		
Lease assets	125		
Intangible fixed assets	**3,492**		
Goodwill	433		
Software	2,937		
Lease assets	35		
Telephone rights	86	**Total liabilities**	**44,366**
Utility rights	0	**Net Assets**	
Investments and other assets	**31,139**	**Shareholders' equity**	**39,262**
Investment in securities	6,263	**Common stock**	**29,065**
Investment in stocks of subsidiaries and affiliates	13,158	**Capital surplus**	**20,511**
		Other capital surplus	20,511
Investment in other securities of subsidiaries and affiliates	195	**Retained earnings**	**5,607**
		Legal retained earnings	334
Investment in subsidiaries and affiliates	778	Other retained earnings	5,273
Long-term loans receivable from subsidiaries and affiliates	4,655	Unappropriated retained earnings	5,273
Prepaid pension costs	1,846	**Treasury stock**	**(15,921)**
Deferred tax assets	3,633	**Valuation and translation adjustments**	**199**
Security deposits	3,243	**Net unrealized gain on securities**	**199**
Other	417		
Allowance for doubtful accounts	(3,053)		
		Total net assets	**39,462**
Total assets	**83,829**	**Total liabilities and net assets**	**83,829**

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

Attached document (6)

Non-Consolidated Statement of Income

(from April 1, 2009 to March 31, 2010)

(Millions of yen)

Account item	Amount	
Net sales		**124,280**
Cost of sales		**103,111**
Gross Profit		**21,169**
Selling, general and administrative expenses		**15,682**
Operating income		**5,487**
Non-operating income:		
Interest income	101	
Dividend income	217	
Employment development subsidy	511	
Other	93	924
Non-operating expenses:		
Interest expenses	394	
Interest on bonds	69	
Commitment fee	98	
Loss on investment in movie business fund	218	
Other	96	877
Ordinary income		**5,533**
Extraordinary gains:		
Gain on sale/disposal of fixed assets	10	
Gain on sale/disposal of investment in securities	124	
Gain on dissolution of subsidiaries and affiliates	498	
Company establishment subsidies	41	
Gain on transfer of business	3,959	
Gain on reversal of reserve for loss on liabilities for guarantee	1,068	
Other	574	6,278
Extraordinary losses:		
Loss on disposal of fixed assets	151	
Impairment loss	1,581	
Loss on sale/disposal of investment in securities	1,490	
Loss on dissolution of subsidiaries and affiliates	93	
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	1,202	
Bad debt expense	1,052	
Provision for reserve for loss on litigation	2,548	
Loss on extinguishment of tie-in shares	1,110	
Other	1,167	10,398
Loss before income taxes		**1,413**
Income taxes—current	70	
Income taxes—deferred	89	160
Net income		**1,253**

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

Attached document (7)

Non-Consolidated Statement of Changes in Net Assets

(from April 1, 2009 to March 31, 2010)

(Millions of yen)

	Shareholders' equity		
	Common stock	Capital surplus	
		Other capital surplus	Total capital surplus
Balance as of March 31, 2009	29,065	23,009	23,009
Change during the fiscal year			
Decrease due to share exchange		(2,494)	(2,494)
Decrease due to merger		(0)	(0)
Net income (loss)			
Acquisition of treasury stock			
Disposal of treasury stock		(4)	(4)
Net change in items other than shareholders' equity during the fiscal year			
Total change during the fiscal year	–	(2,498)	(2,498)
Balance as of March 31, 2010	29,065	20,511	20,511

(Millions of yen)

	Shareholders' equity				
	Retained earnings			Treasury stock	Total shareholders' equity
	Legal retained earnings	Other retained earnings	Total retained earnings		
		Unappropriated retained earnings			
Balance as of March 31, 2009	334	4,019	4,353	(19,749)	36,680
Change during the fiscal year					
Decrease due to share exchange				3,818	1,323
Decrease due to merger				0	0
Net income (loss)		1,253	1,253		1,253
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock				9	5
Net change in items other than shareholders' equity during the fiscal year					
Total change during the fiscal year	–	1,253	1,253	3,827	2,582
Balance as of March 31, 2010	334	5,273	5,607	(15,921)	39,262

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Unrealized gain on securities	Total valuation and translation adjustments	
Balance as of March 31, 2009	484	484	37,164
Change during the fiscal year			
Decrease due to share exchange			1,323
Decrease due to merger			0
Net income (loss)			1,253
Acquisition of treasury stock			(0)
Disposal of treasury stock			5
Net change in items other than shareholders' equity during the fiscal year	(285)	(285)	(285)
Total change during the fiscal year	(285)	(285)	2,297
Balance as of March 31, 2010	199	199	39,462

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

Notes to Non-Consolidated Financial Statements

Significant accounting policies

1. Standards and methods of valuation of securities

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

Other available-for-sale securities

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

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

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

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

3. Standards and methods of valuation of inventories

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

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

4. Depreciation methods for fixed assets

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

Buildings (excluding building fixtures)

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

b. Buildings acquired on or before March 31, 2007 after April 1, 1998
Depreciated using the old straight-line method.

c. Buildings acquired after April 1, 2007
Depreciated using the straight-line method.

Other property and equipment

a. Other property and equipment acquired on or before March 31, 2007
Depreciated using the old declining-balance method.

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

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

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

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

5. Policies of accounting for allowances, accruals and reserves

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

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

Reserve for retirement benefits ······ Reserve for retirement benefits for employees is calculated based on the estimates of retirement benefit obligations and pension assets as of the end of the fiscal term.
Prior service cost is amortized in the year in which the gain or loss is recognized by the straight-line method over the specific period (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.
Unrecognized actuarial differences are amortized starting from the year following the year in which the gain or loss is recognized by the straight-line method over the specific period of time (5 years) which is not more than the average remaining service period of employees at the time such prior year service cost was incurred.
(Changes in accounting policies)
Starting the fiscal year ended March 31, 2010, “Partial Amendments to the Accounting Standard for Retirement Benefits (Part 3)” (ASBJ Statement No. 19, July 31, 2008) is adopted.
The change has no impact on profits or losses.

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

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

(1) Hedge accounting

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

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

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

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

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

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

7. Changes in important accounting policies

Application of accounting standard for construction contracts

With respect to accounting standard for revenues related to BTO software, the completed contract method had been adopted before. However, starting the fiscal year ended March 31, 2010, the "Accounting Standard for Construction Contracts" (ASBJ Statement No. 15, December 27, 2007) and the "Implementation Guidance for Accounting Standard for Construction Contracts" (ASBJ Guidance No. 18, December 27, 2007) are adopted, and starting with software development contracts that started in the fiscal year ended March 31, 2010, the percent-of-completion method is applied for contracts whose completion is deemed certain for the completed part by the end of the fiscal year (percentage of completion is estimated using the cost comparison method), and the completed contract method is used for others.

Because of this, net sales increased by 71 million yen, and operating income, ordinary income and net income before tax increased by 29 million yen respectively.

8. Change in presentation

Non-consolidated statement of income

"Loss on sale/disposal of fixed assets" (0 million yen for the fiscal year ended March 31, 2010) in extraordinary losses which were reported separately in the previous fiscal year are presented under "Other" in extraordinary losses because they became insignificant in terms of amount.

Notes to the Non-Consolidated Balance Sheet

1. A deposit of 1,000,000 yen was pledged as collateral.
2. Liabilities for guarantees:

Guarantee for debt obligations to financial institutions	
transcosmos (Thailand) Co., Ltd.	¥25 million
Guarantee for debt obligations to affiliates	
Co-Core Inc.	¥420 million
Guarantee on deposit obligations from subsidiaries and affiliates	
Tci-Business-Service Co., Ltd.	¥1,489 million
Guarantee on leasehold contracts	
CROSSCO Co., Ltd.	¥15 million
transcosmos field marketing Inc.	¥8 million
Web Works, Ltd.	¥4 million
Guarantee on lease agreement obligations	
Qingdao Zuki Industrial Design Co., Ltd.	¥63 million
transcosmos design development (Dalian) Co., Ltd.	¥2 million
Total	¥2,029 million

3. Accumulated depreciation of tangible fixed assets ¥6,756 million
4. Monetary receivables from and monetary payables to subsidiaries and affiliates (excluding separate line item)

Short-term monetary receivables from subsidiaries and affiliates	¥497 million
Long-term monetary payables to subsidiaries and affiliates	¥1,102 million

Notes to the Non-Consolidated Statement of Income

Transactions with subsidiaries and affiliates

Net sales	¥304 million
Net purchase	¥10,618 million
Transactions other than operating transactions	¥325 million

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

Treasury stock

Class of shares	Number of shares at the end of the previous fiscal year	Number of shares increased during the current fiscal year	Number of shares decreased during the current fiscal year	Number of shares at the end of the current fiscal year
Common stock (shares)	9,484,713	241	1,838,218	7,646,736

(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:	241 shares

Details on the number of shares decreased are as follows.

Decrease due to share exchange	1,833,678 shares
Decrease due to the exercise of stock options	4,400 shares
Decrease due to merger	140 shares

Notes concerning tax effect accounting

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

Deferred tax assets:	
Accrued bonuses for employees	¥991 million
Accrued enterprise tax	¥78 million
Loss on write-down of investment in unconsolidated subsidiaries and affiliates	¥1,991 million
Loss on write-down of investment in securities	¥1,336 million
Reserve for loss on litigation	¥1,037 million
Allowance for doubtful accounts	¥950 million
Impairment loss of fixes assets	¥496 million
税務上の Goodwill	¥487 million
Equity in loss of video industry association	¥380 million
Loss on write-down of golf membership	¥146 million
Prepaid pension costs	(¥751 million)
Amount of loss carried forward	¥5,452 million
Other	¥470 million
Sub-total	¥13,067 million
Provision for devaluation	¥5,881 million
Total of deferred tax assets	¥7,186 million
Deferred tax liabilities:	
Unrealized gain on securities	¥134 million
Adjustments to goodwill due to merger	¥113 million
Total of deferred tax liabilities	¥248 million
Net of deferred tax assets	¥6,938 million

Notes concerning leased fixed assets

In addition to the fixed assets stated in the Non-Consolidated Balance Sheet, the Company uses computers and computer peripherals by lease agreement.

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

	Acquisition costs equivalents (Millions of yen)	Accumulated depreciation equivalents (Millions of yen)	Year-end balance equivalents (Millions of yen)
Tools, furniture and fixtures	392	219	172
Software	99	71	28
Total	492	290	201

2. Year-end balance of prepaid lease equivalents

Within one year	¥84 million
Over one year	¥125 million
Total	¥209 million

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

Lease expenses	¥166 million
Depreciation equivalents	¥150 million
Interest expense equivalents	¥5 million

4. Calculation method for depreciation equivalents

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

5. Calculation method for interest expense equivalents

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

6. Operating lease transactions

Future lease payments

Within one year	¥9 million
Over one year	¥6 million
Total	¥15 million

Notes to transactions with related parties

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

Not applicable.

(2) Subsidiaries, affiliates, etc.

Attribution	Name of company, etc.	Capital stock or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (Millions of yen)	Account	Balance as of the end of the fiscal year (Millions of yen)
Subsidiary	Tci-Business-Service Co., Ltd.	¥100 million	Information services business	Owning Direct 100.0%	Loan of funds	Loan of funds (Note 1)	3,691	Long-term loans receivable	4,653
						Collection of loan	1,927		
						Guarantee of obligations (Note 2)	1,489		
Subsidiary	DoubleClick Japan Inc.	¥1,833 million	Online advertising business	Owning Direct 100.0% (Note 3)	–	Receipt of assets due to merger	3,119	–	–
						Receipt of liabilities due to merger	396		
Subsidiary	Applied Technology Co., Ltd.	¥1,205 million	System development business	Owning Direct 60.2%	–	Received transfer of subsidiary stock (Note 6)	900	–	–

Condition of transactions and the policies:

1. The interest rate of the loan was determined reasonably based on the market interest rate.
2. This guarantees obligations in custody from the subsidiaries and affiliates.
3. As a result of the share-exchange on March 29, 2010, the Company and DoubleClick Japan Inc. became the parent company and the wholly-owned subsidiary, respectively. On March 30, 2010, the Company Merged DoubleClick Japan Inc.
4. Transactional amounts and balances as of the end of the fiscal year are recorded exclusive of consumption taxes.
5. Percentages of owning (owned) voting rights, etc. are expressed down to the nearest first decimal place.
6. The amount of transaction is determined in consideration of a stock evaluation report prepared by an independent third party, and the term of payment is a lump-sum payment by cash.

(3) Brother companies

Not applicable.

(4) Directors and primary individual shareholders

Attribution	Name of company, etc. or personal name	Capital stock or investments in capital	Description of business or occupation	Percentage of owning (owned) voting rights, etc. (%)	Relationship with related parties	Type of transaction	Transaction amount (Millions of yen)	Account	Balance as of the end of the fiscal year (Millions of yen)
Director and individual major shareholders	Shozo Okuda	–	–	Owned Direct (0.7)	Advisor to the Company	Payment of advisory fee	12	–	–

Notes:
1. Advisory fees are determined based upon the third-party transactions.
2. Transactional amounts are recorded exclusive of consumption taxes.
3. Percentages of owning (owned) voting rights, etc. are expressed down to the nearest first decimal place.

Notes concerning per share data

1. Net assets per share 959.05 yen
2. Net loss per share 31.88 yen

Notes concerning significant subsequent events

Not applicable.

Other notes

Withdrawal from the corporate venture capital business

As a result of withdrawing from the corporate venture capital business at the end of the fiscal year ended March 31, 2009, “operational investment in securities” (current assets) of 8,263 million yen was transferred to “investment in securities” (investments and other assets) of 5,244 million yen and “investment in stocks of subsidiaries and affiliates” (investments and other assets) of 3,019 million yen, and “deferred tax liabilities” (current liabilities) of 217 million yen to “deferred tax liabilities” (fixed liabilities) respectively at the start of the fiscal year ended March 31, 2010. As a result, while gains from sale of securities in the corporate venture capital business were recorded as sales and the book value of the securities sold were recorded as cost of sales previously, starting this fiscal year, we have switched to the accounting method where gains and losses from sale of securities are recorded as extraordinary items.

As a result, sales and cost of sales in the fiscal year ended March 31, 2010 decreased by 369 million yen and 2,003 million yen respectively, and both gross profit and operating income increased by 1,634 million yen. In addition, dividend income (non-operating income), loss on investment partnership (non-operating expenses), gain on sale of investment in securities (extraordinary gains), other extraordinary gains, loss on write-down of investment in securities (extraordinary losses) and loss on sale of stock of affiliates (extraordinary losses) increased by 2 million yen, 218 million yen, 42 million yen, 31 million yen, 1,490 million yen and 2 million yen respectively.

Attached document (8)

Certified Copy of the Accounting Auditors' Report

REPORT OF INDEPENDENT AUDITORS

May 14, 2010

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Isao Onda

Designated and Engagement Partner
Certified Public Accountant
Kazuo Ogawa

Designated and Engagement Partner
Certified Public Accountant
Go Nakagawa

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the financial statements, that is, the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and the notes to consolidated financial statements of the Company applicable to the fiscal year from April 1, 2009 to March 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion based on the audit.

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

As a result of our audit, it is our opinion that the consolidated financial statements properly present in all material respects the Company's financial position and the results of operations of the corporate group comprising the Company and its consolidated subsidiaries in accordance with accounting standards generally accepted in Japan.

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 14, 2010

To the Board of Directors of transcosmos inc.

Ernst & Young ShinNihon LLC

Designated and Engagement Partner
Certified Public Accountant
Isao Onda

Designated and Engagement Partner
Certified Public Accountant
Kazuo Ogawa

Designated and Engagement Partner
Certified Public Accountant
Go Nakagawa

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 25th business year from April 1, 2009 to March 31, 2010. These financial statements and the supplementary schedules are the responsibility of the Company's management. Our responsibility is to independently express an opinion on our audit.

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

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

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

Attached document (10)

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

AUDIT REPORT OF STATUTORY AUDITORS

The Board of Statutory Auditors, having deliberated the issues based on the reports made by each Statutory Auditor concerning the methods and results of their audit of the business activities of the Directors for the 25th business term from April 1, 2009 to March 31, 2010, prepared this Audit Report and hereby submits it as follows:

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

In accordance with the auditing standards for Statutory Auditors determined by the Board of Statutory Auditors and the auditing policies and the audit plan for the term under review, each Statutory Auditor endeavored to collect information and established auditing circumstances through communication with Directors, internal audit staff and other employees, and attended the Board of Directors' meeting and other important meetings to receive reports regarding execution of duties from Directors, employees, etc. and requested explanations as necessary. Each Statutory Auditor also inspected the significant approved documents and examined the status of operations and conditions of assets at its head office and principal offices. Each Statutory Auditor monitored and verified the resolutions adopted by the Board of Directors regarding the establishment of the system for ensuring that the Directors' duties are executed in conformity of laws and regulations, and the Articles of Incorporation of the Company, and the establishment of the system necessary to ensure proper business operations of the company set forth in Items 1 and 3 of Article 100 of the Ordinance for Enforcement of the Corporation Law, and the systems (Internal Control System) established in accordance with the resolution of the Board of Directors. Statutory Auditors received from subsidiaries their business reports as necessary through communication and information sharing with their Directors and Statutory Auditors. Statutory Auditors also reviewed the basic policy stipulated in Item 3-a, Article 118 of the Ordinance for Enforcement of the Corporation Law and the activities stipulated in Item 3-b of the same Ordinance which are described in the business report, based on the deliberations at the meetings of the Board of Directors and other meetings. In accordance with the procedures mentioned above, we reviewed the business reports and supplementary schedules for the year ended on March 31, 2010.

Further, Statutory Auditors monitored and verified that Accounting Auditor maintains independence and conduct the audits appropriately. Each Statutory Auditor also received reports of the status of the execution of duties from Accounting Auditor and requested explanation as necessary. In addition, we were informed of the arrangement of the "System for ensuring that the duties are executed appropriately" (matters stipulated in the items of Article 131 of the Corporate Accounting Rules in accordance with "Standards for the Quality Control of Audits" (Business Accounting Council, October 28, 2005)) from the Accounting Auditor and requested explanations as necessary. In accordance with the procedures mentioned above, we reviewed the financial statements (the balance sheet, statement of income, statement of changes in net assets and notes to the financial statements), and the supplementary schedules, as well as the consolidated financial statements (the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets and notes to the consolidated financial statements), and the supplementary schedules, for the year ended on March 31, 2010.

2. Results of Audit

(1) Results of audit of business report etc.

1) The business reports and supplementary schedules present fairly the financial condition of the Company in conformity with related laws and regulations, and the Articles of Incorporation of the Company;

2) Regarding the performance of duties by Directors, there were no instances of misconduct or material matters in violation of laws and regulations, nor the Articles of Incorporation of the Company; and

3) Resolution of the Board of Directors regarding the internal control system is fair and reasonable. There are no matters requiring additional mention regarding such internal control and the execution of duties by Directors.

4) There are no matters to be pointed out with respect to the basic principles on those who shall control the decision of the Company's financial and operational policies described in the business reports. Activities stipulated in Item 3-b, Article 118 of the Ordinance for Enforcement of the Corporation Law, which are described in the business reports, are in line with such basic principles, unharmful to common interest of shareholders, and not intended to maintain the positions of Directors or Statutory Auditors of the Company.

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

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

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

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

May 14, 2010

Board of Statutory Auditors of transcosmos inc.

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

Reference Documents for the Annual General Meeting of Shareholders

1. Proposals and references

Proposal No. 1: Appropriation of surplus for the 25th 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

Ten yen per share of common stock of the Company

Total amount 411,473,100 yen

(3) Effective date of dividend of surplus

Friday, June 25, 2010

Proposal No. 2: Partial Amendment to Articles of Incorporation

1. Reasons for Amendments

The Company partially reorganizes and makes changes in orders in "Purposes" of Article 2 of the Articles of Incorporation of the Company and makes necessary additions, deletions and revisions in order to clarify its business descriptions in conformity with the current state of the Company business and to prepare for the future development of business.

2. Details of Amendments

The details of the amendments are as follows.

(Underlined sections are amendments.)

Current Version	Proposed Amendments
(Purpose)	(Purpose)
<u>Article 2. The purpose of the Company shall be to engage in the following businesses.</u>	<u>Article 2. The purpose of the Company shall be to engage in the following businesses.</u>
<u>1. Development, operations, sale, lease, and export and import of a variety of software applications, websites, and online games relating to telecommunication services and telecommunication networks such as the Internet, the development of large-scale network systems, and value-added telecommunication networks</u>	<u>1. Information and telecommunication, information distribution, information gathering and providing services and other businesses related to information systems</u>
<u>2. Development, operations, sale, lease and export and import of information and telecommunication systems</u>	<u>2. Business process outsourcing business and businesses related to business process support</u>
<u>3. Mail order services and sales agency services using telecommunication channels such as the Internet, cable televisions, and telecommunication satellites and services to deliver sounds, images,</u>	<u>3. Businesses related to call center service and call center system</u>

Current Version	Proposed Amendments
etc.	
4. Handling of a variety of advertisements, projects, production, sale, and export and import relating to advertisement expressions, including advertisements, press releases, and public relations announcements disseminated via newspapers, magazines, broadcasting media, movies, outdoor displays, displays in transportation environments, direct mail, Internet, and all other channels	4. Businesses related to business systems and engineering systems
5. Businesses related to market surveillance and advertising	5. Businesses related to advertising, marketing and research
6. Businesses related to planning, and production services for sales promotion	6. Businesses related to data entry, electronic payment, electronic authentication and other information processing
7. Planning, production, administration, and sale of visual software and audio software	7. Businesses related to the Internet and mobile site content and visual and audio software
8. Encrypted data storage and user authentication services and electronic payment services	8. Businesses related to computer software, hardware, database system, network system, information security and other information technologies
9. Development, administration, sale, lease, and export and import of hardware and software related to computers	9. Businesses related to mail-order, sale agency business and other commercial transactions
10. Development, administration, sale, lease, and export and import of databases of characters, figures, images, models, etc.	(Deleted)
11. Provision of design technologies for semiconductors	(Deleted)
12. Education about information and telecommunication technologies	(Deleted)
13. Development and sale of information systems on health, medical care and welfare	(Deleted)
14. Provision and proxy service of call center service (customer service) using computer system	(Deleted)
15. Contract computation services using computer systems, contract production services for the entry of computer data files, and contract operations and administration services for computer rooms	(Deleted)
16. Manufacturing, sale, export and import, and leasing services for office automation equipment, office appliances, and computer peripherals	10. Manufacturing, sale, export and import, and leasing services for OA equipment, office appliances and computer peripherals
17. Development and operation of mobile content contract development, contract administration;	(Deleted)

Current Version	Proposed Amendments
delivery of licenses; delivery of mobile advertisements Articles 18 to 20. (Omitted) 21. Consultation, survey, research, publishing, technical guidance, and information-provision services relating to or incidental to the above 1 to 20 Articles 22 to 32 (Omitted)	 Articles 11 to 13 (Same as present) 14. Businesses such as consultation, survey, research, publishing, education and technical guidance, and information-provision services relating to the above 1 through 13 Articles 15 to 25 (Same as present)

Proposal No. 3: Election of Ten Directors

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

The candidates for Directors are as follows:

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares held
1	Koki Okuda (January 9, 1937)	June 1966	Established Maruei Keisan Center Kabushiki Kaisha and became President, Representative Director	7,498,800 shares (0 shares)
		December 1974	President, Representative Director of Kabushiki Kaisha Kansai Maruei Keisan Center	
		June 1975	President, Representative Director of Wakayama Maruei Keisan Center Kabushiki Kaisha	
		November 1978	President, Representative Director of Kabushiki Kaisha Input Research Institute	
		January 1982	President, Representative Director of Gunma Maruei Keisan Center Kabushiki Kaisha	
		April 1982	President, Representative Director of Kabushiki Kaisha Maritec	
		June 1984	Board member of Japan Information Technology Services Industry Association	
		June 1985	President, Representative Director of the Company	
		May 1997	President, Representative Director of J-Stream Inc.	
		June 1998	Chairman, Representative Director & President of the Company	
		December 1999	President, Representative Director of eVentures Inc.	
		September 2002	Chairman, Representative Director of the Company & Group CEO	
		June 2003	Founder, Representative Director & Group CEO (present post)	
2	Koji Funatsu (March 18, 1952)	April 1981	Joined RECRUIT CO., LTD.	25,200 shares (910 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	
		November 2000	In charge of Business Control Division	
		April 2001	In charge of Business Strategy Division & Human Resources Division	
		April 2002	Vice President, Representative Director, Chief of Business Administration Division, for Human Resources	
		September 2002	President, Representative Director & CEO	
		June 2003	Chairman, Representative Director & CEO (present post)	
		June 2009	Outside Director, Kadokawa Group Holdings, 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
3	Masataka Okuda (March 29, 1967)	April 1988	Joined the Company	5,910,368 shares (1,821 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 2001	Chief of Office of President & Business Promotion Division, Deputy Chief of Overseas Business Division, Deputy Chief of Accounting & Finance Division & Maintenance Services Division of the Company	
		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 (2,004 shares)
		March 2001	Joined the Company	
		June 2002	Director, Deputy General Manager of Business Development Division	
		June 2004	Corporate Executive Officer	
		February 2005	Chairman of transcosmos Information system (Shanghai) Co., Ltd. (present post)	
		April 2005	Chief of Marketing Chain Management Services of the Company	
		June 2005	Senior Managing Director	
		August 2005	Chairman of transcosmos MCM Shanghai Co., Ltd. (present post)	
		June 2006	Executive Vice President, Director of the Company	
		April 2010	Senior Managing Director, in charge of Services Sector (present post), Chairman of transcosmos business service outsourcing Suzhou Co Ltd (present post)	

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
5	Hiroyuki Mukai (July 23, 1952)	April 1977	Joined IBM Japan, Ltd.	0 shares (0 shares)
		January 1995	General Manager of Retail System Division of Logistic System Davison	
		January 1997	External assignment to the Asian Head Office (Tokyo)	
		January 1998	External assignment to the European Head Office (France)	
		April 2000	Administration Officer and General Manager of Logistics System Division	
		April 2004	Administration Officer and General Manager of PC & Printing Division	
		March 2005	President of Lenovo Japan Co., Ltd.	
		October 2007	Joined the Company, Corporate Executive Officer in charge of Sales Planning Division General Manager of Business Development & Investments of the Company	
		June 2008	Senior Managing Director, Chief of Sales Division	
		April 2009	Executive Managing Director, Chief of Sales Division (present post)	
6	Masakatsu Moriyama (May 21, 1970)	April 1993	Joined Pricewaterhouse Consultant (present IBM Japan, Ltd.)	2,000 shares (0 shares)
		June 2000	Joined the Company	
		June 2002	Director	
		June 2003	Managing Director	
		June 2004	Corporate Executive Officer	
		September 2005	Senior Managing Director, General Manager of BtoC Business Development Division	
		March 2007	Representative Director of Co-Core Inc. (present post)	
		June 2009	Executive Managing Director, General Manager of BtoC Business Development Division and "meet-me" Sales Promotion Department (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
7	Shinichi Nagakura (January 7, 1964)	March 1986	Joined RECRUIT CO., LTD.	1,000 shares (0 shares)
		June 1998	Joined the Company	
		June 2004	Corporate Officer, General Manager of Service Development Division	
		June 2005	Corporate Senior Officer, in charge of Group Strategy	
		September 2005	Corporate Executive Officer, General Manager of Business Development & Investments	
		June 2006	Senior Managing Director, President and CEO of transcosmos America, Inc. (present post)	
		April 2010	Executive Managing Director, in charge of Portfolio Management Department, President and CEO of transcosmos America, Inc. (present post)	
8	Takeshi Natsuno (March 17, 1965)	April 1988	Joined Tokyo Gas Co., Ltd.	0 shares (16,402 shares)
		September 1997	Joined NTT Mobile Communications Network Inc. (present NTT Docomo Inc.)	
		June 2005	Executive Officer and Manager in charge of Multimedia Services at NTT Docomo Inc.	
		May 2008	Guest Professor at Graduate School of Media and Governance, Keio University (present post)	
		June 2008	Outside Director of the Company (present post) Director of Sega Sammy Holdings Inc. (present post) Director of Pia Corporation (present post) Director of SBI Holdings, Inc. (present post)	
		December 2008	Director of Dwango Co., Ltd. (present post)	
		September 2009	Outside Director of GREE, Inc. (present post)	

Candidate No.	Name (Date of Birth)	Career summary, position and areas of responsibility at the Company (Significant concurrent positions outside the Company)		No. of Company shares held
9	Jutaro Takinami (September 28, 1941)	April 1968	Joined Nippon Jimuki Co., Ltd.	0 shares (540 shares)
		February 1972	Joined Dentsu Inc.	
		December 1975	Seconded to Information Services International-Dentsu, Ltd.	
		June 1985	Director of Information Services International-Dentsu, Ltd.	
		June 1990	Managing Director of Information Services International-Dentsu, Ltd.	
		June 1994	Senior Managing Director of Information Services International-Dentsu, Ltd.	
		June 1998	President of Information Services International-Dentsu, Ltd.	
		June 2004	President and COO of Information Services International-Dentsu, Ltd.	
		March 2009	Director of Applied Technology (present post)	
		June 2009	Director of the Company (present post)	
		March 2010	Outside Director of Transcosmos Technologies Inc. (present post)	
10	Nozomu Yoshida (December 1, 1956)	April 1980	Joined Dentsu Inc.	0 shares
		July 1989	Seconded to Dentsu Communications Institute Inc.	
		October 2000	Representative Director of nozomu.net (present post)	
		January 2002	Director of Concent, Inc. (present post)	
		June 2004	Representative Director of takibi, Inc. (present post)	
		May 2008	Representative Director of Odayaka Living Co., Ltd. (present post)	

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

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

3. Takeshi Natsuno and Jutaro Takinami are candidates for Outside Directors. The Company has designated Takeshi Natsuno and Jutaro Takinami as independent executives stipulated by the Tokyo Stock Exchange, and registered them with the exchange as such.
Nozomu Yoshida is a candidate for Outside Director. The Company will designate Nozomu Yoshida as independent executives stipulated by the Tokyo Stock Exchange, and register them with the exchange as such.

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

5. If his election is approved, Nozomu Yoshida will be appointed as a member of the Independent Committee set for Takeover Defense Measures at a meeting of the Board of Directors to be held after the General Meeting.

6. While Mr. Takeshi Natsuno was Director of FeliCa Networks, Inc., an incident involving the leak of customer data by a temporary employee of that company occurred on November 21, 2006. Mr. Natsuno was not involved in the incident. He fulfilled his responsibilities subsequent to the incident by aggressively effectuating efforts to raise awareness of risk management and instructed others in the compliance to legal statutes and regulations, the formulation of rules and the implementation of measures to prevent reoccurrences. In addition, while Mr. Natsuno served as Director at Sumitomo Mitsui Card Co., Ltd., as a result of an incident involving the unauthorized access from an external party to the server of the Internet service “Vpass” developed by that company occurring on January 30, 2007, a portion of customers’ credit card information was leaked. That company filed a damage report with the police, explained the circumstances to customers and apologized to them and effectuated other countermeasures. Mr. Natsuno was not involved in this incident. He fulfilled his responsibilities subsequent to the incident by aggressively working towards the building of a framework to prevent reoccurrences such as by instructing to inspect the weaknesses of the system, strengthen the monitoring framework as well as effectuate other measures.
7. Agreements on the Limited Liability of Outside Directors
   The Articles of Incorporation of the Company stipulate that the Company may enter into an agreement with an Outside Director to limit the liability of the Outside Director for damages to the maximum amount of liability to be predetermined, the amount of which shall be either an amount not less than ¥1 million or the amount provided for in laws and regulations, whichever is higher. The Company has already executed such agreements with Takeshi Natsuno and Jutaro Takinami and should their election be approved, same shall be continued. Also, should the election of Nozomu Yoshida be approved, the Company shall enter into such an agreement with same.
8. 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 two years at the conclusion of this Annual General Meeting of Shareholders.
   2) The term of office of Jutaro Takinami, an Outside Director, shall be one year at the conclusion of this Annual General Meeting of Shareholders.

Proposal No. 4: Election of One Substitute Statutory Auditor

To provide for a case in which the number of Statutory Auditors falls short of the number stipulated by the law, it is proposed that one substitute Statutory Auditor be elected in advance pursuant to Paragraph 2, Article 329 of the Corporation Law.

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

The candidate for substitute Statutory Auditor is as follows.

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

Notes: 1. Teruyuki Hiiro and the Company have entered into an advisory contract.
2. Teruyuki Hiiro is a nominee for a substitute Outside Statutory Auditor.
3. Reasons for the election of the candidate for substitute Outside Statutory Auditor and reasons why the Company considers the office of substitute Outside Statutory Auditor shall be performed appropriately by same
Teruyuki Hiiro has experiences in executing the duties of Outside Statutory Auditor of the Company for five years, and he has ample experience, a track history of performance, and knowledge, and is in an objective position amenable to the execution of operations independently of our management team. We consider that his presence will be highly conducive to the management of the Company. Therefore, we nominate his for election as substitute Outside Statutory Auditor.
4. Agreements on the Limited Liability of Outside Statutory Auditors
The Articles of Incorporation of the Company stipulate that the Company may enter into an agreement with an Outside Statutory Auditor to limit the liability of the Outside Statutory Auditor for damages to the maximum amount of liability to be predetermined, the amount of which shall be either an amount not less than ¥1 million or the amount provided for in laws and regulations, whichever is higher. Subject to the approval of election of Teruyuki Hiiro, the Company will enter into agreements on the limited liability of Outside Statutory Auditor with him.