

To Our Shareholders and Investors

April 1, 2011 to March 31, 2012

Business Report



Your Global IT Partner.

[Management Philosophy]

The level of our customers' satisfaction is a measure of the value of our existence, and the professional development of all our employees creates that value and our future.

① Our Commitment to Clients

- Keep abreast of worldwide technical trends, and continually provide high-quality, value-added services by integrating people and technology.
- Build true partnerships that are trusted by customers.

② Our Commitment to Employees

- Employees are our greatest asset having unlimited potential, and we will make every effort to support education necessary for individual development.
- Extend opportunities fairly, and provide appropriate compensation and new growth opportunities based on achievements and abilities.

③ Our Commitment to Society & Shareholders

- Increase shareholder value through the growth of our group, and also contribute to the progress of society.

trans
cosmos
people.&technology

transcosmos inc.
Securities Code: 9715

Efforts made in the fiscal year ended March 2012

In the information services industry in which our group operates, companies in general remained cautious toward IT spending. Some of them, however, started to invest again to meet new demand for such things as cloud computing and big data, among others. Moreover, as entry into overseas markets by Japanese companies has accelerated, the companies are paying more and more attention to management reform and business process innovation in order to strengthen their international competitiveness. As one such measure, demand for business process outsourcing (BPO) has grown. Meanwhile, demand for outsourcing continues to expand overseas, especially in Asia, whose economies enjoy rapid growth. Our group regarded this kind of environment as a good opportunity to expand our business, and we endeavored to reinforce our support structure both domestically and globally to help companies increase sales and reduce costs.

Consolidated net sales: **161,208** million yen year on year **6.3%** UP

Consolidated operating income: **8,719** million yen year on year **38.4%** UP

Consolidated net income: **4,969** million yen year on year **11.2%** UP

Enhancement of EC/ social media related services

In our efforts to meet the demands of a blooming e-commerce (EC) market, we started to offer the EC website creation engine “MCM EC Builder,” which was developed based on job-site input from an EC operator’s perspective. In addition, with respect to social media, which draws high interest from companies, we made efforts to enhance our service system with an eye to the future. Such efforts began with the launching of “Social Media Operation Support Service” in May 2011, followed by the launching in Japan of services for the social media marketing platform “Social Marketing Suite” in cooperation with Wildfire Interactive, Inc. of the U.S., and by opening at our headquarters, “Shibuya Social Media Center,” which specializes in the operation of social media.

Establishment of global delivery system for BPO services

We actively promoted sales of outsourcing services for back office operations such as system administration, receiving and making orders, and accounting/human resources in order to meet increasing cost-consciousness among companies and the partial resumption of IT investment. Moreover, we endeavored to reinforce our structure to respond flexibly to all that a company needs by deepening the cooperation between our domestic service centers and overseas offshore counterparts, and thus updating our global

delivery system that can provide on-site, near-shore, and offshore services.

Services in Asian, British, and European linguistic areas

We strengthened and broadened our support structure to cover expanding demand in Asian markets and increasing overseas penetration by Japanese companies. Specifically, we opened a new—and our seventh—call center in South Korea, and agreed on a business and capital alliance with the British BPO company, Merlin Information Systems Ltd. (head office: Buckingham, U.K.), to enhance support in multiple languages. As a result of this business and capital alliance, we have become capable of providing call center services in 18 languages, including the British and European linguistic areas, in addition to the existing Asian linguistic area, which includes such countries as China, South Korea, and Thailand.

Efforts for the fiscal year ending March 2013

We will strive to secure better earnings than those in the year just ended, by concentrating on the creation of services better suited to the needs of our customer companies for sales expansion and cost reduction, and by accelerating business activities in China, South Korea and other Asian markets. As the business of our group consists of dealing with customers in a wide range of

○ To Our Stakeholders

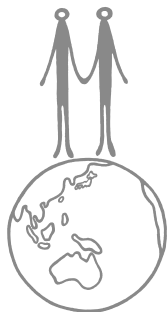
businesses and industries and as the economic conditions are changing quickly, it is extremely difficult to assess business activity trends from a short-term point of view. Accordingly, a forecast of consolidated earnings for the year ending March 2013 has not yet been announced, since it is not possible to make reasonable assumptions on this point.

To our shareholders and investors

A year-end dividend of 37 yen per share for the period ended March 2012 was approved at the 27th annual shareholders' meeting, based on our basic profit allocation policy. A dividend forecast for the year ending March 2013 has not yet been made, but the exact figure will be announced as soon as possible.

We appreciate the continued support and cooperation of our shareholders and investors as we move into the future.

June 2012



Masataka Okuda
President and COO

Topics ○

November 2011

11 South Korean call center subsidiary opened a new center —its seventh to date

transcosmos Korea Inc., which mainly provides call center services, is responding to the improved operation rate of the center and new business orders received for distribution-related call center operations. The new center started operations in mid-December 2011.



December 2011

12 Formed a business and capital alliance with the U.K. BPO company Merlin

We entered into a business and capital alliance with Merlin Information Systems Ltd., the U.K. BPO company. As a result of the alliance, we have become capable of providing call center services in 18 languages including the British and European linguistic areas, in addition to the existing Asian linguistic area that includes China, South Korea, and Thailand.



November 2011

11 Launched "MCM EC Builder" —the EC website building engine

We developed the "MCM EC Builder" based on our experience and know-how cultivated through EC operations for client companies. Our experience and know-how encompass management, production, advertisement, and analysis, and the solving of problems and streamlining administrative tasks of client companies that are engaged in EC business.

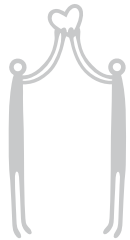


March 2012

3 Chinese call center subsidiary expanded and relocated its Beijing Center

In the Beijing market, where further growth is expected, transcosmos CC China—which is engaged in call center business in China—relocated its office, while adding 30 more workstations. The newly established Beijing Center is located on Second Ring Road, in the center of Beijing, with enhanced functions as a sales center.





Business Process Outsourcing Services

We provide outsourcing services for back office operations including corporate operations such as human resources, administration, and accounting, as well as fulfillment operations such as distribution and ordering.

Distribution/ordering, human resources/accounting/back office, architectural design/social infrastructure design



Engineering Solution Services

We provide a broad array of outsourcing services to support processes such as design, analysis/tests, experimental manufacture, and development of production technology in the design divisions of companies, primarily manufacturers, including mechanical design and built-in development.

Mechanical design/embedded systems development

IT Outsourcing Services

We provide outsourcing services to support the whole range of IT operations conducted by information system departments of companies, and the like, including the planning, development, introduction, operation, and support of IT systems, as well as IT asset management.

Systems development, help desk/systems implementation/cloud/IT asset management

Call Center Services

We provide outsourcing services for customer support and sales operations for the products and services offered by companies, including call receiving operations—responding to inquiries and complaints from customers, as well as call initiating operations—the provision of information and sales promotions.

Call center, telemarketing, field services



Global Services

We provide local call center, digital marketing, and other services to support companies (local, Japanese, foreign, etc.), which run businesses mainly in Asian countries such as South Korea and China. Using our overseas centers, we also offer offshore outsourcing services with high quality and low cost for Japanese companies overseas.

transcosmos Outsourcing Services

As a business partner to client companies, our group provides outsourcing services comprising total support for global sales expansion and cost reductions.

Marketing Research & Analysis Services

We support the streamlining of marketing operations of companies, including analysis of customer inquiries to call centers and their conversations in social media, as well as the use of big data.

Digital Marketing Services

We provide one-stop digital marketing services such as Internet advertisement and its performance analysis, creation and operation of websites compatible with multiple devices, as well as customer relationship management (CRM).

Internet advertisement/promotion, website design and operation, smartphone, social media

BtoC Business

We operate Internet media businesses using consortiums with Japan's top-notch companies in diverse fields, including the Fujisankei Communications Group and NTV Group, offering media such as the 3D virtual community "meet-me."

EC Services

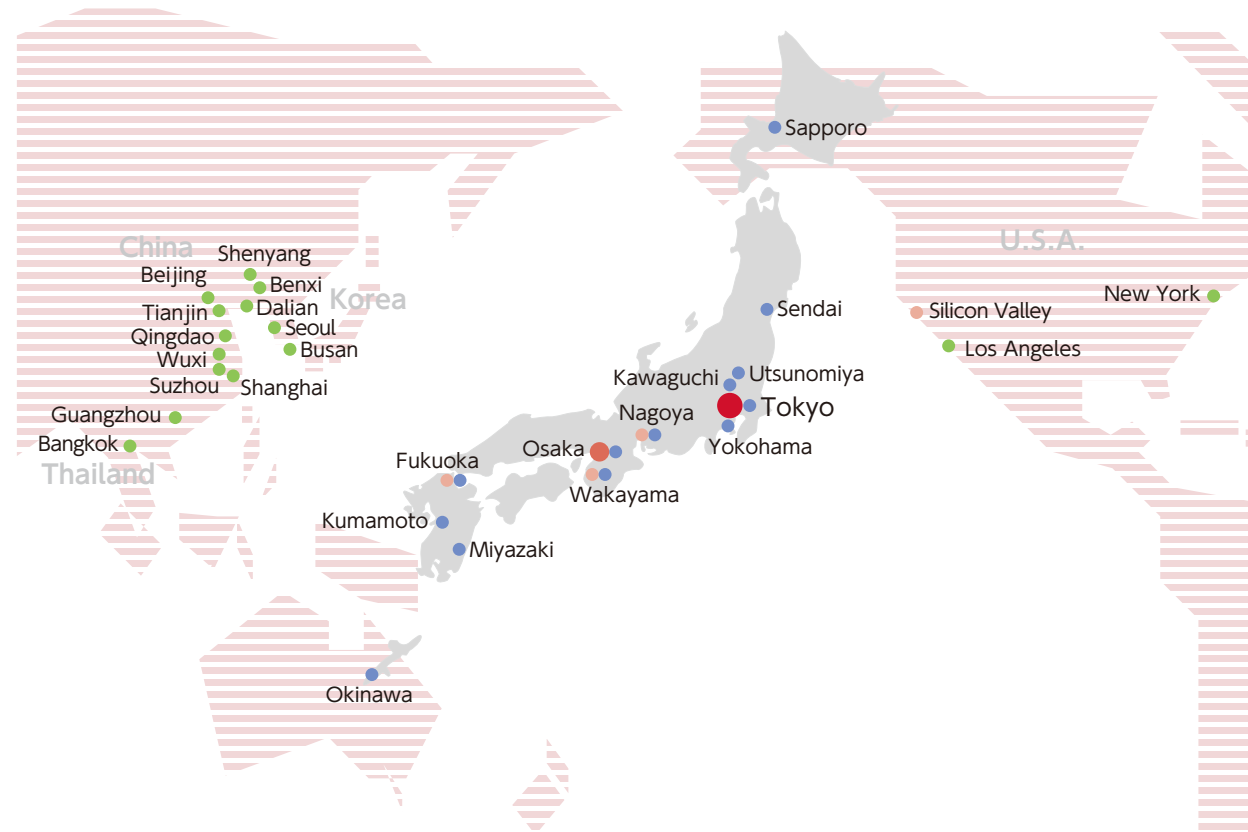
We provide various one-stop services necessary for the EC and mail order businesses of client companies, including strategy planning, development, operation, and promotion of EC sites.

Full outsource EC services



Global Network ○

Our group supports the businesses of client companies worldwide.
Our IT communications have expanded to Asia and North America.



● Main Office	● Domestic Service Centers	42	● Overseas Service Centers	27	
● Head Office	● Call Center	22	◎ Global	● Call Center	13
● Branch Offices	(Total number of seats: 12,160)		(Total number of seats: 5,080)		
	● Digital Marketing	3	● Digital Marketing	3	
	● Social Media Center	1	● BPO Center	4	
	● BPO Center	13	● System Development Center	5	
	● MSP Center	2	● Architectural Design		
	● IDC (Data Center)	1	Support Center	2	

(as of March 2012)

Feature: Case Study ○

TAYA Co., Ltd.

Developed iPhone® application software—the first in the hair salon industry—and improved customer satisfaction by better matching beauticians and customers

Digital Marketing Services

• Issues Improvement of customer satisfaction and repeat rate	• Services Introduced Total solutions, website creation, and application software development for smartphones, as well as usage and attitude (U&A) survey
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Results

- ① Developed iPhone® matching application software—the first in the hair salon industry
- ② Helped create bonds between customers and beauticians with highly entertaining content
- ③ Contributed to improved customer satisfaction

Testimonial

Bonds with our customers have improved, thanks to the highly entertaining application software, which is the first in the industry.

We were the first in the industry to work on the development of iPhone® application software which strengthens bonds between beauticians and customers, but we chose transcosmos, inc. with confidence as it had extensive experience in developing various application software. In order to create content that would satisfy customers, we had repeated trials and errors alongside an ongoing exchange of views. We also conducted detailed surveys with beauticians who were to appear in the application. In that process, transcosmos, inc. flexibly responded to our detailed requests, from the preparation of questions—that would help characterize the respondents—to design planning. We were very satisfied with the results.

Going forward, we are looking toward receiving new proposals for content expansion, reflecting the preferences and lifestyles of customers, as well as utilizing data analysis.



Shōji Nitorori
Corporate Officer
TAYA Co., Ltd.

Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2012	As of Mar. 31, 2011
● Assets		
Total current assets	66,696	61,102
Non-current assets	26,441	29,031
Total assets	93,137	90,134
● Liabilities		
Total current Liabilities	32,845	32,105
Total non-current liabilities	11,473	13,618
Total liabilities	44,318	45,723
● Net assets		
Stockholders' equity	47,553	43,943
Total valuation and translation adjustments	(2,236)	(2,902)
Minority interests	3,502	3,369
Total net assets	48,819	44,410
Total liabilities and net assets	93,137	90,134

Consolidated Statements of Income

(Millions of yen)

	FY2012 Apr. 1, 2011 - Mar. 31, 2012	FY2011 Apr. 1, 2010 - Mar. 31, 2011
① Net sales	161,208	151,687
Cost of sales	131,598	123,799
Gross profit	29,609	27,887
Selling, general and administrative expenses	20,890	21,588
② Operating income	8,719	6,299
Ordinary income	8,970	6,512
③ Net income	4,969	4,469

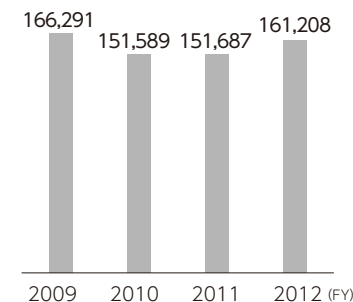
Consolidated Statements of Cash Flows

(Millions of yen)

	FY2012 Apr. 1, 2011 - Mar. 31, 2012	FY2011 Apr. 1, 2010 - Mar. 31, 2011
Cash flows from operating activities	13,282	8,875
Cash flows from investing activities	(2,002)	512
Cash flows from financing activities	(6,473)	(5,523)
Cash and cash equivalents at end of year	35,969	31,215

■ Net sales

(Millions of yen)

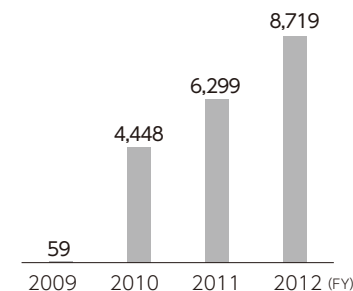


① Net sales

Driven by robust orders in our group's core stand-alone services and the continued expansion of demand for overseas services centering on South Korea and China, net sales grew 6.3% on a year-on-year basis.

■ Operating income

(Millions of yen)

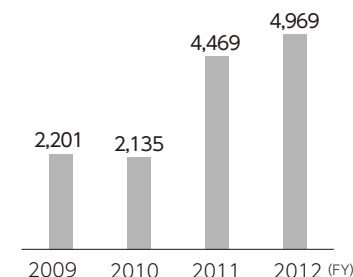


② Operating income

Profitability of our group's core stand-alone services recovered to the level achieved in the years ended March 2008 and 2009, while other segments remained in the black. As a result, operating income grew 38.4% on a year-on-year basis.

■ Net income

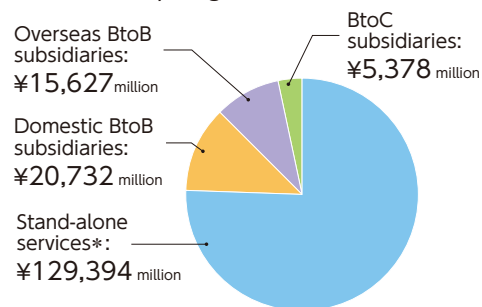
(Millions of yen)



③ Net income

Driven by the increase in net sales and the improved profitability, net income recorded a year-on-year increase of 11.2%.

■ Net Sales by Segment for FY2012 (Consolidated)



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

Note: Does not include transactions between segments of ¥9,925 million
*Refers to parent company services, exclusive of subsidiaries' services

II Introduction of the Shibuya Social Media Center II

We opened Shibuya Social Media Center at our headquarters location, which specializes in the operation of social media. The center provides client companies who use social media with a full range of social media operations, including postings to social media, responses to/support for postings by



users, monitoring of requests, topics, and complaints. The center also consolidates operational know-how, combining value-added services such as planning of advertisements, research and analysis, and plays a role in overseeing relevant services provided by other centers of our group.

Shareholder special benefit plan

We have a special benefit plan for shareholders, whereby we give 1,000 points to every shareholder holding 1,000 or more shares at the end of March every year. The shareholders can exchange the points for selected foods from all over Japan, which are carefully chosen from 11 regions where our centers are located, or redeem them with a "Donation to Social Contribution Activities." Also on the points exchange list are such items as local products from the Tohoku district, entitled "Don't give up, Tohoku," and donations for the victims of the Great East Japan Earthquake through the Japanese Red Cross Society.

For details, please refer to the benefit plan catalogue available from early June 2012.



Kishu Nankoume sweet honey plum pickles



Fukushima Koshihikari rice



Hokkaido muskmelon gelato



As a good corporate citizen CSR activities

We contribute to the development of the economy and society, conduct responsible business activities, and fulfill our corporate social responsibilities (CSR). These endeavors perfectly reflect our corporate activities, in which all employees are involved, and they win trust from our stakeholders as we continue to create social value. The following are CSR activities developed as a part of our business processes.

● Environmental practices

Introduction of "Green Power" by purchasing Tradable Green Certificates

● What is green power...

It is earth-friendly electricity generated by green energies such as wind power, solar power, micro-hydro power, biomass, geothermal, and the like.

We have decided to use green power (electricity with no CO₂ emission) generated at a wood biomass power plant in Gunma Prefecture for the 1st and 13th floors of our headquarters in Shibuya.

As part of our CSR activities, we use green power and contribute to the reduction in global warming.



Green power equivalent: 99,000kWh

Energy source: biomass (wood)

Period used: April 1, 2012 to March 31, 2013

Place used:

1st and 13th floors of headquarters in Shibuya

Power company issuing certificate:

Agatsuma Bio Power Co., Ltd.

● Impact of biomass power generation...

Reduction in global warming

In place of fossil fuels, using renewable energy (green power)

Forest preservation

Effectively using timber from forest thinning and wood residue and turning these into wood chips

Higher energy self-sufficiency and effective use of self-generated energy

It is the most stable and efficient among green energy options in terms of effectiveness and volume of power generated.

Corporate Information (As of March 31, 2012)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 8,046 Group: 15,276
Major Banks	Sumitomo Mitsui Banking Corporation Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Head Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan TEL: 81-3-4363-1111 FAX: 81-3-4363-0111
Osaka Main Office	Meijiyasuda-Seimei Osaka Umeda Bldg, 3-3-20, Umeda, Kita-ku, Osaka-shi, Osaka 530-0001 TEL: 81-6-6457-1600 FAX: 81-6-6457-1601

Principal Stockholders (As of March 31, 2012)

Name	Number of shares (thousand shares)	Ratio of shares (%)
Koki Okuda	7,498	15.37
Masataka Okuda	5,910	12.11
Japan Trustee Services Bank, Ltd. (Account in Trust)	2,108	4.32
Okuda Ikueikai Foundation	1,753	3.59
Mihoko Hirai	1,463	3.00
THE BANK OF NEW YORK – JASDEC TREATY ACCOUNT	801	1.64
Limited Company HM Kosan	722	1.48
The Master Trust Bank of Japan, Ltd. (Account in Trust)	689	1.41
Employee Shareholding Association of transcosmos inc.	580	1.19
STATE STREET BANK AND TRUST COMPANY 505103	461	0.94

Notes: 1. Other than the above, our company retains 7,649 thousand shares of its own stock.
2. Number of shares less than one thousand is rounded down to the nearest thousand.
3. Shareholding ratio is rounded off to two decimal places.

Stock Information (As of March 31, 2012)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	22,885

Directors, Auditors and Corporate Officers (As of June 27, 2012)

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

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