



To Our Shareholders and Investors

April 1, 2014

September 30, 2014

# Business Report

transcosmos launched operations in 1966. Since then we have combined superior “human resources” with up-to-date “technological” capabilities to enhance the competitive strength of our clients by providing them with superior and valuable services. transcosmos currently offers Cost Reduction Services (Contact Center, HR/Financial/Sales Back Office, Order Management/SCM, System Development/Management etc.) and Sales Expansion Services (Big Data Analysis, Internet Advertising, Website Construction/Management, Smartphone/SNS Utilization, Telemarketing etc.). transcosmos continues to pursue operational excellence by providing these services through our 119 locations in 16 countries with a focus in Asia. Furthermore, following the expansion of E-Commerce market on the global scale, transcosmos provides a comprehensive, one-stop global E-Commerce service to deliver our clients’ excellent products and services to consumers in 39 countries.

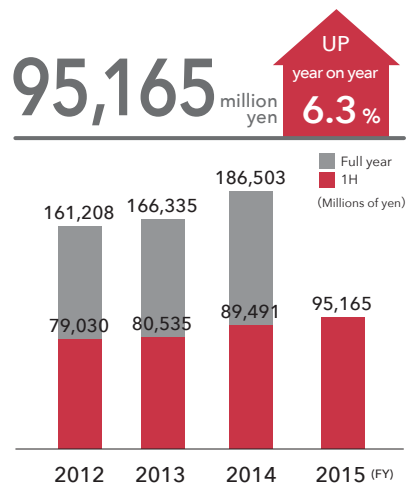
transcosmos aims to be the “Global BPO Partner” of our clients to provide them with high quality BPO services on a global scale.

# To Our Stakeholders

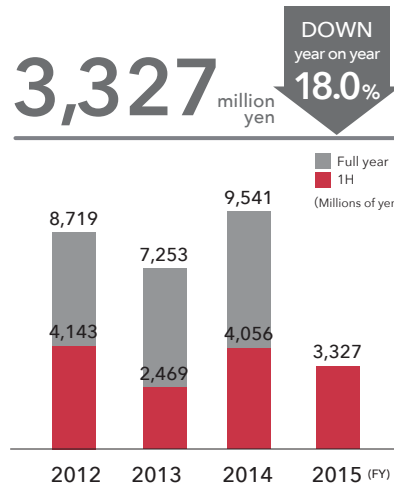
We would like to express our sincere appreciation to shareholders and investors for their continued exceptional support.

Along with greetings to our shareholders and investors, we hereby present a report on our performance in the first half of the fiscal year ending March 31, 2015 (April 1, 2014 to September 30, 2014).

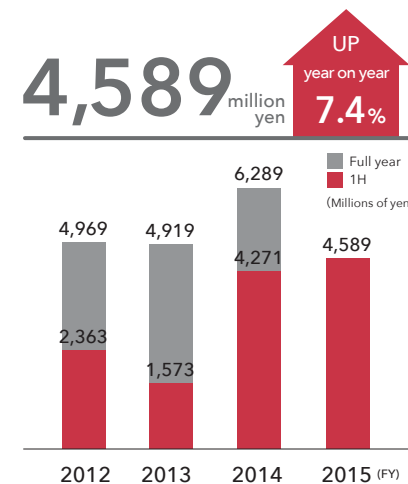
## • Consolidated net sales



## • Consolidated operating income



## • Consolidated net income



### Summary of Financial Results for the First Half of Fiscal 2015

The information services industry, in which the transcocosmos group operates, is experiencing increasing demand for BPO services that address the needs of client companies to continuously enhance cost-competitiveness and improve business efficiency. Moreover, the proliferation and advancement of smartphones and tablet devices have expedited the growth

and development of corporate EC businesses, uncovering demand for services that address these trends.

Against this backdrop, the group focused on advancing BPO services that meet the specific needs of our clients, and achieved an increase in orders as a result. In other initiatives for spurring growth, we pursued the advancement of our business worldwide to address global demand for BPO services, especially in the ASEAN region, while strengthening our system for providing one-stop EC services.

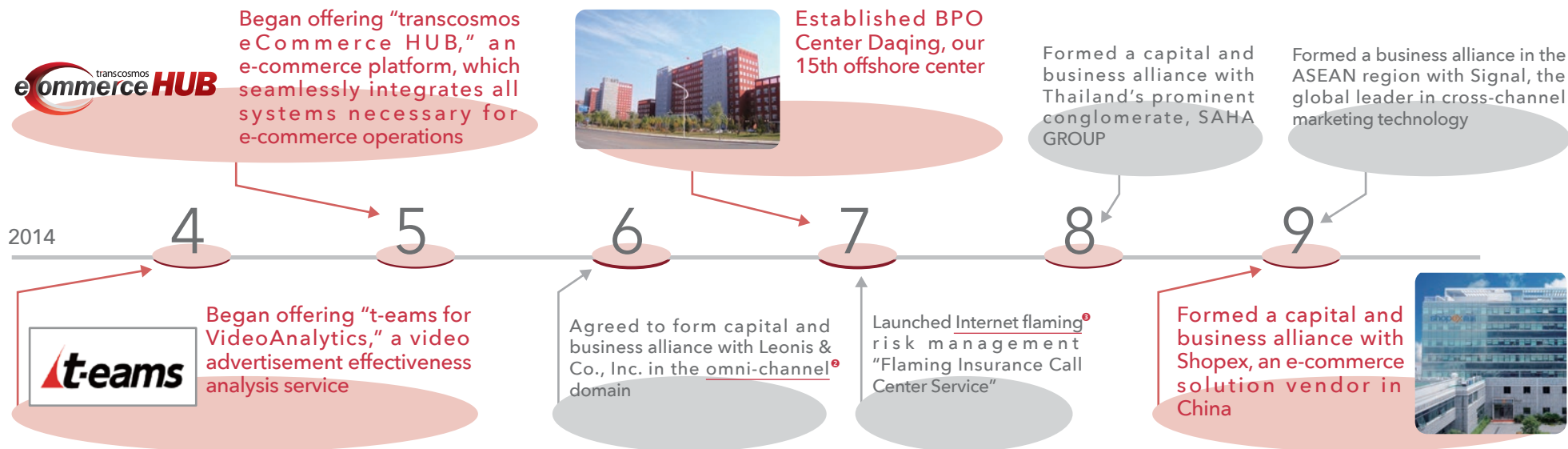
### Activities During the First Half of Fiscal 2015

In July 2014, for example, we entered Vietnam for the first time with the establishment of a new service center, bringing our overseas network of such centers to 69. We then opened our 70th center, in the Philippines, in September. Both new centers provide services for their respective markets and serve as offshore service centers for the Japanese market. In Thailand, in addition to

#### Glossary

① **EC storefront system**: A web-based EC site interface or its overall system serving as a "storefront" for selling products or services. ② **Omni-channel**: Brings together all sorts of sales and distribution channels (including physical stores, events, mail order, catalogs, and online stores). Aims to provide an environment or framework allowing a purchase of the same product or service, regardless of channel used. ③ **Internet flaming**: A situation in which a corporate website, personal blog, Internet bulletin board, and the like is subject to a barrage of slanderous or critical comments, often sparked by a scandal or reason for dissatisfaction.

# To Our Stakeholders/Topics



existing offshore services for the Japanese market, we agreed to form a capital and business alliance with SAHA GROUP, a prominent local conglomerate. Through the alliance, we have since started providing BPO services for the Thai domestic market. With respect to one-stop EC services, we are seeking to strengthen our presence in the fast-growing Chinese EC market. To this end, we agreed to form a capital and business alliance with Shopex Software, a leading EC solution vendor in China with an excellent record in introducing EC storefront systems<sup>®</sup> in China.

## Future Outlook

We will continue to focus on creating tailored services to meet our client companies' needs for sales growth and cost reductions, while at the same time accelerating our business development in China, Korea and other Asian markets, and in Europe and North America, with the aim of maintaining annual earnings growth. We will strengthen our development of global one-stop e-commerce services to support our clients' EC businesses in the ASEAN market, where high future growth is forecast.

## A Message to Our Shareholders

We have yet to determine this year's dividend at this time, but will make an announcement as soon as a decision has been reached.

We ask for the continued support and encouragement of our shareholders and investors.

December 2014

**Masataka Okuda**

President and COO

# Global Network 119 Bases in 16 Nations

# Our Business



## Business Process Outsourcing Services

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

### Features of our company

- Established the largest off-shore service system for Japan (China, Thailand and Vietnam, 16 bases and 3,350 staff)
- Offering services in a wide range of areas: systems development/operation, order processing, architectural design, mechanical design, embedded systems development, data input, human resources/general affairs/accounting/back-office
- Established off-shore development system in China in 1995 before the rest of the industry
- Time-tested wealth of experience (48 years in business, one of the longest in the help-desk industry)



### Glossary

- ④ **Help desk:** In-company operations to deal with inquiries about operating PCs and software as well as troubleshooting. Many companies outsource these tasks.
- ⑤ **Ad technology:** Advertising activities that make full use of IT, taking advantage of Internet technology.

## Digital Marketing Services

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

### Features of our company

- Digital marketing service provider focusing on Japan, China and South Korea
- Established one-stop support system which includes all services from Internet promotion to website design and operations
- Established system to provide the largest website design and operation in Japan (2,000 staff in Japan)
- Actively introducing the latest ad technology<sup>®</sup> through our business development base in San Francisco

## Contact Center Services

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

### Features of our company

- Largest contact center service provider in Asia, focusing on Japan, China and South Korea
- Offering the largest contact center services in Japan with 22 bases and 13,570 seats in Japan as well as 20 bases and 6,060 seats overseas
- Business experience in many industries, including financial, telecommunication, high-tech, medical, cosmetics, distribution, automobile and airline, as well as in the public sector
- Established Shibuya Social Media Center, one of the first in the industry, which specializes in customer support for social media

Note: Figures for number of bases, seats, and people are as of September 30, 2014.



## MACNICA, Inc.



Successfully addressed order receipt/issuance covering more than 50,000 semiconductor and electronic devices per month. Contributed to Macnica's growth through optimization and continuous improvement of business processes.

Purpose	The number of man-hours devoted to order-related business processes had risen sharply in line with increases in products and corporate business partners and man-hours that were supposed to be assigned to original duties were inadequate.	Introduced service	SCM services
Results	<ol style="list-style-type: none"> <li>1 Successfully addressed order receipt/issuance covering more than 50,000 semiconductor and electronic devices per month</li> <li>2 Reduced 3,000 types of processes by half thanks to business process optimization</li> <li>3 Productivity doubled and product quality greatly enhanced by continuous business process improvements</li> </ol>		

### Testimonial



**Takeki Imai**  
Director  
Business Operations Dept.  
MACNICA, Inc.



**Yuko Murata**  
Deputy Manager  
Business Operations Dept.  
MACNICA, Inc.

Our business partner, transcosmos, has exceptional consulting expertise and refined skills derived from in-depth know-how. We look forward to new proposals in the future.

In our business, we need to smoothly set up business processes for a huge array of order receipt/issuance scenarios tailored to the specific needs of our clients. This requires meticulous business design capabilities and great processing power. We successfully built the required business processes in a short time thanks to the consulting expertise and efficiency of transcosmos, derived from in-depth know-how, who fully understood our needs.

In particular, transcosmos compiled a manual of previously dispersed information, which enabled us to move forward while maintaining close mutual cooperation. They also suggested measures to improve business efficiency after service introduction. In these and other ways, we sincerely thank transcosmos for being a true business partner.

It is also interesting to note that like us transcosmos has many long-serving employees and maintains a culture of taking care of its people.

In the future, we look forward to receiving new transcosmos proposals based on its refined skills and expertise in standardization.

# Highlights of the First Half of Fiscal 2015: Global Advancement

## Hanoi, Vietnam transcosmos established its 69th overseas service center which launched operations in July 2014

- transcosmos Vietnam is offering contact-center and BPO services for the domestic and international markets.
- BPO services are initially offered as off-shore services for automobile and aircraft manufacturers and architectural/social infrastructure design and development support.



Company name: transcosmos Vietnam co., ltd.  
President: Yohei Koumura  
Location: Hanoi  
Established: March 2014  
Number of workstations: 200  
Businesses: Contact center services, BPO services/mechanical, architectural and social infrastructure design support services  
Languages: Japanese, Vietnamese



## Manila, the Philippines transcosmos established its 70th overseas service center which began operations in September 2014

- transcosmos Philippines provides contact-center and BPO services for the Philippine market, and development and operation services for smartphone websites and applications.
- Off-shore operations such as contact center services, with English as the primary language, are offered for the global market.



Company name: transcosmos Asia Philippines Inc.  
President: Hideki Yamashita  
Location: Metro Manila  
Established: December 2013  
Number of workstations: 144  
Businesses: Contact center services, BPO services, smartphone website & application development & operation services  
Languages: English, Filipino, others



# Highlights of the First Half of Fiscal 2015: Latest Awards & Market Share Ranking

## Japan

### transcosmos received "Japan Contact Center Outsourcing Service Provider of the Year"

- Received an award in the ICT category of 2014 Japan Excellence Awards hosted by Frost & Sullivan<sup>1</sup>
- In recognition of exceptional services and performance (including development of advanced, superior, innovative, and strategic products)



## Asia

### transcosmos ranked first as a market share leader in business process management in the Asia/Pacific region and Japan

- Achieved top ranking according to "Market Share Analysis: Business Process Outsourcing, Worldwide 2013" by Cathy Tornbohm, Dean Blackmore, 25 April 2014 (report on BPO market published by Gartner Corporation<sup>2</sup>)
- Ranked No. 1 for third consecutive year



Gartner

"Market Share Analysis: Business Process Outsourcing, Worldwide, 2013"  
Cathy Tornbohm, Dean Blackmore, 25 April 2014

transcosmos's ranking in BPO market  
in the Asia/Pacific and Japan region

(Total Revenue for 2013)

# No.1

## Global

### transcosmos ranked 13th in the world in the "2014 Global Outsourcing 100"

- Selected as one of the world's leading outsourcing service providers by IAOP<sup>3</sup>
- In recognition of our track record in developing and delivering services that meet the needs of client companies in such areas a revenue growth, cost-cutting, and globalization



<sup>1</sup> Frost & Sullivan Inc. is a global growth consulting company that houses 1,800 analysts and holds a solid track record in providing research and consulting services for more than 250,000 corporations in over 300 industries since its establishment 50 years ago.

<sup>2</sup> Established in Stamford, Connecticut, in 1979, Gartner is one of the world's leading IT advisory companies. For more information, please refer to the Gartner website (<http://www.gartner.com/about/jsp>). The Gartner report referred to here reflects research, opinions, and/or standpoints of data issued to customers about part of Gartner's data subscription services, and may not represent the real situation. Each of Gartner's reports reflects opinions made at the time of issue, not the time of this report's issue. Moreover, opinions stated in Gartner's report may be subject to change without prior notice.

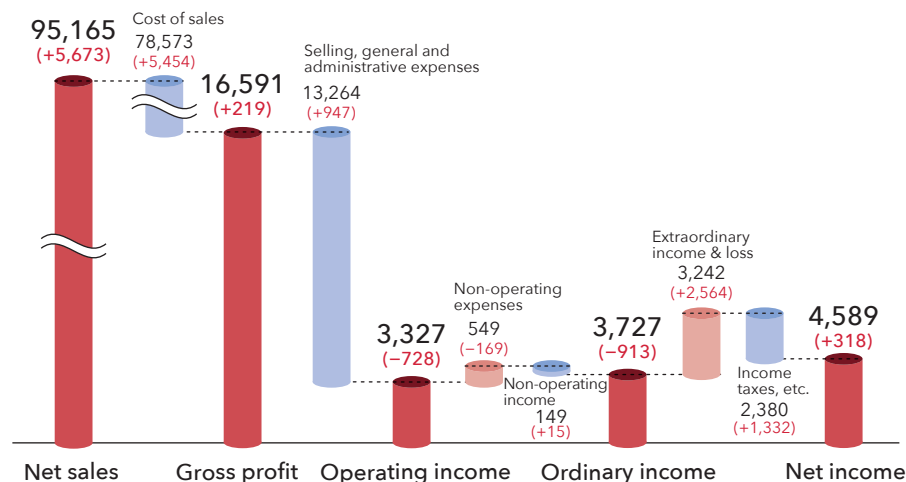
<sup>3</sup> The International Association of Outsourcing Professionals (IAOP) is an international organization that sets standards for and promotes the advancement of the outsourcing industry.

# Consolidated Financial Results

## Consolidated Statement of Income

(Millions of yen)

1H FY2014 (Apr. 1, 2014 – Sep. 30, 2014)



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

### Net sales

Net sales increased 6.3% year on year thanks to solid performances of core stand-alone business offerings, such as contact center services, BPO services, and digital marketing services. Other factors included healthy orders generated by our domestic and overseas BtoB subsidiaries.

### Operating income

Cost of sales increased year on year, due to the impact of future-growth-oriented investments aimed at getting new projects, especially for stand-alone services, up and running. Selling, general, and administrative expenses also increased as we reinforced our personnel and organizational systems. Accordingly, operating income declined 18.0% year on year.

### Net income

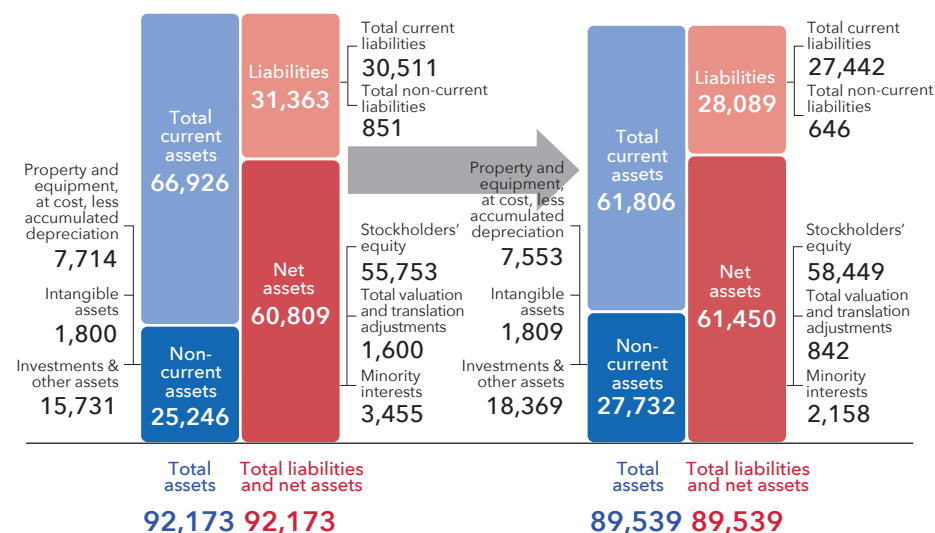
Despite decreases in operating income and ordinary income due to forward-looking investments, net income rose 7.4% year on year owing to the posting of extraordinary income, including a gain on partial sale of a consolidated subsidiary, as well as a gain on changes in equity associated with the public listing of a Chinese affiliated company.

## Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2014

As of September 30, 2014



### Total assets

Total assets decreased ¥2,633 million from the end of the previous fiscal year. Total current assets decreased ¥5,119 million, mainly due to a decrease in notes and accounts receivable-trade. Non-current assets increased ¥2,486 million, from new acquisitions of shares of affiliated companies and investment securities.

### Liabilities

Liabilities decreased ¥3,274 million from the end of the previous fiscal year, primarily from the repayment of loans payable and a decrease in accounts payable-trade.

### Net assets

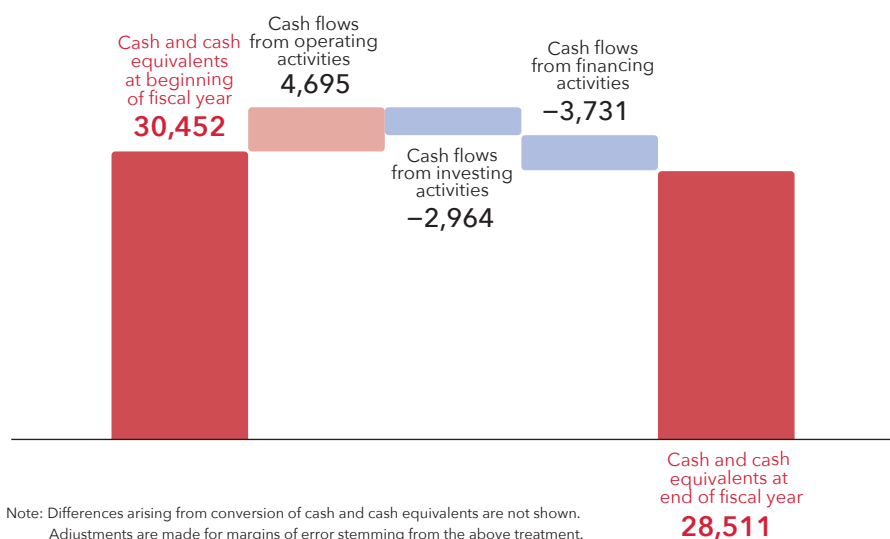
Net assets increased ¥640 million from the end of the previous fiscal year, mainly reflecting an increase in retained earnings from the recording of net income for the period. As a result, the shareholders' equity ratio stood at 66.2%.



## Consolidated Statement of Cash Flows

(Millions of yen)

1H FY2014 (Apr. 1, 2014 – Sep. 30, 2014)

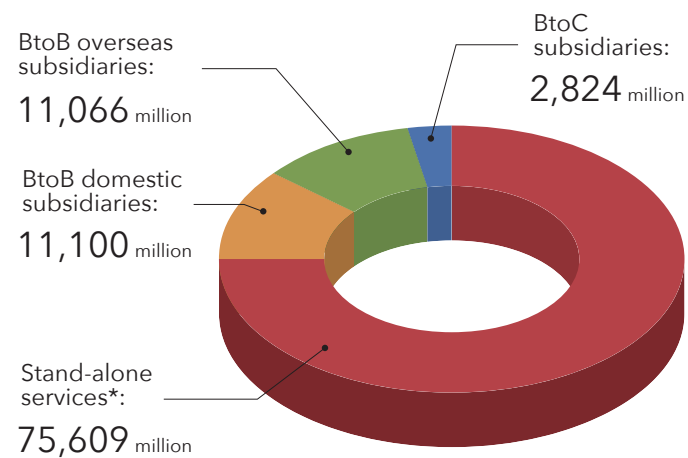


### Cash flows

Net cash provided by operating activities increased ¥930 million year on year, primarily due to an increase in income before income taxes. Net cash used in investing activities increased ¥1,181 million year on year, on an increase in outlays for the acquisition of securities. Net cash used in financing activities decreased ¥1,956 million year on year, reflecting a reduction in outlays for the repayment of long-term loans payable.

## Net Sales by Segment

1H FY2014 (Apr. 1, 2014 – Sep. 30, 2014)



Note: Figures are not adjusted for ¥5,435 million of transactions between segments. \*Refers to parent company services, exclusive of subsidiaries' services.

### Stand-alone services

Offering one-stop outsourcing services, including call center services

### BtoB domestic subsidiaries

Group operations to develop business for domestic corporations

### BtoB overseas subsidiaries

Group operations to develop business for foreign corporations

### BtoC subsidiaries

Group operations to develop Internet media for domestic consumers

# Corporate Governance

# CSR Activities

To realize our corporate vision, which states “Client satisfaction is the true value of our company, and the growth of each of our employees creates the value that shapes our future,” we at transcocos recognize that improving corporate governance is a top management priority. We therefore strive to maximize our corporate value while building excellent relations with all of our stakeholders, including shareholders and customers, as well as our employees, business partners, and local communities. We are also dedicated to providing services that meet our customers’ needs, maintaining clear management responsibilities and accountability, establishing a highly transparent administrative structure, and improving our supervisory and oversight functions.

## Comments from an Outside Director



Takeshi Natsuno  
Outside Director

Ongoing since about the year 2000, the IT revolution has brought about major changes in societies, economies, business management, and lifestyles. Now, more than 10 years later, IT has penetrated every corner of a corporation’s business operations, so that today’s market environment differs completely from that of the 20th century. Many corporations have already embraced IT and achieved significant improvements in efficiency as a result. However, the rapid pace of technological advancement is accelerating, and the number of issues that companies need to address is growing accordingly. In such an environment, transcocos, which helps client companies strengthen their IT capabilities, is assuming an ever greater social role.

At the same time, transcocos faces continually rising levels of responsibility with respect to compliance regarding the critical data and business processes of its client companies. In my position as director of multiple publicly listed companies, I feel strongly that transcocos’s corporate governance is functioning effectively. I also ask that measures be taken to ensure the continuation of effective and seamless corporate governance.

transcocos has a high ratio of outside directors and as a result debates at Board of Directors’ meetings are very lively. By raising the value of such debates, I hope to foster transcocos’s further development. Using my experience in the IT sector and as director of listed companies, I hope to play an active role in this process.

## Supporting Sports for the Disabled

Disabled employees of transcocos took charge of designing novelty gifts distributed to participants in the Blind Soccer Tohoku-Hokushinetsu League 2014, hosted by FUT MESSE NATORI (Miyagi Prefecture). As a company with numerous disabled employees, we support various social initiatives for the disabled.



Novelty gifts produced by disabled employees of transcocos

## Employees Receive Silver and Bronze Medals at 12th Tokyo Abilympics

Employees of transcocos and its specified subsidiary (transcocos assist\*) won silver and bronze medals at the DTP and data inputting competition of the 12th Tokyo Abilympics, which is a skills competition for people with disabilities.



transcocos entrants of the 12th Tokyo Abilympics



Medals received

\*transcocos assist was established in April 2005 as a specified subsidiary of transcocos with the objective of fostering employment of persons with disabilities. It actively employs persons with mental disabilities, including autism and developmental disabilities, and creates workplaces where disabled people can fully utilize their abilities. It also supports their active participation in society and works to build environments (bringing together nondisabled and disabled) for nurturing the potential of each employee.

## Corporate Information (As of September 30, 2014)

<b>Registered Name</b>	transcosmos inc.
<b>Date of Incorporation</b>	June 18, 1985
<b>Capital</b>	¥29,065 million
<b>Employees</b>	Parent: 8,498 Group: 15,414
<b>Major Banks</b>	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.
<b>Main Office</b>	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan TEL 81-3-4363-1111 FAX 81-3-4363-0111
<b>Osaka Head Office</b>	Meijiyasuda-Seimei Osaka Umeda Bldg, 3-3-20, Umeda, Kita-ku, Osaka-shi, Osaka 530-0001, Japan TEL 81-6-6457-1600 FAX 81-6-6457-1601

## Principal Stockholders (As of September 30, 2014)

Name	Number of shares (thousand shares)	Ratio of shares(%)
Koki Okuda	7,498	15.37
Masataka Okuda	5,910	12.11
Okuda Ikueikai Foundation	1,753	3.59
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,503	3.08
Mihoko Hirai	1,463	3.00
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,451	2.97
Limited Company HM Kosan	722	1.48
THE BANK OF NEW YORK – JASDEC TREATY ACCOUNT	629	1.29
Employee Shareholding Association of transcosmos inc.	614	1.26
GOLDMAN, SACHS & CO. REG	593	1.22

Notes: 1. Other than the above, our company retains 7,653 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 September 30, 2014)

<b>Shares Authorized for Issue</b>	150,000,000
<b>Shares Issued</b>	48,794,046
<b>Stockholders</b>	17,256

## Directors, Auditors and Corporate Officers (As of November 10, 2014)

<b>Founder &amp; Group CEO</b>	Koki Okuda
<b>Chairman &amp; CEO</b>	Koji Funatsu
<b>President &amp; COO</b>	Masataka Okuda
<b>Executive Vice President</b>	Koichi Iwami
<b>Senior Executive Managing Directors</b>	Hiroyuki Mukai Masakatsu Moriyama Shinichi Nagakura
<b>Executive Managing Directors</b>	Masaaki Muta Masatoshi Kouno Hitoshi Honda Kiyoshi Shiraishi
<b>Members, Board of Directors</b>	Takeshi Natsuno* Jutaro Takinami* Nozomu Yoshida Eiji Uda*
<b>Standing Auditors</b>	Hideaki Ishioka Kunio Shimofusa
<b>Auditors</b>	Toshiaki Nakamura* Setsuo Yamane*
<b>Corporate Senior Officers</b>	Hiroshi Kaizuka Kazuhiko Yamaki Kokkei Nakayama Yoichi Kawano Kentarō Ogata Atsushi Ono
<b>Corporate Officers</b>	Kenshi Matsubara Tsutomu Hasegawa Hiroyuki Uchimura Hirofumi Inoue Eijiro Yamashita Hiroki Tanigawa Norimitsu Miyazawa Hiroyuki Morita

\*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 Tokyo Stock Exchange, Inc.



**transcosmos inc.**

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<http://www.trans-cosmos.co.jp/english>

This Business Report is designed and produced by the Normalization Promotion Dept.,  
which employs people with disabilities.