



Business Report

April 1, 2015 >>> September 30, 2015

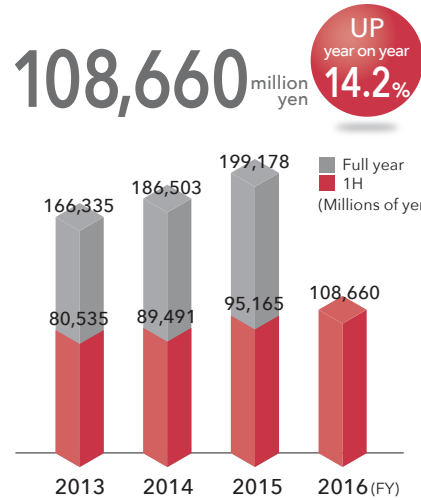
transcosmos launched operations in 1966. Since then we have combined superior "human resources" with up-to-date "technological" capabilities to enhance the competitive strength of our clients by providing them with superior and valuable services. transcosmos currently offers Cost Reduction Services (Contact 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 150 locations in 25 countries with a focus in Asia. Furthermore, following the expansion of e-commerce worldwide, transcosmos provides a comprehensive, global, e-commerce one-stop service to deliver our clients' excellent products and services to consumers in 36 countries. transcosmos aims to be the "Global business process outsourcing (BPO) Partner" of our clients to provide them with high-quality BPO services on a global scale.

To Our Stakeholders

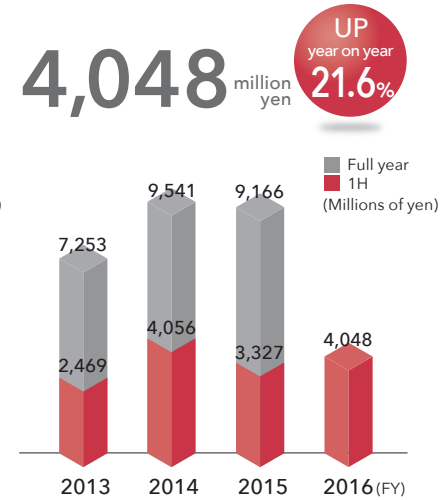
We would like to express our sincere appreciation to shareholders and investors for their continued exceptional support.

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, 2016 (April 1, 2015 to September 30, 2015).

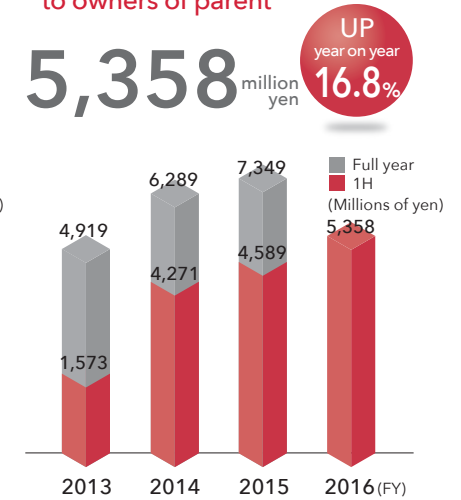
Consolidated net sales



Consolidated operating income



Profit attributable to owners of parent



Summary of Financial Results for the Fiscal Year under Review

The business process outsourcing (BPO) services, which the transcocosmos group operates, is experiencing increasing overall demand to meet the growing needs of client companies to improve business efficiency, enhance cost-competitiveness and respond flexibly to changing business conditions. These needs reflect a background of labor shortages, globalization, changing legal systems and other factors. Moreover, the Social Security and Tax Number System, called My Number System, to commence in January 2016, will require

companies to address new tasks, such as My Number registration and management, and demand for BPO services to handle these tasks is expected to grow accordingly. Amid the proliferation and advancement of smartphones and tablet devices and the spread of social network services (SNS), meanwhile, companies are showing increasing interest in digital marketing and expediting the rollout of e-commerce business. Demand for services arising from these factors is also expanding.

Against this backdrop, the Group aggressively promoted its BPO offerings – centered on contact center, supply chain management (SCM), back-office, design development, digital marketing and e-commerce services – and posted

increased orders as a result. We also worked to strengthen our global service system in order to address growing demand for BPO services, and promote partnerships with prominent overseas companies with the aim of reinforcing our global e-commerce one-stop services.

Activities During the Fiscal Year under Review

Specifically, we integrated our contact center communication platform, Contact-Link, developed in-house, into 23 centers and 16,000 workstations in Japan and overseas, thus creating one of the largest cloud-based contact



center networks in Japan. This has enabled the unified management of customer correspondence histories covering multiple channels, including telephone, Internet and SMS (Short Message Service). It has also allowed us to launch services in short time periods according to the requirements of client companies. In line with growing demand for our services domestically and overseas, we expanded an existing contact center site, MCM Center Sapporo Kita-Guchi, in Japan, and established a new contact center site, Tianjin Center, in China. Meanwhile, we sought to strengthen our global e-commerce one-stop services by reinforcing our overseas service system. For example, we reached agreements to

form capital and business alliances with Hotdeal Co., Ltd., Vietnam's largest daily deal site operator, and VAIMO AB, a Swedish provider of e-commerce solutions.

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 e-commerce one-stop services to support our clients' e-commerce 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 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.

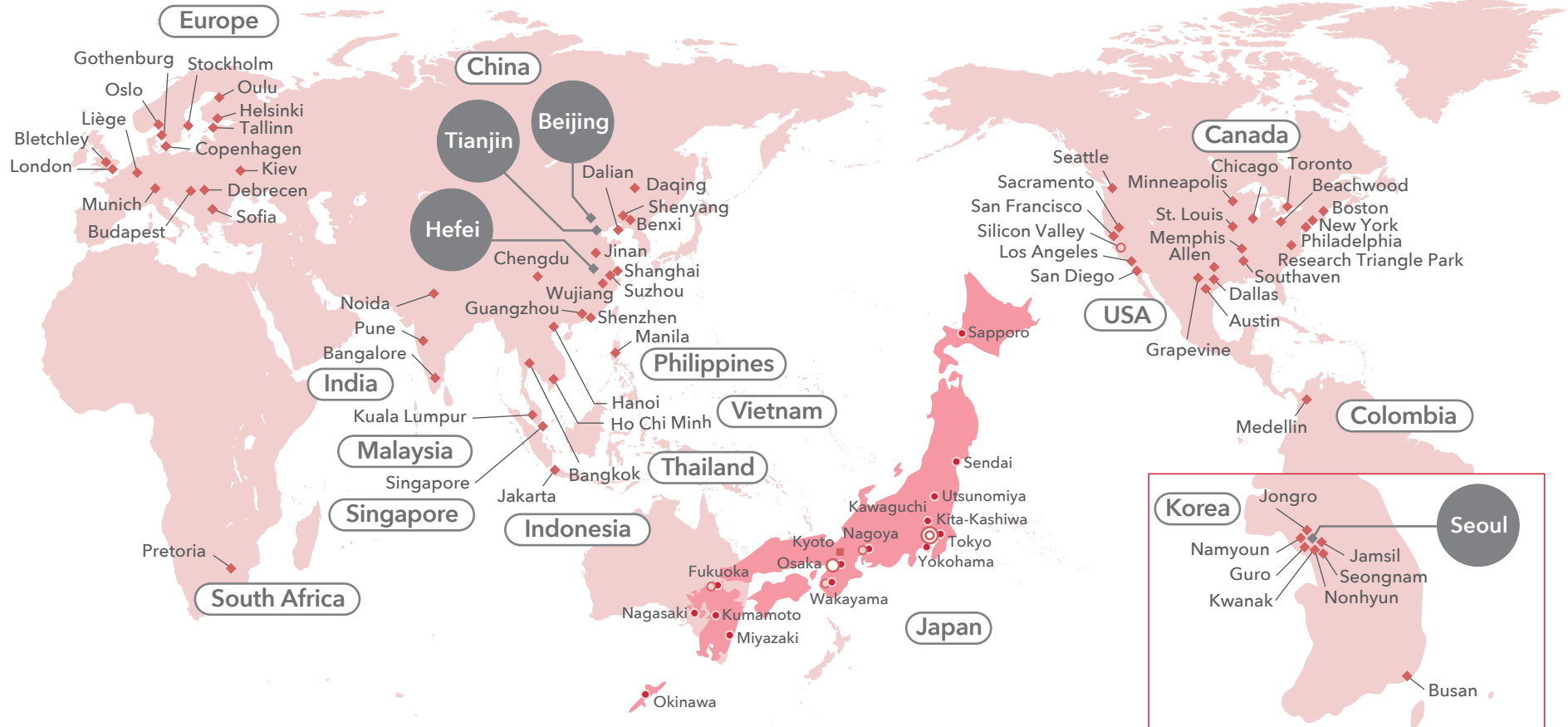
December 2015
President and COO

Masataka Okuda

Global Network 154 Bases in 25 Nations

● Main Office
 ○ Head Office
 ◐ Branch Offices
 ■ Office
 ● Service Centers
 ● Domestic Service Centers 48
 ◆ Overseas Service Centers 102 (24 Nations)

(Number of sites includes head office, branch offices, and business development and alliance partners.) (As of September 30, 2015)



New Overseas Operations

● Hefei China

transcosmos Hefei Center
400 workstations
Provision of contact center services

● Beijing China

Beijing Center 2
Provision of contact center services

● Tianjin China

Tianjin Center
160 workstations
Provision of contact center services

● Seoul Korea

Namyoun Center
400 workstations
Provision of contact center services, field services and digital marketing services

To Our Stakeholders
 Topics
 Global Network
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 CSR Activities
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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, Vietnam, Indonesia and Philippines, 15 bases)
- 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 (49 years in business, one of the longest in the help-desk¹ industry)

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 14,000 seats in Japan as well as 31 bases and 9,500 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

Glossary

- ¹Help desk: In-company operations to deal with inquiries about operating PCs and software as well as troubleshooting. Many companies outsource these tasks.
²Ad 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 operation, Omni-channel marketing, analysis and research services, among others.

Features of our company

- Digital marketing service provider focusing on Japan, China and South Korea
- Established a one-stop support system which includes all services, from Internet promotion to website design and operation
- Created one of the largest websites and operating systems in Japan with more than 3,000 employees
- Actively introducing the latest ad technology² through our business development base in San Francisco



E-Commerce One-Stop Services

transcosmos bases its one-stop services on the business and brand strategies of client companies. We supply the various functions required for e-commerce, ranging from e-commerce site construction and operation to fulfillment, customer care, Internet promotions, and analytics.

Features of our company

- Providing services in 36 countries worldwide, including Japan, Europe, the United States, China, South Korea, and Southeast Asia
- Blending the Company's extensive services and performance, including more than 35,000 specialist staff, the in-house integrated e-commerce platform known as the transcosmos eCommerce HUB, contact centers, BPO, and digital marketing
- Leveraging our partnerships with leading corporations in Europe, the United States, China, and South Korea, we are able to develop e-commerce businesses tailored to the culture and characteristics of each target market
- We support the development of e-commerce in Southeast Asia through alliances with top players in the apparel, e-book and other markets in Southeast Asia

Note: Figures for number of countries, bases, seats and people are as of September 30, 2015.

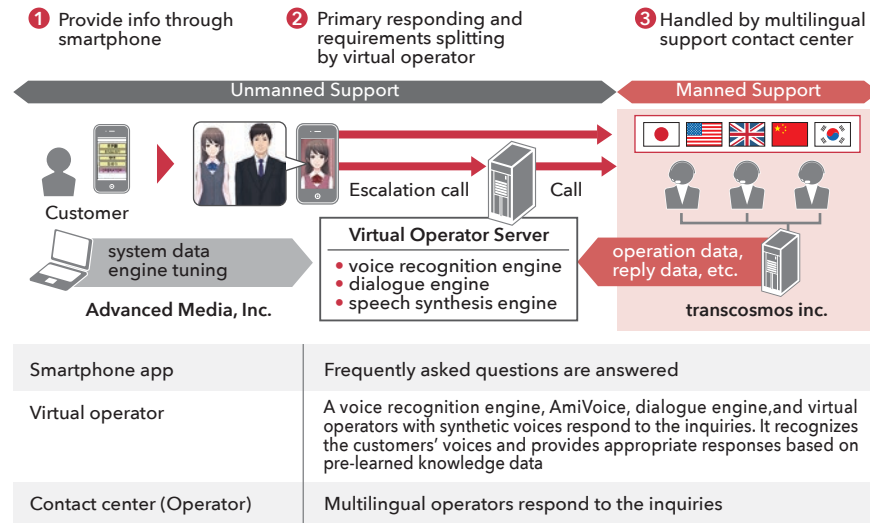
Highlights of the First Half of Fiscal 2016: Domestic

Developed Hybrid Multilingual Contact Center Service in collaboration with Advanced Media, Inc.

With increasing numbers of foreigners living in or visiting Japan, the need for contact centers with multilingual response capabilities is growing year by year. To meet this need, we launched Hybrid Multilingual Contact Center Service, which we developed in collaboration with Advanced Media, Inc., a leading company in the speech recognition field.

Hybrid Multilingual Contact Center Service uses a combination of three techniques to ensure fulfillment of customer needs: a smartphone application for frequent inquiries, a virtual operator for inquiries requiring responses and connection to a contact center operator for inquiries that cannot be addressed by the first two. The service has been launched in Japanese and English, and we will add other languages as required, including Chinese, Korean, Portuguese, Spanish, Thai and Tagalog.

Overview of the service



468 employees certified for GAIQ

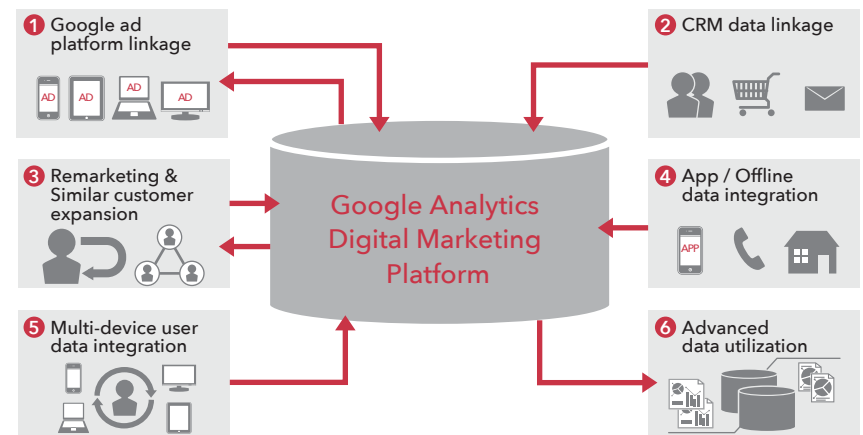
Google Analytics is evolving as a platform that can be utilized for advanced digital marketing such as ad targeting, while at the same time it is one of the most popular access analysis tools in Japan.

As a certified partner and premium authorized reseller of Google Analytics, transcosmos has been actively involved from an early stage with the standardization of Google Analytics skills and the development of human resources equipped with application know-how.

As of June 30, 2015, 468 transcosmos employees had obtained Google Analytics Individual Qualification (GAIQ), an individual qualification to verify a person's overall knowledge of the analytics, making the number of GAIQ-certified employees of the Company one of the largest in Japan (according to transcosmos research).

Consequently, we will use Google Analytics to deliver advanced responses that meet the needs or issues of client companies, including data analysis of advertising and websites, as well as planning and implementation of data-based marketing strategies.

Google Analytics evolving as a digital marketing platform



Highlights of the First Half of Fiscal 2016: Overseas



Agreed to sign a capital and business agreement with Sweden's e-commerce solutions provider VAIMO AB

VAIMO is a full service e-commerce station provider specializing in developing e-commerce solutions on the Magento* platform. Since its establishment, it has launched more than 400 e-commerce websites. VAIMO has offices in Sweden, UK, Finland, Norway, Denmark, South Africa, Estonia, Ukraine and other countries. With more than 150 developers, VAIMO provides system development services for e-commerce for approximately 100 active clients on an annual basis.

By forming a capital and business alliance with VAIMO, we will strengthen our e-commerce one-stop service on a global scale and support our domestic corporate clients' expansion into the European e-commerce market. VAIMO's client base will also benefit from our support for business development in the Japanese market.

*Magento is an e-commerce platform with the largest number of implementations globally. Magento has been utilized for more than 240,000 websites throughout the world. During 2015, VAIMO was named the leading Magent e-commerce solution partner in the EMEA (Europe, the Middle East and Africa) and won the e-commerce Partner of the Year award.



Company Name	VAIMO AB
Representative	CEO, David Holender
Location	Stockholm, Sweden
Established	2008
Number of Employees	140 (Group total: 200)

Site building performance



<http://za.triumph.com/>



<http://www.gant.com/>



<http://www.konga.com/>



Agreed to form capital and business alliance with HOTDEAL, Vietnam's largest daily deal EC company

Hotdeal, Co., Ltd., operates the daily deal e-commerce site HOTDEAL.vn and the travel e-commerce site yesgo.vn.

Especially HOTDEAL.vn, a priority business for Hotdeal, is the largest daily deal site in Vietnam, attracting around 3.1 million unique users per month and 2.5 million members among young people in that nation's two major cities—Ho Chi Minh and Hanoi.

HOTDEAL.vn utilizes group purchasing and flash marketing, online sales method providing coupons with a discounted price or some privileges for a limited time only, to sell items such as voucher discount tickets for restaurants and spas, consumer products such as fashion items, home electronics, daily commodities, accessories, toys, health and beauty equipment, books... and services such as travel tours.

By forming a capital and business alliance with Hotdeal, we will use its e-commerce platform to support e-commerce business development for our client companies in the Vietnam market. In addition to the market, we will form broader alliances with Hotdeal as a business partner across the ASEAN region.



Company Name	Hotdeal, Co., Ltd.
Representative	CEO & Founder, Nguyen Thanh Van An
Location	Ho Chi Minh, Vietnam
Established	2010
Operating site	http://www.hotdeal.vn/

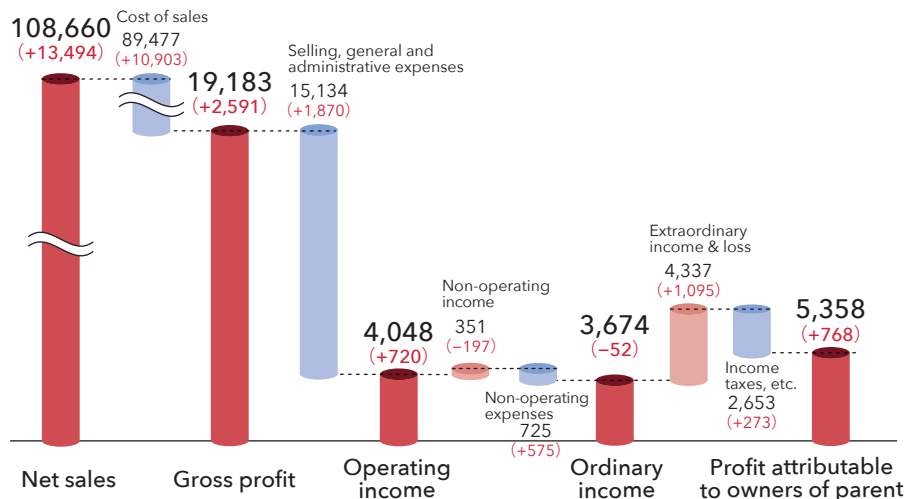


Consolidated Financial Results

Consolidated Statement of Income

(Millions of yen)

1H FY2015 (Apr. 1, 2015 – Sep. 30, 2015)



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 14.2% year on year thanks to solid performance of core stand-alone business offerings, such as contact center services, BPO services, digital marketing services and e-commerce one-stop services, as well as healthy orders generated by our overseas affiliates and others.

Operating income

Operating income rose 21.6% year on year thanks to increased orders and improved profitability of core stand-alone offerings.

Profit attributable to owners of parent

An increase in non-operating expenses led to a slight decline in ordinary income. However, profit (loss) attributable to owners of parent climbed 16.8% year on year thanks to posting of extraordinary income, including a gain on sales of investment securities.

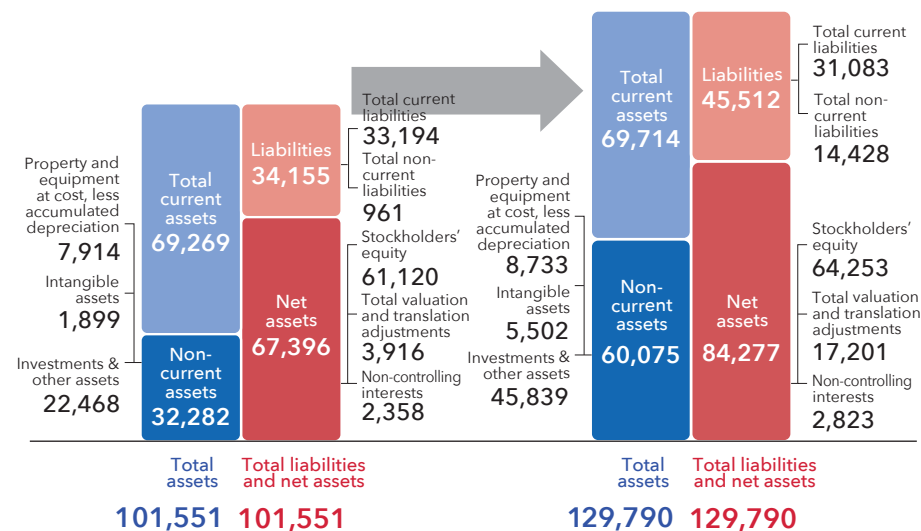
* Pursuant to an amendment to the Accounting Standard for Business Combinations, net income has been reclassified as profit (loss) attributable to owners of parent, effective the fiscal year ending March 2016.

Consolidated Balance Sheet

(Millions of yen)

As of March 31, 2015

As of September 30, 2015



Assets, Liabilities and Net assets

Total assets increased ¥28,238 million from the end of the previous fiscal year. Liabilities increased ¥11,356 million, and net assets rose ¥16,881 million.

These increases occurred mainly as a result of the accounting treatment which relates to the company's share transfer agreement. The agreement was completed in the first quarter of the current fiscal year, relating to some shares in our equity-method affiliate, with the transfer to take place in September 2017. The accounting treatment of the agreement resulted in the following.

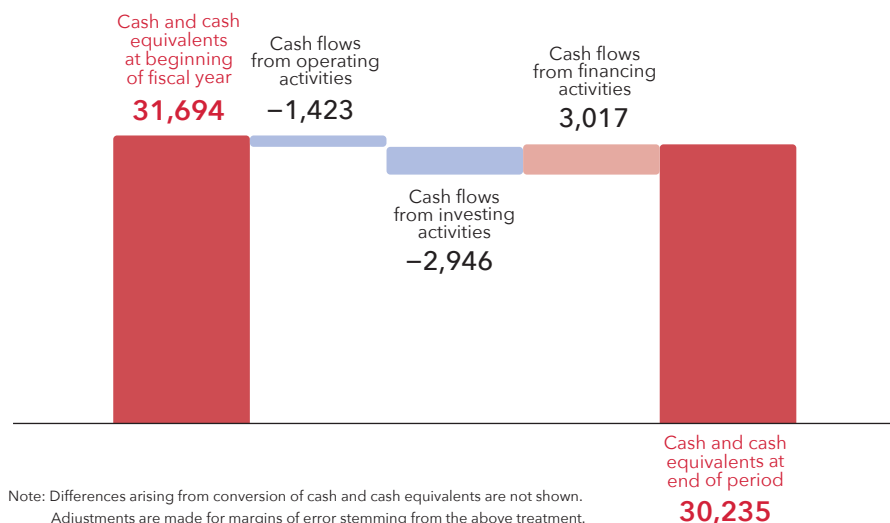
• Assets	Increase in investment securities due to change in holding category of shares subject to the agreement, which resulted in affiliated company shares being reclassified as investment securities, and due to market valuation
• Liabilities	Incurrence of derivatives; increase in deferred tax liabilities
• Net assets	Increase in valuation difference on available-for-sale securities; incurrence of deferred losses on hedges

In addition to the above, there were increases in goodwill (intangible assets) and long-term loans payable (total non-current liabilities). The shareholders' equity ratio as of September 30, 2015 was 62.8%.

Consolidated Statement of Cash Flows

(Millions of yen)

1H FY2015 (Apr. 1, 2015 – Sep. 30, 2015)



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

Cash flows

Net cash used in operating activities increased ¥6,119 million from the previous corresponding period to ¥1,423 million. Main reasons were an increase in notes and accounts receivable–trade and one-time factors, such as a decrease in accrued consumption tax included in other.

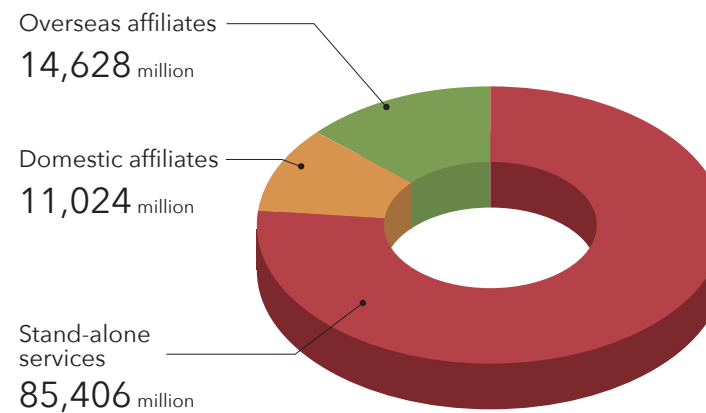
Net cash used in investing activities totaled ¥2,946 million, down ¥17 million from the previous corresponding period. This was due mainly to an increase in income from sales of investment securities, which contrasted with payments for transfer of business and outlays for the acquisition of shares of affiliated companies.

Net cash provided by financing activities increased ¥6,749 million from the previous corresponding period to ¥3,017 million. The main factor was an increase in income from long-term loans payable.

As a result, cash and cash equivalents at end of period amounted to ¥30,235 million, down ¥1,459 million from the end of the previous fiscal year.

Net Sales by Segment

1H FY2015 (Apr. 1, 2015 – Sep. 30, 2015)



Note: Figures are not adjusted for ¥2,399 million of transactions between segments.

Stand-alone services

Offering business process outsourcing operations

Domestic affiliates

Group operations to develop business centering on business process outsourcing for domestic corporations

Overseas affiliates

Group operations to develop business centering on business process outsourcing for foreign corporations

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 transcosmos 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



Uda Eiji
Outside Director

I have been involved in the IT business for 35 years—20 years with IBM, three years with SoftBank and 12 years with salesforce.com—and I was appointed outside director of transcosmos in June 2014. Over my career, society and technological innovation have changed dramatically, but as a person involved in the business I have felt the full brunt of the changes with respect to magnitude and speed.

Take communications, for example. In 2001, a company would pay ¥300,000 per month for 3MB/s data speed using EDI. Today, an individual spends around ¥5,000 for 100MB/s. That equates to a 33-fold increase in speed at one-sixtieth of the cost, for a total price performance ratio of around 2,000 times. In 2001, I was so surprised at the videos SoftBank’s CEO Masayoshi Son showed me on Yahoo!BB for the first time, but watching videos on mobile devices is now a matter of course.

When I joined in 2004, salesforce.com had only 30 Japanese employees. The term cloud-computing did not exist then, but in the 10-year period, the Japanese workforce has grown to 700 and annual net sales have jumped 70-fold. With global annual net sales of ¥600 billion, salesforce.com now has a market value of around ¥6 trillion.

As an outside director of transcosmos, I believe earnestly the Company’s future growth to be extremely promising. In fact, I think we will grow five or 10 times our current size. In this time, when the speed of social movement and technological innovation is accelerating, the speed and transparency of decision-making are important to our corporate growth and longevity.

transcosmos is constantly pursuing new possibilities and making aggressive investments. At the same time, our strategy is to concentrate on fields that have synergies with our current operations and deploy new technologies to add value. President Okuda has stated that we will not invest in unrelated areas just to make money. This is not simply a decision by part of top management but one reached through deliberation as a company, and with the approval of the Board of Directors.

One of my favorite terms is *fueki-ryuko*, which means staying unchanged or observing tradition (*fueki*), and adopting a fashion or new trend (*ryuko*) in English. It comes from a haiku poem by Basho Matsuo, an old poet. Accordingly, the right balance of both parts, *fueki* and *ryuko*, means sustained growth and advancement. I think transcosmos is the company that practices *fueki-ryuko* in its truest sense.

Going forward, I hope that I can contribute to the Company’s future growth, even in a small way, hand in hand with our employees.

Classes Held at Special-Needs School

Based on its belief that supporting education and fostering human resources are consistent with CSR activities, transcosmos held *kiri-origami* (cutting and folding paper) and sign language classes for students in the art club of Shimura Gakuen, a Tokyo Metropolitan school in Itabashi Ward.

At the classes, hearing-impaired employees of transcosmos acted as teachers, holding workshops in which participants made crafts of insects and animals by cutting and folding paper. They also taught students some greetings (hello and thank you) in sign language. A total of 12 senior high school students attended the classes, which were held on August 4, 2015.



Sign language class



Kiri-origami class



Object made by students

The Tsukuba University of Technology Fund

transcosmos regularly donates to the Tsukuba University of Technology Fund established by the Tsukuba University of Technology and supports its related activities.

The Fund supports the education- and research-related activities of students of the university, with the aim of fostering human resources among hearing- and visually-impaired people so that they can contribute to society. It assists the academic endeavors of students, supports educational exchanges with foreign universities and others, helps foreign students at the Tsukuba University of Technology and otherwise provides support deemed necessary to achieve the Fund’s objectives.

As part of its activities promoting diversity, transcosmos emphasizes the employment of people with special needs, and its support of the Tsukuba University of Technology Fund reflects this commitment.

Corporate Information (As of September 30, 2015)

Registered Name	transcosmos inc.
Date of Incorporation	June 18, 1985
Capital	¥29,065 million
Employees	Parent: 9,118 Group: 16,282
Major Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mizuho Bank, Ltd.
Main Office	3-25-18, Shibuya, Shibuya-ku, Tokyo 150-8530, Japan Tel. +81-3-4363-1111 Fax +81-3-4363-0111
Osaka Head Office	Tosabori Daibiru Bldg., 2-2-4, Tosabori, Nishi-ku, Osaka-shi, Osaka 550-0001, Japan Tel. +81-6-4803-9500 Fax +81-6-4803-9590

Principal Stockholders (As of September 30, 2015)

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
GOLDMAN, SACHS & CO. REG	1,576	3.23
Mihoko Hirai	1,463	3.00
The Master Trust Bank of Japan, Ltd. (Account in Trust)	1,386	2.84
Japan Trustee Services Bank, Ltd. (Account in Trust)	1,003	2.06
CBNY - GOVERNMENT OF NORWAY	821	1.68
Limited Company HM Kosan	722	1.48
BBH FOR BBHTSIA NOMURA FUNDS IRELAND PLC / APAN STRATEGIC VALUE FUND	619	1.27

Notes: 1. Other than the above, our company retains 7,656 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, 2015)

Shares Authorized for Issue	150,000,000
Shares Issued	48,794,046
Stockholders	14,836

Directors, Auditors and Corporate Officers (As of November 1, 2015)

Founder & Group CEO	Koki Okuda
Chairman & CEO	Koji Funatsu
President & COO	Masataka Okuda
Executive Vice Presidents	Koichi Iwami Hiroyuki Mukai
Senior Executive Managing Directors	Masakatsu Moriyama Shinichi Nagakura Masaaki Muta
Executive Managing Directors	Masatoshi Kouno Hitoshi Honda Kiyoshi Shiraishi
Director	Ralph Wunsch
Members, Board of Directors	Takeshi Natsuno* Nozomu Yoshida Eiji Uda* Owen Mahoney*
Standing Auditors	Hideaki Ishioka Kunio Shimofusa
Auditors	Toshiaki Nakamura* Setsuo Yamane*
Corporate Senior Officers	Hiroshi Kaizuka Kazuhiko Yamaki Kokkei Nakayama Yoichi Kawano Kentaro Ogata Atsushi Ono Kenshi Matsubara Takeshi Kamiya Mikio Yamashita
Corporate Officers	Hiroyuki Uchimura Tsutomu Hasegawa Hirofumi Inoue Norimitsu Miyazawa Eijiro Yamashita Hiroki Tanigawa 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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which employs people with special needs.

