

TRANSAMERICA INCOME SHARES, INC.

Form N-CSRS

November 23, 2011

As filed with the Securities and Exchange Commission on November 23, 2011.

**SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM N-CSR  
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT  
COMPANIES**

**Investment Company Act file number: 811-02273**

**TRANSAMERICA INCOME SHARES, INC.**

(Exact Name of Registrant as Specified in Charter)

570 Carillon Parkway, St. Petersburg, Florida 33716

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, including Area Code: (727) 299-1800

Dennis P. Gallagher, Esq. P.O. Box 9012, Clearwater, Florida 33758-9771

(Name and Address of Agent for Service)

Date of fiscal year end: March 31

Date of reporting period: April 1, 2011 September 30, 2011

**Item 1: Report(s) to Shareholders.**

The Semi-Annual Report is attached.

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**TRANSAMERICA  
INCOME SHARES, INC.  
Semi-Annual Report  
September 30, 2011**

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**Transamerica Income Shares, Inc.**

**UNDERSTANDING YOUR FUND'S EXPENSES**

**(unaudited)**

**SHAREHOLDER EXPENSES**

Fund shareholders may incur ongoing costs, including management and advisory fees, distribution and service fees, and other fund expenses.

The following example is intended to help you understand your ongoing costs (in dollars and cents) of investing in the fund and to compare these costs with the ongoing costs of investing in other funds.

The example is based on an investment of \$1,000 invested at April 1, 2011, and held for the entire period until September 30, 2011.

**ACTUAL EXPENSES**

The information in the table under the heading **Actual Expenses** provides information about actual account values and actual expenses. You may use the information in these columns, together with the amount you invested, to estimate the expenses that you paid over the period. Simply divide your account value by \$1,000 (for example, an \$8,600 account value divided by \$1,000 = \$8.60), then multiply the result by the number in the appropriate column titled

**Expenses Paid During Period** to estimate the expenses you paid on your account during this period. If your account is an IRA, your expenses could have included a \$15 annual fee. The amount of any fee paid during the period can decrease your ending account value.

**HYPOTHETICAL EXAMPLE FOR COMPARISON PURPOSES**

The information in the table under the heading **Hypothetical Expenses** provides information about hypothetical account values and hypothetical expenses based on the fund's actual expense ratio and an assumed rate of return of 5% per year before expenses, which is not the fund's actual return. The hypothetical account values and expenses may not be used to estimate the actual ending account balance or expenses you paid for the period. You may use this information to compare the ongoing costs of investing in the fund versus other funds. To do so, compare this 5% hypothetical example with the 5% hypothetical examples that appear in the shareholder reports of the other funds. Please note that the expenses shown in the table are meant to highlight your ongoing costs only and do not reflect any transactional costs. Therefore, the information under the heading **Hypothetical Expenses** is useful in comparing ongoing costs only, and will not help you determine the relative total costs of owning different funds. In addition, if any of these transaction costs were included, your costs would have been higher. The expenses shown in the table do not reflect any fees that may be charged to you by brokers, financial intermediaries or other financial institutions. Expense ratios may vary period to period because of various factors, such as an increase in expenses that are not a part of the advisory and administrative fees, such as fees and expenses of directors and their counsel, extraordinary expenses and interest expense.

<b>Fund Name</b>	<b>Beginning Account Value</b>	<b>Actual Expenses</b>		<b>Hypothetical Expenses (B)</b>		
		<b>Ending Account Value</b>	<b>Expenses Paid During Period (A)</b>	<b>Ending Account Value</b>	<b>Expenses Paid During Period (A)</b>	<b>Annualized Expense Ratio</b>
Transamerica Income Shares, Inc.	\$1,000.00	\$987.40	\$ 3.68	\$1,021.30	\$ 3.74	0.74%

(A) Expenses are calculated using the Fund's annualized expense ratio (as disclosed in the table), multiplied by the average account value for the period, multiplied by the number of days in the period (183 days), and divided by the number of days in the year (366 days).

(B) 5% return per year before expenses.

**SCHEDULE OF INVESTMENTS COMPOSITION****At September 30, 2011****(The following chart summarizes the Schedule of Investments of the fund by investment type)  
(unaudited)**

<b>Asset Type</b>	<b>% of Net Assets</b>
Corporate Debt Securities	67.2%
Securities Lending Collateral	13.6
Mortgage-Backed Securities	9.4
Preferred Corporate Debt Securities	6.1
Foreign Government Obligations	3.6
U.S. Government Obligation	3.1
Asset-Backed Securities	2.8
Preferred Stocks	1.9
Repurchase Agreement	1.7
Municipal Government Obligations	1.5
Convertible Preferred Stocks	0.8%
U.S. Government Agency Obligations	0.4
Convertible Bond	0.4
Other Assets and Liabilities - Net	(12.5)
<b>Total</b>	<b>100.0%</b>

Transamerica Income Shares, Inc.

Semi-Annual Report 2011

Page 1

**Transamerica Income Shares, Inc.**  
**SCHEDULE OF INVESTMENTS**  
**At September 30, 2011**  
**(unaudited)**

	<b>Principal</b> <b>(000 s)</b>	<b>Value</b> <b>(000 s)</b>
<b>U.S. GOVERNMENT OBLIGATIONS - 3.1%</b>		
U.S. Treasury Bond		
2.63%, 11/15/2020	\$ 1,190	\$ 1,273
U.S. Treasury Inflation Indexed Bond		
2.50%, 01/15/2029	947	1,216
U.S. Treasury Note		
1.38%, 05/15/2013	1,000	1,018
3.50%, 05/15/2020	630	721
<b>Total U.S. Government Obligations (cost \$3,766)</b>		<b>4,228</b>
<b>U.S. GOVERNMENT AGENCY OBLIGATION - 0.4%</b>		
Freddie Mac, IO		
5.00%, 08/01/2035	3,562	513
<b>Total U.S. Government Agency Obligation (cost \$899)</b>		
<b>FOREIGN GOVERNMENT OBLIGATIONS - 3.6%</b>		
Canada Housing Trust No. 1		
3.15%, 06/15/2015 - 144A	CAD 1,500	1,520
Republic of Chile		
5.50%, 08/05/2020	CLP 576,000	1,164
United Mexican States		
7.00%, 06/19/2014	MXN 12,000	911
7.50%, 06/21/2012	17,500	1,288
<b>Total Foreign Government Obligations (cost \$4,858)</b>		<b>4,883</b>
<b>MORTGAGE-BACKED SECURITIES - 9.4%</b>		
American General Mortgage Loan Trust		
Series 2009-1, Class A6		
5.75%, 09/25/2048 - 144A *	\$ 1,050	1,060
American Tower Trust		
Series 2007-1A, Class D		
5.96%, 04/15/2037 - 144A	1,065	1,138
BCAP LLC Trust		
Series 2009-RR3, Class 2A1		
5.46%, 05/26/2037 - 144A *	209	207
Series 2009-RR6, Class 2A1		
5.19%, 08/26/2035 - 144A *	842	759

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Series 2009-RR10, Class 2A1 2.82%, 08/26/2035 - 144A *	616	590
Series 2009-RR14, Class 1A1 6.00%, 05/26/2037 - 144A *	743	763
Series 2010-RR1, Class 12A1 5.25%, 08/26/2036 - 144A *	766	792
Countrywide Alternative Loan Trust Series 2004-3T1, Class A3 5.00%, 05/25/2034	716	736
Credit Suisse Mortgage Capital Certificates Series 2010-18R, Class 1A11 3.75%, 08/26/2035 - 144A *	637	626
Jefferies & Co., Inc. Series 2009-R2, Class 2A 6.02%, 12/26/2037 -144A *	397	398
Series 2009-R7, Class 1A1 5.23%, 02/26/2036 - 144A *	643	615
Series 2009-R7, Class 4A1 2.74%, 09/26/2034 - 144A *	673	623
Series 2009-R7, Class 10A3 6.00%, 12/26/2036 - 144A	327	325
Series 2009-R7, Class 12A1 5.18%, 08/26/2036 - 144A *	365	360
Series 2009-R7, Class 16A1 5.41%, 12/26/2036 -144A *	4	4
Series 2009-R9, Class 1A1 2.56%, 08/26/2046 - 144A *	588	573
JPMorgan Chase Commercial Mortgage Securities Corp. Series 2007-LD11, Class ASB 6.00%, 06/15/2049 *	670	709
JPMorgan Re-REMIC Series 2009-7, Class 8A1 5.50%, 01/27/2047 - 144A *	587	588
LSTAR Commercial Mortgage Trust Series 2011-1, Class A 3.91%, 06/25/2043 - 144A	672	678
WaMu Mortgage Pass-Through Certificates Series 2003-S9, Class A6 5.25%, 10/25/2033	736	742
Wells Fargo Mortgage Backed Securities Trust Series 2003-G, Class A1 4.10%, 06/25/2033 *	223	219
Series 2003-L, Class 1A2 4.50%, 11/25/2033 *	185	184
<b>Total Mortgage-Backed Securities (cost \$12,440)</b>		<b>12,689</b>

**ASSET-BACKED SECURITIES - 2.8%**  
America West Airlines Pass-Through Trust

Series 2000-1, Class G 8.06%, 07/02/2020 Continental Airlines Pass-Through Trust	628	628
Series 1997-1, Class A 7.46%, 04/01/2015 Gazprom OAO Via GAZ Capital SA	936	927
8.13%, 07/31/2014 - 144A UAL Pass-Through Trust	940	999
Series 2009-1 10.40%, 11/01/2016	1,182	1,276
<b>Total Asset-Backed Securities (cost \$3,791)</b>		<b>3,830</b>
<b>MUNICIPAL GOVERNMENT OBLIGATIONS - 1.5%</b>		
Rhode Island Economic Development Corp. 6.00%, 11/01/2015 §	835	857
State of California 7.95%, 03/01/2036	1,035	1,177
<b>Total Municipal Government Obligations (cost \$1,871)</b>		<b>2,034</b>
<b>PREFERRED CORPORATE DEBT SECURITIES - 6.1%</b>		
<b>Commercial Banks - 3.0%</b>		
PNC Financial Services Group, Inc. 8.25%, 05/21/2013 * Ž ^	1,250	1,261
Rabobank Nederland NV 11.00%, 06/30/2019 - 144A * Ž	1,095	1,317
Wells Fargo & Co. 7.98%, 03/15/2018 * Ž ^	1,440	1,483
<b>Diversified Financial Services - 2.0%</b>		
JPMorgan Chase Capital XXV 6.80%, 10/01/2037	1,000	1,004
ZFS Finance USA Trust II 6.45%, 12/15/2065 - 144A *	1,930	1,698
<b>Insurance - 1.1%</b>		
Reinsurance Group of America, Inc. 6.75%, 12/15/2065 *	1,640	1,431
<b>Total Preferred Corporate Debt Securities (cost \$7,998)</b>		<b>8,194</b>

*The notes to the financial statements are an integral part of this report.*  
Transamerica Income Shares, Inc.

Semi-Annual Report 2011

**Transamerica Income Shares, Inc.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**At September 30, 2011**  
**(unaudited)**

	<b>Principal (000 s)</b>	<b>Value (000 s)</b>
<b>CORPORATE DEBT SECURITIES - 67.2%</b>		
<b>Beverages - 0.7%</b>		
Anheuser-Busch InBev Worldwide, Inc. 9.75%, 11/17/2015	BRL 1,200	\$ 645
Beverages & More, Inc. 9.63%, 10/01/2014 - 144A	\$ 365	362
<b>Building Products - 0.4%</b>		
Voto-Votorantim Overseas Trading Operations NV 6.63%, 09/25/2019 - 144A ^	600	594
<b>Capital Markets -1.6%</b>		
BP Capital Markets PLC 4.74%, 03/11/2021 ^	790	867
Macquarie Group, Ltd. 6.25%, 01/14/2021 - 144A ^	1,385	1,310
<b>Commercial Banks - 5.8%</b>		
Barclays Bank PLC 10.18%, 06/12/2021 - 144A	1,212	1,282
BBVA Bancomer SA 7.25%, 04/22/2020 - 144A ^	800	780
M&I Marshall & Ilsley Bank 4.85%, 06/16/2015 ^	1,600	1,736
Regions Bank 5.00%, 01/17/2017	1,000	1,055
Zions Bancorporation 7.50%, 05/15/2018 ^	1,465	1,449
Zions Bancorporation 7.75%, 09/23/2014	1,400	1,476
<b>Commercial Services &amp; Supplies - 0.6%</b>		
Steelcase, Inc. 6.38%, 02/15/2021	800	857
<b>Consumer Finance - 0.9%</b>		
Block Financial LLC 5.13%, 10/30/2014 ^	700	719
Springleaf Finance Corp. 6.90%, 12/15/2017	720	518
<b>Containers &amp; Packaging - 2.0%</b>		
Graphic Packaging International, Inc. 9.50%, 06/15/2017	2,375	2,542
Sealed Air Corp. 8.13%, 09/15/2019 - 144A	105	106
<b>Distributors - 0.3%</b>		
Edgen Murray Corp. 12.25%, 01/15/2015 ^	495	444



**Diversified Financial Services - 15.7%**

Aviation Capital Group Corp. 7.13%, 10/15/2020 - 144A	1,500	1,487
Bank of America Corp. 3.75%, 07/12/2016 ^	1,160	1,055
Cemex Finance LLC 9.50%, 12/14/2016 - 144A ^	1,200	870
CIT Group, Inc. 7.00%, 05/01/2014 ^	163	166
Fibria Overseas Finance, Ltd. 6.75%, 03/03/2021 - 144A	755	676
Glencore Funding LLC 6.00%, 04/15/2014 - 144A	1,500	1,544
GTP Towers Issuer LLC 4.44%, 02/15/2015 - 144A	1,305	1,382
International Lease Finance Corp. 6.25%, 05/15/2019	1,440	1,252
6.50%, 09/01/2014 - 144A	1,375	1,375
Irish Life & Permanent PLC 3.60%, 01/14/2013 - 144A	1,000	855
Marina District Finance Co., Inc. 9.50%, 10/15/2015 ^	1,145	1,033
9.88%, 08/15/2018 ^	35	29
Oaktree Capital Management, LP 6.75%, 12/02/2019 - 144A	1,110	1,157
QHP Royalty Sub LLC 10.25%, 03/15/2015 - 144A	446	453
Reynolds Group Issuer, Inc. 9.88%, 08/15/2019 - 144A	600	528
Rio Tinto Finance USA, Ltd. 9.00%, 05/01/2019	700	942
Selkirk Cogen Funding Corp. -Series A 8.98%, 06/26/2012	368	374
Stone Street Trust 5.90%, 12/15/2015 - 144A	1,400	1,450
TNK-BP Finance SA 7.50%, 03/13/2013 - 144A	680	700
Unison Ground Lease Funding LLC 6.39%, 04/15/2020 - 144A	1,515	1,570
WCP Wireless Site Funding LLC 6.83%, 11/15/2015 - 144A	1,430	1,489
WMG Acquisition Corp. 9.50%, 06/15/2016 - 144A	715	724
<b>Diversified Telecommunication Services - 1.8%</b>		
EH Holding Corp. 6.50%, 06/15/2019 - 144A	200	193
7.63%, 06/15/2021 - 144A	70	67
Sprint Capital Corp. 8.38%, 03/15/2012	1,300	1,313
West Corp. 7.88%, 01/15/2019	180	169

Windstream Corp. 8.63%, 08/01/2016	718	740
<b>Electric Utilities - 0.9%</b>		
Intergen NV 9.00%, 06/30/2017 - 144A	1,225	1,246
<b>Electrical Equipment - 1.2%</b>		
Polypore International, Inc. 7.50%, 11/15/2017	1,440	1,447
<b>Electronic Equipment &amp; Instruments - 0.9%</b>		
Anixter, Inc. 5.95%, 03/01/2015	1,200	1,177
<b>Energy Equipment &amp; Services - 1.0%</b>		
Enterprise Products Operating LLC -Series A 8.38%, 08/01/2066 *	600	622
Weatherford International, Ltd. 9.63%, 03/01/2019	545	704
<b>Food &amp; Staples Retailing - 1.6%</b>		
Ingles Markets, Inc. 8.88%, 05/15/2017	1,055	1,105
Stater Bros Holdings, Inc. 7.38%, 11/15/2018 ^	35	36
SUPERVALU, Inc. 7.50%, 11/15/2014 ^	1,100	1,078
<b>Food Products -1.6%</b>		
Arcor SAIC 7.25%, 11/09/2017 - 144A	715	729
C&S Group Enterprises LLC 8.38%, 05/01/2017 - 144A ^	721	725
Michael Foods, Inc. 9.75%, 07/15/2018	720	743

*The notes to the financial statements are an integral part of this report.*

Transamerica Income Shares, Inc.

**Transamerica Income Shares, Inc.**  
**SCHEDULE OF INVESTMENTS (continued)**  
**At September 30, 2011**  
**(unaudited)**

	<b>Principal (000 s)</b>	<b>Value (000 s)</b>
<b>Health Care Providers &amp; Services - 0.8%</b>		
Community Health Systems, Inc. 8.88%, 07/15/2015 ^	\$ 1,100	\$ 1,081
<b>Hotels, Restaurants &amp; Leisure - 1.2%</b>		
Firekeepers Development Authority 13.88%, 05/01/2015 - 144A	625	706
MGM Resorts International 6.75%, 09/01/2012 ^	900	882
<b>Household Durables - 1.0%</b>		
Lennar Corp. 12.25%, 06/01/2017	450	495
Sealy Mattress Co. 8.25%, 06/15/2014 ^	875	825
<b>Independent Power Producers &amp; Energy Traders - 0.7%</b>		
NRG Energy, Inc. 7.63%, 05/15/2019 - 144A ^	360	328
7.88%, 05/15/2021 - 144A	720	658
<b>Insurance - 3.8%</b>		
American Financial Group, Inc. 9.88%, 06/15/2019	920	1,138
Chubb Corp. 6.38%, 03/29/2067 *	879	852
Fidelity National Financial, Inc. 6.60%, 05/15/2017	1,495	1,574
Hanover Insurance Group, Inc. 6.38%, 06/15/2021 ^	865	907
Oil Insurance, Ltd. 3.35%, 10/13/2011 - 144A * Ž	675	633
<b>IT Services - 0.9%</b>		
Cardtronics, Inc. 8.25%, 09/01/2018 ^	1,110	1,154
<b>Machinery - 0.8%</b>		
American Railcar Industries, Inc. 7.50%, 03/01/2014	1,145	1,122
<b>Media - 0.5%</b>		
Lions Gate Entertainment, Inc. 10.25%, 11/01/2016 - 144A	775	744
<b>Metals &amp; Mining -1.8%</b>		
Anglo American Capital PLC 9.38%, 04/08/2019 - 144A	1,165	1,542
FMG Resources Property, Ltd.		

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7.00%, 11/01/2015 - 144A Thompson Creek Metals Co., Inc.	90	84
7.38%, 06/01/2018 - 144A	835	752
<b>Multi-Utilities -1.1%</b>		
Black Hills Corp.		
5.88%, 07/15/2020	700	796
9.00%, 05/15/2014	640	737
<b>Oil, Gas &amp; Consumable Fuels - 5.0%</b>		
Berry Petroleum Co.		
10.25%, 06/01/2014	925	1,036
Connacher Oil and Gas, Ltd.		
8.50%, 08/01/2019 - 144A ^	650	501
Energy Transfer Equity, LP		
7.50%, 10/15/2020	180	185
Lukoil International Finance BV		
6.38%, 11/05/2014 - 144A	880	906
Petrohawk Energy Corp.		
7.25%, 08/15/2018	1,200	1,371
Petroleum Co., of Trinidad & Tobago, Ltd.		
9.75%, 08/14/2019 - 144A	571	675
Petroleum Development Corp.		
12.00%, 02/15/2018	400	428
Ras Laffan Liquefied Natural Gas Co., Ltd. III		
6.75%, 09/30/2019 - 144A ^	1,385	1,646
<b>Paper &amp; Forest Products - 1.1%</b>		
Ainsworth Lumber Co., Ltd.		
11.00%, 07/29/2015 - 144A	1,325	844
Exopack Holding Corp.		
10.00%, 06/01/2018 - 144A	720	673
<b>Real Estate Investment Trusts - 3.2%</b>		
Entertainment Properties Trust		
7.75%, 07/15/2020	1,285	1,375
Kilroy Realty, LP		
6.63%, 06/01/2020 ^	1,320	1,435
PPF Funding, Inc.		
5.35%, 04/15/2012 - 144A	1,515	1,519
<b>Semiconductors &amp; Semiconductor Equipment - 0.2%</b>		
Sensata Technologies BV		
6.50%, 05/15/2019 - 144A	325	309
<b>Software - 0.2%</b>		
First Data Corp.		
7.38%, 06/15/2019 - 144A	370	328
<b>Specialty Retail -1.4%</b>	&nb	