

FY 09/3 First Half Results Presentation

November 20, 2008



DTS Corporation

<http://www.dts.co.jp/>

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Caution

Sales and income forecasts included in this document are based on assumptions made on the basis of information currently available, including business trends, economic circumstances, clients' trends, etc., and can be affected by various uncertainties. Actual sales and income may differ materially from the forecasts.

1. About DTS

Corporate Profile

Corporate name : DTS CORPORATION

Headquarters : 6-19-13, Shimbashi, Minato-ku,
Tokyo, 105-0004

Date established : august 25,1972

Capital : 6,113 Million yen











President : Yasutaka Akabane

Number of employees : 2,497 (non-consolidated),
4,170 (Consolidated)
as of March 31, 2008

Net Sales : 40,839 Million yen (non-consolidated),
61,801 Million yen (Consolidated)
as of March 31, 2008



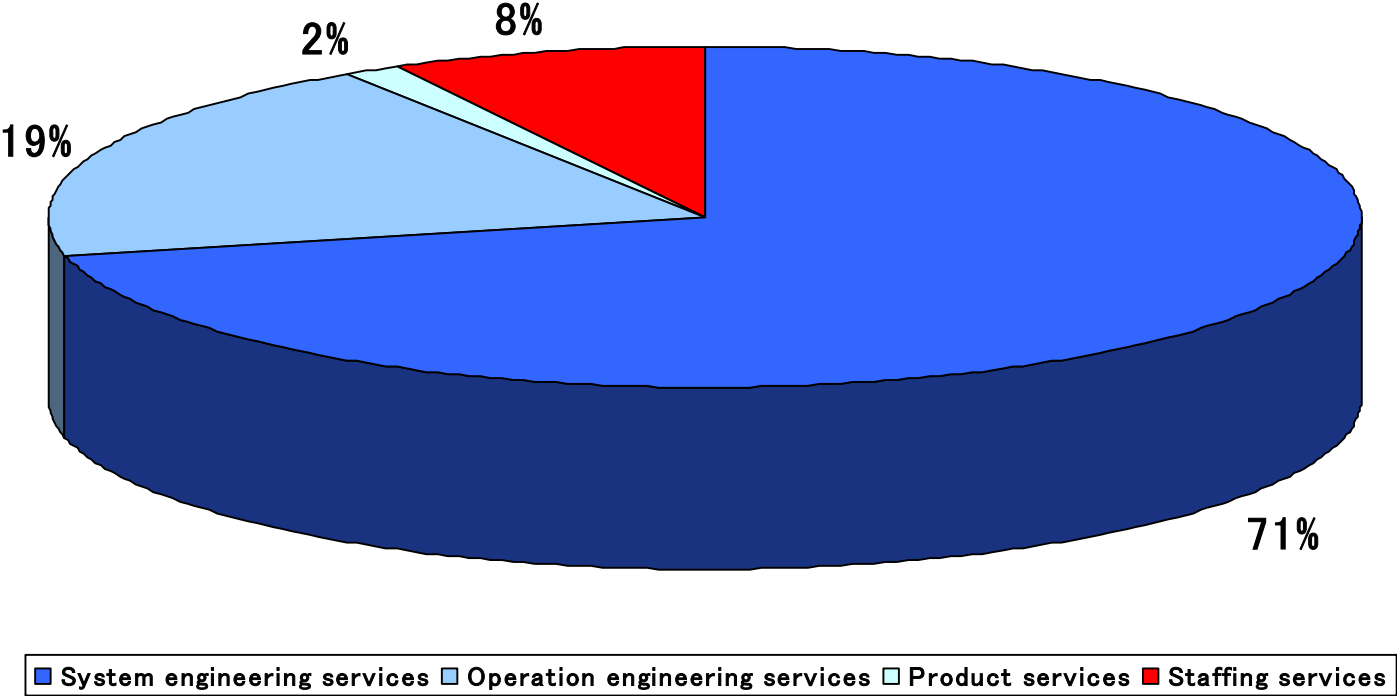
Group Companies

Name	Date established	Capital	Number of Employees	Net Sales (FY Mar.2008)
 QDTS KYUSYU DTS CORPORATION	2-Oct-00	100 million yen	89	1,224million yen
 DATA LINKS CORPORATION	2-Oct-82	309 million yen	324	8,189million yen
 FAITEC CORPORATION	1-Nov-05	300 million yen	268	5,481million yen
 RD CORPORATION	1-Nov-05	10 million yen	90	922million yen
 ASTERIKS ASTERIKS Inc.	2-Oct-06	100 million yen	10	6million yen
 日本SE株式会社 JAPAN SYSTEMS ENGINEERING CORPORATION	25-Feb-05	755 million yen	802	5,922million yen
 NU JAPAN UNITEC CORPORATION	1-Oct-91	70 million yen	20	212million yen
 SFS SOUGOU SYSTEM SERVICE CORPORATION	19-Feb-79	46 million yen	131	1,412million yen
 MIRUCA MIRUCA CORPORATION	2-Apr-07	100 million yen	8	287million yen
 DTS 上海 DTS(Shanghai) CORPORATION	29-Oct-07	500 million CNY	7	-

Main Customers

- **Financial Sector**
 - Tokyo-Mitsubishi UFJ Financial Group
 - Mizuho Financial Group
 - Chuo Mitsui Trust Group
 - Norinchukin Bank
- **Telecommunication Sector**
 - NTT Group
 - KDDI Group
 - SoftBank Group
 - Felica Networks
- **Computer Hardware Maker**
 - Panasonic Group
 - Toshiba Group
 - H P Japan
 - NEC Group
- **Others**
 - Marui Group
 - JAL Group
 - Fuji Xerox
 - Nihon Unisys Group

Sales by Segment (consolidated)



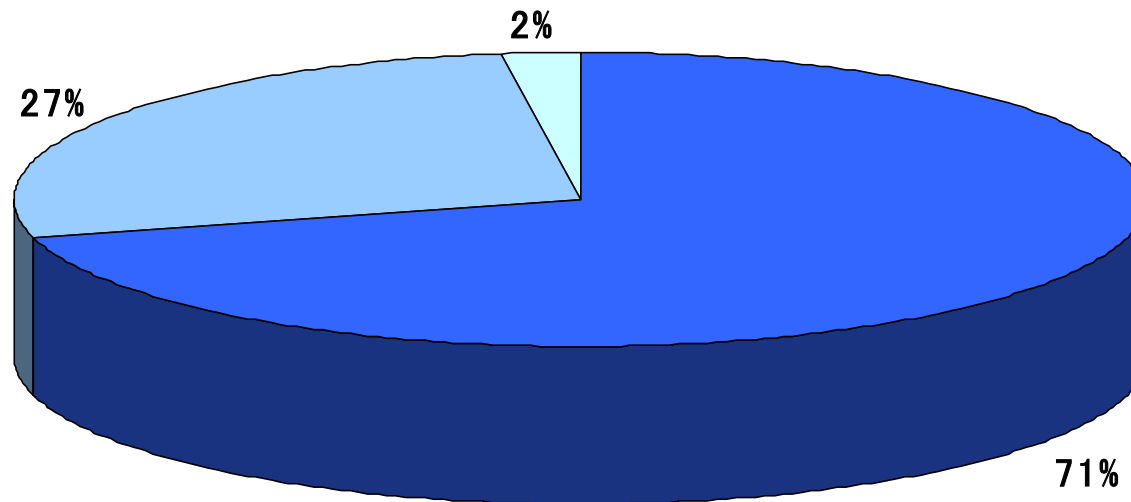
IT services

- System engineering services : provision of consulting and integration services, as well as the design, development and maintenance of consigned package software.
- Operation engineering services : general services for the operation and management of computer facilities and information systems.

Other services

- Product services : sales of hardware and package software
- Staffing services : dispatch human resources to the general business companies as a temporary personnel service.

Sales by Segment(Non-Consolidated)

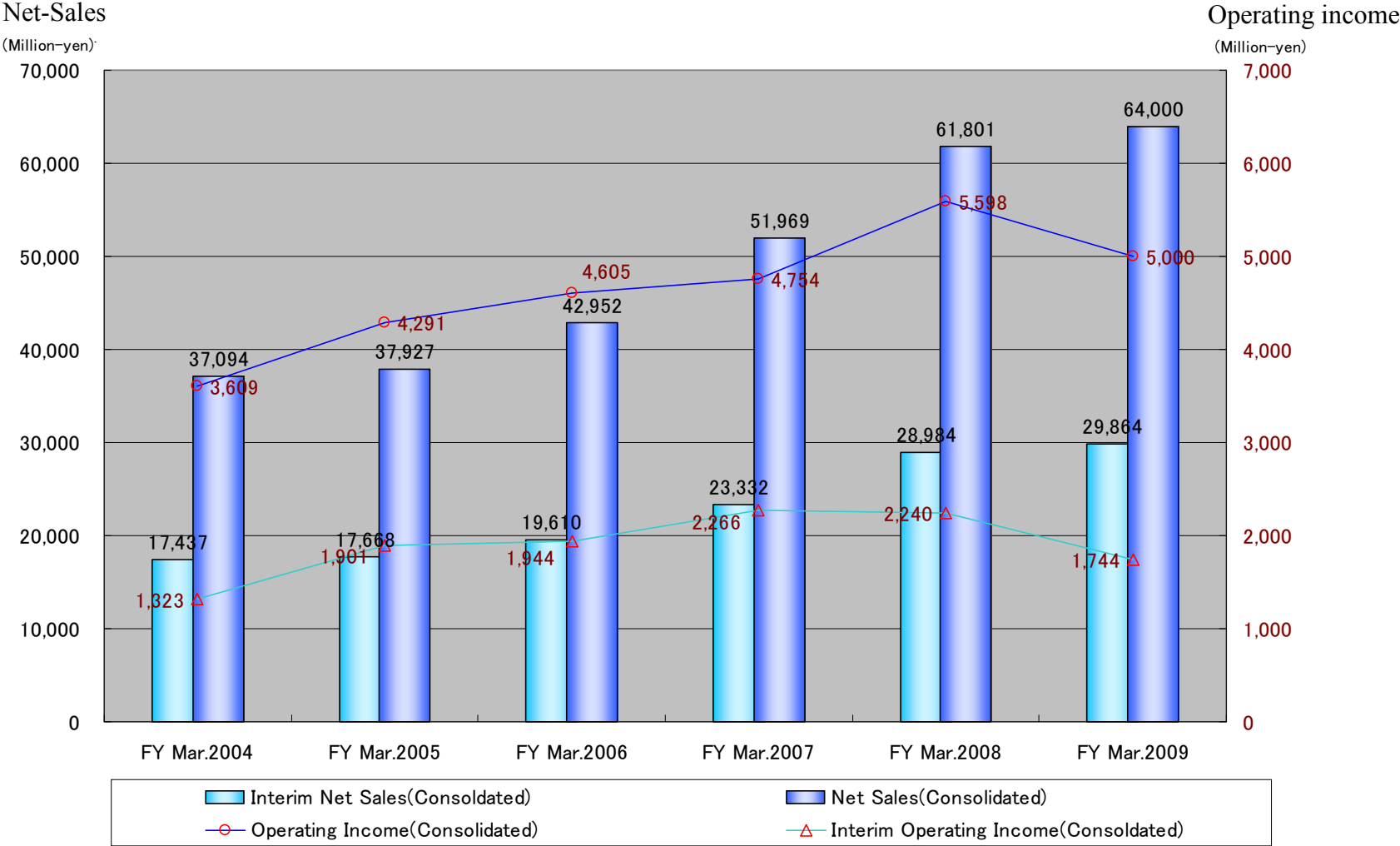


■ System engineering service □ Operation engineering service □ Product service

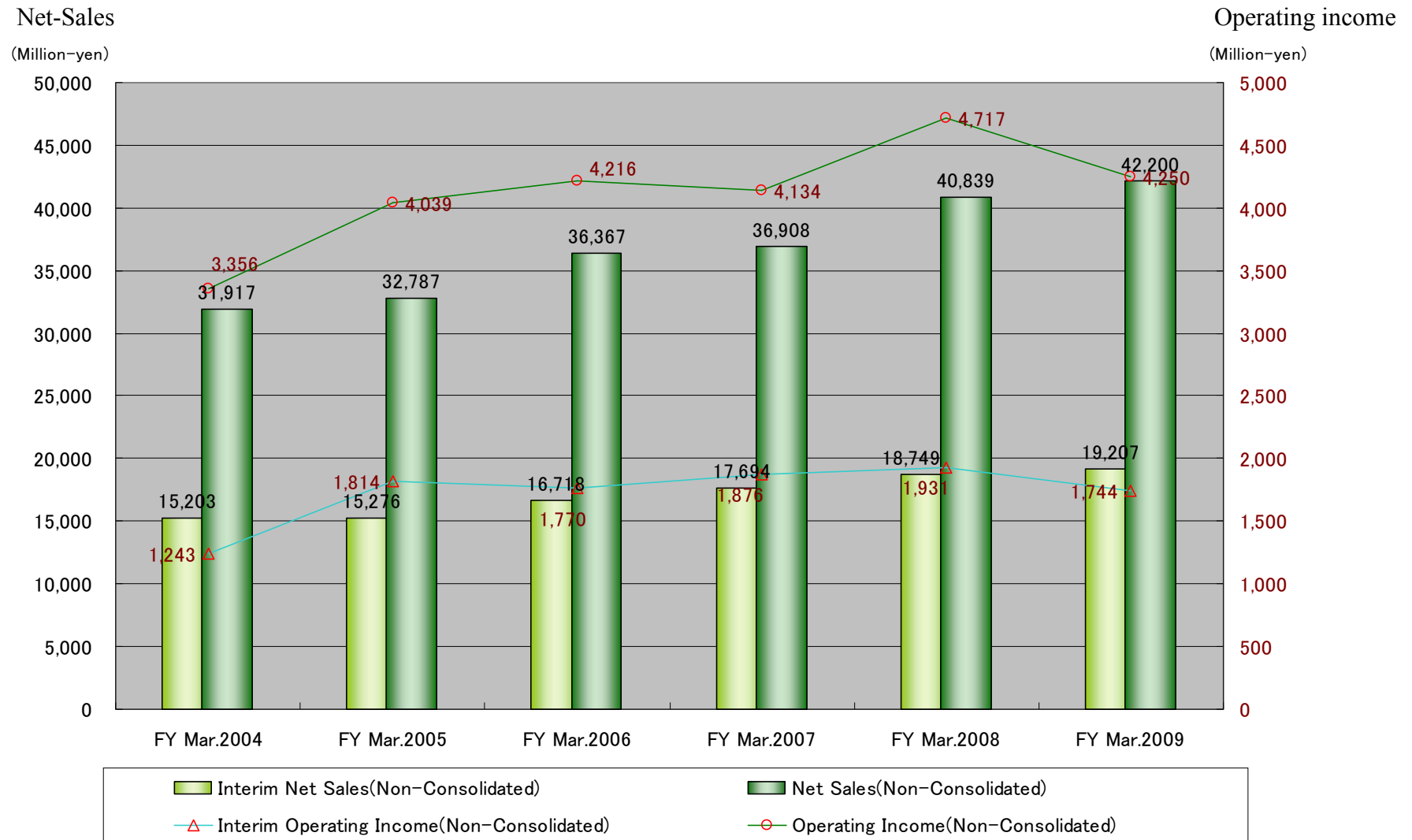
(Unit : JPY Million, %)

	Consolidated Sales			Non-Consolidated Sales		
	Amount	Share	YoY Change	Amount	Share	YoY Change
System engineering services	44,121	71.4	25.4	28,972	70.9	13.6
Operation engineering services	11,957	19.3	3.8	11,014	27.0	4.5
Total of IT Services	56,078	90.7	20.0	39,986	97.9	10.9
Products services	958	1.6	-5.6	852	2.1	-1.0
Staffing Services	4,752	7.7	12.3	-	-	-
Education	10	0.0	-	-	-	-
Total of Other Services	5,722	9.3	9.0	852	2.1	-1.0
Total of Sales	61,801	100.0	18.9	40,839	100.0	10.7

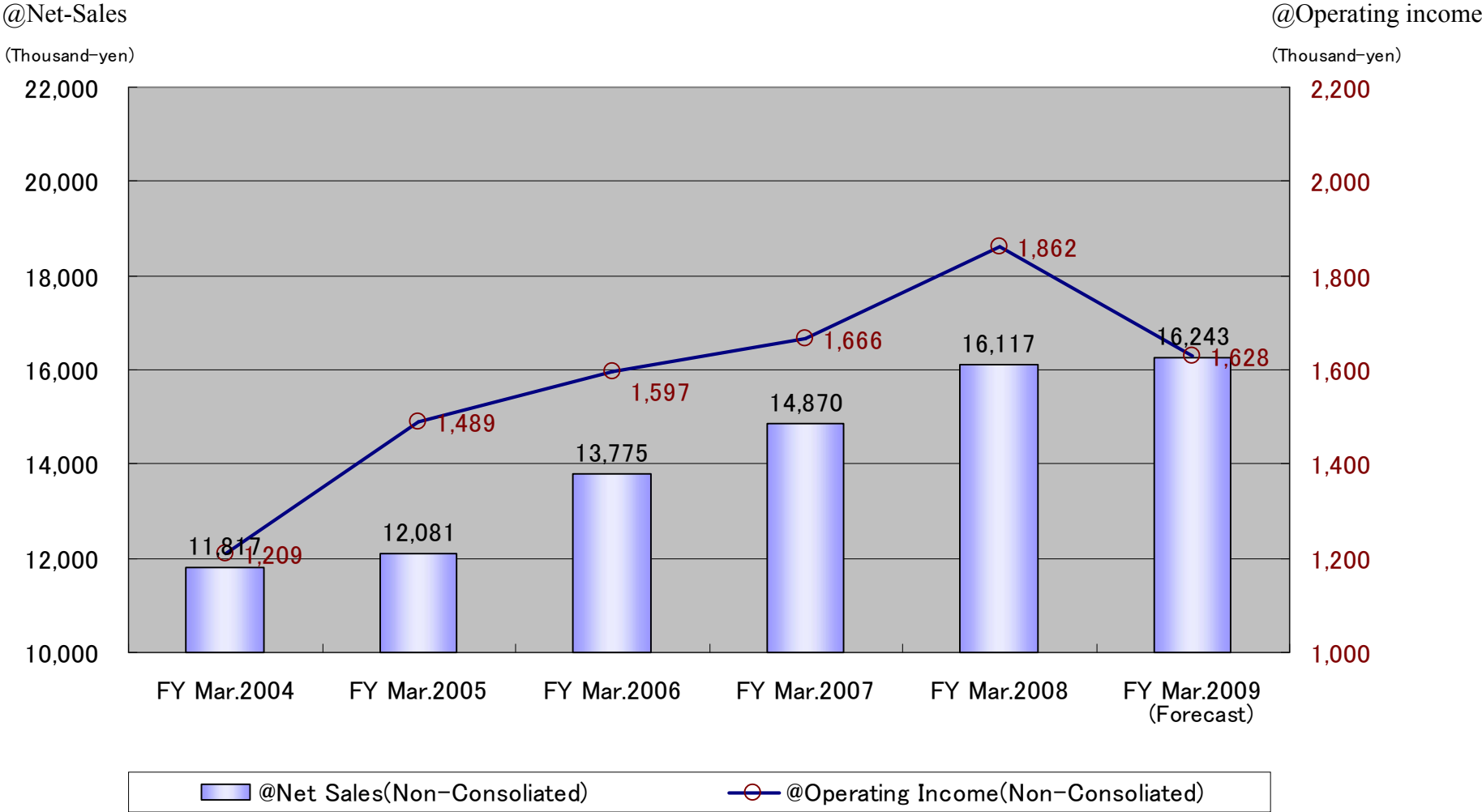
Net Sales ▪ Operating Income (consolidated)



Net Sales ▪ Operating Income (non-consolidated)



Net Sales ▪ Operating Income per head



2. FY 09/3 First Half Results

Non-Consolidated Results

Net sales up year on year, basically in line with initial plan.
Earnings down due to decline in gross profit ratio.

(Units: Million yen, %)	Amount	Ratio to sales	vs. Initial plan	YoY
Net sales	19,197	—	97.9	102.4
Gross profit	3,173	16.5	85.5	88.9
Operating income	1,498	7.8	75.7	77.6
Recurring income	1,716	8.9	79.9	80.8
Net income	968	5.0	74.3	75.1

Sales by Service (non-consolidated)

System sales were down, but the prime and system integration ratio rose (40.6%→50.1%).

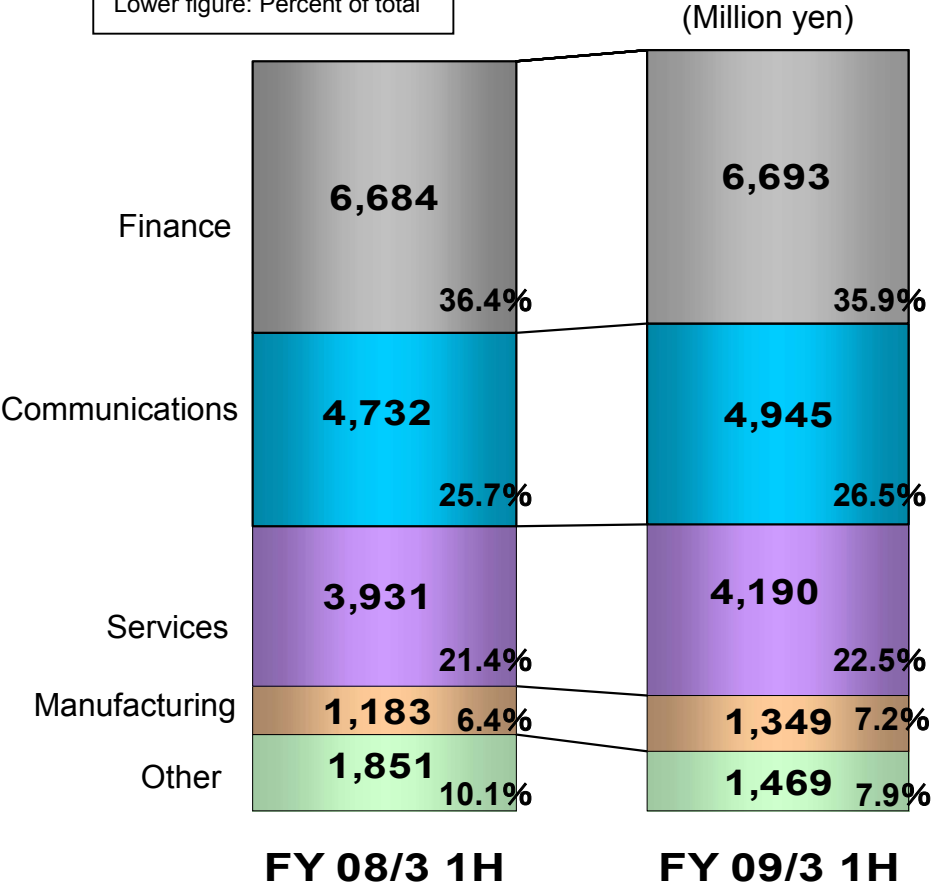
Operation (operation and management of systems) sales rose, mainly to communications and services sectors.

(Units: Million yen, %)	Amount	Ratio to sales	vs. Initial plan	YoY
Information services	18,646	97.1	97.1	101.4
System	12,601	65.6	92.1	97.3
Operation	6,043	31.5	109.4	111.3
Products	550	2.9	142.3	149.6
Total	19,197	100.0	97.9	102.4

Sales by End Users (non-consolidated, information services)

Sales to finance sector flat due to postponement of certain projects. Growth in sales to communications, services, and manufacturing sectors.

Upper figure: Amount
Lower figure: Percent of total

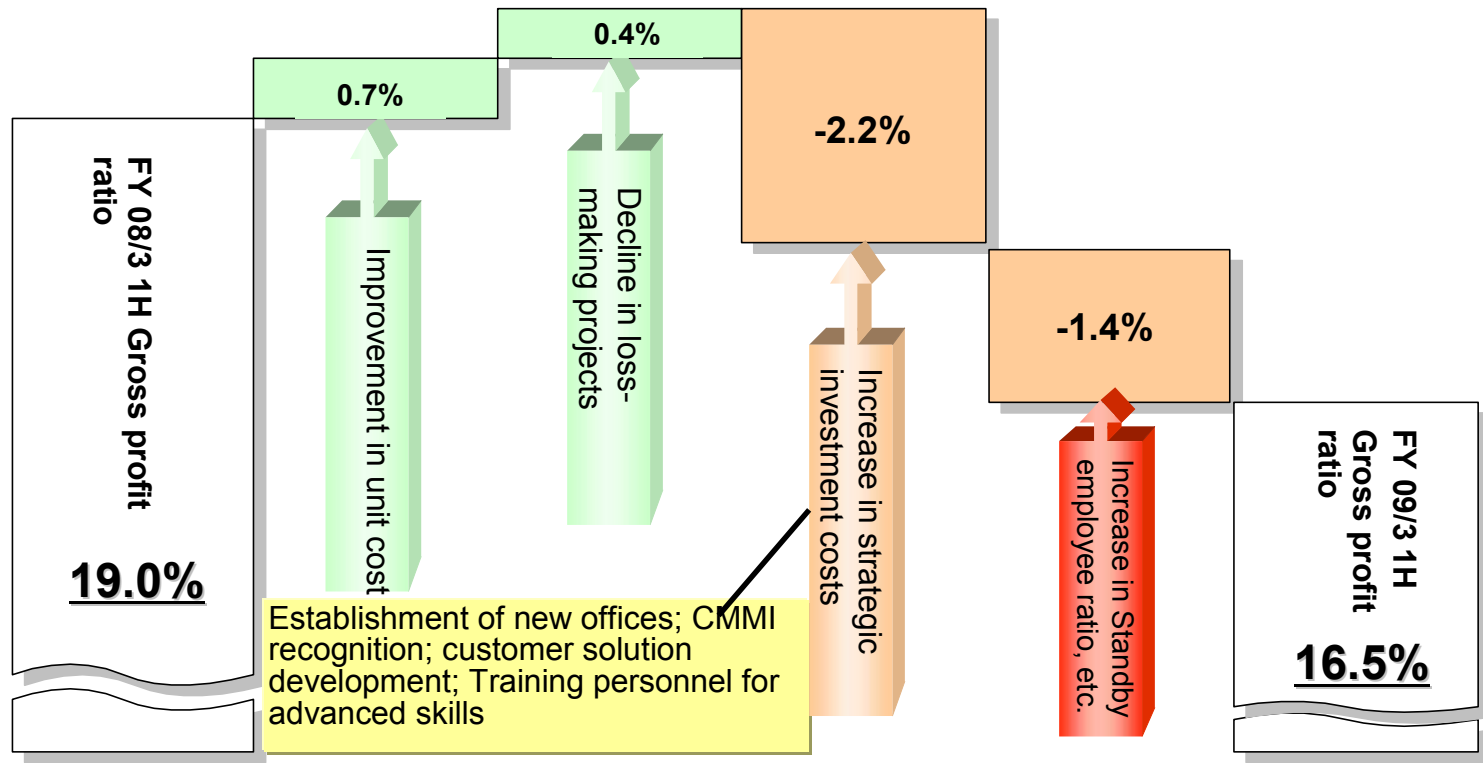


- **Finance (100.1% YoY) ⇒ Flat**
 - Integration projects for commercial banks down in line with initial plan
 - Postponement of certain finance projects
 - Increase in sales to other financial institutions keeps revenue on par with previous year
- **Communications (104.5% YoY) ⇒ Firm**
 - Growth in 1H despite delay of next-generation communications projects (orders received in 2Q)
 - Operation sales up significantly as large-scale projects enter operation (operation and management) phase
- **Services (106.6% YoY) ⇒ Positive**
 - Sales up to broad range of service providers
- **Manufacturing (114.1% YoY) ⇒ Positive**
 - Growth in SAP projects
- **Other (79.4% YoY) ⇒ Decline**
 - Slow growth in public sector projects

Gross Profit (non-consolidated)

Profit ratio down due to slowing of improvement in unit cost, and increase in number of standby employees. Strategic investment costs made according to the medium-term comprehensive plan.

Gross profit: ¥3,173 million (88.9% YoY; 16.5% of sales (-2.5% pts YoY))



Operating Income, Recurring Income (non-consolidated)

SG&A expense ratio on a par with previous fiscal year.

SG&A expenses: ¥1,674 million (102.3% YoY; 8.7% of sales (0.0 % pts YoY))

**Rise in strategic expenses based on the medium-term comprehensive plan
+¥37 million**

Strengthening consulting services (customer solution proposals, etc.) new
business investment
Structural enhancements for internal controls (J-SOX)
Reinforcement of DTS brand, other strategic expenses

Operating income: ¥1,498 million (77.6% YoY; 7.8% of sales (-2.5 % pts YoY))

Non-operating income: ¥218 million (112.3% YoY; 1.1% of sales (0.1 % pts YoY))

Increased dividend income from subsidiaries, etc. +¥24 million

Recurring income: ¥1,716 million (80.8% YoY; 8.9% of sales (-2.4 % pts YoY))

Net Income (non-consolidated)

Absorption of RD Corporation's operations generates synergies for the DTS Kansai Group, expanded business in Kansai region reduces SG&A expense ratio.

Extraordinary loss: ¥184 million (-% YoY; -1.0% of sales (- % pts YoY))

Valuation loss on subsidiaries (RD Corporation*): ¥168 million

* RD Corporation is a subsidiary of DTS, which will be dissolved after completion of business transfer

Net income: ¥968 million (75.1% YoY; 5.0% of sales (-1.8 % pts YoY))

Consolidated Results

Sales in line with initial plan; earnings short of plan due to decline in non-consolidated profit.

(Units: Million yen, %)

	Amount	Ratio to sales	vs. Initial plan	YoY	Consolidated/ non-consolidated ratio
Net sales	29,811	—	100.0	102.9	1.55 times
Gross profit	4,920	16.5	89.5	94.0	1.55 times
Operating income	1,787	6.0	77.4	79.8	1.19 times
Recurring income	1,879	6.3	79.2	82.4	1.10 times
Net income	844	2.8	68.6	68.9	0.87 times

• SG&A expenses: ¥3,132 million (104.5% YoY; 10.5% of sales (+0.2 % pts YoY))

• Extraordinary loss: ¥133 million (Amortization of goodwill from absorption of RD Corporation, etc.)

First Half Results for Group Companies

(Units: Million yen, %)

Company name	Sales		Operating income		
	Amount	YoY	Amount	Ratio to sales	YoY
DATA LINKS CORPORATION	4,383	110.9	152	3.5	96.5
JAPAN SYSTEMS ENGINEERING CORPORATION	2,951	97.5	-126	-	[+6]
FAITEC CORPORATION	2,669	104.1	284	10.7	84.6
SOUGOU SYSTEM SERVICE CORPORATION*	712	103.8	88	12.4	189.8
KYUSYU DTS CORPORATION	598	108.8	18	3.1	40.3
RD CORPORATION	434	89.2	6	1.4	[+14]
MIRUCA CORPORATION*	215	165.7	69	32.4	222.7
ASTERIKS Inc.	16	413.2	-43	-	[-21]

Notes:

- Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.
- Companies marked with an asterisk were incorporated into the scope of consolidation during the previous fiscal year. Sougou System Service Corporation FY 08/3 1H five months; MIRUCA CORPORATION FY 08/3 1H three months
- Figures in brackets represent FY 09/3 amount minus FY 08/3 amount.

3. FY 09/3 Full Year Forecast

Business Environment (second half)

1. **Cautious stance** toward system investment
 - **Concerns about slowdown** in Japan's economy
 - **Postponement** of non-critical system investment, **longer periods between investment decisions and project implementation**
 - ⇒ Postponement of system investment by certain financial institutions
 - ⇒ Postponement of large projects by telecom carriers
2. **Completion of long-term integration project** of domestic financial institutions

DTS Initiatives (second half)

1. Step up activities to increase orders
 - Develop new customers
 - Deepen relationships with existing customers
2. Strengthen project efficiency and profitability Management
 - Enhance awareness of profitability
 - Reduce number of standby employees
3. Continue strategic investment aimed at the future growth in line with the medium-term comprehensive plan

Strategic Investment to Expand the System Integration Business, a Key Component of the Medium-Term Comprehensive Plan

- (1) Establish new business foundation
⇒ Generate new business
- (2) Strengthen overseas and offshore structure
⇒ Expand offshore operations in China, begin utilizing Vietnamese resources, strengthen partnerships with Indian companies
- (3) Train employees in advanced skills
⇒ Steadily increase the number of employees holding government or industry qualifications
Utilize internal certification system to motivate skills upgrading
- (4) Acquire CMMI (Capability Maturity Model Integration)
⇒ Level 3 during FY 09/3; Level 5 by FY 11/3

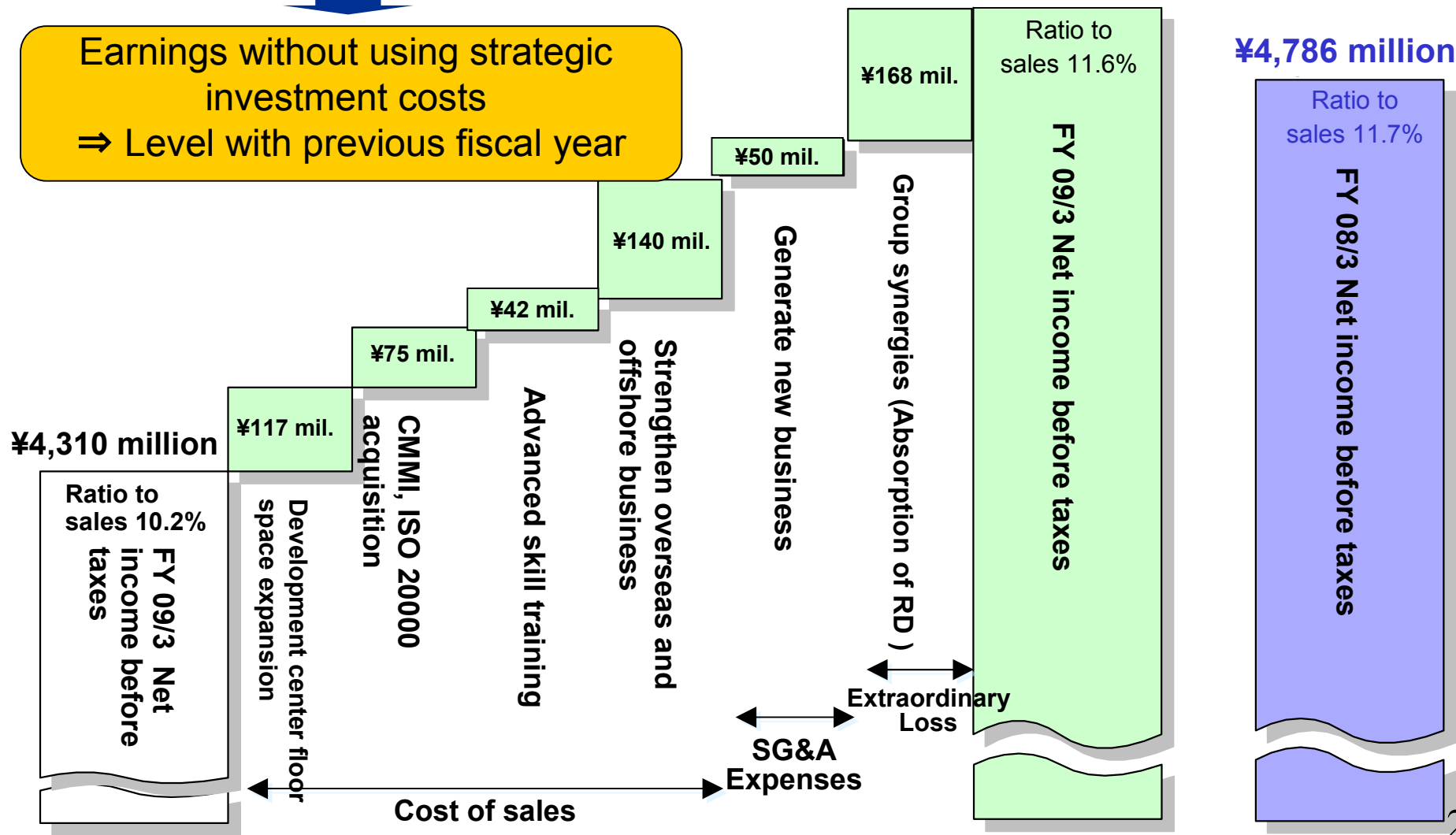
Level of Strategic Investment (non-consolidated, full year)

Strategic investment costs
(approx. ¥590 million)

Without strategic investment

¥4,902 million

¥4,786 million



Second Half Year Plan

(consolidated/non-consolidated)

Order balance 103.1% YoY;
Improved workforce capacity utilization ratio from
beginning of second half.

Non-consolidated

Consolidated

(Units: Million yen, %)

	Amount	Ratio to sales	YoY	Amount	Ratio to sales	YoY	Consolidated/ non-consolidated ratio
Net sales	23,002	—	104.1	34,188	—	104.2	1.49 times
Gross profit	4,606	20.0	102.9	6,719	19.7	104.0	1.46 times
Operating income	2,751	12.0	98.8	3,212	9.4	95.7	1.17 times
Recurring income	2,783	12.1	98.9	3,220	9.4	96.0	1.16 times
Net income	1,581	6.9	100.3	1,655	4.8	96.5	1.05 times

Full Year Plan

(consolidated/non-consolidated)

Non-consolidated

Consolidated

(Units: Million yen, %)

	Amount	Ratio to sales	YoY	Amount	Ratio to sales	YoY	Consolidated/ non-consolidated ratio
Net sales	42,200	—	103.3	64,000	—	103.6	1.52 times
Gross profit	7,780	18.4	96.7	11,640	18.2	99.5	1.50 times
Operating income	4,250	10.1	90.3	5,000	7.8	89.3	1.18 times
Recurring income	4,500	10.7	91.1	5,100	8.0	90.5	1.13 times
Net income	2,550	6.0	89.0	2,500	3.9	85.0	0.98 times

Full Year Plan for Group Companies

(Units: Million yen, %)

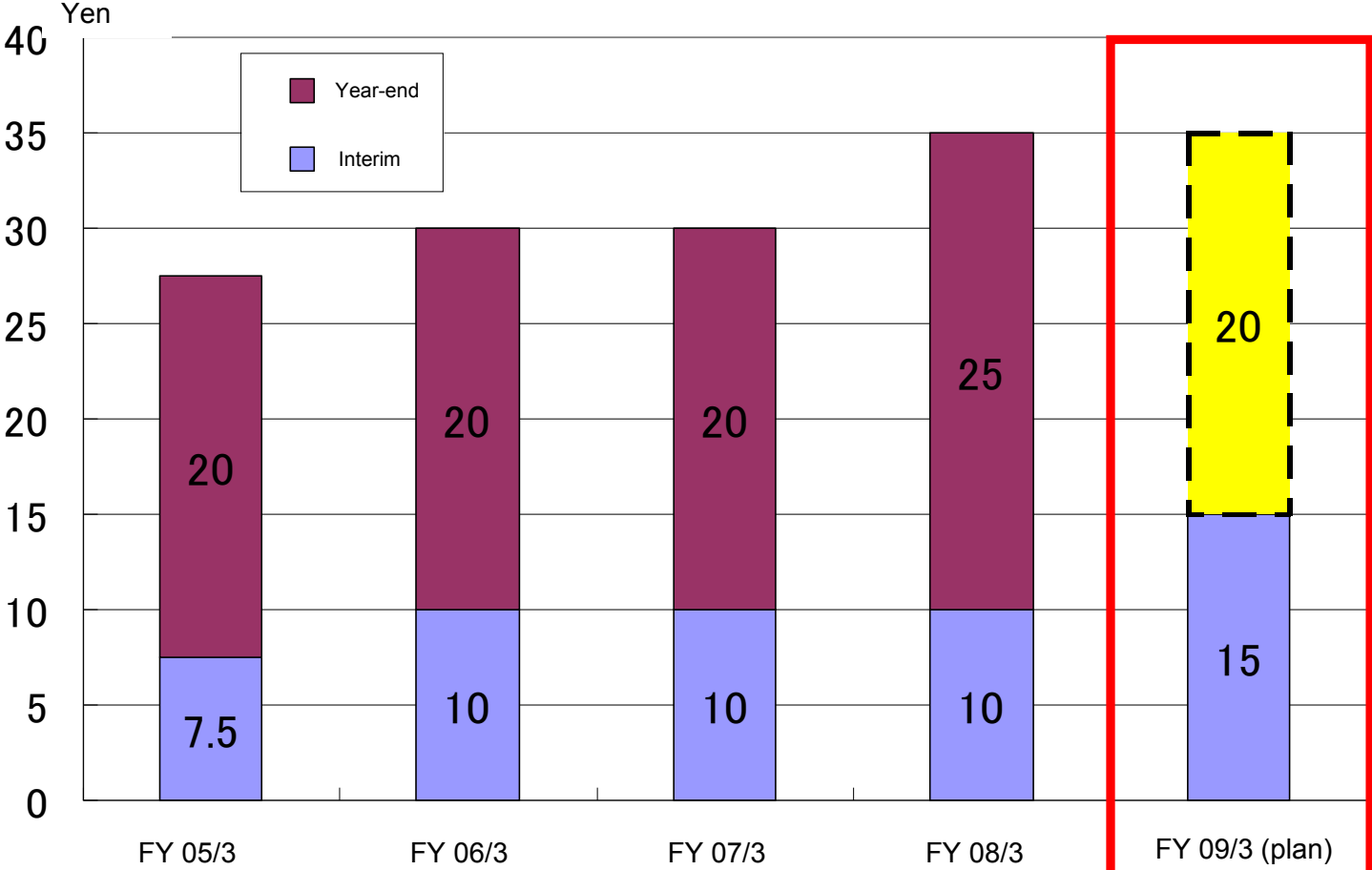
Company name	Sales		Operating income		
	Amount	YoY	Amount	Ratio to sales	YoY
DATALINKSCORPORATION	8,189	106.3	403	4.6	101.4
JAPAN SYSTEMS ENGINEERING CORPORATION	6,065	99.0	-141	-	[+8]
FAITEC CORPORATION	5,530	100.9	579	10.5	87.4
SOUGOU SYSTEM SERVICE CORPORATION*	1,400	99.1	137	9.8	99.1
KYUSHU DTS CORPORATION	1,300	106.2	73	5.6	62.6
RD CORPORATION	911	98.8	31	3.5	587.0
MIRUCA CORPORATION*	393	137.2	55	14.0	135.9
ASTERIKS Inc.	79	1,315	-60	-	[-9]

Notes:

- Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.
- Year-on-year comparisons for companies marked with an asterisk have been omitted because they were incorporated into the scope of consolidation during the previous fiscal year.
- Figures in brackets represent FY 09/3 amount minus FY 08/3 amount.

Dividend Plan

Stable, continuous dividend at a constant level.
Increase dividends commensurate with results, while being mindful of retained earnings necessary for business expansion.



Note: DTS implemented a stock split (1:2) in October 2007. Previous dividend amounts have been adjusted retroactively.