

FY 10/3 First Half Results Presentation

November 16, 2009



DTS Corporation

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

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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. FY 10/3 First Half Results

Non-Consolidated Results

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY (%)	vs. initial forecast
Net sales	16,066	—	83.7	91.3
Gross profit	1,606	10.0	50.6	57.8
Operating income	97	0.6	6.5	8.3
Recurring income	261	1.6	15.2	19.9
Net income	188	1.2	19.4	24.3

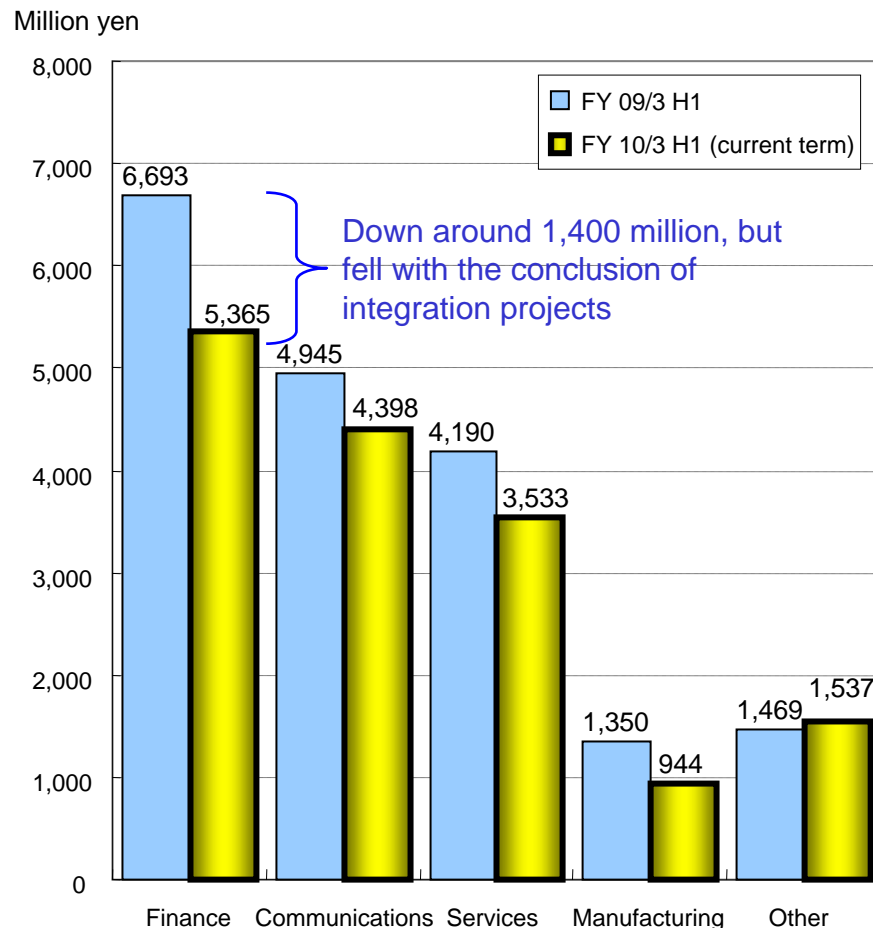
Sales by Service (non-consolidated)

Mainly system sales decreased because of reduced IT spending in response to the economic downturn and the conclusion of integration projects.

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY (%)	vs. initial forecast
IT Services	15,777	98.2	84.6	91.2
System	10,419	64.9	82.7	90.1
Operation	5,358	33.3	88.6	93.3
Products	288	1.8	52.4	96.2
Total	16,066	100.0	83.7	91.3

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

Decline in finance sales attributable to the conclusion of integration projects.
Strong public sector sales.



Finance (80.2% YoY)

- Largely attributable to the conclusion of integration projects in the year-ago period.
- In real terms (excluding the effect of concluding integration projects), sales up year on year, reflecting growth in finance projects for the next fiscal year.

Communications (88.9% YoY)

- Decline in certain carrier projects.
- Solid performance in next-generation communication network projects.

Services (84.3% YoY)

- Declined given reduced IT spending from second half of last fiscal year

Manufacturing (70.0% YoY)

- Decline in specified customer projects.

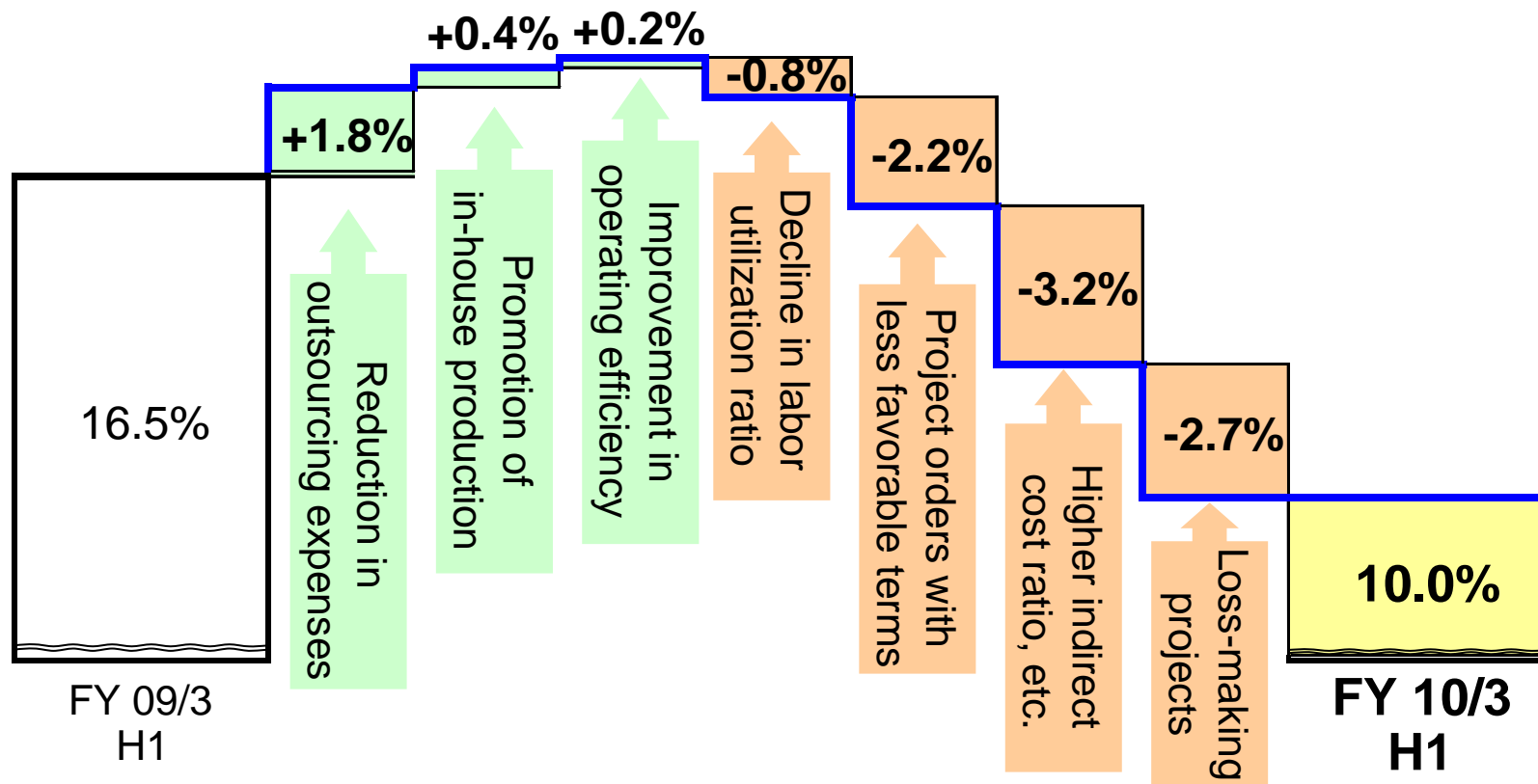
Other (104.7% YoY)

- Strong public sector sales

Gross Profit (non-consolidated)

Gross profit margin down due to (1) higher indirect cost ratio, (2) loss-making projects, and (3) less favorable contract terms.

Gross profit: ¥1,606 million (50.6% YoY; 10.0% of sales (-6.5% pts YoY))



Operating Income, Recurring Income (non-consolidated)

Significant reduction in SG&A expense
as a result of cost-cutting initiatives.
Strategic investment outlays conducted in line with the plan.

SG&A expenses: ¥1,509 million (90.1% YoY; 9.4% of sales (+0.7% pts YoY))

Reduction as a result of cost-cutting efforts	-¥181 million
Rise in strategic investment (new business, etc.)	+¥16 million

Operating income: ¥97 million (6.5% YoY; 0.6% of sales (-7.2% pts YoY))

Non-operating income: ¥163 million (75.0% YoY; 1.0% of sales (-0.1% pts YoY))

Decreased dividend income, etc.	-¥54 million
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Recurring income: ¥261 million (15.2% YoY; 1.6% of sales (-7.3% pts YoY))

Net income: ¥188 million (19.4% YoY; 1.2% of sales (-3.9% pts YoY))

Consolidated Results

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY (%)	vs. initial forecast	Consolidated/ non-consolidated ratio
Net sales	25,269	-	84.8	93.6	1.57 times
Gross profit	2,823	11.2	57.4	68.5	1.76 times
Operating income	74	0.3	4.2	6.4	0.76 times
Recurring income	177	0.7	9.4	14.9	0.68 times
Net income	-264	-	-	-	-

- SG&A expenses: ¥2,749 million (87.7% YoY; 10.9% of sales (+0.4% pts))
- Extraordinary loss: ¥244 million (adjustment for unrealized profits on intra-group transactions from prior years, etc.)

Group Company Results

(Units: Million yen, %)

Company name	Sales			Operating income			
	Amount	YoY (%)	vs. initial forecast	Amount	Ratio to sales (%)	YoY (%)	vs. initial forecast
DATALINKS Corporation	4,571	104.3	109.0	170	3.7	111.4	139.5
JAPAN SYSTEMS ENGINEERING Corporation	2,352	79.7	91.9	-274	-	[-147]	[-30]
FAITEC Corporation	2,311	86.6	101.0	168	7.3	59.2	86.4
SOUGOU SYSTEM SERVICE Corporation	506	71.1	81.1	19	3.8	22.0	86.8
KYUSHU DTS Corporation	491	82.1	91.0	13	2.8	74.3	50.3
MIRUCA Corporation	205	95.5	98.6	38	18.8	55.2	206.3
ASTERISK INC.	62	384.3	96.4	0	0.6	[+43]	[+0]

Notes:

Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.

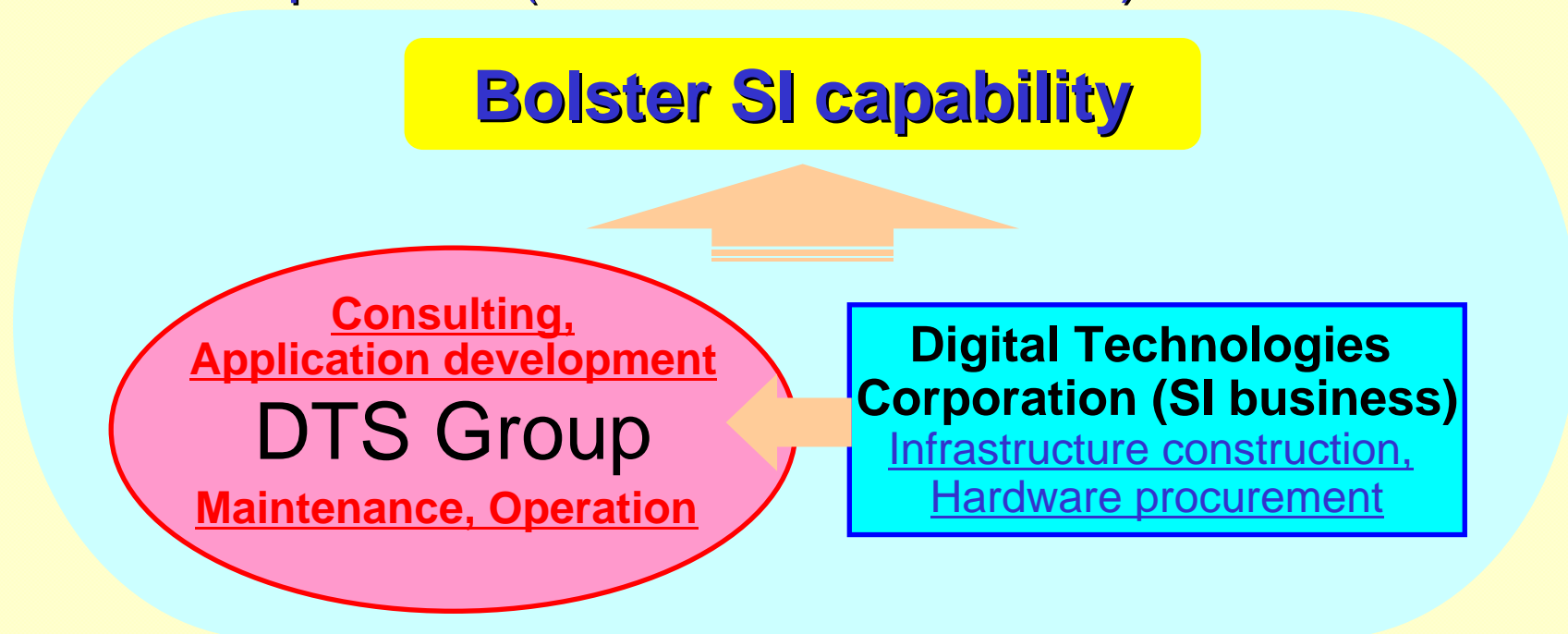
Figures in brackets represent FY 10/3 amount minus FY 09/3 amount.

Measures for Growth, and Results (1)

■ Develop system integration (SI) structure

□ Bolster infrastructure construction capability and hardware procurement capability.

⇒ Acquire SI business from Digital Technologies Corporation (slated for December 1)



Measures for Growth, and Results (2)

■ Develop SI structure (cont'd)

- Adopt international standards for development and operational processes.
 - ⇒ Launch initiatives to achieve CMMI Level 5 in March 2011 (planned)
- Strengthen offshore structure.
 - ⇒ Capital participation in two BP firms in China (Shanghai, Dalian)
 - ⇒ Strengthening ties in Vietnam
- Train employees in advanced skills.

	FY 08/3 H1	FY 09/3 H1	(current term) FY 10/3 H1
⇒ External standards	170.0%	178.4%	197.6%
⇒ Internal certifications	384	578	960

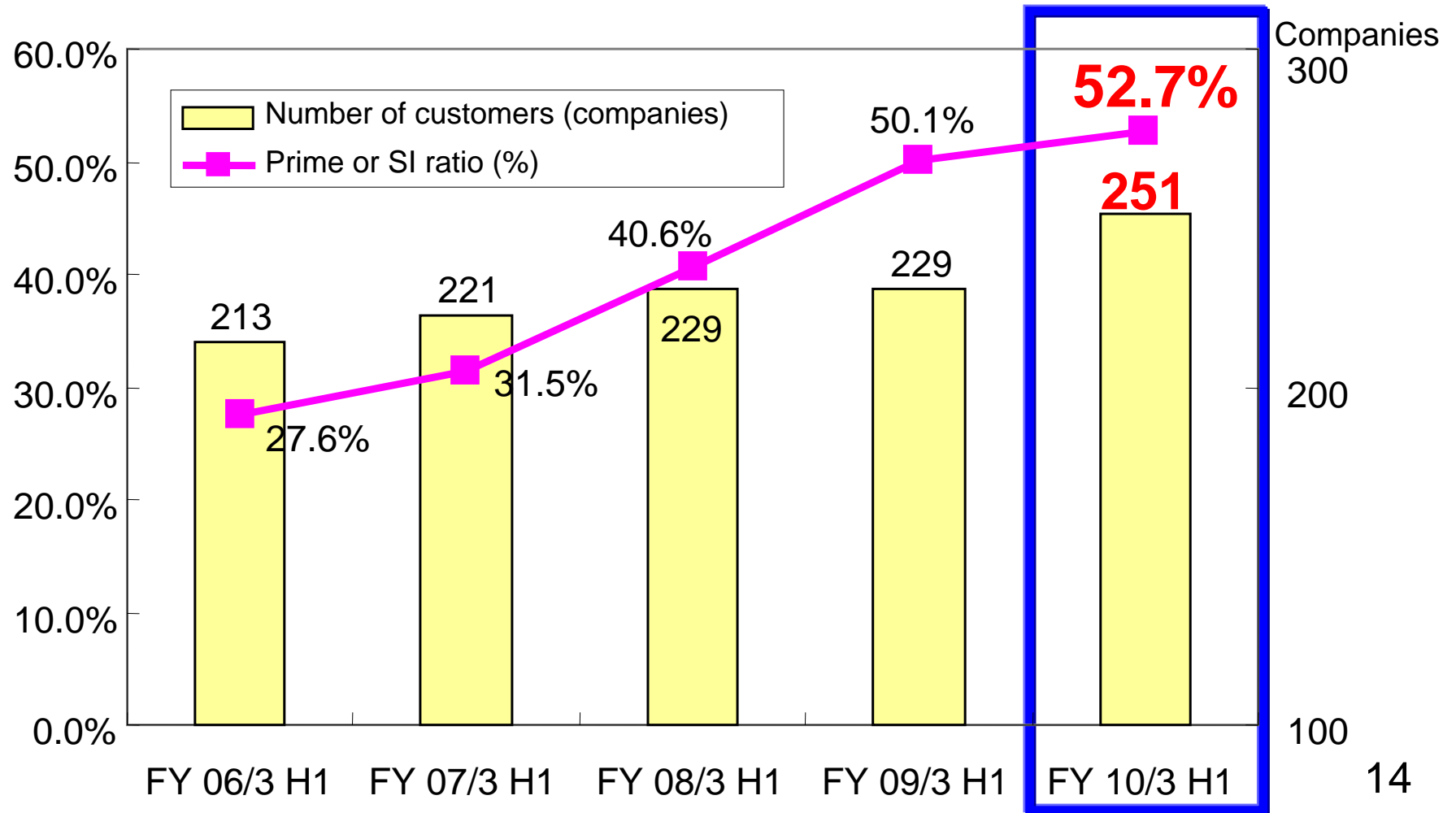
Measures for Growth, and Results (3)

■ New business (press releases)

Jul. 31	Signed the ASTERIA Master Partner Agreement with Infoteria , and strengthened links with the SaaS business
Aug. 3	Launched business intelligence (BI) tool "Data Studio@WEB Ver.2"
Aug. 25	Launched the integrated ID management system "Jix@s"
Sep. 1	Launched the location information management system "iZCOM"
Sep. 15	Developed the Bank of Tokyo-Mitsubishi UFJ's "Branch Temporary Deposit Management System" and marketed system to other financial institutions.

Measures for Growth, and Results (4)

Steady growth in both the (1) prime or SI ratio and (2) number of customers (with sales record)



2. FY 10/3 Full Year Forecast

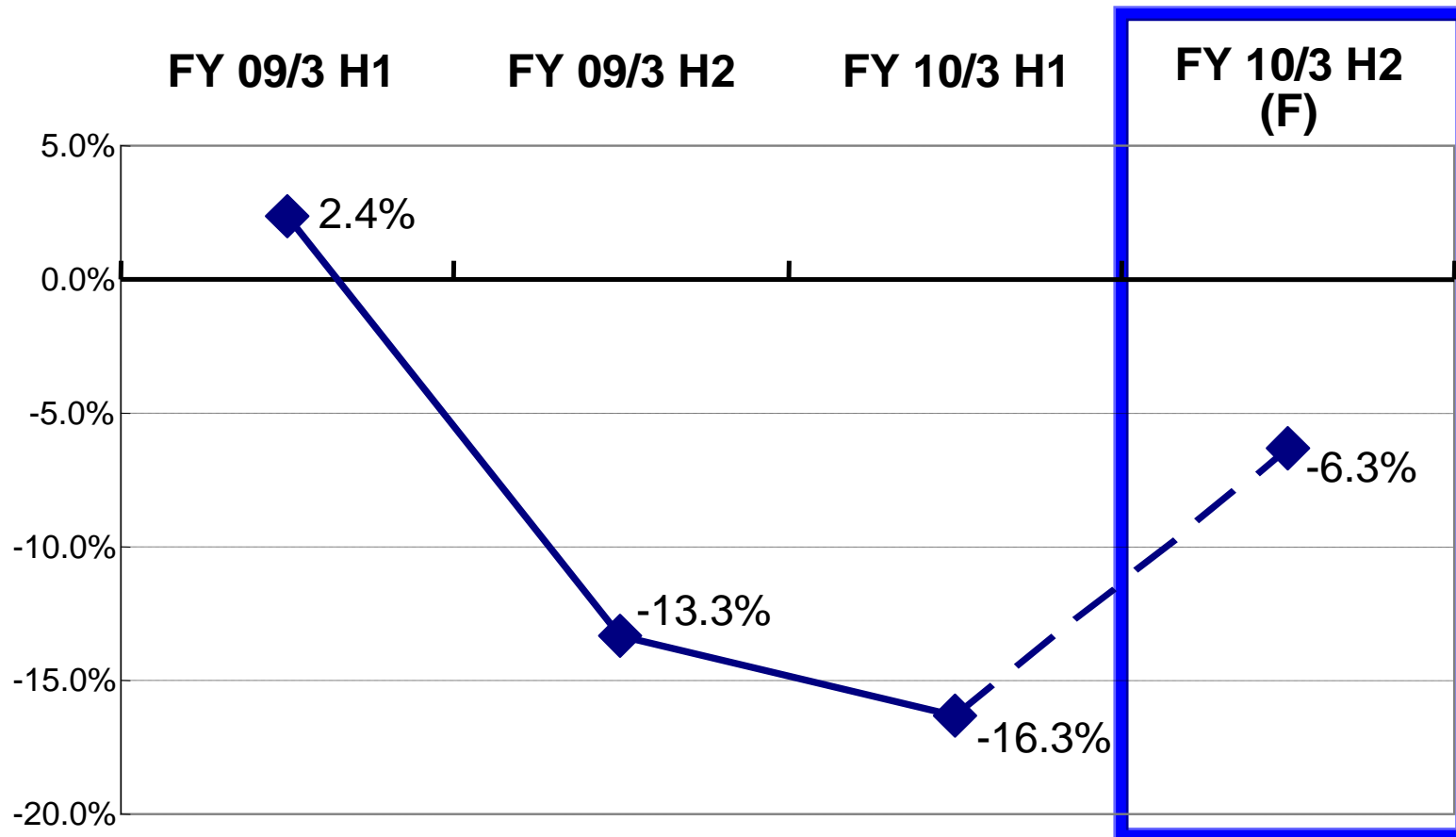
Business Environment (second half)

- Although the results of client companies showed **signs of improvement** in the first half due to cost-cutting efforts, etc., **the outlook remains generally cautious**.
- Clients remain cautious on IT investment, although certain sectors and customers making **strategic investments** in **medium-to-long-term growth** (**a pause** in the decline of the hourly rate and a shift towards in-house production).

Net Sales Forecast for Second Half

(YoY variance; non-consolidated)

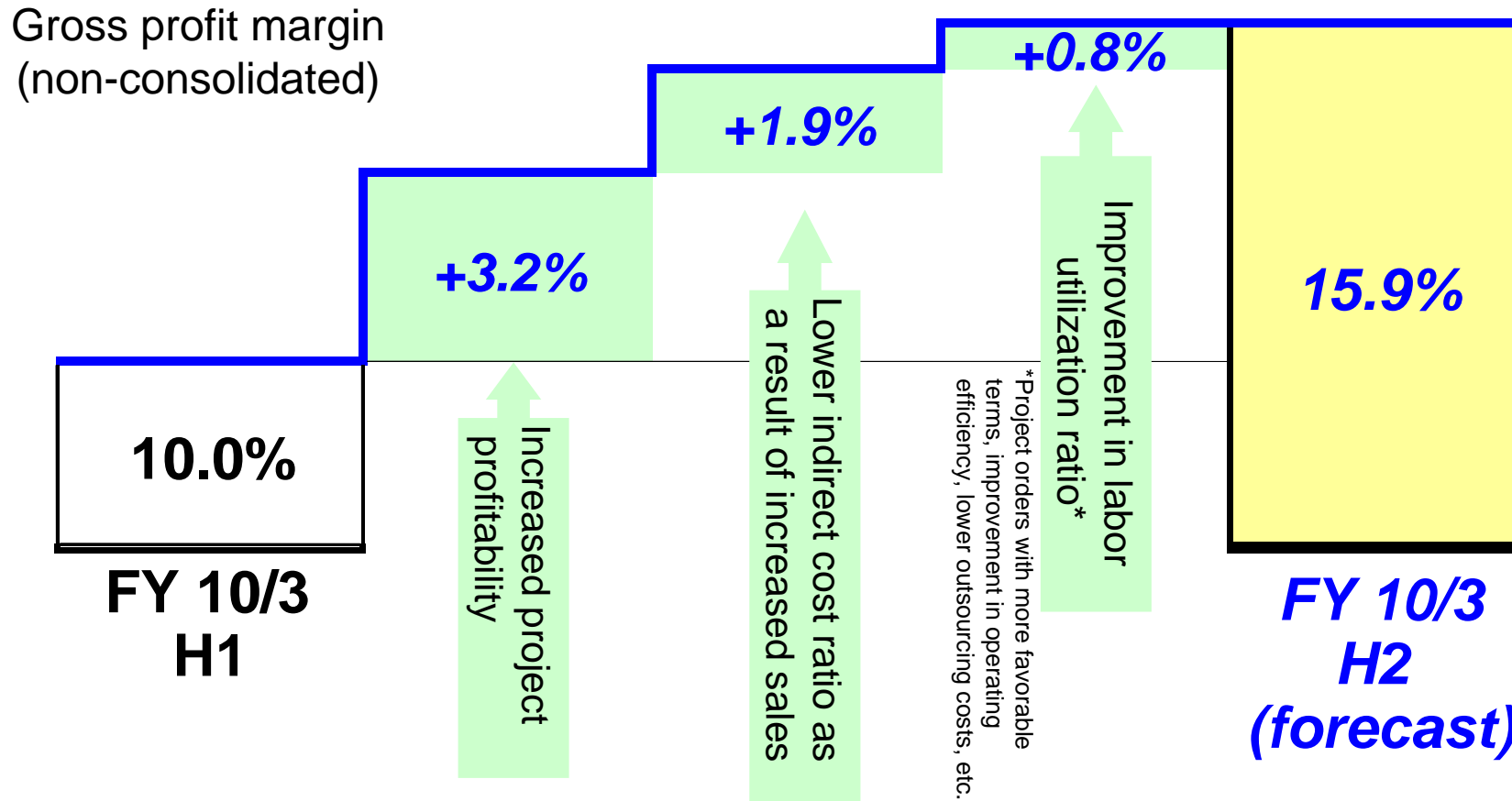
We expect second-half sales to pick up, driven by financial sales, as large projects take off (FY09/3 H1 sales attributable to integration projects).



Profit Margin Forecast for Second Half

(gross profit margin; non-consolidated)

Improvement in the gross margin due to (1) increased project profitability, (2) a lower indirect cost ratio as a result of increased sales, and (3) improvement in labor utilization ratio, etc.



Second Half Year Forecast (consolidated/non-consolidated)

Increased earnings through improvement in the non-consolidated gross-profit margin.

Non-consolidated

Consolidated (Units: Million yen, %)

	Amount	Ratio to sales	YoY	Amount	Ratio to sales	YoY	Consolidated/ non-consolidated ratio
Net sales	17,934	-	93.7	26,530	-	87.9	1.48 times
Gross profit	2,843	15.9	98.3	4,476	16.9	94.3	1.57 times
Operating income	1,152	6.4	93.7	1,425	5.4	84.1	1.24 times
Recurring income	1,179	6.6	92.7	1,493	5.6	87.4	1.27 times
Net income	682	3.8	114.7	734	2.8	109.8	1.08 times

Full Year Forecast (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	34,000	-	88.7	51,800	-	86.3	1.52 times
Gross profit	4,450	13.1	73.4	7,300	14.1	75.5	1.64 times
Operating income	1,250	3.7	45.8	1,500	2.9	43.1	1.20 times
Recurring income	1,440	4.2	48.2	1,670	3.2	46.5	1.16 times
Net income	870	2.6	55.7	470	0.9	31.0	0.54 times

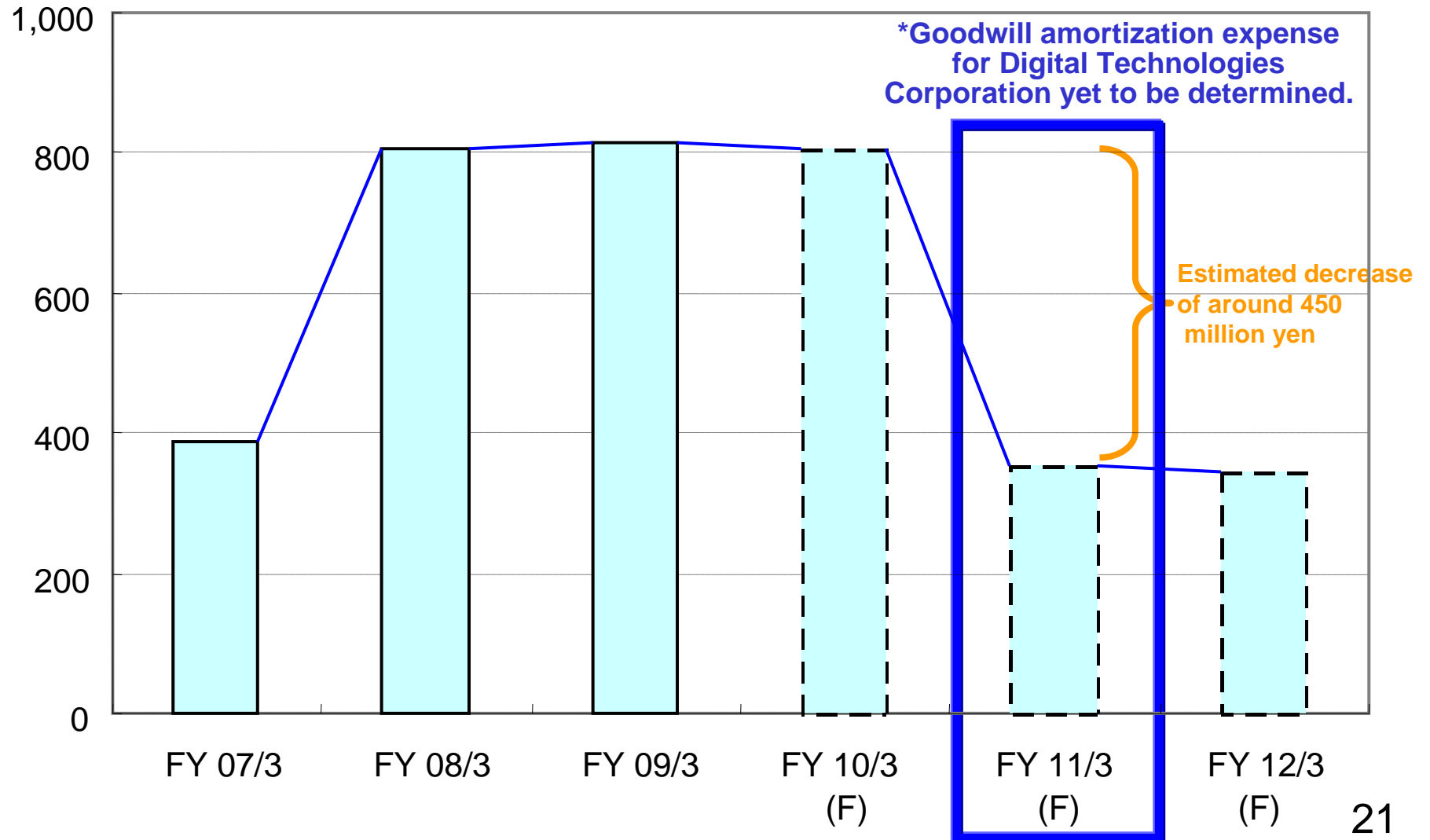
Consolidated SG&A expenses: ¥5,800 million (93.8% YoY; 11.2% of sales (+0.9% pts))

*Of which, amortization of goodwill ¥807 million (*See next page.)

(Ref.) Trends in Amortization of Goodwill

Amortization of Goodwill (consolidated SG&A expenses)

Million yen



Full Year Forecast for Group Companies

(Units: Million yen, %)	Sales		Operating income		
	Amount	YoY (%)	Amount	Ratio to sales (%)	YoY (%)
DATALINKS Corporation	8,203	92.1	280	3.4	71.7
JAPAN SYSTEMS ENGINEERING Corporation	4,978	82.3	-274	-	[-142]
FAITEC Corporation	4,700	84.8	392	8.3	67.5
SOUGOU SYSTEM SERVICE Corporation	1,272	90.2	120	9.5	74.8
KYUSHU DTS Corporation	1,100	92.1	53	4.8	107.0
MIRUCA Corporation	408	103.8	16	4.2	21.4
ASTERISK INC.	112	159.8	-19	-	[+34]

Notes:

Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.

Figures in brackets represent FY 10/3 amount minus FY 09/3 amount.

Measures for Growth (second half)

■ Developing an SI structure

- Develop the capability to create system infrastructure and procure hardware.
⇒ Generate synergies with Digital Technologies Corporation.
- Adopt international standards for development and operational processes.
⇒ CMMI Level 5 Launch pilot application
- Strengthen offshore structure.
⇒ Step up offshore development as well as development directed at local firms (DTS Shanghai).
- Train employees in advanced skills.
⇒ Adopt more sophisticated training (upstream development process, operational design, etc.).

Measures for Growth (second half)

■ New business

Housing solutions

⇒ Virtual simulations (applying cloud computing), Housing information packages, Environmental business (solar energy generation simulation)

Solutions for financial institutions

⇒ Sales support packages (financing proposals, mobile CRM)

BI tool

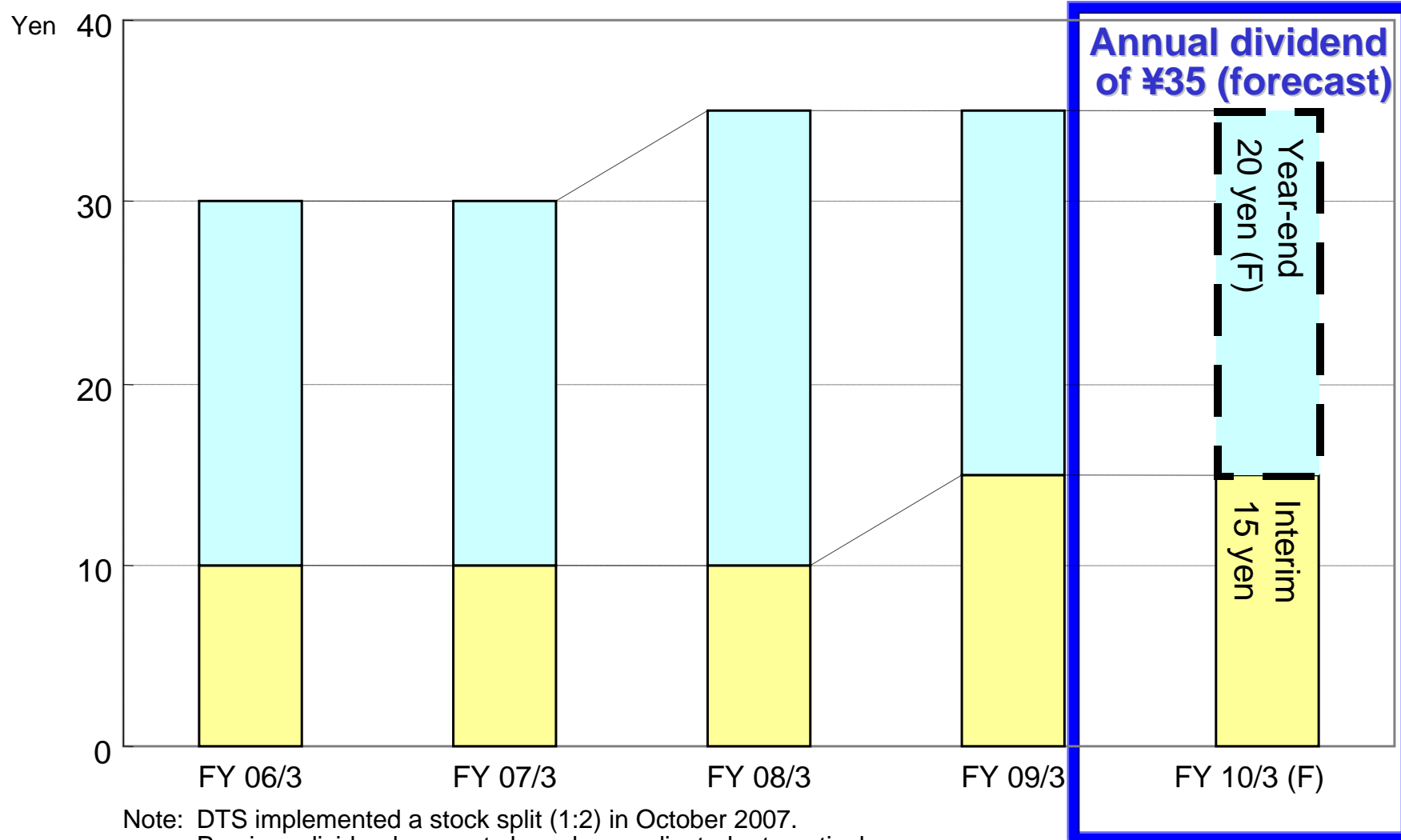
⇒ Full launch of Data Studio@WEB Ver.2

SI for small and medium businesses

⇒ Commencement of advisory business

Dividend Forecast

Forecast dividend payment of ¥35 per share
(unchanged from previous year)



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