FY 11/3 First Half Results Presentation

November 9, 2010

DTS Corporation

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

Contents

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.

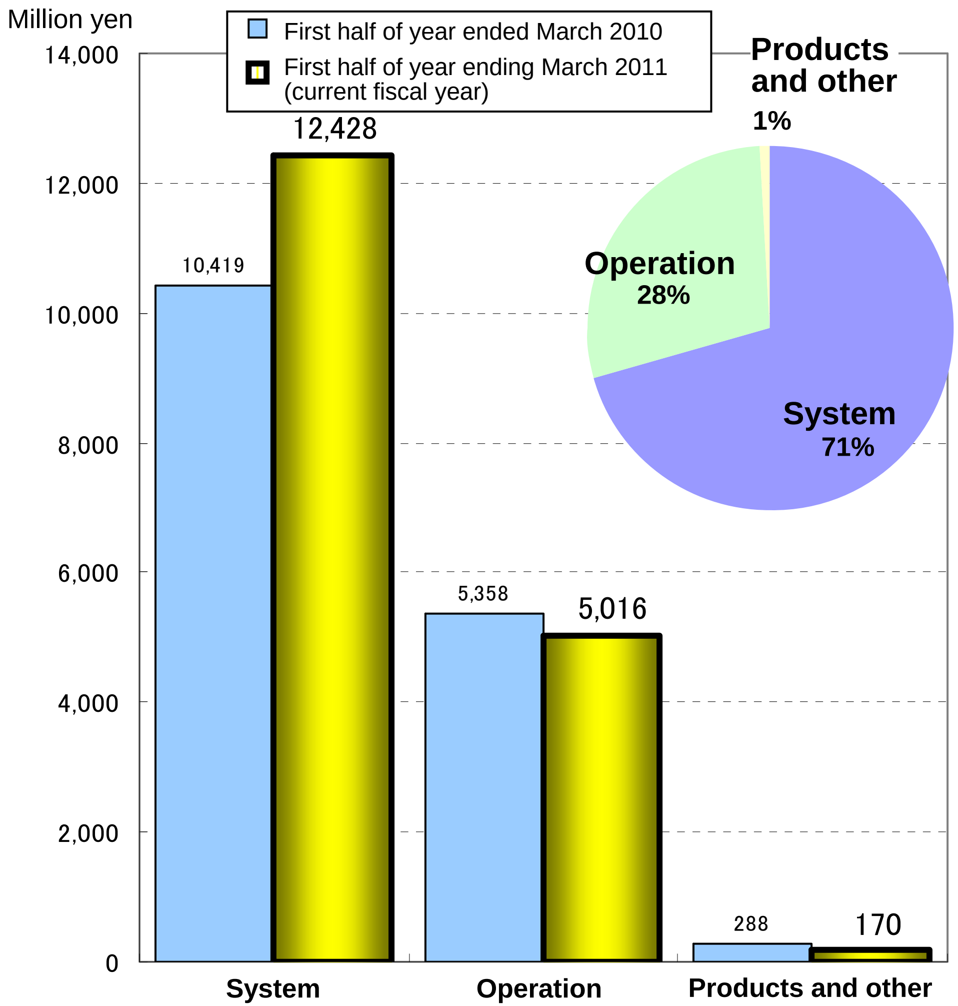
1. FY 11/3 First Half Results

Non-Consolidated Results

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY		vs. initial plan	
Net sales	17,614	–	109.6 %	+1,548	103.6%	+614
Gross profit	2,301	13.1%	143.2 %	+694	97.9%	-48
Operating income	750	4.3 %	768.7 %	+652	100.0%	0
Recurring income	887	5.0 %	339.5 %	+625	104.4%	+37
Net income	512	2.9 %	272.3 %	+324	146.5%	+162

Sales by Service (non-consolidated)

Sales rose, driven by a sharp increase in the systems segment.

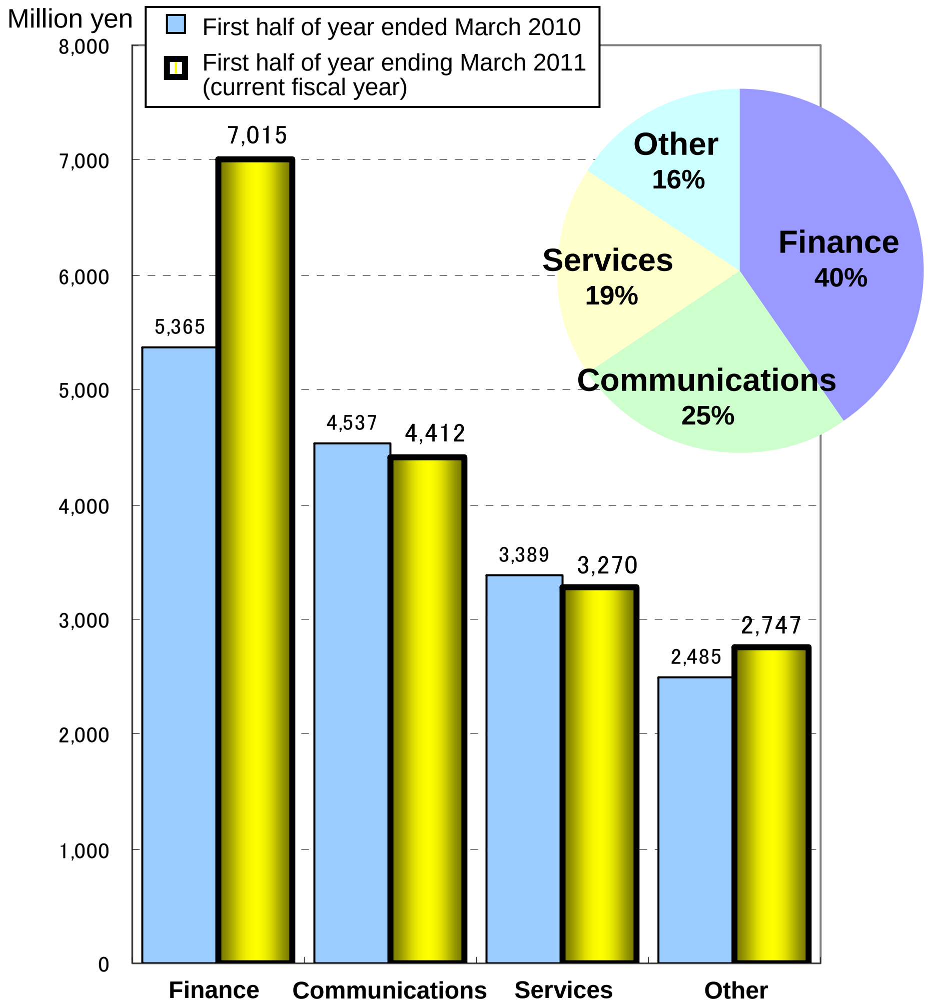


System (119.3% YoY)
- Sales were strong, reflecting orders for large projects in the financial sector and new customers.

Operation (93.6% YoY)
- Sales were weak, as customers reduced maintenance and operating costs by promoting in-house production.

Sales by End Users (non-consolidated: System + Operation)

Finance sales rose sharply. Public sector sales were strong.
Sales in Communications and Services declined slightly.



Finance (130.7% YoY)
- The number of large-scale finance projects increased sharply.
- Electric bill projects expanded steadily.

Communications (97.2% YoY)
- Frontline sales projects were solid.
- Projects for certain carriers declined.

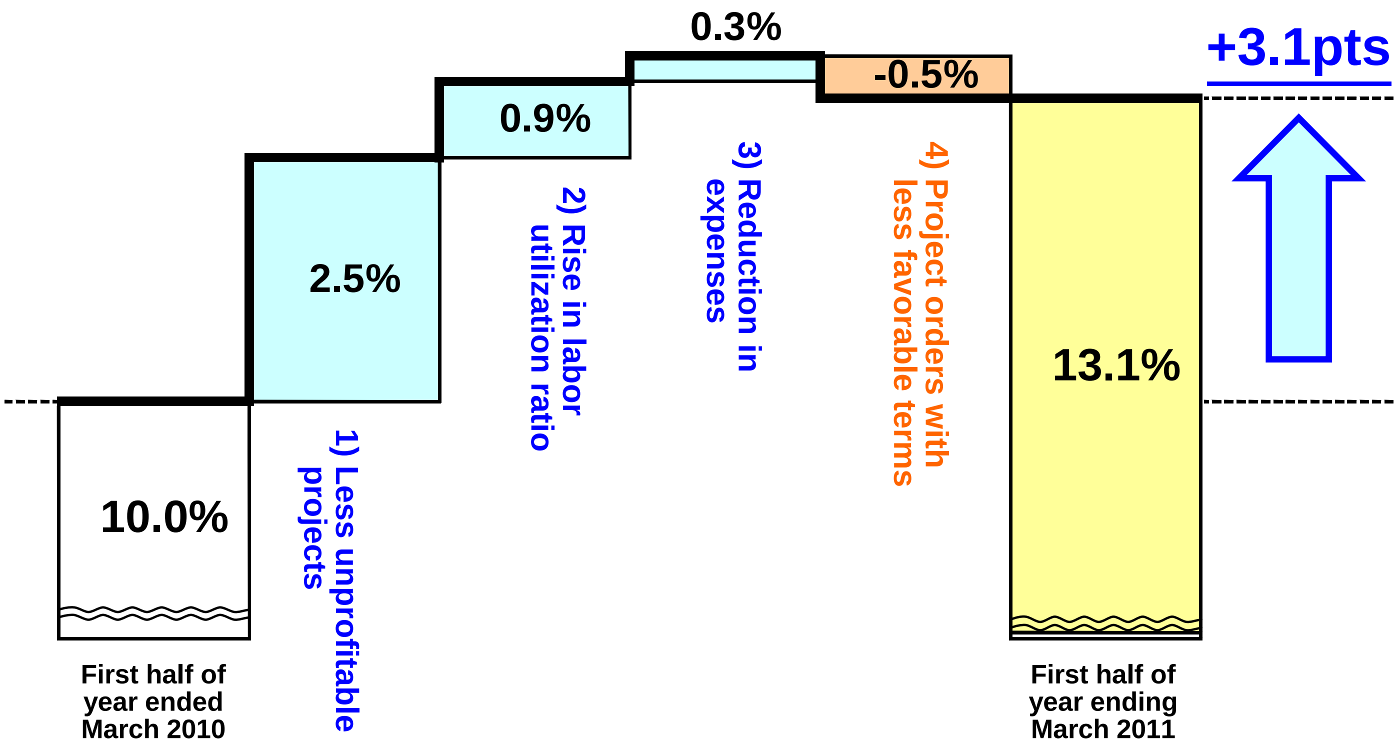
Services (96.5% YoY)
- Demand did not recover, and sales declined slightly.

Other (110.5% YoY)
- Public sector (pensions and nursing care) sales were strong.
- Sales in the manufacturing industry remained unchanged.

Gross Profit (non-consolidated)

The gross margin improved for the following reasons:
(1) less unprofitable projects, (2) a rise in the labor utilization ratio, and (3) a reduction in expenses.

Gross profit ¥2,301million (143.2% YoY; 13.1% of sales (+3.1 pts YoY))



Operating Income, Recurring Income
(non-consolidated)

Strategic investment outlays were conducted in line with the medium-term plan.
SG&A expense was below the plan as a result of continued cost-cutting initiatives.

SG&A expenses: ¥1,551 million
(102.8% YoY; 96.9% vs. initial plan; 8.8% of sales (-0.6 pts YoY))

Rise in strategic investment
(strengthening the sales force and new businesses) +¥137 million
Reduction as a result of cost-cutting efforts -¥95 million

Operating income: ¥750 million (768.7% YoY; 4.3% of sales (+3.7 pts YoY))

Recurring income: ¥887 million (339.5% YoY; 5.0% of sales (+3.4 pts YoY))

Consolidated Results

(Units: Million yen)	Amount	Ratio to sales (%)	YoY		vs. initial plan	
Net sales	29,151	-	115.4%	+3,882	103.0%	+851
Gross profit	3,888	13.3%	137.7%	+1,064	97.2%	-111
Operating income	933	3.2%	-	+859	103.8%	+33
Recurring income	1,087	3.7%	612.9%	+909	114.5%	+137
Net income	453	1.6%	-	+717	151.1%	+153

SG&A expenses: ¥2,954 million (107.5% YoY; 10.1% of sales (-0.7% YoY))

Group Company Results

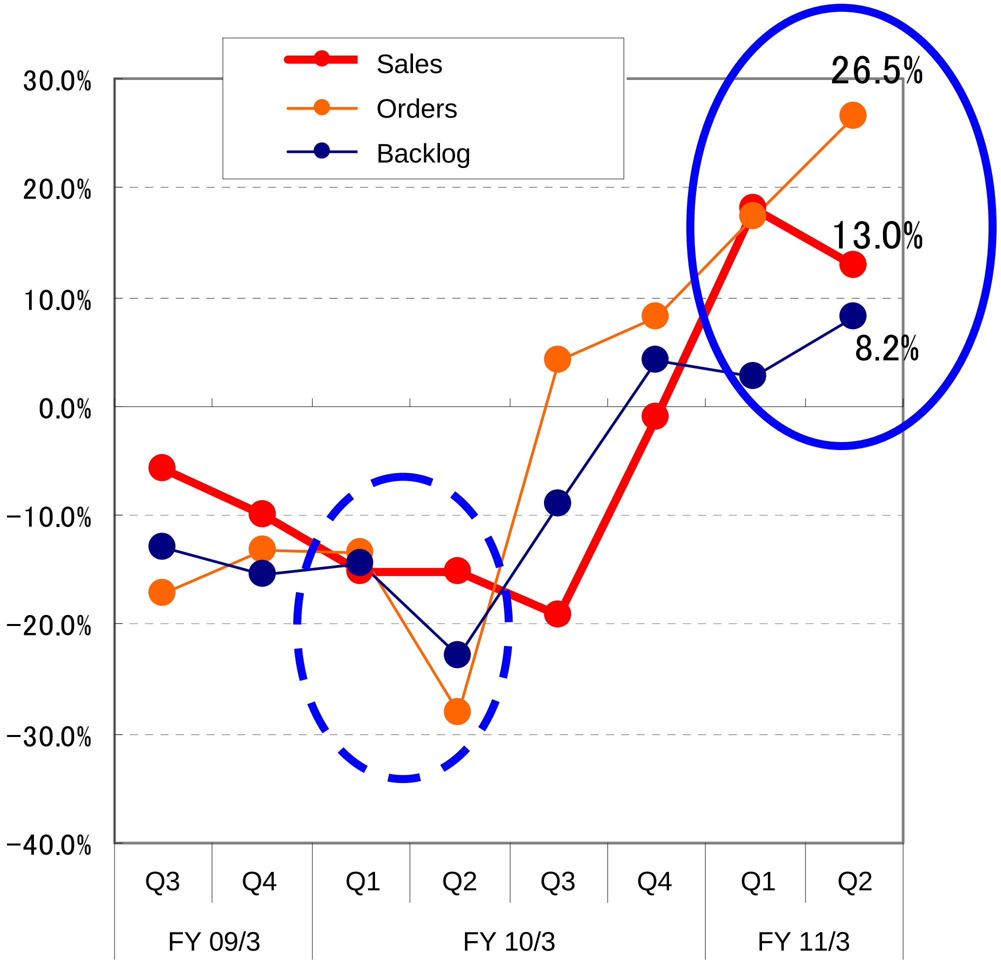
(Units: Million yen, %)

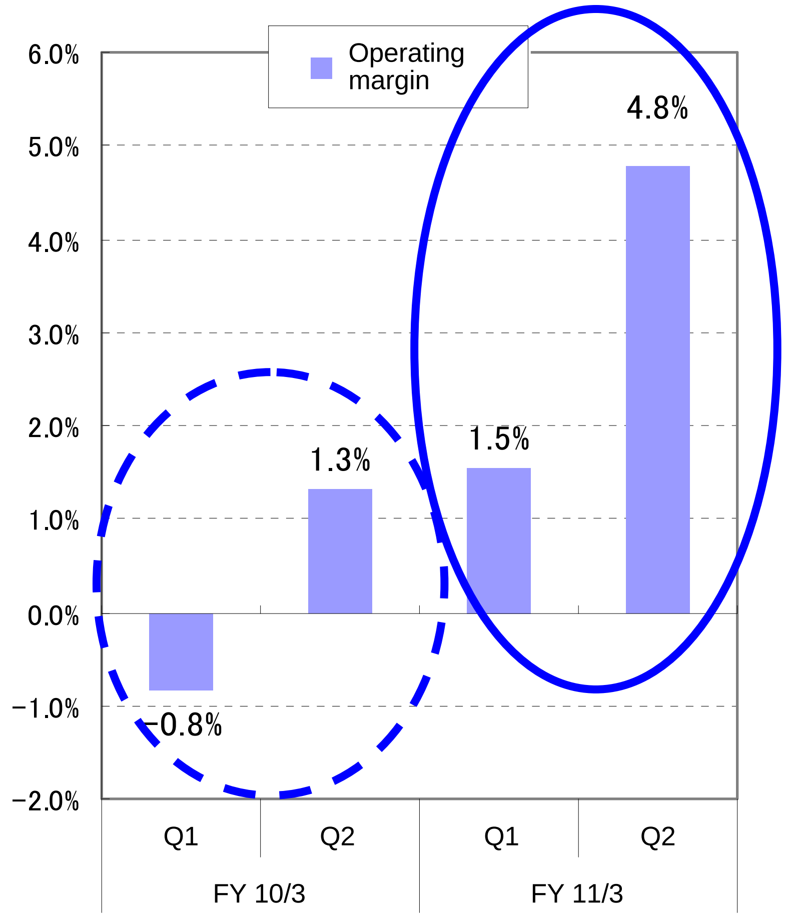
Company name	Sales			Operating income			
	Amount	YoY (%)	vs. initial plan	Amount	Ratio to sales (%)	YoY (%)	vs. initial plan
DATALINKS Corporation	4,129	90.3%	107.2%	94	2.3%	55.6%	212.5%
DIGITAL TECHNOLOGIES Corporation	3,329	-	105.5%	16	0.5%	-	[+50]
FAITEC Corporation	2,337	101.1%	101.2%	240	10.3%	142.8%	140.3%
JAPAN SYSTEMS ENGINEERING Corporation	2,252	95.8%	96.0%	81	3.6%	[+355]	[-9]
SOUGOU SYSTEM SERVICE Corporation	501	98.9%	91.6%	-99	-	[-118]	[-107]
KYUSHU DTS Corporation	389	79.3%	77.4%	5	1.5%	41.4%	31.1%
MIRUCA Corporation	212	103.1%	109.9%	13	6.6%	35.9%	[+9]
ASTERISK INC.	67	107.6%	93.6%	-3	-	[-3]	[-1]

Notes: Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.
Figures in brackets represent FY 11/3 amount minus FY 10/3 amount.

Trends in Quarterly Results (consolidated)

Net sales and the operating margin have been increasing since the fourth quarter of the previous fiscal year.





Progress of Initiatives (1): Strengthening the Sales Force

Started sales activities in accordance with the business environment

Made proposals to meet the needs of customers
→ Aiming to enhance service quality and customer satisfaction

Integration of production and sales divisions	- Integrating the sales, planning, and development divisions
Development of account plans	- Sharing each customer's problems and developing a medium- to long-term business plan for improvement for each customer
Situation of orders	- The order value (non-consolidated) rose 9.2% year on year. - The rise in orders was driven by increases in orders from the existing customers. New customers were also developed.

Progress of Initiatives (2): Enhancement of SI Capabilities

The number of unprofitable projects declined sharply. → **Promoting productivity improvement, standardization, and enhancement of project governance to eliminate unprofitable projects**

Project governance	- **Making projects visible**
Eliminating unprofitable projects	- **Unprofitable projects declined sharply (from ¥520 million to ¥100 million)** - **Receiving additional orders for development in this fiscal year in association with unprofitable projects in the previous year** → **Eliminating unprofitable projects**
Productivity improvement Cost control	- **Continuously improving the labor utilization ratio and operating efficiency**
Standardization	- **Promoting standardization in compliance with international standards (development: CMMI; operation: ITSMS)**

Progress of Initiatives (3): Creation of New Businesses

Developing new businesses, promoting cloud computing and alliances → **Planning and creating new businesses**

Developing new businesses	- **DaTaStudio** (BI tool) - **EAGISCORP** (SaaS PC security) - **WIH** (total housing solution) **Housing history management** **WIH PLAZA** **Won the Special Jury Prize of the 2010 Green IT Awards** **Promoting cloud computing and alliances**
Proposing new business plans	- **Cultivating engineers for Android** - **Promoting solution planning in the core businesses**

Progress of Initiatives (4): Global Development

Securing an offshoring system → Seeking global development

Offshore development	- Promoting offshore development (in China and Vietnam) to enhance cost competitiveness
Supporting global development of Japanese companies	- In China, helping corporate customers expand business internationally - IT outsourcing by overseas affiliates of Japanese companies
Expanding orders from local corporations	- Promoting the localization of products and solutions

Progress of Initiatives (5): Collective Strength of the Group

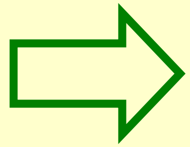
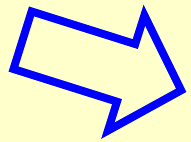
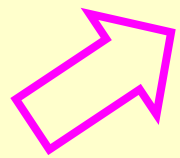
Securing a profit and accumulating expertise by boosting in-house production → **Promoting synergies**

Rising internal transactions	- Internal transactions rose sharply year on year, from ¥1.3 billion to ¥1.68 billion. - Promoting in-house production within the Group to generate a profit and accumulate expertise in a challenging order environment

Synergy	- Jointly receiving orders
	  - Mutual-aid projects (Industrial & Public Systems Business Headquarters, DL, FAITEC)
	  - Integration projects (Financial Systems Business Headquarters and FAITEC)
	- Cross-selling
	  -Merchandizing and the building of IT infrastructure (IT Integration Business Headquarters, DTC)

2. FY 11/3 Full Year Forecast

Outlook for Business Environment in Second Half (comparison with initial plan)

	Topic	Change from initial plan
Finance	- Large-scale finance projects will progress as planned. - The Company will start to offer integration projects in earnest. - Inquiries about overseas projects and settlement projects will rise.	
Communications	- Frontline sales projects will be solid. - Certain carriers are curbing investment. - Demand for virtualization will increase. (IDC businesses)	
Services Other	- Public sector business (medical care, nursing care) will be strong. - Mutual-aid projects and ERP are recovering.	

Full Year Forecast (consolidated/non-consolidated)

(Units: Million yen, %)

	Non-consolidated				Consolidated			
	Amount	Ratio to sales (%)	YoY		Amount	Ratio to sales (%)	YoY	
Net sales	36,000	-	106.1%	+2,060	60,500	-	115.2%	+7,996
Gross profit	5,500	15.3%	138.5%	+1,530	9,500	15.7%	141.0%	+2,764
Operating income	2,300	6.4%	247.5%	+1,370	3,300	5.5%	282.0%	+2,129
Recurring income	2,450	6.8%	207.0%	+1,266	3,400	5.6%	249.1%	+2,035
Net income	1,400	3.9%	204.7%	+716	2,200	3.6%	790.6%	+1,921

Consolidated SG&A expenses: ¥6,200 million (111.4% YoY; 10.2% of sales (-0.4% YoY))

Full Year Forecast for Group Companies

(Units: Million yen, %)

Company name	Sales Amount	Sales YoY (%)	Operating income Amount	Operating income Ratio to sales (%)	Operating income YoY (%)
DATALINKS Corporation	8,000	91.4%	201	2.5%	62.4%
DIGITAL TECHNOLOGIES Corporation **Consolidated for one month only in the previous fiscal year**	6,809	-	133	2.0%	-
FAITEC Corporation	4,900	105.7%	476	9.7%	121.9%
JAPAN SYSTEMS ENGINEERING Corporation	4,624	91.3%	322	7.0%	[+566]
SOUGOU SYSTEM SERVICE Corporation	1,200	116.1%	5	0.4%	[+13]
KYUSHU DTS Corporation	1,100	107.2%	42	3.9%	117.4%
MIRUCA Corporation	415	104.1%	9	2.4%	32.0%
ASTERISK INC.	150	153.2%	3	2.0%	[+24]

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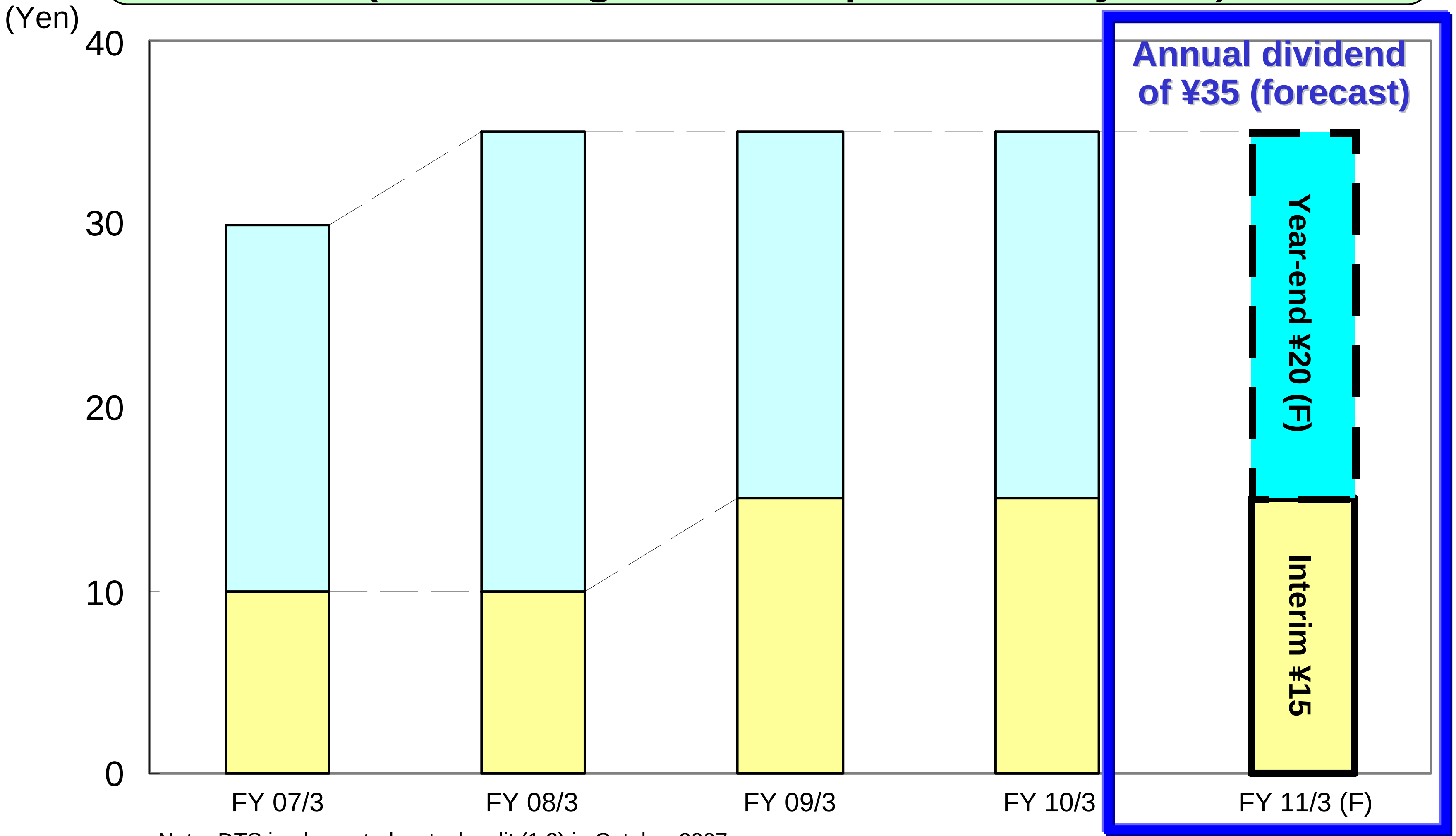
Dividend Forecast

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.