FY 12/3 First Half Results Presentation

November 9, 2011

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.

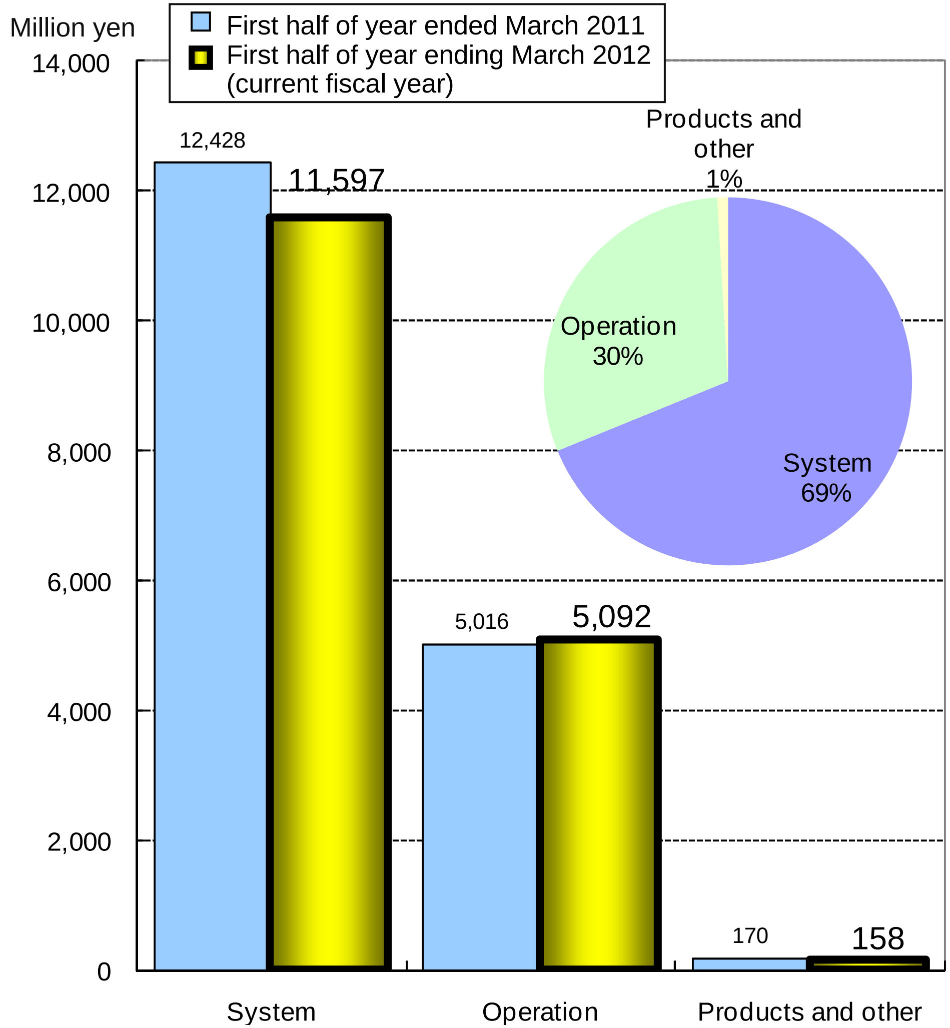
I. FY 12/3 First Half Results

FY12/3 First Half Results (Non-Consolidated)

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY		vs. initial forecasts	
Net sales	**16,848**	—	**95.7%**	**-766**	**98.5%**	**-251**
Gross profit	2,641	15.7%	114.8%	+340	112.4%	+291
SG&A expenses	1,547	9.2%	99.8%	-3	96.7%	-52
Operating income	**1,094**	**6.5%**	**145.9%**	**+344**	**145.9%**	**+344**
Recurring income	1,229	7.3%	138.6%	+342	144.7%	+379
Net income	802	4.8%	156.5%	+289	160.5%	+302

Sales by Service (Non-Consolidated, 1H FY12/3)

**Sales in the systems segment declined in reaction to the impact of the large projects in the financial sector during the same period of the previous fiscal year.
On the other hand, small and midsize development projects increased significantly.**



System
(93.3% YoY)

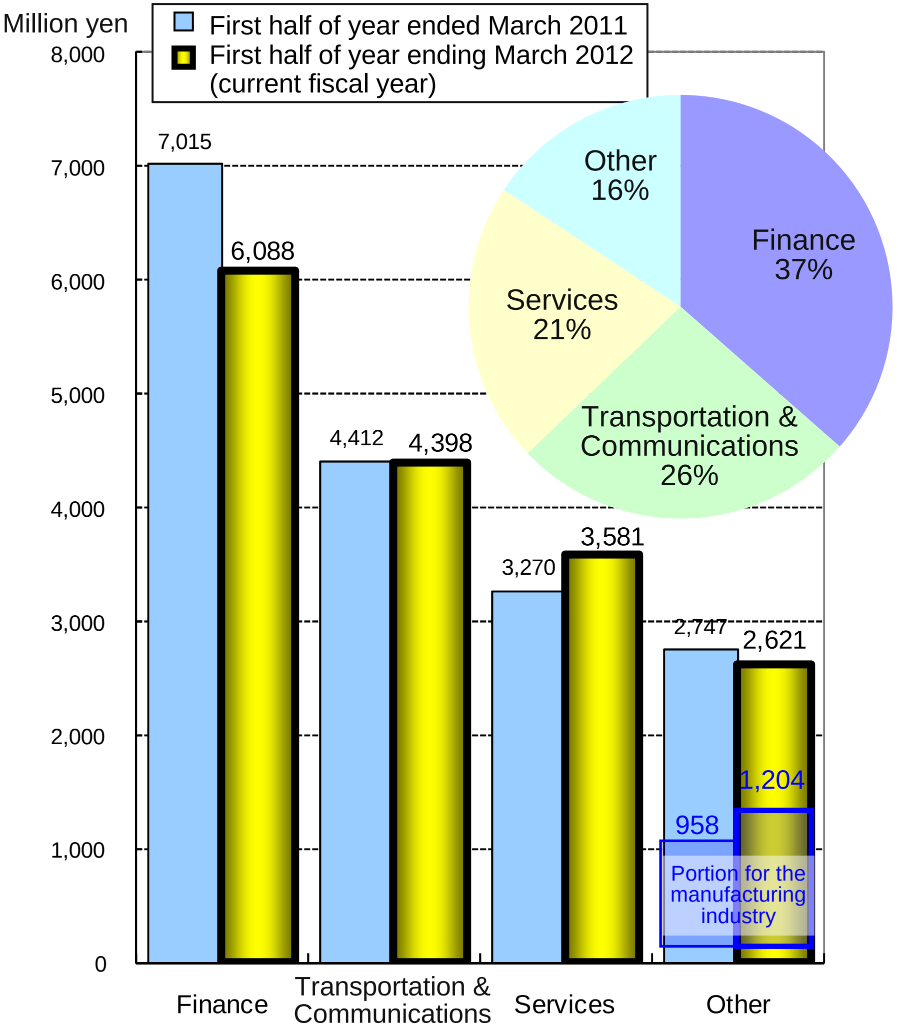
- Sales declined due to peaking out of the large projects in the financial sector during the same period of the previous fiscal year.
- The number of small and midsize development projects, including ERP, increased.

Operation
(101.5% YoY)

- As the impact of customer cutbacks of operating costs wore off, sales rose with new operating projects.

Sales by End User (Non-consolidated, 1H FY12/3)

Large development projects in the financial sector were off season, but sales in services and the manufacturing industry increased.



Finance (86.8% YoY)
- Sales declined in reaction to the impact of the large projects in the same period of the previous fiscal year.
- Sales rose in integration projects and other megabank projects.
- Sales in the securities industry increased, as a result of winning of new outsourcing projects.

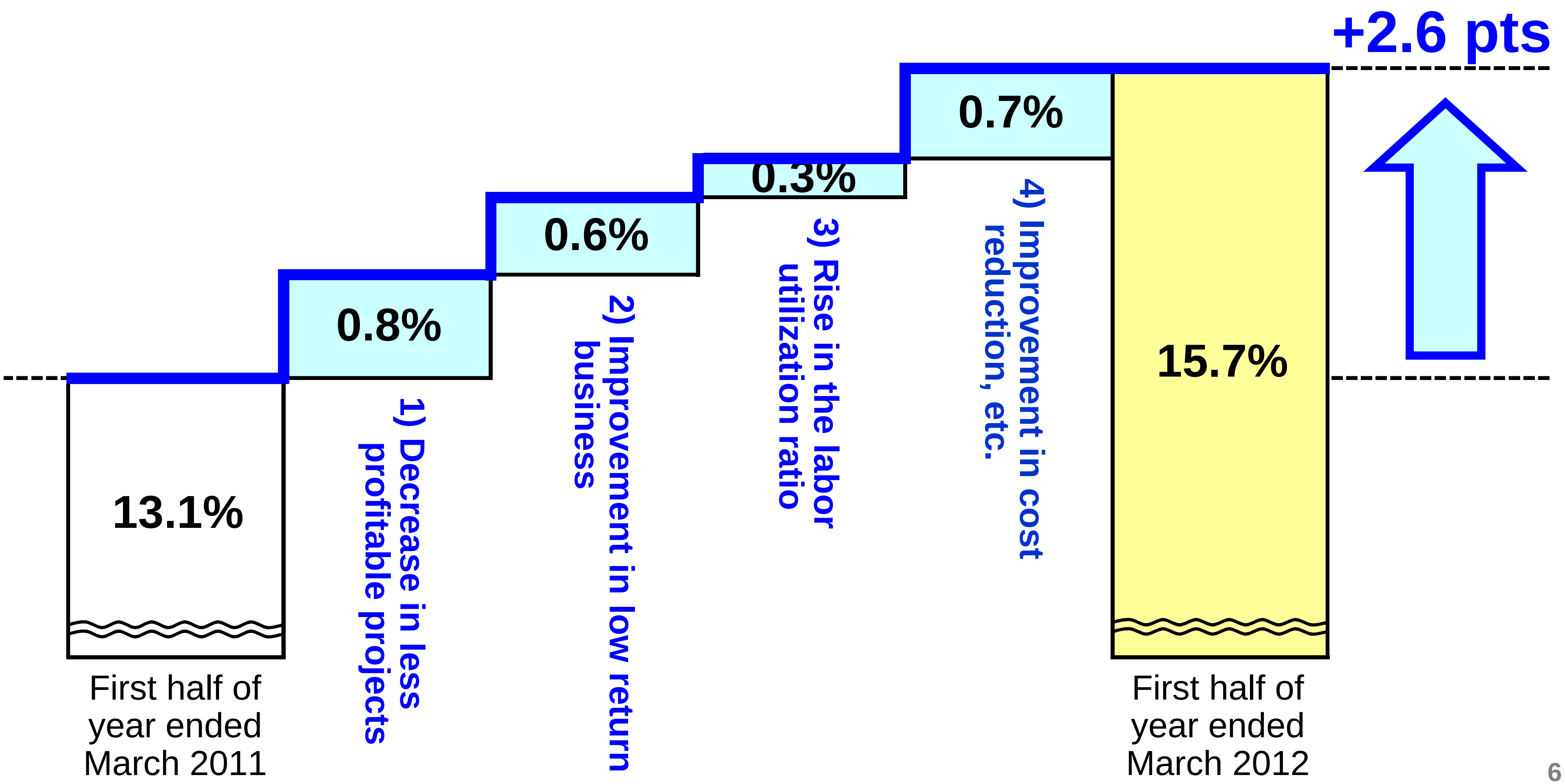
Transportation & Communications (99.7% YoY)
- Sales increased in transportation and mobile communications.
- Frontline sales projects decreased.

Services (109.5% YoY)
- Sales increased in a broad range of customer segments, including advertising and amusements.

Other (95.4% YoY)
- Sales in the manufacturing industry continued to grow
- Sales in the public sector decreased.

Gross Profit (Non-consolidated, 1H FY12/3)

The gross margin improved for the following reasons:
(1) decrease in less profitable projects, (2) improvement in low return business and (3) a rise in the labor utilization ratio



Operating Income and Recurring Income (Non-consolidated, 1H FY12/3)

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

SG&A expenses: ¥1,547 million (99.8% YoY; 9.2% of sales (+0.4 pts YoY))

Rise in strategic investment (Creation of new businesses and strengthening of business infrastructure, etc.)	+¥34 million
Reduction as a result of cost cutting efforts, etc.	-¥37 million

Operating income: ¥1,094 million (145.9% YoY; 6.5% of sales (+2.2 pts YoY))

Recurring income: ¥1,229 million (138.6% YoY; 7.3% of sales (+2.3 pts YoY))

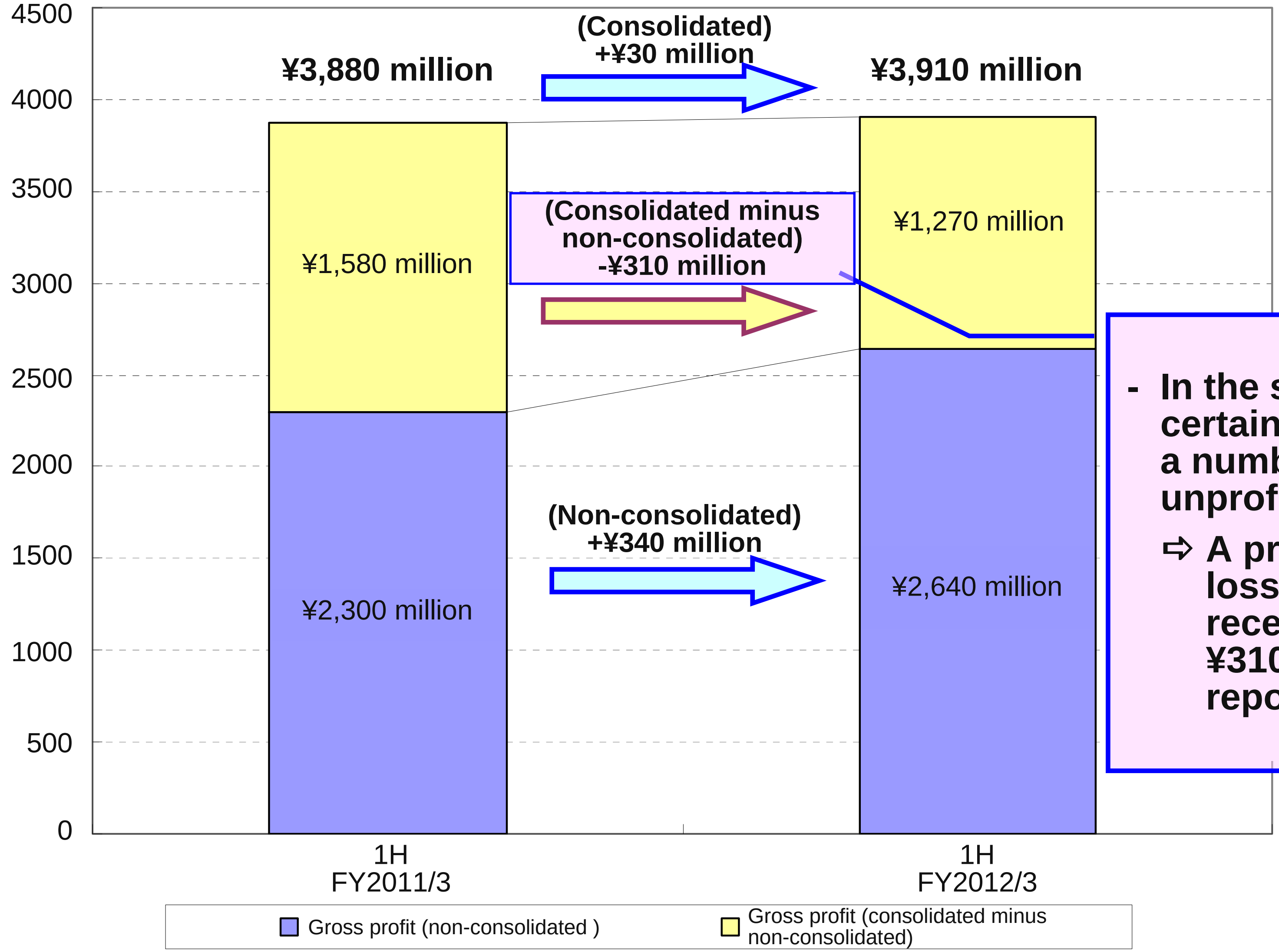
FY12/3 First Half Results (Consolidated)

Sales declined as a result of (1) a decrease in non-consolidated sales and (2) a decline in merchandising in certain subsidiaries due to the impact of the Great East Japan Earthquake. (Profit results are described later.)

(Units: Million yen, %)	Amount	Ratio to sales (%)	YoY		vs. initial forecasts	
Net sales	**28,200**	**—**	**96.7%**	**-950**	**97.6%**	**-699**
Gross profit	3,919	13.9%	100.8%	+31	98.0%	-80
SG&A expenses	2,904	10.3%	98.3%	-50	96.8%	-95
Operating income	**1,015**	**3.6%**	**108.7%**	**+81**	**101.5%**	**+15**
Recurring income	1,067	3.8%	98.2%	-19	101.7%	+17
Net income	509	1.8%	112.5%	+56	102.0%	+9

Gross Profit (Consolidated, 1H FY12/3)

Gross profit grew strongly on a non-consolidated basis, while on a consolidated basis certain subsidiaries had a number of relatively unprofitable projects.



- **In the second quarter, certain subsidiaries had a number of relatively unprofitable projects.**
  - **⇨ A provision for the loss from orders received amounting to ¥310 million was reported.**

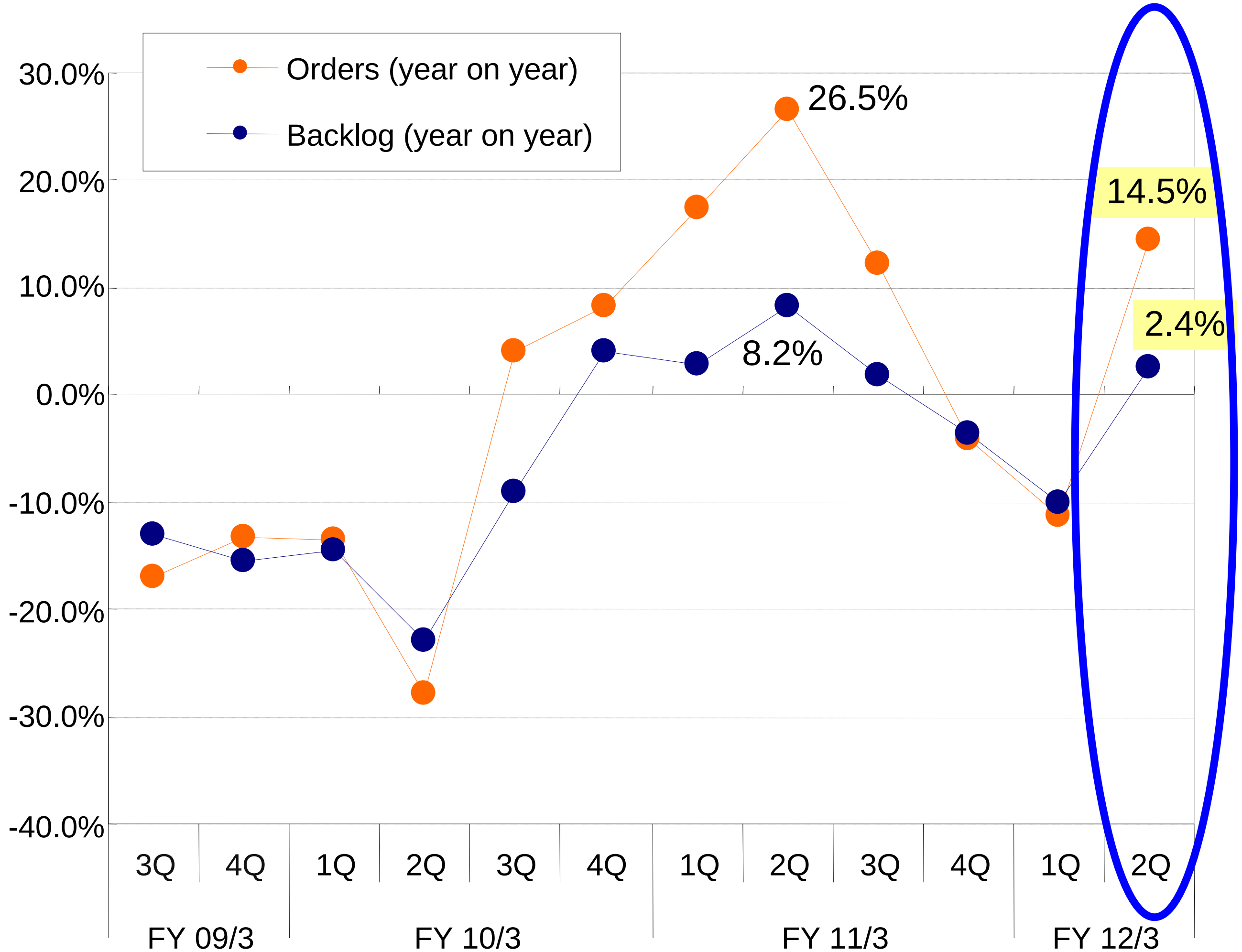
Group Company Results (1H FY12/3)

(Units: Million yen, %)	Net sales			Operating income			
Company name	Amount	YoY (%)	vs. initial plan	Amount	Ratio to sales (%)	YoY (%)	vs. initial plan
DATALINKS CORPORATION	4,037	97.8%	102.3%	94	2.3%	100.0%	106.7%
DIGITAL TECHNOLOGIES CORPORATION	3,002	90.2%	88.7%	41	1.4%	251.0%	45.0%
FAITEC CORPORATION	2,395	102.5%	96.4%	-134	-	[-374]	[-359]
JAPAN SYSTEMS ENGINEERING CORPORATION	2,010	89.3%	96.7%	26	1.3%	31.9%	29.7%
KYUSHU DTS CORPORATION	608	156.3%	120.3%	14	2.4%	253.5%	127.8%
SOUGOU SYSTEM SERVICE CORPORATION	524	104.7%	98.8%	-97	-	[+1]	[-71]
MIRUCA CORPORATION	212	100.2%	104.5%	11	5.4%	81.7%	105.9%

Notes: Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.
Figures in brackets represent FY 12/3 amount minus FY 11/3 amount.

Orders Received and Order Backlog (Consolidated, 1H FY12/3)

**Orders received in the second quarter (July - September) recovered strongly.
Growth in the order backlog turned positive year on year.**



Orders received
(up 14.5% year on year)

- **In the financial segment, orders from all of the Company's three major banking customers increased.**
- **Orders also rose in the Transportation & Communications and Services segments.**

II. Progress of Key Initiatives

Key Initiatives

1. Strengthening the Sales Force and Customer Satisfaction
2. Enhancement of SI Capabilities
3. Strengthening New Businesses and Global Development
4. Establishing the Business Foundations
5. Strengthening Collective Strength of the Group

Key Initiatives (1): Strengthening the Sales Force

First half A sales control division was set up to promote visualization of the sales process and standardization.

Intensification of relations with existing customers and expansion of customer base	- Action plan was prepared for the purpose of intensifying relations mainly with major existing customers - The number of counterparties increased. ⇨ Counterparties: 337 companies, an increase of 55 companies year on year
Standardization of sales process	- A standardized DTS sales manual (Version 0.5) was prepared, and sales activities are being implemented according to the manual. - Standard sales process was incorporated in SFA to seek sharing of sales information.

Second half

- Standardized sales manual Version 1.0 will be released.
- Customer satisfaction surveys will be improved and expanded.
  ⇨ Improvement measures will be incorporated in the action plan.

Key Initiatives (2): Enhancement of SI Capabilities

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First half

- Bolstered project management
- KPI was introduced (for clarification of targets)

Tightening of cost control	- Unprofitable (loss making) projects and projects with low profits were reduced significantly. - Cost control was tightened through the introduction of KPI.
Standardization of development process	- The scope of projects to which the project management system (CMMI Level 4 compatible) is applied has been expanded.

Second half

- Establishment and expansion of the project management system
- Launch of Onsite Capability Improvement Committee
  ⇨ further improvement of "onsite capabilities"

Key Initiatives (3): Strengthening New Businesses and Global Development (1)

First half

New businesses were created through the active use of alliances, led by the New Market Development Headquarters

Case examples of alliances	
	[Solutions] - BI tool: OBIC BUSINESS CONSULTANTS CO., LTD. “DaTaStudio Finder” Hitachi, Ltd. “BI NavigationStudio” - Electricity saving measures: Hibiya Engineering Ltd. “Smart Lighting Controller” **[Package integration]** - ERP: SAP, Biz ∫ (Personnel affairs, accounting, sales management and SCM)

Second half

- **Continue to make active use of alliances in the future.**
- **Create new planning-type businesses.**

Key Initiatives (3): Strengthening New Businesses and Global Development (2)

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First half — A new globalization promotion division was set up to strengthen efforts for global development.

Supporting global development of Japanese companies	- United States: A local affiliate was incorporated (November 2011) ⇨ Capture demand from Japanese affiliated financial institutions - Asia: Reviewing the establishment of new hubs in addition to the existing hub in China ⇨ Uncover demand, not only from Japanese affiliated financial institutions but from other industries
Local business	- Development from the distribution of internally produced packages to development projects (for China and the manufacturing industry)

Second half

- Support the global development of Japanese companies and continue to expand local businesses.

Key Initiatives (4): Establishing the Business Foundations

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First half Personnel program reforms and the establishment of in-house systems for the next business year were promoted.

Human resource development and human resources systems	- The number of personnel who had acquired external qualifications increased. ⇨ Ratio of external qualification acquisition: 232.9%, up 13.7 percentage points year on year. - Identification of competent human resources and handling of human resources in a way that suits their "roles" and "achievements" ⇨ Review of new human resources system
Establishment of in-house systems for the next business year	- Following the introduction of the sales management system (SFA) in the previous fiscal year, promote a review of the human resources system, project management system, etc.

Second half

- Continue to strive to establish the business foundations to seek expansion and growth.

Key Initiatives (5): Strengthening the Collective Strength of the Group

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First half Expanded joint order acceptance using each company's strength

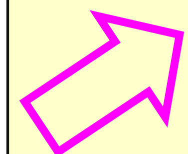
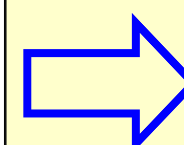
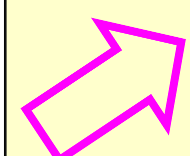
Joint order acceptance	- Development projects for life and non-life insurance companies (DTS + DL + FAITEC + JSE) - Smartphone projects (DL + JSE) - Near shore projects for banks (DTS + QDTS) - Data center projects for banks (DTS + DTS (Shanghai)) - Mutual synergy in both infrastructure and hardware aspects (DTS + DTC) Etc.
Enhancement of group SI capabilities	- Certain subsidiaries had a number of projects with low profits.

Second half

- Strengthen subsidiaries' project management and corporate governance.

III. FY 12/3 Full Year Forecast

Outlook for Business Environment

Sector	Topic	Market trend
Finance	- In integration-related projects (trust companies, life and non-life insurance companies), development will gather momentum. - In projects involving overseas transaction and settlement, projects are expected to take specific forms. - In large projects for the financial sector, the Company will aim at receiving orders in the second half of the fiscal year.	
Transportation & Communications	- Operations-related investment such as frontline sales projects will remain low. - Mobile communications and cloud foundations for IDC operators will remain strong.	
Services Other	- Strong demand is anticipated in areas such as ERP and embedding projects. - Demand will likely be slow in the public sector.	

Non-Consolidated and Consolidated Performance Forecasts for the Fiscal Year Ending March 2012

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Press forward to achieving initial forecasts

(Units: Million yen, %)	Non-consolidated				Consolidated			
	Amount	Ratio to sales (%)	YoY		Amount	Ratio to sales (%)	YoY	
Net sales	**36,200**	—	**102.2%**	**+793**	**60,500**	—	**103.4%**	**+1,996**
Gross profit	5,400	14.9%	114.8%	+695	9,100	15.0%	113.4%	+1,077
SG&A expenses	3,200	8.8%	105.7%	+173	6,050	10.0%	105.7%	+323
Operating income	**2,200**	**6.1%**	**131.1%**	**+522**	**3,050**	**5.0%**	**132.8%**	**+753**
Recurring income	2,350	6.5%	126.3%	+488	3,100	5.1%	124.6%	+611
Net income	1,350	3.7%	146.5%	+428	1,600	2.6%	142.3%	+475

Full Year Forecasts for Group Companies for Fiscal Year Ending March 2012

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(Units: Million yen, %)

Company name	Net sales: Amount	Net sales: YoY	Operating income: Amount	Operating income: Ratio to sales (%)	Operating income: YoY
DATALINKS CORPORATION	8,160	100.1%	250	3.1%	106.9%
DIGITAL TECHNOLOGIES CORPORATION	6,383	101.7%	142	2.2%	660.1%
FAITEC CORPORATION	5,400	109.9%	103	1.9%	21.2%
JAPAN SYSTEMS ENGINEERING CORPORATION	4,109	89.2%	184	4.5%	54.3%
KYUSHU DTS CORPORATION	1,260	127.8%	43	3.4%	241.3%
SOUGOU SYSTEM SERVICE CORPORATION	1,073	107.9%	-67	—	[+64]
MIRUCA CORPORATION	405	104.2%	7	1.9%	72.1%

Notes: Figures for each company are on a non-consolidated basis, so the total does not equal consolidated figures.
Figures in brackets represent FY 12/3 amount minus FY 11/3 amount.

Dividend

A dividend payment of ¥15 per share will be made as initially planned for the first half.
We forecast a dividend payment of ¥30 per share and dividend payout ratio of 44.6% for the full year.

	End of second half	Year end	Full year	Payout ratio (consolidated)
FY 11/3	¥15	¥20	¥35	74.0%
FY 12/3	¥15	(Forecast) ¥15	(Forecast) ¥30	(Forecast) 44.6%