The Term Ending March 31, 2008 Interim Results Presentation

November 15, 2007

DTS

DTS Corporation

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

Contents

Caution

Sales and income forecasts for the current term included in this document are based on assumptions made in light 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.

About DTS

Corporate Profile

Corporate name : DTS CORPORATION

Headquarters : 6-19-13 shimbashi,minato-ku tokyo 105-0004

Foundation : august 25,1972

Capital : 6,113 million Yen

President : Yasutaka Akabane

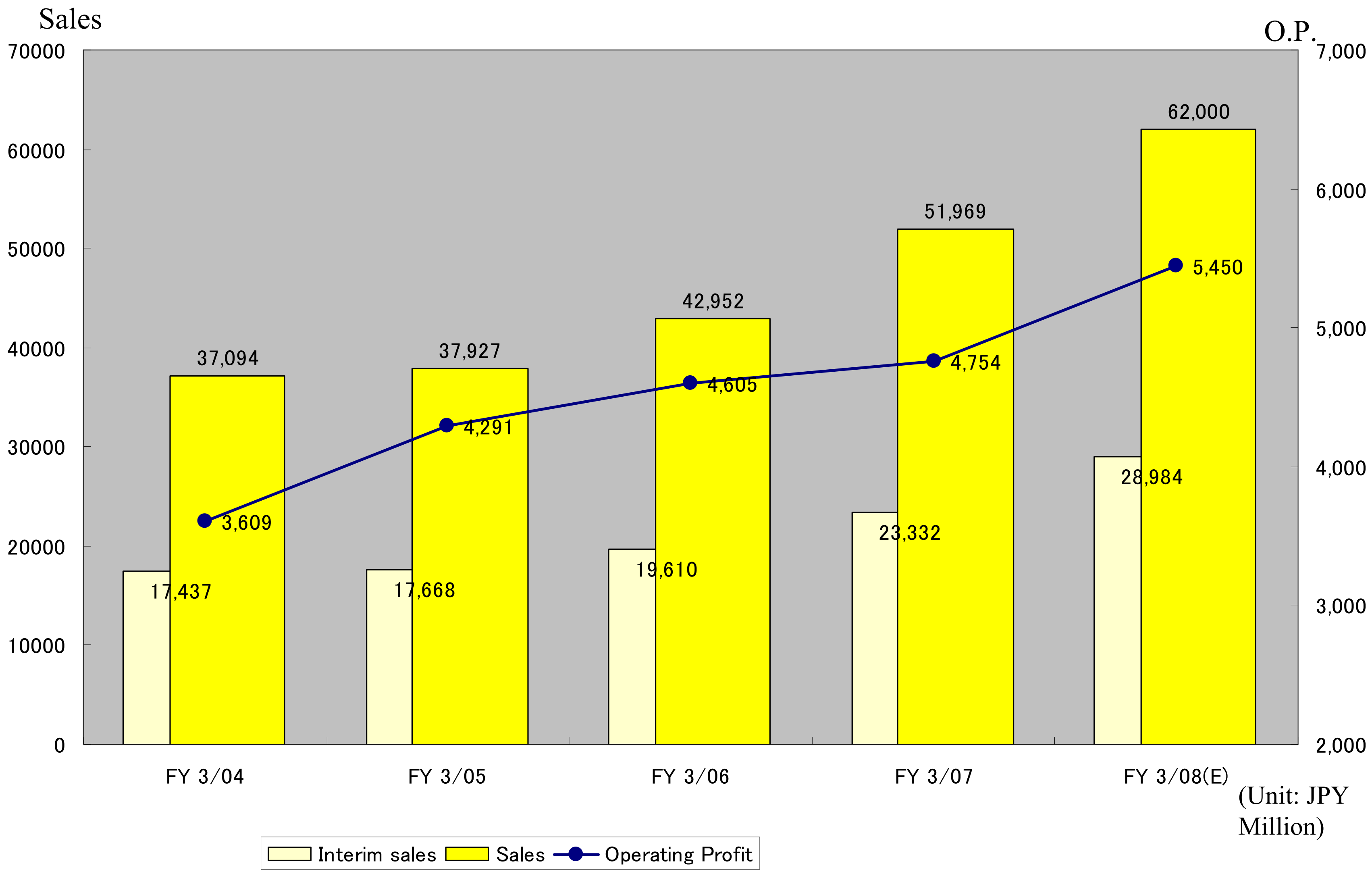
Number of Employees : 2,538 (DTS Group 4,223)
as of September 30, 2007

Sales : 36,908 million Yen (Fiscal 2007 ending March 31,2007)
(Consolidated Sales 51,969 million Yen)

Main Customers

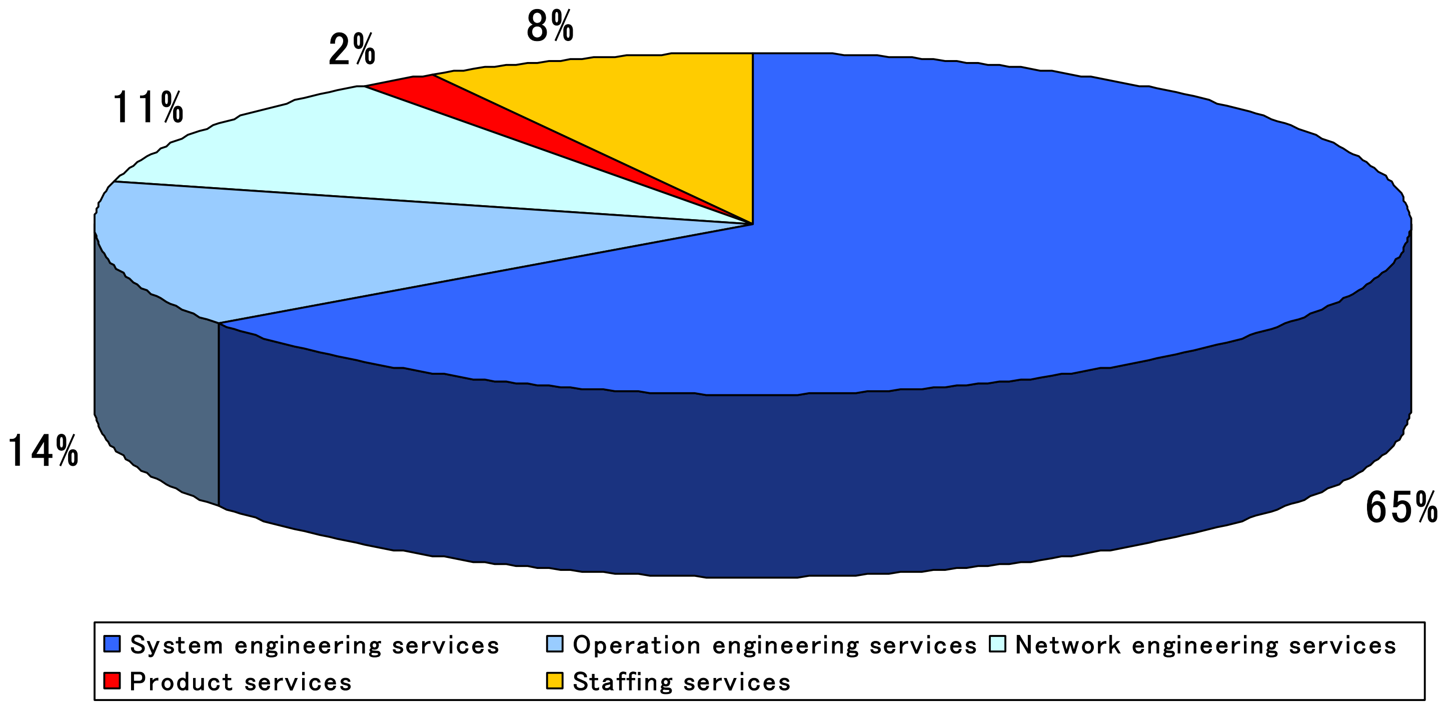
- Financial Sector
  Mitsubishi UFJ Financial Group, Mizuho Financial Group, Mitsui Trust Financial Group
- Telecommunication Sector
  NTT Group, KDDI Group, Felica Networks
- Computer Hardware Maker
  NEC Group, Fujitsu Group, Japan HP, Toshiba Group, Panasonic Group
- Others
  Nihon Unisys Group, Marui Group, SoftBank Group
  JAL Information Technology

Change of Sales and Operating Profit



(Unit: JPY Million)

Sales by Segment



IT services

System engineering services : the provision of consulting and integration services, as well as the design, development and maintenance of consigned and package software.

Operation engineering services : general services for the operation and management of computer facilities and information systems, as well as data entry services.

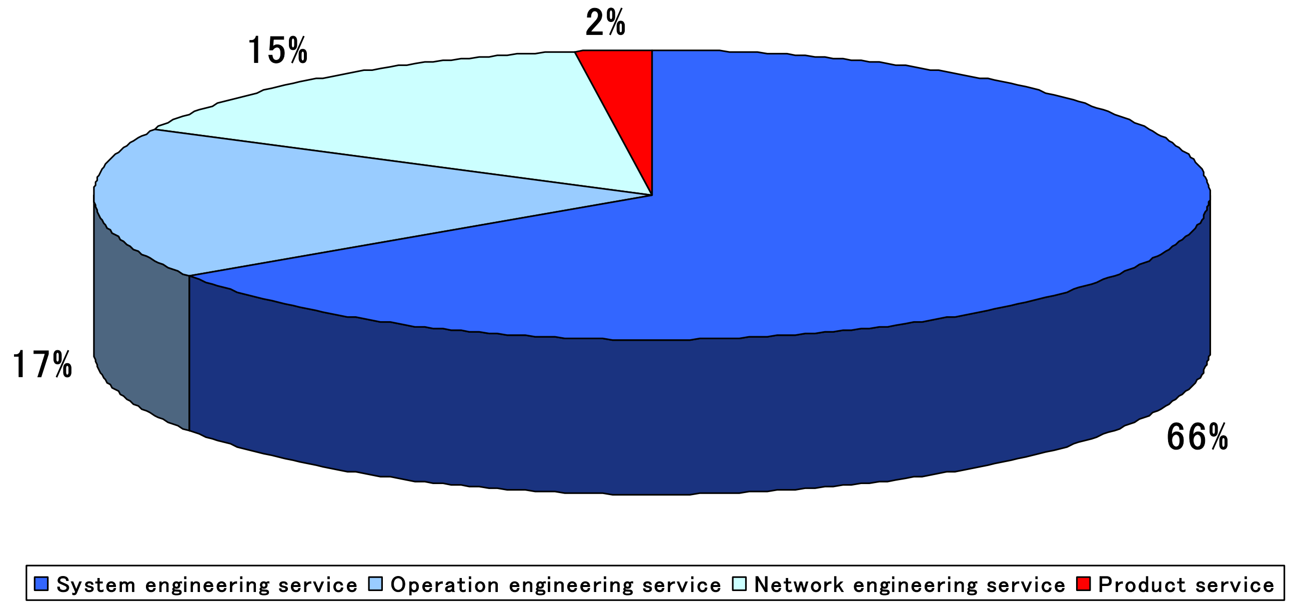
Network engineering services : the design and construction of various networks, the development of communications control system software, as well as the monitoring and maintenance of various networks.

Other services

Product services : sales of hardware and package software

Staffing services : dispatch human resources to the general business company as a temporary personnel services.

Sales by Segment(Non-Consolidated)



(Unit : JPY Million, %)	Consolidated Sales			Non-Consolidated Sales		
	amount	vs. plan	vs. previous year	amount	vs. plan	vs. previous year
System engineering services	33,840	100.7	130.3	24,152	100.9	101.5
Operation engineering services	7,203	101.3	89.5	6,329	101.7	87.1
Network engineering services	5,675	102.1	112.8	5,564	102.3	112.9
Total of IT Services	46,719	100.9	119.6	36,046	101.2	100.2
Products services	1,015	127.9	215.3	861	132.5	229.1
Staffing Services	4,233	97.2	123.8	–	–	–
Total of Other Services	5,249	101.9	134.9	861	132.5	229.1
Total of Sales	51,969	101.0	121.0	36,908	101.8	101.5

Overview of Interim Results for the Term Ended March 31, 2008

Non-Consolidated Results

(Million yen, %)

	Amount	ratio to sales	Vs. plan (%)	Vs. Previous year (%)
Net sales	18,749	–	96.2	106.0
Gross profit	3,568	19.0%	93.9	104.2
Operating income	1,931	10.3%	92.0	102.9
Recurring income	2,124	11.3%	92.4	108.3
Interim net income	1,289	6.9%	95.5	110.9
Work in progress at the end of the interim term	1,335		190.7	180.6

When the results of FAITEC are included (approximate calculation)

	Amount	Vs. Previous year (%)
Net sales	21,312	109.3
Gross profit	4,041	108.7
Operating income	2,267	109.1
Recurring income	2,461	113.8
Interim net income	1,488	116.2

* Business transfer to FAITEC during this fiscal year amounts to approx. 500 million yen (the transfer is scheduled to be complete this fiscal year).

Performance surpassed targets
(the plan was not achieved because of increased work in progress).

Sales by Service (non-consolidated)

(Million yen, %)

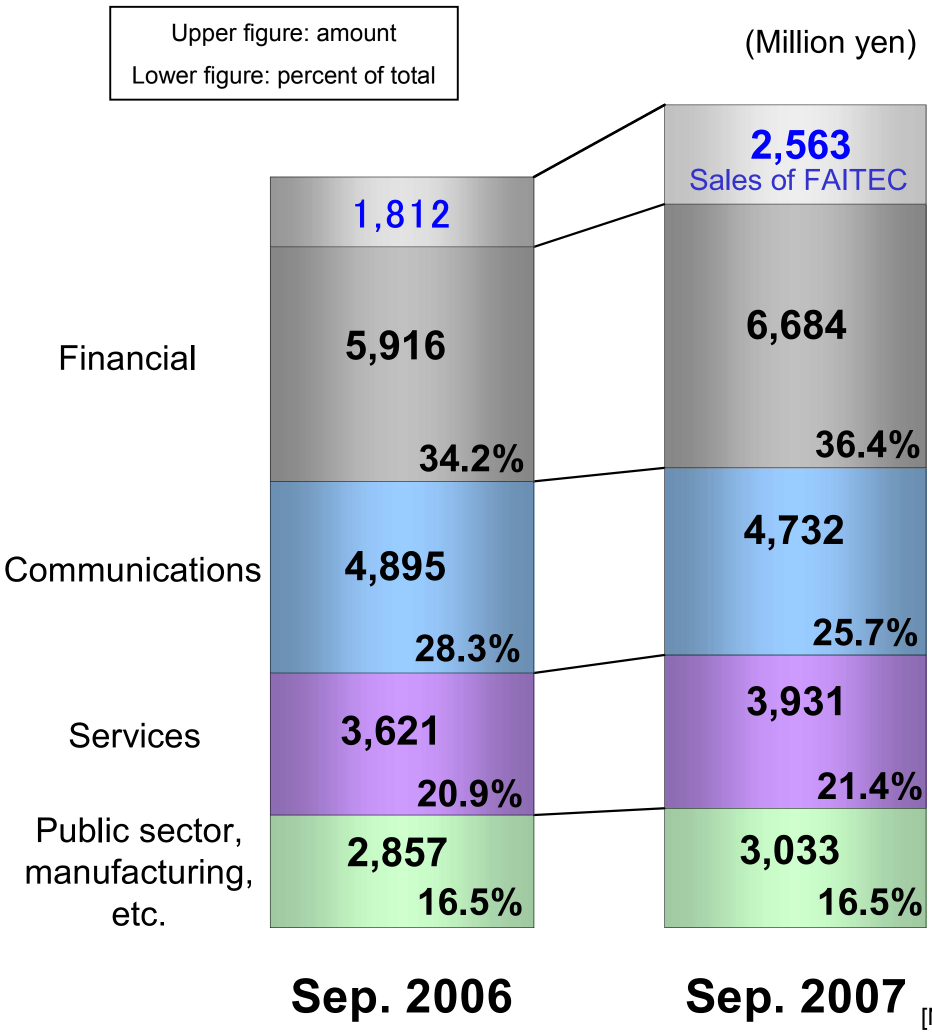
	Amount (Breakdown)	Vs. plan (%)	Vs. Previous year (%)
Information services	18,381 (98.0%)	**95.4**	**106.3**
System	12,182 (65.0%)	95.2	106.5
Operation	3,178 (17.0%)	97.7	99.6
Network	3,020 (16.1%)	93.9	113.2
Products	368 (2.0%)	160.1	91.4
Total	18,749 (100.0%)	**96.2**	**106.0**

When the results of FAITEC are included (approximate calculation)

	Amount	Vs. Previous year (%)
Information services	20,944	**109.6**
System	14,745	111.3
Operation	3,178	99.6
Network	3,020	113.2
Products	368	91.4
Total	21,312	**109.3**

The number of prime contract projects increased,
product sales exceeded the plan thanks to SI orders.

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



- **Financial**
  (Vs. previous year: 113.0%, Percent of total: +2.2%)
  [Vs. previous interim term: 119.7% when FAITEC is added]
  - Sales increased substantially thanks to integration projects.
  - Electronic money also produced favorable results.

  Among non-consolidated sales for FAITEC, life insurance projects achieved a sharp increase (vs. previous interim term:141%)

- **Communications**
  (Vs. previous year: 96.7%, Percent of total: -2.6%)
  - The cycle of replacement and improvement of mission critical systems was completed.
  - The launch of next-generation communications product development was delayed.

- **Services**
  (Vs. previous year: 108.5%, Percent of total: +0.5%)
  - Sales increased for Web, migration, and other new projects.
  - Sales for existing clients also produced favorable results.

- **Public sector, manufacturing, etc.**
  (Vs. previous year: 106.1%, Percent of total: ±0%)
  - Sales increased for projects for developing embedded software for digital home electronics.
  - Sales declined for government and other public offices.

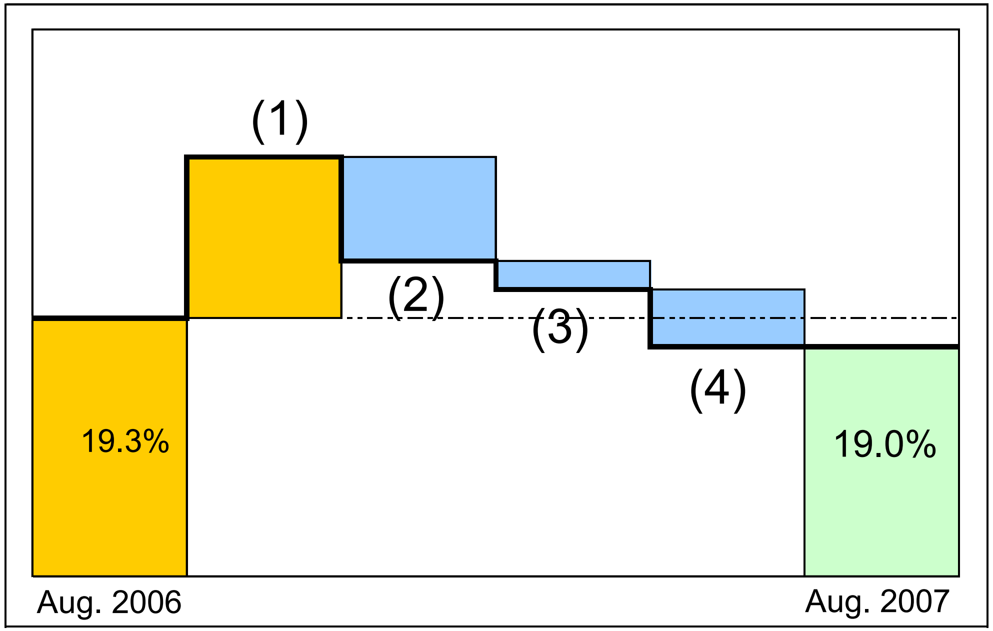
[Note] End user classification have been revised for both previous and current interim terms due to changes in client business.

Gross Profit (non-consolidated)

Gross profit was ¥3,568 million.

Year on year 104.2%
Ratio to sales 19.0%

(Previous year: ¥3,423m, 19.3% of sales)



(1) Improvement of unit price, etc. +3.1 points
(2) Rise in unit labor costs -2.0 points
(3) Rise in outsourcing ratio -0.4 points
(4) Low-return projects -1.0 points
★ No rise in outsourcing unit prices (zero increase)

The margin declined 0.3 points.

The gross margin declined, but gross profit increased.

Operating Income, Recurring Income (non-consolidated)

Selling, general and administrative expenses were ¥1,637 million (105.8% compared with the previous year; 8.7% of sales) [1,547 million yen in previous interim term (+ 90 million yen)]

Rise in strategic expenses based on the medium-term comprehensive plan

Off-shore promotion and overseas operations	**+46m (2.8%)**
Advances in new market development	**+44m (2.7%)**
Improvement of education and training	**+34m (2.0%)**
Improvement in comprehensive Group strength (reinforced account consolidation, etc)	**+11m (0.7%)**

Cost decrease with establishment of MIRUCA (educational company)

Reduction in educational and training costs	**-48m (2.9%)**

Operating income: ¥1,931 million
(102.9% year on year;10.3% of sales (vs. previous interim term: -0.3pt))

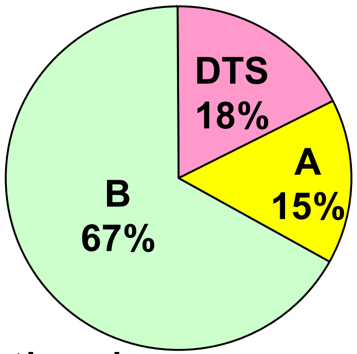
Increased dividend income from subsidiaries, etc. +193 million yen (227.1%)

Recurring income: ¥2,124 million
(108.3% year on year; 11.3% of sales (vs. previous interim term: +0.2pt))

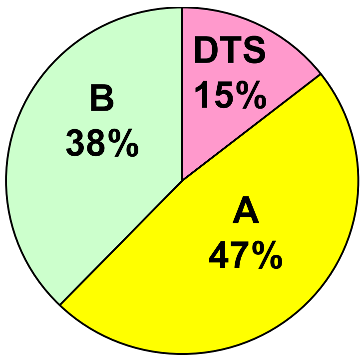
Results for Group Companies

Breakdown of consolidated growth

- Sales +5.65 billion yen



- Operating income
(excluding goodwill) +370 million yen



Goodwill amortization growth:+390 million yen

Unit: million yen, % denotes year-on-year change

		Sales		Operating income	
A	DATALINKS	3,953	99.9%	158	90.7%
A	FAITEC	2,563	141.4%	336	167.0%
A	Kyushu DTS	550	105.4%	45	107.5%
A	MIRUCA	129	-	31	-
A	**Consolidated growth**	**900 million yen**		**170 million yen**	
B	Japan SE	3,028	-	97	-
B	Total system service	686	-	46	-
B	RD	486	-	-8	-
B	**Consolidated growth**	**3860 million yen**		**130 million yen**	

(Operating income for Japan SE excludes 220 million yen in goodwill amortization)

Sales rose sharply, operating income remained virtually unchanged with increased goodwill amortization for companies added to the scope of consolidation.

Consolidated Results

(Million yen, %)

	Amount (Million yen)	Vs. sales	Vs. plan	Vs. previous year	Consolidated/ non-consolidated ratio
Net sales	28,984	—	97.9	124.2	1.55 times
Gross profit	5,236	18.1	97.0	123.9	1.47 times
Operating income	2,240	7.7	99.6	98.8	1.16 times
Recurring income	2,281	7.9	97.1	99.1	1.07 times
Net income	1,226	4.2	106.6	96.6	0.95 times

SG&A 2,996 million yen (vs: previous interim term +1,037 million yen, 152.9%)

Goodwill amortization **+395 million yen**

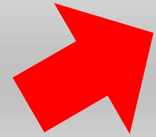
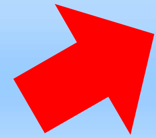
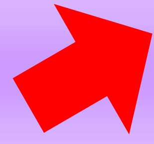
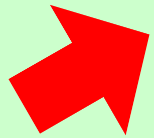
SG&A for new consolidated companies (excluding goodwill amortization for Japan SE)

+552 million yen

Non-consolidated strategic SG&A for DTS **+90 million yen**

Forecasts for the Term Ending March 31, 2008

Market Conditions in the Second Half (DTS Orders)

Business	Orders	Future Issues	Outlook
Finance	- Solid orders from megabanks, securities companies, and life and nonlife insurance vifms. - Solid orders for share certificate digitization and electronic money services.	- Monitoring of integration project trends - Greater outsourcing, management system buildup	
Telecommunications	- Solid orders for new mission critical system projects. - Steady orders for existing operation monitoring and helpdesk services.	- Monitoring of NGN trends - Monitoring trends in next-generation high-speed radio communications	
Services	- Solid orders for IC card-related projects. - Steady orders for Web content and migration services due to new client acquisition.	- Acquisition of more clients	
Others	- Solid orders from manufacturers for DTV-related services (embedded software projects). - Participation in public office projects from the system examination stage. Increase orders from project materialization, firm orders for existing projects.	- System buildup for manufacturers - Training and employment of embedded software engineers	

Orders remained strong Steady recruitment of outsourcees (outsourcees increased by 300, launched service with 2,100 outsourcees)

Consolidated and Non-Consolidated Second Half Plan

(Unit: million yen, % and brackets denote first-half results)

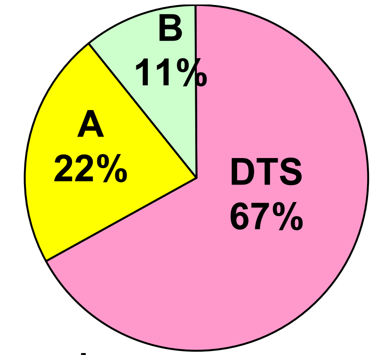
	Non-consolidated			Consolidated		
	Amount	Vs. sales	Vs. previous year	Amount	Vs. sales	Vs. previous year
Net sales	22,101	–	115.0	33,016	–	115.3
Gross profit	4,682	**21.2** (19.0)	118.1	6,514	**19.7** (18.1)	119.5
Operating income	2,919	**13.2** (10.3)	129.3	3,210	**9.7** (7.7)	129.1
Recurring income	2,976	**13.5** (11.3)	130.1	3,269	**9.9** (7.9)	131.7
Net income	1,711	**7.7** (6.9)	130.1	1,574	**4.8** (4.2)	121.4

We anticipate 15% sales growth and 30% recurring income growth based on good market conditions and Group-wide improvements in margins.

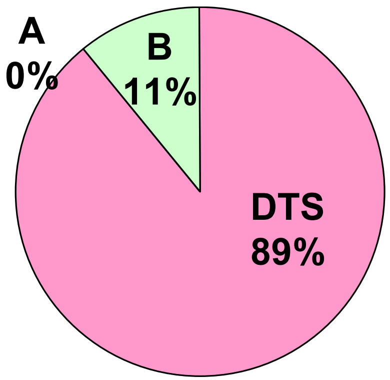
Second-Half Plan for Group Companies

Breakdown of consolidated growth

- Sales +4.37 billion yen



- Operating income (excluding goodwill)
+740 million yen



Goodwill amortization growth:+20 million yen

Unit: million yen, % denotes year-on-year change

		Sales		Operating income	
A	DATA LINKS	4,415	103.7%	229	79.5%
A	FAITEC	2,759	138.8%	289	142.7%
A	Kyushu DTS	580	104.9%	52	99.0%
A	MIRUCA	159	-	-27	-
A	**Consolidated growth**	**960 million yen**		**0 million yen**	
B	Japan SE	3,222	108.7%	181	-
B	Total system service	630	-	23	-
B	RD	523	105.6%	18	-
B	**Consolidated growth**	**470 million yen**		**90 million yen**	

(Operating income for Japan SE excludes 220 million yen in goodwill amortization)

We expect sales growth to slow but operating income to increase further, given Group-wide revenue improvement and the reduced effects of goodwill amortization.

Priority Issues in the Second Half

-Increase in Prime contract and SI sales ratio
(40% of sales or higher)

- Reinforcement of overall Group strength

Greater application of “full service” (order receipt for all processes from consultation to maintenance)

- Promotion of off-site development contracts
- Reinforcement of PMs and professional engineers

Improvement in “consolidated gross margin”

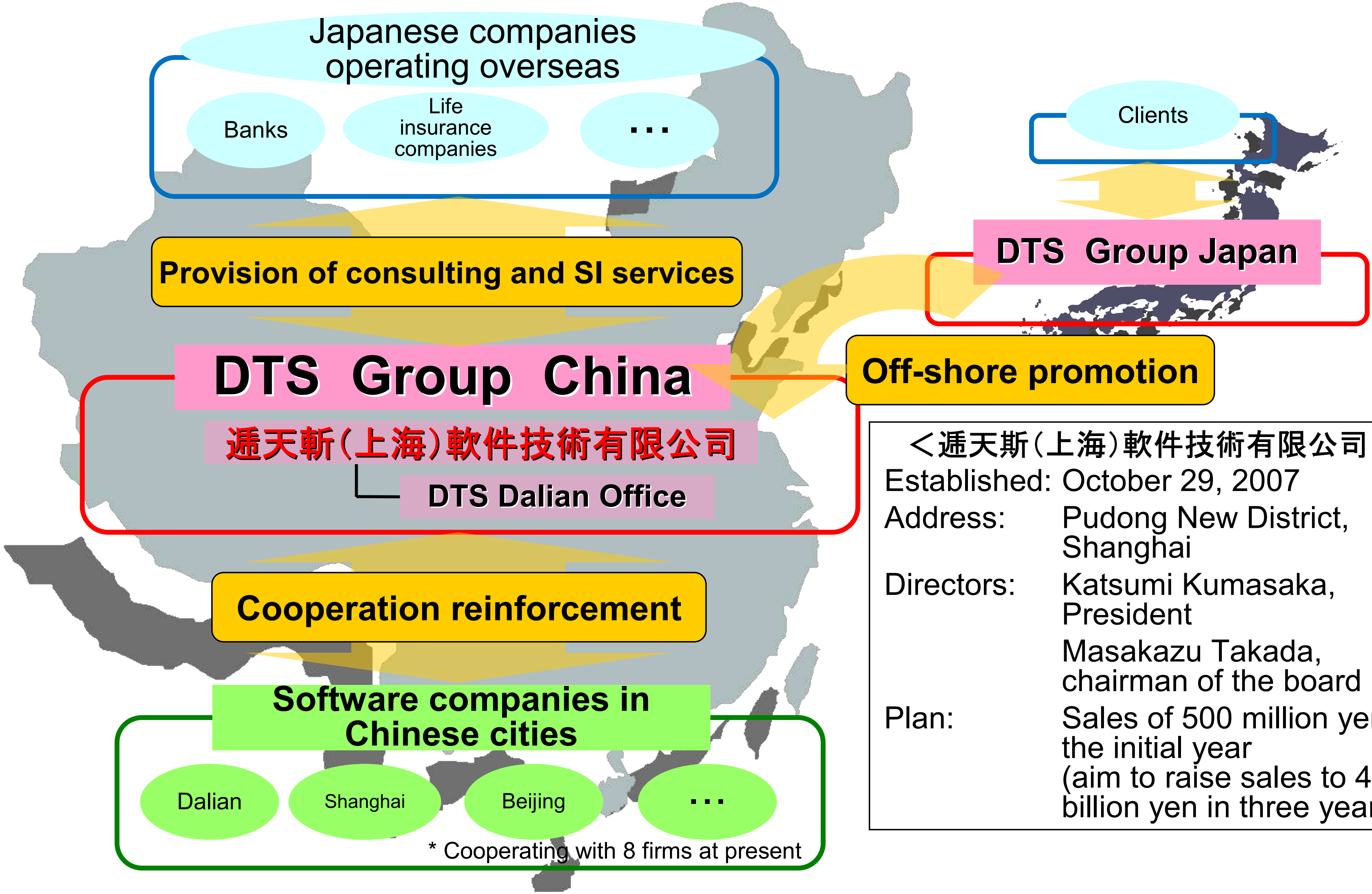
- Greater promotion of joint order receipt, sales cooperation, and personnel exchange

Full-scale launch of “off-shore operations”

- Launch of locally-based services for Japanese companies operating overseas
- Overseas alliance solutions

Solidify the foothold for the next comprehensive medium-term plan.

Overseas alliance solution operations



＜逓天斯（上海）軟件技術有限公司＞

Established:	October 29, 2007
Address:	Pudong New District, Shanghai
Directors:	Katsumi Kumasaka, President
	Masakazu Takada, chairman of the board
Plan:	Sales of 500 million yen in the initial year (aim to raise sales to 4 billion yen in three years)

Consolidated and Non-Consolidated Full-Year Plan

(Million yen, %)

	Non-consolidated Amount	Non-consolidated Vs. sales	Non-consolidated Vs. previous year	Consolidated Amount	Consolidated Vs. sales	Consolidated Vs. previous year	Consolidated/ non-consolidated ratio
Net sales	40,850	–	110.7	62,000	–	119.3	**1.52 times**
Gross profit	8,250	20.2	111.7	11,750	19.0	121.4	**1.42 times**
Operating income	4,850	11.9	117.3	5,450	8.8	114.6	**1.12 times**
Recurring income	5,100	12.5	120.0	5,550	9.0	116.0	**1.09 times**
Net income	3,000	7.3	121.1	2,800	4.5	109.1	**0.93 times**

Non-consolidated: Prime contract and SI sales ratio improvement
Consolidated: substantial sales and income increase anticipated from overall Group strengthening and revenue improvement by Group companies.

Dividend Plan

Net income was ¥3,000 million

(Vs. previous year +521 million yen (121.1%) , 7.3% of sales (vs. previous year +0.6pt))

- Sustained use of strategic SG&A

(8.3% of sales (8.7% for first half, 8.0% for second half), vs. previous year: -0.5pt)

- Higher income is planned on the strength of market conditions.

Interim dividend (yen)	Year-end dividend (yen)	Annual dividend (yen)
20	*25 (50)	*45 (70)

* Amounts after a 1-for-2 share split that took effect on October 1, 2007. Amounts in brackets are figures converted before the split.

Comparison of Interim Plan and Full-Year Plan

(Million yen, %)

	Full-year plan (year ended March 2008)	Interim plan (term ending March 2009)	Achievement ratio	Achievement level
Net sales (consolidated)	62,000	60,000	103.3	◎
Gross profit (consolidated)	11,750	11,000	106.8	◎
Operating income (consolidated)	5,450	6,000	90.8	○
@Net sales (non-consolidated, thousand yen)	15,963	15,600	102.3	◎
@Operating income (non-consolidated, thousand yen)	1,895	1,800	105.3	◎

Achieved consolidated sales of 60 billion yen.
Achieved comprehensive medium-term plan one year ahead of schedule.

Established a position among industry leaders
(the next medium-term plan is being developed)