

Term Ending March 31, 2007 Results Presentation



DTS Corporation

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

Delivering Tomorrow's Solutions

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Caution

Sales and income forecasts for the next 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 : 2,470 (DTS Group 3,964)
as of March 31, 2007

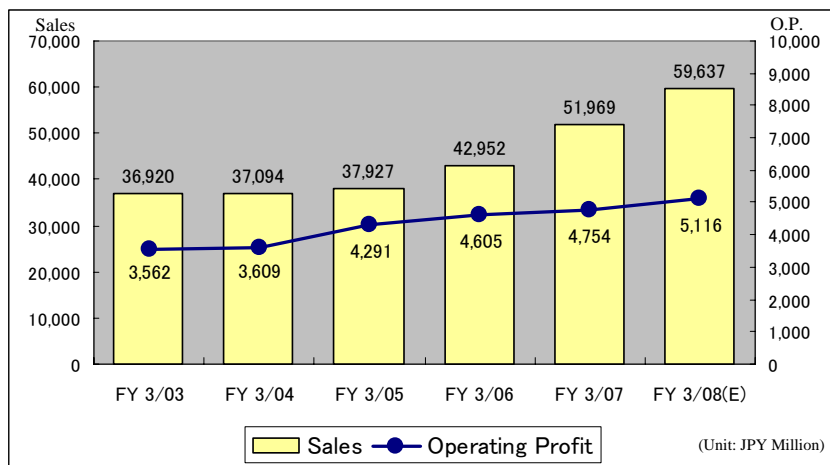
Sales : 36,908 million Yen (Fiscal 2007 ending March 31,2007)
(Consolidated Sales 51,969 million Yen)

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

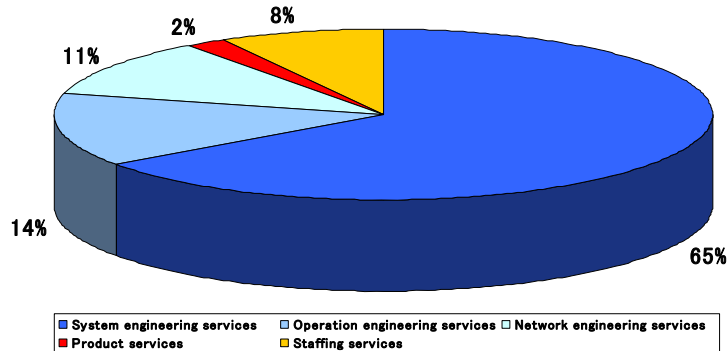
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Change of Sales and Operating Profit



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Sales by Segment



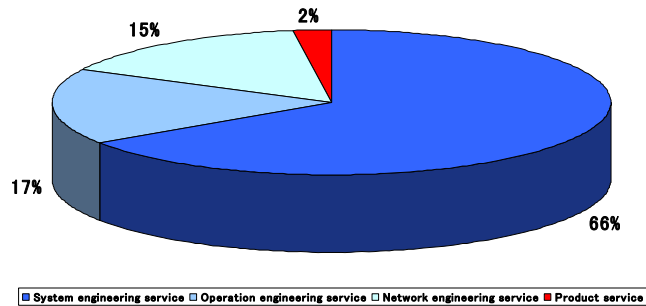
IT services

- 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 Business Results for the Term Ended March 31, 2007

Non-Consolidated Results

(Million yen, %)

	Amount (ratio to sales)	Vs. plan (%)	Vs. Previous year (%)		Amount	Vs. Previous year (%)
Net sales	36,908	101.8	101.5	 When the results of FATEC are included (approximate calculation)	39,840	108.7
Gross profit	7,386 (20.0%)	101.5	105.9		7,995	114.0
Operating income	4,134 (11.2%)	105.6	98.1		4,538	107.9
Recurring income	4,249 (11.5%)	106.1	98.8		4,652	108.4
Net income	2,478 (6.7%)	105.8	97.3		2,717	106.9

Sales by Service (non-consolidated)

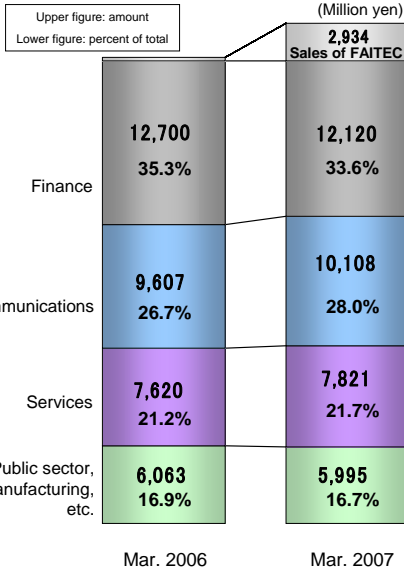
(Million yen, %)

	Amount (Breakdown)	Vs. plan (%)	Vs. previous year (%)		Amount	Vs. previous year (%)
Information services	36,046 (97.7%)	101.2	100.2	→ When the results of FAITEC are included (approximate calculation)	38,979	108.3
System	24,152 (64.6%)	100.9	101.5		27,086	113.8
Operation	6,329 (18.0%)	101.7	87.1		6,329	87.1
Network	5,564 (15.1%)	102.3	112.9		5,564	112.9
Products	861 (2.3%)	132.5	229.1		861	229.1
Total	36,908 (100.0%)	101.8	101.5	39,840	108.7	

Sales rose in the system and network segments, but fell in operations.
Shifting from traditional operations services to operations design and the construction of infrastructure

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

(Million yen)



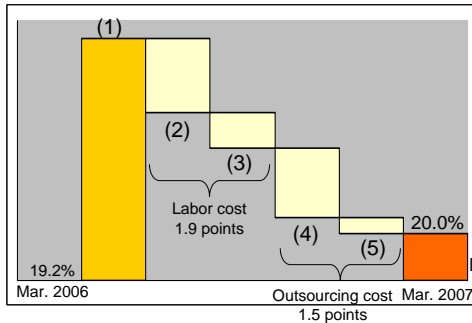
- **Finance** (Vs. previous year: 95.4%; Percent of total: -1.7 percentage points)
Sales, especially to city banks, remained strong. Sales appear to have fallen, but this reflects the business transfer to FAITEC. In real terms, sales rose significantly, (116.0% of sales of the previous year)
- **Communications** (Vs. previous year: 105.2%; Percent of total: +1.3 percentage points)
Sales increased in internal system development, data center operation, IC chip development, etc. for communications companies.
- **Services** (Vs. previous year: 102.6%; Percent of total: +0.5 percentage points)
The negative influence of the completion of large projects was more than offset by the positive impact of the acquisition of new projects.
- **Public sector, manufacturing, etc.** (Vs. previous year: 98.9%; Percent of total: -0.2% percentage points)
Sales stalled. An increase in the development of software embedded in digital appliances for manufacturers was offset by the adverse effect of the completion of large projects.

Gross Profit (non-consolidated)

Gross profit was
¥7,386 million.

Year on year 105.9%
Ratio to sales 20.0%

(Previous year: ¥6,975m, 19.2% of sales)



- (1) Improvement of unit price, etc. +4.2 points
- (2) Rise in unit labor cost -1.3 points
- (3) Increase of managers -0.6 points
- (4) Rise in outsourcing ratio -1.2 points
- (5) Rise in unit cost of outsourcing -0.3 points

Margin percentage improved 0.8 points.

An improvement in unit price more than offset an increase in personnel costs.

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Operating Income, Recurring Income (non-consolidated)

Selling, general and administrative expenses were ¥3,251 million (117.8% compared with the previous year; 8.8% of sales)

→ Year-on-year figure excluding the influence of change in accounting system (accrued officers' bonuses of ¥48m): **116.1%**

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

Promotion of capital and business alliances	+161m (5.8%)
New business development	+124m (4.5%)
Promotion of offshore development	+79m (2.9%)
Response to J-SOX	+35m (1.3%)
Improvement of education and training	+26m (0.9%)

- Operating income: ¥4,134 million (98.1% year on year; margin percentage: 11.2%)
- Recurring income: ¥4,249 million (98.8% year on year; margin percentage: 11.5%)

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Dividend

Net income was ¥2,478 million.

(97.3% year on year; 6.7% of sales)

Made anticipatory investments (strategic SG&A) from a medium- and long-term perspective, but still secured net income on a par with that of the previous year given favorable market circumstances.

Interim dividend (yen)	Year-end dividend (yen)	Annual dividend (yen)
20	40	60

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Results of Subsidiaries

Million yen; figures in parentheses show comparisons against the previous year.

	Sales	Operating income	Net income
DATALINKS	8,215 (119.5%)	450 (123.9%)	240 (116.9%)
FAITEC <small>Figures in [] are previous year's performance</small>	3,800 [404]	403 [-9]	239 [-6]
Kyushu DTS	1,075 (124.0%)	97 (132.1%)	56 (127.6%)
The performance of each Group company was strong; sales and profit rose significantly.			
Japan SE <small>(for six months)</small>	2,987 (-)	-136 (-)	-47 (-)
RD <small>(for nine months)</small>	701 (-)	9 (-)	-19 (-)
SOLIDWARE <small>(for six months)</small>	33 (-)	-46 (-)	-46 (-)
ASTERIKS <small>(for two months)</small>	— (-)	-15 (-)	-9 (-)

(Note) Since FAITEC, SOLIDWARE and ASTERIKS commenced operations in January last year, June last year and February this year, respectively, their year-on-year figures are not shown. Year-on-year figures for RD and Japan SE are not shown because they have become consolidated subsidiaries in the fiscal year under review.

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Consolidated Results

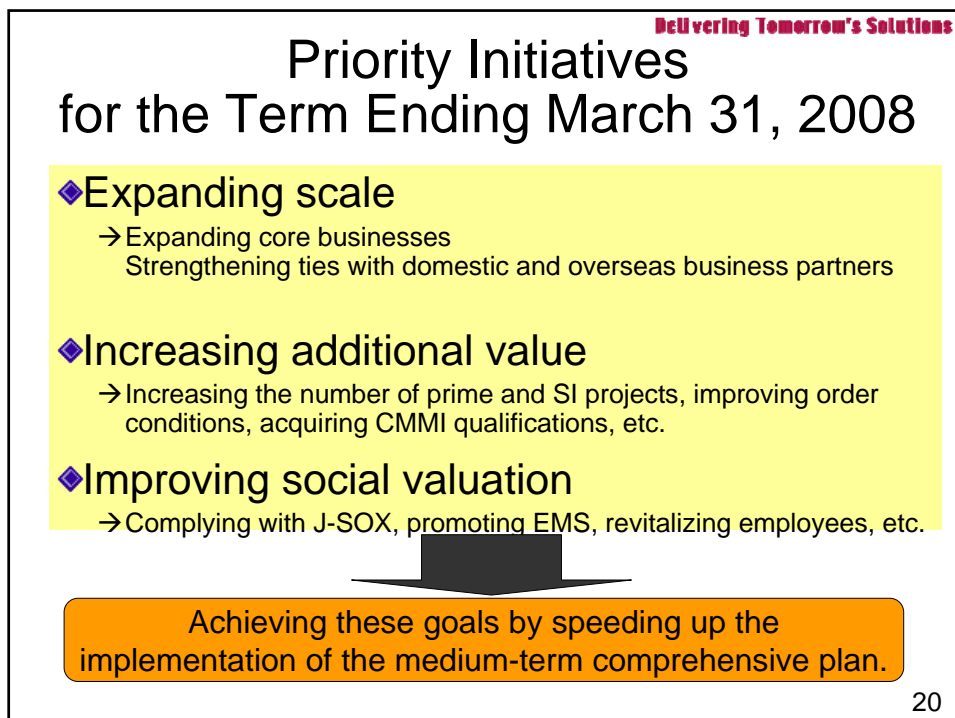
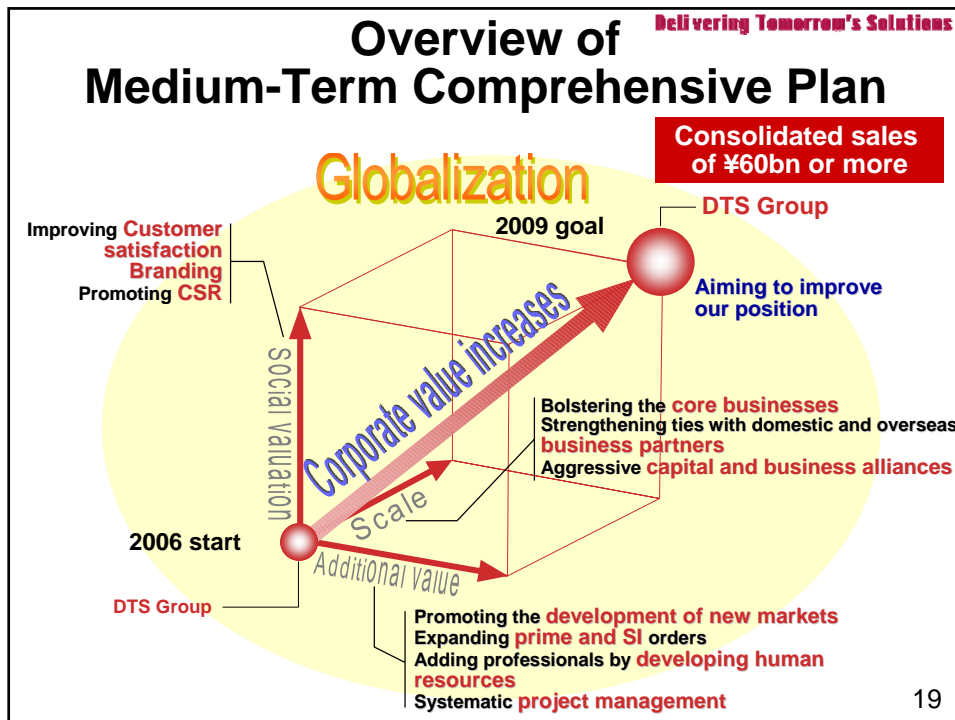
	Amount (Million yen)	Vs. sales (%)	Vs. plan (%)	Vs. previous year (%)
Net sales	51,969	—	101.0	121.0
Gross profit	9,678	18.6	101.0	121.8
Operating income	4,754	9.1	102.9	103.2
Recurring income	4,784	9.2	103.3	102.3
Net income	2,565	4.9	101.6	96.6

Same-company sales
¥47,852m
111.4% vs.
previous year

SG&A ¥4,924m (+1,586m from previous year, 147.5%)
 Amortization of goodwill +354m
 SG&A of new consolidated companies
 (excluding Japan SE's amortization of goodwill) +528m
 Non-consolidated strategic SG&A +425m

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Plan for Term Ending
March 31, 2008



Bolstering the Group's Collective Strength

- Exchanging human resources (system involving 4,000 DTS Group employees)
 - Making comprehensive use of our sales power, technical strengths and human resources
- Building the Group's common foundations
 - Standardizing a project management method, sharing education and training systems, integrating accounting and finance operations, and developing information infrastructure
- Deepening alliances with business partners
 - Promoting blanket orders, providing educational opportunities, strengthening alliances with domestic business partners (an increase of 1,500 man-months), and pursuing offshore development in earnest



Enhancing synergy and improving the position

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New Consolidated Subsidiaries

- ▶ SOUGOU System Service Ltd. (SGS)
(became a wholly owned subsidiary in February this year)
The company is a leading medium-sized software company with impressive technologies in built-in, Web-related and basic software. It has strengths in fire department systems and map information.

Improving development system in the Kansai area

(work force in the area has become 400 including employees of DTS's Kansai branch and RD)

- ▶ MIRUCA
(became a wholly owned subsidiary of DTS in April this year)
DTS established MIRUCA to provide consistent technical capabilities to Group companies and build an advanced education system. For now, MIRUCA is developing educational operations for the DTS group and will provide educational services to other companies in the future.

Providing DTS's educational know-how to Group companies

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Non-Consolidated Full-Year Plan

(Million yen, %)

	Amount	Vs. sales (%)	Vs. previous year (%)
Net sales	38,908	—	105.4
Gross profit	7,957	20.5	107.7
Operating income	4,526	11.6	109.5
Recurring income	4,692	12.1	110.4
Net income	2,742	7.0	110.7

In the term ending March 2008, about 500 million yen's worth of business will be transferred to FAITEC. The actual comparison against the previous year is 106.5%.

Rises in sales and gross margin will lead to a 10% rise in income.

Group Companies' Full-Year Plans

(Million yen, figures in parentheses show comparisons against the previous year.)

	Net sales	Recurring income	Net income
DATALINKS	8,935 (108.8%)	470 (104.3%)	265 (110.2%)
FAITEC	4,450 (117.1%)	455 (112.8%)	269 (112.3%)
Kyushu DTS	1,130 (105.1%)	98 (100.5%)	58 (104.6%)
Japan SE	6,168 (-)	-134 (-)	-143 (-)
SGS	1,501 (-)	44 (-)	26 (-)
RD	1,040 (-)	13 (-)	7 (-)
MIRUCA	296 (-)	0 (-)	0 (-)
ASTERIKS	8 (-)	-50 (-)	-29 (-)
SOLIDWARE	1 (-)	-14 (-)	-29 (-)

(Note) Year-on-year figures are not shown for RD, Japan SE, SOLIDWARE, SGS, and MIRUCA for the following reasons: RD and Japan SE was consolidated during the previous term, SOLIDWARE will be liquidated in June, SGS was consolidated from this fiscal year, and MIRUCA was established in April this year.

Consolidated Plan

	Amount (million yen)	Vs. sales (%)	Vs. previous year (%)
Net sales	59,637	—	114.8
Gross profit	11,360	19.0	117.4
Operating income	5,116	8.6	107.6
Recurring income	5,124	8.6	107.1
Net income	2,552	4.3	99.5

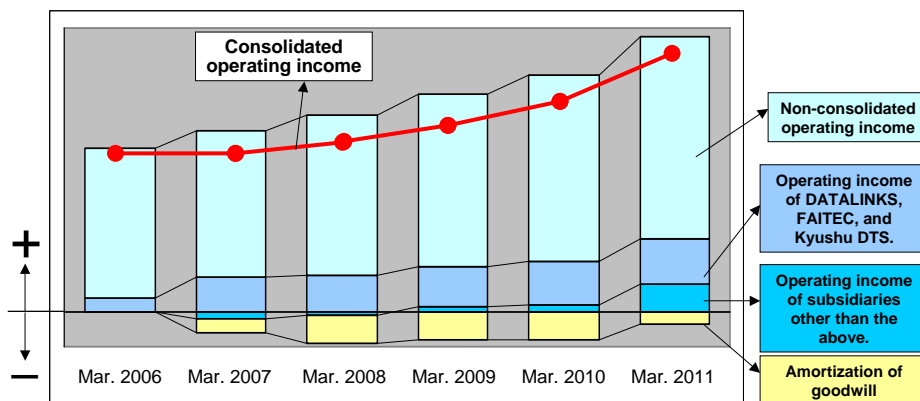
Same-company sales
¥51,224m
**107.0% vs.
previous year**

SG&A
+¥1,320m

Amortization of goodwill +¥408m
SG&A of Japan SE (excluding goodwill) +¥412m
SG&A of new consolidated subsidiaries +¥166m
SG&A of the existing Group (Including DTS) +¥314m

Consolidated sales divided by non-consolidated sales will be 1.53.
The sales target (¥60 billion) of the medium-term comprehensive plan will be almost achieved one year ahead of schedule.

Change in Operating Income and Amortization of Goodwill



- Amortization of goodwill for Japan SE (to 2010.3) ¥450m (¥227m for 2007.3)
- Amortization of goodwill for consolidation of Japan SE (to 2017.3) ¥270m (¥136m for 2007.3)
- Amortization of goodwill for SGS (to 2012.3) ¥30m (from 2008.3)
- Amortization of goodwill for RD and others ¥50m (¥23m for 2007.3)