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February 7, 2013

## Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2013 <under Japanese GAAP>

Company name: **DTS Corporation**  
 Stock listing: Tokyo Stock Exchange, First Section  
 Stock code: 9682  
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Scheduled date to file quarterly securities report: February 14, 2013  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Million yen with fractional amounts discarded, unless otherwise noted)

### 1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2013 (from April 1, 2012 to December 31, 2012)

#### (1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended								
December 31, 2012	44,144	6.1	2,604	56.2	2,687	54.0	1,455	145.6
December 31, 2011	41,588	(3.2)	1,667	32.1	1,745	20.8	592	12.2

Note: Comprehensive income  
 Nine months ended December 31, 2012: ¥1,651 million [212.8%]  
 Nine months ended December 31, 2011: ¥527 million [(15.4)%]

	Net income per share	Diluted net income per share
Nine months ended	Yen	Yen
December 31, 2012	61.22	–
December 31, 2011	24.92	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of	Million yen	Million yen	%
December 31, 2012	41,741	32,585	74.4
March 31, 2012	42,065	31,679	71.8

Reference: Equity  
 As of December 31, 2012: ¥31,049 million      As of March 31, 2012: ¥30,187 million

## 2. Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2013	–	15.00	–		
Fiscal year ending March 31, 2013 (Forecasts)				15.00	30.00

Note: Revisions to the forecasts of dividends most recently announced: None

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Fiscal year ending March 31, 2013	61,000	6.3	3,500	17.7	3,550	15.7	1,800	15.7	75.71

Note: Revisions to the earnings forecasts most recently announced: None

### \* Notes

(1) Changes in significant subsidiaries during the nine months under review (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of specific accounting for preparing quarterly consolidated financial statements: Yes

Note: For the details, please refer to '(2) Application of specific accounting for preparing quarterly consolidated financial statements in 2. Matters Regarding Summary Information (Notes),' on page 5 of the attached materials.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

b. Changes in accounting policies due to other reasons: None

c. Changes in accounting estimates: Yes

d. Restatement of prior period financial statements after error corrections: None

Note: The above changes are based on Article 10-5 of the 'Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements.' For the details, please refer to '(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections in 2. Matters Regarding Summary Information (Notes),' on page 5 of the attached materials.

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of December 31, 2012	25,222,266 shares
As of March 31, 2012	25,222,266 shares

b. Number of treasury shares at the end of the period

As of December 31, 2012	1,446,904 shares
As of March 31, 2012	1,446,904 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2012	23,775,362 shares
Nine months ended December 31, 2011	23,775,382 shares

\* **Indication regarding execution of quarterly review procedures**

The completion of quarterly review procedures in accordance with the Financial Instruments and Exchange Act is not required for preparing this quarterly financial results report. At the time of disclosure of this quarterly financial results report, the review procedures for quarterly consolidated financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

\* **Proper use of earnings forecasts, and other special matters**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors.

For matters regarding the above earnings forecasts, please refer to '(3) Qualitative information regarding consolidated earnings forecasts in 1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months,' on page 4 of the attached materials.

**Attached Materials**

**Contents**

- 1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months ..... 2
  - (1) Qualitative information regarding consolidated operating results ..... 2
  - (2) Qualitative information regarding consolidated financial position..... 4
  - (3) Qualitative information regarding consolidated earnings forecasts ..... 4
- 2. Matters Regarding Summary Information (Notes)..... 5
  - (1) Changes in significant subsidiaries during the nine months under review ..... 5
  - (2) Application of specific accounting for preparing quarterly consolidated financial statements ..... 5
  - (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections ..... 5
- 3. Quarterly Consolidated Financial Statements ..... 6
  - (1) Consolidated balance sheets..... 6
  - (2) Consolidated statements of income and consolidated statements of comprehensive income..... 8
    - Consolidated statements of income (cumulative) ..... 8
    - Consolidated statements of comprehensive income (cumulative)..... 9
  - (3) Consolidated statements of cash flows ..... 10
  - (4) Notes on premise of going concern..... 12
  - (5) Notes on substantial changes in the amount of shareholders’ equity..... 12
- 4. Supplementary Information..... 12
  - Production, orders and sales ..... 12

## 1. Qualitative Information Regarding Settlement of Accounts for the First Nine Months

### (1) Qualitative information regarding consolidated operating results

In the nine months under review, the Japanese economy showed signs of gradual recovery on the back of firm domestic demand driven mainly by reconstruction-related demand following the Great East Japan Earthquake. Overall, however, the economy continued to face difficult circumstances due to decreased production and export volumes owing to slowdown in overseas economies and subsequent cautious attitudes toward capital investment particularly in the manufacturing sector. In the information services industry, there were signs of gentle recovery such as heightened demand for system renewal and infrastructure optimization services. Even so, in the face of ever higher requirements regarding the capability to meet increasingly diverse customer needs as well as cost performance, there was also a growing necessity for providers to anticipate and meet whatever potential needs customer companies may have.

Under these conditions, the DTS Group concentrated on several areas based on its three-year medium-term comprehensive plan to be a “Value Solution Provider,” which commenced in April 2010. These include the transformation of the business from its form as an outsourcing provider into a solution service provider, new business creation, and the establishment of a business base for global business development. As an example of the fruits of these efforts, in October 2012 “DaTa SuperExpress,” a product capable of ultra-high speed and simple analysis of big data developed jointly by the Company and Hitachi, Ltd., received an award at the ITpro EXPO AWARD 2012. With respect to global business development, the Company is further expanding its business primarily in Southeast Asia, including cultivation of the Thai market targeted at manufacturers in the current fiscal year, following its establishment of a subsidiary in New York in the previous fiscal year.

The Company marked its 40th anniversary on August 25, 2012, and formulated “DTS WAY” as its policy for the next ten years. Under this new policy, the Company has adopted “Made by DTS, creating new value” as its new management vision and will continue to speedily adapt to the changes of the environment of the times and to develop its ability to provide high-value added services.

As a result of the above, consolidated operating results in the nine months under review were as follows.

(Million yen)

	Consolidated		Non-consolidated (Reference)	
		Year-on-year change (%)		Year-on-year change (%)
Net sales	44,144	6.1	26,092	3.8
Operating income	2,604	56.2	2,119	25.9
Ordinary income	2,687	54.0	2,260	22.5
Net income	1,455	145.6	1,405	42.5

<Breakdown of net sales>

(Million yen)

		Consolidated		Non-consolidated	
			Year-on-year change (%)	(Reference)	Year-on-year change (%)
Information Service	System Engineering Services	27,001	6.0	17,868	2.5
	Operation Engineering Services	10,326	9.1	7,920	6.0
	Product Services and Others	3,543	11.6	303	29.2
	Subtotal	40,871	7.2	26,092	3.8
Human Resource Service	Staffing Services and Others	3,273	(5.5)	–	–
	Subtotal	3,273	(5.5)	–	–
Total		44,144	6.1	26,092	3.8

Net sales was ¥44,144 million, up 6.1% year on year. Net sales increased in Information Service owing to steady sales performance in system development mainly related to life insurance companies, securities companies and trust banks in the finance sector, a new project in the construction and real estate sector, and steady performance in equipment sales to data center companies. On the other hand, net sales decreased in Human Resource Service due to a reduction in contracts for staffing services from core customers.

Cost of sales was ¥37,506 million, up 5.3% year on year, while gross profit was ¥6,638 million, up 11.0% year on year. The increase in gross profit was the result of the growth in net sales in addition to a decrease in unprofitable projects and improvements in the labor utilization rate and the project cost ratios.

Regarding selling, general and administrative expenses, strategic investment outlays were carried out to strengthen the management infrastructure and the collective strength of the Group. However, thanks to a reduction of various expenses, selling, general and administrative expenses totaled ¥4,034 million, down 6.5% year on year.

As a result of the above, operating income was ¥2,604 million, up 56.2% year on year, ordinary income was ¥2,687 million, up 54.0% year on year, and net income was ¥1,455 million, up 145.6% year on year.

Summaries of the operational conditions of each business are as follows.

### Information Service

[System Engineering Services]

Net sales for System Engineering Services increased due to steady sales performances in the finance sector, including system development contracts for life insurance companies, securities companies and trust banks, and AMO contracts <sup>(Note 1)</sup>, as well as an increase in system development contracts for specialty stores, convenience stores and department stores and ERP contracts <sup>(Note 2)</sup> in the wholesale and retail sector.

Note 1: AMO (Application Management Outsourcing): Outsourcing to specialists by a company etc. of the maintenance, management and support operations of its system in order to optimize IT investment.

Note 2: ERP (Enterprise resource planning): The methods and concept for integrally managing the entire company from the point of view of effectively utilizing management resources in order to achieve management efficiency, and the IT systems and software used to realize these aims.

[Operation Engineering Services]

A new project in the construction and real estate sector and projects in the services sector fared well. Consequently, net sales for Operation Engineering Services increased.

[Product Services and Others]

Net sales for Product Services and Others increased considerably thanks to steady performance in equipment sales, particularly sales of servers to data center companies.

### **Human Resource Service**

[Staffing Services and Others]

Net sales for Staffing Services and Others declined, mainly because of a reduction in contracts for staffing services due to internalization at some core customers, as well as the extensive reduction in operations related to the conversion to digital terrestrial broadcasting.

## **(2) Qualitative information regarding consolidated financial position**

Total assets as of December 31, 2012 was ¥41,741 million, a decrease of ¥323 million from the previous fiscal year-end. The main factors for this were increases of ¥1,066 million in cash and deposits and ¥734 million in work in process on one hand, and declines of ¥1,085 million in notes and accounts receivable-trade and ¥300 million in short-term investment securities on the other.

Liabilities was ¥9,156 million, a decrease of ¥1,230 million from the previous fiscal year-end. The main factors for this were a ¥443 million increase in accounts payable-trade on one hand, and decreases of ¥1,067 million in provision for bonuses and ¥242 million in income taxes payable on the other.

Net assets was ¥32,585 million, an increase of ¥906 million from the previous fiscal year-end. This was mainly because there was a ¥1,455 million increase in net assets from net income, which offset a ¥713 million decrease due to dividends from surplus.

## **(3) Qualitative information regarding consolidated earnings forecasts**

With respect to the future outlook, the economy is expected to get back on a recovery track mainly on the back of improvements in the export environment and the effects of economic measures by the new administration in Japan. Even so, partly because of overseas economic slowdown concerns, it is difficult to ascertain what kind of stance customer companies will take on investment in information technology.

In accordance with the above, there is no change from the earnings forecasts announced on May 11, 2012.

## **2. Matters Regarding Summary Information (Notes)**

### **(1) Changes in significant subsidiaries during the nine months under review**

No items to report.

### **(2) Application of specific accounting for preparing quarterly consolidated financial statements**

Taxes are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against income before income taxes and minority interests for the fiscal year including the third quarter under review, and next by multiplying the quarterly income before income taxes and minority interests by such estimated effective tax rate.

Deferred income taxes is included in income taxes.

### **(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections**

(Changes in accounting policies for items that are difficult to distinguish from changes in accounting estimates)

Following the revision of the Corporation Tax Act, the Company and its consolidated subsidiaries applied the depreciation method in compliance with the revised Corporation Tax Act to property, plant and equipment acquired on or after April 1, 2012, from the first quarter.

The impact of this change on profit or loss was immaterial.



### 3. Quarterly Consolidated Financial Statements

#### (1) Consolidated balance sheets

(Thousand yen)

	As of March 31, 2012	As of December 31, 2012
<b>Assets</b>		
Current assets		
Cash and deposits	13,615,833	14,681,910
Notes and accounts receivable-trade	8,717,076	7,631,483
Short-term investment securities	300,402	-
Merchandise	211,962	370,723
Work in process	664,002	1,398,328
Supplies	10,834	8,088
Other	2,471,437	2,074,459
Allowance for doubtful accounts	(14,976)	(15,000)
Total current assets	25,976,573	26,149,994
Noncurrent assets		
Property, plant and equipment		
Land	6,422,365	6,422,365
Other, net	2,566,072	2,504,078
Total property, plant and equipment	8,988,437	8,926,443
Intangible assets		
Goodwill	1,842,513	1,567,195
Other	1,802,010	1,339,163
Total intangible assets	3,644,524	2,906,359
Investments and other assets		
Other	3,656,005	3,758,926
Allowance for doubtful accounts	(199,860)	-
Total investments and other assets	3,456,144	3,758,926
Total noncurrent assets	16,089,106	15,591,729
Total assets	42,065,679	41,741,724
<b>Liabilities</b>		
Current liabilities		
Accounts payable-trade	2,168,156	2,612,144
Short-term loans payable	33,060	32,630
Current portion of bonds	120,000	110,000
Income taxes payable	906,338	663,777
Provision for bonuses	2,214,885	1,147,393
Provision for directors' bonuses	62,100	46,423
Provision for loss on order received	122,529	133,166
Other	3,892,482	3,660,541
Total current liabilities	9,519,552	8,406,076
Noncurrent liabilities		
Bonds payable	100,000	-
Provision for retirement benefits	435,342	464,351
Provision for directors' retirement benefits	98,394	62,770
Other	233,001	222,977
Total noncurrent liabilities	866,738	750,099
Total liabilities	10,386,290	9,156,176

(Thousand yen)

	As of March 31, 2012	As of December 31, 2012
Net assets		
Shareholders' equity		
Capital stock	6,113,000	6,113,000
Capital surplus	6,190,917	6,190,917
Retained earnings	19,478,665	20,221,014
Treasury stock	(1,493,615)	(1,493,615)
Total shareholders' equity	30,288,967	31,031,316
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(101,607)	18,060
Total accumulated other comprehensive income	(101,607)	18,060
Minority interests	1,492,028	1,536,170
Total net assets	31,679,389	32,585,547
Total liabilities and net assets	42,065,679	41,741,724

**(2) Consolidated statements of income and consolidated statements of comprehensive income**  
**Consolidated statements of income (cumulative)**

(Thousand yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net sales	41,588,506	44,144,718
Cost of sales	35,605,858	37,506,422
Gross profit	5,982,648	6,638,296
Selling, general and administrative expenses	4,315,205	4,034,244
Operating income	1,667,443	2,604,051
Non-operating income		
Interest income	10,618	7,066
Dividends income	32,686	28,911
Insurance premiums refunded cancellation	326	21,590
Subsidy income	15,365	6,150
Other	24,905	23,571
Total non-operating income	83,902	87,290
Non-operating expenses		
Interest expenses	3,618	1,352
Foreign exchange losses	772	736
Commission fee	987	1,180
Other	579	196
Total non-operating expenses	5,957	3,465
Ordinary income	1,745,388	2,687,877
Extraordinary income		
Gain on sales of noncurrent assets	4,651	-
Gain on sales of investment securities	-	7,550
Other	374	-
Total extraordinary income	5,025	7,550
Extraordinary loss		
Loss on sales of noncurrent assets	1,072	-
Loss on retirement of noncurrent assets	5,819	5,580
Loss on valuation of golf club membership	-	4,950
Provision for allowance of office transfer expenses	41,018	-
Special retirement expenses	14,534	-
Outplacement expenses	4,500	-
Other	3,000	297
Total extraordinary losses	69,945	10,828
Income before income taxes and minority interests	1,680,469	2,684,598
Income taxes	1,050,173	1,152,484
Income before minority interests	630,295	1,532,114
Minority interests in income	37,716	76,504
Net income	592,578	1,455,610

**Consolidated statements of comprehensive income (cumulative)**

(Thousand yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Income before minority interests	630,295	1,532,114
Other comprehensive income		
Valuation difference on available-for-sale securities	(102,398)	119,214
Total other comprehensive income	(102,398)	119,214
Comprehensive income	527,896	1,651,328
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	490,460	1,575,278
Comprehensive income attributable to minority interests	37,436	76,050

**(3) Consolidated statements of cash flows**

(Thousand yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	1,680,469	2,684,598
Depreciation and amortization	1,053,762	904,915
Amortization of goodwill	324,523	275,318
Increase (decrease) in provision for bonuses	(1,008,295)	(1,067,492)
Increase (decrease) in provision for directors' bonuses	(7,257)	(15,676)
Increase (decrease) in provision for loss on order received	262,973	10,636
Increase (decrease) in provision for office transfer	20,525	-
Increase (decrease) in provision for compensation for damage	3,000	-
Increase (decrease) in provision for retirement benefits	(73,081)	29,009
Increase (decrease) in provision for directors' retirement benefits	7,994	(35,624)
Decrease (increase) in notes and accounts receivable-trade	2,147,635	1,085,593
Decrease (increase) in inventories	(1,311,463)	(890,340)
Increase (decrease) in notes and accounts payable-trade	(316,215)	443,988
Other, net	754,151	(106,444)
Subtotal	3,538,719	3,318,481
Interest and dividends income received	44,606	38,587
Interest expenses paid	(4,305)	(1,766)
Income taxes paid	(1,554,742)	(1,277,588)
Net cash provided by (used in) operating activities	2,024,278	2,077,713
Net cash provided by (used in) investing activities		
Payments into time deposits	(775,000)	(175,012)
Proceeds from withdrawal of time deposits	425,000	475,000
Proceeds from redemption of securities	-	300,000
Purchase of property, plant and equipment	(168,223)	(190,589)
Purchase of intangible assets	(263,630)	(264,790)
Purchase of investment securities	(630)	(680)
Proceeds from sales of investment securities	-	17,550
Proceeds from redemption of investment securities	100,000	-
Purchase of stocks of subsidiaries and affiliates	(45,811)	-
Other, net	21,199	(20,469)
Net cash provided by (used in) investing activities	(707,096)	141,008

(Thousand yen)

	Nine months ended December 31, 2011	Nine months ended December 31, 2012
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(310,360)	(430)
Redemption of bonds	(110,000)	(110,000)
Cash dividends paid	(824,963)	(708,464)
Cash dividends paid to minority shareholders	(33,748)	(31,721)
Other, net	(3,729)	(2,041)
Net cash provided by (used in) financing activities	(1,282,801)	(852,657)
Net increase (decrease) in cash and cash equivalents	34,380	1,366,065
Cash and cash equivalents at beginning of period	11,250,614	12,840,833
Cash and cash equivalents at end of period	11,284,994	14,206,898

**(4) Notes on premise of going concern**

No items to report.

**(5) Notes on substantial changes in the amount of shareholders' equity**

No items to report.

**4. Supplementary Information**

Production, orders and sales

**(1) Production**

Production in the nine months under review is as follows.

Segment and services		Production (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	27,001,762	6.0
	Operation Engineering Services	10,326,165	9.1
Total		37,327,927	6.8

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

**(2) Orders**

Orders in the nine months under review are as follows.

Segment and services		Order volume (Thousand yen)	Year-on-year change (%)	Order backlog (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	24,455,095	5.0	8,874,928	10.8
	Operation Engineering Services	6,068,783	42.7	3,272,790	(6.4)
Total		30,523,879	10.9	12,147,718	5.6

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.

**(3) Sales**

Sales in the nine months under review are as follows.

Segment and services		Sales (Thousand yen)	Year-on-year change (%)
Information Service	System Engineering Services	27,001,762	6.0
	Operation Engineering Services	10,326,165	9.1
	Product Services and Others	3,543,742	11.6
	Subtotal	40,871,670	7.2
Human Resource Service	Staffing Services and Others	3,273,047	(5.5)
	Subtotal	3,273,047	(5.5)
Total		44,144,718	6.1

Note: The amounts presented above are selling prices, and do not include consumption taxes. Inter-segment transactions have been eliminated.