

DTS, INC.

CONSOLIDATED BALANCE SHEETS
(Amounts in thousands, except per share amounts)

	As of December 31, 2007	As of March 31, 2008
	(Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 35,523	\$ 44,924
Short-term investments	49,879	12,874
Accounts receivable, net of allowance for doubtful accounts of \$81 and \$74 at December 31, 2007 and March 31, 2008, respectively	8,675	8,355
Deferred income taxes	8,776	6,368
Prepaid expenses and other current assets	1,342	1,253
Income taxes receivable, net	2,085	2,060
Assets of discontinued operations held for sale	8,629	9,088
Total current assets	114,909	84,922
Property and equipment, net	5,861	5,845
Intangible assets, net	2,387	2,372
Deferred income taxes	8,584	6,474
Long-term investments	-	28,286
Other assets	3,019	2,430
Assets of discontinued operations held for sale	3,457	8,624
Total assets	\$ 138,217	\$ 138,953
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,068	\$ 919
Accrued expenses and other current liabilities	6,118	4,537
Liabilities of discontinued operations held for sale	7,503	6,888
Total current liabilities	14,689	12,344
Other long-term liabilities	2,242	2,453
Liabilities of discontinued operations held for sale	474	474
Stockholders' equity:		
Preferred stock - \$0.0001 par value, 5,000 shares authorized at December 31, 2007 and March 31, 2008; no shares issued and outstanding	-	-
Common stock - \$0.0001 par value, 70,000 shares authorized at December 31, 2007 and March 31, 2008; 18,669 and 18,811 shares issued at December 31, 2007 and March 31, 2008, respectively; 17,669 and 17,811 outstanding at December 31, 2007 and March 31, 2008, respectively	2	2
Additional paid-in capital	140,008	141,556
Treasury stock, at cost - 1,000 shares at December 31, 2007 and March 31, 2008	(22,670)	(22,670)
Accumulated other comprehensive income	193	198
Retained earnings	3,279	4,596
Total stockholders' equity	120,812	123,682
Total liabilities and stockholders' equity	\$ 138,217	\$ 138,953

DTS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share amounts)

	For the Three Months Ended	
	March 31,	
	2007	2008
	(Unaudited)	
Revenue	\$ 12,608	\$ 15,210
Cost of revenue	<u>255</u>	<u>294</u>
Gross profit	12,353	14,916
Operating expenses:		
Selling, general and administrative	8,072	8,797
Research and development	<u>1,604</u>	<u>1,763</u>
Total operating expenses	<u>9,676</u>	<u>10,560</u>
Income from operations	2,677	4,356
Interest and other income, net	<u>356</u>	<u>879</u>
Income from continuing operations before income taxes	3,033	5,235
Provision for income taxes	<u>1,050</u>	<u>1,984</u>
Income from continuing operations	1,983	3,251
Loss from discontinued operations, net of tax	<u>(2,748)</u>	<u>(1,934)</u>
Net income (loss)	<u>\$ (765)</u>	<u>\$ 1,317</u>
Earnings per share - basic:		
Income from continuing operations	\$ 0.11	\$ 0.19
Discontinued operations, net of tax	<u>(0.15)</u>	<u>(0.11)</u>
Net income (loss)	<u>\$ (0.04)</u>	<u>\$ 0.08</u>
Earnings per share - diluted:		
Income from continuing operations	\$ 0.11	\$ 0.18
Discontinued operations, net of tax	<u>(0.15)</u>	<u>(0.11)</u>
Net income (loss)	<u>\$ (0.04)</u>	<u>\$ 0.07</u>
Weighted average shares used to compute net income (loss) per common share:		
Basic	<u>17,965</u>	<u>17,527</u>
Diluted	<u>18,673</u>	<u>18,059</u>