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***DTS CORPORATION and  
Consolidated Subsidiaries***

*Unaudited Consolidated Financial Statements  
for the First Quarter Ended June 30, 2011*

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**DTS CORPORATION and Consolidated Subsidiaries**

**Quarterly Consolidated Balance Sheets—Unaudited  
June 30 and March 31, 2011**

	Millions of Yen		Thousands of U.S. Dollars (Note 1)		Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2011	March 31, 2011	June 30, 2011		June 30, 2011	March 31, 2011	June 30, 2011
<b>ASSETS</b>				<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT ASSETS:</b>				<b>CURRENT LIABILITIES:</b>			
Cash and cash equivalents	¥ 11,366	¥ 11,251	\$ 140,790	Short-term bank loans	¥ 344	¥ 344	\$ 4,261
Notes and accounts receivable:				Current portion of long-term debt	125	125	1,548
Trade	7,696	9,335	95,330	Payables:			
Other	124	122	1,536	Trade accounts	2,025	2,057	25,084
Allowance for doubtful receivables	(18)	(19)	(223)	Other	1,558	1,232	19,299
Inventories	1,237	665	15,323	Advances received	1,087	1,040	13,464
Deferred tax assets	1,263	1,264	15,645	Income taxes payable	201	1,063	2,490
Prepaid expenses and other current assets	1,549	1,535	19,187	Accrued expenses	1,768	2,650	21,900
				Other current liabilities	1,387	1,000	17,181
Total current assets	<u>23,217</u>	<u>24,153</u>	<u>287,588</u>				
				Total current liabilities	<u>8,495</u>	<u>9,511</u>	<u>105,227</u>
<b>PROPERTY AND EQUIPMENT:</b>				<b>LONG-TERM LIABILITIES:</b>			
Land	6,432	6,432	79,673	Long-term debt	170	235	2,106
Buildings and structures	5,038	5,024	62,405	Liability for employees' retirement benefits	510	499	6,317
Furniture and fixtures	1,338	1,328	16,574	Retirement allowances for directors and corporate auditors	84	85	1,040
Other	63	43	780	Other long-term liabilities	198	185	2,453
Total	12,871	12,827	159,432				
Accumulated depreciation	(3,787)	(3,733)	(46,909)	Total long-term liabilities	<u>962</u>	<u>1,004</u>	<u>11,916</u>
				<b>EQUITY:</b>			
Net property and equipment	<u>9,084</u>	<u>9,094</u>	<u>112,523</u>	Common stock—authorized, 100,000,000 shares; issued, 25,222,266 shares at June 30 and March 31, 2011	6,113	6,113	75,722
<b>INVESTMENTS AND OTHER ASSETS:</b>				Capital surplus	6,191	6,191	76,688
Investment securities	1,372	1,393	16,995	Retained earnings	18,532	18,755	229,555
Investments in unconsolidated subsidiaries and associated companies	204	204	2,527	Treasury stock—at cost, 1,446,884 at June 30, 2011 and 1,446,816 shares at March 31, 2011	(1,494)	(1,494)	(18,506)
Software	2,164	2,417	26,805	Accumulated other comprehensive income— unrealized loss on available-for-sale securities	(93)	(72)	(1,152)
Goodwill	2,160	2,268	26,756	Total	<u>29,249</u>	<u>29,493</u>	<u>362,307</u>
Deferred tax assets	756	763	9,365	Minority interests	1,427	1,439	17,676
Other assets	1,358	1,337	16,821				
Allowance for doubtful receivables	(182)	(182)	(2,254)	Total equity	<u>30,676</u>	<u>30,932</u>	<u>379,983</u>
Total investments and other assets	<u>7,832</u>	<u>8,200</u>	<u>97,015</u>	<b>TOTAL</b>	<u>¥ 40,133</u>	<u>¥ 41,447</u>	<u>\$ 497,126</u>
<b>TOTAL</b>	<u>¥ 40,133</u>	<u>¥ 41,447</u>	<u>\$ 497,126</u>				

See notes to quarterly consolidated financial statements.

## DTS CORPORATION and Consolidated Subsidiaries

### Quarterly Consolidated Statements of Income—Unaudited Three Months Ended June 30, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2011	June 30, 2010	June 30, 2011
NET SALES	¥ 13,854	¥ 14,142	\$ 171,609
COST OF SALES	<u>11,907</u>	<u>12,375</u>	<u>147,492</u>
Gross profit	1,947	1,767	24,117
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>1,519</u>	<u>1,550</u>	<u>18,815</u>
Operating income	<u>428</u>	<u>217</u>	<u>5,302</u>
OTHER INCOME (EXPENSES):			
Interest and dividends income	22	23	272
Interest expense	(1)	(3)	(12)
Subsidy income	11	38	136
Loss from prior year adjustments	(4)	—	(50)
Other—net	<u>7</u>	<u>(17)</u>	<u>87</u>
Other income —net	<u>35</u>	<u>41</u>	<u>433</u>
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	<u>463</u>	<u>258</u>	<u>5,735</u>
INCOME TAXES	<u>190</u>	<u>181</u>	<u>2,353</u>
NET INCOME BEFORE MINORITY INTERESTS	273	77	3,382
MINORITY INTERESTS IN NET INCOME	<u>21</u>	<u>23</u>	<u>260</u>
NET INCOME	<u>¥ 252</u>	<u>¥ 54</u>	<u>\$ 3,122</u>
	Yen		U.S. Dollars
PER SHARE OF COMMON STOCK (Note 6):			
Basic net income	¥ 10.59	¥ 2.25	\$ 0.13

See notes to quarterly consolidated financial statements.

## DTS CORPORATION and Consolidated Subsidiaries

### Quarterly Consolidated Statements of Comprehensive Income—Unaudited Three Months Ended June 30, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2011	June 30, 2010	June 30, 2011
NET INCOME BEFORE MINORITY INTERESTS	<u>¥ 273</u>	<u>¥ 77</u>	<u>\$ 3,382</u>
OTHER COMPREHENSIVE LOSS—			
Unrealized loss on available-for-sale securities	<u>(21)</u>	<u>(39)</u>	<u>(260)</u>
Total other comprehensive loss	<u>(21)</u>	<u>(39)</u>	<u>(260)</u>
COMPREHENSIVE INCOME	<u>¥ 252</u>	<u>¥ 38</u>	<u>\$ 3,122</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent	¥ 231	¥ 14	\$ 2,861
Minority interests	21	24	261

See notes to quarterly consolidated financial statements.

## DTS CORPORATION and Consolidated Subsidiaries

### Quarterly Consolidated Statements of Cash Flows—Unaudited Three Months Ended June 30, 2011 and 2010

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	June 30, 2011	June 30, 2010	June 30, 2011
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	¥ 463	¥ 258	\$ 5,735
Adjustments for:			
Income taxes paid	(1,009)	(289)	(12,498)
Depreciation and amortization	458	473	5,673
Changes in assets and liabilities:			
Decrease in trade notes and accounts receivable	1,636	1,681	20,265
Increase in inventories	(571)	(922)	(7,073)
Increase in other current assets	(14)	(1)	(173)
Increase in accounts payable	210	340	2,601
Decrease in accrued expenses	(881)	(645)	(10,913)
Increase in other current liabilities	376	428	4,658
Increase (decrease) in liability for employees' retirement benefits and retirement allowances for directors and corporate auditors	9	(162)	111
Other—net	3	179	37
Total adjustments	217	1,082	2,688
Net cash provided by operating activities	680	1,340	8,423
<b>INVESTING ACTIVITIES:</b>			
Payment for purchases of property and equipment	(40)	(55)	(496)
Payment for purchases of software	(37)	(121)	(458)
Payments for transfer of business	—	(4)	—
Net decrease in other assets	3	1	37
Net cash used in investing activities	(74)	(179)	(917)
<b>FINANCING ACTIVITIES:</b>			
Decrease in short-term bank loans—net	(1)	(49)	(13)
Redemption of bonds	(50)	(50)	(619)
Repayment of long-term debt	—	(3)	—
Dividends paid	(439)	(440)	(5,438)
Other—net	(1)	0	(12)
Net cash used in financing activities	(491)	(542)	(6,082)
NET INCREASE IN CASH AND CASH EQUIVALENTS	115	619	1,424
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	11,251	9,367	139,366
CASH AND CASH EQUIVALENTS, END OF PERIOD	¥11,366	¥ 9,986	\$140,790

See notes to quarterly consolidated financial statements.

## **DTS CORPORATION and Consolidated Subsidiaries**

### **Notes to Quarterly Consolidated Financial Statements—Unaudited**

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#### **1. BASIS OF PRESENTING QUARTERLY CONSOLIDATED FINANCIAL STATEMENTS**

The accompanying unaudited quarterly consolidated financial statements of DTS CORPORATION (the “Company”) and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan (“Japanese GAAP”), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Certain financial information and disclosures that are normally included in annual financial statements prepared in accordance with Japanese GAAP, but is not required for quarterly reporting purposes, has been condensed or omitted.

In preparing these unaudited quarterly consolidated financial statements, certain reclassifications and rearrangements have been made to the quarterly consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan.

The unaudited quarterly consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥80.73 to \$1, the approximate rate of exchange at June 30, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

Effective April 1, 2011, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting and Related Standard and Implementation Guidance” as amended (ASBJ Statement No. 12, latest amendment on March 25, 2011). Accordingly, disclosures in the accompanying quarterly consolidated financial statements including footnotes are simplified.

#### **2. APPLICATION OF ACCOUNTING METHOD SPECIAL FOR PREPARING QUARTERLY FINANCIAL STATEMENTS**

*Income taxes*—Income taxes are calculated by multiplying the income before income taxes and minority interests for the three months ended June 30, 2011 by the estimated effective tax rate for the year ending March 31, 2012, after taking into account the effect of possible temporary differences.

#### **3. ADDITIONAL INFORMATION**

Effective April 1, 2011, the Company has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009). Accordingly, any change in accounting policies and presentations after March 31, 2011 and any correction of prior period errors are retrospectively accounted for.

#### 4. DIVIDEND

The following appropriations of retained earnings were resolved at the Company's shareholders meetings held during the three months ended June 30, 2011 and 2010:

	Millions of Yen	Thousands of U.S. Dollars
Shareholders meeting held on June 24, 2011:		
Year-end cash dividends, ¥20 (\$0.25) per share (Record date: March 31, 2011; effective date: June 27, 2011)	¥ 476	\$ 5,896
Shareholders meeting held on June 25, 2010:		
Year-end cash dividends, ¥20 per share (Record date: March 31, 2010; effective date: June 28, 2010)	¥ 476	

#### 5. SEGMENT INFORMATION

Information about sales and segment profit is as follows:

	Three Months Ended June 30, 2011				
	Millions of Yen				
	Reportable Segment			Reconciliations (* 1)	Consolidated (* 2)
Information Service	Human Resource Service	Total			
Sales:					
Sales to external customers	¥ 12,691	¥ 1,163	¥ 13,854	-	¥ 13,854
Intersegment sales or transfers	-	19	19	¥ (19)	-
Total	<u>¥ 12,691</u>	<u>¥ 1,182</u>	<u>¥ 13,873</u>	<u>¥ (19)</u>	<u>¥ 13,854</u>
Segment profit	¥ 406	¥ 21	¥ 427	¥ 1	¥ 428

	Three Months Ended June 30, 2010				
	Millions of Yen				
	Reportable Segment			Reconciliations (* 1)	Consolidated (* 2)
Information Service	Human Resource Service	Total			
Sales:					
Sales to external customers	¥ 12,977	¥ 1,165	¥ 14,142	-	¥ 14,142
Intersegment sales or transfers	-	21	21	¥ (21)	-
Total	<u>¥ 12,977</u>	<u>¥ 1,186</u>	<u>¥ 14,163</u>	<u>¥ (21)</u>	<u>¥ 14,142</u>
Segment profit	¥ 197	¥ 19	¥ 216	¥ 1	¥ 217

Three Months Ended June 30, 2011

Thousands of U.S. Dollars

	Reportable Segment			Reconciliations (* 1)	Consolidated (* 2)
	Information Service	Human Resource Service	Total		
Sales					
Sales to external customers	\$ 157,203	\$ 14,406	\$ 171,609	-	\$ 171,609
Intersegment sales or transfers	-	235	235	\$ (235)	-
Total	<u>\$ 157,203</u>	<u>\$ 14,641</u>	<u>\$ 171,844</u>	<u>\$ (235)</u>	<u>\$ 171,609</u>
Segment profit	\$ 5,029	\$ 260	\$ 5,289	\$ 12	\$ 5,301

Notes: \* 1. There is no significant reconciliation to segment profit.

\* 2. Segment profit is reconciled to operating income in the accompanying quarterly consolidated statements of income.

## 6. NET INCOME PER SHARE

Basic net income per share for the three months ended June 30, 2011 and 2010 were calculated as follows:

	Millions of Yen	Number of Shares	Yen	U.S. Dollars
Three Months Ended June 30, 2011	Net Income	Weighted-average Shares	Net Income per Share	
Basic net income per share				
—Net income available to common shareholders	¥ 252	23,775,383	¥ 10.59	\$ 0.13
Three Months Ended June 30, 2010				
Basic net income per share				
—Net income available to common shareholders	¥ 54	23,775,679	¥ 2.25	

Diluted net income per share is not disclosed because no dilutive securities outstanding for the three months ended June 30, 2011 and it is anti-dilutive for the three months ended June 30, 2010.

## 7. SUBSEQUENT EVENT

No item to report.

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