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SRS Labs Q3 2006 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator Instruction). Our first question comes from Anthony Stoss of Craig-Hallum. Your question please.

Anthony Stoss - Craig-Hallum

Hi guys. Great quarter. Congrats. Either -- I guess maybe Tom if you can give us a sense of what products Sharper Image will be showcasing? And then I've got a couple of more questions after you answer that?

Tom Yuen

Yeah. There is actually a close to a dozen of products that will be featuring our technology in the stores and also already in their fall catalog and that these are consumer products ranging from iPod accessories to essentially radios and also docking stations and headphones.

Anthony Stoss - Craig-Hallum

Okay. Tom, also if you could give us a little bit more detail on your relationship with CSR on the Bluetooth side, what do you expect from that? How quickly you think that it becomes meaningful?

Tom Yuen

Yeah, as you know that the Bluetooth market is roughly about a -- currently 50 million units a year market and that there is also quite a bit of interest in using the Bluetooth mechanism as a means of achieving stereo headphone entertainment, and we have successfully floated our stereo technology into the CSR platform, and we are already working with OEMs that are ready to launch stereo Bluetooth headsets for the marketplace. So, the Bluetooth is a very convenient way for the MP3 playback. In addition, the Bluetooth is widely used for the hands-free operation. So, we also intend to move our voice technology into the larger marketplace of mono headset for cell phone applications.

Anthony Stoss - Craig-Hallum

Okay. And one last one for Tom, and then I have got a couple for Ulrich. On the auto side, can you give us an update on perhaps new brands or new models that you are likely going to begin in the next two months?

Tom Yuen

We have mentioned that we have some very successful business design situation in -- both in European car -- one-car manufacturer and also in Korea. I think until we officially announce the names of these auto manufacturers, we will have to just leave it at that. And, these are significant car manufacturers.

Anthony Stoss - Craig-Hallum

Great, okay. And, then Ulrich, if you could comment about your expectations for the tax rate going forward we should use and also any kind of thoughts on operating expenses going forward would be helpful?

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