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PRESS RELEASE

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For Immediate Release

DRI CORPORATION POSTS PROFIT IN THIRD QUARTER 2007

- **Third Quarter Sales Up 12.6 Percent Over Last Year's Same Period Results**
- **Fourth Quarter and Fiscal Year 2007 on Track to Profitability**
- **Order Backlog Strong**

DALLAS, Nov. 14, 2007 – DRI Corporation (DRI) (NASDAQ: TBUS), a digital communications technology leader in the domestic and international surface transportation and transit security markets, announced today that third quarter 2007 sales exceeded \$13.9 million, as compared to \$12.4 million on comparable sales for the same period a year ago.

“Our third quarter revenue increased by 12.6 percent over same-period results from last year – absent the Company’s former Digital Audio Corporation subsidiary, the divestiture of which we reported in April 2007. Our internal work to reduce costs and expenses, increasing revenue, and strong order backlog of approximately \$11 million continue to help build these favorable trends. We expect a profitable fourth quarter and fiscal year 2007,” David L. Turney, the Company’s Chairman, President, and Chief Executive Officer, said.

On Nov. 13, 2007, the Company filed with the Securities and Exchange Commission a Form 10-Q for the period ended Sept. 30, 2007.

THIRD QUARTER 2007 RESULTS EXCLUSIVE OF DISCONTINUED OPERATIONS

For the quarter ended Sept. 30, 2007, sales increased by 12.6 percent to \$13.9 million and the net income to common shareholders was \$423 thousand, or 4 cents per share. This compares to sales of \$12.4 million and a net loss to common shareholders of \$1.3 million, or 13 cents per share, for the same period last year. Weighted-average shares outstanding were 11.1 million (basic) and 11.7 million (diluted), as compared to 9.8 million (basic and diluted) a year ago.

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For the nine months ended Sept. 30, 2007, sales increased by 13.1 percent to \$40.8 million and the net income to common shareholders was \$431 thousand, or 4 cents per share. This compares to sales of \$36.1 million and a net loss to common shareholders of \$2.5 million, or 26 cents per share, for the same period last year. Weighted-average shares outstanding for the nine-month period were 10.6 million (basic) and 11.0 million (diluted), as compared to 9.8 million (basic and diluted) a year ago.

As of Sept. 30, 2007, the Company had \$5.3 million in working capital and \$19.2 million in shareholders' equity. This compares to \$3.6 million in working capital and \$17.9 million in shareholders' equity for the same period a year ago.

THIRD QUARTER 2007 CONFERENCE CALL

A conference call to discuss third quarter 2007 results will occur on Nov. 14, 2007, at 11 a.m. (Eastern). To participate in the conference call, dial one of the following telephone numbers at least five minutes prior to the start time: Domestic, (888) 694-4728; or International, (973) 582-2745. Telephone replay will be available through March 31, 2008, via the following telephone numbers: Domestic, (877) 519-4471 (Code 9447903); or International, (973) 341-3080 (Code 9447903). To participate via webcast, go to <http://www.viavid.net/detailpage.aspx?sid=00004890>. The webcast will be archived for 90 days.

LONG-TERM OUTLOOK

Management's three-year strategic business plan, approved by the DRI Board of Directors in September 2007, projects profitable growth to an annualized revenue run rate of \$100 million by the end of fiscal year 2010, exclusive of possible acquisitions.

"Our three-year strategic business plan indicates that our investments in market, product, business operating infrastructure, and personnel – combined with improving market conditions and entry into some very interesting new geographic markets – may very well produce a continued growth trend. As we continue our focus to produce improved operating results, and to inform and educate investors about the opportunities we believe are embodied in DRI, we believe that shareholder value should increase. We are near completion on our 2008 operating plan and additional guidance for 2008 revenue will be issued when that work is completed. However, we can presently say that we do expect additional revenue growth in 2008," Mr. Turney said.

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ABOUT THE COMPANY

DRI is a digital communications technology leader in the domestic and international public transportation and transit security markets. Our products include: TwinVision® and Mobitec® electronic destination sign systems, Talking Bus® voice announcement systems, Digital Recorders® Internet-based passenger information and automatic vehicle location/monitoring systems, and VacTell™ video actionable intelligence systems. Our products help increase the mobility, flow, safety, and security of people who rely upon transportation infrastructure around the globe. Using proprietary hardware and software applications, our products provide easy-to-understand, real-time information that assists users and operators of transit bus and rail vehicles in locating, identifying, boarding, tracking, scheduling, and managing those vehicles. Our products also aid transit vehicle operators in their quest to increase ridership and reduce fuel consumption, as well as to identify and mitigate security risks on transit vehicles. Positioned not only to serve and address mobility, energy conservation, and environmental concerns, our products also serve the growing U.S. Homeland Security market. For more information about the Company and its operations worldwide, go to www.digrec.com.

FORWARD-LOOKING STATEMENTS

This press release contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In particular, statements concerning the timing or amount of future revenues, expectations of profitability, expected business and revenue growth trends, the strength of the Company’s order backlog, future annualized revenue run rates, and anticipated increases in shareholder value, as well as any statement, express or implied, concerning future events or expectations or which use words such as “expect,” “fully expect,” “expected,” “appears,” “believe,” “plan,” “anticipate,” “would,” “goal,” “potential,” “potentially,” “range,” “pursuit,” “run rate,” “stronger,” “preliminarily,” etc., is a forward-looking statement. These forward-looking statements are subject to risks and uncertainties, including risks and uncertainties that we may not have accurately forecasted the timing or amount of future revenues, that our expectations as to future business and revenue growth trends, the strength of the Company’s order backlog, future annualized run rates, and increases in shareholder value may not prove accurate over time, as well as other risks and uncertainties set forth in our Annual Report on Form 10-K filed March 28, 2007, and in subsequent quarterly reports on Form 10-Q, particularly those identified in Risk Factors Affecting Our Business. There can be no assurance that any expectation, express or implied, in a forward-looking statement will prove correct or that the contemplated event or result will occur as anticipated.

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DIGITAL RECORDERS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except shares and per share amounts)

	September 30, 2007 (Unaudited)	December 31, 2006
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 238	\$ 611
Trade accounts receivable, net	11,056	10,100
Current portion of note receivable	86	-
Other receivables	489	147
Inventories	9,078	9,057
Prepays and other current assets	473	422
Assets of discontinued operations	-	1,728
Total current assets	21,420	22,065
Property and equipment, net	2,833	2,906
Long-term portion of note receivable	258	-
Goodwill	10,967	10,289
Intangible assets, net	1,130	1,110
Deferred tax assets, net	203	191
Other assets	404	797
Total assets	\$ 37,215	\$ 37,358
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Lines of credit	\$ 5,440	\$ 7,608
Notes payable, net	500	1,584
Loan payable	466	-
Current portion of long-term debt	250	254
Current portion of foreign tax settlement	477	393
Accounts payable	5,014	5,560
Accrued expenses	3,990	2,921
Preferred stock dividends payable	17	23
Liabilities of discontinued operations	-	74
Total current liabilities	16,154	18,417
Long-term debt and capital leases, long-term	26	42
Foreign tax settlement, long-term	1,089	1,087
Deferred tax liabilities	335	383
Minority interest in consolidated subsidiary	392	234
Commitments and contingencies		
Shareholders' Equity		
Series E Redeemable, Nonvoting, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 500 shares authorized; 85 and 183 shares issued and outstanding at September 30, 2007, and December 31, 2006, respectively; redeemable at the discretion of the Company at any time.	355	495
Series G Redeemable, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 600 shares authorized; 402 and 379 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively; redeemable at the discretion of the Company after five years from date of issuance.	1,728	1,613
Series H Redeemable, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 600 shares authorized; 58 and 54 shares issued and outstanding at September 30, 2007, and December 31, 2006, respectively; redeemable at the discretion of the Company after five years from date of issuance.	242	222
Series I Redeemable, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 200 shares authorized; 0 and 104 shares issued and outstanding at September 30, 2007, and December 31, 2006, respectively; redeemable at the discretion of the Company after five years from date of issuance.	-	471
Series J Redeemable, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 250 shares authorized; 90 and 0 shares issued and outstanding at September 30, 2007, and December 31, 2006, respectively; redeemable at the discretion of the Company at any time.	388	-
Series AAA Redeemable, Nonvoting, Convertible Preferred Stock, \$.10 par value, liquidation preference of \$5,000 per share; 20,000 shares authorized; 178 shares issued and outstanding at September 30, 2007 and December 31, 2006; redeemable at the discretion of the Company at any time.	890	890
Common stock, \$.10 par value, 25,000,000 shares authorized; 11,168,145 and 10,045,675 shares issued and outstanding at September 30, 2007 and December 31, 2006, respectively.	1,117	1,004
Additional paid-in capital	32,077	31,517
Accumulated other comprehensive income - foreign currency translation	4,404	3,397
Accumulated deficit	(21,982)	(22,414)
Total shareholders' equity	19,219	17,195
Total liabilities and shareholders' equity	\$ 37,215	\$ 37,358

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DIGITAL RECORDERS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007 AND 2006
(In thousands, except share and per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2006	2007	2006
Net sales	\$ 13,929	\$ 12,371	\$ 40,814	\$ 36,085
Cost of sales	9,520	9,011	27,738	25,246
Gross profit	<u>4,409</u>	<u>3,360</u>	<u>13,076</u>	<u>10,839</u>
Operating expenses				
Selling, general and administrative	3,174	3,756	10,351	11,047
Research and development	329	314	1,024	913
Total operating expenses	<u>3,503</u>	<u>4,070</u>	<u>11,375</u>	<u>11,960</u>
Operating income (loss)	<u>906</u>	<u>(710)</u>	<u>1,701</u>	<u>(1,121)</u>
Other income (loss)	4	24	43	(17)
Foreign currency gain	130	11	151	100
Interest expense	(276)	(330)	(924)	(818)
Total other income and expense	<u>(142)</u>	<u>(295)</u>	<u>(730)</u>	<u>(735)</u>
Income (loss) from continuing operations before income tax expense	764	(1,005)	971	(1,856)
Income tax expense	<u>(138)</u>	<u>(59)</u>	<u>(162)</u>	<u>(175)</u>
Income (loss) from continuing operations before minority interest in income of consolidated subsidiary	626	(1,064)	809	(2,031)
Minority interest in income of consolidated subsidiary	<u>(127)</u>	<u>(159)</u>	<u>(158)</u>	<u>(229)</u>
Income (loss) from continuing operations	499	(1,223)	651	(2,260)
Income (loss) from discontinued operations	<u>-</u>	<u>212</u>	<u>(219)</u>	<u>333</u>
Net income (loss)	499	(1,011)	432	(1,927)
Provision for preferred stock dividends	(76)	(77)	(220)	(221)
Amortization for discount on preferred stock	<u>-</u>	<u>-</u>	<u>-</u>	<u>(49)</u>
Net income (loss) applicable to common shareholders	<u>\$ 423</u>	<u>\$ (1,088)</u>	<u>\$ 212</u>	<u>\$ (2,197)</u>
Net income (loss) per share - basic				
Continuing operations	<u>\$ 0.04</u>	<u>\$ (0.13)</u>	<u>\$ 0.04</u>	<u>\$ (0.26)</u>
Discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Income (loss) per share applicable to common shareholders	<u>\$ 0.04</u>	<u>\$ (0.11)</u>	<u>\$ 0.02</u>	<u>\$ (0.22)</u>
Net income (loss) per share - diluted				
Continuing operations	<u>\$ 0.04</u>	<u>\$ (0.13)</u>	<u>\$ 0.04</u>	<u>\$ (0.26)</u>
Discontinued operations	<u>\$ 0.00</u>	<u>\$ 0.02</u>	<u>\$ (0.02)</u>	<u>\$ 0.03</u>
Income (loss) per share applicable to common shareholders	<u>\$ 0.04</u>	<u>\$ (0.11)</u>	<u>\$ 0.02</u>	<u>\$ (0.22)</u>
Weighted average number of common shares and common share equivalent outstanding				
Basic	<u>11,131,248</u>	<u>9,801,789</u>	<u>10,606,347</u>	<u>9,777,044</u>
Diluted	<u>11,711,753</u>	<u>9,801,789</u>	<u>11,020,059</u>	<u>9,777,044</u>

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