

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(MARK ONE)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934

FOR THE FISCAL YEAR ENDED NOVEMBER 30, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NO. 0-28839

AUDIOVOX CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

13-1964841
(IRS Employer Identification No.)

180 MARCUS BLVD., HAUPPAUGE, NEW YORK
(Address of principal executive offices)

11788
(Zip Code)

(631) 231-7750
(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:

| TITLE OF EACH CLASS: | NAME OF EACH EXCHANGE ON WHICH REGISTERED |
|--------------------------------------|---|
| Class A Common Stock \$.01 par value | Nasdaq Stock Market |

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
None

Indicated by check mark if the registrant is a well-known seasoned
issuer, (as defined in Rule 405 of the Securities Act).

Yes No X

Indicated by check mark if the registrant is not required to file reports
pursuant to Section 13 or Section 15(d) of the Act.

Yes No X

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405
of Regulation S-K is not contained herein, and will not be contained, to the
best of registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K.

X

Indicate by check mark whether Registrant is an accelerated filer (as
defined in Exchange Act Rule 12b-2).

Yes X No

Indicate by check mark whether the Registrant is a shell company (as
defined in rule 12b-2 of the Exchange Act).

Yes No X

The aggregate market value of the common stock held by non-affiliates
of the Registrant was \$265,510,375 (based upon closing price on the Nasdaq Stock
Market on May 31, 2005).

The number of shares outstanding of each of the registrant's classes of
common stock, as of February 9, 2006 was:

| CLASS | OUTSTANDING |
|-----------|-------------|
| - - - - - | ----- |

Class A common stock \$.01 par value
Class B common stock \$.01 par value

20,300,594
2,260,954

EXPLANATORY NOTE

This Amendment on Form 10-K/A is being filed by Audiovox Corporation. (the "Company") to amend the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2005, as filed with the Securities and Exchange Commission on February 14, 2006. This Amendment on Form 10-K/A is being filed to include two exhibits, exhibit 99.1 and exhibit 99.2. Except for Item 15 of Part IV, no other information included in the original report on Form 10-K is amended by this Form 10-K/A.

PART IV

ITEM 15-EXHIBITS, FINANCIAL STATEMENT SCHEDULES

| EXHIBIT NUMBER | DESCRIPTION |
|-------------------|--|
| 31.1* | Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of The Securities Exchange Act of 1934 (filed herewith). |
| 31.2* | Certification of Principal Financial Officers Pursuant to Rule 13a-14(a) and rule 15d-14(a) of The Securities Exchange Act of 1934 (filed herewith). |
| 32.1* | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (filed herewith). |
| 32.2* | Certification Pursuant to 18 U.S.C. Section 1350, As Adopted Pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 (filed herewith). |
| 99.1* | Consolidated Financial Report of Audiovox Specialized Applications LLC (ASA) as of November 30, 2005 and 2004 and for the Years Ended November 30, 2005, 2004 and 2003 (filed herewith). |
| 99.2* | Consent of McGladrey & Pullen, LLP (filed herewith). |

* Filed electronically herewith

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

AUDIOVOX CORPORATION

February 14, 2006

BY: /s/ Charles M. Stoehr

Charles M. Stoehr

Senior Vice President,
Chief Financial Officer (Principal
Financial and Accounting Officer) and Director

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, Patrick M. Lavelle, President and Chief Executive Officer of Audiovox Corporation, certify that:

1. I have reviewed amendment No.1 to the annual report on Form 10-K/A of Audiovox Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.

February 14, 2006

/s/Patrick M. Lavelle

Patrick M. Lavelle
President and Chief Executive Officer

CERTIFICATION PURSUANT TO RULE 13a-14(a) OF THE
SECURITIES EXCHANGE ACT OF 1934

I, C. Michael Stoehr, Senior Vice President and Chief Financial Officer of
Audiovox Corporation, certify that:

1. I have reviewed amendment No.1 to the annual report on Form 10-K/A of
Audiovox Corporation (the "Company");
2. Based on my knowledge, this report does not contain any untrue
statement of a material fact or omit to state a material fact necessary
to make the statements made, in light of the circumstances under which
such statements were made, not misleading with respect to the period
covered by this report; and
3. Based on my knowledge, the financial statements, and other financial
information included in this report, fairly present in all material
respects the financial condition, results of operations and cash flows
of the registrant as of, and for, the periods presented in this report.

February 14, 2006

/s/ C. Michael Stoehr

C. Michael Stoehr
Senior Vice President and Chief Financial
Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with amendment No.1 to the Annual Report of Audiovox Corporation (the "Company") on Form 10-K/A for the period ended November 30, 2005 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Patrick M. Lavelle, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 14, 2006

/s/Patrick M. Lavelle

Patrick M. Lavelle
President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with amendment No. 1 to the annual report of Audiovox Corporation (the "Company") on Form 10-K/A for the period ended November 30, 2005 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, C. Michael Stoehr, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 14, 2006

/s/ C. Michael Stoehr

C. Michael Stoehr
Senior Vice President and Chief Financial
Officer

AUDIOVOX SPECIALIZED APPLICATIONS, LLC
AND SUBSIDIARY
(A Limited Liability Company)

Consolidated Financial Report

11.30.05

[McGLADREY & PULLEN LOGO]

McGladrey & Pullen, LLP is a member firm of RSM International --
an affiliation of separate and independent legal entities.

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[McGLADREY & PULLEN LOGO]

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Members
AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
Elkhart, Indiana

We have audited the consolidated balance sheets of AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY as of November 30, 2005 and 2004, and the related consolidated statements of income, members' equity, and cash flows for each of the three years in the period ended November 30, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provided a

reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY as of November 30, 2005 and 2004, and the results of their operations and their cash flows for each of the three years in the period ended November 30, 2005, in conformity with U.S. generally accepted accounting principles.

/s/ McGladrey & Pullen, LLP

Elkhart, Indiana
February 9, 2006

McGladrey & Pullen, LLP is a member firm of RSM International - an affiliation of separate and independent legal entities.

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AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 2005 AND 2004

| | 2005 | 2004 |
|--|---------------|---------------|
| <hr/> | | |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 1,119,463 | \$ 1,679,380 |
| Available-for-sale securities | 10,250,000 | 5,435,000 |
| Trade receivables | 3,934,525 | 4,806,642 |
| Inventories | 9,112,246 | 9,947,792 |
| Prepaid expenses | 110,115 | 139,532 |
| | <hr/> | <hr/> |
| TOTAL CURRENT AETS | 24,526,349 | 22,008,346 |
| Leasehold Improvements and Equipment, at depreciated cost | 1,710,386 | 1,777,430 |
| Intangible Assets, trademark rights | 2,647,623 | 2,647,623 |
| | <hr/> | <hr/> |
| | \$ 28,884,358 | \$ 26,433,399 |
| | <hr/> | <hr/> |
| LIABILITIES AND MEMBERS' EQUITY | | |
| Current Liabilities | | |
| Accounts payable | \$ 1,522,570 | \$ 1,576,263 |
| Accrued expenses: | | |
| Payroll and related taxes | 720,660 | 867,273 |
| Warranty | 2,390,000 | 2,182,000 |
| Other | 105,579 | 84,452 |
| | <hr/> | <hr/> |
| TOTAL CURRENT LIABILITIES | 4,738,809 | 4,709,988 |
| Commitments and Contingencies (Notes 7 and 9) | | |
| Members' Equity | 24,145,549 | 21,723,411 |
| | <hr/> | <hr/> |
| | \$ 28,884,358 | \$ 26,433,399 |
| | <hr/> | <hr/> |

See Notes to Financial Statements.

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AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENTS OF INCOME
YEARS ENDED NOVEMBER 30, 2005, 2004 AND 2003

| | 2005 | 2004 | 2003 |
|-------|------|------|------|
| <hr/> | | | |

| | | | |
|---|---------------|---------------|---------------|
| Net sales | \$ 49,794,847 | \$ 56,988,388 | \$ 47,818,026 |
| Cost of goods sold | 37,917,202 | 42,448,470 | 36,632,732 |
| | ----- | ----- | ----- |
| GROSS PROFIT | 11,877,645 | 14,539,918 | 11,185,294 |
| Selling, general and administrative expenses | 7,365,886 | 7,283,290 | 5,431,752 |
| | ----- | ----- | ----- |
| OPERATING INCOME | 4,511,759 | 7,256,628 | 5,753,542 |
| | ----- | ----- | ----- |
| Nonoperating income (expense): | | | |
| Investment income | 204,707 | 48,612 | 142,588 |
| Interest expense | (70) | (1,275) | (752) |
| | ----- | ----- | ----- |
| | 204,637 | 47,337 | 141,836 |
| | ----- | ----- | ----- |
| NET INCOME | \$ 4,716,396 | \$ 7,303,965 | \$ 5,895,378 |
| | ===== | ===== | ===== |

See Notes to Financial Statements.

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AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY
YEARS ENDED NOVEMBER 30, 2005, 2004 AND 2003

| | 2005 | 2004 | 2003 |
|----------------------|---------------|---------------|---------------|
| | ----- | ----- | ----- |
| Balance, beginning | \$ 21,723,411 | \$ 22,681,594 | \$ 19,418,012 |
| Net income | 4,716,396 | 7,303,965 | 5,895,378 |
| Member distributions | (2,294,258) | (8,262,148) | (2,631,796) |
| | ----- | ----- | ----- |
| Balance, ending | \$ 24,145,549 | \$ 21,723,411 | \$ 22,681,594 |
| | ===== | ===== | ===== |

See Notes to Financial Statements.

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AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 2005, 2004 AND 2003

| | 2005 | 2004 | 2003 |
|--|--------------|--------------|--------------|
| | ----- | ----- | ----- |
| Cash Flows From Operating Activities | | | |
| Net income | \$ 4,716,396 | \$ 7,303,965 | \$ 5,895,378 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 555,143 | 582,523 | 991,001 |
| Loss on sale of equipment | 28,967 | 227,471 | 13,366 |
| Impairment loss on goodwill | - | 300,000 | - |
| Change in assets and liabilities, net of effects of acquisitions noted below: | | | |
| Decrease (increase) in: | | | |
| Trade receivables | 872,117 | 884,592 | 107,818 |
| Inventories | 835,546 | 1,318,763 | 553,025 |
| Prepaid expenses | 29,417 | (41,580) | 31,918 |
| Increase (decrease) in: | | | |
| Accounts payable | (53,693) | (279,063) | 622,530 |
| Accrued expenses | 82,514 | 338,359 | 363,301 |

| NET CASH PROVIDED BY OPERATING ACTIVITIES | 7,066,407 | 10,635,030 | 8,578,337 |
|---|--------------|--------------|--------------|
| Cash Flows From Investing Activities | | | |
| Proceeds on sale of equipment | 12,111 | 59,257 | 62,520 |
| Purchase of leasehold improvements and equipment | (529,177) | (1,147,137) | (534,256) |
| Proceeds from note receivable | - | 1,000,000 | - |
| Proceeds from sale of available-for-sale securities | 5,435,000 | 2,013,779 | 7,446,218 |
| Purchase of available-for-sale securities | (10,250,000) | (5,435,000) | (9,459,997) |
| Purchase of assets from related party | - | - | (3,600,000) |
| NET CASH (USED IN) INVESTING ACTIVITIES | (5,332,066) | (3,509,101) | (6,085,515) |
| Cash Flows From Financing Activities | | | |
| Member distributions | (2,294,258) | (8,262,148) | (2,631,796) |
| (DECREASE) IN CASH AND CASH EQUIVALENTS | (559,917) | (1,136,219) | (138,974) |
| Cash and cash equivalents, beginning | 1,679,380 | 2,815,599 | 2,954,573 |
| Cash and cash equivalents, ending | \$ 1,119,463 | \$ 1,679,380 | \$ 2,815,599 |

See Notes to Financial Statements.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF BUSINESS, USE OF ESTIMATES, AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF BUSINESS:

Audiovox Specialized Applications ("ASA") "The Mobile Electronics Company" is an international supplier of mobile electronics in certain niche markets in the Automotive Industry including: Recreational Vehicle, Van/SUV Conversion, Commercial Vehicle, Heavy Duty Truck, Agricultural, Construction, Bus, Limousine, and Marine industries. Its proprietary line of products include: Flexvision LCD Entertainment Systems, including DVD and video cassette players; Voyager Rear Observation and Bus Monitor/PA Systems and radios; Nextgen Modular Chassis Systems; Aquatronics Marine Radios, Speakers, and Housings; Jensen Marine Radios, Speakers and Housings and other Audio/Video Products; and Heavy Duty Systems, Radios and other Audio Products. These products are sold to customers throughout the world, generally on 30-day terms. ASA is headquartered in Elkhart, Indiana and has a public distribution center in California.

USE OF ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

SIGNIFICANT ACCOUNTING POLICIES:

REVENUE RECOGNITION:

The Company recognizes revenue from product sales at the time of passage of title and risk of loss to the customer either at F.O.B. Shipping Point or F.O.B. Destination, based upon terms established with the customer. The Company's selling price is fixed and determined at the time of shipment and collectibility is reasonably assured and not contingent upon the customer's resale of the product. The customers are generally not given rights of return. In the event customers are granted rights of return, the Company records an allowance for future returns. At November 30, 2005 and 2004, no such allowance was deemed necessary. The product sale is not subject to acceptance or installation by Company or customer personnel.

The Company recognizes shipping costs in selling, general and administrative in the accompanying statements of income. Shipping costs for the years ended November 30, 2005, 2004, and 2003 were approximately \$403,000, \$387,000, and \$248,000 respectively.

The Company recognizes royalty revenue at the time the related product is purchased by Audiovox Corporation ("Audiovox"), a member of ASA, under the terms of the related royalty agreement. Total royalty revenue under this agreement for the years ended November 30, 2005, 2004, and 2003 was approximately \$871,000, \$2,103,000, and \$3,253,000 respectively.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

MEMBERS' EQUITY:

In accordance with the generally accepted method of presenting limited liability company financial statements, the accompanying financial statements do not include other corporate assets and liabilities of the members, including their obligation for income taxes on the net income of the limited liability company nor any provision for income tax expense.

It is the Company's intent to distribute funds to members to cover their income tax liabilities. No provision has been made for any material distributions which may be made subsequent to the balance sheet date.

Subsequent to November 30, 2005, the Company paid or accrued approximately \$1,400,000 of member distributions.

The LLC operating agreement does not provide for separate classes of ownership. Audiovox and ASA Electronics Corporation share equally in all LLC events and the related member accounts are considered equal on a fair value basis.

PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements include the accounts of the Company and CruiseTV, LLC ("CruiseTV") a wholly-owned subsidiary. All significant intercompany accounts have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS:

The Company maintains its cash accounts in amounts which, at times, may be in excess of insurance limits provided by the Federal Deposit Insurance Corporation.

For purposes of the statement of cash flows, the Company considers investments in various repurchase agreements with its bank, money market accounts and highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents amounted to approximately \$591,000 and \$1,400,000 for the years ended November 30, 2005 and 2004 respectively.

AVAILABLE-FOR-SALE SECURITIES:

Available-for-sale securities consist of investments in marketable debt securities. Debt securities consist primarily of obligations of municipalities.

The Company accounts for these investments in accordance with FASB Statement No. 115. Management determines the appropriate classification of securities at the date individual investment securities are acquired and the appropriateness of such classification is reassessed at each balance sheet date. Since the Company neither buys investment securities in anticipation of short-term fluctuation in market prices nor commits to holding debt securities to their maturities, the investments in debt and equity securities have been classified as available-for-sale in accordance with Statement No. 115. Available-for-sale securities are stated at fair value, and unrealized holding gains and losses, if any, are reported as a separate component of members' equity.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

A decline in the market value of any available-for-sale security below cost that is deemed other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. The Company considers numerous factors, on a case by case basis, in evaluating whether the decline in market value of an available-for-sale security below cost is other-than-temporary. Such factors include, but are not limited to, (i) the length of time and the extent to which the market value has been less than cost; (ii) the financial condition and the near-term prospects of the issuer or the investment; and (iii) whether the Company's intent to retain the investment for the period of time is sufficient

to allow for any anticipated recovery in market value.

TRADE RECEIVABLES:

Trade receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Trade receivables in the accompanying balance sheets at November 30, 2005 and 2004 are stated net of an allowance for doubtful accounts of approximately \$76,000 and \$100,000 respectively. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Trade receivables are written off when deemed uncollectible. Recoveries of trade receivables previously written off are recorded when received. Generally, a trade receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days.

INVENTORIES:

Inventories consist principally of finished goods and are stated at the lower of cost (primarily on a weighted moving average basis) or market.

DEPRECIATION:

Depreciation of leasehold improvements and equipment is computed principally by the straight-line method over the following estimated useful lives:

| | Years ----- |
|-------------------------------|----------------|
| Leasehold improvements | 5 |
| Machinery and equipment | 5-10 |
| Tooling and molding | 3 |
| Transportation equipment | 5 |
| Office furniture and fixtures | 10 |
| Computer equipment | 3-5 |
| Booth displays | 7 |

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

WARRANTIES:

The Company provides a limited warranty primarily for a period of up to three years for its products. The Company's standard warranties require the Company, the original equipment manufacturer or its dealers to repair or replace defective products during such warranty periods at no cost to the consumer. The Company estimates the costs that may be incurred under its basic limited warranty and records a liability in the amount of such costs at the time product revenue is recognized. The related expense is recorded as cost of goods sold in the accompanying statements of income. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims, the historical lag time between product sales and product claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The Company utilizes historical trends and analytical tools to assist in determining the appropriate loss reserve levels.

Changes in the Company's warranty liability during the years ended November 30, 2005, 2004, and 2003 are as follows:

| | 2005 ----- | 2004 | 2003 |
|----------------------------|---------------|--------------|--------------|
| Balance, beginning | \$ 2,182,000 | \$ 2,016,000 | \$ 1,605,000 |
| Accruals for products sold | 1,835,396 | 2,016,430 | 1,888,292 |
| Payments made | (1,627,396) | (1,850,430) | (1,477,292) |
| Balance, ending | \$ 2,390,000 | \$ 2,182,000 | \$ 2,016,000 |

INCOME TAXES:

The members have elected to be taxed for federal and state income tax purposes as a limited liability company under the provisions of the respective income tax codes. Under these provisions, the members report net income of the Company on their corporate income tax returns.

ADVERTISING COSTS:

The Company expenses the cost of advertising (including trade shows), as incurred. Advertising costs in the accompanying statements of income were \$819,000, \$535,000, and \$335,000 for the years ended November 30, 2005, 2004, and 2003 respectively.

LONG-LIVED ASSETS, GOODWILL AND OTHER INTANGIBLE ASSETS:

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standard ("SFAS") No. 141, Business Combinations, and SFAS No. 142. SFAS No. 141 requires that the purchase method of accounting be used for all future business combinations and specifies criteria intangible assets acquired in a business combination must meet to be recognized and reported apart from goodwill.

Statement of Financial Accounting Standard ("SFAS") No. 142, Goodwill and Other Intangible Assets, requires that goodwill and intangible assets with indefinite useful lives no longer be amortized, but instead be tested for impairment at least annually or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit below its carrying amount.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

As a result of adopting the provisions of SFAS No. 142, the Company did not record amortization expense relating to its goodwill or its trademark rights. For intangible assets with indefinite lives, including goodwill, the Company performed its annual impairment test, which resulted in a \$300,000 impairment adjustment during the year ended November 30, 2004 (See Note 8). There was no impairment for the years ended November 30, 2005 and 2003.

In accordance with SFAS No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets, the Company reviews its long-lived assets periodically to determine potential impairment by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value of the long-lived assets. The Company performed its annual impairment test, which indicated no reduction is required.

NOTE 2. AVAILABLE-FOR-SALE SECURITIES

The following is a summary of the Company's investment securities as of November 30, 2005 and 2004:

| 2005 | | | |
|------------------|------------------------|-------------------------|---------------|
| COST | GROSS UNREALIZED GAINS | GROSS UNREALIZED LOSSES | FAIR VALUE |
| Government bonds | \$ 10,250,000 | \$ - | \$ 10,250,000 |
| 2004 | | | |
| COST | GROSS UNREALIZED GAINS | GROSS UNREALIZED LOSSES | FAIR VALUE |
| Government bonds | \$ 5,435,000 | \$ - | \$ 5,435,000 |

The cost and fair value of debt securities by contractual maturities as of November 30, 2005 are as follows:

| | Cost | Fair Value |
|-----------------------|---------------|--------------|
| Due after three years | \$ 10,250,000 | \$10,250,000 |

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

Expected maturities may differ from contractual maturities because the issuers of certain debt securities have the right to prepay their obligations without penalty.

A summary of proceeds from the sale of available-for-sale securities and investment earnings for the years ended November 30, 2005, 2004, and 2003 is as follows:

| | 2005 | 2004 | 2003 |
|---|--------------|--------------|--------------|
| Proceeds from the sale of available-for-sale securities | \$ 5,435,000 | \$ 2,013,779 | \$ 7,446,218 |
| Realized (losses) on sale of marketable securities | \$ - | \$ (2,056) | \$ (24,226) |
| Interest earned | 204,707 | 50,668 | 123,639 |
| Dividends | - | - | 43,175 |
| | \$ 204,707 | \$ 48,612 | \$ 142,588 |

NOTE 3. LEASEHOLD IMPROVEMENTS AND EQUIPMENT

The cost of leasehold improvements and equipment and the related accumulated depreciation at November 30, 2005 and 2004 are as follows:

| | 2005 | 2004 |
|-------------------------------|--------------|--------------|
| Leasehold improvements | \$ 528,741 | \$ 587,833 |
| Machinery and equipment | 951,677 | 898,251 |
| Tooling and molding | 545,713 | 755,984 |
| Transportation equipment | 342,155 | 361,550 |
| Office furniture and fixtures | 311,173 | 259,745 |
| Computer equipment | 717,357 | 574,313 |
| Booth displays | 159,064 | 124,224 |
| Construction in progress | 36,664 | 12,750 |
| | 3,592,544 | 3,574,650 |
| Less accumulated depreciation | 1,882,158 | 1,797,220 |
| | \$ 1,710,386 | \$ 1,777,430 |

NOTE 4. PLEDGED ASSETS AND NOTES PAYABLE

The terms of a loan agreement with a bank permit the Company to borrow a maximum of \$17,000,000, subject to a borrowing base determined by eligible accounts receivable and inventories as defined by the agreement. At November 30, 2005 no amount was outstanding under this agreement. Borrowings under the agreement bear interest at prime minus 1.25% or LIBOR plus an applicable margin, at the Company's option, are collateralized by accounts receivable, inventories, and equipment, and are due on demand. In connection with the agreement, the Company is subject to certain financial covenants.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

NOTE 5. MAJOR VENDORS

For the years ended November 30, 2005, 2004, and 2003, the Company purchased approximately 60% of its products for resale from five vendors, four of which were the same in all three years.

NOTE 6. TRANSACTIONS WITH RELATED PARTIES AND LEASE COMMITMENTS

The Company is affiliated with various entities through common ownership by one of its members, Audiovox. Transactions with Audiovox for the years ended November 30, 2005, 2004, and 2003 are approximately as follows:

| | 2005 | 2004 | 2003 |
|-------------------|------------|------------|------------|
| Net product sales | \$ 573,000 | \$ 638,000 | \$ 519,000 |
| Royalty revenue | 871,000 | 2,103,000 | 3,253,000 |
| Purchases | 1,404,000 | 1,302,000 | 2,886,000 |

The Company has a royalty agreement with Audiovox whereby the Company earns a 3% royalty on the member's purchases of certain mobile video product from a third party. The related revenue has been included in net sales on the income statement.

At November 30, 2005 and 2004, amounts included in trade receivables and accounts payable resulting from the above transactions are as follows:

| | 2005 | 2004 |
|-------------------|------------|------------|
| Trade receivables | \$ 262,039 | \$ 134,721 |
| Accounts payable | 138,821 | 239,874 |

On August 13, 2003, the Company acquired certain assets from Audiovox. The aggregate purchase price was \$3,600,000, of which approximately \$596,000 and \$3,004,000 were allocated to working capital and trademark rights respectively. In May 2004, the Company completed its final allocation of the aggregate purchase price and increased working capital by approximately \$356,000 with a corresponding decrease to the trademark rights. Audiovox has sublicensed its rights in relation to the trademark to the Company and cannot terminate these rights under the terms of the acquisition agreement. The Company has accounted for the trademark rights as an indefinite lived intangible asset which is subject to the provision of SFAS 142 as described in Note 1.

At November 30, 2005, the Company leases warehouse, manufacturing, and office facilities from Irions Investments, LLC, an entity related through common ownership, for approximately \$37,200 per month, plus the payment of property taxes, normal maintenance, and insurance on the property under an agreement which expires September 2009, with one five-year option to extend, at the Company's discretion.

The Company leases certain equipment from unrelated parties under agreements that require monthly payments totaling approximately \$1,100 and expire through July 2006.

The total rental expense included in the income statements for the years ended November 30, 2005, 2004, and 2003 is approximately \$576,000, \$505,000, and \$476,000, respectively, of which approximately \$521,000, \$368,000, and \$336,000 respectively was paid to Irions Investments, LLC.

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AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
(A LIMITED LIABILITY COMPANY)

NOTES TO FINANCIAL STATEMENTS

The total approximate minimum rental commitment at November 30, 2005 under the leases is due as follows:

| | Related Party | Other | Total |
|-------------------------------------|---------------|----------|--------------|
| During the year ending November 30, | | | |
| 2006 | \$ 447,000 | \$ 8,000 | \$ 455,000 |
| 2007 | 447,000 | - | 447,000 |
| 2008 | 447,000 | - | 447,000 |
| 2009 | 372,000 | - | 372,000 |
| | \$ 1,713,000 | \$ 8,000 | \$ 1,721,000 |

NOTE 7. EMPLOYEE BENEFIT PLANS

The Company has profit-sharing and 401(k) plans for the benefit of all eligible employees. The Company's contributions are discretionary and are limited to amounts deductible for federal income tax purposes. Discretionary contributions were approximately \$204,000, \$270,000, and \$97,000 for the years ended November 30, 2005, 2004, and 2003 respectively.

The Company also maintains a discretionary employee bonus plan for the benefit of its key executive and operating officers. The Company has paid or accrued bonuses of approximately \$884,000, \$1,163,000, and \$709,000 during the years ended November 30, 2005, 2004, and 2003 respectively.

The Company has a health plan for its employees, which is self-insured for medical and pharmaceutical claims up to \$35,000 per participant and

approximately \$400,000 annually in aggregate. Dental and vision coverage is entirely self-insured. The excess loss portion of the employees' coverage has been reinsured with a commercial carrier. The total amount of net claims and insurance premiums for the years ended November 30, 2005, 2004, and 2003 were approximately \$696,000, \$458,000, and \$408,000 respectively.

NOTE 8. GOODWILL IMPAIRMENT

During the year ended November 30, 2004, the Company determined that goodwill relating to the Company's acquisition of Datron Corporation was impaired due to certain advances in technology during the year ended November 30, 2004 and the balance of \$300,000 was recorded as a charge against net income to selling, general and administrative expenses.

NOTE 9. LITIGATION

The Company has pending legal proceedings. These proceedings are, in the opinion of management, ordinary routine matters incidental to the normal business conducted by the Company. In the opinion of management the ultimate disposition of such proceedings are not expected to have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows.

AUDIOVOX SPECIALIZED APPLICATIONS, LLC AND SUBSIDIARY
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NOTES TO FINANCIAL STATEMENTS

NOTE 10. CASH FLOWS INFORMATION

Supplemental information relative to the statements of cash flows for the years ended November 30, 2005, 2004, and 2003 is as follows:

| | 2005 | 2004 | 2003 |
|--|-------|------------|--------|
| | ----- | | |
| Supplemental disclosures of cash flows information: | | | |
| Cash payments for interest | \$ 70 | \$ 1,275 | \$ 752 |
| | ===== | | |
| Supplemental schedule of noncash investing and financing activities: | | | |
| Valuation of trademark rights adjustment | \$ - | \$ 356,260 | \$ - |
| | ===== | | |

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our report, dated February 9, 2006, on the consolidated financial statements of Audiovox Specialized Applications, LLC which is included in the Annual Report of Audiovox Corporation and subsidiaries on Form 10-K/A for the year ended November 30, 2005. We hereby consent to the incorporation by reference of our report in the Registration Statements of Audiovox Corporation on Forms S-8 (Registration Nos. 333-36762 and 333-82073).

/s/ MCGLADREY & PULLEN, LLP
MCGLADREY & PULLEN, LLP

Elkhart, Indiana
February 9, 2006