UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): July 8, 2003

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

DELAWARE	1-9532	13-1964841
(State or other jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification Number)

150 Marcus Boulevard, Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

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

NONE
(Former name or former address, if changed since last report)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Pursuant to a First Amended and Restated Stock and Asset Purchase Agreement, dated as of June 2, 2003 (the "Agreement"), by and among Recoton Audio Corporation, Recoton Home Audio, Inc., Recoton Mobile Electronics, Inc., Recoton International Holdings, Inc. ("RIH"), Recoton Corporation and Recoton Canada Ltd. (collectively, the "Sellers") , JAX Assets Corp. ("Buyer") and Audiovox Corporation ("Registrant"), as guarantor, on July 8, 2003, Buyer, a wholly owned subsidiary of Registrant, closed on the acquisition of audio assets of certain Sellers (the "Assets") and the shares of RIH (the "Stock"). The Assets consist of the brand names Jensen, Accoustic Research and Advent and substantially all of the audio inventory, accounts receivable and other assets of certain Sellers. The Stock consists of all the issued and outstanding shares of RIH, the sole shareholder of Recoton German Holdings GmbH.

Seller used the Assets in connection with its worldwide audio electronics distribution business and Registrant intends to continue to use the Assets substantially for the same purpose.

There is no material relationship between Seller and Registrant, any of its affiliates, any director or officer of Registrant, or any associate of any director or officer.

Registrant purchased the Assets and Stock from Sellers for approximately $40,000,000 (the "Cash Purchase Price") subject to post-closing adjustment for inventory and accounts receivable balances. In addition, Registrant assumed $3,776,000 in debt related to the acquisition of the Stock in RIH. The total purchase price was partially financed with proceeds of approximately $12.8 million of long-term debt obtained by the Company shortly after the acquisition with the balance paid from available cash on hand.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(a) Financial Statements of Business Acquired

The historical financial statements of the audio business group of Recoton Corporation as of and for each of the years in the three year period ended December 31, 2002 are filed as Exhibit 99.1 hereto.

(b) Pro Forma Financial Information

The pro forma balance sheet as of May 31, 2003 and proforma statements of operations for the six months ended May 31, 2003 and for the year ended November 30, 2002 are filed as Exhibit 99.2 hereto.

(c) Exhibits

2.1 First Amended and Restated Stock and Asset Purchase Agreement made and entered into as of June 2, 2003 (incorporated by reference to Exhibit 2.1 of Audiovox Corporation's Current Report on Form 8-K filed July 23, 2003)

99.1 Financial statements of Audio Business Group of Recoton Corporation

99.2 Unaudited proforma condensed combined financial statements of Audiovox Corporation and Audio Recoton

SIGNATURES

Pursuant to the requirements 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

By: /s/ Charles M. Stoehr

Charles M. Stoehr
Senior Vice President and
Chief Financial Officer

Dated: September 22, 2003

INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
OF AUDIOVOX CORPORATION
HAUPPAUGE, NEW YORK

We have audited the accompanying combined balance sheets of the AUDIO BUSINESS GROUP OF RECOTON CORPORATION ("The Group") as at December 31, 2001 and 2002 and the related combined statements of operations and cash flows for each of the three years in the period ended December 31, 2002. These combined financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of the Group's German subsidiary, which statements reflect total assets of $42.3 million and $34.0 million as at December 31, 2001 and 2002, respectively, and total revenues of $58.2 million, $58.8 million and $66.4 million for each of the respective three years in the period ended December 31, 2002. Those statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Group's German subsidiary, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Group as at December 31, 2001 and 2002 and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2002 in conformity with accounting principles generally accepted in the United States.

s/Cornick, Garber & Sandler, LLP

CERTIFIED PUBLIC ACCOUNTANTS

NEW YORK, NEW YORK
AUGUST 22, 2003

AUDIO BUSINESS GROUP OF RECOTON CORPORATION

COMBINED BALANCE SHEET
(DOLLARS IN THOUSANDS)

	December 31, 2001	December 31, 2002	June 30, 2003 (unaudited)
ASSETS			
Current assets:			
Cash and cash equivalents	$ 1,915	$ 2,758	$ 2,223
Accounts receivable (less allowance for doubtful accounts of $1,682 in 2001, $1,406 in 2002 and $5,436 in 2003)	66,626	31,042	12,322
Inventories	50,801	25,365	21,858
Prepaid expenses and other current assets	2,710	3,221	3,365
Total current assets	122,052	62,386	39,768
Property and equipment, net	2,465	3,100	2,830
Trademarks and patents, net	3,499	3,466	3,466
Goodwill, net	16,247	-	-
Other	1,237	717	731
	$145,500	$ 69,669	$ 46,795
Total assets			
LIABILITIES			
Current liabilities:			
Bank loans payable	-	$ 7,865	$ 3,776
Accounts payable	$ 22,769	18,250	18,558
Accrued expenses	3,666	3,491	2,223
Total current liabilities	26,435	29,606	24,557
Due to Recoton Corporation and its other subsidiaries - net	55,868	1,011	-
Other liabilities	119	231	244
Total liabilities	82,422	30,848	24,801
Commitments and contingencies			
GROUP EQUITY			
Group equity	63,078	38,821	41,078
Less receivables from Recoton Corporation and its other subsidiaries	-	-	(19,084)
Net group equity	63,078	38,821	21,994
Total liabilities and group equity	$145,500	$ 69,669	$ 46,795

SEE ACCOMPANYING NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUDIO BUSINESS GROUP OF RECOTON CORPORATION

COMBINED STATEMENTS OF OPERATIONS
(DOLLARS IN THOUSANDS)

	Years Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
Net sales	$210,341	$207,944	$211,399	$112,800	$ 35,551
Cost of sales	147,372	142,912	161,064	80,044	35,047
Gross profit	62,969	65,032	50,335	32,756	504
Selling, general and administrative expenses	41,712	44,046	46,668	22,086	19,326
Operating income (loss)	21,257	20,986	3,667	10,670	(18,822)
Other (income) expenses:					
Interest expense	2,764	2,854	2,645	1,340	628
Investment income	(210)	(693)	(519)	(9)	-
Net other expenses	2,554	2,161	2,126	1,331	628
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle	18,703	18,825	1,541	9,339	(19,450)
Income tax provision (benefit)	7,434	7,455	787	3,582	(1,750)
Income (loss) from continuing operations before cumulative effect of change in accounting principle	11,269	11,370	754	5,757	(17,700)
(Loss) from discontinued operations, net of taxes	(15)	(396)	(1,134)	(304)	-
Cumulative effect of change in accounting principle	-	-	(16,247)	(16,247)	-
Net income (loss)	$ 11,254	$ 10,974	$(16,627)	$(10,794)	$(17,700)

SEE ACCOMPANYING NOTES TO THE COMBINED FINANCIAL STATEMENTS

AUDIO BUSINESS GROUP OF RECOTON CORPORATION

COMBINED STATEMENT OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	Years Ended December 31,			Six Months Ended June 30,	
	2000	2001	2002	2002	2003
Cash flows from operating activities:					
Net income (loss)	$ 11,254	$ 10,974	$(16,627)	$(10,794)	$(17,700)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:					
Loss on impairment of goodwill	-	-	16,247	16,247	-
Depreciation	1,785	1,266	1,571	553	787
Amortization on intangibles	827	823	-	-	-
Provision for losses on accounts receivable	17	650	659	185	4,338
Deferred income taxes	(37)	(37)	-	-	-
Loss on sale of discontinued operation	-	-	474	-	-
Change in asset and liability accounts:					
Accounts receivable	(1,384)	(9,167)	37,722	(4,271)	15,841
Inventories	(13,666)	3,037	26,479	1,390	4,787
Prepaid expenses and other current assets	(421)	2,265	(357)	(3,558)	(80)
Other assets	422	(637)	753	25	24
Accounts payable, accrued expenses and other liabilities	(5,201)	7,229	(4,983)	8,523	(1,737)
Net advances from (repayments to) Recoton Corporation and its other subsidiaries for operating activities	4,619	(15,435)	(67,305)	(6,009)	(2,101)
Total adjustments	(13,039)	(10,006)	11,260	13,085	21,859
Net cash provided by (used for) operating activities	(1,785)	968	(5,367)	2,291	4,159
Cash flows from investing activities:					
Expenditures for property and equipment	(415)	(1,352)	(2,043)	(884)	(262)
Proceeds from sale of discontinued operation	-	-	795	-	-
Net cash flows provided by (used in) investing activities	(415)	(1,352)	(1,248)	(884)	(262)
Cash flows from financing activities:					
Net borrowings (repayments) under revolving credit agreements	-	-	7,073	-	(4,648)
Net cash flows provided by (used in) financing activities	-	-	7,073	-	(4,648)
Effect of exchange rate changes on cash and cash equivalents	(423)	(205)	385	354	216
Net increase (decrease) in cash and cash equivalents	(2,623)	(589)	843	1,761	(535)
Cash and cash equivalents, beginning of period	5,127	2,504	1,915	1,915	2,758
Cash and cash equivalents, end of period	$ 2,504	$ 1,915	$ 2,758	$ 3,676	$ 2,223
Supplemental disclosures:					
Interest paid	$ 333	$ 1,147	$ 1,305	$ 347	$ 687
Income taxes paid (refunded)	$ 2,139	$ 2,181	$ 612	$ (394)	$ 468

SEE ACCOMPANYING NOTES TO THE COMBINED FINANCIAL STATEMENTS

NOTE A -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION - DESCRIPTION OF BUSINESS

On July 8, 2003, a wholly-owned subsidiary of Audiovox Corporation acquired the outstanding capital stock of the Italian, German and Japanese subsidiaries of Recoton Corporation ("Recoton") together with certain assets and business of certain of Recoton's subsidiaries, as follows:

Recoton Audio Corporation
Recoton Home Audio, Inc.
Recoton Mobile Electronics, Inc.

Since April 2003, Recoton was operating under Chapter XI of the Federal Bankruptcy Act. The attached financial statements combine the accounts of the above entities, which are collectively referred to as the Audio Business Group (the "Group"). For purposes of these financial statements, all expenses applicable to the operations and management of the Group, including allocated costs and expenses from Recoton's Shared Services Group, have been included. However, certain executive level costs of Recoton, which are duplicative of costs incurred at the subsidiary level and certain interest costs on debt not directly incurred by the Audio Business Group have not been allocated to it, as these costs either would not have existed if the Group operated on a stand-alone basis or the allocable portion of such costs is not reasonably determinable. The attached financial statements do, however, report a provision for U.S. and foreign income taxes on the stand-alone profits of the Group, while on a consolidated basis Recoton recorded no U.S. income tax expense as a result of consolidated losses for these periods. The individual accounts of the Group's "NHT" Division which was sold to a third party in 2002 have been reflected as a discontinued business operation.

The Group is a developer and marketer of consumer home and mobile, audio and video products generally for aftermarket use. The Group's products are sold primarily to retailers located in the United States and Europe. In addition to its domestic facilities, the Group maintains office and warehouse facilities in Asia and Western Europe.

PRINCIPLES OF COMBINATION

The combined financial statements include the accounts of the companies comprising the Group as described above. All significant intercompany accounts and transactions between members of the Group have been eliminated.

UNAUDITED INTERIM FINANCIAL STATEMENTS

The unaudited interim financial information reflects all normal recurring adjustments which, in the opinion of management, are deemed necessary for a fair presentation of the results for the interim periods. As a result of the bankruptcy filing of Recoton, results for the interim period ended June 30, 2003 are not considered indicative of the results to be expected for the year.

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, liabilities, operating results and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include inventory provision, sales returns, allowance for doubtful accounts, market development accruals and lives of long-lived assets. Actual results could differ from those estimates.

CASH

The Group's cash accounts in foreign banks, which comprise a substantial portion of the cash and cash equivalents on the balance sheets, are not insured by the FDIC.

INVENTORIES

The Group's merchandise inventory is carried at the lower of cost or market on a first-in, first-out basis. The Group writes down inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon assumptions about future demand and market conditions. If actual conditions are less favorable than those projected by management, additional inventory write-downs may be required. Inventory write-downs for the year ended December 31, 2002 and the six months ended June 30, 2003 were affected by the decline in Recoton's business in the latter part of 2002 and its ultimate bankruptcy filing in 2003, which affected the sales value of inventory, including the resale value of returned merchandise. Such write-downs aggregated approximately $9,500 for the year ended December 31, 2002 and $5,600 for the six months ended June 30, 2003.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Group maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Group's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

MARKET DEVELOPMENT ACCRUALS

The Group estimates expenses for customer programs and incentive offerings, including: special pricing agreements, price protection, promotions and other volume-based incentives. If market conditions were to decline, the Group takes actions to increase customer incentive offerings possibly resulting in an incremental expense at the time the incentive is offered.

DEPRECIATION OF PROPERTY AND EQUIPMENT

Depreciation is computed over the estimated useful lives of the assets on the straight-line method. Interest cost associated with financing of construction is capitalized.

COMPUTER SOFTWARE COSTS

In accordance with the Statement of Position ("SOP") 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," the Group capitalizes costs of software developed for internal use. In 2002, the Group capitalized approximately $1,287 associated with the implementation of its new ERP system.

GOODWILL AND TRADEMARKS

Effective January 1, 2002, Recoton adopted Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Other Intangible Assets." The guidance in SFAS No. 141 supersedes APB Opinion No. 16, "Business Combinations." Upon adoption of SFAS No. 142, goodwill amortization ceased. Goodwill is now subject to fair-value based impairment tests performed, at a minimum, on an annual basis. In addition, a transitional goodwill impairment test was required as of the January 1, 2002 adoption date. These impairment tests are conducted on each business of the Group where goodwill is recorded and may require two steps. The initial step is designed to identify potential goodwill impairment by comparing an estimate of fair value for each applicable business to its respective carrying value. For those businesses where the carrying value exceeds fair value, a second step is performed to measure the amount of goodwill impairment in existence, if any.

During the second quarter of 2002, Recoton completed the first step of the two-step transitional goodwill impairment test required by SFAS No. 142 and reported that it considered its goodwill to be impaired as of January 1, 2002. Based on the foregoing, the $16.2 million recorded value of the Group's goodwill was considered to be fully impaired as at January 1, 2002 and the impairment loss was recognized as a cumulative effect of change in accounting principle at that date.

Trademarks were being amortized over a term of 40 years. However, as a result of the application of SFAS 142 they were considered to have an indefinite life and their amortization was discontinued as of January 1, 2002.

The following income statement information is presented as if the Group stopped amortizing goodwill and trademarks as of January 1, 2000.

	YEAR ENDED DECEMBER 31,	
	2000	2001
Net income	$ 11,254	$ 10,974
Goodwill and trademarks amortization, net of tax	744	769
Pro forma net income	$ 11,998	$ 11,743

DEFERRED TAX VALUATION ALLOWANCE

As a result of the consolidated operations of Recoton and its subsidiaries, the Group has recorded a valuation allowance for all of its deferred tax assets since January 1, 2000 as these assets will not be realized through future tax benefits.

TRANSLATION OF FOREIGN FINANCIAL STATEMENTS

The assets and liabilities of the foreign companies in the Group are translated into United States dollars at rates of exchange as of the balance sheet dates. Operating accounts are translated at average rates of exchange during the year. Gains and losses on translation are included as a component of the Group's equity on the combined balance sheets. Such translation gains (losses) aggregated approximately ($1.9) million and $.7 million at December 31, 2001 and 2002 and ($.9) million at June 30, 2003.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As a result of the subsequent bankruptcy filing of Recoton in 2003, it is not practicable to determine whether the carrying value at December 31, 2001 and 2002 and June 30, 2003 of the Group's financial instruments approximate their fair values.

SALES RECOGNITION

Revenue is recognized when products are shipped. The Group offers its customers rights of return and stock rotation rights. Due to these rights, the Group continuously monitors and tracks product returns and records a provision for the estimated future amount of such future returns, based on historical experience and any notification it receives of pending returns. Historically, such returns have been within the Group's expectations and the provisions established. However, in 2003 a significant decrease in product sales was experienced by the Group due to Recoton's bankruptcy filing and the loss of certain major customers and the resulting returns credits (approximately $8.5 million) which have been provided for at December 31, 2002 had a material adverse impact on its operating results for the period.

SHIPPING AND HANDLING COSTS

Shipping and handling costs include all direct costs to deliver inventory to customers. Such amounts, which are included in selling, general and administrative expenses in the statements of operations, aggregated approximately $6,345, $6,484 and $6,963 for the years ended December 31, 2000, 2001 and 2002, respectively, and $3,750 and $1,304 for the respective six month periods ended June 30, 2002 and 2003.

ADVERTISING COSTS

Advertising expenses are charged to operations at the time the advertising first takes place. Advertising expense charged to operations aggregated approximately $2,144, $1,789 and $1,863 for the years ended December 31, 2000, 2001 and 2002, respectively, and $834 and $181 for the respective six month periods ended June 30, 2002 and 2003.

RESEARCH AND DEVELOPMENT

Research and development costs for new products aggregated approximately $1,390, $1,506 and $1,423 for the years ended December 31, 2000, 2001 and 2002, respectively, and $753 for the six months ended June 30, 2002.

COMPREHENSIVE INCOME (LOSS) AND GROUP EQUITY TRANSACTIONS WITH RECOTON

Comprehensive income or loss, representing the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, includes all changes in equity except those resulting from investments by owners and distributions to owners. The Group's comprehensive income (loss) has been comprised of net income (loss) and foreign currency translation adjustments as follows:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	2000	2001	2002	2002	2003
Net income (loss)	$ 11,254	$ 10,974	$(16,627)	$(10,794)	$(17,700)
Net change in cumulative foreign currency translation adjustments	(116)	(900)	2,601	1,253	(1,561)
Total comprehensive income (loss)	$ 11,138	$ 10,074	$(14,026)	$ (9,541)	$(19,261)

The following reconciles the changes in Group equity in the attached combined financial statements:

	Years Ended December 31,			Six Months Ended June 30, 2003
	2000	2001	2002	
Balance - beginning of period	$ 33,467	$ 50,294	$ 63,078	$ 38,821
Net change in cumulative foreign currency translation adjustment	(116)	(900)	2,601	(1,561)
Net income (loss)	11,254	10,974	(16,627)	(17,700)
Less dividends to Recoton	-	-	(16,169)	-
Add contributions of intercompany loans to capital	5,689	2,710	5,938	21,518
Balance - end of period	$ 50,294	$ 63,078	$ 38,821	$ 41,078

In addition, as a result of the then pending bankruptcy proceedings of Recoton, the net receivable from Recoton and its other subsidiaries at June 30, 2003 has been reflected as a reduction of Group equity on the combined balance sheet at that date.

FOREIGN EXCHANGE CONTRACTS

Gains and losses on foreign exchange forward contracts that are designated as hedges are included in other liabilities or other receivables, respectively. Periodically, the Group has entered into various types of foreign currency agreements, but does not have any significant holding in, nor issue, financial instruments for trading and speculative purposes. The Group uses foreign exchange forward contracts to hedge risk of changes in foreign currency exchange rates associated with firm commitments of less than one year that are denominated in foreign currency.

The forward exchange contracts have little credit risk as the counter-parties in each case are principally large banks with high credit ratings. Such fair values are determined by the Group based upon available market information and appropriate valuation methodologies and accordingly may not be indicative on the amounts the Group would realize in a current market exchange.

DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

During the first quarter of 2001, the Group adopted SFAS No. 133 and 138, "Accounting for Derivative Instruments and Hedging Activities." Implementation of SFAS 133 and SFAS 138 did not have a material impact on the Group's consolidated financial statements.

IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

On January 1, 2002, the Group adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long- Lived Assets." SFAS 144 applies to all long-lived assets, including discontinued operations and develops one accounting model for long-lived assets to be disposed of by sale. SFAS 144 supersedes SFAS 121 and the accounting and reporting provisions of APB No. 30, "Reporting the Results of Operations, Reporting the Effects of Disposal of a Segment of a Business and Extraordinary, Unusual and Infrequently Occurring Events and Transactions" ("APB 30"), for the disposal of a segment of a business.

In December 2002, the net assets and business of the Group's "NHT" division were sold for approximately $795, resulting in a loss of approximately $472. That loss together with the following net results of "NHT's" operations are reflected as discontinued operations in the attached statements of operations as follows:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,
	2000	2001	2002	2002
Sales	$ 10,370	$ 8,751	$ 7,054	$ 4,164
Gross profit	$ 3,788	$ 3,467	$ 2,813	$ 1,688
Net (loss)	$ (15)	$ (396)	$ (661)	$ (304)
Loss on sale	-	-	(472)	-
Net loss from discontinued operations	$ (15)	$ (396)	$ (1,133)	$ (304)

The net assets of the "NHT" division at December 31, 2001 were immaterial.

VENDOR INCENTIVES

In November 2001, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue 01-09, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products" ("EITF 01-09"), which is a codification of EITF 00-14, 00-22 and 01-09. This issue presumes that consideration from a vendor to a customer or reseller of the vendor's products to be a reduction of the selling prices of the vendor's products, unless the consideration relates to a separate identifiable benefit and the benefit's fair value can be established. Effective January 1, 2002, the Group adopted the provisions of EITF 01-09. The adoption of this pronouncement did not have a material impact to its financial position or results of operations.

The majority of vendor consideration granted by the Group relates to sales incentives such as promotions, trade ads, volume-based incentives and co-op advertising agreements with the Group's retail customers. Based on the requirements of EITF 01-09, the Group has included all sales incentives as a reduction of sales and co-op advertising costs as a component of selling, general and administrative expenses for all periods presented. Total vendor sales incentives now characterized as reductions of revenue that previously would have been classified as selling, general and administrative costs were approximately $13,206, $8,561 and $12,075 for the years ended December 31, 2000, 2001 and 2002, respectively, and $3,338 and $3,591 for the respective six month periods ended June 30, 2002 and 2003.

NOTE B -INVENTORIES

Inventories are summarized as follows:

	AS OF DECEMBER 31, 2001	AS OF DECEMBER 31, 2002	AS OF JUNE 30, 2003
Raw materials and work-in-process	$ 4,270	$ 2,667	$ 1,516
Finished goods	34,006	20,027	18,685
Merchandise in transit	12,525	2,671	1,657
Totals	$ 50,801	$ 25,365	$ 21,858

NOTE C -PROPERTY AND EQUIPMENT:

Property and equipment are summarized as follows:

	AS OF DECEMBER 31, 2001	AS OF DECEMBER 31, 2002	AS OF JUNE 30, 2003	ESTIMATED USEFUL LIFE (YEARS)
Buildings, leaseholds and improvements	$ 551	$ 400	$ 655	10 - 40
Machinery and equipment	2,806	2,357	2,434	3 - 10
Furniture, fixtures and office equipment	2,032	2,953	3,221	5 - 10
Tools and dies	2,879	3,350	3,482	2 - 10
Totals	8,268	9,060	9,792	
Less accumulated depreciation and amortization	(5,803)	(5,960)	(6,962)	
Balance	$ 2,465	$ 3,100	$ 2,830	

The Group recorded $1,785, $1,266 and $1,571 of depreciation expense in the years ended December 31, 2000, 2001 and 2002, respectively, and $553 and $787 for the respective six month periods ended June 30, 2002 and 2003.

NOTE D - BANK LOAN PAYABLE

In October 2000, the Group's German companies entered into a 50 million Deutsche Mark annually renewable revolving credit facility (up to approximately $25.5 million with interest at 2.5% over European LIBOR (or a total of 5.55% at December 31, 2002). At December 31, 2002, the factoring facility supported a $16 million letter of credit issued in favor of a financial institution as security for Recoton's borrowings in the United States. Outstanding borrowings under this facility were $7.8 million as of December 31, 2002 and $3.7 million as of June 30, 2003.

Substantially all of the assets of the Group have been pledged under the terms of either the above loan or loans of Recoton.

NOTE E -INCOME TAXES

Income taxes applicable to income (loss) from continuing operations computed on the Group's stand-alone operations before cumulative effect of change in accounting principle, are comprised of the following:

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	2000	2001	2002	2002	2003
Currently payable (refundable)					
Federal	$ 4,937	$ 4,639	$(1,192)	$ 2,452	-
State and local	804	755	(194)	399	-
Foreign	1,730	2,098	2,173	729	$ (1,750)
TOTALS	7,471	7,492	787	3,580	(1,750)
Deferred	(37)	(37)	-	-	-
NET PROVISION	$ 7,434	$ 7,455	$ 787	$ 3,580	$ (1,750)

The following table reconciles statutory U.S. federal income taxes on the Group's income (loss) from continuing operations before income taxes and cumulative effect of change in accounting to the Group's actual income tax provision.

	Years Ended December 31,						Six Months Ended June 30,			
	2000		2001		2002		2002		2003	
	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate	Amount
Statutory U.S. Federal income tax provision (benefit)	34.0%	$6,359	34.0%	$6,400	34.0%	$524	34.0%	$3,176	(34.0)%	$(6,613)
Effect of:										
State and local tax provision (benefit) (net of federal effect)	2.8	530	2.6	498	(8.3)	(128)	2.8	263	-	-
Valuation allowances on the tax benefits of domestic losses	-	-	-	-	-	-	-	-	26.0	5,054
Difference between U.S. and foreign income tax rates on foreign earnings (losses)	1.9	364	2.0	376	25.5	392	1.3	122	(1.0)	(191)
Other items (net)	1.0	181	1.0	181	(0.2)	(1)	0.2	19	-	-
Actual income tax provision (credit)	39.7%	$7,434	39.6%	$7,455	51.0%	$787	38.3%	$3,580	(9.0)%	$(1,750)

There was no income tax benefit attributable to the write-off of goodwill as of January 1, 2002.

The principal temporary differences from which deferred tax assets and liabilities arise are primarily the allowance for estimated doubtful accounts and estimated sales returns, estimated warranty reserves, tax basis adjustments to inventory and the difference in basis and amortization periods of trademarks and package design costs. As at December 31, 2001 and 2002 and June 30, 2003, valuation allowances have been recorded equal to the net deferred tax assets. Historically, the domestic companies in the Group filed consolidated tax returns with Recoton, which returns have reflected losses for several years. Therefore, it had been determined that it is more likely than not that these deferred tax assets will not be realized.

NOTE F -COMMITMENTS AND CONTINGENCIES

LEASES

Aggregate minimum rental payments under the Group's long-term leases of premises at December 31, 2002, which expire at various dates through 2008 are as follows:

Year ending December 31:	
2003	$ 850
2004	836
2005	836
2006	828
2007	819
2008	205
TOTAL	$4,374

Rent expense was $1,658, $1,594 and $1,408 for the years ended December 31, 2000, 2001 and 2002, respectively, and $659 and $765 for the respective six month periods ended June 30, 2002 and 2003.

LEGAL PROCEEDINGS

At June 30, 2003, various suits and claims arising in the ordinary course of business are pending against the Group. Dispositions of these matters are not expected to materially affect the Group's consolidated financial position, cash flows or results of operations, either as a result of Recoton's bankruptcy filing or their settlement or adjudication.

NOTE G -CONCENTRATIONS

In 2000, 2001 and 2002, sales to one customer represented approximately 32.7%, 33.6% and 32.6% of combined net sales. In each of the six month periods ended June 30, 2002 and 2003 sales to one customer represented 36.6% and 11.2% of combined net sales.

The Group has sourced certain products from single suppliers. However, to lessen the risks of offshore manufacturing, the Group maintained substantial inventories of long-lead-time items and continually evaluated alternative supply sources.

NOTE H - TRANSACTIONS WITH RECOTON AND ITS OTHER SUBSIDIARIES

Transactions with Recoton and its other subsidiaries are as follows:

	December 31,			Six Month Ended June 30,	
	2000	2001	2002	2002	2003
Sales to Recoton and its other subsidiaries	$2,871	$2,381	$4,143	$1,472	$ 470
Allocated operating costs and expenses from Recoton	7,356	7,508	8,398	4,526	1,894
Interest expense on intercompany borrowings	2,431	1,707	1,277	993	4

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

On July 8, 2003, a newly formed wholly-owned subsidiary of Audiovox Corporation (the Company) acquired for approximately $41.8 million the outstanding capital stock of the Italian, German and Japanese subsidiaries of Recoton Corporation (Recoton) together with certain assets and the businesses of certain of Recotons United States subsidiaries. The Recoton entities are collectively referred to as the Audio Business Group (the Group). As of the date of acquisition of the Group and since April 2003, Recoton was operating under Chapter XI of the Federal Bankruptcy Code.

The Group is a developer and marketer of consumer home and mobile, audio and video products generally for aftermarket use. The Groups products are sold primarily to retailers located in the United States and Europe.

The total purchase price was partially financed with proceeds of approximately $12.8 million of long-term debt obtained by the Company shortly after the acquisition with the balance paid from available cash on hand.

The unaudited pro forma combined financial statements give effect to the acquisition of the Group under the purchase method of accounting. The following unaudited proforma condensed combined statements of operations information has been prepared to illustrate the effects of the acquisition and related financing had these transactions been completed as of December 1, 2001. The following unaudited proforma condensed balance sheet information as of May 31, 2003 has been prepared assuming the acquisition had been completed at that date. The proforma adjustments are based upon available information and certain assumptions that Audiovox believes are reasonable under the circumstances.

The unaudited pro forma combined financial information reflects a preliminary allocation of the purchase price based on market valuations in process as at the date of the preparation of these statements, which valuations are subject to revision upon completion. It is therefore subject to revision upon determination of the fair value of assets acquired and liabilities assumed.

The pro forma periods for the year ended November 30, 2002 and for the six months ended May 31, 2003 are the Companys historical financial reporting periods. Recoton and the Group have historically reported on a calendar year basis with equivalent interim quarterly basis reporting. The unaudited pro forma financial statements combine the historical consolidated amounts of the Company at May 31, 2003 and for the six months then ended and for the year ended November 30, 2002 with those of the Group as at June 30, 2003 and for the six months ended June 30, 2003 and for the year ended December 31, 2002. The Company believes the effect of the difference in the reporting periods is not significant to an understanding of the pro forma results of operations.

The proforma information, while helpful in illustrating the financial characteristics of the combined company, does not attempt to predict or suggest future results. The proforma information also does not attempt to show how the combined company would actually have performed had the companies been combined as of December 1, 2001. If the companies had actually been combined at the beginning of the periods presented, these companies and businesses might have performed differently. You should not rely on proforma financial information as an indication of the results that would have been achieved if the acquisitions had taken place earlier or the future results that the companies will experience.

These unaudited proforma condensed combined financial statements should be read in conjunction with the historical financial statements of the Group and the historical financial statements of Audiovox Corporation.

AUDIOVOX CORPORATION
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
MAY 31, 2003
(In thousands)

	Audiovox	Audio Recoton	Pro Forma Adjustments	Pro Forma
Cash	$ 24,122	$ 2,223	$ (41,800)(1) (9)(1) 3,600 (4) 12,800 (2)	$ 936
Accounts receivable, net	160,735	12,322	(599)(3)	172,458
Inventory, net	172,684	21,858	(816)(3)	193,726
Receivable from vendor	11,446	-	-	11,446
Assets held for sale	-	-	3,600 (3) (3,600)(4)	-
Prepaid and other current assets	17,666	3,365	(140)(1)	20,891
Total current assets	386,653	39,768	(26,964)	399,457
Property, plant and equipment, net	15,616	2,830	(625)(1)	17,821
Excess cost over fair value of assets acquired and other intangible assets, net	7,512	-	-	7,512
Intangibles		3,466	9,986 (1) (2,185)(3) (3,466)(1)	7,801
Equity investments	11,665	-	-	11,665
Other assets	9,205	731	-	9,936
Total assets	$ 430,651	$ 46,795	$ (23,254)	$ 454,192
Accounts payable	$ 34,033	$ 18,558	$ (13,787)(1)	$ 38,804
Accrued expenses	34,628	2,223	(273)(1)	36,578
Accrued sales incentives	8,245	-	-	8,245
Income taxes payable	10,099	-	-	10,099
Bank obligations	3,245	3,776	-	7,021
Total current liabilities	90,250	24,557	(14,060)	100,747
Other	-	244	-	244
Long-term debt	8,132	-	12,800 (2)	20,932
Capital lease obligation	6,111	-	-	6,111
Deferred income taxes payable	1,983	-	-	1,983
Deferred compensation	4,293	-	-	4,293
Total liabilities	110,769	24,801	(1,260)	134,310
Minority interest	5,359	-	-	5,359
Stockholders' equity	314,523	21,994	(21,994)(1)	314,523
Total equity	314,523	21,994	(21,994)	314,523
Total liabilities and equity	$ 430,651	$ 46,795	$(23,254)	$ 454,192

SEE THE ACCOMPANYING NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS.

AUDIOVOX CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
SIX MONTHS ENDED MAY 31, 2003
(In thousands, except per share amounts)

	Audiovox	Audio Recoton	Pro Forma Adjustments	Pro Forma
Net sales	$ 597,828	$ 35,551	$ (932)(5)	$ 632,447
Cost of sales	546,748	35,047	(654)(5)	581,141
Gross profit	51,080	504	(278)	51,306
Selling, general, administrative, warehouse and technical support expenses	43,565	19,326	93 (6)	62,984
Operating income (loss)	7,515	(18,822)	(371)	(11,678)
Interest	(2,118)	(628)	4(7) (353)(8) (145)(9)	(3,240)
Other Income (expense)	587	-	-	587
Income (loss) from continuing operations before provision for (recovery of) income taxes and minority interest	5,984	(19,450)	(865)	(14,331)
Provision for (recovery of) income taxes	1,958	(1,750)	(5,537)(10)	(5,329)
Minority interest	(743)	-	-	(743)
Net income (loss)	$ 3,283	$ (17,700)	$ 4,672	$ (9,745)
Net income (loss) per common share - basic	$ 0.15			$ (0.45)
Net income (loss) per common share - diluted	$ 0.15			$ (0.45)
Weighted average number of common shares outstanding:				
Basic	21,834,099			21,834,099
Diluted	21,949,521			21,834,099

SEE THE ACCOMPANYING NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS.

AUDIOVOX CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME
FOR THE TWELVE MONTHS ENDED NOVEMBER 30, 2002
(In thousands, except per share amounts)

	Audiovox	Audio Recoton	Pro Forma Adjustments	Pro Forma
Net sales	$ 1,100,382	$211,399	$ (6,569)(5)	$1,305,212
Cost of sales	1,025,783	161,064	(4,275)(5)	1,182,572
Gross profit	74,599	50,335	(2,294)	122,640
Selling, general, administrative, warehouse and technical support expenses	88,675	46,668	378 (6)	135,721
Operating income (loss)	(14,076)	3,667	(2,672)	(13,081)
Gain on issuance of subsidiary's shares	14,269	-	-	14,269
Interest	(4,219)	(2,645)	1,277(7) (706)(8) (290)(9)	(6,583)
Other Income (expense)	(2,377)	519	-	(1,858)
Income (loss) from operations before provision for (recovery of) income taxes, minority interest	(6,403)	1,541	(2,391)	(7,253)
Provision for (recovery of) income taxes	12,932	787	(932)(10)	12,787
Minority interest	5,055	-	-	5,055
Income (loss) from continuing operations	$ (14,280)	$ 754	$ (1,459)	$ (14,985)
Loss from continuing operations per common share - basic	$ (0.65)			$ (0.69)
Loss from continuing operations per common share - diluted	$ (0.65)			$ (0.69)
Weighted average number of common shares outstanding:				
Basic	21,850,035			21,850,035
Diluted	21,850,035			21,850,035

SEE THE ACCOMPANYING NOTES TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS.

AUDIOVOX CORPORATION
NOTES TO UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2002
AND SIX MONTH PERIOD ENDED MAY 31, 2003
(In thousands, except per share amounts)

NOTE 1 - Group Pro Forma Adjustments

1. Represents the adjustment to record the acquisition of certain United States subsidiaries of the Audio Business Group of Recoton Corporation and the stock of its Italian, German and Japanese subsidiaries (the Group) by adjusting their historical values of certain assets and liabilities which were not acquired and recording assets and liabilities acquired at their preliminary estimated fair values. The acquisition cost is approximately $41.8 million in cash, including estimated transaction costs of $1.5 million. We have allocated the purchase price to acquired assets and liabilities based on a preliminary valuation in accordance with the purchase method of accounting. The excess of the estimated purchase price over the fair value of assets and liabilities acquired of $9,986,000 has been preliminarily allocated to trademarks, with an indefinite useful life. The actual allocation of purchase price to assets and liabilities acquired will be dependent upon the final valuation study. The acquisition is assumed to be funded with bank loan proceeds of $12.8 million, cash on hand and cash obtained in the acquisition and cash obtained from the sale of the Group's marine products division as noted below.

2. Represents the partial financing of the purchase price with bank debt of approximately $12.8 million (euro $11.9 million)

3. Represents the classification of accounts receivable, inventory and trademark attributable to the marine products division of the Group as assets held for sale based upon their estimated fair values. The sale of the marine division assets is required since the Company is precluded from selling marine products as a result of its joint venture agreement with Audiovox Specialized Applications, Inc. (ASA), an equity investee of the Company.

4. Represents the sale of the marine division assets and liabilities of the Group classified as assets held for sale to ASA for $3.6 million.

5. Elimination of sales and cost of sales of the marine products division as a result of its sale to ASA.

6. Represents additional compensation expense related to compensation agreements entered into with management of the German subsidiary of the Group.

7. Represents the elimination of the Group's historical allocated interest expense.

8. Represents the pro forma interest expense from the beginning of the period on the bank loan utilized to partially fund the acquisition of the Group utilizing an interest rate of 5.5%.

9. Elimination of interest income related to cash utilized to partially fund the acquisition of the Group.

10. Represents the income tax benefit of the proforma adjustments for the twelve months ended November 30, 2002 and six months ended May 31, 2003 and the tax benefit resulting from the combined operations for the six months ended May 31, 2003.