

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
for the quarterly period ended March 31, 2005
- OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number 0-3295

KOSS CORPORATION

(Exact Name of Registrant as Specified in its Charter)

A DELAWARE CORPORATION

39-1168275

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

4129 North Port Washington Avenue, Milwaukee, Wisconsin

53212

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (414) 964-5000

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 NO

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

YES NO

At March 31, 2005, there were 3,691,525 shares outstanding of the registrant's common stock, \$0.005 par value per share.

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KOSS CORPORATION AND SUBSIDIARIES
FORM 10-Q
March 31, 2005

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

KOSS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>March 31, 2005</u>	<u>June 30, 2004</u>
ASSETS		
Current Assets:		
Cash	\$ 4,654,523	\$ 2,110,917
Accounts Receivable	7,527,577	9,340,091
Inventories	6,176,221	7,315,359
Other current assets	1,232,115	1,520,371
Total current assets	19,590,436	20,286,738
Property and equipment, net	3,054,494	2,697,313
Deferred income taxes	201,135	250,260
Other assets	2,275,016	2,445,245
	<u>\$ 25,121,081</u>	<u>\$ 25,679,556</u>
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Accounts payable	\$ 1,132,436	\$ 1,049,406
Accrued liabilities	1,524,229	1,754,038
Income taxes	219,569	185,990
Dividends payable	479,898	490,070
Total current liabilities	3,356,132	3,479,504
Deferred compensation	985,265	985,265
Derivative liability	125,000	125,000
Stockholders' investment	20,654,684	21,089,787
	<u>\$ 25,121,081</u>	<u>\$ 25,679,556</u>

See accompanying notes to the condensed consolidated financial statements.

KOSS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Period Ended March 31	Three Months		Nine Months	
	2005	2004	2005	2004
Net Sales	\$ 9,772,686	\$ 10,547,180	\$ 28,970,345	\$ 29,551,443
Cost of goods sold	6,159,205	6,299,669	17,975,273	18,064,287
Gross Profit	3,613,481	4,247,511	10,995,072	11,487,156
Selling general and administrative expense	2,200,546	2,533,181	6,776,892	6,535,030
Income from operations	1,412,935	1,714,330	4,218,180	4,952,126
Other income (expense)				
Royalty income	21,921	183,750	657,991	761,442
Interest income	17,563	1,711	34,439	6,832
Interest expense	0	0	0	(960)
Income before income tax provision and cumulative effect of change in accounting principles	1,452,419	1,899,791	4,910,610	5,719,440
Provision for income taxes	566,443	741,975	1,915,281	2,245,644
Income before cumulative effect of change in accounting principles	885,976	1,157,816	2,995,329	3,473,796
Cumulative effect of change in accounting principles (net of tax of \$49,125)	0	0	0	(75,875)
Net Income	\$ 885,976	\$ 1,157,816	\$ 2,995,329	\$ 3,397,921
Earnings per common share:				
Basic earnings per common share:				
Before cumulative effect of accounting change	\$ 0.24	\$ 0.31	\$ 0.81	\$ 0.92
Accounting change	0.00	0.00	0.00	(0.02)
Basic earnings per common share	\$ 0.24	\$ 0.31	\$ 0.81	\$ 0.90
Diluted earning per common share:				
Before cumulative effect of accounting change	\$ 0.23	\$ 0.29	\$ 0.76	\$ 0.88
Accounting change	0.00	0.00	0.00	(0.02)
Diluted earning per common share	\$ 0.23	\$ 0.29	\$ 0.76	\$ 0.86
Dividends per common share	\$ 0.13	\$ 0.13	\$ 0.39	\$ 0.39

See accompanying notes to the condensed consolidated financial statements.

KOSS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Nine Months Ended March, 31	2005	2004
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 2,995,329	\$ 3,397,921
Adjustments to reconcile net income to net cash provided by operation activities:		
Cumulative effect of change in accounting principles	0	75,875
Depreciation and amortization	777,574	542,629
Deferred compensation	0	54,989
Net changes in operating assets and liabilities	3,227,760	(1,520,473)
Net cash provided by operating activities	7,000,663	2,550,941
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment	(1,026,626)	(760,657)
Net cash used in investing activities	(1,026,626)	(760,657)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(1,440,019)	(1,469,493)
Purchase of common stock	(2,130,625)	(893,315)
Exercise of stock options	140,213	309,188
Net cash used in financing activities	(3,430,431)	(2,053,620)
Net increase (decrease) in cash	2,543,606	(263,336)
Cash at beginning of period	2,110,917	1,557,104
Cash at end of period	\$ 4,654,523	\$ 1,293,768

See accompanying notes to the condensed consolidated financial statements.

KOSS CORPORATION AND SUBSIDIARIES
March 31, 2005

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements presented herein are based on interim amounts. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at March 31, 2005 and for all periods presented have been made. The income from operations for the quarter ended March 31, 2005 is not necessarily indicative of the operating results for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Registrant's June 30, 2004 Annual Report on Form 10-K.

2. EARNINGS PER COMMON SHARE

Basic earnings per common share are computed based on the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the quarters ending March 31, 2005 and 2004 were 3,689,728 and 3,767,615, respectively. For the nine months ended March 31, 2005 and 2004, weighted average number of common shares outstanding were 3,829,820 and 3,767,212, respectively. When dilutive, stock options are included as share equivalents using the treasury stock method. Common stock equivalents of 85,999 and 223,235 related to stock option grants were included in the computation of the average number of shares outstanding for diluted earnings per common share for the quarters ended March 31, 2005 and 2004, respectively. Common stock equivalents of 126,900 and 220,704 related to stock option grants were included in the computation of the average number of shares outstanding for diluted earnings per common share for the nine months ended March 31, 2005 and 2004, respectively.

3. INVENTORIES

The classification of inventories is as follows:

	March 31, 2005	June 30, 2004
Raw materials	\$ 2,810,159	\$ 1,849,167
Work in process	—	—
Finished goods	4,315,269	6,415,399
	7,125,428	8,264,566
LIFO reserve	(949,207)	(949,207)
	\$ 6,176,221	\$ 7,315,359

4. STOCK PURCHASE AGREEMENT

The Company has an agreement with its Chairman, John C. Koss, to, at the request of the executor of the estate, repurchase Company common stock from his estate in the event of his death. The Company does not have the right to require the estate to sell stock to the Company. As such, this arrangement is accounted for as a written put option with the fair value of the put option recorded as a derivative liability. The fair value of the option at March 31, 2005 was \$125,000. The repurchase price is 95% of the fair market value of the common stock on the date that notice, if the estate elects, to repurchase is provided to the Company. Under the agreement, the total number of shares to be repurchased will be sufficient to provide proceeds which are the lesser of \$2,500,000 or the amount of estate taxes and administrative expenses incurred by the Chairman's estate. The Company may elect to pay the purchase price in cash or may elect to pay cash equal to 25% of the total amount due and to execute a promissory note for the balance, payable over four years, at the prime rate of interest. The Company maintains a \$1,150,000 life insurance policy to fund a substantial portion of this obligation. At March 31, 2005 and June 30, 2004, \$125,000 has been classified as a derivative liability on the Company's financial statements.

During May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity," which establishes standards for the classification and measurement of certain financial instruments with characteristics of both liabilities and equity. The Company adopted SFAS No. 150 effective July 1, 2003. Upon adoption, the Company recorded a derivative liability for the fair value of a written put option of \$125,000 on the balance sheet and a cumulative effect of change in accounting principle of \$75,875 (net of the tax effect equal to \$49,125) on the income statement.

5. DIVIDENDS DECLARED

On March 15, 2005, the Company declared a quarterly cash dividend of \$0.13 per share for stockholders of record on March 31, 2005 to be paid April 15, 2005. Such dividend payable has been recorded at March 31, 2005.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Financial Condition, Liquidity and Capital Resources

Cash provided by operating activities during the nine months ended March 31, 2005 amounted to \$7,000,663. This was primarily a result of net income for the period and changes in operating assets and liabilities, primarily related to decreases in accounts receivable and in vendors.

Capital expenditures for new property and equipment (including production tooling) were \$1,026,626 for the nine months ending March 31, 2005. Budgeted capital expenditures for the fiscal year 2005 are \$1,611,860. The Company expects to generate sufficient funds through operations to fund these expenditures.

Stockholders' investment decreased to \$20,654,864 at March 31, 2005, from \$21,089,787 at June 30, 2004. The decrease reflects the effect of the exercise of stock options, purchase and retirement of common stock, offset by net income and dividends paid, and a reclassification of contingently redeemable equity interest.

The Company amended its existing credit facility in November 2004, extending the maturity date of the unsecured line of credit to November 1, 2005. This credit facility provides for borrowings up to a maximum of \$10,000,000. The Company can use this credit facility for working capital purposes or for the purchase of its own common stock pursuant to the Company's common stock repurchase program. Borrowings under this credit facility bear interest at the bank's prime rate, or LIBOR plus 1.75%. This credit facility includes financial covenants that require the Company to maintain a minimum tangible net worth and specified current, interest coverage, and leverage ratios. The Company has been and is well within the requirements under the credit facility.

The Company uses its credit facility from time to time, although there was no utilization of this credit facility at March 31, 2005 or June 30, 2004. The Company did not utilize the credit facility during the quarter ended March 31, 2005.

In April of 1995, the Board of Directors approved a stock repurchase program authorizing the Company to purchase from time to time up to \$2,000,000 of its common stock for its own account. Subsequently, the Board of Directors periodically have approved increases in the stock repurchase program. The most recent increase was for an additional \$2,000,000 in October 2004, for a maximum of \$40,500,000. The Company intends to effectuate all stock purchases either on the open market or through privately negotiated transactions, and intends to finance all stock purchases through its own cash flow or by borrowing for such purchases.

For the nine month period ended March 31, 2005, the Company purchased 94,250 shares of its common stock at a net price of \$22.61 per share, for a total net purchase price of \$2,130,625.

From the commencement of the Company's stock repurchase program through March 31, 2005, the Company has purchased a total of 5,259,084 shares for a total gross purchase price of \$42,786,170, (representing an average gross purchase price of \$8.14 per share) and a total net purchase price of \$38,160,685 (representing an average net purchase price of \$7.26 per share). The difference between the total gross purchase price and the total net purchase price is the result of the Company purchasing from certain employees shares of the Company's stock acquired by such employees pursuant to the Company's stock option program. In determining the dollar amount available for additional purchases under the stock repurchase program, the Company uses the total net purchase price paid by the Company for all stock purchases, as authorized by the Board of Directors.

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The Company also has an Employee Stock Ownership Plan and Trust (“ESOP”) pursuant to which shares of the Company’s stock are purchased by the ESOP for allocation to the accounts of ESOP participants. For the nine months ended March 31, 2005, the ESOP purchased 3,443 shares of the Company’s stock.

Results of Operations

Net sales for the third quarter ended March 31, 2005 fell to \$9,772,686 from \$10,547,180, down 7% from the same period in 2004. Net sales for the nine months ended March 31, 2005 were down 2% at \$28,970,345 compared with \$29,551,443 during the nine months ended March 31, 2004. The decrease is due to slower sales experienced in the third quarter.

Gross profit as a percent of net sales was 37% for the quarter ended March 31, 2005, compared to 40% for the same period in the prior year. For the nine month period ended March 31, 2005, the gross profit percentage was 38% compared to 39% for the same period in 2004. The decrease is primarily due to increased freight costs and manufacturing overhead.

Selling, general and administrative expenses for the quarter ended March 31, 2005 were \$2,220,546 or 23% of net sales, compared to \$2,533,181, or 24% of net sales for the same period in 2004. For the nine month period ended March 31 2005, these expenses were \$6,776,892 or 23% of net sales, compared to \$6,535,030 or 22% of net sales for the same period in 2004.

For the third quarter ended March 31, 2005, income from operations was \$1,412,935 versus \$1,714,330 for the same period in the prior year. Income from operations for the nine months ended March 31, 2005 was \$4,218,180 as compared to \$4,952,126 for the same period in 2004.

Royalty income for the quarter ended March 31, 2005 was \$21,921, compared to \$183,750 for the quarter ended March 31, 2004. For the nine month period ended March 31, 2005, royalty income was \$657,991 compared to \$761,442 for the period ending March 31, 2004. Effective November 23, 2004, the Company terminated the License Agreement dated November 15, 1991, and as subsequently amended (the “License Agreement”) between the Company and Jiangsu Electronics Limited of Hong Kong (“Jiangsu”). As a result of the termination, other than Jiangsu’s post-termination right to sell Company-approved licensed products, as set forth in the License Agreement, Jiangsu no longer has the right to use certain Company trademarks in connection with the manufacture, marketing and distribution of Jiangsu’s products under the License Agreement. Royalty income on all previously approved products, which are already in the pipeline, will still be owed to the Company. The Company believes that the immediate impact on our current fiscal year will be a reduction of approximately \$170,000 in net income or \$0.05 per share. The Company also forecasts the possible reduction of its minimum royalty payments for fiscal year 2006 at approximately \$300,000 in net income or \$0.09 per share.

Interest income for the quarter was \$17,563 as compared to \$1,711 for the same quarter in 2004. For the nine month period interest income was \$34,439 compared to \$6,832.

The provision for income taxes for the quarter ended March 31, 2005, was \$566,443 compared with \$741,975 for the same period last year. For the nine months ended March 31, 2005, the provision for income taxes was \$1,915,281 compared with \$2,245,644 for the same period last year. The effective tax rate was 39% for each of the quarters.

Recently Issued Financial Accounting Pronouncements

During May 2003, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards (“SFAS”) No. 150, “Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity,” which establishes standards for the classification and

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measurement of certain financial instruments with characteristics of both liabilities and equity. The Company adopted SFAS No. 150 effective July 1, 2003. Upon adoption the Company recorded a derivative liability for the fair market value of a written put option of \$125,000 and a cumulative effect of change in accounting principle of \$75,875 (net of the tax effect equal to \$49,125) in the income statement.

During December 2004, the FASB issued Revised SFAS No. 123, "Shared-Based Payment," which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services, focusing primarily on accounting for transactions in which an entity obtains employee services in share-based payment transactions. Revised SFAS No. 123 also addresses transactions in which an entity incurs liabilities in exchange for goods or services that are based on the fair value of the entity's equity instruments or that may be settled by the issuance of those equity instruments and is effective for the first interim or annual reporting period beginning after June 15, 2005. We are in the process of determining the impact of Revised SFAS No. 123 on our consolidated financial statements.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

In management's opinion, the Company does not engage in any material risk sensitive activities and does not have any market risk sensitive instruments, other than the Company's commercial credit facility used for working capital purposes and stock repurchases as disclosed on page 8 of this Form 10-Q.

Item 4. Controls and Procedures.

The Company's management, including the Chief Executive Officer/Chief Financial Officer, evaluated the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) as of the end of the period covered by this report and concluded that the Company's disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to management, including the Chief Executive Officer/Chief Financial Officer, to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms.

There has been no change in the Company's internal controls over financial reporting that occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995 (the "Act") (Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Additional written or oral forward-looking statements may be made by the Company from time to time in filings with the Securities and Exchange Commission, press releases, or otherwise. Statements contained in this Form 10-Q that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Act. Forward-looking statements may include, but are not limited to, projections of revenue, income or loss and capital expenditures, statements regarding future operations, anticipated financing needs, compliance with financial covenants in loan agreements, plans for acquisitions or sales of assets or businesses, plans relating to products or services of the Company, assessments of materiality, predictions of future events, the effects of pending and possible litigation, and assumptions relating to the foregoing. In addition, when used in this Form 10-Q, the words "anticipates," "believes," "estimates," "expects," "intends,"

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“plans” and variations thereof and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified based on current expectations. Consequently, future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements contained in this Form 10-Q, or in other Company filings, press releases, or otherwise. In addition to the factors discussed in this Form 10-Q, other factors that could contribute to or cause such differences include, but are not limited to, developments in any one or more of the following areas: future fluctuations in economic conditions, the receptivity of consumers to new consumer electronics technologies, the rate and consumer acceptance of new product introductions, competition, pricing, the number and nature of customers and their product orders, production by third party vendors, foreign manufacturing, sourcing and sales (including foreign government regulation, trade and importation concerns), borrowing costs, changes in tax rates, pending or threatened litigation and investigations, and other risk factors which may be detailed from time to time in the Company’s Securities and Exchange Commission filings.

Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events.

PART II
OTHER INFORMATION

Item 6. Exhibits.

See Exhibit Index attached hereto.

Signatures

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

KOSS CORPORATION

Date: May 16, 2005

/s/ Michael J. Koss

Michael J. Koss
Vice Chairman, President,
Chief Executive Officer,
Chief Financial Officer

Date: May 16, 2005

/s/ Sue Sachdeva

Sue Sachdeva
Vice President—Finance
Secretary

EXHIBIT INDEX

<u>Designation of Exhibit</u>	<u>Exhibit Title</u>	<u>Incorporation by Reference</u>
3(i)	Certificate of Incorporation of Koss Corporation, as in effect on September 25, 1996	(1)
3(ii)	By-Laws of Koss Corporation, as in effect on September 25, 1996	(2)
10.1	Death Benefit Agreement with John C. Koss	(3)
10.2	Stock Purchase Agreement with John C. Koss	(4)
10.3	Salary Continuation Resolution for John C. Koss	(5)
10.4	1983 Incentive Stock Option Plan	(6)
10.5	Assignment of Lease to John C. Koss	(7)
10.6	Addendum to Lease	(8)
10.7	Amendment to Lease	(9)
10.8	Partial Assignment, Termination and Modification of Lease	(10)
10.9	Restated Lease	(11)
10.10	1990 Flexible Incentive Plan	(12)
10.11	Consent of Directors (Supplemental Executive Retirement Plan for Michael J. Koss dated March 7, 1997)	(13)
10.12	Loan Agreement, effective as of February 17, 1995	(14)
10.13	Amendment to Loan Agreement dated June 15, 1995, effective as of February 17, 1995	(15)
10.14	Amendment to Loan Agreement dated April 29, 1999	(16)
10.15	Amendment to Loan Agreement dated December 15, 1999	(17)
10.16	Amendment to Loan Agreement dated October 10, 2001	(18)
10.17	License Agreement dated November 15, 1991 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for North America, Central America and South America (including Amendment to License Agreement dated November 15, 1991; Renewal Letter dated November 18, 1994; and Second Amendment to License Agreement dated September 29, 1995)	(19)

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<u>Designation of Exhibit</u>	<u>Exhibit Title</u>	<u>Incorporation by Reference</u>
10.18	License Agreement dated September 29, 1995 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for Europe (including First Amendment to License Agreement dated December 26, 1995)	(20)
10.19	Third Amendment and Assignment of License Agreement to Jiangsu Electronics Industries Limited dated as of March 31, 1997	(21)
10.20	Fourth Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated as of May 29, 1998	(22)
10.21	Fifth Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated March 30, 2001	(23)
10.22	Sixth Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated August 15, 2001	(24)
10.23	Seventh Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated December 28, 2001	(25)
10.24	Eighth Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated July 31, 2002	(26)
10.25	Ninth Amendment to License Agreement between Koss Corporation and Jiangsu Electronics Industries Limited dated June 30, 2004	(27)
10.26	License Agreement dated June 30, 1998 between Koss Corporation and Logitech Electronics Inc. (including Addendum to License Agreement dated June 30, 1998)	(28)
10.27	Amendment and Extension Agreement between Koss Corporation and Logitech Electronics Inc. dated May 1, 2001	(29)
31.1	Certification pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934	(Filed and attached hereto)
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Furnished and attached hereto)	(Furnished and attached hereto)

(1) Incorporated by reference from Exhibit 3.1 to the Company's Annual

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Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

- (2) Incorporated by reference from Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (3) Incorporated by reference from Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (4) Incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (5) Incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (6) Incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (7) Incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1988 (Commission File No. 0-3295)
- (8) Incorporated by reference from Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended June 30, 1988 (Commission File No. 0-3295)
- (9) Incorporated by reference from Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended June 30, 2000 (Commission File No. 0-3295)
- (10) Incorporated by reference from Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)
- (11) Incorporated by reference from Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)
- (12) Incorporated by reference from Exhibit 25 to the Company's Annual Report on Form 10-K for the year ended June 30, 1990 (Commission File No. 0-3295)
- (13) Incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 (Commission File No. 0-3295)

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- (14) Incorporated by reference from Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 (Commission File No. 0-3295)
- (15) Incorporated by reference from Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended June 30, 1995 (Commission File No. 0-3295)
- (16) Incorporated by reference from Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended June 30, 1999 (Commission File No. 0-3295)
- (17) Incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended June 30, 2000 (Commission File No. 0-3295)
- (18) Incorporated by reference from Exhibit 10.16 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001 (Commission File No. 0-3295)
- (19) Incorporated by reference from Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (20) Incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)
- (21) Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 (Commission File No. 0-3295)
- (22) Incorporated by reference from Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (Commission File No. 0-3295)
- (23) Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (Commission File No. 0-3295)
- (24) Incorporated by reference from Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)
- (25) Incorporated by reference from Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001 (Commission File No. 0-3295)
- (26) Incorporated by reference from Exhibit 10.24 to the Company's Annual Report on Form 10-K for the year ended June 30, 2002 (Commission File No. 0-3295)

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- (27) Incorporated by reference from Exhibit 10.30 to the Company's Annual Report on Form 10-K for the year ended June 30, 2004 (Commission File No. 0-3295)
- (28) Incorporated by reference from Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (Commission File No. 0-3295)
- (29) Incorporated by reference from Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (Commission File No. 0-3295)

KOSS CORPORATION

CERTIFICATION*

I, Michael J. Koss, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Koss Corporation;
2. Based on my knowledge, this quarterly 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 quarterly report;
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;
 - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;
 - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 16, 2005

/s/ Michael J. Koss

Michael J. Koss

Chief Executive Officer, President and

Chief Financial Officer

* Since Michael J. Koss is both the principal executive officer and the principal financial officer of the registrant, only one certification is provided.

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 the Form 10-Q of Koss Corporation (the "Company") for the quarter ended March 31, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Koss, Chief Executive Officer 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 the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934, as amended, and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael J. Koss

Michael J. Koss
Chief Executive Officer and
Chief Financial Officer
Date: May 16, 2005

Note: This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed, except to the extent required by the Sarbanes-Oxley Act of 2002, by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.