

SPARK NETWORKS INC
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July 18, 2007

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PART II

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

KOSS CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

Three Months Ended September 30,	2010	2009
Net sales	\$ 10,032,134	\$ 11,614,645
Cost of goods sold	5,670,525	5,964,673
Gross profit	4,361,609	5,649,972
Operating Expenses:		
Selling, general and administrative expenses	3,104,664	2,739,298
Unauthorized transactions		5,324,164
Unauthorized transaction related costs and recoveries, net	266,284	
Total Operating Expenses	3,370,948	8,063,462
Income (loss) from operations	990,661	(2,413,490)
Other Income (Expense):		
Interest income	20	3
Interest expense	(104,660)	(58,978)
Total Other Expense, net	(104,640)	(58,975)
Income (loss) before income tax provision (benefit)	886,021	(2,472,465)
Income tax provision (benefit)	323,162	(878,715)
Net income (loss)	\$ 562,859	\$ (1,593,750)
Earnings (loss) per common share:		
Basic	\$ 0.08	\$ (0.22)
Diluted	\$ 0.08	\$ (0.22)
Dividends declared per common share	\$ 0.060	\$ 0.065

The accompanying notes are an integral part of these condensed consolidated financial statements.

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KOSS CORPORATION AND SUBSIDIARY

CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited)	
	September 30, 2010	June 30, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 165,019	\$ 125,496
Accounts receivable, less allowance for doubtful accounts of \$832,610 and \$757,535, respectively	5,236,198	4,213,327
Inventories	9,134,713	8,457,325
Prepaid expenses	497,831	254,658
Income taxes receivable	249,962	928,550
Deferred income taxes	1,231,395	1,144,086
Total Current Assets	16,515,118	15,123,442
Equipment and leasehold improvements, net	2,370,094	2,392,772