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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 16, 2011

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

Delaware (State or other jurisdiction of incorporation or organization)	**0-28839** (Commission File Number)

13-1964841
(IRS Employer Identification No.)

180 Marcus Blvd., Hauppauge, New York (Address of principal executive offices)	**11788** (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of file following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(e))

Item 2.02 Results of Operations and Financial Condition.

On May 16, 2011, Audiovox Corporation (the “Company”) issued a press release announcing its earnings for the quarter and year ended February 28, 2011. A copy of the release is furnished as Exhibit 99.1 attached hereto.

Item 8.01 Other Events.

On May 17, 2011, at 10:00 am EST the Company held a conference call to discuss its financial results for the quarter and year ended February 28, 2011. The Company has prepared a transcript of that conference call, a copy of which is furnished herewith as Exhibit 99.2.

The information furnished under Items 2.02 and 8.01, including Exhibits 99.1 and 99.2, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

Item 9.01(d). Exhibits

EXHIBIT No.	**DESCRIPTION**
99.1	Press Release dated May 16, 2011, relating to Audiovox Corporation's earnings release for the quarter and year ended February 28, 2011 (furnished herewith).
99.2	Transcript of conference call held on May 17, 2011 at 10:00 am EST (furnished herewith).

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 (Registrant)

Date: May 18, 2011

BY: /s/ Charles M. Stoehr
Charles M. Stoehr
Senior Vice President and
Chief Financial Officer

News Release
Audiovox Corporation Reports Fiscal 2011 Fourth Quarter and Year-end Results

-- FY11 sales increase 2.0% and gross profit margins up 270 basis points.
-- FY11 operating income of $9.0 million, an improvement of $5.2 million over FY10.
-- Acquisition of Klipsch Group closed on March 1st and will be included in FY12 results.
-- The Company anticipates FY12 sales to be $730 million and is projecting EBITDA of $42.0 million.

HAUPPAUGE, N.Y., May 16, 2011 /PRNewswire via COMTEX/ --

Audiovox Corporation (NASDAQ: VOXX), today announced results for its fiscal 2011 fourth quarter and year-ended February 28, 2011.

Commenting on the Company's performance, Pat Lavelle, President and CEO stated, "Our strength in the mobile sector led to modest year-over-year growth and enabled us to offset industry-wide weakness in certain consumer categories. While the U.S. market remains challenging, and there are still concerns over near-term consumer spending, our international business was up close to 17 percent and all of our industry groups, both domestically and abroad, posted significant increases in gross margin, resulting in higher operating profits for our Company. We've worked diligently to streamline our operations and focus on higher margin, more stable product categories and with the acquisition of Klipsch, we believe we are well positioned for fiscal 2012 and beyond. Audiovox is a different company today than in years past and we believe shareholders will be rewarded for their patience, especially as the global economies improve."

Fiscal Year Comparisons

Net sales for the fiscal year ended February 28, 2011 were $561.7 million, an increase of 2.0% compared to net sales of $550.7 million reported in the comparable year ago period.

Electronics sales, which include both mobile and consumer electronics products, were $415.2 million for the 2011 fiscal year as compared to $375.0 million for the 2010 fiscal year, an increase of 10.7%. The increase in sales was driven primarily by the acquisition of Invision Automotive Systems ("Invision"), which was acquired in February 2010, as well as higher OEM business as a result of the strength in the automotive market. Additionally, the Company experienced sales increases in its security and video businesses. Offsetting the increase was the lack of FY11 sales of FLO TV as that product line was discontinued, lower fulfillment sales, and lower volumes of consumer good products at retail. Electronics sales represented 73.9% of net sales for the fiscal year ended February 28, 2011 compared to 68.1% in the comparable prior year period.

Fiscal year 2011 Accessory sales were $146.5 million as compared to $175.7 million in the comparable year-ago period. This decline of 16.6% was directly related to slower retail sales for products utilizing our accessory products at the retail level, primarily in the Audio/Video category. While a more diverse group of customers were added in FY11, continued weakness in consumer spending for non-essential items, such as flat-panel TV's, adversely impacted Accessory sales. Offsetting the decline, were increased accessory sales in the Company's European operations. As a percentage of net sales, Accessories represented 26.1% and 31.9% for the periods ended February 28, 2011 and February 28, 2010, respectively.

Gross margins were 22.1% for the fiscal year ended February 28, 2011, a 270 basis point improvement from 19.4% reported in the comparable fiscal year. This increase was a direct result of improved margins throughout all groups and the majority of product categories, lower freight and warehousing costs, and, the realization of a full year's sales from the acquisition of Invision.

Operating expenses increased by $12.0 million or 11.6% from $103.0 million to $114.9 million for the years ended February 28, 2011 and February 28, 2010, respectively. The increase in operating expenses was primarily due to the year-over-year increase of $8.3 million in overhead related to the Invision acquisition, as well as a $2.7 million increase in professional fees for the Klipsch acquisition, other legal fees and audit services. Additionally, the Company experienced increases in its advertising and trade show expenses in its International subsidiaries and higher provisions for doubtful accounts related to costs associated with a previously reported customer bankruptcy settlement. Offsetting these increases were reductions in insurance and general office administrative salaries.

The Company reported operating income of $9.0 million for the fiscal year ended February 28, 2011 compared to operating income of $3.8 million in the comparable year ago period. Net income for the fiscal year 2011 period was $23.0 million or $1.00 per share as compared to net income of $22.5 million or earnings per share of $0.98 for the fiscal year ended February 28, 2010. Net income for fiscal year 2011 was positively impacted by a $10.5 million tax benefit compared to an $11.3 million tax benefit in the comparable fiscal year.

Fiscal Fourth Quarter Comparisons

Net sales for the three months ended February 28, 2011 were $138.9 million, a decrease of 7.6% compared to net sales of $150.3 million reported in the comparable three-month period.

Electronics sales, which includes both mobile and consumer electronics products, were $102.8 million for the 2011 fiscal fourth quarter as compared to $107.3 million for the fiscal 2010 fourth quarter, a decrease of 4.2%. Electronics sales were positively impacted by the acquisition of Invision, as well as higher sales of mobile electronics products in most categories. The increases in mobile electronics were partially offset by declines in mobile audio, lower margin consumer electronics business and sales of FLO TV products which were included in fiscal 2010 comparisons. Electronics represented 74.0% of net sales for the three-month period ended February 28, 2011 compared to 71.4% in the prior three-month period.

Accessory sales were $36.1 million for the three months ended February 28, 2011 as compared to $43.1 million for the three months ended February 28, 2010, a decrease of 16.1%. The Accessories group was impacted by the continued slowdown in consumer electronics sales at retail, particularly video-related products which correlate to the Company's accessories offering. Accessories represented 26.0% and 28.6% of net sales for the three-months ended February 28, 2011 and February 28, 2010, respectively.

Gross margins were 25.1% for the three months ended February 28, 2011, a 510 basis point improvement from 20.0% reported in the comparable year-ago period. The increase in gross margins is a direct result of improved margins in the Company's core product offerings both domestically and abroad, lower freight and warehousing expenses, and a decline in inventory mark-downs compared to the prior year period. Additionally, gross margins were favorably impacted by higher margin consumer electronics sales as well as higher OEM sales as a percentage of the overall mix.

Operating expenses decreased by $0.6 million or 2.0% from $30.4 million, to $29.9 million for the three month periods ended February 28, 2010 and February 28, 2011, respectively. The decrease in operating expenses was directly related to continued, cost control measures the Company put in place in fiscal 2011, particularly attributed to lower salaries, advertising and trade show costs. Additionally, operating expenses for the 2011 fiscal fourth quarter includes $2.4 million related to Invision compared to $0.5 million in the comparable fiscal fourth quarter as well as approximately $1.0 million related to professional fees in conjunction with the Klipsch acquisition. As a percentage of net sales, operating expenses increased to 21.5% as compared to 20.2% for the three months ended February 28, 2011 and February 28, 2010, respectively.

The Company reported operating income of $4.9 million for the three months ended February 28, 2011 as compared to an operating loss of $(0.4) million in the comparable year ago period. Other income declined $5.9 million as a result of a $5.4 million bargain purchase gain from the Company's acquisition of Schwaiger which took place in fiscal 2010. Net income for the three months ended February 28, 2011 was $17.4 million or $0.75 per share as compared to net income of $6.6 million or earnings per share of $0.29 in the three months ended February 28, 2010. Net income for the 2011 fiscal fourth quarter was positively impacted by a net tax benefit of $12.3 million compared to a net tax benefit of $1.0 million in the comparable fiscal fourth quarter.

Klipsch Acquisition and Pro-forma Comparisons

On March 1, 2011, Audiovox Corporation completed its acquisition of Klipsch Group, Inc. and its worldwide subsidiaries ("Klipsch") for a total purchase price of $167.6 million, which consisted of a purchase price of $166.0 million, plus a working capital adjustment of $1.6 million, as well as related transaction fees and expenses. Also on March 1, 2011, the Company entered into a Credit Agreement with Wells Fargo Capital Finance, LLC ("Wells Fargo") and secured a Credit Facility with an aggregated committed availability of up to $175 million. The Company financed this acquisition through a combination of existing Audiovox cash and approximately $89.1 million of borrowings under the Credit Agreement.

On a pro forma basis, had the Klipsch acquisition taken place on March 1, 2009, the Company would have reported net sales of $728.3 million for the fiscal year-ended February 28, 2011 as compared to net sales of $706.7 million for the fiscal year-ended February 28, 2010. Net income and earnings per share (basic) for the comparable periods ended February 28, 2011 and February 28, 2010 would have been $31.4 million or $1.37 as compared to net income of $38.9 million and earnings per share of $1.70.

In fiscal 2012, for the year-ended February 28, 2012, the Company is projecting net sales of $730 million for the combined business and EBITDA of $42.0 million, of which $25.0 million is related to Klipsch. Management will be providing further details regarding fiscal 2011 comparisons, its acquisition of Klipsch and its fiscal 2012 outlook on its year-end conference call.

Conference Call Information

The Company will be hosting its conference call on Tuesday, May 17, 2011 at 10:00 a.m. Eastern. Interested parties can participate by visiting www.audiovox.com, and clicking on the webcast in the Investor Relations section or via teleconference (toll-free number: 800-798-2884; international number: 617-614-6207; pass code: 54156592). For those who will be unable to participate, a replay will be available approximately one hour after the call has been completed and will last for one week thereafter (replay number: 888-286-8010; international replay number: 617-801-6888; pass code: 96107063).

About Audiovox

Audiovox (NASDAQ: VOXX) is a recognized leader in the marketing of automotive entertainment, vehicle security and remote start systems, consumer electronics products and consumer electronics accessories. The company is number one in mobile video and places in the top ten of almost every category that it sells. Among the lines marketed by Audiovox are its mobile electronics products including mobile video systems, auto sound systems including satellite radio, vehicle security and remote start systems; consumer electronics products such as MP3 players, digital camcorders, DVRs, Internet radios, clock radios, portable DVD players, multimedia products like digital picture frames and home and portable stereos; consumer electronics accessories such as indoor/outdoor antennas, connectivity products, headphones, speakers, wireless solutions, remote controls, power & surge protectors and media cleaning & storage devices; Energizer®-branded products for rechargeable batteries and battery packs for camcorders, cordless phones, digital cameras and DVD players, as well as for power supply systems, automatic voltage regulators and surge protectors. The company markets its products through an extensive distribution network that includes power retailers, 12-volt specialists, mass merchandisers and an OE sales group. The company markets products under the Audiovox, Klipsch, Advent, RCA, Jensen, Acoustic Research, Energizer, Excalibur, Code Alarm, Invision, Omega, Prestige, Schwaiger, SURFACE and Terk brands. For additional information, visit our Web site at www.audiovox.com.

Safe Harbor Statement

Except for historical information contained herein, statements made in this release that would constitute forward-looking statements may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statement. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to, risks that may result from changes in the Company's business operations; our ability to keep pace with technological advances; significant competition in the mobile and consumer electronics businesses as well as the wireless business; our relationships with key suppliers and customers; quality and consumer acceptance of newly introduced products; market volatility; non-availability of product; excess inventory; price and product competition; new product introductions; the possibility that the review of our prior filings by the SEC may result in changes to our financial statements; and the possibility that stockholders or regulatory authorities may initiate proceedings against Audiovox and/or our officers and directors as a result of any restatements. Risk factors associated with our business, including some of the facts set forth herein, are detailed in the Company's Form 10-K for the fiscal year ended February 28, 2011 on file with the Securities and Exchange Commission (SEC).

Company Contact: Glenn Wiener, GW Communications Tel: 212-786-6011 Email: gwiener@GWCco.com

-- Tables Attached --

Audiovox Corporation and Subsidiaries
Consolidated Balance Sheets
February 28, 2011 and 2010
(In thousands, except share data)

	February 28, 2011	February 28, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 98,630	$ 69,511
Accounts receivable, net	108,048	131,266
Inventory	113,620	102,717
Receivables from vendors	8,382	11,170
Prepaid expenses and other current assets	9,382	16,311
Income tax receivable	—	1,304
Deferred income taxes	2,768	47
Total current assets	340,830	332,326
Investment securities	13,500	15,892
Equity investments	12,764	11,272
Property, plant and equipment, net	19,563	22,145
Goodwill	7,373	7,389
Intangible assets	99,189	97,226
Deferred income taxes	6,244	515
Other assets	1,634	2,213
Total assets	$ 501,097	$ 488,978
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 27,341	$ 36,126
Accrued expenses and other current liabilities	36,500	35,790
Income taxes payable	1,610	—
Accrued sales incentives	11,981	10,606
Deferred income taxes	399	1,931
Current portion of long-term debt	4,471	8,086
Total current liabilities	82,302	92,539
Long-term debt	5,895	6,613
Capital lease obligation	5,348	5,490
Deferred compensation	3,554	3,158
Other tax liabilities	1,788	1,219
Deferred tax liabilities	4,919	8,502
Other long term liabilities (see Note 2)	4,345	7,194
Total liabilities	108,151	124,715
Commitments and contingencies		
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding (see Note 7)	—	—
Common stock:		
Class A, $.01 par value; 60,000,000 shares authorized, 22,630,837 and 22,441,712 shares issued, 20,813,005 and 20,622,905 shares outstanding at February 28, 2011 and February 28 2010, respectively	226	225
Class B convertible, $.01 par value; 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	277,896	275,684
Retained earnings	137,027	113,996
Accumulated other comprehensive loss	(3,849)	(7,278)
Treasury stock, at cost, 1,817,832 and 1,818,807 shares of Class A common stock at February 28, 2011 and February 28, 2010, respectively	(18,376)	(18,386)
Total stockholders' equity	392,946	364,263
Total liabilities and stockholders' equity	$ 501,097	$ 488,978

Audiovox Corporation and Subsidiaries
Consolidated Statements of Operations
Years Ended February 28, 2011, 2010 and 2009
(In thousands, except share and per share data)

	Year Ended February 28, 2011	Year Ended February 28, 2010	Year Ended February 28, 2009
Net sales	$ 561,672	$ 550,695	$ 603,099
Cost of sales	437,735	443,944	502,831
Gross profit	123,937	106,751	100,268
Operating expenses:			
Selling	34,517	30,147	33,505
General and administrative	68,469	63,063	70,870
Goodwill and intangible asset impairment	—	—	38,814
Engineering and technical support	11,934	9,781	10,522
Total operating expenses	114,920	102,991	153,711
Operating income (loss)	9,017	3,760	(53,443)
Other income (expense):			
Interest and bank charges	(2,630)	(1,556)	(1,817)
Equity in income of equity investee	2,905	1,657	975
Gain on bargain purchase	—	5,418	—
Other, net	3,204	1,876	(1,669)
Total other income (expenses), net	3,479	7,395	(2,511)
Income (loss) from operations before income taxes	12,496	11,155	(55,954)
Income tax benefit (expense)	10,535	11,328	(15,075)
Net income (loss)	$ 23,031	$ 22,483	$ (71,029)
Net income (loss) per common share (basic)	$ 1.00	$ 0.98	$ (3.11)
Net income (loss) per common share (diluted)	$ 1.00	$ 0.98	$ (3.11)
Weighted-average common shares outstanding (basic)	22,938,754	22,875,651	22,860,402
Weighted-average common shares outstanding (diluted)	23,112,518	22,919,665	22,860,402

Final Transcript

Conference Call Transcript

VOXX - Q4 2011 Audiovox Corp Earnings Conference Call

Event Date/Time: May 17, 2011 / 02:00PM GMT

CORPORATE PARTICIPANTS

Glenn Wiener
Audiovox Corporation - IR

Patrick Lavelle
Audiovox Corporation - President & CEO

Michael Stoehr
Audiovox Corporation - SVP and CFO

CONFERENCE CALL PARTICIPANTS

L.D. Mishan
Unidentified Company - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the fourth quarter 2011 Audiovox Corporation earnings conference call. My name is Francine and I am your Operator for today. (Operator Instructions)

I would now like to turn the presentation over to your host for today's call, Mr. Glenn Wiener of Investor Relations. Sir, you may proceed.

Glenn Wiener - *Audiovox Corporation - IR*

Thank you Francine, and welcome to Audiovox's fiscal 2011 fourth quarter and year end results conference call. As you know, today's call is being webcast on our website, www.audiovox.com, and can be accessed in the Investor Relations section.

With us today are Patrick Lavelle, President and CEO, Michael Stoehr, Senior Vice President and Chief Financial Officer, and John Shalam, Chairman of the Board. Before we begin I would like to remind everyone that except for historical information contained herein, statements made on today's call and in today's webcast that would constitute forward-looking statements may involve certain risks and uncertainties. All forward-looking statements made are based on currently available information and the Company assumes no responsibility to update any such forward-looking statements. Risk factors associated with our business are detailed in the Company's Form 10-K for the fiscal year ended February 28, 2011, which was filed yesterday after market closed.

At this time I would like to turn the call over to Pat Lavelle. Pat.

Patrick Lavelle - *Audiovox Corporation - President & CEO*

Thanks, Glenn, and good morning, everyone. Last night we issued our results for our fiscal fourth quarter and year end. Fourth quarter sales were down, coming in at $138 million versus $150 million in the same period last year. Weakness in our accessory group accounted for the lower revenue number as sales of consumer electronics industry wide remains lower and our accessory products are largely attachment to CE sales. For the quarter, both our mobile and international groups continued to show improvement resulting in higher sales.

Our margins were up across all categories as we continue to shift from low margin products as previously advised on earlier calls. This enabled us to post gross margins of 25.1% compared to 20% in Q4 of fiscal 2010. Additionally, our operating income came in at $4.9 million versus an operating loss of $400,000 which is a $5.3 million positive swing based on higher margins and lower over heads. We reported $562 million in sales for the year, a 2% increase over fiscal 2010. In general our fiscal year results tracked with the quarter with accessory sales down and Mobile and International sales up over last year. Gross margins continued to improve and we posted a 270 basis points increase with gross margins of 22.1% for the year. As with our quarterly results, there was a positive swing in operating income for the fiscal year and Mike will provide details in a few moments.

Although the economy continues to present a challenging environment, we are looking forward to improvements in our bottom line performance in fiscal 2012. Unlike in years past, we will be giving guidance this year due to the recent Klipsch acquisition. Before I get to that, I wanted to take a few minutes to remind you of our strategic plan since the divesture of our cellular group.

After we sold cellular in 2005, we were predominantly an after market mobile electronics company with some OE business and several niche consumer electronic products sold at retail. Our five-year plan was to use the cash from cellular to grow our mobile OE business and additionally acquire companies that would give us higher margins and distribution into new channels. We identified the higher margin accessory market as a target and today, as a result of our acquisitions of RCA, Turk, Oehlbach, SCHWAIGER, and Technuity we're a dominant global supplier in that space. We have grown this business from essentially nothing in 2005 to a fiscal 2012 projection of approximately $240 million, both domestically and abroad.

Concurrently, we increased resources in our OE business and formed our automotive division in Detroit and acquired Incaar in Europe and Invision here in the US, the latter of which gives us a manufacturing facility in the US and invaluable R&D capabilities. In 2005 our OE business was approximately $20 million. In fiscal 2012 we have projects with GM, Ford, Toyota, Chrysler, BMW, Nissan, Kia, Porsche, Bentley and others and are anticipating sales of approximately $115 million. Research identified the high-end audio market as another expansion opportunity for us. The CEDIA channel, CEDIA stands for the Custom Electronic Design and Installation. The CEDIA channel services the professional installation market and we believe there are opportunities for us to grow in this area as well as the commercial market. High-end audio, although sold at big box retail, is dominated by smaller independent specialists and professional installers. We first gained entry into this space with our acquisition of Recoton Europe that included several high-end European loud speaker brands, and over the past few years we have researched several companies in this space. Our patience has paid off and as you know in this past quarter we acquired Klipsch, adding the number one high-end loud speaker brand worldwide to our portfolio. Klipsch also adds direct manufacturing in the United States and distribution into the CEDIA and commercial markets.

When we sold cellular we were a $1.8 billion sales Company with an infrastructure built to support that volume. We have worked to restructure the Company to match overhead to current sales. Our acquisitions have allowed us to retool our product lines and exit many lower margin products. At the end of fiscal 2004 our consolidated gross margins were 7.8%. Today, they are over 22% and we are projecting gross margins to exceed 25% this year. Our 5 year plan back in 2005 was to attain $1 billion in sales with a product portfolio of substantially higher margin products and to increase distribution over broader channels. Unfortunately the recession extended the timeline. However, this plan is very much on track. Today we are a global accessory Company. The number one manufacturer of high-end loud speakers in the world, and in mobile we have the strongest automotive after market distribution and a growing OE program and customer base. Today, we are a different company than he we were a few short years ago and we believe we are positioned very well for the long-term.

With that said, we are projecting $730 million in sales this fiscal year with upside potential dependent largely on macroeconomic factors. Of course, like every company, we remain concerned about the continued slow recovery at retail, the surge in oil prices, commodities, Chinese labor costs, and a weaker dollar. On the plus side the automotive industry is doing well which should positively impact OE sales. However, until we see stabilization, we're going to take a cautious approach as we talk about the top line. As I said earlier, our gross profit margins should come in north of 25% based on the programs we have in place and we will continue to focus our efforts on overhead, identifying synergies that can further reduce overall expenses. We're anticipating approximately $42 million of EBITDA in fiscal 2012 with upside based on the economy.

We have accomplished much over the past few years. We have restructured, retooled, and survived a devastating recession. Although stretched out, our plan is on track and I along with the management team and the Board am confident that our shareholders will be rewarded for their patience. I am going to turn the call over to Michael now to review the numbers and I look forward to addressing any questions you may have following his remarks. Michael.

Michael Stoehr - ***Audiovox Corporation - SVP and CFO***

Thanks, Pat. Good morning, everyone. I am going to provide a recap of our fiscal year results and follow up with fourth quarter comparisons. I will then discuss the Klipsch acquisition and provide some color around the information that was disclosed in our Form 8Ka filing.

Net sales for fiscal 2011 were $561.7 million compared to $550.7 million in fiscal 2010, an increase of approximately $11 million, or 2%. Our electronics group was up approximately $40 million year-over-year and our Accessories group has declined in revenue -- had a decline in revenue of $29 million. The growth drivers for the year were our acquisition of Invision, which accounted for an increase of $48 million revenue, higher OEM sales, and gains on mobile video and mobile security. Offsetting this increase were lower sales in our fulfillment group, which include sales of FLO TV, satellite radio and portable DVD. In addition, fiscal year 2010 included sales from FLO which was discontinued. Sales of our accessory distribution group were down due to a drop in clock radios, camcorders, digital players and voice recorders from approximately $13 million, and $16 million in lower antenna sales for the Company to transition from analog to digital which positively impacted for fiscal year 2010 results.

Our International business increased by 16.7% over the prior year due to our acquisition of SCHWAIGER and increases in our international OEM programs. All international business segments were up with the exception of Venezuela which continues to experience turbulence. We posted gross margins of 22.1%, which represents a 270 basis points improvement over last fiscal year. This is the result of higher margins across all of our product groups, both domestically and internationally, as well as a shift in our mix to more aftermarket security video and OEM business and lower fulfillment sales.

We also realized cross savings in synergies in our freight warehousing costs compared to prior year. Our overhead increased by approximately $11 million, $8.2 million of this was a year over year increase in expenses for Invision, as well as a $2.7 million increase of professional fees which includes expenses for the Klipsch transaction and other legal and audit services used by the Company. We also saw increases in advertising and trade show expenses in our international subsidiaries, which were up $900,000 over the last fiscal year, and an increase in bad debt related to a previously disclosed customer disclosed bankruptcy settlement.

Offsetting these increases were reductions insurance and general and office administrative salaries. Our other income decreased by $3.9 million primarily as a result of a $5.4 million bought and purchased gain which was recorded in association with our SCHWAIGER acquisition, and a gain recorded on foreign exchange contracts both in fiscal 2010. In fiscal 2011 we recorded a loss of approximately $300,000 associated with the write off of a portion of a note receivable recorded in connection with our Malaysian operation divesture. This was partially offset by net foreign exchange gain in Venezuela and a charge for other than temporary impairment of $1.6 million on an investment made in Thailand by the Company. The Thai original investment was made quite some time ago and over the years we have profited from it, but based on the current economic and political climate in Thailand, we have taken a charge this year. Additionally, interest in bank charges increased by approximately $1.1 million due to interest recorded to accrete contingent consideration and future liabilities related to the Thomson AV acquisition. Equity and income of equity investees increased by $1.2 million due to higher equity income from our ASA 50/50 joint venture, improved sales and improved profitability.

Operating income was $9 million for the fiscal year compared to operating income of $3.8 million in fiscal 2010, a $5.2 million improvement. Net income was $23 million, or earnings per share of $1, compared to net income of $22.5 a million and earnings per share of $0.98 for fiscal years ended February 28, 2011, and 2010 respectively. Additionally, fiscal 2011 net income was positively impacted by a $10.5 million tax benefit compared to an $11.3 million tax benefit in the prior year as the Company in fiscal 2011 reversed this deferred tax valuation allowance as a result of improved profitability.

Now for the fourth quarter. In the fourth quarter our sales declined by $11.4 million, or 7.6% for compatible periods, for much the same reasons I noted in our fiscal year comparisons. But they were partially offset by approximately $12 million in increased Invision sales. Margins continue to improve as a result of the shift of our business mix during the fourth quarter and were 25.1% as compared to 20% in the fourth fiscal quarter last year. In addition to the shift in product margins, we also -- we were also impacted by continued improvements in inventory obsolescent charges, lower warehousing expenses, and lower distribution costs. That said, product acquisition costs are rising and it should be no surprise to anyone that we have now begun to experience cost increase from our suppliers to offset the rise in their production costs as well as additional costs for us to bring these goods to market. As a result, we have advised our customers that we will be increasing prices to offset some of these cost increases. We are dealing with increases in transportation costs due to the rapid rise in oil prices, increased commodity costs, such as the price of copper, a main component of many of our products, general higher Chinese labor costs as well as the effect of the weakening dollar against foreign currency. We will be monitoring the escalating prices very closely.

Operating expenses for the comparable quarter declined by $600,000, or 2%, from $30.4 million to $29.9 million, even though we had a full quarter Invision operating expenses this is year versus only 1 month of expenses for the Invision last year. The decrease in operating expenses were driven by cost control measures we instituted over the past 3 years. This decline expenses included lower office salaries as well as a decline in advertising and trade show costs. Additionally, fiscal 2011 fourth quarter includes $1.9 million of increased expenses for professional fees, which includes approximately $1 million in fees related to the Klipsch acquisition. Our core overhead was down and we are continuing to look at our overhead structure to drive synergies in all areas of our operations.

For the fourth quarter, we reported operating income of $4.9 million compared to a $400,000 loss last year, a $5.4 million swing. Net income was $17.4 million, or $0.75 per share, compared to net income of $6.6 million, or $0.29 per share. Please note, the fiscal fourth quarter 2011 was positively impacted by a tax benefit of $12.3 million compared to a net tax benefit of $1 million in the comparable period last year.

Moving on to the balance sheet. Operating activities provided $32.1 million, a $3.9 million improvement over last year. This was due to $23 million in net income generated from operations. The gains partially offset by increased inventory, principally in Invision, as we brought their inventory levels up to meet production requirements, and decrease accounts payable. Investing activities provided cash of $1.4 million due to the sale of auction rate securities partially offset by capital expenditures and financing activities -- plus the capital expenditures, excuse me, and financing activities used $4.4 million in cash in order to repay the SunTrust loan related to the Invision acquisition and normal bank obligations. As of February 28, 2011, we had working capital of $258.5 million, which included cash and short-term investments of $98.6 million. This compares to working capital of $239.8 million and cash and short-term investments of $69.5 million for fiscal year ended February 28, 2010. The increase in cash was primarily related to improvements in our operations and the net reductions in accounts receivable.

Moving on to Klipsch and our financing arrangements. The deal closed on March 1, which is the first day of our new fiscal year 2012, and concurrent with the transaction, we entered into $175 million asset based loan with Wells Fargo Capital Finance as the agent. The acquisition was financed through a combination of existing Audiovox cash and approximately $89.1 million of borrowings on the credit facility. As of today, our outstanding direct borrowing are $54 million. In the Form 10-K we have outlined all the specifics regarding the structure of the AVO and during Q&A we'll be more than happy to answer any questions you may have.

As Klipsch was considered a significant acquisition, Audiovox also filed a Form 8-Ka, which contains historical Klipsch financial results for the past 3 years. Note, however, Klipsch's fiscal year was prior to the acquisition, is July 1 through June 30th, which is different than ours. We further filed an unaudited financial statement for the 8 month period, that runs from July 1 through February 28 for fiscal 2010 and 2011. That's the 8 month period. There is also a pro forma projections which shows the results for the combined company as if we owned them as of March 1, 2010. I would like to caution everyone that historical presentations between the two companies may be a bit different.

Moving on to the pro forma financials. On the pro forma basis, had the Klipsch acquisition taken place on March 1, 2009, the Company would have reported net sales of $728.3 million for the fiscal year ended February 28, 2011, as compared to net sales of $706.7 million for the fiscal year ended February 28, 2010. Net income and earnings per share for the comparable periods ended February 28, 2011, and February 28, 2010, would have been $31.4 million, or $1.37 as compared to net income of $38.9 million and earnings per share of $1.70. Please -- as again, I point out there are tax benefits for both companies in fiscal 2010 and a tax benefit for Audiovox only in 2011.

For fiscal 2012, now for the Company's forward-looking -- for our -- how we look at things that'll look this year for fiscal 2012. For the year ended February 28, 2012, the Company is projecting net sales of $730 million for the combined business, and an EBITDA of $42 million, and a projected EPS of $0.75 a share on a normalized tax basis. Our effective rate would be approximately 39%. Finally, the Company completed another successful Sox audit for this fiscal year.

Pat, I will turn the call back to you.

Patrick Lavelle - *Audiovox Corporation - President & CEO*

Michael, thank you very much. And at this time I will open it up for questions.

QUESTION AND ANSWER

Operator

(Operator Instructions) L. D. [Mishan].

L.D. Mishan - *Unidentified Company - Analyst*

I had a quick question on the pro forma numbers. You mentioned that they include tax benefits in 2010 and 2011. Curious how much is in each year?

Michael Stoehr - *Audiovox Corporation - SVP and CFO*

Right. For 2010, if you adjusted for the tax benefits, the earnings would be $0.50 a share, and for 2011, adjusted for tax benefits the combined pro forma would be $0.76 a share.

L.D. Mishan - *Unidentified Company - Analyst*

Okay.

Michael Stoehr - *Audiovox Corporation - SVP and CFO*

That's the earnings for the Company net of the tax benefits.

L.D. Mishan - *Unidentified Company - Analyst*

Right. Okay. That's, that's helpful. Are there any other sort of one-time non-recurring items in the $0.50 and $0.76?

Michael Stoehr - *Audiovox Corporation - SVP and CFO*

No, no, we adjusted those out. That was just the tax benefits of both. 2010 was the homeowners association -- Homeowners Act that was passed by the government.

L.D. Mishan - *Unidentified Company - Analyst*

Right.

Michael Stoehr - *Audiovox Corporation - SVP and CFO*

2011 were deferred tax valuation releases.

L.D. Mishan - *Unidentified Company - Analyst*

Okay. Great. Thank you.

Michael Stoehr - *Audiovox Corporation - SVP and CFO*

You're welcome.

Operator

(Operator Instructions) Gentlemen, we have no further questions in the queue.

Patrick Lavelle - *Audiovox Corporation - President & CEO*

Okay. Well, hopefully we've answered all of your questions this morning, so thank you for your support of Audiovox, and be careful driving around from this weather because it is nasty out there. Have a good day, everyone. Thanks. Bye.

Operator

Ladies and gentlemen, thank you for your participation in today's conference. This concludes the presentation. You may now disconnect and have a great day.