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): October 11, 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 October 11, 2011, Audiovox Corporation (the "Company") issued a press release announcing its earnings for the three and six months ended August 31, 2011. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On October 12, 2011, the Company held a conference call to discuss its financial results for the three and six months ended August 31, 2011. The Company has prepared a transcript of that conference call, a copy of which is annexed hereto 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 October 11, 2011, relating to Audiovox Corporation's earnings release for the three and six months ended August 31, 2011 (furnished herewith).
99.2	Transcript of conference call held on October 12, 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: October 12, 2011

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

Audiovox Corporation Reports Fiscal 2012 Second Quarter Results

- 2Q12 sales up 22.5% with the addition of Klipsch and OEM growth; gross margins up 650 basis points
- 2Q12 operating income of $7.7 million vs. $0.2 million in 2Q11
- 2Q12 EBITDA of $9.8 million vs. $3.6 million in 2Q11, a $6.2 million improvement
- Company on track to meet EBITDA forecast of $42 million

HAUPPAUGE, N.Y., Oct. 11, 2011 /PRNewswire via COMTEX/ --

Audiovox Corporation (NASDAQ: VOXX), today announced financial results for its fiscal 2012, second quarter and six months ended August 31, 2011.

Commenting on the Company's performance, Pat Lavelle, President and CEO stated, "Through the first half of the year, our business is primarily tracking to plan. Our automotive OEM business continues to grow. Our international operations are performing well, despite weakness in some European countries, and our Klipsch acquisition is meeting plan with a lot of potential to grow in the years ahead. Additionally, car sales over the past few months have rebounded and all signs are pointing to continued strength. Like most in our industry, we continue to be impacted by a slow retail environment and there are some concerns as we enter the all-important holiday season, as many retailers remain cautious in their buying. However, given our performance year-to-date, the strength in our margins, and good management of our expenses and resources, we remain on track to meet our income and EBITDA forecasts for the year. Equally important, we feel good about the next few years as we have a host of new and innovative products coming to market which should fuel growth for our Company, while we continue to generate cash, pay down our debt, and improve our balance sheet."

Net sales for the second quarter of fiscal 2012, were $158.3 million, an increase of 22.5% compared to net sales of $129.3 million reported in the comparable year ago period. For the six month period ended August 31, 2011, net sales were $323.7 million, an increase of 24.7% as compared to net sales of $259.6 million for the six month period ended August 31, 2010.

For the three and six month periods ended August 31, 2011, Electronics sales were $126.7 million and $259.0, an increase of 33.1% and 36.5%, respectively over the comparable prior year periods. Accessories sales were $31.6 million and $64.7 million, a decrease of 7.2% and 7.5%, respectively. For both periods, the Electronics Group was favorably impacted by the addition of Klipsch, improvements in the automotive OEM channel, both domestically and abroad, and increases in the Company's international operations, particularly in the automotive and accessories categories. Offsetting these increases were lower sales of consumer electronics products and select groups in the audio category, as well as lower sales of accessory products attached to TV sales in the U.S. As a percentage of net sales, Electronics represented 80% of the net sales for the three and six months ended August 31, 2011, and Accessories represented the remaining 20% for these periods.

The gross margin for the three months ended August 31, 2011 was 27.7%, an increase of 650 basis points as compared to 21.2% for the three months ended August 31, 2010. For the comparable six month periods, the gross margin was 27.0% as compared to 21.0%. Gross margins for both the three and six month periods were favorably impacted by the addition of high-end audio product lines, higher sales of OEM products, better margins in the Company's existing product lines, new product introductions, the Klipsch acquisition, and lower sales in our fulfillment business.

Operating expenses increased by $8.9 million and $20.1 million for the three and six months ended August 31, 2011 to $36.2 million and $75.9 million, respectively, from $27.3 million and $55.8 million, respectively in the comparable prior year periods. The increase in total operating expenses was due primarily to overhead from the Klipsch acquisition, which accounted for $9.6 million and $19.2 million during the three and six months ended August 31, 2011, respectively. Core overhead, excluding the addition of expenses associated with Klipsch and acquisition-related costs, declined by $0.9 million and $0.6 million for the same periods noted above. The Company continues to monitor its expense structure and identify synergies within its existing businesses.

The Company reported operating income of $7.7 million for the second quarter of fiscal 2012, compared to operating income of $0.2 million in the comparable year ago period. For the six month period ended August 31, 2011, the Company reported operating income of $11.6 million as compared to an operating loss of $1.3 million for the period ended August 31, 2010, a $12.9 million improvement.

Net income for the three month period ended August 31, 2011 was $3.4 million or $0.15 per basic and diluted share as compared to net income of $0.6 million or earnings per basic and diluted share of $0.03 for the second quarter of fiscal 2011. For the six months ended August 31, 2011, net income was $5.9 million or $0.26 per share (basic) and $0.25 per share (diluted) as compared to net income of $1.8 million or earnings per basic and diluted share of $0.08 for the comparable six month period ended August 31, 2010. Adjusted net income for the three month period ended August 31, 2011 was $3.7 million or $0.16 per diluted share compared to $1.1 million or $0.05 per diluted share for the comparable year ago period. For the six month period ended August 31, 2011, adjusted net income was $7.1 million or $0.30 per diluted share compared to $1.9 million or $0.08 per diluted share for the comparable six month period.

Earnings before interest, taxes, depreciation and amortization (EBITDA) for the second quarter of fiscal 2012, was $9.8 million as compared to EBITDA of $3.6 million for the comparable period in fiscal 2011. Adjusted EBITDA for the same periods was $10.1 million and $4.0 million, respectively. For the six month period ended August 31, 2011, EBITDA was $17.9 million and adjusted EBITDA was $19.9 million. This compares to EBITDA of $6.6 million and adjusted EBITDA of $7.5 million for the period ended August 31, 2010. Adjusted EBITDA for the three and six month period ended August 31, 2011 excludes stock-based compensation and Klipsch acquisition costs.

A reconciliation of GAAP net income to Adjusted EBITDA can be found in the Company's Form 10-Q for the period ended August 31, 2011.

Non-GAAP Measures

Adjusted net income and adjusted EBITDA are not financial measures recognized by GAAP. Adjusted net income represents net income, computed in accordance with GAAP, before stock-based compensation expense, a tax refund, and costs relating to the Klipsch acquisition. Adjusted EBITDA represents net income, computed in accordance with GAAP, before interest expense, taxes, depreciation and amortization, stock-based compensation expense and costs relating to the Klipsch acquisition. Depreciation, amortization, and stock-based compensation expense are non-cash items. Adjusted net income per diluted share is calculated by dividing adjusted net income by diluted shares outstanding calculated in accordance with GAAP.

We present adjusted net income and related per diluted share amounts as well as adjusted EBITDA in this release because we consider them to be useful and appropriate supplemental measures of our performance. Adjusted net income and related per diluted share amounts as well as adjusted EBITDA help us to evaluate our performance without the effects of certain GAAP calculations that may not have a direct cash impact on our current operating performance. In addition, the exclusion of costs relating to the Klipsch acquisition and the tax refund allows for a more meaningful comparison of our results from period-to-period. These non-GAAP measures, as we define them, are not necessarily comparable to similarly entitled measures of other companies and may not be appropriate measures for performance relative to other companies. Adjusted net income and adjusted EBITDA should not be assessed in isolation from or construed as a substitute for net income prepared in accordance with GAAP. Adjusted net income and adjusted EBITDA are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP.

Conference Call Information

The Company will be hosting its conference call on Wednesday, October 12, 2011 at 10:00 a.m. EDT. 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: 800-561-2693; international number: 617-614-3523; pass code: 23810307). 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: 34359752).

About Audiovox

Audiovox Corporation (NASDAQ: VOXX) is a leading, global supplier of mobile and consumer electronics products. The Company is the number one high-end loudspeaker company in the world and is also a recognized leader in the marketing of automotive entertainment, vehicle security and remote-start systems. Its extensive distribution network includes power retailers and 12-volt specialists as well the major Original Equipment Manufacturers ("OEMs"), both domestically and abroad. The Company is also a recognized leader in the consumer electronics and accessories markets, selling to major retailers worldwide. Audiovox possesses a strong brand portfolio and its products rank among the top ten in almost every category in which they sell. Domestic brands include Audiovox®, Klipsch®, RCA®, Invision®, Jensen®, Omega®, Energizer®, Terk®, Acoustic Research®, Advent®, Code Alarm®, Prestige®, Excalibur® and SURFACE®. International brands include Klipsch®, Jamo®, Energy®, Mirage®, Mac Audio(TM), Magnat®, Heco®, Schwaiger®, Oehlbach® and Incaar(TM).

Headquartered in Hauppauge, NY, Audiovox has two manufacturing facilities in the United States, several domestic sales and marketing affiliates, and a robust international footprint with offices in Europe, Asia, Canada, Mexico and Venezuela. 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

Audiovox Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share data)

	August 31, 2011	February 28, 2011
Assets	(*unaudited*)	
Current assets:		
Cash and cash equivalents	$ 14,339	$ 98,630
Accounts receivable, net	117,703	108,048
Inventory, net	151,137	113,620
Receivables from vendors	6,746	8,382
Prepaid expenses and other current assets	8,722	9,382
Deferred income taxes	4,330	2,768
Total current assets	302,977	340,830
Investment securities	13,086	13,500
Equity investments	13,939	12,764
Property, plant and equipment, net	24,017	19,563
Goodwill	88,373	7,373
Intangible assets, net	176,847	99,189
Deferred income taxes	12	6,244
Other assets	4,114	1,634
Total assets	$ 623,365	$ 501,097

Audiovox Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share data)

	August 31, 2011	February 28, 2011
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 54,008	$ 27,341
Accrued expenses and other current liabilities	43,750	36,500
Income taxes payable	2,435	1,610
Accrued sales incentives	17,876	11,981
Deferred income taxes	417	399
Current portion of long-term debt	3,498	4,471
Total current liabilities	121,984	82,302
Long-term debt	55,349	5,895
Capital lease obligation	5,273	5,348
Deferred compensation	3,250	3,554
Other tax liabilities	1,788	1,788
Deferred tax liabilities	30,804	4,919
Other long-term liabilities	4,509	4,345
Total liabilities	222,957	108,151
Commitments and contingencies		
Stockholders' equity:		
Series preferred stock, $.01 par value; 1,500,000 shares authorized, no shares issued or outstanding	—	—
Common stock:		
Class A, $.01 par value; 60,000,000 shares authorized, 22,630,837 shares issued and 20,813,005 shares outstanding at August 31, 2011 and February 28, 2011	226	226
Class B convertible, $.01 par value; 10,000,000 shares authorized, 2,260,954 shares issued and outstanding at August 31, 2011 and February 28, 2011	22	22
Paid-in capital	278,272	277,896
Retained earnings	142,953	137,027
Accumulated other comprehensive (loss)	(2,689)	(3,849)
Treasury stock, at cost, 1,817,832 shares of Class A common stock at August 31, 2011 and February 28, 2011	(18,376)	(18,376)
Total stockholders' equity	400,408	392,946
Total liabilities and stockholders' equity	$ 623,365	$ 501,097

Audiovox Corporation and Subsidiaries
Consolidated Statements of Operations
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	**2010**	**2011**	**2010**
Net sales	$ 158,337	$ 129,297	$ 323,662	$ 259,611
Cost of sales	114,475	101,827	236,112	205,079
Gross profit	43,862	27,470	87,550	54,532
Operating expenses:				
Selling	11,199	7,623	23,103	16,452
General and administrative	20,765	16,032	43,418	33,362
Engineering and technical support	4,007	3,640	7,818	6,029
Acquisition-related costs	239	—	1,583	—
Total operating expenses	36,210	27,295	75,922	55,843
Operating income (loss)	7,652	175	11,628	(1,311)
Other (expense) income:				
Interest and bank charges	(1,392)	(479)	(2,875)	(920)
Equity in income of equity investees	890	840	2,019	1,748
Other, net	(1,227)	498	(746)	1,998
Total other (expense) income, net	(1,729)	859	(1,602)	2,826
Income before income taxes	5,923	1,034	10,026	1,515
Income tax expense (benefit)	2,484	389	4,101	(249)
Net income	$ 3,439	$ 645	$ 5,925	$ 1,764
Net income per common share (basic)	0.15	$ 0.03	$ 0.26	$ 0.08
Net income per common share (diluted)	$ 0.15	$ 0.03	$ 0.25	$ 0.08
Weighted-average common shares outstanding (basic)	23,073,959	22,893,161	23,073,959	22,890,174
Weighted-average common shares outstanding (diluted)	23,254,296	23,043,136	23,268,241	23,037,640

Audiovox Corporation
GAAP Net Income to Adjusted Net Income
For the Three and Six Months Ended August 31, 2011

Reconciliation of GAAP to Adjusted Net Income Available to Common Shareholders

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010
GAAP net income	$ 3,439	$ 645	$ 5,925	$ 1,764
Adjustments:				
Klipsch acquisition costs	239	—	1,583	—
Stock Compensation	126	428	376	856
Discrete tax item	—	—	—	(750)
Tax effects of above adjustments	(154)	—	(826)	—
Pro forma net income	$ 3,650	$ 1,073	$ 7,058	$ 1,870
GAAP net income per common share, diluted	$ 0.15	$ 0.03	$ 0.25	$ 0.08
Pro forma net income per common share, diluted	$ 0.16	$ 0.05	$ 0.30	$ 0.08
Diluted weighted average number of shares (GAAP and pro forma)	23,254	23,043	23,268	23,038

Reconciliation of GAAP Net Income to Adjusted EBITDA

	Three Months Ended August 31,		Six Months Ended August 31,	
	2011	2010	2011	2010
Net income	$ 3,439	$ 645	$ 5,925	$ 1,764
Adjustments:				
Interest expense, net	1,392	479	2,875	920
Depreciation and amortization	2,467	2,042	4,999	4,192
Taxes	2,484	389	4,101	(249)
EBITDA	9,782	3,555	17,900	6,627
Stock-based compensation	126	428	376	856
Klipsch acquisition costs	239	—	1,583	—
Adjusted EBITDA	$ 10,147	$ 3,983	$ 19,859	$ 7,483

Final Transcript

Conference Call Transcript

VOXX - Q2 2012 Audiovox Corp Earnings Conference Call

Event Date/Time: Oct 12, 2011 / 02:00PM GMT

CORPORATE PARTICIPANTS

Glenn Wiener
GW Communications - IR

Patrick Lavelle
Audiovox Corp. - President & CEO

Michael Stoehr
Audiovox Corp. - SVP & CFO

CONFERENCE CALL PARTICIPANTS

Matt Spratford
Sidoti & Company - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the Audiovox fiscal second-quarter conference call. My name is Tony, and I will be your operator for today.

At this time all participants are in the listen-only mode. Later we will conduct a question-and-answer session. (Operator Instructions).

I would now like to turn the conference over to your host for today's call, Mr. Glenn Wiener. Please proceed.

Glenn Wiener - ***GW Communications* - *IR***

Thank you and welcome to Audiovox's fiscal 2012 second-quarter and six-month 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 Chief Executive Officer; Michael Stoehr, Senior Vice President and Chief Financial Officer; and John Shalam, Chairman of the Board.

Before we begin, I would quickly like to remind everyone that except for historical information contained herein, the 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.

I'd like to thank you for your participation this morning, and at this time I'd like to turn the call over to Patrick Lavelle. Pat?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Thanks, Glenn. I hope you all enjoyed the holiday weekend and good morning. In the second quarter, our sales were up $29 million, or 22.5%, driven primarily by our Klipsch audio business, growth in our mobile OE segment, and international sales. Our margins continue to increase with the shift in our product mix and came in at 27.7%, which is 650 basis points higher than the second quarter last year.

Core overhead, excluding the addition of expenses associated with Klipsch, acquisition-related costs, and stock-based compensation expenses declined by over $1 million for both the three months and six months period. This helped us post an improvement in our operating income of $7.5 million.

Through the first half of the year, our business performed mostly to plan, and we posted net income of $0.26 versus $0.08. Additionally, we reported adjusted EBITDA of $19.9 million, which represents a $12.4 million improvement year over year.

Before I go into the details and highlight some of our key product drivers, I want to start by saying that like most in our industry we're seeing a slow retail environment. Consumer confidence is near record lows, and our customers from discount chains and independent stores to big box retailers remain cautious in their buying even as we approach the all-important holiday season.

That said, we are loading in product at retail as projected. However, should the holiday season materialize differently than we expect, sales may be lighter than forecast in the third quarter. We'll have a much clearer sense of our full-year top line in January when we report our third-quarter results.

However, given that our bottom-line performance through the first half of the year is tracking ahead of plan and the fact that our margins and costs are better than our initial forecasts, we remain on track to meet our income and EBITDA guidance for the year.

The financial makeup of Audiovox has and continues to change for the better, and I feel good about the future direction of the Company. The major things standing in our way is the economy, and while we may hit some speed bumps along the way, we are generating cash and improving profitability.

Moving onto our groups, sales for our consumer accessory group were down, although margins were up considerably, over 600 basis points versus Q2 last year, which is a direct result of our strategy to focus on higher margin categories. We're compensating slowness by expanding distribution channels beyond traditional CE outlets and have several new product introductions slated for the second half, which should help us offset the softness at retail.

Specifically, we continue to grow in the wireless speaker category under the Acoustic Research brand and are now selling in the hardware and home improvement channels with new accounts like Menards, True Value, Lowe's, and Bed, Bath & Beyond. We are actively pursuing the growing hotel industry segment to supply a variety of products, including universal remote controls, a move that will increase volume in this category.

The portable power charging market is an area for potential growth as well. Consumers continue to add new charging stations and other devices in their households, and we have a series of new smart phone and tablet charging stations, which will be in stores by the holiday season. They include a unique USB charging clock radio, cradle-styled charging stations, and a new wall plate charger which fits over traditional wall plates and allows for discreet charging of smartphone and tablet devices. All these products have met with good response at retail.

We are also excited about Symphonix, our personal sound amplifier, which just launched at over 2000 RadioShack stores. Statistics show that there is a growing demographic of active baby boomers who simply want to hear better. Symphonix is a unique, nonmedical solution for enhanced hearing in all kinds of situations. In fact, they are like readers for your ears. We believe the RCA Symphonix and the Acoustic Research PSA will have global appeal at retailers, eye care facilities, and health chains.

On the mobile side of our business, for the quarter, OE sales were up, and all signs are indicating that we will be in line with projections. Specifically, our Invision acquisition is performing well and exceeding plan. Car sales are now running at an annualized 13.1 million pace, and our top OEM customers are showing year-over-year gains. The Japanese car manufacturers are still feeling the effects of supply shortages, but they are expected to ease over the fourth quarter, and that should help us meet or possibly exceed our goals in OE for the year.

Turning to the aftermarket, our OE style radios are gaining traction. These products allow the consumer to upgrade the vehicle sound system without having to tack on costly upgrade packages, giving the consumer some of the most sought after upgrade features like built-in navigation, Bluetooth, high res touch screen displays, satellite radio, and compatibility with Apple devices.

In satellite radio, during the third calendar quarter, we will introduce a brand-new suite of SiriusXM 2.0 products designed to increase available channels and broaden content, and we expect this to increase sales. These aftermarket systems will be the first to market with 2.0 features. OE systems will follow a year or two later.

We are targeting the new location-based services market, and we have several new product initiatives set to launch in this category. As you probably saw this morning, we announced a collaboration agreement with Sprint to market our first LBS product, an onboard diagnostic device, an OBD II, for the automotive market that will be supported by Sprint services. The product will be branded Audiovox Car Connection powered by Sprint. It will provide a primary -- as a primary feature, it will have the ability to address distracted driving by preventing texting when the vehicle is in motion.

Additional OBD II features, include geofencing, where you can set distant parameters and are notified when the car varies from them; speed notification, so you can know that the vehicle is not being operated recklessly. This product will also have personal and fleet applications for vehicle tracking and location, as well as provide driver scoring statistics for fleets and the growing UBI, user-based insurance market. We expect to show the first product at CES in January with product available at retail in Q1.

The improving domestic car market, combined with these new product initiatives, should give us a strong end to this year and position us well in fiscal 2013.

International was a key driver through the first half of the year, and we expect that momentum to continue. We began shipments of our rear seat entertainment system to Bentley during our fiscal fourth quarter, and last month we had the best sales month ever in our international OE group. The IFA show in Berlin gave us the platform to introduce new high-end speaker systems under Magnat, Heco and Klipsch brands. These systems represent new business and are designed to capitalize on the growing trend in Europe to move towards higher-end sound solutions.

In accessories we added a new power and surge line under Schwaiger, as well as a new antenna system that have met with positive response at retail. And we have placed key Schwaiger products in the Bauhaus chain, one of the largest DIY retailers in Germany.

Moving on to Klipsch, through the first half of the year, Klipsch has performed up to expectations both on the top and bottom line and has been a strong cash flow generator for us. Based on new product and distribution, I see significant opportunities over the coming years. The headphone market represents both new products and new business.

Earlier this year, Klipsch launched the S4i, the first three-button, in-ear solution headphone for use with the Apple iPhone to much acclaim. We have followed on with the launch of the first Android high-performance in-ear headphone for use with Droid-based smartphones. These products have also allowed us to increase distribution outside of traditional CE outlets, and we have recently added AT&T and Verizon, giving us global reach wherever those carriers sell.

This month we delivered our first noise-canceling headphone, also a new business segment for us with [Mode], our over-the-ear headphone that retails for $349. The Consumer Electronics Association has identified the $300-plus price range as the fastest growing home audio segment.

You have no doubt heard the buzz over Apple's iPlay, AirPlay, the new Apple technology that lets you play your iTunes library anywhere throughout your home over any WiFi network from any of your Apple smart phone devices. It is also compatible with Android-based smartphones and tablets, and Klipsch has introduced the G17 system, their first AirPlay compatible system, which retails for $549 and is scheduled to ship this month.

And also new for Klipsch this year are their Gallery and Energy-branded sound bar systems. Again, the Consumer Electronics Association has identified this market as one of the biggest growth potentials as TVs become even thinner and the need for compact but powerful sound systems grow.

Regardless of the category, each of our product groups are identifying and developing new products that we believe will offset any end-of-life programs and the current weakness at retail and will give us organic growth within the groups as we move forward into next year and beyond.

In summary, I believe we are positioned well. Car sales are growing again, and we are aligned with the major OEs and, of course, have a big aftermarket presence. We have added retail relationships with hardware, home furnishing, health-related chains, eye care specialists and phone carriers, and we have leading market positions in several product categories with our big box retailers.

Through Klipsch, we will enhance our relationship with Apple, as well as the custom install and commercial channel. And our international operations continue to expand our presence and bring new products to our existing worldwide distribution.

We're generating cash, and we're paying down the debt from our Klipsch acquisition. We have begun the process of consolidating certain fixed overhead expenses that we believe will drive more profits to the bottom line over the next several years.

And, again, irrespective of the economy, which may challenge us, we are on track to meet guidance. We feel strongly that investors will be rewarded for their support of our Company.

I'll now turn the call over to Michael for a review of the financials, and then we will open up the call for questions. Mike?

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

Thanks, Pat. Good morning, everyone.

Similar to the format in our press release, I will review our three- and six-month comparisons together as there were consistent trends during the periods. I'll then focus remarks on our balance sheet and what we expect moving forward.

Net sales for the fiscal 2012 second quarter were $158.3 million, up 22.5% over the second quarter last year, and for the six month period, sales were $322.7 million, up 24.7%. Driving the increase was the addition of Flip sales, which represented $39.5 million and $74.6 million for the three- and six-month periods. Excluding Flip, sales for both periods were impacted by the retail environment. The slowness among retailers and CE has led to lower sales of consumer goods such as clocks and MP3 digital players, as well as lower sales of accessory products, particularly those attached to TV sales.

Our fulfillment sales of satellite radio were also down as were certain mobile aftermarket products in the second quarter as a result of the supply issue related to the tsunami in Japan. We do see this shortage being overcome during our fiscal fourth quarter.

Our OEM business continued to grow during the second quarter as car sales are increasing and our new international programs came online. Excluding the Klipsch acquisition, our international business grew by approximately 21% year-to-date. This increase occurred in all German operations, Venezuela, and through our OEM program (inaudible), offset by declining sales in our Mexico operations.

With the shift in the quarter and year-to-date product mix trending more towards higher end audio and OEM products and increased margins in accessories, our consolidated gross margins came in at 27.7% in the second quarter and 27% to the first half of the year, up 650 and 600 basis points, respectively.

The increase is just not related to Klipsch. We are seeing improvements pretty much across the board -- in CE, in accessories, in mobile and in our international business, much of this driven by several new products introduced in the first half of the year and price increases we instituted earlier this year. I'll add that while our margins are higher than our previous guidance, we are expecting seasonal sales of satellite radio products and consumer goods in the third and fourth quarters, which will bring our margins more in line with guidance.

Given the performance, though, the first half of the year, we're very comfortable with our previous guidance of 25% but now with an increased upside.

Operating expenses for the three- and six-month periods in fiscal 2012 were $36.2 million and $75.9 million, which represents an increase of $8.9 million for the comparable second quarters and $20.1 million for the comparable six months.

Klipsch expenses were $9.6 million for the second quarter and $19.2 million for the six-month period. When you factor out these and other related acquisition costs of $239,000 and $1.6 million for the three and six months, our core overhead was down more than $900,000 in the second quarter and $700,000 year to date. Offsetting this decrease were increases in compensation expense as a result of employees meeting program requirements and increased professional fees.

Looking ahead, we have identified the further synergies in our business, most on the backend, such as warehousing, freight, logistics, and systems, and we believe over the coming 18 months we may have some further adjustments that would positively impact our bottom line.

We reported operating income of $7.7 million versus $200,000 in the second quarter last year, and for the six month period, operating income was $11.7 million versus an operating loss of $1.3 million, a $13 million improvement.

Other income decreased $2.6 million during the comparable second quarters and approximately $4.4 million for six-month periods principally due to the impairment charges taken on the Company's Bliss-Tel investment of approximately $877,000 and a contingent consideration adjustment of $1.5 million.

Other income was down due to the absence of gains on foreign exchange contracts. Interest in bank charges represent expenses for bank obligations of Audiovox Corporation under its ABL lines, Audiovox Germany, and interest for capital leases.

Equity income of equity investees was up approximately $50,000 during the comparable second quarter and $250,000 for the comparable six-month periods, driven by higher equity income from ASA, our 50/50 joint venture due to increased sales in certain of its markets.

Net income was $3.4 million and $5.5 million for the three- and six-month periods in fiscal 2012 compared to $645,000 and $1.8 million for the same periods last fiscal year. Earnings-per-share were $0.15 versus $0.03 for the second quarter and $0.26 versus $0.08 for the six-month comparison.

Taking into account Klipsch fees, stock-based compensation and discreet tax credits, adjusted EPS was $0.16 versus $0.03 for the second quarter and $0.30 versus $0.08 for the six-month period. We also adjusted last year's first quarter to account for tax benefits.

The effective tax rate for three and six months ended August 31, 2011, was a provision for income taxes of 41.9% and 40.9% compared to benefits for income taxes of 37.6% and 16.4% in prior periods. The effective tax rate for the six months ended August 31, 2011, is different from the statutory rate primarily to state and local tax differences between the US and foreign tax rates and no tax benefits provided related to the impairment charge for Bliss-Tel.

Adjusted EBITDA was $9.7 million versus $3.5 million in last year's second quarter. Adjusted second-quarter EBITDA takes into account Klipsch transaction costs, and charges for stock-based compensation was $10.1 million versus $3.9 million. For the six-month period, EBITDA was $17.9 million versus $6.6 million, and adjusted EBITDA was $19.9 million versus $7.5 million.

As Pat mentioned in his remarks, our bottom-line performance through the first half of this year is ahead of plan, and we feel comfortable with our net income and EBITDA guidance for the full year. Please note, excluding the Klipsch acquisition, EBITDA increased both in the second quarter and year-to-date for the remaining Audiovox groups.

Moving to our balance sheet, operating activities provided net cash of $36.1 million during the six months ended August 31, 2011, principally due to lower accounts receivables and higher accounts payable on for the expenses. Investing activities used cash of $168.1 million; $167.2 million was used for the Klipsch acquisition; and CapEx for the first six months was $982,000.

Additionally, our AR turns improved to 5.5 times compared to 5.3 for the six-month period ended August 31 respectively, and our inventory turns declined to 2.7 compared to 2.8 for the same periods as a result of our seasonal inventory build.

As of August 31, 2011, we had working capital of $181 million, which includes cash and short-term investments of $14.3 million compared to working capital of $258.5 million, and cash and short-term investments are $98.6 million as of February 28, 2011. The decrease in cash was primarily related to our Klipsch acquisition, which closed on March 1 of this year.

As of August 31, our outstanding borrowings were $54 million, and our net debt position was approximately $40 million. Our ABL debt was $49 million. Keep in mind the fiscal third quarter is typically our strongest selling season and thus requires the most working capital throughout the year. Our cash position will begin to ramp back up in the fourth quarter and more so over the first fiscal quarter of next fiscal year.

In closing, our margins are ahead of projections, our overhead is less than anticipated, and we have identified more synergies in our business units that we will realize over the next few fiscal years.

We are generating cash flow, our capital expenditures are estimated to be between $4 million to $4.5 million annually, and we are in the position to repay the debt on our ABL within a two to two and a half year period, barring any additional acquisitions. There are unknowns in the market today, but we're in a good position to deliver on the bottom line.

I'd like to turn the call back to Pat.

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Okay. Thank you, Michael. And, at this time, we will open up the call to any questions.

QUESTION AND ANSWER

Operator

(Operator Instructions). Matt Spratford, Sidoti & Company.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

I just had a couple of mix questions for you.

First off, I was just curious, just Klipsch sales in the quarter, how do they stack up year over year?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

They are ahead of their last year's numbers from a topline standpoint.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

No chance of getting a specific number on that?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

No, we won't report it separately.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Okay, no problem. And then just on the Klipsch margins, I was just curious how they compare through the first half versus 2010.

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

They are running consistent with the plan that we had put in place at the beginning of the year when we acquired them, and they are consistent with their past performance.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Any indication about where you see those trending over the next three or four quarters?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

This quarter coming up or the quarter that we are in now is the Christmas season and holiday period. And that it's going to -- that is our biggest of the year. And they have their projections in place.

As I said earlier, we are loading in for Christmas. We do have some concern with consumer confidence as to whether or not they are really going to show up at Christmas and whether or not it's going to be robust. We have seen a lot of different reports coming from other companies within the CE space having the same concern.

But, nonetheless, we are loading in for Christmas based on the projections that we've had. We have to see the consumer come in because obviously Christmas is not just one loaded.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

So it is basically going to be a mix then, I'm assuming, right?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

I'm sorry. I missed that.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

So the Klipsch margin will more or less just be determined by mix?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

No, the Klipsch margin is going to be consistent again with their past performance. They may have -- with the introduction of the headphones and some of the in-ear, which do have a little bit different margin there than their regular speakers, it may have some impact, but it would be very, very slight.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

That's definitely helpful. Thanks, Pat.

And then the next one, I was just curious, I don't know if you can comment on this, but if you could give us a picture of how the accessory margins are trending year over year compared to last year?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

The accessory margins are doing very well. For the quarter, our margins were up over 600 basis points in the accessory group. And that is really based on the fact that there is new product coming through, that we always enjoy a little bit better margin on new product. But we're also focusing our sales efforts on higher margin products. That has been something that we have been looking to do across all of our categories, and it has obviously worked well for the accessory group this past.

Year over year, they're up as well.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

One last one and then I'll just hop back in the queue. I was just kind of curious, given the cautious stance the retailers seem to be taking toward the holidays, do you think we can expect some last-minute holiday orders will bleed into Q4?

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Well, one of the things that we have not done -- and we haven't done it for the past three or four years -- is we have not really taken any chances on any big Black Friday promotions. But we have the inventory coming for Christmas. So if someone falls off, we are going to have inventory to sell to other customers. But, suffice it to say, that we have the inventory coming to catch all sales that are going to be there for Christmas.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Thanks, Pat. Appreciate it.

Operator

(Operator Instructions).

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Okay. If there are no further questions --

Operator

Pardon the interruption, but Mr. Matt Spratford has a follow-up question. Please proceed.

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Okay.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Sorry, I just figured I'd give somebody else a chance. I just had a couple of housekeeping questions for you.

Just curious what was driving that other decline in other income we saw this quarter, and do you think that is a one-time event, or can we expect similar effects going forward?

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

Matt, that, as I mentioned, that the other impact was impacted by the charge for the Bliss-Tel, which is fully completed. And also, we had on the acquisition, the Thomson acquisition, we had some considerations that were reversed. And that was finished also. There will be no foreign exchange because, as we noted in the footnotes, the Company has an effective hedge position. So we will not be running through the other income line.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

And then on the interest and bank charges line, I'm curious. Is there any acquisition, any more one-time related charges to the acquisition in that? Or do you see that number coming down a little bit as we move forward?

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

That also is done. The only thing that goes -- by the way, the acquisition charges occur in the professional fees. On the bank charges, you just get the standard interest and the amortization of the debt discount.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

So do you think that is a representative number looking forward, or will that come down a bit?

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

It will stay about the same as third quarter, come off in the fourth as the debts pay down.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

And then just one last one, I don't know if you can comment on this, but I'm just kind of curious, maybe if you can give us an idea of OEM as a percentage of Q2 sales?

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

And that -- I'll get it to you.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Or I don't know if you are comfortable, but if you could maybe just an overall revenue number, too, that would be helpful.

Michael Stoehr - ***Audiovox Corp.*** - ***SVP & CFO***

Well, we don't report the revenue, but if we give you the percentage, you can roughly get an idea of it. The OEM sales -- in the 20s.

Matt Spratford - ***Sidoti & Company*** - ***Analyst***

Got you. Definitely helpful. I think that's it. Thanks, guys. Appreciate it.

Operator

Gentlemen, you have no further questions at this time. I'll turn it over for closing remarks.

Patrick Lavelle - ***Audiovox Corp.*** - ***President & CEO***

Well, thank you. I'd like to thank you all for listening in today, and I'd like to thank you for your support of Audiovox. Have a great day. Thank you.

Operator

Thank you very much. This concludes today's conference. Thank you for your participation. You may now disconnect. Have a great day.