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

FORM 10-Q

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

For Quarter Ended May 31, 2001

Commission file number 0-28839

AUDIOVOX CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	13-1964841
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
150 Marcus Blvd., Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Number of shares of each class of the registrant's Common Stock outstanding as of the latest practicable date.

Class	Outstanding at July 9, 2001
Class A Common Stock	20,621,338 Shares
Class B Common Stock	2,260,954 Shares

AUDIOVOX CORPORATION

I N D E X

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except share data)

	November 30, 2000	May 31, 2001 (unaudited)
Assets		
Current assets:		
Cash and cash equivalents	$ 6,431	$ 3,654
Accounts receivable, net	279,402	198,650
Inventory, net	140,065	236,916
Receivable from vendor	5,566	9,204
Prepaid expenses and other current assets	6,830	7,033
Deferred income taxes, net	12,244	12,824
Total current assets	450,538	468,281
Investment securities	5,484	8,048
Equity investments	11,418	13,240
Property, plant and equipment, net	27,996	26,882
Excess cost over fair value of assets acquired and other intangible assets, net	5,098	4,920
Other assets	2,325	1,462
	$ 502,859	$ 522,833
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 61,060	$ 38,106
Accrued expenses and other current liabilities	62,569	50,453
Income taxes payable	6,274	--
Bank obligations	8,104	6,621
Notes payable	5,868	5,384
Current installment of long-term debt	486	--
Total current liabilities	144,361	100,564
Bank obligations	15,000	81,625
Deferred income taxes, net	972	1,950
Capital lease obligation	6,260	6,246
Deferred compensation	2,208	4,098
Total liabilities	168,801	194,483
Minority interest	3,555	2,140
Stockholders' equity:		
Preferred stock, liquidation preference of $2,500	2,500	2,500
Common stock:		
Class A; 60,000,000 authorized; 20,291,046 and 20,605,846 issued at November 30, 2000 and May 31, 2001, respectively, 19,528,554 and 19,695,459 outstanding at November 30, 2000 and May 31, 2001, respectively	204	207
Class B convertible; 10,000,000 authorized; 2,260,954 issued and outstanding	22	22
Paid-in capital	248,468	250,784
Retained earnings	90,371	84,671
Accumulated other comprehensive loss	(5,058)	(4,587)
Treasury stock, at cost, 762,492 and 910,387 Class A common stock at November 30, 2000 and May 31, 2001, respectively	(6,004)	(7,387)
Total stockholders' equity	330,503	326,210
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 502,859	$ 522,833

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations
For the Three and Six Months Ended May 31, 2000 and May 31, 2001
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended May 31, 2000	Three Months Ended May 31, 2001	Six Months Ended May 31, 2000	Six Months Ended May 31, 2001
Net sales	$ 381,634	$ 276,131	$ 721,790	$ 606,879
Cost of sales (including an inventory write-down to market of $13,500 in 2001)	344,503	265,587	649,791	566,495
Gross profit	37,131	10,544	71,999	40,384
Operating expenses:				
Selling	10,952	7,192	21,310	16,963
General and administrative	11,952	10,577	22,544	21,711
Warehousing and assembly	5,216	5,956	10,053	11,302
Total operating expenses	28,120	23,725	53,907	49,976
Operating income (loss)	9,011	(13,181)	18,092	(9,592)
Other income (expense):				
Interest and bank charges	(1,668)	(1,453)	(4,307)	(2,459)
Equity in income of equity investments, net	789	1,191	1,779	2,561
Gain on sale of investments	1,943	--	2,274	--
Gain on hedge of available-for-sale securities	750	--	750	--
Other, net	246	531	1,255	601
Total other income (expense), net	2,060	269	1,751	703
Income (loss) before provision for (recovery of) income taxes	11,071	(12,912)	19,843	(8,889)
Provision for (recovery of) income taxes	4,160	(4,649)	7,631	(3,191)
Net income (loss)	$ 6,911	$ (8,263)	$ 12,212	$ (5,698)
Net income (loss) per common share (basic)	$ 0.32	$ (0.38)	$ 0.58	$ (0.26)
Net income (loss) per common share (diluted)	$ 0.30	$ (0.38)	$ 0.54	$ (0.26)
Weighted average number of common shares outstanding (basic)	21,851,543	21,920,990	20,896,115	21,787,738
Weighted average number of common shares outstanding (diluted)	23,398,551	21,920,990	22,481,811	21,787,738

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Six Months Ended May 31, 2000 and May 31, 2001
(In thousands)
(unaudited)

	May 31, 2000	May 31, 2001
Cash flows from operating activities:		
Net income (loss)	$ 12,212	$ (5,698)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Gain on hedge of available-for-sale securities	(750)	--
Depreciation and amortization	1,777	2,119
Provision for bad debt expense	572	331
Equity in income of equity investments, net	(1,779)	(2,561)
Minority interest	402	(382)
Gain on sale of investments	(2,274)	--
Deferred income tax (expense) benefit	(1,498)	124
Gain on disposal of property, plant and equipment, net	(4)	(1)
Changes in:		
Accounts receivable	35,076	80,347
Receivable from vendor	(3,627)	(3,638)
Inventory	(56,507)	(96,956)
Accounts payable, accrued expenses and other current liabilities	(4,009)	(34,903)
Income taxes payable	924	(6,274)
Deferred compensation	2,240	1,890
Investment securities - trading	(2,240)	(1,890)
Prepaid expenses and other, net	(802)	733
Net cash used in operating activities	(20,287)	(66,759)
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(9,322)	(1,342)
Net proceeds from sale of investment securities	12,957	--
Proceeds from distribution from equity investment	927	709
Proceeds from transfer of shares from equity investment	922	--
Net cash provided by (used in) investing activities	5,484	(633)
Cash flows from financing activities:		
Net (repayments) borrowings of bank obligations	(67,727)	65,221
Payment of dividend to minority shareholder of subsidiary	(859)	(1,034)
Net repayments under documentary acceptances	(1,994)	--
Principal payments on capital lease obligation	(9)	(14)
Proceeds from exercise of stock options and warrants	509	2,320
Repurchase of Class A common stock	--	(1,382)
Net proceeds from follow-on offering	96,623	--
Issuance of notes payable	6,068	--
Principal payments on subordinated debentures	--	(486)
Net cash provided by financing activities	32,611	64,625
Effect of exchange rate changes on cash	(31)	(10)
Net increase (decrease) in cash	17,777	(2,777)
Cash at beginning of period	5,527	6,431
Cash and cash equivalents at end of period	$ 23,304	$ 3,654

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements
Three and Six Months Ended May 31, 2000 and May 31, 2001
(Dollars in thousands, except share and per share data)

(1) Basis of Presentation

The accompanying consolidated financial statements were prepared in accordance with generally accepted accounting principles and include all adjustments, which include only normal recurring adjustments, which, in the opinion of management, are necessary to present fairly the consolidated financial position of Audiovox Corporation and subsidiaries (the Company) as of November 30, 2000 and May 31, 2001, the consolidated statements of operations for the three and six month periods ended May 31, 2000 and May 31, 2001, and the consolidated statements of cash flows for the six month periods ended May 31, 2000 and May 31, 2001. The interim figures are not necessarily indicative of the results for the year.

Accounting policies adopted by the Company are identified in Note 1 of the Notes to Consolidated Financial Statements included in the Company's 2000 Annual Report filed on Form 10-K. Certain reclassifications have been made to the 2000 consolidated financial statements in order to conform to the 2001 presentation.

(2) Supplemental Cash Flow Information

The following is supplemental information relating to the consolidated statements of cash flows:

	Six Months Ended	
	May 31, 2000	May 31, 2001
Cash paid during the period:		
Interest (excluding bank charges)	$3,503	$1,392
Income taxes	$7,662	$2,037

During the six months ended May 31, 2000 and May 31, 2001, the Company recorded a net unrealized holding (loss) gain relating to available-for-sale marketable securities, net of deferred taxes, of $(7,102) and $420, respectively, as a component of accumulated other comprehensive loss.

During the quarter ended May 31, 2001, 314,800 warrants were exercised and converted into 314,800 shares of common stock.

(3) During 1997, the Company's Board of Directors approved the repurchase of up to 1,000,000 shares of the Company's Class A Common Stock. In 1999, the Company's Board of Directors approved to increase the repurchase program to 1,563,000 shares of the Company's Class A common stock. During the six months ended May 31, 2001, 147,895 shares were repurchased for an aggregate amount of $1,382.

(4) Net Income (Loss) Per Common Share

A reconciliation between the numerators and denominators of the basic and diluted income (loss) per common share is as follows:

	Three Months Ended		Six Months Ended	
	May 31, 2000	May 31, 2001	May 31, 2000	May 31, 2001
Net income (loss) (numerator for basic income per share)	$ 6,911	$ (8,263)	$ 12 ,212	$ (5,698)
Interest on 6 1/4% convertible subordinated debentures, net of tax	7	--	16	5
Adjusted net income (loss) (numerator for diluted income per share)	$ 6,918	$ (8,263)	$ 12,228	$ (5,693)
Weighted average common shares (denominator for basic income per share)	21,851,543	21,920,990	20,896,115	21,787,738
Effect of dilutive securities:				
6 1/4% convertible subordinated debentures	42,146	--	49,887	--
Employee stock options and stock warrants	1,500,904	--	1,527,005	--
Employee stock grants	3,958	--	8,804	--
Weighted average common and potential common shares outstanding (denominator for diluted income per share)	23,398,551	21,920,990	22,481,811	21,787,738
Basic income (loss) per share	$ 0.32	$ (0.38)	$ 0.58	$ (0.26)
Diluted income (loss) per share	$ 0.30	$ (0.38)	$ 0.54	$ (0.26)

There were no anti-dilutive stock options or stock warrants for the three and six months ended May 31, 2000. Stock options and warrants totaling 2,789,504 and 2,177,252 for the three and six months ended May 31, 2001, respectively, were not included in the net loss per common share calculation because their effect would have been anti-dilutive.

(5) Comprehensive Income (Loss)

The accumulated other comprehensive loss of $5,058 and $4,587 at November 30, 2000 and May 31, 2001, respectively, on the accompanying consolidated balance sheets is the net accumulated unrealized gain (loss) on the Company's available-for-sale investment securities of $(190) and $230 at November 30, 2000 and May 31, 2001, respectively, and the accumulated foreign currency translation adjustment of $(4,868) and $(4,817) at November 30, 2000 and May 31, 2001, respectively.

The Company's total comprehensive income (loss) was as follows:

	Three Months Ended May 31,		Six Months Ended May 31,	
	2000	2001	2000	2001
Net income (loss)	$ 6,911	$(8,263)	$ 12,212	$(5,698)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(389)	18	457	51
Unrealized gain (loss) on securities:				
Unrealized holding gain (loss) arising during period, net of tax	(6,223)	811	(7,102)	420
Less: reclassification adjustment for gains realized in net income, net of tax	(1,207)	--	(1,410)	--
Net unrealized gain (loss)	(7,430)	811	(8,512)	420
Other comprehensive gain (loss), net of tax	(7,819)	829	(8,055)	471
Total comprehensive income (loss)	$ (908)	$(7,434)	$ 4,157	$(5,227)

The change in the net unrealized gain (loss) arising during the period presented above are net of tax (expense) benefit of $(4,554) and $497 for the three months ended May 31, 2000 and May 31, 2001, respectively, and $(5,217) and $257 for the six months ended May 31, 2000 and May 31, 2001, respectively. The reclassification adjustment presented above is net of tax expense of $736 for the three months ended May 31, 2000 and $864 for the six months ended May 31, 2000. There was no reclassification adjustment for the three and six months ended May 31, 2001.

(6) Segment Information

The Company has two reportable segments which are organized by products: Wireless and Electronics. The Wireless segment markets wireless handsets and accessories through domestic and international wireless carriers and their agents, independent distributors and retailers. The Electronics segment sells autosound, mobile electronics and consumer electronics, primarily to mass merchants, power retailers, specialty retailers, new car dealers, original equipment manufacturers (OEM), independent installers of automotive accessories and the U.S. military.

The Company evaluates performance of the segments based upon income before provision for income taxes. The accounting policies of the segments are the same as those for the Company as a whole. The Company allocates interest and certain shared expenses, including treasury, legal and human resources, to the segments based upon estimated usage. Intersegment sales are reflected at cost and have been eliminated in consolidation. A royalty fee on the intersegment sales, which is eliminated in consolidation, is recorded by the segments and included in other income (expense). Certain items are maintained at the Company's corporate headquarters (Corporate) and are not allocated to the segments. They primarily include costs associated with accounting and certain executive officer salaries and bonuses and certain items including investment securities, equity investments, deferred income taxes, certain portions of excess cost over fair value of assets acquired, jointly-used fixed assets and debt. The jointly-used fixed assets are the Company's management information systems, which are used by the Wireless and Electronics segments and Corporate. A portion of the management information systems costs, including depreciation and amortization expense, are allocated to the segments based upon estimates made by management. During the six months ended May 31, 2000 and May 31, 2001, certain advertising costs were not allocated to the segments. These costs pertained to an advertising campaign that was intended to promote overall Company awareness, rather than individual segment products.

Segment identifiable assets are those which are directly used in or identified to segment operations.

	Wireless	Electronics	Corporate	Eliminations	Consolidated Totals
Three Months Ended May 31, 2000					
Net sales	$ 312,064	$ 69,570	--	--	$ 381,634
Intersegment sales (purchases)	(1,069)	1,069	--	--	--
Pre-tax income	7,171	3,801	$ 99	--	11,071
Three Months Ended May 31, 2001					
Net sales	$ 200,657	$ 75,474	--	--	$ 276,131
Intersegment sales (purchases)	(92)	92	--	--	--
Pre-tax income (loss)	(15,769)	3,196	$ (339)	--	(12,912)
Six Months Ended May 31, 2000					
Net sales	$ 588,688	$133,102	--	--	$ 721,790
Intersegment sales (purchases)	(2,146)	2,146	--	--	--
Pre-tax income	12,810	7,031	$ 2	--	19,843
Total assets	310,510	100,623	333,691	$(241,519)	503,305
Six Months Ended May 31, 2001					
Net sales	$ 465,799	$141,080	--	--	$ 606,879
Intersegment sales (purchases)	(213)	213	--	--	--
Pre-tax income (loss)	(12,445)	5,507	$ (1,951)	--	(8,889)
Total assets	326,741	125,579	367,447	$(296,934)	522,833

(7) Audiovox Communications Corp. Dividend

In February 2000 and 2001, the Board of Directors of Audiovox Communications Corp. (ACC), declared a dividend payable to its shareholders, Audiovox Corporation, a 95% shareholder, and Toshiba Corporation (Toshiba), a 5% shareholder. ACC paid Toshiba its share of the dividend, which approximated $859 and $1,034 in the second quarter of 2000 and the first quarter of 2001, respectively.

(8) Accounting for Derivative Instruments and Hedging Activities

On December 1, 2000, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which, as amended, is effective for fiscal years beginning after June 15, 2000. This statement establishes accounting and reporting standards for derivative instruments and requires the recognition of all derivative instruments as either assets or liabilities in the statement of financial position based on their fair values. Changes in the fair values are required to be reported in earnings or other comprehensive income depending on the use of the derivative and whether it qualifies for hedge accounting. Derivatives designated as effective cash flow hedges qualify for hedge accounting and, therefore, changes in fair values are recognized in other comprehensive income. Changes in fair values related to the ineffective portion of cash flow hedges, as well as fair value hedges, must be recognized immediately in earnings.

The Company uses derivative instruments primarily to manage exposures related to foreign currency denominated receivables and payables. To accomplish this, the Company uses certain contracts, primarily foreign currency forward contracts, which minimize cash flow risks from changes in foreign currency exchange rates. Implementation of SFAS No. 133 did not have an impact on the Company's financial positions, results of operations or liquidity. As of May 31, 2001, the Company did not have any derivative instruments.

(9) Product Return

During the quarter ended February 28, 2001, Wireless refunded approximately $21,000 to a customer, who is a wireless carrier, for the return of approximately 97,000 tri-mode phones. During January 2001, Wireless also purchased 93,600 of the same model of tri-mode phone for a cost of $12.4 million. As a result of changes in the marketplace for wireless products, the selling price of the phones has been reduced below the original cost. The Company did not record a write-down on these phones as they expected to receive a full refund or partial credit from the manufacturer of the phones during the second quarter. In April 2001, the Company received a credit from the manufacturer of $12.4 million. The credit was applied against the carrying value of the phones on hand which approximated 190,600 phones.

(10) Inventory Write-Down

. During the quarter ended May 31, 2001, the Company recorded a charge of $13.5 million to write-down its remaining inventory of analog mobile telephones which approximated 300,000 units. The write-down was recorded in response to current market conditions and a surplus of supply that other manufacturers are trying to reduce through decreased prices.

(11) Stock Warrants

During the quarter ended May 31, 2001, 314,800 of the Company's remaining 344,800 stock warrants were exercised and converted into 314,800 shares of common stock. The remaining 30,000 warrants expired during the quarter.

(12) Bond Repayment

During the quarter ended May 31, 2001, the Company paid $486 to the remaining holders of the Company's subordinated convertible debentures. There are no remaining debentures as of May 31, 2001.

(13) Sales/Leaseback Transaction

During the quarter ended May 31, 2000, the Company incorporated AX Japan, Inc. (AX Japan), a wholly-owned subsidiary, with 60,000,000 Yen (approximately $564). In April 2000, AX Japan purchased land and a building (herein referred to as the Property) from Shintom Co., Ltd. (Shintom) for 770,000,000 Yen (approximately $7,300) and entered into a leaseback agreement whereby Shintom has leased the Property from AX Japan for a one- year period. This lease is being accounted for as an operating lease by AX Japan. Shintom is a stockholder who owns all of the outstanding preferred stock of the Company and is a manufacturer of products purchased by the Company through its equity investment, TALK Corporation. The Company currently holds stock in Shintom and has previously invested in Shintom convertible debentures.

Upon the expiration of six months after the transfer of the title to the Property to AX Japan, Shintom had the option to repurchase the Property or purchase all of the shares of stock of AX Japan. These options could be extended for one additional six-month period.

In May, 2001, upon the expiration of the additional six-month period, the Company and Shintom agreed to extend the lease for an additional one-year period. In addition, Shintom was again given the option to purchase the Property or shares of stock of AX Japan after the expiration of a six-month period or extend the option for one additional six-month period. AX Japan was also given the option to delay the repayment of the loans for an additional six months if Shintom extended its option for an additional six months.

(14) Debt Convenants

The Company maintains a revolving credit agreement with various financial institutions. The credit agreement contains several convenants requiring, among other things, minimum levels of pre-tax income and minimum levels of net worth and working capital. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures. During the quarter ended May 31, 2001, the Company was not in compliance with its pre-tax income covenant and obtained a waiver for the quarter ended May 31, 2001.

(15) Market Development Program

In connection with the decline in the analog market, a market development program was terminated which resulted in a reversal of approximately $2.7 million of accrued market development funds.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company markets its products under the Audiovox brand as well as private labels through a large and diverse distribution network both domestically and internationally. The Company operates through two marketing groups: Wireless and Electronics. Wireless consists of Audiovox Communications Corp. (ACC), a 95%-owned subsidiary of Audiovox, and Quintex, which is a wholly-owned subsidiary of ACC. ACC markets wireless handsets and accessories primarily on a wholesale basis to wireless carriers in the United States and, to a lesser extent, carriers overseas. Quintex is a small operation for the direct sale of handsets, accessories and wireless telephone service, accounting for 4.9% of Wireless' sales for the six months ended May 31, 2001.

The Electronics Group consists of two wholly-owned subsidiaries, Audiovox Electronics Corp. (AEC) and American Radio Corp., and three majority-owned subsidiaries, Audiovox Communications (Malaysia) Sdn. Bhd., Audiovox Holdings (M) Sdn. Bhd. and Audiovox Venezuela, C.A. The Electronics Group markets automotive sound and security systems, electronic car accessories, home and portable sound products, FRS radios, in-vehicle video systems, flat-screen televisions, DVD players and navigation systems. Sales are made through an extensive distribution network of mass merchandisers, power retailers and others. In addition, the Company sells some of its products directly to automobile manufacturers on an OEM basis.

The Company allocates interest and certain shared expenses to the marketing groups based upon estimated usage. General expenses and other income items that are not readily allocable are not included in the results of the two marketing groups.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated certain statements of operations data for the Company expressed as a percentage of net sales:

	Percentage of Net Sales			
	Three Months Ended		Six Months Ended	
	May 31, 2000	May 31, 2001	May 31, 2000	May 31, 2001
Net sales:				
Wireless				
Wireless products	79.5%	70.0%	79.2%	74.2%
Activation commissions	1.8	2.5	1.9	2.3
Residual fees	0.1	0.1	0.1	0.2
Other	0.4	0.1	0.4	0.1
Total Wireless	81.8	72.7	81.6	76.8
Electronics				
Mobile electronics	10.0	13.5	9.7	11.7
Consumer electronics	2.8	8.5	2.5	6.4
Sound	5.1	5.1	5.9	4.9
Other	0.3	0.2	0.3	0.2
Total Electronics	18.2	27.3	18.4	23.2
Total net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	90.3	96.2	90.0	93.3
Gross profit	9.7	3.8	10.0	6.7
Selling	2.9	2.6	3.0	2.8
General and administrative	3.1	3.8	3.1	3.6
Warehousing and assembly	1.4	2.2	1.4	1.9
Total operating expenses	7.4	8.6	7.5	8.3
Operating income (loss)	2.3	(4.8)	2.5	(1.6)
Interest and bank charges	(0.4)	(0.5)	(0.6)	(0.4)
Equity in income in equity investments, net	0.2	0.4	0.2	0.4
Gain on sale of investments	0.4	--	0.3	--
Gain on hedge of available-for-sale securities	0.2	--	0.1	--
Other, net	0.2	0.2	0.2	0.1
Income (loss) before provision for (recovery of) income taxes	2.9	(4.7)	2.7	(1.5)
Provision for (recovery of) income taxes	1.1	(1.7)	1.0	(0.6)
Net income (loss)	1.8%	(3.0)%	1.7%	(0.9)%

Consolidated Results
Three months ended May 31, 2000 compared to three months ended May 31, 2001

The net sales and percentage of net sales by marketing group and product line for the three months ended May 31, 2000 and May 31, 2001 are reflected in the following table:

	Three Months Ended			
	May 31, 2000		May 31, 2001	
Net sales:				
Wireless				
Wireless products	$303,363	79.5%	$193,26	70.0%
Activation commissions	7,003	1.8	6,830	2.5
Residual fees	273	0.1	440	0.1
Other	1,425	0.4	123	0.1
Total Wireless	312,064	81.8	200,657	72.7
Electronics				
Mobile electronics	38,168	10.0	37,156	13.5
Consumer electronics	10,874	2.8	23,597	8.5
Sound	19,498	5.1	14,154	5.1
Other	1,030	0.3	567	0.2
Total Electronics	69,570	18.2	75,474	27.3
Total	$381,634	100.0%	$276,131	100.0%

Net sales for the second quarter of 2001 were $276,131, a decrease of $105,503, or 27.6%, from 2000. The decrease in net sales was in the Wireless Group which was slightly offset by an increase in the Electronics Group. Sales from our international subsidiaries decreased from 2000 by approximately $360 or 5.3%. Gross margins were 3.8% in 2001 compared to 9.7% in 2000. The decrease in gross margins was primarily due to $13,900 of charges, which includes both realized losses and the write-down, relating to the Company's exit from the analog market, with the exception of fixed-based cellular. The Company decided to exit the analog market because of current market conditions, including a decline in demand for analog phones and a surplus of supply created by other manufacturers also attempting to sell-off analog inventories. Operating expenses decreased to $23,725 from $28,120, a 15.6% decrease. As a percentage of sales, operating expenses increased to 8.6% in 2001 from 7.4% in 2000. Operating loss for 2001 was $(13,181) compared to operating income of $9,011 in 2000.

Six months ended May 31, 2000 compared to six months ended May 31, 2001

The net sales and percentage of net sales by marketing group and product line for the six months ended May 31, 2000 and May 31, 2001 are reflected in the following table:

	Six Months Ended			
	May 31, 2000		May 31, 2001	
Net sales:				
Wireless				
Wireless products	$571,331	79.2%	$450,496	74.2%
Activation commissions	13,739	1.9	14,117	2.3
Residual fees	757	0.1	901	0.2
Other	2,861	0.4	285	0.1
Total Wireless	588,688	81.6	465,799	76.8
Electronics				
Mobile electronics	69,932	9.7	70,975	11.7
Consumer electronics	18,509	2.5	38,836	6.4
Sound	42,509	5.9	30,001	4.9
Other	2,152	0.3	1,268	0.2
Total Electronics	133,102	18.4	141,080	23.2
Total	$721,790	100.0%	$606,879	100.0%

(16) Net sales for the first six months of 2001 were $606,879, a decrease of $114,911, or 15.9%, from 2000. The decrease in net sales was in the Wireless Group which was slightly offset by an increase in the Electronics Group. During the first quarter of 2001, a carrier

customer returned 97,000 tri-mode phones for $21,000 (See Note 9 to the accompanying consolidated financial statements for additional information). Sales from our international subsidiaries decreased from 2000 by approximately $340 or 2.7%. Gross margins were 6.7% in 2001 compared to 10.0% in 2000. The decrease in gross margins was primarily due to $13,900 of charges relating to the Company's exit from the analog market, with the exception of fixed-based cellular. Operating expenses decreased to $49,976 from $53,907, a 7.3% decrease. As a percentage of sales, operating expenses increased to 8.3% in 2001 from 7.5% in 2000. Operating loss for 2001 was $(9,592) compared to operating income of $18,092 in 2000.

Wireless Results
Three months ended May 31, 2000 compared to three months ended May 31, 2001

The following table sets forth for the periods indicated certain statements of operations data for the Wireless Group as expressed as a percentage of net sales:

	Three Months Ended May 31, 2000		Three Months Ended May 31, 2001	
Net sales:				
Wireless products	$ 303,363	97.2%	$ 193,264	96.3%
Activation commissions	7,003	2.2	6,830	3.4
Residual fees	273	0.1	440	0.2
Other	1,425	0.5	123	0.1
	312,064	100.0%	200,657	100.0%
Gross profit	22,350	7.2	(4,283)	(2.1)
Total operating expenses	13,016	4.2	9,514	4.8
Operating income (loss)	9,334	3.0	(13,797)	(6.9)
Other expense	(2,163)	(0.7)	(1,972)	(1.0)
Pre-tax income (loss)	$ 7,171	2.3%	$ (15,769)	(7.9)%

Net sales were $200,657 in the second quarter of 2001, a decrease of $111,407, or 35.7%, from last year. Unit sales of wireless handsets decreased by 506,000 units in 2001, or 26.7%, to approximately 1,390,000 units from 1,896,000 units in 2000. This decrease was primarily due to decreased sales of both analog and digital handsets which was due to delayed digital product acceptances by our customers. The average selling price of handsets decreased to $132 per unit in 2001 from $153 per unit in 2000. The number of new wireless subscriptions processed by Quintex increased 8.6% in 2001, but with a corresponding decrease in activation commissions of approximately $173 in 2001. The average commission received by Quintex per activation decreased 10.2% from 2000. Gross profit margins decreased to (2.1%) in 2001 from 7.2% in 2000, primarily due to the $13,900 of charges relating to the Company's exit from the analog market, with the exception of fixed-based cellular. The Company decided to exit the analog market because of current market conditions, including a decline in demand for analog phones and a surplus of supply created by other manufacturers also attempting to sell-off analog inventories. Gross profit margins also decreased due to delayed introductions of newer, higher-priced models, strong competition in the marketplace and closeout of older models. This also reflects the competitive nature of the wireless marketplace and pricing pressures associated with supporting various wireless carrier programs. Operating expenses decreased to $9,514 from $13,016. Selling expenses decreased from last year, primarily in divisional marketing. In connection with the decline in the analog market, a market development program was terminated which resulted in a reversal of approximately $2.7 million of accrued market development funds. In addition, due to slowdown in the marketplace, the termination of analog programs and the write-down, market development funds were reduced. Such decreases were partially offset by increases in salesmen's salaries, payroll benefits and travel. General and administrative expenses decreased from 2000, primarily in salaries, office expenses and occupancy costs. Warehousing and assembly expenses increased during 2001 from last year, primarily in temporary personnel expenses. Operating loss for 2001 was $(13,797) compared to last year's operating income of $9,334.

Six months ended May 31, 2000 compared to six months ended May 31, 2001

The following table sets forth for the periods indicated certain statements of operations data for the Wireless Group as expressed as a percentage of net sales:

	Six Months Ended May 31, 2000		May 31, 2001	
Net sales:				
Wireless products	$ 571,331	97.1%	$ 450,496	96.7%
Activation commissions	13,739	2.3	14,117	3.0
Residual fees	757	0.1	901	0.2
Other	2,861	0.5	285	0.1
	588,688	100.0%	465,799	100.0%
Gross profit	43,310	7.4	11,684	2.5
Total operating expenses	25,427	4.3	21,362	4.6
Operating income (loss)	17,883	3.1	(9,678)	(2.1)
Other expense	(5,073)	(0.9)	(2,767)	(0.6)
Pre-tax income (loss)	$ 12,810	2.2%	$ (12,445)	(2.7)%

Net sales were $465,799 for the six months ended May 31, 2001, a decrease of $122,889, or 20.9%, from last year. Unit sales of wireless handsets decreased by 618,000 units in 2001, or 16.5%, to approximately 3,134,000 units from 3,752,000 units in 2000. This decrease was attributable to decreased sales of both analog and digital handsets which was due to delayed digital product acceptances by our customers. Additionally, a carrier customer returned 97,000 tri-mode phones for approximately $21,000. (See Note 9 to the accompanying consolidated financial statements for additional information.) The average selling price of handsets decreased to $137 per unit in 2001 from $147 per unit in 2000. The number of new wireless subscriptions processed by Quintex increased 13.4% in 2001, with a corresponding increase in activation commissions of approximately $348 in 2001. The average commission received by Quintex per activation decreased 9.6% from 2000. Gross profit margins decreased to 2.5% in 2001 from 7.4% in 2000, primarily due to the $13,900 of charges relating to the Company's exit from the analog market, with the exception of fixed-based cellular. Gross profit margins also decreased due to delayed introductions of newer, higher-priced models, strong competition in the marketplace and closeout of older models. This also reflects the competitive nature of the wireless marketplace and pricing pressures associated with supporting various wireless carrier programs. Operating expenses decreased to $21,362 from $25,427. Selling expenses decreased from last year, primarily in divisional marketing. In connection with the decline in the analog market, a market development program was terminated which resulted in a reversal of approximately $2.7 million of accrued market development funds. Such decreases were partially offset by increases in commissions, payroll benefits and travel. General and administrative expenses decreased from 2000, primarily in bad debt expense and office expenses. Warehousing and assembly expenses increased during 2001 from last year, primarily due to an increase in temporary personnel. Operating loss for 2001 was $(9,678) compared to last year's operating income of $17,883.

Management believes that the wireless industry will continue to be extremely competitive in both price and technology. As the growth in the wireless marketplace has slowed, carrier customer purchasing practices have changed and pricing pressures have intensified. This could affect gross margins and the carrying value of inventories in the future. As the market for digital products becomes more competitive and if the market for analog phones continues to decline, the Company may be required to adjust the carrying value of its inventory and inventory returned in the future.

Industry and financial market forecasts call for slower growth in the global handset market. Currently, there is a global surplus of handsets, both at manufacturer and carrier levels. Though this over-supply situation is abating, it may continue to impact the Company in the future. There is also the potential for shortages in the availability of certain wireless components and parts which may affect our vendors' ability to provide handsets to us on a timely basis, which may result in delayed shipments to our customers and decreased sales.

Electronics Results
Three months ended May 31, 2000 compared to three months ended May 31, 2001

The following table sets forth for the periods indicated certain statements of operations data and percentage of net sales by product line for the Electronics Group:

	Three Months Ended May 31, 2000		May 31, 2001	
Net sales:				
Mobile electronics	$ 38,168	54.9%	$ 37,156	49.2%
Consumer electronics	10,874	15.6	23,597	31.3
Sound	19,498	28.0	14,154	18.8
Other	1,030	1.5	567	0.7
Total net sales	69,570	100.0	75,474	100.0
Gross profit	14,983	21.5	14,818	19.6
Total operating expenses	10,649	15.3	11,375	15.1
Operating income	4,334	6.2	3,443	4.5
Other expense	(533)	(0.7)	(247)	(0.3)
Pre-tax income	$ 3,801	5.5%	$ 3,196	4.2%

Net sales increased $5,904 compared to last year, an increase of 8.5%. Mobile electronics sales decreased 2.7% compared to last year to $37,156, primarily due to decreases in mobile video and security sales, partially offset by increases in sales of Navigation products. Consumer electronics sales increased 117% from last year due to increased sales of FRS radios, portable DVD players and home stereo products. Automotive sound sales decreased 27.4% from last year to $14,154, primarily in the AV, SPS and Prestige Audio product lines. Net sales in the Company's Malaysian subsidiary decreased from last year by approximately 22.9% which reflects the slowing economy in the Far East and the decline in OEM sales in Malaysia. The Company's Venezuelan subsidiary experienced an increase of 22.5% in sales from last year primarily from OEM. Gross margins of the Electronics Group were 19.6% in 2001 and 21.5% in 2000. The decrease in gross profit was across all product categories due to increased competition. Operating expenses increased $726 from last year to $11,375. However, as a percentage of sales, decreased to 15.1% from 15.3%. Selling expenses increased from last year, primarily in commissions, advertising and divisional marketing. General and administrative expenses decreased from 2000, primarily in payroll taxes and temporary personnel. Warehousing and assembly expenses increased from 2000, primarily in direct labor and temporary personnel. Operating income was $3,443 compared to last year's $4,334.

Six months ended May 31, 2000 compared to six months ended May 31, 2001

The following table sets forth for the periods indicated certain statements of operations data and percentage of net sales by product line for the Electronics Group:

	Six Months Ended			
	May 31, 2000		May 31, 2001	
Net sales:				
Mobile electronics	$ 69,932	52.5%	$ 70,975	50.3%
Consumer electronics	18,509	13.9	38,836	27.5
Sound	42,509	31.9	30,001	21.3
Other	2,152	1.7	1,268	0.9
Total net sales	133,102	100.0	141,080	100.0
Gross profit	28,892	21.7	28,689	20.3
Total operating expenses	20,930	15.7	22,508	15.9
Operating income	7,962	6.0	6,181	4.4
Other expense	(931)	(0.7)	(674)	(0.5)
Pre-tax income	$ 7,031	5.3%	$ 5,507	3.9%

Net sales increased $7,978 compared to last year, an increase of 6.0%. Mobile electronics sales increased 1.5% compared to last year to $70,975, primarily due to increases in security and Navigation products, partially offset by declines in sales of Protector Hardgoods. Consumer electronics sales also increased 110% from last year due to increased sales of FRS radios, portable DVD players and home stereo products. Automotive sound sales decreased 29.4% from last year to $30,001, primarily in the AV product line. Net sales in the Company's Malaysian subsidiary decreased from last year by approximately 15.3%. The Company's Venezuelan subsidiary experienced an increase of 16.7% in sales from last year. Gross margins of the Electronics Group were 20.3% in 2001 and 21.7% in 2000. Operating expenses increased $1,578 from last year to 15.9% of sales up from last year's 15.7% of sales. Selling expenses increased from last year, primarily in commissions, advertising and divisional marketing. General and administrative expenses increased from 2000, primarily in office salaries, insurance and occupancy expenses. Warehousing and assembly expenses increased from 2000, primarily in direct labor offset by a decrease in tooling. Operating income was $6,181 compared to last year's $7,962.

The Company believes that the Electronics Group has an expanding market with a certain level of volatility related to both domestic and international new car sales. As the Company moves further into the Consumer Electronics market, it may become susceptible to changes in overall economic conditions. Also, certain of its products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future. The Electronics Group may also experience additional competition in the mobile video category as more competitors enter the market.

Other Income and Expense

Interest expense and bank charges decreased by $215 and $1,848 for the three and six months ended May 31, 2001, respectively, compared to the same period last year. The decrease in interest expense and bank charges is due to lower outstanding debt and lower interest rates. Equity in income of equity investments increased $402 and $782 for the three and six months ended May 31, 2001, respectively, as compared to the same period last year. For the three and six months ended May 31, 2000 and 2001, Audiovox Specialty Applications, LLC represented the majority of equity in income of equity investments. Other income decreased from last year due to non-recurring transactions related to sale of investments and hedge of available-for-sale securities.

Provision for Income Taxes

The effective tax (recovery) rate for the three and six months ended May 31, 2001 was (36%) and (35.9%) compared to last year's 37.6% and 38.5% for the comparable periods. The decrease in the effective tax rate was principally due to changes in the proportion of domestic and foreign earnings and benefits as a result of the losses incurred.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at May 31, 2001 decreased $2,777 from the November 30, 2000 level. Operating activities used $66,759, primarily from an increase of $96,956 in inventory and decreases in accounts payable and accrued expenses of $34,903, partially offset by decreases in accounts receivable of $80,347. Accounts receivable days on hand increased to 58 days at May 31, 2001 from 50 days at May 31, 2000. The increase in accounts receivable days on hand was primarily in the Wireless Group and is due to delayed customer remittances. Inventory days on hand increased from 54 days last year to 82 days this year. The increase in inventory value and days on hand was primarily in the Wireless Group, due to late product introductions. The growth in inventory in the Wireless Group is the result of shipments received late in the quarter on the newly-introduced tri- mode phone. Investing activities used $633, primarily from the purchase of property, plant and equipment and partially offset by proceeds received from an equity investment. Financing activities provided $64,625, primarily from borrowings on the line of credit agreement, partially offset by repurchases of Class A common stock.

The Company maintains a revolving credit agreement with various financial institutions. The credit agreement provides for $250,000 of available credit, including $15,000 for foreign currency borrowings and expires July 27, 2004.

Under the credit agreement, the Company may obtain credit through direct borrowings and letters of credit. The obligations of the Company under the credit agreement are guaranteed by certain of the Company's subsidiaries and is secured by accounts receivable, inventory and the Company's shares of ACC. The Company's ability to borrow under its credit facility is a maximum aggregate amount of $250,000, subject to certain conditions, based upon a formula taking into account the amount and quality of its accounts receivable and inventory. The credit agreement also allows for commitments up to $50,000 in forward exchange contracts.

The credit agreement contains several covenants requiring, among other things, minimum levels of pre-tax income and minimum levels of net worth and working capital. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures. During the quarter ended May 31, 2001, the Company was not in compliance with its pre-tax income covenant and obtained a waiver for the quarter ended May 31, 2001.

The Company also has revolving credit facilities in Malaysia and Venezuela to finance additional working capital needs. The Malaysian credit facilities are partially secured by the Company under standby letters of credit and are payable upon demand or upon expiration of the standby letters of credit. The obligations of the Company under the Malaysian credit facilities are secured by the property and building in Malaysia owned by Audiovox Communications Sdn. Bhd. The Venezuelan credit facility is secured by the Company under a standby letter of credit and is payable upon demand or upon expiration of the standby letter of credit.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 2001 and for the reasonable foreseeable future.

Recent Accounting Pronouncements

On December 3, 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 - "Revenue Recognition in Financial Statements" (SAB No. 101). SAB No. 101 provides the SEC staff's views in applying generally accepted accounting principles to revenue recognition in the financial statements. SAB No. 101 delayed the implementation date for registrants to adopt the accounting guidance contained in SAB No. 101 by no later than the fourth fiscal quarter of the fiscal year ending November 30, 2001. Management of the Company does not believe that applying the accounting guidance of SAB No. 101 will have a material effect on its financial position or results of operations.

In March 2000, the Emerging Issues Task Force issued EITF 99-19, "Reporting Revenue Gross as a Principal verses Net as an Agent" (EITF 99-19). EITF 99-19 addresses whether a company should report revenue based on (a) the gross amount billed to the customer because it has earned revenue from the sale of the goods or services or (b) the net amount retained (that is, the amount billed to a customer less the amount paid to a supplier) because it has earned a commission or fee. The Task Force reached a consensus that whether a company should recognize revenue at the gross amount billed or the net amount retained, as defined above, because it has earned a commission or fee is a matter of judgment that depends on the relevant facts and circumstances. The Task Force also gave examples which should be considered in that evaluation. The consensus is effective for the fourth quarter of the Company's fiscal year ending November 30, 2001. Upon application of the consensus, comparative financial statements should be reclassified. The Company will adopt EITF 99-19 during the quarter ended November 30, 2001. Management does not believe that implementation of EITF 99-19 will have a material impact on the Company's consolidated financial statements.

In April 2001, the Emerging Issues Task Force (EITF) reached a final consensus on EITF Issue No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products," which requires that, unless specific criteria are met, consideration from a vendor to a retailer (e.g., "slotting fees", cooperative advertising arrangements, "buy downs", etc.) be recorded as a reduction from revenue, as opposed to a selling expense. This consensus is effective for fiscal quarters beginning after December 15, 2001. Management of Company is in the process of assessing the impact that implementing EITF Issue No. 00-25 will have on the consolidated financial statements.

Forward-Looking Statements

This quarterly report on Form 10-Q contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "may," "believe," "estimate," "expect," "plan," "intend," "project," "anticipate," "continues," "could," "potential," "predict" and similar expressions may identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events, activities or developments. The Company's actual results could differ materially from those discussed in or implied by these forward-looking statements. Forward-looking statements include statements relating to, among other things:

- growth trends in the wireless, automotive and consumer electronic businesses
- technological and market developments in the wireless, automotive and consumer electronics businesses

- liquidity

- availability of key employees

- expansion into international markets

- the availability of new consumer electronic products

These forward-looking statements are subject to numerous risks, uncertainties and assumptions about the Company including, among other things:

- the ability to keep pace with technological advances
- significant competition in the wireless, automotive and consumer electronics businesses
- quality and consumer acceptance of newly introduced products
- the relationships with key suppliers
- the relationships with key customers
- possible increases in warranty expense
- the loss of key employees
- foreign currency risks
- political instability
- changes in U.S. federal, state and local and foreign laws
- changes in regulations and tariffs
- seasonality and cyclicality
- inventory obsolescence, availability and price volatility due to market conditions

PART II - OTHER INFORMATION

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders of Audiovox Corporation ("the Company") was held on May 3, 2001 at the Smithtown Sheraton, Seminar Room, 110 Vanderbilt Motor Parkway, Smithtown, New York.

Proxies for the meeting were solicited pursuant to Regulation 14 of the Act on behalf of the Board of Directors to elect a Board of eight Directors.

There was no solicitation in opposition to the Board of Directors' nominees for election as directors as listed in the Proxy Statement and all of such nominees were elected. Class A nominee, Paul C. Kreuch, Jr. received 16,798,079 votes and 491,429 votes were withheld. Class A nominee, Dennis F. McManus received 16,800,069 votes and 489,439 votes were withheld.

Class A and Class B nominee, John J. Shalam received 38,859,106 votes and 1,039,942 votes were withheld. Class A and Class B nominee, Philip Christopher received 38,845,508 votes and 1,053,540 votes were withheld. Class A and Class B nominee, Charles M. Stoehr received 38,851,799 votes and 1,047,249 votes were withheld. Class A and Class B nominee, Patrick M. Lavelle received 38,850,750 votes and 1,048,298 votes were withheld. Class A and Class B nominee, Ann M. Boutcher, received 38,909,945 votes and 989,102 votes were withheld. Class A and Class B nominee, Richard A. Maddia received 38,929,100 votes and 969,948 votes were withheld

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports were filed on Form 8-K for the quarter ended May 31, 2001.

SIGNATURES

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

AUDIOVOX CORPORATION

By:s/John J. Shalam

John J. Shalam
President and Chief
Executive Officer

Dated: July 16, 2001

By:s/Charles M. Stoehr

Charles M. Stoehr
Senior Vice President and
Chief Financial Officer