

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549  
FORM 10-Q/A

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

For Quarter Ended February 28, 1997

Commission file number 1-9532

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

Delaware  
(State or other jurisdiction of  
incorporation or organization)

13-1964841  
(I.R.S. Employer  
Identification No.)

150 Marcus Blvd., Hauppauge, New York  
(Address of principal executive offices)

11788  
(Zip Code)

Registrant's telephone number, including area code (516) 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 April 7, 1997
Class A Common Stock	17,253,533 Shares
Class B Common Stock	2,269,054 Shares

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

	February 28, 1997 (unaudited)	November 30, 1996
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 14,819	\$ 12,350
Accounts receivable, net	90,538	118,408
Inventory, net	76,266	72,785
Receivable from vendor	15,442	4,565
Prepaid expenses and other current assets	11,597	7,324
Deferred income taxes	5,241	5,241
Total current assets	213,903	220,673
Investment securities	26,263	27,758
Equity investments	8,990	8,463
Property, plant and equipment, net	7,530	6,756
Debt issuance costs, net	-	269
Excess cost over fair value of assets acquired and other intangible assets, net	791	804
Other assets	5,807	3,449
	\$ 263,284	\$ 268,172
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 24,572	\$ 28,192
Accrued expenses and other current liabilities	16,647	18,961

Income taxes payable	18,660	7,818
Bank obligations	6,702	4,024
Documentary acceptances	2,664	3,501
Total current liabilities	69,245	62,496
Bank obligations	-	31,700
Deferred income taxes	9,980	10,548
Long-term debt, less current installments	6,418	28,165
Total liabilities	85,643	132,909
Minority interest	1,405	1,137
Stockholders' equity:		
Preferred stock	2,500	2,500
Common Stock:		
Class A; 30,000,000 authorized; 16,901,339 and 14,040,414 issued on February 28, 1997, and November 30, 1996, respectively	170	141
Class B; 10,000,000 authorized; 2,260,954 issued	22	22
Paid-in capital	142,741	107,833
Retained earnings	18,733	14,529
Cumulative foreign currency translation and adjustment	(1,250)	(1,176)
Unrealized gain on marketable securities, net	13,320	10,277
Total stockholders' equity	176,236	134,126
Commitments and contingencies		
	\$ 263,284	\$ 268,172

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Income  
(In thousands, except share and per share data)

	Three Months Ended	
	February 28, 1997 (unaudited)	February 29, 1996 (unaudited)
Net sales	\$ 166,614	\$ 122,493
Cost of sales	138,612	102,616
Gross profit	28,002	19,877
Operating expenses:		
Selling	11,701	7,509
General and administrative	8,919	7,605
Warehousing, assembly and repair	2,866	2,405
	23,486	17,519
Operating income	4,516	2,358
Other income (expenses):		
Interest and bank charges	(916)	(2,204)
Equity in income of equity investments	146	110
Management fees and related income	47	50
Gain on sale of investment	23,779	985
Debt conversion expense	(12,686)	-
Other, net	442	(208)
	10,812	(1,267)
Income before provision for income taxes	15,328	1,091
Provision for income taxes	11,125	612
Net income	\$ 4,203	\$ 479
Net income per common share (primary)	\$ 0.24	\$ 0.05
Net income per common share (fully diluted)	\$ 0.23	\$ 0.05
Weighted average number of common shares outstanding, primary	17,725,630	9,285,188
Weighted average number of common shares outstanding, fully diluted	18,530,932	9,325,588

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES  
Consolidated Statements of Cash Flows  
(In thousands)

	Three Months Ended	
	February 28, 1997 (unaudited)	February 29, 1996 (unaudited)
Cash flows from operating activities:		
Net income	\$ 4,203	\$ 479
Adjustments to reconcile net income to net cash used in operating activities:		
Debt conversion expense	12,386	-
Depreciation and amortization	437	813
Provision for bad debt expense	(16)	59
Equity in income of equity investments	(795)	(110)
Minority interest	265	109
Gain on sale of investment	(23,779)	(985)
Provision for (recovery of) deferred income taxes, net	(2,433)	341
Provision for unearned compensation	69	90
Gain on disposal of property, plant and equipment, net	(3)	(9)
Changes in:		
Accounts receivable	26,745	21,025
Inventory	(3,400)	2,715
Accounts payable, accrued expenses and other current liabilities	(6,075)	(3,653)
Receivable from vendor	(10,876)	(4,651)
Income taxes payable	10,818	394
Prepaid expenses and other assets	(4,196)	(104)
Net cash provided by operating activities	3,350	16,513
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(1,103)	(768)
Proceeds from sale of investment	30,182	1,000
Purchase of equity investment	-	79
Net cash provided by investing activities	29,079	311
Cash flows from financing activities:		
Net repayments under line of credit agreements	(29,089)	(21,351)
Net borrowings under documentary acceptances	(836)	44
Principal payments on long-term debt	-	(4,371)
Debt issuance costs	(13)	(50)
Principal payments on capital lease obligation	-	(81)
Proceeds from release of restricted cash	-	5,959
Net cash used in financing activities	(29,938)	(19,850)
Effect of exchange rate changes on cash	(22)	(6)
Net decrease in cash and cash equivalents	2,469	(3,032)
Cash and cash equivalents at beginning of period	12,350	7,076
Cash and cash equivalents at end of period	\$ 14,819	\$ 4,044

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

February 28, 1997 and February 29, 1996

(Dollars in thousands, except share and per share data)

- (1) The accompanying consolidated financial statements were prepared in accordance with generally accepted accounting principles and include all 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 February 28, 1997 and November 30, 1996 and the results of operations and consolidated statements of cash flows for the three month periods ended February 28, 1997 and February 29, 1996.

Accounting policies adopted by the Company are identified in Note 1 of the Notes to Consolidated Financial Statements included in the Company's 1996 Annual Report filed on Form 10-K.

- (2) The information furnished in this report reflects all adjustments (which include only normal recurring adjustments) which are, in the opinion of management, necessary for a fair statement of the results for the interim period. The interim figures are not necessarily indicative of the results for the year.

- (3) The following is supplemental information relating to the consolidated statements of cash flows:

	Three Months Ended	
	February 28, 1997	February 29, 1996

Cash paid during the period:

Interest (excluding bank

charges)	\$1,701	\$ 950
Income taxes	\$2,783	\$ 48

On February 9, 1996, the Company's 10.8% Series AA and 11.0% Series BB Convertible Debentures matured. As of February 9, 1996, \$1,100 of the Series BB Convertible Debentures converted into 206,046 shares of Common Stock.

As of February 28, 1997, the Company recorded an unrealized holding gain relating to available-for-sale marketable securities, net of deferred taxes, of \$13,320 as a separate component of stockholders' equity.

The Company issued a credit of \$1,250 on open accounts receivable and issued 250,000 shares of its Class A Common Stock, valued at five dollars per share, in anticipation of an exchange for a 20% interest in Bliss-tel Company, Limited (Bliss-tel).

- (4) The Financial Accounting Standards Board has issued Statement 128, "Earnings per Share" (Statement 128). Statement 128 establishes standards for computing and presenting earnings per share (EPS). The Statement simplifies the standards for computing EPS and makes them comparable to international EPS standards. The provisions of Statement 128 are effective for financial statements issued for periods ending after December 1, 1997, including interim periods. The Statement does not permit early application and requires restatement of all prior-period EPS data presented. Adoption of Statement 128 will not effect the Company's consolidated financial position or results of operations, however the impact on previously report EPS data is currently unknown.
- (5) The Company formed Audiovox Venezuela C.A. (Audiovox Venezuela), an 80%-owned subsidiary, for the purpose of expanding its international business. The Company made an initial investment of \$478 which was used by Audiovox Venezuela to obtain certain licenses, permits and fixed assets.
- (6) The Company is in the process of purchasing a 20% equity investment in Bliss-tel in exchange for 250,000 shares of the Company's Class A Common Stock and a credit for open accounts receivable of \$1,250. The issuance of the common stock resulted in an increase to additional paid in capital of approximately \$1,248. The investment in Bliss-tel will be accounted for under the equity method of accounting.
- (7) Subsequent to the first quarter of 1997, the Company formed Audiovox Specialized Applications, LLC, a 50%-owned equity investment, a consolidation of the Company's Heavy Duty Sound division, ASA Electronics and Audiovox Specialty Markets Co.

The new company will market audio, video and security products to the heavy truck, RV, van, limousine, bus, marine, agricultural and aviation industries.

In connection with this investment, the Company entered into a stock purchase agreement with the other investor (Investor) in Audiovox Specialized Applications, LLC. The agreement provides for the sale of 352,194 shares of Class A Common Stock at \$6.61 per share (aggregate proceeds of \$2,328,002) by the Company to the Investor. The transaction resulted in an increase to additional paid-in-capital of \$2,324,478. The selling price of the shares are subject to adjustment in the event the Investor sells shares during a 90 day period, beginning with the effective date of the registration statement filed with the Securities and Exchange Commission to register such shares, at a loss. The adjustment to the selling price will equal the loss incurred by the Investor up to a maximum of 50% of the shares. In the event the Company does make an adjustment to the shares, additional goodwill will be recorded as the adjustment represents contingent consideration.

- (8) Receivable from vendor includes a \$9,000 prepayment to TALK for merchandise to be shipped during the second quarter of 1997.
- (9) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 8, 1997

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