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 13, 2009

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

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

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

180 Marcus Blvd., Hauppauge, New York	11788
(Address of principal executive officers)	(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 13, 2009, Audiovox Corporation (the "Company") issued a press release announcing its earnings for the six months ended August 31, 2009. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On October 14, 2009, the Company held a conference call to discuss its financial results for the six months ended August 31, 2009. 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.

EXHIBIT INDEX

Exhibit No.	**Description**
99.1	Press Release, dated October 13, 2009, relating toAudiovox Corporation's earnings release for the six months ended August 31, 2009 (filed herewith).
99.2	Transcript of conference call held on October 14, 2009 at 10:00 am (filed 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 15, 2009 BY:___________________________________
Charles M. Stoehr
Senior Vice President and
Chief Financial Officer

News Release

Audiovox Corporation Reports Fiscal 2010 Second Quarter and Six Month Results

HAUPPAUGE, N.Y., Oct 13, 2009 /PRNewswire-FirstCall via COMTEX/ -- Audiovox Corporation (Nasdaq: VOXX), today announced results for its fiscal 2010 second quarter and six months ended August 31, 2009.

Net sales for the fiscal 2010 second quarter were $124.9 million compared to net sales of $147.2 million reported in the prior year period, a decrease of 15.2%.

Accessories sales for the fiscal 2010 second quarter were $45.9 million, an increase of 29.0% as compared to $35.5 million reported in the comparable fiscal year period. This increase is due primarily to the addition of new customers and higher sales of antennas as a result of the switch from analog to digital TV, remote controls and other accessory lines under Terk, Acoustic Research and RCA. As a percentage of net sales, Accessories represented 36.7% and 24.1% of net sales for the periods ended August 31, 2009 and August 31, 2008, respectively.

Electronics sales, which include both mobile and consumer electronics were $79.0 million for the fiscal 2010 second quarter compared to $111.7 million in the comparable fiscal year period, a decrease of 29.2%. This decline is primarily due to lower sales of consumer goods, mostly as a result of the Company's exit from lower profit product categories such as flat-screen TV's, portable navigation and GMRS radios, and mobile electronics products due to the weakening U.S. economy and lower vehicle sales. The decline was partially offset by increased sales of satellite radio products and digital clock radios. As a percentage of net sales, Electronics represented 63.3% and 75.9% for the periods ended August 31, 2009 and August 31, 2008, respectively.

Gross margins increased by 190 basis points from 17.0% in the fiscal 2009 second quarter to 18.9% in the fiscal 2010 second quarter. Gross margins were favorably impacted by higher accessory product sales, which carry a higher gross margin than other product lines. Additionally, the increase in gross margin was related to lower warehousing and assembly expenses, obsolescence charges and freight charges.

The Company reported operating expenses of $22.8 million for the fiscal 2010 second quarter, a decrease of $6.3 million or 21.7% compared to $29.1 million reported in the comparable fiscal year period. As a percentage of net sales, operating expenses decreased to 18.2% for the three months ended August 31, 2009, from 19.8% in the prior year period. The decrease in operating expenses was primarily due to the overhead reduction program and cost containment efforts instituted in the second half of fiscal 2009. Additionally, fiscal 2009 operating expenses for the three months ended August 31, 2008 included a one-time charge of approximately $1 million related to these efforts.

Pre-tax income in the fiscal 2010 second quarter was approximately $1.2 million compared to a pre-tax loss of $4.0 million in the comparable year-ago period. Net income for the period ended August 31, 2009 was $2.8 million or earnings per diluted share of $0.12 compared to a net loss of $2.3 million or a loss per diluted share of $0.10 in the three months ended August 31, 2008.

Patrick Lavelle, Chief Executive Officer stated, "We've made significant progress over the past year to improve our competitive position, while taking aggressive steps to manage our business through this economic downturn. Cost containment efforts, new products, new customers and ongoing margin improvement programs enabled us to post a profit this quarter and through the first half of the year, despite the decline in sales. While we remain cautious given the continued weakness in consumer confidence globally, we believe we have taken the necessary steps to be profitable this year and are well positioned for the future."

Six Month Comparisons

Net sales for the first six months of fiscal 2010 were $244.7 million compared to net sales of $291.8 million in the comparable fiscal 2009 period, a decrease of 16.1%.

Accessories sales for the fiscal 2010 six month period were $86.7 million, an increase of 30.5% as compared to $66.4 million reported in the comparable fiscal year period. This increase is due primarily to the addition of new customers and higher sales driven by the changeover from analog to digital TV, which favorably impacted digital antenna sales. This increase is also related to higher sales of other accessory products under the Terk, Acoustic Research and RCA brands. As a percentage of net sales, Accessories represented 35.4% and 22.8% of net sales for the six month period ended August 31, 2009 and August 31, 2008, respectively.

Electronics sales, which include both mobile and consumer electronics were $158.0 million for the fiscal 2010 six month period compared to $225.4 million for the six months ended August 31, 2008. This decline was primarily due to lower sales of consumer products related to the exiting of lower profit product categories and mobile products as a direct result of the weakening U.S. economy and the steep decline in vehicle sales. Partially offsetting this decline were higher sales of satellite radio products and increased sales in select digital categories, including clock radios and camcorders. As a percentage of net sales, Electronics represented 64.6% and 77.2% for the six month periods ended August 31, 2009 and August 31, 2008, respectively.

Gross margins increased by 270 basis points from 16.3% in the fiscal 2009 six month period to 19.0% in the comparable period in fiscal 2010. Gross margins were favorably impacted by higher sales of Accessories products, higher margins due to select mobile programs and higher margins internationally. Gross margins were also favorably impacted by the absence of the $2.9 million charge related to portable navigation products, which was taken in fiscal 2009.

Operating expenses decreased $14.0 million or 23.6% to $45.5 million for the six months ended August 31, 2009 from $59.5 million for the six months ended August 31, 2008. As a percentage of net sales, operating expenses decreased to 18.6% for the six months ended August 31, 2009 from 20.4% in the comparable prior year period. The decrease in total operating expenses is a direct result of the overhead reduction program and cost containment efforts, which the Company anticipates will result in annualized costs savings of $23 million.

Pre-tax income in the first six months of fiscal 2010 was approximately $2.0 million compared to a pre-tax loss of $11.1 million in the comparable year-ago period. Net income for the six month period ended August 31, 2009 was $3.2 million or earnings per diluted share of $0.14 compared to a net loss of $7.5 million or a loss per diluted share of $0.33 in the six months ended August 31, 2008.

Lavelle added, "New programs with FLO TV, Sony Playstation and SIRIUS XM and the incremental revenues from the recent acquisition of SCHWAIGER should help offset some of the market weakness. Despite lower sales, we believe our market positions have improved, and our portfolio of brands and distribution has never been stronger. We continue to look at acquisition opportunities and remain well financed to take advantages of opportunities as they arise. Issues still remain, but the long-term future for this Company is bright."

Conference Call Information

The Company will be hosting its conference call on Wednesday, October 14, 2009 at 10:00 a.m. ET. 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: 866-318-8619; international number: 617-399-5138; pass code: 5798734). 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: 47169826).

About Audiovox

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

Safe Harbor Statement

Except for historical information contained herein, statements made in this release that would constitute forward-looking statements may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statement. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to, risks that may result from changes in the Company's business operations; our ability to keep pace with technological advances; significant competition in the mobile and consumer electronics businesses as well as the wireless business; our relationships with key suppliers and customers; quality and consumer acceptance of newly introduced products; market volatility; non-availability of product; excess inventory; price and product competition; new product introductions; the possibility that the review of our prior filings by the SEC may result in changes to our financial statements; and the possibility that stockholders or regulatory authorities may initiate proceedings against Audiovox and/or our officers and directors as a result of any restatements. Risk factors associated with our business, including some of the facts set forth herein, are detailed in the Company's Form 10-K for the fiscal year ended February 28, 2009.

Company Contact:

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

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	August 31, 2009	February 28, 2009
Assets	*unaudited*	
Current assets:		
Cash and cash equivalents	$ 70,486	$ 69,504
Accounts receivable, net	101,819	104,896
Inventory	121,318	125,301
Receivables from vendors	6,992	12,195
Prepaid expenses and other current assets	17,152	17,973
Deferred income taxes	401	354
Total current assets	318,168	330,223
Investment securities	16,068	7,744
Equity investments	10,768	13,118
Property, plant and equipment, net	19,785	19,903
Intangible assets	87,419	88,524
Deferred income taxes	252	221
Other assets	1,885	1,563
Total assets	$ 454,345	$ 461,296
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 34,153	$ 41,796
Accrued expenses and other current liabilities	28,816	32,575
Income taxes payable	2,786	2,665
Accrued sales incentives	9,455	7,917
Deferred income taxes	1,459	1,459
Bank obligations	1,833	1,467
Current portion of long-term debt	1,428	1,264
Total current liabilities	79,930	89,143
Long-term debt	6,118	5,896
Capital lease obligation	5,491	5,531
Deferred compensation	3,435	2,559
Other tax liabilities	1,188	2,572
Deferred tax liabilities	3,863	4,657
Other long term liabilities	8,004	10,436
Total liabilities	108,029	120,794
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, 22,439,212 and 22,424,212 shares issued and 20,619,460 and 20,604,460 shares outstanding at August 31, 2009 and February 28, 2009	224	224
Class B convertible, $.01 par value; 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	274,537	274,464
Retained earnings	94,759	91,513
Accumulated other comprehensive loss	(4,830)	(7,325)
Treasury stock, at cost, 1,819,752 shares of Class A common stock at August 31, 2009 and February 28, 2009	(18,396)	(18,396)
Total stockholders' equity	346,316	340,502
Total liabilities and stockholders' equity	$ 454,345	$ 461,296

See accompanying notes to consolidated financial statements.

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,	
	2009	**2008**	**2009**	**2008**
Net sales	$ 124,890	$ 147,208	$ 244,697	$ 291,791
Cost of sales	101,292	122,148	198,174	244,216
Gross profit	23,598	25,060	46,523	47,575
Operating expenses:				
Selling	6,203	8,276	13,162	18,227
General and administrative	14,372	17,856	28,033	35,505
Engineering and technical support	2,205	2,979	4,277	5,783
Total operating expenses	22,780	29,111	45,472	59,515
Operating income (loss)	818	(4,051)	1,051	(11,940)
Other income (expense):				
Interest and bank charges	(384)	(510)	(703)	(986)
Equity in income of equity investees	355	509	750	1,410
Other, net	408	89	855	385
Total other income, net	379	88	902	809
Income (loss) before income taxes	1,197	(3,963)	1,953	(11,131)
Income tax benefit	(1,578)	(1,652)	(1,295)	(3,597)
Net income (loss)	$ 2,775	$ (2,311)	$ 3,248	$ (7,534)
Net income (loss) per common share (basic)	$ 0.12	$ (0.10)	$ 0.14	$ (0.33)
Net income (loss) per common share (diluted)	$ 0.12	$ (0.10)	$ 0.14	$ (0.33)
Weighted-average common shares outstanding (basic)	22,872,191	22,857,114	22,868,792	22,855,864
Weighted-average common shares outstanding (diluted)	22,933,728	22,857,114	22,899,561	22,855,864

See accompanying notes to consolidated financial statements.

Conference Call Transcript

VOXX - Q2 2010 Audiovox Corporation Earnings Conference Call

Event Date/Time: Oct 14, 2009 / 02:00PM GMT

CORPORATE PARTICIPANTS

Glenn Wiener
GW Communications - IR

Patrick Lavelle
Audiovox Corporation - President & CEO

Michael Stoehr
Audiovox Corporation - SVP & CFO

John Shalam
Audiovox Corporation - Chairman of the Board

CONFERENCE CALL PARTICIPANTS

Thomas Kahn
Kahn Brothers & Co. - Analyst

Jim Barrett
CL King & Associates - Analyst

Dan Thompson
Harbor Management - Analyst

PRESENTATION

Operator

Good day, ladies and gentlemen, and welcome to the quarter two conference call. My name is Jennifer and I will be your coordinator for today. At this time, all participants are in listen-only mode. We will be conducting a question-and-answer session towards the end of this conference. I would now like to turn the presentation over to your host for today's call, Glenn Wiener, Investor Relations. Please proceed, sir.

Glenn Wiener - *GW Communications - IR*

Thank you, Jennifer, and good morning. Welcome to Audiovox's fiscal 2010 second-quarter and six-month results conference call. As you know, today's call is being webcast on our site, www.Audiovox.com, and can be accessed in the Investor Relations section. With us today are Patrick Lavelle, President and CEO; Michael Stoehr, Senior Vice President and Chief Financial Officer; and John Shalam, Chairman of the Board.

Before we begin, I'd quickly like to read our safe Harbor statement. Except for historical information contained herein, statements made on today's call and 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.

The following factors, among others, may cause actual results to differ materially from the results suggested in these forward-looking statements. These factors include, but are not limited to, further deterioration in the global economy, 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 and accessories businesses, our relationships with key suppliers and customers, quality and consumer acceptance of newly introduced products, market volatility, non-availability of products, excess inventory, price and product competition, new product introductions and the possibility that the review of our prior filings by the SEC may result in changes to our initial proceedings in our financial statements and the possibility that stockholders and 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, 2009. At this time, I would like to turn the call over to Patrick Lavelle. Pat?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Thank you, Glenn, and good morning, everyone. As anticipated, we are profitable through the first six months of fiscal 2010, posting income of $3.2 million versus a loss of $7.5 million last year, over a $10 million swing. Our improved performance is a direct result of higher margins, the shift in product mix and lower overhead as a result of the expense reduction plans we put in place last year.

Unfortunately, the weakness in the economy continues to affect sales, which were off in the second quarter by 16%. The consumer and mobile sectors were hit hardest, but we did experience a significant uptick in accessory sales driven by the analog to digital TV changeover that helped offset the decline in our electronics segment.

Gross profit margin was almost 19% compared to 17% and our expenses were down $6.5 million due to the across-the-board cuts we implemented since the second half of last year.

I believe we are positioned for profitability in future periods. The extent of which will be determined by improvements in the economy and our new product introductions scheduled for the second half.

In our accessory business, both the RCA and TERK brands have benefited, mainly from the analog to digital TV transition with RCA accessory sales up more than 35%. In addition, many of our other accessory categories saw year-over-year increases and had good margins. The higher margin accessory products and their increased percentage in the mix help improve our overall performance. Now that the transition has passed, we do not expect to anniversary the spikes in reception products.

Our arsenal of domestic and international accessory brands, Acoustic Research, RCA, TERK, Energizer, Oehlbach and now Schwaiger give us great flexibility as it provides our retail partners with more choices across different price points. And our brands have strength and resonate with consumers with RCA currently holding the number one marketshare in units for TV remote controls and the number one marketshare in both units and dollars for reception products. TERK is among the leaders in reception products and the Energizer license we hold gives us access to the number one selling battery brand.

Some quick highlights from our accessory group. Our new AR Xsight remote controls retailing from $249 to $349 were recently launched at Best Buy and other key retailers nationwide. These are the first of the products designed to reposition Acoustic Research as our high-end wireless brand targeted at the discriminating audio and video file.

In addition to the new remotes, we also just introduced new wired and wireless AR headphones that delivers studio quality performance. There are new products coming in RCA and the TERK lines and SURFACE continues to make progress.

These are just a few of the products that we expect will drive the accessory business. There may be some weakness over the coming months primarily due to cautious buying at retail, but this should turn in fiscal 2010.

This leads me to the acquisition we just announced. Last week, we acquired Schwaiger, a European accessories company for $4.3 million. With Schwaiger, we expanded our geographic footprint while adding a powerful consumer electronics accessory brand. Schwaiger has an array of productlines including antennas, amplifiers, accessories, switches, cable, satellite receiving components and other sat and receiver technologies. This complements our existing line and adds new distribution channels and new customers. We expect this acquisition to add approximately $32 million in annual sales to Audiovox Germany and be accretive this year.

In addition to the accessory product sales, this deal also provides us with the opportunities to cross-sell some of our domestic brands to some of our new European customers.

On the consumer side, sales continue to be affected by the market-wide lack of consumer confidence and rising unemployment figures. Reports for the upcoming holiday season have been mixed. Best Buy and some of the discount retailers are projecting stronger holiday sales while others continue to forecast weakness. Overall though, retailers are taking a more cautious approach in their buying and inventory programs compared to last year.

Added to this economic reality is the fact that although we exited several consumer categories last year, such as navigation, LCD TV and GMRS, we did continue to have sales of those products as we wound down operations. Sales which we do not have this year. These two situations have resulted in a sizable reduction in our overall consumer business. However, we do have a number of bright spots, including increases in our camcorder and digital clock radio categories.

In addition, some of you may have seen the recent news on Qualcomm's personal FLO TV. I am pleased to say that we will be distributing their new FLO TV personal television, an entirely new handheld portable device that will let TV lovers watch their favorite news, live sports, children's program and entertainment on a dedicated device for mobile TV viewing. We will be shipping the FLO personal TV through limited distribution this holiday season.

And finally, we have several new products in development that will be shown at the Consumer Electronics Show in January that include FLO TV-enabled portable DVDs, new camcorder designs and our first eBook. I believe all of these developments will help strengthen our consumer group as we complete fiscal 2010 and put us on a strong footing for next year.

On the mobile side, the car market continues to post lower sales. In September, car sales fell 23% to a seasonably adjusted rate of only 9.2 million vehicles for this year. The Cash For Clunker program did help a little selling some 700,000 vehicles in July and August, but the upward momentum did not carry into September.

Despite the unprecedented difficulties facing the auto industry, we are beginning to see reports from many of the leading automakers that are suggesting the bottom is behind us and increases are being predicted. As we move to the end of the year, we have several new programs that we believe will be contributors to an improved mobile performance over the next several quarters.

Let me start with SIRIUS XM. You have no doubt heard about the XM SkyDock with its built-in FM tuner so you can enjoy live satellite radio anywhere you drive using your iPod or iTouch. It features the revolutionary SIRIUS XM PowerConnect technology, which has the flexibility to move from vehicle to vehicle with a simple plug and play. A free XM SkyDock application available for download from the App Store lets you tag music from purchase from iTunes.

We also have just begun shipment of the SIRIUS Stratus 6 and the XM onyX, both with PowerConnect and will ship SIRIUS Internet radio and a SIRIUS home receiver in November.

To support these programs, SIRIUS XM has announced the Rock N Reward consumer promotion that gives the consumer up to $100 cash back in a SIRIUS XM Visa card with the purchase of subscription to satellite radio. This promotion, scheduled for the fourth quarter, should increase satellite radio sales over last year's second half.

Then there is Qualcomm's in-vehicle FLO TV, which we will deliver in our fourth quarter. FLO TV brings in-vehicle live TV not only to new car applications, but also to the over 20 million screens in cars and on the road today. And we are the exclusive supplier of FLO TV hardware.

FLO TV represents the first time a consumer can get high-quality, interference-free, live TV in a moving vehicle. It is completely unobtrusive, connects to any rear seat entertainment system and has an antenna that is no bigger than a computer mouse. We'll be launching at car dealers first and will follow shortly thereafter at retail. We are very optimistic about this new relationship and the new product it brings and we should start seeing an impact in the fiscal fourth quarter and mort next year.

And finally, there is our affiliation with Sony Playstation and the launch of that system later this month. It is the first ever PlayStation 2 built into a rear seat entertainment system, no separate game console needed and the controllers are wireless so no more wires stretched across the back seat. The system also includes two PS2 games. I believe these programs will offset some of the dismal performance of the car market during the second half of fiscal 2010 and beyond.

As we look ahead into the third and fourth quarters and really into next year, I'll reiterate that I believe we are positioned for profitability, but I remain cautious. Economic conditions, which impacted us in fiscal 2009, remain in the economy. While it is beginning to stabilize, it is still hampered by nearly 10% unemployment. And people without jobs spend money cautiously.

In addition, there has been a cultural shift in the consumer mindset regarding savings and spending. While spending has dropped way off, the American consumer to saving money at levels not seen in decades. By all accounts, this will probably not be a strong holiday season at retail and we think any gains will be modest.

To summarize, certain categories are performing well and our new programs, particularly in the mobile business, should offset some of the overall market weakness. The acquisition of Schwaiger will also help boost our international sales, but until we see domestic sellthrough at retail, true signs that the auto industry is turning and rising consumer confidence, we have to be very prudent in how we manage our business and we will continue to do that.

Margins will fluctuate, particularly in the third quarter as some lower margin but lower risk program like those that we have with satellite radio increase. However, with the additional international accessory business we just added and new mobile programs beginning in 4Q, we look for margins to improve slightly over 3Q and would expect to see them in the 18% to 19% range on a go-forward basis.

Overhead was down $6.3 million this quarter and $14 million or close to 24% through the first half of the year. The cost reduction plans both permanent and temporary that I outlined in previous quarters resulting in approximately $23 million in annualized savings are in full effect and have enabled us to drive profits to the bottom line.

We are operating lean today, but have the capacity to take on business without adding significant cost. And that's a big part of our near-term strategy. We don't expect to see any additional large percentage drops in overhead as we are approaching the anniversary of the implementation of these reductions. We have significant cash on hand to fund buying programs for the holiday season and as evidenced by the Schwaiger acquisition, we will continue to look at M&A opportunities, businesses that will improve our financial position and add long-term value.

We do business today with virtually every one of the big-box retailers and key regional players. Our aftermarket automotive network is among the best in the industry. And we have new mobile partnerships with market leaders. Margins and overhead are under control. We are not sitting around waiting for the economy to improve; we are bringing new products to market that we believe are strong enough to succeed even in a down market. We have all the elements in place and we are focused on success.

While we look forward to the inevitable strengthening of the economy, we continue to shape our own destiny, developing new products and fine-tuning procedures as we look for ways to increase productivity and lower overhead to put us in a position to deliver better shareholder returns. I would like to thank you for your time this morning and your continued support and with that, I will turn the call over to Michael and then we will open it up for questions. Mike?

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

Thanks, Pat. Good morning, everyone. I'm going to start with our second-quarter and six-month results and then discuss our balance sheet. Sales for the second quarter were $124.8 million, a decline of 15% from second quarter last year. Our accessory sales increased by 29% to $45.9 million due to new products, new customers and increased antenna sales as a result of the shift from analog to digital TV. We also experienced increases in our TERK AR and RCA productlines.

Offsetting this increase were declines in our electronics segment, which reported sales of $79 million or a decline of 29%. This decline was due to increased consumer good sales as we exited several lower margin product categories, including LCD TVs, portable navigation and GRMS radios last year, but we continued to sell these lines as we closed out our inventory. Sales for the quarter of that product last year was approximately $6 million.

On the positive side, digital clock radio sales were up and we added new accounts, which should help sales in the future. Our mobile business continues to be impacted principally by lower vehicle sales, though mobile audio is up due to higher sales of satellite radio products, a trend, which we believe will continue in the future periods as a result of our agreement with SIRIUS XM.

Our international business continues to be adversely impacted by global economic issues as our sales were down in Germany, Venezuela and Mexico. Venezuela experienced a large sales decline, the result of dollar shortages in country and the closure for a period of time of the automobile manufacturers' facilities. We anticipate the recent acquisition of Schwaiger to lead to increased sales in our European operations, an additional higher-margin accessory business for us. As we reported, we estimate these sales to be approximately $32 million on an annualized basis.

Consolidated gross margins increased 190 basis points from 17% last year second quarter to 18.9% this quarter. The increase in our margin was primarily the result of three factors -- one, the shift in our product mix during the quarter resulting in higher accessory sales as a percentage and again, these carry higher margins; price increases last year to offset rising costs and our cost containment efforts, which resulted in lower warehousing and assembly expenses, labor charges and freight charges; and also lower obsolescence charges.

Our operating expenses declined by almost 22% to $22.8 million or down $6.3 million versus $29.1 million in the same period last year. Selling expenses were down 25% due to lower sales, salaries, commissions, advertising, T&E, and our G&A costs were down 19.5% due to lower office and executive salaries and a decline in professional fees, insurance, etc. In total, there were approximately $3.9 million in savings generated by lower payroll expenses and benefits and our headcount is down 18% year-over-year.

As a percentage of net sales, our overhead was 18.2% for the three months ended August compared to 19.8% in the prior-year period. We anticipate realizing the $23 million in annualized cost savings we previously discussed, though I remind you that the size of the reductions will decline on a dollar percentage basis in future periods as the plans are fully implemented.

Despite the decline in sales due to increased margins and lower overhead, we reported pretax income of $1.2 million versus a loss of $4 million last year and net income of $2.8 million or $0.12 a share versus a net loss of $2.3 million or a loss of $0.10 a share second quarter last year.

In addition to the improvement in our operating performance, our net income was impacted by tax releases caused by a favorable state tax ruling, which impacted taxes on our joint venture income.

For the six months, our sales declined at 16.1% with electronics down partially offset by increases in accessory sales. The increase in accessories was a result, again, of higher sales in digital antenna, increases in TERK, Acoustic Research and RCA brands. The decline in electronic sales were due to the reasons I outlined earlier offset by higher sales of satellite radio products resulting from our new agreement with SIRIUS XM and higher sales of digital clock radios and digital camcorders.

Our gross margins increased by 270 basis points from 16.3% to 19% and this was primarily due to higher accessories sales as a percentage of the mix, 35.4% of sales in fiscal 2010 compared to 29% for the first six months of fiscal 2009. The increase is due to higher margin in select mobile programs and internationally, as well as the absence of a $2.9 million charge taken last year's fiscal first quarter related to our exiting the portable navigation market.

Operating expenses declined $14 million or 23.6% to $45.5 million versus $59.5 million and as a percentage of net sales decreased by 18.9% from 20.4%. In total, our payroll and benefit expenses declined $8.2 million for the six-month fiscal 2010 versus the six-month fiscal 2090 period. Pretax income from continuing operations of approximately $2 million compared to pretax loss of $11.1 million, a $13 million swing. And net income, also inclusive of tax releases, was $3.2 million or $0.14 a share compared to a loss of $7.5 million or $0.33 a share loss, a $10.7 million swing.

Moving on to our liquidity and capital resources. Our working capital decreased from $241.1 million on February 28 to $238.2 million on August 31, 2009, principally as a result of our purchasing $7.4 million denominated Venezuelan government bonds with a maturity of 2015. Our cash balance is up approximately $1 million for the same period and as of August 31 was $70.5 million. Last year at the end of August, it was $49 million. The increase in cash is primarily due to a decrease in accounts receivable and vendor receivables and a decrease in inventory balances. This was offset by a decrease in accounts payable, accrued expenses and the purchase of dollar denominated Venezuelan bonds for our Venezuelan operation. These dollar bonds are redeemable in Venezuelan bolivars at the current official exchange rate. This gives us protection from devaluation as we wait dollar allocations by the Venezuelan government for our approved intercompany payments.

For the six months ended August 31, 2009, operating activities provided cash of approximately $7.2 million. Our inventory balances have been reduced and our inventory turns increased to 2.9 versus 2.6 for the same period last year. Our accounts receivable turns decreased from 5.6 to 4.8. Last year, during the quarter, receivable turns were favorably impacted by the recent RCA acquisitions, which did not occur this year. We really have no major issues in the receivables.

During our fiscal third quarter, we will use additional cash to fund accounts receivable and inventory as historically it is our strongest selling quarter. We can expect our usual seasoned patterns and we will catch up again in the fourth quarter as our transaction cycles are completed. We will probably, during the third quarter, end with mid eight figures in cash.

Our balance sheet remains strong and we have sufficient capital to not only manage our business, but to pursue growth opportunities as they may arise. We continue to be prudent in our buying programs and are watching the market closely. I'll turn the meeting back to Pat. Pat?

Patrick Lavelle - ***Audiovox Corporation*** - - ***President & CEO***

Okay, Michael, thank you. And now if there are any questions.

QUESTION AND ANSWER

Operator

(Operator Instructions). Thomas Kahn.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

On the Circuit City receivable --?

Patrick Lavelle - ***Audiovox Corporation*** - - ***President & CEO***

Tom, can you repeat that? We --.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

Did you collect your insurance money on the Circuit City receivable?

Patrick Lavelle - ***Audiovox Corporation*** - - ***President & CEO***

The bankruptcy proceedings are ongoing. We expect that we will receive payment either in the end of the third quarter or the beginning of the fourth quarter.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

Third or fourth quarter. What was the amount of the receivable? What is the claim?

Patrick Lavelle - ***Audiovox Corporation*** - - ***President & CEO***

The balance is, I believe, $6.6 million, something like that.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

$6.6 million and --.

Patrick Lavelle - ***Audiovox Corporation*** - - ***President & CEO***

Somewhere around there.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Who is insuring that for you?

Patrick Lavelle - *Audiovox Corporation* - - *President & CEO*

Credit Suisse.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Credit Suisse. So you anticipate receiving all of that from the insurance company?

Patrick Lavelle - *Audiovox Corporation* - - *President & CEO*

Yes, we do.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

I see. So when we look back at it, will there have been any loss or will you have essentially been well covered?

Patrick Lavelle - *Audiovox Corporation* - - *President & CEO*

We were well covered. I guess you can say the only loss we had was the initial cost of the put that we put in place.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Okay, the initial cost of the put. Another question, is there anymore -- I mean you guys did a great job in reducing expenses. Can we look forward to anymore or are we pretty well cut to the bone in terms of expenses?

Patrick Lavelle - *Audiovox Corporation* - - *President & CEO*

We have cut as deeply as I would like to see at this particular point in time based on the programs that we are starting. I don't think it would be wise for us to go any deeper at this point because, with the new programs that we have in place, the new Sony Playstation, the new FLO programs that we have on the consumer and the mobile side, I don't think it would be wise at this particular point. We are anticipating that we are going to see some improvement in the mobile business based on these deals and as well in the economy as time goes on. So other than fine tuning and --.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Just fine-tuning.

Patrick Lavelle - *Audiovox Corporation* - - *President & CEO*

-- waste, I don't see anything.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Great, thank you very much.

John Shalam - *Audiovox Corporation* - - *Chairman of the Board*

Tom, if I may just add to Pat's remarks.

Thomas Kahn - *Kahn Brothers & Co.* - - *Analyst*

Hi, John.

John Shalam - *Audiovox Corporation* - - *Chairman of the Board*

How are you?

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

Good. I look forward to seeing you maybe up in Vermont.

John Shalam - ***Audiovox Corporation*** - - ***Chairman of the Board***

Yes, I am looking forward to that. But I did want to say that, in addition to what Pat said, we do have ongoing programs, which we are reviewing in terms of warehousing, efficiencies, transportations and other cost studies, which are not related to just cutting payroll and cutting salaries. But that is an ongoing process --.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

Ongoing, I understand.

John Shalam - ***Audiovox Corporation*** - - ***Chairman of the Board***

You could see some additional small savings.

Thomas Kahn - ***Kahn Brothers & Co.*** - - ***Analyst***

Good. Thank you very much.

John Shalam - ***Audiovox Corporation*** - - ***Chairman of the Board***

Thank you, Tom.

Operator

(Operator Instructions). Jim Barrett, CL King & Associates.

Jim Barrett - ***CL King & Associates* - *Analyst***

Good morning, everyone. Could we talk a little bit about the Schwaiger acquisition? Could you tell me, for example, for starters, were there any other bidders for the asset?

Patrick Lavelle - ***Audiovox Corporation* - - *President & CEO***

There were some other people. Schwaiger was owned by the Reitz Group. The Reitz Group was in receivership and there were some people or some companies looking at the entire organization.

Jim Barrett - ***CL King & Associates* - *Analyst***

I see. Is $32 million in US, was that an all-time high in sales, Pat, or if we go prior to the recession, was it a higher number? Any sense of that?

Patrick Lavelle - ***Audiovox Corporation* - - *President & CEO***

Prior sales were higher than where they are right now.

Jim Barrett - ***CL King & Associates* - *Analyst***

And does it have margins currently that are similar to Audiovox's? How should we look at the margin structure of that company?

Patrick Lavelle - ***Audiovox Corporation* - - *President & CEO***

Margins here would be generally in relationship to what we would normally see with accessories, which would normally be higher than our core margins.

Jim Barrett - ***CL King & Associates* - *Analyst***

Okay. And the book value of the acquisition? Do you happen to have that?

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

We purchased $3 million worth of inventory for $3 million.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

EUR3 million.

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

EUR3 million, excuse me.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

We were able, because of the parent was in receivership, we were able to pick up Schwaiger at a significant discount.

Jim Barrett - *CL King & Associates - Analyst*

Could you repeat that, Pat?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Because the parent was in receivership, we were able to pick up the Schwaiger assets at a significant discount.

Jim Barrett - *CL King & Associates - Analyst*

Well, it sounds that way.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Yes.

Jim Barrett - *CL King & Associates - Analyst*

And is this a business with holiday seasonality? When you say it's going to be accretive this fiscal year, is that a function of holiday sales or is it a fairly steady business year-round?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

It is a typical accessory business. There will be attachment sales to some other CE product that are purchased during Christmas, which would give you a little bump at the Christmas time. But it is traditionally the cycles that you would see in accessories.

Jim Barrett - *CL King & Associates - Analyst*

Okay. And we can move on to ASA for a moment. I notice they paid you a $3 million dividend.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Yes.

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

Yes.

Jim Barrett - *CL King & Associates - Analyst*

Is that business going to remain profitable throughout this downturn if the sales trends of recreational vehicles do not get any worse?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

They have made all the adjustments that they need to make. We anticipate that they will maintain profitability.

Jim Barrett - *CL King & Associates - Analyst*

Okay. And then finally, and you may have mentioned this, but in the electronic area, if I strip out the discontinued products, how should I think about the about current organic sales trends in electronics?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

We had a drop in our portable DVD sales, but we think that with some of the new products that we are seeing, the increases that we are seeing in camcorders, we also had some drop into digital audio category, but we think with the FLO TV personal TV and some of the new products that we have that we are introducing that will offset any declines. Not this particular year, but as we move into next year.

Jim Barrett - *CL King & Associates - Analyst*

Fiscal 2011?

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Yes.

Jim Barrett - *CL King & Associates - Analyst*

And then last but not least, Mike, what tax rate should we use when we are attempting to model the Company's earnings this year and next?

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

It's hard because we have to deal with the valuation reserves that are there.

Jim Barrett - *CL King & Associates - Analyst*

Right.

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

We have, based upon the way, because the valuation reserves that were established and due to the nature of amortizing the intangibles that we have, the basic taxes of the Company are roughly around $1.6 million to $1.7 million for the year. And then you probably have 2% for ATN, alternative minimum tax.

Jim Barrett - *CL King & Associates - Analyst*

I see.

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

Okay? That's basically the underlying structure.

Jim Barrett - *CL King & Associates - Analyst*

Okay.

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

But again, my problem is, Jim, it depends upon how much we are doing in Europe because the tax less carry-forwards are all in the States. So depending on where we are getting our income would affect that rate.

Jim Barrett - *CL King & Associates - Analyst*

Right.

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

Overall, use that.

Jim Barrett - *CL King & Associates - Analyst*

Okay, thank you both very much.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Thank you, Jim.

Operator

[Dan Thompson], [Harbor Management].

Dan Thompson - *Harbor Management - Analyst*

Good morning. I just wanted to get a little more detail on the purchase of the Venezuelan bond and the rationale behind that.

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

What we did is we purchased -- they are called [tics] and they are issued by the Venezuelan government. The reason that we did it is that we have in Venezuela to get money out of the country, you have to apply to the CADIVI, which is the government foreign-exchange agency. They have given us approval to repay that company, but they have been late funding these Venezuelans. So we have built up some cash in Venezuela. So not to leave it exposed to the valuation, we purchased these bonds. You buy them in Bs, they are denominated in dollars. When you go to redeem them, and there is a market for them in Venezuela, whatever the exchange rate is, you get that, and that offsets the loss on the dollar payables. It doesn't get you any dollars any faster; it protects the dollars that you have.

Dan Thompson - *Harbor Management - Analyst*

And you are exposed, I guess, to risk on the principle of the bonds since it's not due to 2015?

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

Right, we bought the bonds at a discount. Your ultimate risk is a sovereign risk of the Venezuelan government.

Dan Thompson - *Harbor Management - Analyst*

Which is a job credit right now?

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

Well, the issue that you have is that the monies that we had there were in CDs in the Venezuelan banks. We felt that it was better to deal with the government than to deal with the banks.

Dan Thompson - *Harbor Management - Analyst*

Okay, thank you very much.

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

You are welcome.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

You're welcome.

Operator

You have no further questions at this time.

Patrick Lavelle - *Audiovox Corporation - - President & CEO*

Okay. I want to thank you all for your interest in Audiovox and taking the time to be with us this morning. And I wish you all a good day. Thank you.

Operator

Thank you for your participation in today's conference. This concludes the presentation. Please (technical difficulty). Thank you for your time.