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 August 31, 1999

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 October 5, 1999
Class A Common Stock	17,626,678 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)

	August 31, 1999 (unaudited)	November 30, 1998
Assets		
Current assets:		
Cash and cash equivalents	$ 5,873	$ 9,398
Accounts receivable, net	163,427	131,120
Inventory, net	85,130	72,432
Receivable from vendor	6,479	734
Prepaid expenses and other current assets	9,068	6,724
Deferred income taxes, net	7,346	6,088
Total current assets	277,323	226,496
Investment securities	11,287	17,089
Equity investments	10,964	10,387
Property, plant and equipment, net	20,189	17,828
Excess cost over fair value of assets acquired and other intangible assets, net	5,850	6,052
Other assets	1,280	1,827
	$ 326,893	$ 279,679
Liabilities and Stockholders' Equity Current liabilities:		
Accounts payable	$ 55,598	$ 34,063
Accrued expenses and other current liabilities	24,455	15,359
Income taxes payable	7,239	5,210
Bank obligations	7,800	7,327
Documentary acceptances	5,003	3,911
Capital lease obligation	33	17
Total current liabilities	100,128	65,887
Bank obligations	12,646	17,500
Deferred income taxes, net	4,844	3,595
Long-term debt	6,773	6,331
Capital lease obligation	6,233	6,298
Total liabilities	130,624	99,611
Minority interest	3,736	2,348
Stockholders' equity:		
Preferred stock, liquidation preference of $2,500	2,500	2,500
Common stock:		
Class A; 30,000,000 authorized; 16,845,846 issued	173	173
Class B convertible; 30,000,000 authorized; 2,260,954 issued	22	22
Paid-in capital	144,271	143,339
Retained earnings	51,762	35,896
Accumulated other comprehensive loss	(2,653)	(1,550)
Gain on hedge of available-for-sale securities, net	929	929
Treasury stock, at cost, 618,832 and 498,055 Class A common stock 1999 and 1998, respectively	(4,471)	(3,589)
Total stockholders' equity	192,533	177,720
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 326,893	$ 279,679

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income (Loss)
For the Three and Nine Months Ended August 31, 1999 and 1998
(In thousands, except share and per share data)
(unaudited)

	Three Months Ended August 31, 1999	Three Months Ended August 31, 1998	Nine Months Ended August 31, 1999	Nine Months Ended August 31, 1998
Net sales	$ 296,732	$ 154,501	$ 749,068	$ 407,886
Cost of sales (including an inventory write-down to market during the second quarter of 1998 of $6,600)	261,453	129,623	658,848	346,705
Gross profit	35,279	24,878	90,220	61,181
Operating expenses:				
Selling	8,371	8,490	26,613	26,146
General and administrative	11,431	9,347	31,029	27,162
Warehousing, assembly and repair	3,962	3,113	10,641	9,367
Total operating expenses	23,764	20,950	68,283	62,675
Operating income (loss)	11,515	3,928	21,937	(1,494)
Other income (expense):				
Gain on issuance of subsidiary shares	--	--	3,800	--
Interest and bank charges	(894)	(1,387)	(2,865)	(3,382)
Equity in income of equity investments, management fees and related income, net	342	333	1,644	1,229
Gain on sale of investment	--	427	1,896	427
Other, net	(548)	900	(230)	938
Total other income (expense)	(1,100)	273	4,245	(788)
Income (loss) before provision for (recovery of) income taxes	10,415	4,201	26,182	(2,282)
Provision for (recovery of) income taxes	3,986	1,620	10,317	(1,808)
Net income (loss)	$ 6,429	$ 2,581	$ 15,865	$ (474)
Net income (loss) per common share (basic)	$ 0.34	$ 0.14	$ 0.83	$ (0.02)
Net income (loss) per common share (diluted)	$ 0.32	$ 0.14	$ 0.82	$ (0.02)
Weighted average number of common shares outstanding (basic)	19,029,335	19,118,385	19,024,598	19,161,768
Weighted average number of common shares outstanding (diluted)	19,876,435	19,320,075	19,485,145	19,161,768

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Nine Months Ended August 31, 1999 and 1998
(In thousands)
(unaudited)

	1999	1998
Cash flows from operating activities:		
Net income (loss)	$ 15,865	$ (474)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Gain on issuance of subsidiary shares	(3,800)	--
Depreciation and amortization	2,288	1,790
Provision for bad debt expense	1,641	632
Equity in income of equity investments, management fees and related income, net	(1,644)	(1,229)
Minority interest	188	141
Gain on sale of investment securities	(1,896)	(427)
Provision for (recovery of) deferred income taxes, net	731	(1,291)
Provision for unearned compensation	--	144
(Gain) loss on disposal of property, plant and equipment, net	3	(198)
Change in:		
Accounts receivable	(34,291)	15,755
Inventory	(12,974)	3,493
Accounts payable, accrued expenses and other current liabilities	31,056	2,702
Receivable from vendor	(5,745)	1,901
Income taxes payable	2,029	(6,688)
Prepaid expenses and other, net	(354)	2,735
Net cash provided by (used in) operating activities	(6,903)	18,986
Cash flows from investing activities:		
Proceeds from issuance of subsidiary shares	5,000	--
Proceeds from sale of investment securities	14,016	4,658
Purchases of property, plant and equipment, net	(4,454)	(3,696)
Purchase of convertible debentures	(8,280)	(12,719)
Proceeds from distribution from equity investment	1,143	561
Net cash provided by (used in) investing activities	7,425	(11,196)
Cash flows from financing activities:		
Net repayments under line of credit agreements	(4,194)	(5,844)
Net borrowings (repayments) under documentary acceptances	1,092	(147)
Principal payments on capital lease obligation	(49)	(35)
Repurchase of Class A common stock	(882)	(870)
Net cash used in financing activities	(4,033)	(6,896)
Effect of exchange rate changes on cash	(14)	(264)
Net increase (decrease) in cash and cash equivalents	(3,525)	630
Cash and cash equivalents at beginning of period	9,398	9,445
Cash and cash equivalents at end of period	$ 5,873	$ 10,075

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Three and Nine Months Ended August 31, 1999 and 1998

(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 August 31, 1999 and November 30, 1998, the consolidated statements of income (loss) for the three and nine month periods ended August 31, 1999 and August 31, 1998, and the consolidated statements of cash flows for the nine months ended August 31, 1999 and August 31, 1998. 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 1998 Annual Report filed on Form 10-K.

(2) Supplemental Cash Flow Information

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

	Nine Months Ended August 31, 1999	1998
Cash paid during the period:		
Interest (excluding bank charges)	$1,680	$2,019
Income taxes	$8,254	$4,415

During the nine months ended August 31, 1999 and 1998, the Company recorded a net unrealized holding loss relating to available-for-sale marketable securities, net of deferred taxes, of $1,216 and $7,773, respectively, as a component of accumulated other comprehensive loss.

During the first quarter of 1998, the Company sold its equity collar for $1,499. The transaction resulted in a net gain on hedge of available-for-sale securities of $929.

(3) 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 August 31, 1999	Three Months Ended August 31, 1998	Nine Months Ended August 31, 1999	Nine Months Ended August 31, 1998
Net income (loss) (numerator for basic income (loss) per share)	$ 6,429	$ 2,581	$ 15,865	$ (474)
Interest on 6 1/4% convertible subordinated debentures, net of tax	21	21	63	--
Adjusted net income (loss) (numerator for diluted income (loss) per share)	$ 6,450	$ 2,602	$ 15,928	$ (474)
Weighted average common shares (denominator for basic income (loss) per share)	19,029,335	19,118,385	19,024,598	19,161,768
Effect of dilutive securities:				
6 1/4% convertible subordinated debentures	128,192	128,192	128,192	--
Employee stock options and stock warrants	645,458	--	254,005	--
Employee stock grants	73,450	73,498	78,350	--
Weighted average common and potential common shares outstanding (denominator for diluted income (loss) per share)	19,876,435	19,320,075	19,485,145	19,161,768
Basic income (loss) per share	$ 0.34	$ 0.14	$ 0.83	$ (0.02)
Diluted income (loss) per share	$ 0.32	$ 0.14	$ 0.82	$ (0.02)

Employee stock options and stock warrants totaling 210,250 and 3,642,875 for the quarters ended August 31, 1999 and 1998, respectively, were not included in the net earnings per share calculation because their effect would have been anti-dilutive.

(4) Comprehensive Income (Loss)

Effective December 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (Statement 130). Statement 130 requires that all items recognized under accounting standards as components of comprehensive income be reported in an annual financial statement that is displayed with the same prominence as other annual financial statements. For example, other comprehensive income may include foreign currency translation adjustments, minimum pension liability adjustments and unrealized gains and losses on marketable securities classified as available- for-sale. The accumulated other comprehensive loss of $2,653 and $1,550 at August 31, 1999 and November 30, 1998, respectively, on the accompanying consolidated balance sheets is the net accumulated unrealized loss on the Company's available-for-sale investment securities and the accumulated foreign currency translation adjustment. Annual financial statements for prior periods will be reclassified as required.

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

	Three Months Ended August 31,		Nine Months Ended August 31,	
	1999	1998	1999	1998
Net income (loss)	$ 6,429	$ 2,581	$ 15,865	$ (474)
Other comprehensive income (loss):				
Foreign currency translation adjustments	(108)	(528)	113	(1,231)
Unrealized losses on securities:				
Unrealized holding losses arising during period, net of tax	(2,911)	(9,232)	(40)	(7,508)
Less: reclassification adjustment for gains realized in net income, net of tax	--	(265)	(1,176)	(265)
Net unrealized losses	(2,911)	(9,497)	(1,216)	(7,773)
Other comprehensive loss, net of tax	(3,019)	(10,025)	(1,103)	(9,004)
Total comprehensive income (loss)	$ 3,410	$ (7,444)	$ 14,762	$ (9,478)

The unrealized holding losses arising during the period presented above are net of tax benefit of $1,784 and $5,658 for the three months ended August 31, 1999 and 1998, respectively, and $25 and $4,602 for the nine months ended August 31, 1999 and 1998, respectively. The reclassification adjustment presented above is net of tax expense of $162 for the three and nine months ended August 31, 1998 and $720 for the nine months ended August 31, 1999.

(5) Issuance of Subsidiary Shares

On March 31, 1999, Toshiba Corporation, a major supplier, purchased 5% of the Company's subsidiary, Audiovox Communications Corp. (ACC), a supplier of wireless products for $5,000 in cash. The Company currently owns 95% of ACC; prior to the transaction ACC was a wholly-owned subsidiary. As a result of the issuance of ACC's shares, the Company recognized a gain of $3,800 ($2,204 after provision for deferred taxes). The gain on the issuance of the subsidiary's shares have been recognized in the statements of income (loss) in accordance with the Company's policy on the recognition of such transactions.

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

The Company markets its products under its own brand as well as private labels to a large and diverse distribution network both domestically and internationally. The Company's products are distributed by two separate marketing groups: Communications and Electronics. The Communications group consists of Audiovox Communications Corp. (ACC), a majority-owned subsidiary of the Company, and the Quintex Mobile Communications Corp. (Quintex), a wholly-owned subsidiary of ACC, engaged in both wholesale and retail operations. The Communications group markets cellular and wireless telephone products and receives activation commissions and residual fees from its retail sales. ACC markets products on a wholesale basis to a variety of customers, primarily cellular and wireless service providers and their respective agents. The activation commission is based upon various service plans and promotional marketing programs offered by the particular cellular telephone carrier. The monthly residual fees are based upon a percentage of customers' usage. The Electronics group consists of Audiovox Mobile and Consumer Electronics (AE), a division of the Company, Audiovox Communications (Malaysia) Sdn. Bhd., Audiovox Holdings (M) Sdn. Bhd. and Audiovox Venezuela C.A., which are majority-owned subsidiaries. Products in the Electronics group include sound and security equipment, car accessories, home and portable sound products and mobile video. The Company allocates interest and certain shared expenses to the marketing groups based upon estimated usage. General expenses and other income items which are not readily allocable are not included in the results of the various marketing groups.

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

	Percentage of Net Sales			
	Three Months Ended August 31,		Nine Months Ended August 31,	
	1999	1998	1999	1998
Net sales:				
Product sales:				
Cellular wholesale	75.6%	66.9%	73.7%	60.8%
Cellular retail	1.0	0.8	1.0	0.8
Sound	7.7	11.5	7.3	14.0
Security and accessories	9.3	12.6	10.8	15.7
Consumer electronics	3.2	1.8	2.9	1.5
Other	1.0	2.1	1.4	2.2
	97.8	95.7	97.1	95.0
Activation commissions	1.8	3.7	2.5	4.3
Residual fees	0.4	0.6	0.4	0.7
Total net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	88.1	83.9	88.0	85.0
Gross profit	11.9	16.1	12.0	15.0
Selling	2.8	5.5	3.6	6.4
General and administrative	3.9	6.0	4.1	6.7
Warehousing, assembly and repair	1.3	2.0	1.4	2.3
Total operating expenses	8.0	13.5	9.1	15.4
Operating income (loss)	3.9	2.6	2.9	(0.4)
Gain on issuance of subsidiary shares	--	--	0.5	--
Interest and bank charges	(0.3)	(0.9)	(0.4)	(0.8)
Equity in income of equity investments, management fees and related income, net	0.1	0.2	0.2	0.3
Gain on sale of investment	--	0.3	0.3	0.1
Other, net	(0.2)	0.6	--	0.2
Income (loss) before provision for (recovery of) income taxes	3.5	2.8	3.5	(0.6)
Provision for (recovery of) income taxes	1.3	1.0	1.4	(0.4)
Net income (loss)	2.2%	1.8%	2.1%	(0.2)%

RESULTS OF OPERATIONS

Consolidated Results

Three months ended August 31, 1999 compared to three months ended August 31, 1998

The net sales and percentage of net sales by product line and marketing group for the three months ended August 31, 1999 and August 31, 1998 are reflected in the following table:

	Three Months Ended August 31, 1999		1998	
Net sales:				
Communications				
Cellular wholesale	$224,374	75.6%	$103,435	66.9%
Cellular retail	2,982	1.0	1,194	0.8
Activation commissions	5,298	1.8	5,708	3.7
Residual fees	1,061	0.4	941	0.6
Other	3,101	1.0	3,259	2.1
Total Communications	236,816	79.8	114,537	74.1
Electronics				
Sound	22,905	7.7	17,716	11.5
Security and accessories	27,659	9.3	19,542	12.6
Consumer electronics	9,352	3.2	2,706	1.8
Total Electronics	59,916	20.2	39,964	25.9
Total	$296,732	100.0%	$154,501	100.0%

Net sales were $296,732 for 1999, an increase of $142,231, or 92.1%, from 1998. The increase in net sales was in both the Communications and Electronics Groups. Sales from our international operations increased from last year by approximately 35.8%. Sales in Malaysia doubled over 1998 to $3,375, and sales in Venezuela increased 13.5%. Gross margins were 11.9% in 1999 compared to 16.1% in 1998. Operating expenses increased to $23,764 from $20,950, a 13.4% increase. However, as a percentage of sales, operating expenses decreased to 8.0% in 1999 from 13.5% in 1998. Operating income for 1999 was $11,515 compared to last year's $3,928.

Nine months ended August 31, 1999 compared to nine months ended August 31, 1998

The net sales and percentage of net sales by product line and marketing group for the nine months ended August 31, 1999 and August 31, 1998 are reflected in the following table:

	Nine Months Ended August 31,			
	1999		1998	
Net sales:				
Communications				
Cellular wholesale	$551,978	73.7%	$247,957	60.8%
Cellular retail	7,353	1.0	3,185	0.8
Activation commissions	18,634	2.5	17,669	4.3
Residual fees	3,260	0.4	2,856	0.7
Other	10,108	1.4	8,965	2.2
Total Communications	591,333	79.0	280,632	68.8
Electronics				
Sound	55,052	7.3	56,932	14.0
Security and accessories	81,194	10.8	64,094	15.7
Consumer electronics	21,489	2.9	6,228	1.5
Total Electronics	157,735	21.0	127,254	31.2
Total	$749,068	100.0%	$407,886	100.0%

Net sales were $749,068 for 1999, an increase of $341,182 or 83.6%, from 1998. The increase in net sales was in both the Communications and Electronics Groups. Sales from our international operations decreased from last year by approximately 6.0%. Sales in Malaysia increased $4,243, or 66.7%, while sales in Venezuela were down $5,339, or 44.4%. Gross margins were 12.0% in 1999 compared to 15.0% in 1998. Gross margins in 1998 reflect a $6.6 million charge to adjust the carrying value of certain inventories during the second quarter of 1998. Operating expenses increased to $68,283 from $62,675, an 8.9% increase. However, as a percentage of sales, operating expenses decreased to 9.1% in 1999 from 15.4% in 1998. Operating income for 1999 was $21,937 compared to last year's operating loss of $1,494.

Communications Results
Three months ended August 31, 1999 compared to three months ended August 31, 1998

The following table sets forth for the periods indicated certain income statement data and percentage of net sales by product line for the Communications group:

	Three Months Ended August 31, 1999		1998	
Net sales:				
Cellular product - wholesale	$ 224,374	94.8%	$ 103,435	90.4%
Cellular product - retail	2,982	1.3	1,194	1.0
Activation commissions	5,298	2.2	5,708	5.0
Residual fees	1,061	0.4	941	0.8
Other	3,101	1.3	3,259	2.8
Total net sales	236,816	100.0	114,537	100.0
Gross profit	22,717	9.6	16,441	14.4
Total operating expenses	11,667	4.9	11,847	10.3
Operating income	11,050	4.7	4,594	4.1
Other expense	(1,577)	(0.7)	(1,478)	(1.3)
Pre-tax income	$ 9,473	4.0%	$ 3,116	2.8%

The Communications group is composed of ACC, a majority-owned subsidiary of the Company, and Quintex, a wholly-owned subsidiary of ACC. Since principally all of the net sales of Quintex are cellular in nature, all operating results of Quintex are being included in the discussion of the Communications group's product line.

During the third quarter of 1999, sales increased $122,279, or 107%, to $236,816. Unit sales of cellular telephones increased approximately 72.1% (or 644,000 units) during the third quarter of 1999. This increase is attributable to sales of portable digital product. The digital phones have a higher average unit selling price as well as a higher unit cost to the Company. Average unit selling prices increased approximately 30.4% to $141 from $108. Gross profit decreased to 9.6% from last year's 14.4%. Gross profit margins were affected by higher air freight costs in response to increased customer demand, a shift in the activation mix toward indirect channels and an increase in the number of orders committed in advance which lowers margins and minimizes inventory risk. The number of new cellular subscriptions processed by Quintex increased 3.0%, with an accompanying decrease in revenue from activation commissions of approximately $410, or 7.2%. The average commission received by Quintex per activation decreased approximately 9.9% from last year. During the second quarter of 1999, the Company became a direct agent for MCI, who is also a reseller of cellular service for cellular carriers. This new non-exclusive agency agreement allows the Company to expand additional cellular and wireless services within the territory outlined in the agreement. This new agency agreement replaced the prior agreement with Bell Atlantic. Management does not anticipate any material impact from this change. Operating expenses decreased to $11,667 from $11,847. As a percentage of net sales, operating expenses decreased to 4.9% during 1999 compared to 10.3% in 1998. Selling expenses decreased $1,095 from last year, primarily in advertising and divisional marketing, partially offset by increases in commissions and travel expenses. General and administrative expenses increased during 1999 by $680 from 1998, primarily in salaries, provision for bad debt expense and depreciation and amortization. Warehousing and assembly expenses increased by $235 during 1999 from last year, primarily due to an increase in direct labor, partially offset by decreases in tooling and field warehouse expenses. Operating income for 1999 was $11,050 compared to last year's $4,594.

Nine months ended August 31, 1999 compared to nine months ended August 31, 1998

The following table sets forth for the periods indicated certain income statement data and percentage of net sales by product line for the Communications group:

	Nine Months Ended August 31, 1999		1998	
Net sales:				
Cellular product - wholesale	$ 551,978	93.3%	$ 247,957	88.4%
Cellular product - retail	7,353	1.2	3,185	1.1
Activation commissions	18,634	3.2	17,669	6.3
Residual fees	3,260	0.6	2,856	1.0
Other	10,108	1.7	8,965	3.2
Total net sales	591,333	100.0	280,632	100.0
Gross profit	57,911	9.8	33,941	12.1
Total operating expenses	35,985	6.1	36,197	12.9
Operating income (loss)	21,926	3.7	(2,256)	(0.8)
Other expense	(4,488)	(0.8)	(4,549)	(1.6)
Pre-tax income (loss)	$ 17,438	2.9%	$ (6,805)	(2.4)%

Through the third quarter of 1999, sales increased $310,701, or 110.7%, to $591,333. Unit sales of cellular telephones increased approximately 77.8% (or 1,683,000 units) through the third quarter of 1999. This increase is attributable to sales of portable digital products. The addition of four new suppliers has also provided a variety of new digital, wireless products which have contributed to the sales increase. As a result of increased digital sales, average unit selling prices increased approximately 29.2% to $139 from $107. Gross profit margins decreased to 9.8% from 12.1% during the nine months ended August 31, 1999 compared to the same period last year. Gross profit margins were affected by higher air freight costs in response to increased customer demand, a shift in the activation mix toward indirect channels and an increase in the number of orders committed in advance which lowers margins and minimizes inventory risk. The number of new cellular subscriptions processed by Quintex increased 15.1%, with an accompanying increase in revenue from activation commissions of approximately $965, or 5.5%, even though the average commission received by Quintex per activation decreased approximately 8.4% from last year. The Communications Group operates in a very competitive market and may experience lower gross profit and inventory adjustments due to market competition and other factors as discussed in our "safe harbor" statement. Operating expenses decreased to $35,985 from $36,197. As a percentage of net sales operating expenses decreased to 6.1% during 1999 compared to 12.9% in 1998. Selling expenses decreased $1,041 from last year, primarily in salaries and benefits, advertising and divisional marketing partially offset by an increase in commissions. General and administrative expenses increased during 1999 by $734 from 1998, primarily in bad debt, partially offset by decreases in salaries. Warehousing and assembly expenses increased by $95 during 1999 from last year, primarily in direct labor. Operating income for 1999 was $21,926 compared to last year's operating loss of $2,256.

Electronics Results
Three months ended August 31, 1999 compared to three months ended August 31, 1998

The following table sets forth for the periods indicated certain income statement data and percentage of net sales by product line for the Electronics group:

	Three Months Ended August 31, 1999		1998	
Net sales:				
Sound	$ 22,905	38.2%	$ 17,716	44.3%
Security and accessories	27,659	46.2	19,542	48.9
Consumer electronics	9,352	15.6	2,706	6.8
Total net sales	59,916	100.0	39,964	100.0
Gross profit	12,570	21.0	8,502	21.3
Total operating expenses	8,834	14.7	6,764	16.9
Operating income	3,736	6.3	1,738	4.4
Other expense	(489)	(0.8)	(621)	(1.6)
Pre-tax income	$ 3,247	5.5%	$ 1,117	2.8%

Net sales increased approximately $19,952 compared to last year, an increase of 49.9%. Automotive sound sales increased 29.3% from last year, primarily in AV and Private Label categories, partially offset by decreases in SPS. Automotive security and accessories sales increased 41.5% compared to last year, primarily due to an increase in mobile video sales of approximately $11,467, partially offset by declines in Prestige security. Consumer electronics sales also more than tripled from last year to $9,352. Net sales in our Malaysian subsidiary doubled from last year to $3,375. Our Venezuelan subsidiary also experienced increased sales, surpassing last year by 13.4%. Gross margins decreased to 21.0% in 1999 from 21.3% in 1998, primarily in our international operations. Operating expenses increased $2,070 from last year. Selling expenses increased from last year by $917, primarily in commissions and divisional marketing, partially offset by a decrease in advertising. General and administrative expenses increased from 1998 by $539, primarily in office salaries, temporary personnel and provision for bad debt expense, partially offset by decreases in international operations. Warehousing and assembly expenses increased from 1998 by $614, primarily in tooling, field warehousing and direct labor. Operating income was $3,736 compared to last year's $1,738.

Nine months ended August 31, 1999 compared to nine months ended August 31, 1998

The following table sets forth for the periods indicated certain income statement data and percentage of net sales by product line for the Electronics group:

	Nine Months Ended August 31, 1999		1998	
Net sales:				
Sound	$ 55,052	34.9%	$ 56,932	44.7%
Security and accessories	81,194	51.5	64,094	50.4
Consumer electronics	21,489	13.6	6,228	4.9
Total net sales	157,735	100.0	127,254	100.0
Gross profit	32,170	20.4	27,370	21.5
Total operating expenses	23,216	14.7	20,393	16.0
Operating income	8,954	5.7	6,977	5.5
Other expense	(1,243)	(0.8)	(2,529)	(2.0)
Pre-tax income	$ 7,711	4.9%	$ 4,448	3.5%

Net sales increased approximately $30,481 compared to last year, an increase of 24.0%. Automotive security and accessories sales increased 26.7% compared to last year, primarily due to an increase in mobile video sales of approximately $28,600. This increase was partially offset by decreases in Prestige security. Consumer electronics sales also more than tripled from last year to $21,489. These increases were partially offset by a decrease of 3.3% in auto sound. Net sales in our

Malaysian subsidiary increased 66.7% from last year, but were offset by a 44.4% decline in sales in our Venezuelan subsidiary. Gross margins decreased to 20.4% in 1999 from 21.5% in 1998, primarily in our international operations. The Electronics Group operates in a very competitive market and may experience lower gross profit and inventory adjustments due to market competition and other factors as discussed in our "safe harbor" statement. Operating expenses increased $2,823 over last year. Selling expenses increased from last year by $1,483, primarily in commissions and divisional marketing, partially offset by a decrease in advertising. General and administrative expenses increased from 1998 by $209, primarily in salaries, office expenses and professional fees. Warehousing and assembly expenses increased from 1998 by $1,131, primarily in field warehousing and direct labor. Operating income for 1999 was $8,954 compared to $6,977 last year.

Other Income and Expense

Interest expense and bank charges decreased by $493 and $518 for the three and nine months ended August 31, 1999, respectively, compared to the same periods last year. The decrease in interest expense and bank charges is due to lower average borrowings. Equity in income of equity investments increased $9 and $415 for the three and nine months ended August 31, 1999, respectively, compared to the same periods last year. The increase in equity in income of equity investments is primarily due to Audiovox Specialty Applications, LLC. The Company is in the process of liquidating its 50% investment in Audiovox Pacific Pty. Ltd., which should be completed by the end of this fiscal year. The Company does not anticipate any material charges to operations as a result of this liquidation. During the second quarter of 1999, the Company's subsidiary, ACC, sold a 5% interest to Toshiba Corporation for $5,000. This transaction resulted in a $3,800 increase in the carrying value of the remaining 95% interest in ACC for the Company, which is reflected as a gain ($2,204 net of tax) on the accompanying consolidated statements of income (loss).

Provision for Income Taxes

Provision for income taxes and income tax recovery are provided for at a blended federal and state rate of 40% for profits or losses from normal, United States business operations. During 1998, the Company implemented various tax strategies which resulted in lowering the effective tax rate.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at August 31, 1999 decreased $3,525 from the November 30, 1998 level. Operating activities used $6,903, primarily from increases in accounts receivable and inventory, with associated improvements in days on hand, partially offset by an increase in accounts payable, primarily due to the increase in sales volume as well as the timing of such sales and inventory purchases. Accounts receivable days on hand decreased to 47 days from 51 days last year. Inventory days on hand decreased to 28 days from last year's 70 days. This improvement in accounts receivable and inventory turnover allowed the Company to minimize its reliance on outside financing. Investing activities provided $7,425, primarily from the sale of investment securities and proceeds from the issuance of subsidiary shares, partially offset by the purchase of property, plant and equipment and the purchase of convertible debentures. Financing activities used $4,033, primarily from repayments under line of credit agreements.

On July 28, 1999, the Company entered into the Fourth Amended and Restated Credit Agreement (the Revised Credit Agreement) which superseded the Third Amended and Restated Credit Agreement in its entirety. The major changes in the Revised Credit Agreement included an increase in the maximum aggregate amount of borrowings from $112,500 to $200,000. The Revised

Credit Agreement contains covenants requiring, among other things, minimum quarterly and annual levels of pre-tax income and net worth. Further, the Company may not incur a pre-tax loss in excess of $1,000 for any fiscal quarter and may not incur a pre-tax loss for two consecutive fiscal quarters. In addition, the Company must maintain a net worth base amount of $175,000, plus 50% of consolidated net income for each fiscal year ending on or after November 30, 1999. Further, the Company must, at all times, maintain a debt to worth ratio of not more than 1.75 to 1. The Revised Credit Agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures. The Revised Credit Agreement expires on July 28, 2004.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 1999 and for the reasonable foreseeable future.

Year 2000 Date Conversion

Many of the Company's computerized systems could be affected by the Year 2000 issue, which refers to the inability of such systems to properly process dates beyond December 31, 1999. The Company also has numerous computerized interfaces with third parties and is possibly vulnerable to failure by such third parties if they do not adequately address their Year 2000 issues. System failures resulting from these issues could cause significant disruption to the Company's operations and result in a material adverse effect on the Company's business, results of operations, financial condition or liquidity.

Management believes that a significant portion of its "mission critical" computer systems are Year 2000 compliant and is continuing to assess the balance of its computer systems as well as equipment and other facilities systems. Management is in the process of completing its investigation, remediation and contingency planning activities for all critical systems, although there can be no assurance that it will. At this time, management believes that the Company does not have any internal critical Year 2000 issues that it cannot remedy.

Management is in the process of surveying third parties with whom it has a material relationship, including customers, vendors and manufacturers of the Company's products, primarily through written correspondence. Management is depending on the response of these third parties in its assessment of Year 2000 readiness. Management cannot be certain as to the actual Year 2000 readiness of these third parties or the impact that any non-compliance on their part may have on the Company's business, results of operations, financial condition or liquidity.

The Company expects to incur internal staff costs as well as consulting and other expenses in preparing for the Year 2000. Because the Company has replaced or updated a significant portion of its computer systems, both hardware and software, in recent years, the cost to be incurred in addressing the Year 2000 issue is not expected to have a material impact on the Company's business, results of operations, financial condition or liquidity. This expectation assumes that our existing forecast of costs to be incurred contemplates all significant actions required and that we will not be obligated to incur significant Year 2000 related costs on behalf of our customers, suppliers and other third parties.

Recent Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board (FASB) issued Statement No. 131, "Disclosures about Segments of an Enterprise and Related Information", effective for fiscal years beginning after December 15, 1997. This Statement establishes standards for reporting information about operating segments in annual financial statements and requires selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers.

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. This Statement requires reporting segment profit or loss, certain specific revenue and expense items and segment assets. It also requires reconciliations of total segment revenues, total segment profit or loss, total segment assets, and other amounts disclosed for segments to corresponding amounts reported in the consolidated financial statements. Restatement of comparative information for earlier periods presented is required in the initial year of application. Interim information is not required until the second year of application, at which time comparative information is required. The Company is in the process of determining the impact that the adoption of this new accounting standard will have on its consolidated financial statement disclosures. The Company will adopt this accounting standard in the November 30, 1999 financial statements, as required.

The FASB issued Statement 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133." Statement 137 amends Statement 133, "Accounting for Derivative Instruments and Hedging Activities," which was issued in June 1998 and was to be effective for all fiscal quarters of fiscal years beginning after June 15, 1999. Statement 137 defers the effective date of Statement 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. Earlier application is permitted. Statement 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. While management has not determined the impact of the new standard, it is not expected to be material.

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 Act of 1934. We use words such as "may", "believe", "estimate", "expect", "plan", "intend", "project", "anticipate", and similar expressions to identify forward-looking statements. We have based these forward-looking statements on our current expectations and projections about future events, activities or developments. Our 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 and projected sales in the wireless, automotive aftermarket and consumer electronic businesses;
- technological and market developments in the wireless, automotive aftermarket and consumer electronic businesses;
- our relationship with key suppliers;
- foreign currency risks;
- political instability;
- changes in foreign laws;
- regulations and tariffs;
- competition in the wireless, automotive aftermarket and consumer electronics businesses;
- seasonality and cyclicality;
- inventory obsolence and availability;
- the anticipated consequences of the Year 2000 issue; and
- quality and consumer acceptance of newly-introduced product.

PART II - OTHER INFORMATION

Item 6 REPORTS ON FORM 8-K

No reports were filed on Form 8-K during the third quarter ended August 31, 1999.

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: October 15, 1999

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

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Audiovox Corporation
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9-Mos
Nov-30-1999
Aug-31-1999
5,873
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168,136
4,709
85,130
277,323
31,171
10,982
326,893
100,128
6,773
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727,174
749,068
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1,641
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15,865
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0.82