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 February 29, 1996

Commission file number 1-9532

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

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

Registrant's telephone number, including area code (516) 231-7750

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

Yes X No

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

Class	Outstanding at April 1, 1996
Class A Common Stock	6,983,834 Shares
Class B Common Stock	2,260,954 Shares

AUDIOVOX CORPORATION

I N D E X

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

	November 30, 1995	February 29, 1996 (unaudited)
Assets		
Current Assets:		
Cash and cash equivalents	$ 7,076	$ 4,044
Accounts receivable, net	96,930	75,798
Inventory, net	100,422	97,637
Receivable from vendor	5,097	9,748
Prepaid expenses and other current assets	5,443	5,361
Deferred income taxes	5,287	4,894
Restricted cash	5,959	-
Total current assets	226,214	197,482
Investment securities	62,344	42,156
Equity investments	8,527	8,481
Property, plant and equipment, net	6,055	6,283
Debt issuance costs, net	4,235	3,944
Excess cost over fair value of assets acquired and other intangible assets, net	943	913
Other assets	2,737	2,824
	$ 311,055	$ 262,083
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 17,844	$ 14,382
Accrued expenses and other current liabilities	16,800	16,553
Income taxes payable	2,455	2,846
Bank obligations	761	28,405
Documentary acceptances	7,120	7,164
Current installments of long-term debt	5,688	145
Total current liabilities	50,668	69,495
Bank obligations	49,000	-
Deferred income taxes	23,268	15,545
Long-term debt, less current installments	70,534	70,345
Total liabilities	193,470	155,385
Minority interest	363	472
Stockholders' equity:		
Preferred stock	2,500	2,500
Common Stock:		
Class A; 30,000,000 authorized; 6,777,788 and 6,983,834 issued on November 30, 1995, February 29, 996, respectively	68	70
Class B; 10,000,000 authorized; 2,260,954 issued	22	22
Paid-in capital	42,876	44,064
Retained earnings	40,998	41,477
Cumulative foreign currency translation and adjustment	(963)	(1,112)
Unrealized gain on marketable securities, net	31,721	19,205
Total stockholders' equity	117,222	106,226
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 311,055	$ 262,083

See accompanying notes to consolidated financial statements.

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

	Three Months Ended February 28, 1995 (unaudited)	Three Months Ended February 29, 1996 (unaudited)
Net sales	$ 131,391	$ 122,493
Cost of sales	108,805	102,616
Gross profit	22,586	19,877
Operating expenses:		
Selling	9,057	7,509
General and administrative	9,196	7,605
Warehousing, assembly and repair	2,470	2,405
	20,723	17,519
Operating income	1,863	2,358
Other income (expenses):		
Interest and bank charges	(2,050)	(2,204)
Equity in income of equity investments	1,187	110
Management fees and related income	396	50
Gain on sale of investment	-	985
Other, net	(313)	(208)
	(780)	(1,267)
Income before provision for income taxes	1,083	1,091
Provision for income taxes	547	612
Net income	$ 536	$ 479
Net income per common share (primary)	$ 0.06	$ 0.05
Net income per common share (fully diluted)	$ 0.06	$ 0.05
Weighted average number of common shares outstanding, primary	9,070,392	9,285,188
Weighted average number of common shares outstanding, fully diluted	10,125,070	9,325,588

See accompanying notes to consolidated financial statements.

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

	Three Months Ended February 28, 1995 (unaudited)	Three Months Ended February 29, 1996 (unaudited)
Cash flows from operating activities:		
Net income	$ 536	$ 479
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	980	813
Provision for bad debt expense	393	59
Equity in income of equity investments	(1,187)	(110)
Minority interest	10	109
Gain on sale of investment	-	(985)
Provision for (recovery of) deferred income taxes, net	(286)	341
Provision for unearned compensation	99	90
Loss on disposal of property, plant and equipment, net	-	(9)
Changes in:		
Accounts receivable	17,422	21,025
Inventory	(23,324)	2,715
Accounts payable, accrued expenses and other current liabilities	6,594	(3,653)
Receivable from vendor	-	(4,651)
Income taxes payable	802	394
Prepaid expenses and other assets	(796)	(104)
Net cash provided by operating activities	1,243	16,513
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(886)	(768)
Proceeds from sale of investment	-	1,000
Proceeds from distribution from equity investment	-	79
Net cash (used in) provided by investing activities	(886)	311
Cash flows from financing activities:		
Net repayments under line of credit agreements	(2,350)	(21,351)
Net borrowings under documentary acceptances	-	44
Principal payments on long-term debt	-	(4,371)
Debt issuance costs	(32)	(50)
Principal payments on capital lease obligation	(70)	(81)
Proceeds from release of restricted cash	150	5,959
Net cash used in financing activities	(2,302)	(19,850)
Effect of exchange rate changes on cash	(3)	(6)
Net decrease in cash and cash equivalents	(1,948)	(3,032)
Cash and cash equivalents at beginning of period	5,495	7,076
Cash and cash equivalents at end of period	$ 3,547	$ 4,044

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

February 28, 1995 and February 29, 1996

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

(1) The accompanying consolidated financial statements were prepared in accordance with generally accepted accounting principles and include all adjustments which, in the opinion of management, are necessary to present fairly the consolidated financial position of Audiovox Corporation and subsidiaries (the "Company") as of November 30, 1995 and February 29, 1996 and the results of operations and consolidated statements of cash flows for the three month periods ended February 28, 1995 and February 29, 1996.

Accounting policies adopted by the Company are identified in Note 1 of the Notes to Consolidated Financial Statements included in the Company's 1995 Annual Report filed on Form 10-K.

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

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

	Three Months Ended February 28, 1995	Three Months Ended February 29, 1996
Cash paid during the period:		
Interest (excluding bank charges)	$ 859	$ 950
Income taxes	$ 95	$ 48

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

As of February 29, 1996, the Company recorded an unrealized holding loss relating to available-for-sale marketable securities, net of deferred taxes, of $12,516 as a separate component of stockholders' equity.

(4) Receivable from vendor includes $5,000 advanced to TALK Corporation (TALK), a vendor who is also a 33%-owned equity investment. This advance is for inventory which will be delivered to the Company during March 1996. In addition, TALK owes the Company $4,748 for claims on late deliveries, product modifications and price protection. These claims will be paid in monthly installments, with interest, with the final payment due November 1996.

(5) On December 1, 1995, the Company purchased a 50% equity investment in a newly-formed company, Quintex Communications West, LLC, for approximately $97 in contributed assets and a loan of $100, payable at 8.5%, due March 1997.

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

The following table sets forth, for the periods indicated, certain items from the Company's consolidated statements of earnings, expressed as percentages of net sales:

	Three Months Ended February 28, 1995	Three Months Ended February 29, 1996
Net sales	100.0%	100.0%
Gross profit	17.2	16.2
Operating expenses	15.8	14.3
Income before provision for income taxes	0.8	0.9
Net income	0.4	0.4

Net sales by product line for the three month periods ended February 28, 1995 and February 29, 1996 are reflected in the following table:

	Three Months Ended February 28, 1995	Three Months Ended February 29, 1996
Cellular product - wholesale	$ 71,585	$ 70,494
Cellular product - retail	6,040	1,766
Activation commissions	13,436	9,780
Residual fees	1,085	1,234
Total Cellular	92,146	83,274
Automotive sound equipment	24,529	19,297
Automotive security and accessory equipment	14,705	19,018
Other	11	904
	$131,391	$122,493

RESULTS OF OPERATIONS

Net sales decreased by approximately $8,898, or 6.8%, for the three month period ended February 29, 1996 compared to the same period last year. This result was attributable to decreases in net sales from the cellular product line of approximately $8,872, or 9.6%, and automotive sound equipment of approximately $5,232, or 21.3%. These decreases were partially offset by an increase in net sales of automotive security and accessory equipment of approximately $4,313, or 29.3%. In addition, during the fourth quarter of 1995, the Company introduced a line of leisure products, comprised mostly of home and portable stereo/cassette/CD changers. Sales for the quarter for this new line were approximately $800.

The decrease in net sales of the cellular product category was due to many factors. The primary reason for this decrease was a reduction in average unit selling prices for cellular telephones, of $52 per unit, 23.3%, from the same period last year. This was primarily caused by the desire of cellular service providers to lower their cost of product to the consumer and competition for market share by cellular product suppliers. In addition, production efficiencies led to the introduction of new lower-priced product. All of these factors contributed to the downward pressure on unit selling prices. The effect of the reduced unit selling prices was only partially offset by an increase in unit sales of approximately 69,000 units (23.1%)

During the latter part of 1995, the Company decided to close a substantial number of its retail outlets which were either marginally profitable or unprofitable. As of February 29, 1996, the Company was operating 30 retail outlets compared to 88 on

February 28, 1995. Consequently, with fewer retail operations to activate new telephones, the number of subscriber activations decreased by approximately 15,800 subscribers, or 35.2%. Activation commissions received by the Company decreased $3,656, or 27.2%, for the first quarter of 1996 compared to the same period last year. However, the average commission received by the Company per activation increased approximately $37 per activation to $337. These decreases were partially offset by an increase in residual fees received by the Company of approximately $149, or 13.7%. The residual customer base is unaffected by the closing of retail outlets, as the majority of the residual agreements are with the Company and not with specific retail locations.

Net sales of automotive sound equipment decreased by approximately $5,232, or 21.3%, for the three month period ended February 29, 1996, compared to the same period in 1995. This decrease was attributable primarily to a decrease in sales of products sold to mass merchandise chains, as a result of a slower holiday season from the prior year and a decision made to reduce sales to selected customers due to low profitability. In addition, SPS auto sound sales decreased, principally due to lower CD player sales. This decrease in sales is a result of the appreciation of the Yen during the latter part of 1995. Subsequently, the dollar has strengthened and the Company anticipates regaining market-share. Automotive sound sales also decreased in the truck and agricultural vehicle markets and the Prestige audio product line. These decreases were partially offset by an increase in sales to private label customers. Net sales of automotive security and accessory products increased approximately $4,313, or 29.3%, for the three month period ended February 29, 1996, compared to the same period in 1995, principally due to increases in sales of Prestige vehicle security products and Protector Hardgoods. This increase was partially offset by a reduction in net sales of the Company's security lines sold to mass merchandisers.

Gross margins for the quarter ended February 29, 1996 declined to 16.2% from 17.2% for the same period in 1995. This reflects the continuing erosion of gross margins experienced by the Company, primarily in the cellular and automotive sound product categories.

Cellular gross margins were 13.1% for the three month period ended February 29, 1996 compared to 14.1% for the same period last year. The decline in cellular margins is a result of the continuing decline of unit selling prices due to increased competition and the introduction of lower-priced units. This increased competition is causing unit selling prices to decline faster than the Company is able to recover price concessions from its vendors. The average unit selling price has declined 15.2% since November 30, 1995 and was 23.3% lower than February 28, 1995. Likewise, gross profits on unit sales declined 26.3% for the same period. As previously discussed, the decline in new subscriber activations and activation commissions also contributed to the decline in cellular gross profits.

The Company believes that the cellular market will continue to be a highly-competitive, price-sensitive environment. Cellular service providers will continue to try to lower their product costs to the end user which will continue to put pressure on unit selling prices. The Company is currently negotiating lower inventory purchasing costs for both its existing models and new products. However, increased price competition related to the Company's product could result in additional downward pressure on gross margins. In the future, the Company may have to adjust the carrying value of its inventory if selling prices continue to decline and it is unable to obtain competitively-priced product from its suppliers.

Automotive sound margins decreased to 19.6% from 22.0% for the quarter ended February 29, 1996 compared to last year. The decrease in automotive sound margins was primarily in the Audiovox sound and SPS product lines, partially offset by increases in the Heavy Duty Sound product lines. Automotive accessory margins decreased to 26.7% for the three month period ended February 29, 1996 from 28.4% for the same period in 1995. These decreases were primarily in the Prestige security product line.

Total operating expenses decreased by approximately $3,204, or 15.5%, for the three months ended February 29, 1996 compared to the respective period in 1995. A major component of this decrease was the downsizing of the Company's retail operations during the fourth quarter of 1995. Warehousing, assembly and repair expenses decreased approximately $65, or 2.6%, for the first quarter of 1996 compared to 1995. The decrease was primarily in field warehousing expenses. Selling expenses decreased approximately $1,548, or 17.1%, compared to last year. Salesmen salaries and commissions accounted for the majority of the decrease in the three month period ended February 29, 1996. This was partially offset by increases in market development and advertising in the Company's cellular wholesale operations. General and administrative expenses decreased $1,591, or 17.3%, for the three month period ended February 29, 1996 compared to the same period last year. Occupancy costs, bad debt, salaries and depreciation accounted for the majority of the decrease. Most of these decreases were due to the downsizing of the retail operations.

Operating income increased $495, or 26.6% over last year. The Company's retail operations, with fewer outlets compared to last year, increased operating income by $687. This increase was partially offset by a decrease in operating income of $193 in the wholesale business. Within the wholesale business, both automotive and cellular experienced a decline in operating income which was partially offset by an increase in operating income in the Company's majority-owned subsidiary in Malaysia.

Equity in income of equity investments decreased $1,077 for the three months ended February 29, 1996 compared to the same period last year. This decrease was primarily due to the Company no longer accounting for its investment in CellStar on the equity method. The change in accounting method was caused by the sale of CellStar shares during the third quarter of 1995 which reduced the Company's holdings below 20% and eliminated the Company's significant influence over CellStar. During the first quarter of 1995, the Company recorded equity income of CellStar of $972. If the CellStar sale had occurred on November 30, 1994, net income for the quarter ended February 28, 1995 would have been reduced by approximately $573. The Company will experience a net loss of equity income from CellStar of approximately $696 when comparing the second quarter 1995 to 1996. Management fees and related income also decreased compared to last year, entirely due to Audiovox Pacific experiencing a change in its cellular market. During the first quarter of 1996, the Australian cellular market demand shifted to a different type of digital technology. This shift impacted the sales of Audiovox Pacific as it did not have this type of digital equipment in its inventory. The Company is currently sourcing additional digital product with this type of technology which should provide Audiovox Pacific with adequate digital product in the future.

Interest expense and bank charges increased by $154, or 7.5%, compared to 1995. Also during the first quarter of 1996, the Company sold an investment it had in a French distribution company for a pre-tax gain of $985.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at February 29, 1996 was approximately $3,032 below the November 30, 1995 level. Operating activities provided approximately $16,513, compared to $1,243 for the first quarter of 1995, primarily due to profitable operations and decreases in both accounts receivable and inventory, offset by an advance to a supplier for product to be delivered in March 1996 and reduced accounts payable and accrued expenses. Investing activities provided approximately $311, primarily from the proceeds of the sale of an investment, offset by the purchase of property, plant and equipment. Financing activities used approximately $19,850, primarily from repayments of bank obligations. In addition, on February 9, 1996, the Company's 10.8% Series AA and 11.0% Series BB Convertible Debentures matured. The Company paid $4,362 to holders on that date. The remaining $1,100 were converted into 206,046 shares of Common Stock.

On May 5, 1995, the Company entered into an amended and restated Credit Agreement ("Credit Agreement") with five banks, including Chemical Bank which acts as agent for the bank group, which provides that the Company may obtain credit through direct borrowings and letters of credit. The obligations of the Company under the Credit Agreement continue to be guaranteed by certain of the Company's subsidiaries and are secured by accounts receivable and inventory of the Company and those subsidiaries. The obligations are also secured by a pledge agreement entered into by the Company for 1,075,000 shares of CellStar Common Stock. Availability of credit under the Credit Agreement is in a maximum aggregate amount of $95,000, is subject to certain conditions and is based upon a formula taking into account the amount and quality of it accounts receivable and inventory. The Company amended the Credit Agreement, effective December 22, 1995 and February 9, 1996, which provided for, among other things, increased interest rates, which may be reduced under certain circumstances, and a change in the criteria for and method of calculating certain financial covenants in the future as follows: net income of $2,500 was changed to pre-tax income of $4,000 per annum; the Company must have pre-tax income of $1,500 for the first six months of fiscal 1996; the Company cannot have pre-tax losses of more than $500 in any quarter; and the Company cannot have pre-tax losses in any two consecutive quarters. In addition, the Company must maintain a minimum level of total net worth of $100,000, of which a minimum level of $80,000, adjusted for the unrealized holding gain for CellStar, must be maintained.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 1996 and for the reasonable foreseeable future.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

The action entitled Steve Helms and Cellular Warehouse, Inc. v. Quintex Mobile, Wachovia Bank, GET Mobilnet, Stan Bailey and Rick Rasmussen which was instituted on August 31, 1994 in the Court of Common Pleas, Sumter County, South Carolina and in which plaintiff sought damages of $1,200 plus punitive damages and treble damages and attorneys' fees under the Unfair Trade Practices Act was discontinued with prejudice as to Quintex Mobile on February 12, 1996. This matter was settled in consideration of a nominal payment to the plaintiff.

On March 15, 1996 and April 4, 1996, Audiovox was served with a complaint and an amended complaint, respectively, in an action entitled Electronics Communications Corp. ("ECC") v. Toshiba America Consumer Products, Inc. and Audiovox Corporation in which plaintiff seeks injunctive relief and damages against Toshiba and Audiovox of $16,700 arising out of anti-trust violations, tortious interference with contract and tortious interference with prospective economic advantage or business relations and monopoly, all arising out of the termination of ECC's alleged distributorship arrangements with Toshiba. Audiovox has not yet served its answer or moved with respect to the complaint. Based on preliminary investigation of the facts to date, management intends to vigorously defend this action as it believes that there are no valid causes of action upon which relief may be granted.

Item 6. Reports on Form 8-K

On March 7, 1996, the Company filed a report on Form 8-K dated February 9, 1996, which reported that:

(1) the Company had executed, effective February 9, 1996, a Second Amendment to the Audiovox Corporation Credit Agreement (the "Amendment") and a Pledge Agreement relating to the Amendment; and

(2) the Company on February 12, 1996, issued a press release announcing that its Series AA 10.8%, $77, and its Series BB 11.0%, $5,385, Convertible Debentures matured on February 9, 1996 and that as of the close of business on February 9, 1996, only the holder of $1,100 Series BB Convertible Debentures had exercised its right to convert into 206,046 shares of unregistered Class A Common Stock. The Series AA, $77 and the remaining Series BB, $4,285, were paid at maturity, thereby extinguishing the conversion rights of these two debentures.

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: April 15, 1996

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

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