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

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

For Quarter Ended May 31, 1997

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 June 27, 1997
Class A Common Stock	17,253,533 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)

	May 31, 1997 (unaudited)	November 30, 1996
Assets		
Current Assets:		
Cash and cash equivalents	$ 24,946	$ 12,350
Accounts receivable, net	82,110	118,408
Inventory, net	82,593	72,785
Receivable from vendor	8,040	4,565
Prepaid expenses and other current assets	6,360	7,324
Deferred income taxes	5,241	5,241
Total current assets	209,290	220,673
Investment securities	23,319	27,758
Equity investments	13,741	8,463
Property, plant and equipment, net	8,086	6,756
Debt issuance costs, net	-	269
Excess cost over fair value of assets acquired and other intangible assets, net	6,289	804
Other assets	3,013	3,449
	$ 263,738	$ 268,172
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 19,909	$ 28,192
Accrued expenses and other current liabilities	17,711	18,961
Income taxes payable	12,356	7,818
Bank obligations	8,086	4,024
Documentary acceptances	2,527	3,501
Total current liabilities	60,589	62,496
Bank obligations	-	31,700
Deferred income taxes	8,861	10,548
Long-term debt	6,565	28,165
Total liabilities	76,015	132,909
Minority interest	1,915	1,137
Stockholders' equity:		
Preferred stock	2,500	2,500
Common Stock:		
Class A; 30,000,000 authorized; 17,253,533 and 14,040,414 issued on May 31, 1997 and November 30, 1996, respectively	173	141
Class B; 10,000,000 authorized; 2,260,954 issued	22	22
Paid-in capital	145,214	107,833
Retained earnings	27,087	14,529
Cumulative foreign currency translation and adjustment	(1,420)	(1,176)
Unrealized gain on marketable securities, net	12,560	10,277
Treasury stock, 50,000 Class A common shares, at cost	(328)	-
Total stockholders' equity	185,808	134,126
Commitments and contingencies		
	$ 263,738	$ 268,172

See accompanying notes to consolidated financial statements.

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

	Three Months Ended May 31, 1997 (unaudited)	Three Months Ended May 31, 1996	Six Months Ended May 31, 1997 (unaudited)	Six Months Ended May 31, 1996
Net sales	$ 148,195	$ 141,194	$ 314,809	$ 263,687
Cost of sales	123,140	119,608	261,752	222,224
Gross profit	25,055	21,586	53,057	41,463
Operating expenses:				
Selling	8,848	8,808	20,549	16,317
General and administrative	9,379	7,888	18,298	15,493
Warehousing, assembly and repair	3,016	2,651	5,882	5,056
	21,243	19,347	44,729	36,866
Operating income	3,812	2,239	8,328	4,597
Other income (expenses):				
Interest and bank charges	(433)	(2,010)	(1,349)	(4,214)
Equity in income of equity investments	167	305	313	415
Management fees and related income	28	100	75	150
Gain on sale of investment	10,187	-	33,966	985
Debt conversion expense	-	-	(12,686)	-
Other, net	271	(208)	713	(417)
	10,220	(1,813)	21,032	(3,081)
Income before provision for income taxes	14,032	426	29,360	1,516
Provision for income taxes	5,678	276	16,803	888
Net income	$ 8,354	$ 150	$ 12,557	$ 628
Net income per common share (primary)	$ 0.43	$ 0.02	$ 0.67	$ 0.07
Net income per common share (fully diluted)	$ 0.42	$ 0.02	$ 0.66	$ 0.07
Weighted average number of common shares outstanding, primary	19,511,207	9,285,188	18,640,466	9,285,188
Weighted average number of common shares outstanding, fully diluted	19,709,128	9,339,475	19,150,938	9,332,531

See accompanying notes to consolidated financial statements.

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

	Six Months Ended May 31, 1997 (unaudited)	Six Months Ended May 31, 1996 (unaudited)
Cash flows from operating activities:		
Net income	$ 12,557	$ 628
Adjustments to reconcile net income to net cash used in operating activities:		
Debt conversion expense	12,386	-
Depreciation and amortization	924	1,628
Provision for bad debt expense	172	107
Equity in income of equity investments	(388)	(415)
Minority interest	779	243
Gain on sale of investment	(33,966)	(985)
Provision for (recovery of) deferred income taxes, net	(3,086)	509
Provision for unearned compensation	111	159
Gain on disposal of property, plant and equipment, net	(7)	(9)
Warrant expense	106	-
Changes in:		
Accounts receivable	33,492	8,380
Inventory	(11,587)	7,165
Accounts payable, accrued expenses and other current liabilities	(8,779)	3,403
Receivable from vendor	(3,475)	(5,760)
Income taxes payable	4,532	398
Prepaid expenses and other assets	223	(1,392)
Net cash provided by operating activities	3,994	14,059
Cash flows from investing activities:		
Purchases of property, plant and equipment, net	(2,087)	(1,132)
Proceeds from sale of investment	42,088	1,000
Purchase of equity investments	(4,706)	-
Proceeds from distribution from equity investment	-	198
Net cash provided by investing activities	35,295	66
Cash flows from financing activities:		
Net repayments under line of credit agreements	(27,654)	(15,631)
Net (repayments) borrowings under documentary acceptances	(973)	1,470
Principal payments on long-term debt	-	(4,380)
Debt issuance costs	(13)	(141)
Proceeds from issuance of class A common stock	2,328	-
Repurchase of class A common stock	(328)	-
Principal payments on capital lease obligation	-	(145)
Proceeds from release of restricted cash	-	5,959
Net cash used in financing activities	(26,640)	(12,868)
Effect of exchange rate changes on cash	(53)	(7)
Net increase in cash and cash equivalents	12,596	1,250
Cash and cash equivalents at beginning of period	12,350	7,076
Cash and cash equivalents at end of period	$ 24,946	$ 8,326

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES

Notes to Consolidated Financial Statements

Six Months Ended May 31, 1997 and May 31, 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 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 May 31, 1997 and November 30, 1996 and the results of operations and consolidated statements of cash flows for the six-month periods ended May 31, 1997 and May 31, 1996. 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 1996 Annual Report filed on Form 10-K.

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

	Six Months Ended	
	May 31, 1997	May 31, 1996
Cash paid during the period:		
Interest (excluding bank charges)	$ 1,210	$3,652
Income taxes	$15,161	$ 142

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 May 31, 1997, the Company recorded an unrealized holding gain relating to available-for-sale marketable securities, net of deferred taxes, of $12,560 as a separate component of stockholders' equity.

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

During the second quarter of 1997, the Company contributed $6,463 in net assets in exchange for a 50% ownership interest in Audiovox Specialized Applications, LLC (ASA) which resulted in $5,595 of excess cost over fair value of net assets.

(3) The Financial Accounting Standards Board has issued Statement 128, "Earnings per Share" (Statement 128). Statement 128 establishes standards for computing and presenting earnings per share (EPS). The Statement simplifies the standards for computing EPS and makes them comparable to international EPS standards. The provisions of Statement 128 are effective for financial statements issued for periods ending after December 1, 1997, including interim periods. The Statement does not permit early application and requires restatement of all prior-period EPS data presented. Adoption of Statement 128 will not effect the Company's consolidated financial position or results of operations, however the impact on previously report EPS data is currently unknown.

(4) The Company formed Audiovox Venezuela C.A. (Audiovox Venezuela), an 80%-owned subsidiary, for the purpose of expanding its international business. The Company made an initial investment of $478 which was used by Audiovox Venezuela to obtain certain licenses, permits and fixed assets.

(5) The Company purchased a 20% equity investment in Bliss-tel in exchange for 250,000 shares of the Company's Class A Common Stock and a credit for open accounts receivable of $1,250. The issuance of the common stock resulted in an increase to additional paid-in capital of approximately $1,248. The investment in Bliss-tel will be accounted for under the equity method of accounting.

(6) The Company completed an exchange of $21,479 of its subordinated debentures for 2,860,925 shares of Class A Common Stock ("Exchange"). As a result of the Exchange, a charge of $12,686 was recorded. The charge to earnings represents (i)

the difference in the fair market value of the shares issued in the Exchange and the fair market value of the shares that would have been issued under the terms of the original conversion feature plus (ii) a write-off of the debt issuance costs associated with the subordinated debentures plus (iii) expenses associated with the Exchange offer. The Exchange resulted in taxable income due to the difference in the face value of the bonds converted and the fair market value of the shares issued and, as such, a current tax expense of $158 was recorded. An increase in paid-in capital was reflected for the face value of the bonds converted, plus the difference in the fair market value of the shares issued in the Exchange and the fair market value of the shares that would have been issued under the terms of the original conversion feature for a total of $33,592.

(7) During the second quarter of 1997, the Company purchased a 50% equity investment in a newly-formed company, ASA, for approximately $11,119. The Company contributed the net assets of its Heavy Duty Sound division, its 50% interest in Audiovox Specialty Markets Co. (ASMC) and $4,656 in cash. In connection with this investment, excess cost over fair value of net assets acquired of $5,595 resulted, which is being amortized on a straight-line basis over 20 years. The other investor (Investor) contributed its 50% interest in ASMC and the net assets of ASA Electronics Corporation. In connection with this investment, the Company entered into a stock purchase agreement with the Investor in ASA. The agreement provides for the sale of 352,194 shares of Class A Common Stock at $6.61 per share (aggregate proceeds of approximately $2,328) by the Company to the Investor. The transaction resulted in an increase to additional paid-in capital of approximately $2,324. The selling price of the shares are subject to adjustment in the event the Investor sells shares at a loss during a 90-day period, beginning with the effective date of the registration statement filed with the Securities and Exchange Commission to register such shares. The adjustment to the selling price will equal the loss incurred by the Investor up to a maximum of 50% of the shares. In the event the Company does make an adjustment to the shares, additional goodwill will be recorded as the adjustment represents contingent consideration.

(8) Receivable from vendor is a prepayment to TALK for merchandise to be shipped during the third quarter of 1997.

(9) During the second quarter, the Company's Board of Directors approved the repurchase of 1,000,000 shares of the Company's Class A Common Stock in the open market under a share repurchase program (the Program). As of May 31, 1997, 50,000 shares were repurchased under the Program at an average price of $6.50 per share for an aggregate amount of $325. Subsequent to May 31, 1997, 62,000 shares have been repurchased under the Program at an average price of $7.39 per share for an aggregate amount of $458.

(10) For the six months ended May 31, 1997, the Company sold 1,725,000 shares of CellStar common stock yielding net proceeds of approximately $42,088 and a gain, net of taxes, of approximately $21,059.

(11) The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 Automotive. The Communications group consists of Audiovox Communications Corp. (ACC) and the Quintex retail operations (Quintex), both of which are wholly-owned subsidiaries of the Company. The Communications group markets cellular telephone products and receives activation commissions and residual fees from its retail sales. The Automotive group consists of Audiovox Automotive Electronics (AAE) and, through February 28, 1997, Heavy Duty Sound, which are divisions of the Company, and Audiovox Communications Sdn. Bhd., Audiovox Holdings Sdn. Bhd. and Audiovox Venezuela, which are majority-owned subsidiaries. Products in the Automotive group includes automotive sound and security equipment, car accessories and home and portable sound products. The Company allocates interest and certain shared expenses to the operating groups based upon estimated usage. The following tables reflect the way the Company manages its business. The column headed "Other" includes general expenses and other income items which are not readily allocable. The following tables are summaries of pre-tax results by product group for the three and six months ended May 31, 1997 and May 31, 1996:

Consolidated Pre-Tax Operating Results

Three Months Ended May 31, 1997
(In thousands)
(Unaudited)

	Total Company	Communications	Automotive	Other
Net sales:				
Product sales:				
Cellular wholesale	$ 86,871	$ 86,871	-	-
Cellular retail	1,793	1,793	-	-
Sound	24,034	-	$ 24,034	-
Security and accessories	22,937	-	22,937	-
Activation commissions	8,288	8,288	-	-
Residual fees	1,097	1,097	-	-
Other	3,175	3,129	615	$ (569)
Total net sales	148,195	101,178	47,586	(569)
Gross profit	25,055	15,948	9,482	(375)
	16.9%	15.8%	19.9%	-
Selling	8,848	5,949	2,773	126
General and administrative	9,379	3,654	3,050	2,675
Warehousing and assembly	3,016	2,173	748	95
Total operating expenses	21,243	11,776	6,571	2,896
Operating income (loss)	3,812	4,172	2,911	(3,271)
Other income (expense)	10,220	(1,143)	(905)	12,268
Pre-tax income	$ 14,032	$ 3,029	$ 2,006	$ 8,997

Consolidated Pre-Tax Operating Results
Three Months Ended May 31, 1996
(In thousands)
(Unaudited)

	Total Company	Communications	Automotive	Other
Net sales:				
Product sales:				
Cellular wholesale	$ 77,376	$ 77,376	-	-
Cellular retail	1,878	1,878	-	-
Sound	25,105	-	$ 25,105	-
Security and accessories	23,379	-	23,379	-
Activation commissions	7,619	7,619	-	-
Residual fees	1,184	1,184	-	-
Other	4,653	3,515	809	$ 329
Total net sales	141,194	91,572	49,293	329
Gross profit	21,586	12,278	8,921	387
	15.3%	13.4%	18.1%	-
Selling	8,808	6,063	2,654	91
General and administrative	7,888	3,666	2,764	1,458
Warehousing and assembly	2,651	1,790	874	(13)
Total operating expenses	19,347	11,519	6,292	1,536
Operating income (loss)	2,239	759	2,629	(1,149)
Other income (expense)	(1,813)	(1,568)	(1,023)	778
Pre-tax income (loss)	$ 426	$ (809)	$ 1,606	$ (371)

Consolidated Pre-Tax Operating Results
Six Months Ended May 31, 1997
(In thousands)
(Unaudited)

	Total Company	Communications	Automotive	Other
Net sales:				
Product sales:				
Cellular wholesale	$194,290	$194,290	-	-
Cellular retail	4,311	4,311	-	-
Sound	43,662	-	$ 43,662	-
Security and accessories	44,430	-	44,430	-
Activation commissions	18,665	18,665	-	-
Residual fees	2,412	2,412	-	-
Other	7,039	5,772	1,577	$ (310)
Total net sales	314,809	225,450	89,669	(310)
Gross profit	53,057	35,649	18,053	(645)
	16.9%	15.8%	20.1%	-
Selling	20,549	14,902	5,462	185
General and administrative	18,298	7,607	5,867	4,824
Warehousing and assembly	5,882	4,119	1,623	140
Total operating expenses	44,729	26,628	12,952	5,149
Operating income (loss)	8,328	9,021	5,101	(5,794)
Other income (expense)	21,032	(2,232)	(1,780)	25,044
Pre-tax income	$ 29,360	$ 6,789	$ 3,321	$19,250

Consolidated Pre-Tax Operating Results
Six Months Ended May 31, 1996
(In thousands)
(Unaudited)

	Total Company	Communications	Automotive	Other
Net sales:				
Product sales:				
Cellular wholesale	$147,870	$147,870	-	-
Cellular retail	3,872	3,872	-	-
Sound	43,048	-	$ 43,048	-
Security and accessories	40,862	-	40,862	-
Activation commissions	17,171	17,171	-	-
Residual fees	2,418	2,418	-	-
Other	8,446	6,225	1,712	$ 509
Total net sales	263,687	177,556	85,622	509
Gross profit	41,463	24,777	15,849	837
	15.7%	14.0%	18.5%	-
Selling	16,317	11,297	4,860	160
General and administrative	15,493	7,088	5,285	3,120
Warehousing and assembly	5,056	3,290	1,820	(54)
Total operating expenses	36,866	21,675	11,965	3,226
Operating income (loss)	4,597	3,102	3,884	(2,389)
Other income (expense)	(3,081)	(3,150)	(2,056)	2,125
Pre-tax income (loss)	$ 1,516	$ (48)	$ 1,828	$ (264)

RESULTS OF OPERATIONS
Consolidated Results
Three months ended May 31, 1997 compared to three months ended May 31, 1996

Net sales were $148,195 for 1997, an increase of $7,001, or 5.0%, over the same period last year. The increase in net sales was accompanied by a corresponding increase in gross profit margins to 16.9% from 15.3% last year. This increase in margin percentage, coupled with the increase in net sales, resulted in an increase of approximately $3,469 in gross profit dollars. Operating expenses increased to $21,243 from $19,347, a 9.8% increase. Operating income for 1997 was $3,812, an increase of $1,573 compared to last year. During the second quarter of 1997, the Company sold 365,000 shares of its holdings of CellStar for a net gain of $6,316. This non-operating transaction is reported under the "Other" caption in the preceding tables.

Net sales by product group for the three months ended May 31, 1997 and May 31, 1996 and percentage of sales are reflected in the following table:

	Three Months Ended			
	May 31, 1997		May 31, 1996	
Communications				
Cellular product - wholesale	$ 86,871	58.6%	$ 77,376	54.8%
Cellular product - retail	1,793	1.2	1,878	1.3
Activation commissions	8,288	5.6	7,619	5.4
Residual fees	1,097	0.7	1,184	0.8
Other	3,129	2.1	3,515	2.5
Total Communications	101,178	68.3	91,572	64.9
Automotive				
Sound	24,034	16.2	25,105	17.8
Security and accessories	22,937	15.5	23,379	16.6
Other	615	0.4	809	0.6
Total Automotive	47,586	32.1	49,293	34.9
Other	(569)	(0.4)	329	0.2
Total Company	$148,195	100.0%	$141,194	100.0%

Six months ended May 31, 1997 compared to six months ended May 31, 1996

Net sales for the six months were $314,809, an increase of $51,122, or 19.4%, over the same period last year. The increase in net sales was accompanied by a corresponding increase in gross profit margins to 16.9% from 15.7% last year. This increase in margin percentage, coupled with the increase in net sales, resulted in an increase of approximately $11,594 in gross profit dollars. Operating expenses increased to $44,729 from $36,866 in all expense categories: selling expenses, general and administrative expenses and warehousing and assembly expenses. Operating income for 1997 was $8,328, an increase of $3,731 compared to last year. During the first six months of 1997, the Company sold 1,725,000 shares of its holdings of CellStar for a net gain of $21,059. The Company also exchanged $21,479 of its 6 1/4% subordinated debentures for 2,860,925 shares of Class A Common Stock. The costs associated with this exchange were approximately $12,844, including income taxes. Both of these non-operating transactions are reported under the "Other" caption in the preceding tables.

Net sales by product group for the six months ended May 31, 1997 and May 31, 1996 and percentage of sales are reflected in the following table:

	Six Months Ended			
	May 31, 1997		May 31, 1996	
Communications				
Cellular product - wholesale	$194,290	61.7%	$147,870	56.1%
Cellular product - retail	4,311	1.4	3,872	1.5
Activation commissions	18,665	5.9	17,171	6.5
Residual fees	2,412	0.8	2,418	0.9
Other	5,772	1.8	6,225	2.4
Total Communications	225,450	71.6	177,556	67.3
Automotive				
Sound	43,662	13.9	43,048	16.3
Security and accessories	44,430	14.1	40,862	15.5
Other	1,577	0.5	1,712	0.6
Total Automotive	89,669	28.5	85,622	32.5
Other	(310)	(0.1)	509	0.2
Total Company	$314,809	100.0%	$263,687	100.0%

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

Consolidated
Percentage of Sales

	Three Months Ended May 31,		Six Months Ended May 31,	
	1997	1996	1997	1996
Net sales:				
Cellular product - wholesale	58.6%	54.8%	61.7%	56.1%
Cellular product - retail	1.2	1.3	1.4	1.5
Sound	16.2	17.8	13.9	16.3
Security and accessories	15.5	16.6	14.1	15.5
Activation commissions	5.6	5.4	5.9	6.5
Residual fees	0.7	0.8	0.8	0.9
Other	2.1	3.3	2.2	3.2
Total net sales	100.0	100.0	100.0	100.0
Gross profit	16.9	15.3	16.9	15.7
Total operating expenses	14.3	13.7	14.2	14.0
Operating income	2.6	1.6	2.6	1.7
Other income (expense)	6.9	(1.3)	6.7	(1.2)
Pre-tax income	9.5%	0.3%	9.3%	0.6%

Communication Results

The Communications group is composed of ACC and Quintex, both wholly-owned subsidiaries of Audiovox Corporation. 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.

Three months ended May 31, 1997 compared to three months ended May 31, 1996

Net sales were $101,178, an increase of $9,606, or 10.5%, over the same period last year. Unit sales of cellular telephones increased 166,000 units, or 36.8%, over 1996. Average unit selling prices decreased approximately 19.9% but was offset by a corresponding decrease of 24.0% in average unit cost. The number of new cellular subscriptions processed by Quintex increased 1.7%, with an accompanying increase in activation commissions of approximately $669, or 8.8%. The average commission received by Quintex per activation increased approximately 7.0% from last year. Unit gross profit margins increased to 11.7% from 6.9% last year, primarily due to increased unit sales and reduced unit costs. Operating expenses increased to $11,776 from $11,519. As a percentage of net sales, however, operating expenses decreased to 11.6% during 1997 compared to 12.6% in 1996. Selling expenses decreased compared to last year, primarily in divisional marketing and advertising, partially offset by increases in salesmen salaries and commissions. General and administrative expenses decreased during 1997 by $12 over 1996. Warehousing and assembly expenses increased by $383 during 1997 over last year, primarily in tooling and direct labor. Pre-tax income for 1997 was $3,029, an increase of $3,838 compared to last year.

Six months ended May 31, 1997 compared to six months ended May 31, 1996

Net sales were $225,450, an increase of $47,894, or 27.0%, over the same period last year. Unit sales of cellular telephones increased 511,000 units, or 62.4%, over 1996. Average unit selling prices decreased approximately 18.2% but were partially offset by a corresponding decrease of 24.6% in average unit cost. The number of new cellular subscriptions processed by Quintex increased 3.3%, with an accompanying increase in activation commissions of approximately $1,494, or 8.7%. The average commission received by Quintex per activation increased approximately 5.3% from last year. Unit gross profit margins increased to 13.0% from 5.7% last year, primarily due to increased unit sales and reduced unit costs. Operating expenses increased to $26,628 from $21,675. As a percentage of net sales, however, operating expenses decreased to 11.8% during 1997 compared to 12.2% in 1996. Selling expenses increased over last year, primarily in divisional marketing, advertising and commissions. General and administrative expenses increased over 1996 by $519, primarily in office salaries and temporary personnel. Warehousing and assembly expenses increased over 1996 by $829, primarily in tooling, field warehouse expenses and direct labor. Pre-tax income for 1997 was $6,789, an increase of $6,837 compared to last year.

Though gross margins have improved over last year, management believes that the cellular industry is extremely competitive and that this competition could affect gross margins and the carrying value of inventories in the future.

The following table sets forth for the periods indicated certain statement of income data for the Communications group expressed as a percentage of net sales:

Communications
Percentage of Sales

	Three Months Ended May 31,		Six Months Ended May 31,	
	1997	1996	1997	1996
Net sales:				
Cellular product - wholesale	85.9%	84.5%	86.2%	83.3%
Cellular product - retail	1.8	2.1	1.9	2.2
Activation commissions	8.2	8.3	8.3	9.7
Residual fees	1.1	1.3	1.1	1.4
Other	3.1	3.8	2.6	3.5
Total net sales	100.0	100.0	100.0	100.0
Gross profit	15.8	13.4	15.8	14.0
Total operating expenses	11.6	12.6	11.8	12.2
Operating income	4.1	0.8	4.0	1.7
Other income (expense)	(1.1)	(1.7)	(1.0)	(1.8)
Pre-tax income (loss)	3.0%	(0.9)%	3.0%	0.0%

Automotive Results
Three months ended May 31, 1997 compared to three months ended May 31, 1996

Net sales decreased approximately $1,707 compared to last year, a decrease of 3.5%. Decreases were experienced in both the automotive sound and security and accessories product lines.

Automotive sound decreased 4.3% compared to last year, primarily due to decreased sales in Heavy Duty Sound and Prestige Audio product lines. As explained in footnote number 7 the Company has contributed the net assets of the Heavy Duty Sound division to a new 50%-owned venture. The loss of revenues from the Heavy Duty Sound line was $2,151 for the three months ended May 31, 1996. As explained in footnote number 7, this revenue will be realized in the joint venture. Automotive security and accessories decreased 1.9% compared to last year, primarily due to decreased sales in Prestige and AA Security lines, partially offset by increases in net sales of the international operations. Gross margins increased to 19.9% from 18.1% last year. This increase was experienced in SPS and AV sound products and Prestige Security. Operating expenses increased to $6,571 from $6,292. Selling expenses increased over last year by $119, primarily in our international operations, in salesmen salaries and commissions. General and administrative expenses increased over 1996 by $286, primarily in salaries, office expenses and professional fees. Warehousing and assembly expenses decreased from 1996 by $126. Pre-tax income for 1997 was $2,006, an increase of $400 compared to last year.

Six months ended May 31, 1997 compared to six months ended May 31, 1996

Net sales increased approximately $4,047 compared to last year, an increase of 4.7%. Increases were experienced in all product lines. A majority of the increase was from the group's international operations. Automotive sound increased 1.4% compared to last year. Automotive security and accessories increased 8.7% compared to last year, primarily due to increased sales in Prestige Security, Protector Hardgoods and Video, partially offset by a decrease in net sales of AA Security. Gross margins increased to 20.1% from 18.5% last year. This increase was experienced in AV, Private Label, SPS and Protector Hardgoods product lines, partially offset by a decrease in Prestige Audio. Operating expenses increased to $12,952 from $11,965. Selling expenses increased over last year by $602, primarily in our international operations, in divisional marketing, advertising, salesmen salaries and travel. General and administrative expenses increased over 1996 by $582, primarily in our international operations, salaries, office expenses and professional fees. Warehousing and assembly expenses decreased from 1996 by $197, primarily in field warehousing. Pre-tax income for 1997 was $3,321, an increase of $1,493 compared to last year.

The Company believes that the Automotive group has an expanding market with a certain level of volatility related to both domestic and international new car sales. Also, certain of its products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future.

The following table sets forth for the periods indicated certain statement of income data for the Automotive group expressed as a percentage of net sales:

Automotive
Percentage of Sales

	Three Months Ended May 31,		Six Months Ended May 31,	
	1997	1996	1997	1996
Net sales:				
Sound	50.5%	50.9%	48.7%	50.3%
Security and accessories	48.2	47.4	49.5	47.7
Other	1.3	1.6	1.8	2.0
Total net sales	100.0	100.0	100.0	100.0
Gross profit	19.9	18.1	20.1	18.5
Total operating expenses	13.8	12.8	14.4	14.0
Operating income	6.1	5.3	5.7	4.5
Other income (expense)	(1.9)	(2.1)	(2.0)	(2.4)
Pre-tax income	4.2%	3.3%	3.7%	2.1%

Other Income and Expense

Interest expense and bank charges decreased by $1,577 and $2,865 for the three and six months ended May 31, 1997 compared to 1996, respectively. This is due to reduced interest bearing debt and the decrease in interest bearing subordinated debentures which were exchanged for shares of common stock. Equity in income of equity investments and management fees and related income decreased $210 and $177 for the three and six months ended May 31, 1997 compared to the same period last year. The equity investment primarily responsible for the decline was Audiovox Pacific, accounting for $310 and $385 of the decrease compared to last year for the three and six months ended, respectively.

During January 1997, the Company completed an exchange of $21,479 of its subordinated debentures for 2,860,925 shares of Class A Common Stock ("Exchange"). As a result of the Exchange, a charge of $12,686 was recorded. The charge to earnings represents (i) the difference in the fair market value of the shares issued in the Exchange and the fair market value of the shares that would have been issued under the terms of the original conversion feature plus (ii) a write-off of the debt issuance costs associated with the subordinated debentures plus (iii) expenses associated with the Exchange offer. The Exchange resulted in taxable income due to the difference in the face value of the bonds converted and the fair market value of the shares issued and, as such, a current tax expense of $158 was recorded. An increase in paid in capital was reflected for the face value of the bonds converted, plus the difference in the fair market value of the shares issued in the Exchange and the fair market value of the shares that would have been issued under the terms of the original conversion feature for a total of $33,592.

During the first quarter, the Company sold 1,360,000 shares of CellStar Common Stock yielding net proceeds of approximately $30,182 and a gain, net of taxes, of approximately $14,743. During the second quarter, the Company sold an additional 365,000 shares of CellStar Common Stock for net proceeds of $11,906 and a net gain of $6,316. For 1997, the Company has sold a total of 1,725,000 shares of CellStar for net proceeds of $42,088 and a net gain of $21,059.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash position at May 31, 1997 increased approximately $12,596 from the November 30, 1996 level. Operating activities provided approximately $3,994, primarily from profitable operations, a decrease in accounts receivable and an increase in income taxes payable, partially offset by increases in inventory and an advance to a supplier for product to be delivered during the third quarter of 1997. Investing activities provided approximately $35,295, primarily from the sale of an equity investment. Financing activities used approximately $26,640, primarily from the repayment of bank obligations.

On May 5, 1995, the Company entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement") which superseded the first amendment in its entirety. During 1996 and 1997, the Credit Agreement was amended eight times providing for various changes to the terms. The terms as of May 31, 1997 are summarized below.

Under the Credit Agreement, the Company may obtain credit through direct borrowings and letters of credit. The obligations of the Company under the Credit Agreement continue to be guaranteed by certain of the Company's subsidiaries and is secured by accounts receivable and inventory of the Company and those subsidiaries. The obligations were secured at November 30, 1996 by a pledge agreement entered into by the Company for 2,125,000 shares of CellStar Common Stock and ten shares of ACC. Subsequent to year end, the shares of CellStar Common Stock were released from the Pledge Agreement. Availability of credit under the Credit Agreement is a maximum aggregate amount of $85,000, subject to certain conditions, and is based upon a formula taking into account the amount and quality of its accounts receivable and inventory. The Credit Agreement expires on February 28, 1998.

The Credit Agreement contains several covenants requiring, among other things, minimum levels of pre-tax income and minimum levels of net worth and working capital as follows: pre-tax income of $4,000 per annum; pre-tax income of $2,500 for any two consecutive fiscal quarters; 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 $88,500, adjusted for 50% of the aggregate gains realized on sales of capital stock. The Company must maintain a minimum working capital of $125,000. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases and capital expenditures.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 1997 and for the reasonable foreseeable future.

Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued Statement 128, "Earnings per Share" (Statement 128). Statement 128 establishes standards for computing and presenting earnings per share (EPS). The Statement simplifies the standards for computing EPS and makes them comparable to international EPS standards. The provisions of Statement 128 are effective for financial statements issued for periods ending after December 1, 1997, including interim periods. The Statement does not permit early application and requires restatement of all prior-period EPS data presented. Adoption of Statement 128 will not effect the Company's consolidated financial position or results of operations, however the impact on previously reported EPS data is currently unknown.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders of Audiovox Corporation (the "Company") was held on May 16, 1997 at the Company's offices, 150 Marcus Boulevard, Hauppauge, New York.

Proxies for the meeting were solicited pursuant to Regulation 14 of the Act on behalf of the Board of Directors for the following matters:

1. To elect a Board of nine Directors;
2. To adopt the 1997 Stock Option Plan; and
3. To adopt the 1997 Restricted Stock Plan.

There was no solicitation in opposition to the Board of Directors' nominees for election as directors as listed in the Proxy Statements and all of such nominees were elected. Class A nominee Gordon Tucker received 14,337,909 votes and 639,620 votes were withheld. Class A nominee Irving Halevy received 14,338,109 votes and 639,420 votes were withheld. Class A nominee Paul C. Kreuch, Jr. received 14,351,608 votes and 625,921 votes were withheld.

Each Class B nominee received 22,609,540 votes. No votes were withheld from Class B nominees.

With respect to the proposal to adopt the 1997 Stock Option Plan, 29,835,198 (79.4%) shares were voted FOR and 1,126,362 (3%) shares AGAINST. 81,476 shares abstained from voting.

With respect to the proposal to adopt the 1997 Restricted Stock Plan, 29,811,023 (79.3%) shares were voted FOR and 1,150,985 (3.1%) AGAINST. 81,028 shares abstained from voting.

Item 6. Reports on Form 8-K

During the second quarter, the Registrant filed two reports on Form 8-K:

On April 8, 1997 the Company filed a report on Form 8-K dated March 24, 1997 which reported that the Company had sold 250,000 shares of its Class A Common Stock (the "Shares") to Bliss-tel Co. Ltd. ("Bliss-tel"), a Thai corporation, in an offshore transaction pursuant to Regulation S. The Shares were delivered in partial compensation for 1,250,000 shares of Bliss-tel (representing a 20% stock ownership interest in Bliss-tel). In addition to the Shares, the Company also gave Bliss-tel a merchandise credit of U.S. $1,250,000.

On June 4, 1997, the Company filed a report on Form 8-K dated May 16, 1997 which reported that the Company's Board of Directors had authorized the repurchase of up to one million (1,000,000) shares of the Company's Class A Common Stock. The repurchases will be from time to time on the open market, subject to market conditions.

SIGNATURES

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

AUDIOVOX CORPORATION

By:s/John J. Shalam
John J. Shalam
President and Chief
Executive Officer

Dated: July 15, 1997

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

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NOV-30-1997
MAY-31-1997
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