FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 1996

Commission File Number: 0-21044

UNIVERSAL ELECTRONICS INC.
(Exact name of registrant as specified in its charter)

DELAWARE	33-0204817
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1864 ENTERPRISE PARKWAY WEST, TWINSBURG, OHIO	44087
(Address of principal executive offices)	(Zip Code)

216-487-1110
(Registrant's telephone number, including area code)

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, and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Number of shares of Common Stock, $.01 par value, outstanding at March 31, 1996	6,766,464

THE INDEX OF EXHIBITS TO THIS QUARTERLY REPORT APPEARS ON PAGE 9

UNIVERSAL ELECTRONICS INC.

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PART I. FINANCIAL INFORMATION

Item 1. Consolidated Financial Statements

PART II. OTHER INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEET

ASSETS

	March 31, 1996 (Unaudited)	December 31, 1995 (Audited)	March 31, 1995 (Unaudited)
Current assets:			
Cash and cash equivalents	$ 830	$ 872	$ 1,282
Accounts receivable	20,461	26,106	13,993
Inventories	30,319	30,278	39,782
Refundable income taxes	48	795	42
Prepaid expenses	2,251	2,110	2,260
Deferred income taxes	4,439	3,702	5,529
Total current assets	58,348	63,863	62,888
Equipment, furniture, and fixtures, net	7,327	5,187	3,953
Other assets	950	1,055	861
Total assets	$ 66,625	$ 70,105	$ 67,702

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:			
Revolving credit facility	$ 4,569	$ 6,120	$ 12,137
Accounts payable	7,494	9,162	3,550
Accrued income taxes	350	307	355
Accrued compensation	261	756	223
Other accrued expenses	2,184	3,522	4,032
Total current liabilities	14,858	19,867	20,297
Long-term debt	2,000	--	--
Stockholders' equity:			
Capital stock	68	68	67
Paid-in capital	53,743	53,623	53,496
Currency translation	4	25	92

Retain earnings (deficit)	(4,048)	(3,478)	(6,250)
Total stockholders' equity	49,767	50,238	47,405
Total liabilities and stockholders' equity	$ 66,625	$ 70,105	$ 67,702

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENT OF INCOME
(UNAUDITED)

(Dollars and shares in thousands, except per share amounts)	Three Months Ended March 31, 1996	1995
Net Sales	$ 21,905	$ 18,573
Cost of sales	16,063	13,935
Gross profit	5,842	4,638
Selling, general and administrative expenses	7,111	7,434
Restructuring expenses	--	977
Operating loss	(1,269)	(3,773)
Interest expense	159	265
Interest income	(9)	(3)
Other (income) and expenses	(140)	(218)
Loss before income taxes	(1,279)	(3,817)
Benefit for income taxes	709	1,364
Net loss	$ (570)	$ (2,453)
Net loss per share	$ (0.08)	$ (0.36)
Weighted average common and common stock equivalents outstanding	6,758	6,741

The accompanying notes are an integral part of these financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

(Dollars in thousands)	Three Months Ended March 31, 1996	1995
Cash provided by (used for) operating activities:		
Net loss	$ (570)	$ (2,453)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	372	338
Deferred income taxes	(738)	(1,905)
Changes in operating assets and liabilities:		
Receivables	5,828	2,758
Inventories	(59)	3,211
Other assets	(20)	3,781
Payables and accruals	(3,419)	(5,757)
Accrued income taxes	537	(70)
Net cash provided by (used for) operating activities	1,931	(97)
Cash used for investing activities:		
Acquisition of fixed assets	(2,489)	(690)
Trademarks	(44)	(84)
Net cash used for investing activities:	(2,533)	(774)
Cash provided by financing activities:		
Short-term bank borrowings	13,814	20,901
Short-term bank payments	(15,366)	(20,244)
Long-term debt	2,000	--
Proceeds from stock options exercised	120	--
Net cash provided by financing activities	568	657
Effect of exchange rates on cash	(8)	56
Net decrease in cash and cash equivalents	(42)	(158)
Cash and cash equivalents at beginning of period	872	1,440
Cash and cash equivalents at end of period	$ 830	$ 1,282
Supplemental Information to the Consolidated Statement of Cash Flows		
Cash paid (received) during the period for:		
Interest	$ 156	$ 269
Income taxes	$ (752)	$ 86

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Adjustments
- -----------

All adjustments, consisting of recurring adjustments necessary for a fair presentation of financial position and results of operations of these unaudited interim periods, have been included.

Inventories
- -----------

Inventories consist of the following (in thousands):

	March 31, 1996	December 31, 1995	March 31, 1995
Components	$ 12,161	$ 14,127	$ 18,436
Finished goods	18,158	16,151	21,346
Total inventories	$ 30,319	$ 30,278	$ 39,782

The Company provides certain components to its contract manufacturers for inclusion in the Company's finished goods.

Net Income Per Share
- --------------------

Net income per share is computed by dividing net income by the weighted average of common stock and common stock equivalents outstanding. Common stock equivalents are computed using the treasury stock method based upon the weighted average fair market value of common stock outstanding.

Reclassification
- ----------------

Certain prior year amounts have been reclassified to conform with the presentation utilized in the quarter ended March 31, 1996.

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

Net sales for the first quarter of 1996 were $21.9 million, a 17.9% increase from $18.6 million for the same quarter of 1995. The Company experienced a loss for the first quarter of $570,000, or $0.08 per share, compared to a loss of $2.5 million, or $0.36 per share, in the first quarter of 1995. Included in the 1995 first quarter loss was a previously announced pre-tax charge of approximately $977,000 ($0.09 per share) resulting from personnel severance and facilities closure relating to the Company's restructuring.

Net sales in the Company's Technology Businesses (Cable, Cable OEM, OEM) were up 38.6% in the 1996 first quarter to $8.5 million, which compares with net sales of $6.1 million for the same period of 1995. The increase in the Technology Businesses were principally due to increased volume of chip sales to the OEM and Cable OEM market segment. First quarter sales in the Company's Retail Businesses

were up 7.8%, from $12.5 million in 1995 to $13.4 million in 1996. The increase in the Retail Businesses resulted primarily from improved International One For All(R) sales.

Unit sales of remote control products, including sales of microprocessors, increased 16.0% to approximately 3.0 million units during the first quarter of 1996 from 2.6 million units during the first quarter of 1995. This increase was also primarily due to greater microprocessor sales to OEM customers and sales of International One For All branded products.

Gross margins for the 1996 first quarter were 26.7% compared to 25.0% for the same period in 1995. Although an improvement over 1995, the 1996 gross margins continue to be negatively impacted by sell-through of quantities of existing retail products at discounted prices. The Company has offered the lower prices to continue to move the inventory in preparation for the introduction of its new product lines in the second and third quarters of 1996. Gross profit margins will fluctuate due to a variety of factors, including, among other things, shifts in product mix, fluctuations in manufacturing and freight costs, and changes in customer mix. The Company expects its gross profit margins to improve throughout the balance of the year with the introduction of its new product lines.

Selling, general and administrative expenses decreased by 4.5% to $7.1 million in the first quarter of 1996 as compared to $7.4 million in the first quarter of 1995. As a percentage of sales, these expenses also decreased in the first quarter of 1996 to 32.5% from 40.0% in the first quarter of 1995. The decrease in S,G&A is due primarily to the decrease in professional legal fees and personal property taxes resulting from the Company's lower inventory levels.

The Company recorded interest expense of approximately $159,000 related to borrowings under its revolving credit line for the first quarter of 1996 compared to approximately $265,000 for the first quarter of 1995. The decrease is the result of a lower average outstanding balance and reduced interest rate in the first quarter of 1996 compared the same period in 1995.

The Company recorded an income tax benefit of approximately $709,000 for the first quarter of 1996 as compared to a benefit of approximately $1.4 million for the same quarter of 1995. The 1996 benefit includes the release of approximately $174,000 in the valuation allowance created in 1994 due to uncertainties of the recoverability of certain deferred tax assets. The continuing improvement and return to profitable operations has permitted management to reevaluate the Company's position and recognize the tax benefit

because management believes the related tax credits should be realized before their statutory expiration.

Backlog

As of the end of the first quarter of 1996, the Company had backlog orders of $9.6 million. This reflects a decrease in backlog orders of 56.4% as of the same date in 1995 when the Company had backlog orders representing $22.0 million in sales. Although the Company believes current orders to be firm and expects that substantially all of the backlog will be shipped in 1996, there can be no assurance that such orders will be shipped. The Company further believes that backlog is not a meaningful indicator of its future performance.

Liquidity and Capital Resources

The Company's principal sources of funds are its operations and bank credit facilities. Cash provided from operating activities was $1.9 million for the first quarter of 1996 compared to $97,000 used for operating activities in 1995. This improvement in cash flow is due primarily to efforts taken by management to reduce costs and expenses and inventory balances.

The Company's bank credit facilities include a revolving credit line which is available to fund the Company's seasonal working capital needs and for general operating purposes. This revolving credit facility provides the Company with borrowing availability of $22 million and bears interest equal to the bank's

prime rate minus one-half percent. The credit facility is secured by a first priority security interest in the accounts receivable, inventory, equipment, and general intangibles of the Company. At March 31, 1996, the interest rate charged on the outstanding balance of this credit line was 7.75%. Under the terms of this revolving credit facility, the Company's ability to pay cash dividends on its common stock is restricted and amounts available for borrowing are reduced by the outstanding balance of the Company's import letters of credit. As of March 31, 1996, the Company had utilized approximately $4.6 million of the credit facility for the acquisition of inventory to support future sales and for other general operating purposes and had approximately $2.1 million of outstanding import letters of credit. In addition, the Company had approximately $2.0 million of the credit facility outstanding for the acquisition of the Twinsburg, Ohio facility. This amount has been classified as long-term in the accompanying balance sheet as it is the Company's intentions to secure a term loan for this amount. The Company's borrowing under this revolving credit facility and outstanding import letters of credit fluctuates due to, among other things, seasonality of the business, the timing of supplier shipments, customer orders and payments, and vendor payments.

Capital expenditures in the first quarters of 1996 and 1995 were approximately $2.5 million and $690,000, respectively. Approximately $1.7 million of 1996 first quarter capital expenditures were for the acquisition of the Twinsburg, Ohio facility. The balance of the 1996 and 1995 capital expenditures were primarily for product tooling.

It is the Company's policy to carefully monitor the state of its business, cash requirements and capital structure. The Company believes that funds generated from operations and available from its borrowing capacity will be sufficient to fund its currently anticipated cash needs, however, there can be no assurances that this will occur.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

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(A)	Exhibits	
	11.1 Statement re: Computation of Per Share Earnings (filed herewith).	11
(B)	Reports on Form 8-K	
	There were no reports on Forms 8-K filed during the quarter ended March 31, 1996.	
(C)	Exhibit 27 Financial Data Schedule	12

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.

(Registrant) Universal Electronics Inc.

Date: May __, 1996 _____
David M. Gabrielsen
President and Chief Executive Officer

Date: May __, 1996 _____
Dennis P. Mansour
Corporate Controller

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.

(Registrant) Universal Electronics Inc.

Date: May 15, 1996 /s/David M. Gabrielsen
David M. Gabrielsen
President and Chief Executive Officer

Date: May 15, 1996 /s/Dennis P. Mansour
Dennis P. Mansour
Corporate Controller

Exhibit 11.1

UNIVERSAL ELECTRONICS INC.
COMPUTATION OF PER SHARE EARNINGS

	Three Months Ended March 31,	
	1996	1995
Common stock outstanding, beginning of period	6,750,898	6,741,578
Weighted average common stock outstanding from exercise of stock options	7,476	--
Weighted average common stock outstanding	6,758,374	6,741,578
Net income (loss) attributable to common stockholders	$ (570,152)	$(2,453,163)
Net income (loss) per common and common stock equivalents	$ (0.08)	$ (0.36)

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