UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 1998

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Transition Period From ______ to ______

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.)
6101 GATEWAY DRIVE, CYPRESS, CALIFORNIA	90630
(Address of principal executive offices)	(Zip Code)

714-820-1000
(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 issuer's classes of common stock, as of the latest practicable date - 6,466,856 shares of the Company's Common Stock, $.01 par value, were outstanding at September 30, 1998.

EXHIBITS TO THIS QUARTERLY REPORT APPEAR ON PAGE 13

UNIVERSAL ELECTRONICS INC.

INDEX

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEET
(In thousands)

	September 30, 1998 (Unaudited)	December 31, 1997 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 334	$ 1,097
Accounts receivable, net	21,239	26,049
Inventories	17,843	16,639
Prepaid and other	1,750	1,060
Deferred income taxes	5,027	5,027
Assets held for sale	-	1,729
Total current assets	46,193	51,601
Equipment, furniture, and fixtures, net	4,655	3,950
Goodwill and other intangibles, net	5,096	460
Other assets	605	475
Deferred income taxes	2,821	4,652
Total assets	$ 59,370	$ 61,138
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Revolving credit facility	$ 6,149	$ 7,237
Accounts payable	7,986	7,775
Accrued income taxes	78	101
Accrued compensation	794	714
Accrued discontinuation expenses	-	3,929
Other accrued expenses	2,466	2,495
Total current liabilities	17,473	22,251
Stockholders' equity:		
Capital stock	72	68
Paid-in capital	56,960	54,454
Currency translation adjustment	(99)	(73)
Accumulated deficit	(9,024)	(12,291)
Cost of common stock held in treasury	(6,012)	(3,271)
Total stockholders' equity	41,897	38,887
Total liabilities and stockholders' equity	$ 59,370	$ 61,138

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

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENT OF INCOME AND
COMPREHENSIVE INCOME (In thousands,
except per share amounts) (Unaudited)

	Three Months Ended September 30, 1998	Three Months Ended September 30, 1997	Nine Months Ended September 30, 1998	Nine Months Ended September 30, 1997
Net sales	$ 23,732	$ 33,499	$ 64,580	$ 79,810
Cost of sales	14,239	23,208	38,765	55,479
Gross profit	9,493	10,291	25,815	24,331
Selling, general, and administrative expenses	6,837	8,333	20,396	22,138
Operating income	2,656	1,958	5,419	2,193
Interest expense	79	183	314	386
Interest income	2	(3)	(1)	(11)
Other (income) expenses, net	(92)	(49)	(80)	(22)
Income before income taxes	2,667	1,827	5,186	1,840
Income tax (expense) benefit	(1,058)	(640)	(1,919)	(644)
Net income	1,609	1,187	3,267	1,196
Other comprehensive income (loss):				
Foreign currency translation adjustments	19	(11)	(26)	(47)
Tax benefit related to foreign currency translation adjustments	(7)	4	10	16
Comprehensive net income	$ 1,621	$ 1,180	$ 3,251	$ 1,165
Net income per share:				
Basic	$ 0.25	$ 0.19	$ 0.51	$ 0.19
Diluted	$ 0.24	$ 0.19	$ 0.49	$ 0.19
Weighted average common stock outstanding:				
Basic	6,438	6,261	6,387	6,278
Diluted	6,692	6,359	6,622	6,306

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

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
(In thousands)(Unaudited)

	Nine Months Ended September 30, 1998	1997
Cash provided by (used for) operating activities:		
Net income	$ 3,267	$ 1,196
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,584	1,531
Deferred income taxes	1,833	521
Issuance of common stock for retirement plan	88	73
Provision for bad debts	609	-
Issuance of treasury shares to directors	36	45
Changes in operating assets and liabilities:		
Receivables	4,202	(8,158)
Inventories	(1,203)	(5,770)
Other assets	(692)	(463)
Accrued discontinuation expense	(3,929)	-
Payables and accruals	(186)	8,316
Accrued income taxes	424	(21)
Cash provided by operating activities	6,033	(2,730)
Cash provided by (used for) investing activities:		
Acquisition of fixed assets	(1,729)	(2,183)
Payments for businesses acquired	(3,200)	-
Sale of building	1,680	-
Other	(1,205)	(33)
Cash provided by (used for) investing activities:	(4,454)	(2,216)
Cash provided by (used for) financing activities:		
Short-term debt borrowings	36,026	31,424
Short-term debt payments	(37,112)	(28,178)
Proceeds from stock options exercised	1,530	28
Long-term debt	-	2,147
Treasury stock purchased	(2,761)	(688)
Cash provided by (used for) financing activities	(2,317)	4,733
Effect of exchange rates on cash	(25)	(66)
Net decrease in cash and cash equivalents	(763)	(279)
Cash and cash equivalents at beginning of period	1,097	510
Cash and cash equivalents at end of period	$ 334	$ 231

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

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Adjustments

The accompanying consolidated financial statements include the accounts of the company and all subsidiaries after elimination of all material intercompany accounts and transactions. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These financial statements should be read in conjunction with the consolidated financial statements and related notes contained in the company's 1997 Form 10-K. The financial information presented in the accompanying statements reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the periods indicated. All such adjustments are of a normal recurring nature.

Inventories

Inventories consist of the following (in thousands):

	September 30, 1998	December 31, 1997
Components	$ 6,210	$ 6,479
Finished goods	11,633	10,160
Total inventories	$17,843	$16,639

Net Income (Loss) Per Share

Basic net income (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding. Diluted net income (loss) per share is computed by dividing the net income (loss) by the weighted average number of common shares and dilutive potential common shares outstanding. Dilutive potential common shares for all periods presented are computed utilizing the treasury stock method.

Comprehensive Income

Effective in the first quarter of fiscal 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income." This statement establishes standards for reporting and display of comprehensive income and its components in the Company's consolidated financial statements. Comprehensive income represents the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from nonowner sources. It includes all changes in equity during a period, except those resulting from investments by owners and distributions to owners. Total comprehensive income and its components are included in the accompanying Consolidated Statement of Income and Comprehensive Income.

Reclassification

Certain prior year amounts have been reclassified to conform with the presentation utilized in the three and nine month periods ended September 30, 1998.

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

RESULTS OF OPERATIONS

Third Quarter 1998 versus 1997

Net sales for the 1998 third quarter were $23.7 million, a decrease of 8.8% over the net sales of $26.0 million for the same quarter last year, after excluding net sales of $7.5 million related to the Company's discontinued North American retail business. Net income increased in the third quarter to $1,609,000 or $0.25 per share (basic) and $0.24 per share (diluted), from $1,187,000 or $0.19 per share (basic and diluted) for the third quarter of 1997.

The decrease in net sales was primarily attributable to a 18.3% decrease in net sales in the Company's Technology businesses (subscription broadcasting, OEM and private label) in the third quarter of 1998 to $16.6 million from $20.4 million for the same period last year. Reduced shipments in satellite broadcasting and private label businesses partially offset by increased shipments in the cable business accounted for lower comparable third quarter sales in 1998. Net sales in the international One For All(R) business increased by 14.2% in the third quarter of 1998 to $5.7 million from $5.0 million in the corresponding period last year. During the third quarter of 1998, the Company also generated revenues from its new Direct Import business of $1.0 million.

Gross margins for the third quarter of 1998 were 40.0% compared to 30.7% for the same period in 1997. This can be attributed to the discontinuation of the Company's lower margin North American retail business and improved margins in the subscription broadcasting and international One For All businesses.

Selling, general and administrative expenses decreased to $6.8 million in the third quarter of 1998, compared to $8.3 million in 1997 due to lower overall expenses from the elimination of the North American retail business.

The Company recorded interest expense of approximately $79,000 related to borrowings under its revolving credit line for the third quarter of 1998 compared to approximately $183,000 for the third quarter of 1997.

The Company recorded income tax expense of $1,058,000 for the third quarter of 1998 compared to approximately $640,000 for the same quarter of 1997 primarily due to the increase in net income.

Nine Months 1998 versus 1997

Net sales for the nine months ended September 30, 1998 were $64.6 million, an increase of 8.9% over the net sales of $59.3 million for the same period last year, after excluding the net sales of $20.5 million related to the Company's discontinued North American retail business. Net income increased substantially in the nine month period ended September 30, 1998 to $3,267,000 or $0.51 per share (basic) and $0.49 per share (diluted), from $1,196,000 or $0.19 per share (basic and diluted) for the same period in 1997.

The increase in net sales was partially attributable to a 6.2% increase in net sales in the Company's Technology businesses (subscription broadcasting, OEM and private label) for the nine months ended September 30, 1998 to $47.0 million from $44.3 million for the same period last year. Increased shipments in the cable business partially offset by reduced shipments in the satellite broadcasting and private label businesses accounted for the higher comparable sales in 1998. The international One For All business posted substantial sales growth in the nine months ended September 30, 1998 up about 18.1% to $14.3 million from the $12.1 million for the corresponding period in 1997.

Gross margins for the first nine months of 1998 were 40.0% compared to 30.5% for the same period in 1997. This can be attributed to the discontinuation of the Company's lower margin North American retail business and improved margins in the subscription broadcasting and international One For All businesses.

Selling, general and administrative expenses decreased by 7.9% to $20.4 million in the first nine months of 1998, compared to $22.1 million in the first half of 1997 due to lower overall expenses from the elimination of the North American retail business.

Interest expense related to borrowings under the Company's revolving credit line for the first nine months of 1998 decreased to approximately $314,000 compared to approximately $386,000 for the first nine months of 1997. This decrease was a result of a lower average outstanding balance during the nine months ended September 30, 1998.

The Company recorded income tax expense of approximately $1,919,000 for the first nine months of 1998 compared to $644,000 for the same period in 1997 primarily due to the increase in net income.

BACKLOG

As of September 30, 1998, the Company had backlog orders of $9.8 million. This reflects a decrease in orders of 38.8% as of the same date in 1997 when the Company had backlog orders representing $16.0 million in sales. This decrease is primarily attributable to the discontinuation of the North American Retail business in 1997 in which longer lead times were required compared to the Company's continuing business lines in 1998. Although the Company believes current orders to be firm and expects that the majority of the backlog will be shipped in 1998, 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 by operating activities was $6.0 million for the nine months ended September 30, 1998 compared to cash used by operating activities of $2.7 million for the same period in 1997. The improvement in cash flow is due to efforts taken by management to reduce accounts receivable balances offset by nonrecurring expenditures of $3.9 million related to the Company's restructuring.

As of September 30, 1998, the Company's bank credit facilities included a revolving credit line with The Provident Bank, which was available to fund the Company's seasonal working capital needs and for general operating purposes. This revolving credit facility, which was renewed on April 30, 1998, provided the Company with borrowing availability of $15 million and beared interest equal to the bank's prime rate minus one-quarter percent as of September 30, 1998. The credit facility was secured by a first priority security interest in the accounts receivable, inventory, equipment, and general intangibles of the Company. At September 30, 1998, 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 and the acquisition of treasury shares was generally restricted, however, the Company had authority under this credit facility to acquire up to 1,000,000 shares of its common stock in market purchases. As of September 30, 1998, the Company had acquired approximately 760,000 shares of stock which it holds as treasury shares and are available for reissue by the Company. Presently, except for using a small number of these treasury shares to compensate its outside board members, the Company has no plans to distribute these shares.

Amounts available for borrowing are reduced by the outstanding balance of the Company's import letters of credit. As of September 30, 1998, the Company had utilized approximately $6.1 million of the credit facility for business acquisitions, payments to acquire fixed assets, treasury stock purchases and other working capital needs. The Company had no outstanding import letters of credit as of September 30, 1998. The Company's borrowings under the revolving credit facility and outstanding import letters of credit have fluctuated due to, among other things, seasonality of the business, the timing of supplier shipments, customer orders and payments, and vendor payments.

On October 23, 1998, the Company paid off its outstanding credit line with The Provident Bank and entered into a new $15 million revolving credit agreement with Bank of America

National Trust and Savings Association ("B of A"). Under the revolving credit agreement with B of A, the Company can choose from several interest rate options at its discretion. The interest rate option selected by the Company as of November 12, 1998 was the Fixed Rate option as defined in the agreement (6.81%), which is intended to approximate B of A's cost of funds, plus one and three-quarters percent. The revolving credit facility, which expires October 23, 2001, is secured by a first priority security interest in the Company's cash and cash equivalents, accounts receivable, inventory, equipment, and general intangibles of the Company. The Company pays a commitment fee of a maximum rate of 3/16 of 1% per year on the unused portion of the credit line. Under the terms of this revolving credit agreement, the company's ability to pay cash dividends on its common stock is restricted and the Company is subject to certain financial covenants and other restrictions, however, the Company has authority under this credit facility to acquire up to 1,000,000 shares of its common stock in market purchases. Amounts available for borrowing under this credit facility are reduced by the outstanding balance of the Company's import letters of credit.

On September 1, 1998, the Company entered into an agreement to acquire H & S Management, Inc., a remote control company, for $1,500,000 in cash and 84,211 shares of the Company's common stock valued at $874,000. The shares used were newly issued securities and are restricted securities issued pursuant to an exemption from registration under the applicable securities law.

Capital expenditures during the nine months ended September 30, 1998 and 1997 were approximately $1,729,000 and $2,183,000, respectively. The 1998 and 1997 capital expenditures related primarily to product tooling and the relocation of the Company's facilities from Ohio to California in 1998 and relocation of the California facility in 1997.

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.

YEAR 2000 READINESS DISCLOSURES

In connection with the Year 2000 Information and Readiness Disclosure Act which was signed by President Clinton on October 19, 1998 and its eventual passage into law on December 3, 1998, the Company makes these Year 2000 readiness disclosures in connection with addressing the universal problem commonly referred to as "Year 2000 Compliance," which relates to the ability of computer programs and systems to properly recognize and process date sensitive information before and after January 1, 2000. Many existing computer systems and software programs currently in use are coded to accept only two digit entries in the date code field. These systems and programs were designed and developed without considering the impact of the upcoming change in the century. If not corrected, many computer applications could fail or create erroneous results by or at the year 2000. The Company has continually evaluated the potential impact of the year 2000 issue on its information systems and products. In this connection, the Company recently upgraded the software it uses for all of its internal information technology systems to a new version that is Year 2000 compliant. At the same time, the Company also replaced its main computer hardware with Year 2000 compliant equipment. These program and system changes did not have a material adverse effect on the financial condition of the Company. The Company now believes that its internal information systems are Year 2000 Compliant. In addition, the company has performed an internal evaluation of its products. Based upon that evaluation and certain ongoing tests that the company performs from time to time, it believes that its products are Year 2000 compliant. Furthermore, the company is not aware that any of its suppliers and customers are not addressing the Year 2000 issue and, where appropriate, taking corrective action in connection with any Year 2000 problems they may have discovered.

Although the Company believes that it has taken and will continue to take appropriate precautions against disruptions of its systems and products due to the Year 2000 issue, there can be no assurance that the Company will identify all Year 2000 problems in advance of their occurrence, or that the Company will be able to successfully remedy any problems that are discovered. Furthermore, there can be no assurance that the Company's suppliers and customers will not be adversely affected by the Year 2000 issue. Any resulting system or product failures or interruptions at the Company or its suppliers or customers could have a material adverse effect on the Company's business, financial condition and operating results.

RISK FACTORS AND SAFEHARBOR STATEMENT

The Company cautions that the following important factors, among others (including but not limited to factors mentioned from time to time in the

Company's reports filed with the Securities and Exchange Commission), could affect the Company's actual results and could cause the Company's actual consolidated results to differ materially from those expressed in any forward-looking statements of the Company made by or on behalf of the Company. The factors included here are not exhaustive. Further, any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement or statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of each such factor on the business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Therefore, forward-looking statements should not be relied upon as a prediction of actual future results.

Dependence Upon Key Suppliers

Most of the components used in the Company's products are available from multiple sources. However, there can be no assurance that the Company will be able to continue to obtain these components on a timely basis. While the Company generally maintains inventories of its components, including its integrated chips, that could be used in part to mitigate, but not eliminate, delays resulting from supply interruptions, an extended interruption or termination in the supply of any of the components used in the Company's products, or a reduction in their quality or reliability, would have an adverse effect on the Company's business and results of operations.

Dependence on Foreign Manufacturing

Third-party manufacturers located in foreign countries manufacture substantially all of the Company's remote controls. The Company's arrangements with its foreign manufacturers are subject to the risks of doing business abroad, such as import duties, trade restrictions, work stoppages, political instability and other factors which could have a material adverse effect on the Company's business and results of operations. The Company believes that the loss of any one or more of its manufacturers would not have a long-term material adverse effect on the Company's business and results of operations because numerous other manufacturers are available to fulfill the Company's requirements, however, the loss of any of the Company's major manufacturers could adversely affect the Company's business until alternative manufacturing arrangements are secured.

Potential Fluctuations in Quarterly Results

The Company's quarterly financial results may vary significantly depending primarily upon factors such as the timing of significant orders, the timing of new product offerings by the Company and its competitors and product presentations. In addition, the Company's business historically has been seasonal, with the largest proportion of sales occurring in September, October and November of each calendar year. Factors such as quarterly variations in financial results could adversely affect the market price of the Common Stock and cause it to fluctuate substantially. In addition, the Company (i) may from time to time increase its operating expenses to fund greater levels of research and development, increase its sales and marketing activities, develop new distribution channels, improve its operational and financial systems and broaden its customer support capabilities and (ii) may incur significant operating expenses associated with any new acquisitions. To the extent that such expenses precede or are not subsequently followed by increased revenues, the Company's business, operating results and financial condition will be materially adversely affected.

The Company expects to experience significant fluctuations in future quarterly operating results that may be caused by many factors, including demand for the Company's products, introduction or enhancement of products by the Company and its competitors, market acceptance of new products, price reductions by the Company or its competitors, mix of distribution channels through which products are sold, level of product returns, mix of products sold, component pricing, mix of international and North American revenues, and general economic conditions. In addition, as a strategic response to changes in the competitive environment, the Company may from time to time make certain pricing or marketing decisions or acquisitions that could have a material adverse effect on the

Company's business, results of operations or financial condition. As a result, the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful and should not be relied upon as any indication of future performance. Due to all of the foregoing factors, it is likely that in some future quarters the Company's operating results will be below the expectations of public market analysts and investors. In such event, the price of the Company's common stock would likely be materially adversely affected.

Dependence on Consumer Preference

The Company is susceptible to fluctuations in its business based upon consumer demand for its products. The Company believes that its success depends in substantial part on its ability to anticipate, gauge and respond to such fluctuation in consumer demand. However, it is impossible to predict with complete accuracy the occurrence and effect of any such event that will cause such fluctuations in consumer demand for the Company's products.

Dependence Upon Timely Product Introduction

The Company's ability to remain competitive in the remote control products market will depend in part upon its ability to successfully identify new product opportunities and to develop and introduce new products and enhancements on a timely and cost effective basis. There can be no assurance that the Company will be successful in developing and marketing new products or in enhancing its existing products, or that such new or enhanced products will achieve consumer acceptance, and if acquired, will sustain that acceptance, that products developed by others will not render the Company's products non-competitive or obsolete or that the Company will be able to obtain or maintain the rights to use proprietary technologies developed by others which are incorporated in the Company's products. Any failure by the Company to anticipate or respond adequately to technological developments and customer requirements, or any significant delays in product development or introduction, could have a material adverse effect on the Company's financial condition and results of operations.

In addition, the introduction of new products which the Company may introduce in the future may require the expenditure of a significant amount of funds for research and development, tooling, manufacturing processes, inventory and marketing. In order to achieve high volume production of any new product, the Company may have to make substantial investments in inventory and expand its production capabilities.

Dependence on Major Customers

The Company's performance is affected by the economic strength and weakness of its worldwide customers. The Company sells its remote control products and proprietary technologies to private label customers, original equipment manufacturers ("OEMs"), and companies involved in the subscription broadcast industry. The Company also supplies its products to its wholly-owned, non-U.S. subsidiaries and to independent foreign distributors, who in turn distribute the Company's products worldwide, with the United Kingdom, Europe, and Australia currently representing the Company's principal foreign markets. The loss of any one or more of the Company's key customers either in the United States or abroad due to the financial weakness or bankruptcy of any such customer may have an adverse affect on the Company's financial condition or results of operations.

Competition/Litigation

The remote control industry is characterized by intense competition based primarily on product availability, price, speed of delivery, ability to tailor specific solutions to customer needs, quality and depth of product lines. The Company's competition is fragmented across its product lines, and accordingly, the Company does not compete with any one company across all product lines. The Company competes with a variety of entities, some of which have greater financial and other resources than the Company. The Company's ability to remain competitive in this industry depends in part on its ability to successfully identify new product opportunities and develop and introduce new products and enhancements on a timely and cost effective basis as well as its ability to identify and enter into strategic alliances with entities doing business within the industries the Company serves. There can be no assurances that the Company and its product offerings will be and/or remain competitive or that any strategic alliances, if any, which the Company enters into will achieve the type, extent and amount of success or business that the Company expects or hopes to achieve. In addition, as is typical in the Company's industry and the nature and kind of business in which the Company is engaged, from time to time, various claims, charges and litigation are asserted or commenced by third parties against the Company or by the Company against third parties arising from or related to product liability, infringement of patent or other intellectual property rights, breach of warranty, contractual relations, or employee relations. The amounts claimed may be substantial but may not bear any reasonable relationship to the merits of the claims or the extent of any real risk of court awards. While it is the opinion of management that the Company's products do not infringe any third parties' patent or other intellectual property rights, the costs associated with defending or pursuing any such claims or litigation could be substantial and amounts awarded as final judgments, if any, in any such potential or pending litigation, could have a significant and material adverse effect on the Company's financial condition or results of operations.

General Economic Conditions

General economic conditions, both domestic and foreign, have an impact on the Company's business and financial results. From time to time the markets in which the Company sells its products experience weak economic conditions that may negatively affect the sales of the Company's products. To the extent that general economic conditions affect the demand for products sold by the Company, such conditions could have an adverse effect on the Company's business. Moreover, operating its business in countries outside of the United States exposes the Company to fluctuations in foreign currency exchange rates, exchange ratios, nationalization or expropriation of assets, import/export controls, political instability, variations in the protection of intellectual property rights, limitations on foreign investments and restrictions on the ability to convert currency are risks inherent in conducting operations in geographically distant locations, with customers speaking different languages and having different cultural approaches to the conduct of business, any one of which alone or collectively, may have an adverse affect on the Company's international operations, and consequently on the Company's business, operating results and financial condition.

PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

On August 12, 1998, the Company announced that Camille Jayne, the Company's President and Chief Operating Officer, assumed the additional responsibilities of Chief Executive Officer, replacing David M. Gabrielsen who relinquished all of his positions as an officer and employee of the Company. On November 11, 1998, the Company announced that David M. Gabrielsen resigned as a member of the Board of Directors. On September 29, 1998, the Company announced that Paul D. Arling had rejoined the Company as its President and Chief Operating Officer. Mr. Arling also continues as a member of the Company's Board of Directors. Finally, also on September 29, 1998, the Company announced that Roger T. Monaco resigned as the Company's Senior Vice President and Chief Financial Officer. Mr. Monaco's duties have been assumed by Mr. Arling.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

	Page
(A) Exhibits	
11.1 Statement re: Computation of Per Share Earnings (filed herewith)	15
(B) Reports on Form 8-K	
There were no reports on Forms 8-K filed during the quarter ended September 30, 1998.	
(C) Exhibit 27 Financial Data Schedule	16

SIGNATURE

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: November 16, 1998

/s/ PAUL ARLING

Paul Arling
President and Chief Operating Officer

EXHIBIT 11.1

UNIVERSAL ELECTRONICS INC.
COMPUTATION OF PER SHARE EARNINGS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1998	1997	1998	1997
Common stock outstanding beginning of period	6,312,000	6,372,000	6,312,000	6,372,000
Weighted average common stock outstanding from exercise of stock options, treasury stock purchases and employee benefit plan	126,000	(111,000)	75,000	(94,000)
Weighted average common stock outstanding	6,438,000	6,261,000	6,387,000	6,278,000
Stock options	254,000	98,000	235,000	28,000
Weighted average common and common stock equivalents outstanding	6,692,000	6,359,000	6,622,000	6,306,000
Net income attributable to common stockholders	$1,609,000	$1,187,000	$3,267,000	$1,196,000
Net income per common and common stock equivalents:				
Basic	$ 0.25	$ 0.19	$ 0.51	$ 0.19
Diluted	$ 0.24	$ 0.19	$ 0.49	$ 0.19

5

9-MOS
DEC-31-1998
JAN-01-1998
SEP-30-1998
334
0
23,303
(2,064)
17,843
46,193
8,747
(4,092)
59,370
17,473
0
0
0
72
41,825
59,370
64,580
64,580
38,765
20,396
(80)
0
314
5,186
(1,919)
0
0
0
0
3,267
.51
.49