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 June 30, 1997

|_| 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.)
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 ___

Number of shares of Common Stock, $.01 par value, outstanding at June 30, 1997 6,254,125

THE INDEX OF EXHIBITS TO THIS QUARTERLY REPORT APPEARS ON PAGE 12

UNIVERSAL ELECTRONICS INC.

INDEX

Item 1. Consolidated Financial Statements

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEET
(In thousands)

ASSETS

	JUNE 30, 1997 (1)	DECEMBER 31, 1996	JUNE 30, 1996 (1)
Current assets:			
Cash and cash equivalents	$ 298	$ 510	$ 722
Accounts receivable	19,439	20,163	19,364
Inventories	23,348	21,208	32,868
Refundable income taxes	2	1	36
Prepaid expenses	3,698	3,330	3,518
Deferred income taxes	2,044	1,943	4,377
Total current assets	48,829	47,155	60,885
Equipment, furniture, and fixtures, net	7,137	6,697	7,278
Deferred income taxes	4,209	4,209	--
Other assets	1,454	1,390	969
Total assets	$ 61,629	$ 59,451	$ 69,132

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 1997 (1)	DECEMBER 31, 1996	JUNE 30, 1996 (1)
Current liabilities:			
Revolving credit facility	$ --	$ --	$ 4,986
Accounts payable	10,068	7,171	9,463
Accrued income taxes	161	198	339
Accrued compensation	495	519	363
Other accrued expenses	2,348	2,753	1,863
Total current liabilities	13,072	10,641	17,014
Long-term debt	3,487	3,183	2,000
Stockholders' equity:			
Capital stock	68	68	68
Paid-in capital	54,124	53,951	53,869
Currency translation adjustment	(61)	(25)	(19)
Retained (deficit)	(5,765)	(5,773)	(3,800)
Cost of common stock held in treasury	(3,296)	(2,594)	--
Total stockholders' equity	45,070	45,627	50,118
Total liabilities and Stockholders' equity	$ 61,629	$ 59,451	$ 69,132

(1) Unaudited

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	1997	1996	1997	1996
Net Sales	$ 23,931	$ 21,526	$ 46,311	$ 43,431
Cost of sales	16,648	14,902	32,271	30,965
Gross profit	7,283	6,624	14,040	12,466
Selling, general and administrative expenses	6,735	6,080	13,806	13,191
Operating income (loss)	548	544	234	(725)
Interest expense	105	186	203	344
Interest income	(3)	(11)	(8)	(20)
Other (income)expenses, net	3	(5)	27	(144)
Income (loss) before income taxes	443	374	12	(905)
Income tax (expense) benefit	(155)	(126)	(4)	583
Net (income)loss	$ 288	$ 248	$ 8	$ (322)
Net (income)loss per share	$ 0.05	$ 0.04	$ 0.00	$ (0.05)
Weighted average common and common stock equivalents outstanding	6,299	6,945	6,316	6,765

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

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

	Six Months Ended June 30, 1997	1996
Cash provided by (used for) operating activities:		
Net income (loss)	$ 8	$ (322)
Adjustments to reconcile net loss to net cash used for operating activities:		
Depreciation and amortization	982	767
Deferred income taxes	(102)	(676)
Issuance of common stock for retirement plan	64	--
Issuance of treasury stock for Directors compensation	34	--
Changes in operating assets and liabilities:		
Receivables	267	6,804
Inventories	(2,141)	(2,623)
Other assets	(414)	(1,327)
Payables and accruals	2,945	(1,273)
Accrued income taxes	(28)	329
Net cash provided by operating activities	1,615	1,679
Cash used for investing activities:		
Acquisition of fixed assets	(1,370)	(2,820)
Trademarks	(90)	(99)
Repayments from employees for Common Stock purchases	109	--
Net cash used for investing activities	(1,351)	(2,919)
Cash provided by financing activities:		
Short-term bank borrowings	--	28,715
Short-term bank payments	--	(29,849)
Long-term debt	303	2,000
Treasury stock purchased	(736)	--
Proceeds from stock options exercised	--	246
Net cash provided by (used for)financing activities	(433)	1,112
Effect of exchange rates on cash	(43)	(22)
Net decrease in cash and cash equivalents	(212)	(150)
Cash and cash equivalents at beginning of period	510	872
Cash and cash equivalents at end of period	$ 298	$ 722

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

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 for these unaudited interim periods, have been included in the accompanying consolidated financial statements.

INVENTORIES

Inventories consist of the following (in thousands):

	June 30, 1997	December 31, 1996	June 30, 1996
Components	$ 7,722	$ 8,155	$12,649
Finished goods	15,626	13,053	20,219
Total inventories	$23,348	$21,208	$32,868

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.

Reclassification

Certain prior year amounts have been reclassified to conform with the presentation utilized in the quarter ended June 30, 1997.

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

Second quarter net sales totaled $23.9 million, an increase of 11.2% from $21.5 million for the same quarter a year earlier. Net income was $288,000, or $0.05 per share, for the three months ended June 30, 1997 as compared to net income of $248,000, or $0.04 per share, for the same period of 1996.

In the first half of 1997, net sales reached $46.3 million, an increase of 6.6% from $43.4 million a year ago. Net income for the first six months was $8,000, or break-even on a per share basis, compared with a loss of $322,000, or $0.05 per share, in 1996.

Net sales in the Company's retail businesses were $14.3 million in the second quarter of 1997, compared to $13.4 for the same period of 1996, an increase of 7.3%. On a year-to-date basis, the Company's retail businesses' net sales increased 1.5% to $27.2 million from $26.8 million. The increase in the second quarter and on a year-to-date basis is primarily due to increased volume and selling prices in the Eversafe business and volume in the Private Label business. Offsetting these increases were decreased volume and average selling prices in the domestic and international One for All(R) retail sales.

Second quarter net sales in the Company's technology businesses (Cable, Cable OEM, OEM) were $9.6 million in 1997, increasing 17.6% from $8.2 million in the second quarter of 1996. For the first six months of 1997, the Company's technology businesses net sales were $19.1 million, compared to $16.7 million in the corresponding period of 1996. The increase in the technology businesses continues to be driven primarily by the Company's strengths in the subscription broadcasting market. Based on aggressive order activity in this area, a strong performance for the remainder of 1997 is expected.

Gross margins were 30.4% in the second quarter 1997 compared to 30.8% in the second quarter of 1996, and 30.3% in the first half of 1997 compared to 28.7% in the first half of 1996. The decrease in the 1997 second quarter gross margin primarily reflects the shift in the sales mix from European retail business in 1996 to the technology business in 1997. The increase in the first half was primarily due to favorable shifts to higher margin product lines which were first introduced in the second half of 1996. The 1996 gross margins were negatively impacted by the sell-through of quantities of retail products at discounted prices in anticipation of the new products which were launched in 1996. Gross profit margins will fluctuate due to a variety of factors, including, among other things, shifts in product mix, changes in product pricing, fluctuations in manufacturing and freight costs, and changes in customer mix.

Selling, general and administrative expenses were $13.8 million in the first half of 1997 as compared to $13.2 million in the first half of 1996. As a percentage of sales, these expenses remained flat at 30.0%. The 1997 increases were due principally to the Company's sales growth.

The Company recorded interest expense of approximately $203,000 related to borrowings under its revolving credit line for the first half of 1997 compared to approximately $344,000 for the first half of 1996. The decrease is the result of a lower average outstanding balance. However, the interest rate on the borrowing increased in the first half of 1997 compared to the same period in 1996.

The Company recorded income tax expense of approximately $4,000 for the first half of 1997 as compared to a benefit of approximately $583,000 for the same period of 1996. The 1996 benefit includes the recognition of certain research and development credits and deferred state income taxes not previously provided for.

Backlog

As of the end of the second quarter of 1997, the Company had backlog orders of $22.5 million. This reflects an increase of 184.9% as of the same date in 1996 when the Company had backlog orders representing $7.9 million in sales. Although the Company believes current orders to be firm and expects that substantially all of the backlog will be shipped in 1997, 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 $1.6 million for the first half of 1997 compared to $1.7 in 1996. The cash flow from operations remains strong. In spite of the sales growth during the first six months of 1997, accounts receivable showed a modest increase, inventory levels were reduced and control was maintained over costs and expenses.

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, which expires April 30, 1998, provides the Company with borrowing availability of $22 million and bears interest equal to the bank's prime rate plus one-quarter percent. It is management's intention to extend the revolving credit facility beyond its current maturity. In accordance with the provisions of Statement of Financial Accounting Standards No. 6, "Classification of Short-Term Obligations Expected to be Refinanced", the Company has classified a portion of the amount outstanding under the agreement as long-term debt in the accompanying financial statements. The credit facility is secured by a first priority security interest in the accounts receivable, inventory, equipment, and general intangibles of the Company. At June 30, 1997, the interest rate charged on the outstanding balance of this credit line was 8.75%. 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 is generally restricted, however, the Company has authority under this credit facility to acquire up to 1,000,000 shares of its common stock in market purchases and, to date, the Company has acquired approximately 552,000 shares of stock which it holds as treasury shares and are available for reissuance 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 June 30, 1997, the Company had utilized approximately $3.5 million of the credit facility for the acquisition of its facility in Ohio and treasury stock purchases and had approximately $502,000 of outstanding import letters of credit. 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 half of 1997 and 1996 were approximately $1.4 and $2.8, respectively. The 1997 capital expenditures relate primarily to product tooling, computer equipment and the relocation of the Company's California facility. Approximately $1.7 million of the 1996 capital expenditures were for the acquisition of the Twinsburg, Ohio facility. The balance of the 1996 capital expenditures were primarily for product tooling.

RISK FACTORS PERTAINING TO THE SECOND QUARTER 1997

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, the Company has elected to purchase integrated circuit components used in the Company's products, principally its remote control products, and certain other components used in the Company's products, from a couple of selected sources. The Company continues to develop alternative sources of supply for these components, however, there can be no assurance that the Company will be able to continue to obtain these components on a timely basis or in the quantities necessary to maintain or meet the forecasted requirements. The Company generally maintains inventories of its integrated chips, which 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 a material 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 products. 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 alterative manufacturing arrangements are secured. In addition to continuing to seek out alternative and additional third party manufacturers both domestically and abroad, the Company has recently commenced manufacturing a small amount of its remote controls in-house. Such in-house manufacturing, however, does not presently reduce its dependence on its third party manufacturers.

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 aversely 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, that new products such as its Producer(TM) series of remote control products will achieve ongoing consumer 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 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 products to mass merchants, such as Wal-Mart, and to technology oriented business such as companies doing business in the cable and telecommunications industries. 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.

LIQUIDITY

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. Moreover, while it is the Company's present intention to extend its existing revolving credit facility beyond the facility's current maturity, until such an extension is formally executed, there can be no assurances that such an extension will occur or that, if extended, it will be done upon terms and conditions that are no less favorable than those under the current facility, although management knows of no reason why any such extension would not occur on terms and conditions acceptable to management.

COMPETITION

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.

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 6. EXHIBITS AND REPORTS ON FORM 8-K

(A)	Exhibits	Page
	11.1 Statement re: Computation of Per Share Earnings (filed herewith).	14
(B)	Reports on Form 8-K	
	There were no reports on Forms 8-K filed during the quarter ended June 30, 1997.	
(C)	Exhibit 27 Financial Data Schedule	15

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: August 13, 1997	/s/David M. Gabrielsen -------------------------------- David M. Gabrielsen President and Chief Executive Officer
Date: August 13, 1997	/s/Dennis P. Mansour -------------------------------- Dennis P. Mansour Corporate Controller

Exhibit 11.1

UNIVERSAL ELECTRONICS INC.
COMPUTATION14 OF PER SHARE EARNINGS

	Three Months Ended June 30,		SIX MONTHS ENDED JUNE 30,	
	1997	1996	1997	1996
Common stock outstanding, beginning of period	6,372,025	6,750,898	6,372,025	6,750,898
Weighted average common stock outstanding from exercise of stock options, treasury stock purchases and employee benefit plan	(106,417)	21,064	(86,890)	14,269
Weighted average common stock outstanding	6,265,608	6,771,962	6,285,135	6,765,167
Stock options	33,590	173,121	30,782	--
Weighted average common and common stock equivalents outstanding	6,299,198	6,945,083	6,315,917	6,765,167
Net income (loss) attributable to common stockholders	$ 288,488	$ 247,656	$ 7,703	$ (322,496)
Net income (loss) per common and common stock equivalents	$ 0.05	$ 0.04	$ 0.00	$ (0.05)

6-MOS
DEC-31-1996
JAN-01-1997
JUN-30-1997
298
0
19,682
(243)
23,348
48,829
11,653
(4,516)
61,629
13,072
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0
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203
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8
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