

SECURITIES AND EXCHANGE COMMISSION

FORM 8-K

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FILER

UNIVERSAL ELECTRONICS INC

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (date of earliest event reported): August 3, 2006

UNIVERSAL ELECTRONICS INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

0-21044
(Commission File No.)

33-0204817
(I.R.S. Employer
Identification No.)

6101 Gateway Drive
Cypress, California 90630
(Address of principal executive offices, with Zip Code)

(714) 820-1000
(Registrant's telephone number, including area code):

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act
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Item 2.02 Results of Operations and Financial Condition

On August 3, 2006 Universal Electronics Inc. (“UEI”) is issuing a press release and holding a conference call regarding its financial results for the second quarter 2006. A copy of the press release is included as Exhibit 99.1 to this report.

Pursuant to General Instruction B,2 of Form 8-K, the information contained in Exhibit 99.1 will be deemed furnished, and not “filed,” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended, except as expressly set forth by specific reference in any such filing.

Use of Non-GAAP Financial Information

UEI is making reference to non-GAAP financial information in both the press release and the conference call. The GAAP comparables and the reconciliation of the non-GAAP financial measures to the comparable GAAP financial measures is contained in the attached press release and has been posted on the News Releases page of UEI’s website and can be found at: <http://investor.uei.com/phoenix.zhtml?c=84751&p=irol-news>.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits. The following exhibit is furnished with this report.

99.1 Press Release of Universal Electronics Inc. dated August 3, 2006.

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.

Universal Electronics Inc.

Date: August 3, 2006

By: /s/ Bryan Hackworth
Bryan Hackworth
Chief Accounting Officer (Principal Financial Officer)

INDEX TO EXHIBITS

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release dated August 3, 2006



NEWS

Contacts: Paul Arling (UEI) 714.820.1000
Kirsten Chapman (IR Agency) 415.433.3777

***Universal Electronics Reports Second Quarter 2006 Financial Results
- Net Sales of \$52.4 Million Grew 18% Compared to Second Quarter 2005 -***

CYPRESS, CA – August 3, 2006 – Leading wireless technology developer Universal Electronics Inc. (UEI; NASDAQ: UEIC) today announced financial results for the second quarter and the six-month period ended June 30, 2006.

“Solid demand from our Business Category customers, in particular our subscription broadcasting and original equipment manufacturer (OEM) customers, drove our net sales for the second quarter of 2006 to \$52.4 million, up 18 percent as compared to last year’s quarter,” stated Paul Arling, the company’s chairman and chief executive officer. Arling continued, “We have built a leadership role in wireless control technology, resulting from our continued efforts to work with our customers to provide them with simple, affordable, highly functional and technically advanced control technology. In the next year, we will build further upon this idea of advanced, yet simple and affordable solutions by rolling out new products that meet the consumer’s need for control of devices and media within their home.”

Second Quarter 2006 Financial Results

Net sales for the second quarter of 2006 were \$52.4 million, compared to \$44.3 million for the same quarter last year.

The Business Category contributed 77 percent of the total revenue and the Consumer Category contributed 23 percent, compared to 73 percent and 27 percent, respectively in the second quarter of 2005.

Gross margins were 37.4 percent, compared to 35.5 percent in last year’s second quarter, reflecting additional sales in higher margin product lines and cost containment, primarily lower freight costs.

Operating income was \$4.0 million, compared to operating income of \$974,000 for the same quarter last year.

Net income for the 2006 second quarter was \$2.4 million, or \$0.17 per diluted share, compared to \$1.5 million, or \$0.11 per diluted share, for the second quarter of 2005.

The following adjusted figures are included as management believes they provide a more meaningful measure of quarter-over-quarter and year-over-year financial performance. A formal definition of adjusted figures and table reconciling generally accepted accounting principals (GAAP) to adjusted figures are included at the end of this press release.

Adjusted operating income was \$4.7 million, excluding \$671,000 in stock based compensation expense, compared to adjusted operating income of \$2.6 million for the same quarter last year, excluding the \$1.6 million write down of a balance due from a former European distributor.

Adjusted net income for the 2006 second quarter was \$2.9 million, or \$0.20 per diluted share, which excludes stock based compensation charges, compared to \$2.8 million, or \$0.20 per diluted share, for the same period last year, which excluded the \$1.6 million write down of a balance due from a former

European distributor.

Net sales for the six-month period ended June 30, 2006 were \$106.5 million compared to \$85.8 million for the first six months of 2005. Net income for the first six months of 2006 was \$4.6 million, or \$0.32 per diluted share. Adjusted net income for the first six months of 2006 was \$5.5 million, or \$0.39 per diluted share, compared to \$4.6 million, or \$0.33 per diluted share, for the same period last year.

“Leveraging our technology and bringing to market new solutions that simplify connectivity is satisfying customers and driving strong net sales growth,” said Rob Lilleness, the company’s president and chief operating officer. “We continue to increase the breadth of our technology portfolio. Examples of our progress can be seen in our new types of offerings with LodgeNet and Crestron Electronics, expanded relationships with Comcast Corporation and DirecTV, and innovations in new media applications with our Pace Micro Technology relationship.”

UEI’s Recent Highlights:

Partnered with Crestron Electronics, Inc. to develop the TPMC-4X handheld touchpanel controller, as announced on July 31st. Based on the award-winning UEI NevoSL™ and Crestron automation and control technology, the TPMC-4X delivers true 2-way WiFi communication for seamless system integration in modern homes.

Signed a definitive agreement with the Canadian Cable Systems Alliance to supply DVR-enabled universal remote controls to its 94 independent member companies, as announced on June 21st.

Selected by LodgeNet Entertainment Corporation to develop SIGNATURE HDTVSM Remote Controls for guests to access to a wide variety of guest services at properties served by LodgeNet, as announced on June 20th.

Showcased new and expanded control solutions at the annual SCTE Cable-Tec Expo in Denver, CO, as announced on June 19th. Products included Polaris™, Atlas DVR™, uresupport.com and ActiveSupport™, customer interaction management services from service and support to retention.

Formed a joint development relationship with Pace Micro Technology plc, for Pace Micro to utilize its flagship Tahoe Dual Tuner HD DVR set-top box in conjunction with UEI’s My Channel™, enabling the set-top box to be the true center of the connected home, also announced on June 19th.

Conference Call Information:

UEI’s management team will hold a conference call today, Thursday August 3, 2006 at 1:30 p.m. Pacific Time to review the second quarter 2006 results and hold a question and answer session for callers. To participate call 1-800-622-9917 ten minutes prior to start time.

International dialers call 1-706-645-0366. The live call can also be accessed via the Internet through Universal’s Web site at www.uei.com. If you are unable to participate, a replay will be available for two business days following the call. To access, please dial 1-800-642-1687 and international 706-645-9291, reservation number 7904235. The webcast replay will be available at www.uei.com.

About Universal Electronics

Founded in 1986, Universal Electronics Inc. (UEI) is the global leader in wireless control technology for the connected home. UEI designs, develops, and delivers innovative solutions that enable consumers to control entertainment devices, digital media, and home systems.

The company’s broad portfolio of patented technologies and database of infrared control software has been adopted by many Fortune 500 companies in the consumer electronics, subscription broadcast, and computing industries. In addition, the company sells wireless control products to distributors and retailers under the One For All® brand name. More information about UEI can be obtained at <http://www.uei.com>.

Safe Harbor Statement

Except for the historical information contained herein, the matters discussed in this press release are forward-looking statements that involve a number of risks and uncertainties. Among the factors that could cause actual results to differ materially from those expressed herein are the following: the failure of the

company to experience the increased demand from our Business Category customers as we anticipate; the failure of the retail season to be as strong as we anticipate; the growth of, acceptance of, and the demand for our products and technologies, including new products and our home connectivity line of products and software, in the various markets and geographical regions we serve, including the subscription broadcasting cable, satellite, consumer electronics, retail, home automation, automotive, and cellular industries, not materializing as we believe; the possible dilutive effect our stock based compensation programs may have on our EPS and stock price; our inability to deliver the new products and our home connectivity line of products and software at the time and in the quantities we anticipate; the relationships with our customers not expanding as we anticipate; and other factors listed from time to time in our press releases and SEC filings. All forward looking statements included in this release are based upon information we have as of the date of this release and we undertake no obligation to revise or update any forward-looking statements in order to reflect events or circumstances that may arise after the date of this release.

- Tables Follow-

**UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS**

(In thousands)
(Unaudited)

	June 30, 2006	December 31, 2005
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$58,776	\$ 43,641
Accounts receivable, net	42,397	41,861
Inventories, net	29,146	26,708
Prepaid expenses and other current assets	3,157	3,841
Income tax receivable	903	903
Deferred income taxes	2,993	2,971
Total current assets	<u>137,372</u>	<u>119,925</u>
Equipment, furniture and fixtures, net	5,389	4,352
Goodwill	10,578	10,431
Intangible assets, net	5,924	6,007
Other assets	714	403
Deferred income taxes	5,565	5,201
Total assets	<u>165,542</u>	<u>146,319</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Current liabilities:		
Accounts payable	\$24,210	\$ 22,731
Accrued income taxes	9,876	7,551
Accrued compensation	3,469	2,766
Other accrued expenses	9,411	9,676
Total current liabilities	<u>46,966</u>	<u>42,724</u>
Deferred income taxes	90	74
Deferred Revenue	-	229
Total liabilities	<u>47,056</u>	<u>43,027</u>
Stockholders' equity:		
Common stock	173	169
Paid-in capital	88,360	83,220
Accumulated other comprehensive income (loss)	140	(5,265)
Retained earnings	59,549	54,994
Deferred stock-based compensation	-	(163)
Common stock held in treasury	(29,736)	(29,663)
Total stockholders' equity	<u>118,486</u>	<u>103,292</u>
Total liabilities and stockholders' equity	<u>165,542</u>	<u>146,319</u>

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2005	2006	2005
Net sales	\$52,370	\$44,322	\$106,543	\$85,824
Cost of sales	<u>32,788</u>	<u>28,604</u>	<u>68,473</u>	<u>54,389</u>
Gross profit	19,582	15,718	38,070	31,435
Research and development	1,919	1,570	3,765	3,170
Selling, general and administrative expenses	<u>13,620</u>	<u>13,174</u>	<u>27,132</u>	<u>25,606</u>
Operating expenses	<u>15,539</u>	<u>14,744</u>	<u>30,897</u>	<u>28,776</u>
Operating income	4,043	974	7,173	2,659
Interest income, net	(349)	(135)	(621)	(352)
Other expense (income), net	<u>411</u>	<u>(1,296)</u>	<u>572</u>	<u>(2,249)</u>
Income before income taxes	3,981	2,405	7,222	5,260
Provision for income taxes	<u>(1,562)</u>	<u>(860)</u>	<u>(2,667)</u>	<u>(1,859)</u>
Net income	<u>\$2,419</u>	<u>\$1,545</u>	<u>\$4,555</u>	<u>\$3,401</u>
Earnings per share:				
Basic	<u>\$0.18</u>	<u>\$0.11</u>	<u>\$0.33</u>	<u>\$0.25</u>
Diluted	<u>\$0.17</u>	<u>\$0.11</u>	<u>\$0.32</u>	<u>\$0.24</u>
Shares used in computing earnings per share:				
Basic	<u>13,802</u>	<u>13,467</u>	<u>13,722</u>	<u>13,493</u>
Diluted	<u>14,356</u>	<u>13,983</u>	<u>14,297</u>	<u>14,032</u>

To supplement UEI's consolidated financial statements presented in accordance with GAAP, UEI uses non-GAAP net income and non-GAAP EPS financial measures internally. The presentation of this financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP. UEI's management believes these non-GAAP financial measures provide meaningful supplemental information regarding our performance by excluding certain expenses that may not be indicative of our core business operating results. UEI believes both management and investors benefit from referring to these non-GAAP financial measures in assessing UEI's performance and when planning, forecasting and analyzing historical and future periods. These non-GAAP financial measures also facilitate management's internal comparisons to UEI's historical performance. UEI believes these non-GAAP financial measures are useful to investors in allowing for greater transparency with respect to supplemental information used by management in its financial and operational decision making.

Universal Electronics
GAAP to Non-GAAP Reconciliation Tables

	Three Months Ended June 30,					
	2006 GAAP	2006 Adj. (1)	2006 Non-GAAP (3)	2005 GAAP	2005 Adj. (2)	2005 Non-GAAP (3)
Net sales	52,370		52,370	44,322		44,322
Cost of sales	32,788	(6)	32,782	28,604		28,604
Gross profit	19,582	6	19,588	15,718		15,718
Research and development	1,919	(94)	1,825	1,570		1,570
Selling, general and administrative expenses	13,620	(571)	13,049	13,174	(1,592)	11,582
Operating expenses	15,539	(665)	14,874	14,744	(1,592)	13,152
Operating income	4,043	671	4,714	974	1,592	2,566
Interest income, net	(349)		(349)	(135)		(135)
Other expense (income), net	411		411	(1,296)		(1,296)
Income before income taxes	3,981	671	4,652	2,405	1,592	3,997
Provision for income taxes	(1,562)	(225)	(1,787)	(860)	(355)	(1,215)
Net income	2,419	446	2,865	1,545	1,237	2,782
Earnings per share diluted	\$0.17	\$0.03	\$ 0.20	\$0.11	\$0.09	\$ 0.20

	Six Months Ended June 30,					
	2006 GAAP	2006 Adj. (1)	2006 Non-GAAP (3)	2005 GAAP	2005 Adj. (2)	2005 Non-GAAP (3)
Net sales	106,543		106,543	85,824		85,824
Cost of sales	68,473	(13)	68,460	54,389		54,389
Gross profit	38,070	13	38,083	31,435		31,435
Research and development	3,765	(199)	3,566	3,170		3,170
Selling, general and administrative expenses	27,132	(1,229)	25,903	25,606	(1,592)	24,014
Operating expenses	30,897	(1,428)	29,469	28,776	(1,592)	27,184
Operating income	7,173	1,441	8,614	2,659	1,592	4,251
Interest income, net	(621)		(621)	(352)		(352)
Other expense (income), net	572		572	(2,249)		(2,249)
Income before income taxes	7,222	1,441	8,663	5,260	1,592	6,852
Provision for income taxes	(2,667)	(484)	(3,151)	(1,859)	(355)	(2,214)
Net income	4,555	957	5,512	3,401	1,237	4,638
Earnings per share diluted	\$0.32	\$0.07	\$ 0.39	\$0.24	\$0.09	\$ 0.33

(1) The adjustments between the GAAP and non-GAAP consolidated statements of income for the three and six months ended June 30, 2006 consist of share-based compensation expense for employee stock options and the related income tax effect, as recognized in accordance with SFAS 123R. The consolidated statements of income for the three and six months ended June 30, 2005 do not include the effect of share-based compensation expense, because UEI implemented SFAS 123R effective January 1, 2006.

(2) The adjustments between the GAAP and non-GAAP consolidated statements of income for the three and six months ended June 30, 2005 exclude the write down of a receivable from a former European distributor, as well as the related tax effect.

- (3) The non-GAAP consolidated statement of income is not in accordance with, or an alternative for, generally accepted accounting principles and may be different from non-GAAP measures used by other companies. UEI's management believes these non-GAAP measures, when shown in conjunction with the corresponding GAAP measures, facilitate the comparison of results for current periods with past periods.