UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 30, 1996

OR

[ ] 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 0-27022

OPTICAL CABLE CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	54-1237042
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

5290 Concourse Drive
Roanoke, Virginia 24019
(Address of principal executive offices, including zip code)

(540) 265-0690
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
(1) Yes X ___ No ___ (2) Yes X ___ No ___

As of June 14, 1996 (after giving effect to the 2-for-1 stock split declared on June 5, 1996), 38,676,856 shares of the registrant's Common Stock, no par value, were outstanding. Of these outstanding shares, 36,000,000 shares were held by Robert Kopstein, Chairman of the Board, President and Chief Executive Officer of the registrant.

OPTICAL CABLE CORPORATION

Form 10-Q Index

Six Months Ended April 30, 1996

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

OPTICAL CABLE CORPORATION

Condensed Balance Sheets

(Unaudited)

Assets	April 30, 1996	October 31, 1995
Current assets:		
Cash and cash equivalents	$4,092,506	$535,235
Trade accounts receivable, net of allowance for doubtful accounts of S250,000 in 1996 and $200,000 in 1995	7,588,023	6,186,888
Other receivables	113,565	98,297
Due from employees	2,600	3,225
Inventories	6,721,603	6,033,042
Prepaid expenses	89,528	86,553
Deferred income taxes	186,563	-
Total current assets	18,794,388	12,943,240
Other assets	-	201,237
Property and equipment, net	6,040,425	5,674,232
Total assets	$24,834,813	$ 18,818,709
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	$1,348,000	$309,000
Accounts payable and accrued expenses	3,351,121	2,726,727
Accrued compensation and payroll taxes	511,164	831,197
Income taxes payable	319,397	-
Total current liabilities	5,529,682	3,866,924
Deferred income taxes	51,106	-
Total liabilities	5,580,788	3,866,924
Stockholders' equity:		
Common stock; no par value, authorized 50,000,000 shares; issued and outstanding 38,676,856 shares at April 30, 1996 and 36,000,000 at October 31, 1995	18,653,860	596
Additional paid-in capital	-	767,849
Retained earnings	600,165	14,183,340
Total stockholders' equity	19,254,025	14,951,785
Commitments and contingencies		
Total liabilities and stockholders' equity	$24,834,813	$18,818,709

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION

Condensed Statements of Income

(Unaudited)

	Tbree Months Ended April 30,		Six Months Ended April 30,	
	1996	1995	1996	1995
Net sales	$ 10,183,960	$9,500,186	$ 20,526,432	$ 17,632,822
Cost of goods sold	6,087,121	5,524,936	11,722,572	10,176,339
Gross profit	4,096,839	3,975,250	8,803,860	7,456,483
Selling, general and administrative expenses	1,973,115	1,795,862	3,911,919	3,721,492
Income from operations	2,123,724	2,179,388	4,891,941	3,734,991
Other income (expense):				
Interest income	22,572	175	29,450	175
Interest expense	(3,493)	(152,351)	(3,493)	(296,104)
Other, net	109,425	1,636	109,324	25,536
Other income (expense), net	128,504	(150,540)	135,281	(270,393)
Income before income tax expense	2,252,228	2,028,848	5,027,222	3,464,598
Income tax expense	183,940	-	183,940	-
Net income	$2,068,288	$2,028,848	$4,843,282	$3,464,598
Pro forma income data:				
Net income before pro forma income tax provision, as reported	$2,068,288		$4,843,282	
Pro forma income tax provision	680,916		1,746,513	
Pro forma net income	$1,387,372		$3,096,769	
Pro forma net income per share	$0.04		$0.08	
Pro forma weighted average shares outstanding	38,692,284		38,246,142	

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION

Condensed Statement of Changes in Stockholders' Equity

Six Months Ended April 30, 1996

(Unaudited)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Total Stockholders' Equity
Balances, October 31, 1995	36,000,000	$ 596	767,849	14,183,340	14,951,785
Net income - five months ended March 31, 1996	-	-	-	4,243,117	4,243,117
Issuance of common stock for cash ($2.50 per share, less issuance costs of $1,083,182)	2,676,856	5,608,958	-	-	5,608,958
Distributions to stockholder	-	-	-	(6,150,000)	(6,150,000)
Recapitalization	-	13,044,306	(767,849)	(12,276,457)	-
Net income - month ended April 30, 1996	-	-	-	600,165	600,165
Balances, April 30, 1996	38,676,856	$ 18,653,860	-	600,165	19,254,025

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION

Condensed Statements of Cash Flows

(Unaudited)

	Six Months Ended April 30, 1996	Six Months Ended April 30, 1995
Cash flows from operating activities:		
Net income	$ 4,843,282	$ 3,464,598
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	256,952	187,315
Bad debt expense	43,893	(3,018)
Deferred income taxes	(135,457)	-
Gain on sale of property and equipment	-	(20)
(Increase) decrease in:		
Trade accounts receivable	(1,445,028)	(1,988,472)
Other receivables	(15,268)	52,783
Due from employees	625	(3,572)
Inventories	(688,561)	2,882,856
Prepaid expenses	(2,975)	1,814
Other assets	201,237	-
Increase (decrease) in:		
Accrued interest payable	-	(8,458)
Accounts payable and accrued expenses	624,394	1,149,372
Accrued compensation and payroll taxes	(320,033)	176,854
Income taxes payable	319,397	-
Net cash provided by operating activities	3,682,458	5,912,052
Cash flows from investing activities:		
Purchase of property and equipment	(623,145)	(160,502)
Proceeds from sale of property and equipment	-	20
Net cash used in investing activities	(623,145)	(160,482)
Cash flows from financing activities:		
Net change in notes payable	1,039,000	(4,296,485)
Payments on long-term debt	-	(250,000)
Proceeds from issuance of common stock, net of issuance costs	5,608,958	-
Cash distributions to stockholder	(6,150,000)	(1,080,000)
Net cash provided by (used in) financing activities	497,958	(5,626,485)
Net increase in cash	3,557,271	125,085
Cash and cash equivalents at beginning of period	535,235	105,720
Cash and cash equivalents at end of period	$ 4,092,506	$ 230,805

See accompanying condensed notes to condensed financial statements.

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(1) General

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial reporting information and the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all material adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six months ended April 30, 1996, are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 1996. The unaudited condensed financial statements and condensed notes are presented as permitted by Form 10-Q and do not contain certain information included in the Company's annual financial statements and notes. For further information, refer to the financial statements and notes thereto included in the Company's annual report on Form 10-K for the fiscal year ended October 31, 1995.

(2) Recapitalization and Initial Public Offering

The Company's Board of Directors authorized the filing of a registration statement for a public offering of the Company's common stock. In connection with the public offering, the Board and the previously sole stockholder approved an increase in the number of authorized shares of common stock from 50,000 shares to 50,000,000 shares, a recapitalization involving an exchange of all outstanding $1 par value common stock (596 shares) on a 60,403-for-1 basis for no par value common stock (36,000,000 shares) and the authorization of 1,000,000 shares of preferred stock, no par value, issuable in multiple series.

On April 1, 1996, the Company completed a public offering of 2,676,856 shares of the Company's common stock from which it received net proceeds of approximately $5.6 million.

At October 31, 1995, included in noncurrent other assets are deferred costs related to the public offering in the amount of $201,237. These deferred costs were charged against the gross proceeds of the public offering.

Common Stock

In connection with the recapitalization, additional paid-in capital as of March 31, 1996 has been reclassified to no par value common stock.

(Continued)

(2) (Continued)

Undistributed Earnings

In connection with the recapitalization, the amount of the undistributed taxable S Corporation earnings remaining as of March 31, 1996 has been reclassified to no par value common stock.

Distributions

Since November 1, 1995 and in connection with the termination of the Company's status as an S Corporation, the Company has made distributions to the previously sole stockholder representing a portion of the undistributed taxable S Corporation earnings. The Company made distributions totaling $6,150,000 to the previously sole stockholder during the six months ended April 30, 1996.

(3) Inventories

Inventories at April 30, 1996 and October 31, 1995 consist of the following:

	April 30, 1996	October 31, 1995
Finished goods	$ 2,772,172	$ 2,331,995
Work in process	1,394,548	1,594,193
Raw materials	2,515,807	2,067,949
Production supplies	39,076	38,905
	$ 6,721,603	$ 6,033,042

(4) Notes Payable

On March 1, 1996, the Company and its bank executed a loan commitment letter renewing its $5 million revolving line of credit arrangement for another year under substantially similar terms; however, the line of credit as renewed does not contain the restrictive financial covenants contained in the previous agreement.

(Continued)

(5) Income Taxes

Through March 31, 1996, the Company was not subject to federal and state income taxes since it had elected to be taxed as an S Corporation. In connection with the closing of the Company's initial public offering, the Company terminated its status as an S Corporation effective March 31, 1996 and became subject to federal and state income taxes. Accordingly, the statements of income include income taxes from April 1, 1996 and for informational purposes, the statements of income for the three months and six months ended April 30, 1996 include a pro forma adjustment for income taxes which would have been recorded if the Company had been subject to income taxes for the entire period presented.

Income Tax Expense

Income tax expense for the six months ended April 30, 1996 consists of:

	Current	Deferred	Total
U.S. Federal	$ 268,913	(114,047)	154,866
State	50,484	(21,410)	29,074
Totals	$ 319,397	(135,457)	183,940

Deferred Income Taxes

The Company recorded a $114,045 net benefit for deferred income taxes upon termination of the Company's S Corporation status. The adjustment reflects the net deferred income tax asset balance at March 31, 1996 in accordance with the provisions of Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes, which requires an asset and liability approach for the accounting and financial reporting of income taxes.

(Continued)

(5) (Continued)

The tax effects of temporary differences that give rise to significant portions of the Company's net deferred tax asset as of April 30, 1996 are presented below:

Deferred tax assets:	
Accounts receivable, due to allowance for doubtful accounts	$ 94,900
Inventories, due to additional costs inventoried for tax purposes pursuant to the Tax Reform Act of 1986	60,175
Self-insured health care costs, due to accrual for financial reporting purposes	40,816
Total gross deferred tax assets	195,891
Less valuation allowance	-
Net deferred tax assets	195,891
Deferred tax liabilities:	
Plant and equipment, due to differences in depreciation and capital gain recognition	(51,106)
Prepaid expenses, due to deduction for tax purposes	(9,328)
Total gross deferred tax liabilities	(60,434)
Net deferred tax asset, including current net tax asset of $186,563 and noncurrent net tax liability of $51,106	$135,457

Based on the Company's historical and current pretax earnings, management believes that it is more likely than not that the recorded deferred tax assets will be realized.

(6) Pro Forma Net Income Per Share

Pro forma net income per share was computed by dividing pro forma net income by the pro forma weighted average number of common shares outstanding during the period (as adjusted for the recapitalization) and the number of shares (1,800,000) that the Company would have needed to issue at the initial public offering price per share ($2.50) to pay a $1 million cash distribution to the sole stockholder in December 1995 and a $3.5 million cash distribution to the previously sole stockholder out of the proceeds of the initial public offering.

(Continued)

(7) Stock Incentive Plan

The Company and its previously sole stockholder adopted on March 1, 1996 a stock incentive plan which is called the Optical Cable Corporation 1996 Stock Incentive Plan (the "Plan"). The Plan is intended to provide a means for selected key management employees to increase their personal financial interest in the Company, thereby stimulating the efforts of these employees and strengthening their desire to remain with the Company through the use of stock incentives. The Company has reserved 4,000,000 shares of Common Stock for issuance pursuant to incentive awards under the Plan. Incentive awards may be in the form of either incentive stock options, nonstatutory stock options, stock appreciation rights, restricted stock or incentive stock.

The aggregate number of shares under option pursuant to the Plan is as follows:

	Number of Shares	Option Price Per Share
Options outstanding at October 31, 1995	-	-
Granted	460,000	$ 2.50
Forfeited	(4,000)	$ 2.50
Options outstanding at April 30, 1996	456,000	$ 2.50

(8) Stock Dividends

On May 14, 1996, the Board of Directors declared a 2-for-1 stock split effected in the form of a one hundred percent (100%) stock dividend paid on May 31, 1996 to stockholders of record at the close of business on May 15, 1996. On June 5, 1996, the Board of Directors declared a 2-for-1 stock split effected in the form of a one hundred percent (100%) stock dividend to be paid on June 21, 1996 to stockholders of record at the close of business on June 6, 1996. All share and per share data have been adjusted to reflect these stock dividends.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

Results of Operations

Three Months Ended April 30, 1996 and 1995

Net Income

Net income increased 1.9 percent to $2.1 million in second quarter 1996 from $2.0 million in second quarter 1995. This increase was primarily due to increased sales volume and a reduction in interest expense. This was offset by the recording of income tax expense of $184,000 for second quarter 1996 as a result of the Company's termination of its S Corporation status effective March 31, 1996.

Net Sales

Net sales consists of gross sales of products, less discounts, refunds and returns. Net sales increased 7.2 percent to $10.2 million in second quarter 1996 from $9.5 million for the same period in 1995. This increase was attributable to the Company's continued effort to reach a broader customer base throughout the United States and internationally with increased advertising, trade show attendance, and direct sales presence in more states. This effort resulted in greater sales in all market segments and product types. Sales from orders less than $50,000 increased 14.0 percent to $8.1 million in second quarter 1996 from $7.1 million for the same period in 1995, and sales from orders $50,000 or more decreased 12.8 percent to $2.1 million from $2.4 million.

Gross Profit Margin

Cost of goods sold consists of the cost of materials, compensation costs and overhead related to the Company's manufacturing operations, and warranty expenses. The Company's gross profit margin (gross profit as a percentage of net sales) decreased to 40.2 percent in second quarter 1996 from 41.8 percent in second quarter 1995. This decrease was due primarily to a change in the Company's product mix sold during the quarter.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the compensation costs (including sales commissions) for sales and marketing personnel, travel expenses, customer support expenses, trade show expenses, advertising, the compensation cost for administration, finance and general management personnel, as well as legal and accounting fees. Selling, general and administrative expenses as a percentage of net sales were 19.4 percent in second quarter 1996 compared to 18.9 percent in second quarter 1995. This higher percentage was primarily due to an increase in bad debt expense of $47,000.

Interest Expense

The reduction in interest expense in second quarter 1996 is due to the Company generating adequate amounts of cash from operations to meet its cash needs thereby requiring limited use of its revolving line of credit in second quarter 1996.

(Continued)

Six Months Ended April 30, 1996 and 1995

Net Income

Net income increased 39.8 percent to $4.8 million for the six months ended April 30, 1996 from $3.5 million for the six months ended April 30, 1995. This increase was primarily due to increased sales volume, increased gross profit margin and a reduction in interest expense. This was offset by the recording of income tax expense of $184,000 for second quarter 1996 as a result of the Company's termination of its S Corporation status effective March 31, 1996.

Net Sales

Net sales consists of gross sales of products, less discounts, refunds and returns. Net sales increased 16.4 percent to $20.5 million for the six months ended April 30, 1996 from $17.6 million for the same period in 1995. This increase was attributable to the Company's continued effort to reach a broader customer base throughout the United States and internationally with increased advertising, trade show attendance, and direct sales presence in more states. This effort resulted in greater sales in all market segments and product types. Additionally, net sales were favorably impacted by increases in both large and small orders. Sales from orders less than $50,000 increased 17.8 percent to $16.8 million for the six months ended April 30, 1996 from $14.3 million for the same period in 1995, and sales from orders $50,000 or more increased 10.6 percent to $3.7 million from $3.3 million.

Gross Profit Margin

Cost of goods sold consists of the cost of materials, compensation costs and overhead related to the Company's manufacturing operations, and warranty expenses. The Company's gross profit margin (gross profit as a percentage of net sales) increased slightly to 42.9 percent for the six months ended April 30, 1996 from 42.3 percent for the six months ended April 30, 1995. This increase was due primarily to a change in the Company's product mix sold during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses consist of the compensation costs (including sales commissions) for sales and marketing personnel, travel expenses, customer support expenses, trade show expenses, advertising, the compensation cost for administration, finance and general management personnel, as well as legal and accounting fees. Selling, general and administrative expenses as a percentage of net sales were 19.1 percent for the six months ended April 30, 1996 compared to 21.1 percent for the six months ended April 30, 1995. This lower percentage was primarily the result of the fact that net sales for the six months ended April 30, 1996 increased 16.4 percent for the six months ended April 30, 1995.

Interest Expense

The reduction in interest expense for the six months ended April 30, 1996 is due to the Company generating adequate amounts of cash from operations to meet its cash needs thereby not requiring the use of its revolving line of credit for the six months ended April 30, 1996.

(Continued)

Financial Condition

Total assets at April 30, 1996 were $24.8 million, an increase of $6.0 million, or 32.0 percent over October 31, 1995. This increase was primarily due to an increase of $1.4 million in trade accounts receivable resulting from the increased sales volume during the six months ended April 30, 1996, an increase of $.7 million in inventory and an increase in cash and cash equivalents of $3.6 million resulting from the initial public offering of the Company's common stock.

Total stockholders' equity at April 30, 1996 increased $4.3 million from October 31, 1995 as a result of the initial public offering and net income for the six months ended April 30, 1996, less cash distributions totaling $6.2 million to the Company's previously sole stockholder.

Liquidity and Capital Resources

The Company has financed its cash requirements through cash flows from operations along with short-term borrowings. On March 1, 1996, the Company and its bank executed a loan commitment letter renewing its $5 million revolving line of credit arrangement for another year under substantially similar terms; however, the line of credit as renewed does not contain the restrictive financial covenants contained in the previous agreement.

The Company's primary capital needs have been to (i) fund working capital requirements, (ii) repay indebtedness, (iii) purchase property and equipment for expansion and (iv) fund distributions to its previously sole stockholder primarily to satisfy his tax liabilities resulting from S Corporation status. The Company's primary sources of financing have been cash from operations, bank borrowings and the initial public offering of the Company's common stock. The Company believes that its cash flow from operations, available lines of credit and the portion of the net proceeds from the public offering that the Company intends to use for general corporate purposes will be adequate to fund its operations for at least the next twelve months. The Company is not aware of any trends, commitments or events that will result in or that are reasonably likely to result in a material increase or decrease in liquidity thereafter. As of the date hereof, the Company has no additional material sources of financing.

Cash flows from operations were approximately $3.7 million and $5.9 million for the six months ended April 30, 1996 and 1995, respectively. For the six months ended April 30, 1996, cash flows from operations were primarily provided by operating income, offset by an increase in trade accounts receivable of $1.4 million and an increase in inventory of $0.7 million. Cash flows from operations for the six months ended April 30, 1995 were primarily provided by operating income and a decrease in inventory of $2.9 million. In 1995, the Company reduced its inventory of optical fiber because it had additional access to ready supplies.

Net cash used in investing activities was primarily for expenditures related to facilities and equipment and was $623,000 and $161,000 for the six months ended April 30, 1996 and 1995, respectively. In fiscal 1996 and 1997, the Company expects to make additional investments in facilities expansion; however, as of April 30, 1996, there are no material commitments for capital expenditures.

(Continued)

Net cash provided by (used in) financing activities was $0.5 million and $(5.6) million for the six months ended April 30, 1996 and 1995, respectively. The net cash provided by financing activities for the six months ended April 30, 1996 consisted of an increase in debt outstanding under the line of credit of $1.0 million and net proceeds from the issuance of common stock of $5.6 million, offset by $6.2 million in cash distributions to the Company's previously sole stockholder. The net cash used in financing activities for the six months ended April 30, 1995 consisted primarily of a decrease in debt outstanding under the line of credit of $4.3 million and cash distributions to the Company's previously sole stockholder of $1.1 million.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits required by Item 601 of Regulation S-K for the six months ended April 30, 1996.

(27) Financial Data Schedule.

(b) Reports on Form 8-K filed during the three months ended April 30, 1996.

None.

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.

OPTICAL CABLE CORPORATION
(Registrant)

Date: June 14, 1996

/s/Robert Kopstein

Robert Kopstein
Chairman of the Board, President and
Chief Executive Officer

Date: June 14, 1996

/s/Kenneth W. Harber

Kenneth W. Harber
Vice President of Finance, Treasurer
and Secretary
(principal financial and accounting officer)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED APRIL 30, 1996 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIALS STATEMENTS.

6-MOS
OCT-31-1996
APR-30-1996
$ 4,093
0
7,838
250
6,722
18,794
8,752
2,712
24,835
5,530
0
18,654
0
0
600
24,835
20,526
20,665
11,723
15,634
0
44
4
5,027
184
4,843
0
0
0
4,843
0.08
0.08