

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

FORM 10-Q

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

For the quarterly period ended July 31, 1999

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
(State or other jurisdiction of
incorporation or organization)

54-1237042
(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)

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
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As of September 9, 1999, 37,508,136 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.

PART I. FINANCIAL INFORMATION

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

OPTICAL CABLE CORPORATION
CONDENSED BALANCE SHEETS

	JULY 31, 1999	OCTOBER 31, 1998
	----- (Unaudited)	-----
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 5,010,866	\$ 1,122,277
Trade accounts receivable, net of allowance for doubtful accounts of \$294,500 and \$311,500	9,631,655	10,012,699
Other receivables	314,865	295,199
Due from employees	9,734	5,589
Inventories	8,380,239	9,967,012
Prepaid expenses	153,276	95,766
Deferred income taxes	130,530	212,738
	-----	-----
Total current assets	23,631,165	21,711,280
Property and equipment, net	10,707,154	11,083,921
Other assets, net	192,579	33,950
	-----	-----
Total assets	\$34,530,898	\$32,829,151
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,945,713	\$ 1,952,360
Income taxes payable	188,094	111,449
Accrued compensation and payroll taxes	541,847	656,028
	-----	-----
Total current liabilities	3,675,654	2,719,837
Deferred income taxes	197,004	118,121
	-----	-----
Total liabilities	3,872,658	2,837,958
	-----	-----
Stockholders' equity:		
Preferred stock, no par value, authorized 1,000,000 shares; none issued and outstanding	--	--
Common stock, no par value, authorized 100,000,000 shares; issued and outstanding 37,503,586 shares and 37,879,036 shares	5,039,048	9,786,281
Paid-in capital	336,494	150,359
Retained earnings	25,282,698	20,054,553
	-----	-----
Total stockholders' equity	30,658,240	29,991,193
Commitments and contingencies		
	-----	-----
Total liabilities and stockholders' equity	\$34,530,898	\$32,829,151
	=====	=====

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION
CONDENSED STATEMENTS OF INCOME
(Unaudited)

	THREE MONTHS ENDED JULY 31,		NINE MONTHS ENDED JULY 31,	
	1999	1998	1999	1998
Net sales	\$ 12,602,659	\$ 13,727,433	\$ 35,879,331	\$ 37,289,648
Cost of goods sold	7,178,532	8,056,752	20,022,465	21,473,444
Gross profit	5,424,127	5,670,681	15,856,866	15,816,204
Selling, general and administrative expenses	2,535,414	2,602,800	7,742,384	7,330,234
Income from operations	2,888,713	3,067,881	8,114,482	8,485,970
Other income (expense):				
Interest income	45,467	6,185	132,731	46,749
Interest expense	--	(122)	--	(317)
Other, net	(35,011)	(1,167)	(38,116)	(4,311)
Other income, net	10,456	4,896	94,615	42,121
Income before income tax expense	2,899,169	3,072,777	8,209,097	8,528,091
Income tax expense	1,082,586	1,081,403	2,980,952	3,001,297
Net income	<u>\$ 1,816,583</u>	<u>\$ 1,991,374</u>	<u>\$ 5,228,145</u>	<u>\$ 5,526,794</u>
Net income per share -				
Net income per common share	<u>\$ 0.048</u>	<u>\$ 0.052</u>	<u>\$ 0.139</u>	<u>\$ 0.144</u>
Net income per common share - assuming dilution	<u>\$ 0.048</u>	<u>\$ 0.052</u>	<u>\$ 0.138</u>	<u>\$ 0.143</u>

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION
CONDENSED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

NINE MONTHS ENDED JULY 31, 1999

	COMMON STOCK		PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL STOCKHOLDERS' EQUITY
	SHARES	AMOUNT			
Balances at October 31, 1998	37,879,036	\$ 9,786,281	\$150,359	\$20,054,553	\$ 29,991,193
Net income	--	--	--	5,228,145	5,228,145
Exercise of employee stock options (\$2.50 per share)	78,950	197,375	--	--	197,375
Tax benefit of disqualifying dispositions of stock options exercised	--	--	186,135	--	186,135
Repurchase of common stock (at cost)	(454,400)	(4,944,608)	--	--	(4,944,608)
Balances at July 31, 1999	37,503,586	\$ 5,039,048	\$336,494	\$25,282,698	\$ 30,658,240

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)

	NINE MONTHS ENDED JULY 31,	
	1999	1998
Cash flows from operating activities:		
Net income	\$ 5,228,145	\$ 5,526,794
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	599,818	576,989
Bad debt expense	14,802	45,402
Deferred income taxes	161,091	(51,453)
(Increase) decrease in:		
Trade accounts receivable	366,242	(851,869)
Other receivables	(19,666)	383,299
Due from employees	(4,145)	(2,605)
Inventories	1,586,773	(2,074)
Prepaid expenses	(57,510)	(32,409)
Increase (decrease) in:		
Accounts payable and accrued expenses	993,353	852,204
Income taxes payable	262,780	(58,840)
Accrued compensation and payroll taxes	(114,181)	(230,450)
Net cash provided by operating activities	9,017,502	6,154,988
Cash flows from investing activities:		
Purchase of property and equipment	(210,298)	(562,504)
Cash surrender value of life insurance,	(171,382)	--
Net cash used in investing activities	(381,680)	(562,504)
Cash flows from financing activities:		
Net change in notes payable	--	405,000
Repurchase of common stock	(4,944,608)	(6,781,824)
Proceeds from exercise of employee stock options	197,375	194,625
Net cash used in financing activities	(4,747,233)	(6,182,199)
Net increase (decrease) in cash and cash equivalents	3,888,589	(589,715)
Cash and cash equivalents at beginning of period	1,122,277	985,807
Cash and cash equivalents at end of period	\$ 5,010,866	\$ 396,092

See accompanying condensed notes to condensed financial statements.

OPTICAL CABLE CORPORATION
CONDENSED NOTES TO CONDENSED FINANCIAL STATEMENTS
NINE MONTHS ENDED JULY 31, 1999
(Unaudited)

(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 nine months ended July 31, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending October 31, 1999. 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, 1998.

(2) INVENTORIES

Inventories at July 31, 1999 and October 31, 1998 consist of the following:

	JULY 31, 1999	OCTOBER 31, 1998
	-----	-----
Finished goods	\$4,025,237	\$4,152,094
Work in process	1,678,286	1,896,858
Raw materials	2,610,741	3,873,824
Production supplies	65,975	44,236
	-----	-----
	\$8,380,239	\$9,967,012
	=====	=====

(3) NOTES PAYABLE

Under a loan agreement with its bank dated March 10, 1999, the Company has a \$5 million secured revolving line of credit and a \$10 million secured revolving line of credit. The Company's intention is that the \$5 million line of credit be available to fund general corporate purposes and that the \$10 million line of credit be available to fund potential acquisitions and joint ventures. The lines of credit bear interest at 1.50 percent above the monthly LIBOR rate and are equally and ratably secured by the Company's accounts receivable, contract rights, inventory, furniture and fixtures, machinery and equipment and general intangibles. The lines of credit will expire on February 28, 2001, unless renewed or extended.

(Continued)

OPTICAL CABLE CORPORATION
CONDENSED NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(4) STOCKHOLDERS' EQUITY

During the nine months ended July 31, 1999, the Company repurchased 454,400 shares of its common stock for \$4,944,608.

(5) NET INCOME PER SHARE

Net income per common share excludes dilution and is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Net income per common share - assuming dilution reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the net income of the entity. The following is a reconciliation of the numerators and denominators of the net income per common share computations for the periods presented:

THREE MONTHS ENDED JULY 31, 1999	NET INCOME (NUMERATOR)	SHARES (DENOMINATOR)	PER SHARE AMOUNT
Net income per common share	\$1,816,583	37,740,010	\$0.048
Effect of dilutive stock options	--	249,351	=====
Net income per common share - assuming dilution	\$1,816,583 =====	37,989,361 =====	\$0.048 =====
 THREE MONTHS ENDED JULY 31, 1998			
Net income per common share	\$1,991,374	38,208,593	\$0.052
Effect of dilutive stock options	--	258,690	=====
Net income per common share - assuming dilution	\$1,991,374 =====	38,467,283 =====	\$0.052 =====
 NINE MONTHS ENDED JULY 31, 1999			
Net income per common share	\$5,228,145	37,740,010	\$0.139
Effect of dilutive stock options	--	249,351	=====
Net income per common share - assuming dilution	\$5,228,145 =====	37,989,361 =====	\$0.138 =====
 NINE MONTHS ENDED JULY 31, 1998			
Net income per common share	\$5,526,794	38,388,822	\$0.144
Effect of dilutive stock options	--	289,737	=====
Net income per common share - assuming dilution	\$5,526,794 =====	38,678,559 =====	\$0.143 =====

(Continued)

OPTICAL CABLE CORPORATION
CONDENSED NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

Stock options that could potentially dilute net income per common share in the future that were not included in the computation of net income per common share - assuming dilution because to do so would have been antidilutive for the periods presented totaled 229,500 for the three months and nine months ended July 31, 1998. No such antidilutive stock options existed with respect to the net income per common share - assuming dilution calculation for the three months and nine months ended July 31, 1999.

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

RESULTS OF OPERATIONS

THREE MONTHS ENDED JULY 31, 1999 AND 1998

Net Sales

Net sales consists of gross sales of products, less discounts, refunds and returns. Net sales decreased 8.2 percent to \$12.6 million in third quarter 1999 from \$13.7 million for the same period in 1998. This decrease was primarily attributable to reduced selling price and decreased volume. Total cable meters shipped in third quarter 1999 decreased 1.1 percent to 42.9 million from 43.4 million cable meters shipped for the same period in 1998. This decrease in cable meters shipped was a result of a 1.2 million decrease in multi mode cable meters shipped offset by a 726,000 increase in single mode cable meters shipped. Multi mode cable generally has a higher selling price than single mode cable.

Gross Profit Margin

Cost of goods sold consists of the cost of materials, compensation costs and overhead related to the Company's manufacturing operations. The Company's gross profit margin (gross profit as a percentage of net sales) increased to 43.0 percent in third quarter 1999 from 41.3 percent in third quarter 1998. This increase was primarily due to reduced raw fiber prices and the ratio of net sales attributable to the Company's distributors during the period. During third quarter 1999, net sales to distributors approximated 69.0 percent versus 64.0 percent for the same period in 1998. During third quarter 1999, sales from orders \$50,000 or more approximated 9.1 percent compared to 18.0 percent for third quarter 1998. Discounts on large orders and on sales to distributors are generally greater than for sales to the Company's other customer base.

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 20.1 percent in third quarter 1999 compared to 19.0 percent in third quarter 1998. Selling, general and administrative expenses as a percentage of net sales increased largely as a result of decreased net sales coupled with increased marketing efforts.

Income Before Income Tax Expense

Income before income tax expense decreased 0.6 percent to \$2.9 million for the three months ended July 31, 1999 compared to \$3.1 million for the three months ended July 31, 1998. This was primarily due to a decrease in sales partially offset by an increase in gross profit margin and a decrease in selling, general and administrative expenses.

Income Tax Expense

Income tax expense approximated \$1.1 million for the three months ended July 31, 1999 and 1998. The Company's effective tax rate was 37.3 percent during the three months ended July 31, 1999 compared to 35.2 percent for the same period in 1998.

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Net Income

Net income for third quarter 1999 was 1.8 million compared to \$2.0 million for third quarter 1998. Despite a decrease in net sales, net income remained comparable largely due to an improved gross profit margin, partially offset by increases in selling, general and administrative expenses as a percentage of net sales.

NINE MONTHS ENDED JULY 31, 1999 AND 1998

Net Sales

Net sales consists of gross sales of products, less discounts, refunds and returns. Net sales decreased 3.4 percent to \$35.9 million for the nine months ended July 31, 1999 from \$37.3 million for the same period in 1998. This slight decrease was primarily attributable to reduced selling price and a change in product mix. Total cable meters shipped during the nine months ended July 31, 1999 increased 4.2 percent to 117.7 million from 112.9 million cable meters shipped for the same period in 1998. This increase in cable meters shipped was a result of a 634,000 increase in multi mode cable meters shipped and a 5.4 million increase in single mode cable meters shipped. Multi mode cable generally has a higher selling price than single mode cable.

Gross Profit Margin

Cost of goods sold consists of the cost of materials, compensation costs and overhead related to the Company's manufacturing operations. The Company's gross profit margin (gross profit as a percentage of net sales) increased to 44.2 percent for the nine months ended July 31, 1999 from 42.4 percent for the nine months ended July 31, 1998. This increase was due to reduced raw fiber prices partially offset by an increase in the ratio of net sales attributable to the Company's distributors during the period as compared to total net sales. For the nine months ended July 31, 1999, net sales to distributors approximated 62.2 percent versus 57.0 percent for the same period in 1998. During the nine months ended July 31, 1999, sales from orders \$50,000 or more approximated 14.0 percent compared to 18.0 percent for the nine months ended July 31, 1998. Discounts on large orders and on sales to distributors are generally greater than for sales to the rest of the Company's customer base.

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 21.6 percent for the nine months ended July 31, 1999 compared to 19.7 percent for the nine months ended July 31, 1998. This higher percentage reflects the fact that net sales for the nine months ended July 31, 1999 decreased 3.4 percent compared to the same period in 1998, while selling, general and administrative expenses increased 5.6 percent, due to increased marketing efforts.

Income Before Income Tax Expense

Income before income tax expense decreased 3.7 percent to \$8.2 million for the nine months ended July 31, 1999 compared to \$8.5 million for the nine months ended July 31, 1998. This was primarily due to increased selling, general and administrative expenses offset by the increased gross profit margin.

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Income Tax Expense

Income tax expense approximated \$3.0 million for the nine months ended July 31, 1999 and 1998. The Company's effective tax rate was 36.3 percent during the nine months ended July 31, 1999 as compared to 35.2 percent for the same period in 1998.

Net Income

Net income for the nine months ended July 31, 1999 was \$5.2 million compared to \$5.5 million for the nine months ended July 31, 1998. Net income decreased \$299,000 due to the decrease in net sales of \$1.4 million and an increase in selling, general and administrative expenses, partially offset by the increased gross profit margin.

FINANCIAL CONDITION

Total assets at July 31, 1999 were \$34.5 million, an increase of \$1.7 million, or 5.2 percent from October 31, 1998. This increase was primarily due to an increase of \$3.9 million in cash and cash equivalents, offset by decreases in inventories of \$1.6 million and trade accounts receivable of \$381,000.

Total stockholders' equity at July 31, 1999 increased \$667,000, or 2.2 percent from October 31, 1998 with net income retained, offset primarily by the repurchase of common stock in the amount of \$4.9 million, accounting for the increase.

LIQUIDITY AND CAPITAL RESOURCES

During the first nine months of fiscal years 1999 and 1998, the Company's primary capital needs have been to fund working capital requirements and capital expenditures as needed. The Company's primary source of financing has been cash provided from operations. The Company maintains bank lines of credit; however, there were no balances outstanding under the lines as of the end of fiscal year 1998 or the third quarter of fiscal year 1999.

Under a loan agreement with its bank dated March 10, 1999, the Company has a \$5 million secured revolving line of credit and a \$10 million secured revolving line of credit. The Company's intention is that the \$5 million line of credit be available to fund general corporate purposes and that the \$10 million line of credit be available to fund potential acquisitions and joint ventures. The lines of credit bear interest at 1.50 percent above the monthly LIBOR rate and are equally and ratably secured by the Company's accounts receivable, contract rights, inventory, furniture and fixtures, machinery and equipment and general intangibles. The lines of credit will expire on February 28, 2001, unless renewed or extended. As of the date hereof, the Company has no additional material sources of financing. The Company believes that its cash flow from operations and available lines of credit will be adequate to fund its operations for at least the next twelve months.

Cash flows from operations were approximately \$9.0 million for the nine months ended July 31, 1999 compared to \$6.2 million for the nine months ended July 31, 1998. Cash flows from operations for the nine months ended July 31, 1999 were primarily provided by net income, a decrease in inventory of \$1.6 million and an increase in accounts payable and accrued expenses of \$1.0 million. For the nine months ended July 31, 1998, cash flows from operations were primarily provided by net income and an increase in accounts payable and accrued expenses of \$852,000.

For the nine months ended July 31, 1999, net cash used in investing activities was for expenditures related to facilities and equipment of \$210,000 and increase in cash surrender value of life insurance of \$171,000. For

(Continued)

the nine months ended July 31, 1998, net cash used in investing activities was for expenditures related to facilities and equipment and was \$563,000. As of July 31, 1999, there were no material commitments for additional capital expenditures.

Net cash used in financing activities was \$4.7 million and \$6.2 million for the nine months ended July 31, 1999 and 1998, respectively. The net cash used in financing activities is primarily related to the Company's common stock repurchase program.

During the period from October 31, 1998 through July 31, 1999, the Company has repurchased approximately \$4.9 million of the Company's common stock in the open market or in privately negotiated transactions. The repurchases were funded through cash flows from operating activities. The Company has repurchased approximately \$13.6 million of the Company's common stock in such transactions since the inception of the share repurchase program in October 1997. The Company intends to use excess working capital and other sources as appropriate to finance the remaining share repurchase program.

DERIVATIVES

The Company does not use derivatives or other off-balance sheet instruments such as future contracts, forward obligations, interest rate swaps, or options.

YEAR 2000

The "Year 2000" issue will affect many computers and other electronic devices that are not programmed to properly recognize a year that begins with "20" instead of "19." Some devices may recognize dates on or after January 1, 2000 as a date during the 1900s, or may not recognize the date at all. If not corrected, many devices could fail or create erroneous results.

Since 1997, the Company has been actively assessing, planning and responding to the risks to the Company created by the Year 2000 issue. In assessing the risks, the Company has focused on both (i) its internal information technology ("IT") and non-IT systems, including, but not limited to, computer hardware and software, manufacturing equipment, printers, facsimile machines, and other control and accounting devices, and (ii) its interfaces with third parties with which the Company has material relationships, such as suppliers, customers and financial institutions.

The Company has completed its assessment and response planning with respect to its internal IT and non-IT systems. Additionally, the Company has completed its planned remediation measures with respect to those internal systems. The Company's remediation has included updating various computer hardware and software and printers to be Year 2000 compliant. The Company has also determined that the Year 2000 problem will not have a material adverse affect on its manufacturing machinery. To date, the Company has expended less than \$100,000 on its remediation measures and believes substantial future remediation expenditures with respect to its internal systems will not be necessary. With respect to the Company's internal systems, the Company has completed its planned remediation and testing and believes the Year 2000 issue will not have a material adverse affect on the Company or its business. The Company does not believe contingency plans are necessary for its internal systems at this time.

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The Company has completed its assessment of potential Year 2000 problems which may arise from failures of third parties to be Year 2000 compliant. However, many of the Company's suppliers and customers are still engaged in executing their Year 2000 readiness efforts and, as a result, the Company cannot fully evaluate the Year 2000 risks to its supply chain and its distribution channels at this time. The Company's assessment efforts included sending questionnaires to major third party suppliers and reviewing responses, and taking other steps to assess risks as deemed appropriate.

The Company has not been made aware of any Year 2000 issues of third parties that are expected to be unresolved prior to December 31, 1999 and that would have a material adverse effect on the Company. Nonetheless, the Company is considering contingency plans, as appropriate, including relying on raw material inventory on hand and identification of alternative suppliers. The Company will continue to monitor the Year 2000 status of third parties with which it has material relationships to minimize its risk from failures of such parties to be Year 2000 compliant.

The most likely worst case scenario for the Company with respect to the Year 2000 problem is the failure of a supplier, including an energy supplier, to be Year 2000 compliant such that its supply of needed products or services to the Company's manufacturing facility is interrupted temporarily. This could result in the Company not being able to produce fiber optic cable for a period of time, which in turn could result in lost sales and gross profit.

While the Company believes that it is taking the necessary steps to resolve its Year 2000 issues in a timely manner, there can be no assurance that the Company will not have any Year 2000 problems. If any such problems occur, the Company will work to solve them as quickly as possible. At present, the Company does not expect that such problems related to the Company's internal IT and non-IT systems will have a material adverse affect on its business. The failure, however, of one or more of the Company's major suppliers, customers or financial institutions to be Year 2000 compliant could have a material adverse effect on the Company.

NEW ACCOUNTING STANDARDS

SFAS No. 131

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION. SFAS No. 131 establishes standards for the way public business enterprises are to report information about operating segments in annual financial statements and requires those enterprises to report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas and major customers.

SFAS No. 131 is effective for financial statements for periods beginning after December 15, 1997. In the initial year of application, comparative information for earlier years is to be restated, unless it is impracticable to do so. SFAS No. 131 need not be applied to interim financial statements in the initial year of its application, but comparative information for interim periods in the initial year of application shall be reported in financial statements for interim periods in the second year of application. The Company adopted SFAS No. 131 as of November 1, 1998; however, interim disclosures are not required during the initial year of application.

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FORWARD LOOKING INFORMATION

This Form 10-Q may contain certain "forward-looking" information within the meaning of the federal securities laws. The forward-looking information may include, among other information, (i) statements concerning the Company's outlook for the future, (ii) statements of belief, (iii) future plans, strategies or anticipated events, and (iv) similar information and statements concerning matters that are not historical facts. Such forward-looking information is subject to risks and uncertainties that may cause actual events to differ materially from the expectations of the Company. Factors that could cause or contribute to such differences include, but are not limited to, the level of sales to key customers, actions by competitors, fluctuations in the price of raw materials (including optical fiber), the Company's dependence on a single manufacturing facility, the ability of the Company to protect its proprietary manufacturing technology, the Company's dependence on a limited number of suppliers, technological changes and introductions of new competing products, and market and economic conditions in the areas of the world in which the Company operates or markets its products.

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 nine months ended July 31, 1999.

27 Financial Data Schedule.

(b) Reports on Form 8-K filed during the three months ended July 31, 1999.

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: September 14, 1999

/s/ Robert Kopstein

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

Date: September 14, 1999

/s/ Kenneth W. Harber

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

OPTICAL CABLE CORPORATION
 FINANCIAL DATA SCHEDULE
 (Unaudited)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED JULY 31, 1999 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

Amounts inapplicable or not disclosed as a separate line on the Balance Sheet or Statement of Income are reported as 0 herein.

		0001000230	
		OPTICAL CABLE CORPORATION	
		1,000	
		US DOLLARS	
9-MOS			
	OCT-31-1999		
	NOV-1-1998		
	JUL-31-1999		
		1	
			5,011
		0	
		9,926	
		295	
		8,380	
		23,631	
			15,650
		4,943	
		34,531	
		3,676	
		0	0
			0
			5,039
			25,619
			35,879
		36,012	
			20,022
		27,765	
		0	
		15	
		0	
		8,209	
		2,981	
		5,228	
		0	
		0	0
			0
			5,228
			0.139
			0.138
			34,531