

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 2  
ON  
FORM 10-K/A

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED MARCH 31, 1997

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO  
\_\_\_\_\_

Commission File No. 0-23538

MOTORCAR PARTS & ACCESSORIES, INC.  
(Exact name of Registrant as specified in its charter)

NEW YORK

11-2153962

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(State or other jurisdiction of  
incorporation or organization)

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(I.R.S. Employer  
Identification No.)

2727 MARICOPA STREET, TORRANCE, CALIFORNIA

90503

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(Address of principal executive offices)

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Zip Code

Registrant's telephone number, including area code: (310) 212-7910

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act: Common Stock, \$.01 par  
value

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 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.

Yes  No

Indicate by check mark if disclosure of delinquent filers in response to Item  
405 of Regulation S-K is not contained herein, and will not be contained, to the  
best of Registrant's knowledge, in definitive proxy or information statements  
incorporated by reference in Part III of this Form 10-K or any amendment to this  
Form 10-K.

Issuer's revenues for its most recent fiscal year: \$86,872,000.

The aggregate market value, calculated on the basis of the average bid and asked  
prices of such stock on the National Association of Securities Dealers Automated  
Quotation System, of Common Stock held by non-affiliates of the Registrant as of  
June 23, 1997 was approximately \$65,774,512.

There were 5,036,455 shares of Common Stock outstanding as of June 23, 1997.

DOCUMENTS INCORPORATED BY REFERENCE

None.

Items 11 and 12 are hereby amended to reflect that Eli Markowitz is not and has  
not been an executive officer of the Company and certain other changes.

ITEM 11. EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth information concerning the annual compensation of the Company's chief executive officer and other most highly compensated executive officers whose salary and bonus exceeded \$100,000 for the 1997 fiscal year, for services in all capacities to the Company during the Company's 1997, 1996 and 1995 fiscal years.

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
		SALARY	BONUS	OTHER ANNUAL COMPENSATION (1)	SHARES UNDERLYING OPTIONS	ALL OTHER COMPENSATION (2)
Mel Marks	1997	\$300,231	\$150,000	---	---	\$16,292
Chairman of the Board and Chief Executive Officer	1996	\$252,000	\$175,000	---	---	---
	1995	\$252,969	\$ 50,000	---	---	---
Richard Marks	1997	\$300,231	\$150,000	\$12,695	50,000	\$ 135
President and Chief Operating Officer	1996	\$252,145	\$175,000	\$ 9,060	---	---
	1995	\$252,969	\$ 50,000	---	---	---
Steven Kratz	1997	\$175,214	\$ 87,500	\$ 6,501	20,000 (3)	
Vice President - Operations	1996	\$152,395	\$ 75,000	\$ 4,569	35,000 (3)	
	1995	\$128,442	\$ 10,000	---	---	
Peter Bromberg	1997	\$119,711	\$ 48,000	\$ 4,597	12,500 (3)	
Chief Financial Officer and Assistant Secretary	1996	\$100,057	\$ 40,000	\$ 3,180	5,000 (3)	
	1995	\$ 85,000	---	---	---	

- (1) Represents amounts subject to the Company's non-qualified deferred compensation plan contributed on the executive employee's behalf by the Company.
- (2) Consists of the dollar value of split-dollar life insurance benefits.
- (3) These shares were repriced during fiscal 1997.

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OPTION GRANTS IN LAST FISCAL YEAR

NAME	NUMBER OF UNDERLYING OPTIONS GRANTED	% OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1997 (4)	EXERCISE OR BASE PRICE	EXPIRATION DATE	POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERMS	
					5% (\$)	10% (\$)
Richard Marks	50,000 (1)	28.1	\$14.69/share	November 28, 2006	\$461,923	\$1,170,604
Steven Kratz	20,000 (2)	11.3	\$10.63/share(5)	April 17, 2006	\$133,703	\$ 338,830
Peter Bromberg	12,500 (3)	7.0	\$10.63/share(5)	April 17, 2006	\$ 83,564	\$ 211,769

- (1) The options are currently exercisable as to 25,000 shares and exercisable as to 25,000 shares commencing December 2, 1997.
- (2) The options are fully exercisable commencing April 18, 1999.
- (3) The options are currently exercisable as to 10,000 shares and exercisable as to 2,500 shares commencing April 18, 1998.
- (4) Does not include options repriced during fiscal 1997.
- (5) The options were repriced during fiscal 1997 from \$16.00 per share to

\$10.63 per share.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR END OPTION VALUES

NAME	SHARES ACQUIRED ON EXERCISE (#)	VALUE REALIZED (\$ (1))	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE	VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END EXERCISABLE/UNEXERCISABLE (2)
Richard Marks	0	\$ 0	25,000/25,000	\$0/\$0
Steven Kratz	10,000	\$115,750	60,000/40,000	\$406,950/\$132,400
Peter Bromberg	5,000	\$ 57,250	15,000/17,500	\$119,100/\$57,925

- (1) Represents the fair market value of the underlying shares of Common Stock on the date of exercise less the option exercise price.
- (2) Based on the fair market value per share of \$13.94 on the last day of fiscal 1997.

EMPLOYMENT AGREEMENTS

The Company has entered into an employment agreement, as amended to date, with Mel Marks pursuant to which he is employed full-time as the Company's Chairman of the Board and Chief Executive Officer. The agreement expires in September 1999 and provides for an annual base salary of \$300,000. The Company's Board of Directors also may grant bonuses or increase the base salary payable to Mr. Marks. In addition to his cash compensation, Mr. Marks receives an automobile allowance and other benefits, including those generally provided to other employees of the Company. The agreement further provides for a severance payment of one year's salary upon termination of employment under certain circumstances. In addition, in the event of the termination of employment (including termination by Mr. Marks for "good reason") within two years after a "change in control" of the Company, Mr. Marks will (except if termination is for cause) be entitled to receive a lump sum payment equal in amount to the sum of (i) Mr. Marks' base salary and average three-year bonus through the termination date and (ii) three times the sum of such salary and bonus. In addition, the Company must in such circumstances continue Mr. Marks' then current employee benefits for the remainder of the term of the employment agreement. In no case, however, may Mr. Marks receive any payment or benefit in connection with a change in control in excess of 2.99 times his "base amount" (as that term is defined in Section 280G of the Internal Revenue Code of 1986, as amended (the "Code")).

The Company has entered into an employment agreement, as amended to date, with Mr. Richard Marks pursuant to which he is employed full-time as the Company's President and Chief Operating Officer. The agreement expires in September 2000 and provides for an annual base salary of \$400,000. The Company's Board of Directors also may grant bonuses or increase the base salary payable to Mr. Marks. In addition to his cash compensation, Mr. Marks receives an automobile allowance and other benefits, including those generally provided to other employees of the Company. The agreement further provides for a severance payment of one year's salary upon termination of employment under certain circumstances. In addition, in the event of the termination of employment (including termination by Mr. Marks for "good reason") within two years after a "change in control" of the Company, Mr. Marks will (except if termination is for cause) be entitled to receive a lump-sum payment equal in amount to the sum of (i) Mr. Marks' base salary and average three-year bonus through the termination date and (ii) three times the sum of such salary and bonus. In addition, the Company must in such circumstances continue Mr. Marks' then current employee benefits for the remainder of the term of the employment agreement. In no case, however, may Mr. Marks receive any payment or benefit in connection with a change in control in excess of 2.99 times his "base amount" (as that term is defined in Section 280G of the Code).

The Company has entered into an employment agreement, as amended to date, with Mr. Steven Kratz pursuant to which he is employed full-time as the Company's Vice President - Operations. The agreement expires in September 1999 and provides for an annual base salary of \$225,000. The Company's Board of Directors also may grant bonuses or increase the base salary payable to Mr. Kratz. In addition to his cash compensation, Mr. Kratz has exclusive use of a Company-owned automobile and he receives additional benefits, including those that are generally provided to other employees of the Company. Pursuant to the agreement, Mr. Kratz also has been granted options under the 1994 Stock Option Plan to purchase (i) 65,000 shares of Common Stock at an exercise price of \$6.00 per share, 30,000 of which have been exercised and the remainder of which are fully vested, and (ii) 35,000 shares of Common Stock at an exercise price of \$10.63 per share, of which 15,000 are exercisable commencing September 1, 1997 and 20,000 are exercisable commencing September 1, 1998.

The Company has entered into an employment agreement, as amended to date, with Mr. Peter Bromberg pursuant to which he is employed full-time as the Company's Chief Financial Officer. The agreement expires in September 1998 and provides for an annual base salary of \$145,000. In addition to his cash compensation, Mr. Bromberg receives an automobile allowance and additional benefits, including those that are

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generally provided to other employees of the Company. Pursuant to the agreement, Mr. Bromberg also has been granted options under the 1994 Stock Option Plan to purchase (i) 20,000 shares of Common Stock at an exercise price of \$6.00 per share, 5,000 of which have been exercised and the remainder of which are fully vested, and (ii) 5,000 shares of Common Stock at an exercise price of \$10.63, all of which are fully vested.

In conformity with the Company's policy, all of its directors and officers execute confidentiality and nondisclosure agreements upon the commencement of employment with the Company. The agreements generally provide that all inventions or discoveries by the employee related to the Company's business and all confidential information developed or made known to the employee during the term of employment shall be the exclusive property of the Company and shall not be disclosed to third parties without prior approval of the Company. The Company's employment agreements with Messrs. Marks and Bromberg also contain non-competition provisions that preclude each employee from competing with the Company for a period of two years from the date of termination of his employment. The Company's employment agreement with Mr. Kratz contains a non-competition provision which precludes him from competing with the Company for a period of one year from the date of termination of his employment. Public policy limitations and the difficulty of obtaining injunctive relief may impair the Company's ability to enforce the non-competition and nondisclosure covenants made by its employees.

#### EXECUTIVE AND KEY EMPLOYEE INCENTIVE BONUS PLAN

In August 1995, the Board of Directors approved the adoption of the Company's Executive and Key Employee Incentive Bonus Plan (the "Bonus Plan"). The purpose of the Bonus Plan is to provide an incentive for (i) each officer of the Company elected by the Board of Directors and not excluded by the Compensation Committee, including the executive officers named in the Summary Compensation Table, and (ii) each key employee expressly included by the Compensation Committee (collectively, the "Participants") to achieve substantial increases in the profitability of the Company in comparison to the Company's performance in the previous fiscal year by providing bonus compensation tied to such increases in profitability.

The Bonus Plan is administered by the Compensation Committee, which has the power and authority to take all actions and make all determinations which it deems necessary or desirable to effectuate, administer or interpret the Bonus Plan, including the power and authority to extend, amend, modify or terminate the Bonus Plan at any time and to change award periods and determine the time or times for payment of bonuses. The Compensation Committee establishes the bonus targets and performance goals and establishes any other measures as may be necessary to meet the objectives of the Bonus Plan.

No bonuses will be awarded under the Bonus Plan unless the earnings before interest and taxes, exclusive of extraordinary items, of a fiscal year exceeds such earnings for the prior fiscal year by at least 20%. Under the Bonus Plan, Participants are grouped into four classes, with each class having a different range of bonus payments for achieving specified targets of such earnings. The maximum bonus payments, payable in the event that such earnings for a fiscal year exceed such earnings for the prior fiscal year by 40%, range among the groups from 27% to 50% of base salary.

#### COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of the Compensation Committee during fiscal 1997 were, until August 4, 1996, Messrs. Rosenzweig, Moskowitz, M. Marks (an officer of the Company) and R. Marks (also an officer of the Company) and, thereafter, Messrs. Rosenzweig, Moskowitz and Joffe. No member of the Compensation Committee has a relationship that would constitute an interlocking relationship with executive officers or directors of another entity. In October 1996, pursuant to a three-year consulting agreement entered into by the

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Company and Mr. Joffe (as described below), Mr. Joffe was granted options to purchase 15,000 shares of Common Stock at an exercise price of \$13.44 per share as compensation for financial advisory and consulting services thereunder.

#### COMPENSATION OF DIRECTORS

Each of the Company's non-employee directors receives annual compensation of \$10,000, is paid a fee of \$2,000 for each meeting of the Board of Directors attended and \$500 for each meeting of a Committee of the Board of Directors attended and is reimbursed for reasonable out-of-pocket expenses in connection therewith.

The Company's 1994 Non-Employee Director Stock Option Plan (the "Non-Employee Director Plan") provides that each non-employee director of the Company will be granted thereunder ten-year options to purchase 1,500 shares of Common Stock upon his or her initial election as a director, which options are fully exercisable on the first anniversary of the date of grant. The exercise price of the option will be equal to the fair market value of the Common Stock on the date of grant. The Non-Employee Director Plan was adopted by the Board of Directors on October 1, 1994, and by the shareholders in August 1995, in order to attract, retain and provide incentive to directors who are not employees of the Company. The Board of Directors does not have authority, discretion or power to select participants who will receive options pursuant to the Non-Employee Director Plan, to set the number of shares of Common Stock to be covered by each option, to set the exercise price or period within which the options may be exercised or to alter other terms and conditions specified in such plan. To date, options to purchase 4,500 shares of Common Stock, at an exercise price of \$8.125 per share, have been granted under the Non-Employee Director Plan, none of which has been exercised.

In addition, the Company's 1994 Stock Option Plan provides that each non-employee director of the Company receive formula grants of stock options as described below. Each person who served as a non-employee director of the Company during all or part of a fiscal year (the "Fiscal Year") of the Company, including March 31 of that Fiscal Year, will receive on the immediately following April 30 (the "Award Date"), as compensation for services rendered in that Fiscal Year, an award under the Stock Option Plan of immediately exercisable ten-year options to purchase 1,500 shares of Common Stock (a "Full Award") at an exercise price equal to the fair market value of the Common Stock on the Award Date. Each non-employee director who served during less than all of the Fiscal Year is awarded one-twelfth of a Full Award for each month or portion thereof that he or she served as a non-employee director of the Company. As formula grants under the Stock Option Plan, the foregoing grants of options to directors are not subject to the determinations of the Board of Directors or the Compensation Committee.

In September 1995, the Company entered into a three-year consulting agreement with Selwyn Joffe, a director of the Company, pursuant to which Mr. Joffe is to provide certain financial advisory and consulting services to the Company. The agreement provides that Mr. Joffe receive, on that date and on each

of the next two anniversaries of that date, subject to his continuing performance under the consulting agreement as compensation for his services thereunder, a one-time grant of immediately exercisable options to purchase 15,000 shares of Common Stock at an exercise price equal to the fair market value of the Common Stock. Accordingly, in September 1995, Mr. Joffe was granted ten-year options to purchase 15,000 shares of Common Stock at an exercise price of \$13.125 per share. Further in accordance with the consulting agreement, in October 1996, Mr. Joffe was granted ten-year options to purchase 15,000 shares of Common Stock at an exercise price of \$13.44 per share.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of July 21, 1997, certain information as to the Common Stock ownership of each of the Company's directors, each of the officers included in the Summary Compensation Table below, all executive officers and directors as a group and all persons known by the Company to be the beneficial owners of more than five percent of the Company's Common Stock.

Name and Address of Beneficial Shareholder - - - - -	Amount and Nature of Beneficial Ownership(1) - - - - -	Percent of Class - - - - -
Mel Marks c/o Motorcar Parts & Accessories, Inc. 2727 Maricopa Street Torrance, CA 90503	764,411	15.1%
Richard Marks c/o Motorcar Parts & Accessories, Inc. 2727 Maricopa Street Torrance, CA 90503	563,122 (2)	11.1%
Gary J. Simon (3) c/o Parker Chapin Flattau & Klimpl, LLP 1211 Avenue of the Americas New York, NY 10036	253,714	5.0%
Steven Kratz c/o Motorcar Parts & Accessories, Inc. 2727 Maricopa Street Torrance, CA 90503	50,000 (4)	(9)
Peter Bromberg c/o Motorcar Parts & Accessories, Inc. 2727 Maricopa Street Torrance, CA 90503	30,900 (5)	(9)
Mel Moskowitz 6963 Queen Ferry Circle Boca Raton, FL 33496	6,500 (6)	(9)
Murray Rosenzweig 24 Northwood Lane Boynton Beach, FL 33436	17,500 (6)	(9)

Name and Address of Beneficial Shareholder -----	Amount and Nature of Beneficial Ownership(1) -----	Percent of Class -----
Selwyn Joffe c/o Eatertainment LLC 8619 Sunset Boulevard Los Angeles, CA 90069	35,150(7)	(9)
Directors and executive officers as a group (7 persons) -----	1,467,583(8)	28.1%

- (1) The listed shareholders, unless otherwise indicated in the footnotes below, have direct ownership over the amount of shares indicated in the table.
- (2) Includes 25,000 shares issuable upon exercise of currently exercisable options, 142,857 shares held by The Richard Marks Trust, of which Richard Marks is a Trustee and a beneficiary, 4,750 shares held by Mr. Marks' wife and 8,996 shares held by his son.
- (3) Gary J. Simon, by virtue of his shared voting and dispositive power as a Trustee over the shares held by both The Richard Marks Trust and The Debra Schwartz Trust, may be deemed the beneficial owner of a total of 250,714 shares, representing the aggregate share holdings of the trusts.
- (4) Represents 35,000 shares issuable upon exercise of currently exercisable options and 15,000 shares issuable upon exercise of options exercisable commencing September 1, 1997 granted under the 1994 Stock Option Plan.
- (5) Includes 30,000 shares issuable upon exercise of currently exercisable options granted under the 1994 Stock Option Plan.
- (6) Includes 3,000 shares issuable upon exercise of currently exercisable options granted under the 1994 Stock Option Plan and 1,500 shares issuable upon exercise of currently exercisable options granted under the Non-Employee Director Plan.
- (7) Includes 17,750 shares issuable upon exercise of currently exercisable options granted under the 1994 Stock Option Plan, 15,000 shares issuable upon exercise of currently exercisable options granted under the 1996 Stock Option Plan and 1,500 shares issuable upon exercise of currently exercisable options granted under the Non-Employee Director Plan.
- (8) Includes 128,750 shares issuable upon exercise of currently exercisable options granted under the 1994 Stock Option Plan, 15,000 shares issuable upon exercise of currently exercisable options granted under the 1996 Stock Option Plan and 4,500 shares issuable upon exercise of currently exercisable options granted under the Non-Employee Director Plan.
- (9) Less than 1%.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

MOTORCAR PARTS & ACCESSORIES, INC.

By: /S/ PETER BROMBERG

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Peter Bromberg  
Chief Financial Officer

Dated: August 11, 1997