

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[X] Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (Fee Required)

For the Fiscal Year Ended December 31, 1995

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 (No Fee Required) For the transition period from _____ to _____

Commission File Number 0-11676

BEL FUSE INC.

(Exact name of registrant as specified in its charter)

New Jersey 22-1463699
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

198 Van Vorst Street, Jersey City, New Jersey 07302
(201) 432-0463

(Address and telephone number, including area code, of registrant's principal executive office)

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

Securities registered pursuant to Section 12(g) of the Act: Common Stock, \$.10 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 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.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant 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. []

Aggregate market value of voting stock held by non-affiliates as of March 15, 1996 was approximately \$42,162,897 (based upon the closing sales price of those shares reported on the National Association of Securities Dealers Automated Quotation System for that day).

Number of shares of Common Stock outstanding as of March 15, 1996:
5,052,445

Documents incorporated by reference:

Bel Fuse Inc.'s Definitive Proxy Statement for the 1996 Annual Meeting of Stockholders is incorporated by reference into Part III.

BEL FUSE INC.

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PART I

Item 1. Business

General

Bel Fuse Inc. (the "Company"), organized under New Jersey law, is engaged in the design, manufacture and sale of products used in local area networking, telecommunication, business equipment, automotive and consumer electronic applications. The Company operates facilities throughout the world. The Company maintains its principal executive offices at 198 Van Vorst Street, Jersey City, New Jersey 07302; telephone (201) 432-0463. The term "Company" as used in this Annual Report on Form 10-K refers to Bel Fuse Inc. and its consolidated subsidiaries unless otherwise specified.

Recent Developments

From October 3, 1994 through November 8, 1994, the Company acquired 531,400 Class A Voting Common Shares of Pulse Engineering, Inc. ("Pulse"), representing approximately 9.7% of Pulse's outstanding shares, at a cost of \$2,464,839.

Effective September 29, 1995 Technitrol, Inc. ("Technitrol") acquired all of the outstanding common stock of Pulse under an Agreement and Plan of Merger dated May 23, 1995. The Company received \$1,662,000 in cash plus 193,585 shares of Technitrol common stock valued at \$3,194,000. As of the date hereof, the Company owns 112,485 shares of Technitrol, Inc. common stock.

At December 31, 1995, the Company accrued \$400,000 of severance and relocation costs in connection with the relocation of its sales office in France to the United Kingdom to service its changing European customer base.

Product Groups

Magnetic Components

The Company manufactures a broad range of magnetic components. These wire-wound devices perform such functions as signal delay, signal timing, signal conditioning, impedance matching, filtering, isolation, power conversion and power transfer. The Company directs its design and marketing efforts to supply the needs of the following markets: manufacturers of networking and telecommunication equipment, computer manufacturers, and consumer, automotive and industrial electronic manufacturers. Although applications tend to overlap, the magnetic components manufactured by the Company fall into three major groups:

1. Pulse Transformers

These small wire-wound components offer the end user an inexpensive answer to surge protection, isolation and signal transfer. The major customers are the manufacturers of networking equipment, telecommunication equipment and computers.

2. Delay Lines, Filters and DC/DC Converters

These components are supplied to the same customer base as pulse transformers. They are densely packaged combinations of wire-wound components and other passive and active components such as capacitors, resistors and silicon integrated circuits (IC's). They perform the critical functions of timing, signal conditioning and power conversion.

3. Power Transformers, Line Chokes, Coils

The basic functions of power transformers include AC voltage conversion and isolation; and they convert the power from the supply line to the supply circuitry of a given electronic instrument such as a TV or VCR. Line chokes block the conducted and radiated emissions of a power supply, and coils are used for supply and control circuitry in TV's and VCR's. These products are typically sold in large volume orders and are subject to highly competitive pricing pressures.

Packaged Modules and Thick Film Hybrids

The Company supplies packaged modules to end users in several other industries whose requirements can be satisfied by combining in one integrated package one or more of the Company's capabilities in surface mount assembly, automatic winding, hybrid fabrication and component encapsulation.

Thick film hybrids are dense, reliable, high quality electronic microcircuits. The term "thick film hybrid" describes a method for screen printing conductors, resistors and capacitors onto a ceramic substrate. This substrate becomes a hybrid circuit when components such as integrated circuits, transistors, capacitors, and inductors are added to the substrate in order to form a functioning electrical circuit. The Company incorporates facets of this technology in the design and manufacture of many of its other products including packaged modules.

MINIATURE AND MICRO FUSES

Fuses prevent currents in an electrical or electronic circuit from exceeding certain predetermined levels. Fuses act as a safety valve to protect expensive components from damage or to cut off high currents before they can generate enough heat to cause smoke or fire. The Company manufactures miniature and micro fuses for supplementary circuit protection. The Company sells its fuses to a world-wide market. They are used in such products as televisions, VCR's, power supplies, computers, telephones and networking assemblies.

Marketing

The Company sells its products to approximately 530 customers throughout North America, Western Europe and the Far East. Sales are made through independent sales representative organizations and authorized distributors who are overseen by the Company's regional sales personnel throughout the world. Presently the Company has 49 sales representative organizations, 24 non-exclusive distributors and a sales staff of 17 persons.

The Company has written agreements with all of its sales representative organizations and major distributors. Written agreements terminable on short notice by either party are standard in the industry.

Finished products manufactured by the Company in its Far East facilities are, in general, either sold to the Company's Jersey City facility for resale to customers or are shipped directly to customers throughout the world. For further information regarding the Company's geographic operations, see Note 6 of Notes to Consolidated Financial Statements.

The Company had sales to two customers who manufacture electronic equipment in excess of ten percent of 1995 consolidated sales. The amounts and percentage of consolidated sales were approximately \$9,163,000 (13%) and \$8,606,000 (12%).

Foreign Land Leases

The territories of Hong Kong and Macau will revert to the Peoples Republic of China pursuant to long-term land leases which expire in the middle of 1997 and the end of 1999, respectively. Management cannot presently predict what impact, if any, the expiration of these leases will have on the Company or how the political climate in China will affect its contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 81% of its identifiable assets are located in Hong Kong, Macau, and The People's Republic of China. Accordingly, events resulting from the expiration of such leases could have a material adverse effect on the Company.

Research and Development

The Company's research and development efforts in 1995 were spread amongst all of the Company's current product lines. The Company maintains continuing programs to improve the reliability of its products and to design specialized assembly equipment to increase manufacturing efficiencies. The Company's research and development facilities are located in Indiana, California and Hong Kong. Research and development costs amounted to \$3,384,000 in 1995.

Suppliers

The Company has multiple suppliers for most of the raw materials that it purchases. Increasing demand for surface-mount components throughout the electronics industry may result in longer lead times. Where possible, the Company has contractual agreements with suppliers to assure continuing supply of critical components.

With respect to those items which are purchased from single sources, the Company believes that compatible items would be available in the event that there were a termination of the Company's existing business relationships with any such particular supplier. While such an eventuality resulting from such termination could produce a disruption in production, the Company does not believe that the termination of business with any of its suppliers would have a material adverse effect on its long-term operations.

Backlog

The Company normally manufactures products against firm orders. Cancellation and return arrangements are normally negotiated by the Company on a transactional basis. The Company's backlog of orders as of February 29, 1996 was approximately \$28.0 million, as compared with a backlog of \$19.9 million as of February 28, 1995. Management expects that the Company's backlog as of February 29, 1995 will be shipped by December 31, 1996 except for approximately \$7.0.

Trademarks and Patents

The Company has been granted a number of U.S. patents and has additional U.S. patent applications pending relating to its products. While the Company believes that the issued patents are defensible and that the pending patent applications relate to patentable inventions, there can be no assurance that a patent will issue from the applications or that its existing patents can be successfully defended. It is management's opinion that the successful continuation and operation of the Company's business does not depend upon the ownership of patents or the granting of pending patent applications, but upon the innovative skills, technical competence and marketing and managerial abilities of its personnel. The patents have a life of seventeen years from the date of issue.

The Company utilizes six U.S. registered trademarks -- BELIMITER, BELFUSE, BEL, SLOBEL, MICROBEL and SURFUSE -- to identify various products that it manufactures. The trademarks survive as long as they are in use and expire between 1997 and 2007.

Competition

There are numerous independent companies and divisions of major companies which manufacture products that are competitive with one or more of the Company's products. Some of the Company's competitors possess greater financial, marketing and other resources than those available to the Company. The Company's ability to compete is dependent upon several factors, including product performance, quality, reliability, design and price. For information regarding the effect of price competition on the Company's consolidated results of operations, see "Managements' Discussion and Analysis of Financial Condition and Results of Operations".

Employees

As of December 31, 1995, the Company had 680 full-time employees. The Company employed 83 people in its U.S. facilities and 597 throughout the rest of the world excluding workers employed by independent contractors. The Company's employees are not represented by any labor union. The Company believes that its relations with employees are satisfactory.

Item 2. Properties

The Company currently occupies approximately 247,000 square feet of manufacturing, warehouse, office, technical and staff quarter space worldwide. The Company has additional production processing arrangements with subcontractors in the People's Republic of China occupying approximately 60,000 square feet of manufacturing space. In addition to the Company's principal corporate offices in New Jersey, the Company maintains facilities in The People's Republic of China, Hong Kong and Macau in The Far East, in California and Indiana in the U.S.A. and in The United Kingdom and France in Europe. During March, 1996 the office in France was closed. The Company also owns an idle facility of 46,300 square feet in Illinois. Approximately 75% of the 247,000 square feet the Company occupies is owned while the remainder is leased. See Note 10 of Notes to Consolidated Financial Statements for additional information pertaining to leased properties.

The territories of Hong Kong and Macau will revert to the People's Republic of China pursuant to long-term land leases which expire in the middle of 1997 and the end of 1999, respectively. Management cannot presently predict what impact, if any, the expiration of these leases will have on the Company or how the political climate in China will affect its contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 81% of its identifiable assets are located in Hong Kong, Macau, and The People's Republic of China. Accordingly, events resulting from the expiration of such leases could have a material adverse effect on the Company.

Item 3. Legal Proceedings

In March 1996, legal proceedings were commenced in New York State Supreme Court and New Jersey Superior Court relating to a claim by Peers & Co., a former investment banker of the Company, seeking certain fees in connection with the Company's acquisition of common stock of Pulse Engineering, Inc. ("Pulse") and the subsequent acquisition of Pulse by Technitrol, Inc. The Company denies the substance of Peers' claim and intends to vigorously litigate this matter. Although outcomes of legal proceedings cannot be assured, the Company does not believe that such proceedings will materially adversely affect the Company's consolidated financial condition or results of operations.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of the Company's shareholders during the fourth quarter of 1995.

Item 4A. Executive Officers of the Registrant

The following table and biographical outlines set forth the positions and offices within the Company presently held by each executive officer of the Company and a brief account of the business experience of each such officer for the past five years.

Name and Age -----	Officer Since -----	Positions and Offices With the Company/ Business Experience -----
Elliot Bernstein, 72	1954	Chairman of the Board, Chief Executive Officer and Director
Daniel Bernstein, 42	1985	President, Managing Director of the Company's Macau Subsidiary and Director
Robert H. Simandl, 67	1967	Secretary and Director
Arnold Sutta, 69	1985	Vice President
Peter Christoffer, 54	1986	Vice President
Colin Dunn, 51	1992	Vice President and Treasurer
Joseph Meccariello, 45	1995	Vice President of Manufacturing

Elliot Bernstein has been a Director of the Company since its inception in January 1949, served as President and Chief Executive Officer from 1954 to 1992, and has served as Chairman of the Board and Chief Executive Officer since 1992. One of his sons (Daniel Bernstein) is the President and a Director of the Company and his brother (Howard Bernstein) is a Director of the Company. Another one of his sons (Alexander Bernstein) formerly was an executive officer of the Company.

Daniel Bernstein has served the Company as President since June, 1992. He previously served as Vice President (1985-1992) and Treasurer (1986-1992) and has served as a Director since 1986. He occupied other positions with the Company since 1978. He was appointed Managing Director of the Company's Macau subsidiary during 1991. Daniel Bernstein is Elliot Bernstein's son, and Howard Bernstein's nephew.

Item 4A. Executive Officers of the Registrant (continued)

Robert H. Simandl, a director of the Company since 1967 and Secretary of the Company since 1967, is a member of the law firm of Robert H. Simandl, Counsellor At Law. He has been a practicing attorney in New Jersey since 1953.

Arnold Sutta joined the Company in 1966 and has served the Company as Vice President, sales since 1985. Mr. Sutta supervises the worldwide sales of the Company.

Peter Christoffer has served the Company as Vice President since 1986 and in 1990 became the President of the Company's former subsidiary, CAC Microcircuits, Inc. ("CAC"). His responsibilities included the supervision of engineering and production of thick film hybrids at CAC. Since 1991, he has supervised the engineering and production of thick film hybrids at the Company's Indiana facility.

Colin Dunn joined the Company in 1991 as Finance Manager and in 1992 was named Vice President of Finance and Treasurer. Prior to joining the Company, Mr. Dunn was Vice President of Finance and Operations at Kentek Information Systems, Inc. from 1985 to 1991 and had previously held a series of senior management positions with Braintech Inc. and Weyerhaeuser Company.

Joseph Meccariello joined the Company in 1979 as a Manager of Mechanical Engineering and in 1994 became the Deputy Managing Director of the Company's foreign subsidiary, Bel Fuse, Ltd. In 1995 he was named Vice President of Manufacturing with responsibility for Far East production operations.

PART II

Item 5. Market for Registrant's Common Equity and Related
Stockholder Matters

(a) Market Information

The Company's common stock, par value \$.10 per share (the "Common Stock"), is traded in the over-the-counter market. The following table sets forth the high and low closing sales price range (as reported by National Quotation Bureau, Inc.) for the Common Stock in the over-the-counter market for each quarter during the past two years.

	High ----	Low ---
Year Ended December 31, 1994:		
First Quarter.....	\$ 9 1/8	\$ 7 1/4
Second Quarter.....	7 3/8	5 7/8
Third Quarter.....	7 3/4	6
Fourth Quarter.....	8 5/8	6 7/8
Year Ended December 31, 1995:		
First Quarter.....	9 1/2	7 3/4
Second Quarter.....	12 1/2	8 1/4
Third Quarter.....	14 1/4	11
Fourth Quarter.....	13 1/4	10 3/8

The Common Stock is reported under the symbol BELF in the NASDAQ National Market.

(b) Holders.

As of March 21, 1996, there were 287 registered shareholders of the Company's Common Stock plus an estimated 2,969 beneficial shareholders.

(c) Dividends.

The Company has not paid any cash dividends and has no current plans to pay any such dividends. There are no contractual restrictions on the Company's ability to pay dividends.

Item 6. Selected Financial Data

Years Ended December 31,

 1995 1994 1993 1992 1991

(In thousands of dollars, except per share data)

Selected Statements of Operations Data:

Net sales.....	\$ 70,706	\$ 45,747	\$ 47,460	\$ 50,354	\$36,641
Cost of sales.....	50,590	36,349	32,711	31,726	23,539
Selling, general and administrative expenses.....	12,554	11,458	11,338	10,181	9,595
Provision for plant closings.....	--	--	--	--	6,395
Gain on sale of building - net.....	--	--	--	11,410	--
Earnings (loss) before income taxes.....	9,320	(1,761)	4,005	20,132	(2,775)
Income tax provision (benefit).....	1,222	(203)	222	1,204	480
Net earnings (loss)...	8,098	(1,558)	3,783	18,928	(3,255)
Earnings (loss) per common share.....	1.62	(.32)	.77	3.88	(.67)

As of December 31,

 1995 1994 1993 1992 1991

(In thousands of dollars, except per share data)

Selected Balance Sheet Data:

Working capital.....	\$ 28,644	\$ 22,670	\$ 27,875	\$ 26,966	\$ 12,015
Total assets.....	64,475	51,653	53,122	50,005	28,430
Long-term debt, excluding current installments.....	--	--	--	--	7
Stockholders' equity..	55,889	45,926	48,270	44,423	25,315
Book value per share..	11.06	9.25	9.78	9.04	5.23

Item 7. Managements' Discussion and Analysis of Financial Condition
and Results of Operations

The following discussion and analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusion that such results, causes or trends will necessarily continue in the future.

Results of Operations

The following table sets forth, for the past three years, the percentage relationship to net sales of certain items included in the Company's consolidated statements of operations.

	Percentage of Net Sales		
	Years Ended December 31,		
	1995	1994	1993
Net sales.....	100.0%	100.0%	100.0%
Cost of sales.....	71.5	79.5	68.9
Selling, general and administrative expenses.....	17.8	25.0	23.9
Other income, net of interest expense.....	2.5	.7	1.3
Earnings (loss) before income taxes	13.2	(3.8)	8.4
Income tax provision (benefit)..	1.7	(.4)	.5
Net earnings (loss).....	11.5	(3.4)	7.9

The following table sets forth, for the periods indicated, the percentage increase or decrease of certain items included in the Company's consolidated statements of operations.

	Increase (Decrease) from Prior Period	
	1995 Compared with 1994	1994 Compared with 1993
Net sales.....	54.6%	(3.6)%
Cost of sales.....	39.2	11.1
Selling, general and administrative expenses.....	9.6	1.1
Other income - net	*	(49.4)
Earnings (loss) before income taxes..	*	*
Income tax provision (benefit).....	*	*
Net earnings (loss).....	*	*

* Percentage not meaningful.

Sales

Net sales increased 54.6% from 1994 to 1995 from approximately \$45.7 million to \$70.7 million. The Company attributes this increase primarily to strong demand from OEM customers for Network products and increased sales to the automotive industry. Increased Network sales are due to a greater focus on certain key OEM accounts and sales growth from improvements in the Company's engineering service and support to major OEM customers.

Net sales decreased 3.6% from 1993 to 1994 from approximately \$47.5 million to \$45.7 million. The Company attributes this decrease primarily to decreases in transformer unit sales and selling prices as a result of continuing competition in the industry, and decreases in delay line unit sales due to the maturity of this product line, offset in part by an increase in sales of packaged modules.

Cost of Sales

Cost of sales as a percentage of net sales decreased 8% from 79.5% in 1994 to 71.5% in 1995. The decrease in the cost of sales percentage is primarily attributable to increased sales, which resulted in better absorption of indirect labor and overhead and the move to lower cost manufacturing facilities in The Far East offset in part by higher material content associated with the manufacture of packaged modules. The Company regularly reviews its inventory for slow moving, obsolete and overstocked inventory. The Company uses the direct write-off method except for items that have a high scrap value or overstocked positions where the reserve method is generally used. As at December 31, 1995 the inventory reserve for those items was approximately \$141,000.

Cost of sales as a percentage of net sales increased from 68.9% in 1993 to 79.5% in 1994. The substantial increase in the relative percentage of cost of sales to net sales was due primarily to selling price reductions on several mature products and decreased sales. In addition, such percentage increased as a result of increases in raw material costs due to product mix, and depreciation expense in the Company's Far East facility and increased costs at the Company's technical facilities in California and Indiana.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased 7.2% from 1995 to 1994. The Company attributes the decrease primarily to the increase in sales. Selling, general and administrative expenses increased in dollar amount by 9.6%. The Company attributes the increase in the dollar amount of such expenses primarily to increases in commission and other sales related expenses, due to increased sales, accrued severance amounts principally associated with the closing of the Company's sales office in France (Europe) and increases in administrative salaries and related office expenses. During 1994, the Company incurred a \$1,190,000 charge related to severance costs and moving expenses associated with a move to lower cost production facilities.

Selling, General and Administrative Expenses (Continued)

The percentage relationship of selling, general and administrative expenses to net sales increased by 1.1% from 1994 to 1993. The Company attributes the increase primarily to (1) severance and related moving and training expenses incurred during the second quarter of 1994 in the amount of \$1,190,000 in connection with its Far East subsidiary's decision to move its manufacturing from Hong Kong to lower cost areas in Macau and The People's Republic of China and (2) decreased sales. Selling, general and administrative expenses increased in dollar amount by 1.1% principally as a result of expenses in connection with the manufacturing move described above offset in part by reductions in commissions and related selling expenses.

Other Income and Expenses; Gain on Sale

Other income, consisting of earnings on cash equivalents and marketable securities and net realized gains on the sale of marketable securities increased by approximately \$1,457,000 in 1995 from 1994. The increase is primarily due to the Company's realizing approximately \$1,483,000 of gains from the partial liquidation of the Company's investment in Pulse's common stock upon Pulse's acquisition by Technitrol, Inc. in September, 1995 offset in part by losses on the sale of other marketable securities.

Other income, consisting principally of earnings on cash and cash equivalents and marketable securities offset in part by realized losses on the sale of marketable securities and the loss on abandonment of fixed assets incurred in connection with the Company's move from Hong Kong to Macau and The People's Republic of China, decreased by approximately \$288,000 in 1994 from 1993. The decrease is attributable to the Company and its Far East subsidiary realizing approximately \$135,000 of losses from the sale of marketable securities during 1994, the loss on abandonment of fixed assets of approximately \$167,000 during 1994 and lower earnings on invested funds due to lower average balances during 1994 versus 1993.

Provision for Income Taxes

The Company has historically followed a policy of reinvesting substantially all of the earnings of foreign subsidiaries in the expansion of its foreign operations. If the unrepatriated funds were distributed to the parent corporation rather than reinvested in the Far East, such funds would be subject to United States Federal income taxes. No funds were repatriated during 1995, 1994 or 1993. (See Note 5 of Notes to Consolidated Financial Statements).

The income tax provision was \$1,222,000 in 1995 as compared to a benefit of \$203,000 in 1994. The Company attributes this change primarily to the earnings before income tax provision in 1995 versus a loss before income tax provision in 1994. The utilization of United States and Far East net operating loss carryforward and general business credits in the United States in 1995 reduced income taxes by approximately \$577,000.

Provision for Income Taxes (Continued)

The income tax provision decreased from a charge of \$222,000 in 1993 to a \$203,000 benefit in 1994. The Company attributes this change primarily to the loss before income tax provision during 1994 versus earnings before income tax provision for 1993.

The Company's effective tax rate has been lower than the statutory United States corporate rate primarily as a result of lower rates in Hong Kong and Macau. In 1995 the tax rate was impacted by the utilization of net operating loss carryforward in the United States, Hong Kong and Macau and the utilization of general business credits in the United States. In 1993 the tax rate was impacted by the utilization of net operating loss carryforward in the United States. During 1994 there was no utilization of net operating loss carryforward.

Inflation

During the past two years, the effect of inflation on the Company's profitability was not material. Fluctuation of the U.S. dollar against other major currencies does not significantly affect the Company's foreign operations as most transactions are denominated in U.S. dollars.

Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures through operating cash flows. Management believes that the cash flow from operations, combined with its existing capital base and the Company's available lines of credit, will be sufficient to fund its operations for the near term.

The Company has lines of credit, all of which were unused at December 31, 1995, in the aggregate amount of \$7,000,000, of which \$5,000,000 is from domestic banks and \$2,000,000 is from foreign banks.

From October 3, 1994 through November 8, 1994, the Company acquired 531,400 Class A Voting Common Shares of Pulse Engineering, Inc. ("Pulse"), representing approximately 9.7% of Pulse's outstanding shares, at a cost of \$2,464,839.

On July 20, 1995, Pulse announced that its Board of Directors had accepted a revised offer from Technitrol, Inc. ("Technitrol"), to acquire all of Pulse's outstanding common stock. Effective September 29, 1995, Technitrol acquired the Pulse common stock from the Company at a per share price of \$3.12 per share in cash plus .364 shares of Technitrol common stock resulting in the Company receiving \$1,662,000 in cash and 193,585 shares of Technitrol common stock. As of the date hereof, the Company owns 112,485 shares of Technitrol common stock.

During June 1995, the Company's Far East subsidiary acquired 22,500 square feet of additional production facilities for approximately \$2,500,000 in cash including improvements.

Liquidity and Capital Resources (Continued)

During 1995, the Company's cash positions increased by \$5.5 million, principally reflecting \$7.0 million provided by operating activities, the proceeds of approximately \$7.1 million from the sale of marketable securities and \$310,000 from the exercise of stock options offset in part by \$7.4 million in purchases of fixed assets (including the above mentioned production facilities), \$1.2 million in purchases of marketable securities and repayment of \$300,000 of short-term debt.

The Company has historically followed a policy of reinvesting the earnings of foreign subsidiaries in the Far East. If the unrepatriated funds were distributed to the parent corporation, such funds would be subject to United States Federal income taxes. No funds were repatriated during 1995 or 1994.

The Company's shareholders' equity increased by \$10.0 million from December 31, 1994 to December 31, 1995, reflecting the Company's 1995 net earnings of \$8.1 million, a \$1.3 million increase in the net unrealized gain on marketable securities, the exercise of incentive stock options of \$310,000 and the utilization for U.S. tax purposes of carryforward and current incentive stock option deductions of \$221,000.

Cash, accounts receivable and marketable securities comprised approximately 39.7% and 35.7% of the Company's total assets at December 31, 1995 and December 31, 1994, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 4.6 to 1 and 5.1 to 1 at December 31, 1995 and December 31, 1994, respectively.

Accounting Standards

For information regarding certain recently promulgated accounting standards, see Note 1 of the Notes to the Company's Consolidated Financial Statements.

Other Matters

The territories of Hong Kong and Macau will revert to the People's Republic of China pursuant to long-term land leases which expire in the middle of 1997 and the end of 1999, respectively. Management cannot presently predict what impact, if any, the expiration of these leases will have on the Company or how the political climate in China will affect its contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 81% of its identifiable assets are located in Hong Kong, Macau, and The People's Republic of China. Accordingly, events resulting from the expiration of such leases could have a material adverse effect on the Company.

Item 8. Financial Statements and Supplementary Data

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Bel Fuse Inc.
Jersey City, New Jersey

We have audited the accompanying consolidated balance sheets of Bel Fuse Inc. and its subsidiaries (the "Company") as of December 31, 1995 and 1994, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 1995. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Bel Fuse Inc. and its subsidiaries at December 31, 1995 and 1994, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1995 in conformity with generally accepted accounting principles. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

March 6, 1996
Deloitte & Touche LLP

BEL FUSE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31,	
	1995	1994
Current Assets:		
Cash and cash equivalents	\$ 8,343,925	\$ 2,842,894
Marketable securities (Note 2)	5,556,740	7,508,304
Accounts receivable - less allowance for doubtful accounts of \$155,000 and \$70,000	11,705,344	8,079,971
Inventories (Note 3)	10,799,731	8,766,203
Prepaid expenses and other current assets (Note 9)	239,511	959,764
Total Current Assets	36,645,251	28,157,136
Property, plant and equipment - net (Notes 4 and 10)	26,662,351	22,226,076
Unamortized excess of cost over fair value of assets acquired	145,579	166,925
Other assets (Note 10)	1,022,493	1,102,898
TOTAL ASSETS	\$64,475,674 =====	\$51,653,035 =====

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
LIABILITIES AND STOCKHOLDERS' EQUITY

	December 31,	
	1995	1994
	-----	-----
Current Liabilities:		
Note payable (Note 10)	\$ --	\$ 300,000
Accounts payable	3,374,433	3,171,408
Accrued expenses	4,049,366	1,987,536
Income taxes payable (Note 5)	539,924	--
Deferred income taxes	38,000	28,000
	-----	-----
Total Current Liabilities	8,001,723	5,486,944
Deferred income taxes (Note 5)	584,000	240,000
	-----	-----
Total Liabilities	8,585,723	5,726,944
	-----	-----
Commitments and Contingencies (Notes 5, 6, 7, 8 and 10)		
Stockholders' Equity (Note 8):		
Preferred stock, no par value, authorized 1,000,000 shares; none issued	--	--
Common stock, par value \$.10 per share - authorized 10,000,000 shares; out- standing 5,051,445 and 4,965,195 shares	505,145	496,520
Additional paid-in capital	6,811,900	6,288,987
Retained earnings	48,115,306	40,017,231
Net unrealized gain (loss) on marketable securities (Note 2)	457,600	(876,647)
	-----	-----
Total Stockholders' Equity	55,889,951	45,926,091
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$64,475,674	\$51,653,035
	=====	=====

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	1995	1994	1993
Net sales	\$70,706,311	\$45,746,724	\$47,460,108
Costs and Expenses:			
Cost of sales	50,590,056	36,349,461	32,711,024
Selling, general and administrative	12,554,649	11,458,246	11,337,782
	63,144,705	47,807,707	44,048,806
Income (loss) from operations	7,561,606	(2,060,983)	3,411,302
Other income (net)	1,762,522	306,477	594,415
Interest expense	4,053	6,553	1,204
Earnings (loss) before income taxes	9,320,075	(1,761,059)	4,004,513
Income tax provision (benefit) (Note 6)	1,222,000	(203,000)	222,000
Net earnings (loss)	\$ 8,098,075	\$(1,558,059)	\$ 3,782,513
Earnings (loss) per common share	\$1.62	\$(.32)	\$.77
Weighted average number of common shares outstanding	5,010,778	4,947,060	4,921,076

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Retained Earnings	Net Unreal- ized Loss on Marketable Securities	Total
	Shares Outstanding	Par Value				
Balance, January 1, 1993	4,912,906	\$491,291	\$6,138,923	\$37,792,777	\$ --	\$44,422,991
Exercise of stock options	21,382	2,138	62,759	--	--	64,897
Net earnings	--	--	--	3,782,513	--	3,782,513
Balance, December 31, 1993	4,934,288	493,429	6,201,682	41,575,290	--	48,270,401
Exercise of stock options	30,907	3,091	87,305	--	--	90,396
Net unrealized loss on marketable securities	--	--	--	--	(876,647)	(876,647)
Net (loss)	--	--	--	(1,558,059)	--	(1,558,059)
Balance, December 31, 1994	4,965,195	496,520	6,288,987	40,017,231	(876,647)	45,926,091
Exercise of stock options	86,250	8,625	301,913	--	--	310,538
Tax benefits arising from the non-qualified dispositions of incentive stock options	--	--	221,000	--	--	221,000
Net unrealized gain on marketable securities	--	--	--	--	1,334,247	1,334,247
Net earnings	--	--	--	8,098,075	--	8,098,075
Balance, December 31, 1995	5,051,445	\$505,145	\$6,811,900	\$48,115,306	\$ 457,600	\$55,889,951

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	1995	1994	1993
Cash flows from operating activities:			
Net income (loss)	\$ 8,098,075	\$(1,558,059)	\$ 3,782,513
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	2,955,181	2,619,083	2,409,123
Deferred income taxes	50,000	(374,000)	(87,000)
Tax effect of non-qualifying disposition of incentive stock options	221,000	--	--
Net (gain) loss on sale of marketable securities	(1,359,343)	134,743	30,844
Provision for doubtful accounts	85,000	16,175	20,000
Inventory reserve and write- offs	487,000	658,432	194,272
Loss on disposal/abandonment of property and equipment	74,805	167,094	25,017
Changes in operating assets and liabilities	(3,576,366)	(2,449,875)	(1,259,191)
Net Cash Provided by (used in) Operating Activities	7,035,352	(786,407)	5,115,578
Cash flows from investing activities:			
Purchase of property, plant and equipment	(7,444,915)	(6,318,700)	(5,099,913)
Purchase of marketable securities	(1,329,414)	(4,924,030)	(12,478,210)
Proceeds from sale of marketable securities	7,140,470	5,545,242	3,286,460
Proceeds from sale of equipment	--	807,764	50,372
Proceeds from repayment by contractors	89,000	29,000	29,000
Net Cash (used in) Investing Activities	(1,544,859)	(4,860,724)	(14,212,291)

(Continued)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended December 31,		
	1995	1994	1993
Cash flows from financing activities:			
Proceeds from exercise of stock options	310,538	90,396	64,897
Proceeds from borrowings	--	300,000	--
Repayment of borrowings	(300,000)	(3,139)	(4,264)
Net Cash Provided by Financing Activities	10,538	387,257	60,633
Net Increase (Decrease) in Cash and Cash Equivalents	5,501,031	(5,259,874)	(9,036,080)
Cash and Cash Equivalents -- beginning of year	2,842,894	8,102,768	17,138,848
Cash and Cash Equivalents -- end of year	\$8,343,925	\$ 2,842,894	\$ 8,102,768

(Continued)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

	Years Ended December 31,		
	1995	1994	1993
	-----	-----	-----
Changes in operating assets and liabilities consist of:			
(Increase) decrease in accounts receivable	(3,710,373)	(2,033,279)	1,450,207
(Increase) in inventories	(2,520,528)	(596,690)	(2,019,177)
(Increase) decrease in prepaid expenses and other current assets	631,253	(836,351)	51,909
(Increase) decrease in other assets	80,405	63,703	(102,709)
Increase (decrease) in accounts payable	203,025	1,910,315	(14,489)
Increase (decrease) in accrued expenses	1,199,928	(957,573)	(549,128)
Increase (decrease) in income taxes payable	539,924	--	(75,804)
	-----	-----	-----
	\$(3,576,366)	\$(2,449,875)	\$ (1,259,191)
	=====	=====	=====
Supplementary information:			
Cash paid during year for:			
Interest	\$ 5,828	\$ 4,778	\$ 1,204
	=====	=====	=====
Income taxes	\$ 428,834	\$ 680,783	\$ 387,809
	=====	=====	=====
Supplemental disclosure of non-cash investing and financing activities:			
Unrealized (gain) loss on marketable securities	\$(1,334,247)	\$ 876,647	
	=====	=====	

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bel Fuse Inc. and its subsidiaries (the "Company") are engaged in the design, manufacture and sale of products used in local area networking, telecommunication, business equipment and consumer electronic applications. Sales are predominantly in North America, Western Europe and the Far East.

PRINCIPLES OF CONSOLIDATION -- The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany transactions and balances have been eliminated.

USE OF ESTIMATES -- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS -- Cash equivalents include short-term investments in U.S. treasury bills with an original maturity of three months or less when purchased.

MARKETABLE SECURITIES -- The Company classifies its investments in debt and equity securities as "available for sale", and accordingly, reflects unrealized gains and losses, net of deferred income taxes, as a separate component of stockholders' equity. At December 31, 1994, the income tax benefit attributable to the unrealized loss on marketable securities was entirely offset by a valuation allowance.

Marketable securities are held by the parent company, a domestic subsidiary and its Hong Kong subsidiary. The fair values are estimated based on quoted market prices. Realized gains or losses from the sales of marketable securities are based on the specific identification method.

CONCENTRATION OF CREDIT RISK -- Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable, temporary cash investments and investments. The Company grants credit primarily to original equipment manufacturers and to subcontractors of original equipment manufacturers based on an evaluation of the customer's financial condition, without requiring collateral. Exposure to losses on receivables is principally dependant on each customer's financial condition. The Company controls its exposure to credit risk through credit approvals, credit limits and monitoring procedures and maintains allowances for anticipated losses.

The Company places its temporary cash investments and investments with high credit quality financial institutions and by policy, limits the amount of credit exposure with any one financial institution.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORIES -- Inventories are stated at the lower of weighted average cost (first-in, first-out) or market.

DEPRECIATION -- Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated primarily using the declining-balance method for machinery and equipment and the straight-line method for buildings over their estimated useful lives.

INCOME TAXES -- Deferred taxes are provided to reflect the tax effect of temporary differences between financial reporting and tax basis of assets and liabilities. The principal items giving rise to deferred taxes are the use of accelerated depreciation methods for plant and equipment and certain expenses which have been deducted for financial reporting purposes which are not currently deductible for income tax purposes and taxes on unrealized gains on marketable securities.

LONG-LIVED ASSETS -- In March 1995, the Financial Accounting Standards Board issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of". This statement is effective for fiscal years beginning after December 15, 1995. The Company does not expect the effect on its consolidated financial condition and results of operations from the adoption of this statement to be material.

RECENTLY ISSUED ACCOUNTING STANDARD -- In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting for Stock-Based Compensation". The standard encourages, but does not require, companies to recognize compensation expense of grants for stock, stock options and other equity instruments to employees based on fair value accounting rules. SFAS No. 123 requires companies that choose not to adopt the new fair value accounting rules to disclose pro forma net income and earnings per share under the new method. The standard is effective for fiscal years beginning after December 15, 1995. The Company has not yet determined if it will adopt the accounting provisions of SFAS No. 123 or only the disclosure provision. However, the Company does not believe that adoption of SFAS No. 123 will have a significant effect on its results of operations.

EARNINGS (LOSS) PER COMMON SHARE -- Earnings (loss) per common share are computed using the weighted average number of common shares outstanding during the year. The dilutive effect of outstanding options were not material in 1995 and 1993 and were not considered in 1994 as their effect was antidilutive.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS -- For financial instruments including cash, accounts receivable, accounts payable and accrued expenses, it was assumed that the carrying amount approximated fair value because of their short maturities. The fair value of marketable securities are based on quoted market prices, or based on bid prices for the principal only strips.

RECLASSIFICATIONS -- Certain reclassifications have been made to prior year balances in order to conform with the current year's presentation.

2. MARKETABLE SECURITIES

	Amortized Cost	Estimated Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
	-----	-----	-----	-----
December 31, 1995:				
Municipalities	\$1,329,414	\$1,325,576	\$ --	\$ (3,838)
U.S. Government agencies -- colla- teralized mortgage obligations (1)	987,716	779,180	--	(208,536)
Equities:				
Common stock (3)	1,678,638	3,185,434	1,636,300	(129,504)
Preferred stock	319,212	266,550	--	(52,662)
	-----	-----	-----	-----
	\$4,314,980	\$5,556,740	\$1,636,300	\$ (394,540)
	=====	=====	=====	=====
December 31, 1994:				
Municipalities	\$1,214,699	\$1,197,913	\$ --	\$ (16,786)
U.S. Government agencies -- colla- teralized mortgage obligations (1)	1,575,511	924,942	--	(650,569)
Equities:				
Common stock (2)	3,857,513	3,746,674	138,939	(249,778)
Preferred stock	830,690	762,800	--	(67,890)
Mutual funds	545,963	528,350	--	(17,613)
Foreign corporation bonds	360,575	347,625	--	(12,950)
	-----	-----	-----	-----
	\$8,384,951	\$7,508,304	\$ 138,939	\$(1,015,586)
	=====	=====	=====	=====

(1) Includes principal only strips valued at amortized cost of \$987,716 and an estimated fair value of \$779,180 and \$415,649 at December 31, 1995 and 1994, respectively.

(2) Includes 531,400 Class A Voting Common Shares of Pulse Engineering, Inc. ("Pulse"), representing approximately 9.7% of Pulse's outstanding shares, at a cost of \$2,464,839.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. MARKETABLE SECURITIES (Continued)

(3) Includes 112,485 shares of Technitrol, Inc. common stock at a cost of \$945,120.

Gross realized gains were \$1,529,489 in 1995 (\$34,964 in 1994 and \$38,128 in 1993). Gross realized losses were \$151,472 in 1995 (\$169,707 in 1994 and \$68,972 in 1993).

All debt securities mature after December 31, 1998.

3. INVENTORIES

	December 31,	
	1995	1994
Raw materials	\$ 7,059,330	\$6,552,826
Work in process	191,518	35,897
Finished goods	3,548,883	2,177,480
	-----	-----
	\$10,799,731	\$8,766,203
	=====	=====

4. PROPERTY, PLANT AND EQUIPMENT

	December 31,	
	1995	1994
Land	\$ 835,218	\$ 686,988
Buildings and improvements	13,481,550	10,121,169
Machinery and equipment	30,379,639	27,004,661
Idle property held for sale	935,000	935,000
	-----	-----
	45,631,407	38,747,818
Less accumulated depreciation	18,969,056	16,521,742
	-----	-----
	\$26,662,351	\$22,226,076
	=====	=====

Depreciation expense for the years ended December 31, 1995, 1994 and 1993 was \$2,933,835, \$2,597,735, and \$2,367,777, respectively.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INCOME TAXES

The provision (benefit) for income taxes consists of the following:

	Years Ended December 31,		
	1995	1994	1993
Current:			
Federal(a)	\$ 654,000	\$ --	\$ 22,000
Foreign(b)	464,000	162,000	286,000
State	54,000	9,000	1,000
	<u>1,172,000</u>	<u>171,000</u>	<u>309,000</u>
Deferred:			
Federal	(195,000)	--	--
Foreign	245,000	(374,000)	(87,000)
	<u>50,000</u>	<u>(374,000)</u>	<u>(87,000)</u>
	<u>\$1,222,000</u>	<u>\$(203,000)</u>	<u>\$222,000</u>

(a) Reduced by \$177,000 and \$645,000 in 1995 and 1993 for utilization of a net operating loss carryforward and \$175,000 of tax credits carry-forward in 1995.

(b) Reduced by \$224,000 in 1995 for utilization of a net operating loss carryforward.

A reconciliation of taxes on income at the federal statutory rate to amounts provided is as follows:

	Years Ended December 31,		
	1995	1994	1993
Tax provision (benefit) computed at the Federal statutory rate	\$ 3,169,000	\$(599,000)	\$1,361,000
Increase (decrease) in taxes resulting from:			
Effect of unused U.S. tax losses	--	163,000	--
Utilization of Federal and foreign net operating loss carryforward and various Federal tax credits	(577,000)	--	(645,000)
Alternative minimum tax - U.S.	--	--	22,000
Lower tax rates applicable to foreign operations	(1,356,000)	--	(516,000)
Effect of unused foreign tax losses	--	107,000	--
Other, net	(14,000)	126,000	--
	<u>\$ 1,222,000</u>	<u>\$(203,000)</u>	<u>\$ 222,000</u>

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. INCOME TAXES (Continued)

The types of temporary differences between the tax basis of assets and liabilities and their financial reporting amounts that give rise to the deferred tax liability and deferred tax asset and their approximate tax effects are as follows:

	December 31,			
	1995		1994	
	Temporary Difference	Tax Effect	Temporary Difference	Tax Effect
Depreciation	\$3,780,000	\$ 585,000	\$ 3,947,000	\$ 576,000
Net operating loss carry- forward	(904,000)	(252,000)	(3,074,000)	(682,000)
Net unrealized gain (loss) on marketable securities	895,000	304,000	(356,000)	(121,000)
Other temporary differences	(786,000)	(267,000)	(70,000)	(20,000)
Tax credit carry forward..	--	--	(175,000)	(175,000)
Valuation allowances(1) ..	904,000	252,000	1,786,000	690,000
	<u>\$3,889,000</u>	<u>\$ 622,000</u>	<u>\$ 2,058,000</u>	<u>\$ 268,000</u>

(1) Valuation allowances relate to net operating losses in foreign countries as the realization of this deferred tax benefit is not more than likely. Additionally in 1994, the valuation allowance was recorded to reduce the net deferred tax benefit relating to net unrealized losses on marketable securities.

It is management's intention to permanently reinvest a substantial portion of the earnings of foreign subsidiaries in the expansion of its foreign operations. No funds were repatriated during 1995. Unrepatriated earnings, upon which income taxes have not been accrued, amounted to approximately \$46,085,000 at December 31, 1995. The related amount of income taxes would approximate \$10,838,000.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. OPERATIONS IN GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES

	United States -----	Foreign Countries(1) -----	Adjustments and Eliminations -----	Consolidated -----
1995				

Sales to unaffiliated customers	\$44,702,623	\$26,003,688	\$ --	\$70,706,311
Transfers between geographic areas	6,580,116	35,775,197	(42,355,313)	--
Total Revenues	<u>\$51,282,739</u>	<u>\$61,778,885</u>	<u>\$(42,355,313)</u>	<u>\$70,706,311</u>
Operating income	<u>\$ 1,155,081</u>	<u>\$ 6,406,525</u>	<u>\$ --</u>	<u>\$ 7,561,606</u>
Identifiable assets as at December 31, 1995	<u>\$12,472,024</u>	<u>\$52,011,394</u>	<u>\$ (7,744)</u>	<u>\$64,475,674</u>
1994				

Sales to unaffiliated customers	\$25,917,319	\$19,829,405	\$ --	\$45,746,724
Transfers between geographic areas	1,674,378	17,256,984	(18,931,362)	--
Total Revenues	<u>\$27,591,697</u>	<u>\$37,086,389</u>	<u>\$(18,931,362)</u>	<u>\$45,746,724</u>
Operating (loss)	<u>\$ (621,758)</u>	<u>\$(1,439,225)</u>	<u>\$ --</u>	<u>\$(2,060,983)</u>
Identifiable assets as at December 31, 1994	<u>\$15,124,357</u>	<u>\$36,536,422</u>	<u>\$ (7,744)</u>	<u>\$51,653,035</u>
1993				

Sales to unaffiliated customers	\$25,381,690	\$22,078,418	\$ --	\$47,460,108
Transfers between geographic areas	3,364,331	16,891,277	(20,255,608)	--
Total Revenues	<u>\$28,746,021</u>	<u>\$38,969,695</u>	<u>\$(20,255,608)</u>	<u>\$47,460,108</u>
Operating income	<u>\$ 1,685,644</u>	<u>\$ 1,725,658</u>	<u>\$ --</u>	<u>\$ 3,411,302</u>
Identifiable assets as at December 31, 1993	<u>\$12,811,141</u>	<u>\$40,318,347</u>	<u>\$ (7,744)</u>	<u>\$53,121,744</u>

(1) Consist principally of operations in The Far East.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. OPERATIONS IN GEOGRAPHIC AREAS, FOREIGN OPERATIONS AND EXPORT SALES
(Continued)

Transfers between geographic areas include raw materials manufactured in the United States which are shipped to foreign countries to be manufactured into finished products and finished products manufactured in foreign countries and transferred to the United States for sale. Operating income (loss) represents total revenue less operating expenses. In computing operating income (loss), none of the following items have been included: interest income or expense, other income and income taxes.

Identifiable assets are those assets of the Company that are identified with the operations of each geographic area.

The territories of Hong Kong and Macau will revert to the People's Republic of China pursuant to long-term land leases which expire in the middle of 1997 and the end of 1999, respectively. Management cannot presently predict what impact, if any, the expiration of these leases will have on the Company or how the political climate in China will affect its contractual arrangements in China. Substantially all of the Company's manufacturing operations and approximately 81% of its identifiable assets are located in Hong Kong, Macau, and The People's Republic of China. Accordingly, events resulting from the expiration of such leases could have a material adverse effect on the Company.

The Company realized exchange (gains) losses of approximately \$(32,886), \$(2,000), and \$32,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Unrealized exchange gains (losses) on foreign currency amounted to approximately \$7,835, \$72,000, and \$(101,000) for the years ended December 31, 1995, 1994 and 1993, respectively.

The Company's research and development facilities are located in Indiana, California and Hong Kong. Research and development costs amounted to \$3,384,000 in 1995.

The Company had sales in excess of ten percent to two customers who manufacture electronic equipment. The amounts and percentages were approximately 9,163,000 (13%) and \$8,606,000 (12%) in 1995; \$4,602,000 (10%) in 1994 and \$6,720,000 (14%) and \$5,338,000 (11%) in 1993.

7. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains a domestic profit sharing plan, a contributory stock ownership and savings 401(K) plan which combines stock ownership and individual voluntary savings provisions to provide retirement benefits for plan participants. The plan provides for participants to voluntarily contribute a portion of their compensation, subject to certain legal maximums. The Company will match, based on a sliding scale, up to \$350 for the first \$600 contributed by each participant. Matching contributions plus additional discretionary contributions will be made with Company stock. The expense for the years ended December 31, 1995, 1994 and 1993 amounted to approximately \$137,000, \$125,000 and \$107,000, respectively.

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. RETIREMENT FUND AND PROFIT SHARING PLAN (Continued)

The Company's Far East subsidiaries have a retirement fund covering substantially all of their full-time employees. Eligible employees contribute up to 5% of salary to the fund. In addition, the Company may contribute an amount equal to a percentage of eligible salary, as determined by the Company, in cash or Company stock. The expense for the years ended December 31, 1995, 1994 and 1993 amounted to approximately \$311,000, \$345,000 and \$459,000, respectively. The Company has agreed to repurchase its stock, if no market exists, should it be requested to do so by the trustees of the Company's Far East plan.

8. STOCK OPTION PLAN

The Company has a Qualified Stock Option Plan (the "Plan") which provides for the granting to key employees of "Incentive Stock Options" within the meaning of Section 422 of the Internal Revenue Code of 1954, as amended. The Plan provides for the issuance of 700,000 shares.

On May 26, 1994 the Company cancelled 103,500 options to employees exercisable at \$9.125 to \$9.75 per share and regranted them at an option price of \$6.50 per share. On May 26, 1994 the Company granted options to employees covering 43,000 shares at option prices of \$6.50 to \$7.00 per share and on September 27, 1994 40,000 options to officers of the Company at an option price of \$7.70 per share.

Substantially all options outstanding become exercisable twenty-five percent one year from the date of the grant and twenty-five percent for each of the three years thereafter.

The following summarizes the stock option transactions for the years ended December 31, 1995, 1994 and 1993:

	Number of Shares -----	Per Share Option Price -----
Outstanding at January 1, 1993	205,164	\$2.34 - \$9.125
Cancelled	(18,000)	\$2.34 - \$9.125
Granted	38,000	\$9.75
Exercised	(21,382)	\$2.34 - \$9.75
Outstanding at December 31, 1993	203,782	\$2.34 - \$9.75
Cancelled	(116,625)	\$3.00 - \$9.75
Granted	186,500	\$6.50 - \$7.70
Exercised	(30,907)	\$2.34 - \$3.75
Outstanding at December 31, 1994	242,750	\$2.34 - \$7.70
Cancelled	(14,500)	\$6.50 - \$7.00
Granted	-	-
Exercised	(86,250)	\$2.34 - \$7.00
Outstanding at December 31, 1995	142,000	\$3.75 - \$7.70
Available for future grant		
December 31, 1995	218,375	
Exercisable at December 31, 1995	26,125	

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9. RELATED PARTY TRANSACTIONS

At December 31, 1994 prepaid expenses and other current assets include advances against compensation of \$49,577, to the Company's Chief Executive Officer.

10. COMMITMENTS AND CONTINGENCIES

Leases

The Company leases various facilities. Certain of these leases require the Company to pay certain executory costs (such as insurance and maintenance).

Future minimum lease payments for operating leases are as follows:

Years Ending December 31, -----	
1996	\$ 584,000
1997	203,000
1998	115,000
1999	111,000
2000	--
Thereafter	--

	\$1,013,000
	=====

Rental expense was approximately \$474,000, \$318,000 and \$267,000 for the years ended December 31, 1995, 1994 and 1993, respectively.

Credit Facilities

The Company has two domestic unsecured line of credit amounting to \$5,000,000 which was unused at December 31, 1995. The lines of credit are renewable annually.

The Company's Hong Kong subsidiary has an unsecured line of credit of approximately \$2,000,000 which expires in August, 1996 and was unused at December 31, 1995. Borrowing on the line of credit is guaranteed by the U.S. parent.

Production Arrangements

The Company's Hong Kong subsidiary has an agreement with a contractor in the People's Republic of China for the assembly of electronic components. The Company advanced the contractor monies for the construction of a 50,000 square foot facility of which \$256,000 is outstanding at December 31, 1995. The Company is obligated to the contractor in the amount of approximately \$259,000 a year through 2003 for minimum labor charges which will be offset in part by the \$256,000 owed to the Company by the contractor.

Litigation

In March 1996, legal proceedings were commenced relating to a claim by a former investment banker of the Company which is seeking certain fees in connection with the Company's acquisition of common stock of Pulse Engineering, Inc. ("Pulse") and the subsequent acquisition of Pulse by Technitrol, Inc. The Company denies the substance of the investment banker's claim and intends to vigorously litigate this matter. Although outcomes of legal proceedings cannot be assured, the Company does not believe that such proceedings will materially adversely affect the Company's consolidated financial condition or results of operations.

BEL FUSE INC. AND SUBSIDIARIES
 SELECTED QUARTERLY FINANCIAL DATA
 (UNAUDITED)

	March 31, 1995 -----	June 30, 1995 -----	September 30, 1995 -----	December 31, 1995 -----	Total Year Ended December 31, 1995 -----
Net sales	\$15,849,971	\$18,110,282	\$17,567,632	\$19,178,426	\$70,706,311
Gross profit	\$ 4,212,339	\$ 4,720,512	\$ 4,977,803	\$ 6,205,601	\$20,116,255
Net earnings	\$ 1,473,572	\$ 1,496,735	\$ 1,979,700	\$ 3,148,068	\$ 8,098,075
Earnings per share(1)	\$.30	\$.30	\$.39	\$.62	\$1.62

(1) Earnings per share is computed on a quarterly basis. The quarterly amounts of earnings per share may not agree to the total for the year.

	March 31, 1994 -----	June 30, 1994 -----	September 30, 1994 -----	December 31, 1994 -----	Total Year Ended December 31, 1994 -----
Net sales	\$ 9,423,962	\$10,110,328	\$12,191,187	\$14,021,247	\$45,746,724
Gross profit	\$ 1,668,823	\$ 1,787,821	\$ 2,578,092	\$ 3,362,527	\$ 9,397,263
Net earnings (loss)	\$ (665,492)	\$(2,206,886)	\$ 354,731	\$ 959,588	\$(1,558,059)
Earnings (loss) per share .	\$ (.13)	\$ (.45)	\$.07	\$.19	\$ (.32)

Item 9. Changes in and Disagreements with Accountants on Accounting and
Financial Disclosure

None.

PART III

Item 10. Directors of the Registrant

The Company hereby incorporates by reference the applicable information from its definitive proxy statement for its 1996 Annual Meeting of Shareholders.

Item 11. Executive Compensation

The Company hereby incorporates by reference the applicable information from its definitive proxy statement for its 1996 Annual Meeting of Shareholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management

The Company hereby incorporates by reference the applicable information from its definitive proxy statement for its 1996 Annual Meeting of Shareholders.

Item 13. Certain Relationships and Related Transactions

The Company hereby incorporates by reference the applicable information from its definitive proxy statement for its 1996 Annual Meeting of Shareholders.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

	Page

(a)	
1. Financial statements filed as a part of this report:	
Independent Auditors' Report	F-1
Consolidated Balance Sheets as of December 31, 1995 and 1994	F-2 - F-3
Consolidated Statements of Operations for Each of the Three Years in the Period Ended December 31, 1995	F-4
Consolidated Statements of Stockholders' Equity for Each of the Three Years in the Period Ended December 31, 1995	F-5
Consolidated Statements of Cash Flows for Each of the Three Years in the Period Ended December 31, 1995	F-6 - F-8
Notes to Consolidated Financial Statements	F-9 - F-19
Selected Quarterly Financial Data - Years Ended December 31, 1995 and 1994 (Unaudited)	F-20
2. Financial statement schedules filed as part of this report:	
Schedule II: Valuation and Qualifying Accounts	S-1
All other schedules are omitted because they are inapplicable, not required or the information is included in the financial statements or notes thereto.	
(b)	
3. Exhibits filed as part of this report.	

Item 14. Exhibits, Financial Statement Schedules and Reports on

Form 8-K (continued)

Exhibit No.:

-
- 3.1 Certificate of Incorporation, as amended -- Incorporated by reference to Exhibit 3.1 of the Company's Annual Report on Form 10-K for the year ended December 31, 1992.
 - 3.2 By-laws, as amended, are hereby incorporated by reference to Exhibit 4.2 of the Company's Registration Statement on Form S-2 (Registration No. 33-16703) filed with the Securities and Exchange Commission on August 25, 1987.
 - 10.1 Agency agreement dated October 1, 1988 between Bel Fuse Ltd. and Rush Profit Ltd. -- Incorporated by reference to Exhibit 10.1 of the Company's annual report on Form 10K for the year ended December 31, 1994.
 - 10.2 Contract dated March 16, 1990 between Accessorios Electronicos (Bel Fuse Macau Ltd.) and the Government of Macau. -- Incorporated by reference to Exhibit 10.2 of the Company's annual report on Form 10K for the year ended December 31, 1994.
 - 10.3 Loan agreement dated February 14, 1990 between Bel Fuse, Ltd. (as lender) and Luen Fat Lee Electronic Factory (as borrower).
 - 10.4 Lease dated April 15, 1990 between the Company's French subsidiary (as lessee) and lessor. -- Incorporated by reference to Exhibit 10.9 of the Company's Annual Report on Form 10-K for the year ended December 31, 1990.
 - 10.5 Lease dated March 20, 1992 between the Company's Central Coil Company, Inc. subsidiary (as lessee) and lessor. -- Incorporated by reference to Exhibit 10.12 of the Company's Annual Report on Form 10-K for the year ended December 31, 1991.
 - 10.6 Stock Option Plan -- Incorporated by reference to Exhibit 28.1 of the Company's Registration Statement on Form S-8 (Registration No. 33-53462) filed with the Securities and Exchange Commission on October 20, 1992.
 - 10.7 Contract for purchase of the new manufacturing and office space of the Company's Macau subsidiary located in Macau, dated May 4, 1993 between Fundicio e Construciones Mecanicas (Macau) S.A.R.L. (seller) and Accessorios Electronicos "Bel Fuse" Macau LDA (buyer) -- Incorporated by reference to Exhibit 10-11 of the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

Item 14. Exhibits, Financial Statement Schedules and Reports on

Form 8-K (continued)

Exhibit No.:

-
- 11.1 A statement regarding the computation of earnings per share is omitted because such computation can be clearly determined from the material contained in this Annual Report on Form 10-K.
 - 22.1 Subsidiaries of the Registrant.
 - 23.1 Consent of Independent Auditors.
 - 27.1 Financial Data Schedule.

(c) The Company did not file any reports or Form 8-K during the quarter ended December 31, 1995.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

BEL FUSE, INC.

BY: /s/ DANIEL BERNSTEIN

Daniel Bernstein, President

Dated: March 29, 1996

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/ ELLIOT BERNSTEIN ----- Elliot Bernstein	Chairman of the Board and Director (Principal Executive Officer)	March 29, 1996
/s/ DANIEL BERNSTEIN ----- Daniel Bernstein	President, (Principal Financial and Account- ing Officer) and Director	March 29, 1996
/s/ HOWARD B. BERNSTEIN ----- Howard B. Bernstein	Director	March 29, 1996
/s/ ROBERT H. SIMANDL ----- Robert H. Simandl	Director	March 29, 1996
/s/ PETER GILBERT ----- Peter Gilbert	Director	March 29, 1996

BEL FUSE INC. AND SUBSIDIARIES

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

Column A ----- Description -----	Column B ----- Balance at Beginning of period -----	Column C ----- (1) Charged to profit and loss or income -----	Column D ----- Additions ----- (2) Charged to other accounts (describe) -----	Column E ----- Deductions (describe) -----	Column F ----- Balance at close of period -----
Year ended December 31, 1995					
Allowance for doubtful accounts	\$ 70,000 =====	\$ 85,000 =====	\$ -- =====	\$ -- =====	\$ 155,000 =====
Allowance for excess and obsolete inventory	\$ -- =====	\$ 141,000 =====	\$ -- =====	\$ -- =====	\$ 141,000 =====
Year ended December 31, 1994					
Allowance for doubtful accounts	\$ 70,000 =====	\$ 16,175 =====	\$ -- =====	\$ 16,175(a) =====	\$ 70,000 =====
Year ended December 31, 1993					
Allowance for doubtful accounts	\$ 50,000 =====	\$ 20,000 =====	\$ -- =====	\$ -- =====	\$ 70,000 =====

(a) Write offs.

Subsidiaries of Bel Fuse Inc.

Name	Jurisdiction of Incorporation
Bel Fuse Limited	Hong Kong
Bel Fuse Macau LDA	Macau
Bel Hybrids and Magnetics, Inc.	Indiana
Bel Fuse (SARL) (In Liquidation)	France
Bel Fuse Acquisition Corporation	Delaware
Bel Fuse Europe Ltd.	United Kingdom

Dated the ____ day of _____ 1988

BEL FUSE LIMITED (as Lender)

and

LUEN FAT LEE ELECTRONIC FACTORY

(As Borrower)

LOAN AGREEMENT

WOO, KWAN, LEE & CO.
SOLICITORS &C.,
35TH FLOOR, SUN HUNG KAI CENTRE,
WANCHAI,
HONG KONG.

Doc. #0540C

Ref. S6000863/MH/EY/88/05/j1

THIS LOAN AGREEMENT is made this ____ day of _____ One

thousand nine hundred and eighty eight

BETWEEN BEL FUSE LIMITED whose registered office is

(as Lender) of one part and; LUEN TAT LEE COMPANY ELECTRONIC FACTORY
a company incorporated in Chinese having its principal office at

(as Borrower)

WHEREBY IT IS AGREED AS FOLLOWS:

1. DEFINITIONS

1.01 In this Loan Agreement the following expressions except where the context
otherwise requires, have the following meanings:

"Agreement" means this Loan Agreement as originally executed or as it may from
time to time be amended;

"Lender's Architect" means the architect(s) approved or chosen by the Lender or
any substitute architect(s) approved or chosen in writing by the Lender;

"Borrower" means LUEN TAT LEE ELECTRONIC FACTORY

"BORROWER'S ARCHITECT" means the architect(s) approved or chosen by the Lender
or any substitute architect(s) approved or chosen in writing by the Borrower.

"Development Time Schedule" means a detail written time schedule for the
construction and fitting out of Processing Factory in order that it is fit for
processing operation on or before 1st July 1989

prepared by the Borrower, duly certified by the borrower's architect and provided to the Lender, such schedule to be in form and substance satisfactory to the Lender in all respects;

"Hong Kong dollars" and the sign "HK\$" means the lawful currency for the time being of Hong Kong;

"Insurances" means the policies of insurance required to be taken out by

"Lender" means BEL FUSE LIMITED

"Loan" means the interest free loan of HK\$2,000,000.00 as mentioned in Clause 2 and any other amounts advanced to the Borrower under the terms hereof and for the time being outstanding;

"Occupation Permit" means an occupation permit in respect of the Processing Factory to be issued by the relevant Building Authority certifying that the Processing Factory is fit for occupation and manufacturing operation;

"Plans" means the building plans and specifications (including any approved amendments thereof) in relation to the Processing Factory prepared by the Borrower's Architect under the relevant laws or Building Regulation of People's Republic of China and duly approved by the relevant Authorities of the People's Republic of China.

Processing Fee: The monthly sum payable to the Borrower for processed Components which passed the quality control test imposed by Rush Profit Limited under the Processing Agreement in the form or substantially in the Form as exhibited hereto marked "Exhibit I".

"Site" means the area at the corner of Tung Buk Road () and Tung Jo Main Road () of not less than 60,000 ft. which is more particularly delineated and show on the Plan hereto annexed marked "Exhibit II" and thereon coloured red.

1.02. Reference in this Agreement to any Ordinance or Act or Code shall (except where the context otherwise requires) be deemed to include any statutory re-enactment thereof or any statutory modification thereof having substantially the same legal effect.

1.03 Words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender and words importing persons shall include firms and corporations.

1.04 References to Clauses and Schedules shall (save where otherwise expressly stated) be construed as references to the Clauses of and the Schedules to this Agreement. Clauses headings and the Table of Contents (if any) are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

2. THE OBLIGATIONS OF THE LENDER

2.01 The Lender hereby agrees with the Borrowers to make the Loan in the sum of HK\$2,000,000.00 free of interest available to the Borrower in the following manner upon and subject to the terms and conditions contained in this Agreement:

TIME SCHEDULE FOR DRAWING OF LOAN

- (i) A sum of HK\$156,000.00 ("First Advancement") were advanced to Borrower on 20th August 1988 (receipt of which the Borrower had already acknowledged);
- (ii) A sum of HK\$600,000.00 ("Second Advancement") to be advanced to the Borrower subject to compliance by the Borrower of Clause 3.01(ii) hereof;
- (iii) A sum of HK\$600,000.00 ("Third Advancement") to be advanced to the Borrower subject to compliance by the Borrower of Clause 3.01(iii) hereof;
- (iv) A sum of HK\$400,000.00 ("Fourth Advancement") to be advanced to the Borrower within 7 days after receipt of Notice of Completion of foundation of the Processing Factory and subject to compliance by the Borrower of Clause 3.01(iv) hereof;
- (v) A sum of HK\$244,000.00 ("Final Advancement") to be advanced to the Borrower within 7 days after receipt of Notice of Completion of the ground floor including the ceiling thereof of the Processing Factory and compliance by the Borrower of Clause 3.01(v) hereof.

3. CONDITIONS PRECEDENT AND AVAILABILITY

3.01 The drawing of Loan will become available to the Borrower (upon and subject to the terms and conditions contained in this Agreement) in the following manner:

- (i) In respect to the First Advancement, no condition.
- (ii) In respect of the Second Advancement, upon production of:
 - (a) a certified true copy of Letter of Assurance issued by the Lender's Architect that the Site is suitable for building a 2 story factory premises of not less than 25,000(2) ft. in each floor; or

- (b) the approval from the relevant Authorities of the Chinese government to grant another site for construction of a factory of not less than 50,000(2) ft in usable area AND a Letter of Assurance from the Lender's Architect that this new site is suitable for construction of factory of not more than 2 storey height with usable area of not less than 50,000(2) ft PROVIDED that this new site can be an extension of the said Site or completely elsewhere from the said Site;
 - (c) the certified true copy or copies of Letter(s) of approval issued by ALL relevant Authorities of the Chinese Government approving the contents of the said Processing Agreement.
 - (d) the title deeds of the Site showing that the Borrower is the owner thereof or lease holder thereof for at least 30 years or has the right to erect thereon a Processing Factory and to occupy the same for 30 years or more;
- (iii) In respect of the Third Advancement, upon production by the Borrower to the Lender of the following:
- (a) a certified copy of duly executed construction contract with the contractor to erect the Processing Factory;
 - (b) a copy or copies, certified as a true and complete copy of copies by the Borrower's Architect, of drawing or drawings of the Processing Factory to be erected;
 - (c) a copy, certified by the Borrower's Architect, of any document of specification showing and describing the works to be done in relation with the construction of the Processing Factory;

(d) the Development Time Schedule.

(iv) In respect of the Fourth Advancement, upon production by the Borrower of the following:

(a) a certificate duly signed by the Lender's Architect approving that the foundation of the Processing Premises has been completed and that it meets the standard specified under the specification aforesaid;

(v) In respect of the Final Advancement, upon production by the Borrower of the following;

(a) a certificate duly signed by the Architect approving that the ground floor including the ceiling thereof has been completed and that it meets with the standard specified under the specification aforesaid:

4. REPAYMENT

In consideration of the agreement by the Lender to make the Loan available to the Borrower under this Agreement, the Borrower HEREBY COVENANTS with the Lender that the Borrower will repay the Loan in the manner and at the times herein provided;

(a) The Borrower shall pay a sum of HK\$11,111.10 per month without deduction whatsoever payable on the 1st day of January 1990 and thereafter on the 1st day of every calendar month until the whole HK\$2,000,000.00 has been fully paid;

(b) The Borrower has the right for earlier repayment of the Loan but such early repayment shall not affect the Processing Agreement in all respect, in particular the duration that the Borrower is to process the electronic or electrical components or products for Rush Profit Limited exclusively for 15 years;

- (c) In lieu of the monthly repayment of loan hereunder, the Lender has the right to deduct the repayment instalment from the Processing Fee paid under the Processing Agreement but such deduction should not exceed \$11,111.10 per month;
- (d) The Borrower has the right to extend the repayment term of the Loan by such number of month(s) where the Processing Fee does not exceed \$400,000.00 in 1st three months or \$500,000.00 in every subsequent 3 months.

5. EVENTS OF DEFAULT

5.01 Each of the following events shall be an Event of Default:

- (a) if the Borrower shall fail to perform or observe any of its obligations hereunder or under the Processing Agreement;
- (b) if the Borrower shall be in breach of the Title Deed or Head Lease subject to which the Site is held (Provided however that a breach of the Title Deed or Head Lease shall not be an Event of Default if the Chinese Government has expressly, and in writing, waived such breach); or
- (c) if any certificate, representation or warranty made or deemed to be made by the Borrower in this Agreement or the Processing Agreement or in any notice, certificate instrument, document contemplated hereby or thereby or made or delivered pursuant hereto or thereto is or proves to have been untrue or inaccurate in any material respects;
- (d) if there shall occur a material adverse change in the business, assets, general condition or prospects of

the Borrower or any party to the Processing Agreement which could materially affect the ability of the Borrower to perform its obligation under this Agreement and/or the Processing Agreement.

5.02 The Lender may at any time after the happening of an Event of Default (whether or not any notice shall have been given by the Borrower), unless and until that Event of Default and other shall have been fully remedied to the satisfaction of the Lender, by notice in writing to the Borrower declare that all the sum payable hereunder shall become immediately due and payable, whereupon the same shall become immediately due and payable.

6. REPRESENTATIONS AND WARRANTIES

6.01 The Borrower makes the following representations and warranties to the Lender that:

- (i) the Borrower is a valid corporation with and in good standing under the laws of People's Republic of China;
- (ii) the Borrower has the corporate power and authority and the legal capacity to raise the Loan on the terms and conditions set out in this Agreement and to perform and observe its obligation;
- (iii) the execution, delivery and performance of this Agreement and the Processing Agreement to which the Borrower is a party have been (or when executed will have been) duly authorised by all necessary corporate action of the Borrower under all applicable laws and regulations of People's Republic of China and this Agreement and the Processing Agreement constitute (or when executed and registered as appropriate will constitute) the valid and

legally binding obligation of the Borrower in accordance with their respective terms;

- (iv) neither the execution and delivery of this Agreement, nor the drawing by the Borrower of the full amount of the Loan hereunder, nor the performance or observance by the Borrower of its obligations hereunder or thereunder will or would conflict with, or result in any breach of or default under, any provision of any law, order, agreement, instrument, franchise, concession, licence, permit, liability, obligation or duty applicable to the Borrower or by which it is bound.

7. ASSIGNMENT

7.01 This Agreement shall be binding upon and enure to the benefit of each party hereto and its successors and permitted assigns, except that the Borrower may not assign or transfer any of its burden and rights or benefits hereunder without the previous consent in writing of the Lender.

8. NOTICE

8.01 Any notice or certificate required to be given by the borrower to the Lender or by the Lenders or the Agent to the Borrower shall be in writing and shall be deemed to have been so given if addressed to the respective addressee herein mentioned or such other address as may from time to time be notified by the Borrower to Lender or vice-versa.

8.02 Any notice delivered by the Lender personally shall be deemed to have been given at the time of such delivery. Any notice despatched by the Lender by letter postage prepaid shall be deemed to have been given 48 hours after posting. Any notice sent by the

Lender by telex or by facsimile shall be deemed to have been given at the time of despatch and any notice sent by the Lender by cable shall be deemed to have been given 24 hours after despatch.

9. MISCELLANEOUS

9.01 No provisions hereof may be amended, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom enforcement of the amendment, waiver, discharge or termination is sought.

9.02. If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect, the remaining provisions hereof shall in no way be affected or impaired thereby.

10. APPLICABLE LAW AND JURISDICTION

10.01 This Agreement shall be governed by, and construed in accordance with the laws of the People's Republic of China and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of the court or institution having the jurisdiction and authority as a court in China.

11. COUNTERPARTS

11.01 This Agreement may be executed in 3 counterparts each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

IN WITNESS whereof the Lender and the Borrower have caused this Agreement to be executed, the day and year first above written.

SIGNED SEALED AND DELIVERED)
)
by Lender)

SIGNED SEALED AND DELIVERED)
)
by Borrower)

EXHIBIT I
PROCESSING AGREEMENT

Dated the 14th day of February 1990

BEL FUSE LIMITED (as Lender)

and

LUEN FAT LEE ELECTRONIC FACTORY
(As Borrower)

SUPPLEMENTAL LOAN AGREEMENT

WOO, KWAN, LEE & LO
SOLICITORS &C.,
35TH FLOOR, SUN JUNG KAI CENTRE,
WANCHAI,
HONG KONG.

Doc. #JL22A

Ref. S6000863/EY/88/05/j1

THIS SUPPLEMENTAL LOAN AGREEMENT _____ is made this _____ day of _____ One thousand nine hundred and ninety.

BETWEEN:

- (1) BEL FUSE LIMITED whose registered office is situate at 1814-16 Star House, 3 Salisbury Road, Kowloon, Hong Kong (hereinafter called "the Lender")
- (2) LUEN FAT LEE ELECTRONIC FACTORY (_____) a company incorporated in China having its principal office at _____ (hereinafter called "the Borrower")

WHEREAS:

- (i) by a Loan Agreement dated _____ entered into by the Lender of the one part and the Borrower of the other part the Lender had agreed to advance HONG KONG DOLLARS TWO MILLION (HK\$2,000,000.00) to the Borrower in accordance with the terms stipulated therein for the construction and fitting out of a processing factory in China at a site the full particulars thereof are described in Exhibit II in the said Loan Agreement.
- (ii) On 26th May 1989 and 12th October 1989, the Lender has further advanced HK\$250,118.00 and HK\$1,094,117.00 respectively to the Borrower for the construction and fitting out of the said Processing Factory in addition to the amount released or to be released under the Schedule of drawing down stipulated in the said Loan Agreement.

(iii) The said sums of HK\$250,118.00 and HK\$1,094,117.00 together with the said sum of Two Million HK\$2,000,000.00 drawn or to be drawn under the said Loan Agreement shall hereafter be collectively called the Enlarged Loan.

(iv) The parties hereto now intend to enter this Supplemental Loan Agreement to confirm the receipt of the said sums of HK\$250,118.00 and HK\$1,094,117.00 and to define regulate the method of repayment of the Enlarged Loan.

WHEREBY IT IS AGREED as follows:

1. The Borrower hereby acknowledge and confirm the receipt of the said sums of HK\$250,118.00 AND HK\$1,094,117.00 on 26th May 1989 and 12th October 1989 respectively in addition to the amount drawn or to be drawn under the said Loan Agreement.
2. In consideration of the Lender to make Enlarged Loan available to the Borrower, the Borrower HEREBY COVENANTS with the Lender that the Borrower will repay the enlarged Loan in the manner and at the time herein provided:
 - (a) The Borrower shall pay a sum of HK\$18,579.08 per month without deduction whatsoever payable on the 1st day of January 1990 and thereafter on the 1st day of every calendar month until the whole Enlarged Loan (i.e. HK\$3,344,235.00) has been fully paid.
 - (b) The Borrower has the right for earlier repayment of the Enlarged Loan but such early repayment shall not affect the Processing Agreement in all respect, in

particular the duration the Borrower is to process the electronic or electrical components or products for Rush Profit Limited exclusively for 15 years.

- (c) In lieu of the monthly repayment of the Enlarged Loan, the Lender has the right to deduct the repayment instalment from the Processing Fee paid under the Processing Agreement but such deduction shall not exceed HK\$18,579.08 per month.
- (d) The Borrower has the right to extend the repayment terms of the Enlarged Loan by such number of month(s) where the Processing Fee does not exceed HK\$400,000.00 in 1st three months or HK\$500,000.00 in every subsequent 3 months calculating from the Processing Factory is put into operation.

- 3. The parties hereto acknowledge and confirm that this Supplemental Loan Agreement is only supplement to the said Loan Agreement and that all the terms and conditions thereunder shall remain in full force and effect save and except those that have been verified by this Supplemental Loan Agreement.
- 4. This Supplemental Loan Agreement may be executed in 3 counter parts each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

IN WITNESS whereof the Lender and the Borrower have caused this Supplemental Loan Agreement to be executed on the day and year first above written.

SEALED with the Common Seal)
)
of the Lender and SIGNED by)
)
)
)
in the presence of:)

SIGNED, SEALED and DELIVERED by)
)
the Borrower in the presence of:)

For and on behalf of
BEL FUSE LIMITED

#BELFUSE

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in the Registration Statements (2-93572, 33-45809 and 33-53462) on Forms S-8 of Bel Fuse Inc. of our report dated March 6, 1996 appearing in this Annual Report on Form 10-K of Bel Fuse Inc. for the year ended December 31, 1995.

March 29, 1996

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BEL FUSE INC. AND SUBSIDIARIES FINANCIAL STATEMENTS AT DECEMBER 31, 1995 AND THE YEAR THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

YEAR	
DEC-31-1995	DEC-31-1995
	8,343,925
	5,556,740
	11,860,344
	155,000
	10,799,731
36,645,251	
	45,631,407
	18,969,056
64,475,674	
8,001,723	
	0
	505,145
0	
	0
	55,384,806
64,475,674	
	70,706,311
	70,706,311
	50,590,056
	63,144,705
	0
	0
4,053	
	9,320,075
	1,222,000
8,098,075	
	0
	0
	0
	8,098,075
	1.62
	1.62