FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended September 30, 1995

OR

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

For the transition period from ______ to_____

Commission file number: 0-11676

BEL FUSE INC.

(Exact name of registrant as specified in its charter)

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

198 Van Vorst Street
Jersey City, New Jersey 07302

(Address of principal executive offices)
(Zip Code)

201-432-0463

(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

At November 1, 1995, there were 5,051,445 shares of Common Stock, $.10 par value, outstanding.

BEL FUSE INC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Certain information and footnote disclosures required under generally accepted accounting principles have been condensed or omitted from the following consolidated financial statements pursuant to the rules and regulations of the Securities and Exchange Commission. It is suggested that the following consolidated financial statements be read in conjunction with the year-end consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1994.

The results of operations for the three and nine month periods ended September 30, 1995, are not necessarily indicative of the results to be expected for the entire fiscal year or for any other period.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 1995 (unaudited)	December 31, 1994
Current Assets:		
Cash	$ 4,428,900	$ 2,842,894
Marketable securities	5,272,684	7,508,304
Accounts receivable, less allowance for doubtful accounts of $82,000 and $70,000	11,460,181	8,079,971
Inventories	10,499,790	8,766,203
Prepaid expenses and other current assets	1,989,661	959,764
Total Current Assets	33,651,216	28,157,136
Property, plant and equipment--net	26,760,849	22,226,076
Unamortized excess of cost over fair value of assets acquired	151,412	166,925
Other assets	1,017,345	1,102,898
TOTAL ASSETS	$61,580,822	$51,653,035

(Continued)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1995 (unaudited)	December 31, 1994
Current Liabilities:		
Note payable	$ --	$ 300,000
Accounts payable	3,657,642	3,171,408
Accrued expenses	4,174,239	1,987,536
Income taxes payable	280,993	--
Deferred income taxes	322,000	28,000
Total Current Liabilities	8,434,874	5,486,944
Deferred income taxes	554,000	240,000
Total Liabilities	8,988,874	5,726,944
Stockholders' Equity:		
Preferred stock, no par value--authorized 1,000,000 shares; none issued	--	--
Common stock, par value $.10 per share--authorized 10,000,000 shares; outstanding 5,049,820 and 4,965,195 shares	504,982	496,520
Additional paid-in capital	6,696,187	6,288,987
Retained earnings	44,967,238	40,017,231
Net unrealized gain (loss) on marketable securities	423,541	(876,647)
Total Stockholders' Equity	52,591,948	45,926,091
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 61,580,822	$ 51,653,035

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	1995	1994	1995	1994
Sales	$ 51,527,885	$ 31,725,477	$ 17,567,632	$ 12,191,187
Costs and Expenses:				
Cost of sales	37,617,231	25,690,741	12,589,829	9,613,095
Selling, general and administrative expenses	9,047,109	9,127,718	3,276,672	2,466,731
	46,664,340	34,818,459	15,866,501	12,079,826
Income (loss) from operations	4,863,545	(3,092,982)	1,701,131	111,361
Other income--net	847,311	490,007	732,307	147,571
Interest expense	(3,849)	(672)	(738)	(201)
Earnings (loss) before income taxes	5,707,007	(2,603,647)	2,432,700	258,731
Income tax provision (benefit)	757,000	(86,000)	453,000	(96,000)
Net earnings (loss)	$ 4,950,007	$ (2,517,647)	$ 1,979,700	$ 354,731
Earnings (loss) per common share	$ .99	$ (.51)	$ .39	$ .07
Weighted average number of common shares outstanding	4,997,173	4,942,372	5,028,415	4,949,368

See notes to consolidated financial statements.

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

	Nine Months Ended September 30,	
	1995	1994
Cash flows from operating activities:		
Net income (loss)	$ 4,950,007	$(2,517,647)
Adjustments to reconcile net income (loss) to net cash provided from operating activities:		
Depreciation and amortization	2,023,331	1,847,274
Deferred income taxes	255,000	(332,000)
Bad debt reserve	12,000	--
Inventory obsolescence reserve	270,000	--
Loss on disposition of equipment	111,000	--
Tax effect of non-qualifying disposition of incentive stock options	116,000	83,000
Net (gain) loss on sale of marketable securities	(565,490)	13,268
Changes in operating assets and liabilities	(2,119,024)	(612,991)
Net Cash Provided by Operating Activities	5,052,824	(1,519,096)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(6,653,591)	(4,328,991)
Purchase of marketable securities	--	(2,923,066)
Proceeds from sale of marketable securities	3,165,361	3,030,904
Proceeds from repayment by contractor	21,750	21,750
Net Cash (used in) Investing Activities	(3,466,480)	(4,199,403)
Cash flows from financing activities:		
Proceeds from exercise of stock options	299,662	73,371
Repayment of borrowings	(300,000)	(3,139)
Net Cash Provided by (used in) Financing Activities	(338)	70,232
Net Increase (Decrease) in Cash	1,586,006	(5,648,267)
Cash--beginning of period	2,842,894	8,102,768
Cash--end of period	$ 4,428,900	$ 2,454,501

(Continued)

See notes to consolidated financial statements.

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

	Nine Months Ended September 30, 1995	Nine Months Ended September 30, 1994
Changes in operating assets and liabilities consist of:		
(Increase) in accounts receivable	$(3,392,210)	$(1,362,398)
(Increase) decrease in inventories	(2,003,587)	396,096
(Increase) decrease in prepaid expenses and other current assets	606,321	(181,775)
Decrease in refundable income taxes	--	12,000
(Increase) decrease in other assets	85,553	(242,196)
Increase in accounts payable	486,234	762,758
Increase in accrued expenses	1,817,672	490,157
Increase (decrease) in income taxes payable	280,993	(487,633)
	$(2,119,024)	$ (612,991)
Supplementary information:		
Cash paid during the period for:		
Interest	$ 3,849	$ 672
Income taxes	$ 33,000	$ 639,000
Supplemental disclosures of non-cash activities:		
Unrealized gains (losses) on marketable securities	$ 1,300,188	$ 496,000
Investment advisory fee	$ 322,000	$ --

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

1. The consolidated balance sheet as of September 30, 1995, and the consolidated statements of operations and cash flows for the nine months ended September 30, 1995 and 1994 have been prepared by the Company and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. Certain items in the September 30, 1994 financial statements have been reclassified to conform to September 30, 1995 classifications. The information for December 31, 1994 was derived from audited financial statements.

2. Earnings (Loss) Per Share - Earnings (loss) per common share are computed using the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options at September 30, 1995 was not material and were not considered at September 30, 1994 as their effect is antidilutive.

3. Inventories consist of the following:

	September 30, 1995	December 31, 1994
Raw materials	$ 7,747,029	$ 6,552,826
Work-in-process	124,194	35,897
Finished goods	2,628,567	2,177,480
	$10,499,790	$ 8,766,203

4. Property, plant and equipment consists of the following:

	September 30, 1995	December 31, 1994
Land	$ 686,987	$ 686,987
Buildings and improvements	13,828,649	10,121,169
Machinery and equipment	29,839,773	27,004,662
Idle property held for sale	935,000	935,000
	45,290,409	38,747,818
Less accumulated depreciation and amortization	18,529,560	16,521,742
Net property, plant and equipment	$26,760,849	$22,226,076

5. INCOME TAXES

Financial Accounting Standards Board Statement No. 109, "Accounting for Income Taxes" (SFAS 109), provides for the recognition of deferred assets subject to a valuation allowance. At December 31, 1994, the Company established a valuation allowance equal to the full amount of the tax effect of the net operating loss carryforward. For the nine months ended September 30, 1995 and 1994, the Company recognized approximately $286,000 and $-0-, respectively as a reduction of United States and Far East tax expense.

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

a. Results of Operations

The following table sets forth, for the periods indicated, the percentage relationship to net sales of certain items included in the Company's consolidated statements of operations and the percentage increase for such items.

	Percentage of Net Sales			
	Nine Months Ended September 30,		Three Months Ended September 30,	
	1995	1994	1995	1994
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	73.0	81.0	71.7	78.9
Selling, general and administrative expenses	17.5	28.8	18.7	20.2
Other income, net of interest expense	1.6	1.6	4.2	1.2
Earnings (loss) before income tax provision (benefit)	11.1	(8.2)	13.8	2.1
Income tax provision (benefit)	1.5	(.3)	2.6	(.8)
Net earnings (loss)	9.6	(7.9)	11.2	2.9

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

	Increase (Decrease) from Prior Period	
	Nine Months Ended September 30, 1995 compared with 1994	Three Months Ended September 30, 1995 compared with 1994
Net sales	62.4%	44. %
Cost of sales	46.4	31.0
Selling, general and administrative expenses	(.9)	32.8
Other income--net	72.4	*
Earnings (loss) before income tax provision (benefit)	*	*
Income tax provision (benefit)	*	*
Net earnings (loss)	*	*

* Percentage not meaningful.

Nine Months 1995 vs. Nine Months 1994

Sales

Net sales increased 62.4% from $31,725,477 during the first nine months of 1994 to $51,527,885 during the first nine months of 1995. The Company attributes this increase primarily to strong demand from OEM customers for local area network ("LAN") products. Increased LAN market share is 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.

Cost of Sales

Cost of sales as a percentage of net sales decreased 8% from 81% during the first nine months of 1994 to 73% during the first nine months of 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 despite higher material content associated with the manufacture of packaged modules, and the move to lower cost manufacturing facilities in the Far East.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased from 28.8% for the first nine months of 1994 to 17.5% for the first nine months of 1995. The Company attributes the decrease primarily to the increase in sales and the decrease in the dollar amount of such expenses. Selling, general and administrative expenses decreased in dollar amount by .9%. The Company attributes the decrease in the dollar amount of such expenses primarily to a $1,190,000 charge during the first nine months of 1994 related to severance costs and moving expenses associated with a move to lower cost production facilities offset in part by increases in commissions and other sales related expenses due to higher sales, accrued severance and bonus amounts, the write off in June 1995 of certain expenses related to the unrealized acquisition of Pulse Engineering, Inc. ("Pulse") and the abandonment of certain fixed assets during the first nine months of 1995.

Other Income and Expenses

Other income, consisting of earnings on cash equivalents and marketable securities and net realized gains on the sale of marketable securities, increased by approximately $354,000 from the first nine months of 1994 to the first nine months of 1995. This increase is primarily due to the Company realizing approximately $650,000 of gains from the partial liquidation of the Company's investment in Pulse's common stock upon Pulse's acquisition by Technitrol Corporation in September 1995, offset in part by lower earnings on invested funds due to lower average balances, and certain non-income generating securities owned in 1995.

Provision for Income Taxes

The provision for income taxes for the first nine months of 1995 was $757,000 as compared to a benefit of $86,000 for the first nine months of 1994. The Company attributes this change primarily to the earnings before income tax for the first nine months of 1995 versus the loss before income tax during the first nine months of 1994. In addition, the Company utilized U.S. carryforward and current deductions arising from the exercise of incentive stock options which increased both the provision for income taxes and additional paid-in-capital by approximately $116,000. The utilization of United States and Far East net operating loss carryforward in 1995 reduced income taxes by approximately $286,000.

The Company's effective tax rate has been lower than the statutory United States corporate rate primarily as a result of the lower tax rates in Hong Kong and Macau and the utilization of tax benefits arising from the operating loss carryforward in the United States and the Far East.

Three Months 1995 vs. Three Months 1994

Sales

Net sales increased 44.1% from $12,191,187 during the third quarter of 1994 to $17,567,632 during the third quarter of 1995. The Company attributes this increase primarily to those reasons set forth in the nine month analysis.

Cost of Sales

Cost of sales as a percentage of net sales decreased 7.2% from 78.9% during the third quarter of 1994 to 71.7% during the third quarter of 1995. The Company attributes this decrease primarily to those reasons set forth in the nine month analysis.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased 1.5% from the third quarter of 1994 to the third quarter of 1995 and selling, general and administrative expenses increased in dollar amount by 32.8%. The Company attributes this increase in dollar amount primarily to increases in commissions and other sales related expenses due to higher sales, accrued severance and bonus amounts, and the abandonment of certain fixed assets.

Other Income and Expenses

Other income for the third quarter of 1995 compared to the third quarter of 1994 increased in dollar amount by approximately $584,000 due to those reasons set forth in the nine month analysis.

Provision for Income Taxes

The provision for income taxes for the third quarter of 1995 was $453,000 as compared to a benefit of $96,000 for the third quarter of 1994 due primarily to those reasons set forth in the nine month analysis.

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 September 30, 1995, in the aggregate amount of $3,000,000, of which $1,000,000 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 $1,657,968 in cash and 193,430 shares of Technitrol common stock.

As of the date hereof, the Company had made no decision regarding the steps that it may take with respect to its Technitrol shares.

During June 1995, the Company's Far East subsidiary acquired 22,000 square feet of additional production facilities for approximately $2,300,000 in cash. The Company estimates that approximately $195,000 will be required to refurbish the facility.

During the first nine months of 1995, the Company's cash positions increased by $1.6 million, principally reflecting $5.1 million provided by operating activities, the proceeds of approximately $3.2 million from the sale of marketable securities and $300,000 from the exercise of stock options offset in part by $6.7 million in purchases of fixed assets (including the above mentioned production facilities) 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 the first nine months of 1995 or 1994.

Liquidity and Capital Resources (Continued)

The Company's shareholders' equity increased by $6.6 million from December 31, 1994 to September 30, 1995, reflecting the Company's first nine months profit of $4.9 million, an improvement from a $877,000 net unrealized loss on marketable securities at December 31, 1994 to a $424,000 net unrealized gain on marketable securities at September 30, 1995, the exercise of incentive stock options and the utilization for U.S. tax purposes of carryforward and current incentive stock option deductions of $400,000.

Cash, accounts receivable, marketable securities and amounts receivable from the sale of marketable securities included in prepaid expenses and other current assets comprised approximately 37.1% and 35.7% of the Company's total assets at September 30, 1995 and December 31, 1994, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 4.0 to 1 and 5.1 to 1 at September 30, 1995 and December 31, 1994, respectively.

PART II. OTHER INFORMATION

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

None.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits: None

(b) There were no Current Reports on Form 8-K filed by the registrant during the quarter ended September 30, 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BEL FUSE INC.

By: /s/ Daniel Bernstein

Daniel Bernstein, President
(Principal Financial and
Accounting Officer)

Dated: November 10, 1995

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BEL FUSE INC. AND SUBSIDIARIES FINANCIAL STATEMENTS AT SEPTEMBER 30, 1995 AND THE NINE MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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YEAR
DEC-31-1995
SEP-30-1995
4,428,900
5,272,624
11,542,181
82,000
10,499,790
33,651,216
45,290,409
18,529,560
61,580,822
8,434,874
0
504,982
0
0
52,086,966
61,580,822
51,527,885
51,527,885
37,617,231
46,604,340
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3,849
5,707,007
757,000
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4,950,007
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