

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

For the quarterly period ended March 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES AND 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  
(201) 432-0463

-----  
(Address of principal executive office)

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  No   
--- ---

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

At May 1, 1998, there were 5,162,070 shares of Common Stock, \$.10 par  
value, outstanding.

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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, 1997.

The results of operations for the three month period ended March 31, 1998, 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

	March 31, 1998	December 31, 1997
	-----	-----
Current Assets:		
Cash and cash equivalents .....	\$31,606,662	\$29,231,967
Marketable securities .....	2,102,012	--
Accounts receivable, less allowance for doubtful accounts of \$238,000 and \$227,000 .....	10,219,688	11,181,379
Inventories .....	10,646,926	12,202,938
Prepaid expenses and other current assets .....	675,988	383,084
Deferred income taxes .....	402,000	421,000
	-----	-----
Total Current Assets .....	55,653,276	53,420,368
Property, plant and equipment -- net .....	29,243,011	29,052,354
Other assets .....	636,336	679,511
	-----	-----
TOTAL ASSETS .....	\$85,532,623	\$83,152,233
	=====	=====

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1998	December 31, 1997
	-----	-----
Current Liabilities:		
Accounts payable .....	\$ 2,707,894	\$ 3,467,897
Accrued expenses .....	5,669,607	5,660,411
Income taxes payable .....	101,964	237,515
	-----	-----
Total Current Liabilities .....	8,479,465	9,365,823
Deferred income taxes .....	950,000	957,000
	-----	-----
Total Liabilities .....	9,429,465	10,322,823
	-----	-----
Commitments and Contingencies		
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 5,147,420 and 5,121,920 shares (net of 2,145,539 treasury shares) .....	514,742	512,192
Additional paid-in capital .....	7,849,078	7,525,753
Retained earnings .....	67,737,786	64,771,298
Cumulative currency translation adjustment .....	1,552	20,167
	-----	-----
Total Stockholders' Equity .....	76,103,158	72,829,410
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY .....	\$85,532,623	\$83,152,233
	=====	=====

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended March 31,	
	1998	1997
Net sales .....	\$19,514,700	\$15,962,204
Costs and Expenses:		
Cost of sales .....	13,177,728	11,370,115
Selling, general and administrative .....	3,387,482	3,093,309
	16,565,210	14,463,424
Income from operations .....	2,949,490	1,498,780
Other income -- net .....	415,998	340,079
Earnings before income taxes .....	3,365,488	1,838,859
Income tax provision .....	399,000	529,000
Net earnings .....	\$ 2,966,488	\$ 1,309,859
Earnings per common share -- basic .....	\$ .58	\$ .26
Earnings per common share -- diluted .....	\$ .56	\$ .26
Weighted average number of common shares outstanding -- basic .....	5,130,885	5,072,094
-- diluted .....	5,232,465	5,138,826
Net earnings .....	\$ 2,966,488	\$ 1,309,859
Other comprehensive income (expense), net of income taxes:		
Foreign currency translation .....	(18,615)	14,916
Comprehensive income .....	\$ 2,947,873	\$ 1,324,775

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	1998	1997
Cash flows from operating activities:		
Net income .....	\$ 2,966,488	\$ 1,309,859
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization .....	803,236	775,307
Other .....	68,000	62,000
Changes in operating assets and liabilities .....	1,324,110	(1,133,907)
Net Cash Provided by Operating Activities .....	5,161,834	1,013,259
Cash flows from investing activities:		
Purchase of property, plant and equipment .....	(1,008,036)	(1,269,628)
Purchase of marketable securities .....	(2,102,012)	(2,000,000)
Proceeds from sale of marketable securities .....	--	633,410
Proceeds from repayment by contractor .....	41,334	41,445
Net Cash (Used in) Investing Activities .....	(3,068,714)	(2,594,773)
Cash flows from financing activities:		
Proceeds from exercise of stock options .....	281,575	15,750
Effect of exchange rate changes on cash and cash equivalents .....	--	14,906
Net Increase (Decrease) in Cash .....	2,374,695	(1,550,858)
Cash and Cash Equivalents -- beginning of period .....	29,231,967	23,498,491
Cash and Cash Equivalents -- end of period .....	\$31,606,662	\$21,947,633

(Continued)

See notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	1998	1997
Changes in operating assets and liabilities consist of:		
Decrease in accounts receivable .....	\$ 950,691	\$ 434,520
(Increase) decrease in inventories .....	1,556,012	(1,402,863)
(Increase) in prepaid expenses and other current assets .....	(339,040)	(95,731)
Decrease in other assets .....	42,805	108,246
(Decrease) in accounts payable .....	(760,003)	(559,174)
Increase in accrued expenses .....	9,196	252,697
Increase (decrease) in income taxes payable .....	(135,551)	128,398
	\$ 1,324,110	\$(1,133,907)
	=====	=====
Supplementary information:		
Cash paid during the period for:		
Interest .....	\$ --	\$ --
	=====	=====
Income taxes .....	\$ 182,000	\$ 337,000
	=====	=====

See notes to consolidated financial statements.



BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(unaudited)

1. The consolidated balance sheet as of March 31, 1998, and the consolidated statements of operations and comprehensive income and cash flows for the three months ended March 31, 1998 and 1997 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 comprehensive income and cash flows for all periods presented have been made. Certain items in the March 31, 1997 financial statements have been reclassified to conform to March 31, 1998 classifications. The information for December 31, 1997 was derived from audited financial statements.

2. Earnings Per Share -- Basic earnings per common share are computed using the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed using the weighted average number of common shares and common stock equivalent shares outstanding during the period. Earnings per share for the quarter ended March 31, 1997 have been restated to conform to the provisions of SFAS 128.

	Three Months Ended March 31,	
	1998	1997
Basic:		
Net earnings .....	\$2,966,488	\$1,309,859
Weighted average shares outstanding .....	5,130,885	5,072,094
Earnings per share -- basic .....	\$ .58	\$ .26
Diluted:		
Net earnings .....	\$2,966,438	\$1,309,859
Weighted average shares outstanding .....	5,130,885	5,072,094
Incremental shares under stock option plans .....	101,580	66,732
Adjusted weighted average shares outstanding .....	5,232,465	5,138,826
Earnings per share -- diluted .....	\$ .56	\$ .26

3. Inventories consist of the following:

	March 31, 1998	December 31, 1997
Raw materials .....	\$ 6,147,638	\$ 7,029,632
Work-in-process .....	112,678	115,586
Finished goods .....	4,386,610	5,057,720
	\$10,646,926	\$12,202,938

BEL FUSE INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
(unaudited)

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

	March 31, 1998	December 31, 1997
	-----	-----
Land .....	\$ 835,218	\$ 835,218
Buildings and improvements .....	14,294,251	14,230,326
Machinery and equipment .....	39,158,260	38,233,434
Idle property held for sale .....	935,000	935,000
	-----	-----
	55,222,729	54,233,978
Less accumulated depreciation and amortization .....	25,979,718	25,181,624
	-----	-----
Net Property, Plant and Equipment .....	\$29,243,011	\$29,052,354
	=====	=====

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

All statements in this Quarterly Report on Form 10-Q that are not historical statements constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. Actual results could vary materially from such statements as a result of a number of factors, including the impact of competitive developments, fluctuations in customer demand and in the timing of customer orders, general economic conditions, and other risk factors referred to in the 10-K.

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.

	Percentage of Net Sales	
	-----	
	Three Months Ended March 31,	
	1998	1997
	-----	-----
Net sales .....	100.0%	100.0%
Cost of sales .....	67.5	71.2
Selling, general and administrative expenses .....	17.4	19.4
Other income, net of interest expense .....	2.1	2.1
Earnings before income tax provision .....	17.2	11.5
Income tax provision .....	2.0	3.3
Net earnings .....	15.2	8.2

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

	Increase (Decrease)
	From Prior Period
	-----
	Three Months Ended March 31, 1998 compared with 1997
	-----
Net sales .....	22.3 %
Cost of sales .....	15.9
Selling, general and administrative expenses .....	9.5
Other income -- net .....	22.3
Earnings before income tax provision .....	83.0
Income tax provision .....	(24.6)
Net earnings .....	126.5

## SALES

Net sales increased 22.3% during the first three months of 1998 compared to the first three months of 1997 from approximately \$16.0 million to \$19.5 million. The Company attributes this increase primarily to sales growth in magnetic components and, to a lesser extent, fuse products, offset, in part, by reduced sales of customer-specific value-added circuits and assemblies. Such reduced sales reflect the completion of certain contracts. Sales growth consisted primarily of growth in unit sales, including sales of certain new products.

## COST OF SALES

Cost of sales as a percentage of net sales decreased 3.7% during the first three months of 1998 compared to the first three months of 1997, from 71.2% to 67.5%. The decrease in the cost of sales percentage is primarily attributable to lower labor and overhead costs as a percentage of sales due to the increase in sales.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The percentage relationship of selling, general and administrative expenses to net sales decreased during the first three months of 1998 compared to the first three months of 1997 from 19.4% to 17.4%. The Company attributes the decrease primarily to increased sales. Selling, general and administrative expenses increased in dollar amount by 9.5%. The Company attributes the increase in dollar amount of such expenses primarily to increased sales volume and increases in sales and marketing salaries and sales related expenses.

## OTHER INCOME

Other income, consisting principally of interest earned on cash equivalents and marketable securities, increased by approximately \$76,000 during the first three months of 1998 compared to the first three months of 1997. The increase is primarily due to higher earnings on invested funds due to greater average balances in 1998 compared to 1997.

## PROVISION FOR INCOME TAXES

The provision for income taxes for the first three months of 1998 versus 1997 was \$399,000 as compared to \$529,000. The decrease in the provision is due primarily to lower foreign income tax rates and lower United States earnings before income taxes in 1998 versus 1997.

## LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has financed its capital expenditures primarily through cash flows from operating activities. 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 March 31, 1998, in the aggregate amount of \$7.0 million, of which \$5.0 million is from domestic banks and \$2.0 million is from foreign banks.

During 1998, the Company's cash increased by \$2.4 million, reflecting \$5.2 million provided by operating activities and \$.3 million from proceeds from the exercise of stock options, offset, in part, by \$2.1 million in purchases of marketable securities and \$1.0 million in purchases of plant and equipment.

Cash, marketable securities and accounts receivable comprised 51.4% and 48.6% of the Company's total assets at March 31, 1998 and December 31, 1997, respectively. The Company's working capital ratio (i.e., the ratio of current assets to current liabilities) was 6.6 to 1 at March 31, 1998 and 5.7 to 1 at December 31, 1997, respectively.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Item 3 of the Company's Form 10-K for the year ended December 31, 1997.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) Exhibits: Exhibit 27.1 Financial Data Schedule.
- (b) There were no current reports on Form 8-K filed by the registrant during the quarter ended March 31, 1998.

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: May 12, 1998

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BEL FUSE INC. AND SUBSIDIARIES FINANCIAL STATEMENTS AT MARCH 31, 1998 AND THE THREE MONTHS THEN ENDED AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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3-MOS		
DEC-31-1998		
MAR-31-1998		
	31,606,662	
	2,102,012	
	10,457,688	
	238,000	
	10,646,926	
	55,653,276	
	55,222,729	
	25,979,710	
	85,532,623	
8,479,465		
		0
	514,742	
0		
		0
	75,588,416	
85,532,623		
	19,514,700	
19,514,700		
	13,177,728	
	16,565,210	
	0	
	0	
	0	
	3,365,488	
	399,000	
2,966,488		
	0	
	0	
		0
	2,966,488	
	.58	
	.56	