FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For the quarterly period ended March 31, 2001

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.) |
| 206 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)

198 VAN VORST STREET, JERSEY CITY, NEW JERSEY 07302

(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 April 30, 2001, there were 2,655,952 shares of Class A Common Stock, $.10 par value, outstanding and 8,044,187 shares of Class B 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, 2000.

The results of operations for the three month period ended March 31, 2001 are not necessarily indicative of the results for the entire fiscal year or for any other period.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

| | March 31, 2001 (Unaudited) | December 31, 2000 |
|---|---|---|
| Current Assets: | | |
| Cash and cash equivalents | $ 63,941,567 | $ 62,587,033 |
| Marketable securities | 231,431 | 231,431 |
| Accounts receivable, less allowance for doubtful accounts of $945,000 | 19,108,629 | 25,165,748 |
| Inventories | 34,028,090 | 30,259,606 |
| Prepaid expenses and other current assets | 621,382 | 318,120 |
| Deferred income taxes | 660,000 | 654,000 |
| Total Current Assets | 118,591,099 | 119,215,938 |
| Property, plant and equipment - net | 41,166,542 | 39,738,064 |
| Goodwill-net of amortization of $3,941,907 and $3,548,401 | 9,847,545 | 10,241,051 |
| Other assets | 308,412 | 318,352 |
| TOTAL ASSETS | $169,913,598 | $169,513,405 |

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

| | March 31, 2001 | December 31, 2000 |
|---|---|---|
| | (Unaudited) | |
| Current Liabilities: | | |
| Accounts payable | $ 7,160,411 | $ 13,038,299 |
| Accrued expenses | 6,332,234 | 8,058,326 |
| Dividends payable | 400,000 | 399,700 |
| Total Current Liabilities | 13,892,645 | 21,496,325 |
| Deferred income taxes | 7,335,000 | 7,001,000 |
| Total Liabilities | 21,227,645 | 28,497,325 |
| Stockholders' Equity: | | |
| Preferred stock, no par value - authorized 1,000,000 shares; none issued | -- | -- |
| Class A common stock, par value $.10 per share - authorized 10,000,000 shares; outstanding 2,655,952 and 2,646,828 shares (net of 1,072,770 treasury shares) | 265,595 | 264,683 |
| Class B common stock, par value $.10 per share - authorized 30,000,000 shares; outstanding 8,041,187 and 7,993,783 shares (net of 3,218,310 treasury shares) | 804,119 | 799,379 |
| Additional paid-in capital | 9,914,648 | 9,419,553 |
| Retained earnings | 137,647,258 | 130,470,576 |
| Cumulative other comprehensive income | 54,333 | 61,889 |
| Total Stockholders' Equity | 148,685,953 | 141,016,080 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 169,913,598 | 169,513,405 |

See notes to consolidated financial statements.

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

| | Three Months Ended March 31, | |
|---|---|---|
| | 2001 | 2000 |
| Sales | $33,703,785 | $26,133,179 |
| Costs and Expenses: | | |
| Cost of sales | 20,271,565 | 16,704,445 |
| Selling, general and administrative expenses | 5,625,144 | 5,169,744 |
| | 25,896,709 | 21,874,189 |
| Income from operations | 7,807,076 | 4,258,990 |
| Other income - net | 825,606 | 1,476,811 |
| Earnings before income taxes | 8,632,682 | 5,735,801 |
| Income tax provision | 1,056,000 | 1,264,000 |
| Net earnings | $ 7,576,682 | $ 4,471,801 |
| Basic earnings per common share | $ 0.71 | $ 0.42 |
| Diluted earnings per common share | $ 0.68 | $ 0.41 |
| Weighted average number of common shares outstanding-basic | 10,670,548 | 10,556,886 |
| Weighted average number of common shares outstanding and potential common shares - diluted | 11,130,130 | 10,856,269 |

See notes to consolidated financial statements.

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

| | Three Months Ended March 31, 2001 | Three Months Ended March 31, 2000 |
|---|---|---|
| Net earnings | $ 7,576,682 | $ 4,471,801 |
| Other comprehensive income (expense), net of income taxes: | | |
| Unrealized loss on marketable securities | -- | (502,912) |
| Foreign currency translation adjustment | (7,556) | (7,992) |
| Comprehensive income | $ 7,569,126 | $ 3,960,897 |

See notes to consolidated financial statements.

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

| | Three Months Ended March 31, 2001 | 2000 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 7,576,682 | $ 4,471,801 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,653,764 | 1,588,649 |
| Gain on sale of marketable securities | -- | (1,012,095) |
| Deferred income taxes | 328,000 | 55,000 |
| Other | 170,000 | 93,000 |
| Changes in operating assets and liabilities | (5,607,682) | 1,506,682 |
| Net Cash Provided by Operating Activities | 4,120,764 | 6,703,037 |
| Cash flows from investing activities: | | |
| Purchase of property, plant and equipment | (2,704,527) | (1,246,795) |
| Proceeds from sale of marketable securities | -- | 2,071,157 |
| Proceeds from repayment by contractors | 7,250 | 32,250 |
| Net Cash (Used in) Provided by Investing Activities | (2,697,277) | 856,612 |
| Cash flows from financing activities: | | |
| Proceeds from exercise of stock options | 330,747 | 216,482 |
| Dividends paid to common shareholders | (399,700) | (393,908) |
| Net Cash Used in Financing Activities | (68,953) | (177,426) |
| Net increase in Cash | 1,354,534 | 7,382,223 |
| Cash and Cash Equivalents - beginning of period | 62,587,033 | 31,382,629 |
| Cash and Cash Equivalents - end of period | $ 63,941,567 | $ 38,764,852 |

See notes to consolidated financial statements.

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

| | Three Months Ended March 31, 2001 | 2000 |
|---|---|---|
| Changes in operating assets and liabilities consist of: | | |
| Decrease in accounts receivable | $ 6,057,119 | $ 2,072,700 |
| Increase in inventories | (3,768,484) | (665,896) |
| Increase in prepaid expenses and other current assets | (310,512) | (438,588) |
| (Increase) decrease in other assets | 9,940 | (3,760) |
| Decrease in accounts payable | (5,877,888) | (299,163) |
| Increase (decrease) in accrued expenses | (1,717,862) | 216,645 |
| Increase in income taxes payable | -- | 624,744 |
| | $(5,607,687) | $ 1,506,682 |
| Supplementary information: | | |
| Cash paid during the period for: | | |
| Income taxes | $ 603,000 | $ 370,000 |

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The consolidated balance sheet as of March 31, 2001, and the consolidated statements of operations and comprehensive income and cash flows for the periods presented herein 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. The information for December 31, 2000 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 potential common shares outstanding during the period.

3. Business Segment Information

The Company does not have reportable operating segments as defined in Statement of Financial Accounting Standards No.131, "Disclosures about Segments of an Enterprise and Related Information". The method for attributing revenues for interim purposes is based on total shipments from the country of origination less intergeographic revenues. The Company operates facilities in the United States, Europe and the Far East. The primary criteria by which financial performance is evaluated and resources are allocated include revenues and operating income. The following is a summary of key financial data:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2001 | 2000 |
| Total Revenues: | | |
| United States | $ 16,353,069 | $ 14,066,321 |
| Asia | 36,236,293 | 25,997,575 |
| Less intergeographic revenues | (18,885,577) | (13,930,717) |
| | $ 33,703,785 | $ 26,133,179 |
| Income from Operations: | | |
| United States | $ 1,052,321 | $ 989,732 |
| Asia | 6,754,755 | 3,269,258 |
| | $ 7,807,076 | $ 4,258,990 |

4. On May 10, 2000 the Board of Directors authorized the repurchase of up to 10% of the Company's outstanding shares. To date the Company purchased and retired 23,600 Class B common shares at a cost of approximately $808,000, which reduced the number of Class B common shares outstanding.

5. New Financial Accounting Standards

Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 effective January 1, 2001. Management has concluded that the adoption of SFAS 133 will not have a significant impact on the financial position, results of operations, or cash flows of the Company.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company's quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect revenues and profitability including the following: (a) the risk that the Company may be unable to respond adequately to rapidly changing technological developments in its industry, (b) risks associated with its Far East operations, (c) the highly competitive nature of the Company's industry and the impact that competitors' new products and pricing may have upon the Company, (d) the likelihood that revenues may vary significantly from one accounting period to another accounting period due to a variety of factors, including customers' buying decisions, the Company's product mix and general market and economic conditions, (e) the Company's reliance on certain substantial customers, (f) risks associated with the Company's ability to manufacture and deliver products in a manner that is responsive to its customers' needs and (g) market and competitive factors impacting the Company's customers. As a result of these and other factors, the Company may experience material fluctuations in future operating results on a quarterly or annual basis, which could materially and adversely affect its business, financial condition, operating results, and stock prices. Furthermore, this document and other documents filed by the Company with the Securities and Exchange Commission (the "SEC") contain certain Forward-Looking Statements under the Private Securities Litigation Reform Act of 1995 ("Forward-Looking Statements") with respect to the business of the Company. These Forward-Looking Statements are subject to certain risks and uncertainties, including those mentioned above, and those detailed in Item 1 of the Company's Annual Report on Form 10-K for the year ended December 31, 2000, which could cause actual results to differ materially from these Forward-Looking Statements. The Company undertakes no obligation to publicly release the results of any revisions to these Forward-Looking Statements which may be necessary to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. An investment in the Company involves various risks, including those mentioned above and those which are detailed from time to time in the Company's SEC filings.

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, 2001 | Percentage of Net Sales — Three Months Ended March 31, 2000 |
|---|---|---|
| Net sales | 100.0% | 100.0% |
| Cost of sales | 60.1 | 63.9 |
| Selling, general and administrative expenses | 16.7 | 19.8 |
| Other income - net | 2.4 | 5.7 |
| Earnings before income tax provision | 25.6 | 22.0 |
| Income tax provision | 3.1 | 4.8 |
| Net earnings | 22.5 | 17.2 |

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, 2001 compared with 2000 |
|---|---|
| Net sales | 29% |
| Cost of sales | 21.4 |
| Selling, general and administrative expenses | 8.8 |
| Other income - net | (4.4) |
| Earnings before income tax provision | 50.5 |
| Income tax provision | (16.5) |
| Net earnings | 69.4 |

Three Months ended March 31, 2001 vs.
Three Months ended March 31, 2000

Net Sales

Net sales increased 29.0% from $26,133,179 during the first three months of 2000 to $33,703,785 during the first three months of 2001. The Company attributes this increase principally to higher sales of new products, including integrated connector modules ("ICM") and xDSL products.

Several of the Company's customers are facing difficult market conditions. Some customers have delayed purchase orders, while others have cancelled purchase orders outright. As a result of these potential difficulties, the Company does not believe that second quarter 2001 revenue levels or earnings will reach first quarter 2001 levels.

Cost of Sales

Cost of sales as a percentage of net sales decreased 3.8% to 60.1% during the first three months of 2001 from 63.9 % during the first three months of 2000. The decrease in the cost of sales percentage is primarily attributable to lower labor and factory overhead expenses and higher sales volume which results in greater manufacturing efficiencies offset, in part, by higher raw material content associated with the current sales mix.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased 3.1% to 16.7% during the first three months of 2001 from 19.8 % during the first three months of 2000. The Company attributes the percentage decrease primarily to increased sales as well as to structural steps taken in late 2000 to reduce its selling, general and administrative costs. Selling, general and administrative expenses increased in dollar amount by approximately 8.8%. The Company attributes the increase in dollar amount of such expenses primarily to increases in sales and marketing salaries and related expenses.

Other Income and Expense

Other income, consisting principally of gain on the sale of marketable securities, during the first three months of 2000, and interest earned on cash equivalents, decreased by approximately $651,000 during the first three months of 2001 compared to the first three months of 2000. The decrease is due to the $1.0 million gain on the sale of marketable securities during the quarter ended March 31, 2000 offset by higher interest income due to higher cash and cash equivalent balances.

Provision for Income Taxes

The provision for income taxes for the first three months of 2001 was $1,056,000 as compared to $1,264,000 for the first three months of 2000. The decrease in the provision is due primarily to lower United States taxes resulting from the gain on the sale of marketable securities in 2000 versus 2001 offset, in part, by higher foreign earnings subject to taxes in 2001 versus 2000.

## Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures 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. This statement represents a Forward-Looking Statement. Actual results could differ materially from such statement if the Company experiences substantial unanticipated cash requirements.

The Company has lines of credit, all of which were unused at March 31, 2001, in the aggregate amount of $14 million, of which $12 million is from domestic banks and $2 million is from foreign banks.

The Company has contracted for the renovation and addition of new corporate offices in Jersey City in the amount of $2.5 million. As of March 31, 2001 approximately $2.2 million has been paid towards this contract.

On May 10, 2000 the Board of Directors authorized the repurchase of up to 10% of the Company's outstanding shares. To date the Company purchased and retired 23,600 Class B common shares at a cost of approximately $808,000, which reduced the number of Class B common shares outstanding.

During the first three months of 2001, the Company's cash and cash equivalents increased by approximately $1.4 million, reflecting approximately $4.1 million provided by operating activities, offset, in part, by approximately $2.7 million in purchases of plant and equipment.

Cash and cash equivalents and accounts receivable comprised approximately 49.0% and 51.9% of the Company's total assets at March 31, 2001 and December 31, 2000, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 8.5 to 1 and 5.5 to 1 at March 31, 2001 and December 31, 2000, respectively.

## New Financial Accounting Standards

Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities, is effective for all fiscal years beginning after June 15, 2000. SFAS 133, as amended, establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. Under SFAS 133, certain contracts that were not formerly considered derivatives may now meet the definition of a derivative. The Company adopted SFAS 133 effective January 1, 2001. Management has concluded that the adoption of SFAS 133 will not have a significant impact on the financial position, results of operations, or cash flows of the Company.

## Item 3. Qualitative and Quantitative Disclosure About Market Risk

Fair Value of Financial Instruments--The following disclosure of the estimated fair value of financial instruments is made in accordance with the requirements of Statement of Financial Accounting Standards No. 107, "Disclosures about Fair Value of Financial Instruments". The estimated fair values of financial instruments have been determined by the Company using available market information and appropriate valuation methodologies.

However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Company could realize in a current market exchange.

The Company has not entered into, and does not expect to enter into, financial instruments for trading or hedging purposes. The Company does not currently anticipate entering into interest rate swaps and/or similar instruments.

The Company's carrying values of cash, marketable securities, accounts receivable, accounts payable and accrued expenses are a reasonable approximation of their fair value.

The Company's business in this regard is subject to certain risks, including, but not limited to, differing economic conditions, loss of significant customers, changes in political climate, differing tax structures, other regulations and restrictions and foreign exchange rate volatility. The Company's future results could be materially and adversely impacted by changes in these or other factors.

PART II.  Other Information

Item 1. Legal Proceedings

The Company is not presently subject to any legal proceedings which are material to the consolidated results of operations or financial condition of the Company.

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 March 31, 2001.

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
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Daniel Bernstein, President

By: /s/ Colin Dunn
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Vice President of Finance and
Chief Financial Officer

Dated: May 10, 2001