

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 1996

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 August 1, 1996, there were 5,070,195 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, 1995.

The results of operations for the six month period ended June 30, 1996, 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

	June 30, 1996	December 31, 1995
	-----	-----
	(unaudited)	
Current Assets:		
Cash and cash equivalents	\$17,741,231	\$ 8,343,925
Marketable securities	1,591,553	5,556,740
Accounts receivable, less allowance for doubtful accounts of \$155,000	10,593,570	11,705,344
Inventories	9,516,877	10,799,731
Prepaid expenses and other current assets	607,390	239,511
	-----	-----
Total Current Assets	40,050,621	36,645,251
Property, plant and equipment -- net	26,326,591	26,662,351
Other assets	1,082,574	1,168,072
	-----	-----
TOTAL ASSETS	\$67,459,786	\$64,475,674
	=====	=====

(Continued)

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	June 30, 1996	December 31, 1995
	-----	-----
	(unaudited)	
Current Liabilities:		
Accounts payable	\$ 1,802,483	\$ 3,374,433
Accrued expenses	4,307,253	4,049,366
Income taxes payable	1,036,955	539,924
Deferred income taxes	--	38,000
	-----	-----
Total Current Liabilities	7,146,691	8,001,723
Deferred income taxes	297,000	584,000
	-----	-----
Total Liabilities	7,443,691	8,585,723
	-----	-----
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 5,070,195 and 5,051,445 shares	507,020	505,145
Additional paid-in capital	6,974,587	6,811,900
Retained earnings	52,534,488	48,115,306
Net unrealized gain on marketable securities	--	457,600
	-----	-----
Total Stockholders' Equity	60,016,095	55,889,951
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$67,459,786	\$64,475,674
	=====	=====

See notes to consolidated financial statements.

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	1996	1995	1996	1995
Sales	\$33,405,932	\$33,960,253	\$16,143,604	\$18,110,282
Costs and Expenses:				
Cost of sales	23,363,494	25,027,402	11,323,144	13,389,470
Selling, general and administrative expenses..	5,699,664	5,770,437	2,905,373	3,089,462
	29,063,158	30,797,839	14,228,517	16,478,932
Income from operations	4,342,774	3,162,414	1,915,087	1,631,350
Other income -- net	1,453,628	115,004	1,287,406	63,609
Interest (expense)	1,220	3,111	1,220	224
	5,795,182	3,274,307	3,201,273	1,694,735
Earnings before income taxes	5,795,182	3,274,307	3,201,273	1,694,735
Income tax provision	1,376,000	304,000	1,015,000	198,000
	4,419,182	2,970,307	2,186,273	1,496,735
Net earnings	\$ 4,419,182	\$ 2,970,307	\$ 2,186,273	\$ 1,496,735
Earnings per common share	\$.87	\$.60	\$.43	\$.30
	====	====	====	====
Weighted average number of common shares outstanding	5,057,201	4,981,293	5,061,919	4,992,864
	5,057,201	4,981,293	5,061,919	4,992,864

See notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	1996	1995
Cash flows from operating activities:		
Net income	\$ 4,419,182	\$ 2,970,307
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,419,396	1,345,912
Deferred income taxes	(325,000)	86,000
Tax effect of non-qualifying disposition of stock options	42,000	--
Bad debt reserve	--	12,000
Inventory obsolescence reserve	300,000	180,000
Net (gain) loss on marketable securities	(1,152,237)	95,086
Changes in operating assets and liabilities	944,712	(1,480,784)
Net Cash Provided by Operating Activities	5,648,053	3,208,521
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,072,633)	(5,652,667)
Purchase of marketable securities	(1,023,641)	--
Proceeds from sale of marketable securities	5,683,465	2,364,826
Proceeds from repayment by contractor	39,500	14,500
Net Cash Provided by (used in) Investing Activities	3,626,691	(3,273,341)
Cash flows from financing activities:		
Proceeds from exercise of stock options	122,562	216,850
Repayment of borrowings	--	(300,000)
Net Cash Provided by (used in) Financing Activities	122,562	(83,150)
Net Increase (Decrease) in Cash	9,397,306	(147,970)
Cash and Cash Equivalents -- beginning of period	8,343,925	2,842,894
Cash and Cash Equivalents -- end of period	<u>\$17,741,231</u>	<u>\$ 2,694,924</u>

(Continued)

See notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	----- 1996 -----	----- 1995 -----
Changes in operating assets and liabilities consist of:		
Decrease (increase) in accounts receivable	\$ 1,111,774	\$(3,035,616)
Decrease (increase) in inventories	982,854	(1,192,106)
(Increase) decrease in prepaid expenses and other current assets	(409,290)	519,829
Decrease in other assets	74,495	47,879
(Decrease) increase in accounts payable	(1,571,950)	1,085,749
Increase in accrued expenses	257,887	901,637
Increase in income taxes payable	497,031	191,844
	----- \$ 944,712 =====	----- \$(1,480,784) =====
Supplementary information:		
Cash paid during the period for:		
Interest	\$ 1,220 =====	\$ 3,111 =====
Income taxes	\$ 778,775 =====	\$ 13,000 =====
Supplemental disclosures of non-cash activities:		
Unrealized gains (losses) on marketable securities	\$ (457,600) =====	\$ 1,215,921 =====

See notes to consolidated financial statements.

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

1. The consolidated balance sheet as of June 30, 1996, and the consolidated statements of operations and cash flows for the six months ended June 30, 1996 and 1995 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 June 30, 1995 financial statements have been reclassified to conform to June 30, 1996 classifications. The information for December 31, 1995 was derived from audited financial statements.

2. Earnings Per Share -- Earnings per common share are computed using the weighted average number of common shares outstanding during the period. The dilutive effect of outstanding options at June 30, 1996 and 1995 was not material.

3. In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation", which is effective for the Company beginning January 1, 1996. SFAS No. 123 requires expanded disclosures of stock-based compensation arrangements with employees in Notes to Annual Financial Statements and encourages (but does not require) compensation cost to be measured based on the fair value of the equity instrument awarded. Companies are permitted, however, to continue to apply APB Opinion No. 25, which recognizes compensation cost based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 to its stock based compensation awards to employees and will disclose the required pro forma effect on net income and earnings per share in its annual financial statements.

4. Inventories consist of the following:

	June 30, 1996	December 31, 1995
	-----	-----
Raw materials	\$5,974,799	\$ 7,059,330
Work-in-process	53,575	191,518
Finished goods	3,488,503	3,548,883
	-----	-----
	\$9,516,877	\$10,799,731
	=====	=====

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

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

	June 30, 1996	December 31, 1995
	-----	-----
Land	\$ 835,218	\$ 835,218
Buildings and improvements	13,570,013	13,481,550
Machinery and equipment	31,363,620	30,379,639
Idle property held for sale	935,000	935,000
	-----	-----
	46,703,851	45,631,407
Less accumulated depreciation and amortization	20,377,260	18,969,056
	-----	-----
Net property, plant and equipment	<u>\$26,326,591</u>	<u>\$26,662,351</u>
	=====	=====

6. 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 six months ended June 30, 1995, the Company recognized \$208,000, 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.

	Percentage of Net Sales			
	Six Months Ended June 30,		Three Months Ended June 30,	
	1996	1995	1996	1995
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	69.9	73.7	70.1	73.9
Selling, general and administrative expenses	17.1	17.0	18.0	17.1
Other income, net of interest expense	4.3	.4	7.9	.4
Earnings before income tax provision	17.3	9.7	19.8	9.4
Income tax provision	4.1	.9	6.3	1.1
Net earnings	13.2	8.8	13.5	8.3

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	
	Six Months Ended June 30, 1996 compared with 1995	Three Months Ended June 30, 1996 compared with 1995
Net sales	(1.6)%	(10.9)%
Cost of sales	(6.6)	(15.4)
Selling, general and administrative expenses	(1.2)	(6.0)
Other income -- net	*	*
Earnings before income tax provision	77.0	88.9
Income tax provision	352.6	412.6
Net earnings	48.8	46.1

* Percentage not meaningful

Six Months 1996 vs. Six Months 1995

Sales

Net sales decreased 1.6% to \$33,405,932 during the first six months of 1996 from \$33,960,253 during the first six months of 1995. The Company attributes this decrease primarily to a general softening in sales and the elimination of certain low margin products.

Cost of Sales

Cost of sales as a percentage of net sales decreased 3.8% to 69.9% during the first six months of 1996 from 73.7% during the first six months of 1995. The decrease in the cost of sales percentage is primarily attributable to lower raw material content associated with the current sales mix and elimination of certain low margin products.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales remained relatively constant for the first six months of 1996 compared to the first six months of 1995. Selling, general and administrative expenses decreased in dollar amount by 1.2%. The decrease in the dollar amount of such expenses is the result of the Company's cost containment measures.

Other Income and Expenses

Other income, consisting of net realized gains on the sale of marketable securities and interest and dividends earned on marketable securities and on cash equivalents increased by \$1,338,624 from the first six months of 1995 compared to the first six months of 1996. This increase is primarily due to the gain on the sale of 112,485 shares of Technitrol, Inc. common stock and to higher earnings on invested funds due to higher average balances in the first six months of 1996 compared to the first six months of 1995 offset in part by the loss on other marketable securities.

Provision for Income Taxes

The provision for income taxes for the first six months of 1996 was \$1,376,000 as compared to \$304,000 for the first six months of 1995. This increase is due primarily to the higher pretax earnings including the gain on the sale of the Technitrol, Inc. common stock for the first six months of 1996 versus 1995. The 1995 provision for income taxes was reduced by the use of a net operating loss carryforward which was no longer available in 1996.

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 1996 vs. Three Months 1995

Sales

Sales decreased 10.9% to \$16,143,604 during the second quarter of 1996 from \$18,110,282 during the second quarter of 1995. The Company attributes this decrease primarily to the reason set forth in the six month analysis.

Cost of Sales

Cost of sales as a percentage of net sales decreased 2.8% to 70.1% during the second quarter of 1996 from 73.9% during the second quarter of 1995. The Company attributes this decrease primarily to the reason set forth in the six month analysis.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales increased .9% from the second quarter of 1995 to the second quarter of 1996 and selling, general and administrative expenses decreased in dollar amount by 6%. The Company attributes the increase in selling, general and administrative expenses to net sales primarily to lower sales and the decrease in dollar amount of selling, general and administrative expenses primarily to decreases in commissions and other sales related expenses due to lower sales and to those reasons set forth in the six month analysis.

Other Income and Expense

Other income for the second quarter of 1996 compared to the second quarter of 1995 increased due to those reasons set forth in the six month analysis.

Provision for Income Taxes

The provision for income taxes increased to \$1,015,000 for the second quarter 1996 from \$198,000 for the second quarter of 1995 primarily for those reasons set forth in the six 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 June 30, 1996, 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.

Liquidity and Capital Resources (Continued)

During the first six months of 1996, the Company's cash increased by \$9.4 million, principally reflecting \$5.6 million provided by operating activities and \$4.7 from the sale of marketable securities offset in part by \$1.1 in purchases of property, plant and equipment.

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 six months of 1996 or 1995.

The Company's shareholders' equity increased by \$4.1 million from December 31, 1995 to June 30, 1996, reflecting the Company's first six months profit of \$4.4 million, and the exercise of incentive stock options of \$122,000 offset by a decrease of \$400,000 in net unrealized gain on marketable securities as all gains and losses were realized during the second quarter of 1996.

Cash, accounts receivable and marketable securities comprised approximately 44.4% and 39.7% of the Company's total assets at June 30, 1996 and December 31, 1995, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 5.6 to 1 and 4.6 to 1 at June 30, 1996 and December 31, 1995, 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, 1995.

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

The Company's annual meeting of security holders was held on May 29, 1996. At the meeting, the Board's nominees were elected to the Board of Directors for terms of one to three years. The votes were cast as follows:

	FOR	WITHHELD
	-----	-----
Elliot Bernstein:	4,801,360	12,645
Peter Gilbert:	4,661,960	152,045
John Johnson:	4,793,460	20,545
Robert Simandl:	4,799,660	14,345
John Tweedy:	4,795,760	18,245

There were -0- abstentions and -0- broker non-votes.

Item 6. Exhibits and Reports on Form 8-K

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- (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 June 30, 1996.

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: August 13, 1996

