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 March 31, 2002

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)

(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, 2002, there were 2,676,225 shares of Class A Common Stock, $.10 par value, outstanding and 8,236,992 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, 2001.

The results of operations for the three month period ended March 31, 2002 and 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, 2002 (Unaudited)	December 31, 2001
Current Assets:		
Cash and cash equivalents	$ 68,878,701	$ 69,278,574
Marketable securities	2,350,913	2,342,663
Accounts receivable, less allowance for doubtful accounts of $945,000 and $945,000	10,217,747	9,814,914
Inventories	14,397,786	13,870,822
Prepaid expenses and other current assets	523,667	269,275
Refundable income taxes	841,280	826,859
Deferred income taxes	849,000	817,000
Total Current Assets	98,059,094	97,220,107
Property, plant and equipment-net	35,641,311	36,353,951
Goodwill and intangible assets-net of amortization of $6,167,224 and $5,811,188	13,297,485	13,653,521
Other assets	271,945	288,943
TOTAL ASSETS	$147,269,835	$147,516,522

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 2002 (Unaudited)	December 31, 2001
Current Liabilities:		
Accounts payable	$ 4,993,843	$ 4,624,185
Accrued expenses	8,598,162	8,492,425
Dividends payable	410,000	405,000
Total Current Liabilities	14,002,005	13,521,610
Deferred income taxes	4,470,000	4,532,000
Total Liabilities	18,472,005	18,053,610
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 2,676,225 and 2,664,637 shares (net of 1,072,770 treasury shares) ...	267,623	266,464
Class B common stock, par value $.10 per share - authorized 30,000,000 shares; outstanding 8,233,492 and 8,105,117 shares (net of 3,218,310 treasury shares) ...	823,349	810,512
Additional paid-in capital	13,226,392	11,674,768
Retained earnings	114,468,538	116,699,114
Cumulative other comprehensive income	11,928	12,054
Total Stockholders' Equity	128,797,830	129,462,912
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$147,269,835	$147,516,522

See notes to consolidated financial statements.

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

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Sales	$ 16,514,002	$ 33,703,785
Costs and Expenses:		
Cost of sales	14,360,623	20,271,565
Selling, general and administrative expenses	4,094,154	5,625,144
	18,454,777	25,896,709
Income (loss) from operations	(1,940,775)	7,807,076
Other income - net	252,199	825,606
Earnings (loss) before income taxes	(1,688,576)	8,632,682
Income tax provision	132,000	1,056,000
Net earnings (loss)	$ (1,820,576)	$ 7,576,682
Basic earnings (loss) per common share	$ (0.17)	$ 0.71
Diluted earnings (loss) per common share	$ (0.17)	$ 0.68
Weighted average number of common shares outstanding-basic	10,846,614	10,670,548
Weighted average number of common shares outstanding and potential common shares - diluted	10,846,614	11,130,130

See notes to consolidated financial statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

	Total	Comprehensive Income (loss)	Retained Earnings	Cumulative Other Comprehensive Income	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, January 1, 2001	$141,016,080		$ 130,470,576	$ 61,889	$264,683	$ 799,379	$ 9,419,553
Exercise of stock options	1,328,129				1,781	11,133	1,315,215
Tax benefits arising from the non-qualified disposition of incentive stock options	382,000						382,000
Cash dividends on Class B common stock	(1,609,490)		(1,609,490)				
Modifications of terms of stock option	533,000						533,000
Currency translation adjustment	3,165	$ 3,165		3,165			
Issuance of common stock warrants for consulting services	25,000						25,000
Decrease in marketable securities-net of taxes	(53,000)	(53,000)		(53,000)			
Net loss	(12,161,972)	(12,161,972)	(12,161,972)				
Comprehensive loss		$ (12,211,807)					
Balance, December 31, 2001	129,462,912		116,699,114	12,054	266,464	810,512	11,674,768
Exercise of stock options	1,485,620				1,159	12,837	1,471,624
Tax benefit arising from the non-qualified disposition of incentive stock options	80,000						80,000
Cash dividends on Class B common stock	(410,000)		(410,000)				
Currency translation adjustment ..	(126)	$ (126)		(126)			
Net loss	(1,820,576)	(1,820,576)	(1,820,576)				
Comprehensive loss		$ (1,820,702)					
Balance, March 31, 2002	$128,797,830		$ 114,468,538	$ 11,928	$267,623	$ 823,349	$13,226,392

See notes to consolidated financial statements.

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

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Cash flows from operating activities:		
Net income (loss)	$ (1,820,576)	$ 7,576,682
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	1,616,275	1,653,764
Deferred income taxes	(95,000)	328,000
Other	80,000	170,000
Changes in operating assets and liabilities	(713,467)	(5,607,682)
Net Cash Provided by (used in) Operating Activities	(932,768)	4,120,764
Cash flows from investing activities:		
Purchase of property, plant and equipment	(547,599)	(2,704,527)
Purchase of marketable securities	(2,207,376)	--
Proceeds from sale of marketable securities	2,200,000	--
Net Cash Used in Investing Activities	(554,975)	(2,704,527)
Cash flows from financing activities:		
Loan repayments	7,250	7,250
Proceeds from exercise of stock options	1,485,620	330,747
Dividends paid to common shareholders	(405,000)	(399,700)
Net Cash Provided by (used in) Financing Activities	1,087,870	(61,703)
Net increase (decrease) in Cash	(399,873)	1,354,534
Cash and Cash Equivalents - beginning of period	69,278,574	62,587,033
Cash and Cash Equivalents - end of period	$ 68,878,701	$ 63,941,567

See notes to consolidated financial statements.

(Continued)

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

	Three Months Ended March 31, 2002	Three Months Ended March 31, 2001
Changes in operating assets and liabilities consist of:		
(Increase) decrease in accounts receivable	$(402,833)	$ 6,057,119
Increase in inventories	(526,964)	(3,768,484)
Increase in prepaid expenses and other current assets	(261,642)	(310,512)
Increase in prepaid taxes	(14,421)	--
Decrease in other assets	16,998	9,940
Increase (decrease) in accounts payable	369,658	(5,877,888)
Increase (decrease) in accrued expenses	105,737	(1,717,857)
	$(713,467)	$(5,607,682)
Supplementary information:		
Cash paid during the period for:		
Income taxes	$ 135,000	$ 603,000

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, 2002, and the consolidated statements of operations, stockholders' equity 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, stockholders' equity and cash flows for all periods presented have been made. The information for December 31, 2001 was derived from audited financial statements.

2. Acquisitions

On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd. ("E-Power") and the assets and then existing business of Current Concepts, Inc. ("Current Concepts") for an aggregate of $6,285,000 in cash (including acquisition expenses). The Company will be required to make contingent purchase price payments of up to approximately $7.6 million should the acquired companies reach various sales levels. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's consolidated financial statements since the date of acquisition. Purchase price allocations were based on independent appraisals. The excess of the purchase price over the net assets acquired is $5.7 million and is being amortized on a straight-line basis over a period of four to fifteen years. The Company discontinued the amortization of goodwill effective January 1, 2002 and will measure the impairment of goodwill in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142 (See Note 5 of Notes to Consolidated Financial Statements). The following unaudited pro forma summary results of operations assumes that both Current Concepts and E-Power had been acquired as of January 1, 2001:

	Three Months Ended March 31, 2001
Sales	$ 33,705,315
Net Income	7,109,258
Earnings per share-diluted	$ 0.64

The information above is not necessarily indicative of the results of operations that would have occurred if the acquisitions had been consummated as of January 1, 2001, nor should such information be construed as being a representation of the future results of operations of the Company.

3. Earnings (Loss) Per Share

Basic earnings (loss) 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. For the three months ended March 31, 2002 potential common shares were not used in the computation of diluted loss per common share as their effect would be antidilutive.

4. 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, 2002	Three Months Ended March 31, 2001
Total Revenues:		
United States	$ 6,837,112	$ 16,353,069
Asia	16,107,522	36,236,293
Less intergeographic revenues	(6,430,632)	(18,885,577)
	$ 16,514,002	$ 33,703,785
Income (loss) from Operations:		
United States	$ 338,420	$ 1,052,321
Asia	(2,279,195)	6,754,755
	$ (1,940,775)	$ 7,807,076

5. Recent Accounting Pronouncements

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. The adoption of SFAS 133 has not had a significant impact on the consolidated financial position, results of operations, or cash flows of the Company.

On June 29, 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Intangible Assets." The major provisions of SFAS No. 141 were as follows: all business combinations initiated after June 30, 2001 must use the purchase method of accounting; the pooling of interest method of accounting is prohibited. SFAS No. 142 eliminated the amortization of goodwill and certain other intangibles and requires an impairment test of their carrying value. An initial impairment test of goodwill and certain other intangibles must be completed in the year of adoption with at least an annual impairment test thereafter. On January 1, 2002, the Company adopted SFAS No. 142. The Company completed the initial impairment tests in the first quarter of 2002, which did not result in an impairment of goodwill or certain other intangibles. The provisions of SFAS No. 142 are effective for periods after adoption and retroactive application is not permitted. Therefore, the historical results of periods prior to 2002 in the Company's Consolidated Statements of Operations do not reflect the effect of SFAS No. 142 and, accordingly, the first quarter of 2001 includes amortization expense of $0.2 million in "Selling, general and administrative expenses" ($0.19 million after tax or $0.02 per diluted share).

The following information represents pro forma net income (loss) and earnings (loss) per share assuming the adoption of SFAS No. 142 in the first quarter of 2001:

	For the Three Months Ended March 31,	
	2002	2001
Reported net income (loss)	$(1,820,576)	$7,576,682
Addback: Goodwill amortization (net of income tax)	--	189,200
Adjusted net income (loss)	$(1,820,576)	$7,765,882
Basic earnings (loss) per share:		
Reported net income (loss)	$ (0.17)	$ 0.71
Addback: Goodwill amortization	--	0.02
Adjusted net income (loss)	$ (0.17)	$ 0.73
Diluted earnings (loss) per share:		
Reported net income (loss)	$ (0.17)	$ 0.68
Addback: Goodwill amortization	--	0.02
Adjusted net income (loss)	$ (0.17)	$ 0.70

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No. 143 on January 1, 2003, and has not yet determined the impact that this statement will have on its results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", effective for fiscal years beginning after December 15, 2001. Under SFAS No. 144 assets held for sale will be included in discontinued operations if the operations and cash flows will be or have been eliminated from the ongoing operations of the entity and the entity will not have any significant continuing involvement in the operations of the component. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not have a material impact on the Company's results of operations or financial position.

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 dramatic impact of current conditions in the telecommunications market on the Company's customers; (b) the general conditions in the electronics industry; (c) the risk that the Company may be unable to respond adequately to rapidly changing technology developments in its industry; (d) risks associated with the Company's Far East operations; (e) the highly competitive nature of the Company's industry and the impact that competitors' new products and pricing may have upon the Company; (f) 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; (g) the Company's reliance on certain substantial customers; (h) risks associated with the Company's ability to manufacture and deliver products in a manner that is responsive to its customers' needs; (i) the risk of foreign currency fluctuations; and (j) other 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, 2001, 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.

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 infer any conclusion that such results, causes or trends will necessarily continue in the future.

Critical Accounting Policies

The Company's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, the Company evaluates its estimates, including those related to product returns, bad debts, inventories, intangible assets, investments, income taxes and contingencies and litigation. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. The Company maintains allowances for doubtful accounts for estimated losses resulting from the inability of its customers to make required payments. If the financial condition of the Company's customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The Company makes purchasing decisions principally based upon firm sales orders from customers, the availability and pricing of raw materials and projected customer requirements. Future events that could adversely affect these decisions and result in significant charges to the Company's operations include a slow down in customer demand, such as the Company is currently experiencing, customers delaying the issuance of sales orders to the Company, miscalculating customer requirements, technology changes which render the raw materials and finished goods obsolete, and cancellation or loss of customers and/or cancellation of sales orders. The Company writes down its inventory for estimated obsolescence or unmarketable inventory equal to the difference between the cost of inventory and the estimated market value based upon the aforementioned assumptions. If actual market conditions are less favorable than those projected by management, additional inventory write-downs may be required.

The Company seeks sales and profit growth by expanding its existing customer base, developing new products and by pursuing strategic acquisitions that meet the Company's criteria relating to (I) the market for the products; (ii) the Company's ability to efficiently manufacture the product; (iii) synergies that are created by the acquisition; and (iv) a purchase price that represents fair value. If the Company's evaluation of a target company misjudges its technology, estimated future sales or profitability levels, or ability to keep pace with the latest technology, these factors could impair the value of the investment, which could materially adversely affect the Company's profitability.

The Company files income tax returns in every jurisdiction in which it has reason to believe it is subject to tax. Historically, the Company has been subject to examination by various taxing jurisdictions. To date, none of these examinations has resulted in any material additional tax. Nonetheless, any tax jurisdiction may contend that a filing position claimed by the Company regarding one or more of its transactions is contrary to that jurisdiction's laws or regulations.

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, 2002	2001
Net sales	100.0%	100.0%
Cost of sales	87.0	60.1
Selling, general and administrative expenses	24.8	16.7
Other income - net	1.5	2.4
Earnings (loss) before income tax provision	(10.2)	25.6
Income tax provision	0.8	3.1
Net earnings (loss)	(11.0)	22.5

The following table sets forth, for the period 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, 2002 compared with the Three Months Ended March 31, 2001
Net sales	(51.0)%
Cost of sales	(29.2)
Selling, general and administrative expenses	(27.2)
Other income - net	(69.5)
Earnings (loss) before income tax provision	(119.6)
Income tax provision	(87.5)
Net earnings (loss)	(124.0)

Three Months ended March 31, 2002 vs.
Three Months ended March 31, 2001

Overview

The Company believes that the worst of the slowdown in the global electronics industry may now be over. While business conditions remain difficult, the Company believes that there are positive indications that suggest that conditions should improve for the Company and the industry. Backlog is rising, and the Company sees signs that some momentum is being re-established in several key product areas. The Company currently expects to report improved top and bottom line performance in the second quarter of 2002 compared to the first quarter with further improvement likely in the year's second half.

The statements in the immediately preceding paragraph represent Forward-Looking Statements. Actual results could differ substantially from such projections as a result of the factors referenced above.

Sales

Net sales decreased 51.0% from $33,703,785 during the first three months of 2001 to approximately $16,514,002 during the first three months of 2002. The Company attributes this decrease to the decline in demand affecting the global electronics industry. Although all product lines experienced sales decreases except for integrated connector modules ("ICM"), the telecommunications and networking segments were particularly depressed. The Company is experiencing both volume reductions and price degradation as customers take aggressive price positions.

Demand for the Company's expanding line of integrated connector modules remain healthy. The Company is also pleased by the steady progress it is making in its new Power division, and in the development of additional products in the Company's line of surface mount magnetic components for high-speed transmission and networking applications. At the same time, manufacturing overhead and variable expenses have been dramatically reduced, which should contribute to improved profitability as sales begin to recover.

Cost of Sales

Cost of sales as a percentage of net sales increased from 60.1% during the first three months of 2001 to 87.0% in 2002. The increase in the cost of sales percentage is primarily attributable to manufacturing inefficiencies due to reduced sales volume, sales with lower or no gross profit margins and a change in the Company's sales mix.

The Company expects to incur additional severance and employee relocation charges of up to approximately $1,000,000 (net of taxes) during the next nine months of 2002. This projection represents a Forward-Looking Statement. Actual results could differ materially from this statement, depending in large part upon market conditions in the Company's industry.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales increased from 16.7% during the first three months of 2001 to 24.8% during the first three months of 2002. The Company attributes the percentage increase primarily to decreased sales. Selling, general and administrative expenses decreased in dollar amount by approximately 27.2%. The Company attributes the decrease in dollar amount of such expenses to reduced sales related expenses and the elimination of the amortization of goodwill.

Other Income - net

Other income, consisting principally of interest earned on cash and cash equivalents, decreased by approximately $573,000 during the first three months of 2002 compared to the first three months of 2001. The decrease is due to the lower interest income due to lower interest rates earned on cash and cash equivalents.

Income Tax Provision

The provision for income taxes for the first three months of 2002 was $132,000 as compared to $1,056,000 for the first three months of 2001. The decrease in the provision is due primarily to a loss before income taxes for the next three months of 2002 versus earnings before income taxes for the first three months of 2001.

Cost Control Measures

In light of the current market in the Company's industry, the Company continues to review its operating structures in efforts to control costs. Such measures can be expected to result in a consolidation of the Company's U.S. research and development operations and the recognition of related charges in future periods. The Company expects to incur additional severance and employee relocation charges of up to approximately $1.0 million (net of taxes) during the next nine months of 2002. The description of this expectation constitutes a Forward Looking Statement. Actual results could differ materially from such expectation as a result of a number of factors, including the Company's ability to effect its relocation plans, the economic condition of the Company's industry and other factors that relate to the extent to which the Company is able to restore its profitability.

Inflation

During the past two years, the effect of inflation on the Company's profitability was not material. Historically, fluctuations of the U.S. dollar against other major currencies have not significantly affected the Company's foreign operations as most transactions have been denominated in U.S. dollars or currencies linked to the U.S. dollar.

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. Such statement constitutes a Forward Looking Statement. Factors which could cause the Company to require additional capital include, among other things, a further softening in the demand for the Company's existing products, an inability to respond to customer demand for new products, potential acquisitions requiring substantial capital, future expansion of the Company's operations and net losses that could result in net cash being used in operating, investing and/or financing activities which result in net decreases in cash and cash equivalents. Net losses may result in the loss of domestic and foreign credit facilities and preclude the Company from raising debt or equity financing in the open markets.

The Company has two domestic unsecured lines of credit amounting to $11,000,000 which were unused at March 31, 2002. The $1 million line of credit is renewable annually. The $10 million line of credit is a three year line and is renewable during May 2002. The Company will seek to renew this credit line although there can be no assurance that it will be able to do so. Borrowings under a $10 million line of credit are secured by a first priority security interest in and a lien on all personal property of Bel Fuse Inc. and its domestic subsidiaries.

The Company's Hong Kong subsidiary has an unsecured line of credit of approximately $2,000,000, which was unused at March 31, 2002. The line of credit expires in December 31, 2002. Borrowing on the line of credit is guaranteed by the U.S. parent.

For information regarding further commitments under the Company's operating leases, see Note 11 of Notes to the Company's 2001 Consolidated Financial Statements.

On May 11, 2001, the Company acquired 100% of the common stock of E-Power Ltd. ("E-Power") and the assets and then existing business of Current Concepts, Inc. ("Current Concepts") for an aggregate of $6,285,000 in cash (including acquisition expenses). The Company will be required to make contingent purchase price payments up to approximately $7.6 million should the acquired companies reach various sales levels. The transactions were accounted for using the purchase method of accounting and, accordingly, the results of operations of Current Concepts and E-Power have been included in the Company's financial statements since the date of acquisition. The excess of the purchase price over the net assets acquired is approximately $5.7 million and is being amortized on a straight-line basis over 4 to 15 years. The Company discontinued the amortization of goodwill effective January 1, 2002 and will measure the impairment of goodwill in accordance with SFAS No. 142.

On May 9, 2000 the Board of Directors authorized the repurchase of up to 10% of the Company's outstanding common shares from time to time in market or privately negotiated transactions. As of March 31, 2002 the Company had purchased and retired 23,600 Class B shares at a cost of approximately $808,000, which reduced the number of Class B common shares outstanding.

During the three months ended March 31, 2002, the Company's cash and cash equivalents decreased by approximately $.4 million, reflecting $1.5 million provided by the exercise of stock options offset, in part, by approximately $.6 million in purchases of plant and equipment, $.4 million in dividends and $.9 million used in operating activities.

Cash, marketable securities and cash equivalents and accounts receivable comprised approximately 55.3% and 55.2% of the Company's total assets at March 31, 2002 and December 31, 2001, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 7.0 to 1 and 7.2 to 1 at March 31, 2002 and December 31, 2001, respectively.

Other Matters

Territories of Hong Kong, Macau and The People's Republic of China

The Territory of Hong Kong became a Special Administrative Region ("SAR") of The People's Republic of China in the middle of 1997. The territory of Macau became a SAR of The People's Republic of China at the end of 1999. Management cannot presently predict what future impact, if any, this 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 48% 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 as well as any change in the "Most Favored Nation" status granted to China by the U.S. could have a material adverse effect on the Company.

New Accounting Pronouncements

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. The adoption of SFAS 133 has not had a significant impact on the consolidated financial position, results of operations, or cash flows of the Company.

On June 29, 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations," and SFAS No. 142, "Goodwill and Intangible Assets." The major provisions of SFAS No. 141 were as follows: all business combinations initiated after June 30, 2001 must use the purchase method of accounting; the pooling of interest method of accounting is prohibited. SFAS No. 142 eliminated the amortization of goodwill and certain other intangibles and requires an impairment test of their carrying value. An initial impairment test of goodwill and certain other intangibles must be completed in the year of adoption with at least an annual impairment test thereafter. On January 1, 2002, the Company adopted SFAS No. 142. The Company completed the initial impairment tests in the first quarter of 2002, which did not result in an impairment of goodwill or certain other intangibles. The provisions of SFAS No. 142 are effective for periods after adoption and retroactive application is not permitted. Therefore, the historical results of periods prior to 2002 in the Company's Consolidated Statements of Operations do not reflect the effect of SFAS No. 142 and, accordingly, the first quarter of 2001 includes amortization expense of $0.2 million in "Selling, general and administrative expenses" ($0.19 million after tax or $0.02 per diluted share).

In June 2001, the FASB issued SFAS No. 143 "Accounting for Asset Retirement Obligations". SFAS No. 143 addresses financial accounting and reporting for obligations and costs associated with the retirement of tangible long-lived assets. The Company is required to implement SFAS No. 143 on January 1, 2003, and has not yet determined the impact that this statement will have on its results of operations or financial position.

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets", effective for fiscal years beginning after December 15, 2001. Under SFAS No. 144 assets held for sale will be included in discontinued operations if the operations and cash flows will be or have been eliminated from the ongoing operations of the entity and the entity will not have any significant continuing involvement in the operations of the component. The Company adopted SFAS No. 144 on January 1, 2002. The adoption of SFAS No. 144 did not have a material impact on the Company's results of operations or financial position.

Item 3. Quantitative and Qualitative Disclosures 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 commenced an arbitration proceeding before the American Arbitration Association against Lucent Technologies, Inc. in or about December 2000. The arbitration arises out of an Agreement for the Purchase and Sale of Assets, dated October 2, 1998 (the "Asset Purchase Agreement"), among Bel Fuse, Lucent Technologies, Inc. and Lucent Technologies Maquiladores, Inc., and a related Global Procurement Agreement, dated October 2, 1998 (the "Supply Agreement"), between Lucent Technologies, Inc., as Buyer, and Bel Fuse, as Supplier. Pursuant to the Asset Purchase Agreement, the Company purchased substantially all of the assets of Lucent's signal transformer business. Pursuant to the Supply Agreement, Lucent agreed that except for limited instances where Lucent was obligated to purchase product elsewhere, for a term of 3 1/2 years, Lucent would be obligated, on an as required basis, to purchase from the Company all of Lucent's requirements for signal transformer products. The Supply Agreement also provided that the Company would be given the opportunity to furnish quotations for the sale of other products.

The Company is seeking monetary damages for alleged breaches by Lucent of the Asset Purchase Agreement and the Supply Agreement. In its answer, Lucent denied many of the material allegations made by the Company and also asserted two counterclaims. The counterclaims seek recovery for alleged losses, including loss of revenue, sustained by Lucent as a result of the Company's alleged breach of various provisions of the Supply Agreement. The parties are currently engaged in extensive discovery proceedings. The Company believes it has substantial and meritorious claims against and defenses to Lucent and its counterclaims. However, the Company cannot predict how the arbitrator will decide this matter and whether it will have a material effect on the financial statements.

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, 2002.

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 and
Chief Executive Officer

By: /s/ COLIN DUNN

Colin Dunn, Vice President of Finance
and Chief Financial Officer

Dated: May 14, 2002