FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

(Mark One)

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

FOR THE PERIOD ENDED APRIL 4, 1998

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File No. 1-9973

THE MIDDLEBY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

DELAWARE	36-3352497
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

2850 W. GOLF ROAD, SUITE 405, ROLLING MEADOWS, ILLINOIS	60008
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone No., including Area Code (847) 758-3880

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 twelve (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

As of April 4, 1998, there were 10,981,646 shares of the Registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED APRIL 4, 1998

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PART I. FINANCIAL INFORMATION

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	(UNAUDITED) APR. 4, 1998	JAN. 3, 1998
ASSETS		
Cash and cash equivalents	$ 2,127	$ 12,321
Accounts receivable, net	23,414	22,251
Inventories, net	26,782	24,072
Prepaid expenses and other	1,309	1,248
Current deferred taxes	3,066	3,000
Total current assets	56,698	62,892
Property, plant and equipment, net of accumulated depreciation of $14,083 and $13,534	22,420	21,790
Excess purchase price over net assets acquired, net of accumulated amortization of $4,787 and $4,673	13,902	12,882
Deferred taxes	3,808	3,779
Other assets	2,346	2,135
Total assets	$99,174	$103,478
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current maturities of long-term debt	$ 2,971	$ 3,595
Accounts payable	8,960	11,600
Accrued expenses	7,136	9,255
Total current liabilities	19,067	24,450
Long-term debt	23,810	24,318
Minority interest and other non-current liabilities	2,299	2,109
Shareholders' equity:		
Preferred stock, $.01 par value; nonvoting; 2,000,000 shares authorized; none issued	-	-
Common stock, $.01 par value; 20,000,000 shares authorized; 10,982,000 and 10,895,000 issued and outstanding in 1998 and 1997, respectively	109	109

Paid-in capital	54,582	53,984
Cumulative translation adjustment	(894)	(1,173)
Accumulated earnings (deficit)	201	(319)
Total shareholders' equity	53,998	52,601
Total liabilities and shareholders' equity	$99,174	$103,478

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)
(UNAUDITED)

	Three Months Ended	
	Apr 4, 1998	Mar 29, 1997
Net sales	$ 31,101	$ 32,698
Cost of sales	21,663	22,224
Gross profit	9,438	10,474
Selling and distribution expenses	5,101	4,681
General and administrative expenses	2,716	2,675
Income from operations	1,621	3,118
Interest expense and deferred financing amortization	737	1,081
Other expense(income), net	112	(38)
Earnings before income taxes	772	2,075
Provision for income taxes	252	689
Net earnings	$ 520	$ 1,386
Net earnings per share:		
Basic	$ 0.05	$ 0.16
Diluted	$ 0.05	$ 0.16
Weighted average number of shares		
Basic	10,946	8,470
Diluted	11,139	8,723

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

(UNAUDITED)

	THREE MONTHS ENDED	
	APR 4,1998	MAR 29, 1997
Cash flows from operating activities-		
Net earnings.	$ 520	$ 1,386
Adjustments to reconcile net earnings to cash provided by continuing operating activities-		
Depreciation and amortization.	685	656
Utilization of NOL's	250	620
Changes in assets and liabilities-		
Accounts receivable.	(1,163)	(2,806)
Inventories.	(2,710)	(3,041)
Prepaid expenses and other assets.	216	231
Accounts payable and other liabilities.	(4,589)	2,547
Net cash used in continuing operating activities	(6,792)	(407)
Net cash used in discontinued operations.	-	(3,290)
Net cash used in operating activities	(6,792)	(3,697)
Cash flows from investing activities-		
Purchase of subsidiary minority interest	(1,134)	-
Proceeds from sale of discontinued operations	-	5,081
Additions to property and equipment	(1,179)	(697)
Net cash (used in) provided by investing activities	(2,313)	4,384
Cash flows from financing activities-		
Increase in revolving credit line, net.	-	307
Reduction in term loans	-	(2,020)
Reduction in intellectual property lease.	(451)	-
Reduction in proceeds from foreign bank debt.	(680)	1,304
Other financing activities, net	41	(3)
Net cash used in financing activities	(1,090)	(412)
Changes in cash and cash equivalents-		
Net (decrease) increase in cash and cash equivalents	(10,194)	275
Cash and cash equivalents at beginning of year.	12,321	1,410
Cash and cash equivalents at end of quarter	$ 2,127	$ 1,685
Interest paid.	$ 720	$ 964
Income taxes paid.	$ 513	$ 37

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

APRIL 4, 1998
(UNAUDITED)

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The financial statements have been prepared by The Middleby Corporation (the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information not misleading. These financial statements should be read in conjunction with the financial statements and related notes contained in the Company's 1997 Annual Report. Other than as indicated herein, there have been no significant changes from the data presented in said Report.

In the opinion of management, the financial statements contain all adjustments necessary to present fairly the financial position of the Company as of April 4, 1998 and January 3, 1998, and the results of operations for the three months ended April 4, 1998 and March 29, 1997 and cash flows for the three months ended April 4, 1998 and March 29, 1997.

B. COMPREHENSIVE INCOME

During the first quarter of 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," (SFAS No. 130), which requires companies to report all changes in equity during a period, except those resulting from investment by owners and distribution to owners, in a financial statement for the period in which they are recognized.

Components of comprehensive income were as follows:

	Apr. 4, 1998	Mar. 29, 1997
	(In thousands)	
Net earnings.	$ 520	$ 1,386
Cumulative translation adjustment	279	(151)
Comprehensive Income. . . .	$ 799	$ 1,235

2) INCOME TAXES

The Company accounts for income taxes in accordance with Statement of Financial Accounting Standards No. 109 ("SFAS 109"), Accounting for Income Taxes.

The Company has recorded an income tax provision of $252,000 for the fiscal three months ended April 4, 1998. The Company has significant tax loss carry-forwards, and although a tax provision is recorded, the Company makes no payment of federal tax other than AMT amounts.

3) EARNINGS PER SHARE

During the fourth quarter of 1997, the Company adopted SFAS No. 128: "Earnings Per Share" which specifies modifications to the calculation of earnings per share from that historically used by the Company. Under SFAS 128, "basic earnings per share" is calculated based upon the weighted average number of common shares actually outstanding, and "diluted earnings per share" is calculated based upon the weighted average number of common shares outstanding, warrants and other potential common shares, if they are dilutive. The Company's common share equivalents consist of shares issuable on exercise of outstanding options computed using the treasury method and amounted to 193,000 and 253,000 for the three month periods ended April 3, 1998 and March 29, 1997, respectively. All prior periods have been restated to present all earnings per share data on a consistent basis.

4) INVENTORIES

Inventories are valued using the first-in, first-out method.

Inventories consist of the following:

	APR. 4, 1998	JAN. 3, 1998
	(In thousands)	
Raw materials and parts. . . .	$ 6,868	$ 6,073
Work-in-process.	6,458	6,804
Finished goods	13,456	11,195
	$ 26,782	$ 24,072

5) ACCRUED EXPENSES

Accrued expenses consist of the following:

	Apr. 4, 1998	Jan. 3, 1998
	(In thousands)	
Accrued payroll and related expenses.	$ 2,338	$ 3,601
Accrued commissions	1,477	1,510
Accrued warranty.	1,170	1,172
Other accrued expenses. . .	2,151	2,972
	$ 7,136	$ 9,255

6) ACQUISITION OF SUBSIDIARY MINORITY INTEREST

During the first quarter of 1998, the Company acquired the remaining minority interest in Asbury Associates, Inc. and the Middleby Philippines Corporation, from the founder and president of Asbury Associates, Inc. The remaining interest was acquired for $500,000 in cash, 50,000 shares of common stock with a market value of $387,000 at the date of issuance, and forgiveness of certain minority interest liabilities owed by the minority shareholder. This transaction increased the Company's ownership interest in these subsidiaries to 100%. The excess purchase price over the value of assets acquired was allocated to goodwill, and is to be amortized over a period of 15 years.

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

INFORMATIONAL NOTE

This report contains forward-looking statements subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. The Company cautions readers that these statements are highly dependent upon a variety of important factors which could cause such results or events to differ materially from such statements. Such factors include, but are not limited to, changing market conditions; the availability and cost of raw materials; the impact of competitive products and pricing; the timely development and market acceptance of the Company's products; foreign exchange and political risks affecting international sales; and other risks detailed herein and from time-to-time in the Company's Securities and Exchange Commission filings, including those discussed under the heading "Risk Factors" in the Company's Registration Statement on Form S-2 (No. 333-35397) filed with the Securities and Exchange Commission.

	THREE MONTHS ENDED			
	APR. 4, 1998		MAR. 29, 1997	
	Sales	Percent	Sales	Percent
BUSINESS DIVISIONS				
Conveyor oven equipment	$ 9,541	30.7%	$12,340	38.0%
Counterline cooking equipment and specialty products	4,004	12.7%	4,202	12.9%
Core cooking equipment.	9,520	30.6%	7,431	22.7%
TOTAL COOKING AND WARMING EQUIPMENT DIVISIONS	23,065	74.0%	24,063	73.6%
International specialty equipment	1,365	4.4%	1,976	6.0%
International distribution (1).	9,281	29.8%	9,469	29.0%
TOTAL INTERNATIONAL DIVISIONS.	10,646	34.2%	11,445	35.0%
Intercompany sales(2)	(3,090)	(9.9%)	(3,573)	(10.9%)
Other	480	1.7%	763	2.3%
TOTAL.	$31,101	100.0%	$32,698	100.0%

(1) Consists of sales of products manufactured by Middleby and products manufactured by third parties.
(2) Consists of sales to the Company's international distribution division from the Company's other business divisions.

RESULTS OF OPERATIONS

The following table sets forth certain consolidated statements of earnings items as a percentage of net sales for the periods.

	THREE MONTHS ENDED	
	APR. 4, 1998	MAR. 29, 1997
Net sales	100.0%	100.0%
Cost of sales	69.7%	68.0%
Gross profit	30.3%	32.0%
Selling, general and administrative expenses.	25.1%	22.5%
Income from operations	5.2%	9.5%
Interest expense and deferred financing amortization,net	2.4%	3.3%
Other (income) expense,net.	0.4%	(0.1%)
Earnings before income taxes	2.5%	6.3%
Provision for income taxes.	0.8%	2.1%
Net earnings from continuing operation . .	1.7%	4.2%

THREE MONTHS ENDED APRIL 4, 1998 COMPARED TO THREE MONTHS ENDED MARCH 29, 1997

NET SALES. Net sales in the three-month period ended April 4, 1998 decreased $1.6 million or 5% to $31.1 million as compared to $32.7 million in the three-month period ended March 29, 1997, reflecting lower unit volume in the Company's cooking and warming equipment divisions and international divisions.

Sales of the Company's cooking and warming equipment divisions decreased 4% for the three-month period ended April 4,1998. Sales of the core cooking equipment division increased 28% from continued market penetration and new products. These gains were more than offset by a 23% decrease in sales of the conveyor oven equipment division in the three-month period as one major chain customer slowed purchases during the first two months of the year to reduce inventory in its system and another major chain embarked on a store restructuring program. Additionally, the 1997 three-month period included conveyor oven service and equipment upgrade billings for a major chain customer which were not repeated in 1998. Sales of the counterline cooking equipment and specialty products division decreased 5% due to lower international sales.

Sales of the international divisions represented 34% of total sales in the three-month period and decreased 7% as compared to the prior year period. Sales of the Company's international specialty equipment division decreased 31% due to the timing of new store openings by a major chain customer. Sales of the Company's international distribution division decreased 2% primarily due to lower sales in certain Asian markets. Sales to other regions, such as Latin America, were higher as compared to the prior year.

GROSS PROFIT. Gross profit decreased $1.1 million or 10% in the three-month period to $9.4 million as compared to $10.5 million in the prior year period. As a percentage of net sales, gross profit margin decreased 1.7% to 30.3% from 32.0%. The decrease in gross margin percent was primarily due to the decreased volume, unfavorable product mix and increased warranty expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses increased $0.4 million or 6% in the three-month period to $7.8 million as compared to $7.4 million in the prior year period. The increase was primarily due to expansion of the Company's international sales and service capabilities, including the establishment of sales and distribution offices in Japan, Korea and Mexico during the second quarter of 1997. As a percentage of sales, selling, general and administrative expenses increased to 25.1% from 22.5% as the higher expense base to support the expanded international infrastructure was spread over lower sales.

INCOME FROM OPERATIONS. Income from operations decreased $1.5 million or 48% to $1.6 million for the three-month period ended April 4, 1998 from $3.1 million in the prior year period. The lower sales volume and increased expense base resulted in the lower income from operations.

INTEREST EXPENSE AND DEFERRED FINANCING AMORTIZATION. Interest expense and deferred financing amortization for the three-months ended April 4, 1998 decreased 32% to $0.7 million as compared to $1.1 million in the prior year period. The decrease was due to a lower average outstanding debt balance as a result of the Company's stock offering completed during the fourth quarter of 1997.

INCOME TAXES. The Company recorded a net tax provision of $0.3 million for the three-month period ended April 4, 1998 as compared to a net tax provision of $0.7 million in the prior year period.

NET EARNINGS. As a result of the above factors, for the three-month period ended April 4, 1998, the Company recorded net earnings of $0.5 million as compared to $1.4 million in the prior year period.

FINANCIAL CONDITION AND LIQUIDITY

For the three months ended April 4, 1998, net cash provided by operating activities before changes in assets and liabilities was $1.5 million as compared to $2.7 million for the three months ended March 29, 1997. Net cash used by continuing operating activities after changes in assets and liabilities was $6.8 million as compared to net cash used of $0.4 million in the prior year three-month period. Historically, the Company has been a net cash user during the first half of the year and a net cash generator during the second half of the year. Accounts receivables increased due to the timing of shipments during the quarter, the timing of collections at the end of the fiscal year and the application of dealer rebates. Inventories increased $2.7 million, due to difficulties in forecasting demand in Asian markets and the timing of orders and shipments during the quarter. Accounts payable decreased $2.6 million due to the timing of payments at the prior fiscal year-end. Accrued expenses decreased $2.1 million due primarily to compensation benefit plan payments.

During the first three months of 1998, the Company decreased its overall outstanding debt by $1.1 million under various facilities. The Company decreased its borrowings under the Middleby Philippines subsidiary's credit facility by $0.6 million and reduced the amount outstanding under its intellectual property lease by $0.5 million. During this same period the Company decreased its cash and cash equivalents to $2.1 million from $12.3 million at January 3, 1998. The cash was used primarily to fund the working capital needs discussed above.

In March 1998, the Company entered into a $20.0 million unsecured multi-currency revolving credit line with a major international bank. This new credit facility enhances the Company's ability to manage its financing activities related to its international operations. Concurrently with the initiation of the unsecured revolving line of credit, the $15.0 million senior secured note became unsecured. The note's maturity and interest rate remain unchanged. The Company continues to remain in compliance with debt covenants. Management believes that the Company will have sufficient financial resources available to meet its anticipated requirements for working capital, growth strategies, capital expenditures and debt amortization for the foreseeable future.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not Applicable.

PART II. OTHER INFORMATION

The Company was not required to report the information pursuant to Items 1 through 6 of Part II of Form 10-Q for the three months ended April 4, 1998, except as follows:

ITEM 2. CHANGES IN SECURITIES

C) During the first quarter of fiscal 1998, the Company issued 13,925 shares to two officers pursuant to the exercise of stock options, for $61,406. Such options were granted at exercise prices ranging from $1.250 to $7.375 per share. Additionally, the Company issued 23,206 shares in connection with the establishment of Middleby Japan Corporation and 50,000 shares in connection with the purchase of the remaining minority interests in Middleby Philippines Corporation and Asbury Associates, Inc. The issuances of such shares were exempt under the Securities Act of 1933, as amended, pursuant to section 4(2) thereof, as transactions not involving a public offering, or pursuant to Regulation S promulgated thereunder.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 12, 1998, the Company held its 1998 Annual Meeting of Stockholders. The following persons were elected as directors to hold office until the 1999 Annual Meeting of Stockholders: Robert R. Henry, A. Don Lummus, John R. Miller III, Philip G. Putnam, David P. Riley, Sabin C. Streeter, Joseph G. Tompkins, William F. Whitman, Jr., Laura B. Whitman and Robert R. Yohe. The number of shares cast for, withheld and abstained with respect to each of the nominees were as follows:

Nominee	For	Withheld	Abstained
Henry	9,570,456	15,490	0
Lummus	9,573,456	12,490	0
Miller	9,570,756	15,190	0
Putnam	9,569,456	16,490	0
Riley	9,573,556	12,390	0
Streeter	9,572,356	13,590	0
Tompkins	9,572,756	13,190	0
Whitman, W.	9,572,856	13,090	0
Whitman, L.	9,478,221	107,725	0
Yohe	9,523,056	12,860	0

The stockholders voted to approve the adoption of the 1998 Stock Incentive Plan. 7,041,721 shares were cast for such adoption, 1,011,380 shares were cast against such adoption, and 26,260 shares abstained. The stockholders also voted to approve the ratification of the selection of Arthur Andersen LLP as independent auditors for the Company for the fiscal year ending January 2, 1999. 9,570,070 shares were cast for such election, 7,760 shares were cast against such election, and 8,110 shares abstained. There were no broker non-votes with respect to these three proposals.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits - The following Exhibits are filed herewith:

Exhibit (27) - Financial Data Schedule (EDGAR only)

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.

THE MIDDLEBY CORPORATION
(Registrant)

Date: May 15, 1998

By: /s/ John J. Hastings

John J. Hastings, Executive Vice President, Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)

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