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 JULY 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 July 6, 1998, there were 10,982,021 shares of the Registrant's common stock outstanding.

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

QUARTER ENDED JULY 4, 1998

INDEX

PART I. FINANCIAL INFORMATION

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

	(UNAUDITED) JULY 4, 1998	JAN. 3, 1998
ASSETS		
Cash and cash equivalents	$ 1,533	$ 12,321
Accounts receivable, net	26,182	22,251
Inventories, net	26,636	24,072
Prepaid expenses and other	1,779	1,248
Current deferred taxes	2,462	3,000
Total current assets	58,592	62,892
Property, plant and equipment, net of accumulated depreciation of $14,659 and $13,534	22,876	21,790
Excess purchase price over net assets acquired, net of accumulated amortization of $4,907 and $4,673	13,782	12,882
Deferred taxes	3,835	3,779
Other assets	2,322	2,135
Total assets	$101,407	$103,478
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current maturities of long-term debt	$ 2,757	$ 3,595

Accounts payable.....................	8,888	11,600
Accrued expenses.....................	9,287	9,255
Total current liabilities........	20,932	24,450
Long-term debt.......................	24,287	24,318
Other non-current liabilities.........	1,934	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................	110	109
Paid-in capital....................	54,583	53,984
Cumulative translation adjustment...	(1,431)	(1,173)
Accumulated earnings (deficit)......	992	(319)
Total shareholders' equity.......	54,254	52,601
Total liabilities and shareholders' equity....	$101,407	$103,478

See accompanying notes

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

	Three Months Ended		Six Months Ended	
	July 4, 1998	June 28, 1997	July 4, 1998	June 28, 1997
Net sales.	$ 33,641	$ 42,082	$ 64,742	$ 74,780
Cost of sales.	22,969	29,268	44,632	51,492
Gross profit	10,672	12,814	20,110	23,288
Selling and distribution expenses. . . .	5,417	6,035	10,518	10,716
General and administrative expenses. . .	3,193	3,044	5,909	5,719
Income from operations	2,062	3,735	3,683	6,853
Interest expense and deferred financing amortization	759	1,257	1,496	2,338
Other expense(income), net	141	18	253	(20)
Earnings before income taxes	1,162	2,460	1,934	4,535
Provision for income taxes....	371	873	623	1,562
Earnings from continuing operations	791	1,587	1,311	2,973

Loss from discontinued operations, net of tax	-	(564)	-	(564)
Net earnings	$ 791	$ 1,023	$ 1,311	$ 2,409
Basic earnings (loss) per share:				
Continuing operations.	$ 0.07	$ 0.18	$ 0.12	$ 0.34
Discontinued operations.	0.00	(0.06)	0.00	(0.06)
Net earnings per share	$ 0.07	$ 0.12	$ 0.12	$ 0.28
Weighted average number of shares. .	11,007	8,481	10,972	8,476
Diluted earnings (loss) per share:				
Continuing operations.	$ 0.07	$ 0.18	$ 0.12	$ 0.34
Discontinued operations.	0.00	(0.06)	0.00	(0.06)
Net earnings per share	$ 0.07	$ 0.12	$ 0.12	$ 0.28
Weighted average number of shares. . . .	11,202	8,757	11,170	8,739

See accompanying notes

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

	SIX MONTHS ENDED	
	JULY 4, 1998	JUNE 28, 1997
Cash flows from operating activities-		
Net earnings...........................	$ 1,311	$ 2,409
Adjustments to reconcile net earnings to cash provided by continuing operating activities-		
Depreciation and amortization.........	1,395	1,500
Utilization of NOL's..................	604	1,416
Discontinued operations...............	-	564
Changes in assets and liabilities-		
Accounts receivable................	(3,931)	(6,525)
Inventories........................	(2,564)	(3,725)
Prepaid expenses and other assets...	(750)	(914)
Accounts payable and other liabilities......................	(2,681)	3,407
Net cash used in continuing operating activities.................	(6,616)	(1,868)
Net cash used in		

discontinued operations..............	-	(2,963)
Net cash used in operating activities...	(6,616)	(4,831)
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.....	(2,211)	(1,702)
Net cash (used in) provided by investing activities.................	(3,345)	3,379
Cash flows from financing activities-		
Increase in revolving credit line, net..	-	2,687
Reduction in term loans................	-	(2,595)
Reduction in capital expenditure loan...	-	(50)
Reduction in intellectual property lease	(451)	-
Reduction in proceeds from foreign bank debt....................	(419)	1,142
Other financing activities, net.........	43	188
Net cash (used in) provided by financing activities.................	(827)	1,372
Changes in cash and cash equivalents-		
Net decrease in cash and cash equivalents.................	(10,788)	(80)
Cash and cash equivalents at beginning of year....................	12,321	1,410
Cash and cash equivalents at end of quarter...........................	$ 1,533	$ 1,330
Interest paid...........................	$ 1,152	$ 2,011
Income taxes paid.......................	$ 558	$ 120

See accompanying notes

THE MIDDLEBY CORPORATION AND SUBSIDIARIES

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

JULY 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 July 4, 1998 and January 3, 1998, and the results of operations for the three and six months ended July 4, 1998 and June 28, 1997 and cash flows for the six months ended July 4, 1998 and June 28, 1997.

B. COMPREHENSIVE INCOME

During the first quarter of 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income", 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:

	Six Months Ended	
	July 4, 1998	June 28, 1997
	(In thousands)	
Net earnings.................	$ 1,311	$ 2,409
Cumulative translation adjustment................	(258)	8
Comprehensive Income	$ 1,053	$ 2,417

C. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The Statement establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The Statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement, and requires that a company must formally document, designate, and assesses the effectiveness of transactions that receive hedge accounting.

Statement 133 is effective for fiscal years beginning after June 15, 1999 and may be adopted earlier at the Company's election. Statement 133 cannot be applied retroactively. Statement 133 must be applied to (a) derivative instruments and (b) certain derivative instruments embedded in hybrid contracts that were issued, acquired, or substantively modified after December 31, 1997 (and, at the company's election, before January 1, 1998).

The Company does not utilize derivative instruments or hedge any transactions and therefore adoption of Statement 133 would not materially affect the financial statements as reported. However, the Company may elect to enter into such transactions in the future. Accordingly, adoption of Statement 133 could increase volatility in future earnings and other comprehensive income.

2) INCOME TAXES

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

The Company has recorded an income tax provision of $623,000 for the fiscal six months ended July 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 Statement of Financial Accounting Standards No. 128 ("SFAS 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 195,000 and 276,000 for the three-month period and 198,000 and 263,000 for the six-month period ended July 4, 1998 and June 28, 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:

	July 4, 1998	Jan. 3, 1998
	(In thousands)	
Raw materials and parts..........	$ 7,052	$ 6,073
Work-in-process..................	7,456	6,804
Finished goods...................	12,128	11,195
	$ 26,636	$ 24,072

5) ACCRUED EXPENSES

Accrued expenses consist of the following:

	July 4, 1998	Jan. 3, 1998
	(In thousands)	
Accrued payroll and related expenses...............	$ 2,871	$ 3,601
Accrued commissions..............	1,683	1,510
Accrued warranty.................	1,341	1,172
Other accrued expenses...........	3,392	2,972
	$ 9,287	$ 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 of $1.1 million 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, including the current economic crisis in certain Asian countries; 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.

NET SALES SUMMARY
(DOLLARS IN THOUSANDS)

	THREE MONTHS ENDED				SIX MONTHS ENDED			
	JULY 4, 1998		JUNE 28, 1997		JULY 4, 1998		JUNE 28, 1997	
	Sales	Percent	Sales	Percent	Sales	Percent	Sales	Percent
BUSINESS DIVISIONS								
Conveyor oven equipment	$12,601	37.5%	$17,008	40.4%	$22,142	34.2%	$29,438	39.4%
Counterline cooking equipment and specialty products	4,391	13.1%	4,580	10.9%	8,395	13.0%	8,812	11.8%
Core cooking equipment	10,129	30.1%	8,574	20.4%	19,649	30.3%	16,005	21.4%
TOTAL COOKING AND WARMING EQUIPMENT DIVISIONS	27,121	80.6%	30,162	71.7%	50,186	77.5%	54,255	72.6%
International specialty equipment	1,248	3.7%	1,763	4.2%	2,613	4.0%	3,739	5.0%
International distribution (1)	9,710	28.9%	14,203	33.8%	18,991	29.3%	23,673	31.7%
TOTAL INTERNATIONAL DIVISIONS	10,958	32.6%	15,966	37.9%	21,604	33.4%	27,412	36.7%
Intercompany sales (2)	(4,687)	(13.9%)	(4,920)	(11.7%)	(7,777)	(12.0%)	(8,502)	(11.4%)
Other	249	0.7%	874	2.1%	729	1.1%	1,615	2.2%
TOTAL	$33,641	100.0%	$42,082	100.0%	$64,742	100.0%	$74,780	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 presented.

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	JULY 4, 1998	JUNE 28, 1997	JULY 4, 1998	JUNE 28, 1997
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Sales	68.3%	69.6%	68.9%	68.9%
Gross Profit.	31.7%	30.4%	31.1%	31.1%
Selling, general and administrative expenses..	25.6%	21.5%	25.4%	21.9%
Income from operations.....................	6.1%	8.9%	5.7%	9.2%
Interest expense and deferred financing amortization, net...........................	2.2%	3.0%	2.3%	3.2%
Other (income) expense, net..................	0.4%	0.1%	0.4%	(0.0%)
Earnings before income taxes...............	3.5%	5.8%	3.0%	6.0%
Provision (benefit) for income taxes..........	1.1%	2.1%	1.0%	2.1%
Net earnings from continuing operations.....	2.4%	3.7%	2.0%	3.9%

THREE MONTHS ENDED JULY 4, 1998 COMPARED TO THREE MONTHS ENDED JUNE 28, 1997

NET SALES. Net sales in the three-month period ended July 4, 1998 decreased $8.5 million or 20% to $33.6 million as compared to $42.1 million in the three-month period ended June 28, 1997. The prior year's second quarter included $3.3 million in non-recurring parts sales for equipment upgrades and field service revenue for a major chain customer. In addition, the company experienced 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 10% for the three-month period ended July 4,1998 compared to the prior three-month period. Sales of the core cooking equipment division increased 18% from continued market penetration and new products. However, these gains were more than offset by a 26% decrease in sales of the conveyor oven equipment division in the three-month period due primarily to the non-recurring parts and field service revenue discussed above. Sales of the counterline cooking equipment and specialty products division decreased 4% due to lower international sales.

Sales of the international divisions represented 33% of total sales in the three-month period compared to 38% in the prior year period, and decreased 31% as compared to the prior year. Sales of the Company's international specialty equipment division decreased 29% primarily due to deferred new store openings by a major chain customer directly related to the ongoing currency and economic crisis in Asia. Sales of the Company's international distribution division decreased 32% primarily due to lower sales in certain Asian and Middle Eastern markets. Sales to certain other international markets, such as Latin America, were higher as compared to the prior year.

GROSS PROFIT. Gross profit decreased $2.1 million or 17% in the three-month period to $10.7 million as compared to $12.8 million in the prior year period. The decrease in gross profit was due to the lower sales volume. As a percentage of net sales, gross profit margin increased 1.3% to 31.7% from 30.4%. The increase in gross margin percent was primarily due to a more favorable product mix, principally a higher percentage of manufactured product versus distributed product. Additionally, the prior year period included revenue from a non-recurring parts sales and field service upgrade program that carried a lower margin.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses decreased $0.5 million or 5% in the three-month period to $8.6 million as compared to $9.1 million in the prior year's second quarter. The decrease was primarily due to lower variable selling expenses associated with the lower sales volume. As a percentage of sales, selling, general and administrative expenses increased to 25.6% from 21.5% as a higher expense base to support the Company's expanded international infrastructure was spread over lower sales.

INCOME FROM OPERATIONS. Income from operations decreased $1.6 million or 43% to $2.1 million for the three-month period ended July 4, 1998 from $3.7 million in the prior year's second quarter. The lower sales volume and gross profit resulted in the lower income from operations.

INTEREST EXPENSE AND DEFERRED FINANCING AMORTIZATION. Interest expense and deferred financing amortization for the three months ended July 4, 1998 decreased 38% to $0.8 million as compared to $1.3 million in the prior year's second quarter. 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 July 4, 1998 as compared to a net tax provision of $0.9 million in the prior year's second quarter.

NET EARNINGS. As a result of the above factors, for the three-month period ended July 4, 1998, the Company recorded net earnings of $0.8 million as compared to $1.6 million in the prior year's second quarter.

SIX MONTHS ENDED JULY 4, 1998 COMPARED TO SIX MONTHS ENDED JUNE 28, 1997

NET SALES. Net sales in the six-month period ended July 4, 1998 decreased $10.4 million or 13% to $64.7 million as compared to $74.8 million in the six-month period ended June 28, 1997, reflecting lower unit volume in the Company's cooking and warming equipment divisions and international divisions. The Asia currency and economic crisis, slowed purchases by two major customers and a non-recurring equipment upgrade program during the prior year's period were the primary causes.

Sales of the Company's cooking and warming equipment divisions decreased 8% for the six-month period ended July 4,1998. Sales of the core cooking equipment division increased 23% from continued market penetration and new products. These gains were more than offset by a 25% decrease in sales of the conveyor oven equipment division in the six-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 six-month period included conveyor oven service and equipment upgrade billings for a major chain customer that was 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 33% of total sales in the six-month period and decreased 21% as compared to the prior year period. Sales of the Company's international specialty equipment division decreased 30% due to deferred new store openings in Asia by a major chain customer. Sales of the Company's international distribution division decreased 20% primarily due to lower sales in certain Asian and Middle Eastern markets. Sales to certain other international markets, such as Latin America, were higher as compared to the prior year.

GROSS PROFIT. Gross profit decreased $3.2 million or 14% in the six-month period to $20.1 million as compared to $23.3 million in the prior year period. As a percentage of net sales, gross profit margin stayed at 31.1%. Favorable product mix was offset by the decreased volume and increased warranty expenses.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative expenses remained unchanged for the six-month period at $16.4 million. Lower variable selling expenses were offset by increases 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 25.3% from 21.9% as the higher expense base to support the expanded international infrastructure was spread over lower sales.

INCOME FROM OPERATIONS. Income from operations decreased $3.2 million or 46% to $3.7 million for the six-month period ended July 4, 1998 from $6.9 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 six months ended July 4, 1998 decreased 35% to $0.8 million as compared to $1.5 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 $0.6 million for the six-month period ended July 4, 1998 as compared to a net tax provision of $1.6 million in the prior year period.

NET EARNINGS. As a result of the above factors, for the six-month period ended July 4, 1998, the Company recorded net earnings of $1.3 million as compared to $3.0 million in the prior year period.

FINANCIAL CONDITION AND LIQUIDITY

For the six months ended July 4, 1998, net cash provided by operating activities before changes in assets and liabilities was $3.3 million as compared to $5.9 million for the six months ended June 28, 1997. The decline is largely due to the lower profits. Net cash used by continuing operating activities after changes in assets and liabilities was $6.6 million as compared to net cash used of $1.9 million in the prior year six-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 have increased $3.9 million due to the timing of shipments during the second quarter, the timing of collections at the end of the prior fiscal year and the application of dealer rebates. Inventories have increased $2.6 million, due to difficulties in forecasting demand in Asian markets and the timing of orders and shipments during the quarter. Accounts payables have decreased $2.6 million due to timing of payments at the prior fiscal year-end.

During the first six months of 1998, the Company decreased its overall outstanding debt by $0.9 million under various facilities. The Company decreased its borrowings under the Middleby Philippines subsidiary's credit facility by $1.9 million and reduced the amount outstanding under its intellectual property lease by $0.5 million. The Company entered into a $1.5 million yen-denominated loan at its Japanese subsidiary, under the unsecured multi-currency revolving credit line discussed in the following paragraph. During this same period the Company decreased its cash and cash equivalents to $1.5 million from $12.3 million at January 3, 1998. The cash was used primarily to fund the working capital needs discussed above, capital expenditures of $2.2 million, and other investing activities of $1.1 million.

In July 1998, the Company's board of directors adopted a stock repurchase program and authorized the purchase of up to 300,000 common shares from time to time in open market purchases. As of August 14, 1998 no shares have been purchased under this program.

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.

YEAR 2000 COMPLIANCE

The Company has assessed and continues to assess the impact of the Year 2000 issue on its reporting systems and operations. The Year 2000 issue exists because many computer systems and applications currently use two-digit date fields to designate a year. As the century date occurs, date sensitive systems may recognize the year 2000 as 1900 or not at all. This inability to recognize or properly treat the year 2000 may cause our systems to process critical financial and operational information incorrectly.

The Company is currently implementing new information systems to enhance its current transaction processing and information reporting capabilities. These systems are Year 2000 compliant. Costs to modify existing computer systems and applications are not material. The Company is also in the process of contacting its major third-party relationships. Thus far, these parties have stated they intend to be Year 2000 compliant by January 1, 2000.

If the Company's systems implementation plan is not successful, there could be a significant disruption of the Company's ability to transact business with its major customers and suppliers.

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 second quarter of fiscal 1998, the Company issued 375 shares to a division executive pursuant to the exercise of stock options, for $1,969. Such options were granted at an exercise price of $5.25 per share. The issuance of such shares was exempt under the Securities Act of 1933, as amended, pursuant to section 4(2) thereof, as a transaction not involving a public offering.

ITEM 5. OTHER INFORMATION

The Securities and Exchange Commission has recently amended Rules 14a-4 and 14a-5 promulgated under the Securities Exchange Act of 1934, as amended (the "1934 Act"), in respect of the Company's exercise of discretionary voting authority in connection with annual shareholder meetings, and in particular with respect to matters not submitted under the Shareholder Proposal rule set forth in Rule 14a-8 under the 1934 Act.

Under the amended Rules, a company is permitted discretionary voting authority in those instances in which the company did not have notice of the matter by a date more than 45 days before the month and day in the current year corresponding to the date on which the company first mailed its proxy materials for the prior year's annual meeting of shareholders, or by a date established by an overriding advance notice provision in a company's articles of incorporation or bylaws. The Company has not implemented such an advance notice provision. Accordingly, in connection with the 1999 Annual Meeting of Stockholders of the Company, the date after which notice of a stockholder proposal submitted outside the processes of Rule 14a-8 under the 1934 Act is considered untimely is February 21, 1999.

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: August 17, 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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