U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended June 30, 2005

[ ] 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 (State or other jurisdiction of incorporation or organization)	22-1463699 (I.R.S. Employer Identification No.)

206 Van Vorst Street, Jersey City, New Jersey 07302
(201) 432-0463
(Address and telephone number, including area code, of registrant's principal executive office)

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 o

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) Yes x No o

At August 1, 2005, there were 2,702,677 shares of Class A Common Stock, $.10 par value, outstanding and 8,886,589 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 accounting principles generally accepted in the United States of America 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, 2004.

The results of operations for the six and three months ended June 30, 2005 and 2004 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

	June 30, 2005 (Unaudited)	December 31, 2004
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 54,051,516	$ 71,197,891
Marketable securities	18,456,292	23,120,028
Accounts receivable - less allowance for doubtful accounts of $1,273,000 and $1,610,000 as of June 30, 2005 and December 31, 2004, respectively	40,436,358	33,247,911
Inventories	33,003,754	29,101,060
Prepaid expenses and other current assets	1,997,279	2,404,718
Deferred income taxes	248,000	-
Assets held for sale	797,724	696,013
Total Current Assets	148,990,923	159,767,621
Property, plant and equipment - net	42,599,973	41,244,759
Intangible assets - net	4,016,544	2,691,682
Goodwill	24,425,055	9,881,854
Prepaid pension costs	1,127,941	1,127,941
Other assets	2,772,413	3,062,714
TOTAL ASSETS	$ 223,932,849	$ 217,776,571

See Notes to Unaudited Consolidated Financial Statements.

BEL FUSE INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	June 30, 2005 (Unaudited)	December 31, 2004
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current portion of long-term debt	$ -	$ 2,000,000
Short-term debt	482,509	-
Accounts payable	14,007,266	8,814,161
Accrued expenses	9,115,296	10,293,576
Deferred income taxes	-	3,322,000
Income taxes payable	9,093,026	7,172,955
Dividends payable	545,000	541,000
Total Current Liabilities	33,243,097	32,143,692
Long-term Liabilities:		
Minimum pension obligation	2,602,583	2,261,583
Long-term debt - net of current portion	-	4,500,000
Deferred income taxes	1,234,000	410,000
Total Long-term Liabilities	3,836,583	7,171,583
Total Liabilities	37,079,680	39,315,275
Commitments and Contingencies		
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 2,702,677 and 2,702,677 shares, respectively (net of 1,072,770 treasury shares)	270,268	270,268
Class B common stock, par value $.10 per share - authorized 30,000,000 shares; outstanding 8,778,589 and 8,660,589 shares, respectively (net of 3,218,310 treasury shares)	877,859	866,059
Additional paid-in capital	24,235,077	21,989,174
Retained earnings	159,841,414	149,949,283
Accumulated other comprehensive income	1,628,551	5,386,512
Total Stockholders' Equity	186,853,169	178,461,296
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 223,932,849	$ 217,776,571

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended June 30, 2005	Six Months Ended June 30, 2004	Three Months Ended June 30, 2005	Three Months Ended June 30, 2004
Net Sales	$ 102,983,706	$ 90,747,265	$ 57,545,421	$ 48,390,242
Costs and expenses:				
Cost of sales	73,380,908	62,987,015	40,692,097	33,196,001
Selling, general and administrative	15,839,939	15,069,585	8,618,636	8,118,713
Fixed asset impairment	-	1,032,786	-	1,032,786
	89,220,847	79,089,386	49,310,733	42,347,500
Income from operations	13,762,859	11,657,879	8,234,688	6,042,742
Interest expense	(207,469)	(116,474)	(140,319)	(59,708)
Interest income	632,650	279,579	407,306	175,219
Lawsuit proceeds	-	2,935,000	-	2,935,000
Earnings before provision for income taxes	14,188,040	14,755,984	8,501,675	9,093,253
Income tax provision	3,206,000	2,956,000	1,833,000	1,948,000
Net earnings	$ 10,982,040	$ 11,799,984	$ 6,668,675	$ 7,145,253
Earnings per common share - basic	$ 0.96	$ 1.05	$ 0.58	$ 0.64
Earnings per common share - diluted	$ 0.95	$ 1.03	$ 0.58	$ 0.63
Weighted average common shares outstanding - basic	11,420,305	11,225,389	11,468,398	11,247,242
Weighted average common shares outstanding - diluted	11,519,992	11,418,840	11,532,455	11,426,868

See Notes to Unaudited Consolidated Financial Statements.

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

	Total	Compre-hensive Income (loss)	Retained Earnings	Cumulative Other Compre-hensive Income (loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Balance, January 1, 2003	$ 130,659,147		$ 115,632,819	$ (50,132)	$ 267,623	$ 826,149	$ 13,982,688
Exercise of stock options	2,580,224				2,544	19,920	2,557,760
Tax benefits arising from the disposition of non-qualified incentive stock options	812,000						812,000
Cash dividends on Class A common stock	(322,234)		(322,234)				
Cash dividends on Class B common stock	(1,667,586)		(1,667,586)				
Currency translation adjustment - net of taxes	1,014,808	$ 1,014,808		1,014,808			
Increase in unrealized gain on marketable securities-net of taxes	14,900	14,900		14,900			
Net earnings	13,763,694	13,763,694	13,763,694				
Comprehensive income		$ 14,793,402					
Balance, December 31, 2003	146,854,953		127,406,693	979,576	270,167	846,069	17,352,448
Exercise of stock options	3,891,266				101	19,990	3,871,175
Tax benefits arising from the disposition of non-qualified incentive stock options	765,551						765,551
Cash dividends on Class A common stock	(430,707)		(430,707)				
Cash dividends on Class B common stock	(1,748,292)		(1,748,292)				
Currency translation adjustment - net of taxes	386,257	$ 386,257		386,257			
Increase in unrealized gain on marketable securities-net of taxes	4,020,679	4,020,679		4,020,679			
Net earnings	24,721,589	24,721,589	24,721,589				
Comprehensive income		$ 29,128,525					
Balance, December 31, 2004	178,461,296		149,949,283	5,386,512	270,268	866,059	21,989,174

See Notes to Unaudited Consolidated Financial Statements.

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

	Total	Compre-hensive Income (loss)	Retained Earnings	Cumulative Other Compre-hensive Income (loss)	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital
Exercise of stock options	2,067,330				-	11,800	2,055,530
Tax benefits arising from the disposition of non-qualified incentive stock options	190,373						190,373
Cash dividends on Class A common stock	(215,470)		(215,470)				
Cash dividends on Class B common stock	(874,439)		(874,439)				
Currency translation adjustment - net of taxes	(614,665)	$ (614,665)		(614,665)			
Decrease in unrealized gain on marketable securities-net of taxes	(3,143,296)	(3,143,296)		(3,143,296)			
Net earnings	10,982,040	10,982,040	10,982,040				
Comprehensive income		$ 7,224,079					
Balance, June 30, 2005 (unaudited)	$ 186,853,169		$ 159,841,414	$ 1,628,551	$ 270,268	$ 877,859	$ 24,235,077

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2005	2004
Cash flows from operating activities:		
Net earnings	$ 10,982,040	$ 11,799,984
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	4,502,560	4,372,332
Fixed asset impairment	-	1,032,786
Other	531,373	674,000
Deferred income taxes	(1,423,000)	1,665,000
Changes in operating assets and liabilities (net of acquisitions)	(650,121)	(4,431,561)
Net Cash Provided by Operating Activities	13,942,852	15,112,541
Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,405,163)	(2,010,767)
Purchase of marketable securities	(643,424)	(1,392,146)
Payment for acquisitions - net of cash acquired	(20,340,853)	(74,539)
Proceeds from repayment by contractors	-	14,500
Proceeds from sale of marketable securities	-	4,953,449
Net Cash Used In Investing Activities	(24,389,440)	1,490,497

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended June 30,	
	2005	2004
Cash flows from financing activities:		
Proceeds from borrowings	8,000,000	-
Loan repayments	(15,360,694)	(1,000,000)
Proceeds from exercise of stock options	2,067,330	2,927,226
Dividends paid to common shareholders	(1,086,095)	(1,088,950)
Net Cash Provided By (Used In) Financing Activities	(6,379,459)	838,276
Effect of exchange rate changes on cash	(320,328)	(71,490)
Net Increase (Decrease) in Cash and Cash Equivalents	(17,146,375)	17,369,824
Cash and Cash Equivalents - beginning of period	71,197,891	57,461,152
Cash and Cash Equivalents - end of period	$ 54,051,516	$ 74,830,976
Changes in operating assets and liabilities (net of acquisitions) consist of:		
Increase in accounts receivable	$ (3,735,125)	$ (4,165,495)
Increase in inventories	(1,181,135)	(4,244,931)
(Increase) decrease in prepaid expenses and other current assets	480,706	(645,237)
Increase in other assets	(624,818)	(104,682)
Increase in accounts payable	3,075,709	3,628,710
Increase in income taxes payable	1,925,559	410,097
Increase (decrease) in accrued expenses	(591,017)	689,977
	$ (650,121)	$ (4,431,561)

See Notes to Unaudited Consolidated Financial Statements.

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

	Six Months Ended June 30,			
	2005		2004	
Supplementary information:				
Cash paid during the six months for:				
Income taxes	$	2,389,322	$	410,021
Interest	$	207,469	$	116,474
Details of acquisitions:				
Fair value of assets				
acquired (excluding acquired cash of				
$311,856 in 2005)	$	3,977,256	$	-
Intangibles		2,302,905		74,539
Goodwill		14,543,201		-
		20,823,362		74,539
Less: Amounts due on acquisition payment		482,509		-
Cash paid for acquisition	$	20,340,853	$	74,539

See Notes to Unaudited Consolidated Financial Statements.

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The consolidated balance sheet as of June 30, 2005, and the consolidated statements of operations and cash flows for the periods presented herein have been prepared by Bel Fuse Inc. (the "Company" or "Bel") and are unaudited. In the opinion of management, all adjustments (consisting solely of normal recurring adjustments) necessary to present fairly the financial position, results of operations and cash flows for all periods presented have been made. The information for the consolidated balance sheet as of December 31, 2004 was derived from audited financial statements.

Accounting Policies

DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Bel Fuse Inc. and subsidiaries operate in one industry with three geographic reporting segments and are engaged in the design, manufacture and sale of a broad array of magnetics, modules, circuit protection devices and interconnect products. The Company manages its operations geographically through its three reporting units: North America, Asia and Europe. Sales are predominantly in North America, Europe and Asia.

PRINCIPLES OF CONSOLIDATION - The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries including the businesses acquired since their respective dates of acquisition. All intercompany transactions and balances have been eliminated.

USE OF ESTIMATES - The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS - Cash equivalents include short-term investments in U.S. treasury bills and commercial paper with an original maturity of three months or less when purchased. At June 30, 2005 and December 31, 2004, cash equivalents approximated $24,363,000 and $38,355,000, respectively.

MARKETABLE SECURITIES - The Company classifies its equity securities as "available for sale", and accordingly, reflects unrealized gains and losses, net of deferred income taxes, as other comprehensive income.

The fair values of marketable securities are based on quoted market prices. Realized gains or losses from the sale of marketable securities are based on the specific identification method.

ACQUISITION EXPENSES - The Company capitalizes all direct costs associated with proposed acquisitions. If the proposed acquisitions are consummated, such costs will be included as a component of the overall cost of the acquisition. Such costs are expensed at such time as the Company deems the consummation of a proposed acquisition to be unsuccessful.

FOREIGN CURRENCY TRANSLATION - The functional currency for some foreign operations is the local currency. Assets and liabilities of foreign operations are translated at balance sheet date rates of exchange and income, expense and cash flow items are translated at the average exchange rate for the period. Translation adjustments are recorded in Other Comprehensive Income. The U.S. Dollar is used as the functional currency for certain foreign operations that conduct their business in U.S. Dollars. A combination of current and historical exchange rates is used in measuring the local currency transactions of these subsidiaries and the resulting exchange adjustments are included in the statement of operations. Current exchange rates are used for all foreign subsidiaries except for two subsidiaries in the Far East which use both current and historical exchange rates. Realized foreign currency (gains) losses were ($105,000) and ($12,000) for the six months ended June 30, 2005 and 2004, and ($25,000) and ($54,000) for the three months ended June 30, 2005 and 2004, respectively, and are included in Selling, General and Administrative expenses in the consolidated statement of operations.

CONCENTRATION OF CREDIT RISK - Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable and temporary cash investments. The Company grants credit to customers that are primarily original equipment manufacturers and to subcontractors of original equipment manufacturers based on an evaluation of the customer's financial condition, without requiring collateral. Exposure to losses on receivables is principally dependent on each customer's financial condition. The Company controls its exposure to credit risk through credit approvals, credit limits and monitoring procedures and establishes allowances for anticipated losses.

The Company places its temporary cash investments with quality financial institutions and commercial issuers of short-term paper and, by policy, limits the amount of credit exposure in any one financial instrument.

INVENTORIES - Inventories are stated at the lower of weighted average cost or market.

REVENUE RECOGNITION -The Company recognizes revenue in accordance with the guidance contained in SEC Staff Accounting Bulletin No. 104, "Revenue Recognition in Financial Statements" ("SAB 104"). Revenue is recognized when the product has been delivered and title and risk of loss has passed to the customer, collection of the resulting receivable is deemed probable by management, persuasive evidence of an arrangement exists and the sales price is fixed and determinable. Substantially all of the Company's shipments are FCA (free carrier) which provides for title to pass upon delivery to the customer's freight carrier. Some product is shipped DDP/DDU with title passing when the product arrives at the customer's dock.

For certain customers, the Company provides consigned inventory, either at the customer's facility or at a third party warehouse. Sales of consigned inventory are recorded when the customer withdraws inventory from consignment**.**

The Company typically has a twelve-month warranty policy for workmanship defects. Warranty returns have historically averaged at or below 1% of annual net sales. The Company establishes warranty reserves when a warranty issue becomes known as warranty claims have historically been immaterial. No general reserves for warranties have been established.

The Company is not contractually obligated to accept returns except for defective product or in instances where the product does not meet the customer's quality specifications. However, the Company may permit its customers to return product for other reasons. In these instances, the Company would generally require a significant cancellation penalty payment by the customer. The Company estimates such returns, where applicable, based upon management's evaluation of historical experience, market acceptance of products produced and known negotiations with customers. Such estimates are deducted from gross sales and provided for at the time revenue is recognized.

GOODWILL AND OTHER INTANGIBLES - The Company tests goodwill for impairment annually (fourth quarter), using a fair value approach at the reporting unit level. A reporting unit is an operating segment or one level below an operating segment for which discrete financial information is available and reviewed regularly by management. Assets and liabilities of the Company have been assigned to the reporting units to the extent that they are employed in or are considered a liability related to the operations of the reporting unit and were considered in determining the fair value of the reporting unit.

DEPRECIATION - Property, plant and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated primarily using the declining-balance method for machinery and equipment and the straight-line method for buildings and improvements over their estimated useful lives.

INCOME TAXES - The Company accounts for income taxes using an asset and liability approach under which deferred income taxes are recognized by applying enacted tax rates applicable to future years to the differences between the financial statement carrying amounts and the tax bases of reported assets and liabilities.

Except for a portion of foreign earnings, an income tax provision has not been recorded for U.S. federal income taxes on the undistributed earnings of foreign subsidiaries as such earnings are intended to be permanently reinvested in those operations. Such earnings would become taxable upon the sale or liquidation of these foreign subsidiaries or upon the repatriation of earnings.

The principal items giving rise to deferred taxes are unrealized gains on marketable securities available for sale, the use of accelerated depreciation methods for machinery and equipment, timing differences between book and tax amortization of intangible assets and goodwill and certain expenses which have been deducted for financial reporting purposes which are not currently deductible for income tax purposes.

STOCK-OPTION PLAN - The Company accounts for equity-based compensation issued to employees in accordance with Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees". APB No. 25 requires the use of the intrinsic value method, which measures compensation cost as the excess, if any, of the quoted market price of the stock at the measurement date over the amount an employee must pay to acquire the stock. The Company makes disclosures of pro forma net earnings and earnings per share as if the fair-value-based method of accounting had been applied as required by SFAS No. 123, "Accounting for Stock-Based Compensation".

The Company grants stock options with exercise prices at fair market value at the date of the grant. The Company will continue to account for stock-based employee compensation under the recognition and measurement principle of APB Opinion No. 25 and related interpretations through December 31, 2005. Thereafter, the Company will account for stock based compensation under Statement on Financial Accounting Standards ("SFAS") No. 123 (R), "Share-Based Payment" (revised). The Company is currently evaluating its position and will make its determination to account for stock-based compensation costs either prospectively or retroactively at the time of adoption.

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation". Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards in 2005 and 2004 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2005	2004	2005	2004
Net earnings - as reported	$ 10,982,040	$ 11,799,984	$ 6,668,675	$ 7,145,253
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards	(321,736)	(619,797)	(160,868)	(309,899)
Net earnings- pro forma	$ 10,660,304	$ 11,180,187	$ 6,507,807	$ 6,835,354
Earnings per common share - basic-as reported	$ 0.96	$ 1.05	$ 0.58	$ 0.64
Earnings per common share - basic-pro forma	$ 0.93	$ 0.99	$ 0.57	$ 0.61
Earnings per common share - diluted-as reported	$ 0.95	$ 1.03	$ 0.58	$ 0.63
Earnings per common share - diluted-pro forma	$ 0.93	$ 0.98	$ 0.56	$ 0.60

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2004: dividend yield of .9%, expected volatility of 35% for Class B; risk-free interest rate of 5% and expected lives of 5 years. No options were granted during the six months ended June 30, 2005.

RESEARCH AND DEVELOPMENT - Research and development costs are expensed as incurred, and are included in cost of sales. Generally all research and development is performed internally for the benefit of the Company. The Company does not perform such activities for others. Research and development costs include salaries, building maintenance and utilities, rents, materials, administration costs and miscellaneous other items. Research and development expenses for the six months ended June 30, 2005 and 2004 amounted to $3.8 million and $3.7 million, respectively, and for the three months ended June 30, 2005 and 2004 amounted to $1.9 million and $1.9 million, respectively.

EVALUATION OF LONG-LIVED ASSETS - The Company reviews property and equipment for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable in accordance with guidance in SFAS No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets.” If the carrying value of the long-lived asset exceeds the present value of the related estimated future cash flows, the asset would be adjusted to its fair value and an impairment loss would be charged to operations in the period identified.

EARNINGS PER SHARE - Basic earnings per common share are computed by dividing net earnings by the weighted average number of common shares outstanding during the period. Diluted earnings per common share are computed by dividing net earnings by the weighted average number of common shares and potential common shares outstanding during the period. Potential common shares used in computing diluted earnings per share relate to stock options and warrants which, if exercised, would have a dilutive effect on earnings per share.

The following table includes a reconciliation of shares used in the calculation of basic and diluted earnings per share:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2005	2004	2005	2004
Weighted average shares outstanding - basic	11,420,305	11,225,389	11,468,398	11,247,242
Dilutive impact of options outstanding	99,687	193,451	64,057	179,626
Weighted average shares oustanding - diluted	11,519,992	11,418,840	11,532,455	11,426,868

During the six and three months ended June 30, 2005 185,589 and 185,589 outstanding options, respectively, were not included in the foregoing computations because they were antidilutive. No such exclusion occurred during 2004.

FAIR VALUE OF FINANCIAL INSTRUMENTS - For financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, it was assumed that the carrying amount approximated fair value because of the short maturities of such instruments. Interest rates that are currently available to the Company for issuance of debt with similar terms and remaining maturities are used to estimate fair value for bank debt. Management believes that the carrying amount of bank debt is a reasonable estimate of its fair value.

2. ACQUISITIONS

On March 22, 2005, the Company acquired the common stock of Galaxy Power Inc. ("Galaxy"), located in Westborough, Massachusetts, for approximately $18.8 million in cash including transaction costs of approximately $.2 million. Galaxy is a designer and manufacturer of high-density dc-dc converters for distributed power and telecommunication applications. Purchase price allocations have been initially estimated by management and are subject to adjustment. Management is in the process of obtaining independent valuations and independent formal appraisals and will adjust the purchase price allocations accordingly. Management has estimated approximately $13.6 million of goodwill and $2.0 million of identifiable intangible assets arose from the transaction. The identifiable intangible assets and related deferred tax liabilities are being amortized on a straight line basis over their estimated useful lives.

The acquisition has been accounted for using the purchase method of accounting and, accordingly, the results of operations of Galaxy have been included in the Company's financial statements from March 23, 2005.

There was no in-process research and development acquired as part of this acquisition.

On June 30, 2005, the Company acquired the common stock of Netwatch S.S.O., located in Prague, the Czech Republic, for approximately $1.9 million in cash of which $.5 million is due to the sellers by June 30, 2006. Netwatch is a designer and manufacturer of high-performance fiber optic and copper cable assemblies for data and telecommunication applications. Purchase price allocations have been estimated by management and are subject to adjustment. Management has estimated approximately $1.0 million of goodwill arose from the transaction.

There was no in-process research and development acquired as part of this acquisition.

The following unaudited pro forma summary results of operations assume that Galaxy and Netwatch had been acquired as of January 1, 2004 (in thousands, except per share data):

	Six Months Ended June 30,	
	2005	2004
Net sales	$ 108,295	$ 101,478
Net earnings	10,758	12,226
Earnings per share - diluted	0.93	1.07

The information above is not necessarily indicative of the results of operations that would have occurred if the Galaxy and Netwatch acquisitions had been consummated as of January 1, 2004. Such information should not be construed as a representation of the future results of operations of the Company.

A condensed combined balance sheet of the major assets and liabilities of Galaxy and Netwatch, as of their acquisition dates is as follows:

Cash	$ 311,856
Accounts receivable	3,687,331
Inventories	2,862,571
Prepaid expenses	96,120
Property, plant and equipment	1,545,526
Other assets	32,083
Goodwill	14,543,201
Intangible assets	2,010,000
Notes payable	(860,694)
Accounts payable	(2,129,165)
Accrued expenses	(465,002)
Income taxes receivable	5,488
Deferred income taxes payable	(800,000)
Net assets acquired	$ 20,839,315

3. GOODWILL AND OTHER INTANGIBLES

Goodwill and intangible assets deemed to have indefinite lives are not amortized, but are subject to, at a minimum, an annual impairment test which is performed during the fourth quarter. If the carrying value of goodwill or intangible assets exceeds its fair market value, an impairment loss would be recorded.

Other intangibles include patents, product information, covenants not-to-compete and supply agreements. Amounts assigned to these intangibles have been determined by management. Management considered a number of factors in determining the allocations, including valuations and independent appraisals. Other intangibles are being amortized over 1 to 10 years. Amortization expense was $981,000 and $575,000 for the six months ended June 30, 2005 and 2004, respectively and $666,000 and $290,000 for the three months ended June 30, 2005 and 2004, respectively.

Under the terms of the E-Power and Current Concepts, Inc. acquisition agreements of May 11, 2001, the Company is required to make contingent purchase price payments up to an aggregate of $7.6 million should the acquired companies attain specified sales levels. E-Power will be paid $2.0 million in contingent purchase price payments if sales, as defined, reach $15.0 million and an additional $4.0 million if sales reach $25.0 million on a cumulative basis through May 2007. No payments have been required through June 30, 2005 with respect to E-Power. Current Concepts will be paid 16% of sales, as defined, on the first $10.0 million of sales through May 2007. During the six months ended June 30, 2005 and 2004, the Company paid $296,000 and $75,000, respectively, in contingent price payments to Current Concepts. During the three months ended June 30, 2005 and 2004, the Company paid approximately $182,000 and $-0-, respectively, in contingent purchase price payments to Current Concepts. The contingent purchase price payments are accounted for as additional purchase price and as an increase to intangible assets when such payment obligations are incurred.

The changes in the carrying value of goodwill classified by geographic reporting units for the six months ended June 30, 2005 and the year ended December 31, 2004 are as follows:

	Total	Asia	North America	Europe
Balance, January 1, 2004	$ 9,881,854	$ 6,407,435	$ 2,869,092	$ 605,327
Goodwill allocation related to acquisitions	-	-	-	-
Balance, December 31, 2004	9,881,854	6,407,435	2,869,092	605,327
Goodwill allocation related to acquisitions	14,543,201	-	13,554,381	988,820
Balance, June 30, 2005	$ 24,425,055	$ 6,407,435	$ 16,423,473	$ 1,594,147

The components of intangible assets other than goodwill by geographic reporting unit are as follows:

December 31, 2004

	Total		Asia		North America	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and Product Information	$ 2,935,000	$ 1,338,765	$ 2,653,000	$ 1,188,654	$ 282,000	$ 150,111
Covenants not-to-compete	3,523,516	2,428,069	3,523,516	2,428,069	-	-
Supply agreement	2,660,000	2,660,000	1,409,800	1,409,800	1,250,200	1,250,200
	$ 9,118,516	$ 6,426,834	$ 7,586,316	$ 5,026,523	$ 1,532,200	$ 1,400,311

June 30, 2005

	Total		Asia		North America	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Patents and Product Information	$ 3,380,112	$ 1,633,010	$ 2,653,000	$ 1,411,610	$ 727,112	$ 221,400
Customer relationship	500,000	26,923	-	-	500,000	26,923
Covenants not-to-compete	4,918,712	3,122,347	3,818,712	2,868,501	1,100,000	253,846
	$ 8,798,824	$ 4,782,280	$ 6,471,712	$ 4,280,111	$ 2,327,112	$ 502,169

Estimated amortization expense for intangible assets for the next five years is as follows:

Year Ending December 31,	Estimated Amortization Expense
2005	$ 2,011,770
2006	646,281
2007	107,595
2008	65,287
2009 and thereafter	107,324

4. MARKETABLE SECURITIES

The Company has acquired a total of 2,037,500 shares of the common stock of Artesyn Technologies, Inc. ("Artesyn") at a total purchase price of $16,331,469. These purchases were reflected on the Company's consolidated statement of cash flows in the third quarter of 2004 as purchases of marketable securities and have since been reflected on the Company's consolidated balance sheet as marketable securities. As of June 30, 2005, the Company has recorded an unrealized gain, net of income taxes, of approximately $821,000, which is included in accumulated other comprehensive income as stated in the Consolidated Statement of Stockholders' Equity. In connection with this transaction, the Company is obligated to pay an investment banker's advisory fee to a third party of 20% of the appreciation in the stock of Artesyn, or $1 million, whichever is lower. As of June 30, 2005, the Company has accrued a fee in the amount of approximately $279,000. Such amount has been classified within other assets. The Company has proposed to Artesyn that the Company acquire Artesyn, but to date Artesyn has not indicated any interest in negotiating such a transaction with the Company. If the proposed acquisition of Artesyn is consummated, the fee will be capitalized as part of the acquisition costs. Such amount will be expensed at such time as the Company deems the consummation of the proposed acquisition to be unsuccessful.

At June 30, 2005 and December 31, 2004, respectively, marketable securities have a cost of approximately $17,159,000 and $16,516,000, an estimated fair value of approximately $18,456,000 and $23,120,000 and gross unrealized gains of approximately $1,297,000 and $6,604,000. Such unrealized gains, net of tax, are included in other comprehensive income.

5. INVENTORIES

The components of inventories are as follows:

	June 30, 2005	December 31, 2004
Raw material	$ 19,758,766	$ 15,236,393
Work in progress	2,253,676	1,607,052
Finished goods	10,991,312	12,257,615
	$ 33,003,754	$ 29,101,060

6. Business Segment Information

The Company operates in one industry with three reportable segments. The segments are geographic and include North America, Asia and Europe. The primary criteria by which financial performance is evaluated and resources are allocated are revenues and operating income. The following is a summary of key financial data:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2005	2004	2005	2004
Total segment revenues				
North America	$ 37,119,158	$ 39,703,801	$ 19,158,205	$ 20,090,468
Asia	71,509,916	64,730,050	40,691,564	34,244,781
Europe	7,414,308	8,019,194	3,415,866	4,235,094
Total segment revenues	116,043,382	112,453,045	63,265,635	58,570,343
Reconciling items:				
Intersegment revenues	(13,059,676)	(21,705,780)	(5,720,214)	(10,180,101)
Net sales	$ 102,983,706	$ 90,747,265	$ 57,545,421	$ 48,390,242
Income (loss) from Operations:				
North America	$ 3,841,040	$ 1,740,892	$ 2,556,574	$ 355,906
Asia	9,799,777	8,829,494	5,714,850	4,974,342
Europe	122,042	1,087,493	(36,736)	712,494
	$ 13,762,859	$ 11,657,879	$ 8,234,688	$ 6,042,742

7. DEBT

a. Short-term debt

Previously the Company had available one domestic line of credit of $10 million; the outstanding balance was paid off in its entirety on June 20, 2005. During March 2005, the Company borrowed $8 million against the line of credit to partially finance the acquisition of Galaxy. During July 2005, the Company amended its credit agreement to increase the line of credit to $20 million which expires on July 27, 2009.

b. Long-term debt

On March 21, 2003, the Company entered into a $10 million secured term loan, which was paid off in June 2005. The loan was used to partially finance the Company's acquisition of Insilco's Passive Components Group. As of June 30, 2005, the balance due on the term loan was paid in full. This term loan facility is no longer available. For the six months ended June 30, 2005 and 2004, the Company recorded interest expense of approximately $207,000 and $116,000, respectively. For the three months ended June 30, 2005 and 2004, the Company recorded interest expense of approximately $140,000 and $60,000, respectively.

8. ACCRUED EXPENSES

Accrued expenses consist of the following:

	June 30, 2005	December 31, 2004
Sales commissions	$ 1,474,751	$ 1,431,169
Investment banking commissions	278,956	1,000,000
Subcontracting labor	1,687,468	1,624,963
Salaries, bonuses and related benefits	2,462,588	3,480,213
Other	3,211,533	2,757,231
	$ 9,115,296	$ 10,293,576

9. RETIREMENT FUND AND PROFIT SHARING PLAN

The Company maintains a domestic profit sharing plan and a contributory stock ownership and savings 401(K) plan, which combines stock ownership and individual voluntary savings provisions to provide retirement benefits for plan participants. The plan provides for participants to voluntarily contribute a portion of their compensation, subject to certain legal maximums. The Company will match, based on a sliding scale, up to $350 for the first $600 contributed by each participant. Matching contributions plus additional discretionary contributions will be made with Company stock purchased in the open market. The expense for the six months ended June 30, 2005 and 2004 amounted to approximately $248,000 and $148,000, respectively. The expense for the three months ended June 30, 2005 and 2004 amounted to approximately $137,000 and $39,000, respectively. These expenses are included as a component of cost of sales and selling, general and administrative expenses on the accompanying Consolidated Statements of Operations. As of June 30, 2005, the plans owned 19,080 and 129,202 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Company's Far East subsidiaries have a retirement fund covering substantially all of their Hong Kong based full-time employees. Eligible employees contribute up to 5% of salary to the fund. In addition, the Company may contribute an amount up to 7% of eligible salary, as determined by Hong Kong government regulations, in cash or Company stock. The expense for the six months ended June 20, 2005 and 2004 amounted to approximately $208,000 and $218,000, respectively. The expense for the three months ended June 30, 2005 and 2004 amounted to approximately $105,000 and $111,000, respectively. As of June 30, 2005, the plan owned 3,323 and 17,756 shares of Bel Fuse Inc. Class A and Class B common stock, respectively.

The Supplemental Executive Retirement Plan (the “Plan” or "SERP") is designed to provide a limited group of key management and highly compensated associates of the Company supplemental retirement and death benefits. The Plan was established by the Company in 2002. Employees are selected at the sole discretion of the Board of Directors of the Company to participate in the Plan. The Plan is unfunded. The Company utilizes life insurance to partially cover its obligations under the Plan. The benefits available under the Plan vary according to when and how the participant terminates employment with the Company. If a participant retires (with the prior written consent of the Company) on his normal retirement date (65 years old, 20 years of service, and 5 years of Plan participation), his normal retirement benefit under the Plan would be annual payments equal to 40% of his average base compensation (calculated using compensation from the highest 5 consecutive calendar years of Plan participation), payable in monthly installments for the remainder of his life.

If a participant retires early from the Company (55 years old, 20 years of service, and 5 years of Plan participation), his early retirement benefit under the Plan would be an amount (i) calculated as if his early retirement date were in fact his normal retirement date, (ii) multiplied by a fraction, with the numerator being the actual years of service the participant has with the Company and the denominator being the years of service the participant would have had if he had retired at age 65, and (iii) actuarially reduced to reflect the early retirement date. If a participant dies prior to receiving 120 monthly payments under the Plan, his beneficiary would be entitled to continue receiving benefits for the shorter of (i) the time necessary to complete 120 monthly payments or (ii) 60 months.

If a participant dies while employed by the Company, his beneficiary would receive, as a survivor benefit, an annual amount equal to (i) 100% of the participant’s annual base salary at date of death for one year, and (ii) 50% of the participant’s annual base salary at date of death for each of the following 4 years, each payable in monthly installments. The Plan also provides for disability benefits, and a forfeiture of benefits if a participant terminates employment for reasons other than those contemplated under the Plan. The expense for the six months ended June 20, 2005 and 2004 amounted to approximately $341,000 and $204,000, respectively. The expense for the three months ended June 30, 2005 and 2004 amounted to approximately $121,000 and $110,000, respectively.

The components of SERP expense are as follows:

	Six Months Ended June 30		Three Months Ended June 30,	
	2005	2004	2005	2004
Service cost	$ 154,000	$ 71,000	$ 55,000	$ 43,000
Interest cost	113,000	80,000	36,000	40,000
Amortization of adjustments	74,000	53,000	30,000	27,000
Total SERP expense	$ 341,000	$ 204,000	$ 121,000	$ 110,000

	June 30, 2005	December 31, 2004
Balance sheet amounts:		
Accrued pension liability	$ 2,602,583	$ 2,261,583
Intangible asset	1,127,941	1,127,941

10. COMMON STOCK

During 2000, the Board of Directors of the Company authorized the purchase of up to ten percent (10%) of the Company's outstanding Class B common shares. As of June 30, 2005, the Company had purchased and retired 23,600 Class B common shares at a cost of approximately $808,000 which reduced the number of Class B common shares outstanding.

The Company maintains two classes of outstanding common stock, Class A Common Stock ("Class A") and Class B Common Stock ("Class B"). The following is a summary of the pertinent rights and privileges of each class outstanding:

- Voting - Class A receives one vote per share; Class B is non-voting;

- Dividends (cash) - Cash dividends are payable at the discretion of the Board of Directors and is subject to a 5% provision whereby cash dividends paid out to Class B must be at least 5% higher per share annually than Class A. At the discretion of the Board of Directors, Class B may receive a cash dividend without Class A receiving a cash dividend.

- Dividends (other than cash) and distributions in connection with any recapitalization and upon liquidation, dissolution or winding up of the Company - Shared equally among Class A and Class B;

- Mergers and consolidations - Equal amount and form of consideration per share among Class A and Class B;

- Class B Protection - Any person or group that purchases 10% or more of the outstanding Class A (excluding certain shares, as defined) must make a public cash tender offer (within 90 days) to acquire additional shares of Class B to avoid disproportionate voting rights. Failure to do so will result in forfeiture of voting rights for those shares acquired after the recapitalization. Alternatively, the purchaser can sell Class A shares to reduce the purchaser's holdings below 10% (excluding shares owned prior to recapitalization). Above 10%, this protection transaction is triggered every 5% (i.e., 15%, 20%, 25%, etc.);

- Convertibility - Not convertible into another class of Common Stock or any other security by the Company, unless by resolution by the Board of Directors to convert such shares as a result of either class becoming excluded from quotation on NASDAQ, or if total outstanding shares of Class A falls below 10% of the aggregate number of outstanding shares of both classes (in which case, all Class B shares will be automatically converted in Class A shares).

- Transferability and trading - Both Class A and Class B are freely transferable and publicly traded on NASDAQ National Market;

- Subdivision of shares - Any split, subdivision or combination of the outstanding shares of Class A or Class B must be proportionately split with the other class in the same manner and on the same basis.

11. COMPREHENSIVE INCOME

Comprehensive income for the six and three months ended June 30, 2005 and 2004 consists of:

	Six Months Ended June 30,		Three Months Ended June 30,	
	2005	2004	2005	2004
Net earnings	$ 10,982,040	$ 11,799,984	$ 6,668,675	$ 7,145,253
Currency translation adjustment- net of taxes	(614,665)	(203,460)	(424,138)	18,978
Increase (decrease) in unrealized gain on marketable securities - net of taxes	(3,143,296)	7,200	32,446	(8,500)
Comprehensive income	$ 7,224,079	$ 11,603,724	$ 6,276,983	$ 7,155,731

12. ASSETS HELD FOR SALE

On July 15, 2004, the Company entered into an agreement for the sale of a certain parcel of land located in Jersey City, New Jersey. The sales agreement is subject to a due diligence period by the buyer. The seller and buyer are aware that a portion of the property may be subject to tidelands claims by the State of New Jersey. Additionally, the Company is obligated for environmental remediation costs of up to $440,000 of which $140,000 has been paid as of June 30, 2005. The buyer has agreed in principle to pay all additional remediation costs. As these costs are incurred the Company capitalizes them on the consolidated balance sheet as a component of assets held for sale. The Company has classified the asset as held for sale with a net book value of $797,724 and $696,013 on the Company's balance sheet at June 30, 2005 and December 31, 2004, respectively. The Company anticipates the sale to take place prior to December 31, 2005.

13. NEW FINANCIAL ACCOUNTING STANDARDS

In December 2004, the FASB issued SFAS No. 123(R), that will require compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, if granted, liability awards will be remeasured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the reward. SFAS No. 123(R) is effective as to the Company as of the beginning of the Company's 2006 fiscal year. The Company is currently evaluating its position and will make its determination to account for stock-based compensation costs either prospectively or retroactively at the time of adoption. The adoption of SFAS 123(R) is expected to have a material effect on the Company's results of operations.

In December 2004, the FASB staff issued FASB Staff Position ("FSP") FAS 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" to provide guidance on the application of Statement 109 to the provision within the American Jobs Creations Act of 2004 (the "Act") that provides tax relief to U.S. domestic manufacturers. The FSP states that the deduction provided for under the Act should be accounted for as a special deduction in accordance with FASB Statement No. 109 and not as a tax rate reduction. The FSP is effective upon issuance. The adoption of FAS 109-1 could have a material effect on the Company's results of operations and financial position.

In December 2004, the FASB staff issued FSP FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004" to provide accounting and disclosure guidance for the repatriation provisions included in the Act. The Act introduced a special limited-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer. The FSP is effective upon issuance. The adoption of FAS 109-2 could have a material effect on the Company's results of operations and financial position.

In December 2004, the FASB issued SFAS No. 153, an amendment of APB Opinion No. 29 "Exchanges of Nonmonetary Assets". SFAS No. 153 amends APB Opinion No. 29 by eliminating the exception under APB No. 29 for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material effect on the Company's financial position or results of operations.

In November 2004, the FASB issued SFAS No. 151, an amendment to Accounting Research Bulletin No. 43 chapter 4 "Inventory Costs". SFAS No. 151 requires that abnormal costs of idle facility expenses, freight, handling costs and wasted material (spoilage) be recognized as current-period charges. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. Adoption of SFAS No. 151 is not expected to have a material impact on the Company's results of operations or financial position.

Item 2. 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 risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2004. 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 detailed in Item 1 of the Company’s Annual Report on Form 10-K for the year ended December 31, 2004, 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 such statements are made or to reflect the occurrence of unanticipated events. An investment in the Company involves various risks, including those which are detailed from time to time in the Company’s SEC filings.

Overview

Bel is a leading producer of electronic products that help make global connectivity a reality. The Company designs, manufactures and markets a broad array of magnetics, modules, circuit protection devices and interconnect products. While these products are deployed primarily in the computer, networking and telecommunication industries, Bel’s expanding portfolio of products also finds application in the automotive, medical and consumer electronics markets. Bel's products are designed to protect, regulate, connect, isolate or manage a variety of electronic circuits.

During the first six months of 2005, approximately $5.1 million of the sales increase compared to the first six months of 2004 is attributable to the acquisition by the Company of Galaxy Power, Inc. (“Galaxy”) which occurred on March 22, 2005. Gross profit margins were lower during the first six months of 2005 compared to the first six months of 2004 principally due to increased raw material costs due to changes in the Company’s product mix and additional inventory obsolescence adjustments. During June, 2005 the Company repatriated earnings from a controlled foreign corporation in the amount of $25.6 million to take advantage of the lower federal tax rate of 5.25% which was created under the American Jobs Creation Act of 2004. Additionally, the Company repaid bank debt during June, 2005 in the amount of $14.0 million.

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 of America. 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.

Allowance for Doubtful Accounts

The Company maintains allowances for doubtful accounts for estimated losses from the inability of its customers to make required payments. The Company determines its reserves by both specific identification of customer accounts where appropriate and the application of historical loss experience to non-specific accounts. 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.

Inventory

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 miscalculating customer requirements, technology changes which render certain raw materials and finished goods obsolete, loss of customers and/or cancellation of sales orders, stock rotation with distributors and termination of distribution agreements. 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.

When inventory is written-off, it is never written back up; the cost remains at zero or the level to which it has been written-down. When inventory that has been written-off is subsequently used in the manufacturing process, the lower adjusted cost of the material is charged to cost of sales. During 2001 the Company wrote down or reserved $12 million of inventory, including non cancelable purchase commitments. At December 31, 2004, approximately $1.4 million of inventory (at original cost before the write-down or reserve in 2001) was on hand. During 2003 and 2004 approximately $2.5 million and $7.0 million of this inventory was scrapped. Management intends to retain the balance of this inventory for possible use in future orders. Should any of this inventory be used in the manufacturing process for customer orders, the improved gross profit will be recognized at the time the completed product is shipped and the sale is recorded.

The following is a quarterly schedule of material reintroduced into production since the initial $12 million charge.

Prior Quarters		$ 164,329
1st Quarter	2002	4,538
2nd Quarter	2002	68,098
3rd Quarter	2002	38,914
4th Quarter	2002	271,163
1st Quarter	2003	77,069
2nd Quarter	2003	80,046
3rd Quarter	2003	28,851
4th Quarter	2003	98,263
1st Quarter	2004	31,051
2nd Quarter	2004	78,232
3rd Quarter	2004	72,857
4th Quarter	2004	53,295
1st Quarter	2005	777
2nd Quarter	2005	26,737
		$ 1,094,220

Acquisitions

On March 22, 2005, the Company acquired the common stock of Galaxy Power Inc. for approximately $18.8 million in cash including transaction costs of approximately $.2 million. Purchase price allocations have been initially estimated by management and are subject to adjustment. Management is in the process of obtaining independent valuations and independent formal appraisals and will adjust purchase price allocations accordingly. Management has estimated that approximately $13.6 million of goodwill and $2.0 million of the identifiable intangible assets arose from the transaction. The identifiable intangible assets and related deferred tax liabilities are being amortized on a straight-line basis over their estimated useful lives.

The Company believes that the purchase of Galaxy’s Power Group is a logical strategic fit with Bel’s Power Products group. The Company believes that the products are highly complementary with minimal overlap. The customer base is similar but still affords ample opportunity for cross-selling. While Bel offers Galaxy a much-needed cost competitive manufacturing base in China, Galaxy brings a portfolio of products and technologies aimed at higher end markets. In addition to these strategic synergies, there is significant opportunity for expense reduction and the elimination of redundancies.

This acquisition was accounted for using the purchase method of accounting and accordingly, the results of operations of Galaxy have been included in the Company’s financial statements from March 23, 2005.

On June 30, 2005, the Company acquired the common stock of Netwatch S.S.O., located in Prague, The Czech Republic, for approximately $1.9 million of which $.5 million is due to the sellers by June 30, 2006. Netwatch is a designer and manufacturer of high-performance fiber optic and copper cable assemblies for data and telecommunication applications. Purchase price allocations have been estimated by management and are subject to adjustment. Management has estimated approximately $1.0 million of goodwill arose from the transaction.

The Company believes that strategic value of the Netwatch acquisition is the establishment of a European manufacturing presence for the Company and the addition of fiber optic capability to the Bel Stewart and Connector Group to complement the Company's current copper-based product portfolio. The Company believes that Bel Stewart is now capable of supporting the Company's customer base, including the world's largest structured cabling providers, with a broad range of both copper and fiber based components and assemblies.

There was no in-process research and development acquired as part of this acquisition.

The following unaudited proforma summary results of operations assumes that Galaxy and Netwatch had been acquired as of January 1, 2004 (in thousands except per share data):

	Six Months Ended June 30,	
	2005	2004
Net sales	$ 108,295	$ 101,478
Net earnings	10,758	12,226
Earnings per share-diluted	0.93	1.07

The information above is not necessarily indicative of the results of operations that would have occurred if the acquisition had been consummated as of January 1, 2004. Such information should not be construed as being a representation of the future results of operations of the Company.

A condensed combined balance sheet of the major assets and liabilities of Galaxy and Netwatch as of their acquisition dates is as follows:

Cash	$ 311,856
Accounts receivable	3,687,331
Inventories	2,862,571
Prepaid expenses	96,120
Property, plant and equipment	1,545,526
Other assets	32,083
Goodwill	14,543,201
Intangible assets	2,010,000
Notes payable	(860,694)
Accounts payable	(2,129,165)
Accrued expenses	(465,002)
Income taxes receivable	5,488
Deferred income taxes payable	(800,000)
Net assets acquired	$ 20,839,315

Income Taxes

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.

Revenue Recognition

The Company recognizes revenue in accordance with the guidance contained in SEC Staff Accounting Bulletin No. 104, “Revenue Recognition in Financial Statements” (“SAB 104”). Revenue is recognized when the product has been delivered and title and risk of loss have passed to the customer, collection of the resulting receivable is deemed probable by management, persuasive evidence of an arrangement exists and the sale price is fixed and determinable.

Historically the Company has been successful in mitigating the risks associated with its revenue recognition. Some issues relate to product warranty, credit worthiness of its customers and concentration of sales among a few major customers.

The Company is not contractually obligated to accept returns except for defective product or in instances where the product does not meet the Company’s quality specifications. If these conditions existed, the Company would be obligated to repair or replace the defective product or make a cash settlement with the customer. If the financial conditions of the Company’s customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances for bad debt may be required which could have a material adverse effect on the Company’s results of operations and financial condition. The Company has a significant amount of sales with several major customers. The loss of any one of these customers could have a material adverse effect on the Company’s results of operations and financial position.

Results of Operations

The following table sets forth, for the second quarters of 2005 and 2004, and the first six months of 2005 and 2004, the percentage relationship to net sales of certain items included in the Company’s consolidated statements of operations.

	Percentage of Net Sales Six Months Ended June 30,		Percentage of Net Sales Three Months Ended June 30,	
	2005	2004	2005	2004
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	71.3	69.4	70.7	68.6
Selling, general and administrative expenses	15.4	16.6	15.0	16.8
Fixed asset impairment	-	1.1	-	2.1
Interest income - net	0.4	0.2	0.5	0.2
Lawsuit proceeds	-	3.2	-	6.1
Earnings before provision for income taxes	13.7	16.3	14.8	18.8
Income tax provision	3.1	3.3	3.2	4.0
Net earnings	10.6	13.0	11.6	14.8

The following table sets forth the year over year percentage increase or decrease of certain items included in the Company's consolidated statements of operations.

	Increase (decrease) from Prior Period Six Months Ended June 30, 2005 compared with Six Months Ended June 30, 2004	Increase (decrease) from Prior Period Three Months Ended June 30, 2005 compared with Three Months Ended June 30, 2004
Net sales	13.5%	18.9%
Cost of sales	16.5	22.6
Selling, general and administrative expenses	5.1	6.2
Net earnings	(6.9)	(6.7)

SIX MONTHS ENDED JUNE 30, 2005 VERSUS SIX MONTHS ENDED JUNE 30, 2004

Sales

Net sales increased 13.5% from $90.7 million during the first six months of 2004 to $103.0 million during the first six months of 2005. The Company attributes the increase to increased module sales of $7.6 million of which $5.1 million is from the acquisition of Galaxy, strong demand for interconnect products, resulting in an increase of $2.3 million in such sales, strong demand for magnetic sales, resulting in an increase of $2.7 million in such sales , offset in part by decreases in circuit protection sales of ($0.5) million.

The significant components of the Company's first six months of 2005 sales were magnetic products of $62.4 million (as compared with $60.0 million during the first six months of 2004), circuit protection products of $9.6 million (as compared with $10.1 million during the first six months of 2004), interconnect products of $18.3 million (as compared with $15.5 million during the first six months of 2004), and module products of $12.7 million (as compared with $5.1 million during the first six months of 2004), which includes $5.1 million from the acquisition of Galaxy.

Based on conflicting opinions the Company received from customers and competitors in the electronics industry pertaining to revenue growth during 2005, the Company can not predict with any degree of certainty sales revenue for 2005. Although the Company's backlog has been stable, the Company feels that this is not a good indicator of revenues. The Company continues to have limited visibility as to future customer requirements. The Company had one customer with sales in excess of 10% (14%) of total sales during the six months ended June 30, 2005. The loss of this customer could have a material adverse effect on the Company's results of operations, financial position and cash flows.

The Company cannot quantify the extent of sales growth arising from unit sales mix and/or price changes. Given the change in the nature of the products purchased by customers from period to period, the Company believes that neither unit changes nor price changes are meaningful. Over the past year, newer and more sophisticated products with higher unit selling prices have been introduced. Through the Company's engineering and research effort, the Company has been successful in adding additional value to existing product lines, which tends to increase sales prices initially until that generation of products becomes mature and sales prices experience price degradation. In general, as products become mature, average selling prices decrease.

Cost of Sales

Bel generally enters into processing arrangements with five independent third party contractors in the Far East. Costs are recorded as incurred for all products manufactured either at the Company's third party contractors or at the Company's own manufacturing facilities. Such amounts are determined based upon the estimated stage of production and include labor cost and fringes and related allocations of factory overhead. The Company manufactures finished goods at its own manufacturing facilities in Glen Rock, Pennsylvania, Inwood, New York, the Dominican Republic and Mexico. See "Critical Accounting Policies" above for information regarding the use of inventories in the manufacturing process that have been written down in prior years.

Cost of sales as a percentage of net sales increased from 69.4 % during the first six months of 2004 to 71.3% during the first six months of 2005. The increase in the cost of sales percentage is primarily attributable to a 3.7% increase in material costs as a percentage of sales. The increase in raw material costs is principally related to increased manufacturing of value-added products (including Galaxy products new in 2005), which have a higher raw material content than the Company’s other products and increases in obsolescence reserves. This was offset in part by lower labor, and overheads as a percentage of sales in part as a result of the Company's ability to leverage these expenses over a larger revenue base.

Included in cost of sales are research and development expenses of $3.8 million and $3.7 million for the first six months of 2005 and 2004, respectively. The Company has experienced minor increases in research and development expense primarily at its domestic facilities.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased from 16.6% during the six months ended June 30, 2004 to 15.4% during the six months ended June 30, 2005, in part as a result of the Company's ability to leverage general and administrative expenses over a larger revenue base. The Company attributes the $0.8 million increase in the dollar amount of such expenses primarily to increased selling expenses of approximately $0.5 million including $0.2 million in Galaxy related expenses.. In addition, the Company incurred a $0.3 million increase in general and administrative expenses, including $0.5 million related to Galaxy, additional bad debt expense of approximately $0.4 million principally due to the reduction of accounts receivable reserves during 2004 and additional amortization of identifiable intangibles in the amount of $0.3 million principally arising from the acquisition of Galaxy. This was offset in part by lower employment costs of $0.4 million due to reduced bonuses and lower professional fees of $0.4 million due to lower Sarbanes Oxley compliance costs.

During 2006, the Company will be required to expense share based compensation costs in accordance with SFAS No. 123(R). This charge will be principally included in selling, general and administrative expenses. See "New Financial Accounting Standards" included in Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding SFAS No. 123(R).

Fixed Asset Impairment

During the six month period ended June 30, 2004, the Company wrote down fixed assets, principally machinery and equipment, with a net book value of $1,033,000, at its Far East manufacturing facilities. The Company considered these fixed assets to be surplus equipment which was replaced by equipment with more advanced technology.

Interest Income - net

Interest income earned on cash and cash equivalents increased by approximately $0.4 million during the first six months ended June 30, 2005 compared to the comparable period in 2004. The increase is due primarily to increased earnings on higher cash and cash equivalent balances.

Interest Expense

A $10 million term loan was entered into on March 21, 2003, which was borrowed for the acquisition of Insilco's Passive Components Group. The loan bears interest at LIBOR plus 1.50% payable quarterly and was completely paid off by June 30, 2005. Interest expense increased by approximately $0.1 during the six months ended June 30, 2005 compared with 2004. The increase is attributable in part to higher interest rates charged on the loan for the first six months of 2005 compared to the first six months of 2004 and in part due to the fact that during March 2005, the Company borrowed $8.0 million against its domestic line of credit to partially finance the acquisition of Galaxy. During June 2005, both loans were paid off.

Lawsuit Proceeds

During the six months ended June 30, 2004, the Company settled an arbitration proceeding related to a 1998 acquisition. The Company received $2,935,000 (net of $65,000 of related legal expenses incurred during the period) pursuant to that settlement.

Provision for Income Taxes

The provision for income taxes for the six months ended June 30, 2005 was $3.2 million compared to $3.0 million during the first six months of 2004. The Company's earnings before income taxes for the six months ended June 30, 2005 is approximately $.6 million lower than 2004. The income tax effective rate is higher than the prior six months provision primarily due to higher foreign taxes. Recent developments in Hong Kong suggest that the authorities are applying different standards in the treatment of offshore income.

The Company conducts manufacturing activities in the Far East. More specifically, the Company manufactures the majority of its products in the People’s Republic of China (“PRC”), Hong Kong and Macau and has not been subject to corporate income tax in the PRC. The Company's activities in Hong Kong have generally consisted of administration, quality control and accounting, as well as some limited manufacturing activities. Hong Kong imposes corporate income tax at a rate of 17.5 percent solely on income sourced to Hong Kong. That is, its tax system is a territorial one which only seeks to tax activities conducted in Hong Kong. Since the Bel entity in Hong Kong conducts most of its manufacturing and quality control activities in the PRC, a portion of this entity’s income is deemed “offshore” and thus not fully taxable in Hong Kong. Although the statutory tax rate in Hong Kong is 17.5 percent, the Company generally pays an effective Hong Kong rate of less than 4 percent.

The Company also conducts manufacturing operations in Macau. Macau has a statutory corporate income tax rate of 16 percent. However, the Company, as a result of investing in a certain location in Macau, was able to obtain a 10-year tax holiday in Macau, thereby reducing its effective Macau income tax rate from 16 percent to 8 percent. The tax holiday in Macau expired in April 2004. Since most of the Company's operations are conducted in the Far East, the majority of its profits are sourced in these three Far East jurisdictions. Accordingly, the profits earned in the U.S. are comparatively small in relation to its profits earned in the Far East. Therefore, there is generally a significant difference between the statutory U.S. tax rate and the Company’s effective tax rate.

THREE MONTHS ENDED JUNE 30, 2005 VERSUS THREE MONTHS ENDED JUNE 30, 2004

Sales

Net sales increased 18.9% from $48.4 million during the three months ended June 30, 2004 to $57.5 million during the three months ended June 20, 2005. The Company attributes the increase to increased module sales of $6.6 million of which $4.7 million is from the acquisition of Galaxy and strong demand for magnetic sales, resulting in an increase of $3.1 million in such sales offset in part by decreases in circuit protection sales of $0.2 million and interconnect sales of $0.4 million.

The significant components of the Company's sales for the three months ended June 30, 2005 were from magnetic products of $33.4 million (as compared with $30.4 million during the three months ended June 30, 2004), circuit protection products of $5.0 million (as compared with $5.2 million during the three months ended June 30, 2004), interconnect products of $9.9 million (as compared with $10.2 million during the three months ended June 30, 2004), and module products of $9.2 million (as compared with $2.6 million during the three months ended June 30, 2004) including $4.7 million in Galaxy sales.

Based on conflicting opinions the Company received from customers and competitors in the electronics industry pertaining to revenue growth during 2005, the Company can not predict with any degree of certainty sales revenue for 2005. Although the Company's backlog has been stable, the Company feels that this is not a good indicator of revenues. The Company continues to have limited visibility as to future customer requirements. The Company had one customer with sales in excess of 10% (14%) of total sales during the three months ended June 30, 2005. The loss of this customer could have a material adverse effect on the Company's results of operations, financial position and cash flows.

The Company cannot quantify the extent of sales growth arising from unit sales mix and/or price changes. Given the change in the nature of the products purchased by customers from period to period, the Company believes that neither unit changes nor price changes are meaningful. Over the past year, newer and more sophisticated products with higher unit selling prices have been introduced. Through the Company's engineering and research effort, the Company has been successful in adding additional value to existing product lines, which tends to increase sales prices initially until that generation of products becomes mature and sales prices experience price degradation. In general, as products become mature, average selling prices decrease.

Cost of Sales

Bel generally enters into processing arrangements with five independent third party contractors in the Far East. Costs are recorded as incurred for all products manufactured either at the Company's third party contractors or at the Company's own manufacturing facilities. Such amounts are determined based upon the estimated stage of production and include labor cost and fringes and related allocations of factory overhead. The Company manufactures finished goods at its own manufacturing facilities in Glen Rock, Pennsylvania, Inwood, New York, the Dominican Republic and Mexico. See "Critical Accounting Policies" above for information regarding the use of inventories in the manufacturing process that have been written down in prior years.

Cost of sales as a percentage of net sales increased from 68.6 % during the three months ended June 30, 2004 to 70.7 % in 2005. The increase in the cost of sales percentage is primarily attributable to a 5.4 % increase in material costs as a percentage of sales. The increase in raw material costs is principally related to increased manufacturing of module products, which have a higher raw material content than the Company's other products and increases in obsolescence reserves. This was offset by lower labor and overhead as a percentage of sales in part as a result of the Company's ability to leverage these expenses over a larger revenue base.

Included in cost of sales are research and development expenses of $1.9 million and $1.9 million for the three months ended June 30, 2005 and 2004, respectively. The Company's research and development expense remained constant despite the addition of Galaxy during the second quarter of 2005.

Selling, General and Administrative Expenses

The percentage relationship of selling, general and administrative expenses to net sales decreased from 16.8 % during the three months ended June 30, 2004 to 15.0% during the three months ended June 30, 2005, in part as a result of the Company's ability to leverage general and administrative expenses over a larger revenue base. The Company attributes the $0.5 million increase in the dollar amount of such expenses primarily to increased selling expenses of approximately $0.4 million including $0.2 million in Galaxy related expenses. The increase in selling expenses relates to increased sales. In addition, the Company's general and administrative expenses were approximately the same as 2004. The increases and decreases in general and administrative expenses were primarily attributable to the same reasons as set forth in the six month analysis.

During 2006, the Company will be required to expense share based compensation costs in accordance with SFAS No. 123(R). This charge will be principally included in selling, general and administrative expenses. See "New Financial Accounting Standards" included in Management's Discussion and Analysis of Financial Condition and Results of Operations for information regarding SFAS No. 123(R).

Fixed Asset Impairment

During the three month period ended June 30, 2004, the Company wrote down fixed assets, principally machinery and equipment, with a net book value of $1,033,000 at its Far East manufacturing facilities. The Company considered these fixed assets to be surplus equipment which was replaced by equipment with more advanced technology.

Interest Income - net

Interest income earned on cash and cash equivalents increased by approximately $232,000 during the three months ended June 30, 2005 compared to the comparable period in 2004. The increase is due primarily to higher interest rates earned on cash and cash equivalent balances.

Interest Expense

A $10 million term loan was entered into on March 21, 2003 which was borrowed for the acquisition of Insilco's Passive Components Group. Interest expense increased by approximately $81,000 during the three months ended June 30, 2005 compared with 2004. The increase is attributable in part to higher interest rates charged on the loan for the second three months of 2005 compared to 2004 and in part due to the fact that during March 2005, the Company borrowed $8.0 million against its domestic line of credit to partially finance the acquisition of Galaxy. During June 2005, both loans were paid in full.

Lawsuit Proceeds

During the three months ended June 30, 2004, the Company settled an arbitration proceeding related to a 1998 acquisition. The Company received $2,935,000 (net of $65,000 of related legal expenses incurred during the period) pursuant to that settlement.

Provision for Income Taxes

The provision for income taxes for the three months ended June 30, 2005 was $1.8 million compared to $1.9 million during the three months ended June 30, 2004. The Company's earnings before income taxes for the three months ended June 30, 2005 is approximately $.6 million lower than 2004. Recent developments in Hong Kong suggest that the authorities are applying different standards in the treatment of offshore income which resulted in higher foreign taxes during the second quarter of 2005 compared to 2004 offset in part by lower U.S. taxes.

The Company has historically followed a practice of reinvesting a portion of the earnings of foreign subsidiaries in the expansion of its foreign operations. If the unrepatriated earnings were distributed to the parent corporation rather than reinvested in the Far East, such funds would be subject to United States Federal income taxes. Through June 30, 2005, management has repatriated approximately $25.6 million of foreign earnings which are eligible for the reduced tax rate of 5.25% under the American Jobs Creations Act of 2004.

Inflation and Foreign Currency Exchange

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 sales have been denominated in U.S. Dollars or currencies directly or indirectly linked to the U.S. Dollar. Most significant expenses, including raw materials, labor and manufacturing expenses, are either incurred in U.S. Dollars or the currencies of the Hong Kong Dollar, the Macau Pataca or the Chinese Renminbi. Commencing with the acquisition of the Passive Components Group, the Company's European entity has sales transactions which are denominated principally in Euros and British Pounds. Conversion of these transactions into U.S. dollars has resulted in currency exchange gains of approximately ($105,000) for the six months ended June 30, 2005 which are included in selling, general and administrative expense and approximately $615,000 in unrealized exchange losses relating to the translation of foreign subsidiary financial statements which are included in other comprehensive income. Any change in linkage of the U.S. Dollar and the Hong Kong Dollar, the Chinese Renminbi or the Macau Pataca could have a material effect on the Company's consolidated financial position or results of operations.

Liquidity and Capital Resources

Historically, the Company has financed its capital expenditures primarily through cash flows from operating activities. Currently, due to the recent acquisitions of the Passive Components Group of Insilco Technologies, Inc. and Galaxy, the Company has borrowed money under a secured term loan and line of credit and has unused lines of credit as described below. Management believes that the cash flow from operations after payments of dividends and scheduled repayments of its bank debt, 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 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 would 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 capital markets.

Previously, the Company had one domestic line of credit of $10 million; the outstanding balance was paid off on June 20, 2005 in its entirety. During March 2005, the Company borrowed $8 million against the line of credit to partially finance the acquisition of Galaxy. During July 2005, the Company amended its credit agreement to increase the line of credit to $20 million which expires on July 22, 2009.

On March 21, 2003, the Company entered into a $10 million secured term loan, which was paid off in June 2005. The loan was used to partially finance the Company's acquisition of Insilco's Passive Components Group. The term loan facility is no longer available. For the six months ended June 30, 2005 and 2004, the Company recorded interest expense of approximately $207,000 and $116,000, respectively.

The Company's Hong Kong subsidiary has an unsecured line of credit of approximately $2 million, which was unused at June 30, 2005. This line of credit expires on May 31, 2006. Borrowing on this line of credit was guaranteed by the Company.

For information regarding further commitments under the Company's operating leases, see Note 15 of Notes to the Company's Consolidated Financial Statements in its Annual Report on Form 10-K for the year ended December 31, 2004.

As previously announced, the Company has acquired a total of 2,037,500 shares of the common stock of Artesyn Technologies, Inc. at a total purchase price of $16,331,469. These purchases were reflected on the Company's consolidated statement of cash flows as purchases of marketable securities and are reflected on the Company's balance sheet as marketable securities. As of June 30, 2005, the Company has recorded an unrealized gain, net of income taxes, of approximately $0.8 million. In connection with this transaction the Company is obligated to pay an investment banker's advisory fee to a third party. As of June 30, 2005, the Company has accrued a fee in the amount of approximately $0.3 million. The Company has proposed to Artesyn that the Company acquire Artesyn, but to date Artesyn has not indicated any interest in negotiating such a transaction with the Company. During the six months ended June 30, 2005 the gross unrealized gain on marketable securities decreased $5.3 million from December 31, 2004.

The Company is constructing a 117,000 square foot manufacturing facility in Zhongshan City, PRC for approximately $2.3 million. As of June 30, 2005, the Company has paid approximately $762,000 toward the construction. The Company expects to complete the construction during 2006.

On July 15, 2004, the Company entered into an agreement for the sale of a certain parcel of land located in Jersey City, New Jersey. The sales agreement is subject to a due diligence period by the buyer. The seller and buyer are aware that a portion of the property may be subject to tidelands claims by the State of New Jersey. Additionally, the Company is obligated for environmental remediation costs of up to $440,000 of which $140,000 has been paid as of June 30, 2005. As these costs are incurred the Company capitalizes them on the Company's consolidated balance sheet as assets held for sale. The Company has classified the asset as held for sale with a net book value of $798,000 on the Company's consolidated balance sheet at June 30, 2005. The Company anticipates the sale to take place prior to December 31, 2005.

Under the terms of the E-Power and Current Concepts, Inc. acquisition agreements of May 11, 2001, the Company will be required to make contingent purchase price payments up to an aggregate of $7.6 million should the acquired companies attain specified related sales levels. E-Power will be paid $2.0 million in contingent purchase price payments if sales reach $15.0 million and an additional $4.0 million if sales reach $25.0 million on a cumulative basis through May, 2007. No payments have been required to date with respect to E-Power. Current Concepts will be paid 16% of related sales on the first $10.0 million in sales through May 2007. During the six months ended June 30, 2005 and 2004, the Company paid approximately $296,000 and $75,000, respectively, in contingent purchase price payments to Current Concepts. The contingent purchase price payments have been accounted for as additional purchase price and as an increase other intangibles when such payment obligations are incurred.

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 June 30, 2005, 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 six months ended June 30, 2005, the Company's cash and cash equivalents decreased by approximately $17.1 million, reflecting approximately $20.4 million used principally for acquisitions, $15.4 million for loan repayments, $3.4 million for the purchase of property, plant and equipment, $0.7 million for the purchase of marketable securities and $1.1 million for payments of dividends offset by $13.9 million provided by operating activities (principally as a result of net income of $11.0. million and depreciation expense of $4.5 million), borrowings of $8.0 million and proceeds of $2.1 million from the exercise of stock options.

Cash, marketable securities and cash equivalents and accounts receivable comprised approximately 50.6% and 58.6% of the Company's total assets at June 30, 2005 and December 31, 2004, respectively. The Company's current ratio (i.e., the ratio of current assets to current liabilities) was 4.5 to 1 and 5.0 to 1 at June 30, 2005 and December 31, 2004, respectively.

The following table sets forth at June 30, 2005 the amounts of payments due under specific types of contractual obligations, aggregated by category of contractual obligation, for the time periods described below.

	Payments due by period				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Short-term debt	$ 482,509	$ 482,509	$ -	$ -	$ -
Long-term debt	-	-	-	-	-
Capital expenditure obligations	6,471,249	6,471,249	-		
Contingent purchase price commitments	1,249,270	1,249,270	-	-	-
Operating leases	3,595,249	735,762	1,757,344	1,102,139	-
Raw material purchase obligations	8,867,454	7,999,454	868,000	-	-
Total	$ 20,665,731	$ 16,938,244	$ 2,625,344	$ 1,102,139	$ -

The Company is currently obligated to fund the Company's SERP. As of June 30, 2005 the SERP had an unfunded benefit obligation of approximately $2.6 million.

Other Matters

The Company believes that it has sufficient cash reserves to fund its foreseeable working capital needs. It may, however, seek to expand such resources through bank borrowings, at favorable lending rates, from time to time. Should the Company pursue additional acquisitions during 2005, the Company may be required to pursue public or private equity or debt transactions to finance the acquisitions and to provide working capital to the acquired companies.

New Financial Accounting Standards

In December 2004, the Financial Accounting Standard Board (“FASB”) issued Statement on Financial Accounting Standards ("SFAS") No. 123(R), "Share-Based Payment" (revised), that will require compensation costs related to share-based payment transactions to be recognized in the financial statements. With limited exceptions, the amount of compensation cost will be measured based on the grant-date fair value of the equity or liability instruments issued. In addition, liability awards will be remeasured each reporting period. Compensation cost will be recognized over the period that an employee provides service in exchange for the reward. SFAS No. 123(R) is effective as to the Company as of the beginning of the Company's 2006 fiscal year. The Company is currently evaluating its position and will make its determination to account for the stock-based compensation costs either prospectively or retroactively at the time of adoption. The adoption of SFAS 123(R) is expected to have a material effect on the Company's results of operations.

In December 2004, the FASB staff issued FASB Staff Position ("FSP") FAS 109-1, "Application of FASB Statement No. 109, Accounting for Income Taxes, to the Tax Deduction on Qualified Production Activities Provided by the American Jobs Creation Act of 2004" to provide guidance on the application of FASB Statement No. 109 to the provision within the American Jobs Creations Act of 2004 (the "Act") that provides tax relief to U.S. domestic manufacturers. The FSP states that the deduction provided for under the Act should be accounted for as a special deduction in accordance with Statement 109 and not as a tax rate reduction. The FSP is effective upon issuance. The adoption of FAS 109-1 could have a material effect on the Company's results of operations or financial position.

In December 2004, the FASB staff issued FSP No. FAS 109-2, "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision Within the American Jobs Creation Act of 2004" to provide accounting and disclosure guidance for the repatriation provisions included in the Act. The Act introduced a special limited-time dividends received deduction on the repatriation of certain foreign earnings to a U.S. taxpayer. The FSP is effective upon issuance. The adoption of FAS 109-2 could have a material effect on the Company's results of operations and financial position.

In December 2004, the FASB issued SFAS No. 153, an amendment of APB Opinion No. 29 "Exchanges of Nonmonetary Assets". SFAS No. 153 amends APB Opinion No. 29 by eliminating the exception under APB No. 29 for nonmonetary exchanges of similar productive assets and replaces it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material effect on the Company's financial position or results of operations.

In November 2004 the FASB issued SFAS No. 151, an amendment to Accounting Research Bulletin No. 43 chapter 4 "Inventory Costs". SFAS No. 151 requires that abnormal costs of idle facility expenses, freight, handling costs and wasted material (spoilage) be recognized as current-period charges. SFAS No. 151 is effective for fiscal years beginning after June 15, 2005. Adoption of SFAS No. 151 is not expected to have a material impact on the Company's results of operations or financial position.

Item 7A. 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 enters into transactions denominated in U.S. Dollars, Hong Kong Dollars, the Macau Pataca, the Chinese Renminbi, Euros and British Pounds. Fluctuations in the U.S. dollar exchange rate against these currencies could significantly impact the Company's consolidated results of operations.

The Company believes that a change in interest rates of 1% or 2% would not have a material effect on the Company's consolidated statement of operations or balance sheet.

Item 4. Controls and Procedures

a) Disclosure controls and procedures. As of the end of the Company’s most recently completed fiscal quarter covered by this report, the Company carried out an evaluation, with the participation of the Company’s management, including the Company’s chief executive officer and vice president of finance, of the effectiveness of the Company’s disclosure controls and procedures pursuant to Securities Exchange Act Rule 13a-15. Based upon that evaluation, the Company’s chief executive officer and vice president of finance concluded that the Company’s disclosure controls and procedures are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms.

b.) Changes in internal controls over financial reporting: There have been no changes in the Company's internal controls over financial reporting that occurred during the Company's last fiscal quarter to which this report relates that have materially affected, or are reasonable likely to materially affect, the Company internal control over financial reporting.

PART II. Other Information

Item 1. Legal Proceedings

The Company is a defendant in a lawsuit, captioned Murata Manufacturing Company, Ltd. v. Bel Fuse Inc et al and brought in Illinois Federal District Court. Plaintiff claims that its patent covers all of the Company's modular jack products. That party had previously advised the Company that it was willing to grant a non-exclusive license to the Company under the patent for a 3% royalty on all future gross sales of ICM products; payment of a lump sum of 3% of past sales including sales of applicable Insilco products; an annual minimum royalty of $500,000; payment of all attorney fees; and marking of all licensed ICM's with the third party's patent number. The Company is also a defendant in a lawsuit , captioned Regal Electronics, Inc. v. Bel Fuse Inc. and brought in California Federal District Court. Plaintiff claims that its patent covers certain of the Company's modular jack products. That party had previously advised the Company that it was willing to grant a non transferable license to the Company for an up front fee of $500,000 plus a 6% royalty on future sales. The District Court has granted summary judgment in the Company's favor dismissing Regal Electronics' infringement claims, while at the same time the Court dismissed the Company's invalidity counterclaim against Regal Electronics. As of the date hereof, the Company has not been advised as to whether Regal will appeal the Court's rejection of its infringement claims. The Company believes that none of its products are covered by these patents and intends to vigorously defend its position and no accrual has been provided in the accompanying consolidated financial statements.

The Company cannot predict the outcome of these matters; however, management believes that the ultimate resolution of these matters will not have a material impact on the Company's consolidated financial condition or results of operations.

The Company is not a party to any other legal proceeding, the adverse outcome of which is expected to have a material adverse effect on the Company's consolidated financial condition or results of operations.

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

The Company's annual meeting of security holders was held on May 12, 2005. At the meeting, the Board's nominees were elected to the Board of Directors for a term of one to three years. The votes were cast as follows:

	For	Withheld
Avi Eden	2,443,005	33,006
Robert H. Simandl	2,310,316	165,695

Item 6. Exhibits

(a) Exhibits:

10.1 Amendment No. 1 to the Registrant's Amended and Restated Credit and Guarantee Agreement dated as of March 21, 2003 is incorporated by reference to the Registrant's Current Report on Form 8-K dated August 1, 2005.

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of the Vice President of Finance pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes - Oxley Act of 2002.

32.2 Certification of the Vice-President of Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 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

Dated: August 5, 2005

EXHIBIT INDEX

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Exhibit 32.2 - Certification of the Vice President of Finance pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.1

CERTIFICATION

I, Daniel Bernstein, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bel Fuse Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ Daniel Bernstein
Daniel Bernstein, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Colin Dunn, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Bel Fuse Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a - 15(f) and 15d - 15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ Colin Dunn
Colin Dunn, Vice President of Finance

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Bel Fuse Inc (the "Company") on Form 10-Q for the quarter ended June 30, 2005 filed with the Securities and Exchange Commission (the "Report"), I, Daniel Bernstein, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

Dated: August 5, 2005

By: /s/ Daniel Bernstein
Daniel Bernstein, President and Chief Executive Officer

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Bel Fuse Inc (the "Company") on Form 10-Q for the quarter ended June 30, 2005 filed with the Securities and Exchange Commission (the "Report"), I, Colin Dunn, Vice President of Finance of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the consolidated financial condition of the Company as of the dates presented and consolidated result of operations of the Company for the periods presented.

Dated: August 5, 2005

BY: /s/ Colin Dunn
Colin Dunn, Vice President of Finance