

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

| | October 1, 2005 | January 1, 2005 |
|---|--------------------|--------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 12,306 | \$ 4,878 |
| Accounts receivable, net of allowance for doubtful accounts of \$731 in 2005 and \$541 in 2004 | 20,698 | 16,812 |
| Inventories | 31,353 | 27,113 |
| Prepaid taxes and taxes recoverable | 639 | 854 |
| Prepaid expenses and other current assets | 2,065 | 2,447 |
| Advances to affiliates | 61 | 80 |
| Deferred tax assets | 1,898 | 1,898 |
| Total current assets | <u>69,020</u> | <u>54,082</u> |
| PROPERTY, PLANT AND EQUIPMENT | 27,009 | 24,667 |
| INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES | 622 | 576 |
| OTHER ASSETS | 982 | 989 |
| Total assets | <u>\$ 97,633</u> | <u>\$ 80,314</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Notes payable - banks | \$ 10,973 | \$ 8,632 |
| Accounts payable | 12,400 | 11,935 |
| Due to affiliates | - | 92 |
| Accrued expenses and other current liabilities | 7,722 | 7,273 |
| Current portion of long-term debt | 209 | 240 |
| Total current liabilities | <u>31,304</u> | <u>28,172</u> |
| LONG-TERM DEBT | 18,750 | 14,029 |
| DEFERRED TAXES | 676 | 676 |
| Total liabilities | <u>50,730</u> | <u>42,877</u> |
| MINORITY INTERESTS | 15,952 | 13,135 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| Common shares - par value \$.01 per share; authorized 19,000,000 shares; issued 4,174,450 and 4,174,450 shares | 42 | 42 |
| Paid-in capital | 40,232 | 40,232 |
| Accumulated other comprehensive income / (loss) | 175 | (458) |
| Treasury stock, at cost; 354,728 and 384,228 shares | (1,272) | (1,395) |
| Accumulated deficit | (8,226) | (14,119) |
| Total stockholders' equity | <u>30,951</u> | <u>24,302</u> |
| Total liabilities and stockholders' equity | <u>\$ 97,633</u> | <u>\$ 80,314</u> |

GENERAL BEARING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(In Thousands, Except for Shares and Per Share Data)
(Unaudited)

| | <u>Thirty nine Weeks Ended</u> | | <u>Thirteen Weeks Ended</u> | |
|--|--------------------------------|----------------------------|-----------------------------|----------------------------|
| | <u>October 1, 2005</u> | <u>October 2, 2004</u> | <u>October 1, 2005</u> | <u>October 2, 2004</u> |
| SALES | \$ 82,848 | \$ 60,609 | \$ 27,578 | \$ 20,778 |
| COST OF SALES | <u>57,467</u> | <u>45,014</u> | <u>19,264</u> | <u>15,938</u> |
| GROSS PROFIT | 25,381 | 15,595 | 8,314 | 4,840 |
| SELLING, GENERAL AND ADMINISTRATIVE EXP. | <u>12,989</u> | <u>11,462</u> | <u>4,366</u> | <u>3,993</u> |
| OPERATING INCOME | 12,392 | 4,133 | 3,948 | 847 |
| OTHER EXPENSES, NET | <u>1,557</u> | <u>1,266</u> | <u>658</u> | <u>485</u> |
| INCOME BEFORE INCOME TAXES | 10,835 | 2,867 | 3,290 | 362 |
| INCOME TAXES / (BENEFIT) | <u>3,406</u> | <u>786</u> | <u>888</u> | <u>(4)</u> |
| INCOME BEFORE MINORITY INTERESTS | 7,429 | 2,081 | 2,402 | 366 |
| MINORITY INTERESTS | <u>1,537</u> | <u>615</u> | <u>586</u> | <u>278</u> |
| NET INCOME | <u>\$ 5,892</u> | <u>\$ 1,466</u> | <u>\$ 1,816</u> | <u>\$ 88</u> |
| Other Comprehensive Income / (Loss) | | | | |
| Mark to market-interest rate swap | 225 | 235 | 86 | 6 |
| Foreign currency translation adjustments | <u>409</u> | <u>-</u> | <u>409</u> | <u>-</u> |
| Total comprehensive income | <u>\$ 6,526</u> | <u>\$ 1,701</u> | <u>\$ 2,311</u> | <u>\$ 94</u> |
| Net Income per common share | | | | |
| Basic | \$ 1.55 | \$ 0.39 | \$ 0.48 | \$ 0.02 |
| Diluted | \$ 1.52 | \$ 0.39 | \$ 0.46 | \$ 0.02 |
| Weighted average number of common shares | | | | |
| Basic | 3,800,693 | 3,766,129 | 3,812,799 | 3,772,288 |
| Diluted | 3,869,451 | 3,776,458 | 3,951,334 | 3,796,789 |

GENERAL BEARING CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands)
(Unaudited)

| | <u>Thirty nine weeks ended</u> | |
|---|----------------------------------|----------------------------------|
| | <u>October 1,</u> <u>2005</u> | <u>October 2,</u> <u>2004</u> |
| OPERATING ACTIVITIES | | |
| Net income | \$ 5,892 | \$ 1,466 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Minority interests | 2,529 | 615 |
| Depreciation and amortization | 2,583 | 2,175 |
| Equity earnings in joint ventures and affiliates | (32) | (114) |
| (Gain) / loss on sale of fixed assets | (18) | (2) |
| Other non cash charges and credits, net | (465) | 6 |
| Changes in: | | |
| Accounts receivable | (3,886) | (2,961) |
| Inventories | (4,240) | 2,383 |
| Prepaid expenses and other assets | 544 | 3,986 |
| Advances to affiliates | (74) | (1,364) |
| Accounts payable and accrued expenses | 1,266 | 850 |
| Net cash provided by operating activities | <u>4,099</u> | <u>7,040</u> |
| INVESTING ACTIVITIES | | |
| Increase of equity interests, net of cash acquired | - | 871 |
| Cash paid to partner for additional equity | (921) | - |
| Fixed asset purchases | (5,158) | (913) |
| Proceeds from sale of fixed assets | 75 | 5 |
| Net cash used in investing activities | <u>(6,004)</u> | <u>(37)</u> |
| FINANCING ACTIVITIES | | |
| Repayment of capital lease | (37) | (172) |
| Increase (decrease) in note payable - banks | 4,143 | (2,358) |
| Net proceeds from (repayment of) revolving credit facility | 2,927 | (1,499) |
| Proceeds from exercise of common stock options | - | 70 |
| Proceeds from partner contributions in a joint venture | 2,125 | 370 |
| Net cash provided by (used in) financing activities | <u>9,158</u> | <u>(3,589)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 7,253 | 3,414 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 175 | - |
| CASH AND CASH EQUIVALENTS, Beginning of Period | 4,878 | 1,701 |
| CASH AND CASH EQUIVALENTS, End of Period | <u>\$ 12,306</u> | <u>\$ 5,115</u> |