

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>October 2,</u>
	<u>2005</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>