

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	April 1, 2006	December 31, 2005
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 11,595	\$ 9,751
Accounts receivable, net of allowance for doubtful accounts of \$593 in 2006 and \$547 in 2005	19,351	19,207
Inventories	33,110	33,927
Prepaid taxes and taxes recoverable	1,617	1,922
Prepaid expenses and other current assets	5,997	3,205
Advances to affiliates	52	53
Deferred tax assets	871	877
Total current assets	<u>72,593</u>	68,942
PROPERTY, PLANT AND EQUIPMENT	29,926	29,298
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,438	628
OTHER ASSETS	1,260	1,031
Total assets	<u>\$ 105,217</u>	<u>\$ 99,899</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 25,959	\$ 20,319
Accounts payable	14,195	13,936
Due to affiliates	-	8
Accrued expenses and other current liabilities	7,495	7,237
Current portion of long-term debt	2,505	2,505
Total current liabilities	<u>50,154</u>	44,005
LONG-TERM DEBT	6,619	7,676
DEFERRED TAXES	96	96
Total liabilities	<u>56,869</u>	<u>51,777</u>
MINORITY INTERESTS	13,703	15,751
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common shares - par value \$.01 per share; authorized 19,000,000 shares; 4,174,450 issued and outstanding in 2006 and 2005	42	42
Paid-in capital	40,232	40,232
Accumulated other comprehensive income	327	270
Treasury stock, at cost; 337,228 and 354,728 shares	(1,126)	(1,272)
Accumulated deficit	(4,830)	(6,901)
Total stockholders' equity	<u>34,645</u>	32,371
Total liabilities and stockholders' equity	<u>\$ 105,217</u>	<u>\$ 99,899</u>

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

	<u>Thirteen Weeks Ended</u>	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
SALES	\$ 27,948	\$ 27,218
COST OF SALES	<u>19,069</u>	<u>18,867</u>
GROSS PROFIT	8,879	8,351
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>4,441</u>	4,302
OPERATING INCOME	4,438	4,049
OTHER EXPENSES, NET	<u>537</u>	417
INCOME BEFORE INCOME TAXES	3,901	3,632
INCOME TAXES	<u>1,328</u>	1,321
INCOME BEFORE MINORITY INTERESTS	2,573	2,311
MINORITY INTERESTS	<u>503</u>	411
NET INCOME	<u>\$ 2,070</u>	<u>\$ 1,900</u>
Other Comprehensive Income		
Mark to market-interest rate swap	<u>52</u>	122
Total comprehensive income	<u>\$ 2,122</u>	<u>\$ 2,022</u>
Net Income per common share		
Basic	\$ 0.54	\$ 0.50
Diluted	\$ 0.51	\$ 0.50
Weighted average number of common shares		
Basic	3,835,491	3,790,222
Diluted	4,022,351	3,836,276

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

	<u>Thirteen Weeks Ended</u>	
	<u>April 1, 2006</u>	<u>April 2, 2005</u>
OPERATING ACTIVITIES		
Net income	\$ 2,070	\$ 1,900
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	503	411
Depreciation and amortization	794	851
Equity earnings in joint ventures and affiliates	(38)	(47)
Deferred income taxes	6	-
Loss on sale of fixed assets	8	-
Other non cash charges and credits, net	(74)	-
Changes in:		
Accounts receivable	(145)	(2,272)
Inventories	817	(706)
Prepaid expenses and other assets	(2,737)	139
Advances to affiliates	(6)	(52)
Accounts payable and accrued expenses	715	(925)
Net cash provided by (used in) operating activities	<u>1,913</u>	<u>(701)</u>
INVESTING ACTIVITIES		
Fixed asset purchases	(1,254)	(509)
Investment in affiliates	(768)	-
Dividends paid to minority stockholders	(589)	-
Return of capital paid to minority stockholder	(2,051)	-
Proceeds from sale of fixed assets	7	32
Net cash used in investing activities	<u>(4,655)</u>	<u>(477)</u>
FINANCING ACTIVITIES		
Repayment of capital lease	-	(31)
Increase (decrease) in note payable - banks	6,723	966
Increase (decrease) in revolving credit facility	(2,140)	930
Proceeds from partner contributions in a joint venture	-	125
Net cash provided by financing activities	<u>4,583</u>	<u>1,990</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,841	812
EFFECT OF EXCHANGE RATE CHANGES ON CASH	3	-
CASH AND CASH EQUIVALENTS, Beginning of Period	<u>9,751</u>	<u>4,878</u>
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 11,595</u>	<u>\$ 5,690</u>