

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	September 30, 2006 <u>(Unaudited)</u>	December 31, 2005 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,895	\$ 9,751
Accounts receivable, net of allowance for doubtful accounts of \$637 in 2006 and \$547 in 2005	22,371	19,207
Inventories	35,329	33,927
Prepaid taxes and taxes recoverable	830	1,922
Prepaid expenses and other current assets	7,722	3,205
Advances to affiliates	50	53
Deferred tax assets	954	877
Total current assets	<u>78,151</u>	<u>68,942</u>
PROPERTY, PLANT AND EQUIPMENT	31,524	29,298
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,831	628
OTHER ASSETS	3,755	1,031
Total assets	<u>\$ 115,261</u>	<u>\$ 99,899</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 33,117	\$ 20,319
Accounts payable	12,765	13,936
Due to affiliates	269	8
Accrued expenses and other current liabilities	7,372	7,237
Current portion of long-term debt	2,505	2,505
Total current liabilities	<u>56,028</u>	<u>44,005</u>
LONG-TERM DEBT	7,621	7,676
OTHER LIABILITIES	121	-
DEFERRED TAXES	96	96
Total liabilities	<u>63,866</u>	<u>51,777</u>
MINORITY INTERESTS	14,645	15,751
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Common shares - par value \$.01 per share; authorized 5,000,000 shares; issued 4,174,450 and 4,174,450 shares	42	42
Paid-in capital	39,552	40,232
Accumulated other comprehensive income	595	270
Treasury stock, at cost; 439,228 and 354,728 shares	(2,496)	(1,272)
Accumulated deficit	(943)	(6,901)
Total stockholders' equity	<u>36,750</u>	<u>32,371</u>
Total liabilities and stockholders' equity	<u>\$ 115,261</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)

	Thirty nine Weeks Ended		Thirteen Weeks Ended	
	September 30, 2006	October 1, 2005	September 30, 2006	October 1, 2005
SALES	\$ 88,757	\$ 82,848	\$ 31,102	\$ 27,578
COST OF SALES	<u>62,007</u>	<u>57,467</u>	<u>22,180</u>	<u>19,264</u>
GROSS PROFIT	26,750	25,381	8,922	8,314
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>14,292</u>	<u>12,989</u>	<u>4,824</u>	<u>4,366</u>
OPERATING INCOME	12,458	12,392	4,098	3,948
OTHER EXPENSES, NET	<u>1,778</u>	<u>1,557</u>	<u>753</u>	<u>658</u>
INCOME BEFORE INCOME TAXES	10,680	10,835	3,345	3,290
INCOME TAXES	<u>3,235</u>	<u>3,406</u>	<u>1,174</u>	<u>888</u>
INCOME BEFORE MINORITY INTERESTS	7,445	7,429	2,171	2,402
MINORITY INTERESTS	<u>1,488</u>	<u>1,537</u>	<u>326</u>	<u>586</u>
NET INCOME	<u>\$ 5,957</u>	<u>\$ 5,892</u>	<u>\$ 1,845</u>	<u>\$ 1,816</u>
Other Comprehensive Income				
Foreign exchange translation	229	409	164	409
Mark to market-interest rate swap	<u>96</u>	<u>225</u>	<u>4</u>	<u>86</u>
Total comprehensive income	<u>\$ 6,282</u>	<u>\$ 6,526</u>	<u>\$ 2,013</u>	<u>\$ 2,311</u>
Net Income per common share				
Basic	\$ 1.55	\$ 1.55	\$ 0.48	\$ 0.48
Diluted	\$ 1.51	\$ 1.52	\$ 0.47	\$ 0.46
Weighted average number of common shares				
Basic	3,832,121	3,800,693	3,812,749	3,812,799
Diluted	3,957,080	3,869,451	3,938,155	3,951,334

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

	<u>Thirty nine weeks ended</u>	
	<u>September 30,</u> <u>2006</u>	<u>October 1,</u> <u>2005</u>
OPERATING ACTIVITIES		
Net income	\$ 5,957	\$ 5,892
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	1,488	2,529
Depreciation and amortization	2,481	2,583
Deferred income taxes	(76)	-
Equity earnings in joint ventures and affiliates	(49)	(32)
(Gain) / Loss on sale of fixed assets	25	(18)
Other non cash charges and credits, net	161	(465)
Changes in:		
Accounts receivable	(3,164)	(3,886)
Inventories	(1,403)	(4,240)
Prepaid expenses and other assets	(6,358)	544
Advances to affiliates	264	(74)
Accounts payable and accrued expenses	(705)	1,266
Net cash provided by / (used in) operating activities	<u>(1,379)</u>	<u>4,099</u>
INVESTING ACTIVITIES		
Investment in affiliates	(813)	-
Cash paid to partner for additional equity	-	(921)
Dividends paid to minority interests	(589)	-
Return of capital paid to minority interests	(2,051)	-
Fixed asset purchases	(4,324)	(5,158)
Proceeds from sale of fixed assets	22	75
Net cash used in investing activities	<u>(7,755)</u>	<u>(6,004)</u>
FINANCING ACTIVITIES		
Repayment of capital lease	-	(37)
Increase in note payable - banks	12,242	4,143
Purchase of treasury stock	(1,458)	-
Purchase of employee stock options	(826)	-
Net proceeds from revolving credit facility	501	2,927
Proceeds from partner contributions in a joint venture	-	2,125
Net cash provided by financing activities	<u>10,459</u>	<u>9,158</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,325	7,253
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(181)	175
CASH AND CASH EQUIVALENTS, Beginning of Period	9,751	4,878
CASH AND CASH EQUIVALENTS, End of Period	\$ <u>10,895</u>	\$ <u>12,306</u>