

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

| | July 3, 2010 | January 2, 2010 |
|--|-------------------|--------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 10,658 | \$ 7,894 |
| Accounts receivable, net of allowance for doubtful accounts of \$1,031 in 2010 and \$1,010 in 2009 | 32,155 | 27,171 |
| Inventories | 35,533 | 32,645 |
| Prepaid taxes and taxes recoverable | 2,602 | 2,738 |
| Prepaid expenses and other current assets | 4,216 | 3,133 |
| Advances to affiliates | 3,656 | - |
| Deferred income taxes | 1,127 | 1,299 |
| Total current assets | 89,947 | 74,880 |
| PROPERTY, PLANT AND EQUIPMENT | 37,265 | 38,173 |
| INVESTMENT IN JOINT VENTURES AND AFFILIATES | 4,337 | 3,514 |
| LOAN RECEIVABLE - OFFICER | 1,300 | 1,320 |
| DEFERRED INCOME TAXES | 522 | 677 |
| OTHER ASSETS | 751 | 740 |
| Total Assets | \$ 134,122 | \$ 119,304 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Notes payable - banks | \$ 30,510 | \$ 19,034 |
| Notes payable - related party | - | 3,294 |
| Accounts payable - trade | 19,368 | 13,552 |
| Accounts payable - affiliate | 1,913 | 1,308 |
| Accrued expenses and other current liabilities | 5,367 | 4,737 |
| Current portion of long-term debt | 10 | - |
| Total current liabilities | 57,168 | 41,925 |
| LONG-TERM DEBT | 36 | 4,392 |
| OTHER LIABILITIES | 78 | 166 |
| DEFERRED INCOME TAXES | 48 | 48 |
| Total Liabilities | 57,330 | 46,531 |
| COMMITMENTS AND CONTINGENCIES | | |
| GENERAL BEARING CORPORATION STOCKHOLDERS' EQUITY: | | |
| Common shares - par value \$.01 per share; authorized 5,000,000 shares; 4,174,450 issued and outstanding in 2010 and 2009 | 42 | 42 |
| Paid-in capital | 38,369 | 38,411 |
| Accumulated other comprehensive income | 3,407 | 3,163 |
| Treasury stock, at cost; 529,817 and 542,817 shares | (4,881) | (4,981) |
| Retained earnings | 17,097 | 14,257 |
| Total General Bearing Corporation stockholders' equity | 54,034 | 50,892 |
| NONCONTROLLING INTERESTS | 22,758 | 21,881 |
| Total stockholders' equity | 76,792 | 72,773 |
| Total liabilities and stockholders' equity | \$ 134,122 | \$ 119,304 |

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

| | <u>Twenty six Weeks Ended</u> | | <u>Thirteen Weeks Ended</u> | |
|--|-------------------------------|-------------------------|-----------------------------|-------------------------|
| | <u>July 3, 2010</u> | <u>July 4, 2009</u> | <u>July 3, 2010</u> | <u>July 4, 2009</u> |
| SALES | \$ 73,151 | \$ 41,317 | \$ 40,453 | \$ 21,482 |
| COST OF SALES | <u>56,783</u> | <u>34,449</u> | <u>31,327</u> | <u>18,006</u> |
| GROSS PROFIT | 16,368 | 6,868 | 9,126 | 3,476 |
| SELLING, GENERAL AND ADMINISTRATIVE EXP. | <u>9,755</u> | <u>8,035</u> | <u>5,028</u> | <u>3,900</u> |
| OPERATING INCOME / (LOSS) | 6,613 | (1,167) | 4,098 | (424) |
| OTHER EXPENSES / (INCOME), NET | <u>943</u> | <u>(1,250)</u> | <u>568</u> | <u>160</u> |
| INCOME / (LOSS) FROM OPERATIONS BEFORE INCOME TAXES | 5,670 | 83 | 3,530 | (584) |
| INCOME TAX EXPENSE / (BENEFIT) | <u>1,689</u> | <u>(69)</u> | <u>1,059</u> | <u>(158)</u> |
| NET INCOME / (LOSS) | 3,981 | 152 | 2,471 | (426) |
| Less: Net income / (loss) attributable to the noncontrolling interests | <u>1,140</u> | <u>60</u> | <u>678</u> | <u>(246)</u> |
| NET INCOME / (LOSS) ATTRIBUTABLE TO GENERAL BEARING CORPORATION | <u>\$ 2,841</u> | <u>\$ 92</u> | <u>\$ 1,793</u> | <u>\$ (180)</u> |
| Other Comprehensive Income / (Loss) | | | | |
| Net income / (Loss) | \$ 3,981 | \$ 152 | \$ 2,471 | \$ (426) |
| Foreign exchange translation | <u>453</u> | <u>(1)</u> | <u>453</u> | <u>-</u> |
| Total comprehensive income / (loss) | 4,434 | 151 | 2,924 | (426) |
| Comprehensive income / (loss) attributable to the noncontrolling interests | <u>1,349</u> | <u>60</u> | <u>887</u> | <u>(246)</u> |
| Comprehensive income / (loss) attributable to General Bearing Corporation | <u>\$ 3,085</u> | <u>\$ 91</u> | <u>\$ 2,037</u> | <u>\$ (180)</u> |
| Net Income / (loss) per common share | | | | |
| Basic | \$ 0.78 | \$ 0.03 | \$ 0.49 | \$ (0.05) |
| Diluted | \$ 0.76 | \$ 0.02 | \$ 0.48 | \$ (0.05) |
| Weighted average number of common shares | | | | |
| Basic | 3,649,267 | 3,630,336 | 3,651,439 | 3,631,633 |
| Diluted | 3,717,991 | 3,690,943 | 3,721,830 | 3,690,178 |

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

| | <u>Twenty six weeks ended</u> | |
|---|-------------------------------|------------------------|
| | <u>July 3, 2010</u> | <u>July 4, 2009</u> |
| OPERATING ACTIVITIES | | |
| Net income | \$ 2,841 | \$ 92 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Noncontrolling interests | 1,140 | 60 |
| Depreciation and amortization | 2,183 | 2,235 |
| Deferred income taxes | 327 | (90) |
| Equity (income) / losses in joint ventures and affiliates | (290) | 29 |
| Loss on sale of fixed assets | 1 | 5 |
| Stock based compensation | 7 | 17 |
| Other non cash charges and credits, net | (42) | (17) |
| Changes in: | | |
| Accounts receivable | (4,984) | 2,489 |
| Inventories | (2,889) | 6,101 |
| Due from bank | - | 1,022 |
| Prepaid expenses and other assets | (976) | (146) |
| Advances to affiliates | (3,052) | (649) |
| Accounts payable and accrued expenses | 6,590 | (6,173) |
| Net cash provided by operating activities | <u>856</u> | <u>4,975</u> |
| INVESTING ACTIVITIES | | |
| Investment in affiliates | (1,030) | (1,600) |
| Dispositions | (528) | - |
| Proceeds from dispositions | 601 | - |
| Repayment of loan - officer | 20 | 10 |
| Fixed asset purchases | (974) | (553) |
| Proceeds from sale of fixed assets | - | 3 |
| Net cash used in investing activities | <u>(1,911)</u> | <u>(2,140)</u> |
| FINANCING ACTIVITIES | | |
| Increase / (decrease) in note payable - banks | 9,727 | (5,555) |
| Decrease in note payable - related party | (7,687) | (3,660) |
| Increase / (decrease) in note payable - other | 46 | (31) |
| Increase in revolving credit facility | 1,749 | 4,952 |
| Purchase of treasury stock | (93) | (15) |
| Net cash provided by / (used in) financing activities | <u>3,742</u> | <u>(4,309)</u> |
| NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS | 2,687 | (1,474) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | 77 | - |
| CASH AND CASH EQUIVALENTS, Beginning of Period | 7,894 | 8,643 |
| CASH AND CASH EQUIVALENTS, End of Period | <u>\$ 10,658</u> | <u>\$ 7,169</u> |