

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

| | March 31, 2007 | December 30, 2006 |
|--|-------------------|----------------------|
| | (Unaudited) | |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$ 7,500 | \$ 8,031 |
| Due from bank | 2,449 | 5,356 |
| Due from government | 3,280 | 5,864 |
| Accounts receivable, net of allowance for doubtful accounts of \$706 in 2007 and \$679 in 2006 | 24,863 | 23,196 |
| Inventories | 35,335 | 37,951 |
| Prepaid taxes and taxes recoverable | 1,302 | 1,760 |
| Prepaid expenses and other current assets | 2,101 | 2,457 |
| Advances to affiliates | 44 | 44 |
| Deferred tax assets | 874 | 865 |
| Total current assets | <u>77,748</u> | <u>85,524</u> |
| PROPERTY, PLANT AND EQUIPMENT | 31,040 | 28,413 |
| INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES | 1,738 | 1,734 |
| OTHER ASSETS | 3,746 | 3,704 |
| Total assets | <u>\$ 114,272</u> | <u>\$ 119,375</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Notes payable - banks | \$ 26,745 | \$ 34,116 |
| Notes payable - other | 2,587 | - |
| Accounts payable | 14,180 | 16,628 |
| Due to affiliates | 1,012 | - |
| Accrued expenses and other current liabilities | 6,385 | 7,220 |
| Total current liabilities | <u>50,909</u> | <u>57,964</u> |
| LONG-TERM DEBT | 6,290 | 6,637 |
| OTHER LIABILITIES | 190 | 197 |
| DEFERRED TAXES | 78 | 78 |
| Total liabilities | <u>57,467</u> | <u>64,876</u> |
| MINORITY INTERESTS | 15,819 | 15,340 |
| COMMITMENTS AND CONTINGENCIES | | |
| STOCKHOLDERS' EQUITY | | |
| Common shares - par value \$.01 per share; authorized 5,000,000 shares; 4,174,450 issued and outstanding in 2007 and 2006 | 42 | 42 |
| Paid-in capital | 39,672 | 39,595 |
| Accumulated other comprehensive income | 1,006 | 805 |
| Treasury stock, at cost; 437,978 and 438,728 shares | (2,895) | (2,718) |
| Retained earnings | 3,161 | 1,435 |
| Total stockholders' equity | <u>40,986</u> | <u>39,159</u> |
| Total liabilities and stockholders' equity | <u>\$ 114,272</u> | <u>\$ 119,375</u> |

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

| | Thirteen Weeks Ended | |
|--|-----------------------------|--------------------------|
| | March 31, 2007 | April 1, 2006 |
| SALES | \$ 31,659 | \$ 27,948 |
| COST OF SALES | <u>23,097</u> | <u>19,069</u> |
| GROSS PROFIT | 8,562 | 8,879 |
| SELLING, GENERAL AND ADMINISTRATIVE EXPENSES | <u>4,682</u> | <u>4,441</u> |
| OPERATING INCOME | 3,880 | 4,438 |
| OTHER EXPENSES, NET | <u>776</u> | <u>537</u> |
| INCOME BEFORE INCOME TAXES | 3,104 | 3,901 |
| INCOME TAXES | <u>1,072</u> | <u>1,328</u> |
| INCOME BEFORE MINORITY INTERESTS | 2,032 | 2,573 |
| MINORITY INTERESTS | <u>307</u> | <u>503</u> |
| NET INCOME | <u>\$ 1,725</u> | <u>\$ 2,070</u> |
| Other Comprehensive Income | | |
| Foreign exchange translation | 184 | 5 |
| Mark to market-interest rate swap | <u>17</u> | <u>52</u> |
| Total comprehensive income | <u>\$ 1,926</u> | <u>\$ 2,127</u> |
| Net Income per common share | | |
| Basic | \$ 0.46 | \$ 0.54 |
| Diluted | \$ 0.44 | \$ 0.51 |
| Weighted average number of common shares | | |
| Basic | 3,739,610 | 3,835,491 |
| Diluted | 3,883,646 | 4,022,351 |

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

| | Thirteen Weeks Ended | |
|---|-----------------------------|-------------------------|
| | March 31, | |
| | 2007 | April 1, 2006 |
| OPERATING ACTIVITIES | | |
| Net income | \$ 1,725 | \$ 2,070 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Minority interests | 307 | 503 |
| Depreciation and amortization | 904 | 794 |
| Equity (earnings) / losses in joint ventures and affiliates | 8 | (38) |
| Deferred income taxes | (9) | 6 |
| Loss on sale of fixed assets | 17 | 8 |
| Stock based compensation | 15 | - |
| Other non cash charges and credits, net | 110 | (74) |
| Changes in: | | |
| Accounts receivable | (1,667) | (145) |
| Inventories | 2,616 | 817 |
| Due from bank | 2,907 | - |
| Prepaid expenses and other assets | 743 | (2,737) |
| Advances to affiliates | 1,010 | (6) |
| Accounts payable and accrued expenses | (3,051) | 715 |
| Net cash provided by operating activities | <u>5,635</u> | <u>1,913</u> |
| INVESTING ACTIVITIES | | |
| Fixed asset purchases | (3,265) | (1,254) |
| 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 | 2,633 | 7 |
| Net cash used in investing activities | <u>(632)</u> | <u>(4,655)</u> |
| FINANCING ACTIVITIES | | |
| Increase (decrease) in note payable - banks | (6,915) | 6,723 |
| Decrease in revolving credit facility | (801) | (2,140) |
| Increase in note payable - other | 2,587 | - |
| Purchase of treasury stock | (329) | - |
| Net cash provided by / (used in) financing activities | <u>(5,458)</u> | <u>4,583</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (455) | 1,841 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH | (76) | 3 |
| CASH AND CASH EQUIVALENTS, Beginning of Period | 8,031 | 9,751 |
| CASH AND CASH EQUIVALENTS, End of Period | <u>\$ 7,500</u> | <u>\$ 11,595</u> |