

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>