

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	July 2, 2011 <u>(Unaudited)</u>	January 1, 2011 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,195	\$ 7,062
Accounts receivable, net of allowance for doubtful accounts of \$670 in 2011 and \$668 in 2010	27,203	21,005
Inventories	47,470	38,946
Prepaid taxes and taxes recoverable	3,250	3,354
Prepaid expenses and other current assets	2,451	3,329
Advances to affiliates	672	397
Deferred income taxes	<u>1,539</u>	<u>1,389</u>
Total current assets	91,780	75,482
PROPERTY, PLANT AND EQUIPMENT	20,978	20,764
EQUITY INVESTMENTS IN JOINT VENTURES AND AFFILIATES	17,502	13,498
LOAN RECEIVABLE - OFFICER	1,250	1,280
DEFERRED INCOME TAXES	624	624
OTHER ASSETS	<u>318</u>	<u>119</u>
Total Assets	\$ 132,452	\$ 111,767
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 26,480	\$ 11,998
Accounts payable - trade	18,553	17,057
Accounts payable - affiliates	3,603	3,526
Accrued expenses and other current liabilities	5,540	5,532
Current portion of long-term debt	<u>15</u>	<u>15</u>
Total current liabilities	54,191	38,128
LONG-TERM DEBT	47	55
OTHER LIABILITIES	1,458	1,519
DEFERRED INCOME TAXES	<u>296</u>	<u>264</u>
Total Liabilities	55,992	39,966
COMMITMENTS AND CONTINGENCIES		
GENERAL BEARING CORPORATION STOCKHOLDERS' EQUITY:		
Common shares - par value \$.01 per share; 5,000,000 shares authorized; 4,174,450 issued and outstanding in 2011 and 2010	42	42
Paid-in capital	37,735	38,294
Accumulated other comprehensive income	5,173	4,430
Treasury stock, at cost; 797,848 and 546,747 shares, in 2011 and 2010, respectively	(9,513)	(5,075)
Retained earnings	<u>24,968</u>	<u>18,179</u>
Total General Bearing Corporation stockholders' equity	58,405	55,870
NONCONTROLLING INTERESTS	<u>18,055</u>	<u>15,931</u>
Total stockholders' equity	76,460	71,801
Total liabilities and stockholders' equity	\$ 132,452	\$ 111,767

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 2, 2011</u>	<u>July 3, 2010</u>	<u>July 2, 2011</u>	<u>July 3, 2010</u>
SALES	\$ 75,650	\$ 73,151	\$ 39,302	\$ 40,453
COST OF SALES	<u>55,108</u>	<u>56,783</u>	<u>28,362</u>	<u>31,327</u>
GROSS PROFIT	20,542	16,368	10,940	9,126
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>9,340</u>	<u>9,755</u>	<u>4,571</u>	<u>5,028</u>
OPERATING INCOME	11,202	6,613	6,369	4,098
OTHER EXPENSES / (INCOME), NET	<u>(797)</u>	<u>943</u>	<u>(119)</u>	<u>568</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	11,999	5,670	6,488	3,530
INCOME TAX EXPENSE	<u>3,455</u>	<u>1,689</u>	<u>1,909</u>	<u>1,059</u>
NET INCOME	8,544	3,981	4,579	2,471
Less: Net income attributable to the noncontrolling interests	<u>1,755</u>	<u>1,140</u>	<u>1,045</u>	<u>678</u>
NET INCOME ATTRIBUTABLE TO GENERAL BEARING CORPORATION	<u>\$ 6,789</u>	<u>\$ 2,841</u>	<u>\$ 3,534</u>	<u>\$ 1,793</u>
Other Comprehensive Income				
Net income	\$ 8,544	\$ 3,981	\$ 4,579	\$ 2,471
Foreign exchange translation	<u>1,113</u>	<u>453</u>	<u>732</u>	<u>453</u>
Total comprehensive income	9,657	4,434	5,311	2,924
Comprehensive income attributable to the noncontrolling interests	<u>2,125</u>	<u>1,349</u>	<u>1,288</u>	<u>887</u>
Comprehensive income attributable to General Bearing Corporation	<u>\$ 7,532</u>	<u>\$ 3,085</u>	<u>\$ 4,023</u>	<u>\$ 2,037</u>
Net Income per common share				
Basic	\$ 2.02	\$ 0.78	\$ 1.05	\$ 0.49
Diluted	\$ 1.99	\$ 0.76	\$ 1.03	\$ 0.48
Weighted average number of common shares				
Basic	3,355,609	3,649,267	3,367,086	3,651,439
Diluted	3,406,716	3,717,991	3,419,989	3,721,830

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

	<u>Twenty six weeks ended</u>	
	<u>July 2, 2011</u>	<u>July 3, 2010</u>
OPERATING ACTIVITIES		
Net income	\$ 6,789	\$ 2,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interests	1,755	1,140
Depreciation and amortization	1,618	2,183
Deferred income taxes	(117)	327
Equity income in joint ventures and affiliates	(1,520)	(290)
Loss / (Gain) on sale of fixed assets	(30)	1
Stock based compensation	88	7
Other non cash charges and credits, net	169	(42)
Changes in:		
Accounts receivable	(6,198)	(4,984)
Inventories	(8,524)	(2,889)
Prepaid expenses and other assets	712	(976)
Advances to affiliates	(199)	(3,052)
Accounts payable and accrued expenses	1,523	6,590
Net cash provided by / (used in) operating activities	<u>(3,934)</u>	<u>856</u>
INVESTING ACTIVITIES		
Investment in affiliates	(2,125)	(1,030)
Dispositions	-	(528)
Proceeds from dispositions	-	601
Repayment of loan - officer	30	20
Fixed asset purchases	(1,365)	(974)
Proceeds from sale of fixed assets	39	-
Net cash used in investing activities	<u>(3,421)</u>	<u>(1,911)</u>
FINANCING ACTIVITIES		
Increase in note payable - banks	3,187	9,727
Decrease in note payable - related party	-	(7,687)
Increase / (decrease) in note payable - other	(8)	46
Increase in revolving credit facility	11,295	1,749
Proceeds from the exercise of common stock options	84	-
Purchase of employee stock options	(367)	-
Purchase of treasury stock	(4,885)	(93)
Net cash provided by financing activities	<u>9,306</u>	<u>3,742</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,951	2,687
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS, Beginning of Period	182	77
CASH AND CASH EQUIVALENTS, Beginning of Period	7,062	7,894
CASH AND CASH EQUIVALENTS, End of Period	\$ 9,195	\$ 10,658