

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	October 2, 2010	January 2, 2010
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,771	\$ 7,894
Accounts receivable, net of allowance for doubtful accounts of \$1,243 in 2010 and \$1,010 in 2009	33,510	27,171
Inventories	37,457	32,645
Prepaid taxes and taxes recoverable	2,426	2,738
Prepaid expenses and other current assets	6,520	3,133
Advances to affiliates	3,677	-
Deferred income taxes	1,086	1,299
Total current assets	95,447	74,880
PROPERTY, PLANT AND EQUIPMENT	37,755	38,173
INVESTMENT IN JOINT VENTURE AND AFFILIATES	4,329	3,514
LOAN RECEIVABLE - OFFICER	1,290	1,320
DEFERRED INCOME TAXES	585	677
OTHER ASSETS	770	740
Total Assets	\$ 140,176	\$ 119,304
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 32,167	\$ 19,034
Notes payable - related party	-	3,294
Accounts payable - trade	18,521	13,552
Accounts payable - affiliate	2,068	1,308
Accrued expenses and other current liabilities	5,945	4,737
Current portion of long-term debt	15	-
Total current liabilities	58,716	41,925
LONG-TERM DEBT	59	4,392
OTHER LIABILITIES	423	166
DEFERRED INCOME TAXES	48	48
Total Liabilities	59,246	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	38,373	38,411
Accumulated other comprehensive income	4,071	3,163
Treasury stock, at cost; 541,317 and 542,817 shares	(5,013)	(4,981)
Retained earnings	18,373	14,257
Total General Bearing Corporation stockholders' equity	55,846	50,892
NONCONTROLLING INTERESTS	25,084	21,881
Total stockholders' equity	80,930	72,773
Total liabilities and stockholders' equity	\$ 140,176	\$ 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>Thirty nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>Oct. 2, 2010</u>	<u>Oct. 3, 2009</u>	<u>Oct. 2, 2010</u>	<u>Oct. 3, 2009</u>
SALES	\$ 116,204	\$ 70,771	\$ 43,052	\$ 29,453
COST OF SALES	<u>90,623</u>	<u>59,302</u>	<u>33,840</u>	<u>24,853</u>
GROSS PROFIT	25,581	11,469	9,212	4,600
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>14,475</u>	<u>12,284</u>	<u>4,719</u>	<u>4,249</u>
OPERATING INCOME / (LOSS)	11,106	(815)	4,493	351
OTHER EXPENSES / (INCOME), NET	<u>2,392</u>	<u>(693)</u>	<u>1,449</u>	<u>556</u>
INCOME / (LOSS) FROM OPERATIONS BEFORE INCOME TAXES	8,714	(122)	3,044	(205)
INCOME TAX EXPENSE / (BENEFIT)	<u>2,799</u>	<u>(183)</u>	<u>1,110</u>	<u>(114)</u>
NET INCOME / (LOSS)	5,915	61	1,934	(91)
Less: Net income / (loss) attributable to the noncontrolling interests	<u>1,799</u>	<u>(72)</u>	<u>659</u>	<u>(132)</u>
NET INCOME ATTRIBUTABLE TO GENERAL BEARING CORPORATION	<u>\$ 4,116</u>	<u>\$ 133</u>	<u>\$ 1,275</u>	<u>\$ 41</u>
Other Comprehensive Income / (Loss)				
Net income / (Loss)	\$ 5,915	\$ 61	\$ 1,934	\$ (91)
Foreign exchange translation	<u>1,694</u>	<u>-</u>	<u>1,241</u>	<u>1</u>
Total comprehensive income / (loss)	7,609	61	3,175	(90)
Comprehensive income / (loss) attributable to the noncontrolling interests	<u>2,585</u>	<u>(72)</u>	<u>1,236</u>	<u>(132)</u>
Comprehensive income attributable to General Bearing Corporation	<u>\$ 5,024</u>	<u>\$ 133</u>	<u>\$ 1,939</u>	<u>\$ 42</u>
Net Income per common share				
Basic	\$ 1.13	\$ 0.04	\$ 0.35	\$ 0.01
Diluted	\$ 1.11	\$ 0.04	\$ 0.34	\$ 0.01
Weighted average number of common shares				
Basic	3,644,166	3,630,769	3,633,963	3,631,633
Diluted	3,713,050	3,692,918	3,703,213	3,696,448

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

	<u>Thirty nine weeks ended</u>	
	<u>October 2, 2010</u>	<u>October 3, 2009</u>
OPERATING ACTIVITIES		
Net income	\$ 4,116	\$ 133
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interests	1,799	(72)
Depreciation and amortization	3,307	3,445
Deferred income taxes	306	(254)
Equity (income) / losses in joint ventures and affiliates	(459)	53
Loss / (Gain) on sale of fixed assets	(2)	101
Stock based compensation	11	20
Other non cash charges and credits, net	(424)	(13)
Changes in:		
Accounts receivable	(6,339)	(2,419)
Inventories	(4,812)	12,278
Due from bank	-	4,338
Prepaid expenses and other assets	(1,174)	(935)
Advances to affiliates	(2,919)	(545)
Accounts payable and accrued expenses	6,320	(5,633)
Net cash provided by / (used in) operating activities	<u>(270)</u>	<u>10,497</u>
INVESTING ACTIVITIES		
Investment in affiliates	(1,030)	(1,600)
Dispositions	(528)	-
Proceeds from dispositions	601	-
Repayment of loan - officer	30	20
Fixed asset purchases	(2,186)	(1,712)
Return of capital paid to noncontrolling interests	(1,000)	-
Proceeds from sale of fixed assets	148	3
Net cash used in investing activities	<u>(3,965)</u>	<u>(3,289)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	10,114	(10,091)
Decrease in note payable - related party	(7,687)	(732)
Increase / (decrease) in note payable - other	74	(36)
Increase in revolving credit facility	3,019	4,103
Proceeds from partner contributions in a joint venture	2,737	-
Dividends paid to noncontrolling interests	(1,119)	-
Purchase of treasury stock	(224)	(15)
Net cash (used in) / provided by financing activities	<u>6,914</u>	<u>(6,771)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,679	437
EFFECT OF EXCHANGE RATE CHANGES ON CASH	198	-
CASH AND CASH EQUIVALENTS, Beginning of Period	7,894	8,643
CASH AND CASH EQUIVALENTS, End of Period	\$ 10,771	\$ 9,080