

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	October 1, 2011 <u>(Unaudited)</u>	January 1, 2011 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,862	\$ 7,062
Accounts receivable, net of allowance for doubtful accounts of \$670 in 2011 and \$668 in 2010	30,462	21,005
Inventories	52,060	38,946
Prepaid taxes and taxes recoverable	3,600	3,354
Loan receivable - officer	1,296	-
Prepaid expenses and other current assets	2,171	3,329
Advances to affiliates	672	397
Deferred income taxes	1,659	1,389
Total current assets	99,782	75,482
PROPERTY, PLANT AND EQUIPMENT	22,690	20,764
EQUITY INVESTMENTS IN JOINT VENTURE AND AFFILIATES	18,397	13,498
LOAN RECEIVABLE - OFFICER	-	1,280
DEFERRED INCOME TAXES	623	624
OTHER ASSETS	364	119
Total Assets	\$ 141,856	\$ 111,767
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 6,270	\$ 11,998
Accounts payable - trade	16,164	17,057
Accounts payable - affiliates	3,536	3,526
Accrued expenses and other current liabilities	6,487	5,532
Current portion of long-term debt	15	15
Total current liabilities	32,472	38,128
LONG-TERM DEBT	21,999	55
OTHER LIABILITIES	1,221	1,519
DEFERRED INCOME TAXES	296	264
Total Liabilities	55,988	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	37,738	38,294
Accumulated other comprehensive income	5,731	4,430
Treasury stock, at cost; 807,848 and 546,747 shares, in 2011 and 2010, respectively	(9,651)	(5,075)
Retained earnings	28,730	18,179
Total General Bearing Corporation stockholders' equity	62,590	55,870
NONCONTROLLING INTERESTS	23,278	15,931
Total stockholders' equity	85,868	71,801
Total liabilities and stockholders' equity	\$ 141,856	\$ 111,767

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. 1, 2011</u>	<u>Oct. 2, 2010</u>	<u>Oct. 1, 2011</u>	<u>Oct. 2, 2010</u>
SALES	\$ 117,213	\$ 116,204	\$ 41,562	\$ 43,052
COST OF SALES	<u>84,650</u>	<u>90,623</u>	<u>29,542</u>	<u>33,840</u>
GROSS PROFIT	<u>32,563</u>	<u>25,581</u>	<u>12,020</u>	<u>9,212</u>
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>14,551</u>	<u>14,475</u>	<u>5,210</u>	<u>4,719</u>
OPERATING INCOME	<u>18,012</u>	<u>11,106</u>	<u>6,810</u>	<u>4,493</u>
OTHER EXPENSES / (INCOME), NET	<u>(751)</u>	<u>2,392</u>	<u>46</u>	<u>1,449</u>
INCOME FROM OPERATIONS BEFORE INCOME TAXES	<u>18,763</u>	<u>8,714</u>	<u>6,764</u>	<u>3,044</u>
INCOME TAX EXPENSE	<u>5,518</u>	<u>2,799</u>	<u>2,062</u>	<u>1,110</u>
NET INCOME	<u>13,245</u>	<u>5,915</u>	<u>4,702</u>	<u>1,934</u>
Less: Net income attributable to the noncontrolling interests	<u>2,694</u>	<u>1,799</u>	<u>939</u>	<u>659</u>
NET INCOME ATTRIBUTABLE TO GENERAL BEARING CORPORATION	<u>\$ 10,551</u>	<u>\$ 4,116</u>	<u>\$ 3,763</u>	<u>\$ 1,275</u>
Other Comprehensive Income				
Net income	\$ 13,245	\$ 5,915	\$ 4,702	\$ 1,934
Foreign exchange translation	<u>1,955</u>	<u>1,694</u>	<u>842</u>	<u>1,241</u>
Total comprehensive income	<u>15,200</u>	<u>7,609</u>	<u>5,544</u>	<u>3,175</u>
Comprehensive income attributable to the noncontrolling interests	<u>3,348</u>	<u>2,585</u>	<u>1,223</u>	<u>1,236</u>
Comprehensive income attributable to General Bearing Corporation	<u>\$ 11,852</u>	<u>\$ 5,024</u>	<u>\$ 4,321</u>	<u>\$ 1,939</u>
Net Income per common share				
Basic	\$ 3.14	\$ 1.13	\$ 1.12	\$ 0.35
Diluted	\$ 3.09	\$ 1.11	\$ 1.10	\$ 0.34
Weighted average number of common shares				
Basic	<u>3,360,885</u>	<u>3,644,166</u>	<u>3,371,437</u>	<u>3,633,963</u>
Diluted	<u>3,412,794</u>	<u>3,713,050</u>	<u>3,424,816</u>	<u>3,703,213</u>

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

	<u>Thirty nine weeks ended</u>	
	<u>October 1, 2011</u>	<u>October 2, 2010</u>
OPERATING ACTIVITIES		
Net income	\$ 10,551	\$ 4,116
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interests	2,694	1,799
Depreciation and amortization	2,430	3,307
Deferred income taxes	(237)	306
Equity income in joint ventures and affiliates	(2,148)	(459)
Gain on sale of fixed assets	(31)	(2)
Stock based compensation	129	11
Other non cash charges and credits, net	443	(424)
Changes in:		
Accounts receivable	(9,457)	(6,339)
Inventories	(13,114)	(4,812)
Prepaid expenses and other assets	528	(1,174)
Advances to affiliates	(267)	(2,919)
Accounts payable and accrued expenses	(194)	6,320
Net cash used in operating activities	<u>(8,673)</u>	<u>(270)</u>
INVESTING ACTIVITIES		
Investment in affiliates	(2,125)	(1,030)
Dispositions	-	(528)
Proceeds from dispositions	-	601
Repayment of loan - officer	30	30
Fixed asset purchases	(3,639)	(2,186)
Return of capital paid to noncontrolling interests	-	(1,000)
Proceeds from sale of fixed assets	40	148
Net cash used in investing activities	<u>(5,694)</u>	<u>(3,965)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	(1,306)	10,114
Decrease in note payable - related party	-	(7,687)
Increase / (decrease) in note payable - other	(12)	74
Increase in revolving credit facility	17,534	3,019
Proceeds from partner contributions in a joint venture	4,000	2,737
Dividends paid to noncontrolling interests	-	(1,119)
Proceeds from the exercise of common stock options	84	-
Purchase of employee stock options	(367)	-
Purchase of treasury stock	(5,023)	(224)
Net cash provided by financing activities	<u>14,910</u>	<u>6,914</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	543	2,679
EFFECT OF EXCHANGE RATE CHANGES ON CASH	257	198
CASH AND CASH EQUIVALENTS, Beginning of Period	7,062	7,894
CASH AND CASH EQUIVALENTS, End of Period	\$ 7,862	\$ 10,771