

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>