

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	June 30, 2007 <u>(Unaudited)</u>	December 30, 2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 6,346	\$ 8,031
Due from bank	2,187	5,356
Due from government	-	5,864
Accounts receivable, net of allowance for doubtful accounts of \$728 in 2007 and \$679 in 2006	25,823	23,196
Inventories	35,437	37,951
Prepaid taxes and taxes recoverable	2,338	1,760
Prepaid expenses and other current assets	2,400	2,457
Advances to affiliates	-	44
Deferred tax assets	1,000	865
Total current assets	<u>75,531</u>	<u>85,524</u>
PROPERTY, PLANT AND EQUIPMENT	34,647	28,413
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,783	1,734
OTHER ASSETS	3,725	3,704
Total assets	<u>\$ 115,686</u>	<u>\$ 119,375</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 31,893	\$ 34,116
Accounts payable	15,579	16,628
Due to affiliates	1,170	-
Accrued expenses and other current liabilities	6,722	7,220
Current portion of long-term debt	62	-
Total current liabilities	<u>55,426</u>	<u>57,964</u>
LONG-TERM DEBT	232	6,637
OTHER LIABILITIES	182	197
DEFERRED TAXES	78	78
Total liabilities	<u>55,918</u>	<u>64,876</u>
MINORITY INTERESTS	<u>16,959</u>	<u>15,340</u>
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	39,686	39,595
Accumulated other comprehensive income	1,281	805
Treasury stock, at cost; 452,128 and 438,728 shares	(3,145)	(2,718)
Retained earnings	4,945	1,435
Total stockholders' equity	<u>42,809</u>	<u>39,159</u>
Total liabilities and stockholders' equity	<u>\$ 115,686</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)

	<u>Twenty six Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>June 30, 2007</u>	<u>July 1, 2006</u>	<u>June 30, 2007</u>	<u>July 1, 2006</u>
SALES	\$ 64,174	\$ 57,655	\$ 32,515	\$ 29,707
COST OF SALES	<u>47,079</u>	<u>39,828</u>	<u>23,983</u>	<u>20,759</u>
GROSS PROFIT	17,095	17,827	8,532	8,948
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>9,531</u>	<u>9,467</u>	<u>4,849</u>	<u>5,026</u>
OPERATING INCOME	7,564	8,360	3,683	3,922
OTHER EXPENSES, NET	<u>1,532</u>	<u>1,025</u>	<u>756</u>	<u>488</u>
INCOME BEFORE INCOME TAXES	6,032	7,335	2,927	3,434
INCOME TAXES	<u>1,432</u>	<u>2,061</u>	<u>359</u>	<u>732</u>
INCOME BEFORE MINORITY INTERESTS	4,600	5,274	2,568	2,702
MINORITY INTERESTS	<u>1,090</u>	<u>1,162</u>	<u>783</u>	<u>660</u>
NET INCOME	<u>\$ 3,510</u>	<u>\$ 4,112</u>	<u>\$ 1,785</u>	<u>\$ 2,042</u>
Other Comprehensive Income				
Foreign exchange translation	441	65	257	60
Mark to market-interest rate swap	<u>35</u>	<u>92</u>	<u>18</u>	<u>40</u>
Total comprehensive income	<u>\$ 3,986</u>	<u>\$ 4,269</u>	<u>\$ 2,060</u>	<u>\$ 2,142</u>
Net Income per common share				
Basic	\$ 0.94	\$ 1.07	\$ 0.48	\$ 0.53
Diluted	\$ 0.90	\$ 1.02	\$ 0.46	\$ 0.51
Weighted average number of common shares				
Basic	3,733,707	3,841,807	3,727,804	3,848,123
Diluted	3,890,075	4,025,190	3,894,128	4,028,081

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

	<u>Twenty six weeks ended</u>	
	<u>June 30, 2007</u>	<u>July 1, 2006</u>
OPERATING ACTIVITIES		
Net income	\$ 3,510	\$ 4,112
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	1,090	1,162
Depreciation and amortization	1,922	1,627
Deferred income taxes	(135)	(59)
Equity earnings in joint ventures and affiliates	(19)	(49)
Loss on sale of fixed assets	32	26
Stock based compensation	29	-
Other non cash charges and credits, net	355	10
Changes in:		
Accounts receivable	(2,627)	(1,571)
Inventories	2,514	(1,192)
Due from bank	3,169	-
Prepaid expenses and other assets	(601)	(5,836)
Advances to affiliates	1,212	(6)
Accounts payable and accrued expenses	(1,298)	343
Net cash provided by / (used in) operating activities	<u>9,153</u>	<u>(1,433)</u>
INVESTING ACTIVITIES		
Investment in affiliates	-	(813)
Dividends paid to minority interests	-	(589)
Return of capital paid to minority interests	-	(2,051)
Cash received for reduced equity, net	80	-
Fixed asset purchases	(7,543)	(2,447)
Proceeds from sale of fixed assets	5,913	21
Net cash used in investing activities	<u>(1,550)</u>	<u>(5,879)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	(8,295)	8,103
Repayment of revolving credit facility	(270)	(1,461)
Purchase of treasury stock	(579)	-
Net cash provided by / (used in) financing activities	<u>(9,144)</u>	<u>6,642</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,541)	(670)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(144)	(72)
CASH AND CASH EQUIVALENTS, Beginning of Period	8,031	9,751
CASH AND CASH EQUIVALENTS, End of Period	\$ 6,346	\$ 9,009