GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands, except for shares)

ASSETS	June 30, 2007 (Unaudited)		December 30, 2006		
CURRENT ASSETS	Φ.	C 04C	Φ	0.001	
Cash and cash equivalents Due from bank	\$	6,346	\$	8,031 5,356	
		2,187		5,356 5,864	
Due from government Accounts receivable, net of allowance for doubtful		-		3,004	
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		75,531		85,524	
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	\$	115,686	\$	119,375	
LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Notes payable - banks Accounts payable Due to affiliates Accrued expenses and other current liabilities Current portion of long-term debt Total current liabilities LONG-TERM DEBT OTHER LIABILITIES DEFERRED TAXES Total liabilities	\$	31,893 15,579 1,170 6,722 62 55,426 232 182 78 55,918	\$	34,116 16,628 - 7,220 - 57,964 6,637 197 78 64,876	
MINORITY INTERESTS		16,959		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 Paid-in capital Accumulated other comprehensive income		42 39,686 1,281		42 39,595 805	
Treasury stock, at cost; 452,128 and 438,728 shares		(3,145)		(2,718)	
Retained earnings		`4,945		1,435 [°]	
Total stockholders' equity		42,809		39,159	
Total liabilities and stockholders' equity	\$	115,686	\$	119,375	

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (In Thousands, Except for Shares and Per Share Data) (Unaudited)

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

GENERAL BEARING CORPORATION AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands) (Unaudited)

Defenating Activities July 1, 2006 Net income \$ 3,510 \$ 4,112 Adjustments to reconcile net income to net cash provided by operating activities: Income Adjustments to reconcile net income to net cash provided by operating activities: Income Minority interests 1,090 1,162 Depreciation and amortization 1,092 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: Colopida (2,627) (1,571) Inventories 2,514 (1,192) Due from bank 3,169 - Prepaid expenses and other assets (60) Advances to affiliates 1,212 (6) Accounts payable and accrued expenses <td co<="" th=""><th></th><th colspan="4">Twenty six weeks ended</th></td>	<th></th> <th colspan="4">Twenty six weeks ended</th>		Twenty six weeks ended			
Net income \$ 3,510 \$ 4,112 Adjustments to reconcile net income to net cash provided by operating activities: 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: 4,112 (1,571) 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 9,153 (1,433) INVESTING ACTIVITIES 1 (813) Investment in affiliates - (813) Dividends paid to minority		June 30, 2007	July 1, 2006			
Adjustments to reconcile net income to net cash provided by operating activities: Minority interests Depreciation and amortization Deferred income taxes Equity earnings in joint ventures and affiliates Equity earnings in joint ventures and affiliates Coss on sale of fixed assets Stock based compensation Other non cash charges and credits, net Changes in: Accounts receivable Inventories Due from bank Prepaid expenses and other assets Advances to affiliates Accounts payable and accrued expenses Net cash provided by / (used in) operating activities Investment in affiliates Investment in affiliates Investment in affiliates Dividends paid to minority interests Return of capital paid to minority interests Return of capital paid to minority interests Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities Procease in Cash AND CASH EQUIVALENTS REFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period A 1,920 1,1627 1,162	OPERATING ACTIVITIES					
Name		\$ 3,510	\$ 4,112			
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 9,153 (1,433) INVESTING ACTIVITIES 1 - (813) Investment in affiliates - (589) Return of capital paid to minority interests - (2,051) Cash received for reduced equity, net 80 - Fixed asset purchases	provided by operating activities:					
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: (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 9,153 (1,433) INVESTING ACTIVITIES (1,298) 343 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 <td>•</td> <td>•</td> <td>•</td>	•	•	•			
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 9,153 (1,433) INVESTING ACTIVITIES (813) (813) (813) Investment in affiliates - (889) (889) 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 N	·		•			
Loss on sale of fixed assets 32 26		, ,	` ,			
Stock based compensation 29 - Other non cash charges and credits, net 355 10 Changes in: 4ccounts 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 9,153 (1,433) INVESTING ACTIVITIES 5 (813) Investment in affiliates - (813) Dividends 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 (1,550) (5,879) FINANCING ACTIVITIES (1,540) (5,879) Increase / (decrease) in note payable - banks (8,295) 8,103		(19)	(49)			
Other non cash charges and credits, net 355 10 Changes in: 4ccounts 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 9,153 (1,433) INVESTING ACTIVITIES	Loss on sale of fixed assets	32	26			
Changes in: (2,627) (1,571) 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 9,153 (1,433) INVESTING ACTIVITIES - (813) 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 (1,550) (5,879) FINANCING ACTIVITIES (1,550) (5,879) Increase / (decrease) in note payable - banks (8,295) 8,103 Repayment of revolving credit facility (270) (1,461) <	Stock based compensation	29	-			
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 9,153 (1,433) INVESTING ACTIVITIES - (813) Investment in affiliates - (89) Neturn of capital 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 (1,550) (5,879) FINANCING ACTIVITIES (8,295) 8,103 Increase / (decrease) in note payable - banks (8,295) 8,103 Repayment of revolving credit facility (270) (1,461) <		355	10			
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 9,153 (1,433) 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 (7,543) (2,447) Proceeds from sale of fixed assets (1,550) (5,879) Net cash used in investing activities (1,550) (5,879) FINANCING ACTIVITIES (1,550) (5,879) Increase / (decrease) in note payable - banks (8,295) 8,103 Repayment of revolving credit facility (270) (1,461) Purchase of treasury stock (579) - Net cas		(2,627)	(1,571)			
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 9,153 (1,433) 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 (1,550) (5,879) FINANCING ACTIVITIES (1,550) (5,879) 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 (9,144) 6,642 NET DECREASE IN CASH AND CASH EQUIVALENTS (1,541) (670)	Inventories	2,514	(1,192)			
Advances to affiliates 1,212 (6) Accounts payable and accrued expenses (1,298) 343 Net cash provided by / (used in) operating activities 9,153 (1,433) 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 (1,550) (5,879) FINANCING ACTIVITIES (1,550) (5,879) 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 (9,144) 6,642 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	Due from bank	3,169	-			
Accounts payable and accrued expenses Net cash provided by / (used in) operating activities Net cash provided by / (used in) operating activities Net cash provided by / (used in) operating activities Net cash to minority interests - (813)	Prepaid expenses and other assets	(601)	(5,836)			
Net cash provided by / (used in) operating activities 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 (1,550) (5,879) 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 (9,144) 6,642 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	Advances to affiliates	1,212	(6)			
Investment in affiliates Investment in affiliates Dividends paid to minority interests Return of capital paid to minority interests Cash received for reduced equity, net Fixed asset purchases (7,543) Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS FFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period Return of capital services (813) (813) (813) (72,051) (813) (813) (813) (813) (814) (81	Accounts payable and accrued expenses	(1,298)	343			
Investment in affiliates Dividends paid to minority interests Return of capital paid to minority interests Cash received for reduced equity, net Fixed asset purchases Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period 1.580 - (589) - (2,051) (2,051) (2,447) (2,447) (1,550) (5,879) (1,550) (5,879) - (1,461) (670) (670) (670) (670) (670)	Net cash provided by / (used in) operating activities	9,153	(1,433)			
Dividends paid to minority interests Return of capital paid to minority interests Cash received for reduced equity, net 80 Fixed asset purchases (7,543) Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period - (2,051) 80 - (2,447) 80 - (1,550) 81 - (1,550) 8,103	INVESTING ACTIVITIES					
Dividends paid to minority interests Return of capital paid to minority interests Cash received for reduced equity, net 80 Fixed asset purchases (7,543) Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period - (2,051) 8,080 - (2,447) (5,879) (1,541) (5,879) - (1,461) (670) (1,461) (670) (670) (670) (72) (72)	Investment in affiliates	-	(813)			
Return of capital paid to minority interests Cash received for reduced equity, net Rixed asset purchases Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period Cash and Cash and Cash (2,051) Cash and Cash (2,051) Cash (2,051) (2,051) (2,051) (2,447) (3,541) (4,541) (5,879) (1,541) (670) (670) (670) (670)	Dividends paid to minority interests	-	` ,			
Fixed asset purchases Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (7,543) (2,447) (2,447) (1,550) (1,550) (5,879) (1,461) (1,461) (270) (1,461) (670) (1,541) (670) (6	Return of capital paid to minority interests	-	(2,051)			
Proceeds from sale of fixed assets Net cash used in investing activities FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period 5,913 (1,540) (5,879) (8,295) (8,295) (1,461) (270) (1,461) (579) (579) (1,541) (670) (670) (72) (670) (72)	Cash received for reduced equity, net	80	-			
Net cash used in investing activities (1,550) (5,879) 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 (9,144) 6,642 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		(7,543)	(2,447)			
FINANCING ACTIVITIES Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (1,541) (670) (144) (72) (73)	Proceeds from sale of fixed assets	5,913	21			
Increase / (decrease) in note payable - banks Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (8,295) 8,103 (1,461) (9,144) (670) (670) (1,541) (672) (72)	Net cash used in investing activities	(1,550)	(5,879)			
Repayment of revolving credit facility Purchase of treasury stock Net cash provided by / (used in) financing activities NET DECREASE IN CASH AND CASH EQUIVALENTS EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (1,461) (579) (1,541) (670) (144) (72)	FINANCING ACTIVITIES					
Purchase of treasury stock Net cash provided by / (used in) financing activities 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	Increase / (decrease) in note payable - banks	(8,295)	8,103			
Net cash provided by / (used in) financing activities (9,144) 6,642 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	Repayment of revolving credit facility	(270)	(1,461)			
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 Period8,0319,751	Purchase of treasury stock	(579)				
EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (144) (72) 8,031 9,751	Net cash provided by / (used in) financing activities	(9,144)	6,642			
EFFECT OF EXCHANGE RATE CHANGES ON CASH CASH AND CASH EQUIVALENTS, Beginning of Period (144) (72) 8,031 9,751	NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,541)	(670)			
CASH AND CASH EQUIVALENTS, Beginning of Period 8,031 9,751		• • •	, ,			
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