

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	September 29, 2007 <u>(Unaudited)</u>	December 30, 2006 <u></u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,130	\$ 8,031
Due from bank	2,525	5,356
Due from government	-	5,864
Accounts receivable, net of allowance for doubtful accounts of \$765 in 2007 and \$679 in 2006	26,159	23,196
Inventories	36,233	37,951
Prepaid taxes and taxes recoverable	1,602	1,760
Prepaid expenses and other current assets	2,234	2,457
Advances to affiliates	7	44
Deferred tax assets	1,090	865
Total current assets	<u>77,980</u>	<u>85,524</u>
PROPERTY, PLANT AND EQUIPMENT	36,978	28,413
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,851	1,734
OTHER ASSETS	3,662	3,704
Total assets	<u>\$ 120,471</u>	<u>\$ 119,375</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 30,378	\$ 34,116
Accounts payable	14,243	16,628
Due to affiliates	976	-
Accrued expenses and other current liabilities	7,533	7,220
Current portion of long-term debt	62	-
Total current liabilities	<u>53,192</u>	<u>57,964</u>
LONG-TERM DEBT	3,621	6,637
OTHER LIABILITIES	175	197
DEFERRED TAXES	78	78
Total liabilities	<u>57,066</u>	<u>64,876</u>
MINORITY INTERESTS	<u>18,382</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	39,740	39,595
Accumulated other comprehensive income	1,456	805
Treasury stock, at cost; 440,328 and 438,728 shares	(3,074)	(2,718)
Retained earnings	6,859	1,435
Total stockholders' equity	<u>45,023</u>	<u>39,159</u>
Total liabilities and stockholders' equity	<u>\$ 120,471</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)

	Thirty nine Weeks Ended		Thirteen Weeks Ended	
	September 29, 2007	September 30, 2006	September 29, 2007	September 30, 2006
SALES	\$ 96,144	\$ 88,757	\$ 31,970	\$ 31,102
COST OF SALES	<u>70,533</u>	<u>62,007</u>	<u>23,454</u>	<u>22,180</u>
GROSS PROFIT	25,611	26,750	8,516	8,922
SELLING, GENERAL & ADMINISTRATIVE EXP.	<u>14,501</u>	<u>14,292</u>	<u>4,970</u>	<u>4,824</u>
OPERATING INCOME	11,110	12,458	3,546	4,098
OTHER EXPENSES, NET	<u>2,152</u>	<u>1,778</u>	<u>620</u>	<u>753</u>
INCOME BEFORE INCOME TAXES	8,958	10,680	2,926	3,345
INCOME TAXES	<u>1,785</u>	<u>3,235</u>	<u>354</u>	<u>1,174</u>
INCOME BEFORE MINORITY INTERESTS	7,173	7,445	2,572	2,171
MINORITY INTERESTS	<u>1,749</u>	<u>1,488</u>	<u>658</u>	<u>326</u>
NET INCOME	<u>\$ 5,424</u>	<u>\$ 5,957</u>	<u>\$ 1,914</u>	<u>\$ 1,845</u>
Other Comprehensive Income				
Foreign exchange translation	602	229	161	164
Mark to market-interest rate swap	<u>49</u>	<u>96</u>	<u>14</u>	<u>4</u>
Total comprehensive income	<u>\$ 6,075</u>	<u>\$ 6,282</u>	<u>\$ 2,089</u>	<u>\$ 2,013</u>
Net Income per common share				
Basic	\$ 1.45	\$ 1.55	\$ 0.51	\$ 0.48
Diluted	\$ 1.39	\$ 1.51	\$ 0.49	\$ 0.47
Weighted average number of common shares				
Basic	3,733,845	3,832,121	3,734,120	3,812,749
Diluted	3,891,820	3,957,080	3,895,184	3,938,155

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

	Thirty nine weeks ended	
	September 29, 2007	September 30, 2006
OPERATING ACTIVITIES		
Net income	\$ 5,424	\$ 5,957
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	1,749	1,488
Depreciation and amortization	3,005	2,481
Deferred income taxes	(225)	(76)
Equity earnings in joint ventures and affiliates	(69)	(49)
Loss on sale of fixed assets	116	25
Stock based compensation	44	-
Other non cash charges and credits, net	413	161
Changes in:		
Accounts receivable	(2,963)	(3,164)
Inventories	1,718	(1,403)
Due from bank	2,830	-
Prepaid expenses and other assets	308	(6,358)
Advances to affiliates	1,011	264
Accounts payable and accrued expenses	(1,696)	(705)
Net cash provided by / (used in) operating activities	<u>11,665</u>	<u>(1,379)</u>
INVESTING ACTIVITIES		
Investment in affiliates	-	(813)
Dividends paid to minority interests	(1,834)	(589)
Return of capital paid to minority interests	-	(2,051)
Cash received for reduced equity, net	80	-
Fixed asset purchases	(10,630)	(4,324)
Proceeds from sale of fixed assets	5,924	22
Net cash used in investing activities	<u>(6,460)</u>	<u>(7,755)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	(3,885)	12,242
Proceeds from / (repayment of) revolving credit facility	(2,805)	501
Proceeds from partner contributions in a joint venture	2,455	-
Purchase of employee stock options	-	(826)
Purchase of treasury stock	(582)	(1,458)
Net cash provided by / (used in) financing activities	<u>(4,817)</u>	<u>10,459</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	388	1,325
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(289)	(181)
CASH AND CASH EQUIVALENTS, Beginning of Period	8,031	9,751
CASH AND CASH EQUIVALENTS, End of Period	\$ 8,130	\$ 10,895