

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	July 4, 2009	January 3, 2009
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,169	\$ 8,643
Due from bank	3,315	4,338
Loan receivable - related party	45	70
Accounts receivable, net of allowance for doubtful accounts of \$1,007 in 2009 and \$999 in 2008	20,636	23,125
Inventories	38,025	44,126
Prepaid taxes and taxes recoverable	994	1,340
Prepaid expenses and other current assets	3,294	2,808
Deferred tax assets	1,171	1,399
Total current assets	74,649	85,849
PROPERTY, PLANT AND EQUIPMENT	38,880	40,526
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	3,408	1,837
LOAN RECEIVABLE - RELATED PARTY	1,340	1,320
DEFERRED TAX ASSETS	672	354
OTHER ASSETS	171	214
Total assets	<u>\$ 119,120</u>	<u>\$ 130,100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 23,081	\$ 28,636
Notes payable - related party	-	5,125
Accounts payable	10,064	14,263
Due to affiliates	672	1,321
Accrued expenses and other current liabilities	4,072	6,203
Current portion of long-term debt	5	36
Total current liabilities	37,894	55,584
LONG-TERM DEBT	10,077	3,660
OTHER LIABILITIES	171	187
DEFERRED TAXES	144	144
Total liabilities	<u>48,286</u>	<u>59,575</u>
COMMITMENTS AND CONTINGENCIES		
GENERAL BEARING CORPORATION STOCKHOLDERS' EQUITY:		
Common shares - par value \$.01 per share; authorized 5,000,000 shares; 4,174,450 issued and outstanding in 2009 and 2008	42	42
Paid-in capital	38,404	38,423
Accumulated other comprehensive income	3,162	3,163
Treasury stock, at cost; 542,817 and 561,817 shares	(4,981)	(5,159)
Retained earnings	12,920	12,828
Total General Bearing Corporation stockholders' equity	49,547	49,297
NONCONTROLLING INTERESTS	21,287	21,228
Total stockholders' equity	<u>70,834</u>	<u>70,525</u>
Total liabilities and stockholders' equity	<u>\$ 119,120</u>	<u>\$ 130,100</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>July 4, 2009</u>	<u>June 28, 2008</u>	<u>July 4, 2009</u>	<u>June 28, 2008</u>
SALES	\$ 41,317	\$ 69,247	\$ 21,482	\$ 35,117
COST OF SALES	<u>34,449</u>	<u>52,227</u>	<u>18,006</u>	<u>26,268</u>
GROSS PROFIT	6,868	17,020	3,476	8,849
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>8,035</u>	<u>10,370</u>	<u>3,900</u>	<u>5,221</u>
OPERATING INCOME / (LOSS)	(1,167)	6,650	(424)	3,628
OTHER EXPENSES / (INCOME), NET	<u>(1,250)</u>	<u>1,720</u>	<u>160</u>	<u>823</u>
INCOME / (LOSS) BEFORE INCOME TAXES	83	4,930	(584)	2,805
INCOME TAX EXPENSE / (BENEFIT)	<u>(69)</u>	<u>1,726</u>	<u>(158)</u>	<u>940</u>
NET INCOME / (LOSS)	152	3,204	(426)	1,865
Less: Net income / (loss) attributable to the noncontrolling interests	<u>60</u>	<u>471</u>	<u>(246)</u>	<u>356</u>
NET INCOME / (LOSS) ATTRIBUTABLE TO GENERAL BEARING CORPORATION	<u>\$ 92</u>	<u>\$ 2,733</u>	<u>\$ (180)</u>	<u>\$ 1,509</u>
Other Comprehensive Income / (Loss)				
Net income / (Loss)	\$ 152	\$ 3,204	\$ (426)	\$ 1,865
Foreign exchange translation	<u>(1)</u>	<u>2,436</u>	<u>-</u>	<u>868</u>
Total comprehensive income / (loss)	151	5,640	(426)	2,733
Comprehensive income / (loss) attributable to the noncontrolling interests	<u>60</u>	<u>1,641</u>	<u>(246)</u>	<u>773</u>
Comprehensive income / (loss) attributable to General Bearing Corporation	<u>\$ 91</u>	<u>\$ 3,999</u>	<u>\$ (180)</u>	<u>\$ 1,960</u>
Net Income / (loss) per common share				
Basic	\$ 0.03	\$ 0.74	\$ (0.05)	\$ 0.41
Diluted	\$ 0.02	\$ 0.71	\$ (0.05)	\$ 0.40
Weighted average number of common shares				
Basic	3,630,336	3,700,939	3,631,633	3,667,541
Diluted	3,690,943	3,846,066	3,690,178	3,807,708

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

	<u>Twenty six weeks ended</u>	
	<u>July 4, 2009</u>	<u>June 28, 2008</u>
OPERATING ACTIVITIES		
Net income	\$ 92	\$ 2,733
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interests	60	471
Depreciation and amortization	2,235	2,290
Deferred income taxes	(90)	(116)
Equity (earnings) / losses in joint ventures and affiliates	29	(23)
Loss on sale of fixed assets	5	-
Stock based compensation	17	32
Other non cash charges and credits, net	(17)	735
Changes in:		
Accounts receivable	2,489	(2,999)
Inventories	6,101	(1,294)
Due from bank	1,022	(321)
Prepaid expenses and other assets	(146)	(1,526)
Advances to affiliates	(649)	287
Accounts payable and accrued expenses	(6,173)	2,810
Net cash provided by operating activities	<u>4,975</u>	<u>3,079</u>
INVESTING ACTIVITIES		
Investment in affiliates	(1,600)	(105)
Repayment of loan - related party	10	40
Fixed asset purchases	(553)	(2,321)
Proceeds from sale of fixed assets	3	-
Net cash used in investing activities	<u>(2,140)</u>	<u>(2,386)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	(5,555)	1,877
Increase / (decrease) in note payable - related party	(3,660)	2,949
Decrease in note payable - other	(31)	(31)
Increase / (decrease) in revolving credit facility	4,952	(2,200)
Proceeds from partner contributions in a joint venture	-	2,000
Purchase of employee stock options	-	(251)
Proceeds from the exercise of common stock options	-	35
Purchase of treasury stock	(15)	(1,600)
Net cash provided by / (used in) financing activities	<u>(4,309)</u>	<u>2,779</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,474)	3,472
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(547)
CASH AND CASH EQUIVALENTS, Beginning of Period	8,643	9,955
CASH AND CASH EQUIVALENTS, End of Period	\$ 7,169	\$ 12,880