

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	June 28, 2008	December 29, 2007
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,880	\$ 9,955
Due from bank	1,825	1,504
Loan receivable - related party	53	102
Accounts receivable, net of allowance for doubtful accounts of \$923 in 2008 and \$820 in 2007	28,627	25,628
Inventories	38,258	36,963
Prepaid taxes and taxes recoverable	2,464	2,610
Prepaid expenses and other current assets	4,367	2,848
Advances to affiliates	9	9
Deferred tax assets	1,308	1,193
Total current assets	89,791	80,812
PROPERTY, PLANT AND EQUIPMENT	39,244	36,934
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,692	1,493
LOAN RECEIVABLE - RELATED PARTY	1,380	1,380
OTHER ASSETS	1,551	1,453
Total assets	<u>\$ 133,658</u>	<u>\$ 122,072</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 24,258	\$ 22,380
Notes payable - related party	7,289	6,840
Accounts payable	16,070	12,582
Due to affiliates	1,108	819
Accrued expenses and other current liabilities	6,993	7,897
Current portion of long-term debt	62	62
Total current liabilities	55,780	50,580
LONG-TERM DEBT	7,467	7,199
OTHER LIABILITIES	203	166
DEFERRED TAXES	60	60
Total liabilities	<u>63,510</u>	<u>58,005</u>
MINORITY INTERESTS	<u>20,917</u>	<u>17,276</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 2008 and 2007	42	42
Paid-in capital	39,539	39,754
Accumulated other comprehensive income	3,104	1,838
Treasury stock, at cost; 525,117 and 450,828 shares	(4,617)	(3,273)
Retained earnings	11,163	8,430
Total stockholders' equity	<u>49,231</u>	<u>46,791</u>
Total liabilities and stockholders' equity	<u>\$ 133,658</u>	<u>\$ 122,072</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 28, 2008</u>	<u>June 30, 2007</u>	<u>June 28, 2008</u>	<u>June 30, 2007</u>
SALES	\$ 69,247	\$ 64,174	\$ 35,117	\$ 32,515
COST OF SALES	<u>52,227</u>	<u>47,079</u>	<u>26,268</u>	<u>23,983</u>
GROSS PROFIT	17,020	17,095	8,849	8,532
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>10,370</u>	<u>9,531</u>	<u>5,221</u>	<u>4,849</u>
OPERATING INCOME	6,650	7,564	3,628	3,683
OTHER EXPENSES, NET	<u>1,720</u>	<u>1,532</u>	<u>823</u>	<u>756</u>
INCOME BEFORE INCOME TAXES	4,930	6,032	2,805	2,927
INCOME TAXES	<u>1,726</u>	<u>1,432</u>	<u>940</u>	<u>359</u>
INCOME BEFORE MINORITY INTERESTS	3,204	4,600	1,865	2,568
MINORITY INTERESTS	<u>471</u>	<u>1,090</u>	<u>356</u>	<u>783</u>
NET INCOME	<u>\$ 2,733</u>	<u>\$ 3,510</u>	<u>\$ 1,509</u>	<u>\$ 1,785</u>
Other Comprehensive Income				
Foreign exchange translation	1,266	441	451	257
Mark to market-interest rate swap	-	35	-	18
Total comprehensive income	<u>\$ 3,999</u>	<u>\$ 3,986</u>	<u>\$ 1,960</u>	<u>\$ 2,060</u>
Net Income per common share				
Basic	\$ 0.74	\$ 0.94	\$ 0.41	\$ 0.48
Diluted	\$ 0.71	\$ 0.90	\$ 0.40	\$ 0.46
Weighted average number of common shares				
Basic	3,700,939	3,733,707	3,667,541	3,727,804
Diluted	3,846,066	3,890,075	3,807,708	3,894,128

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

	<u>Twenty six weeks ended</u>	
	<u>June 28, 2008</u>	<u>June 30, 2007</u>
OPERATING ACTIVITIES		
Net income	\$ 2,733	\$ 3,510
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	471	1,090
Depreciation and amortization	2,290	1,922
Deferred income taxes	(116)	(135)
Equity earnings in joint ventures and affiliates	(23)	(19)
Loss on sale of fixed assets	-	32
Stock based compensation	32	29
Other non cash charges and credits, net	735	355
Changes in:		
Accounts receivable	(2,999)	(2,627)
Inventories	(1,294)	2,514
Due from bank	(321)	3,169
Prepaid expenses and other assets	(1,526)	(601)
Advances to affiliates	287	1,212
Accounts payable and accrued expenses	2,810	(1,298)
Net cash provided by operating activities	<u>3,079</u>	<u>9,153</u>
INVESTING ACTIVITIES		
Investment in affiliates	(105)	-
Repayment of loan - related party	40	-
Cash received for reduced equity, net	-	80
Fixed asset purchases	(2,321)	(7,543)
Proceeds from sale of fixed assets	-	5,913
Net cash used in investing activities	<u>(2,386)</u>	<u>(1,550)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	1,877	(5,971)
Increase / (decrease) in note payable - related party	2,949	(2,324)
Decrease in note payable - other	(31)	-
Repayment of revolving credit facility	(2,200)	(270)
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	(1,600)	(579)
Net cash provided by / (used in) financing activities	<u>2,779</u>	<u>(9,144)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	3,472	(1,541)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(547)	(144)
CASH AND CASH EQUIVALENTS, Beginning of Period	9,955	8,031
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 12,880</u>	<u>\$ 6,346</u>