

# GENERAL BEARING CORPORATION AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	September 27, 2008 <u>(Unaudited)</u>	December 29, 2007 <u></u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 7,181	\$ 9,955
Due from bank	2,283	1,504
Loan receivable - related party	42	102
Accounts receivable, net of allowance for doubtful accounts of \$975 in 2008 and \$820 in 2007	31,275	25,628
Inventories	39,844	36,963
Prepaid taxes and taxes recoverable	2,105	2,610
Prepaid expenses and other current assets	3,886	2,848
Advances to affiliates	-	9
Deferred tax assets	1,333	1,193
Total current assets	<u>87,949</u>	<u>80,812</u>
PROPERTY, PLANT AND EQUIPMENT	39,538	36,934
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,762	1,493
LOAN RECEIVABLE - RELATED PARTY	1,380	1,380
OTHER ASSETS	1,527	1,453
Total assets	<u>\$ 132,156</u>	<u>\$ 122,072</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Notes payable - banks	\$ 25,487	\$ 22,380
Notes payable - related party	4,380	6,840
Accounts payable	16,194	12,582
Due to affiliate	1,190	819
Accrued expenses and other current liabilities	6,660	7,897
Current portion of long-term debt	52	62
Total current liabilities	<u>53,963</u>	<u>50,580</u>
LONG-TERM DEBT	7,472	7,199
OTHER LIABILITIES	195	166
DEFERRED TAXES	60	60
Total liabilities	<u>61,690</u>	<u>58,005</u>
MINORITY INTERESTS	21,822	17,276
COMMITMENTS AND CONTINGENCIES		
<b>STOCKHOLDERS' EQUITY</b>		
Common shares - par value \$.01 per share; 5,000,000 shares authorized; 4,174,450 issued and outstanding in 2008 and 2007	42	42
Paid-in capital	38,405	39,754
Accumulated other comprehensive income	3,093	1,838
Treasury stock, at cost; 537,417 and 450,828 shares	(4,811)	(3,273)
Retained earnings	11,915	8,430
Total stockholders' equity	<u>48,644</u>	<u>46,791</u>
Total liabilities and stockholders' equity	<u>\$ 132,156</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)

	Thirty nine Weeks Ended		Thirteen Weeks Ended	
	September 27, 2008	September 29, 2007	September 27, 2008	September 29, 2007
<b>SALES</b>	\$ 108,483	\$ 96,144	\$ 39,236	\$ 31,970
COST OF SALES	<u>82,532</u>	<u>70,533</u>	<u>30,304</u>	<u>23,454</u>
GROSS PROFIT	25,951	25,611	8,932	8,516
SELLING, GENERAL & ADMINISTRATIVE EXP.	<u>15,857</u>	<u>14,501</u>	<u>5,488</u>	<u>4,970</u>
OPERATING INCOME	10,094	11,110	3,444	3,546
OTHER EXPENSES, NET	<u>2,659</u>	<u>2,152</u>	<u>938</u>	<u>620</u>
INCOME BEFORE INCOME TAXES	7,435	8,958	2,506	2,926
INCOME TAX EXPENSE / (BENEFIT)	<u>1,429</u>	<u>1,785</u>	<u>(296)</u>	<u>354</u>
INCOME BEFORE MINORITY INTERESTS	6,006	7,173	2,802	2,572
MINORITY INTERESTS	<u>1,062</u>	<u>1,749</u>	<u>591</u>	<u>658</u>
<b>NET INCOME</b>	<u>\$ 4,944</u>	<u>\$ 5,424</u>	<u>\$ 2,211</u>	<u>\$ 1,914</u>
<b>Other Comprehensive Income / (loss)</b>				
Foreign exchange translation	1,255	602	(11)	161
Mark to market-interest rate swap	-	49	-	14
<b>Total comprehensive income</b>	<u>\$ 6,199</u>	<u>\$ 6,075</u>	<u>\$ 2,200</u>	<u>\$ 2,089</u>
Net Income per common share				
Basic	\$ 1.34	\$ 1.45	\$ 0.61	\$ 0.51
Diluted	\$ 1.31	\$ 1.39	\$ 0.59	\$ 0.49
Weighted average number of common shares				
Basic	3,681,275	3,733,845	3,641,948	3,734,120
Diluted	3,786,459	3,891,820	3,735,078	3,895,184

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

	<b>Thirty nine weeks ended</b>	
	<b>September 27, 2008</b>	<b>September 29, 2007</b>
<b>OPERATING ACTIVITIES</b>		
Net income	\$ 4,944	\$ 5,424
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	1,062	1,749
Depreciation and amortization	3,445	3,005
Deferred income taxes	(141)	(225)
Equity earnings in joint ventures and affiliates	(90)	(69)
Loss / (Gain) on sale of fixed assets	(36)	116
Stock based compensation	50	44
Other non cash charges and credits, net	49	413
Changes in:		
Accounts receivable	(5,646)	(2,963)
Inventories	(2,881)	1,718
Due from bank	(779)	2,830
Prepaid expenses and other assets	(692)	308
Advances to affiliates	378	1,011
Accounts payable and accrued expenses	2,601	(1,696)
Net cash provided by operating activities	<u>2,264</u>	<u>11,665</u>
<b>INVESTING ACTIVITIES</b>		
Investment in affiliates	(105)	-
Repayment of loan - related party	50	-
Cash received for reduced equity, net	-	80
Fixed asset purchases	(3,706)	(10,630)
Proceeds from sale of fixed assets	55	5,924
Net cash used in investing activities	<u>(3,706)</u>	<u>(4,626)</u>
<b>FINANCING ACTIVITIES</b>		
Increase / (decrease) in note payable - banks	3,106	(5,580)
Increase in note payable - related party	51	1,695
Decrease in note payable - other	(47)	-
Repayment of revolving credit facility	(2,200)	(2,805)
Proceeds from partner contributions in a joint venture	2,750	2,455
Dividends paid to minority interests	-	(1,834)
Dividends paid to stockholders	(1,460)	-
Purchase of employee stock options	(1,403)	-
Proceeds from the exercise of common stock options	35	-
Purchase of treasury stock	(1,793)	(582)
Net cash used in financing activities	<u>(961)</u>	<u>(6,651)</u>
<b>NET INCREASE (DECREASE) IN CASH / CASH EQUIVALENTS</b>	<b>(2,403)</b>	<b>388</b>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH</b>	<b>(371)</b>	<b>(289)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Period</b>	<b>9,955</b>	<b>8,031</b>
<b>CASH AND CASH EQUIVALENTS, End of Period</b>	<b><u>\$ 7,181</u></b>	<b><u>\$ 8,130</u></b>