

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	October 3, 2009	January 3, 2009
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,080	\$ 8,643
Due from bank	-	4,338
Loan receivable - related party	44	70
Accounts receivable, net of allowance for doubtful accounts of \$1,010 in 2009 and \$999 in 2008	25,543	23,125
Inventories	31,849	44,126
Prepaid taxes and taxes recoverable	850	1,340
Prepaid expenses and other current assets	4,217	2,808
Deferred tax assets	1,653	1,399
Total current assets	73,236	85,849
PROPERTY, PLANT AND EQUIPMENT	38,765	40,526
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	3,384	1,837
LOAN RECEIVABLE - RELATED PARTY	1,330	1,320
DEFERRED TAX ASSETS	354	354
OTHER ASSETS	150	214
Total assets	<u>\$ 117,219</u>	<u>\$ 130,100</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 22,648	\$ 28,636
Notes payable - related party	-	5,125
Accounts payable	10,703	14,263
Due to affiliates	778	1,321
Accrued expenses and other current liabilities	3,973	6,203
Current portion of long-term debt	-	36
Total current liabilities	38,102	55,584
LONG-TERM DEBT	8,053	3,660
OTHER LIABILITIES	163	187
DEFERRED TAXES	144	144
Total liabilities	<u>46,462</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	38,408	38,423
Accumulated other comprehensive income	3,163	3,163
Treasury stock, at cost; 542,817 and 561,817 shares	(4,981)	(5,159)
Retained earnings	12,961	12,828
Total General Bearing Corporation stockholders' equity	49,593	49,297
NONCONTROLLING INTERESTS	21,164	21,228
Total stockholders' equity	<u>70,757</u>	<u>70,525</u>
Total liabilities and stockholders' equity	<u>\$ 117,219</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>Thirty nine Weeks Ended</u>		<u>Thirteen Weeks Ended</u>	
	<u>Oct. 3, 2009</u>	<u>Sept. 27, 2008</u>	<u>Oct. 3, 2009</u>	<u>Sept. 27, 2008</u>
SALES	\$ 70,771	\$ 108,483	\$ 29,453	\$ 39,236
COST OF SALES	<u>59,302</u>	<u>82,532</u>	<u>24,853</u>	<u>30,304</u>
GROSS PROFIT	11,469	25,951	4,600	8,932
SELLING, GENERAL AND ADMINISTRATIVE EXP.	<u>12,284</u>	<u>15,857</u>	<u>4,249</u>	<u>5,488</u>
OPERATING INCOME / (LOSS)	(815)	10,094	351	3,444
OTHER EXPENSES / (INCOME), NET	<u>(693)</u>	<u>2,659</u>	<u>556</u>	<u>938</u>
INCOME / (LOSS) BEFORE INCOME TAXES	(122)	7,435	(205)	2,506
INCOME TAX EXPENSE / (BENEFIT)	<u>(183)</u>	<u>1,429</u>	<u>(114)</u>	<u>(296)</u>
NET INCOME / (LOSS)	61	6,006	(91)	2,802
Less: Net income / (loss) attributable to the noncontrolling interests	<u>(72)</u>	<u>1,062</u>	<u>(132)</u>	<u>591</u>
NET INCOME ATTRIBUTABLE TO GENERAL BEARING CORPORATION	<u>\$ 133</u>	<u>\$ 4,944</u>	<u>\$ 41</u>	<u>\$ 2,211</u>
Other Comprehensive Income / (Loss)				
Net income / (Loss)	\$ 61	\$ 6,006	\$ (91)	\$ 2,802
Foreign exchange translation	-	2,407	1	(29)
Total comprehensive income / (loss)	61	8,413	(90)	2,773
Comprehensive income / (loss) attributable to the noncontrolling interests	<u>(72)</u>	<u>2,214</u>	<u>(132)</u>	<u>573</u>
Comprehensive income attributable to General Bearing Corporation	<u>\$ 133</u>	<u>\$ 6,199</u>	<u>\$ 42</u>	<u>\$ 2,200</u>
Net Income per common share				
Basic	\$ 0.04	\$ 1.34	\$ 0.01	\$ 0.61
Diluted	\$ 0.04	\$ 1.31	\$ 0.01	\$ 0.59
Weighted average number of common shares				
Basic	3,630,769	3,681,275	3,631,633	3,641,948
Diluted	3,692,918	3,786,459	3,696,448	3,735,078

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

	<u>Thirty nine weeks ended</u>	
	<u>October 3, 2009</u>	<u>Sept. 27, 2008</u>
OPERATING ACTIVITIES		
Net income	\$ 133	\$ 4,944
Adjustments to reconcile net income to net cash provided by operating activities:		
Noncontrolling interests	(72)	1,062
Depreciation and amortization	3,445	3,445
Deferred income taxes	(254)	(141)
Equity (earnings) / losses in joint ventures and affiliates	53	(90)
Loss / (Gain) on sale of fixed assets	101	(36)
Stock based compensation	20	50
Other non cash charges and credits, net	(13)	49
Changes in:		
Accounts receivable	(2,419)	(5,646)
Inventories	12,278	(2,881)
Due from bank	4,338	(779)
Prepaid expenses and other assets	(935)	(692)
Advances to affiliates	(545)	378
Accounts payable and accrued expenses	(5,633)	2,601
Net cash provided by operating activities	<u>10,497</u>	<u>2,264</u>
INVESTING ACTIVITIES		
Investment in affiliates	(1,600)	(105)
Repayment of loan - related party	20	50
Fixed asset purchases	(1,712)	(3,706)
Proceeds from sale of fixed assets	3	55
Net cash used in investing activities	<u>(3,289)</u>	<u>(3,706)</u>
FINANCING ACTIVITIES		
Increase / (decrease) in note payable - banks	(10,091)	3,106
Increase / (decrease) in note payable - related party	(732)	51
Decrease in note payable - other	(36)	(47)
Increase / (decrease) in revolving credit facility	4,103	(2,200)
Proceeds from partner contributions in a joint venture	-	2,750
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	(15)	(1,793)
Net cash used in financing activities	<u>(6,771)</u>	<u>(961)</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	437	(2,403)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	-	(371)
CASH AND CASH EQUIVALENTS, Beginning of Period	8,643	9,955
CASH AND CASH EQUIVALENTS, End of Period	\$ 9,080	\$ 7,181