

GENERAL BEARING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands, except for shares)

	March 29, 2008	December 29, 2007
	(Unaudited)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,454	\$ 9,955
Due from bank	1,941	1,504
Loan receivable - related party	60	102
Accounts receivable, net of allowance for doubtful accounts of \$837 in 2008 and \$820 in 2007	27,407	25,628
Inventories	35,255	36,963
Prepaid taxes and taxes recoverable	2,090	2,610
Prepaid expenses and other current assets	3,176	2,848
Advances to affiliates	9	9
Deferred tax assets	1,282	1,193
Total current assets	<u>80,674</u>	<u>80,812</u>
PROPERTY, PLANT AND EQUIPMENT	39,164	36,934
INVESTMENT IN, ADVANCES TO AND ACCOUNTS RECEIVABLE FROM JOINT VENTURES AND AFFILIATES	1,637	1,493
LOAN RECEIVABLE - RELATED PARTY	1,400	1,380
OTHER ASSETS	1,540	1,453
Total assets	<u>\$ 124,415</u>	<u>\$ 122,072</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Notes payable - banks	\$ 21,441	\$ 22,380
Notes payable - related party	5,698	6,840
Accounts payable	13,479	12,582
Due to affiliates	646	819
Accrued expenses and other current liabilities	7,045	7,897
Current portion of long term debt	62	62
Total current liabilities	<u>48,371</u>	<u>50,580</u>
LONG-TERM DEBT	9,066	7,199
OTHER LIABILITIES	158	166
DEFERRED TAXES	60	60
Total liabilities	<u>57,655</u>	<u>58,005</u>
MINORITY INTERESTS	18,145	17,276
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	39,591	39,754
Accumulated other comprehensive income	2,653	1,838
Treasury stock, at cost; 442,478 and 450,828 shares	(3,325)	(3,273)
Retained earnings	9,654	8,430
Total stockholders' equity	<u>48,615</u>	<u>46,791</u>
Total liabilities and stockholders' equity	<u>\$ 124,415</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)

	Thirteen Weeks Ended	
	March 29, 2008	March 31, 2007
SALES	\$ 34,130	\$ 31,659
COST OF SALES	<u>25,960</u>	<u>23,097</u>
GROSS PROFIT	8,170	8,562
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	<u>5,148</u>	<u>4,682</u>
OPERATING INCOME	3,022	3,880
OTHER EXPENSES, NET	<u>897</u>	<u>776</u>
INCOME BEFORE INCOME TAXES	2,125	3,104
INCOME TAXES	<u>785</u>	<u>1,072</u>
INCOME BEFORE MINORITY INTERESTS	1,340	2,032
MINORITY INTERESTS	<u>116</u>	<u>307</u>
NET INCOME	<u>\$ 1,224</u>	<u>\$ 1,725</u>
Other Comprehensive Income		
Foreign exchange translation	815	184
Mark to market-interest rate swap	-	17
Total comprehensive income	<u>\$ 2,039</u>	<u>\$ 1,926</u>
Net Income per common share		
Basic	\$ 0.33	\$ 0.46
Diluted	\$ 0.31	\$ 0.44
Weighted average number of common shares		
Basic	3,734,337	3,739,610
Diluted	3,890,478	3,883,646

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

	<u>Thirteen Weeks Ended</u>	
	<u>March 29, 2008</u>	<u>March 31, 2007</u>
OPERATING ACTIVITIES		
Net income	\$ 1,224	\$ 1,725
Adjustments to reconcile net income to net cash provided by operating activities:		
Minority interests	116	307
Depreciation and amortization	1,170	904
Equity losses in joint ventures and affiliates	6	8
Deferred income taxes	(89)	(9)
Loss on sale of fixed assets	-	17
Stock based compensation	15	15
Other non cash charges and credits, net	338	110
Changes in:		
Accounts receivable	(1,779)	(1,667)
Inventories	1,708	2,616
Due from bank	(436)	2,907
Prepaid expenses and other assets	75	743
Advances to affiliates	(175)	1,010
Accounts payable and accrued expenses	271	(3,051)
Net cash provided by operating activities	<u>2,444</u>	<u>5,635</u>
INVESTING ACTIVITIES		
Fixed asset purchases	(1,955)	(3,265)
Investment in affiliates	(105)	-
Repayment of loan - related party	20	-
Proceeds from sale of fixed assets	-	2,633
Net cash used in investing activities	<u>(2,040)</u>	<u>(632)</u>
FINANCING ACTIVITIES		
Decrease in note payable - banks	(940)	(8,396)
Increase in notes payable - related party	1,193	1,481
Decrease in revolving credit facility	(450)	(801)
Increase (decrease) in note payable - other	(16)	2,587
Repurchase of employee stock options	(251)	-
Purchase of treasury stock	(205)	(329)
Net cash used in financing activities	<u>(669)</u>	<u>(5,458)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(265)	(455)
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(236)	(76)
CASH AND CASH EQUIVALENTS, Beginning of Period	9,955	8,031
CASH AND CASH EQUIVALENTS, End of Period	<u>\$ 9,454</u>	<u>\$ 7,500</u>