FAB INDUSTRIES INC
Form 10-Q
April 13, 2004

FORM 10-Q QUARTERLY REPORT

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended FEBRUARY 28, 2004

OR

[_] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ TO ____________

Commission file number 1-5901

FAB INDUSTRIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	13-2581181
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
200 MADISON AVENUE, NEW YORK, N.Y.	10016
(Address of principal executive office)	(Zip Code)

(212) 592-2700
(Registrant's telephone number, including area code)

N/A
(Former name, former address and former fiscal year; if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No [_]

Indicate by a check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [_] No [X]

As of April 13, 2004, 5,215,031 shares of the registrant's common stock, $0.20 par value, were outstanding.

FAB INDUSTRIES INC. AND SUBSIDIARIES

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(1)

FAB INDUSTRIES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	FOR THE 13 WKS ENDED	
	February 28, 2004	March 1, 2003
	(unaudited)	(unaudited)
Net sales	$ 10,141,000	$ 11,587,000
Cost of goods sold	9,712,000	10,846,000
Gross profit (loss)	429,000	741,000
Operating expenses:		
Selling, general and administrative expenses	1,676,000	1,628,000

Gain on sale of fixed assets	(685,000)	(174,000)
Other expense (Note 12)	250,000	--
Total operating expenses	1,241,000	1,454,000
Operating loss	(812,000)	(713,000)
Other income (expense):		
Interest and dividend income	222,000	347,000
Net gain (loss) on investment securities	168,000	(29,000)
Total other income	390,000	318,000
Loss before taxes	(422,000)	(395,000)
Income tax benefit	(130,000)	(125,000)
Net loss	$ (292,000)	$ (270,000)
Income (loss) per share: (Note 5)		
Basic	($0.06)	($0.05)
Diluted	($0.06)	($0.05)
Cash dividends declared per share	$3.00	$0.00

See notes to condensed consolidated financial statements.

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FAB INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

A S S E T S

	AS OF	
	February 28, 2004	November 29, 2003
	(unaudited)	
Current Assets:		
Cash and cash equivalents (Note 2)	$ 4,011,000	$ 3,397,000
Investment securities available-for-sale (Note 3)	31,411,000	29,004,000
Accounts receivable-net of allowance of $600,000 and $900,000 for doubtful accounts	5,306,000	7,171,000
Inventories (Note 4)	5,481,000	5,531,000
Deferred tax asset	473,000	506,000
Other current assets	637,000	701,000
Total current assets	47,319,000	46,310,000

Property, plant and equipment - at cost	32,456,000	33,787,000
Less: Accumulated depreciation	24,036,000	24,303,000
	8,420,000	9,484,000
Other assets	2,349,000	2,281,000
	$58,088,000	$58,075,000

See notes to condensed consolidated financial statements.

(3)

FAB INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

L I A B I L I T I E S and
S T O C K H O L D E R S' E Q U I T Y

	AS OF	
	February 28, 2004	November 29, 2003
	(unaudited)	
Current liabilities:		
Accounts payable	$ 2,372,000	$ 1,913,000
Corporate income and other taxes	709,000	861,000
Accrued payroll and related expenses	446,000	763,000
Dividends payable	15,645,000	--
Other current liabilities	1,312,000	1,106,000
Total current liabilities	20,484,000	4,643,000
Deferred income taxes	--	52,000
Other noncurrent liabilities	4,563,000	4,451,000
Total liabilities	25,047,000	9,146,000
Stockholders' equity	33,041,000	48,929,000
	$58,088,000	$58,075,000

See notes to condensed consolidated financial statements.

FAB INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE 13 WEEKS ENDED FEBRUARY 28, 2004 (unaudited)

		COMMON STOCK*				TREASURY S
	TOTAL	NUMBER OF SHARES	AMOUNT	RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)	NUMBER SHARES
Balance at November 29, 2003	$48,929,000	6,724,944	$1,345,000	$85,225,000	$ (186,000)	(1,509,
Net loss	(292,000)			(292,000)		
Change in net unrealized holding gain on investment securities available-for-sale, net of taxes	49,000				49,000	
Total comprehensive loss	(243,000)					
Cash dividends	(15,645,000)			(15,645,000)		
Balance at February 28, 2004 (Unaudited)	$33,041,000	6,724,944	$1,345,000	$69,288,000	$ (137,000)	(1,509,

* Common stock $0.20 par value - 15,000,000 shares authorized.
Preferred stock $1.00 par value - 2,000,000 shares authorized, none issued.

See notes to condensed consolidated financial statements.

FAB INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	FOR THE 13 WKS ENDED	
	February 28, 2004	March 1, 2003

	(unaudited)	(unaudited)
OPERATING ACTIVITIES:		
Net loss	($ 292,000)	($ 270,000)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	100,000	100,000
Depreciation and amortization	407,000	480,000
Deferred income taxes	(52,000)	(60,000)
Net (gain) loss on investment securities	(168,000)	29,000
Gain on disposition of fixed assets	(685,000)	(173,000)
Decrease (increase) in:		
Accounts receivable	1,765,000	1,281,000
Inventories	50,000	(275,000)
Other current assets	64,000	158,000
Other assets	(68,000)	204,000
(Decrease) increase in:		
Accounts payable text-align:justify;'>		

The Employment Agreement includes a severance arrangement which provides Mr. Raines with his base salary and average bonus through the remaining term of the Employment Agreement, with a minimum of his base salary and average bonus for one year, if his employment is terminated by the Company without Cause or by him for Good Reason.

The above summary is qualified in its entirety by reference to the Employment Agreement, a copy of which is included as Exhibit 10.1 of this Form 8-K.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

As set forth above, Paul Raines, 44, was appointed as Chief Operating Officer of the Company, effective September 7, 2008. The information provided above in response to Item 1.01 is hereby incorporated by reference into this Item 5.02.

Prior to joining the Company, Mr. Raines spent eight years with The Home Depot, Inc. in various management positions in retail operations, including most recently as the Executive Vice President for U.S. Stores since 2007 and as President of the Southern Division from 2005 to 2007. Prior to joining The Home Depot, Inc., he was Director of Sourcing, Latin America for

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L.L. Bean from 1997 to 2000 and a Principal, Consumer Products Group with Kurt Salmon Associates from 1987 to 1997.

In connection with the appointment of Mr. Raines as Chief Operating Officer, the Company also announced that Daniel A. DeMatteo, 60, the Vice Chairman and Chief Operating Officer of the Company, will become Chief Executive Officer of the Company, and that R. Richard

Fontaine, 66, the Company s Chairman and Chief Executive Officer, will concentrate his focus on international operations, acquisition opportunities and strategic development as Executive Chairman of the Company. The Press Release issued by the Company on August 29, 2008 announcing these changes and the appointment of Mr. Raines is attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

10.1 Executive Employment Agreement, dated as of August 28, 2008, between GameStop Corp. and Paul Raines.

99.1 Press Release dated August 29, 2008.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

GAMESTOP CORP.

Date: September 4, 2008

By: David W. Carlson
/s/ David W. Carlson
Executive Vice President and
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
10.1	Executive Employment Agreement, dated as of August 28, 2008, between GameStop Corp. and Paul Raines.
99.1	Press Release dated August 29, 2008.

nt buyout. The company served an answer to the complainant on December 11, 2003. On each of November 21 and November 26, 2003 class action lawsuits were initiated against the Company asserting the same allegations as those described above. The Company believes that each of the claims described above is without merit. Further, certain of the claims described above have been rendered moot by the withdrawal of preliminary offer by management-led buyout to acquire the Company. (11) NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 7. Litigation continued: A number of claims and lawsuits seeking unspecified damages and other relief are pending against the Company. It is impossible at this time for the Company to predict with any certainty the outcome of such litigation. However, management is of the opinion based upon information presently available, that it is unlikely that any liability, to the extent not provided for through insurance or otherwise, would be material in relation to the Company's consolidated financial position and results of operations. Other The Company has a letter of credit with its insurance provider for $400,000. 8. Effect of recently Issued Accounting Standards In July 2002, the FASB issued SFAS 146 "Accounting for Restructuring Costs". SFAS 146 applies to costs associated with an exit activity (including restructuring) or with a disposal of long-lived assets. Those activities can include eliminating or reducing product lines, terminating employees and contracts, and relocating plant facilities or personnel. Under SFAS 146, a company will record a liability for a cost associated with an exit or disposal activity when that liability is incurred and can be measured at fair value. SFAS 146 requires a company to disclose information about its exit and disposal activities, the related costs and changes in those costs in the notes to the interim and annual financial statements that include the period in which an exit activity is initiated and in any subsequent period until the activity is completed. SFAS 146 is effective prospectively for exit or disposal activities initiated after December 31, 2002, with an earlier adoption encouraged. Under SFAS 146, a company may not restate its previously issued financial statements and the new statement grandfathers the accounting for liabilities that a company had previously recorded under Emerging Issues Task Force Issue 94-3. The adoption of this statement did not have a material impact on the Company's financial position or results of operations. (12) NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS In January 2003, the FASB issued FASB Interpretation No. 46, Consolidation of Variable Interest Entities. The objective of this interpretation is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, noncontrolling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A Company that holds variable interests in an entity will need to consolidate the entity if the company's interest in the VIE is such that the company will absorb a majority of the VIE's expected losses and/or receive a majority of the entity's expected returns if they occur. Interpretation No.46 also requires additional disclosures by primary beneficiaries and other significant variable interest holders. The Interpretation became effective upon issuance. The Company's adoption of this interpretation did not have an effect on its consolidated financial statements. In May 2003, the FASB issued SFAS No. 150, "Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity". This statement affects the classification, measurement and disclosure requirements of the following three types of freestanding financial instruments: 1) mandatorily redeemable shares, which the issuing company is obligated to buy back with cash or other assets; 2) instruments that do or may require the issuer to buy back some of its shares in exchange for cash or other assets, which includes put options and forward purchase contracts; and 3) obligations that can be settled with shares, the monetary value of which is fixed, tied solely or predominately to a variable such as a market index, or varies inversely with the value of the issuers' shares. In general, SFAS No. 150 is effective for all financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after Fiscal 2004. The Company's adoption of SFAS No. 150 did not have an effect on the Company's consolidated financial statements. 9. Derivative Financial Instruments Held or Issued The Company is party to equity option contracts as part of its investing activities. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument at a predetermined exercise price. In return for this right, the purchaser pays a premium to the seller of the option. By selling or writing options, the Company receives a premium and becomes obligated during the term of the option to purchase or sell a financial instrument at a predetermined exercise price if the option is exercised, and assumes the risk of not being able to enter into a closing transaction if a liquid secondary market does not exist. As of February 28, 2004, the Company had no equity option contracts. During the three months ended February 28, 2004, the Company was party to equity option contracts from time to time. (13) NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 10. Segment Information: The Company adopted SFAS No. 131 "Disclosure About Segments of an Enterprise and Related Information" in fiscal 1999. SFAS No. 131 requires companies to report information on segments using the way management organizes segments within the company for making operating decisions and assessing financial performance. The Company's chief operating decision-maker is considered to be the Chief Executive Officer (CEO). The Company's CEO evaluates both consolidated and disaggregated financial information in deciding how to allocate resources and assess performance. The Company has identified three reportable segments based upon the primary markets it serves: Apparel Fabrics, Home Fashions, Industrial Fabrics and Accessories and Other. Apparel Fabrics: The Company is a major manufacturer of warp and circular knit fabrics and raschel laces. The Company's textile fabrics are sold to a wide variety of manufacturers of ready-to-wear and intimate apparel for men, women, and children, including dresses and sportswear, children's sleepwear, activewear, swimwear, and recreational apparel. Home Fashions and Accessories: While sales primarily to manufacturers of home furnishings, we also use our own textile fabrics internally to produce flannel and satin sheets, blanket products, comforters, and other bedding products which we sell to specialty stores, catalogue and mail order companies, and airlines. Other: The Company produces a line of ultrasonically, hot melt adhesive, flame and adhesive bonded products for apparel, environmental, health care, industrial and consumer markets. The Company's textile fabrics are sold to manufacturers servicing the residential and contract markets. The Company also sells fabrics in the over the counter markets. The Company neither allocates to the segments nor bases segment decisions on the following: - Interest and dividend income - Interest and other expense - Net gain on investment securities - Income tax expense or benefit Many of the Company's assets are used by multiple segments. While certain assets such as Inventory and Property, Plant and Equipment are identifiable by segment, an allocation of the substantial remaining assets is not meaningful. (14) NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS The 13 weeks ended February 28, 2004 and March 1, 2003, includes gain on the sale of fixed assets of $685,000 and $174,000, respectively. Of this, $441,000 in the 13 weeks ended February 28, 2004 belongs to the Other Segment and the balance applied to the Apparel Segment. In addition, Apparel Segment includes $250,000 reserve for environmental costs. (in thousands) HOME FIRST QUARTER ENDED FASHIONS AND 02/28/04 (UNAUDITED) APPAREL ACCESSORIES OTHER TOTAL -------------------------- ---------- ----- ----- External sales $ 6,990 $ 1,233 $ 1,918 $ 10,141 Intersegment sales 1,049 15 42 1,106 Operating income (loss) (1,383) (77) 648 (812) Segment assets 11,080 1,141 1,651 13,872 HOME FIRST QUARTER ENDED FASHIONS AND 03/01/03 (UNAUDITED) APPAREL ACCESSORIES OTHER TOTAL -------------------------- ---------- ----- ----- External sales $ 9,122 $ 805 $ 1,660 $ 11,587 Intersegment sales 846 19 72 937 Operating income (loss) (764) (38) 89 (713) Segment assets 16,520 1,020 2,542 20,082 PROFIT OR LOSS (UNAUDITED) 2004 2003 ------------------------- ---- ---- Total operating loss for segments $ (812) $ (713) Total other income 390 318 ------ ------ Loss before income tax benefit $ (422) $ (395) ====== ====== 11. Commitments: During fiscal year ended November 29, 2003, the Company and Mr. Bitensky amended the employment agreement between the Company and Mr. Bitensky dated as of March 1, 1993 to provide that at such time as the Company is sold or liquidated pursuant to the Plan, in lieu of the annual consulting fees due under such an agreement over the five year consulting period provided therein, Mr. Bitensky will receive a lump sum payment equal to the aggregate net present value of each payment due under such agreement, such present value to be determined utilizing the prevailing prime rate at the time of the payment, as determined by the Board. Such amendment to the employment agreement also provides that Mr. Bitensky relinquishes his right under the terms of the original agreement to require the Company to purchase upon his death approximately $10,000,000 of shares of Common Stock from his estate. In consideration of Mr. Bitensky's relinquishing such right, the Company agreed to transfer to Mr. Bitensky ownership of the three life insurance policies on Mr. Bitensky's life owned by the Company. The Company transferred these policies during the fiscal year ended November 29, 2003. 12. Other Expense: During the quarter ended February 28, 2004, the Company recorded an accrual of $250,000 for environmental costs. (15) ITEM 2. MANAGEMENT'S' DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS RESULTS OF OPERATIONS First Quarter FISCAL 2004 COMPARED TO FISCAL 2003 Net sales for the first quarter 2004 were $10,141,000 as compared to $11,587,000 in the similar 2003 period, a decrease of $1,446,000 or 12.5%. Such decreases were caused substantially by lower volume as business conditions within the domestic textile industry remain depressed. The continued influx of low-cost foreign imports has also taken a sustained toll in the U.S. manufacturing sector. These factors have negatively impacted sales and production. Gross margins as a percentage of sales declined from 6.4% to

4.2%. Lower sales volume reduced operating schedules at production facilities. Selling, general and administrative expenses in the current quarter increase slightly by $48,000 or 2.9%. The increase in expenses is due primarily to an increase in Professional fees offset by a decrease in the number of employees and related expenses. Other expense includes an accrual for $250,000 for environmental costs which was recorded in the quarter ended February 28, 2004. The Company had a gain on the sale of fixed assets in the current quarter of $685,000 as compared to $174,000 last year first quarter. Interest and dividend income for the current quarter decreased by $125,000 or 36.0% as compared to the first quarter of 2003. On August 22, 2003, the Company distributed a second liquidating distribution of $4.00 per share, or $20,860,000. Accordingly, the Company had lower average invested balances which were invested primarily in United States Treasury obligations resulting in lower risks and lower yields. In the first quarter of 2004, the Company had realized gains of $168,000 compared to realized losses of $29,000 in the comparable first quarter 2003. The Company had realized a tax benefits, which had effective tax rates of 30.8% and 31.6% for the first quarters of 2004 and 2003, respectively. As a result of these factors, the Company had a net loss of $292,000 or $0.06 basic and diluted loss per share for the 13 weeks ended February 28, 2004 compared to a net loss of $270,000 or $0.05 basic and diluted loss per share for the 13 weeks ended March 1, 2003. (16) Liquidity and Capital Resources Net cash provided by operations amounted to $1,429,000 in the first quarter 2004 compared to $680,000 used in operations for the comparative 2003 period. Of the increase, changes were as follows: $484,000 increase in accounts receivable, $325,000 in inventories and $2,462,000 in accounts payable and other current liabilities. These increases were offset by an increase of $22,000 in net loss, $512,000 in gain on disposition of fixed assets, $197,000 in net gain on investment securities, $366,000 to current and other assets and $73,000 to depreciation. In the first quarter 2004, net acquisitions of investment securities were $2,157,000 as compared to net acquisitions of $255,000 in the comparative 2003 period. Stockholders equity was $33,041,000 ($6.34 book value per share) at February 28, 2004 compared to $48,929,000 ($9.38 book value per share) at the previous year-end November 29, 2003 and $64,550,000 ($12.32 book value per share) at March 1, 2003. The reduction in stockholders' equity from the first quarter 2003 was primarily due to the second liquidating distribution of $4.00 per share, or $20,860,000 on August 22, 2003 and the third liquidating distribution of $3.00 per share or $15,645,000 declared on February 18, 2004 and paid on March 10, 2004 with a record date of February 28, 2004. Management believes that the Company's current financial position is adequate to satisfying working capital requirements and to internally fund any future expenditures to maintain its manufacturing facilities for the next twelve months. Commitments: During fiscal year ended November 29, 2003, the Company and Mr. Bitensky amended the Employment Agreement between the Company and Mr. Bitensky dated as of March 1, 1993 to provide that at such time as the Company is sold or liquidated pursuant to the Plan, in lieu of the annual consulting fees due under such an agreement over the five year consulting period provided therein, Mr. Bitensky will receive a lump sum payment equal to the aggregate net present value of each payment due under such agreement, such present value to be determined utilizing the prevailing prime rate at the time of the payment, as determined by the Board. Such amendment to the Employment Agreement also provides that Mr. Bitensky relinquishes his right under the terms of the original agreement to require the Company to purchase upon his death approximately $10,000,000 of shares of Common Stock from his estate. In consideration of Mr. Bitensky's relinquishing such right, the Company agreed to transfer to Mr. Bitensky ownership of the three life insurance policies on Mr. Bitensky's life owned by the Company. The Company transferred these policies during fiscal year ended November 29, 2003. (17) CRITICAL ACCOUNTING POLICIES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. The critical accounting policies that affect the Company's more complex judgments and estimates are described in the Company's Annual Report on Form 10-K for the fiscal year ended November 29, 2003. FORWARD-LOOKING INFORMATION Certain statements in this report are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All forward-looking statements involve risks and uncertainties. In particular, any statement contained herein, in press releases, written statements or other documents filed with the Securities and Exchange Commission, or in our communications and discussions with investors and analysts in the normal course of business including, but not limited to, meetings, phone calls and conference calls, regarding the sale of our assets pursuant to a plan of liquidation and dissolution, as well as expectations with respect to future sales and operating efficiencies prior to a sale of the company, are subject to known and unknown risks, uncertainties and contingencies, many of which are beyond our control and which may cause actual results, performance or achievements to differ materially from anticipated results, performances or achievements. Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies, and expectations, are generally identifiable by the use of words "may", "will", "should", "expect", "anticipate", "estimate" "believe" "intend" or "project" or the negative of them or other variations of them or comparable terminology. Factors that could have a material adverse effect on our operations and future prospects include, but are not limited to: our ability to find qualified buyers for our assets; overall economic and business conditions; our continuing ability to support the demand for our goods and services; competitive factors in the industries in which we compete; changes in government regulation; changes in tax requirements (including tax rate changes, new tax laws and revised tax law interpretations); interest rate fluctuations and other capital market conditions, including foreign currency rate fluctuations; material contingencies provided for in a sale of our assets; de-listing of our common stock from the American Stock Exchange; our ability to retain key employees through any wind down period; and any litigation arising as a result of our plan to wind down our operations. These risks and uncertainties should be considered in evaluating any forward-looking statements contained in this quarterly report on Form 10-Q. We undertake no obligation to update or revise a forward-looking statement, whether as a result of new information, future events, or otherwise, other than required by law. ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK See "Derivative Instruments and Hedging Activities" in Note 1 and Note 3 of the Notes to the Consolidated Financial Statements. See also "Derivative Financial Instruments Held or Issued" in Note 9 of the Notes to the Condensed Consolidated Financial Statements. (18) Item 4. Controls and Procedures (a) EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES: Our Chief Executive Officer and Chief Financial Officer, having concluded, based on their evaluation, as of the end of the period covered by this report, that our disclosure controls and procedures (as defined in the Securities and Exchange Act of 1934 Rules 13a-15(e) and 15-15(e)) are (1) effective to ensure that material information required to be disclosed by us in reports filed or submitted by us under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (2) designed to ensure the material information required to be disclosed by us in such reports is accumulated, organized and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriated, to allow timely decisions regarding required disclosure. (b) INTERNAL CONTROL OVER FINANCIAL REPORTING. There were no changes in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15(d)-15(f) under the Securities Exchange Act of 1934, as amended) that occurred during the Company's most recent quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting. It should be noted that any system of controls, however well designed and operated, can provide only reasonable, and not absolute assurance that the objectives of the system will be met. In addition, the design of any control system is based in part upon certain assumptions about the likelihood of future events. Because of these and other inherent limitations of control systems, there is only reasonable assurance that our controls will succeed in achieving their stated goals under all potential future conditions. PART II. OTHER INFORMATION Item 6. Exhibits and Reports on Form 8-K a) Exhibits: 31.1 Certification by Samson Bitensky pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification by David A. Miller pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification by Samson Bitensky pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification by David A. Miller pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. b) Reports on Form 8-K: The Company filed on February 18, 2004 a report on Form 8-K announcing the payment of a Liquidating Distribution in connection with its Plan of Liquidation. The Company furnished on February 27, 2004, a report on Form 8-K announcing, under Item 9 of such form, its earnings for the 52 weeks ended November 29, 2003. (19) SIGNATURES -- Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized. Dated: April 13, 2004 FAB INDUSTRIES, INC. By: /s/ Samson Bitensky -------------------------------------- Samson Bitensky Chairman of the Board and Chief Executive Officer By: /s/ David A. Miller -------------------------------------- David A. Miller Vice President-Finance Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer) (20)