FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2005-05-02** | Period of Report: **2005-03-26**
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FILER

R & B INC

CIK:**868780**| IRS No.: **232078856** | State of Incorp.:**PA** | Fiscal Year End: **1226**
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SIC: **3714** Motor vehicle parts & accessories

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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 March 26, 2005

OR

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

Commission file number 0-18914

R&B, INC.
Incorporated pursuant to the Laws
of the Commonwealth of Pennsylvania

IRS - Employer Identification No. 23-2078856

3400 East Walnut Street, Colmar, Pennsylvania 18915
(215) 997-1800

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 check mark whether the registrant is an accelerated filer (as defined in Exchange Act Rule 12b-2). Yes |X| No |_|

As of April 29, 2005 the Registrant had 17,926,648 common shares, $.01 par value, outstanding.

R & B, INC. AND SUBSIDIARIES

INDEX TO QUARTERLY REPORT ON FORM 10-Q
March 26, 2005

PART I. FINANCIAL INFORMATION

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(in thousands, except per share data)	For the Thirteen Weeks Ended March 26, 2005	For the Thirteen Weeks Ended March 27, 2004
Net Sales	$ 61,231	$ 56,005
Cost of goods sold	38,538	35,390
Gross profit	22,693	20,615
Selling, general and administrative expenses	16,623	14,658
Income from operations	6,070	5,957
Interest expense, net of interest income of $7 and $54	607	761
Income before taxes	5,463	5,196
Provision for taxes	2,009	1,878
Net Income	$ 3,454	$ 3,318

Earnings Per Share:

Basic	$0.19	$0.19
Diluted	$0.19	$0.18
Average Shares Outstanding:		
Basic	17,885	17,562
Diluted	18,449	18,312

See accompanying notes to consolidated financial statements.

<TABLE>

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

<CAPTION>

(in thousands, except share data)	March 26, 2005	December 25, 2004
<S>	<C>	<C>
Assets	(unaudited)	
Current Assets:		
Cash and cash equivalents	$ 5,604	$ 7,152
Accounts receivable, less allowance for doubtful accounts and customer credits of $17,755 and $20,575	56,467	60,962
Inventories	64,385	61,436
Deferred income taxes	8,548	8,417
Prepaids and other current assets	988	1,609
Total current assets	135,992	139,576
Property, Plant and Equipment, net	26,518	25,698
Goodwill	29,233	29,410
Other Assets	686	720
Total	$192,429	$195,404
Liabilities and Shareholders' Equity		
Current Liabilities:		
Current portion of long-term debt	$ 9,052	$ 9,045
Accounts payable	10,887	15,599
Accrued compensation	4,554	8,028
Other accrued liabilities	6,250	5,319
Total current liabilities	30,743	37,991
Other Long-Term Liabilities	773	-
Long-Term Debt	25,714	25,714
Deferred Income Taxes	6,890	6,472
Commitments and Contingencies		
Shareholders' Equity:		
Common stock, par value $.01; authorized 25,000,000 shares; issued 17,923,648 and 17,871,928	179	179
Additional paid-in capital	35,098	34,659
Cumulative translation adjustments	2,698	3,509
Retained earnings	90,334	86,880
Total shareholders' equity	128,309	125,227

Total	$192,429	$195,404

</TABLE>

See accompanying notes to consolidated financial statements.

<TABLE>

R&B, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<CAPTION>

(in thousands)	For the Thirteen Weeks Ended March 26, 2005	March 27, 2004
<S>	<C>	<C>
Cash Flows from Operating Activities:		
Net income	$ 3,454	$ 3,318
Adjustments to reconcile net income to cash provided by (used in) operating activities:		
Depreciation and amortization	1,326	1,080
Provision for doubtful accounts	38	143
Provision for deferred income tax	268	283
Changes in assets and liabilities:		
Accounts receivable	4,214	(7,530)
Inventories	(1,701)	242
Prepaids and other	601	53
Accounts payable	(4,604)	180
Other accrued liabilities	(3,016)	(1,421)
Cash provided by (used in) operating activities	580	(3,652)
Cash Flows from Investing Activities:		
Property, plant and equipment additions	(2,160)	(1,762)
Purchases of short-term investments	-	(4,805)
Proceeds from maturities of short-term investments	-	5,250
Cash used in investing activities	(2,160)	(1,317)
Cash Flows from Financing Activities:		
Proceeds from common stock issuances	32	42
Cash provided by financing activities	32	42
Net Decrease in Cash and Cash Equivalents	(1,548)	(4,927)
Cash and Cash Equivalents, Beginning of Period	7,152	15,177
Cash and Cash Equivalents, End of Period	$ 5,604	$ 10,250
Supplemental Cash Flow Information		
Cash paid for interest expense	$ 623	$ 790
Cash paid for income taxes	$ 1,139	$ 207

</TABLE>

See accompanying notes to consolidated financial statements.

R&B, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THIRTEEN WEEKS ENDED MARCH 26, 2005 AND MARCH 27, 2004 (UNAUDITED)

1. Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. However, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for the thirteen week period ended March 26, 2005 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2005. The Company may experience significant fluctuations from quarter to quarter in its results of operations due to the timing of orders placed by the Company's customers. Generally, the second and third quarters have the highest level of customer orders, but the introduction of new products and product lines to customers may cause significant fluctuations from quarter to quarter. For further information, refer to the consolidated financial statements and footnotes thereto included in R&B, Inc.'s (the "Company") Annual Report on Form 10-K for the year ended December 25, 2004.

2. Sales of Accounts Receivable

The Company has entered into several customer sponsored programs administered by unrelated financial institutions that permit the Company to sell, without recourse, certain accounts receivable at discounted rates to the financial institutions. The Company does not retain any servicing requirements for these accounts receivable. Transactions under this agreement are accounted for as sales of accounts receivable following the provisions of Statement of Financial Accounting Standards (SFAS) No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities - A Replacement of FASB Statement 125." At March 26, 2005 and December 25, 2004, respectively, $21.9 million and $18.0 million of accounts receivable were sold and removed from the consolidated balance sheets.

3. Inventories

Inventories include the cost of material, freight, direct labor and overhead utilized in the processing of the Company's products. Inventories were as follows:

(in thousands)	March 26, 2005	December 25, 2004
Bulk product	$25,235	$26,407
Finished product	36,398	32,029
Packaging materials	2,752	3,000
Total	$64,385	$61,436

Included in Finished product as of March 26, 2005 is approximately $1.6 million in inventory held on consignment with one customer.

4. Earnings Per Share

The following table sets forth the computation of basic earnings per share and diluted earnings per share for the thirteen week periods ended March 26, 2005 and March 27, 2004.

	Thirteen Weeks Ended	
(in thousands, except per share data)	March 26, 2005	March 27, 2004
Numerator:		
Net income	$.3,454	$ 3,318
Denominator:		
Weighted average shares outstanding used in basic earnings per share calculation	17,885	17,562
Effect of dilutive stock options...	564	750
Adjusted weighted average shares outstanding diluted earnings per share...............	18,449	18,312
Basic earnings per share..........................	$0.19	$ 0.19
Diluted earnings per share........................	$0.19	$ 0.18

On February 24, 2005, the Company's Board of Directors approved a two-for-one split of the Company's common stock, payable in the form of a stock dividend of one share for each share held. The Board set March 15, 2005 as the record date for the determination of the shareholder's entitled to receive the additional shares. The shares were distributed to the shareholders of record on March 28, 2005. All earnings per share and common stock information is presented as if the stock split occurred prior to the earliest year included in these consolidated financial statements.

5. Stock-Based Compensation

Effective May 18, 2000 the Company amended and restated its incentive Stock Option Plan (the "Plan"). Under the terms of the Plan, the Board of Directors of the Company may grant incentive stock options and non-qualified stock options or combinations thereof to purchase up to 2,345,000 shares of common stock to officers, directors and employees. Grants under the Plan must be made within 10 years of the plan amendment date and are exercisable at the discretion of the Board of Directors but in no event more than 10 years from the date of grant. At March 26, 2005, options to acquire 340,116 shares were available for grant under the Plan.

The Company accounts for the Plan under the recognition and measurement principles of Accounting Principles Board Opinion No. 25 (APB No. 25), "Accounting for Stock Issued to Employees", and related interpretations. Under APB No. 25, compensation expense is based on the difference, if any, on the date of the grant between the fair value of the common stock and the exercise price of the option. The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of Statement of Financial Accounting Standards, ("SFAS") No. 123, "Accounting for Stock-Based Compensation", to stock-based employee compensation.

	Thirteen Weeks Ended	
(in thousands, except per share data)	March 26, 2005	March 27, 2004
Net income:		
Net income, as reported	$ 3,454	$ 3,318
Less: Stock-based employee compensation expense, net of related tax effects, determined under the fair value based method for all awards	(61)	(35)
Net income, pro forma	$ 3,393	$ 3,283

Earnings per share:		
Basic - as reported	$ 0.19	$ 0.19
Basic - pro forma	$ 0.19	$ 0.19
Diluted - as reported	$ 0.19	$ 0.18
Diluted - pro forma	$ 0.18	$ 0.18

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	2005	2004
Expected dividend yield	0%	0%
Expected stock price volatility	47%	51%
Risk-free interest rate	3.9%	3.7%
Expected life of option	7.5 years	7.5 years

6. Related-Party Transactions

The Company has entered into a noncancelable operating lease for its primary operating facility from a partnership in which the Company's Chief Executive Officer and Executive Vice President are partners.

7. New Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 123R, "Share-Based Payment". This Statement is a revision of SFAS No. 123 and supersedes APB No. 25 and its related implementation guidance. SFAS No. 123R requires a company to measure the grant-date fair value of equity awards given to employees in exchange for services and recognize that cost over the period that such services are performed. SFAS No. 123R is effective for the first annual reporting period that begins after June 15, 2005. The Company is currently evaluating the two methods of adoption allowed by SFAS No. 123R: the modified-prospective transition method and the modified-retrospective transition method. While the Company has not yet determined the precise impact that this statement will have on its financial condition and results of operations for fiscal 2006, assuming future annual stock option awards are comparable to prior years annual awards and the Black-Scholes method is used to compute the value of the awards, the annualized impact on diluted earnings per share is expected to be consistent with our pro forma SFAS No. 123 disclosures.

In December 2004, the FASB issued two FASB Staff Positions (FSP) regarding the accounting implications of the American Jobs Creation Act of 2004. The Company is assessing the impact, if any, that FAS No. 109-1, "Application of FASB Statement No. 109 'Accounting for Income Taxes' to the Tax Deduction on Qualified Production Activities Provided by the American Jobs

Creation Act of 2004" and FSP No. 109-2 "Accounting and Disclosure Guidance for the Foreign Earnings Repatriation Provision within the American Jobs Creation Act of 2004" will have on the Company's effective tax rate in 2005.

In December 2004, the FASB issued SFAS No. 151 "Inventory Costs, an Amendment of ARB No. 43, Chapter 4". SFAS No. 151 clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs and wasted material and requires that these items be recognized as current period charges. SFAS No. 151 applies only to inventory costs incurred during periods beginning after the effective date and also requires that the allocation of fixed production overhead to conversion costs be based on the normal capacity of the production facilities. SFAS No. 151 is effective for the Company's fiscal year beginning January 1, 2006. The Company is currently assessing the impact, if any, of the adoption of the provisions of SFAS No. 151.

In December 2004, the FASB issued SFAS No. 153 "Exchanges of Non-monetary Assets, An Amendment of APB Opinion No. 29". SFAS No. 153 eliminates the exception for exchange of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. SFAS No. 153 is effective for non-monetary assets and exchanges occurring in fiscal periods beginning after June 15, 2005, the Company's third fiscal quarter. As the Company does not engage in exchanges of non-monetary assets, the Company does not anticipate that implementation of this statement will have an impact on its consolidated financial condition or results of operations.

R&B, INC. AND SUBSIDIARIES

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Executive Summary

The Company is a leading supplier of original equipment dealer "Exclusive" automotive replacement parts, fasteners and service line products to the automotive aftermarket and household hardware to the general merchandise markets. The Company's products are marketed under more than seventy proprietary brand names, through its Motormite, Dorman, Allparts, Scan-Tech, MPI and Pik-A-Nut businesses.

New product development is a critical success factor for the Company. The Company has invested heavily in resources necessary for it to increase its new product development efforts and to strengthen its relationships with its customers. These investments are primarily in the form of increased product development and awareness programs, customer service improvements and increased customer credits and allowances. This has enabled the Company to provide an expanding array of new product offerings and grow its revenues.

The automotive aftermarket has been consolidating over the past several years. As a result, the Company's customers have more leverage in negotiations and have been seeking further pricing concessions from the Company. These requests can come in different forms depending upon the customer. Some customers seek selling price reductions while others request extended payment terms or larger returns of slow moving product when negotiating with the Company. While the Company does its best to avoid such concessions, in some cases selling prices have been adjusted downward, payment terms to customers have been extended and returns of product have exceeded historical levels. Product returns and selling price reductions affect the Company's profit levels while terms extensions generally reduce operating cash flow and require additional capital to finance the business. Management expects these trends to continue for the foreseeable future.

In the first quarter of 2005, the Company agreed to consign inventory for a portion of one product line on behalf of a large customer. As part of this transaction, the Company purchased $1.7 million of the product from the customer and will resell it to the customer under the consigned inventory arrangement. In exchange, the Company received the customer's commitment to transition two other product lines from other suppliers to the Company and to continue all three programs for a minimum of two years. A portion of these two new product lines will also be handled as consigned inventory. The customer also agreed to purchase any inventory on consignment or to continue to sell through it in the event that the Company is replaced as the primary supplier of these lines after two years. The Company expects to have approximately $2.5 million of inventory on consignment with the customer once the transition of all three product lines is completed. The transaction did not have a material impact on profitability or cash flow in the first quarter of 2005. However, cash flows, gross profits and net income in future periods will be lower than they otherwise would have been as this arrangement will result in an increase in the time it takes for the Company to record sales and receive cash from the customer.

The Company may experience significant fluctuations from quarter to quarter in its results of operations due to the timing of orders placed by the Company's customers. Generally, the second and third quarters have the highest level of customer orders, but the introduction of new products and product lines to customers may cause significant fluctuations from quarter to quarter.

The Company operates on a fifty-two, fifty-three week period ending on the last Saturday of the calendar year.

Results of Operations

The following table sets forth, for the periods indicated, the percentage of net sales represented by certain items in the Company's Consolidated Statements of Operations:

	Percentage of Net Sales	
	For the Thirteen Weeks Ended	
	March 26, 2005	March 27, 2004
Net Sales	100.0%	100.0%
Cost of goods sold	62.9	63.2
Gross profit	37.1	36.8
Selling, general and administrative expenses	27.2	26.2
Income from operations	9.9	10.6
Interest expense, net	1.0	1.3
Income before taxes	8.9	9.3
Provision for taxes	3.3	3.4
Net Income	5.6%	5.9%

Thirteen Weeks Ended March 26, 2005 Compared to Thirteen Weeks Ended March 27, 2004

Net sales increased 9% to $61.2 million for the thirteen weeks ended March 26, 2005 from $56.0 million for the same period in 2004. Sales volume in 2005 increased as a result of continued sales growth from products introduced within the last twelve months.

Cost of goods sold, as a percentage of sales, remained essentially unchanged at 62.9% for the thirteen weeks ended March 26, 2005 compared to 63.2% in the same period last year. The Company has experienced gross margin reductions in several product lines as a result of selling price reductions due to competitive pressures, but this has been offset by a shift in sales mix and savings from materials resourcing initiatives.

Selling, general and administrative expenses for the thirteen weeks ended March 26, 2005 increased $1.9 million, or 13%, to $16.6 million from $14.7 million for the same period in 2004. This increase is the result of the Company's decision to invest additional resources in new product development and promotional support as well as volume-driven variable expense increases, and inflationary increases in wages and other costs. Selling, general and administrative expenses for the thirteen weeks ended March 26, 2005 and March 27, 2004 include $0.3 million and $0.1 million, respectively in financing costs associated with accounts receivable sales programs whereby the Company sells its accounts receivable on a non- recourse basis to financial institutions.

Interest expense, net, decreased to $0.6 million for the thirteen weeks ended March 26, 2005 from $0.8 million in the prior year due to lower borrowing levels.

The Company's effective tax rate increased to 36.8% for the thirteen weeks ended March 26, 2005 from 36.1% for the thirteen weeks ended March 27, 2004 due to the impact of higher graduated tax rates associated with the Company's higher earnings levels and the loss of certain state tax benefits in 2005 as a result of changes in tax legislation.

Liquidity and Capital Resources

Historically, the Company has financed its growth through a combination of cash flow from operations and through the issuance of senior indebtedness through its bank credit facility and senior note agreements. At March 26, 2005, working capital was $105.2 million, total long-term debt (including the current portion) was $34.8 million and shareholders' equity was $128.3 million. Cash and cash equivalents as of March 26, 2005 totaled $5.6 million.

Over the past three years the Company has extended payment terms to certain customers as a result of customer requests and market demands. These extended terms have resulted in increased accounts receivable levels and significant uses of cash flow. The Company participates in accounts receivable sales programs with several customers which allow it to sell its accounts receivable on a non-recourse basis to financial institutions to offset the negative cash flow impact of these payment terms extensions. As of March 26, 2005 and December 25, 2004, respectively, the Company had sold $21.9

million and $18.0 million in accounts receivable under these programs and had removed them from its balance sheets. The Company expects continued pressure to extend its payment terms for the foreseeable future. Further extensions of customer payment terms will result in additional uses of cash flow or increased costs associated with the sale of accounts receivable.

Long-term debt consists primarily of $34.3 million in Senior Notes that were originally issued in August 1998, in a private placement on an unsecured basis ("Notes"). The Notes bear a 6.81% fixed interest rate, payable quarterly. Annual principal payments of $8.6 million are due each August through 2008. The Notes require, among other things, that the Company maintain certain financial covenants relating to debt to capital ratios and minimum net worth.

The Company maintains a $10.0 million Revolving Credit Facility which expires in June 2005. Borrowings under the amended facility are on an unsecured basis with interest at LIBOR plus 150 basis points. The loan agreement also contains covenants, the most restrictive of which pertain to net worth and the ratio of debt to EBITDA. In addition, the Company's Swedish subsidiary maintains a short-term $0.7 million credit facility. There were no borrowings outstanding under these facilities as of March 26, 2005.

In November 2001, the Company amended certain agreements related to its 1998 acquisition of Scan-Tech USA/Sweden A.B. and related entities ("Scan-Tech")in exchange for consideration of approximately $3.2 million to be paid in installments through December 31, 2005. The remaining amount outstanding under this obligation was $0.5 million at March 26, 2005 and is due to an entity controlled by the President of one of the Company's subsidiaries.

The Company's business activities do not include the use of unconsolidated special purpose entities, and there are no significant business transactions that have not been reflected in the accompanying financial statements.

The Company reported a net source of cash flow from its operating activities of $0.6 million in the thirteen weeks ended March 26, 2005. The primary uses of cash flow were accounts payable, other accrued liabilities and inventory, which utilized $4.6 million, $3.0 million and $1.7 million in cash, respectively. Accounts payable decreased $4.6 million in the thirteen weeks ended March 26, 2005 as a result of the timing of the payments to suppliers and an unusually high level of inventory and property, plant and equipment purchases in November and December 2004, which were included in accounts payable at year end but were paid prior to March 26, 2005. Other accrued liabilities resulted in a $3.1 million use of cash in the first quarter of 2005 as a result of the Company's funding of employee profit sharing and incentive payments earned in the prior year, but paid in the first quarter. Inventory increased as a result of the addition of inventory for new product lines. Net income, depreciation and a $4.2 million decrease in accounts receivable were the primary sources of operating cash flow in the thirteen weeks ended March 26, 2005. The primary reason for the accounts receivable decline was a $3.9 million increase in accounts receivable sold to fund working capital needs.

Investing activities used $2.2 million of cash in the thirteen weeks ended March 26, 2005 as a result of additions to property, plant and equipment. The Company's largest 2005 capital project is the automation and expansion of its central distribution center in Warsaw, Kentucky. This project began in 2004 and was originally expected to be completed in early 2005 at a cost of $5.0 million. Scope changes and other factors are now expected to delay completion of the project until late 2005, and total costs are now expected to be approximately $6.0 million. Capital spending in the thirteen weeks ended March 26, 2005 also included tooling associated with new products, upgrades to information systems, purchases of equipment designed to improve operational efficiencies and scheduled equipment replacements.

Financing activities in the form of common stock issuances as a result of stock option exercises generated less than $0.1 million in cash in the thirteen weeks ended March 26, 2005.

The Company believes that cash and cash equivalents on hand and cash generated from operations together with its available sources of capital are sufficient to meet its ongoing cash needs for the foreseeable future.

Foreign Currency Fluctuations

In 2004, approximately 60% of the Company's products were purchased from a variety of foreign countries. The products generally are purchased through purchase orders with the purchase price specified in U.S. dollars. Accordingly, the Company does not have exposure to fluctuations in the relationship between the dollar and various foreign currencies between the time of execution of the purchase order and payment for the product. However, weakness in the dollar has resulted in some materials price increase and pressure from several foreign suppliers to increase prices further. To the extent that the dollar decreases in value to foreign currencies in the future or the present weakness in the dollar continues for a sustained period of time, the price of the product in dollars for new purchase orders may increase further.

The Company makes significant purchases of product from Chinese vendors. The Chinese Yuan exchange rate has been fixed against the U.S. Dollar since1998. Recently, the Chinese government has been under increasing pressure to revalue its currency, or to make its exchange rate more flexible. Most experts believe that the value of the Yuan would increase relative to the U.S. Dollar if it was revalued or allowed to float. Such a move would most likely result in an increase in the cost of products that are purchased from China.

Impact of Inflation

The Company has not generally been adversely affected by inflation, although the Company did experience some material cost increases as a result of raw materials shortages. These increases did not have a material impact on the Company. The Company believes that further cost increases could potentially be mitigated by passing along price increases to customers or through the use of alternative suppliers or resourcing purchases to other countries, however there can be no assurance that the Company will be successful in such efforts.

Cautionary Statement Regarding Forward Looking Statements

Certain statements periodically made by or on behalf of the Company and certain statements contained herein including statements in Management's Discussion and Analysis of Financial Condition and Results of Operation, such as statements regarding litigation; and certain other statements contained herein regarding matters that are not historical fact are forward looking statements (as such term is defined in the Securities Act of 1933), and because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward looking statements. Factors that cause actual results to differ materially include but are not limited to those factors discussed in the Company's Annual Report on Form 10-K under "Business - Risk Factors."

Item 3. Quantitative and Qualitative Disclosure about Market Risk

The Company's market risk is the potential loss arising from adverse changes in interest rates. With the exception of the Company's revolving credit facility, long-term debt obligations are at fixed interest rates and denominated in U.S. dollars. The Company manages its interest rate risk by monitoring trends in interest rates as a basis for determining whether to enter into fixed rate or variable rate agreements. Under the terms of the Company's revolving credit facility and customer- sponsored programs to sell accounts receivable, a change in either the lender's base rate or LIBOR would affect the rate at which the Company could borrow funds thereunder. The Company believes that the effect of any such change would be minimal.

Item 4. Controls and Procedures

Quarterly evaluation of the Company's Disclosure Controls and Internal Controls

As of the date of this quarterly report, the Company evaluated the effectiveness of the design and operation of its "disclosure controls and procedures" ("Disclosure Controls"). This evaluation ("Controls Evaluation") was done under the supervision and with the participation of management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO").

Limitations on the Effectiveness of Controls

The Company's management, including the CEO and CFO, does not expect that its Disclosure Controls or its "internal controls and procedures for financial reporting" ("Internal Controls") will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision- making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. The design of any system of controls also is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, control may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Conclusions

Based upon the Controls Evaluation, the CEO and CFO have concluded that, subject to the limitations noted above, the Disclosure Controls are effective to timely alert management to material information relating to the Company during the period when its periodic reports are being prepared.

In accordance with SEC requirements, the CEO and CFO note that, since the date of the Controls Evaluation to the date of this quarterly report, there have been no significant changes in Internal Controls or in other factors that could significantly affect Internal Controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

In addition to commitments and obligation which arise in the ordinary course of business, the Company is subject to various claims and legal actions from time to time involving contracts, competitive practices, trademark rights, product liability claims and other matters arising out of the conduct of the Company's business.

Item 6. Exhibits

31.1	Certification of Chief Executive Officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer as required by Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive and Chief Financial Officer as required by Section 906 of the Sarbanes-Oxley Act of 2002.

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.

R & B, INC.

Date May 2, 2005	\s\ Richard Berman Richard Berman President and Chief Executive Officer
Date May 2, 2005	\s\ Mathias Barton Mathias Barton Chief Financial Officer and Principal Accounting Officer

Exhibit 31.1

CERTIFICATION

I, Richard Berman, President and Chief Executive Officer, certify that: 1. I have reviewed this Form 10-Q of R&B, Inc.; 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report; 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have,

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

\s\ Richard Berman
Richard Berman
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Mathias Barton, Chief Financial Officer and Principal Accounting Officer, certify that:

1. I have reviewed this Form 10-Q of R&B, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have,

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c)Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation, and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting, and 5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 2, 2005

\s\ Mathias Barton
Mathias Barton
Chief Financial Officer

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

This Certification is intended to accompany the Quarterly Report of R&B, Inc. (the "Company") on Form 10-Q for the period ended March 26, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), and is given solely for the purpose of satisfying the requirements of 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. To the best of their knowledge, the undersigned, in their respective capacities as set forth below, hereby certify that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

/s/ Richard N. Berman   Chief Executive Officer   Date: May 2, 2005

/s/ Mathias J. Barton   Chief Financial Officer   Date: May 2, 2005