FORM 10-Q

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For quarter ended June 30, 2002

Commission file number 1-19254

Lifetime Hoan Corporation
(Exact name of registrant as specified in its charter)

Delaware	11-2682486
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Merrick Avenue, Westbury, NY (Address of principal executive offices)	(Zip Code)	11590

Registrant's telephone number, including area code (516)683-6000

Not applicable
(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

APPLICABLE ONLY TO CORPORATE ISSUERS
Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, $.01 Par Value 10,498,940 shares outstanding as of July 31, 2002

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME HOAN CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	June 30, 2002 (unaudited)	December 31, 2001
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 266	$ 5,021
Accounts receivable, less allowances of $2,827 in 2002 and $3,649 in 2001	15,515	20,742
Merchandise inventories	48,710	42,303
Prepaid expenses	2,777	2,084
Deferred income taxes	49	148
Other current assets	4,229	3,702
TOTAL CURRENT ASSETS	71,546	74,000
PROPERTY AND EQUIPMENT, net	21,894	22,376
EXCESS OF COST OVER NET ASSETS ACQUIRED, net	15,498	15,498
OTHER INTANGIBLES, net	9,195	9,390
OTHER ASSETS	2,045	2,106
TOTAL ASSETS	$120,178	$123,370
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	$22,094	$22,847
Accounts payable and trade acceptances	7,162	4,955
Accrued expenses	14,385	17,123
TOTAL CURRENT LIABILITIES	43,641	44,925
MINORITY INTEREST	240	384
STOCKHOLDERS' EQUITY		
Common Stock, $0.01 par value, authorized 25,000,000 shares; issued and outstanding 10,497,690 in 2002 and 10,491,101 in 2001	105	105
Paid-in capital	61,119	61,087
Retained earnings	15,541	17,660
Notes receivable for shares issued to stockholders	(486)	(486)
Accumulated other comprehensive profit(loss)	18	(305)
TOTAL STOCKHOLDERS' EQUITY	76,297	78,061
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$120,178	$123,370

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net Sales	$29,400	$27,571	$55,798	$58,878
Cost of Sales	15,666	15,213	30,060	32,580
Gross Profit	13,734	12,358	25,738	26,298
Selling, General and Administrative Expenses	12,935	11,731	26,714	24,423
Interest Expense	281	344	567	548
Other (Income)	(233)	(148)	(374)	(234)
Income (Loss) Before Income Taxes	751	431	(1,169)	1,561
Income Taxes	361	227	(362)	718
NET INCOME (LOSS)	$390	$204	$(807)	$843
EARNINGS PER COMMON SHARE- BASIC AND DILUTED	$0.04	$0.02	$(0.08)	$0.08

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Six Months Ended June 30,	
	2002	2001
OPERATING ACTIVITIES		
Net (loss) income	$ (807)	$ 843
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,766	1,714
Deferred tax (benefit)	99	425
Provision for losses on accounts receivable	11	222
Reserve for sales returns and allowances	3,075	2,734
Minority Interest	(145)	(186)
Changes in operating assets and liabilities:		
Accounts receivable	2,141	2,807
Merchandise inventories	(6,407)	(7,159)
Prepaid expenses, other current assets and other assets	(1,159)	(578)
Accounts payable, trade acceptances and accrued expenses	(530)	(2,843)
NET CASH (USED IN) OPERATING ACTIVITIES	(1,956)	(2,021)
INVESTING ACTIVITIES		
Purchase of property and equipment, net	(1,089)	(7,924)
Acquisition of M. Kamenstein, Inc.	-	(164)
NET CASH (USED IN) INVESTING ACTIVITIES	(1,089)	(8,088)
FINANCING ACTIVITIES		
(Repayment) Proceeds from short-term borrowings, net	(753)	10,254
Repurchase of Common stock	-	(88)
Proceeds from the exercise of stock options	31	13
Cash dividends paid	(1,312)	(1,304)
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES	(2,034)	8,875
EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	324	(75)
(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,755)	(1,309)
Cash and cash equivalents at beginning of period	5,021	1,325
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 266	$ 16

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note A - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, 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 accruals) considered necessary for a fair presentation have been included. Operating results for the six month period ended June 30, 2002 are not necessarily indicative of the results that may be expected for the year ending December 31, 2002. It is suggested that these condensed financial statements be read in conjunction with the financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001.

Note B - Inventories

Merchandise inventories, principally finished goods, are priced at the lower of cost (first-in, first-out basis) or market.

Note C - Credit Facilities

As of June 30, 2002, the Company had $1,328,000 of letters of credit and trade acceptances outstanding and $18,900,000 of borrowings under its $45 million three-year secured, reducing revolving credit agreement (the "Agreement"), and as a result, the availability under the Agreement was $24,772,000. Interest rates on borrowings at June 30, 2002 ranged from 3.94% to 4.13%.

In addition to the Agreement, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks providing available credit facilities totaling approximately $3.4 million. As of June 30, 2002, the Prestige Companies had borrowings of approximately $3.2 million against these lines. Interest rates on these lines of credits ranged from 5.85% to 8.25%.

Note D - Capital Stock
Cash Dividends: On May 2, 2002, the Board of Directors declared a quarterly cash dividend of $0.0625 per share to stockholders of record on May 6, 2002, paid on May 20, 2002. On July 31, 2002, the Board of Directors of the Company declared a regular quarterly cash dividend of $0.0625 per share to stockholders of record on August 5, 2002, to be paid on August 19, 2002.

Earnings Per Share: Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding of 10,498,000 for the three months ended June 30, 2002 and 10,488,000 for the three months ended June 30, 2001. For the six month periods ended June 30, 2002 and June 30, 2001, the weighted average number of common shares outstanding were 10,495,000 and 10,492,000, respectively. Diluted earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding, including the dilutive effects of stock options, of 10,574,000 for the three months ended June 30, 2002 and 10,534,000 for the three months ended June 30, 2001. For the six month periods ended June 30, 2002 and June 30, 2001, the diluted number of common shares outstanding were 10,495,000 and 10,547,000, respectively.

Note E - New Accounting Pronouncements
Effective January 1, 2002, the Company adopted Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are no longer amortized but are reviewed at least annually for impairment. Had this standard been applied for the three months ended June 30, 2001, net income would have been increased by $82,000 and basic and diluted earnings per share would have been $0.03 and for the six months ended June 30, 2001, net income would have been increased by $164,000 and basic and diluted earnings per share would have been $0.10.

Effective January 1, 2002, the Company adopted SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets ("SFAS No. 144"), which supersedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be disposed of." The primary objectives of SFAS No. 144 are to develop one accounting model based on the framework established in SFAS No. 121 for long-lived assets to be disposed of by sale, and to address significant implementation issues. The adoption of this statement did not have an impact on the Company's consolidated results of operations or financial position.

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

RESULTS OF OPERATIONS

The following table sets forth income statement data of the Company as a percentage of net sales for the periods indicated below.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2002	2001	2002	2001
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	53.3	55.2	53.9	55.3
Gross profit	46.7	44.8	46.1	44.7
Selling, general and administrative expenses	44.0	42.5	47.9	41.5
Interest expense	1.0	1.3	1.0	0.9
Other (income)	(0.8)	(0.5)	(0.7)	(0.3)
Income before income taxes	2.5	1.5	(2.1)	2.6
Tax provision	1.2	0.8	(0.7)	1.2
Net income (loss)	1.3 %	0.7 %	(1.4) %	1.4 %

Three Months Ended June 30, 2002
Compared to Three Months ended June 30, 2001

Net Sales
Net sales for the three months ended June 30, 2002 were $29.4 million, an increase of $1.8 million or 6.6% over the net sales in the prior year's corresponding period. These results reflect increases in the Company's cutlery and kitchen gadget product lines, as well as increased net sales attributable to the Company's Farberware Outlet stores and the Prestige Companies, offset by a decrease in net sales of Kamenstein products.

Gross Profit
Gross profit for the three months ended June 30, 2002 was $13.7 million, an increase of 11.1% from the comparable 2001 period. Gross profit as a percentage of net sales increased to 46.7% from 44.8%. The gross margin improvement reflects generally higher profit margins attributable to all domestic product categories and the Company's Farberware Outlet stores. The increase in gross profit margin is the result of better sourcing of products from suppliers.

Selling, General and Administrative Expenses
Selling, general and administrative expenses for the three months ended June 30, 2002 were $12.9 million, an increase of 10.3% from the comparable 2001 quarter. The increase in selling, general and administrative expenses was due principally to higher warehouse costs and an increase in expenses for the outlet stores. Effective January 1, 2002 the Company assumed responsibility for 50% of the outlet store space and 50% of the store operating expenses as compared to 40% in 2001. The higher warehouse costs were attributable to increased shipments and the expenses associated with the move to the new warehouse in Robbinsville, New Jersey.

Interest Expense
Interest expense for the three months ended June 30, 2002 was $281,000, a decrease of 18.3% from the comparable 2001 quarter. This decrease is the result of lower interest rates on the Company's borrowings for the 2002 period as compared to the 2001 period.

Six Months Ended June 30, 2002
Compared to Six Months ended June 30, 2001

Net Sales
Net sales for the six months ended June 30, 2002 were $55.8 million, a decrease of $3.1 million or 5.2% as compared to the corresponding 2001 period. The lower sales volume was primarily attributable to the first quarter 2002 sales being lower than the comparable 2001 quarter due to the January 2002 startup of our new automated warehouse in Robbinsville, New Jersey, which negatively affected shipments, and to a lesser extent, lower sales of the Company's Kamenstein business for the six months ended June 30, 2002 as compared to the 2001 period.

Gross Profit
Gross profit for the six months ended June 30, 2002 was $25.7 million, a decrease of 2.1% from the comparable 2001 period. Gross profit as a percentage of net sales increased to 46.1% from

44.7%, due primarily to higher gross margins generated by the Company's Kamenstein business, the result of better sourcing of products from suppliers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the six months ended June 30, 2002 were $26.7 million, an increase of 9.4% from the comparable 2001 period. The increase was primarily attributable to added expenses, including duplicate rent and other expenses, associated with the Company's move into its new New Jersey warehouse.

Forward Looking Statements: This Quarterly Report on Form 10-Q contains certain forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including statements concerning the Company's future products, results of operations and prospects. These forward-looking statements involve risks and uncertainties, including risks relating to general economic and business conditions, including changes which could affect customer payment practices or consumer spending; industry trends; the loss of major customers; changes in demand for the Company's products; the timing of orders received from customers; cost and availability of raw materials; increases in costs relating to manufacturing and transportation of products; dependence on foreign sources of supply and foreign manufacturing; and the seasonal nature of the business as detailed from time to time in the Company's filings with the Securities and Exchange Commission. Such statements are based on management's current expectations and are subject to a number of factors and uncertainties which could cause actual results to differ materially from those described in the forward-looking statements.

LIQUIDITY AND CAPITAL RESOURCES

The Company has a $45 million three-year secured, reducing revolving credit facility under an agreement (the "Agreement") with a group of banks. The facility matures on November 8, 2004. Borrowings under the Agreement are secured by all of the assets of the Company and the facility reduces to $40 million at December 31, 2002 and to $35 million at December 31, 2003. Under the terms of the Agreement, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; and net worth maintenance. Borrowings under the Agreement have different interest rate options that are based on an alternate base rate, LIBOR rate, or the lender's cost of funds rate. As of June 30, 2002, the Company had $1,328,000 of letters of credit and trade acceptances outstanding and $18,900,000 of borrowings under the agreement and, as a result, the availability under the Agreement was $24,772,000. Interest rates on borrowings at June 30, 2002 ranged from 3.94% to 4.13%.

In addition to the Agreement, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks providing available credit facilities totaling approximately $3.4 million. As of June 30, 2002, the Prestige Companies had borrowings of approximately $3.2 million against these lines. Interest rates on these lines of credits ranged from 5.85% to 8.25%.

At June 30, 2002, the Company had cash and cash equivalents of $266,000 versus $5.0 million at December 31, 2001. The cash was used primarily to fund the increase in merchandise inventories, capital expenditures and cash dividends paid partially offset by decreased accounts receivable.

On July 31, 2002 the Board of Directors declared a regular quarterly cash dividend of $0.0625 per share to shareholders of record on August 5, 2002 to be paid on August 19, 2002. The dividend to be paid will be approximately $656,000.

The Company believes that its cash and cash equivalents, internally generated funds and its existing credit arrangements will be sufficient to finance its operations for at least the next 12 months.

The results of operations of the Company for the periods discussed have not been significantly affected by inflation or foreign currency fluctuation. The Company negotiates predominantly all of its purchase orders with its foreign manufacturers in United States dollars. Thus, notwithstanding any fluctuation in foreign currencies, the Company's cost for any purchase order is not subject to change after the time the order is placed. However, any weakening of the United States dollar against local currencies could lead certain manufacturers to increase their United States dollar prices for products. The Company believes it would be able to compensate for any such price increase.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk represents the risk of loss that may impact the consolidated financial position, results of operations or cash flows of the Company. The Company is exposed to market risk associated with changes in interest rates. The Company's lines of credit bear interest at variable rates. The Company is subject to increases and decreases in interest expense on its variable rate debt resulting from fluctuations in the interest rates of such debt. There have been no changes in interest rates that would have a material impact on the consolidated financial position, results of operations or cash flows of the Company during the six month period ended June 30, 2002.

PART II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security-Holders

The Company's annual meeting of stockholders was held on June 12, 2002. At the meeting, all seven director nominees were elected and the appointment of Ernst & Young LLP as independent auditors was ratified.

(a) The following directors were elected to hold office until the next annual meeting of stockholders by the votes indicated:

	FOR	WITHHOLD
Jeffrey Siegel	7,927,187	1,013,607
Milton L. Cohen	7,901,482	1,039,312
Bruce Cohen	7,927,308	1,013,486
Craig Phillips	7,927,308	1,013,486
Ronald Shiftan	7,933,387	1,007,407
Howard Bernstein	7,903,887	1,036,907
Leonard Florence	7,908,287	1,032,507

(b) The appointment of Ernst & Young as the independent auditors to audit the Company's financial statements for the fiscal year ending December 31, 2002 was ratified by the following vote:

FOR	WITHHOLD	EXCEPTIONS/ABSTAIN
8,939,310	1,121	363

Item 6. Exhibit(s) and Reports on Form 8-K.

(a) Exhibit(s) in the second quarter of 2002:

Exhibit 99.1 Certification by the Chief Executive Officer and Chief Financial Officer Relating to a Periodic Report Containing Financial Statements

(b) Reports on Form 8-K in the second quarter of 2002: NONE

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.

Lifetime Hoan Corporation

August 14, 2002

/s/ Jeffrey Siegel

____

Jeffrey Siegel
Chief Executive Officer and President
(Principal Executive Officer)

August 14, 2002

/s/ Robert McNally

____

Robert McNally
Vice President - Finance and Treasurer
(Principal Financial and Accounting Officer)

EXHIBIT 99.1

Certification by the Chief Executive Officer and Chief Financial Officer Relating to a Periodic Report Containing Financial Statements

I, Jeffrey Siegel, Chief Executive Officer, and I, Robert McNally, Chief Financial Officer, of Lifetime Hoan Corporation, a Delaware corporation (the "Company"), each hereby certifies that:

(1) The Company's periodic report on Form 10-Q for the period ended June 30, 2002 (the "Form 10-Q") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and
(2) The information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey Siegel	/s/ Robert McNally
Jeffrey Siegel	Robert McNally
Chief Executive Officer	Chief Financial Officer
Date: August 14, 2002	Date: August 14, 2002