FORM 10-Q

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF
THE SECURITIES EXCHANGE ACT OF 1934

For quarterly period ended June 30, 2004

Commission file number 1-19254

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

Delaware (State or other jurisdiction of incorporation or organization)	11-2682486 (I.R.S. Employer Identification No.)
One Merrick Avenue, Westbury, NY (Address of principal executive offices)	11590 (Zip Code)

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

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___

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)
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, 11,048,849 shares outstanding as of July 31, 2004

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME HOAN CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

~~June 30,~~
~~December~~
~~2004 31,~~
~~(unaudited)~~

~~2003 ASSETS CURRENT ASSETS Cash and cash equivalents $446 $1,175 Accounts receivable, less allowances of $2,782 in 2004 and $3,349 in 2003 16,224 31,977 Merchandise inventories 55,827 49,294 Prepaid expenses 2,129 2,129 Other current assets 5,438 3,709 TOTAL CURRENT ASSETS 80,064 88,284 PROPERTY AND EQUIPMENT, net 19,634 20,563 EXCESS OF COST OVER NET ASSETS ACQUIRED 16,145 16,145 OTHER INTANGIBLES, net 9,266 9,530 OTHER ASSETS 2,033 2,214 TOTAL ASSETS $127,142 $136,736 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Short term borrowings $14,800 $16,800 Accounts payable and trade acceptances 6,591 8,405 Accrued expenses 12,344 17,156 Income taxes payable 1,970 4,613 TOTAL CURRENT LIABILITIES 35,705 46,974 DEFERRED RENT & OTHER LONG-TERM LIABILITIES 1,718 1,593 DEFERRED~~

~~INCOME TAX LIABILITIES 3,214 2,088 STOCKHOLDERS' EQUITY Common Stock, $0.01 par value, authorized 25,000,000 shares; issued and outstanding 11,030,849 in 2004 and 10,842,540 in 2003 110 109 Paid-in capital 64,644 63,409 Retained earnings 22,230 23,042 Notes receivable for shares issued to stockholders (479) (479) TOTAL STOCKHOLDERS' EQUITY 86,505 86,081 TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY $127,142 $136,736~~

See notes to consolidated financial statements.

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

~~Three Months Six Months Ended Ended June 30, June 30, 2004 2003 2004 2003 Net Sales $33,029 $29,950 $70,158 $54,234 Cost of Sales 19,154 17,003 40,843 30,430 Distribution Expenses 4,264 4,302 9,445 8,756 Selling, General and Administrative Expenses 9,149 7,268 18,723 14,589 Income from Operations 462 1,377 1,147 459~~

~~Interest Expense 141 180 268 292~~
~~Other Income (16) (18) (31) (35)~~
~~Income Before Income Taxes 337 1,215 910 202~~
~~Tax Provision 134 491 362 82~~
~~NET INCOME $203 $724 $548 $120~~
~~BASIC AND DILUTED EARNINGS PER COMMON SHARE $0.02 $0.07 $0.05 $0.01~~
~~WEIGHTED AVERAGE SHARES — BASIC 10,967 10,563 10,916 10,562~~
~~WEIGHTED AVERAGE SHARES AND COMMON SHARE EQUIVALENTS — DILUTED 11,230 10,637 11,186 10,599~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

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

~~Six Months Ended June 30, 2004 2003~~
~~OPERATING ACTIVITIES~~
~~Net income $548 $120~~
~~Adjustments to reconcile net income to net cash provided by (used in) operating activities:~~
~~Depreciation and amortization 1,920 1,733~~
~~Deferred income taxes (516) 688~~
~~Deferred rent and other long term liabilities 125 62~~
~~Provision for losses~~

~~on accounts receivable 18 93 Reserve for sales returns and allowances 3,922 3,099 Changes in operating assets and liabilities: Accounts receivable 11,813 (1,561) Merchandise inventories (6,533) (5,231) Prepaid expenses, other current assets and other assets 95 (102) Accounts payable, trade acceptances and accrued expenses (6,563) 3,267 Accrued income taxes payable (2,643) (1,507) NET CASH PROVIDED BY OPERATING ACTIVITIES 2,186 661 INVESTING ACTIVITIES Purchase of property and equipment, net (727) (627) NET CASH USED IN INVESTING ACTIVITIES (727) (627) FINANCING ACTIVITIES (Repayment of) proceeds from short-term borrowings, net (2,000) 1,300 Proceeds from exercise of stock options 1,236 55 Payment of capital lease obligations (63) — Cash~~

~~dividends paid (1,361) (1,319) NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES (2,188) 36 (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (729) 70 Cash and cash equivalents at beginning of period 1,175 62 CASH AND CASH EQUIVALENTS AT END OF PERIOD $ 446 $132~~

See notes to consolidated financial statements.

LIFETIME HOAN CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note A - Basis of Presentation
The accompanying unaudited 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 accounting principles generally accepted in the United States 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 three-month and six-month periods ended June 30, 2004 are not necessarily indicative of the results that may be expected for the year ending December 31, 2004. 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, 2003.

Note B - Distribution Expenses
Distribution expenses primarily consist of warehousing expenses, handling costs of products sold and freight-out. During 2003, these expenses also include relocation charges, duplicate rent and other costs associated with the Company's move into its Robbinsville, New Jersey warehouse, amounting to $0.1 million in the second quarter of 2003 and $0.5 million for the six-month period ended June 30, 2003. No such relocation charges were incurred during the three-month period or six-month period ended June 30, 2004.

Note C - Credit Facilities
As of June 30, 2004, the Company had outstanding $1.1 million of letters of credit and trade acceptances and $14.8 million of borrowings under its $35 million three-year secured, reducing revolving credit agreement (the "Agreement") and, as a result, the availability under the Agreement was $19.1 million. Interest rates on borrowings at June 30, 2004 ranged from 2.625% to 3.0625%. The Company's obligations under the Agreement were secured by all of the assets of the Company.

On July 28, 2004, the Company entered into a $50 million five-year, secured credit facility (the "Credit Facility") with a group of banks and, in conjunction therewith, canceled its $35 million secured, reducing revolving credit facility which was due to mature in November 2004. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio and maintenance of a minimum net worth. Borrowings under the Agreement have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio.

Note D - Capital Stock and Stock Options
Cash Dividends: On January 30, 2004, the Board of Directors declared a quarterly cash dividend of $0.0625 per share to stockholders of record on February 6, 2004, paid on February 20, 2004. On April 12, 2004, the Board of Directors declared a quarterly cash dividend of $0.0625 per share to stockholders of record on May 4, 2004, paid on May 20, 2004. On July 28, 2004, the Board of Directors of the Company declared a regular quarterly cash dividend of $0.0625 per share to stockholders of record on August 4, 2004, to be paid on August 20, 2004.

Earnings (Loss) Per Share: Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding of 10,967,000 for the three months ended June 30, 2004 and 10,563,000 for the three months ended June 30, 2003. For the six month period ended June 30, 2004 and June 30, 2003, the weighted average number of common shares outstanding were 10,916,000 and 10,562,000, 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 11,230,000 for the three months ended June 30, 2004 and 10,637,000 for the three months ended June 30, 2003. For the six month periods ended June 30, 2004 and June 30, 2003, the diluted number of common shares outstanding were 11,186,000 and 10,599,000, respectively.

Note D - Capital Stock and Stock Options (continued)
Accounting for Stock Option Plan: The Company has a stock option plan, which is more fully described in the footnotes to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2003. The Company accounts for options granted under the plan under the recognition and measurement principles of APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted under the plans had an exercise price equal to the market values of the underlying common stock on the dates of grant. The following table illustrates the effect on net earnings and net 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.

~~Three~~
~~Months Six~~
~~Months~~
~~Ended Ended~~
~~June 30,~~
~~June 30,~~
~~(in~~
~~thousands,~~
~~(in~~
~~thousands,~~
~~except per~~
~~except per~~
~~share data)~~
~~share data)~~
~~2004 2003~~
~~2004 2003~~
~~Net income,~~
~~as reported~~
~~$203 $724~~
~~$548 $120~~
~~Deduct:~~

~~Total stock option employee compensation expense determined under fair value based method for all awards, net of related tax effects (91) (8) (123) (16) Proforma net income $112 $716 $425 $104 Income per common share: Basic and diluted - as reported $0.02 $0.07 $0.05 $0.01 Basic and diluted - proforma $0.01 $0.07 $0.04 $0.01~~

Note E - Acquisition

Excel Importing Corp. Acquisition: On July 23, 2004, the Company acquired the business and certain assets of Excel Importing Corp., ("Excel"), a wholly-owned subsidiary of Mickelberry Communications Incorporated. Excel markets and distributes a diversified line of high quality cutlery, tabletop, cookware and barware products under well-recognized premium names, including Sabatier(R), Farberware(R), Retroneu Design Studio(R), Joseph Abboud Environments(R), DBK-Daniel Boulud Kitchen(TM) and Legnoart(R). The purchase price, subject to post closing adjustments, is approximately $8.5 million.

Report of Independent Registered Public Accounting Firm

We have reviewed the condensed consolidated balance sheet of Lifetime Hoan Corporation and subsidiaries (the "Company") as of June 30, 2004 and the related condensed consolidated statements of operations for the three-month and six-month periods ended June 30, 2004, and the condensed consolidated statement of cash flows for the six months ended June 30, 2004. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures to financial data and of making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Melville, New York

July 27, 2004

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

OVERVIEW

The Company is a leading designer, developer and marketer of a broad range of branded consumer products used in the home, including Kitchenware, Cutlery and Cutting Boards, Bakeware, At-Home Entertaining Accessories, Pantryware and Spices, Functional Glassware and Bath Accessories. Products are marketed under some of the most well-respected and widely-recognized brand names in the U.S. housewares industry, including Farberware(R), Kitchen-Aid(R), Cuisinart(R), Hoffritz(R), Roshco(R), Baker's Advantage(R), Kamenstein(R), Casa-Moda(R), Hoan(R), Gemco(R) and :USE(R). The Farberware brand name is used pursuant to a 200 year royalty-free license, and the Company licenses the Kitchen-Aid and Cuisinart brands from Whirlpool Corporation and Conair Corporation, respectively. All other brand names listed above are owned. Several product lines are marketed within each of the Company's product categories and under brands primarily targeting moderate to medium price points, through every major level of trade. A main focus of the Company is innovation and new product development.

Over the last several years, sales growth has come from: (i) expanding product offerings within current categories, (ii) developing and acquiring product categories and (iii) entering new channels of distribution, primarily in the United States. Key factors in the Company's growth strategy have been and will continue to be, the selective use and management of strong brands and the ability to provide a steady stream of new products and designs.

The Company's gross profit margin is subject to fluctuation due primarily to product mix and, in some instances, customer mix.

The Company's business and working capital needs are highly seasonal, with a significant majority of sales occurring in the third and fourth quarters. In 2003 and 2002, net sales for the third and fourth quarters combined accounted for 66.2% and 60.8% of total annual net sales, respectively, and operating profit earned in the third and fourth quarters combined accounted for 96.8% and 100% of total annual profits, respectively. Inventory levels increase primarily in the June through October time period in anticipation of the pre-holiday shipping season.

Because of the seasonality of the Company's business and other factors, results for any interim period are not necessarily indicative of the results that may be achieved for the full fiscal year.

CRITICAL ACCOUNTING POLICIES

Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the unaudited consolidated financial statements which 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. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgments, including those related to inventories. Management bases it estimates and judgments on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The Company believes that the following discussion addresses the most critical accounting policies, which are those that are most important to the portrayal of the Company's financial condition and results of operations and require management's most difficult, subjective and complex judgments. 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, 2003.

Merchandise inventories, principally finished goods, are priced by the lower of cost (first-in, first-out basis) or market method. Reserves for excess or obsolete inventory reflected in the consolidated balance sheets at June 30, 2004 and December 31, 2003 are determined to be adequate by management; however, there can be no assurance that these reserves will prove adequate over time to provide for ultimate losses in connection with the Company's inventory. Management periodically reviews and analyzes inventory reserves based on a number of factors including, but not limited to, future product demand for items and estimated profitability of merchandise.

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. For each of the years ended December 31, 2003 and December 31, 2002, an assessment was completed. Based upon such reviews, no impairment to the carrying value of goodwill was identified, and the Company ceased amortizing goodwill effective January 1, 2002.

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~~
~~Six Months~~
~~Ended Ended~~
~~June 30, June~~
~~30, 2004 2003~~
~~2004 2003 Net~~
~~sales 100.0 %~~
~~100.0 % 100.0~~
~~% 100.0 %~~
~~Cost of sales~~
~~58.0 56.8~~
~~58.2 56.1~~
~~Distribution~~
~~expenses 12.9~~
~~14.3 13.5~~
~~16.1 Selling,~~
~~general and~~
~~administrative~~
~~expenses 27.7~~
~~24.3 26.7~~
~~26.9 Income~~
~~from~~
~~operations~~
~~1.4 4.6 1.6~~
~~0.9 Interest~~
~~expense 0.4~~
~~0.6 0.4 0.5~~
~~Other income~~
~~— (0.1) —~~
~~Income before~~
~~income taxes~~
~~1.0 4.0 1.3~~
~~0.4 Tax~~
~~provision 0.4~~
~~1.6 0.5 0.2~~
~~Net income~~
~~0.6 % 2.4 %~~
~~0.8 % 0.2 %~~

Three Months Ended June 30, 2004
Compared to Three Months ended June 30, 2003

Net Sales
Net sales for the three months ended June 30, 2004 were approximately $33.0 million, an increase of $3.1 million or 10.3% over net sales for the prior year's corresponding period. Gemco and :USE product lines that were acquired in the fourth quarter

of 2003 contributed $2.0 million in net sales to the 2004 second quarter. Excluding net sales from the Gemco and :USE product lines, net sales increased by 3.6% over the second quarter of 2003.

The Outlet Stores also had increased sales, primarily as a result of the Company occupying 70% of the space in each store in the second quarter of 2004 as compared to 50% of the space in each store during the second quarter of 2003. Outlet Stores sales for the 2004 quarter, which were less than 10% of the Company's total net sales, were lower than expected, resulting in an operating loss for the Outlet Stores for the period.

Cost of Sales

Cost of sales for the three months ended June 30, 2004 was $19.2 million, an increase of $2.2 million or 12.7% over the comparable 2003 period. Cost of sales as a percentage of net sales increased to 58.0% from 56.8%, primarily as a result of sales of an unfavorable product mix of products, higher rates of sales of products that carry lower margins, including bakeware, pantryware and Gemco functional glassware products.

Distribution Expenses

Distribution expenses for the three months ended June 30, 2004 were $4.3 million, a decrease of 0.9% from the comparable 2003 period. Excluding the expenses associated with the move to the new Robbinsville, New Jersey warehouse, which were $0.1 million for the three months ended June 30, 2003, distribution expenses increased by approximately $0.1 million or 2.2% in the second quarter of 2004 as compared to the second quarter of 2003. Distribution expenses as a percentage of net sales decreased in the second quarter of 2004 as compared to the 2003 period. This improved relationship reflects the continued benefits of labor savings generated by the new systems in the Company's Robbinsville, New Jersey distribution center and lower freight-out costs, which are included in distribution expense, the result of a greater number of customers in the 2004 quarter with freight collect terms as opposed to freight prepaid.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended June 30, 2004 were $9.1 million, an increase of $1.9 million or 25.9% over the comparable 2003 period. The increase in selling, general and administrative expenses resulted primarily from higher personnel costs including planned personnel increases in the product design group, the overseas sourcing department and the sales and marketing departments. The operations of Gemco and :USE also accounted for a portion of the increase in selling, general and administrative expenses in the 2004 second quarter, as did the Outlet Stores, primarily as a result of the Company being responsible for 70% of the space and expenses in each store in the second quarter of 2004 as compared to 50% in each store during the second quarter of 2003.

Tax Provision

Income tax expense for the second quarter of 2004 was $0.1 million as compared to $0.5 million in the comparable 2003 quarter. The decrease in income tax expense is directly related to the decrease in income before taxes from 2004 to 2003. Income taxes as a percentage of income before taxes remained consistent from year-to-year at approximately 40%.

Six Months Ended June 30, 2004
Compared to Six Months ended June 30, 2003

Net Sales

Net sales for the six months ended June 30, 2004 were $70.2 million, an increase of $15.9 million or 29.4% as compared to the corresponding 2003 period. Sales of Gemco and :USE product lines, which were acquired in the fourth quarter of 2003, were approximately $3.5 million for the 2004 period. Excluding net sales from the Gemco and :USE product lines, net sales increased by 22.9% over the six-month period ended June 30, 2003. The increase in sales volume was attributable primarily to higher sales of KitchenAid branded products, Farberware branded kitchenware products and increased shipments of Kamenstein pantryware products.

The Outlet Stores also had increased sales, primarily as a result of the Company occupying 70% of the space in each store in the

2004 as compared to 50% of the space in each store during 2003. Outlet Stores sales for the first six months of 2004, which were less than 10% of the Company's total net sales, were lower than expected, resulting in an operating loss for the Outlet Stores for the period.

Cost of Sales
Cost of sales for the six months ended June 30, 2004 was $40.8 million, an increase of 34.2% over the comparable 2003 period. Cost of sales as a percentage of net sales increased to 58.2% from 56.1%, primarily as a result of higher sales of KitchenAid branded products, which generate lower margins due to the added costs of royalties and higher sales of pantryware and Gemco functional glassware products, which generate lower gross profit margins than the Company's other major product categories.

Distribution Expenses
Distribution expenses for the six months ended June 30, 2004 were $9.4 million, an increase of $0.7 million or 7.9% from the comparable 2003 period. Excluding the expenses associated with the move to the new Robbinsville, New Jersey warehouse of approximately $0.5 million for the six month period ended June 30, 2003, distribution expenses increased by approximately $1.2 million in the six month period ended June 30, 2004 as compared to the six-month period ended June 30, 2003. The higher expenses were primarily due to increased personnel and freight-out costs related to the increased level of shipments. Distribution expenses as a percentage of net sales decreased in the six-months ended June 30, 2004 as compared to the six-months ended June 30, 2003. This improved relationship reflects the continued benefits of labor savings generated by the new systems in the Company's Robbinsville, New Jersey distribution center.

Selling, General and Administrative Expenses
Selling, general and administrative expenses for the six months ended June 30, 2004 were $18.7 million, an increase of $4.1 million or 28.4% from the comparable 2003 period. The increase in selling, general and administrative expenses resulted primarily from higher personnel costs including planned increases in the product design group, the overseas sourcing department and the sales and marketing departments. The operations of Gemco and :USE also accounted for a portion of the increase in selling, general and administrative expenses for the six-month period ended June 30, 2004, as did the Outlet Stores, primarily as a result of the Company being responsible for 70% of the space and expenses in each store for the six months ended June 30, 2004 as compared to 50% in each store during 2003.

Tax Provision
Income tax expense for the six months ended June 30, 2004 was $0.3 million as compared to $0.1 million in the comparable 2003 period. The increase in income tax expense is directly related to the increase in income before taxes from 2003 to 2004. Income taxes as a percentage of income before taxes remained consistent from year-to-year at approximately 40%.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2004, the Company had a $35 million three-year secured, reducing revolving credit facility under an agreement (the "Agreement") with a group of banks. Borrowings under the Agreement were secured by all of the assets of the Company. Under the terms of the Agreement, the Company was 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 had 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, 2004, the Company had $1.1 million of letters of credit and trade acceptances outstanding and $14.8 million of borrowings under the agreement and, as a result, the availability under the Agreement was $19.1 million. Interest rates on borrowings at June 30, 2004 ranged from 2.625% to 3.0625%.

On July 28, 2004, the Company entered into a $50 million five-year, secured credit facility (the "Credit Facility") with a group of banks and, in conjunction therewith, canceled its $35 million secured, reducing revolving credit facility which was due to mature in November 2004. Borrowings under the Credit Facility are secured by all of the assets of the Company. Under the terms of the Credit Facility, the Company is required to satisfy certain financial covenants, including limitations on indebtedness and sale of assets; a minimum fixed charge ratio; a maximum leverage ratio and maintenance of a minimum net worth. Borrowings under the credit facility have different interest rate options that are based on an alternate base rate, the LIBOR rate and the lender's cost of funds rate, plus in each case a margin based on a leverage ratio.

At June 30, 2004, the Company had cash and cash equivalents of $0.4 million as compared to $1.2 million at December 31, 2003.

On July 28, 2004, the Board of Directors declared a regular quarterly cash dividend of $0.0625 per share to shareholders of record on August 4, 2004 to be paid on August 20, 2004. The dividend to be paid will be approximately $0.7 million.

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 United States dollar prices for their 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 line of credit bears 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 were no changes in interest rates that had 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, 2004.

Item 4. Control and Procedures

The Chief Executive Officer and the Chief Financial Officer of the Company (its principal executive officer and principal financial officer, respectively) have concluded, based on their evaluation as of a date within 90 days prior to the date of the filing of this Report on Form 10-Q, that the Company's controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports filed by it under the Securities and 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 include controls and procedures designed to ensure that information required to be disclosed by the Company in such reports is accumulated and communicated to the Company's management, including the Chief Executive Officer and Chief Financial Officer of the Company, as appropriate to allow timely decisions regarding required disclosure.

There were no significant changes in the Company's internal controls or in other factors that could significantly affect these controls subsequent to the date of such evaluation.

PART II - OTHER INFORMATION

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.

Item 1. Legal Proceedings

Not applicable.

Item 2. Changes in Securities and Use of Proceeds

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

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

The Company's annual meeting of stockholders was held on June 8, 2004. At the meeting, all nine 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~~	~~7,041,565~~	~~447,866~~
~~Bruce Cohen~~	~~7,041,745~~	~~447,686~~
~~Craig Phillips~~	~~7,033,565~~	~~455,866~~
~~Ronald Shiftan~~	~~6,992,851~~	~~496,580~~
~~Howard Bernstein~~	~~7,347,494~~	~~141,937~~
~~Leonard Florence~~	~~7,367,844~~	~~121,587~~
~~Cherrie Nanninga~~	~~7,396,444~~	~~92,987~~
~~Sheldon Misher~~	~~7,444,161~~	~~45,270~~
~~William Westerfield~~	~~7,439,761~~	~~49,670~~

(b) The appointment of Ernst & Young as the independent auditors to audit the Company's financial statements for the fiscal year ending December 31, 2004 was ratified by the following vote:

FOR	WITHHOLD	EXCEPTIONS/ABSTAIN
7,406,535	77,875	5,021

Item 5. Other Information

Not applicable.

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

(a) Exhibit(s) in the second quarter of 2004:

Exhibit 31.1 Certification by Jeffrey Siegel, Chief Executive Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification by Robert McNally, Chief Financial Officer, pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32 Certification by Jeffrey Siegel, Chief Executive Officer, and Robert McNally, Chief Financial Officer, 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 in the second quarter of 2004:

On April 29, 2004, the Company filed a report on Form 8-K announcing results of operations for and financial condition as of the end of its first quarter ended March 31, 2004.

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 5, 2004

/s/ Jeffrey Siegel

____

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

August 5, 2004

/s/ Robert McNally

____

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

Exhibit 31.1

CERTIFICATION

I, Jeffrey Siegel, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifetime Hoan Corporation ("the registrant");

2. Based on my knowledge, this quarterly 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 quarterly report:

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) 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. 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
   c. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls 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 controls 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 controls over financial reporting.

Date: August 5, 2004

__/s/ Jeffrey Siegel_____________
Jeffrey Siegel
President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Robert McNally, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lifetime Hoan Corporation ("the registrant");

2. Based on my knowledge, this quarterly 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 quarterly report:

3. Based on my knowledge, the financial statements, and other

financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) 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. 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
   c. disclosed in this report any change in the registrant's internal controls over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal controls over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal controls 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 controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report 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 controls over financial reporting.

Date: August 5, 2004

___/s/ Robert McNally___________
Robert McNally
Vice President and Chief Financial Officer

EXHIBIT 32

Certification by Jeffrey Siegel, Chief Executive Officer, and
Robert McNally, Chief Financial Officer,
Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002.

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, 2004 (the "Form 10-Q") fully complies with the requirements of Section 13(a) or 15(d) 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 5, 2004

Date: August 5, 2004