

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 quarter ended March 31, 2000

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 11590  
(Address of principal executive offices) (Zip  
Code)

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 11,369,714 shares outstanding as of April 30,  
2000

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME HOAN CORPORATION

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

March 31,  
2000  
(unaudited)                      December 31,  
1999

ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$118	\$1,563
Accounts receivable, less allowances of \$2,889 in 2000 and \$2,609 in 1999	18,036	22,443
Merchandise inventories	52,681	54,046
Prepaid expenses	2,394	2,641
Deferred income taxes	1,234	1,257
Other current assets	638	354
TOTAL CURRENT ASSETS	75,101	82,304
PROPERTY AND EQUIPMENT, net	12,548	12,597
EXCESS OF COST OVER NET ASSETS ACQUIRED, net	10,163	10,756
OTHER INTANGIBLES, net	10,073	9,554
OTHER ASSETS	1,224	1,173
TOTAL ASSETS	\$109,109	\$116,384

LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowing	\$1,265	\$8,073
Accounts payable and trade acceptances	4,291	5,553
Accrued expenses	13,887	13,691
Income taxes	782	371
TOTAL CURRENT LIABILITIES	20,225	27,688
MINORITY INTEREST	981	888
STOCKHOLDERS' EQUITY		
Common Stock, \$.01 par value, shares authorized 25,000,000; shares issued and outstanding 11,737,646 in 2000 and 11,817,646 in 1999	117	118
Paid-in capital	71,414	71,957
Retained earnings	17,306	16,671
Notes receivable for shares issued to stockholders	(908)	(908)
Deferred compensation	(26)	(30)
TOTAL STOCKHOLDERS' EQUITY	87,903	87,808
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$109,109	\$116,384

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 March 31	
	2000	1999
Net Sales	\$27,609	\$17,817
Cost of Sales	14,517	9,164
Gross Profit	13,092	8,653
Selling, General and Administrative Expenses	10,762	8,271
Other Expense (Income)	(56)	(46)
Income Before Income Taxes	2,386	428
Income Taxes	1,013	171
NET INCOME	\$1,373	\$257
EARNINGS PER COMMON SHARE-BASIC AND DILUTED	\$0.12	\$0.02

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
 (in thousands)  
 (unaudited)

	Three Months Ended March 31,	
	2000	1999
<b>OPERATING ACTIVITIES</b>		
Net income	\$1,373	\$257
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:		
Depreciation and amortization	754	695
Deferred tax (benefit)	23	(48)
Provision for losses on accounts receivable	2	331
Reserve for sales returns and allowances	1,289	414
Minority interest.....	93	-
Changes in operating assets and liabilities:		
Accounts receivable	3,115	636
Merchandise inventories	1,365	(8,750)
Prepaid expenses, other current assets and other assets	(88)	(60)
Accounts payable and trade acceptances and accrued expenses	(1,179)	1,912
Income taxes payable	411	(725)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>7,158</b>	<b>(5,338)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment, net	(514)	(330)
Repurchase of common stock	(544)	-
<b>NET CASH (USED IN) INVESTING ACTIVITIES</b>	<b>(1,058)</b>	<b>(330)</b>
<b>FINANCING ACTIVITIES</b>		
Repayment of short-term borrowings	(6,808)	-
Proceeds from the exercise of stock options	-	64
Cash dividends paid	(737)	(787)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(7,545)</b>	<b>(723)</b>
<b>(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,445)</b>	<b>(6,391)</b>
Cash and cash equivalents at beginning of period	1,563	9,438
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>\$118</b>	<b>\$3,047</b>

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION  
 NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note A - Basis of Presentation The accompanying unaudited condensed 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 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 three month period ended March 31, 2000 are not necessarily indicative of the results that may be expected for the year ending December 31, 2000. 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, 1999.

#### Note B - Inventories

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

#### Note C - Line of Credit Agreement

The Company has available an unsecured \$25,000,000 line of credit with a bank (the "Line") which may be used for short-term borrowings, letters of credit, or trade acceptances. Borrowings under the Line bear interest payable daily at a negotiated short term borrowing rate. The effective interest rate at March 31, 2000 was 8%. As of March 31, 2000, the Company had letters of credit and trade acceptances of \$8,460,000 outstanding and \$200,000 of borrowings under the Line. The Company is charged a nominal fee on the entire Line. The line is cancelable by either party at any time.

In addition to the Line above, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks for a total available credit facility of approximately \$1.8 million. As of March 31, 2000, the Prestige Companies had borrowings of approximately \$1.1 million against these lines. Interest rates on these lines of credits range from 3.6% to 7%.

#### Note D - Capital Stock

Cash Dividends: On January 27, 2000, the Board of Directors of the Company declared a quarterly cash dividend of \$0.0625 per share to shareholders of record on February 4, 2000, paid on February 18, 2000. On April 27, 2000, the Board of Directors declared another regular quarterly cash dividend of \$0.0625 per share to shareholders of record on May 5, 2000, to be paid on May 19, 2000.

Earnings Per Share: Basic earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding of 11,802,000 for the three months ended March 31, 2000 and 12,591,000 for the three months ended March 31, 1999. 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 11,850,000 for the three months ended March 31, 2000 and 12,821,000 for the three months ended March 31, 1999.

Common Stock Buy Back: In March 2000, the Board of Directors of the Company increased the authorized amount of its Common Stock buy back from 1,000,000 common shares to a total of 2,000,000 common shares. As of March 31, 2000, a total of 877,500 common shares were repurchased and retired.

## 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 March 31,  
2000 1999

Net Sales	100.0 %	100.0 %
Cost of sales	52.6	51.4
Gross profit	47.4	48.6
Selling, general and administrative expenses	39.0	46.4
Other expense (income)	(0.2)	(0.2)
Income before income taxes	8.6	2.4
Income taxes	3.6	1.0
Net Income	5.0 %	1.4 %

Three Months Ended March 31, 2000  
Compared to Three Months ended March 31, 1999

Net Sales

Net sales for the three months ended March 31, 2000 were \$27.6 million, an increase of \$9.8 million or 55% over the comparable 1999 period. The increase in sales reflect the positive impact of the Company's return to normalized shipping rates and turnaround times for customers orders, as all of its 1999 warehouse issues have been resolved. To a lesser extent, the quarterly sales comparisons also benefited from the Company's September 1999 acquisition of a 51% controlling interest in each of the Prestige Companies based in Italy and Germany. The sales increase was partially offset by decreased sales in the Company's Farberware Outlet Stores due to the stores having insufficient inventory in stock until late in March. The low inventory levels were caused by the Company focusing on shipping product to its major retail customers during the fourth quarter of 1999 and this year's first quarter.

Gross Profit

Gross profit for the three months ended March 31, 2000 was \$13.1 million, an increase of 51.3% from the comparable 1999 period. Gross profit as a percentage of net sales decreased to 47.4% from 48.6%. The lower margin was primarily attributable to the impact of Prestige Companies sales which currently generate lower margins. In the Company's core business the margins were slightly lower than 1999, due to customer mix as shipments were made to selective customers during the first quarter of 1999.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2000 were \$10.8 million, an increase of 30.1% from the comparable 1999 period. The increase was attributable to the added selling, general and administrative expenses of the Prestige Companies which were acquired in September 1999, along with higher warehouse labor costs and warehouse operating expenses and increased freight expense and commission expense related to the increased net sales.

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; risks relating to Year 2000 issues; and the seasonal nature of the business as detailed elsewhere in this Quarterly Report on Form 10-Q and 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 available an unsecured \$25,000,000 line of credit with a bank (the "Line") which may be used for short-term borrowings, letters of credit, or trade acceptances. Borrowings under the Line bear interest payable daily at a negotiated short term borrowing rate. The effective interest rate at March 31, 2000 was 8%. As of March 31, 2000, the Company had letters of credit and trade acceptances of \$8,460,000 outstanding and \$200,000 of borrowings under the Line and, as a result, the availability under the Line was \$16,340,000. The Company is charged a nominal fee on the entire Line. The line is cancelable by either party at any time.

In addition to the Line above, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks for a total available credit facility of approximately \$1.8 million. As of March 31, 2000, the Prestige Companies had borrowings of approximately \$1.1 million against these lines. Interest rates on these lines of credits range from 3.6% to 7%.

At March 31, 2000, the Company had cash and cash equivalents of \$118,000 versus \$1.6 million at December 31, 1999. The positive cash flow generated from operations and reductions of accounts receivable and inventory was used to reduce short-term borrowings by \$6.8 million and fund the purchase of 95,000 shares of our common stock under our buyback program.

On April 27, 2000 the Board of Directors declared another regular quarterly cash dividend of \$0.0625 per share to shareholders of record on May 5, 2000, to be paid on May 19, 2000. The dividend to be paid will be approximately \$735,000.

The Company expects that all capital expenditures expected to be incurred in 2000 will be financed from current operations, cash and cash equivalents and, if needed, short term borrowings.

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, the 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.

### Impact of Year 2000

In prior years, the Company has discussed the nature and progress of its plans to become Year 2000 computer compliant. In early 1999 the Company completed installation of a new financial accounting reporting system and a separate new warehouse management system. As a result of those two installations, the Company experienced no significant disruptions in mission critical information technology and non-information technology systems and believes those systems successfully responded to the Year 2000 date change. The Company is not aware of any material problems resulting from Year 2000 issues, either with its products, its internal systems, or the products and services of third parties. The Company will continue to monitor its mission critical computer applications and those of its suppliers and vendors throughout the year 2000 to ensure that any latent Year 2000 matters that may arise are addressed promptly.

## PART II - OTHER INFORMATION

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

(a) Exhibit(s) in the first quarter of 2000:

Exhibit No. Description  
27 Financial Data Schedule

(b) Reports on Form 8-K in the first quarter of 2000: NONE

Exhibit 27. Financial Data Schedule

Lifetime Hoan Corporation

Financial Data Schedule

Pursuant to Item 601(c) of Regulation S-K

This schedule contains summary financial information extracted from the financial statements included in the form 10-Q and is qualified in its entirety by reference to such financial statements for the three months ended March 31, 2000. (in thousands, except per share data)

Item Number	Item Description	Amount
5-02(1)	Cash and Cash Items	\$ 118
5-02(2)	Marketable Securities	\$ 0
5-02(3)(a)(1)	Notes and Accounts Receivable-Trade	\$ 18,121
5-02(4)	Allowances for Doubtful Accounts	\$ 85
5-02(6)	Inventory	\$ 52,681
5-02(9)	Total Current Assets	\$ 75,101
5-02(13)	Property, Plant and Equipment	\$ 19,867
5-02(14)	Accumulated Depreciation	\$ 7,319
5-02(18)	Total Assets	\$ 109,109
5-02(21)	Total Current Liabilities	\$ 20,225
5-02(22)	Bonds, Mortgages and Similar Debt	\$ 0
5-02(28)	Preferred Stock-Mandatory Redemption	\$ 0
5-02(29)	Preferred Stock-No Mandatory Redemption	\$ 0
5-02(30)	Common Stock	\$ 117
5-02(31)	Other Stockholders' Equity	\$ 87,786
5-02(32)	Total Liabilities and Stockholder Equity	\$ 109,109
5-03(b)1(a)	Net Sales of Tangible Products	\$ 27,506
5-03(b)1	Total Revenues	\$ 27,609
5-03(b)2(a)	Cost of Tangible Goods Sold	\$ 14,517
5-03(b)2	Total Costs and Expenses Applicable to Sales and Revenues	\$ 14,517
5-03(b)3	Other Costs and Expenses	\$ 0
5-03(b)5	Provision for Doubtful Accounts and Notes	\$ 2
5-03(b)(8)	Interest and Amortization of Debit Discount	\$ 0
5-03(b)(10)	Income Before Taxes and Other Items	\$ 2,386
5-03(b)(11)	Income Tax Expense	\$ 1,013
5-03(b)(14)	Income/Loss Continuing Operations	\$ 1,373
5-03(b)(15)	Discontinued Operations	\$ 0
5-03(b)(17)	Extraordinary Items	\$ 0
5-03(b)(18)	Cumulative effect - Changes in Accounting Principles	\$ 0
5-03(b)(19)	Net Income or Loss	\$ 1,373
5-03(b)(20)	Earnings Per Share - Primary	\$ 0.12
5-03(b)(20)	Earnings Per Share - Fully Diluted	\$ 0.12

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

May 14, 2000

/s/ Milton Cohen

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Milton L. Cohen  
Chairman of the Board of Directors  
(Principal Executive Officer)

May 14, 2000

/s/ Robert McNally

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

Officer)