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 quarter ended March 31, 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 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 10,497,690 shares outstanding as of April 30, 2002

PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME HOAN CORPORATION

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

~~March 31, December 31, 2002 2001 (unaudited) ASSETS CURRENT ASSETS Cash and cash~~

~~equivalents $144 $5,021 Accounts receivable, less allowances of $2,971 in 2002 and $3,649 in 2001 16,597 20,742 Merchandise inventories 42,687 42,303 Prepaid expenses 3,510 2,084 Deferred income taxes — 148 Other current assets 4,192 3,702 TOTAL CURRENT ASSETS 67,130 74,000 PROPERTY AND EQUIPMENT, net 22,124 22,376 EXCESS OF COST OVER NET ASSETS ACQUIRED, 15,498 15,498 net OTHER INTANGIBLES, net 9,293 9,390 OTHER ASSETS 2,073 2,106 TOTAL ASSETS $116,118 $123,370 LIABILITIES AND STOCKHOLDERS' EQUITY CURRENT LIABILITIES Short-term borrowings $17,809 $22,847 Accounts payable and trade acceptances 6,688 4,955 Accrued expenses 14,783 17,123 TOTAL CURRENT LIABILITIES 39,280 44,925 MINORITY INTEREST 457 384 STOCKHOLDERS' EQUITY Common Stock, $.01 par value, shares 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 15,808 17,660 Notes receivable for shares issued to (486) (486) stockholders Accumulated other comprehensive loss (165) (305) TOTAL STOCKHOLDERS' EQUITY 76,381 78,061 TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY $116,118 $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 March 31, 2002 2001 Net Sales $26,398 $31,307 Cost of Sales 14,394 17,367 Gross Profit 12,004 13,940 Selling, General and Administrative Expenses 13,779 12,692 Interest Expense 286 202 Other (Income) (141) (84) (Loss) Income Before Income Taxes (1,920) 1,130 Income Taxes (723) 491 NET (LOSS) INCOME ($1,197) $639 (LOSS) EARNINGS PER COMMON SHARE-BASIC AND DILUTED ($0.11) $0.06~~

See notes to condensed consolidated financial statements.

LIFETIME HOAN CORPORATION

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

~~Three~~
~~Months~~
~~Ended March~~
~~31, 2002~~
~~2001~~
~~OPERATING~~
~~ACTIVITIES~~
~~Net (loss)~~
~~income~~
~~($1,197)~~
~~$639~~
~~Adjustments~~
~~to~~
~~reconcile~~
~~net income~~
~~to net cash~~
~~provided by~~
~~operating~~
~~activities:~~
~~Depreciation~~
~~and~~
~~amortization~~
~~863 845~~
~~Deferred~~
~~income~~
~~taxes 148~~
~~153~~
~~Provision~~
~~for losses~~
~~on accounts~~
~~9 (9)~~
~~receivable~~
~~Reserve for~~
~~sales~~
~~returns and~~
~~allowances~~
~~1,527 1,692~~
~~Minority~~
~~interest 73~~
~~(68)~~
~~Changes in~~
~~operating~~
~~assets and~~
~~liabilities:~~
~~Accounts~~
~~receivable~~
~~2,609 56~~
~~Merchandise~~
~~inventories~~
~~(384)~~
~~(3,796)~~
~~Prepaid~~
~~expenses,~~
~~other~~
~~current~~
~~assets and~~
~~other~~
~~assets~~
~~(1,883) 232~~
~~Accounts~~
~~payable and~~
~~trade~~
~~acceptances~~

~~and accrued expenses (607) 3,182 NET CASH PROVIDED BY OPERATING ACTIVITIES 1,158 2,926 INVESTING ACTIVITIES Purchase of property and equipment, net (514) (4,180) Acquisition of M. Kamenstein, Inc. — (164) NET CASH USED IN INVESTING ACTIVITIES (514) (4,344) FINANCING ACTIVITIES (Repayment) proceeds of short term (5,038) 3,512 borrowings Repurchase of common stock — (63) Cash dividends paid (655) (656) Proceeds from the exercise of stock options 32 — NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES (5,661) 2,793 EFFECT OF EXCHANGE RATE ON CASH AND CASH EQUIVALENTS 140 (51) (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS (4,877) 1,324 Cash and cash equivalents at beginning of 5,021 1,325 period CASH AND CASH EQUIVALENTS AT END OF $144 $2,649 PERIOD~~

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 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 period ended March 31, 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 method.

Note C - Credit Facilities
As of March 31, 2002, the Company had $2,970,000 of letters of credit and trade acceptances outstanding and $15,400,000 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 $26,630,000. Interest rates on borrowings at March 31, 2002 ranged from $3.875% to 3.9375%.

In addition to the Agreement, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks for total available credit facilities of approximately $3.4 million. As of March 31, 2002, the Prestige Companies had borrowings of approximately $2.4 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 January 28, 2002, the Board of Directors of the Company declared a quarterly cash dividend of $0.0625 per share to stockholders of record on February 6, 2002, paid on February 20, 2002. On May 2, 2002, the Board of Directors declared a regular quarterly cash dividend of $0.0625 per share to stockholders of record on May 6, 2002, to be paid on May 20, 2002.

Earnings Per Share: Basic earnings per share has been computed by dividing net income (loss) by the weighted average number of common shares outstanding of 10,493,000 for the three months ended March 31, 2002 and 10,497,000 for the three months ended March 31, 2001. Diluted earnings per share has been computed by dividing net income by the weighted average number of common shares outstanding, plus the dilutive effects of stock options, of 10,561,000 for the three months ended March 31, 2001.

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 March 31, 2001, net income would have been increased by $82,000, basic and diluted earnings per share would have been $0.07.

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 is 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 March 31, 2002~~	~~2001~~
~~Net sales~~	~~100.0 %~~	~~100.0 %~~
~~Cost of sales~~	~~54.5~~	~~55.5~~
~~Gross profit~~	~~45.5~~	~~44.5~~
~~Selling, general and administrative expenses~~	~~52.2~~	~~40.5~~
~~Interest expense~~	~~1.1~~	~~0.6~~
~~Other (income)~~	~~(0.5)~~	~~(0.1)~~
~~(Loss) income before income taxes~~	~~(7.3)~~	~~3.5~~
~~Income taxes~~	~~(2.7)~~	~~1.5~~
~~Net (loss) income~~	~~(4.6) %~~	~~2.0 %~~

Three Months Ended March 31, 2002 Compared to Three Months ended March 31, 2001

Net Sales

Net sales for the three months ended March 31, 2002 were $26.4 million, a decrease of $4.9 million or 15.7% from the comparable 2001 period. The lower sales volume in the first quarter was attributable primarily to the startup of our new automated warehouse which negatively affected shipments in our core business and to a lesser extent, lower sales in the Kamenstein business.

Gross Profit

Gross profit for the three months ended March 31, 2002 was $12.0 million, a decrease of 13.9% from the comparable 2001 period. Gross profit as a percentage of net sales increased to 45.5% from 44.5% due primarily to higher gross margins in the Kamenstein business, the result of better sourcing of products from suppliers.

Selling, General and Administrative Expenses

Selling, general and administrative expenses for the three months ended March 31, 2002 were $13.8 million, an increase of 8.6% from the comparable 2001 period. The increase was primarily attributable to relocation charges and 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 agreement (the "Agreement") with a group of banks. The Agreement 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 March 31, 2002, the Company had $2,970,000 of letters of credit and trade acceptances outstanding and $15,400,000 of borrowings under the agreement and, as a result, the availability under the Agreement was $26,630,000. Interest rates on borrowings at March 31, 2002 ranged from $3.875% to 3.9375%.

In addition to the Agreement, the Prestige Companies (the Company's 51% controlled European subsidiaries) have three lines of credit with three separate banks for total available credit facilities of approximately $3.4 million. As of March 31, 2002, the Prestige Companies had borrowings of approximately $2.4 million against these lines. Interest rates on these lines of credits ranged from 5.85% to 8.25%.

At March 31, 2002, the Company had cash and cash equivalents of $144,000 versus $5.0 million at December 31, 2001. The decrease in cash was due to the pay down of short-term borrowings, the increased combined balances of prepaid expenses, other current assets and other assets, offset by the decrease in accounts receivable.

On May 2, 2002 the Board of Directors declared a regular quarterly cash dividend of $0.0625 per share to stockholders of record on May 6, 2002, to be paid on May 20, 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 twelve 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 purchase orders is generally 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.

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 credits 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 for the three month period ended March 31, 2002.

PART II - OTHER INFORMATION

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

(a) Exhibit(s) in the first quarter of 2002: NONE

(b) Reports on Form 8-K in the first 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

May 14, 2002

/s/ Jeffrey Siegel

____

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

May 14, 2002

/s/ Robert McNally

____

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