

LIFETIME BRANDS, INC
Form 10-Q
May 11, 2009

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2009

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM _____ TO _____**

Commission file number 0-19254

LIFETIME BRANDS, INC.

(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.)

1000 Stewart Avenue, Garden City, New York, 11530

(Address of principal executive offices, including Zip Code)

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

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.

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Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The number of shares of the registrant's common stock outstanding as of May 11, 2009 was 11,989,724.

LIFETIME BRANDS, INC.

FORM 10-Q

FOR THE QUARTER ENDED MARCH 31, 2009

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LIFETIME BRANDS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

	March 31,	December 31,
	2009	2008
	(unaudited)	(as adjusted see Note F)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,048	\$ 3,478
Accounts receivable, less allowances of \$14,897 at 2009 and \$14,651 at 2008	59,877	67,562
Inventory	131,942	141,612
Income taxes receivable	11,597	11,597
Prepaid expenses and other current assets	6,831	8,429
TOTAL CURRENT ASSETS	212,295	232,678
PROPERTY AND EQUIPMENT, net	48,199	49,908
INTANGIBLES, net	38,202	38,420
INVESTMENT IN GRUPO VASCONIA, S.A.B.	17,443	17,784
OTHER ASSETS	2,880	2,991
TOTAL ASSETS	\$ 319,019	\$ 341,781
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Short-term borrowings	\$ 79,700	\$ 89,300
Accounts payable	23,054	24,151
Accrued expenses	29,451	35,902
Deferred income tax liabilities	403	403
Income taxes payable	133	225
TOTAL CURRENT LIABILITIES	132,741	149,981
DEFERRED RENT & OTHER LONG-TERM LIABILITIES	22,969	23,054
DEFERRED INCOME TAXES	3,539	3,373
CONVERTIBLE NOTES (see Note F)	68,508	67,864
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value, shares authorized: 25,000,000; shares issued and outstanding: 11,989,724 in 2009 and 2008	120	120
Paid-in capital	127,954	127,497
Accumulated deficit	(27,475)	(21,515)
Accumulated other comprehensive loss	(9,337)	(8,593)

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TOTAL STOCKHOLDERS' EQUITY	91,262	97,509
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 319,019	\$ 341,781

See accompanying independent registered public accounting firm review report and notes to unaudited condensed consolidated financial statements.

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LIFETIME BRANDS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**

(In thousands, except per share data)

(unaudited)

	Three Months Ended	
	March 31, 2009	2008
		(as adjusted see Note F)
Net sales	\$ 90,214	\$ 98,194
Cost of sales	58,148	59,605
Distribution expenses	11,048	13,390
Selling, general and administrative expenses	23,567	31,103
Restructuring expenses	824	2,880
Loss from operations	(3,373)	(8,784)
Interest expense (see Note F)	(2,873)	(2,681)
Loss before income taxes and equity in earnings of Grupo Vasconia, S.A.B.	(6,246)	(11,465)
Income tax benefit (provision) (see Note J)	(135)	4,851
Equity in earnings of Grupo Vasconia, S.A.B., net of taxes	422	257
NET LOSS	\$ (5,959)	\$ (6,357)
BASIC AND DILUTED LOSS PER COMMON SHARE	\$	