FAIRCHILD CORP
Form 8-K
July 12, 2006

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

FORM 8-K

Current Report Pursuant to
Section 13 Or 15(d) of the Securities Exchange Act of 1934

July 6, 2006
Date of Report (Date of earliest event reported)

Commission File Number 1-6560

THE FAIRCHILD CORPORATION
(Exact name of Registrant as specified in its charter)

Delaware
(State of incorporation or organization)

34-0728587
(I.R.S. Employer Identification No.)

1750 Tysons Boulevard, Suite 1400, McLean, VA 22102
(Address of principal executive offices)

(703) 478-5800
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

FORWARD-LOOKING STATEMENTS:

Certain statements in this filing contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to our financial condition, results of operation and business. These statements relate to analyses and other information, which are based on forecasts of future results and estimates of amounts not yet determinable. These statements also relate to our future prospects, developments and business strategies. These forward-looking statements are identified by their use of terms and phrases such as ‘‘anticipate,’’ ‘‘believe,’’ ‘‘could,’’ ‘‘estimate,’’ ‘‘expect,’’ ‘‘intend,’’ ‘‘may,’’ ‘‘plan,’’ ‘‘predict,’’ ‘‘project,’’ ‘‘will’’ and similar term references to assumptions. These forward-looking statements involve risks and uncertainties, including current trend information, projections for deliveries, backlog and other trend estimates that may cause our actual future activities and results of operations to be materially different from those suggested or described in this financial discussion and analysis by management. These risks include: our ability to finance and successfully operate our retail businesses; our ability to accurately predict demand for our products; our ability to receive timely deliveries from vendors; our ability to raise cash to meet seasonal demands; our dependence on the retail and aerospace industries; our ability to maintain customer satisfaction and deliver products of quality; our ability to properly assess our competition; our ability to improve our operations to profitability status; our ability to liquidate non-core assets to meet cash needs; our ability to attract and retain highly qualified executive management; our ability to achieve and execute internal business plans; weather conditions in Europe during peak business season and on weekends; labor disputes; competition; foreign currency fluctuations; worldwide political instability and economic growth; military conflicts, including terrorist activities; infectious diseases; new legislation which may cause us to be required to fund our pension plan earlier than we had expected; and the impact of any economic downturns and inflation.

If one or more of these and other risks or uncertainties materialize, or if underlying assumptions prove incorrect, our actual results may vary materially from those expected, estimated or projected. Given these uncertainties, users of the information included in this report, including investors and prospective investors, are cautioned not to place undue reliance on such forward-looking statements. We do not intend to update the forward-looking statements included in this filing, even if new information, future events or other circumstances have made them incorrect or misleading.

ITEM 2.01. COMPLETION OF ACQUISITION OR DISPOSITION OF ASSETS

On July 6, 2006, Republic Thunderbolt, LLC (an indirect, wholly-owned subsidiary of The Fairchild Corporation), completed the sale of Airport Plaza. The purchaser was Airport Plaza, LLC, an affiliate of Kimco Realty Corporation. Airport Plaza is a shopping center located in Farmingdale, NY. We received net proceeds of approximately $40.7 million from the sale. As a condition to closing, the buyer assumed our existing mortgage loan on Airport Plaza that had an outstanding principal balance of approximately $53.5 million on the closing date. As a result of post-closing adjustments, Republic Thunderbolt, LLC expects to receive an additional amount of approximately $0.3 million. We decided to sell the shopping center to enhance our financial flexibility, allowing us to invest in existing operations or pursue other opportunities, including opportunities to take our company private, or “going dark”. The purchase agreement for the sale of Airport Plaza was previously reported on Form 8-K filed on December 22, 2005.

ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS

(b) PRO FORMA FINANCIAL INFORMATION

THE FAIRCHILD CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The following unaudited pro forma consolidated financial statements give effect to the disposition of our Farmingdale, New York, shopping center, Airport Plaza, to Airport Plaza, LLC, an affiliate of Kimco Realty Corporation, for a total price of approximately $95.1 million. The purchaser has assumed our existing mortgage loan of approximately $53.5 million. After transaction costs and other adjustments, we received net proceeds from the sale of approximately $40.7 million. We expect to receive an additional amount of approximately $0.3 million from post-closing adjustments. The unaudited pro forma consolidated statement of operations for the year ended September 30, 2005 gives effect to the disposition of the shopping center as if it had occurred on October 1, 2004. The unaudited pro forma consolidated balance sheet as of March 31, 2006 gives effect to the disposition of the shopping center as if it occurred on March 31, 2006. The unaudited consolidated statement of operations for the three and six months ended March 31, 2006, as previously filed in our Quarterly Report on Form 10-Q dated March 31, 2006, reflected the results of Airport Plaza as a discontinued operation and are not included in this report.

The pro forma adjustments are based on preliminary estimates of currently available information and assumptions that we believe are reasonable. The unaudited pro forma consolidated financial statements are presented for informational purposes only and are not intended to be indicative of either future results of our operations or results that might have been achieved if the transaction occurred on the dates specified.

The unaudited pro forma consolidated financial statements should be read in conjunction with our historical consolidated financial statements and the related notes included in our Quarterly Report on Form 10-Q for the period ended March 31, 2006 and our Annual Report on Form 10-K for the year ended September 30, 2005 incorporated by reference herein.

We expect to recognize a gain from this transaction. However, because of uncertain costs to cure environmental matters for which we retained responsibility, the gain may be delayed. Based upon these pro forma statements, and as if the disposition of the shopping center had occurred on March 31, 2006, we would have recorded a deferred gain of approximately $12.8 million gain from the sale of our shopping center.

THE FAIRCHILD CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Twelve Months Ended September 30, 2005
(In thousands, except per share data)

	Fairchild Historical	Airport Plaza Historical (a)	Fairchild Pro Forma
Net sales	$ 341,587	$ -	$ 341,587
Rental revenue	10,830	(10,174)	656
	352,417	(10,174)	342,243
Costs and expenses:			
Cost of goods sold	211,582	-	211,582
Cost of rental revenue	6,895	(6,725)	170
Selling, general & administrative	157,499	(98)	157,401
Pension and postretirement benefits	6,445	-	6,445
Other income	(5,909)	-	(5,909)
Amortization of intangibles	560	-	560
Impairment expense	2,895	-	2,895
	379,967	(6,823)	373,144
Operating loss	(27,550)	(3,351)	(30,901)
Net interest expense	(14,958)	3,240	(11,718)
Investment income	6,009	-	6,009
Fair market value increase in interest rate contract	5,942	-	5,942
Loss before taxes	(30,557)	(111)	(30,668)
Income tax provision	(2,384)	90	(2,294)
Equity in loss of affiliates, net	(156)	-	(156)
Loss from continuing operations	$ (33,097)	$ (21)	$ (33,118)
Loss per share from continuing operations:			
Basic	$ (1.31)		$ (1.31)
Diluted	(1.31)		(1.31)
Weighted average shares outstanding:			
Basic	25,224		25,224
Diluted	25,224		25,224

The accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements are an integral part of these statements.

THE FAIRCHILD CORPORATION
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
March 31, 2006
(In thousands)

	Fairchild Historical	Airport Plaza Historical (b)	Airport Plaza Disposition (c)		Fairchild Pro Forma
Cash	$ 14,606	$ -	$ 40,729	(d)	$ 55,335
Short-term investments	7,064	-	1,000	(e)	8,064
Accounts receivable, less allowances	19,702	-	336	(f)	20,038
Inventory	117,785	-	-		117,785
Current assets of discontinued operations	1,859	(1,859)			-
Prepaid and other current assets	13,238	-	-		13,238
Total current assets	174,254	(1,859)	42,065		214,460
Net fixed assets	58,463	-	-		58,463
Noncurrent assets of discontinued operations	78,101	(78,101)	-		-
Goodwill and intangible assets	42,474	-	-		42,474
Investment in affiliates	2,831	-	-		2,831
Prepaid pension assets	32,341	-	-		32,341
Deferred loan costs	1,660	-	-		1,660
Long-term investments	62,558	-	-		62,558
Notes receivable	6,627	-			6,627
Other assets	7,423	-	-		7,423
Total Assets	$ 466,732	$ (79,960)	$ 42,065		$ 428,837
Bank notes payable & current maturities of debt	$ 49,250	$ -	$ -		$ 49,250
Accounts payable	49,727	-	-		49,727
Accrued liabilities:		-			
Salaries, wages and commissions	9,762	-	-		9,762
Insurance	7,190	-	-		7,190
Interest	251	-	-		251
Other accrued liabilities	18,433	-	1,000	(e)	19,433
Current liabilities of discontinued operations	1,177	(1,177)	-		-
Total current liabilities	135,790	(1,177)	1,000		135,613
Long-term debt, less current maturities	29,876	-	-		29,876
Other long-term liabilities	25,690	-	12,766	(i)	38,456
Pension liabilities	50,037	-	-		50,037
Retiree health care liabilities	26,727	-	-		26,727
Noncurrent income taxes	42,179	-	2,633	(g)	44,812
Noncurrent liabilities of discontinued operations	53,117	(53,117)	-		-

Total liabilities	363,416	(54,294)		16,399		325,521
Class A common stock	3,047	-		-		3,047
Class B common stock	262	-		-		262
Paid-in capital	232,547	(25,666)	(h)	25,666	(i)	232,547
Treasury stock, at cost	(76,352)	-		-		(76,352)
Notes due from stockholders	(43)	-		-		(43)
Retained earnings	9,965	-		-		9,965
Cumulative other comprehensive loss	(66,110)	-		-		(66,110)
Total stockholders' equity	103,316	(25,666)		25,666		103,316
Total liabilities & stockholders' equity	$ 466,732	$ (79,960)		$ 42,065		$ 428,837

The accompanying notes to the Unaudited Pro Forma Consolidated Financial Statements are an integral part of these statements.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS
(In thousands)

(a) Represents the elimination of the historical operating results from our Airport Plaza shopping center that we sold to Airport Plaza, LLC for the period presented.

(b) Represents the elimination of the historical assets and assumed debt from our Airport Plaza shopping center that we sold to Airport Plaza, LLC for the period presented.

(c) Represents the effects of the disposition of the Airport Plaza shopping center.

(d) Represents the increase in cash from the net proceeds we received from the disposition of the Airport Plaza shopping center as follows:

Sales Price	$	95,051
Proceeds from mortgage escrows and prepaid expenses		1,917
Debt Assumed by Buyer		(53,477)
Payment of accrued interest		(221)
Release of tenant security deposits and unearned revenue		(489)
Cash placed in escrow for environmental matters		(1,000)
Transaction expenses		(1,052)
Net cash received from transaction	$	40,729

(e) Represents the cash placed in escrow for environmental matters.

(f) Represents the additional proceeds we expect to receive from post-closing adjustments.

(g) Represents estimated taxes on the disposition of the Airport Plaza shopping center.

(h) The assets and liabilities of our shopping center were reported as assets and liabilities of discontinued operations at March 31, 2006, as follows:

Current assets of discontinued operations:		
Accounts receivable	$	26
Prepaid expenses and other current assets		1,833
		1,859
Noncurrent assets of discontinued operations:		
Property, plant and equipment		90,741
Accumulated depreciation		(16,346)
Deferred loan costs		790
Other assets		2,916
		78,101
Current liabilities of discontinued operations:		
Current maturities of long-term debt		(689)
Accounts payable		(105)
Accrued liabilities		(383)
		(1,177)

Noncurrent liabilities of discontinued operations:		
Long-term debt		(52,949)
Other long-term liabilities		(168)
		(53,117)
Total net assets of discontinued operations	$	25,666

(i) Represents the deferred book gain, as currently estimated from the disposition of the Airport Plaza shopping center, calculated as follows:

Net cash received from transaction	$	40,729
Additional proceeds expected from post-closing adjustments		336
Less: Net assets of the shopping center		(25,666)
Estimated tax provision		(2,633)
Deferred gain from transaction (1)	$	12,766

(1) Because of uncertain environmental liabilities that we retained, the gain from this transaction will be required to be delayed until these matters are resolved.

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 hereunto duly authorized.

Dated: July 12, 2006

THE FAIRCHILD CORPORATION

By: /s/ DONALD E. MILLER
Name: Donald E. Miller
Title: Executive Vice President,
Corporate Secretary and General Counsel

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Total depreciation and amortization

$6,422 $3,348 $10,731 $6,634

	June 30, 2018	December 31, 2017
	(in thousands)	
Assets		
U.S. Wholesale	$ 619,288	$ 281,398
International	102,584	105,984

Retail Direct	1,099	613
Unallocated/ Corporate/ Other	19,075	13,526
Total assets	$ 742,046	$ 401,521

NOTE L CONTINGENCIES

Wallace Silversmiths de Puerto Rico, Ltd. (WSPR), a wholly-owned subsidiary of the Company, operates a manufacturing facility in San Germán, Puerto Rico that is leased from the Puerto Rico Industrial Development Company (PRIDCO). In March 2008, the United States Environmental Protection Agency (the EPA) announced that the San Germán Ground Water Contamination site in Puerto Rico (the Site) had been added to the Superfund National Priorities List due to contamination present in the local drinking water supply.

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LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(unaudited)

In May 2008, WSPR received from the EPA a Notice of Potential Liability and Request for Information Pursuant to 42 U.S.C. Sections 9607(a) and 9604(e) of the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). In July 2011, WSPR received a letter from the EPA requesting access to the property that it leases from PRIDCO to conduct an environmental investigation, and the Company granted such access. In February 2013, the EPA requested access to conduct a further environmental investigation at the property. PRIDCO agreed to such access and the Company consented. The EPA conducted a further investigation during 2013 and, in April 2015, notified the Company and PRIDCO that the results from vapor intrusion sampling may warrant implementation of measures to mitigate potential exposure to sub-slab soil gas. The Company reviewed the information provided by the EPA and requested that PRIDCO, as the property owner, find and implement a solution acceptable to the EPA. While WSPR did not cause the sub-surface condition that resulted in the potential for vapor intrusion, in order to protect the health of its employees and continue its business operations, it has nevertheless implemented corrective action measures to prevent vapor intrusion, such as sealing floors of the building and conducting periodic air monitoring to address potential exposure. On August 13, 2015, the EPA released its remedial investigation and feasibility study (RI/FS) for the Site. On December 11, 2015, the EPA issued the Record of Decision (ROD) for an initial operable unit, electing to implement its preferred remedy which consists of soil vapor extraction and dual-phase extraction/*in-situ* treatment. This selected remedy includes soil vapor extraction (SVE) to address soil (vadose zone) source areas at the Site, impermeable cover as necessary for the implementation of SVE, dual phase extraction in the shallow saprolite zone, and *in-situ* treatment as needed to address residual sources. The EPA s estimated capital cost for its selected remedy is $7.3 million. The EPA also designated a second operable unit under which the EPA has and will continue to conduct further investigations to determine the nature and extent of groundwater contamination, as well as a determination by the EPA on the necessity of any further response actions to address groundwater contamination. In February 2017, the EPA indicated that it plans to expand its field investigation for the RI/FS for the second operable unit to further determine the nature and extent of the groundwater contamination at and from the Site and to determine the nature of the remedial action needed to address the contamination. The EPA has requested access to the property occupied by WSPR to install monitoring wells and to undertake groundwater sampling as part of this expanded investigation. WSPR has consented to the EPA s access request, provided that the EPA receives PRIDCO s consent, as the property owner. WSPR never used the primary contaminant of concern and did not take up its tenancy at the Site until after the EPA had discovered the contamination in the local water supply. The EPA has also issued notices of potential liability to a number of other entities affiliated with the Site, which used the contaminants of concern.

Accordingly, based on the above uncertainties and variables, it is not possible at this time for the Company to estimate its share of liability, if any, related to this matter. However, in the event of one or more adverse determinations related to this matter, it is possible that the ultimate liability resulting from this matter and the impact on the Company s results of operations could be material.

The Company is, from time to time, involved in other legal proceedings. The Company believes that other current litigation is routine in nature and incidental to the conduct of the Company s business and that none such litigation,

individually or collectively, would have a material adverse effect on the Company s consolidated financial position, results of operations or cash flows.

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LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(unaudited)

NOTE M OTHER

Cash dividends

Dividends declared in the six months ended June 30, 2018 are as follows:

Dividend per share	Date declared	Date of record	Payment date
$ 0.0425	March 8, 2018	May 1, 2018	May 15, 2018
$ 0.0425	June 28, 2018	August 1, 2018	August 15, 2018

On February 15, 2018 and May 15, 2018, the Company paid dividends of $0.6 million and $0.9 million, respectively, to shareholders of record on February 1, 2018 and May 1, 2018, respectively. In the six months ended June 30, 2018, the Company reduced retained earnings for the accrual of $0.9 million relating to the dividend payable on August 15, 2018.

On July 31, 2018 the Board of Directors declared a quarterly dividend of $0.0425 per share payable on November 15, 2018 to shareholders of record on November 1, 2018.

Supplemental cash flow information

	Six Months Ended June 30,	
	2018	**2017**
	(in thousands)	
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 5,614	$ 1,704
Cash paid for taxes	2,763	8,753
Non-cash investing activities:		
Translation gain (loss) adjustment	$ (2,109)	$ 5,288

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LIFETIME BRANDS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(unaudited)

Components of accumulated other comprehensive loss, net

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
	(in thousands)			
Accumulated translation adjustment:				
Balance at beginning of period	$ (24,441)	$ (33,668)	$ (27,821)	$ (35,644)
Translation gain (loss) during period	(5,489)	3,312	(2,109)	5,288
Balance at end of period	$ (29,930)	$ (30,356)	$ (29,930)	$ (30,356)
Accumulated deferred gains (losses) on cash flow hedges:				
Balance at beginning of period	$	$ 10	$ 14	$ (3)
Amounts reclassified from accumulated other comprehensive loss: (1)				
Settlement of cash flow hedge			(14)	
Derivative fair value adjustment, net of taxes of $88 and $1 for the three month periods ended June 30, 2018 and 2017, respectively and $88 and $9 for the six months ended June 30, 2018 and 2017, respectively.	(263)	1	(263)	14
Balance at end of period	$ (263)	$ 11	$ (263)	$ 11
Accumulated effect of retirement benefit obligations:				
Balance at beginning of period	$ (1,500)	$ (1,337)	$ (1,518)	$ (1,352)
Amounts reclassified from accumulated other comprehensive loss: (2)				
Amortization of actuarial losses, net of taxes of $12 and $10 for the three month periods ended June 30, 2018 and 2017, respectively and $24 and $20 for the six months ended June 30, 2018 and 2017, respectively.	17	16	35	31

Balance at end of period	$ (1,483)	$ (1,321)	$ (1,483)	$ (1,321)
Total accumulated other comprehensive loss at end of period	$ (31,676)	$ (31,666)	$ (31,676)	$ (31,666)

(1) Amount is recorded as interest expense on the condensed consolidated statements of operations.
(2) Amounts are recorded in selling, general and administrative expense on the condensed consolidated statements of operations.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Lifetime Brands, Inc.

Results of Review of Interim Financial Statements

We have reviewed the accompanying condensed consolidated balance sheet of Lifetime Brands, Inc. (the Company) as of June 30, 2018, the related condensed consolidated statements of operations and comprehensive income (loss) for the three and six-month periods ended June 30, 2018 and 2017, the condensed consolidated statements of cash flows for the six-month periods ended June 30, 2018 and 2017 and the related notes (collectively referred to as the condensed consolidated interim financial statements). Based on our reviews, we are not aware of any material modifications that should be made to the condensed consolidated interim financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheet of the Company as of December 31, 2017, the related consolidated statements of operations, comprehensive income (loss), stockholders equity and cash flows for the year then ended, and the related notes and schedules (not presented herein); and in our report dated March 16, 2018, we expressed an unqualified audit opinion on those consolidated financial statements and included an explanatory paragraph for reference to other auditors. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 2017, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

Basis for Review Results

These financial statements are the responsibility of the Company s management. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the SEC and the PCAOB. We conducted our review in accordance with the standards of the PCAOB. A review of interim financial statements consists principally of applying analytical procedures and 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 PCAOB, 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.

/s/ Ernst & Young LLP

Jericho, New York

August 7, 2018

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q of Lifetime Brands, Inc. (the Company and, unless the context otherwise requires, references to the Company shall include its consolidated subsidiaries), contains forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995. These forward-looking statements include information concerning the Company s plans, objectives, goals, strategies, future events, future revenues, performance, capital expenditures, financing needs and other information that is not historical information. Many of these statements appear, in particular, in *Management s Discussion and Analysis of Financial Condition and Results of Operations.* When used in this Quarterly Report on Form 10-Q, the words estimates, expects, anticipates, projects, plans, intends, believes, may, should, assumes, seeks, and variations of such words or similar expressions, negatives thereof, are intended to identify forward-looking statements. All forward-looking statements, including, without limitation, those based on the Company s examination of historical operating trends, are based upon the Company s current expectations and various assumptions. The Company believes there is a reasonable basis for its expectations and assumptions, but there can be no assurance that the Company will realize its expectations or that the Company s assumptions will prove correct.

There are a number of risks and uncertainties that could cause the Company s actual results to differ materially from the forward-looking statements contained in this Quarterly Report. Important factors that could cause the Company s actual results to differ materially from those expressed as forward-looking statements are set forth in this Quarterly Report on Form 10-Q in Part II, Item 1A Risk Factors and in Part I, Item 1A. Risk Factors included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Such risks, uncertainties and other important factors include, among others, risks related to:

- Tax reform;
- General economic factors and political conditions;
- Indebtedness;
- Seasonality;
- Liquidity;
- Interest;
- Acquisition integration;
- Competition;

Customer practices;

Intellectual property, brands and licenses;

Goodwill;

International operations;

Supply chain;

Foreign exchange rates;

International trade and transportation;

Product liability;

Regulatory matters;

Product development;

Reputation;

Technology;

Personnel;

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Price fluctuations;

Business interruptions;

Projections;

Fixed costs;

Governance; and

Acquisitions and investments.

There may be other factors that may cause the Company s actual results to differ materially from the forward-looking statements. Except as may be required by law, the Company undertakes no obligation to publicly update or revise forward-looking statements which may be made to reflect events or circumstances after the date made or to reflect the occurrence of unanticipated events. The Company, however, reserves the right to update such statements, or any portion thereof, at any time for any reason.

ABOUT THE COMPANY

The Company designs, sources and sells branded kitchenware, tableware and other products used in the home. The Company s product categories include two categories of products used to prepare, serve, and consume foods: Kitchenware (kitchen tools and gadgets, cutlery, cutting boards, shears, kitchen scales, thermometers, timers, cookware, pantryware, spice racks, wine accessories and bakeware) and Tableware (dinnerware, stemware, flatware, and giftware); and one category, Home Solutions, which comprises other products used in the home (thermal beverageware, food storage, neoprene travel products, bath scales, and home décor). In 2017, Kitchenware products and Tableware products accounted for approximately 89% of the Company s U.S. Wholesale segment s net sales and 88% of the Company s consolidated net sales.

On March 2, 2018, the Company completed the acquisition of Taylor Holdco LLC and its subsidiaries (doing business as Filament Brands) (Filament). Filament primarily designs, markets and distributes consumer and food service precision measurement products, including kitchen scales, thermometers and timers, bath scales, wine accessories, kitchen tools, hydration products, and select outdoor products. The six months ended June 30, 2018 includes the operations of Filament for the period from March 2, 2018 to June 30, 2018.

At the heart of the Company is a culture of innovation. The Company employs over 120 artists, engineers, industrial designers and graphics specialists, who create new products, packaging and merchandising concepts. The Company expects to introduce approximately 4,000 new or redesigned products globally in 2018. Newly introduced products generally reach their peak sales in 12 to 18 months.

The Company markets several product lines within each of its product categories and under most of the Company s brands, primarily targeting moderate price points through virtually every major level of trade. The Company believes it possesses certain competitive advantages based on its brands, its emphasis on innovation and new product development, and its sourcing capabilities. The Company owns or licenses a number of leading brands in its industry,

including Farberware®, Mikasa®, Taylor®, KitchenAid®, Pfaltzgraff®, KitchenCraft®, Fitz and Floyd®, Sabatier®, Kamenstein®, Built NY®, MasterClass®, Fred®, Rabbit® and LaCafetière®. Historically, the Company s sales growth has come from expanding product offerings within its product categories, by developing existing brands, acquiring new brands, including complementary brands in markets outside the United States, and establishing new product categories. Key factors in the Company s growth strategy have been the selective use and management of the Company s brands and the Company s ability to provide a stream of new products and designs. A significant element of this strategy is the Company s in-house design and development teams that create new products, packaging and merchandising concepts.

BUSINESS SEGMENTS

The Company operates in three reportable segments: U.S. Wholesale, International and Retail Direct. The U.S. Wholesale segment is the Company s primary domestic business that designs, markets and distributes its products to retailers and distributors. The International segment consists of certain business operations conducted outside the U.S. The Retail Direct segment is that in which the Company markets and sells a limited selection of its products directly to consumers through third party and its own internet websites. The Company has segmented its operations to reflect the manner in which management reviews and evaluates its results of operations.

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EQUITY INVESTMENTS

The Company owns approximately 30% of the outstanding capital stock of Grupo Vasconia, S.A.B. (Vasconia), an integrated manufacturer of aluminum products and one of Mexico s largest housewares companies. Shares of Vasconia s capital stock are traded on the Bolsa Mexicana de Valores, the Mexican Stock Exchange. The Quotation Key is VASCONI.

The Company accounts for its investment in Vasconia using the equity method of accounting and has recorded its proportionate share of Vasconia s net income, net of taxes, as equity in earnings in the Company s consolidated statements of operations. Pursuant to a Shares Subscription Agreement (the Agreement), the Company may designate four persons to be nominated as members of Vasconia s Board of Directors. As of June 30, 2018, Vasconia s Board of Directors was comprised of eleven members of whom the Company has designated three members.

SEASONALITY

The Company s business and working capital needs are highly seasonal, with a majority of sales occurring in the third and fourth quarters. In 2017 and 2016, net sales for the third and fourth quarters accounted for 60% and 61% of total annual net sales, respectively. In anticipation of the pre-holiday shipping season, inventory levels increase primarily in the June through October time period. Consistent with the seasonality of the Company s net sales and inventory levels, the Company also experiences seasonality in its inventory turnover and turnover days from one quarter to the next.

RESTRUCTURING

In connection with the Company s March 2018 acquisition of Filament, the Company commenced a restructuring plan to integrate the operations of Filament with the Company s operations and realize the savings expected from the synergies of the acquisition. During the three and six months ended June 30, 2018, the Company incurred $0.4 million and $0.8 million, respectively, of restructuring charges primarily related to severance.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following is an update to the corresponding critical accounting policies and estimates set forth in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Except as modified below, there have been no material changes to the Company s critical accounting policies and estimates discussed in Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Policies and Estimates included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Revenue recognition

The Company sells products:

- Wholesale, to retailers and distributors, and
- Retail, directly to consumers.

Effective January 1, 2018, the Company adopted Accounting Standards Codification (ASC) Topic 606, discussed in Note A Basis of Presentation and Summary Accounting Policies to the condensed consolidated financial statements

included in this Quarterly Report on Form 10-Q, regarding revenue recognition. Wholesale sales and retail sales are recognized at the point in time the customer obtains control of the products in an amount that reflects the consideration the Company expects to be entitled to in exchange for those products. The Company primarily transfers control and records revenue for product sales upon shipment. Sales arrangements with delivery terms that are not FOB Shipping Point are not recognized upon shipment and the transfer of control for revenue recognition is evaluated based on the associated shipping terms and customer obligations. Shipping and handling fees that are billed to customers in sales transactions are included in net sales. Net sales exclude taxes that are collected from customers and remitted to the taxing authorities.

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The Company offers various sales incentives and promotional programs to its wholesale customers in the normal course of business. These incentives and promotions typically include arrangements such as cooperative advertising, buydowns, volume rebates and discounts. These arrangements represent forms of variable consideration, and an estimate of sales returns are reflected as reductions in net sales in the Company s condensed consolidated statements of operations. These estimates are based on historical experience and other known factors or as the most likely amount in a range of possible outcomes. On a quarterly basis, variable consideration is assessed on a portfolio approach in estimating the extent to which the components of variable consideration are constrained.

Payment terms with customers vary by customer, but generally range from 30 to 90 days or at the point of sale for the Company s retail direct sales. The Company incurs certain direct incremental costs to obtain contracts with customers, such as sales-related commissions, where the recognition period for the related revenue is less than one year. These costs are expensed as incurred and recorded within selling, general and administrative expenses in the condensed consolidated statement of operations. Incidental items that are immaterial in the context of the contract are expensed as incurred.

Derivatives

The Company accounts for derivative instruments in accordance with ASC Topic No. 815, Derivatives and Hedging, discussed in Note A Basis of Presentation and Summary Accounting Policies to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. ASC Topic No. 815 requires that all derivative instruments be recognized on the balance sheet at fair value as either an asset or liability. Changes in the fair value of derivatives that qualify as hedges and have been designated as part of a hedging relationship for accounting purposes have no net impact on earnings until the hedged item is recognized in earnings. The change in the fair value of hedges are included in accumulated other comprehensive income (loss) and is subsequently recognized in the Company s condensed consolidated statements of operations to mirror the location of the hedged items impacting earnings.

For derivatives that do not qualify or are not designated as hedging instruments for accounting purposes, changes in fair value are recorded in operations.

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RESULTS OF OPERATIONS

The following table sets forth statement of operations data of the Company as a percentage of net sales for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	65.0	63.5	63.6	62.4
Gross margin	35.0	36.5	36.4	37.6
Distribution expenses	10.1	10.7	12.3	11.3
Selling, general and administrative expenses	26.9	28.2	30.1	28.4
Restructuring expenses	0.3	0.2	0.3	0.1
Loss from operations	(2.2)	(2.7)	(6.2)	(2.2)
Interest expense	(3.1)	(0.9)	(2.5)	(0.8)
Loss on early retirement of debt		(0.1)		
Loss before income taxes and equity in earnings	(5.3)	(3.6)	(8.7)	(3.0)
Income tax benefit	1.2	1.4	2.1	1.1
Equity in earnings, net of taxes	0.1	0.4	0.1	0.4
Net loss	(4.0)%	(1.8)%	(6.5)%	(1.5)%

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MANAGEMENT S DISCUSSION AND ANALYSIS

THREE MONTHS ENDED JUNE 30, 2018 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 2017

Net Sales

Net sales for the three months ended June 30, 2018 were $148.7 million, an increase of $31.3 million, or 26.7%, as compared to net sales of $117.4 million for the corresponding period in 2017. The three months ended June 30, 2018 includes net sales of $29.3 million from Filament.

Net sales for the U.S. Wholesale segment for the three months ended June 30, 2018 were $124.3 million, an increase of $29.5 million, or 31.1%, as compared to net sales of $94.8 million for the corresponding period in 2017.

Net sales for the U.S. Wholesale segment s Kitchenware product category were $67.6 million for the three months ended June 30, 2018, an increase of $6.1 million, or 9.9%, as compared to $61.5 million for the corresponding period in 2017. The increase in the U.S. Wholesale segment s Kitchenware product category was primarily attributable to contributions from Filament, partially offset by a decrease in tools and gadget and cutlery sales reflecting the Company s decision not to pursue certain low margin business that was done in 2017 and the planned timing of pantryware sales.

Net sales for the U.S. Wholesale segment s Tableware product category were $32.2 million for the three months ended June 30, 2018, an increase of $9.9 million, or 44.4%, as compared to $22.3 million for the corresponding period in 2017. The increase was mainly attributable to new houseware programs and contributions from the Fitz and Floyd product line.

Net sales for the U.S. Wholesale segment s Home Solutions product category were $24.5 million for the three months ended June 30, 2018, an increase of $13.5 million, as compared to $11.0 million for the corresponding period in 2017. The increase primarily reflects contributions from Filament and BuiltNY product launches.

Net sales for the International segment were $19.1 million for the three months ended June 30, 2018, a decrease of $0.3 million, or 1.6%, as compared to net sales of $19.4 million for the corresponding period in 2017. In constant currency, net sales decreased approximately 7.2%. The decrease, in constant currency, was in part due to the closing of the Netherlands operations, partially offset by an increase in ecommerce sales.

Net sales for the Retail Direct segment were $5.2 million for the three months ended June 30, 2018, as compared to net sales of $3.3 million for the corresponding period in 2017. The increase reflects contributions from Filament s retail websites.

Gross margin

Gross margin for the three months ended June 30, 2018 was $52.1 million, or 35.0%, as compared to $42.8 million, or 36.5%, for the corresponding period in 2017.

Gross margin for the U.S. Wholesale segment was $42.5 million, or 34.2%, for the three months ended June 30, 2018, as compared to $34.6 million, or 36.5%, for the corresponding period in 2017. Gross margin may fluctuate from period to period based on a number of factors, including product and customer mix. The decrease in margin primarily

reflects the sale of excess inventory at lower margins, as well as strategic promotions for certain customers.

Gross margin for the International segment was $6.3 million, or 33.3%, for the three months ended June 30, 2018, as compared to $6.0 million, or 31.1%, for the corresponding period in 2017. The increase in margin is mainly attributable to favorable customer and product mix. The 2017 period reflects the establishment of inventory reserves, not repeated in 2018.

Gross margin for the Retail Direct segment was $3.2 million, or 61.2%, for the three months ended June 30, 2018, as compared to $2.2 million, or 67.4%, for the corresponding period in 2017. The decrease in gross margin in the Retail Direct segment primarily reflects an increase in promotions.

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Distribution expenses

Distribution expenses for the three months ended June 30, 2018 were $14.9 million, as compared to $12.6 million for the corresponding period in 2017. Distribution expenses as a percentage of net sales were 10.1% for the three months ended June 30, 2018, as compared to 10.7% for the three months ended June 30, 2017.

Distribution expenses as a percentage of net sales for the U.S. Wholesale segment was approximately 8.6% and 9.8% for the three months ended June 30, 2018 and 2017, respectively. As a percentage of sales shipped from the Company s warehouses, distribution expenses were 9.8% for the three months ended June 30, 2018 and 10.8% for the three months ended June 30, 2017. Excluding the Company s west coast distribution facility relocation and Filament, distribution expense as a percentage of sales shipped decrease to 10.7%. This decrease reflects a decrease in prepaid freight sales and improved labor efficiency, partially offset by lower shipments from the Company s managed warehouses.

Distribution expenses as a percentage of net sales for the International segment were approximately 14.1% and 11.3% for the three months ended June 30, 2018 and 2017, respectively. Distribution expenses as a percentage of sales shipped from the Company s U.K. warehouses were 14.5% and 12.9% for the three months ended June 30, 2018 and 2017, respectively. The increase in distribution expenses as a percentage of net sales reflects higher labor and facility expenses, as well as higher freight expenses on increased sales to continental Europe.

Distribution expenses as a percentage of net sales for the Retail Direct segment were approximately 28.8% and 33.3% for the three months ended June 30, 2018 and 2017, respectively. The decrease primarily reflects the addition of Filament, which has less distribution expense as a percentage of net sales than the Company s historical operations.

Selling, general and administrative expenses

Selling, general and administrative expenses for the three months ended June 30, 2018 were $40.0 million, an increase of $6.9 million, or 20.9%, as compared to $33.1 million for the corresponding period in 2017.

Selling, general and administrative expenses for the U.S. Wholesale segment were $29.3 million for the three months ended June 30, 2018, as compared to $21.6 million for the three months ended June 30, 2017. The 2018 period reflects an increase related to the Company s acquisition of Filament and increases in intangible amortization expense related to the Company s acquisitions of Fitz and Floyd in 2017 and Filament in 2018. The acquisition related increases offset a decrease in legacy U.S. Wholesale employee and office expenses. As a percentage of net sales, selling, general and administrative expenses were 23.7% and 22.8% for the three months ended June 30, 2018 and 2017, respectively.

Selling, general and administrative expenses for the three months ended June 30, 2018 for the International segment were $3.9 million, a decrease of $3.4 million, from $7.3 million for the corresponding period in 2017. The decrease in selling, general and administrative expenses in the 2018 quarter was primarily due to the change in mark to market valuation of foreign currency contracts.

Selling, general and administrative expenses for the Retail Direct segment were $1.8 million for the three months ended June 30, 2018, as compared to $1.4 million for the three months ended June 30, 2017. The increase in expenses was primarily due to the acquisition of Filament s retail direct operations. As a percentage of net sales, selling, general and administrative expenses were 34.3% and 34.6% for the three months ended June 30, 2018 and 2017, respectively.

Unallocated corporate expenses for the three months ended June 30, 2018 were $5.1 million, as compared to $2.8 million for the corresponding period in 2017. The increase reflects an increase in acquisition related expenses,

professional fees and insurance expenses.

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Restructuring expense

During the three months ended June 30, 2018, the Company incurred $0.4 million of restructuring expense, primarily for severance, related to the Company s Filament integration.

During the three months ended June 30, 2017, the Company incurred $0.3 million of restructuring expense, primarily for severance, related to the integration of legal entities operating in Europe.

Interest expense

Interest expense for the three months ended June 30, 2018 was $4.7 million, an increase of $3.7 million, from $1.0 million for the three months ended June 30, 2017. The increase in expense was attributable to the financing obtained in connection with the acquisition of Filament.

Income tax benefit

Income tax benefit for the three months ended June 30, 2018 was $1.8 million, as compared to $1.7 million for the corresponding period in 2017. The Company s effective tax rate for the three months ended June 30, 2018 was 22.1%, as compared to 39.9% for the corresponding 2017 period. The effective tax rate for the three months ended June 30, 2018 reflects the reduced statutory U.S. corporate income tax rate, partially offset by non-deductible expenses. The effective tax rate for the three months ended June 30, 2017 reflects the jurisdictional mix in forecasted earnings for the year, as well as the benefit generated on share based compensation. This was partially offset by foreign losses for which no benefit was recorded.

Equity in earnings

Equity in earnings of Vasconia, net of taxes, was $0.2 million, for the three months ended June 30, 2018, as compared to $0.5 million for the three months ended June 30, 2017. Equity in earnings for the three months ended June 30, 2018 and 2017 includes a deferred tax (expense) benefit of $(0.5) million and $0.1 million, respectively, due to the requirement to record tax benefits for foreign currency translation losses and gains through other comprehensive income (loss), with a corresponding adjustment to deferred tax liabilities. Vasconia reported income from operations of $3.7 million for the three months ended June 30, 2018, as compared to income from operations of $1.7 million for the three months ended June 30, 2017. The increase in income from operations is primarily due to an increase in gross profit in the aluminum business.

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MANAGEMENT S DISCUSSION AND ANALYSIS

SIX MONTHS ENDED JUNE 30, 2018 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 2017

Net Sales

Net sales for the six months ended June 30, 2018 were $266.8 million, an increase of $36.1 million, or 15.7%, as compared to net sales of $230.7 million for the corresponding period in 2017. The six months ended June 30, 2018 includes net sales of $38.6 million from Filament for the period from March 2, 2018, the date of acquisition.

Net sales for the U.S. Wholesale segment for the six months ended June 30, 2018 were $215.1 million, an increase of $32.9 million, or 18.1%, as compared to net sales of $182.2 million for the corresponding period in 2017.

Net sales for the U.S. Wholesale segment s Kitchenware product category were $124.6 million for the six months ended June 30, 2018, an increase of $6.7 million, or 5.7%, as compared to $117.9 million for the corresponding period in 2017. The increase in the U.S. Wholesale segment s Kitchenware product category was primarily attributable to contributions from Filament, partially offset by a decrease in tools and gadget sales with certain retailers and a decrease due to the timing of pantryware sales.

Net sales for the U.S. Wholesale segment s Tableware product category were $53.1 million for the six months ended June 30, 2018, an increase of $11.0 million, or 26.1%, as compared to $42.1 million for the corresponding period in 2017. The increase was primarily attributable to new houseware programs and contributions from the Fitz and Floyd product line.

Net sales for the U.S. Wholesale segment s Home Solutions product category were $37.4 million for the six months ended June 30, 2018, an increase of $15.3 million, or 69.2%, as compared to $22.1 million for the corresponding period in 2017. The increase primarily reflects contributions from Filament and BuiltNY product launches, partially offset by a decrease due to a home decor program not repeated in 2018.

Net sales for the International segment were $40.9 million for the six months ended June 30, 2018, an increase of $0.3 million, or 0.7%, as compared to net sales of $40.6 million for the corresponding period in 2017. In constant currency, net sales decreased approximately 7.7%. The decrease, in constant currency, was in part due to the closing of the Netherlands operations, offset by an increase in ecommerce sales.

Net sales for the Retail Direct segment were $10.7 million for the six months ended June 30, 2018, as compared to net sales of $8.0 million for the corresponding period in 2017. The increase primarily reflects contributions from Filament s retail websites.

Gross margin

Gross margin for the six months ended June 30, 2018 was $97.2 million, or 36.4%, as compared to $86.7 million, or 37.6%, for the corresponding period in 2017.

Gross margin for the U.S. Wholesale segment was $76.4 million, or 35.5%, for the six months ended June 30, 2018, as compared to $68.1 million, or 37.4%, for the corresponding period in 2017. Gross margin may fluctuate from period to period based on a number of factors, including product and customer mix. The decrease in margin is

primarily attributable to the sale of excess inventory at lower margins, as well as strategic promotions for certain customers.

Gross margin for the International segment was $14.0 million, or 34.1%, for the six months ended June 30, 2018, as compared to $13.3 million, or 32.7%, for the corresponding period in 2017. The increase in margin is mainly attributable to favorable customer and product mix. The 2017 period reflects the establishment of inventory reserves not repeated in 2018.

Gross margin for the Retail Direct segment was $6.8 million, or 63.0%, for the six months ended June 30, 2018, as compared to $5.3 million, or 67.0%, for the corresponding period in 2017. The decrease in gross margin in the Retail Direct segment reflects an increase in promotions.

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Distribution expenses

Distribution expenses for the six months ended June 30, 2018 were $32.8 million, as compared to $26.0 million for the corresponding period in 2017. Distribution expenses as a percentage of net sales were 12.3% for the six months ended June 30, 2018, as compared to 11.3% for the six months ended June 30, 2017.

Distribution expenses as a percentage of net sales for the U.S. Wholesale segment was approximately 11.1% and 10.4% for the six months ended June 30, 2018 and 2017, respectively. The increase reflects expenses associated with the Company s west coast distribution facility relocation of approximately $2.6 million. As a percentage of sales shipped from the Company s warehouses, distribution expenses excluding the relocation costs for the U.S. Wholesale segment, were 10.8% for the six months ended June 30, 2018 and 11.0% for the six months ended June 30, 2017.

Distribution expenses as a percentage of net sales for the International segment were approximately 13.4% and 11.1% for the six months ended June 30, 2018 and 2017, respectively. Distribution expenses as a percentage of sales shipped from the Company s U.K. warehouses were 14.4% and 12.4% for the six months ended June 30, 2018 and 2017, respectively. The increase in distribution expenses as a percentage of net sales reflects higher labor and facility expenses, as well as higher freight expenses on increased sales to continental Europe.

Distribution expenses as a percentage of net sales for the Retail Direct segment were approximately 31.8% and 32.5% for the six months ended June 30, 2018 and 2017, respectively. The decrease primarily reflects the addition of Filament, which has less distribution expenses as a percentage of net sales than the Company s historical operations.

Selling, general and administrative expenses

Selling, general and administrative expenses for the six months ended June 30, 2018 were $80.2 million, an increase of $14.7 million, or 22.5%, as compared to $65.5 million for the corresponding period in 2017.

Selling, general and administrative expenses for the U.S. Wholesale segment were $55.1 million for the six months ended June 30, 2018, as compared to $43.2 million for the six months ended June 30, 2017. The 2018 period reflects an increase related to the Company s acquisition of Filament and increases in employee expenses and intangible amortization expense related to the Company s acquisitions of Fitz and Floyd in 2017 and Filament in 2018. As a percentage of net sales, selling, general and administrative expenses were 25.7% and 23.7% for the six months ended June 30, 2018 and 2017, respectively.

Selling, general and administrative expenses for the six months ended June 30, 2018 for the International segment were $12.0 million, a decrease of $1.4 million, from $13.4 million for the corresponding period in 2017. The decrease in selling, general and administrative expenses in the 2018 period was primarily due to the change in mark to market valuation of foreign currency contracts.

Selling, general and administrative expenses for the Retail Direct segment were $3.5 million for the six months ended June 30, 2018, as compared to $3.0 million for the six months ended June 30, 2017. The increase in expenses was primarily due to the acquisition of Filament s retail direct operations. As a percentage of net sales, selling, general and administrative expenses were 32.6% and 32.7% for the six months ended June 30, 2018 and 2017, respectively.

Unallocated corporate expenses for the six months ended June 30, 2018 were $9.6 million, as compared to $5.9 million for the corresponding period in 2017. The increase was primarily attributable to an increase in acquisition related expenses, professional fees and insurance expense.

Restructuring expense

During the six months ended June 30, 2018, the Company incurred $0.8 million of restructuring expense, primarily for severance, related to the Company s Filament integration.

During the six months ended June 30, 2017, the Company incurred $0.3 million of restructuring expense, primarily for severance, related to the integration of legal entities operating in Europe.

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Interest expense

Interest expense for the six months ended June 30, 2018 was $6.8 million, an increase of $4.9 million, from $1.9 million for the six months ended June 30, 2017. The increase in expense was primarily attributable to the financing obtained in connection with the acquisition of Filament.

Loss on early retirement of debt

In connection with the financing obtained for the acquisition of Filament, the Company wrote-off $0.1 million of the debt issuance costs.

Income tax benefit

Income tax benefit for the six months ended June 30, 2018 was $5.6 million as compared to $2.6 million for the corresponding period in 2017. The Company s effective tax rate for the six months ended June 30, 2018 was 23.8%, as compared to 37.4% for the corresponding 2017 period. The effective tax rate for the six months ended June 30, 2018 reflects the reduced statutory U.S. corporate income tax rate, partially offset by non-deductible expenses. The effective tax rate for the six months ended June 30, 2017, reflects the jurisdictional mix in forecasted earnings for the year, as well as the benefit generated on share based compensation. This was partially offset by foreign losses for which no benefit was recorded.

Equity in earnings

Equity in earnings of Vasconia, net of taxes, was $ 0.2 million for the six months ended June 30, 2018, as compared to $1.0 million for the six months ended June 30, 2017. Equity in earnings for the six months ended June 30, 2018 and 2017 includes a deferred tax (expense) benefit of ($0.3) million and $0.4 million, respectively, due to the requirement to record tax benefits for foreign currency translation gains and losses through other comprehensive income (loss), with a corresponding adjustment to deferred tax liabilities. Vasconia reported income from operations of $4.8 million for the six months ended June 30, 2018, as compared to income from operations of $4.1 million for the six months ended June 30, 2017. The increase in income from operations is primarily due to an increase in operating income from the aluminum and kitchenware divisions.

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LIQUIDITY AND CAPITAL RESOURCES

The Company s principal sources of cash to fund liquidity needs are: (i) cash provided by operating activities and (ii) borrowings available under its revolving credit facility under the ABL Agreement, as defined below. The Company s primary uses of funds consist of working capital requirements, capital expenditures, acquisitions and investments and payments of principal and interest on its debt.

At June 30, 2018, the Company had cash and cash equivalents of $6.0 million, compared to $7.6 million at December 31, 2017. Working capital was $217.6 million at June 30, 2018, compared to $186.9 million at December 31, 2017. Liquidity, which includes cash and cash equivalents and availability under the ABL Agreement was $93.3 million at June 30, 2018.

Inventory, a large component of the Company s working capital, is expected to fluctuate from period to period, with inventory levels higher primarily in the June through October time period. The Company also expects inventory turnover to fluctuate from period to period based on product and customer mix. Certain product categories have lower inventory turnover rates as a result of minimum order quantities from the Company s vendors or customer replenishment needs. Certain other product categories experience higher inventory turns due to lower minimum order quantities or trending sale demands. For the three months ended June 30, 2018 inventory turnover was 2.1 times, or 177 days, as compared to 1.9 times, or 196 days, for the three months ended June 30, 2017. The increase in turnover and decrease in turnover days primarily reflects the inclusion of Filament, partially offset by an increase in international inventory due to timing.

Credit Facilities

On March 2, 2018, the Company entered into a new credit agreement (the ABL Agreement) with JPMorgan Chase Bank, N.A. (JPMorgan), as administrative agent, and the lenders and issuing banks party thereto, evidencing a senior secured asset-based revolving credit facility provided to the Company in the maximum aggregate principal amount of $150.0 million, which facility will mature on March 2, 2023, and the Company entered into a new loan agreement (the Term Loan and together with the ABL Agreement, the Debt Agreements) with the Company, as the borrower and a guarantor, the other guarantors, JPMorgan, as administrative agent, Golub Capital LLC, as syndication agent, and the lenders party thereto, providing for a senior secured term loan credit facility to the Company in the principal amount of $275.0 million, which will mature on February 28, 2025. The Term Loan facility will be repaid, commencing June 30, 2018, in quarterly payments of principal equal to 0.25% of the original aggregate principal amount of the term loan facility. The maximum borrowing under the ABL Agreement may be increased to up to $200.0 million if certain conditions are met. One or more tranches of additional term loans (the Incremental Facilities) may be added under the Term Loan if certain conditions are met. The Incremental Facilities may not exceed the sum of (i) $50.0 million plus (ii) an unlimited amount so long as, in the case of (ii) only, the Company s secured net leverage ratio, as defined in and computed pursuant to the Term Loan, is no greater than 3.75 to 1.00 subject to certain limitations and for the period defined pursuant to the Term Loan.

At June 30, 2018, borrowings outstanding under the ABL Agreement were $59.6 million and open letters of credit were $3.1 million. At June 30, 2018, availability under the ABL Agreement was approximately $87.3 million. The borrowing capacity under the ABL Agreement depends, in part, on eligible levels of certain current assets comprising the borrowing base and the Company s ability to meet and maintain a financial ratio, if and when applicable. Due to the seasonality of the Company s business, this may mean that the Company will have greater borrowing availability during the third and fourth quarters of each year. The borrowing capacity under the ABL Agreement will depend, in part, on eligible levels of accounts receivable and inventory that fluctuate regularly. Consequently, the $150.0 million commitment thereunder may not represent actual borrowing capacity.

At June 30, 2018, $274.3 million was outstanding under the Term Loan. At June 30, 2018, unamortized debt issuance costs of $1.5 million and $8.2 million offset the short-term and long-term outstanding balances, respectively, of the Term Loan.

The Company s payment obligations under its Debt Agreements are unconditionally guaranteed by its existing and future U.S. subsidiaries with certain minor exceptions. Certain payment obligations under the ABL Agreement are also direct obligations of its foreign subsidiary borrowers designated as such under the ABL Agreement and, subject to limitations on such guaranty, are guaranteed by the foreign subsidiary borrowers, as

well as by the Company. The obligations of the Company under the Debt Agreements and any hedging arrangements and cash management services and the guarantees by its domestic subsidiaries in respect of those obligations are secured by substantially all of the assets and stock (but in the case of foreign subsidiaries, limited to 65% of the capital stock in first-tier foreign subsidiaries and not including the stock of subsidiaries of such first-tier foreign subsidiaries) owned by the Company and the U.S. subsidiary guarantors, subject to certain exceptions. Such security interest consists of (1) a first-priority lien, subject to certain permitted liens, with respect to certain assets of the Company and its domestic subsidiaries (the ABL Collateral) pledged as collateral in favor of lenders under the ABL Agreement and a second-priority lien in the ABL Collateral in favor of the lenders under the Term Loan and (2) a first-priority lien, subject to certain permitted liens, with respect to certain assets of the Company and its domestic subsidiaries (the Term Loan Collateral) pledged as collateral in favor of lenders under the Term Loan and a second-priority lien in the Term Loan Collateral in favor of the lenders under the ABL Agreement.

Borrowings under the revolving credit facility bear interest, at the Company s option, at one of the following rates: (i) alternate base rate, defined, for any day, as the greater of the prime rate, a federal funds and overnight bank funding based rate plus 0.5% or one-month LIBOR plus 1.0%, plus a margin of 0.25% to 0.75%, or (ii) LIBOR plus a margin of 1.25% to 1.75%. The respective margins are based upon the Company s total leverage ratio, as defined in and computed pursuant to the ABL Agreement. Interest rates on outstanding borrowings under the ABL Agreement at June 30, 2018 ranged from 2.0% to 5.0%. In addition, the Company paid a commitment fee of 0.375% on the unused portion of the ABL Agreement during the six months ended June 30, 2018.

The Term Loan facility bears interest, at the Company s option, at one of the following rates: (i) alternate base rate, defined, for any day, as the greater of the prime rate, a federal funds and overnight bank funding based rate plus 0.5% or one-month LIBOR plus 1.0%, plus a margin of 2.50% or (ii) LIBOR plus a margin of 3.50%. The interest rate on outstanding borrowings under the Term Loan at June 30, 2018 ranged from 5.5% to 5.6%.

The Debt Agreements provides for customary restrictions and events of default. Restrictions include limitations on additional indebtedness, acquisitions, investments and payment of dividends, among other things. Further, the ABL Agreement provides that during any period (a) commencing on the last day of the most recently ended four consecutive fiscal quarters on or prior to the date availability under the ABL Agreement is less than the greater of $15.0 million and 10% of the aggregate commitment under the ABL Agreement at any time and (b) ending on the day after such availability has exceeded the greater of $15.0 million and 10% of the aggregate commitment under the ABL Agreement for forty-five (45) consecutive days, the Company is required to maintain a minimum fixed charge coverage ratio of 1.10 to 1.00 as of the last day of any period of four consecutive fiscal quarters.

The Company was in compliance with the covenants of the Debt Agreements at June 30, 2018.

The Company expects that it will continue to borrow, subject to availability, and repay funds under the ABL Agreement based on working capital and other corporate needs.

Covenant Calculations

Consolidated adjusted EBITDA (a non-GAAP financial measure), which is defined in the Company s Debt Agreements, is used in the calculation of the Fixed Charge Coverage Ratio, Secured Net Leverage Ratio, Total Leverage Ratio and Total Net Leverage Ratio, which are required to be provided to the Company s lenders pursuant to its Debt Agreements.

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The following is the Company s consolidated adjusted EBITDA, for the last four fiscal quarters:

		Consolidated adjusted EBITDA for the Four Quarters Ended June 30, 2018 (in thousands)
Three months ended June 30, 2018	$	3,910
Three months ended March 31, 2018		(529)
Three months ended December 31, 2017		29,767
Three months ended September 30, 2017		26,500
Pro forma projected synergies		9,595
Total for the four quarters	$	69,243

Capital expenditures for the six months ended June 30, 2018 were $3.2 million.

Non-GAAP financial measure

Consolidated adjusted EBITDA is a non-GAAP financial measure within the meaning of Regulation G promulgated by the Securities and Exchange Commission. The following is a reconciliation of the net income (loss), as reported, to consolidated adjusted EBITDA, for the four quarters ended June 30, 2018:

	June 30, 2018	March 31, 2018	December 31, 2017	September 30, 2017	Twelve Months ended June 30, 2018
Net income (loss) as reported	$ (6,057)	$ (11,598)	$ 1,251	$ 4,330	$ (12,074)
Subtract out:					
Undistributed equity in (earnings) losses, net	(155)	(77)	265	326	359
Add back:					
Income tax expense (benefit)	(1,765)	(3,810)	8,169	3,505	6,099
Interest expense	4,676	2,103	1,177	1,172	9,128
Loss on early retirement of debt		66			66
Depreciation and amortization	6,422	4,309	3,468	4,063	18,262
Stock compensation expense	921	838	908	952	3,619
Unrealized (gain) loss on foreign currency contracts	(2,112)	393	169	897	(653)
Other permitted non-cash charges [(1)]	916	287			1,203
Permitted acquisition related expenses	391	809	2,424	166	3,790
Permitted non-recurring charges [(2)]	673	2,825	1,331	272	5,101
Pro forma Filament adjustment [(3)]		3,326	10,605	10,817	24,748

Twelve Months ended June 30, 2018, Pro forma projected synergies [4]					9,595
Consolidated adjusted EBITDA	$ 3,910	$ (529)	$ 29,767	$ 26,500	$ 69,243

(1) Other permitted non-cash charges includes non-cash purchase accounting adjustment to step-up the fair value of acquired inventory, a permitted exclusion from the Company s Consolidated adjusted EBITDA, pursuant to the Company s Debt Agreements.

(2) Permitted non-recurring charges include severance expense, warehouse relocation costs, transition expenses and restructuring expenses. These are permitted exclusions from the Company s consolidated adjusted EBITDA, subject to limitations, pursuant to the Company s Debt Agreements.

(3) Pro forma Filament adjustment represents permitted adjustment to the Company s consolidated adjusted EBITDA for the acquisition of Filament on March 2, 2018 pursuant to the Company s Debt Agreements.

(4) Pro forma projected synergies represents the amount of projected cost savings, operating expense reductions, restructuring charges and expenses and cost saving synergies projected by the Company as a result of actions taken through June 30, 2018 or expected to be taken as of June 30, 2018, net of the benefits realized during the six months ended June 30, 2018. Pro forma projected synergies is a permitted exclusion from the Company s consolidated adjusted EBITDA, subject to limitations, pursuant to the Company s Debt Agreements.

Accounts Receivable Purchase Agreement

To improve its liquidity during seasonally high working capital periods, the Company has an uncommitted Receivables Purchase Agreement with HSBC Bank USA, National Association (HSBC), as Purchaser (the Receivables Purchase Agreement). Under the Receivables Purchase Agreement, the Company may offer to sell certain eligible accounts receivable (the Receivables) to HSBC, which may accept such offer, and purchase the offered Receivables. Under the Receivables Purchase Agreement, following each purchase of Receivables, the outstanding aggregate purchased Receivables shall not exceed $25.0 million. HSBC will assume the credit risk of the Receivables purchased; and, the Company will continue to be responsible for all non-credit risk matters. The Company will service the Receivables, and as such servicer, collect and otherwise enforce the Receivables on behalf of HSBC. The term of the agreement is for 364 days and shall automatically be extended for annual successive terms unless terminated. Either party may terminate the agreement at any time upon sixty days prior written notice to the other party. Pursuant to this agreement, the Company sold to HSBC $19.1 million and $38.7 million of Receivables during the three and six months ended June 30, 2018, respectively, and $17.6 million and $39.2 million of Receivables during the three and six months ended June 30, 2017, respectively. Charges of $99,000 and $189,000 related to the sale of the Receivables are included in selling, general and administrative expenses in the condensed consolidated statements of operations for the three and six months ended June 30, 2018, respectively. Charges of $63,000 and $130,000 related to the sale of the Receivables is included in selling, general and administrative expenses in the condensed consolidated statements of operations for the three and six months ended June 30, 2017, respectively.

Derivatives

In April 2018, the Company entered into interest rate swap agreements with an aggregate notional amount of $125.0 million. The Company designated the interest rate swaps as cash flow hedges of the Company s exposure to the variability of the payment of interest on a portion of its Term Loan borrowings. The hedge periods in these agreements are set to expire in March 2023, and amortize over this period.

The Company has also entered into certain foreign exchange contracts, to primarily offset the earnings impact related to fluctuations in foreign currency exchange rates associated with sales and inventory purchases denominated in foreign currencies. These foreign exchange contracts have not been designated as hedges as required in order to apply hedge accounting. The changes in the fair value of these contracts are recorded in the condensed consolidated statement of operations.

Operating activities

Net cash used in operating activities was $5.8 million for the six months ended June 30, 2018, as compared to $4.3 million for the corresponding 2017 period. The change in operating cash flow was primarily due to the increase in the net loss, an increase in inventory purchases and the timing of the payment of accounts payable and accrued expenses in the current period as compared to the 2017 period.

Investing activities

Net cash used in investing activities was $221.1 million and $2.7 million for the six months ended June 30, 2018 and 2017, respectively. The 2018 investing activity includes the cash consideration paid for the acquisition of Filament and capital expenditures related to the Company s relocation of its west coast distribution facility.

Financing activities

Net cash provided by financing activities was $225.4 million for the six months ended June 30, 2018, as compared to $3.0 million for the corresponding 2017 period. The change in financing activities was attributable to the repayment of the Company s former revolving credit facility and borrowings under the Debt Agreements, the proceeds of which were principally used to finance the acquisition of Filament.

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

There were no material changes in market risk for changes in foreign currency exchange rates and interest rates from the information provided in Item 7A Quantitative and Qualitative Disclosures About Market Risk in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2017, except as follows:

On March 2, 2018, the Company acquired Filament, pursuant to a merger agreement dated December 22, 2017, as discussed in Note C- Acquisition to condensed consolidated financial statements included in this Quarterly Report on Form 10-Q. In connection with this acquisition, the Company entered new Debt Agreements. In April 2018, the Company entered into interest rate swap agreements to manage interest rate exposure in connection with its variable interest rate borrowings. As of June 30, 2018, approximately $208.9 million of the Company s debt carries a variable rate of interest, as compared to $90.7 million at December 31, 2017. The remainder of the debt at June 30, 2018 and December 31, 2017 (approximately $125.0 million and $5.3 million, respectively) carries a fixed rate of interest through the use of interest rate swaps.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls 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 June 30, 2018, that the Company s disclosure 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 Securities and Exchange Commission 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.

(b) Changes in Internal Controls

On March 2, 2018, the Company acquired Filament, pursuant to a merger agreement dated December 22, 2017. The Company has begun to integrate policies, processes, people, technology and operations for the post-acquisition combined company, and it will continue to evaluate the impact of any related changes to internal control over financial reporting. Except for changes in internal controls that we have made related to the integration of Filament into the post-acquisition combined company, during the quarter ended June 30, 2018, there has been no change in the Company s internal control over financial reporting that has materially affected, or is reasonably likely to materially affect the Company s internal control over financial reporting.

PART II OTHER INFORMATION

Item 1. Legal Proceedings

For a description of certain legal proceedings affecting the Company, refer to Note L Contingencies to the condensed consolidated financial statements included in this Quarterly Report on Form 10-Q, which is incorporated by reference herein.

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Item 1A. Risk Factors

The following is an update to the corresponding risk factor set forth in the Company s 2017 Annual Report on Form 10-K. Except as modified below, there have been no other material changes in the Company s risk factors from those disclosed in the Company s 2017 Annual Report on Form 10-K.

The Company s business may be materially adversely affected by market conditions and by global and economic conditions and other factors beyond its control.

The Company s performance is affected by general economic factors, the strength of retail economies and political conditions that are beyond its control. Retail economies are impacted by factors such as consumer demand and the condition of the retail industry, which in turn, are affected by general economic factors. These general economic factors include, among other factors:

- recession, inflation, deflation, unemployment and other factors adversely affecting consumer spending patterns generally;
- conditions affecting the retail environment for the home and other matters that influence consumer spending in the home retail industry specifically;
- conditions affecting the housing markets;
- consumer credit availability and consumer debt levels;
- material input costs, including fuel and energy costs and labor cost inflation;
- foreign currency translation;
- interest rates and the ability to hedge interest rate risks;
- government policies including tax policies relating to value-added taxes, import and export duties and quotas, antidumping regulations and related tariffs, import and export controls and social compliance standards;
- the impact of natural disasters, conflicts and terrorist activities;

unfavorable economic conditions in the United States, the United Kingdom, Continental Europe, Asia and elsewhere; and

unstable economic and political conditions, lack of legal regulation enforcement, civil unrest and political activism, particularly in Asia.

The referendum held in the United Kingdom (U.K.) on June 23, 2016 resulted in a determination that the U.K. should exit the European Union. Such an exit from the European Union would be unprecedented and it is unclear what impact this would have on the U.K. s access to the EU Single Market and on the legal and regulatory environment in which the Company operates, as well as its effect on the global macroeconomic environment. Net sales attributable to U.K. domiciled businesses were $95.9 million for the year ended December 31, 2017, and represent approximately 17% of the Company s consolidated net sales for the period. The uncertainty surrounding the terms of the U.K. s exit and its consequences could adversely impact the U.K economy, customers and investor confidence. It may contribute to additional market volatility, including volatility in the value of the British pound and European euro, and adversely affect the Company s businesses, results of operations, and financial condition.

Recently, the United States (U.S.) government announced and, in some cases, implemented additional tariffs on certain foreign goods, including finished products and raw materials such as steel and aluminum. These tariffs and potential tariffs have resulted or may result in increased prices for these imported goods and materials and may limit the amount of these goods and materials that may be imported into the U.S. A substantial majority of the Company s products are sourced from vendors outside the U.S., primarily in the People s Republic of China. To the extent that trade tariffs and other restrictions imposed by the U.S. increase the price or limit the amount of finished goods or raw materials imported by the Company into the U.S., the Company may be required to increase prices to its customers, which may diminish demand or, if the Company is unable to increase prices, result in lowering the gross margin that the Company realizes from the sale of its products. The results of either could adversely affect the Company s results of operations and financial condition.

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Various countries and regions, have announced plans or intentions to impose or have imposed tariffs on a wide range of U.S. products in retaliation for new U.S. tariffs. The reciprocal tariffs are not expected to have a material impact on the Company because the Company contracts to manufacture most of its products outside the U.S.; however, these conditions and future actions could have a significant adverse effect on world trade and the world economy and such global macro-economic factors could adversely affect the Company s results of operations and financial condition.

The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental action related to tariffs or trade agreements or policies has the potential to adversely impact demand for the Company s products, the costs of its products and the U.S. economy, which in turn could adversely impact the Company s business, financial condition and results of operations.

New and future laws and regulations governing the Internet and e-commerce could have a material adverse effect on the Company s business, results of operations and financial condition.

The Company is subject to laws and regulations governing the Internet and e-commerce. These existing and future laws and regulations may impede the growth of the Internet, e-commerce or other online services. These regulations and laws may cover taxation, user privacy, data protection, pricing, content, copyrights, distribution, electronic contracts and other communications, consumer protection, the provision of online payment services, broadband residential Internet access and the characteristics and quality of products and services. It is not clear how existing laws governing issues such as property ownership, sales and other taxes, and personal privacy apply to the Internet and e-commerce. Unfavorable resolutions of these issues could diminish the demand for the Company s products on the Internet and increase the cost of doing business.

On June 21, 2018, the U.S. Supreme Court decided *South Dakota v. Wayfair, Inc. et al*, (the Wayfair Decision), a case that challenged existing law under which online retailers are not required to collect sales tax unless they have a physical presence in the buyer s state. The Wayfair Decision established that a state may enforce or adopt laws requiring online retailers to collect and remit sales tax if there is a substantial nexus between the online retailer s activity and the state, even if the retailer has no physical presence within the taxing state. If additional states enact and enforce laws requiring the Company to start calculating, collecting and remitting sales taxes in those states, the Company could incur substantial tax liabilities, including taxes on past sales, as well as penalties and interest. The imposition by state governments of sales tax collection obligations on out-of-state retailers could also create additional administrative burdens on the Company. This decision and the enactment and enforcement of laws resulting from this decision could also impact where the Company is required to file state income taxes. As a result, the Company s effective income tax rate, the cost of the Company s e-commerce business, and the growth of its e-commerce business, could be materially adversely effected by the Wayfair Decision and other new laws or regulations governing the internet and e-commerce. This potential negative impact on the Company s e-commerce business could have a material adverse effect on the Company s overall business, results of operations and financial condition.

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Item 2. Unregistered Sales of Equity Securities

Issuer Purchases of Equity Securities

Period	Total number of shares purchased[1]	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs[2]	Maximum approximate dollar value of shares that may yet be purchased under the plans or programs subsequent to end of period [2]
May 1- May 31, 2018	255	$ 11.00		$ 6,771,467
June 1- June 30, 2018	11,627	11.86		6,771,467

(1) The repurchased shares were acquired other than as part of a publicly announced plan or program. The Company repurchased these securities in connection with its Amended and Restated 2000 Long Term Incentive Plan which allow participants to use shares to satisfy certain tax liabilities arising from the vesting of restricted stock. The number above does not include unvested shares forfeited back to us pursuant to the terms of our stock compensation plans.

(2) On April 30, 2013, the Board of Directors of Lifetime Brands, Inc. authorized the repurchase of up to $10.0 million of the Company s common stock. The repurchase authorization permits the Company to effect the repurchases from time to time through open market purchases and privately negotiated transactions. No repurchases occurred during the three months ended June 30, 2017.

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Item 6. Exhibits

See Exhibit Index below, which is incorporated by reference herein.

Exhibit Index

Exhibit No.	
10.1	Retirement Agreement, dated June 11, 2018, by and between Lifetime Brands, Inc. and Ronald Shiftan (incorporated by reference to Exhibit 10.1 to the Registrant s current Report on Form 8-K filed on June 12, 2018)
10.2	Amended and Restated 2000 Long-Term Incentive Plan, effective June 28, 2018 (incorporated by reference to Exhibit 10.1 to the Registrant s current Report on Form 8-K filed on June 29, 2018)
31.1	Certification by Robert B. Kay, Chief Executive Officer and Director, 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
31.2	Certification by Laurence Winoker, Senior Vice President Finance, Treasurer and 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
32.1	Certification by Robert B. Kay, Chief Executive Officer and Director, and Laurence Winoker, Senior Vice President Finance, Treasurer and Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	XBRL Taxonomy Extension Labels Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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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 Brands, Inc.

/s/ Robert B. Kay August 7, 2018
Robert B. Kay
Chief Executive Officer and Director
(Principal Executive Officer)

/s/ Laurence Winoker August 7, 2018
Laurence Winoker
Senior Vice President Finance, Treasurer and Chief Financial Officer
(Principal Financial and Accounting Officer)