FORM 10-Q

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

Quarterly Report Pursuant to Section 13 or 15(d) of
the Securities Exchange Act of 1934

For the quarterly period ended: 03/31/03 Commission file number: 0-22818

THE HAIN CELESTIAL GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-3240619
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

58 South Service Road, Melville, New York 11747

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (631) 730-2200

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 requirement for the past 90 days.

Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

34,053,134 shares of Common Stock $.01 par value, as of May 6, 2003.

THE HAIN CELESTIAL GROUP, INC.

INDEX

PART I - ITEM 1 - FINANCIAL INFORMATION

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)

	March 31, 2003	June 30, 2002
	(Unaudited)	(Note)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 11,973	$ 7,538
Accounts receivable, less allowance for doubtful accounts of $1,590 and $1,002	64,259	49,018
Inventories	59,518	53,624
Recoverable income taxes	470	3,677
Deferred income taxes	7,223	7,223
Other current assets	6,282	5,804
Total current assets	149,725	126,884
Property, plant and equipment, net of accumulated depreciation and amortization of $28,284 and $29,059	66,102	69,774
Goodwill, net	289,492	239,644
Trademarks and other intangible assets, net	38,649	38,083
Other assets	12,142	6,798
Total assets	$ 556,110	$481,183
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 48,243	$ 46,166
Accrued restructuring and non-recurring charges	4,479	6,410
Current portion of debt instruments	3,157	1,431
Income taxes payable	9,575	1,935
Total current liabilities	65,454	55,942
Long-term debt instruments, less current portion	49,718	10,293
Deferred income taxes	11,100	11,100
Total liabilities	126,272	77,335
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - $.01 par value, authorized 5,000,000 shares, none issued	-	-
Common stock - $.01 par value, authorized 100,000,000 shares, issued 34,657,223 and 34,075,639 shares	347	341
Additional paid-in capital	362,240	354,822
Retained earnings	72,328	51,597
Foreign currency translation adjustment	3,079	963
	437,994	407,723
Less: 606,619 and 306,917 shares of treasury stock, at cost	(8,156)	(3,875)
Total stockholders' equity	429,838	403,848
Total liabilities and stockholders' equity	$ 556,110	$ 481,183

Note: The balance sheet at June 30, 2002 has been derived from the audited financial statements at that date.

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In thousands, except per share amounts)

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
	(Unaudited)		(Unaudited)	
Net sales	$129,224	$ 105,614	$348,650	$ 300,518
Cost of sales	89,224	73,172	239,050	208,941
Gross profit	40,000	32,442	109,600	91,577
Selling, general & administrative expenses	26,196	23,911	74,297	63,951
Restructuring and other non-recurring charges	-	-	440	-
Operating income	13,804	8,531	34,863	27,626
Interest expense and other expenses, net	1,184	300	1,560	2,221
Income before income taxes	12,620	8,231	33,303	25,405
Provision for income taxes	4,764	3,094	12,572	9,620
Net income	$ 7,856	$ 5,137	$ 20,731	$ 15,785
Basic net income per common share	$ 0.23	$ 0.15	$ 0.61	$ 0.47
Diluted net income per common share	$ 0.23	$ 0.15	$ 0.60	$ 0.45
Weighted average common shares outstanding:				
Basic	34,081	33,868	33,853	33,741
Diluted	34,887	34,908	34,579	34,808

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(In thousands)

	Nine Months Ended March 31, 2003	Nine Months Ended March 31, 2002
	(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 20,731	$ 15,785
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	6,330	6,065
Provision for doubtful accounts	56	360
Increase (decrease) in cash attributable to changes in assets and liabilities, net of amounts applicable to acquired businesses:		
Accounts receivable	(9,481)	(10,370)
Inventories	1,674	(5,920)
Other current assets	(557)	(419)
Other assets	(2,115)	(1,042)
Accounts payable and accrued expenses	(5,948)	(6,668)
Accrued restructuring and non-recurring charges	(1,945)	-
Recoverable taxes, net of income tax payable	10,942	15,052
Net cash provided by operating activities	19,687	12,843
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(6,010)	(18,121)
Acquisitions of businesses, net of cash acquired	(44,660)	(13,963)
Net cash used in investing activities	(50,670)	(32,084)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Credit Facility, net	39,300	1,000
Payments on economic development revenue bonds	(375)	(333)
Purchase of treasury stock	(4,281)	(1,121)
Costs in connection with bank financing	(181)	(200)
Proceeds from exercise of warrants and options, net of related expenses	389	724
Repayments of other long-term debt and other liabilities	(81)	(2,706)
Net cash provided by/(used in) financing activities	34,771	(2,636)
Effect of exchange rate changes on cash	647	(599)
Net increase (decrease) in cash and cash equivalents	4,435	(22,476)
Cash and cash equivalents at beginning of period	7,538	26,643
Cash and cash equivalents at end of period	$ 11,973	$ 4,167

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2003 (In thousands, except per share and share data)

	Common Stock		Additional		Treasury Stock		Foreign Currency		
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Translation Adjustment	Total	Comprehensive Income
Balance at June 30, 2002	34,075,639	$341	$ 354,822	$ 51,597	306,917	$(3,875)	$ 963	$403,848	
Exercise of stock options	48,819	1	388					389	
Purchase of treasury shares					299,702	(4,281)		(4,281)	
Issuance of common stock	532,765	5	6,995					7,000	
Non-cash compensation charge			35					35	
Net income for the period				20,731				20,731	$ 20,731
Translation adjustments							2,116	2,116	2,116
Total comprehensive income									$ 22,847
Balance at March 31, 2003	34,657,223	$ 347	$362,240	$ 72,328	606,619	$(8,156)	$ 3,079	$429,838	

See notes to consolidated financial statements.

1. GENERAL

The Hain Celestial Group (herein referred to as "we","us" and "our") is a natural, specialty and snack food company. We are a leader in 13 of the top 15 natural food categories, with such well-known natural food brands as Celestial Seasonings(R) teas, Hain Pure Foods(R), Westbrae(R), Westsoy(R), Rice Dream(R), Soy Dream(R), Imagine(R), Arrowhead Mills(R), Health Valley(R), Breadshop's(R), Casbah(R), Garden of Eatin'(R), Terra Chips(R), Yves Veggie Cuisine(R), The Good Dog(R), The Good Slice(R), DeBoles(R), Earth's Best(R), Nile Spice(R) and in Europe, Lima(R) and Biomarche(R). Our principal speciality product lines include Hollywood(R) cooking oils, Estee(R) sugar-free products, Kineret(R) kosher foods, Boston Better Snacks(R), and Alba Foods(R).

We operate in one business segment: the sale of natural, organic and other food and beverage products. In our 2002 fiscal year, approximately 54% of our revenues were derived from products that were manufactured within our own facilities with 46% produced by various co-packers. Had the sale of our Health Valley manufacturing facility to one of our co-packers (see Note 4) occurred at the beginning of our 2002 fiscal year, approximately 56% of our revenues in such fiscal year would have been derived from products produced at various co-packers.

Certain reclassifications have been made to our previous year's consolidated financial statements to conform them to the current year's presentation.

All amounts in our consolidated financial statements have been rounded to the nearest thousand dollars, except share and per share amounts.

2. BASIS OF PRESENTATION

Our consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States. In the opinion of management, all adjustments (including normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and nine months ended March 31, 2003 are not necessarily indicative of the results that may be expected for the year ending June 30, 2003. Please refer to the footnotes to our consolidated financial statements as of June 30, 2002 and for the year then ended included in our Annual Report on Form 10-K for information not included in these condensed footnotes.

3. EARNINGS PER SHARE

We report basic and diluted earnings per share in accordance with SFAS Statement No. 128, "Earnings Per Share" ("SFAS No. 128"). Basic earnings per share exclude any dilutive effects of options and warrants. Diluted earnings per share include all dilutive common stock equivalents such as stock options and warrants.

The following table sets forth the computation of basic and diluted earnings per share pursuant to SFAS No. 128:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
Numerator:				
Numerator for basic and diluted earnings per common share -				
Net income	$ 7,856	$ 5,137	$ 20,731	$ 15,785
Denominator:				
Denominator for basic earnings per common share - weighted average shares outstanding during the period	34,081	33,868	33,853	33,741
Effect of dilutive securities:				
Stock options	650	856	569	882
Warrants	156	184	157	185
	806	1,040	726	1,067
Denominator for diluted earnings per common share - adjusted weighted average shares and assumed conversions	34,887	34,908	34,579	34,808
Basic net income per common share	$ 0.23	$ 0.15	$0.61	$0.47
Diluted net income per common share	$ 0.23	$ 0.15	$0.60	$0.45

4. INVENTORIES

Inventories consist of the following:

	March 31, 2003	June 30, 2002
Finished goods	$ 38,329	$ 35,158
Raw materials and packaging	21,189	18,466
	$ 59,518	$ 53,624

5. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

	March 31, 2003	June 30, 2002
Land	$ 6,863	$ 6,852
Building and improvements	24,026	25,537
Machinery and equipment	57,160	49,797
Furniture and fixtures	2,470	2,648
Leasehold improvements	1,379	3,218
Construction in progress	2,488	6,012
Health Valley plant assets held for sale (see Note 9)	-	4,769
	94,386	98,833
Less: Accumulated depreciation and amortization	28,284	29,059
	$ 66,102	$ 69,774

6. ACQUISITIONS

On December 2, 2002, we acquired substantially all of the assets and assumed certain liabilities of privately-held Imagine Foods, Inc. ("Imagine") in the United States and the United Kingdom. Imagine is a non-dairy beverage company specializing in aseptic and refrigerated rice and soy milks, organic aseptic soups and broths, and organic frozen desserts in the U.S., Canada, and Europe. The acquisition of these product lines is expected to enhance our existing market positions in non-dairy beverages and soups while adding frozen dessert products to our offerings to customers. The purchase price consisted of approximately $44.2 million in cash, 532,765 shares of our common stock valued at $7 million, plus the assumption of certain liabilities.

The following table summarizes the estimated fair values of assets acquired and liabilities assumed at the date of acquisition:

Current assets	$ 13,797
Property and equipment	2,308
Total assets	16,105
Liabilities assumed	11,460
Net assets acquired	$4,645

The balance sheet at March 31, 2003, includes the assets acquired and liabilities assumed based upon a preliminary allocation of the purchase price. We are in the process of accumulating the data necessary to complete the purchase price allocation, and have estimated that most of the excess cost over net assets acquired will be goodwill and trademarks, which will not amortize under SFAS No. 142. The remaining valuation analysis requiring completion is appraisal of property and equipment and various intangibles. We expect this analysis to be completed by the fourth quarter of fiscal 2003.

Our results of operations for the three and nine-month periods ended March 31, 2003 include the results of Imagine from the date of acquisition. Unaudited pro forma results of operations reflecting the above acquisition as if it occurred at the beginning of the periods presented would have been as follows:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
Net Sales	$129,224	$125,609	$ 383,750	$ 359,217
Net Income	$7,856	$5,354	$21,999	$15,136
Earnings per share:				
Basic	$ 0.23	$ 0.16	$ 0.64	$ 0.44
Diluted	$ 0.23	$ 0.15	$ 0.63	$ 0.43
Weighted average shares:				
Basic	34,081	34,401	34,149	34,274
Diluted	34,887	35,441	34,875	35,341

In management's opinion, the unaudited pro forma results of operations are not indicative of the actual results that would have occurred had the Imagine acquisition been consummated at the beginning of the periods presented or of future operations of the combined companies under our management.

Our results of operations for the three and nine-month periods ended March 31, 2003 include the operations of Lima, N.V., a leading manufacturer and marketer of natural and organic foods located in Belgium, which we acquired in December 2001. Results for the nine-months ended March 31, 2002 include less than four months of results for Lima. Had the acquisition of Lima occurred at the beginning of the nine-month period ended March 31, 2002, our consolidated results of operations for that period would not be materially different than the actual results as presented.

7. CREDIT FACILITY

We have available to us a $240 million Credit Facility (the "Credit Facility") which provides us with a $145 million revolving credit facility through March 29, 2005 and a $95 million 364-day facility through March 25, 2004. The Credit Facility is unsecured, but is guaranteed by all of our direct and indirect domestic subsidiaries. We are required to comply with customary affirmative and negative covenants for facilities of this nature. Revolving credit loans under this facility bear interest at a base rate (greater of the applicable prime rate or Federal Funds Rate plus applicable margin) or, at our option, the reserve adjusted LIBOR rate plus an applicable margin. As of March 31, 2003, we had borrowed approximately $43.7 million under the revolving facility with interest at 3.19% (classified within long-term debt instruments).

8. STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation plans using the intrinsic value method under APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") and related Interpretations. Under APB 25, when the exercise price of our employee stock options at least equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

If compensation cost for the Company's stock-based compensation plans had been determined based on the fair value at the grant dates consistent with the method prescribed by Statement of Financial Accounting Standard No. 123, "Accounting For Stock-Based Compensation", net earnings and earnings per share for the three months and nine months ended March 31, 2003 and 2002 would have been the proforma amounts that follow:

	Three Months Ended March 31,		Nine Months Ended March 31,	
	2003	2002	2003	2002
Net income, as reported	$7,856	$ 5,137	$ 20,731	$ 15,785
Stock-based employee compensation expense determined under fair value method, net of related tax effects	(2,357)	(4,242)	(7,172)	(12,526)
Proforma net income	$5,499	$ 895	$ 13,559	$ 3,259
Basic net income per common share:				
As reported				
Proforma	$ 0.23	$0.15	$ 0.61	$ 0.47
	$ 0.16	$0.03	$ 0.40	$ 0.10
Diluted net income per common share:				
As reported				
Proforma	$ 0.23	$0.15	$ 0.60	$ 0.45
	$ 0.16	$0.03	$ 0.39	$ 0.09

9. RESTRUCTURING AND OTHER NON-RECURRING CHARGES

During the fourth quarter of fiscal 2002, we recorded charges aggregating $21.3 million, before taxes, related to the sale (consummated on September 30, 2002) of our Health Valley facility in Irwindale, California and the discontinuation of our supplements business and Weight Watchers licenses.

The Health Valley facility charge of $11.3 million during the fourth quarter of Fiscal 2002 included $7.6 million of restructuring and non-recurring charges associated with reduced values of inventories of raw ingredients and packaging, certain lease obligations and other items, and $3.7 million of impairment charges to reduce the Health Valley plant's manufacturing assets to their net realizable value. At June 30, 2002, we accrued $2.1 million of future costs associated with this charge primarily relating to lease exit costs relating to incremental costs and contractual obligations and other facility exit costs expected to be incurred as part of this sale. Additional restructuring charges of approximately $.4 million were incurred in the nine-month period ended March 31, 2003 for severance liabilities and related employee costs and trade items that could not be accrued at June 30, 2002. Through March 31, 2003, approximately $.7 million was charged against the Health Valley facility charge accrual in the aggregate.

During the fourth quarter of Fiscal 2002, we also discontinued our supplements business at Celestial Seasonings, and did not renew our license to sell certain Weight Watchers products. In connection with these discontinuations, we recorded charges of $7.9 million related to supplements principally for inventories, packaging and trade items. The charge for the non-renewal of the Weight Watchers license amounted to $2.1 million. At June 30, 2002, we accrued $3.1 and $1.2 million for future costs associated with the Celestial Seasonings supplements and Weight Watchers license discontinuations, respectively. These future costs primarily relate to sales returns resulting from the discontinuation notification, other trade incentives, employee severance costs and other items. At March 31, 2003, approximately $1.2 million has been charged against these accruals in the aggregate.

At March 31, 2003, our balance sheet includes the above-described aggregate of $4.5 million of accrued restructuring and non-recurring charges, a substantial portion of which is expected to be paid within one year.

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

Overview

We manufacture, market, distribute and sell natural, specialty, organic and snack food products under brand names which are sold as "better-for-you" products. We are a leader in many of the top natural food categories, with such well-known natural food brands as Celestial Seasonings(R) teas, Hain Pure Foods(R), Westbrae(R), Westsoy(R), Arrowhead Mills(R), Health Valley(R), Breadshop's(R), Casbah(R), Garden of Eatin'(R), Rice Dream(R), Soy Dream(R), Imagine(R), Terra Chips(R), Yves Veggie Cuisine(R), The Good Dog(R), The Good Slice(R), DeBoles(R), Earth's Best(R), Nile Spice(R) and Lima(R) and Biomarche(R) in Europe. Our principal specialty product lines include Hollywood(R) cooking oils, Estee(R) sugar-free products, Kineret(R) kosher foods, Boston Better Snacks(R), and Alba Foods(R). Our website can be found at www.hain-celestial.com.

Our products are sold primarily to specialty and natural food distributors, supermarkets, natural food stores, and other retail classes of trade including mass-market stores, food service channels and club stores.

Our brand names are well recognized in the various market categories they serve. We have acquired numerous brands and we will seek future growth through internal expansion as well as the acquisition of additional complementary brands.

Our overall mission is to be a leading marketer and seller of natural, organic, beverage and specialty food products by integrating all of our brands under one management team and employing a uniform marketing, sales and distribution program. Our business strategy is to capitalize on the brand equity and the distribution previously achieved by each of our acquired product lines and to enhance revenues by strategic introductions of new product lines that complement existing products.

Results of Operations

Three months ended March 31, 2003

Net sales for the three months ended March 31, 2003 were $129.2 million, an increase of $23.6 million or 22.4% over net sales of $105.6 million in the March 31, 2002 quarter. Our Canadian business grew 32.5%, our European business grew 37.5%, and our U.S. business grew 20.2%. These increases came principally from volume increases, including the volume added to each geographic area by the addition of Imagine Foods brands to our portfolio, as well as from the benefit of foreign currencies against the U.S. dollar.

Gross profit for the three months ended March 31, 2003 was 31.0% of net sales as compared to 30.7% of net sales in the March 31, 2002 quarter. The increase was a result of lower promotional spending and reduced distribution costs, partially offset by increased ingredient costs.

Selling, general and administrative expenses as a percentage of sales was 20.3% for the three months ended March 31, 2003 compared with 22.6% in the March 31, 2002 quarter. The decrease as a percentage of sales came about as we were able to spread our general and administrative expenses over our increased sales base. The dollars we spent during the third quarter this year were higher than in the third quarter last year by $2.3 million, principally due to the increased number of personnel we now have for the increased size of our business, increases in expenses that are variable with sales levels, such as broker commissions, and the increase in bad debt expense of $.2 million caused by the Fleming bankruptcy.

Operating income was $13.8 million in the three months ended March 31, 2003 compared to $8.5 million in the March 31, 2002 quarter. Operating income as a percentage of net sales amounted to 10.7% in the March 2003 quarter, compared with 8.1% in the March 2002 quarter. The dollar and percentage increase resulted principally from the higher gross profit as described above offset by the aforementioned increase in selling, general and administrative expenses.

Interest and other expenses amounted to $1.2 million for the three months ended March 31, 2003 compared to $0.3 million in the comparable period of the prior year. In the 2003 period, we incurred an increase of $0.4 million in interest expense related to our increased borrowings resulting from the acquisition of Imagine Foods and foreign exchange losses of $0.4 million.

Income before income taxes for the three months ended March 31, 2003 amounted to $12.6 million compared to $8.2 million in the comparable period. This increase was attributable to the increase in operating income, partially offset by the increase in interest expense and other expenses, net.

Our effective income tax rate approximated 38% of pre-tax income for both the three months ended March 31, 2003 and 2002. We expect our tax rate to approximate this rate during the remainder of Fiscal 2003.

Net income for the three months ended March 31, 2003 was $7.9 million compared to $5.1 million in the March 31, 2002 quarter. The increase of $2.8 million in earnings was primarily attributable to the aforementioned increase in income before income taxes.

Nine months ended March 31, 2003

Net sales for the nine months ended March 31, 2003 were $348.7 million, an increase of $48.2 million or 16.0% over net sales of $300.5 million for the nine months ended March 31, 2002. Our Canadian business grew 17.4%, our European business grew 8.6% and our U.S. business grew 12.0%. These increases came principally from volume increases including the volume added to each geographic area by the Imagine Foods and Lima acquisitions.

Gross profit for the nine months ended March 31, 2003 was 31.4% of net sales as compared to 30.5% of net sales for the nine months ended March 31, 2002. The increase was a result of reduced promotional spending and lower distribution costs, partially offset by increased ingredient costs and lower gross profits earned by our businesses in Europe.

Selling, general and administrative expenses increased by $10.3 million to $74.3 million for the nine months ended March 31, 2003 as compared to $64.0 million for the nine months ended March 31, 2002. Such expenses as a percentage of net sales amounted to 21.3% for both the nine months ended March 31, 2003 and 2002. While as a percentage of sales selling, general and administrative expenses are flat, we increased consumer advertising and spending in the nine months ended March 31, 2003 versus the nine months ended March 31, 2002 by approximately $4 million. The remaining increases are principally due to the increased number of personnel we now have for the increased size of our business, increases in expenses that are variable with sales levels, such as broker commissions, and the increase in bad debt expense of $.2 million caused by the Fleming bankruptcy.

During the nine months ended March 31, 2003 we recorded approximately $0.4 million of additional restructuring and other non-recurring charges related to our sale of the Health Valley Facility.

Operating income was $34.9 million in the nine months ended March 31, 2003 compared to $27.6 million for the nine months ended March 31, 2002. Operating income as a percentage of net sales amounted to 10.0% for the nine months ended March 31, 2003, compared with 9.2% for the nine months ended March 31, 2002. The dollar and percentage increases resulted principally from the higher gross profit as described above offset by the aforementioned increase in selling, general, and administrative costs.

Interest and other expenses amounted to $1.6 million for the nine months ended March 31, 2003 compared to $2.2 million in the comparable period. The current year period included interest expense related to our increased borrowings resulting from the acquisition of Imagine Foods. The prior year period included a loss of approximately $1.5 incurred in December 2001 when we closed our Terra Chips manufacturing facility in Brooklyn, NY in connection with the opening of a replacement facility in Moonachie, NJ.

Income before income taxes for the nine months ended March 31, 2003 amounted to $33.3 million compared to $25.4 million in the comparable period. This increase was attributable to the increase in operating income as well as the swing in interest expense and other expenses, net.

Our effective income tax rate approximated 38% of pre-tax income for both the nine months ended March 31, 2003 and 2002. We expect our tax rate to approximate this rate during the remainder of fiscal 2003.

Net income for the nine months ended March 31, 2003, was $20.7 million compared to $15.8 million for the nine months ended March 31, 2002. The increase of $4.9 million in earnings was primarily attributable to the aforementioned increase in income before income taxes.

Liquidity and Capital Resources

We finance our operations and growth primarily with the cash flows we generate from our operations and from borrowings under our Credit Facility.

We have available to us a $240 million Credit Facility which provides us with a $145 million revolving credit facility through March 29, 2005 and a $95 million 364-day facility through March 25, 2004. The Credit Facility is unsecured, but is guaranteed by all direct and indirect domestic subsidiaries. We are required to comply with customary affirmative and negative covenants for facilities of this nature. As of March 31, 2003, we had $43.7 million outstanding under these facilities.

This access to capital provides us with flexible working capital needs in the normal course of business and the opportunity to grow our business through acquisitions or develop our existing infrastructure through capital investment.

Net cash provided by operations was $19.7 and $12.8 million for the nine months ended March 31, 2003 and 2002, respectively. Our working capital and current ratio was $84.3 million and 2.3 to 1, respectively, at March 31, 2003 compared with $70.9 million and 2.3 to 1 respectively, at June 30, 2002. The improvement in working capital was derived principally from the net income earned during the nine months ended March 31, 2003.

Net cash provided by/(used in) financing activities was $34.8 million and ($2.6) million for the nine months ended March 31, 2003 and 2002, respectively. During December 2002, we borrowed $44.3 million to fund the cash portion of our purchase of the Imagine Foods business. We have subsequently paid down $5 million of this debt. We also continued to acquire shares of our common stock in open market purchases as part of our stock buy back program.

Obligations for all debt instruments, capital and operating leases and other contractual obligations are as follows:

	Payments Due by Period			
	Total	Less than 1 year	1 - 3 years	Thereafter
Debt instruments	$ 50,701	$ 2,229	$ 45,943	$ 2,529
Capital lease obligations	2,174	928	1,242	4
Operating leases	20,784	3,393	8,387	9,004
Total contractual cash obligations	$ 73,659	$ 6,550	$ 55,572	$11,537

We believe that cash on hand of $12.0 million at March 31, 2003, projected remaining fiscal 2003 cash flows from operations, and availability under our Credit Facility are sufficient to fund our working capital needs, anticipated capital expenditures of $4.0 million for the remainder of fiscal 2003, $4.5 million in costs associated with restructuring and non-recurring charges and the $6.6 million of debt and lease obligations described in the table above. We currently invest our cash on hand in highly liquid short-term investments yielding approximately 1.5% interest.

Critical Accounting Policies

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States. The accounting principles we use require us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and amounts of income and expenses during the reporting periods presented. We believe in the quality and reasonableness of our critical accounting policies; however, it is likely that materially different amounts would be reported under different conditions or using assumptions different from those that we have consistently applied. We believe our critical accounting policies are as follows, including our methodology for estimates made and assumptions used.

Valuation of Accounts and Chargeback Receivables

We perform ongoing credit evaluations on existing and new customers daily. We apply reserves for delinquent or uncollectible trade receivables based on a specific identification methodology and also apply a general reserve based on the experience we have with our trade receivables aging categories. Credit losses have been within our expectations over the last few years. While two of our customers represent approximately 30% of our trade receivable balance on an ongoing basis, we believe there is no credit exposure at this time.

Based on cash collection history and other statistical analysis, we estimate the amount of unauthorized deductions that our customers have taken to be repaid and collectible in the near future in the form of a chargeback receivable. While our estimate of this receivable balance could be different had we used different assumptions and judgments, historically our cash collections of this type of receivable has been within our expectations and no significant write-offs and/or impairment has occurred. Our chargebacks receivable (included in trade receivables) balance at March 31, 2003 was $7.4 million as compared to $5 million at June 30, 2002.

There can be no assurance that we would have the same experience with our receivables during different economic conditions, or with changes in business conditions, such as consolidation within the food industry and/or a change the way we market and sell our products.

Inventory

Our inventory is valued at the lower of cost or market. Cost has been derived principally using standard costs utilizing the first-in, first-out method. We provide write-downs for finished goods expected to become non-saleable due to age and specifically identify and reserve for slow moving or obsolete raw ingredients and packaging.

Property, Plant and Equipment

Our property, plant and equipment is carried at cost and depreciated and or amortized on a straight-line basis over the lesser of the estimated useful lives or lease life, whichever is shorter. We believe the asset lives assigned to our property, plant and equipment are within ranges/guidelines generally used in food manufacturing and distribution businesses. Our manufacturing plants and distribution centers, and their related assets, are periodically reviewed to determine if any impairment exists by analyzing underlying cash flow projections. At this time, we believe no impairment exists on the carrying value of such assets.

Revenue Recognition

Sales are recognized upon the shipment of finished goods to customers. Allowances for cash discounts and returns are recorded in the period in which the related sale is recognized.

Seasonality

Our tea business consists primarily of manufacturing and marketing hot tea products and, as a result, its quarterly results of operations reflect seasonal trends resulting from increased demand for its hot tea products in the cooler months of the year. This is also true for our soups and hot cereals businesses, but to a lesser extent. Quarterly fluctuations in our sales volume and operating results are due to a number of factors relating to our business, including the timing of trade promotions, advertising and consumer promotions and other factors, such as seasonality, abnormal and inclement weather patterns and unanticipated increases in labor, commodity, energy, insurance or other operating costs. The impact on sales volume and operating results, due to the timing and extent of these factors, can significantly impact our business. For these reasons, you should not rely on our quarterly operating results as indications of future performance. In some future periods, our operating results may fall below the expectations of securities analysts and investors, which could harm our business.

Inflation

The Company does not believe that inflation had a significant impact on the Company's results of operations for the periods presented.

Note Regarding Forward Looking Information

Certain statements contained in this Quarterly Report constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act and Sections 21E of the Exchange Act. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the Company, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: general economic and business conditions, the ability of the Company to implement its business and acquisition strategy; the ability to effectively integrate its acquisitions; the ability of the Company to obtain financing for general corporate purposes; competition; availability of key personnel, and changes in, or the failure to comply with governments regulations. As a result of the foregoing and other factors, no assurance can be given as to the future results, levels of activity and achievements and neither the Company nor any person assumes responsibility for the accuracy and completeness of these statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the reported market risks since the end of the most recent fiscal year.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures.

Our Chief Executive Officer and Chief Financial Officer have reviewed our disclosure controls and procedures within 90 days prior to the filing of this report. Based upon this review, these officers believe that our disclosure controls and procedures are effective in ensuring that material information related to us is made known to them by others within the company.

(b) Changes in Internal Controls.

There were no significant changes in our internal controls or in other factors that could significantly affect these controls during the quarter covered by this report or from the end of the reporting period to the date of this Form 10-Q.

Part II - OTHER INFORMATION

Item 6. - Exhibits and Reports on Form 8-K

Exhibits

Exhibit Number	Description
99.1	Certification of Chief Executive Officer
99.2	Certification of Chief Financial Officer

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.

THE HAIN CELESTIAL GROUP, INC.

Date: May 15, 2003

/s/ Irwin D. Simon

Irwin D. Simon,
Chairman, President and Chief Executive Officer

Date: May 15, 2003

/s/ Ira J. Lamel

Ira J. Lamel,
Executive Vice President,
Chief Financial Officer and Treasurer

CERTIFICATION

I, Irwin D. Simon, President and Chief Executive Officer of The Hain Celestial Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Irwin D. Simon

Irwin D. Simon

Chairman, President and

Chief Executive Officer

CERTIFICATION

I, Ira J. Lamel, Chief Financial Officer of The Hain Celestial Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of The Hain Celestial Group, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

(a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

(b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

(c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

(a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 15, 2003

/s/ Ira J. Lamel

Ira J. Lamel
Executive Vice President,
Chief Financial Officer and Treasurer

Exhibit 99.1

Certification Pursuant to Chapter 63, Title 18 United States Code ss.1350 As Adopted by Section 906 of the Sarbanes-Oxley Act of 2002 Accompanying Quarterly Report on Form 10-Q of The Hain Celestial Group, Inc. for the Quarter Ended March 31, 2003

I, Irwin D. Simon, President and Chief Executive Officer of The Hain Celestial Group, Inc. (the "Company"), certify that the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2003

/s/ Irwin D. Simon

Irwin D. Simon

President and Chief Executive Officer

Exhibit 99.2

Certification Pursuant to Chapter 63, Title 18 United States Code ss.1350 As Adopted by Section 906 of the Sarbanes-Oxley Act of 2002 Accompanying Quarterly Report on Form 10-Q of The Hain Celestial Group, Inc. for the Quarter Ended March 31, 2003

I, Ira J. Lamel, Chief Financial Officer of The Hain Celestial Group, Inc. (the "Company"), certify that the accompanying Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2003 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 15, 2003

/s/ Ira J. Lamel____________
Ira J. Lamel
Chief Financial Officer