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: 12/31/00   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.)

50 Charles Lindbergh Boulevard, Uniondale, New York	11553
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 237-6200

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

33,222,527 shares of Common Stock $.01 par value, as of February 12, 2001.

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

	December 31, 2000	June 30, 2000
ASSETS	(Unaudited)	(Note)
Current assets:		
Cash	$ 47,291	$ 38,308
Accounts receivable, less allowance for doubtful accounts of $988 and $929	52,477	36,120
Inventories	48,048	48,139
Recoverable income taxes	-	7,982
Deferred income taxes	8,724	8,724
Other current assets	4,041	3,611
Total current assets	160,581	142,884
Property, plant and equipment, net of accumulated depreciation and amortization of $22,269 and $19,471	43,492	39,340
Goodwill, net of accumulated amortization of $15,625 and $13,109	185,695	188,212
Trademarks and other intangible assets, net of accumulated amortization of $6,182 and $5,594	38,750	39,086
Deferred financing costs, net of accumulated amortization of $337 and $328	417	238
Other assets	6,291	6,257
Total assets	$ 435,226	$ 416,017
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 36,896	$ 43,039
Income taxes payable, net	4,969	-
Accrued merger related charges	2,301	9,414
Current portion of long-term debt	857	681
Total current liabilities	45,023	53,134
Long-term debt, less current portion	5,221	5,622
Deferred income taxes	5,537	5,537
Total liabilities	55,781	64,293
Commitments and contingencies		
Stockholders' equity:		
Preferred stock - $.01 par value, authorized 5,000,000 shares, no shares issued	-	-
Common stock - $.01 par value, authorized 100,000,000 shares, issued 33,256,427 and 32,147,261 shares	333	321
Additional paid-in capital	337,679	326,641
Retained earnings	41,708	25,037
	379,720	351,999
Less: 100,000 shares of treasury stock, at cost	(275)	(275)
Total stockholders' equity	379,445	351,724
Total liabilities and stockholders' equity	$ 435,226	$ 416,017

Note: The balance sheet at June 30, 2000 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 December 31,		Six Months Ended December 31,	
	2000	1999	2000	1999
	(Unaudited)		(Unaudited)	
Net Sales	$ 116,025	$116,675	$ 209,678	$ 204,615
Cost of sales	62,297	60,472	115,542	115,081
Gross profit	53,728	56,203	94,136	89,534
Selling, general & administrative expenses	35,116	39,169	62,401	70,285
Merger costs	-	-	1,032	-
Amortization of goodwill and other intangible assets	1,674	1,727	3,248	3,297
Operating income	16,938	15,307	27,455	15,952
Other income, net	865	753	1,462	753
Interest and financing costs	(104)	(1,421)	(175)	(4,366)
Income before income taxes and cumulative change in accounting principle	17,699	14,639	28,742	12,339
Provision for income taxes	7,433	6,138	12,071	5,050
Income before cumulative change in accounting principle	10,266	8,501	16,671	7,289
Cumulative change in accounting principle, net of income tax benefit of $2,547	-	-	-	(3,754)
Net income	$ 10,266	$ 8,501	$ 16,671	$ 3,535
Basic earnings per common share:				
Income before cumulative change in accounting principle	$ 0.31	$ 0.30	$ 0.51	$ 0.27
Cumulative change in accounting principle	-	-	-	(0.14)
Net income	$ 0.31	$ 0.30	$ 0.51	$ 0.13
Diluted earnings per common share:				
Income before cumulative change in accounting principle	$ 0.30	$ 0.28	$ 0.49	$ 0.25
Cumulative change in accounting principle	-	-	-	(0.13)
Net income	$ 0.30	$ 0.28	$ 0.49	$ 0.12
Weighted average common shares outstanding:				
Basic	33,038	28,613	32,667	26,744
Diluted	34,660	30,472	34,340	28,982

See notes to consolidated financial statements.

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

	Six Months Ended December 31,	
	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES	(Unaudited)	
Net income	$ 16,671	$ 3,535
Adjustments to reconcile net income to net cash provided by operating activities		
Cumulative change in accounting principle	-	3,754
Depreciation and amortization of property and equipment	2,939	2,535
Amortization of goodwill and other intangible assets	3,248	3,284
Amortization of deferred financing costs	9	415
Provision for doubtful accounts	128	(134)
Deferred income taxes	-	(2,593)
Other	24	23
Increase (decrease) in cash attributable to changes in assets and liabilities, net of amounts applicable to acquired businesses:		
Accounts receivable	(16,485)	(10,540)
Inventories	91	1,138
Other current assets	(430)	(1,365)
Other assets	(234)	(1,314)
Accounts payable and accrued expenses	(12,982)	7,633
Income tax payable, net	12,951	4,524
Net cash provided by operating activities	5,930	10,895
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of businesses	-	(4,625)
Purchases of property and equipment and other intangible assets	(7,749)	(6,501)
Proceeds from sale of assets	-	304
Net cash used in investing activities	(7,749)	(10,822)
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from bank revolving credit facility, net	-	2,705
Repayment of term loan facilities	-	(81,759)
Payments on economic development revenue bonds	(166)	(158)
Costs in connection with bank financing	-	(26)
Proceeds from private equity offering, net of expenses	-	80,589
Proceeds from exercise of warrants and options, net of related expenses	11,026	1,078
Payment of other long-term debt and other liabilities	(58)	(164)
Net cash provided by financing activities	10,802	2,265
Net increase in cash and cash equivalents	8,983	2,238
Cash and cash equivalents at beginning of period	38,308	712
Cash and cash equivalents at end of period	$ 47,291	$ 3,050

See notes to consolidated financial statements.

THE HAIN CELESTIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (Unaudited)
FOR THE SIX MONTHS ENDED DECEMBER 31, 2000
(In thousands, except per share and share data)

	Common Stock		Additional		Treasury Stock		
	Shares	Amount at $.01	Paid-in Capital	Retained Earnings	Shares	Amount	Total
Balance as June 30, 2000	32,147,261	$ 321	$ 326,641	$ 25,037	100,000	$ (275)	$ 351,724
Exercise of common stock warrants, net of related expenses	114,666	1	918		14,347	(475)	444
Exercise of stock options	1,008,847	11	10,571				10,582
Retirement of Treasury Shares	(14,347)		(475)		(14,347)	475	-
Non-cash compensation charge			24				24
Net income for the period				16,671			16,671
Balance at December 31, 2000	33,256,427	$ 333	$ 337,679	$ 41,708	100,000	$ (275)	$ 379,445

See notes to consolidated financial statements.

1. GENERAL:

The Hain Celestial Group, Inc. (formerly known as The Hain Food Group, Inc. or "Hain"), headquartered in Uniondale, NY, is a natural, specialty and snack food company. The Company is 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), Terra Chips(R), DeBoles(R), Earth's Best(R), and Nile Spice(R). The Company's principal specialty product lines include Hollywood(R) cooking oils, Estee(R) sugar-free products, Weight Watchers(R) dry products, Kineret(R) kosher foods, Boston Better Snacks(R), and Alba Foods(R).

The Company and its subsidiaries operate in one business segment: the sale of natural, organic and other food and beverage products. Since fiscal 2000, approximately 55% of the Company's revenues were derived from products which are manufactured within its own facilities with 45% produced by various co-packers. There are no co-packers who manufactured 10% or more of the Company's products.

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

2. BASIS OF PRESENTATION:

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

The accompanying consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles. 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 six months ended December 31, 2000 are not necessarily indicative of the results that may be expected for the year ending June 30, 2001. Reference is made to the footnotes to the audited consolidated financial statements of the Company and subsidiaries as at June 30, 2000 and for the year then ended included in the Company's Annual Report on Form 10-K for information not included in these condensed footnotes.

3. Celestial Merger

On May 30, 2000, Hain completed a merger (the "Merger") with Celestial Seasonings, Inc. ("Celestial") by issuing 10.3 million shares of Hain common stock in exchange for all of the outstanding common stock of Celestial. Each share of Celestial common stock was exchanged for 1.265 shares of Hain common stock. In addition, Hain assumed all Celestial stock options previously granted. As part of the Merger, Hain changed its name to The Hain Celestial Group, Inc. Celestial, the common stock of which was previously publicly traded, is the market leader in specialty teas.

The Merger was accounted for as a pooling-of-interests and, accordingly, all prior period consolidated financial statements of Hain have been restated to include the results of operations, financial position and cash flows of Celestial. Information concerning common stock, employee stock plans and per share data has been restated on an equivalent share basis.

During the six months ended December 31, 2000, the Company incurred $1 million of Merger related employee costs.

4. RESTRUCTURING AND OTHER NON-RECURRING CHARGES

During the fourth quarter of fiscal 2000, the Company approved a plan to streamline and restructure certain non-core businesses and consolidate warehouses and information systems within the Company's distribution and operating network which resulted in a pre-tax charge of $3.7 million. At June 30, 2000 the Company had accrued approximately $2 million of future costs associated with this restructuring charge. During the three and six months ended December 31, 2000, approximately $.2 million and $.4 million, respectively, was charged to the accrual, bringing the remaining balance to $1.6 million which has been included in accounts payable and accrued expenses on the Consolidated Balance Sheet at December 31, 2000.

In addition, during the three months ended September 30, 1999, Celestial decided to cease production of its 30-count supplements product line and focus its efforts on its 60-count product line. In conjunction with the discontinuance of the 30-count products, Celestial decided to offer a return program to its customers. Accordingly, Celestial reversed sales ($5.1 million) and recorded additional cost of sales ($4.0 million) for the estimated 30-count products still with customers and an estimated write-down of inventory on hand and expected to be returned.

Additionally, in September 1999, Celestial entered into a settlement agreement relating to a shareholder lawsuit resulting in a one-time charge of $1.2 million which has been included in selling, general and administrative expenses.

5. ACCOUNTING FOR CERTAIN SALES INCENTIVES

In May 2000, the Emerging Issues Task Force ("EITF") issued Issue 00-14, Accounting for Certain Sales Incentives. Under the consensus, certain sales incentives must be recognized as a reduction of sales, rather than as an expense (the Company includes such sales incentives within selling, general and administrative expenses). Upon application of this consensus, the Company's earnings for current and prior periods will not be changed, but rather a reclassification will take place within the Consolidated Statements of Income for all periods presented for comparative purposes. The Company is not required to adopt this consensus until its fourth quarter (June 30, 2001).

Had EITF 00-14 been adopted at the beginning of the six-month periods ended December 31, 2000 and 1999, the Company's net sales and selling, general and administrative expenses would have each been reduced by $29,579,000 and $31,630,000, for the respective periods.

6. CUMULATIVE CHANGE IN ACCOUNTING PRINCIPLE

In April 1998, the American Institute of Certified Public Accountants issued SOP 98-5, "Reporting Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 was adopted by the Company effective July 1, 1999, and requires start-up costs capitalized prior to such date be written-off as a cumulative effect of an accounting change as of July 1, 1999, and any future start-up costs to be expensed as incurred. Start-up activities are defined broadly as those one-time activities related to introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or commencing some new operations. In accordance with SOP 98-5, the Company recorded a one-time non-cash charge in the first quarter of fiscal 2000 reflecting the cumulative effect of a change in accounting principle, in the amount of $3.8 million, net of tax benefit, representing start-up costs capitalized as of the beginning of fiscal year 2000.

7. INVENTORIES:

Inventories consist of the following:

	December 31, 2000	June 30, 2000
Finished goods	$ 28,769	$ 28,730
Raw materials and packaging	19,279	19,409
	$ 48,048	$ 48,139

8. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consist of the following:

	December 31, 2000	June 30, 2000
Land	$ 6,049	$ 6,049
Building and improvements	10,646	10,579
Machinery & equipment	33,856	33,890
Assets held for sale	-	197
Furniture and fixtures	2,640	2,580
Leasehold improvements	5,270	5,014
Construction in progress	7,300	502
	65,761	58,811
Less:		
Accumulated depreciation and amortization	22,269	19,471
	$ 43,492	$ 39,340

9. EARNINGS PER SHARE:

The Company reports basic and diluted earnings per share in accordance with FASB Statement No. 128, "Earnings Per Share" ("SFAS 128"). Basic earnings per share excludes any dilutive effects of options and warrants. Diluted earnings per share includes 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 128:

	Three Months Ended December 31		Six Months Ended December 31	
	2000	1999	2000	1999
Numerator:				
Numerator for basic and diluted earnings per share -				
Income before cumulative change in accounting principle	$ 10,266	$ 8,501	$16,671	$ 7,289
Cumulative change in accounting principle	-	-	-	(3,754)
Net income	$ 10,266	$ 8,501	$16,671	$ 3,535
Denominator:				
Denominator for basic earnings per share - weighted average shares outstanding during the period	33,038	28,613	32,667	26,744
Effect of dilutive securities:				
Stock options	1,385	1,488	1,417	1,688
Warrants	237	371	256	496
	1,622	1,859	1,673	2,184
Denominator for diluted earnings per share - adjusted weighted average shares and assumed conversions	34,660	30,472	34,340	28,982
Basic earnings per share:				
Income before cumulative change in accounting principle	$ 0.31	$ 0.30	$ 0.51	$ 0.27
Cumulative change in accounting principle	-	-	-	(0.14)
Net income	$ 0.31	$ 0.30	$ 0.51	$ 0.13
Diluted earnings per share:				
Income before cumulative change in accounting principle	$ 0.30	$ 0.28	$ 0.49	$ 0.25
Cumulative change in accounting principle	-	-	-	(0.13)
Net income	$ 0.30	$ 0.28	$ 0.49	$ 0.12

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

Results of Operations

Three months ended December 31, 2000

Net sales for the three months ended December 31, 2000 were $116 million, a decrease of $.7 million or 1% over net sales of $116.7 million in the quarter ended December 31, 1999. The decrease is primarily due to: a change in the billing arrangements with our medically directed brands sold to our exclusive domestic distributor; our net billing arrangement for certain of our club store channel products sold to Heinz and a change in management focus on the selling of Celestial supplements. In addition, production issues in the second quarter impacted the Company's revenue for its Hain and Arrowhead Mills brands, and Terra Chips reached capacity in the second quarter, thus impacting sales to new customers. On a pro forma comparable basis, sales increased $5.5 million or 5%, primarily from our rocket brands of Celestial Teas, Health Valley, Terra Chips, Earth's Best and Westsoy.

Gross profit for the three months ended December 31, 2000 decreased by approximately $2.5 million to $53.7 million (46.3% of net sales) as compared to $56.2 million (48.2% of net sales) in the corresponding 1999 period. The decrease in gross profit dollars is a result of the aforementioned change in the billing arrangements ($3.2 million). Gross profit percentage decreased 1.9% primarily from the mix of products sold, a carryover effect of higher costs from the labor action associated with the Health Valley plant previously discussed and higher freight costs associated with rising fuel prices.

Selling, general and administrative expenses decreased by $4.1 million to $35.1 million for the three months ended December 31, 2000 as compared to $39.2 million in the December 31, 1999 quarter. Such expenses as a percentage of net sales amounted to 30.3% for the three months ended December 31, 2000 compared with 33.6% in the December 31, 1999 quarter. The dollar decrease is a combination of $1.5 million of synergies realized in the December 2000 period resulting from the Celestial merger, approximately $1.0 million in lower advertising and promotion costs and the remainder coming from lower other selling, general and administrative expense components. To date, a substantial portion of synergies from the Celestial merger have been identified and it is expected that the integration process will be substantially completed by calendar 2002. It is expected that in the next couple of fiscal quarters, the Company plans to invest in consumer spending and to enhance brand equity while closely monitoring its trade spending. These consumer spending categories include, but are not limited to, consumer advertising using radio and print, coupons, direct mailing programs, and other forms of promotions. There is no guarantee that these investments in consumer spending will be successful, and as the Company attempts to monitor its trade spending and increase consumer awareness, there may be a period of overlap.

Amortization of goodwill and other intangible assets was both approximately $1.7 million for the December 2000 and 1999 periods. Amortization expense in total amounted to 1.4% and 1.5% of net sales for the three months ended December 31, 2000 and 1999, respectively.

Operating income increased by $1.6 million compared to the 1999 period. Operating income as a percentage of net sales amounted to 14.6%, compared with 13.1% in the December 1999 quarter. The dollar and percentage increase resulted principally from lower selling, general, administrative and amortization expenses offset by lower gross profit.

Interest and other income amounted to $.9 million for the three months ended December 31, 2000 compared with $.8 million in the corresponding period. This increase is a direct result of the interest earned on the increased cash balance (approximately $50 million) during the three months ended December 31, 2000 compared to investment gains in marketable securities purchased and sold within the December 1999 period.

Interest and financing costs for the three months ended December 31, 2000 amounted to approximately $.1 million, compared to $1.4 million in the 1999 period. This decrease is a result of significantly reduced debt levels ($6.1 million outstanding at December 31, 2000 compared with $60 million at December 31, 1999). The average interest rate was 5.5% in the December 2000 period compared with approximately 8.5% in the December 1999 period.

Income before income taxes for the three months ended December 31, 2000 increased to $17.7 million (15.3% of net sales) from $14.6 million (12.5% of net sales) in the corresponding 1999 period. This $3.1 million improvement in profitability was attributable to the aforementioned increase in operating income, as well as the other income generated.

Income taxes increased to $7.4 million for the three months ended December 31, 2000 compared to $6.1 million in the corresponding 1999 period. The effective tax rate was 42.0% in the 2000 period compared with 41.9% in the corresponding 1999 period. The lower tax rate in 1999 was a result of additional tax deductions generated from Celestial's contributions of its 30-count supplements to a qualified organization. The Company expects its pre-tax earnings will be taxed at a 42.0% effective rate for the remainder of this fiscal year.

Net income for the three months ended December 31, 2000 increased to $10.3 million (8.8% of net sales) from $8.5 million (7.3% of net sales) in the corresponding 1999 period. This $1.8 million improvement in earnings was primarily attributable to the aforementioned increase in income before income taxes offset by higher income taxes.

Six months ended December 31, 2000

Net sales for the six months ended December 31, 2000 were $209.7 million, an increase of $5.1 million over net sales of $204.6 million in the quarter ended December 31, 1999. The increase is primarily the result of Celestial recording sales returns of $5.1 million in the September 1999 period related to the returns of its 30-count supplements product line. As previously mentioned, our net sales were affected by changes in billing arrangements, redirection of management focus on certain product lines (supplements) and production issues for certain of our products. On a pro forma comparable basis, net sales increased by approximately $10 million with the growth coming from our Westsoy, Health Valley, Earth's Best, and Terra Chips brands.

Gross profit for the six months ended December 31, 2000 increased by approximately $4.6 million to $94.1 million (44.9% of net sales) as compared to $89.5 million (43.8% of net sales) in the corresponding 1999 period. The increase in gross profit dollars was a direct result of the increased sales level in 2000 along with reductions in gross profit dollars of $4.0 million in the September 30, 1999 period resulting from the inventory write-down Celestial recorded related to its 30-count supplement line. Gross profit percentage decreased 2.2% (exclusive of the supplement sales returns and inventory write-downs in the 1999 period) primarily from mix of products sold, higher costs associated with the Health Valley brand as a result of intensive preparations for a potential labor action at the Health Valley plant, previously discussed in the Company's September 2000 Form 10-Q which the Company has resolved, the mix of products sold and additional warehousing and freight costs, principally due to the opening of the new Ontario, California distribution center and fuel surcharges.

Selling, general and administrative expenses decreased by $7.9 million to $62.4 million for the six months ended December 31, 2000 as compared to $70.3 million in the December 31, 1999 quarter. Such expenses as a percentage of net sales amounted to 29.8% for the six months ended December 31, 2000 compared with 34.3% in the December 31, 1999 quarter. The dollar decrease is a combination of $2.7 million of synergies realized in the December 2000 period resulting from the Celestial merger, a $1.2 million nonrecurring charge incurred in the September 1999 period as a result of a shareholder lawsuit settled by Celestial, approximately $1.0 million lower advertising and promotion costs and $2.8 million of lower other selling, general and administrative expense components. To date, a substantial portion of synergies from the Celestial merger have been identified and it is expected that the integration process will be completed by calendar 2002.

Merger related charges amounted to $1 million for the six months ended December 31, 2000. There were no merger related charges in the corresponding period. Merger related charges incurred relate to certain employee costs associated with the Celestial merger.

Amortization of goodwill and other intangible assets was both approximately $3.2 million for the December 2000 and 1999 periods. Amortization expense in total amounted to 1.6% of net sales for both the six months ended December 31, 2000 and 1999, respectively.

Operating income increased by $11.5 million compared to the 1999 period. Operating income as a percentage of net sales amounted to 13.1%, compared with 7.8% in the December 1999 period. The dollar and percentage increase resulted principally from higher gross profit, lower selling, general, administrative expenses, offset by higher merger related costs.

Other income amounted to $1.5 million for the six months ended December 31, 2000 compared with $.8 million in the corresponding period. This increase is a direct result of the interest earned on the increased cash balance during the December 31, 2000 period compared with the December 1999 period.

Interest and financing costs for the six months ended December 31, 2000 amounted to approximately $.2 million, compared to $4.4 million in the 1999 period. This decrease is a result of the aforementioned significantly reduced debt levels at December 31, 2000 compared to the December 31, 1999 period.

Income before income taxes and cumulative change in accounting principle for the six months ended December 31, 2000 increased to $28.7 million (13.7% of net sales) from $12.3 million (6.0% of net sales) in the corresponding 1999 period. This $16.4 million improvement in profitability was attributable to the aforementioned increase in operating income, as well as the other income generated.

Income taxes increased to $12.1 million for the six months ended December 31, 2000 compared to a $5.1 million in the corresponding 1999 period. The effective tax rate was 42.0% in the 2000 period compared to 40.9% in the corresponding 1999 period. The lower tax rate in 1999 was a result of additional tax deductions generated from Celestial's contributions of its 30-count supplements to a qualified organization. The Company expects its pre-tax earnings will be taxed at a 42.0% effective rate for the remainder of this fiscal year.

Income before cumulative change in accounting principle for the six months ended December 31, 2000 increased to $16.7 million (8% of net sales) from $7.3 million (3.6% of net sales) in the corresponding 1999 period. This $9.4 million improvement in earnings was primarily attributable to the aforementioned increase in income before income taxes and cumulative change in accounting principle.

Change in Accounting Principle:

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-5, "Reporting Costs of Start-up Activities" ("SOP 98-5"). SOP 98-5 was effective beginning on July 1, 1999, and required that start-up costs capitalized prior to such date be written-off as a cumulative effect of an accounting change as of July 1, 1999. Any future start-up costs are being expensed as incurred. Start up activities are broadly defined as those one time activities related to introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer or commencing some new operation. In accordance with SOP 98-5, the Company recorded a one-time non-cash charge in the first quarter of fiscal 2000 reflecting the cumulative effect of a change in accounting principle, in the amount of $3.8 million, net of tax benefit, representing such start-up costs capitalized as of the beginning of fiscal year 2000.

Liquidity and Capital Resources

The Company requires liquidity for working capital needs and debt service requirements.

The Company had working capital and a current ratio of $115.6 million and 3.6 to 1, respectively, at December 31, 2000 as compared to $89.8 million and 2.7 to 1, respectively, at June 30, 2000. The increase in working capital and the current ratio is primarily attributable to cash flows from operations and financing activities. The cash flow from financing activities is attributable to the exercise of stock options and warrants during the six months ended December 31, 2000.

The Company believes that its cash on hand of $47.3 million at December 31, 2000, as well as cash flows from operations are sufficient to fund its working capital needs, anticipated capital expenditures, other operating expenses, as well as provide liquidity to pay down the remaining merger related and restructuring accruals (aggregating approximately $2.7 million of accrued merger costs and $1.6 million of restructuring accruals) existing at December 31, 2000 for the remainder of fiscal 2001. Of the $4.3 million of these accruals, approximately $3.5 will be utilized during the remainder of fiscal 2001. The Company is currently investing its cash on hand in highly liquid short-term investments yielding approximately 6.25% interest.

In addition, in July 2000, the Company entered into a short-term revolving credit facility with a bank providing the Company with $50 million of revolving credit to fund operations. As of February 12, 2001, approximately $4.5 million has been borrowed on this facility.

Seasonality

Sales of food and beverage products consumed generally decline to some degree during the Summer months (the first quarter of the Company's fiscal year). However, the Company believes that such seasonality has a limited effect on operations.

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 which 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

The Company has not entered into market risk sensitive transactions required to be disclosed under this item.

Part II - OTHER INFORMATION

Item 2. - Changes in Securities and Use of Proceeds

As previously disclosed in the Company's filings on September 27, 1999, the Company announced that it had entered into a global strategic alliance with Heinz related to the production and distribution of natural products domestically and internationally. In connection with the alliance, the Company issued 2,837,343 shares of its common stock, par value $.01 per share to a wholly-owned subsidiary of Heinz, for an aggregate purchase price of $82,383,843 under a Securities Purchase Agreement dated September 24, 1999 between the Company and the Heinz Subsidiary. In addition, as part of the consideration paid by the Company to the Heinz Subsidiary in connection with the Company's acquisition of the Earth's Best trademarks, the Company issued 670,234 shares of its common stock to Earth's Best.

On June 19, 2000, the Heinz Subsidiary executed its preemptive right under the aforementioned Security Purchase Agreement to purchase additional shares of the Company's common stock. The Company issued 2,582,774 additional shares to the Heinz Subsidiary for an aggregate purchase price of $79,743,147.

The issuance of the above securities were deemed to be exempt from registration under the Securities Act in reliance on Section 4(2) of Securities Act for transactions by an issuer not involving any public offering.

Item 4. - Submission of Matters to a Vote of Security Holders

The Annual Meeting of Stockholders was held on December 5, 2000. The Company submitted the following matters to a vote of security holders:

1. To elect a board of directors to serve until the next Annual Meeting of Stockholders and until their successors are duly elected and qualified; and

2. To ratify the appointment of Ernst & Young LLP as our independent auditors for fiscal 2001 (Ernst & Young LLP were the independent auditors for the fiscal year ended June 30, 2000); and

3. To consider and act upon a stockholder proposal requesting the board of directors to adopt a policy of removing genetically engineered foods from our brand name or private label products, which proposal is opposed by our board of directors.

The stockholders elected the persons named below, the Company's nominees for directors, as directors of the Company, casting approximately 24,600,000 (on average) votes in favor of each nominee and withholding approximately 165,000 votes (on average) for each nominee:

Irwin D. Simon
Morris J. Siegel
Andrew R. Heyer
Beth L. Bronner
Jack Futterman
James Gold
Joseph Jimenez
Marina Hahn
Gregg Ostrander
Nigel Clare
Roger Meltzer

The stockholders ratified the appointment of Ernst & Young LLP casting approximately 24,623,000 votes in favor, 210,000 against and 14,700 abstaining.

The stockholders did not approve the adoption of a policy of removing genetically engineered foods from the Company's brand name or private label products casting approximately 18,970,000 votes against, approximately 1,370,000 in favor, approximately 953,000 abstaining and 3,550,000 not voting.

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

(a) Exhibits

27.1	Financial Data Schedule for the six months ended December 31, 2000
27.2	Financial Data Schedule for the six months ended December 31, 1999 (restated)

(b) Reports on Form 8-K

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE HAIN CELESTIAL GROUP, INC.

Date: February 13, 2001

/s/ Irwin D. Simon

Irwin D. Simon,
President and Chief
Executive Officer

Date: February 13, 2001

/s/ Gary M. Jacobs

Gary M. Jacobs,
Executive Vice President, Finance
and Chief Financial Officer

5
1,000

6-MOS
Jun-30-2001
Jul-01-2000
Dec-31-2000
47291
0
53465
988
48048
160581
65761
22269
435226
45023
5221
333
0
0
379112
435226
209678
209678
115542
115542
66681
0
175
28742
12071
16671
0
0
0
16671
.51
.49

5
1,000

6-MOS
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Jul-01-1999
Dec-31-1999
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878
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104359
44504
3543
391463
63836
42853
288
0
0
280266
309463
204615
204615
115081
115081
73582
0
4366
12339
5050
7289
0
0
3754
3535
.13
.12