

Edgar Filing: LANNETT CO INC - Form 10QSB/A

LANNETT CO INC  
Form 10QSB/A  
August 21, 2002

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB/A

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2001.

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM \_\_\_\_\_ TO \_\_\_\_\_.

COMMISSION FILE NO. 0-9036

LANNETT COMPANY, INC.

(EXACT NAME OF SMALL BUSINESS ISSUER AS SPECIFIED IN ITS CHARTER)

STATE OF DELAWARE  
(STATE OF INCORPORATION)

23-0787-699  
(I.R.S. EMPLOYER I.D. NO.)

9000 STATE ROAD  
PHILADELPHIA, PA 19136  
(215) 333-9000

(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES AND TELEPHONE NUMBER)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES    X  
      -----

NO  
      -----

As of October 22, 2001, there were 13,206,128 shares of the issuer's common stock, \$.001 par value, outstanding.

INDEX

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

Consolidated Balance Sheets as of  
September 30, 2001 (unaudited) and  
June 30, 2001.....

Consolidated Statements of Income  
for the three months ended September 30, 2001  
and 2000, as Restated (unaudited).....

Consolidated Statements of Cash Flows  
for the three months ended September 30, 2001  
and 2000, as Restated (unaudited).....

Notes to Consolidated Financial  
Statements (unaudited).....

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

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings.....

ITEM 2. Changes in Securities and Use of Proceeds.....

ITEM 3. Defaults upon Senior Securities.....

ITEM 4. Submission of Matters to a Vote of Security Holders.....

ITEM 5. Other Information.....

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

Edgar Filing: LANNETT CO INC - Form 10QSB/A

PART I. FINANCIAL INFORMATION

ITEM I. FINANCIAL STATEMENTS

LANNETT COMPANY, INC. AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS

ASSETS	(UNAUDITED) 9/30/01	6/30/01
	-----	-----
CURRENT ASSETS:		
Cash	\$ -	\$ -
Trade accounts receivable (net of allowance of \$25,000)	2,650,366	4,366,587
Inventories	3,140,432	3,156,109
Prepaid expenses	109,153	112,736
Deferred tax asset	491,693	983,403
	-----	-----
Total current assets	6,391,644	8,618,835
	-----	-----
PROPERTY, PLANT AND EQUIPMENT	9,207,790	8,667,955
Less accumulated depreciation	(3,275,626)	(3,089,735)
	-----	-----
	5,932,164	5,578,220
RESTRICTED CASH EQUIVALENTS	926,825	1,225,649
OTHER ASSETS	319,714	242,913
	-----	-----
Total assets	\$ 13,570,347	\$ 15,665,617
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Line of Credit	\$ 812,132	\$ 2,000,000
Line of Credit-Shareholder	2,975,000	4,225,000
Accounts payable	501,246	917,397
Accrued expenses	554,490	569,919
Income taxes payable	231,319	248,109
Current portion of long-term debt	728,330	728,330
	-----	-----
Total current liabilities	5,802,517	8,688,755
	-----	-----
LONG-TERM DEBT, LESS CURRENT PORTION	3,697,685	3,819,892
	-----	-----

Edgar Filing: LANNETT CO INC - Form 10QSB/A

DEFERRED TAX LIABILITY	641,285	641,285
	-----	-----
COMMITMENTS AND CONTINGENCIES		
SHAREHOLDERS' EQUITY:		
Common stock -		
authorized 50,000,000 shares par value \$.001:		
issued and outstanding, 13,206,128 shares	13,206	13,206
Additional paid-in capital	2,312,575	2,312,575
Retained earnings	1,103,079	189,904
	-----	-----
Total shareholders' equity	3,428,860	2,515,685
	-----	-----
Total liabilities and shareholders' equity	\$ 13,570,347	\$ 15,665,617
	=====	=====

See notes to consolidated financial statements

3

LANNETT COMPANY, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED)

	FOR THE THREE MONTHS ENDED	
	9/30/01	9/30/00
	-----	-----
		(Restated)
NET SALES	\$ 4,072,832	\$ 1,763,965
COST OF SALES	1,546,444	1,160,879
	-----	-----
Gross profit	2,526,388	603,086
RESEARCH AND DEVELOPMENT EXPENSES	346,804	345,480
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	665,304	412,628
	-----	-----
Operating profit/(loss)	1,514,280	(155,022)

Edgar Filing: LANNETT CO INC - Form 10QSB/A

OTHER INCOME (EXPENSE):		
Income from settlement of lawsuit, net of associated fees	-	1,478,277
Interest income-restricted	11,903	29,522
Interest expense, including \$70,792 and \$111,817 to shareholder	(121,298)	(208,536)
	-----	-----
	(109,395)	1,299,263
NET INCOME BEFORE TAXES	1,404,885	1,144,241
	-----	-----
INCOME TAXES	491,710	256,885
	-----	-----
NET INCOME	\$ 913,175	\$ 887,356
	=====	=====
BASIC INCOME PER SHARE	\$ .07	\$ .07
	=====	=====
DILUTED INCOME PER SHARE	\$ .07	\$ .07
	=====	=====
BASIC WEIGHTED AVERAGE NUMBER OF SHARES	13,206,128	13,206,128
	=====	=====
DILUTED WEIGHTED AVERAGE NUMBER OF SHARES	13,245,769	13,206,128
	=====	=====

See notes to consolidated financial statements

4

LANNETT COMPANY, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

FOR THE THREE MONTHS ENDED  
-----  
9/30/01                      9/30/00  
-----  
(Restated)

Edgar Filing: LANNETT CO INC - Form 10QSB/A

OPERATING ACTIVITIES:		
Net income	\$ 913,175	\$ 887,356
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	196,474	186,855
Deferred income tax expense	491,710	240,000
Changes in assets and liabilities which provided/ (used) cash:		
Trade accounts receivable	1,716,221	58,404
Inventories	15,677	(776,223)
Prepaid expenses and other assets	(83,801)	100,879
Accounts payable	(416,151)	(272,135)
Accrued expenses	(32,219)	(230,447)
	-----	-----
Net cash provided by operating activities	2,801,086	720,689
	-----	-----
INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(539,835)	(719,726)
	-----	-----
Net cash used in investing activities	(539,835)	(719,726)
	-----	-----
FINANCING ACTIVITIES:		
Net repayments under line of credit	(1,187,868)	(228,538)
Net repayments under line of credit-shareholder	(1,250,000)	-
Repayments of debt	(122,207)	(171,997)
Proceeds from debt, net of restricted cash	298,824	399,572
	-----	-----
Net cash used in financing activities	(2,261,251)	(963)
	-----	-----
NET DECREASE IN CASH	-	-
CASH, BEGINNING OF PERIOD	-	-
	-----	-----
CASH, END OF PERIOD	\$ -	\$ -
	=====	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid during period	\$ 135,344	\$ 208,536
Income taxes paid during period	\$ 16,790	\$ 0

See notes to consolidated financial statements

# Edgar Filing: LANNETT CO INC - Form 10QSB/A

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED)

### NOTE 1. CONSOLIDATED FINANCIAL STATEMENTS

In the opinion of management, the accompanying unaudited consolidated financial statements contain all adjustments (consisting of only normal recurring adjustments) necessary to present fairly the financial position and the results of operations and cash flows.

The results of operations for the three months ended September 30, 2001 and 2000 are not necessarily indicative of results for the full year.

While the Company believes that the disclosures presented are adequate to make the information not misleading, it is suggested that these consolidated financial statements be read in conjunction with the consolidated financial statements and the notes included in the Company's Annual Report on Form 10-KSB for the year ended June 30, 2001.

### NOTE 2. NEW ACCOUNTING STANDARDS

In July 2000, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 133, Accounting for Derivative Instruments and Hedging Activities. This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts (collectively referred to as derivatives), and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. This statement, as amended by SFAS No. 137, Accounting for Derivative Instruments and Hedging Activities--Deferral of the Effective Date of FASB Statement No. 133, was effective for all fiscal quarters of fiscal years beginning after June 15, 2000. There has been no accounting, or financial effect on the Company for the quarter ended September 30, 2001 with respect to this Statement. The Company will continue to analyze the impact, if any, of adopting SFAS No. 133 will have on its consolidated financial position and results of operations.

On July 20, 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) 141, Business Combinations, and SFAS 142, Goodwill and Intangible Assets. SFAS 141 is effective for all business combinations completed after June 30, 2001. SFAS 142 is effective for fiscal years beginning after December 15, 2001; however, certain provisions of this Statement apply to goodwill and other intangible assets acquired between July 1, 2001 and the effective date of SFAS 142. Major provisions of these Statements and their effective dates for the Company are as follows:

- all business combinations initiated after June 30, 2001 must use the purchase method of accounting. The pooling of interest method of accounting is prohibited except for transactions initiated before July 1, 2001.
- intangible assets acquired in a business combination must be recorded separately from goodwill if they arise from contractual or other legal rights or are separable from the acquired entity and can be sold, transferred, licensed, rented or exchanged, either individually or as part of a related contract, asset or liability
- goodwill, as well as intangible assets with indefinite lives, acquired after June 30, 2001, will not be amortized. Effective July 1, 2002, all previously recognized goodwill and intangible assets with indefinite lives will no longer be subject to amortization.

- effective July 1, 2002, goodwill and intangible assets with indefinite lives will be tested for impairment annually and whenever there is an impairment indicator
- all acquired goodwill must be assigned to reporting units for purposes of impairment testing and segment reporting.

Although it is still reviewing the provisions of these Statements, management's preliminary assessment is that these Statements will not have a material impact on the Company's financial position or results of operations.

NOTE 3. INVENTORIES

Inventories consist of the following:

	September 30, 2001 ----- (unaudited)	June 30, 2001 -----
Raw materials	\$1,351,785	\$1,516,030
Work-in-process	758,624	686,359
Finished goods	800,667	712,992
Packaging supplies	229,356	240,728
	----- \$3,140,432 =====	----- \$3,156,109 =====

NOTE 4. INCOME TAXES

The provision for federal and state income taxes for the three months ended September 30, 2001 and 2000 was \$491,710 and \$256,885, respectively.

NOTE 5. RELATED PARTY TRANSACTIONS

The Company had sales of approximately \$37,000 and \$16,000 during the three months ended September 30, 2001 and 2000, respectively, to a distributor (the "related party") in which the owner is a relative of the Chairman of the Board of Directors and principal shareholder of the Company. The Company also incurred sales commissions payable to the related party of approximately \$65,000 and \$144,000 during the three months ended September 30, 2001 and 2000, respectively. Accounts receivable includes amounts due from the related party of approximately \$38,000 and \$34,000 at September 30, 2001 and June 30, 2001, respectively. Accrued expenses includes amounts due to the related party of approximately \$13,000 and \$29,000 at September 30, 2001 and June 30, 2001, respectively.

NOTE 6. SETTLEMENT OF LAWSUIT



## Edgar Filing: LANNETT CO INC - Form 10QSB/A

Included in other income is \$1,478,277 in income from the settlement of a lawsuit, net of fees, for First Quarter Fiscal 2001. The lawsuit was initiated after a chemical supplier failed to supply the Company with raw material for its manufacturing process, despite the existence of a signed five-year supply contract. Lannett alleged that the breach of contract delayed the introduction of one of its products into the marketplace. Consequently, the Company and the defending party settled the suit out of court. The Company received the proceeds in First Quarter Fiscal 2001. The Company incurred approximately \$300,000 in legal fees relating to the lawsuit. These fees were expensed to operations in Fiscal 2000.

7

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

#### RESULTS OF OPERATIONS.

In addition to historical information, this Form 10-QSB contains forward-looking information. The forward-looking information contained herein is subject to certain risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Important factors that might cause such a difference include, but are not limited to, those discussed in the following section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date of this Form 10-QSB. The Company undertakes no obligation to publicly revise or update these forward-looking statements to reflect events or circumstances which arise later. Readers should carefully review the risk factors described in other documents the Corporation files from time to time with the Securities and Exchange Commission, including the Annual report on Form 10-KSB filed by the Corporation in Fiscal 2001, and any Current Reports on Form 8-K filed by the corporation.

#### RESULTS OF OPERATIONS -THREE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED WITH THREE MONTHS ENDED SEPTEMBER 30, 2000.

Net sales for the three months ended September 30, 2001 ("First Quarter Fiscal 2002") increased by 130.9% to \$4,072,832 from net sales of \$1,763,965 for the three months ended September 30, 2000 ("First Quarter Fiscal 2001"). Sales increased during First Quarter Fiscal 2002 as a result of higher sales of the Company's prescription (Rx) line of products, including Primidone 50 mg tablets, which was first marketed in May of 2001, offset by a slight decrease in over-the-counter (OTC) product sales. This increase is due to improvements in the Company's promotional activities for its niche line of products, which are sold to distributors, wholesalers and retail chains throughout the nation. Rx sales increased by approximately \$2,575,000 from First Quarter Fiscal 2001 to First Quarter Fiscal 2002. OTC product sales decreased by approximately \$266,000 from First Quarter Fiscal 2001 to First Quarter Fiscal 2002. This decrease in OTC sales is a result of increased competition.

## Edgar Filing: LANNETT CO INC - Form 10QSB/A

Cost of sales increased by 33.2%, to \$1,546,444 in First Quarter Fiscal 2002 from \$1,160,879 in First Quarter Fiscal 2001. The cost of sales increase is due to an increase in direct variable costs, including raw materials and labor, related to the increase in sales from the First Quarter Fiscal 2001 to the First Quarter Fiscal 2002. Gross profit margins for First Quarter Fiscal 2002 and First Quarter Fiscal 2001 were 62.0% and 34.2%, respectively. The increase in the gross profit percentage is due to the product sales mix, and a higher absorption of fixed overhead and production costs.

Selling, general and administrative expenses increased by 61.2% to \$665,304 in First Quarter Fiscal 2002 from \$412,628 in First Quarter Fiscal 2001. This increase is a result of an increase in commissions to sales representatives for incremental sales programs.

As a result of the foregoing, the Company reported an operating profit of \$1,514,280 for First Quarter Fiscal 2002, as compared to an operating loss of \$155,022 for First Quarter Fiscal 2001.

8

Included in other income is \$1,478,277 in income from the settlement of a lawsuit, net of fees, for First Quarter Fiscal 2001. The lawsuit was initiated after a chemical supplier failed to supply the Company with raw material for its manufacturing process, despite the existence of a signed five-year supply contract. Lannett alleged that the breach of contract delayed the introduction of one of its products into the marketplace. Consequently, the Company and the defending party settled the suit out of court. The Company received the proceeds in First Quarter Fiscal 2001. The Company incurred approximately \$300,000 in legal fees relating to the lawsuit. These fees were expensed to operations in Fiscal 2000.

The Company's interest expense decrease from \$208,536 in First Quarter Fiscal 2001 to \$121,298 in First Quarter Fiscal 2002 as a result of principal repayments, and reduced interest rates.

The Company's income tax expense increased from \$256,885 in First Quarter Fiscal 2001 to \$491,710 in First Quarter Fiscal 2002 as a result of the increase in taxable income.

The Company reported net income of \$913,175 for First Quarter Fiscal 2002, \$0.07 basic income per share, \$0.07 on a diluted basis, compared to net income of \$887,356 for First Quarter Fiscal 2001, \$0.07 basic income per share, \$0.07 on a diluted basis.

### LIQUIDITY AND CAPITAL RESOURCES -

Net cash provided from operating activities of \$2,801,086 during First Quarter Fiscal 2002 was attributable to net income of \$913,175 as adjusted for the effects of non-cash items of \$688,184 and changes in operating assets and liabilities totaling \$1,199,727. Significant changes in operating assets and liabilities are comprised of: i) a decrease in accounts receivable of \$1,716,221 due to the timing of cash payments for sales which occurred at the end of the prior quarter, and ii) a decrease in accounts payable of \$416,151 due to

## Edgar Filing: LANNETT CO INC - Form 10QSB/A

payments for increased operational expenses, such as raw materials, incurred as a result of increased sales levels.

The net cash used in investing activities consisted of \$539,835 expended during First Quarter Fiscal 2002 for equipment, and building additions. The Company has budgeted for \$1,300,000 in capital expenditures in Fiscal 2002. The anticipated additional capital expenditure requirements will support the Company's growth related to new product introductions. As of September 30, 2001, approximately \$927,000 from the proceeds of the bonds issued during Fiscal 1999 was available in financing restricted for certain future capital expenditures.

The Company has a \$4,250,000 revolving line of credit from a shareholder who is also the Chairman of the Board ("Shareholder Line of Credit"). At September 30, 2001, the Company has \$2,975,000 outstanding and \$1,275,000 available under this line of credit. The maturity date on the Shareholder Line of Credit was extended to December 1, 2001. Accrued interest at September 30, 2001, and June 30, 2001 was \$0.

In April 1999, the Company entered into a loan agreement (the "Agreement") with a governmental authority (the "Authority") to finance future construction and growth projects of the Company. The Authority has issued \$3,700,000 in tax-exempt variable rate demand and fixed rate revenue bonds to provide the funds to finance such growth projects pursuant to a trust indenture (the "Trust Indenture"). A portion of the Company's proceeds from the bonds was used to pay for bond issuance costs of approximately \$170,000. The remainder of the proceeds were deposited into a money market account, which is restricted for future plant and equipment needs of the Company as specified in the Agreement. The Agreement requires the Company to repay the

9

Authority loan through installment payments beginning in May 2003 and continuing through May 2014, the year the bonds mature. At September 30, 2001, the Company had approximately \$3,700,000 outstanding on the Authority loan, of which \$3,697,685 is classified as a long-term liability. In April 1999, an irrevocable letter of credit of \$3,770,000 was issued by a bank to secure payment of the Authority Loan and a portion of the related accrued interest. At September 30, 2001, no portion of the letter of credit has been utilized.

In April 1999, the Company authorized and directed the issuance of \$2,300,000 in taxable variable rate demand and fixed rate revenue bonds pursuant to a trust indenture between the Company and a bank as trustee (the "Trust Indenture"). From the proceeds of the bonds, \$750,000 was utilized to pay deferred interest owed to the principal shareholder of the Company and approximately \$1,440,000 was paid to a bank to refinance a mortgage term loan and equipment term loans. The remainder of the proceeds was used to pay bond issuance costs of approximately \$109,000. The Trust Indenture requires the Company to repay the bonds through installment payments beginning in May 2000 and continuing through May 2003, the year the bonds mature. At September 30, 2001, the Company had \$726,015 outstanding on the bonds, which is classified as currently due. In April 1999, an irrevocable letter of credit of approximately \$2,349,000 was issued by a bank to secure payment of the bonds and a portion of the related accrued interest. At September 30, 2001 no portion of the letter of credit has been utilized.

The Company has a \$2,000,000 line of credit from a bank. The line of credit is due November 30, 2001, at which time the Company expects to renew and extend the due date. The line of credit is limited to 80% of qualified accounts

## Edgar Filing: LANNETT CO INC - Form 10QSB/A

receivable and 50% of qualified inventory. At September 30, 2001, the Company had \$812,132 outstanding and \$1,187,868 available under the line of credit.

The Company believes that cash generated from its operations and the balances available under the Company's existing loans and lines of credit as of September 30, 2001, are sufficient to finance its level operations and currently anticipated capital expenditures.

Except as set forth in this report, the Company is not aware of any trends, events or uncertainties that have or are reasonably likely to have a material adverse impact on the Company's short-term or long-term liquidity or financial condition.

### PROSPECTS FOR THE FUTURE

As of September 30, 2001, twenty additional products are currently under development. Two of these products are being developed and manufactured for another company; and the other eighteen products are being developed as part of the Lannett product line. Four of the Lannett products have been redeveloped and submitted to the Food and Drug Administration ("FDA") for supplemental approval. Seven additional products represent previously approved Abbreviated New Drug Applications ("ANDA's") which the Company is planning to reintroduce. The other seven Lannett products represent new products that the Company is planning to introduce. Since the Company has no control over the FDA review process, management is unable to anticipate whether or when it will be able to begin producing and shipping additional products

10

### PART II. OTHER INFORMATION

#### ITEM 1. LEGAL PROCEEDINGS

Regulatory Proceedings. The Company is engaged in an industry which is subject to considerable government regulation relating to the development, manufacturing and marketing of pharmaceutical products. Accordingly, incidental to its business, the Company periodically responds to inquiries or engages in administrative and judicial proceedings involving regulatory authorities, particularly the FDA and the Drug Enforcement Agency.

Employee Claims. A claim of retaliatory discrimination has been filed by a former employee with the Pennsylvania Human Relations Commission ("PHRC"), and the Equal Employment Opportunity Commission ("EEOC"). The Company has denied liability in this matter. The PHRC has made a determination that the complaint against the Company should be dismissed because the facts do not establish probable cause of the allegations of discrimination. The matter is still pending before the EEOC. At this time, management is unable to estimate a range of loss, if any, related to this action. However, management believes that the outcome will not have a material adverse impact on the financial position of the Company.

## Edgar Filing: LANNETT CO INC - Form 10QSB/A

Additionally, two separate claims of discrimination have been filed against the Company with the PHRC and the EEOC. The Company was notified of the Complaints in June 2001 and July 2001, respectively. The Company has filed answers with the PHRC and EEOC denying the allegations. The PHRC and the EEOC are investigating the claims pursuant to their normal procedures. At this time, management is unable to estimate a range of loss, if any, related to these actions. However, management believes that the outcomes will not have a material adverse impact on the financial position of the Company.

DES Cases. The Company is currently engaged in several civil actions as a co-defendant with many other manufacturers of Diethylstilbestrol ("DES"), a synthetic hormone. Prior litigation established that the Company's pro rata share of any liability is less than one-tenth of one percent. The Company was represented in many of these actions by the insurance company with which the Company maintained coverage during the time period that damages were alleged to have occurred. The insurance company denied coverage of actions filed after January 1, 1992. With respect to these actions, the Company paid nominal damages or stipulated to its pro rata share of any liability. The Company has either settled or is currently defending over 500 such claims. At this time, management is unable to estimate a range of loss, if any, related to these actions. However, management believes that the outcomes will not have a material adverse impact on the financial position of the Company.

### ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

NONE

### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

NONE

11

### ITEM 5. OTHER INFORMATION

NONE

### ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- (a) A list of the exhibits required by Item 601 of Regulation S-B to be filed as a part of this Form 10-QSB is shown on the Exhibit Index filed herewith.
- (b) The Company did not file any reports on Form 8-K during First Quarter Fiscal 2002.

12

Edgar Filing: LANNETT CO INC - Form 10QSB/A

SIGNATURE

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LANNETT COMPANY, INC.

Dated: August 21, 2002

By: /s/ Larry Dalesandro  
-----  
Larry Dalesandro  
Chief Operating Officer

By: /s/ William Farber  
-----  
William Farber  
Chairman of the Board

13

EXHIBIT INDEX

Exhibit Number -----	Description -----	Method of Filing -----
3(a)	Articles of Incorporation	Incorporated by reference to the filed with respect to the Annual Shareholders held on December 6, Proxy Statement").
3(b)	By-Laws, as amended	Incorporated by reference to the

Edgar Filing: LANNETT CO INC - Form 10QSB/A

Statement.

4(a)	Specimen Certificate for Common Stock	Incorporated by reference to Exhibit Form 8 dated April 23, 1993 (Amended Form 10-K f/y/e June 30, 1992) ("1992 Form 10-K")
10(a)	Loan Agreement dated August 30, 1991 between the Company and William Farber	Incorporated by reference to the Annual Report on Form 10-K f/y/e June 30, 1991 ("1991 Form 10-K")
10(b)	Amendment #1 to Loan Agreement dated March 15, 1993	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1993 ("1993 Form 10-K")
10(c)	Amendment #2 to Loan Agreement dated August 1, 1994	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1994 ("1994 Form 10-K")
10(d)	Amendment #3 to Loan Agreement dated May 15, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(e)	Amendment #4 to Loan Agreement dated December 31, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1996 ("1996 Form 10-K")
10(f)	Amendment #5 to Loan Agreement dated June 30, 1996	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1996 ("1996 Form 10-K")
10(g)	Amendment #6 to Loan Agreement dated November 1, 1996	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 30, 1997 ("1997 Form 10-KSB")
10(h)	Amendment #7 to Loan Agreement dated September 9, 1997	Incorporated by reference to Exhibit the Annual Report on 1997 Form 10-KSB
10(i)	Amendment #8 to Loan Agreement dated June 30, 1998	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1998 ("1998 Form 10-KSB")

Exhibit Number	Description	Method of Filing
-----	-----	-----
10(j)	Amendment #9 to Loan Agreement dated December 30, 1998	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1999 ("1999 Form 10-KSB")
10(k)	Loan Agreement dated May 4, 1993 between the Company and Meridian Bank	Incorporated by reference to Exhibit the 1993 Form 10-K

Edgar Filing: LANNETT CO INC - Form 10QSB/A

10(l)	Amendment to Loan Documents between the Company and Meridian Bank dated as of December 8, 1993	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1994 ("1994 Form 10-K")
10(m)	Letter Agreement between the Company and Meridian Bank dated December 21, 1993	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1994 ("1994 Form 10-K")
10(n)	Third Amendment to Loan Agreement dated as of June 9, 1994	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1994 ("1994 Form 10-K")
10(o)	Fourth Amendment to Loan Documents between the Company and Meridian Bank as of October 27, 1994	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(p)	Letter Agreement between the Company and Meridian Bank dated October 27, 1994	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(q)	Letter Agreement between the Company and Meridian Bank dated July 10, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(r)	Amendment to Security Agreement between the Company and Meridian Bank dated as of July 31, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB June 30, 1995 ("1995 Form 10-K")
10(s)	Line of Credit Note dated July 31, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(t)	Fifth Amendment to Loan Agreement dated July 31, 1995	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1995 ("1995 Form 10-K")
10(u)	Amendment to Loan agreement between the Company and Meridian Bank, dated March 5, 1996.	Incorporated by reference to Exhibit the Annual Report on Form 10-KSB 1996 ("1996 Form 10-K")

15

Exhibit Number	Description	Method of Filing
-----	-----	-----
10(v)	Amendment to Loan agreement between the Company and Corestates Bank, dated March 20, 1997.	Incorporated by reference to Exhibit the Annual Report on 1997 Form 10
10(w)	Amendment to Loan agreement between the Company and Corestates Bank, dated March 20, 1997.	Incorporated by reference to Exhibit the Annual Report on 1997 Form 10



Edgar Filing: LANNETT CO INC - Form 10QSB/A

10(x)	Amendment to Loan agreement between the Company and Corestates Bank, dated May 23, 1997.	Incorporated by reference to Exhibit 10 of the Annual Report on 1997 Form 10-Q.
10(y)	Amendment to Loan agreement between the Company and Corestates Bank, dated September 24, 1997.	Incorporated by reference to Exhibit 10 of the Annual Report on 1997 Form 10-Q.
10(z)	Amendment to Loan agreement between the Company and Corestates Bank, dated December 10, 1997.	Incorporated by reference to Exhibit 10 of the Annual Report on 1997 Form 10-Q.
10(aa)	Amendment to Loan agreement between the Company and Corestates Bank, dated December 10, 1997.	Incorporated by reference to Exhibit 10 of the Annual Report on 1997 Form 10-Q.
10(ab)	Amendment to Loan agreement between the Company and Corestates Bank, dated June 11, 1998.	Incorporated by reference to Exhibit 10 of the Annual Report on 1998 Form 10-Q.
10(ac)	Amendment to Loan agreement between the Company and Corestates Bank, dated June 1998.	Incorporated by reference to Exhibit 10 of the Annual Report on 1998 Form 10-Q.
10(ad)	Line of Credit Note dated March 11, 1999	Incorporated by reference to Exhibit 10 of the Annual Report on 1999 Form 10-Q.
10(ae)	Taxable Variable Rate Demand/Fixed Rate Revenue Bonds, Series of 1999	Incorporated by reference to Exhibit 10 of the Annual Report on 1999 Form 10-Q.

16

Exhibit Number -----	Description -----	Method of Filing -----
10(af)	Philadelphia Authority for Industrial Development Tax-Exempt Variable Rate Demand/Fixed Revenue Bonds (Lannett Company, Inc. Project) Series of 1999	Incorporated by reference to Exhibit 10 of the Annual Report on 1999 Form 10-Q.
10(ag)	Reimbursement and Agreements supporting bond issues	Incorporated by reference to Exhibit 10 of the Annual Report on 1999 Form 10-Q.
10(ah)	Amendment No. 1 to Reimbursement Agreement and Waiver	Incorporated by reference to Exhibit 10 of the Annual Report on 1999 Form 10-Q.
10(ai)	Employment Agreement between the Company and Vlad Mikijanac	Incorporated by reference to Exhibit 10 of the Annual Report on 1994 Form 10-Q.

Edgar Filing: LANNETT CO INC - Form 10QSB/A

10 (aj)	Supply Agreement dated January 14, 1997	Incorporated by reference to Exhibit 10 in the Annual Report on 1998 Form 10-K
10 (ak)	Supply Agreement dated January 17, 1997	Incorporated by reference to Exhibit 10 in the Annual Report on 1998 Form 10-K
10 (al)	Supply Agreement dated January 17, 1997	Incorporated by reference to Exhibit 10 in the Annual Report on 1998 Form 10-K
10 (am)	Supply Agreement dated February 11, 1997	Incorporated by reference to Exhibit 10 in the Annual Report on 1998 Form 10-K
10 (an)	Supply Agreement dated May 27, 1997	Incorporated by reference to Exhibit 10 in the Annual Report on 1998 Form 10-K
11	Computation of Per Share Earnings	Filed Herewith
22	Subsidiaries of the Company	Incorporated by reference to the Annual Report on Form 10-K f/y/e June 30, 1990
23	Consent of Deloitte & Touche	Incorporated by reference to Exhibit 23 in the Annual Report on 1999 Form 10-KSB