

LANNETT COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended
(UNAUDITED)

	September 30, 2007	September 30, 2006
	<u> </u>	<u> </u>
Net sales	\$ 17,540,030	\$ 21,967,826
Cost of sales	<u>11,792,536</u>	<u>13,240,394</u>
Gross profit	5,747,494	8,727,432
Research and development expenses	1,252,148	1,778,427
Selling, general and administrative expenses	4,175,280	4,371,575
Amortization of intangible assets	<u>446,166</u>	<u>446,166</u>
Operating (loss) income	<u>(126,100)</u>	<u>2,131,264</u>
Other (expense) income	<u>(46,746)</u>	<u>34,582</u>
(Loss) income before taxes	(172,846)	2,165,846
Income tax (benefit) expense	<u>(45,685)</u>	<u>867,817</u>
Net (loss) income	<u>\$ (127,161)</u>	<u>\$ 1,298,029</u>
(Loss) Earnings per share:		
Basic	<u>\$ (0.01)</u>	<u>\$ 0.05</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.05</u>
Shares used to calculate (loss) earnings per share:		
Basic	<u>24,175,643</u>	<u>24,147,941</u>
Diluted	<u>24,175,643</u>	<u>24,170,735</u>