

LANNETT COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Three Months Ended		For the Nine Months Ended	
	(UNAUDITED)		(UNAUDITED)	
	March 31,	March 31,	March 31,	March 31,
	2007	2006	2007	2006
Net sales	\$ 20,302,576	\$ 15,737,180	\$ 65,186,747	\$ 44,607,481
Cost of sales	<u>14,032,421</u>	<u>9,404,156</u>	<u>44,123,101</u>	<u>24,330,916</u>
Gross profit	6,270,155	6,333,024	21,063,646	20,276,565
Research and development	2,269,677	1,252,108	5,586,213	4,814,186
Selling, general, & administrative	3,192,877	2,554,595	9,537,333	7,332,135
Amortization of intangible assets	<u>446,166</u>	<u>446,166</u>	<u>1,338,498</u>	<u>1,338,499</u>
Operating income	361,435	2,080,155	4,601,602	6,791,745
Other income	<u>22,898</u>	<u>30,906</u>	<u>101,308</u>	<u>83,869</u>
Income before taxes	384,333	2,111,061	4,702,910	6,875,614
Income tax expense	<u>153,733</u>	<u>856,402</u>	<u>1,882,644</u>	<u>2,752,335</u>
Net income	<u>\$ 230,600</u>	<u>\$ 1,254,659</u>	<u>\$ 2,820,266</u>	<u>\$ 4,123,279</u>
Earnings per share:				
Basic	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.17</u>
Diluted	<u>\$ 0.01</u>	<u>\$ 0.05</u>	<u>\$ 0.12</u>	<u>\$ 0.17</u>
Shares used to calculate earnings per share:				
Basic	<u>24,164,385</u>	<u>24,135,723</u>	<u>24,155,556</u>	<u>24,126,588</u>
Diluted	<u>24,218,406</u>	<u>24,201,162</u>	<u>24,205,347</u>	<u>24,174,198</u>