

LANNETT COMPANY, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three months ended		Nine months ended	
	March 31,		March 31,	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Net sales	\$ 16,579,512	\$ 20,302,576	\$ 51,654,484	\$ 65,186,747
Cost of sales	12,276,526	14,127,421	36,688,446	44,770,101
Amortization of intangible assets	446,166	446,166	1,338,498	1,338,498
Product Royalties	(40,674)	516,576	196,672	1,746,200
Gross profit	<u>3,897,494</u>	<u>5,212,413</u>	<u>13,430,868</u>	<u>17,331,948</u>
Research and development expenses	1,516,904	2,269,677	3,715,334	5,586,213
Selling, general, and administrative expenses	4,222,103	2,615,910	12,457,030	7,739,524
Loss on impairment	<u>-</u>	<u>7,775,890</u>	<u>-</u>	<u>7,775,890</u>
Operating loss	<u>(1,841,513)</u>	<u>(7,449,064)</u>	<u>(2,741,496)</u>	<u>(3,769,679)</u>
Other Income (Expense)	<u>(29,786)</u>	<u>22,898</u>	<u>(120,179)</u>	<u>101,308</u>
Loss before income tax (benefit) expense	(1,871,299)	(7,426,166)	(2,861,675)	(3,668,371)
Income tax (benefit) expense	<u>(615,454)</u>	<u>(818,807)</u>	<u>(821,122)</u>	<u>685,791</u>
Net loss	<u>\$ (1,255,845)</u>	<u>\$ (6,607,359)</u>	<u>\$ (2,040,553)</u>	<u>\$ (4,354,162)</u>
Loss per share:				
Basic	\$ (0.05)	\$ (0.27)	\$ (0.08)	\$ (0.18)
Diluted	\$ (0.05)	\$ (0.27)	\$ (0.08)	\$ (0.18)
Shares used to calculate loss per share:				
Basic	24,268,449	24,164,385	24,208,830	24,155,556
Diluted	24,268,449	24,164,385	24,208,830	24,155,556

