

LANNETT CO INC  
Form 10-Q  
November 08, 2013  
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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-Q

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

**FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2013**

**o 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. 001-31298**

## **LANNETT COMPANY, INC.**

(Exact Name of Registrant as Specified in its Charter)

**State of Delaware**  
(State of Incorporation)

**23-0787699**  
(I.R.S. Employer I.D. No.)

**9000 State Road**

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Philadelphia, PA 19136

(215) 333-9000

(Address of principal executive offices and telephone number)

Indicate by check mark whether the registrant (1) has 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 o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o  
(Do not check if a smaller reporting company)

Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12B-12 of the Exchange Act). Yes x No o

Indicate the number of shares outstanding of each class of the registrant's common stock, as of the latest practical date.

Class
Common stock, par value \$0.001 per share

Outstanding as of October 31, 2013
34,772,490

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(In thousands, except share and per share data)

	(Unaudited) September 30, 2013	June 30, 2013
<b><u>ASSETS</u></b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 35,727	\$ 42,689
Investment securities	10,072	8,461
Accounts receivable, net	29,749	26,413
Inventories, net	34,524	32,531
Income taxes receivable	3,167	
Deferred tax assets	6,346	4,874
Other current assets	2,823	1,161
Total current assets	122,408	116,129
<b>Property, plant and equipment, net</b>	<b>40,954</b>	<b>40,141</b>
<b>Intangible assets, net</b>	<b>1,881</b>	<b>2,547</b>
<b>Deferred tax assets</b>	<b>9,561</b>	<b>8,005</b>
<b>Other assets</b>	<b>315</b>	<b>930</b>
<b>TOTAL ASSETS</b>	<b>\$ 175,119</b>	<b>\$ 167,752</b>
<b><u>LIABILITIES</u></b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 16,636	\$ 22,668
Accrued expenses	3,936	2,697
Accrued payroll and payroll related	3,054	6,910
Income taxes payable		154
Current portion of long-term debt	673	670
Total current liabilities	24,299	33,099
<b>Long-term debt, less current portion</b>	<b>5,714</b>	<b>5,844</b>
<b>TOTAL LIABILITIES</b>	<b>30,013</b>	<b>38,943</b>
Commitment and Contingencies (Note 13 and 14)		
<b><u>STOCKHOLDERS' EQUITY</u></b>		
<b>Common stock</b> (\$0.001 par value, 50,000,000 shares authorized; 30,958,403 and 29,284,592 shares issued; 30,522,490 and 28,848,679 shares outstanding at September 30, 2013 and June 30, 2013, respectively)		
	31	29
<b>Additional paid-in capital</b>	<b>126,358</b>	<b>104,075</b>
<b>Retained earnings</b>	<b>20,558</b>	<b>26,553</b>
<b>Accumulated other comprehensive loss</b>	<b>(48)</b>	<b>(47)</b>
<b>Treasury stock</b> (435,913 shares at September 30, 2013 and June 30, 2013)	<b>(2,034)</b>	<b>(2,034)</b>
<b>Total Lannett Company, Inc. stockholders' equity</b>	<b>144,865</b>	<b>128,576</b>

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<b>Noncontrolling Interest</b>		<b>241</b>		233
Total stockholders' equity		<b>145,106</b>		128,809
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$</b>	<b>175,119</b>	<b>\$</b>	167,752

The accompanying notes are an integral part of the consolidated financial statements.

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

(In thousands, except share and per share data)

	<b>Three Months Ended</b>	
	<b>September 30,</b>	
	<b>2013</b>	<b>2012</b>
<b>Net sales</b>	<b>\$ 45,829</b>	<b>\$ 35,294</b>
<b>Cost of sales</b>	<b>24,423</b>	<b>21,668</b>
<b>JSP contract renewal cost</b>	<b>20,100</b>	
<b>Gross profit</b>	<b>1,306</b>	<b>13,626</b>
<b>Operating expenses:</b>		
Research and development		