

LANNETT CO INC
Form 10-Q
February 07, 2014
[Table of Contents](#)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2013

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.)

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9000 State Road

Philadelphia, Pennsylvania 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 No

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 No

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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

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

Class	Outstanding as of January 31, 2014
Common stock, par value \$0.001 per share	35,045,076

Table of Contents**Table of Contents**

<u>PART I. FINANCIAL INFORMATION</u>		Page No.
<u>ITEM 1.</u>	<u>FINANCIAL STATEMENTS</u>	
	<u>Consolidated Balance Sheets as of December 31, 2013 (unaudited) and June 30, 2013</u>	3
	<u>Consolidated Statements of Operations (unaudited) for the three and six months ended December 31, 2013 and 2012</u>	4
	<u>Consolidated Statements of Comprehensive Income (unaudited) for the three and six months ended December 31, 2013 and 2012</u>	5
	<u>Consolidated Statements of Changes in Stockholders' Equity (unaudited) for the six months ended December 31, 2013</u>	6
	<u>Consolidated Statements of Cash Flows (unaudited) for the six months ended December 31, 2013 and 2012</u>	7
	<u>Notes to Consolidated Financial Statements (unaudited)</u>	8
<u>ITEM 2.</u>	<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	24
<u>ITEM 3.</u>	<u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	37
<u>ITEM 4.</u>	<u>CONTROLS AND PROCEDURES</u>	37
<u>PART II. OTHER INFORMATION</u>		
<u>ITEM 1.</u>	<u>LEGAL PROCEEDINGS</u>	38
<u>ITEM 1A.</u>	<u>RISK FACTORS</u>	38
<u>ITEM 2.</u>	<u>UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS</u>	38
<u>ITEM 6.</u>	<u>EXHIBITS</u>	39

Table of Contents**PART I. FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****LANNETT COMPANY, INC.****CONSOLIDATED BALANCE SHEETS**

(In thousands, except share and per share data)

	(Unaudited)	
	December 31, 2013	June 30, 2013
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 94,387	\$ 42,689
Investment securities	11,463	8,461
Accounts receivable, net	51,412	26,413
Inventories, net	35,756	32,531
Deferred tax assets	9,013	4,874
Other current assets	2,344	1,161
Total current assets	204,375	116,129
Property, plant and equipment, net	53,295	40,141
Intangible assets, net	1,414	2,547
Deferred tax assets	12,155	8,005
Other assets	414	930
TOTAL ASSETS	\$ 271,653	\$ 167,752
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 19,261	\$ 22,668
Accrued expenses	4,393	2,697
Accrued payroll and payroll related	6,027	6,910
Income taxes payable	4,539	154
Current portion of long-term debt	276	670
Total current liabilities	34,496	33,099
Long-term debt, less current portion	1,074	5,844
TOTAL LIABILITIES	35,570	38,943
Commitment and Contingencies (Note 13 and 14)		
<u>STOCKHOLDERS EQUITY</u>		
Common stock (\$0.001 par value, 50,000,000 shares authorized; 35,298,489 and 29,284,592 shares issued; 34,862,576 and 28,848,679 shares outstanding at December 31, 2013 and June 30, 2013, respectively)	35	29
Additional paid-in capital	200,729	104,075
Retained earnings	37,124	26,553
Accumulated other comprehensive loss	(38)	(47)
Treasury stock (435,913 shares at December 31, 2013 and June 30, 2013)	(2,034)	(2,034)
Total Lannett Company, Inc. stockholders equity	235,816	128,576
Noncontrolling Interest	267	233

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Total stockholders' equity		236,083		128,809
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$	271,653	\$	167,752

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

Table of Contents

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

(In thousands, except share and per share data)

	Three months ended December 31,		Six months ended December 31,	
	2013	2012	2013	2012
Net sales	\$ 67,326	\$ 36,564	\$ 113,155	\$ 71,858
Cost of sales	26,284	23,143	50,707	44,811
JSP contract renewal cost			20,100	
Gross profit	41,042	13,421		