

PLEASE READ ALL INSTRUCTIONS BEFORE COMPLETING THIS FORM.

APPLICATION
FOR
REINSTATEMENT



FLORIDA DEPARTMENT OF STATE
Jim Smith
Secretary of State
DIVISION OF CORPORATIONS

FILED

02 DEC -3 AM 9:53

SECRETARY OF STATE
TALLAHASSEE, FLORIDA

DOCUMENT # **F99000004735**

1. Corporation Name

BLANSETT PHARMACAL CO., INC.

Principal Place of Business

~~14 PARKSTONE PLACE~~
NORTH LITTLE ROCK AR 72116

Mailing Address

P.O. BOX 638
NORTH LITTLE ROCK AR 72115



REINSTATEMENT 02

If above addresses are incorrect in any way, line through incorrect information and enter correction below.

2. New Principal Office Address, If Applicable

14 Parkstone Circle

3. New Mailing Office Address, If Applicable

Suite, Apt. #, etc.

4. Date Incorporated or Qualified To Do Business in Florida

09/13/1999

Suite, Apt. #, etc.

City & State

City & State

5. FEI Number

71-0564067

Applied For

Not Applicable

Zip

Country

Zip

Country

6. CERTIFICATE OF STATUS DESIRED

\$8.75 Additional Fee required for a Certificate of Status

7. Names and Street Addresses of Each Officer and/or Director (Florida nonprofit corporations must list at least 3 directors)

1 Title(s)	2 Name of Officers and/or Directors	3 Street Address of Each Officer and/or Director	4 City / State / Zip
CP	BLANSETT, LARRY	14 PARKSTONE PLACE	NORTH LITTLE ROCK AR 72116
SD	THURMAN, JOHN	124 WEST CAPITOL STE 1650	LITTLE ROCK AR 72201
D	PARK, JOE JR.	173 CASTLE HEIGHTS	CABOT AR 72023
D	FORD, MIKE	513 DR. GORMAN DRIVE	BELLE CHASSE LA 70037
D	KNOTT, GLENN Green, Jerry	P.O. BOX 20787 7905 Toltec Drive	HOUSTON YX 77225 North Little Rock AR 72116
D	HALL, ALTA JEAN Thomas, John	14 PARKSTONE PLACE 219 Wood Shadow	NORTH LITTLE ROCK AR 72116 San Antonio, TX 78210

8. Name and Address of Current Registered Agent

~~NOVAK, DANIEL~~
~~969 MAIN STREET~~
~~ATLANTIC BECH FL 32233~~

9. Name and Address of New Registered Agent

Name
CT Corporation System
Street Address (P.O. Box Number is Not Acceptable)
1200 South Pine Island Road
Suite, Apt. #, Etc.
City
Plantation State FL Zip Code 33324

10. I, being appointed the registered agent of the above named corporation, am familiar with and accept the obligations of Section 607.0505, F.S. or 617.0505, F.S.

100008761431
11/01/02--01085--006 **750.00

Signature of Registered Agent

M S Green ASSISTANT SECRETARY
SIGNATURE REQUIRED

Date 11/26/02

11. I certify that I am an officer or director or the receiver or trustee empowered to execute this application as provided for in chapter 607 or 617, F.S. I further certify that when filing this reinstatement application, the reason for dissolution has been eliminated, the corporate name satisfies the requirements of section 607.0401 or 617.0401, F.S., that all fees owed by the corporation have been paid and the names of individuals listed on this form do not qualify for an exemption under section 119.07(3)(i), F.S. The information indicated on this application is true and accurate, and my signature shall have the same legal effect as if made under oath.

SIGNATURE:

M S Green
SIGNATURE REQUIRED
SIGNATURE AND TYPED OR PRINTED NAME OF SIGNING OFFICER OR DIRECTOR

10/30/02 (512) 252-1625
Date Daytime Phone #

CR2E040 (8/02)

**BLANSETT PHARMACAL
COMPANY, INC.**

FINANCIAL STATEMENTS
with
Independent Auditors' Report

JUNE 30, 2002 AND 2001

Contents

Independent Auditors' Report	1
Balance Sheets	2
Statements of Income	3
Statements of Stockholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6-11



Independent Auditors' Report

Board of Directors
Blansett Pharmacal Company, Inc.
North Little Rock, Arkansas

We have audited the accompanying balance sheets of Blansett Pharmacal Company, Inc. as of June 30, 2002 and 2001 and the related statements of income, stockholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blansett Pharmacal Company, Inc. as of June 30, 2002 and 2001, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Bell & Company PA

August 2, 2002

Liabilities and Stockholders' Equity

	<u>2002</u>	<u>2001</u>
Current liabilities		
Notes payable	\$ -	\$ 220,621
Current maturities of long-term debt	3,584	68,815
Accounts payable	262,915	120,255
Commissions payable	697,253	323,881
Other accrued expenses	<u>107,577</u>	<u>167,057</u>
Total current liabilities	<u>1,071,329</u>	<u>900,629</u>
Long-term debt, less current maturities	<u>-</u>	<u>-</u>
Deferred income taxes	<u>65,000</u>	<u>65,000</u>
Stockholders' equity		
Common stock	4,145	4,145
Paid-in capital	130,542	130,542
Retained earnings	<u>3,484,156</u>	<u>2,484,042</u>
Total stockholders' equity	<u>3,618,843</u>	<u>2,618,729</u>
Total liabilities and stockholders' equity	<u>\$ 4,755,172</u>	<u>\$ 3,584,358</u>

See independent auditors' report and accompanying notes.

Blansett Pharmacal Company, Inc.

Statements of Income

Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Sales	\$ 13,374,673	\$ 10,057,070
Cost of goods sold	<u>2,063,201</u>	<u>1,667,174</u>
Gross profit	11,311,472	8,389,896
Operating expenses	<u>9,690,245</u>	<u>6,664,488</u>
Income from operations	<u>1,621,227</u>	<u>1,725,408</u>
Other income (expenses)		
Interest income	16,597	4,619
Other income	9,470	5,805
Loss on disposal of assets	(11,508)	(12,966)
Interest expense	<u>(8,943)</u>	<u>(27,346)</u>
Total other income (expenses)	<u>5,616</u>	<u>(29,888)</u>
Income before income taxes	1,626,843	1,695,520
Income taxes	<u>626,729</u>	<u>657,472</u>
Net income	<u>\$ 1,000,114</u>	<u>\$ 1,038,048</u>

See independent auditors' report and accompanying notes.

Blansett Pharmacal Company, Inc.
Statements of Stockholders' Equity
Years Ended June 30, 2002 and 2001

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - June 30, 2000	\$ 818	\$ 125,619	\$ 1,445,994	\$ 1,572,431
Net income	-	-	1,038,048	1,038,048
Issuance of common stock	11	8,239	-	8,250
Issuance of common stock in recapitalization plan	<u>3,316</u>	<u>(3,316)</u>	<u>-</u>	<u>-</u>
Balance - June 30, 2001	4,145	130,542	2,484,042	2,618,729
Net income	<u>-</u>	<u>-</u>	<u>1,000,114</u>	<u>1,000,114</u>
Balance - June 30, 2002	<u>\$ 4,145</u>	<u>\$ 130,542</u>	<u>\$ 3,484,156</u>	<u>\$ 3,618,843</u>

See independent auditors' report and accompanying notes.

Blansett Pharmacal Company, Inc.

Statements of Cash Flows

Years Ended June 30, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities		
Net income	\$ 1,000,114	\$ 1,038,048
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	139,706	120,408
Loss on disposal of assets	11,508	12,966
Deferred income tax	-	2,023
Changes in assets and liabilities		
Accounts receivable	248,940	(677,222)
Inventory	(91,244)	(583,327)
Other current assets	(59,891)	6,446
Other assets	46,607	(22,001)
Accounts payable	142,660	64,565
Commissions payable	373,372	207,381
Other accrued expenses	<u>(59,480)</u>	<u>131,463</u>
Net cash provided (used) by operating activities	<u>1,752,292</u>	<u>300,750</u>
Cash flows from investing activities		
Proceeds from disposal of property and equipment	12,000	52,875
Capitalized research costs	(25,294)	-
Purchase of property and equipment	<u>(101,145)</u>	<u>(81,613)</u>
Net cash provided (used) by investing activities	<u>(114,439)</u>	<u>(28,738)</u>
Cash flows from financing activities		
Net repayment of short-term borrowings	(220,621)	(151,073)
Repayments of long-term debt	(65,231)	(129,189)
Proceeds from issuance of common stock	-	8,250
Net cash provided (used) by financing activities	<u>(285,852)</u>	<u>(272,012)</u>
Net increase (decrease) in cash and cash equivalents	1,352,001	-
Cash and cash equivalents - beginning of year	<u>100</u>	<u>100</u>
Cash and cash equivalents - end of year	<u>\$ 1,352,101</u>	<u>\$ 100</u>
<u>Supplemental Disclosures of Cash Flows Information</u>		
Cash paid during the year for interest	<u>\$ 8,943</u>	<u>\$ 27,346</u>
Cash paid during the year for income taxes	<u>\$ 682,411</u>	<u>\$ 634,168</u>

See independent auditors' report and accompanying notes.

Blansett Pharmacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

1. Nature of Operations and Summary of Significant Accounting Policies

- a. **Nature of Operations** - Blansett Pharmacal Company, Inc. (the "Company") is primarily engaged in formulating and distributing pharmaceuticals. Products are marketed by the Company under its own label through physicians, pharmacists, and wholesalers throughout the United States.
- b. **Cash and Cash Equivalents** - The Company considers all investments with original maturities of three months or less to be cash equivalents.
- c. **Accounts Receivable** - The Company performs ongoing credit evaluations of its customers' financial condition and, generally, requires no collateral or prepayment from its customers. Accounts receivable are reported net of an allowance for doubtful accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected.
- d. **Inventory** - Inventory is recorded at the lower of cost, (first-in, first-out method) or market.
- e. **Property and Equipment** - Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives, ranging from five to ten years.
- f. **Income Taxes** - The Company accounts for income taxes using the liability method under which deferred tax assets and liabilities are determined based upon the differences between financial statement carrying amounts and the tax bases of existing assets and liabilities. These temporary differences are measured at prevailing enacted tax rates that will be in effect when the differences are settled or realized. Income tax expense consists of the tax payable or refundable for the year plus or minus the change during the year in deferred tax assets and liabilities.
- g. **Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- h. **Advertising Costs** - Advertising costs are generally expensed as incurred and included in operating expenses. Advertising expenses totaled \$68,303 and \$57,701 for the years ended June 30, 2002 and 2001, respectively.

Blansett Pharmacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

- i. Reclassifications** - Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.
- j. Concentration of Credit Risk** - The Company maintains cash balances at two financial institutions in Arkansas. The balances are insured by the Federal Deposit Insurance Corporation up to \$100,000. The uninsured cash balance at June 30, 2002 and 2001, is \$1,342,289 and \$0, respectively.

2. Notes Payable

Notes payable consists of:

	<u>2002</u>	<u>2001</u>
Note payable to a bank, under a \$1,000,000 line of credit, interest payable at 1% above the prime rate currently 9.25%, principal due May 2002, secured by accounts receivable, inventory, and the personal guarantee of the majority stockholder	\$ -	\$ 220,621
	<u>\$ -</u>	<u>\$ 220,621</u>

3. Long-term Debt

Long-term debt consists of the following:

	<u>2002</u>	<u>2001</u>
Various notes payable to a bank, with interest rates varying from 9% to 9.25%, payable in various monthly installments over 3 years, secured by automobiles	\$ 3,584	\$ 68,815
Total long-term debt	3,584	68,815
Less current maturities	<u>3,584</u>	<u>68,815</u>
Long-term debt, less current maturities	<u>\$ -</u>	<u>\$ -</u>

Blansett Pharmacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

3. Long-term Debt (Continued)

Aggregate annual maturities of long-term debt at June 30, 2002, are as follows:

2003	\$ 3,584
	\$ 3,584

4. Common Stock

During the year ended June 30, 2001, the Company adopted a Plan of Recapitalization, whereby five shares of new common stock were issued to replace each existing share. Total authorized common stock was increased to one million shares.

Common stock as of June 30, 2002 and 2001 is as follows:

	<u>2002</u>	<u>2001</u>
Par value	\$.01	\$.01
Authorized shares	1,000,000	1,000,000
Shares issued and outstanding	414,545	414,545

5. Income Taxes

The provision for income taxes differs from that computed by applying statutory rates to income before income taxes, as indicated in the following analysis:

	<u>2002</u>	<u>2001</u>
Tax at statutory rates	\$ 595,210	\$ 643,619
Other nondeductible expenses	31,519	15,863
Temporary differences	-	(2,010)
	\$ 626,729	\$ 657,472

Blansett Pharamacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

5. Income Taxes (Continued)

Deferred income taxes are provided for the temporary differences between the financial reporting basis and the tax basis of the Company's assets and liabilities. The temporary differences that give rise to the deferred tax assets and (liabilities) at June 30, 2002 and 2001 are as follows:

	<u>2002</u>	<u>2001</u>
Depreciation	\$ (177,648)	\$ (184,588)
Allowance for doubtful accounts	22,500	22,500
Property and equipment cost	27,657	27,657
Other	<u>(42,266)</u>	<u>(35,326)</u>
Total Temporary Differences	<u>\$ 169,757</u>	<u>\$ 169,757</u>

The total deferred tax assets (liabilities) are as follows:

	<u>2002</u>	<u>2001</u>
Deferred tax assets	\$ -	\$ -
Deferred tax liabilities	<u>(65,000)</u>	<u>(65,000)</u>
Net deferred tax liability	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>

The provision for income taxes is composed of the following:

	<u>2002</u>	<u>2001</u>
Current provision	\$ 626,729	\$ 655,449
Deferred provision	<u>-</u>	<u>2,023</u>
Total Income Tax Provision	<u>\$ 626,729</u>	<u>\$ 657,472</u>

6. Related Party Transactions

Receivables from related parties, in the amount of \$32,989 at June 30, 2002, consists of a loan to Blansett Properties, LLC. This balance is due on demand with interest at prime rate.

Blansett Pharmacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

6. Related Party Transactions (Continued)

The Company leases an office building and other property from Blansett Properties, LLC, which is under common ownership. Additional property was leased during the year ended June 30, 2002. The Company paid rent of \$ 183,600 and \$96,800 to Blansett Properties, LLC, during the years ended June 30, 2002 and 2001, respectively.

7. Operating Leases

Total rent expense for all operating leases was \$554,412 and \$288,653 for the years ended June 30, 2002 and 2001, respectively.

Future minimum rental commitments under non-cancelable operating lease agreements with initial or remaining terms in excess of one year are as follows:

<u>For the Year Ended</u>	
June 30, 2003	\$ 363,265
June 30, 2004	285,374
June 30, 2005	202,678
June 30, 2006	183,590
June 30, 2007	181,800
Thereafter	<u>867,200</u>
	<u>\$ 2,083,907</u>

8. Employee Benefit Plans

The Company has a qualified employee benefit plan established under the provisions of Section 401(k), which permits employees to contribute a percentage of their eligible compensation up to a maximum of 15%. The Company matches employee contributions on a discretionary basis. The Company contributed \$37,946 and \$12,943 during the years ended June 30, 2002 and 2001, respectively.

9. Deferred Compensation

The Company had entered into a deferred compensation agreement dated July 1, 1998, with two key employees. The plan was not renewed by management for years ending after June 30, 2002. The vested and nonvested benefits as of June 30, 2002 would remain in place with the nonvested benefits vesting through 2006. The terms of the agreement are as follows:

Blansett Pharmacal Company, Inc.

Notes to Financial Statements

June 30, 2002 and 2001

9. Deferred Compensation (Continued)

1. If the Company experiences certain income growth factors the participants receive "Bonus Units" based on net income and "Book Value per Share" computed as of the last day of the fiscal year.
2. The "Bonus Units" awarded vest to the participant at a rate of twenty percent per year beginning the year following the award of the units.
3. As of the participants' "Termination Date", as defined in the agreement, the participant is entitled to the payment of the vested value of his account. The value is calculated as of that date, using number of units and book value as the determining factors.
4. The Company has the option to either pay the amount in a lump sum or in monthly installments, not to exceed sixty months. If the installment method is selected the unpaid portion will bear interest as defined in the agreement.
5. As of June 30, 2002, the calculated value of the awarded "Bonus Units" was \$182,980. Of this amount, \$35,860 was vested at June 30, 2002

The vested amount is calculated on July 1 based on book value for the previous year ending June 30. The vested benefits are accrued and reflected in the financial statements. The vested benefit reported as expense was \$30,486 and \$5,374 for the years ending June 30, 2002 and 2001, respectively.

10. Concentrations

Approximately 90% of the Company's sales revenue is generated from four major distributors. At June 30, 2002 and 2001, approximately 84% of trade accounts receivable were due from these four distributors.