UNITED THERAPEUTICS CORP
Form 8-K/A
March 14, 2001

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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K/A
(AMENDMENT NO. 2)

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

Date of Report (Date of earliest event reported): December 28, 2000

United Therapeutics Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware	0-26301	52-1984749
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification Number)

1110 Spring Street
Silver Spring, MD — 20910
(Address of Principal Executive Offices) — (Zip Code)

Registrant's telephone number, including area code:

(301) 608-9292

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This Amendment to the Current Report on Form 8-K/A filed on February 1, 2001 is being filed to include the financial information required by Item 7 of this Form 8-K relating to the acquisition by the Registrant of Medicomp, Inc. and Telemedical Procedures, LLC

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits.

Note to Unaudited Pro Forma Combined Financial Statements 2

(c) Exhibits

2.1 Asset Purchase Agreement dated as of December 28, 2000 among UTSC Sub, the Company, Medicomp and Telemedical* (previously filed)

2.2 Registration Rights Agreement dated as of December 28, 2000 between the Company and Medicomp (previously filed)

2.3 Escrow Agreement dated as of December 28, 2000 among the Company, UTSC Sub, Medicomp, Mahon, Patusky, Rothblatt & Fisher, Chartered, as escrow agent, and Chicago Title, as successor escrow agent (previously filed)

23.1 Consent of Berman Hopkins Wright & LaHam, CPAs LLP (filed herewith)

* The Registrant hereby undertakes to furnish supplementally a copy of any omitted schedule to this Agreement to the Securities and Exchange Commission upon request.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

United Therapeutics Corporation
(Registrant)

Date: March 13, 2001

By: /s/ Fred T. Hadeed
Name: Fred T. Hadeed
Title: Chief Financial Officer

INDEPENDENT AUDITORS' REPORT

Board of Directors
Medicomp, Inc. and subsidiary
West Melbourne, Florida

We have audited the accompanying consolidated balance sheet of Medicomp, Inc. and subsidiary as of October 31, 2000, and the related consolidated statements of income, accumulated deficit, and cash flows for the year then ended. The consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Medicomp, Inc. and subsidiary as of October 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.

February 28, 2001 | BERMAN HOPKINS
Merritt Island, Florida | WRIGHT & LAHAM, CPAs, LLP

MEDICOMP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
OCTOBER 31, 2000

ASSETS

CURRENT ASSETS	
Cash	$ 71,993
Accounts receivable, net of allowance for doubtful accounts of $183,244	334,501
Inventories	447,584
Prepaid expenses	32,335
Deferred income taxes	1,135,070
Total current assets	2,021,483
PROPERTY AND EQUIPMENT	
Cardiac monitoring equipment	392,970
Computer equipment and software	78,498
Manufacturing and drafting equipment	472,474
Office furniture and equipment	121,180
Vehicles	69,916
Property held under capital leases	98,100
	1,233,138
Less accumulated depreciation	778,030
	455,108
OTHER ASSETS	
Capitalized software costs	163,900
Deposits	24,221
	188,121
	$ 2,664,712

(continued)

MEDICOMP, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
OCTOBER 31, 2000

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES	
Notes payable	$ 302,765
Notes payable - related parties	1,169,863

Current portion of long-term debt	10,389
Current portion of obligations under capital leases	30,384
Accounts payable	431,798
Accounts payable - related parties	30,893
Accrued payroll and related liabilities	860,175
Accrued other expenses	31,339
Accrued interest	82,032
Accrued interest - related parties	131,582
Warranty reserve	20,000
Deferred revenue	30,000
Total current liabilities	3,131,220
LONG-TERM LIABILITIES	
Long-term debt	2,510
Obligations under capital leases	28,653
	31,163
COMMITMENTS AND CONTINGENCIES	-
MINORITY INTERESTS IN CONSOLIDATED SUBSIDIARY	372,393
STOCKHOLDERS' DEFICIT	
Preferred stock, non-cumulative and non-voting, $500 par value, 1,500 shares authorized, 1,360 shares issued and outstanding	680,000
Common stock, $.01 par value, 2,000,000 shares authorized, 1,606,667 shares issued and outstanding	16,067
Additional paid-in capital	459,932
Accumulated deficit	(2,026,063)
	(870,064)
	$ 2,664,712

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

MEDICOMP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME
YEAR ENDED OCTOBER 31, 2000

REVENUES	$ 2,194,194
COST OF REVENUES	972,937
	1,221,257
OPERATING EXPENSES	
Selling	888,404
General and administrative	1,228,807
Interest	45,274
Interest - related parties	109,440

	2,271,925
RESEARCH AND DEVELOPMENT COSTS	550,810
Loss from operations	(1,601,478)
MINORITY INTERESTS IN LOSS OF CONSOLIDATED SUBSIDIARY	554,265
Loss before income taxes	(1,047,213)
INCOME TAX BENEFIT	1,135,070
Net income	$ 87,857
WEIGHTED NUMBER OF COMMON SHARES OUTSTANDING	1,606,667
EARNINGS PER COMMON SHARE	$ 0.05

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

MEDICOMP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
YEAR ENDED OCTOBER 31, 2000

DEFICIT AT BEGINNING OF YEAR	$ (2,113,920)
Net income	87,857
DEFICIT AT END OF YEAR	$ (2,026,063)

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

MEDICOMP, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED OCTOBER 31, 2000

CASH FLOWS FROM OPERATING ACTIVITIES	
Net income	$ 87,857
Adjustments to reconcile net income to net cash used in operating activities	
Depreciation and amortization	132,506
Increase in allowance for doubtful accounts	88,166
Decrease in deferred income taxes valuation allowance	(1,470,257)
Minority interests in loss of consolidated subsidiary	(554,265)
(Increase) decrease in assets:	
Accounts receivable	(72,860)
Inventories	(299,312)
Prepaid expenses	(31,523)
Deferred income taxes	335,187
Increase (decrease) in liabilities:	
Accounts payable	222,732
Accrued payroll and related liabilities	750,739
Accrued other expenses	(55,335)
Accrued interest	57,680
Deferred revenue	(10,000)
Net cash used in operating activities	(818,685)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(8,788)
Net cash used in investing activities	(8,788)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	(35,250)
Proceeds from issuance of notes payable - related parties	225,000

Contributed capital from minority interest		500,000
Net cash provided by financing activities		689,750
Net decrease in cash		(137,723)
Cash at beginning of year		209,716
Cash at end of year	$	71,993
CASH PAID FOR INTEREST	$	69,098
CASH PAID FOR INCOME TAXES	$	-

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

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Consolidation policy

   The accompanying consolidated financial statements include the accounts of Medicomp, Inc. and its majority-owned subsidiary Telemedical Procedures, LLC (collectively the "Company"). Intercompany transactions and balances have been eliminated in consolidation.

2. Nature of business

   The Company is headquartered in West Melbourne, Florida, and is primarily in the business of developing and manufacturing diagnostic electrocardiographic equipment and providing transtelephonic cardiac monitoring services. The Company markets worldwide, primarily to its customer base of major hospitals, clinics and physicians' offices.

3. Use of estimates

   The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

4. Fair value of financial instruments

Financial Accounting Standards Board Statement No. 107 ("FAS 107"), "Disclosures about Fair Value of Financial Instruments," requires disclosure of fair value information about financial instruments. Fair value estimates discussed herein are based upon certain market assumptions and pertinent information available to management as of October 31, 2000.

The respective carrying value of certain on-balance-sheet financial instruments approximates their fair values. These financial instruments include cash, accounts receivable, prepaid expenses, accounts payable and accrued liabilities. Fair values were assumed to approximate carrying values for these financial instruments since they are short-term in nature and their carrying amounts approximate fair value or they are receivable or payable on demand. The fair values of the Company's notes payable, capital leases, and long-term debt are estimated based upon the quoted market prices for the same or similar issues or on the current rates offered for instruments for the same remaining maturities. The carrying value of the Company's notes payable, capital leases, and long-term debt approximates their fair market value.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Inventories

Inventories are stated at the lower of cost, determined by the weighted-average method, or market.

6. Property and equipment

Property and equipment is recorded at cost and depreciated using the straight-line method over the estimated useful lives of the related assets. For the year ended October 31, 2000, depreciation charged to current operations totaled approximately $100,000. Depreciation expense of approximately $90,000 and $10,000 has been charged to cost of revenues and general and administrative expenses, respectively.

The useful lives of property and equipment for purposes of computing depreciation are:

Cardiac monitoring equipment	5 years
Computer equipment and software	3-5 years
Manufacturing and drafting equipment	7 years

Office furniture and equipment	7 years
Vehicles	5 years

7. Capitalized software costs

The Company has capitalized software costs incurred after feasibility of the software of a specific product was established. The costs are being amortized over the product's estimated useful life from the date the product was available to be sold. Amortization is being charged at a rate of $100 per unit sold. For the year ended October 31, 2000, amortization of capitalized software costs was $34,500, all of which is included in cost of revenues on the accompanying consolidated statement of income.

8. Warranty reserve

The Company warranties certain products, primarily for a one year period. The accompanying consolidated financial statements include a reserve of $20,000 for estimated warranty claims. The reserve is estimated based on the Company's experience with the annual volume of actual claims.

The Company expensed approximately $30,000 during the year ended October 31, 2000 for warranty service.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Revenue recognition

The Company recognizes revenue when products are shipped or services are completed. All product and service sales are invoiced and collected in U.S. dollars.

10.Income taxes

The Company and its subsidiary file separate tax returns. The subsidiary is treated as a partnership for federal tax purposes and does not incur income taxes. Instead, its losses are included in the personal returns of the members and taxed depending on their personal tax situations. Per the subsidiary's operating agreement, all of the subsidiary's losses through October 31, 2000 have been allocated to the minority members. As such, the results of the subsidiary's operations do not affect the Company's income tax accounts.

Income tax benefit considers federal and state taxes currently payable and deferred taxes arising from temporary differences between income for financial reporting and income tax purposes. These differences result principally from the allowance for doubtful accounts, certain liabilities that have been accrued but are not currently deductible, and operating loss carryforwards.

11.Non-cash investing and financing activities

In addition to the information disclosed in the consolidated statement of cash flows, the Company acquired $38,100 in manufacturing and drafting equipment by entering into a capital lease agreement. Additionally, the Company transferred inventory with a carrying value of $229,976 to cardiac monitoring equipment.

12.Concentration of cash deposits

The Company maintains cash deposits at two banks in Florida. Deposits at each bank are insured by the Federal Deposit Insurance Corporation up to $100,000. As of October 31, 2000, there were no uninsured portions at the banks.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE B - INVENTORIES

Inventories consist of the following:

Raw materials	$ 256,331
Work-in-process	151,432
Finished goods	39,821
	$ 447,584
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NOTE C - CAPITAL LEASES AND SALE-LEASEBACK TRANSACTIONS

The Company is a lessee of manufacturing equipment under a capital lease expiring in fiscal year 2005.

Additionally, during October 1998 the company entered into a sale-leaseback arrangement. Under the arrangement, the Company sold cardiac monitoring equipment and leased it back, through three separate leases, for a period of three years. The leasebacks have been accounted for as capital leases. The revenue of $50,000 realized on the sales portion of this transaction was deferred and is being recognized in proportion to the depreciation being taken on the leased assets. As of October 31, 2000, the deferred revenue balance is $30,000. For the year ended October 31, 2000, revenue totaling $10,000 was recognized.

The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. The assets are depreciated over their estimated productive lives. Depreciation of the assets under capital leases, totaling $14,268, is included in depreciation expense for the year ended October 31, 2000.

The following is a summary of property held under capital leases:

Cardiac monitoring equipment	$ 60,000
Manufacturing and drafting equipment	38,100
	98,100
Less accumulated depreciation	26,268
	$ 71,832

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE D - NOTES PAYABLE AND LONG-TERM DEBT

Notes payable and long-term debt consists of the following:

Prime plus 1.0% (10.5% at October 31, 2000) note to a bank, due in February 2001, interest payable

monthly and principal payable at maturity, collateralized by substantially all of the Company's assets, guaranteed by majority stockholder	$ 190,594
7.5% note to bank, due in February 2002, equal monthly installments of $846, including principal and interest, collateralized by a vehicle	12,899
8.0% notes payable to individuals, principal and accrued interest due January 2001, uncollateralized	18,825
9.0% notes payable to majority stockholder, principal and accrued interest due the earlier of November 2001, or upon demand subsequent to the sale of part or all of the company, uncollateralized	536,976
8.0% note payable to corporation, interest payable monthly and principal due the earlier of February 2004 or within 30 days after the sale of a 5% or greater equity interest of Medicomp, Inc. or its subsidiary, uncollateralized	62,000
9.0% notes payable to a minority stockholder, principal and accrued interest due December 2000, uncollateralized	29,516
8.25% note payable to a corporation, interest payable monthly and principal due February 2001, collateralized by building lease	31,346

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MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE D - NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)

15.0% notes payable to a corporation, interest payable monthly and principal due the earlier of December 2001 or the receipt of $2 million, or greater, equity investment into Medicomp, Inc., collateralized by substantially all of the Company's assets	368,371

8.0% note payable to minority member, principal and accrued interest due December 2000, uncollateralized	10,000
12.0% notes payable to minority members, principal and accrued interest due November 2000, uncollateralized	80,000
12.0% note payable to a corporation, principal and accrued interest due December 2000, uncollateralized	40,000
12.0% note payable to minority member, principal and accrued interest due on demand, uncollateralized	40,000
12.0% note payable to majority stockholder, principal and accrued interest due on demand, uncollateralized	40,000
8.5% note payable to majority stockholder, principal and accrued interest due on November 2000, uncollateralized	25,000
	1,485,527
Less current notes payable	302,765
Less current notes payable - related parties	1,169,863
Less current portion of long-term debt	10,389
	$ 2,510

The $2,510 of long-term debt will be due during fiscal year ending 2002.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE E - OBLIGATIONS UNDER CAPITAL LEASES

Minimum future lease payments under capital leases as of October 31, 2000 for each of the next five fiscal years are as follows:

2001	$ 37,413
2002	10,056
2003	10,056
2004	10,056
2005	5,028
Total minimum lease payments	72,609
Less amount representing interest	13,572
Present value of minimum lease payments	59,037
Less current portion of obligations under capital leases	30,384
Long-term obligations under capital leases	$ 28,653

Interest rates on capital leases vary from 12% to 26% and are imputed based on the lower of the Company's incremental borrowing rate at the inception of each lease or the lessor's implicit rate of return.

NOTE F - PROFIT SHARING PLAN

The Company sponsors a defined contribution 401(k) profit sharing plan. Company contributions to the plan charged to operations during the year ended October 31, 2000 totaled approximately $11,000.

NOTE G - INCOME TAXES

A reconciliation of income tax at the statutory rate to the Company's effective rate is as follows:

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Computed at the expected statutory rate	34%
State income tax - net of federal tax benefit	3%
Minority interests in loss of consolidated subsidiary	20%
Change in valuation allowance	53%
Other	-2%

Effective income tax rate	108%

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE G - INCOME TAXES (CONTINUED)

The following table presents the components of the income tax expense (benefit) by jurisdiction:

Current	$ -
Deferred	
Federal	302,872
State	32,315
Net current and deferred income tax expense	335,187
Decrease in valuation allowance	(1,470,257)
Income tax benefit	$ (1,135,070)

The Company has available net operating loss carryforwards and alternative minimum tax credits totaling approximately $2,100,000 and $1,808 respectively. The carryforwards and credits may be applied against future taxable income. The net operating loss carryforwards expire at various dates through 2013.

The deferred tax asset is comprised of the following at October 31, 2000:

Net operating loss and alternative minimum

tax credit carryforwards	$ 789,508
Related party expenses accrued but not paid	289,477
Reserves and allowances	28,223
Employee benefit obligations	16,573
Other	11,289
	$ 1,135,070

Due to the sale of the Company's assets (as further discussed in Note K-3), the Company's taxable income is expected to increase substantially in the year ended October 31, 2001. As such, management has determined that it is more likely than not that future taxable income will be sufficient to enable the Company to realize all of its deferred tax asset. As such, no valuation allowance has been recorded as of October 31, 2000.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE H - RELATED PARTY TRANSACTIONS

Periodically, the Company has acquired working capital through proceeds from issuance of notes payable to related parties. The related parties include the majority and minority stockholders, the Chief Executive Officer for the year ended October 31, 2000, as well as minority members of the subsidiary. At October 31, 2000, related party notes payable totaled $1,169,863 and are reflected in the current liabilities on the accompanying consolidated balance sheet. Additionally, at October 31, 2000, interest payable to the related parties totaling $131,582 and $30,893 is included in accrued interest - related parties and accounts payable, respectively.

The Company incurred approximately $109,000 of interest expense to the related parties during the year ended October 31, 2000.

NOTE I - OPERATING LEASES

The Company rents its facility, including plant and office space, under a noncancelable operating lease, which expired in November 2000. Rent expense under the facility's operating lease totaled $101,712 for the year ended October 31, 2000. Subsequent to October 31, 2000, the Company renewed the lease for an additional three-year term through November 2003. Monthly rent under the new lease is $8,426. The schedule below includes minimum lease payments required under the renewed lease.

Additionally, the Company leases a vehicle under a noncancelable lease through November 2001. Rent expense under the vehicle lease totaled $9,336 for the year ended October 31, 2000.

The following is a schedule of future minimum lease payments under the noncancelable leases for each of the next four fiscal years ending in:

	Facility	Vehicle	Total
2001	$ 101,162	$ 9,336	$ 110,498
2002	101,112	778	101,890
2003	101,112	-	101,112
2004	8,426	-	8,426
	$ 311,812	$ 10,114	$ 321,926

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE J - CONTINGENCIES

1. Litigation

Subsequent to the year ended October 31, 2000, the Company has filed suit against its former Chief Executive Officer for alleged self-dealings and breach of fiduciary duties. The former Chief Executive Officer responded by filing a counterclaim against the Company and other related parties. The multi-count counterclaim seeks damages in excess of $20 million together with a request for receivership and judicial dissolution of the Company. Additionally, the counter-claim seeks to impose constructive trust upon 12% of all proceeds from the sale of the assets of the Company (as discussed in Note K-3). Outside counsel for the Company has advised management that at this stage of the proceedings an opinion as to the ultimate outcome of the Company's claim, nor the counter-claim filed against the Company, cannot be offered. The Company intends to resolutely pursue its claim and vigorously contest the claims against it. As the outcome of this matter is uncertain, and not estimable, no accrual is reflected in these consolidated financial statements.

In addition to the above matter and in the normal course of conducting its business, the Company is periodically involved in litigation matters. However, management does not believe that any of these matters will have a material adverse effect on the Company's financial position or results of operations.

2. Subsidiary's income

Pursuant to the subsidiary's operating agreement, all losses of the subsidiary have been allocated to the minority members. Under the same agreement, the Company will not be allocated any of the subsidiary's future net income until certain conditions are met. Pursuant to the operating agreement, future net income must first be allocated to each minority member in an amount equal to the net losses that have been allocated to them for all prior years. In addition, future net income must be allocated to the minority members based on a 15% cumulative annual return on their initial investment. The subsidiary's operating agreement has similar restrictions on the distribution of available cash.

MEDICOMP, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OCTOBER 31, 2000

NOTE K - SUBSEQUENT EVENT

1. Related party notes

During December 2000, the Company obtained an additional $65,000 in working capital through the issuance of notes payable to related parties.

2. Issuance of common stock

During December 2000, the Company amended its articles of incorporation to increase the authorized number of common stock shares to 2,500,000 shares. Concurrently, as a bonus to key management, the Company issued 635,000 shares of common stock. Had this transaction occurred on November 1, 1999, earnings per common share would have been $.04 for the year ending October 31, 2000.

3. Sale of the Company's assets

During December 2000, the Company entered into an agreement to sell all of its assets to UTSC Sub Acquisition, Inc. a subsidiary of United Therapeutics Corporation (collectively "UTC") for approximately $19.8 million. As consideration for the assets, UTC paid $8 million in cash and issued 257,142 shares of United Therapeutics Corporation's common stock. Medicomp may receive additional shares from UTC on the third anniversary of the closing if the average closing price of the Company's common stock over the 30 calendar days prior to the anniversary is less than $70.00 per share, in order that the value of all shares issued to Medicomp equal the value of the shares issued to Medicomp at the closing at $70.00 per share (subject to a maximum of 600,000 additional shares). The 257,142 shares of United Therapeutics' common stock are valued at the fair value of the 257,142 shares of stock issued using an average NASDAQ closing price of $13.84 which totaled approximately $3.6 million. The value of the potential additional 600,000 shares that may be issued were valued at approximately $8.3 million (equivalent to the average NASDAQ closing price of $13.84 multiplied by 600,000 shares). Additionally, the Company agreed to pay bonuses ranging from 6.0% to 7.0% of net sales to continuing employees.

4. Company name change

During January 2001, the Company amended its articles of incorporation to change its name to Guardian Ventures Company.

UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

The unaudited pro forma combined balance sheet gives effect to the acquisition of Medicomp, Inc. and Subsidiary (Medicomp), completed by United Therapeutics Corporation on December 29, 2000, as if it had occurred on September 30, 2000.

The unaudited pro forma combined statement of operations for the year ended December 31, 1999 gives effect to the acquisition of Medicomp as if it had occurred on January 1, 1999. The unaudited pro forma combined statement of operations for the nine months ended September 30, 2000 gives effect to the acquisition of Medicomp as if it had occurred on January 1, 2000.

The unaudited pro forma combined balance sheet and statements of operations are based on available information and on certain assumptions and adjustments described in the accompanying notes which United Therapeutics believes are reasonable. The unaudited pro forma combined statements of operations are provided for informational purposes only and do not purport to present the results of operations of United Therapeutics had the transaction assumed therein occurred on or as of the date indicated, nor is it necessarily indicative of the results of operations which may be achieved in the future. The unaudited pro forma combined balance sheet, statements of operations and related notes should be read in conjunction with the consolidated financial statements of United Therapeutics and notes thereto included in its Annual Report on Form 10-K for the fiscal year ended December 31, 1999 and the financial statements of Medicomp and notes thereto included in this Current Report on Form 8-K.

On December 28, 2000, United Therapeutics closed on the acquisition of Cooke Pharma, Inc. and filed a Current Report on Form 8-K/A with the required pro forma information on March 6, 2001. The accompanying pro forma information related to the acquisition of Medicomp does not include the impact of the Cooke Pharma, Inc. acquisition.

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UNITED THERAPEUTICS CORPORATION
UNAUDITED PRO FORMA COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2000

	HISTORICAL UNITED THERAPEUTICS CORPORATION	HISTORICAL MEDICOMP, INC.	PRO FORMA ADJUSTMENTS		PRO CO
Assets	(a)	(b)	(c)		
Current assets:					
Cash and cash equivalents	$ 224,287,827	$ 71,993	$ (8,000,000)	(c)	$ 216,
Investments	14,256,455	-	-		14,
Accounts receivable, net	581,969	334,501	-		
Inventories	1,207,272	447,584	-		1,
Prepaid expense	46,996	32,335	-		
Other current assets	454,859	-	-		
Deferred income taxes	-	1,135,070	(1,135,070)	(d)	
Total current assets	240,835,378	2,021,483	(9,135,070)		233,
Property, plant and equipment, net	3,918,618	455,108	1,121,550	(e)	5,
Certificate of deposit	563,253	-	-		
Goodwill and other intangible assets, net	2,094,339	-	7,585,326	(f)	9,
Investment in affiliate	4,782,635	-	-		4,
Other	247,022	188,121	-		
Total assets	$ 252,441,245	$ 2,664,712	$ (428,194)		$ 254,
Liabilities and Stockholders' Equity					
Current liabilities:					
Accounts payable	$ 3,328,785	$ 462,691	$ (329,018)	(g)	$ 3,
Accrued expenses	4,533,305	264,953	(264,953)	(g)	4,
Accrued payroll and related	-	860,175	(860,175)	(g)	
Current portion of notes and					

leases payable	29,247	1,513,401	(1,513,401)	(g)	
Deferred revenue	-	30,000	(30,000)	(g)	
Total current liabilities	7,891,337	3,131,220	(2,997,547)		8,
Notes and leases payable, excluding current portion	1,762,778	31,163	(31,163)	(g)	1,
Other liabilities	13,823	-	-		
Total liabilities	9,667,938	3,162,383	(3,028,710)		9,
Minority interest in consolidated subsidiary	-	372,393	(372,393)	(h)	
Stockholders' equity:					
Preferred stock	-	680,000	(680,000)	(i)	
Common stock	201,846	16,067	(13,496)	(i)	
Additional paid-in capital	335,580,796	459,932	11,400,342	(i)	347,
Accumulated deficit	(93,009,335)	(2,026,063)	(7,733,937)	(j)	(102,
Total stockholders' equity	242,773,307	(870,064)	2,972,909		244,
Total liabilities and stockholders' equity	$ 252,441,245	$ 2,664,712	$ (428,194)		$ 254,

See note to unaudited pro forma combined financial statements.

UNITED THERAPEUTICS CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 1999

	HISTORICAL UNITED THERAPEUTICS CORPORATION	HISTORICAL MEDICOMP, INC.	PRO FORMA ADJUSTMENTS		PRO FORMA COMBINED
Revenues:	(k)	(l)			
Sales	$ 225,245	$ 1,421,637	$ -		$ 1,646,882
Grant revenue	211,250	-	-		211,250
Total revenues	436,495	1,421,637	-		1,858,132
Operating expenses:					
Research and development	30,715,255	383,619	484,586	(m)	31,583,460
Sales and marketing	-	328,743	101,253	(m)	429,996
General and administrative	4,977,983	963,678	509,307	(m)	6,450,968
Cost of sales	164,147	524,352	-		688,499
Total operating expenses	35,857,385	2,200,392	1,095,146		39,152,923

Loss from operations	(35,420,890)	(778,755)	(1,095,146)		(37,294,791)
Other income (expense):					
Interest income	1,925,326	-	-		1,925,326
Interest expense	(57,744)	-	-		(57,744)
Other - net	50,064	-	-		50,064
Total other income	1,917,646	-	-		1,917,646
Loss before minority interest in consolidated subsidiary, discontinued operations, and extraordinary item	(33,503,244)	(778,755)	(1,095,146)		(35,377,145)
Minority interest in consolidated subsidiary	-	73,342	(73,342)	(n)	-
Loss before discontinued operations and extraordinary item	(33,503,244)	(705,413)	(1,168,488)		(35,377,145)
Loss from discontinued Operations	-	(206,605)	-		(206,605)
Loss before extraordinary item	(33,503,244)	(912,018)	(1,168,488)		(35,583,750)
Extraordinary item - gain on extinguishment of debt	-	237,696	(237,696)	(o)	-
Loss before income tax	(33,503,244)	(674,322)	(1,406,184)		(35,583,750)
Income tax	(3,454)	-	-		(3,454)
Net loss	$(33,506,698)	$(674,322)	$(1,406,184)		$(35,587,204)
Net loss per common share - basic and diluted (p)	$ (2.51)				$ (2.61)
Weighted average number of common shares outstanding - basic and diluted (p)	13,374,294		257,142		13,631,436

See note to unaudited pro forma combined financial statements.

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UNITED THERAPEUTICS CORPORATION
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2000

	HISTORICAL UNITED THERAPEUTICS CORPORATION	HISTORICAL MEDICOMP, INC.	PRO FORMA ADJUSTMENTS		PRO FORMA COMBINED
	(q)	(r)			
Revenues:					
Sales	$ 1,109,591	$ 1,763,942	$ -		$ 2,873,533
Grant revenue	150,000	-	-		150,000
Total revenues	1,259,591	1,763,942	-		3,023,533
Operating expenses:					
Research and development	42,848,352	465,694	382,068	(s)	43,696,114
Sales and marketing	-	682,560	94,568	(s)	777,128
General and administrative	7,924,105	1,216,297	419,236	(s)	9,559,638
Cost of sales	918,417	890,944	-		1,809,361
Total operating expenses	51,690,874	3,255,495	895,872		55,842,241
Loss from operations	(50,431,283)	(1,491,553)	(895,872)		(52,818,708)
Other income (expense):					
Interest income	6,709,370	-	-		6,709,370
Interest expense	(90,201)	-	-		(90,201)
Other - net	76,178	-	-		76,178
Total other income	6,695,347	-	-		6,695,347
Net loss before minority Interest and income tax benefit	(43,735,936)	(1,491,553)	(895,872)		(46,123,361)
Minority interests in loss of consolidated subsidiary	-	474,775	(474,775)	(t)	-
Net loss before income tax benefit	(43,735,936)	(1,016,778)	(1,370,647)		(46,123,361)

Income tax benefit	-	851,303	(851,303) (u)	
Net loss	$(43,735,936)	$ (165,475)	$(2,221,950)	$ (46,123,361)
Net loss per common share-basic and diluted (p)	$ (2.32)			$ (2.41)
` common shares outstanding - basic and diluted (p)	18,871,366		257,142	19,128,508

See note to unaudited pro forma combined financial statements.

UNITED THERAPEUTICS CORPORATION
NOTE TO THE UNAUDITED PRO FORMA COMBINED FINANCIAL STATEMENTS

Note 1 - Pro Forma Adjustments for Acquisition of Medicomp, Inc.

a. Balance sheet of United Therapeutics Corporation as of September 30, 2000.

b. Balance sheet of Medicomp, Inc. and Subsidiary (Medicomp) as of October 31, 2000. The fiscal year end of Medicomp is October 31, which is less than 93 days from September 30. There were no significant transactions in the intervening 30 days.

c. Represents adjustments for the Medicomp acquisition based on a purchase price of approximately $19.8 million through the issuance of 257,142 shares of United Therapeutics' common stock and payment of $8.0 million in cash. Medicomp may receive additional shares from United Therapeutics on the third anniversary of the closing if the average closing price of United Therapeutics' common stock over the 30 calendar days prior to the anniversary is less than $70.00 per share, in order that the value of all shares issued to Medicomp equals the value of the shares issued to Medicomp at the closing at $70.00 per share (subject to a maximum of 600,000 additional shares). The 257,142 shares of United Therapeutics' common stock were valued at the fair value of the 257,142 shares of stock issued using an average NASDAQ closing price of $13.84 which totaled approximately $3.6 million. The value of the potential additional 600,000 shares that may be issued were valued at approximately $8.3 million (equivalent to the average NASDAQ closing price of $13.84 multiplied by 600,000 shares). Additionally, United Therapeutics agreed to pay bonuses ranging from 6.0% to 7.0% of net sales to continuing employees.

d. Represents the elimination of the Medicomp deferred income tax asset not acquired.

e. Represents the adjustment to Medicomp's property, plant and equipment to reflect the estimated fair value of these assets acquired.

f. Represents the amount of purchase price allocated to the Medicomp assembled workforce, core technology and goodwill. These intangibles totaled approximately $7.6 million and will be amortized in a straight line manner over terms of three to twenty years.

g. Represents the estimated direct legal and other costs related to the Medicomp acquisition. Also, represents the elimination of all Medicomp liabilities as they were not assumed.

h. Represents the elimination of the minority interest in Medicomp held by a minority investor.

i. Represents the elimination of Medicomp's stockholder equity accounts, and the issuance of 257,142 shares of United Therapeutics' common stock valued as described above in note 1(c).

j. Represents the charge for acquired in-process research & development of $9.8 million and the elimination of Medicomp's accumulated deficit. This charge is nonrecurring and therefore not included in the pro forma statements of operations.

k. Statement of operations for United Therapeutics for the year ended December 31, 1999.

l. Statement of operations for Medicomp for the year ended October 31, 1999. The fiscal year end of Medicomp is October 31, which is less than 93 days from United Therapeutics' year end. There were no significant transactions in the intervening 60 days.

m. Represents amortization expense totaling approximately $853,000 related to the intangibles acquired in the Medicomp acquisition and approximately $242,000 related to additional employee bonuses.

n. Represents the elimination of the loss that is attributable to the minority interest in a consolidated subsidiary.

o. Represents the elimination of an extraordinary gain resulting from the extinguishment of debt.

p. For the pro forma combined net loss per share (basic and diluted) and the weighted average share outstanding calculation, 257,142 shares of United Therapeutics common stock have been included as if the acquisition occurred on January 1, 1999 and January 1, 2000 for the pro forma unaudited financial statements for the year ended December 31, 1999 and for the nine months ended September 30, 2000, respectively.

q. Statement of operations for United Therapeutics for the nine months ended September 30, 2000.

r. Statement of operations for Medicomp for the nine months ended October 31, 2000. Medicomp's fiscal year end is October 31, which is less than 93 days from September 30. Operations from November 1, 1999 through January 31, 2000 have not been included in the pro forma statements of operations.

s. Represents amortization expense totaling approximately $640,000 related to the intangibles acquired in the Medicomp acquisition and approximately $256,000 related to additional employee bonuses.

t. Represents the elimination of the loss that is attributable to the minority interest in a consolidated subsidiary.

u. Represents the elimination of the Medicomp income tax benefit relating to deferred tax assets not acquired.

UNITED THERAPEUTICS CORPORATION
EXHIBIT INDEX

Exhibit No.	Description
2.1	Asset Purchase Agreement dated as of December 28, 2000 among UTSC Sub, the Company, Medicomp and Telemedical (previously filed)
2.2	Registration Rights Agreement dated as of December 28, 2000 between the Company and Medicomp (previously filed)
2.3	Escrow Agreement dated as of December 28, 2000 among the Company, UTSC Sub, Medicomp, Mahon, Patusky, Rothblatt & Fisher, Chartered, as escrow agent, and Chicago Title, as successor escrow agent (previously filed)
23.1	Consent of Berman Hopkins Wright & LaHam, CPAs LLP