

INTERPHARM HOLDINGS INC  
 Form 5  
 October 11, 2006

**FORM 5**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).  
 Form 3 Holdings Reported Form 4 Transactions Reported

**ANNUAL STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

1. Name and Address of Reporting Person *			2. Issuer Name and Ticker or Trading Symbol	5. Relationship of Reporting Person(s) to Issuer
Cappel Kenneth			INTERPHARM HOLDINGS INC [IPA]	(Check all applicable)
(Last)	(First)	(Middle)	3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)	<input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) <input type="checkbox"/> Other (specify below)
75 ADAMS AVENUE			06/30/2006	Executive VP/General Counsel
(Street)			4. If Amendment, Date Original Filed(Month/Day/Year)	6. Individual or Joint/Group Reporting (check applicable line)
HAUPPAUGE, NY 11788				<input checked="" type="checkbox"/> Form Filed by One Reporting Person <input type="checkbox"/> Form Filed by More than One Reporting Person
(City)	(State)	(Zip)		

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned at end of Issuer's Fiscal Year (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Ownership (Instr. 4)
				(A) or (D) Price			

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Security (Instr. 3 and 4)

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	Derivative Security				or Disposed of (D) (Instr. 3, 4, and 5)		Date Exercisable	Expiration Date	Title	Amount or Number of Shares
	(A)	(D)	(A)	(D)						
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/11/2005	06/30/2010	Common Stock	40,000
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/28/2006	06/30/2010	Common Stock	22,000
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/28/2007	06/30/2010	Common Stock	22,000
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/28/2008	06/30/2010	Common Stock	22,000
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/28/2009	06/30/2010	Common Stock	22,000
Option to Purchase Common Stock	\$ 1.23 <sup>(1)</sup>	Â	Â	3	Â	Â	02/28/2010	06/30/2010	Common Stock	22,000
Option to Purchase Common Stock	\$ 1.23	06/30/2005	Â	A4	19,125	Â	07/01/2006	06/30/2012	Common Stock	19,125
Option to Purchase Common Stock	\$ 1.23	06/30/2005	Â	A4	19,125	Â	07/01/2007	06/30/2012	Common Stock	19,125
Option to Purchase Common Stock	\$ 1.23	06/30/2005	Â	A4	19,125	Â	07/01/2008	06/30/2012	Common Stock	19,125
Option to Purchase Common Stock	\$ 1.23	06/30/2005	Â	A4	19,125	Â	07/01/2009	06/30/2012	Common Stock	19,125

Stock

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Cappel Kenneth 75 ADAMS AVENUE HAUPPAUGE, NY 11788	Â	Â	Â Executive VP/General Counsel	Â

## Signatures

Kenneth Cappel                      10/11/2006

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Such options were originally granted at an exercise price of \$1.94 per share, but the exercise price was reset to \$1.23 per share.

Note: File three copies of this Form, one of which must be manually signed. If space provided is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.