

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 \*  
**Cappel Kenneth**

(Last) (First) (Middle)

**75 ADAMS AVENUE**

(Street)

**HAUPPAUGE, NY 11788**

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol  
**INTERPHARM HOLDINGS INC [IPA]**

3. Statement for Issuer's Fiscal Year Ended (Month/Day/Year)  
**06/30/2006**

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
**Executive VP/General Counsel**

6. Individual or Joint/Group Reporting

(check applicable line)

Form Filed by One Reporting Person  
 Form Filed by More than One Reporting Person

**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) (A) or (D) Price	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 Beneficial Ownership (Instr. 4)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 2270 (9-02)

**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.

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