

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 EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1995

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-9114

MYLAN LABORATORIES INC.  
(Exact Name of registrant as specified in its charter)

Pennsylvania 25-1211621  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

130 Seventh Street  
1030 Century Building  
Pittsburgh, Pennsylvania 15222  
(Address of principal executive offices) (Zip Code)

412-232-0100  
(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year, if changed  
since last report)

Indicate by check mark whether the Registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding twelve 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 X NO

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date

Class of Common Stock	Outstanding at July 24, 1995
----- \$.50 par value	----- 79,539,594

MYLAN LABORATORIES INC. AND SUBSIDIARIES  
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MYLAN LABORATORIES INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 1995 Unaudited	March 31, 1995 Audited
Current Assets		
Cash and cash equivalents	\$141,792,000	\$127,280,000
Short-term investments	50,514,000	52,575,000
Accounts receivable	65,720,000	58,343,000
Inventories:		
Raw materials	31,220,000	29,795,000
Work in process	14,322,000	17,539,000
Finished goods	31,045,000	30,871,000
	-----	-----
	76,587,000	78,205,000
Deferred tax benefit		
Other current assets	9,157,000	10,545,000
	-----	-----
	4,236,000	4,435,000
Total Current Assets	348,006,000	331,383,000
Property, Plant and Equipment - at cost		
Less accumulated depreciation	137,771,000	132,599,000
	-----	-----
	42,507,000	40,300,000
	95,264,000	92,299,000
Deferred Income Tax Benefit, non-current	1,459,000	1,043,000
Marketable Securities, non-current	25,897,000	21,958,000
Investment in and Advances to Somerset	22,493,000	22,055,000
Intangible Assets net of accumulated amortization	27,297,000	28,518,000
Other Assets	51,090,000	48,945,000
	-----	-----
Total Assets	\$571,506,000	\$546,201,000
	=====	=====

See Notes to Consolidated Financial Statements

# LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 1995 Unaudited	March 31, 1995 Audited
Current Liabilities		
Trade accounts payable	\$ 4,087,000	\$ 10,466,000
Income taxes payable	25,945,000	24,019,000
Other current liabilities	17,231,000	17,890,000
Cash dividend payable	3,978,000	3,976,000
	-----	-----
Total Current Liabilities	51,241,000	56,351,000
Long-Term Obligations	7,807,000	7,122,000
Shareholders' Equity:		
Preferred stock, par value \$.50 per share, authorized 5,000,000 shares, issued and outstanding - none	-	-
Common stock, par value \$.50 per share, authorized 300,000,000 shares, issued 80,002,992 shares at June 30, 1995 79,972,248 shares at March 31, 1995	40,001,000	39,986,000
Additional paid in capital	57,900,000	57,577,000
Retained earnings	415,402,000	386,212,000
Unrealized gain on investment	1,576,000	1,374,000
	-----	-----
	514,879,000	485,149,000
Less Treasury stock - at cost, 476,523 shares at June 30, 1995 and March 31, 1995		
Net Worth	2,421,000	2,421,000
	-----	-----
	512,458,000	482,728,000
	-----	-----
Total Liabilities and Shareholders' Equity	\$571,506,000	\$546,201,000
	=====	=====

The above financial statements do not reflect the three-for-two stock split effective August 15, 1995 (See Note C).

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
FOR THE THREE MONTHS ENDED JUNE 30, 1995 AND 1994  
UNAUDITED

	1995	1994
NET SALES	\$109,192,000	\$85,146,000
COST AND EXPENSES:		
Cost of Sales	50,628,000	32,996,000
Research and Development	8,174,000	6,344,000
Selling and Administrative	14,003,000 72,805,000	14,412,000 53,752,000
EQUITY IN EARNINGS OF SOMERSET	5,571,000	5,348,000
OTHER INCOME	3,963,000	939,000
EARNINGS BEFORE INCOME TAX	45,921,000	37,681,000
INCOME TAX RATE	28%	28%
INCOME TAXES	12,754,000	10,551,000
NET EARNINGS	\$ 33,167,000	\$ 27,130,000
EARNINGS PER SHARE	\$ .42	\$ .34
WEIGHTED AVERAGE COMMON SHARES	79,510,000	79,218,000

The Company paid regular quarterly cash dividends of \$.04 per share from October 1993 to July 1994 and \$.05 per share since October 1994. In addition, the Company paid a special one-time dividend of \$.10 per share on January 13, 1995.

The above financial information does not reflect the three-for-two stock split effective August 15, 1995. After the stock split earnings per share for the quarter ended June 30, 1995 and 1994 will be \$.28 and \$.23 respectively.

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE THREE MONTHS ENDED JUNE 30, 1995 AND 1994

UNAUDITED

	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	\$ 33,167,000	\$ 27,130,000
Adjustments to reconcile net earnings to net cash from operating activities:		
Depreciation and amortization	3,455,000	3,026,000
Deferred income taxes	868,000	43,000
Equity in the earnings of Somerset	(5,571,000)	(5,348,000)
Cash received from Somerset	5,133,000	2,667,000
Other non-cash items	(1,592,000)	13,518,000
Changes in operating assets and liabilities:		
Accounts receivable	(5,985,000)	(31,121,000)
Inventories	1,745,000	(9,735,000)
Trade accounts payable	6,379,000	4,898,000
Income taxes	1,926,000	11,301,000
Other operating assets and liabilities	(460,000)	3,394,000
	-----	-----
Net cash provided from operating activities	26,307,000	19,773,000
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(5,172,000)	(2,356,000)
Increase in intangible and other assets	(1,408,000)	(6,109,000)
Proceeds from investment securities	5,041,000	2,803,000
Purchase of investment securities	(6,613,000)	(3,395,000)
	-----	-----
Net cash used in investing activities	(8,152,000)	(9,057,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend paid	(3,974,000)	(3,170,000)
Payments on long-term obligations	(7,000)	(7,000)
Proceeds from exercise of stock options	338,000	266,000
Net cash used in financing activities	(3,643,000)	(2,911,000)
Net Increase in Cash and Cash Equivalents	14,512,000	7,805,000
Cash and Cash Equivalents - Beginning of Period	127,280,000	75,526,000
Cash and Cash Equivalents - End of Period	\$141,792,000	\$ 83,331,000
CASH PAID DURING THE PERIOD FOR:		
Interest	\$ 6,000	\$ 7,000
Income Taxes	\$ 9,959,000	\$ 463,000

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
THREE MONTH PERIOD ENDED  
JUNE 30, 1995

Unaudited

- A. In the opinion of management, the accompanying unaudited financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly the financial position of the Company as of June 30, 1995 and March 31, 1995 together with the results of operations and cash flows for the interim periods ended June 30, 1995 and 1994. The consolidated results of operations for the three months ended June 30, 1995 and 1994 are not necessarily indicative of the results to be expected for the full year.
- B. These interim financial statements should be read in conjunction with the consolidated financial statements and notes thereto in the Company's 1995 Annual Report and Report on Form 10-K.
- C. On June 28, 1995 the Company announced a three-for-two stock split of the Company's common stock effective August 15, 1995 for shareholders of record at the close of business on July 31, 1995. The weighted average shares outstanding and the earnings and dividends per share reflected in these financial statements do not give effect of the stock split.
- D. Equity in Earnings of Somerset includes the Company's 50% portion of the net earnings of Somerset Pharmaceuticals Inc. (Somerset), certain management fees and amortization of intangible assets resulting from the acquisition of Somerset. Such intangible assets are being amortized over a 15 year period using the straight line method.

Condensed unaudited financial information of Somerset for the three month periods ended June 30, 1995 and 1994 are as follows:  
(in thousands)

	June 30, 1995 -----	June 30, 1994 -----
Net Sales	\$ 22,997	\$ 25,021
Costs and Expenses	(8,853)	(12,240)
Income Taxes	(4,437)	(3,692)
	-----	-----
Net Earnings	\$ 9,707 =====	\$ 9,089 =====

The above information represents 100% of Somerset's operations of which the Company has a 50% interest.

PART 1 - FINANCIAL INFORMATION

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Net sales of \$109,192,000 and net earnings of \$.42 per share for the quarter ended June 30, 1995 represent the strongest first quarter results in the Company's history. Volume increases in all areas of the Company's business along with the addition of acebutolol to the generic product line, helped to offset the normal pricing pressures on generic products introduced during fiscal 1995.

Gross margin as a percent of sales for the quarter ended June 30, 1995 dropped slightly from the fourth quarter of fiscal 1995 to 54%. The 61% rate for the same 1994 quarter resulted from the launch of three significant generic products, cimetidine, glipizide and flurbiprofen during that quarter. Due to the competitive nature of the generic pharmaceutical industry the sales and gross margin recognized in the quarter ended June 30, 1995 are not necessarily indicative of the results to be expected in future quarters.

Research and development expenditures increased 29% from \$6,344,000 for the quarter ended June 30, 1994 to \$8,174,000 for the current quarter. These increases are indicative of the Company's commitment to new and increased product development throughout the Company.

Selling and administrative expenses were 13% of net sales for the current quarter as compared to 17% for the quarter ended June 30, 1994.

Equity in earnings of Somerset continues to provide a solid return for the Company. Somerset's contribution to net earnings per share for the three month period was \$.06 in 1995 and 1994.



## Liquidity and Capital Resources and Financial Condition

Working capital increased from \$275,032,000 at March 31, 1995 to \$296,765,000 at June 30, 1995 as a result of continued strong operations. The ratio of current assets to current liabilities was 6.8 to 1 at June 30, 1995 and 5.9 to 1 at March 31, 1995.

Net cash provided from operating activities was \$26,307,000 for the three months ended June 30, 1995 compared to \$19,773,000 for the same period last year. The change is due to higher net earnings and the timing of tax payments and collection of accounts receivable.

Additions to property, plant and equipment amounted to \$5,172,000 for the three months ended June 30, 1995 compared to \$2,356,000 for the same period a year ago. Current year capital expenditures are principally related to construction of a 150,000 square foot research and development facility in Morgantown.

PART II. OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K

- (a) Exhibit 27 required by Item 601(c) of Regulation S-X filed herewith.
- (b) Reports on Form 8-K - there were no reports on Form 8-K filed during the three months ended June 30, 1995.

SIGNATURES

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 thereunto duly authorized.

Mylan Laboratories Inc.  
(Registrant)

DATE	/s/ Milan Puskar
_____	_____
	Milan Puskar
	Chairman of the Board, Chief Executive Officer and President

DATE	/s/ Frank A DeGeorge
_____	_____
	Frank A. DeGeorge
	Director of Corporate Finance

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 JUN-30-1995  
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