

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

☒ [X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 1994

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 incorporation or organization)	(I.R.S. Employer 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 October 31, 1994
\$.50 par value	79,328,229

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MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 1994 Unaudited -----	March 31, 1994 Audited -----
Current Assets		
Cash and cash equivalents	\$128,540,000	\$ 75,526,000
Short-term investments	7,907,000	12,925,000
Accounts receivable	55,884,000	55,430,000
Inventories:		
Raw materials	29,999,000	26,138,000
Work in process	14,936,000	14,978,000
Finished goods	26,713,000	16,880,000
	-----	-----
	71,648,000	57,996,000
Prepaid income taxes	-	1,265,000
Deferred tax benefit	2,442,000	2,082,000
Other current assets	5,168,000	4,349,000
	-----	-----
Total Current Assets	271,589,000	209,573,000
Property, Plant and Equipment - at cost	122,879,000	115,114,000
Less accumulated depreciation	36,100,000	32,600,000
	-----	-----
	86,779,000	82,514,000
Investment in and Advances to Somerset	19,030,000	17,763,000
Intangible Assets net of accumulated amortization	30,776,000	33,228,000
Other Assets	67,825,000	60,247,000
	-----	-----
Total Assets	\$475,999,000	\$403,325,000
	=====	=====

See Notes to Consolidated Financial Statements

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 1994 Unaudited -----	March 31, 1994 Audited -----
Current Liabilities		
Trade accounts payable	\$ 10,954,000	\$ 6,699,000
Income taxes payable	8,906,000	-
Other current liabilities	15,741,000	8,056,000
Cash dividend payable	3,967,000	3,171,000
	-----	-----
Total Current Liabilities	39,568,000	17,926,000
Long-Term Obligations	5,223,000	4,609,000
Deferred Income Taxes	1,789,000	821,000
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 79,794,448 shares at September 30, 1994 79,697,295 shares at March 31, 1994	39,897,000	39,849,000
Additional paid in capital	54,933,000	54,272,000
Retained earnings	337,010,000	288,357,000
	-----	-----
	431,840,000	382,478,000
Less Treasury stock - at cost, 476,523 shares at September 30, 1994 and 495,864 shares at March 31, 1994		
Net Worth	2,421,000	2,509,000
	-----	-----
	429,419,000	379,969,000
	-----	-----
Total Liabilities and Shareholders' Equity	\$475,999,000	\$403,325,000
	=====	=====

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF EARNINGS
UNAUDITED

	Three Months Ended September 30,		Six Months Ended September 30,	
	1994	1993	1994	1993
NET SALES	\$ 96,013,000	\$ 57,756,000	\$ 181,159,000	\$ 116,263,000
COST AND EXPENSES:				
Cost of Sales	40,222,000	29,908,000	73,218,000	58,463,000
Research and Development	6,863,000	6,232,000	13,207,000	10,954,000
Selling and Administrative	14,923,000	11,388,000	29,328,000	22,461,000
Interest Expense	6,000	7,000	13,000	15,000
	62,014,000	47,535,000	115,766,000	91,893,000
EQUITY IN EARNINGS OF SOMERSET	6,141,000	5,727,000	11,489,000	11,409,000
OTHER INCOME	1,580,000	1,574,000	2,519,000	2,847,000
EARNINGS BEFORE INCOME TAXES	41,720,000	17,522,000	79,401,000	38,626,000
INCOME TAX RATE	31%	-	30%	13%
INCOME TAXES	13,062,000	80,000	23,613,000	5,076,000
NET EARNINGS	\$ 28,658,000	\$ 17,442,000	\$ 55,788,000	\$ 33,550,000
EARNINGS PER SHARE	\$.36	\$.22	\$.70	\$.43
WEIGHTED AVERAGE COMMON SHARES	79,272,000	79,016,000	79,245,000	78,768,000

The Company paid regular quarterly cash dividends of \$.03 per share from October 1992 to July 1993. The Company paid a regular quarterly cash dividend of \$.04 per share from October 1993 to July 1994 and a regular quarterly cash dividend of \$.05 per share on October 14, 1994.

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 1994 AND 1993

UNAUDITED

	1994 ----	1993 ----
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Earnings	\$ 55,788,000	\$ 33,550,000
Adjustments to reconcile net earnings to net cash provided from operating activities:		
Depreciation and amortization	6,002,000	5,568,000
Deferred income taxes	608,000	(526,000)
Equity in the earnings of Somerset	(11,489,000)	(11,409,000)
Cash received from Somerset	10,221,000	10,289,000
Other non-cash items	14,117,000	(960,000)
Changes in operating assets and liabilities:		
Accounts receivable	(12,002,000)	(6,804,000)
Inventories	(13,885,000)	(5,846,000)
Trade accounts payable	4,255,000	(1,515,000)
Income taxes payable	10,171,000	(8,772,000)
Other operating assets and liabilities	6,866,000	(1,351,000)
Net cash provided from operating activities	70,652,000	12,224,000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(7,765,000)	(7,264,000)
Increase in intangible and other assets	(9,245,000)	(2,100,000)
Other investment proceeds	5,018,000	-
Net cash used in investing activities	(11,992,000)	(9,364,000)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash dividend paid	(6,339,000)	(4,710,000)
Payments on long-term obligations	(16,000)	(14,000)
Payments on acquisition obligations	-	(977,000)
Proceeds from exercise of stock options	709,000	482,000
Net cash used in financing activities	(5,646,000)	(5,219,000)
Net Increase (Decrease) in Cash and Cash Equivalents	53,014,000	(2,359,000)
Cash and Cash Equivalents - Beginning of Period	75,526,000	98,246,000
Cash and Cash Equivalents - End of Period	\$128,540,000	\$ 95,887,000
CASH PAID DURING THE PERIOD FOR:		
Interest	\$ 13,000	\$ 15,000
Income Taxes	\$ 12,835,000	\$ 14,373,000

See Notes to Consolidated Financial Statements

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED
September 30, 1994

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 September 30, 1994 and March 31, 1994 together with the results of operations and cash flows for the interim periods ended September 30, 1994 and 1993. The consolidated results of operations for the three and six months ended September 30, 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 1994 Annual Report and Report on Form 10-K.
- C. On October 10, 1994 the Company entered into a distribution agreement with STC Pharmaceuticals, Inc. (STC), a wholly owned subsidiary of Eli Lilly and Company (Lilly).

Under the agreement the Company will distribute a generic form of Lilly's oral antibiotic Ceclor on behalf of STC. The Company will initially be paid a fixed monthly fee for performing certain services related to the distribution of the product. Upon certain events, as defined in the agreement, the fixed monthly fee will convert to a variable amount predicated upon STC's net sales of the generic product described in the agreement.

- 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.

MYLAN LABORATORIES INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SIX MONTH PERIOD ENDED
September 30, 1994

Unaudited

D. (continued)

Condensed unaudited financial information of Somerset for the three and six month periods ended September 30, 1994 and 1993 are as follows: (in thousands)

	Three Months Ended September 30,		Six Months Ended September 30,	
	1994	1993	1994	1993
	----	----	----	----
Net Sales	\$31,474	\$23,093	\$56,495	\$51,685
Costs and Expenses	(15,897)	(9,123)	(28,137)	(21,319)
Income Taxes	(4,864)	(3,690)	(8,556)	(10,150)
	-----	-----	-----	-----
Net Earnings	\$10,713	\$10,280	\$19,802	\$20,216
	=====	=====	=====	=====

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 for the three and six months ended September 30, 1994 were a record high \$96,013,000 and \$181,159,000 representing increases over the prior year comparable periods of 66% and 56% respectively. These improvements are primarily attributable to the launch of three new generic products, cimetidine, flurbiprofen and glipizide, which the Company began shipping during the quarter ended June 30, 1994.

Gross margin as a percent of net sales increased from 48% for the quarter ended September 30, 1993 to 58% this year and from 50% for the six months ended September 30, 1993 to 60% this year. The rates for the current periods reflect the higher margins generally realized on new generic products in the short term after introduction. Due to the competitive nature of the generic pharmaceutical industry the sales and gross margin recognized for the three and six months ended September 30, 1994 are not necessarily indicative of the results to be expected in future quarters.

Research and development expenditures for the three and six month periods ended September 30, 1994 increased 10% to \$6,863,000 and 21% to \$13,207,000 over the prior year comparable periods. These increases are indicative of the Company's commitment to new and increased product development throughout the Company.

Selling and administrative expenses were 16% of net sales for the three and six months ended September 30, 1994 as compared to 20% and 19% for the three and six months ended September 30, 1993. Factors contributing to the overall rise in selling and administrative expenses include advertising, promotion and legal expenses associated with new products and payroll and related costs.

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 and six month periods was \$.07 and \$.13 in 1994 and 1993.

Liquidity and Capital Resources and Financial Condition

Working capital increased from \$191,647,000 at March 31, 1994 to \$232,021,000 at September 30, 1994 as a result of continued strong operations. The ratio of current assets to current liabilities was 6.9 to 1 at September 30, 1994 and 11.7 to 1 at March 31, 1994.

Net cash provided from operating activities was \$70,652,000 for the six months ended September 30, 1994 compared to \$12,224,000 for the same period last year. The change is primarily due to higher net earnings and the timing of tax payments. Other non-cash items includes allowances for potential credits and rebates which generally escalate with new product launches.

Additions to property, plant and equipment amounted to \$7,765,000 for the six months ended September 30, 1994. The Company completed a new warehouse at its distribution center in Greensboro, North Carolina along with other capital improvement projects at its other facilities.

Increase in intangible and other assets is due to the shifting from short-term to long-term investment.

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 six months ended September 30, 1994.

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 November 9, 1994 -----	/S/ Milan Puskar ----- Milan Puskar Chairman of the Board, Chief Executive Officer and President
DATE November 9, 1994 -----	/S/ Frank A. DeGeorge ----- Frank A. DeGeorge Director of Accounting and Taxation

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