

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

TARO PHARMACEUTICAL INDUSTRIES LTD
Form 6-K
August 05, 2005

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer
Pursuant to Rule 13a - 16 or 15d - 16 under
the Securities Exchange Act of 1934

For the month of July, 2005

Commission File Number 000-22286

Taro Pharmaceutical Industries Ltd.

(Translation of registrant's name into English)

14 Hakitor Street, Haifa Bay 26110, Israel
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-_____

Taro Reports Record Sales for Second Quarter and First Half

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

HAWTHORNE, N.Y.--(BUSINESS WIRE)--July 28, 2005--Taro Pharmaceutical Industries Ltd. (Nasdaq:TARO) today reported results for the Company's second quarter and six months ended June 30, 2005.

Second Quarter 2005 Results

Taro reported record second-quarter sales of \$78.6 million, compared with \$49.1 million in the second quarter of 2004. Gross profit for the quarter was \$43.5 million, compared with \$23.5 million for the second quarter of 2004. The results for the second quarter of 2005 did not include certain sales and gross profit from proprietary consumer products divested in the first quarter of 2005.

Selling, general and administrative ("SG&A") expenses for the quarter were \$23.3 million, compared with \$30.6 million in the year-ago quarter. The reduction in SG&A expenses for the second quarter of 2005 reflects the impact of cost reduction initiatives and a decrease in selling costs following the March 2005 divestiture of the Company's proprietary over-the-counter products in the U.S. R&D expenses in the second quarter of 2005 were \$11.8 million, compared with \$10.5 million for the year-ago quarter.

The Company reported net income for the quarter of \$6.5 million, or \$0.22 per diluted share, compared with a net loss of \$8.9 million, or a net loss of \$0.31 per share, for the year-ago quarter.

"In addition to reporting record sales for the second quarter and first half of 2005, the Company continued to show sequential improvement in operating income and net income despite intensifying competition in the U.S. market for generic pharmaceutical products," said Barrie Levitt, M.D., Chairman of the Company. "Net income increased 29% compared with the first quarter of 2005 even after Taro increased its investment in research by \$2.1 million. In addition, SG&A expenses, on both an absolute basis and as a percentage of sales, are lower. Inventories decreased as we continued to be vigilant in our expense control and cash management programs."

First Half 2005 Results

Taro reported record first-half sales for 2005 of \$157.1 million, compared with \$133.2 million for the same period in 2004. The Company's gross profit in the six-month period was \$86.9 million, compared with \$79.9 million for the same period in 2004.

Selling, general and administrative expenses for the period were \$49.7 million, compared with \$64.7 million for the first half of last year. R&D expenses were \$21.6 million, compared with \$22.2 million for the year-ago period.

Net income for the first half of 2005 was \$11.5 million, or \$0.39 per diluted share, compared with \$2.3 million, or \$0.08 per diluted share, for the year-ago period.

Financial Position

At June 30, 2005, Taro's total assets were \$702.5 million, an increase of \$5.7 million compared with \$696.8 million at December 31, 2004.

Total liabilities were \$324.1 million at June 30, 2005, a decrease of \$3.9 million compared with \$328.0 million at the end of 2004.

Shareholders' equity at June 30, 2005 was \$377.7 million, an increase of \$9.6 million compared with \$368.1 million at the end of 2004.

Proprietary Research

Taro is conducting preliminary clinical research in preparation

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

for a Phase III clinical study in Canada of T2000 for the treatment of essential tremor. The Company is also conducting research on T2000 and other proprietary non-sedating barbiturate compounds for a variety of neurological indications.

There can be no assurance of the successful completion of Phase III testing, or of the approval by any regulatory authority of any of these drugs for any indication, or their commercial success if and when approved.

U.S. FDA Approvals and Filings

During the second quarter, Taro reported that it had received FDA approval of its ANDA for ciclopirox olamine cream USP, 0.77%, a topical antifungal product used for treating fungal infections of the skin. This prescription pharmaceutical product is bioequivalent to Medicis Pharmaceutical Corp.'s Loprox(R) Topical Cream.

In the second quarter, the Company also received approval of its ANDA for fluticasone propionate ointment 0.005%, a topical corticosteroid product used for treating inflammatory skin disorders. This prescription pharmaceutical product is bioequivalent to GlaxoSmithKline's Cutivate(R) Ointment.

Currently, Taro has 28 filings at the FDA. These consist of 27 ANDAs, including two tentative approvals, plus a New Drug Application related to the Company's proprietary NonSpil(R) liquid drug delivery system. In addition, the Company has regulatory filings in Israel, Canada and other countries. According to industry sources, the ANDAs address U.S. markets with annual sales in excess of \$1 billion.

Conference Call

The Company will conduct a conference call to discuss second quarter and six month results on Thursday, July 28, 2005 at 11 a.m. Eastern Time (8 a.m. Pacific Time). The call will be available live via the Internet by accessing www.taro.com. An online replay will be available through August 4, 2005 on www.taro.com. A telephone replay will also be available through August 5, 2005 by dialing 1-888-286-8010 (domestic U.S.) or +617-801-6888 (international) and providing the passcode 82524360 when prompted.

Taro is a multinational, science-based pharmaceutical company dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products.

For further information on Taro Pharmaceutical Industries Ltd., please visit the Company's website at www.taro.com.

Certain statements in this release may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements may include, but are not limited to, statements that do not describe historical facts and statements that refer or relate to events or circumstances the Company "anticipates," "expects," "plans," "intends," "designs," "believes," "hopes," or "wants" to happen or exist; statements about which the Company is "optimistic" or has "confidence," or, similar language. Although Taro Pharmaceutical Industries Ltd. believes the expectations reflected in such forward-looking statements to be based on reasonable assumptions, it can give no assurances that its expectations will be attained. Factors that could cause actual results to differ include general economic conditions, industry and market conditions, slower than anticipated penetration of new markets, changes in the Company's financial position, regulatory actions and legislative actions in the countries in which Taro operates, future demand and market size for products under development, marketplace

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

acceptance of new or existing products, either generic or proprietary, sold directly by Taro or through other companies, and other risks detailed from time to time in the Company's SEC reports, including its Annual Reports on Form 20-F. Forward-looking statements speak only as of the date on which they are made. The Company undertakes no obligations to update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.

TARO PHARMACEUTICAL INDUSTRIES LTD.
SUMMARY CONSOLIDATED BALANCE SHEETS
(US dollars in thousands)

	June 30, 2005 ----	March 31, 2005 ----	December 31, 2004 ----
Assets			
Current Assets:			
Cash and Cash Equivalents	\$78,665	\$78,010	\$98,630
Restricted Short-Term Bank Deposits	6,750	6,796	6,598
Accounts Receivable - Trade	138,965	129,955	124,674
Accounts Receivable - Other and Prepaid Expenses	19,203	16,434	16,621
Inventories	79,003	80,618	86,591
-----	-----	-----	-----
Total Current Assets	322,586	311,813	333,114
Long Term Investments	18,512	21,300	19,984
Property, Plant and Equipment, net	260,383	257,935	241,966
Deferred Taxes and Other Assets	101,060	102,160	101,783
-----	-----	-----	-----
TOTAL ASSETS	\$702,541	\$693,208	\$696,847
=====	=====	=====	=====
 Liabilities and Shareholders' Equity			
Current Liabilities:			
Short-Term Bank Credits	\$67,282	\$58,966	\$64,961
Current Maturities of Long-Term Liabilities	19,325	15,517	16,944
Accounts Payable and Accrued Expenses	50,036	51,592	49,624
-----	-----	-----	-----
Total Current Liabilities	136,643	126,075	131,529
Long -Term Liabilities	179,495	183,723	187,346
Deferred Taxes and Other Liabilities	8,003	8,644	9,158
-----	-----	-----	-----
Total Liabilities	324,141	318,442	328,033
Minority Interest	664	654	694
Shareholders' Equity	377,736	374,112	368,120
-----	-----	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$702,541	\$693,208	\$696,847
=====	=====	=====	=====

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

TARO PHARMACEUTICAL INDUSTRIES LTD.
 SUMMARY CONSOLIDATED STATEMENTS OF INCOME
 (US dollars in thousands, except per share data)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2005	2004	2005	2004
	----	----	----	----
SALES	\$78,571	\$49,103	\$157,112	\$133,180
Cost of Sales	35,069	25,613	70,165	53,327
	-----	-----	-----	-----
Gross Profit	43,502	23,490	86,947	79,853
Operating Expenses:				
Selling, General and				
Administrative	23,322	30,575	49,739	64,723
Research and Development	11,848	10,510	21,599	22,229
	-----	-----	-----	-----
Operating Income (Loss)	8,332	(17,595)	15,609	(7,099)
Financial and Other				
Expenses Net	1,595	2,183	3,630	3,987
	-----	-----	-----	-----
Taxes on Income	6,737	(19,778)	11,979	(11,086)
	233	(10,352)	488	(12,610)
	-----	-----	-----	-----
Minority Share in Profits	6,504	(9,426)	11,491	1,524
(Loss) of Subsidiary	11	(566)	(30)	(736)
	-----	-----	-----	-----
NET INCOME (LOSS)	\$6,493	\$ (8,860)	\$11,521	\$2,260
	=====	=====	=====	=====
Earnings (Loss) per				
Ordinary Share	\$0.22	\$ (0.31)	\$0.39	\$0.08
Diluted Earnings per				
Ordinary Share	\$0.22		\$0.39	\$0.08
Weighted Average Number of				
Shares:				
BASIC	29,235,878	29,023,594	29,213,941	29,006,821
DILUTED	29,646,402		29,630,724	29,762,244

CONTACT: Taro Pharmaceutical Industries Ltd.
 Daniel Saks, 914-345-9000 ext. 6208
 OR
 Kevin Connelly, 914-345-9000 ext. 6338

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

Edgar Filing: TARO PHARMACEUTICAL INDUSTRIES LTD - Form 6-K

undersigned, thereunto duly authorized.

Date: July 28, 2005

Taro Pharmaceutical Industries Ltd.

By: /s/ Kevin Connelly

Name: Kevin Connelly
Title: Senior Vice President
Chief Financial Officer