

FOREST LABORATORIES INC
Form 10-Q
August 06, 2010

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2010

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

For the transition period from to

Commission File No. 1-5438

FOREST LABORATORIES, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

11-1798614
(I.R.S. Employer
Identification Number)

909 Third Avenue
New York, New York
(Address of principal executive offices)

10022-4731
(Zip code)

(212) 421-7850
(Registrant's telephone number, including area code)

(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 12 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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting
company ☐

(Do not check if a smaller
reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Number of shares outstanding of Registrant's Common Stock as of August 5, 2010: 285,544,480

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PART I - FINANCIAL INFORMATION

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(In thousands)	June 30, 2010 (Unaudited)	March 31, 2010
Assets		
Current assets:		
Cash (including cash equivalent investments of \$1,722,819 in June and \$1,859,321 in March)	\$ 1,723,642	\$ 1,863,484
Marketable securities	1,566,268	1,458,778
Accounts receivable, less allowance for doubtful accounts of \$17,177 in June and \$17,192 in March	404,434	475,653
Inventories, net	460,732	467,769
Deferred income taxes	239,630	236,545
Other current assets	61,171	76,962
Total current assets	4,455,877	4,579,191
Marketable securities and investments	598,013	742,335
Property, plant and equipment	610,122	602,780
Less: accumulated depreciation	289,228	279,496
	320,894	323,284
Other assets:		
Goodwill	14,965	14,965
License agreements, product rights and other intangibles, less accumulated amortization of \$512,853 in June and \$506,392 in March	460,190	466,742
Deferred income taxes	95,942	96,490
Other assets	448	524
Total other assets	571,545	578,721
Total assets	\$ 5,946,329	\$ 6,223,531

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

(In thousands, except for par values)	June 30, 2010 (Unaudited)	March 31, 2010
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 103,661	\$ 130,205
Accrued expenses	969,043	849,441
Total current liabilities	1,072,704	979,646
Long-term liabilities:		
Income tax liabilities	379,177	353,978
Commitments and contingencies		
Stockholders' equity:		
Series preferred stock, \$1.00 par; shares authorized 1,000; no shares issued or outstanding		
Common stock, \$.10 par; shares authorized 1,000,000; issued 424,164 shares in June and 424,090 shares in March	42,416	42,409
Additional paid-in capital	1,578,655	1,565,585
Retained earnings	7,179,096	7,061,619
Accumulated other comprehensive (loss) income	(21,534)	3,695
Treasury stock, at cost (138,622 shares in June and 121,700 shares in March)	(4,284,185)	(3,783,401)
Total stockholders' equity	4,494,448	4,889,907
Total liabilities and stockholders' equity	\$ 5,946,329	\$ 6,223,531

See notes to condensed consolidated financial statements.

FOREST LABORATORIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Income
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended	
	June 30,	
	2010	2009
Net sales	\$ 1,020,126	\$ 948,242
Contract revenue		