

WATSON PHARMACEUTICALS INC
Form 10-Q
May 09, 2007

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 MARCH 31, 2007

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 001-13305

WATSON PHARMACEUTICALS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of
incorporation or organization)

95-3872914

(I.R.S. Employer Identification No.)

**311 Bonnie Circle
Corona, CA 92880-2882**

(Address of principal executive offices, including zip code)

(951) 493-5300

(Registrant's telephone number, including area code)

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

The number of shares outstanding of the Registrant's only class of common stock as of May 3, 2007 was approximately 102,530,000.

WATSON PHARMACEUTICALS, INC.
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WATSON PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited; in thousands)

	March 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 73,550	\$ 154,171
Marketable securities	8,981	6,649
Accounts receivable, net	375,608	384,692
Inventories	492,345	517,236
Prepaid expenses and other current assets	63,130	86,115
Deferred tax assets	88,055	112,813
Total current assets	1,101,669	1,261,676
Property and equipment, net	696,119	697,415
Investments and other assets	73,497	76,377
Deferred tax assets	63,351	55,348
Product rights and other intangibles, net	735,503	779,284
Goodwill	875,443	890,477
Total assets	\$ 3,545,582	\$ 3,760,577
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 429,112	\$ 516,875
Income taxes payable		46,773
Current portion of long-term debt	5,479	107,059
Deferred revenue	17,048	19,222
Total current liabilities	451,639	689,929
Long-term debt	1,074,210	1,124,145
Deferred revenue	57,209	58,086
Other long-term liabilities	8,358	4,169
Other taxes payable	45,328	
Deferred tax liabilities	194,962	203,860
Total liabilities	1,831,706	2,080,189
Commitments and contingencies		
Stockholders' equity:		
Preferred stock		
Common stock	369	369
Additional paid-in capital	941,903	937,308
Retained earnings	1,070,317	1,041,638
Accumulated other comprehensive income	1,287	1,073
Treasury stock, at cost	(300,000)	(300,000)
Total stockholders' equity	1,713,876	1,680,388
Total liabilities and stockholders' equity	\$ 3,545,582	\$ 3,760,577

See accompanying Notes to Condensed Consolidated Financial Statements.

WATSON PHARMACEUTICALS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited; in thousands, except per share amounts)

	Three Months Ended	
	March 31,	
	2007	2006
		Restated
Net revenues	\$ 671,605	\$ 407,233
Cost of sales (excludes amortization, presented below)	424,720	234,754
Gross profit	246,885	172,479
Operating expenses:		