Taro Reports Record First Quarter 2003 Results; 29th Consecutive Quarter of Record Sales, 19th Consecutive Quarter of Record Net Income

April 16, 2003

HAWTHORNE, N.Y., Apr 16, 2003 (BUSINESS WIRE) -- Taro Pharmaceutical Industries Ltd. (Nasdaq/NMS: TARO):

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First Quarter Highlights

--  Sales Increase 55% to $69.0 Million
--  Net Income Increases 42% to $14.0 Million, or $0.47 per
    Diluted Share
--  Etodolac Extended-Release Tablets ANDA Approved in the US
--  Ammonium Lactate Cream, 12% ANDA Approved in April in the US
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Taro Pharmaceutical Industries Ltd. (Nasdaq/NMS: TARO) today reported record sales and earnings for the Company's first quarter ended March 31, 2003.

Financial Results

The first quarter results represent Taro's 29th consecutive quarter of record sales and 19th consecutive quarter of record net income.

"Taro's investments in research, manufacturing and marketing have resulted in a sustained growth record," said Barrie Levitt, M.D., Chairman of the Company.

Taro's first quarter 2003 sales increased 55% to $69.0 million, compared with sales of $44.5 million for the first quarter of 2002. Gross profit in the first quarter of 2003 increased 54% to $44.4 million, or 64% of sales, compared with $28.8 million, or 65% of sales, for the year-ago quarter.

Selling, general and administrative ("SG&A") expenses were 25% of sales, or $17.5 million, compared with 26% of sales, or $11.7 million, in the first quarter of 2002. SG&A expenses in the quarter reflect increases in selling costs associated with the Company's initiation of U.S. marketing activities for proprietary products.

Operating income before R&D expenses increased to $26.8 million, or 39% of sales, compared with $17.1 million, or 38% of sales, in the year-ago quarter. R&D expenses increased to $8.7 million, or 13% of sales, compared with $5.4 million, or 12% of sales, for the first quarter of 2002.

Net income for the quarter increased 42% to $14.0 million, or $0.47 per diluted ordinary share, compared with $9.9 million, or $0.34 per diluted ordinary share, for the first quarter of 2002.

Proprietary Products

In January 2003, Taro acquired four proprietary prescription pharmaceutical products from Medicis (NYSE:MRX). Two are used primarily in pediatric settings: Ovide(R) (malathion) topical lotion, a pediculicide indicated for the treatment of head lice, and Primsol(R) (trimethoprim HCl) oral solution, an antibiotic for children with middle ear infections. The other products are indicated for dermatological conditions: Topicort(R) (desoximetasone) cream, ointment and gel, topical corticosteroids used for inflammatory skin diseases, and A/T/S(R) (erythromycin) gel and solution, topical antibiotics used in the treatment of acne. The four products are being promoted directly to physicians by TaroPharma, a division of Taro U.S.A.

"We intend to support the TaroPharma division by utilizing our scientific, clinical and regulatory expertise, as well as through our business development program," said Dr. Levitt.

Kerasal(R), a proprietary over-the-counter product, is being marketed by Taro Consumer Healthcare Products, a division of Taro U.S.A. This unique, exfoliating moisturizer for the feet is being sold by major drug and grocery chains and mass merchandisers across the country.

Facilities Acquisitions and Expansion

On March 21, 2003, Taro completed the acquisition of a facility formerly owned by Antigen Pharmaceuticals Ltd., located in Roscrea, County Tipperary, Ireland. This facility, acquired in liquidation proceedings, consists of a 14-acre campus with 124,000 square feet of manufacturing, laboratory, office and warehouse space.

The facility is licensed by the Irish Medicines Board to manufacture pharmaceutical products in Ireland for distribution in the European Union. Individual products to be manufactured by Taro at this new facility will require regulatory approval in each jurisdiction, and there can be no assurance with respect to the granting or timing of such approvals. The acquisition of the Roscrea campus is part of Taro's strategy for expansion into Europe. The Company plans to upgrade the facility to meet Taro's standards of manufacturing quality and efficiency.

In Haifa, Israel, Taro is completing work on a new chemical manufacturing facility for the production of active pharmaceutical ingredients. Taro has also completed construction of a state-of-the-art warehouse and is continuing work on a new pharmaceutical manufacturing plant. In Canada, manufacturing lines are being added and a new research center is nearing completion.

Balance Sheet

At March 31, 2003, total assets were $429.8 million, compared with $379.8 million at December 31, 2002. Cash and cash equivalents were $121.9 million, compared with $130.7 million at the end of 2002. Total liabilities were $141.9 million, compared with $109.5 million at the end of 2002. Shareholders' equity was $286.5 million, compared with $269.1 million at the end of 2002. The decrease in cash and cash equivalents and the increase in liabilities reflect Taro's acquisition of the four Medicis products, the acquisition of the manufacturing facility in Ireland, and capital investments in property, plant and equipment.

Additional Etodolac Products Approved

In March, Taro's U.S. affiliate received U.S. Food and Drug Administration ("FDA") approval of its Abbreviated New Drug Application ("ANDA") for etodolac extended-release tablets in three strengths: 400 mg, 500 mg and 600 mg. The products are bioequivalent to Wyeth's Lodine(R) XL tablets in the same three strengths. Etodolac is a prescription product used in managing the signs and symptoms of both osteoarthritis and rheumatoid arthritis. According to industry sources, 2002 U.S. sales of extended-release 400 mg, 500 mg and 600 mg etodolac tablets totaled approximately $37 million.

The extended-release tablets join Taro's existing line of immediate-release etodolac products: capsules in 200 mg and 300 mg strengths and tablets in 400 mg and 500 mg strengths. These products are bioequivalent to Lodine(R) capsules and tablets in the same strengths.

Ammonium Lactate Cream Approved

In April, Taro's U.S. affiliate received FDA approval of its ANDA for ammonium lactate cream, 12%. The product is bioequivalent to Bristol-Myers Squibb's Lac-Hydrin(R) cream. Ammonium lactate cream is a prescription product used for the treatment of dry, scaly skin (xerosis) and ichthyosis vulgaris and for temporary relief of itching associated with these conditions. According to industry sources, U.S. sales of ammonium lactate cream products were approximately $34.5 million in 2002.

U.S. FDA Filings

Currently, Taro has 23 filings at the FDA. These consist of 21 ANDAs, including a tentative approval for Loratadine syrup, plus one unique supplemental ANDA and one New Drug Application related to Taro's NonSpil(TM) liquid drug delivery system. The ANDAs address U.S. markets with annual sales in excess of $1 billion.

The Company plans to launch a series of products incorporating its spill-resistant NonSpil(TM) technology in 2003-2004. However, there can be no assurance of regulatory approval or commercial success of any NonSpil(TM)-related product.

"We plan to continue making capital investments in line with increasing demand for Taro's products and the growth of the company's pipeline," said Dr. Levitt. "To prepare for this growth, we intend to continue to augment Taro's production capacity and other infrastructure requirements."

Conference Call

The Company will conduct a conference call to discuss first quarter results on Wednesday, April 16, 2003 at 10:00 a.m. Eastern Time (7:00 a.m. Pacific Time).

The call will be available live via the Internet by accessing www.taro.com.

Online and telephone replays of the call will be available from 1:00 p.m. on April 16th through Friday, April 25, 2003. The online replay can be accessed at www.taro.com. The telephone replay can be accessed by dialing 1-800-428-6051 (domestic U.S.) or +973-709-2089 (international) and entering the passcode 289566 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 are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited to, statements that are not describing historical facts, and comments concerning the TaroPharma and Taro Consumer Healthcare Products divisions in the U.S., proprietary products, manufacturing operations in the U.S. and Ireland, expanded manufacturing or warehousing operations in Israel and Canada, research facilities and programs, increases in manufacturing capacity, proprietary products, and Taro's filings with the FDA. 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 or intends to market products, marketplace acceptance of existing or newly approved generic products, the viability of acquired facilities and difficulties in integrating them into the operations of Taro, marketplace and/or physician and patient acceptance of prescription or over-the-counter proprietary products developed or acquired by Taro, and other risks detailed from time to time in the Company's SEC reports, including its 2001 Annual Report on Form 20-F.

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

	MARCH 31, 2003	DECEMBER 31, 2002
Assets		
Current Assets:		

Cash and Cash Equivalents	$121,857	$130,717
Restricted Short-Term Bank Deposits	2,480	2,468
Accounts Receivable - Trade	71,617	69,038
Accounts Receivable - Other and Prepaid Expenses	11,321	12,453
Inventories	50,763	42,439
Total Current Assets	258,038	257,115
Long Term Investments	1,396	1,348
Property, Plant and Equipment, net	118,445	93,358
Deferred Taxes and Other Assets	51,900	28,024
TOTAL ASSETS	$429,779	$379,845
Liabilities and Shareholders' Equity		
Current Liabilities:		
Short-Term Bank Credits	$14,373	$2,310
Current Maturities of Long-Term Liabilities	8,624	7,962
Accounts Payable and Accrued Expenses	57,286	47,972
Total Current Liabilities	80,283	58,244
Long-Term Liabilities	57,418	47,127
Deferred Taxes and Other Liabilities	4,240	4,178
Total Liabilities	141,941	109,549
Minority Interest	1,289	1,159
Shareholders' Equity	286,549	269,137
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$429,779	$379,845

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

	Three Months Ended March 31,	
	2003	2002
SALES	$68,968	$44,539
Cost of Sales	24,588	15,699
Gross Profit	44,380	28,840
Operating Expenses:		
Selling, General and Administrative	17,541	11,745
Operating Income before Research and Development	26,839	17,095
Research and Development	8,722	5,351
Operating Income	18,117	11,744
Financial (Income) Expenses - Net	271	(59)
	17,846	11,803
Other Income - Net	8	-
	17,854	11,803
Taxes on Income	3,735	1,872
	14,119	9,931

Minority Share in Profits of Subsidiary	130	56
NET INCOME	$13,989	$9,875
Earnings per Ordinary Share	$0.49	$0.35
Diluted Earnings per Ordinary Share	$0.47	$0.34
Weighted Average Number of Shares-		
BASIC EPS	28,790,973	28,620,894
DILUTED EPS	29,490,099	29,421,941

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