Annual report 2006

actavis

creating value in pharmaceuticals

Actavis around the world

Actavis Group is one of the world's leading players in the development, manufacture, and sale of first-class generic pharmaceuticals. Founded in 1956, the Company has led an assertive programme of expansion, making more than 20 acquisitions in the past seven years while maintaining strong organic growth. The Group has approximately 11,000 employees operating in over 30 countries around the globe. Actavis' headquarters are in Iceland, and the Company is listed on the OMX Nordic Exchange in Iceland (formerly the Iceland Stock Exchange).

Product portfolio

Actavis offers one of the broadest product portfolios and strongest pipelines in the generics industry:

- Around 650 products on the market
- Over 350 products under development and pending registration
- 40-45 ANDAs* expected in the US market in 2007
- Products registered in more than 60 countries
- Over 500 product and market launches expected in Group markets in 2007

*Abbreviated New Drug Application

Extensive sales network

The introduction of new products and markets remains a constant goal, and a growing sales network continues to increase accessibility to Actavis products. The Group has three sales and marketing divisions responsible for own-label products in distinct geographical areas. A fourth division concentrates on sales to third parties.

Sales & Marketing offices

US Sales: North America
WEMEA Sales: Africa, Austria, Germany, the Middle East, the Netherlands, the Nordic region, Portugal, Switzerland, the United Kingdom
CEEA Sales: the APRO*, Australia, China, the Balkans, the Baltics, Bulgaria, the CIS**, the Czech Republic, Hungary, Indonesia, Malta, Mongolia, Poland, Romania, Russia, Slovenia, Slovakia, Turkey, the Ukraine
Third-party Sales: Germany, Iceland, the United Kingdom

*Asia-Pacific Region
** Commonwealth of Independent States

Manufacturing and Research & Development facilities

The Actavis Group maintains modern development and manufacturing facilities in Europe, the US, and Asia. These plants produce a range of medicines in various formulations, including tablets, capsules, injectables, suppositories, sprays, steriles, powders, oral liquids, and semi-solids.

Mission, vision, values

Our VISION is to be a leading company in the development, manufacture, and sale of quality generic pharmaceuticals in the international market.

Our MISSION is to create value in pharmaceuticals.

- We create value for our customers by bringing first-class generics to market faster.
- We create value for our employees by providing a challenging and exciting workplace.
- We create value for our shareholders by running a profitable and fast-growing company.

Our VALUES

- We demonstrate ambition in everything we do.
- We are proactive: we make things happen.
- We are flexible enough to seize the opportunities around us.
- We foster teamwork so that we may achieve more together than we could alone.
- We value our resources and work efficiently every day.
- We provide first-class customer care.

Research & Development sites

Denmark, Iceland, India, Malta, North America, Romania, Turkey, the United Kingdom

Manufacturing sites

Bulgaria, China, Iceland, India*, Indonesia, Malta, North America, Norway**, Romania, Serbia, Turkey, the United Kingdom

* Own manufacturing and contract manufacturing
** Manufacturing plant for plasters, athletic tape, and adhesive coating

Year in brief

138% increase in total revenue

Double-digit growth in Central and Eastern Europe and North America

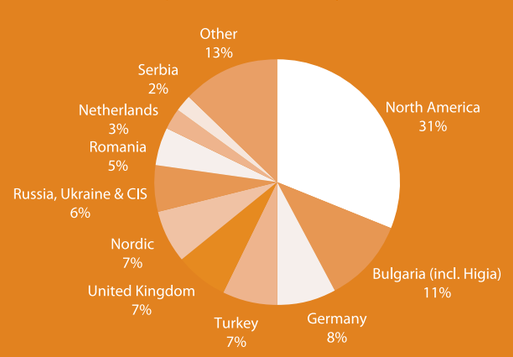
27% increase in net income

Four strategic acquisitions, presence established in the oncology market

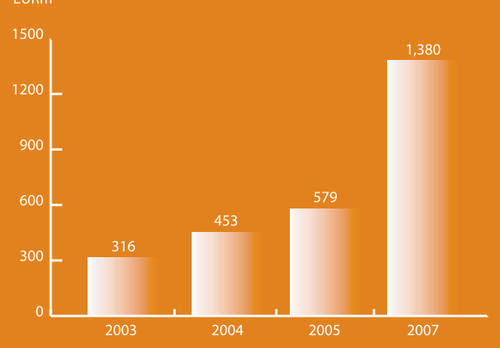
376 product and market launches

Over **355** projects in product pipeline and **55** pending ANDA´s

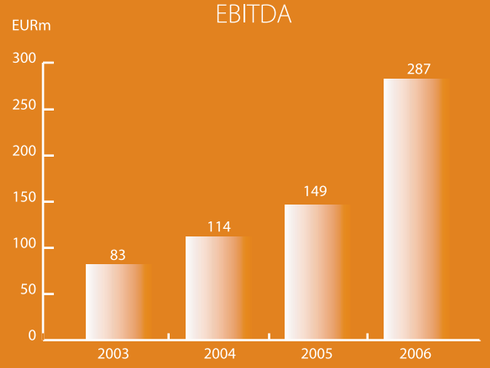
Well positioned in key markets



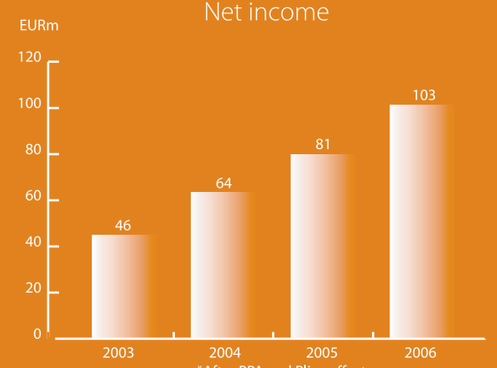
Revenue



EBITDA



Net income



*After PPA and Pliva effect

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Corporate responsibility

Actavis' strategy

At Actavis we have outlined our areas of excellence and set out our approach to becoming the best we can — the champions of first-class generics.

We continually deliver new products from our broad and growing pipeline.

Our expert regulatory teams are geared to bringing new products to market faster, guaranteeing a constant flow of the latest generics to our customers.

We have an assertive approach to expanding our portfolio through investment in advanced development facilities.

We have an aggressive approach to battling costs.

We locate business units and develop partnerships strategically where cost efficiencies can be achieved.

We continue to expand our market reach through the opening of new offices and strategic acquisitions.

We aim to grow faster than the competition in any given market and to gain a top five position in all of our key markets.

We nourish a dynamic corporate culture by recruiting, training, motivating, and rewarding people who go the extra mile and find more effective ways of achieving our goals, challenging themselves in the process.

Global vision

Chairman's statement

A clear sense of direction

The generic pharmaceuticals sector continues to present exciting opportunities on a global scale. Positive economic progress in many of the world's largest emerging markets is bolstering the demand for affordable medicine, while the ongoing pressure on healthcare spending in more established economies focuses attention on quality generic products.

The developments in 2006 and the direction in which Actavis' business has gone over the past year have been in line with our expectations. The Group continues to create exceptional value for shareholders, customers and staff around the world, while continuing to build and reinforce the framework that is essential for future growth.

The industry as a whole is going through a period of rapid consolidation, and it is a very exciting space to be in. It is likely to gain momentum and intensify, and Actavis is prepared to be part of the process.

I am pleased to report that Actavis has maintained its role as one of the pace-setters for our industry. Companies in the field are beginning to develop strategies similar to ours, so there is more competition in the M&A sphere than ever before. But Actavis has a good track record and responds well to competition.

Doing the right thing

Actavis is extremely proud to have been awarded Iceland's Knowledge Award for the third time in four years — on this occasion for mergers, acquisitions and integration skills. It is further confirmation of the Group's talent and ability to carry out successful integration of acquisitions that add immediate value to the business.

Each of our four key acquisitions last year illustrates a determination to excel in every dimension. From additional cost-cutting facilities in terms of development and production, to gaining new formulations and therapies, our external growth follows a tightly focused strategy.

The Board was happy with the professional way in which the Pliva endeavour was handled. Actavis was right to pursue the opportunity and equally right to terminate the process when it did. A higher bid could not be justified, and our management team showed great integrity in its decision-making.

A powerful momentum

2007 will be an interesting year in many ways. With the likelihood that consolidation will become even more intense, this will be a defining year for the entire industry, not just for Actavis.

We have, however, built up an obvious momentum that will stand us in good stead. We remain alert and intrepid, firmly resolved to maintain our course and capitalise on the opportunities available.

Confident in our investments, we are looking forward to a busy harvest. In particular, our long association and roots in Eastern Europe, along with our consistent enterprise in this region, will begin to deliver good results over the coming months and years.

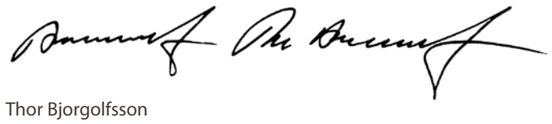
The ongoing challenge is to keep an iron grip on cost control while maintaining an extremely agile approach. Actavis has carefully nurtured a high level of flexibility, which allows marketing emphasis to change quickly and products to be shifted from one area to another as required.

Unparalleled commitment

Our thanks, as always, go to our shareholders for their trust and allegiance. On behalf of the Board, I would like to express our respect and gratitude to the Actavis management team.

Under the leadership of Robert Wessman, Actavis has set a notable example to the business world. The professional culture within the company cannot be underestimated - not only from a generic pharmaceuticals perspective, but from any company's standpoint. There is a palpable dynamism there and a loyalty that is truly admirable.

The Group's vision is a global one, with its staff united in a mutual endeavour. As we enter a new year, Actavis' integration skills become steadily more apparent. We see a business more than capable of competing on price and a platform of innovation. More than that, we see a business that is unique in its ability to execute strategy. The future will be exciting.



Thor Bjorgolfsson
Chairman of the Board

A leading force

Chief Executive's letter to shareholders

I am delighted to report another year of strong performance for Actavis. We have continued to expand the business both organically and through strategic acquisitions, further cementing our position as a leading player in the global generics market.

We met our EBITDA and net profit targets for the year, achieving an increase in reported revenues of 138% to EUR1,380 million and delivering strong underlying revenue growth of 9%. This reflects a strong performance in many of our key markets, as do the 376 new products and market launches that we made during the year. The strength of our pipeline is one of our greatest assets and one that we will continue to leverage. We made significant progress in integrating acquired businesses and achieving further synergies to further develop our global brand and strengthen our platform for future growth.

A global strategy

As one of the largest players in the global market, Actavis has won international recognition as a driver of ongoing consolidation within the generics industry. Our enduring ambition to be the best is supported by our strength and continued expansion in local markets. The breadth and depth of our business is underpinned by the expertise of our people, who never let a single opportunity pass them by.

I am often asked about the magical ingredient that sets Actavis apart from its competition. Our strategy has always been a straightforward one that is visibly communicated throughout the business. Yet it is the systematic execution of our plans, permeated by a real sense of urgency, that has delivered such strong results year after year.

Powerful achievements

In a year of substantial progress, there have been some notable achievements, not least the acquisitions that we made. Actavis acquired four businesses to support our activities in the US, Romania, India and Russia.

The Romanian business Sindan, which we acquired in March 2006, gave us an immediate foothold in the fast growing oncology market. A prompt and successful FDA* audit of the plant was completed in 2006 and we have already filed more than 200 registrations from Sindan's portfolio worldwide. Since the acquisition we have set up a Hospital Unit, which will supply hospital products and general products. We aim to capitalise on a growing sector whose worth is estimated at EUR60 billion worldwide.

In November we acquired Abrika in the US, which allowed us to become a leader in controlled-release products. Abrika's expertise, along with our existing in-house capabilities, means that we now have about 50 controlled-release products in our pipeline.

The generics market in Russia is expanding fast, and in order to become a credible player there, we believe it is important to control local production facilities. As a result, we made a strategic investment in ZiO Zdorovje, one of the best plants in the region. In December, we extended our interest in purchasing local manufacturing plants by acquiring a site in Chennai, India, representing an important link in our backward integration plans in the country. Actavis now possesses a full range of services ranging from bioequivalence studies to stability testing, development and production of active ingredients, development of formulations, and production of the finished tablet form. This sharpens our competitive edge to move forward in a fast-growing market and follows the recent development of a new pilot plant for API development in Bangalore. From this platform, our target is to develop 15-20 new drug master files this year.

We continued our investment in the upgrading of our production plants. All of our major facilities have now been fully renovated. R&D has been another area of significant investment and is reflected in our ability to deliver hundreds of new products and market launches, as well as 38 ANDA** filings in the US. In 2006, substantial effort went into preparation for market entries in Austria, Switzerland, and Italy. Talented staff have been hired for all locations, and we will begin to generate sales in those countries later this year.

The re-branding of our products around the world under the Actavis label is progressing very nicely. The aim is to complete the process this year and enhance brand recognition and trust among customers with effective marketing support.

Integration expertise

Last year represented the first full year with Alpharma's human generics business as part of the Group. Our acquisition goals have been achieved, giving us a balanced business geographically, with one-third of our revenues in the US and a healthy split between Western and Central & Eastern Europe.

Our approach to integrating the various aspects of Actavis' business centres on the issue of value creation. Integrating only those areas that will add value to the operation, we keep the big picture in mind whilst paying close attention to important detail. As part of this work, last year we announced the closure of one of our plants in the US, divested a plant in Norway, merged the Scandinavian sales and marketing offices, and integrated a supply chain and an R&D centre as well as all the support functions within the Group.

Cost champions

In addition to our API initiatives, our substantial investment in our low-cost production sites over recent years has generated strong returns. In addition to our facilities in Malta and Bulgaria, we have opened a new plant in Serbia, which was completed last year. Coming online in 2007 will be a state-of-the-art, seven-billion-capacity plant in New Jersey in the US.

Throughout every function and every level of the Company, Actavis is engaged in a constant battle to reduce costs and enhance efficiency. We continue to transfer products successfully to low-cost production sites with the aim of making the business even more cost-competitive.

Management additions

From a wide array of 'home-grown' talent, we were delighted to welcome Steinthor Palsson to the executive management team last year as Executive Vice President of US Operations. Steinthor has been working with us since 2002, previously as Managing Director for Actavis in Malta, where he led the complete refurbishment and development of the Malta plant, creating a world-class new product launch site.

Early in 2007 we also announced the appointments of Fearghal Murphy and Doug Boothe. Fearghal brings extensive experience to his new role as Executive Vice President of Supply Chain. In addition to his work in supply chain management, he was previously Group Logistics Manager for Actavis. Doug joined Actavis in 2005, following the acquisition of Alpharma. Now Executive Vice President of US Commercial and Administration, he will be responsible for all sales and marketing activities in the US market. I am delighted to welcome back Sigurdur Oli Olafsson, previously President of Actavis US, to our headquarters in Iceland, where he has taken on the role of Deputy to the CEO.

A consistent approach

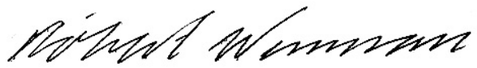
The generics industry is extremely competitive and will only become more so in the future. We will never be complacent at Actavis, but we are confident about our ability to grow and to expand our business in 2007. We remain focused and will continue to build our competitive strengths, enlarge our portfolio, achieve critical mass in key markets, enter new countries, and look constantly for opportunities to reduce costs further and deliver increased benefits for our customers and shareholders.

Our flexibility is a key strength of this Company. Quick decision-making and speedy implementation is something we have instilled into our management style and corporate culture. This kind of philosophy doesn't come out of nowhere.

We spend time educating each and every member of staff about our progress and our goals. For years, we have built a winning mindset within a winning team.

It is these people, the entire staff who have driven the business over the years, whom we thank and commend. Their achievements are exceptional. No matter how well we perform, we are always ready to take the next step, fired by a passion to be the best.

Welcome to our world.



Robert Wessman
President & CEO

*FDA – US Food & Drug Administration
** ANDA – Abbreviated New Drug Application (US)

The Actavis story

The Actavis story is one of big dreams, hard work, and determination to beat the odds. On every page there are ordinary people doing extraordinary things, challenging themselves to do something differently, to do something better.

1956
Actavis (then Pharmaco) founded as a purchasing alliance.

1972
Production of own pharmaceuticals for the domestic market begins.

1997
Registration on the Iceland Stock Exchange.

1999
The company begins to establish an international presence with the acquisition of the Bulgarian pharmaceutical manufacturer Balkanpharma.

2002
Acquisition of Serbian pharmaceutical company Zdravlje.

Merger with the international pharmaceutical company Delta.

2003
Acquisition of majority share in Danish R&D company Colotech.

Opening of US office and Swedish sales office.

2004
Acquisition of sales and marketing company Biovena in Poland.

A new name for the united Actavis Group, previously known as Pharmaco.

Acquisition of Turkish pharmaceutical company Fako.

A truly Nordic presence achieved with the acquisition of Pliva in Sweden, Norway and Finland.

2005
Acquisition of Alpharma's Human Generics business.

Acquisition of Keri Pharma in Hungary.

Acquisition of Higia in Bulgaria.

First major step into the US with the acquisition of Amide.

Acquisition of Pharma Avalanche in the Czech Republic and Slovakia.

Acquisition of Lotus Laboratories in India.

Strategic collaboration with Indian manufacturer Emcure.

2006
Acquisition of Sindan in Romania, a company specialising in the manufacture and distribution of oncology products.

Acquisition of 51% controlling interest in ZiO Zdorovje, a pharmaceutical company in Russia.

Acquisition of a manufacturing plant in India.

Entry into the speciality generics market with acquisition of Abrika Pharmaceuticals in the US.

Establishment of an API development centre in India.

2007
Acquisition of an API manufacturer in India.

Strong ambition

In 2006, Actavis delivered an increase of 138% in reported revenue to EUR1,380 million, over 9% growth in underlying revenue and a 27% growth in net income. Behind our achievements lie a clear vision and an enduring ambition to be the best.

Financial report

Actavis' results for 2006 include full-year contributions from the eight companies acquired in 2005, as well as nine months from Sindan AG, the Romanian oncology business that was acquired at the beginning of April.

Trading results

Actavis' reported revenues increased 138.2% to EUR1,379.9 million in 2006 (2005: EUR579.3 million). On a pro forma basis, including the underlying growth from businesses acquired in 2005 and 2006, the underlying growth in revenue over 2005 was 9.4%. The strongest growth performance came from the Group's North American and CEEA (Central & Eastern Europe and Asia) sales divisions, where underlying growth totalled 12.5% and 17.9% respectively.

Sales in the CEEA division were EUR529.5 million (38.4% of total revenue). 80% of growth came from the key markets in Russia, the Ukraine, Romania, Central Europe, and Bulgaria. In North America, sales were EUR425.2 million (30.8% of total revenue), which was in line with management expectations for the year. The WEMEA (Western Europe, Middle East & Africa) division contributed EUR284.6 million (20.6% of total revenue), with good full-year results in the UK. The Third-party division delivered EUR134.3 million (9.7% of total revenue), with the key French market performing well against 2005. The results of both the WEMEA and the Third-party divisions were affected by the changes in the reimbursement system in the German market and by price erosion across Western European markets.

Revenue was evenly distributed through the year (Q1: 24.8%, Q2: 26.3%, Q3: 23.5%, Q4: 25.4%)

Expenses

Operating expenses for 2006 increased 150.1% to EUR1,182.3 million (2005: EUR472.8 million) and totalled 85.7% of revenue, compared to 81.7% in 2005. The increase over the previous year was due primarily to the integration of the lower-margin Alpharma businesses acquired in December 2005, which also increased the amortisation charge for purchased intangibles, as well as the lower margins earned through the new distribution business units in Bulgaria, Romania, and Hungary.

Cost of sales was most affected by the integration of the lower-margin new businesses, increasing as a percentage of revenue to 57.1% (2005: 47.7%). The increase was partially offset by the emergence of positive results from cost management programmes within the Bulgarian plants and by the ongoing strategy to achieve lower manufacturing costs by transferring production in Iceland to the Group's plant in Malta.

During the year, the Group reorganised its operations in Serbia. The improvements have led to a stronger infrastructure, higher manufacturing output, and a more efficient distribution capability across the region, in addition to a 17% reduction in the workforce through a voluntary redundancy programme. These changes resulted in a charge of EUR2.5 million in 2006 and are expected to deliver annual savings of EUR2.0 million.

In 2006, in order to report the underlying costs of the business more accurately, the Group reclassified certain costs as cost of sales. The reported cost of sales in 2006 now includes certain quality control costs that were previously consolidated with reported R&D numbers, and the cost of purchasing certain in-licensed products that were previously consolidated with reported sales and marketing numbers. The impact of this change increases the cost of sales percentage by 1.2% compared to 2005.

Sales and marketing expenses were EUR197.3 million and, at 14.3% of revenue, were in line with the previous year (2005: EUR81.4 million, 14.0% of revenue). General and administrative expenses were EUR130.0 million (9.4% of revenue), a relative reduction from the previous period (2005: EUR60.6 million, 10.5% of revenue). R&D expenses charged to the Profit & Loss Account were EUR66.8 million (2005: EUR54.3 million). This includes EUR40.6 million of cash spending and EUR26.2 million for the amortisation of intangible assets that were internally generated or acquired. Total cash spending on R&D was EUR90.7 million. Of that total, EUR40.6 million was expensed and EUR50.1 million capitalised.

Earnings

After cash expenses (excluding depreciation and amortisation charges), the EBITDA margin was 20.8% (2005: 25.6%). Excluding the low-margin distribution businesses, the EBITDA margin would have been 22.3% (2005: 25.9%). Further excluding the impact of purchase price amortisation, the EBITDA margin would have been 25.0% (2005: 27.5%).

Net interest and other financial items

Financial expenses were EUR70.3 million during the year (2005: EUR13.2 million), driven by the payment of interest on the Group's net debt. Also included in financial items are the costs associated with the attempted acquisition of Pliva (EUR24.4 million) and an exchange gain (EUR5.2 million).

Tax

The tax charge for the year was EUR24.6 million, reflecting an effective average rate of 19.3% (2005: 11.5%). The average tax rate reflects the mix in profits between companies within the Group across various tax jurisdictions. The increase in the average rate in 2006 is due to the full-year effects of the new North American businesses, as corporate tax rates are significantly higher in North America than in other regions where the Group operates.

Profit

Reported profit for the year grew 26.8% to EUR102.7 million (2005: EUR81.0 million). Excluding the impact of costs related to the Group's offer for Pliva in the third quarter and the effect of amortisation of purchased intangibles, underlying profit grew by 71.7% to EUR148.8 million (2005: EUR86.7 million)

Earnings per share

Reported diluted earnings per share (EUR0.01804) fell 29.2% against 2005 (EUR0.02548). Excluding the impact of costs related to the Group's offer for Pliva in the third quarter and the effect of amortisation of purchased intangibles, underlying diluted earnings per share grew by 16.7% to EUR0.03190 (2005: EUR0.02734). The calculation of diluted earnings per share and underlying diluted earnings per share takes full account of the dividend entitlements on preference shares.

Assets

At the end of the year, the Group's total assets amounted to EUR2,579.4 million, an increase of 7.9% from 2005 (EUR2,389.6 million).

After currency adjustments and acquisitions, goodwill increased by EUR59.4 million and intangible assets by EUR36.6 million. Of intangible assets, capitalised development cost represented EUR167.6 million and increased by EUR76.5 million.

The net value of property, plant, machinery and equipment after currency adjustments increased by EUR36.0 million.

Inventories rose by EUR48.4 million to EUR277.9 million, primarily because finished goods stocks increased to support the enlarged business in 2006.

Trade receivables, at EUR232.2 million, were tightly controlled and were maintained at 2005 levels (EUR232.4 million). Trade receivables represented less than 60 days of average sales.

Shareholders' equity and liabilities

Shareholders' equity reduced by EUR117.1 million through the impact of foreign currency translation differences on reserves and the effect of management stock option issuance.

Net debt increased to EUR1,150.8 million because the loan facility was increased to finance 2006 acquisition activities and the purchase of EUR95 million of treasury stock in the fourth quarter.

Cash flow

Working capital provided by operating activities increased by 87.1%, to EUR204.1 million (EUR109.1 million). Net operating assets increased by EUR42.2 million (2005: EUR6.1 million) due to the increase in inventories. Of EUR161.9 million in net cash generated from operating activities, a net EUR144.4 million was invested in property, plant, machinery, and equipment, as well as intangible assets (2005: EUR98.4 million). Before acquisitions and financing activities, the Group had a positive net free cash flow of EUR17.5 million (2005: EUR4.6 million).

Capital expenditure investments

Investment in the business, including capitalised R&D and other intangibles, was EUR162.3 million (2005: EUR103.6 million).

Investments in fixed assets were EUR96.8 million (2005: EUR62.4 million).

The investment focus in the US included the construction of the Riverview (solid dose) factory in New Jersey and the expansion of the Lincolnton (semi-solid/liquid) facility, following the announcement that production from the Baltimore manufacturing plant will be phased out over the next two years and transferred to the Lincolnton site in North Carolina. The consolidation of these two plants is expected to deliver cost synergies of EUR5 million in 2008 and EUR14 million from 2009 onwards. The closure costs related to Baltimore have been fully reserved in the accounts.

In Eastern Europe, the focus was on the upgrade and expansion of factories in Bulgaria, Malta, and Serbia. The Group also completed the construction of its new R&D facilities and corporate offices in Iceland. Overall, the Group invested EUR29.0 million in its US businesses, EUR32.2 million in Eastern European units, EUR18.5 million in Iceland, EUR7.2 million in Malta, EUR4.2 million in India, and EUR5.5 million in other businesses in Western Europe and Asia.

Investments in R&D and intangibles were EUR65.5 million (2005: EUR41.2 million).

Other investments

In April, the Group acquired Sindan, the Romanian manufacturer and distributor of oncology products, for EUR149.5 million.

Integration, consolidation, and expansion

In November, it was announced that the US distribution centre in Columbia, Maryland, was to close by April 2007. This is consistent with the Group's decision to outsource non-core operations that are not cost-effective.

In December the manufacturing facility in Lier, Norway, was divested. The decision to sell the plant was part of the Company's ongoing strategy of enhancing efficiency by consolidating its European operations. The net effect of the sale has been reflected in the results.

In the final quarter of 2006, the Group concluded a binding agreement to acquire Abrika Pharmaceuticals Inc, a US-based speciality generic pharmaceuticals company, to expand its presence in Russia with the purchase of a majority stake in ZiO Zdorovje, a leading Russian pharmaceutical manufacturer and to acquire a manufacturing company based in Chennai, India. These acquisitions were not closed in 2006 and have not been reflected in the 2006 results.

Dividend

The Board of Directors does not propose the payment of dividends to shareholders in 2007. During a shareholder meeting in December 2005, shareholders approved that no dividend would be paid while B-class shares were outstanding (see page 40).

IFRSs

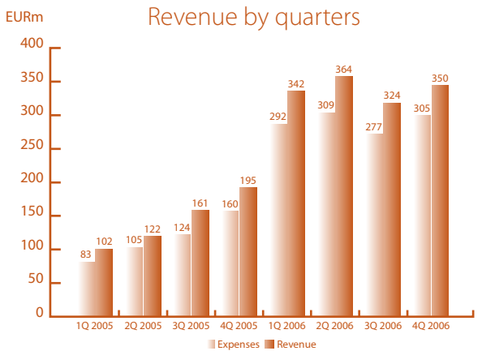
The Group's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the European Union. Additional disclosures are provided in accordance with the requirements of the OMX Nordic Exchange.

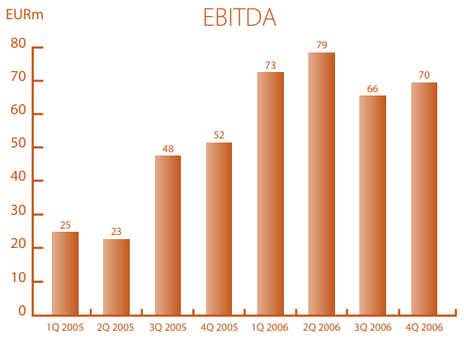
Financial guidance

Management expects revenue for the year 2007 to total EUR1.6 billion, representing an underlying growth of 13% over and above 2006, with an average EBITDA margin of 21-22% for the year. Sales in Central and Eastern Europe and Asia (CEEA), Third-party sales, and sales in West Europe, Middle East and Africa (WEMEA) are all expected to register double-digit underlying growth, while sales in North America will grow at low single-digit rates.

Revenue and EBITDA are expected to be higher in the second half of 2007 than in the first half. This is because the Group will realise, in the second half of the year, the benefits from the active launch schedule and marketing campaigns undertaken in the first half.

By the end of 2009, management expects to reach EUR1.9 billion in revenue with a 25% EBITDA margin. Earnings per share are expected to grow by over 20% per year from 2007-2009.





Key ratios

EUR thousands	2006	2005	% Change
Total revenue	1,379,921	579,264	138.2%
EBITDA	287,134	148,471	93.4%
EBITDA %	20.8%	25.6%	-4.8%
Net profit	102,689	81,003	26.8%

Sales & marketing

Actavis' Sales & Marketing division is split into four units:

Own-label sales are divided geographically between Central & Eastern Europe and Asia (CEEA); Western Europe, the Middle East and Africa (WEMEA), a unit created as a result of the Group's acquisition of Alpharma's human generics business in 2005; and North America, formed following the acquisition of Amide in 2005 and enlarged after Alpharma's US operations were purchased. The year 2006, therefore, represents a first full-year contribution from North America and WEMEA. The Group's Third-party sales division forms the fourth business stream.

WEMEA: Western Europe, the Middle East and Africa
CEEA: Central & Eastern Europe and Asia

Actavis' strong performance in 2006 was driven by strong volume growth in the US and the introduction of several new products. In addition, the Group experienced good revenue growth in its CEEA division, notably in Russia, the Ukraine, and Bulgaria.

Pro forma sales in the WEMEA division were flat on 2005 due to severe price erosion in key markets such as the Netherlands, Germany, and the UK. The Third-party sales division had a strong year but was also affected by price erosion and a number of core customers being acquired by Actavis, resulting in revenue transferring to the own-label part of the business.

Actavis' largest markets based on total sales of finished products were North America (31%), Bulgaria (including the distribution business of Higia - 11%), Germany (8%), Turkey (7%), the UK (7%) and the Nordic region (7%).

During 2006, 376 product and market launches were made (encompassing 163 molecules), 54 of which were first to market.

The highest selling products in the year included:

Product name	Originator (Company)	Therapeutic group	Division	Sales in 12M 2006
Gabapentin	Neurontin (Pfizer)	CNS	N-America	47.3
Diltiazem	Cardizem (Biovail)	Cardiovascular	N-America	41.8
Oxycodone	Roxicodone (Xanodyne)	CNS	N-America	38.2
Ramipril	Altace (Aventis)	Cardiovascular	T-Party & WEMEA	23.9
Cravit ®	Tavanic (Sanofi Aventis)	Anti-infective	CEEA	20.1
Pentalong ®	Pentaerityrityl tetranitrate	Cardiovascular	WEMEA	21.4
Lovastatin	Mevacor (Merck)	Cardiovascular	N-America	19.8
Citalopram	Celexa (Lundbeck)	CNS	T-Party & WEMEA	19.1
Troxevasin ®	Troxevasin (Balkanpharma)	Cardiovascular	CEEA	16.0
Quinaretic ®	Accuretic (Pfizer)	Cardiovascular	N-America & T-party	17.0
Top 10 as a percentage of total product revenue for 12M				**20.2%**

North America

Actavis' performance in North America was in line with management expectations. Full-year revenue was EUR 425.2 million, a growth of 12.5% when compared against 2005 pro forma figures. Unfavourable exchange rates meant that the results were negatively affected by EUR 7.5 million.

Growth in sales was based on the success of three primary products (Diltiazem, Oxycodone, and Gabapentin) and new product launches. The division launched a total of 14 new products in 2006.

Overall, the US market continued to exhibit significant price erosion. However, a number of key products enjoyed better-than-average pricing due to later-than-expected competition.

Strong progress was made with the ongoing integration of the US business following the acquisitions of Alpharma's human generics division and Amide in 2005. This included the incorporation of sales, marketing and distribution functions into the Group. The Actavis brand was launched nationally, and good progress was made to convert all product labels to the Actavis name.

The Company continued to achieve its goals of realising synergies by focusing its efforts on API cost reduction, leveraging existing IT platforms, and implementing a "best practise" approach to integration.

Strong US development pipeline

At year-end 2006, Actavis had 134 ongoing development projects for the US market. These include controlled-release formulations, creams, ointments and liquids, in addition to tablets and capsules. In 2006 the division submitted a total of 38 ANDAs (Abbreviated New Drug Applications). This represents an increase of 25 filings over the combined submissions of Amide and Alpharma in 2005. In 2007 the Company aims to file 40-45 ANDAs.

Acquisition of Abrika Pharmaceuticals

Actavis announced a binding agreement to acquire Abrika Pharmaceuticals Inc., a US-based specialty generic pharmaceuticals company, in November. Abrika is engaged in the formulation and commercialisation of both controlled-release (CR) and other technically complex pharmaceutical products. The acquisition is subject to regulatory approval and is expected to be finalised in the first half of 2007.

Following the acquisition, Actavis will be one of the leading companies in the US market in the development of CR products, with over 50 products in the pipeline. It is expected that more than EUR50 million will be invested in CR development in 2007, supported by 100 dedicated employees. There is limited competition in CR generics due to the complex innovation and high manufacturing standards required for successful launches. This has led to higher and more durable margins than in other segments of the US generics market.

CEEA: Central & Eastern Europe and Asia

The Company's CEEA division sells into more than 50 countries. The markets in this region have huge growth potential, despite some bureaucratic challenges. Actavis remains flexible in order to meet market demands and local requirements.

In 2006, the division achieved an impressive 17.9% growth, increasing revenues to EUR529.5 million, up from EUR449.1 million in 2005 (based on pro forma numbers). This was achieved through the successful implementation of Actavis' strategy, the introduction of new products into the markets, and a better focus on the utilisation of resources.

The focus in 2006 was on creating separate revenue streams in the region, following the major re-structuring that was initiated after the Alpharma acquisition in 2005. Sales and marketing activity in the division was synchronised to create a very lean but efficient structure to handle the needs of the region. The Group also re-branded a number of recently acquired companies and maximised the cross-selling potential of the Group's various products.

Great importance was placed on the registration of new projects in different markets, and in 2006 there were 478 projects registered in 35 new markets.

The most significant markets for the CEEA division are Bulgaria, Turkey, Romania, and other markets in Eastern Europe.

Sales performance in key markets

Bulgaria saw an underlying revenue increase of 10.2% to EUR140.4 million for 2006 (2005 pro forma: EUR127.4 million). Revenue from Actavis' own-label products was EUR54.9 million (2005 pro forma: EUR48.7 million) and revenue from the region's distribution business, Higia, amounted to EUR85.5 million (2005 pro forma: EUR78.7 million).

Turkey achieved revenues of EUR115.2 million in 2006 (2005 pro forma: EUR129.6 million), a decrease of 11.1% from the previous year principally as a result of currency fluctuation during 2006, price erosion in 2Q, and some late product launches. Increased competition in the region is expected to have an impact on performance in 2007.

In **Romania**, Actavis acquired the oncology company Sindan in the spring of 2006, contributing to a significant increase in sales in Romania. Sales were EUR71.5 million, representing revenue growth of 38.4% over the previous year (pro forma 2005: EUR51.7 million). The significant growth was driven by a national health insurance budget increase for the treatment of cancer patients. Key products launched during the year included the oncology products Paclitaxel and Epirubicin.

Russia, Ukraine and the CIS continued to perform strongly, with underlying growth of 32.8% in revenue to EUR79.1 million (2005 pro forma: EUR59.5 million). Sales in Russia benefited from a number of new products, growing by 31.5% between 2005 and 2006. The Ukraine continued to perform well, achieving growth of 49.4% between years as a result of strong promotional activity and new product launches. The CIS markets (Belarus, Moldova, Kazakhstan, Georgia, Armenia, Uzbekistan, etc.) also continued to produce strong results, reporting a 19.1% increase in sales for 2006.

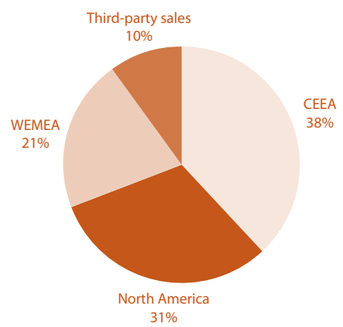
The Group's acquisition of a 51% stake in ZiO Zdorovje in 2006 will facilitate Actavis' access to the growing Russian market for pharmaceutical products.

WEMEA: Western Europe, Middle East and Africa

Sales in the division were flat at EUR284.6 million for 2006 (pro forma 2005: EUR284.5 million), primarily as a result of the compulsory discounts in Germany and continued price erosion in the UK, especially in the first half of the year. This resulted in a top-line reduction of 15% in both countries. However, sales in 4Q rose by 13.1%, indicating the likelihood of improved performance in 2007. Despite the flat year-on-year performance, Actavis has increased its market share and improved its ranking in several markets, particularly in the UK, where the Group claims a number two position.

Revenue by segments

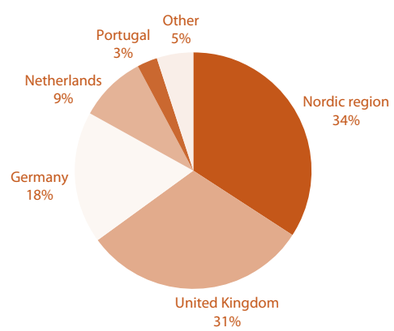
EUR1,379.9 million in 2006



Revenue for Third-party sales includes sales of finished products and intellectual property

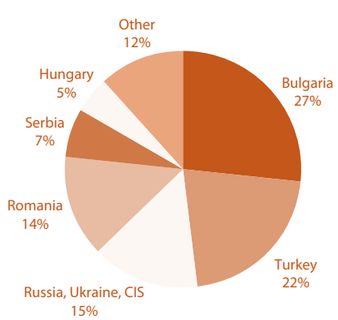
WEMEA Sales by market

EUR284.6 million in 2006



CEEA Sales by market

EUR529.5 million in 2006



Sales performance in key markets

Overall, the **UK** market grew by 6% in value to EUR89.2 million (2005: EUR84.2 million), indicating a strong performance in 2007. The UK management team has adapted the business to ensure that it is better placed to take advantage of unpredictable shortages in the market. In addition, it has launched and re-launched a number of products to broaden the pipeline. Customer service was also enhanced by a substantial investment in a telemarketing programme, building an entirely new OTC division and strengthening key account management.

Sales in **Germany** fell 9.2% to EUR51.5 million (pro-forma 2005: EUR56.7 million) due to the compulsory discounts imposed by the German government and price erosion in the market. In contrast to other players, Actavis in Germany has increased its sales force by 40% to 140 people at the end of the year and is building up a new key account function whilst continuously supporting its non-generic branded portfolio.

Similarly, sales in **the Netherlands f**ell 11.7% to EUR24.4 million (pro forma 2005: EUR27.7 million) due to price erosion connected to increased rebates. As a countermeasure, management worked on expanding the portfolio to increase coverage and strengthen key account management.

The focus on integration in the **Nordic** region has resulted in a lower cost base. The Nordic region is geared to accelerating launches and re-launches and expects to gain market share in 2007, both in the generic arena and within OTC (over-the-counter products). Work has been invested in aligning a flexible supply chain into the tender-like demand systems installed by the region's governments, with lead times down to 14 days. The region has also strengthened its sales and marketing organisation.

Third-party sales

Actavis' Third-party sales division handles sales of intellectual property developed by Actavis and sales of finished products to third parties. The division serviced more than 130 customers in over 35 different countries from all continents in 2006. The key markets for this division are Germany, France, the Netherlands, Austria, and Switzerland.

Sales in the year totalled EUR134.3 million (2005 pro forma: EUR143.6 million). The decrease from 2005 was partly due to a number of key customers being acquired by Actavis towards the end of 2005, meaning that revenue from those clients transferred to the own-label division. In addition, the German market experienced a very difficult period of severe price erosion, although it remains the most important market for the division. Sales in France continue to grow due to new patent expirations and new product launches in that market. Overall for the division, price erosion in 2006 was 8%.

Sales performance in key markets

Germany remains the largest market for the division. Sales in 2006 were flat at EUR53.4 million, as compared with EUR53.3 million in 2005. The most important products continue to be Ramipril tablets (cardiovascular), Ramipril HCT, and Citalopram (anti-depressant). The market experienced severe price erosion of 15% following the changes in the reimbursement of pharmaceuticals in Germany that were introduced during the year 2006.

Sales in **France** increased by 46% for the full year to EUR15.8 million (2005: EUR10.8 million). A number of products were launched in 2006, the most important being Ramipril tablets. Market conditions in France remain competitive due to pricing pressure, but government support for further penetration of generic drugs means that there is strong potential for future growth in the market.

The Netherlands is an important market for the division, even though it is very price-competitive. Sales during the year amounted to EUR11.7 million, almost flat compared to 2005 (EUR11.8 million). The most important products were Ciprofloxacin (anti-infective), followed by Fosinopril (cardiovascular), and Citalopram (anti-depressant).

In **Portugal**, sales increased by 32%, and in Poland sales almost tripled between 2005 and 2006. Switzerland, Spain and Belgium performed at levels similar to 2005. The greatest disappointment was the UK market, with sales of only EUR4.7 million compared to EUR12.0 million in 2005. This is mainly due to the collapse of sales of Ramipril capsules in this very competitive market.

Focus and outlook 2007

In 2007, Actavis expects to launch 18-20 new products in the US market and to file 40-45 ANDAs (Abbreviated New Drug Applications) to the FDA. The Group expects sales to be flat in 2007 compared to 2006, and it anticipates growth of 8-10% in 2008 and 2009.

For 2007, Actavis expects 15-18% growth in Western Europe with own-label and Third-party sales combined, supported by new product introductions and new market entries such as Austria, Switzerland and Italy. Furthermore, it anticipates 8-10% growth in 2008 and 2009, which is significantly in excess of market growth rates.

The main focus of the CEEA division in 2007 will be to increase the number of new products introduced in key markets such as Russia, Turkey and Bulgaria, in order to expand and update the Actavis product portfolio. The Company expects growth rates of approximately 13% in 2007 and 10% in 2008 and 2009 for the division.

Global Hospital Business Unit established

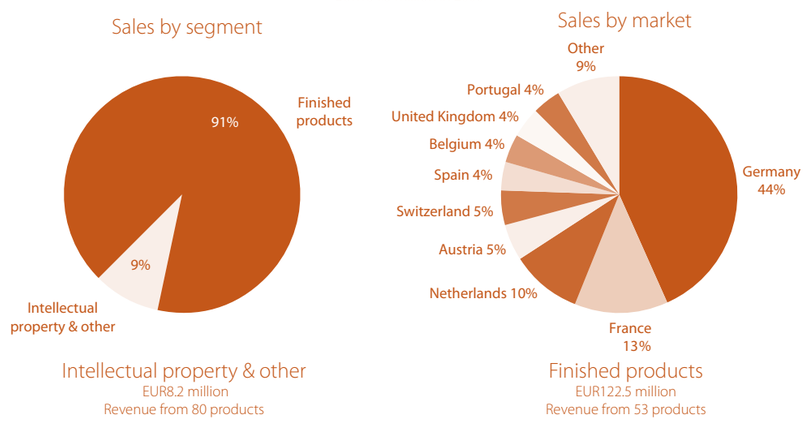
Following its acquisition of Sindan, Actavis formally established a Global Hospital Business Unit (GHBU) in July 2006. The unit is led by a core team of five commercial and technical managers with extensive experience in the hospital generics sector. The team has particular expertise in the biosimilar field across commercial, technical and regulatory affairs.

The hospital sector is worth an estimated EUR60 billion worldwide and is seen as a very attractive market expansion opportunity for Actavis. With strong underlying annual growth estimated at 8-10%, it is a natural channel extension to leverage the Company's existing skills and infrastructure. The sector is characterised by relatively high barriers to entry, due to the stringent processes involved in sterile manufacturing and the complexity of many of the products, principally injectables, used in a hospital setting.

The new GHBU is expected to bring many benefits to Actavis, including the enhancement of sales through access to participation in tenders, and entrance into new markets and therapeutic areas that are important in the hospital sector (such as antibiotics, oncology, pain management, and anaesthetics). Actavis is working hard to leverage the existing and new pipeline product portfolio acquired through Sindan and already has more than 200 oncology marketing authorisation applications filed worldwide.

The Company is also leveraging significant in-licensing resources to achieve rapid expansion of the hospital product portfolio beyond oncology. More than 40 products are now actively being sought through this channel.

Third-party sales
Sales by segments and markets
EUR134.3 million in 2006



Intellectual property & other
EUR8.2 million
Revenue from 80 products

Finished products
EUR122.5 million
Revenue from 53 products

Indian flair

In 2006, Actavis opened a new API development facility in Bangalore, as well as new premises for Lotus Laboratories. With the acquisition of the manufacturing plant in Chennai, we completed an important link in what is now a fully integrated operation in India. Bolstering our efforts in India is the 2007 acquisition of an API manufacturer.

Research & development

Research & Development (R&D) plays a pivotal role in Actavis' growth. The division's work fuels the future portfolio of products for the market. R&D also supports business development efforts by evaluating the opportunities that in-licensing brings to the Company and participating in the project selection process.

Actavis' R&D division assists the business in ensuring that products brought to market are manufactured within the cost margins necessary to take the business forward by supporting product transfers and the introduction of new active pharmaceutical ingredients.

The Company is constantly gaining access to new markets through acquisitions, and it works to ensure that all products are cross-registered.

The year in review

Actavis continued to expand its already extensive product portfolio in 2006. The Company completed a record 38 ANDA (Abbreviated New Drug Application) filings in the United States and 22 first-time submissions in Europe. The Company broadened the geographic coverage of its existing products and completed 670 new marketing authorisation applications for its own-brand affiliates. Actavis plans to maintain this strong growth in the coming year and to set another record for new submissions for marketing authorisations.

With the 2006 acquisitions of Sindan in Romania and Abrika in the US, Actavis strengthened its projects in the development of new generic drugs for the market. At the end of 2006, the Company had 355 projects in development or pending regulatory approval.

Actavis enlarged its Intellectual Property (IP) divisions in India and Iceland in order to cater for increased number of development projects. The Company intends to engage in more aggressive patent invalidations and to file even more patents this year than it did in 2006. In 2007 Actavis will establish a dedicated IP unit at the Actavis Pharma Development Centre in India, in order to support not only its API (Active Pharmaceutical Ingredients) process development, but also its finished formulations.

Last year Actavis opened new premises for its subsidiary Lotus Labs in Bangalore, India. The new premises contain offices, laboratories, and facilities for clinical and bioequivalence studies. Some 360 people work in development within the premises, which has a total area of almost 3,000 m^2.

2006 also marked Actavis' entry into the field of API development. The Company established its own API development facility in India in late 2006. See API development and the new facility at Bangalore on page 26 for more information.

Actavis employs just over 1,100 people in research and development across the business, including its regulatory affairs/pharmacovigilance and clinical development staff. Just over 230 work on generic product development at the Company's facilities in Iceland, Turkey, Malta, and Romania. Another 230 are employed in product development at four sites in the United States in Elizabeth, NJ; Totowa, NJ; Baltimore, MD; and Fort Lauderdale, FL. Actavis' contract research organisation, Lotus Laboratories in India, employed just over 330 people as of year-end 2006.

Actavis' successful integration of Alpharma, which it acquired at the end of 2005, ensured that the Group's two new R&D facilities in the United States saw the greatest number of regulatory filings in their history. These 38 filings were both new sustained-release products and a range of immediate-release products, and they were supported by the Company's R&D pipeline in Europe, cooperation with companies in India, and the oncology product range in Romania.

It was the March 2006 acquisition of Sindan in Romania that added the field of oncology to Actavis' already strong research and development capabilities. The Company has filed five ANDAs (Abbreviated New Drug Applications) in the United States and several first-time submissions in the rest of the world in order to establish itself in this fast-growing sector.

The Company's acquisition of US-based Abrika has increased Actavis' expertise in developing sustained-release formulations. It has also enhanced access to related intellectual property and to a large group of highly skilled individuals with extensive experience in drug delivery research.

Actavis strengthened the regulatory teams in its three main R&D centres in Iceland, New Jersey (US), and Denmark in order to continue to provide strong support to the Company's four main Sales & Marketing streams (see page 17).

Actavis' ongoing strategy for product selection is to develop profitable products for fast-growing and sustainable market sectors. The Company's capacity to develop these products has been expanded further following the acquisitions of Sindan and Abrika.

In-licensing

In a sector where the Intellectual Property (IP) landscape is becoming more complex and regulatory approval times are lengthening, Actavis continues to be vigilant in bringing its products to market faster and more efficiently.

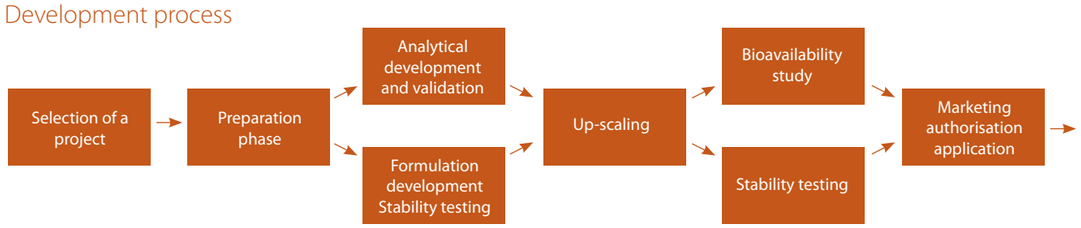
The main objective of Actavis' in-licensing department is to source as many products as needed, in addition to in-house development projects, so as to meet the Company's organic growth targets. The department aims to ensure that these products are sourced from the most reliable and cost-efficient suppliers at favourable and flexible supply terms. Actavis employs regular monitoring and contract re-negotiations in order to achieve this.

Focus for 2007

In 2007, Actavis expects to deliver over 500 product and market launches while continuing to strengthen its development and regulatory capabilities at all sites and, in particular, to enlarge the capacity for finished form products in India.

Actavis' recent acquisition of Abrika adds considerably to the Company's strength in the development of controlled-release products and offers access to strong IP and expertise in the field.

Development process



New developments, pipeline and registration summary for products developed 2006

Therapeutic category	Developments completed for EU submission	Developments completed for US submission	Total ongoing developments in pipeline	Total ongoing new product registrations	Total ongoing secondary registrations	First MAs granted	Second wave MAs Granted	ANDA approvals
Alimentary tract & metabolism	1		37	2	47	1	35	
Blood & blood-forming organs			3	1	2		3	1
Cardiovascular system	5	4	51	14	137	2	56	3
Nervous system	7	21	77	36	167	3	58	3
Genito-urinary & sex hormones	1		13	2	22	1	13	
Anti-infectives for systemic use	1		26	2	17	1	22	
Anti-neoplastic & immuno-modulating agents	7	5	15	10	140		17	
Musculoskeletal system			11	2	21		18	2
Respiratory system		3	16	5	9		13	
Systemic Hormonal Preparations		1	3	1	3			
Dermatologicals		4	21	6	22	1	15	
Other			1		32		25	
Total	**22**	**38**	**274**	**81**	**619**	**9**	**276**	**9**

API development and the new facility at Bangalore

In early December 2006, Actavis established a new 60-person API (active pharmaceutical ingredients) development facility in Bangalore, India. The new team comprises 30 organic chemists, 15 analytical chemists, and 10 support and administration staff. The facility focuses on API process development to cater for Actavis' future need for APIs.

In the short term, the team will examine the development of its own commercial supply by 2008. For the long term, it will focus on more technically challenging and needs-based products, in addition to creating first-to-file Intellectual Property where appropriate.

In 2007, Actavis intends to finalise process development for no fewer than 10 products and to file at least five patents.

Operations

Actavis' proactive and ambitious approach continues to dominate the Company's strategy in operations and quality compliance. The primary focus of the business continues to be:

- Quick response to market changes and customer demands;
- Aggressive launching of new products, continuous improvements in customer service, and reduced cost of goods;
- Innovative approach to improvement of processes and resolution of difficult supply challenges;
- Reliability in providing the right product, with the highest quality standards, at the right time.

2006 saw some changes to the management structure of Actavis' Operations division. These changes were designed to better align operations and supply chain functions and to focus even more clearly on customer service, quality, compliance, and cost-effectiveness. The Operations function will be further strengthened in 2007 with the recruitment of additional personnel for strategic positions.

The Group now operates 19 plants around the world, and a record 376 new product and market launches were delivered in 2006. The Logistics team established a single freight provider for most of Europe and outsourced its US distribution to UPS.

Expansion, divestments and achievements

Throughout 2006, Actavis continued to expand its manufacturing base and maximise the potential of its facilities. In November, the Company purchased a 51% share of ZiO Zdorovje in Russia, providing the business with a local manufacturing presence that will help facilitate participation in state hospital tenders and enable the transfer of production of certain products to Russia.

The Company's low-cost footprint was further expanded with the acquisition of a manufacturing facility in Chennai, India, in December. In early 2007, Actavis also acquired the API division of Sanmar in India, a wholly owned FDA-approved facility with the capability of developing and manufacturing its own APIs. As part of the Group's cost containment and rationalisation strategy, Actavis sold its Lier facility in Norway in 2006.

The Group's Malta factory expanded its volume significantly in 2006. The factory's anticipated volume for 2007 will increase still further, and a significant expansion of its bulk and packaging capability is planned. In Bulgaria, the Group achieved a significant reduction of plant conversion costs and an excellent customer service outcome. The country's Troyan facility upgrade was also completed on schedule, resulting in increased capacity availability. In Turkey there was a successful re-organisation of the management structure and a significant improvement in productivity, and the Serbian factory reduced its headcount considerably. In India, Actavis expanded the Lotus Laboratories facility, increasing its capacity in biochemistry studies for the Group and for third parties. Lotus Laboratories was successfully audited by the FDA in 2006.

Maximising potential

In Iceland and Malta, the Group launched a Lean Six Sigma programme while continuing the programme in the UK and US – former Alpharma plants. The Company's Icelandic and Serbian (Zdravlje) factories were awarded ISO 14001 certification in 2006. The Company also further enhanced its sales and operation planning processes to drive customer service, capacity utilisation, demand planning, and inventory management improvements.

Business continuity

Throughout the year there was continuing development of the Group-wide business continuity process. Initial plans have now been completed for all of the main operating sites in Europe and Asia, and this work will continue in 2007. The status of business continuity management (BCM) within more recent acquisitions is currently under review, and it will be extended to other business functions.

In accordance with Actavis' BCM policy, existing plans will be subject to audit and review in 2007. The BCM process within Actavis is consistent with the developing international business continuity standards.

Focus in 2007

Actavis will continue to exploit its low-cost plant capacity and will bring its Eastern European facilities up to EU/GMP standards. The Group will continue to expand its low-cost packaging centres of excellence, particularly in its Maltese, Bulgarian, Serbian, and UK plants.

In 2007 the Company will open its new Riverview, New Jersey facility - Actavis' largest and most efficient solid oral dosage factory in the United States.

Sindan, Romania

In March 2006, Actavis acquired Sindan in Bucharest, Romania. The company represents a centre of excellence in oncology.

The acquisition has provided Actavis with:

- access to a new therapeutic field;
- strong development and manufacturing expertise for oncology products.

As a result of the acquisition, Actavis has gained access to Sindan's marketing and distribution network in six countries, as well as a solid cost-efficient platform to drive future growth and expansion. The acquisition has added 29 new oncology products to the Group's product portfolio.

The Romanian market, in which Actavis is now a leading player, is expected to grow faster than most other European regions in the coming years. The oncology market is one of the fastest-growing markets for generics companies.

Quality and compliance

The production of generic pharmaceuticals is one of the most highly regulated industries in the world. Of paramount importance to Actavis' success is an effective quality assurance system built into the Company's operations, including monitoring to ensure that compliance meets regulatory requirements. The Group's commitment to high-quality products and services is borne out by its work in 2006, when the Quality & Compliance unit undertook top-to-toe corporate "health checks" of majority of Actavis' own manufacturing sites as part of the Company's overall compliance initiatives. The unit was responsible for the execution of a highly ambitious third-party auditing programme covering numerous quality and compliance audits of potential partners and more than 250 suppliers and contractors.

The Quality & Compliance team guides and audits quality systems and regulatory compliance across the Group, ensuring continuous improvement. The emphasis in 2006 was on rolling out the Corporate Quality and EHS Manual to all Actavis sites, including laboratories, as well as reviewing the manual itself to ensure its compliance with EU and FDA requirements alike. The Corporate Quality and EHS Manual outlines Actavis' quality management system and environmental, health and safety management system, ensuring everything is in place to tackle new opportunities and integrate new companies as quickly and simply as possible.

Over the course of 2006, the majority of Actavis manufacturing sites successfully went through rigorous inspections by the relevant regulatory bodies. Three sites that manufacture primarily for third-party clients were also audited by up to 30 customers over the year.

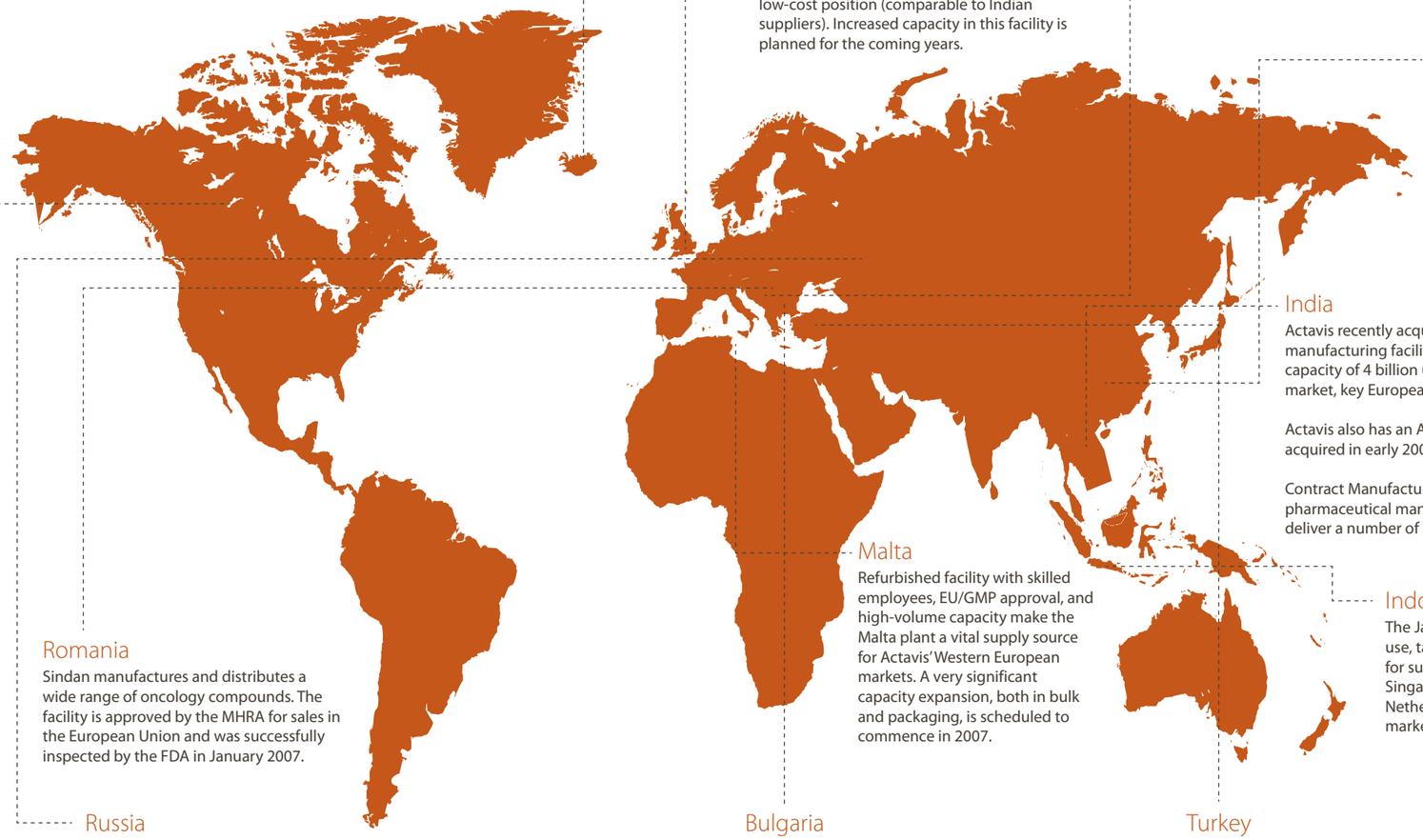
The integration of Actavis' US operations following the 2005 acquisition of Alpharma progressed according to plan in 2006. The process has been greatly facilitated by the Corporate Manual, which highlights the major elements of a successful quality management system that complies with the expectations of regulatory bodies such as the FDA and the European competent authorities.

Manufacturing sites

Actavis operates 19 manufacturing sites in 12 countries, offering comprehensive facilities for the production of high-quality generic pharmaceuticals.

In addition, Actavis has a manufacturing in Norway, Norgesplaster, which produces a large range of self-adhesive plasters and tapes for wound care, sports, and speciality applications.

Depending on market requirements, all sites comply with FDA, EU/GMP, or local GMP standards.



Iceland

One production plant operating to EU standards manufacturing tablets and capsules for Western European markets. Another pilot-scale facility manufactures batches of tablets and capsules for the early development phase. Iceland is the principal launch site for new Actavis products. The plant received ISO 14001 (EHS) certification in December 2006.

UK

An EU/GMP approved large solid-oral-dosage facility, the Barnstaple plant serves the generic of 5.5 billion tablets and capsules serving the generic, OTC and Rx markets in Europe, the Middle East, and Africa. This site has successfully maintained a highly competitive low-cost position (comparable to Indian suppliers). Increased capacity in this facility is planned for the coming years.

Serbia

Zdravlje, an Actavis Company, specialises in gastroenterology and cardiology products. The business has been streamlined to reflect the Group's core business. This facility is in the final stages of a significant upgrade and will be capable of supplying Western European markets in 2009. The plant received ISO 14001 (EHS) certification in December 2006.

China

The Foshan plant produces a range of generic pharmaceuticals and traditional Chinese medicines in tablet, capsule, liquid, cream, and powder forms. Serving the local Chinese market, the site has obtained local GMP approval.

United States

Actavis has four manufacturing sites for solid, liquid, and semi-solid dosage forms in the United States:

- Elizabeth, NJ — solid-oral-dose facility for tablets and capsules supporting a broad therapeutic range. Core competency in modified-release products.
- Baltimore, MD — a liquid manufacturer for the US market. The production of this facility is being transferred to LincoInton with the aim of completing the transaction before year-end 2008.
- LincoInton, NC — a growing production site for creams, ointments, liquids, and suppository products serving the OTC, branded, and Rx markets in the US. Leading supplier of first aid, feminine hygiene, hydrocortisone, anti-fungal, and permethrin products for private-label and own-label sales.
- Totowa, NJ — solid-oral-dose facility for tablets and capsules supporting a broad therapeutic range of high-value niche products. Known for high service levels and competitive costs, the new "Riverview" facility is set to open in 2007, increasing the solid-oral-dosage capacity to 8 billion units a year.

India

Actavis recently acquired two manufacturing plants in Chennai. A manufacturing facility for oral-solid-dosage products with a future capacity of 4 billion units. Though the plant will mainly supply the US market, key European markets will also be serviced from this facility.

Actavis also has an API manufacturing plant in Chennai, which was acquired in early 2007.

Contract Manufacturing: A collaborative agreement with four pharmaceutical manufacturers on a contract manufacturing basis will deliver a number of Actavis drugs cost-effectively for the US market.

Malta

Refurbished facility with skilled employees, EU/GMP approval, and high-volume capacity make the Malta plant a vital supply source for Actavis' Western European markets. A very significant capacity expansion, both in bulk and packaging, is scheduled to commence in 2007.

Indonesia

The Jakarta operation produces dry powder for oral use, tablets, and capsules. The facility is approved for supply to the EU markets. The facility serves Singapore, Hong Kong, Sri Lanka, Australia, the Netherlands, and Norway, in addition to the domestic market.

Romania

Sindan manufactures and distributes a wide range of oncology compounds. The facility is approved by the MHRA for sales in the European Union and was successfully inspected by the FDA in January 2007.

Russia

Actavis acquired a 51% stake in the Russian pharmaceuticals manufacturer ZiO Zdorovje in November 2006. ZiO Zdorovje is located in Podolsk (about 20 kilometres from Moscow) and produces tablets and capsules. The factory has local GMP approval and ISO 9001:2000 certification. This facility is currently undergoing an expansion programme that will be completed in 2008.

Bulgaria

Actavis has three sites in Bulgaria: Dupnitza, Troyan, and Razgrad. One of Actavis' three units in Dupnitza is already EU/GMP approved, and another is currently being refurbished to the same standard. In addition, the Razgrad facility is EU/GMP compliant. These sites produce a wide range of formulations, including tablets, creams, ointments, and capsules.

Turkey

The Actavis company Fako is a springboard for markets in and around Turkey. Three facilities manufacture finished-dosage forms: one focusing on general products to supply EU markets, another emphasising cephalosporin products, and one whose emphasis is on penicillins. A fourth facility produces APIs. The capital expenditure programme in Turkey ensures that these facilities continue to meet market requirements.

Legend:

EU/GMP:	European Union Good Manufacturing Practices
FDA:	US Food and Drug Administration
ANDA:	Abbreviated New Drug Application
API:	Active Pharmaceutical Ingredient
EHS:	Environmental Health and Safety
MHRA:	Medicines and Healthcare products Regulatory Agency

Broadening our portfolio

Thanks to proactive R&D work and robust product registration, Actavis launched more generic pharmaceuticals in 2006 than ever before: 376, to be precise. With 650 products on the market and a further 355 projects in our pipeline, our portfolio is one of the strongest in its field.

Human resources

Actavis' dynamic corporate culture is the key to its success. The Company embraces new ideas and initiative, and along with the opportunity to work in a fast-paced and competitive environment, employment with Actavis provides numerous chances for personal and professional growth.

The Group's HR policy centres on the concept of the Group's strategy.

HR strategy

The Actavis Human Resources strategy serves to align the human resources practises within the overall business aims and objectives of the Actavis Group.

The overall strategy is made up of four sub-strategies that feed into the human resource vision and mission behind the Company's strategy. These sub-strategies are:

- **Recruitment and selection**
  Actavis aims to be proactive, fair, and efficient in its efforts to recruit and select self-motivated, talented, and results-oriented people. The Company uses professional tools that have been developed to give the best results and ensure that its employees' conduct accurately reflects the corporate brand and values.
- **Development**
  Development is an investment in people that enhances individual, team, and business performance. It is a shared commitment, established to extend the capabilities of our employees and give the business a competitive advantage. The Actavis Academy is the umbrella forum for the Group's employee development plans.
- **Compensation**
  Actavis believes in a competitive compensation structure based on market and job value. We continue to develop this structure, which is designed to recognise and reward performance and behaviour that add value.
- **Employee relations**
  Actavis aims to build and maintain the best possible relations with all its employees and their representatives. We endeavour to engage with our employees on the issues of key business objectives, overall performance, and matters affecting their employment. We aim to respect our employees' individual differences and dignity throughout our relationship with them.

Actavis' HR strategies are designed to achieve the following:

- Recruit the best and the brightest people and develop their potential for success;
- Pay competitive salaries;
- Maintain the best relations possible with the Group's employees and their representatives;
- Ensure that the Company's people are more talented and motivated than those of its competitors.

Leadership programme

Actavis believes that, in order to achieve its business objectives, it needs a strong pipeline of leaders who are committed to the vision and mission of the Company. During 2006, the Company embarked on a Global Leadership Programme aimed at ensuring that the Group's leadership team understands the true meaning of being an Actavis Leader and the passion and commitment required to manage and lead people from the front, adopting a hands-on approach with the ultimate aim of becoming one of the top three players in the generic pharmaceuticals industry.

The programme was designed in collaboration with the Centre for Creative Leadership and was completely custom-made to fit the culture of Actavis. The programme included personality tests designed to determine management and leadership styles and identify areas for improvement in individuals. The course itself focused on how to get the best from teams and how to work within the mindset of the Company.

The Company's top 100 managers were the first to attend the Leadership Programme, and in 2007 it will be implemented at the Director level. By the end of 2007, the Company will have trained all mid-level managers across the Group.

PER4MA

PER4MA is Actavis' performance management system. A simple yet very powerful performance management tool, PER4MA was developed and implemented in 2006. It has been designed to align individual performance with the overall objectives of the Group. Created and developed entirely in-house by the corporate Human Resources team with input from several local HR Managers, PER4MA is a global management system that allows managers to give structured performance feedback to their subordinates.

Managers across the Actavis Group have received extensive training in PER4MA as well as in performance management in general. This important step in the process of implementation of the system has helped to make for smoother and more thorough uptake and has prepared managers to use the system more effectively in their teams.

Through PER4MA, Actavis will continue to strengthen its high-performance culture and values-driven behaviour as well as to achieve the shared vision of how goals are reached. This system sets a single standard of performance across the whole Group and against which everyone is to be assessed.

The Actavis Academy

People and their skills play the most vital role in the competitive ability of the Company. In support of such a statement, Actavis is creating the Actavis Academy in 2007. The aims of the Academy are to:

- Provide training and development activities on key strategic initiatives;
- Develop the leadership and management capabilities of the people in the Group;
- Develop standard training material to deliver key messages across the Group;
- Maintain a leadership development programme to ensure a pipeline of leaders within the Group;
- Develop trainers in order to implement a mentality where Actavis employees train other Actavis team members in a professional but hands-on manner.

The Academy will provide the Group a structure where key human resources development initiatives are aligned with overall Group objectives and where the same language and message are transmitted to all employees.

Uniting employees under one vision

Actavis places great emphasis on keeping employees informed about the Group's vision, strategy and focus, and it regards this open consultation as a key competitive advantage. Regular communication provides employees with information about current events and achievements.

The Group's annual kick-off meetings, held each January, play a central role in making sure that the strategy and objectives for each year are clearly communicated and executed. The Leadership kick-off meeting, with the Group's top management, ensures that those who drive the Company's success are fully informed about the Group's vision, strategy, and focus of the year, and what is expected of them as leaders.

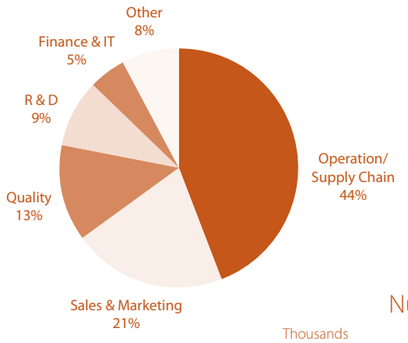
Following the Leadership kick-off meeting, local meetings are held at every Actavis site in order to communicate the Group's annual goals to each employee and to emphasise the contribution every individual can make to achieving them.

Goals for 2007

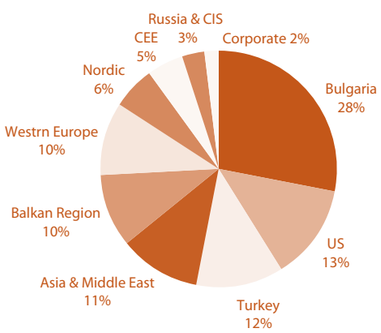
The Company's main Human Resources objectives for 2007 are:

- To improve leadership development;
- To enhance development & performance management;
- To strengthen the Actavis culture;
- To harmonise compensation & benefits across the Group;
- To harmonise HR policies & processes across the Group.

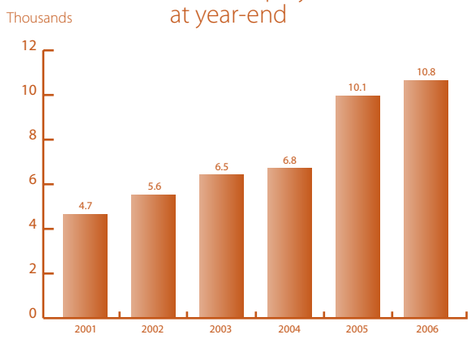
Employees by function



Employees by country



Number of employees at year-end



Risk management

Financial risk

The principal objective of financial risk management at Actavis is to monitor the Group's aggregated financial risk arising from its day-to-day operations and to initiate actions to limit exposure and enhance financial stability. Actavis follows strict financial risk management guidelines and regulations in areas such as foreign exchange, interest rate, liquidity and credit risks.

The Group's financial risk management function is centralised through the Corporate Treasury department. Financial exposure is partly hedged in the respective legal entities, in line with the Group's general policy and within set limits. This hedging is closely supervised by the Corporate Treasury department. All other aggregated risks are identified regularly, evaluated and, if relevant, hedged at Group level. Centralising tasks ensures that funding is cost-efficient; a specified internal bank is in place for all legal entities.

The Board of Directors issues a Group Treasury Policy, which defines guidelines for treasury activity, acceptable levels of risk, and the willingness to incur risk against the expected rewards.

Market risk

Foreign exchange risk
As an international business, Actavis is exposed to foreign exchange risk with respect to a number of currencies. Net foreign exchange transaction exposure is hedged with derivatives, principally foreign exchange spot and forward contracts. For budgeting and forecasting purposes, the Group maintains internal forecasts for foreign exchange cash flow up to 12 months in advance. Translation risk arising from the consolidation of the legal entities' financial results to the Group's financial currency is generally not hedged. However, to avoid large Balance Sheet movements related to investments in entities operating in volatile markets, some translation risks are hedged.

Interest rate risk
The Treasury Policy defines the means of managing interest rate risk. The risk, measured as the potential increase in interest paid during the coming year of a defined move in interest rates, is monitored and evaluated on a constant basis.

Credit risk
The Group minimises its credit risk by monitoring credit granted to customers, and it assigns collateral to cover potential claims. A large proportion of credit makes use of local expertise by being granted at a local level. The same credit policy is applied at each entity, but further requirements stipulated by local market conditions may apply. All entities are required to report all significant changes in credit risk to the Group. In addition, any credit that exceeds set limits requires authorisation at a higher level.

The policy ensures that credit to customers without an appropriate credit history is supported by guarantees. In recent years, the application of these policies to all entities, combined with active monitoring at Group level, has resulted in the Group's experiencing only minor credit losses. Actavis maintains a strict credit process and evaluation of counterparties. This, together with an equally strict general policy, helps contain credit losses at a low level.

Liquidity risk

Actavis' liquidity reserve consists of committed credit lines, cash deposits with banks, and current financial assets available within seven days. The appropriate level of liquidity reserve is defined by the Board. The Group strives to hold as much as possible of its liquidity reserve in committed credit lines; that is, to minimise cash in banks and current financial assets. To reduce refinancing risk, Actavis seeks to diversify the maturity dates of interest-bearing debt and committed credit lines and completes the refinancing of all credit facilities one year before maturity.

Operational risk

To minimise treasury-related operational risk, the Corporate Treasury department has been assigned the responsibility of supervising and monitoring all treasury activity. All legal entities have directors who are responsible for operational risk and are guided and directed by the Group. All entities perform their transactions with Corporate Treasury as counterparty, and only Corporate Treasury is authorised to enter into third-party treasury deals of any kind.

Corporate Treasury uses the Treasury system IT/2 to keep a complete record of all contracts and movements. All new trades are entered into the system daily, securing updated position reports and profit and loss reports. Regular risk assessment reports, which detail current exposure positions and treasury-related profit and loss, are sent to the CEO and the CFO.

Insurance policies

Actavis maintains global and local insurance policies. Global coverage comprises property damage, business interruption, product liability, marine and transit, and director and officers. Other insurance is monitored centrally in accordance with the insurance manual and internal procedures. Actavis performs regular evaluations of the necessary level of insurance coverage weighed against possible risk. The Group believes that its current insurance coverage is reasonable. It is important to note that certain products cannot be insured under the product liability policy; in these cases, provisions have been set aside in case they are needed.

Corporate responsibility

Among Actavis' most valuable assets is the trust and confidence of its investors, employees, customers and suppliers, as well as that of the local communities and environments in which the Company operates. Their interests are integral to the Group's business operations and its corporate reputation. Led by its core values, Actavis maintains a commitment to quality and growth that is equalled by its determination to create value for all its stakeholders.

Management

Effective corporate social responsibility requires a high level of commitment from all staff. The Actavis Board and Group Executive Board lead the process and approve the strategic direction of the Group. Actavis' management team – the top two layers of management in the parent company and its subsidiaries – is accountable for the development and implementation of programmes appropriate to its responsibilities, while the Executive Board takes responsibility for matters relating to corporate, social and ethical policies.

Relations with shareholders

Actavis aims to keep its shareholders well informed about corporate affairs and performance. The Group has adopted quarterly reporting, and its website includes its latest presentations, annual reports, and notices to the OMX Nordic Exchange in Iceland. Also accessible on the website are a corporate fact sheet, details of corporate governance, information about the Company's share price, and other financial data.

Financial results are presented each quarter at meetings held for investors and analysts. Separate meetings are held as necessary in order to inform shareholders about specific activities or major events.

Relationship with employees

Actavis aims to build and maintain the best possible relations with all employees and their representatives. The Company endeavours to engage its employees actively in key business objectives, overall performance, and matters affecting their employment. It strives to respect the individual differences and dignity of the Group's employees throughout the employment relationship.

Actavis endeavours to be an attractive employer in all markets in which it conducts business operations. The Company provides training in order to help its employees to perform to the best of their ability, and it prides itself on providing excellent opportunities for those wishing to expand and develop their careers.

Actavis takes responsibility for providing a non-discriminatory work environment. The Group co-operates with labour unions and maintains an open and informative dialogue with such organisations in the countries where it operates.

Relationship with suppliers

Actavis is committed to treating its suppliers fairly and working with them in partnership in order to maintain open and honest relations.

Relationship with local communities

Actavis maintains a continuous and open dialogue with various interest groups and is committed to investing in and working with the communities in which it operates.

These include universities, research groups, non-profit and political organisations, customers, suppliers, public authorities, and representatives of the financial community.

Community projects

Actavis is a socially responsible company and a proud contributor to various social initiatives. Actavis' strategy in local communities is to support affairs that are consistent with its business: that of improving health and the quality of life.

- Actavis supports social initiatives that focus on a healthy lifestyle.
- Actavis supports local athletic clubs and youth organisations.
- Actavis supports projects that focus on drug prevention.
- Actavis supports knowledge creation in its field of work.
- Actavis supports cultural exchange between the countries in which it operates.

Youth in Europe – Drug abuse prevention
Youth in Europe is a five-year drug prevention programme that commenced in 2005. Actavis is the primary sponsor of this ambitious programme in five European cities: Vilnius, Sofia, St. Petersburg, Bucharest, and Istanbul.

The programme is based on Icelandic research-oriented prevention, spanning the last two decades, documenting risk and preventive factors. It compares prevention strategies and seeks best practises across Europe in order to provide valuable information for all those who are involved in the ongoing task of protecting young people from the injurious effects of drug abuse. The City of Reykjavik serves as the chair of the programme. The President of Iceland, Olafur Ragnar Grimsson, is its official patron.

The participating cities will also work towards mobilising society against drug abuse according to a programme outline. Icelandic society was mobilised in September 2006, when a drug prevention day was held with the participation of ninth-grade classes throughout the entire country.

Environment, health and safety (EHS)

Environmental performance
Actavis remains focused on improving its environmental performance.

In 2006 two manufacturing sites, Iceland and Zdravlje (Serbia), succeeded in obtaining ISO 14001 certification. This is in addition to our Norwegian facility, which was already ISO 14001 certified.

Our manufacturing sites have demonstrated considerable improvement in Corporate EHS Audit results. It is planned that further sites will seek ISO 14001 certification over the next two years, re-enforcing our commitment to the use of independently verified environmental management systems in our manufacturing locations.

Actavis has been active in tackling compliance issues at some of our new acquisitions. In our Elizabeth (US) and Foshan (China) sites, there have been some wastewater permit exceedances. Local management has engaged specialists to determine the root causes and implement permanent solutions. Hazardous waste storage issues in Actavis Romania have been addressed, and the issue is now resolved. There were no fines or prosecutions related to environmental issues in any of the existing Actavis facilities. Management at all sites reviews performance regularly to ensure that we continue to meet and, where possible, exceed legal requirements.

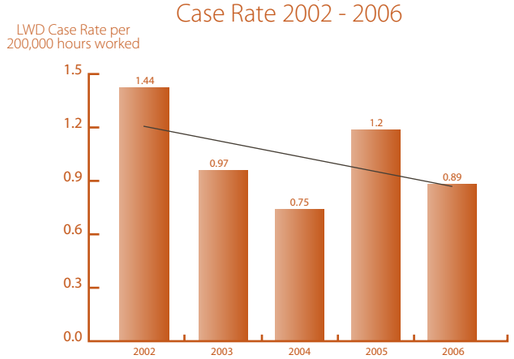
Health and safety
Actavis' Lost Work Day case rate fell to 0.89 per 200,000 hours worked, which is a 26% improvement over the year 2005. Our Total Recordable Incident Rate (which is a measure of all lost work day cases, medical treatment cases, and restricted work cases per 200,000 hours worked / 100 employees) was 1.4. Both results are considerably lower than the industry average. 1141 days were lost in 2006 due to work related illness or injury, as compared with 1637 days last year.

The main causes of lost time accidents in 2006 were, again, 'handling, lifting or carrying' and 'slips, trips and same-level falls'. The most common injuries were contusions and lacerations. There was a 50% reduction in fractures since 2005; however, the proportion of musculoskeletal injuries rose by over 40%. The proportion of hand/finger injuries decreased slightly, but hands and fingers remain the most significant injured body parts.

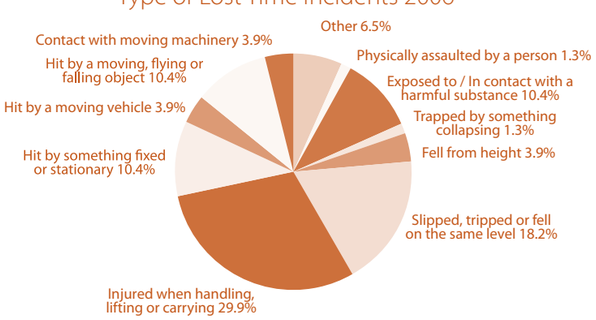
Managing risks
Risk assessment programmes at manufacturing sites continue to generate vast health and safety improvements in the work place. Actavis exceeded its risk assessment target in 2006 and has set ambitious targets for 2007.

On average, there are 10 documented inspections per facility per month, compared with 6 per month last year. By the end of 2006, the number of inspections conducted was 37% higher than had originally been planned. Representatives from various departments and levels of management are encouraged to participate in these observation programmes, which aim to reinforce rules and to identify and address risks.

Lost Work Day (LWD)
Case Rate 2002 - 2006



Type of Lost Time Incidents 2006



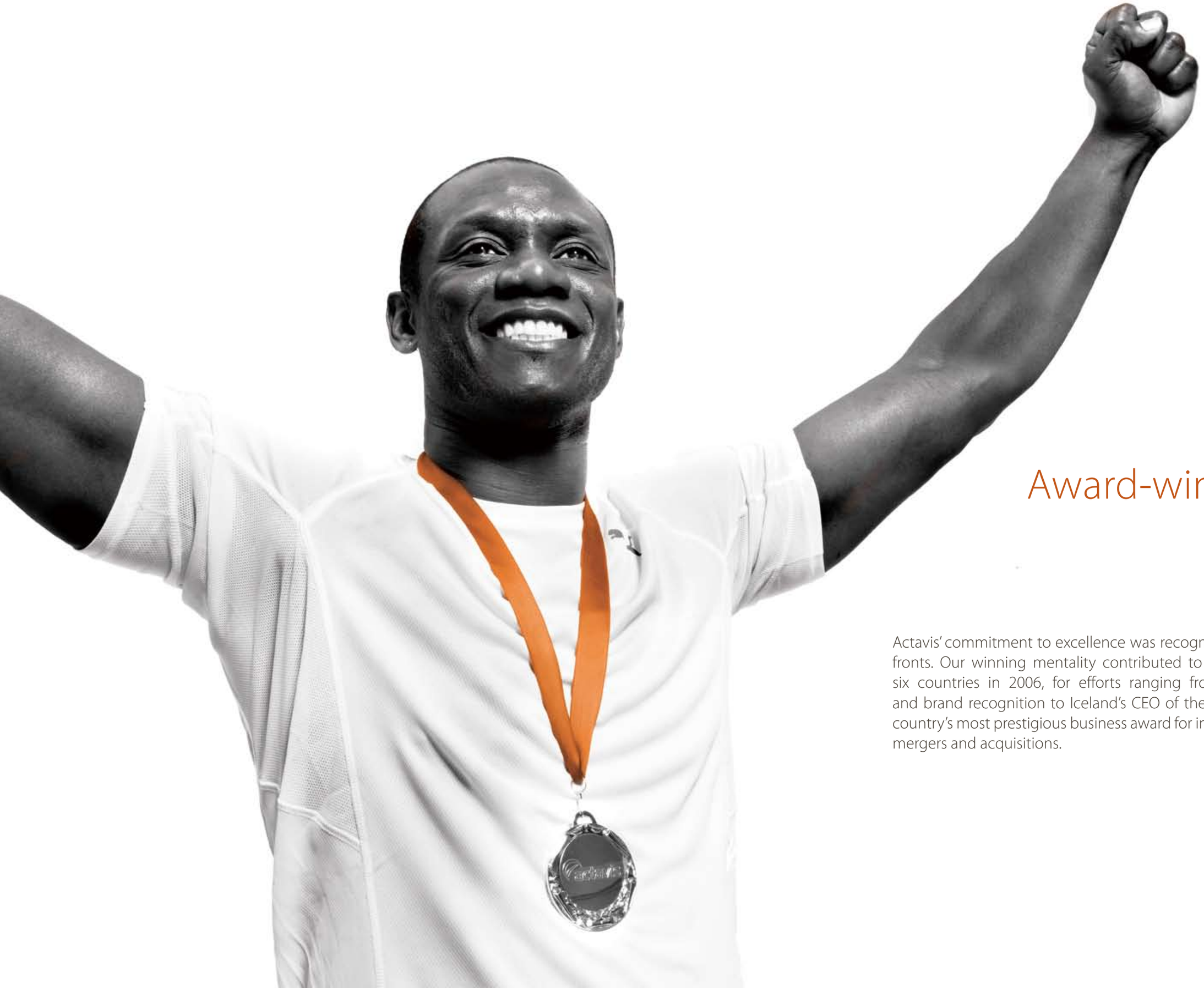
The Actavis Near Miss Programme increased its momentum in 2006. The overall Actavis Near Miss Reporting rate is 19 per 200,000 hours worked. Our facility management expects this figure to rise during 2007, as employees become more aware of the benefits of such a proactive initiative. By recognising and addressing hazards and injury-free events before they happen, we hope to prevent work-related incidents.

Specific risks, such as potentially explosive environments, have been targeted through special initiatives. Specialist companies provided training and comprehensive 'ATEX' site surveys to six operating locations. Our aim for 2007 is to address priority issues to ensure that the risk of serious incidents is reduced to a minimum and to roll out the programme to the remaining operating locations.

The success of the Business Continuity Management programme continues to generate safety improvements, including fire prevention, reduction of explosive risks, and improvements in emergency response arrangements.

Key challenges
In 2007 we will continue to drive forward and implement our EHS Strategy, especially in our recent acquisitions. The aims of the EHS Strategy are to:

- Lower the Actavis injury & illness rate while improving environmental performance;
- Reduce EHS risks in all Actavis operations;
- Achieve 100% compliance;
- Integrate EHS into the way we do business;
- Continuously improve EHS performance.



Award-winning

Actavis' commitment to excellence was recognised on many fronts. Our winning mentality contributed to 14 awards in six countries in 2006, for efforts ranging from marketing and brand recognition to Iceland's CEO of the year and the country's most prestigious business award for integration and mergers and acquisitions.

Actavis shares

Actavis Group's (Symbol: ACT) shares are listed on the OMX Nordic Exchange in Iceland (formerly ICEX, the Iceland Stock Exchange), as the Iceland Stock Exchange merged with the OMX Nordic Exchange at the end of 2006. The Company is quoted on the ICEX-15 Main List, the selected share index.

Share trading

In 2006, the average trading price of Actavis shares was 28.5% higher than in the previous year and have, on average, increased by over 50% per year since 1999. The total value of trading in Actavis shares was ISK127.4 billion, or EUR1,494.9 million, for the year 2006, which corresponds to 5.81% of total turnover of shares of all listed companies.

Over the year, the average spread between bid and offer was 0.54%. At year-end, the market value of the Company's Class A shares was approximately EUR2.3 billion.

Actavis has issued Class B shares with a value of EUR413,000,000 (as of December 2006). Class B shares can be redeemed at any time until the end of April 2011. They carry an 11% annual yield, which increases by 1% per annum. Class B shares are held by Landsbanki Islands and Glitnir bank and are not currently being traded (as of March 2007).

Increase in share capital

In December, the Board of Directors decided to exercise its authority to increase the share capital of the Company in order to fulfil its obligations arising from the Company stock option plan.

The share capital was increased for a nominal value of ISK14,763,976. Following the increase, the Company's total share capital is ISK4,130,435,093. Of that total, ISK3,369,435,093 (Class A shares) is registered on the OMX Nordic Exchange in Iceland.

Earnings per share

Underlying diluted earnings per share ("EPS") were EUR0.01804 for the year, as compared with EUR0.02548 in 2005.

The Group's equity totalled EUR890.0 million at year-end 2006.

Employee stock option

In June 2005 the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. Stock options were also offered to management personnel in 2006. In accordance with these programmes, options are exercisable at the market price of shares at the grant date.

All options are to be settled by physical delivery of shares, but the Company intends to use treasury shares and / or increase share capital to meet the obligations. Outstanding share options at the end of the year amounted to 29.4 million shares.

Information about Actavis' stock option plan can be found on pages 90-91.

Ownership structure 1 March 2007

Shareholding	Total no. of shares	%	No. of shareholders	%
1 - 10,000	7,362,889	0.2%	1579	38.6%
10,001 - 50,000	40,397,045	1.2%	1665	40.7%
50,001 - 100,000	23,530,945	0.7%	331	8.1%
100,001 - 500,000	66,025,079	2.0%	314	7.7%
500,001 - 5,000,000	234,675,665	7.0%	136	3.3%
5,000,001 - 10,000,000	160,523,940	4.8%	22	0.5%
10,000,001 - 50,000,000	667,134,606	19.8%	29	0.7%
50,000,001 - 100,000,000	357,159,097	10.6%	5	0.1%
100,000,001 -	1,812,625,827	53.8%	5	0.1%
Total	**3,369,435,093**	**100%**	**4,086**	**100%**

Own trading of Actavis' shares

Actavis bought back a total of 170 million shares, or 5.0% of the Group's issued Class A share capital, in the year 2006.

The ISK11,113 million (approx EUR127 million) share buy-back was completed at an average price of ISK65.37 per share. Actavis' total treasury stock holdings on 1 March 2006 were 169,810,474 shares, which accounts for 5.04% of Group's issued Class A shares. The Company's decision to invest in treasury shares was made in order to allow the Company to have sufficient holdings in treasury shares to use as a potential consideration for future acquisitions, which are under constant review by Actavis management.

Investor relations

Actavis aims to provide capital markets, investors and other stakeholders with consistent, open and prompt disclosure of relevant information that contributes to the fair valuation of the Company.

Key principles in investor relations are:

- Commitment of senior management;
- Consistent level of information, regardless of whether news is positive or negative;
- Prompt handling of any IR-related issues;
- Directness and openness;
- A service-oriented mindset.

Website

Actavis' website, www.actavis.com/en/investors, provides detailed information for investors and analysts, including share information, financial statements and information, news and publications, corporate governance information, and shareholder services.

Compliance

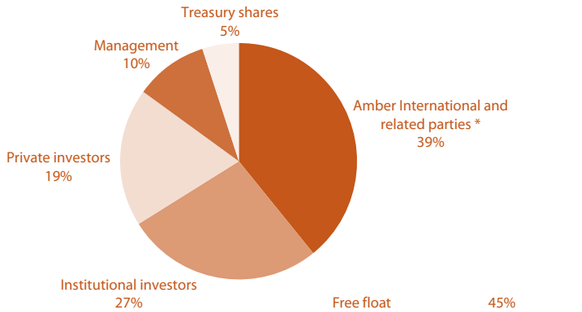
Actavis Group has issued strict rules on compliance, insider information and insider trading, in accordance with the guidelines of the OMX Nordic Exchange in Iceland. The compliance officer is responsible for monitoring such trading.

Further information about Compliance within Actavis can be found on page 49.

Management shareholdings 1 April 2007

Name	Number of shares	%
Board members		
Thor Bjorgolfsson and related parties	1,296,379,823	38.47%
Karl Wernersson and related paraties	198,560,994	5.46%
Sindri Sindrason	18,629,829	0.55%
CEO		
Robert Wessman and related parties	136,732,633	4.06%
Deputy to the CEO		
Sigurdur Oli Olafsson	6,363,216	0.19%
Executive Vice Presidents		
Aidan Kavanagh	4,819,264	0.14%
Gudbjorg Edda Eggertsdottir	24,757,285	0.73%
Jonas Tryggvason	4,294,263	0.14%
Mark Keatley	6,110,002	0.18%
Stefan Jokull Sveinsson	6,183,611	0.18%
Steinthor Palsson	1,066,893	0.03%
Svend Andersen	3,500,000	0.10%

Main groups of shareholders 1 March 2007



Free float	45%
Total shares	3,369,435,093
Outstanding shares	3,199,624,619

20 largest shareholders 1 March 2007

Name	Shares	%
Amber International Ltd	1,177,532,098	34.95%
Landsbanki Luxembourg S.A.	232,755,124	6.91%
Actavis Group hf	169,810,474	5.04%
Landsbanki Íslands hf	129,037,116	3.83%
Aceway	103,491,015	3.07%
LI-Hedge	97,343,189	2.89%
Gildi -lifeyrissjodur	73,325,202	2.18%
Lifeyrissjodur verslunarmanna	67,779,414	2.01%
Lifeyrissjodir Bankastraeti 7	64,798,365	1.92%
Arion safnreikningur	53,912,927	1.60%
Olof Vigdis Baldvinsdottir	47,990,385	1.42%
Straumur - Burdaras Investment Bank	39,786,361	1.18%
Raffeisen Zentralbank Osterr.	35,000,000	1.04%
Milestone ehf	34,874,198	1.04%
Jon Zimsen	32,027,078	0.95%
SJ1 ehf	31,885,645	0.95%
GLB Hedge	31,027,399	0.92%
Morgan Stanley & Co.	30,100,000	0.89%
Jon Halldorsson	30,080,208	0.89%
FL Group hf	28,217,664	0.84%

Amber International Ltd is owned by Actavis' Chairman, Thor Bjorgolfsson. Thor Bjorgolfsson and related parties hold 38.46% in Actavis.
Aceway is owned by Actavis' President and CEO, Robert Wessman who holds a total of 4.06% shares in Actavis.
Milestone ehf is owned by Actavis Board member Karl Wernersson and related parties who hold 5.46% shares in Actavis.

Acquisitions and divestments 2006

In 2006 Actavis was active once again in the area of acquisitions.

In January it acquired the remaining 11% stake in the Turkish pharmaceutical company Fako, which is now a wholly owned subsidiary of the Actavis Group. One of Turkey's leading generic pharmaceuticals company, Fako specialises in the development, production, and sale of pharmaceuticals.

Actavis gained a firm foothold in Europe's fast-growing oncology industry with its acquisition of Bucharest-based Sindan, a leading pharmaceuticals company specialising in the manufacture and distribution of oncology products. The acquisition provides Actavis with a new therapeutic field, as well as strong development and manufacturing expertise for oncology products.

The Company expanded its presence in Russia by acquiring a 51% controlling interest in ZiO Zdorovje, a leading Russian pharmaceuticals manufacturer. The total commitment by Actavis was EUR47 million, of which EUR23 million was made available for investment for ZiO Zdorovje's world-class manufacturing site to introduce new products and create a platform for increased production and capacity.

Actavis was particularly active in India. In March, the Company opened new premises for its subsidiary Lotus Labs in Bangalore. The new 3000-m² facility contains offices, laboratories, and facilities for clinical bioequivalence studies. In December, Actavis acquired a manufacturing plant in Chennai from Grandix Pharmaceuticals. The plant provides Actavis with its own low-cost manufacturing capability in India and a facility from which to develop and manufacture products both for the US and for key markets in Europe. The Company intends both to increase the manufacturing capacity of the plant to approximately 4 billion tablets by mid-2008 and to strengthen its development and regulatory affairs units.

Actavis acquired the speciality generics company Abrika Pharmaceuticals in 2006, giving the Group a strong position in the high-value controlled-release (CR) market. Abrika, based in the US, is engaged in the formulation and commercialisation of controlled-release and other technically challenging pharmaceutical products. As a result of the acquisition, Actavis is now one of the leading companies in the US market in the development of CR products, with over 50 products in the pipeline and 100 employees dedicated in CR product development. The CR section of the US generics market has higher and more durable margins than other segments. The Group will also be able to register Abrika's products in Actavis' European markets.

Integration management

Actavis is a highly acquisitive organisation and considers successful integration of acquired businesses to be of paramount importance. The Group maintains an integration team that always works closely with employees from the acquired company in order to ensure a smooth transition and seamless integration. Typically the process begins with an initial meeting of the two management teams, where the level of integration is defined and an actual plan formulated. Strategic issues are discussed, compared, and contrasted with the aim of ensuring that each company adds value to the other as they move forward together. Areas relating to company strategy, structure, culture, communications, human resources, and defined corporate functions are aligned, and a prioritised action plan is drafted.

Actavis' strategy is to integrate only key strategic areas. Task forces, with participants from both companies, are appointed to address the major integration challenges in pre-defined strategic areas. Synergy targets are defined at the initial meeting, and each team defines areas of synergy, sets targets, and formulates an action plan. Strategic targets are set in the first 30 days, and major integration issues are completed within 100 days. Tracking of synergy and integration activity is performed on a regular basis.

As part of the Group's integration strategy, companies acquired by Actavis are generally re-branded as Actavis. Their product packaging and marketing literature are also changed to reflect the new name. Employees of acquired companies receive training in the Actavis brand, mindset, and values.

Divestments in 2006

In July, Actavis announced that it would be phasing out its operations at its US facility in Baltimore over the course of the next two years. The move was made in response to increased competition in the rapidly evolving generic pharmaceuticals sector. The majority of the Group's liquid products will be transferred to its site in Lincolnton, North Carolina, by late 2008.

In October, Actavis announced that a total of 20.8% of Croatia-based Pliva's share capital, which Actavis controlled through a combination of share ownership and options to acquire shares, had been tendered into an offer by Barr Pharmaceuticals to acquire all outstanding shares in Pliva at HRK820 per share. The capital gain realised from the sales of the shares was used to offset the majority of the advisory costs incurred in connection with Actavis' proposed EUR2 billion acquisition of Pliva.

The Company also divested its manufacturing facility in Lier, Norway, as part of the Group's strategy of achieving enhanced efficiency by consolidating its European operations.

Russian moves

In November, Actavis expanded its presence in Russia, one of the fastest growing markets in the industry, acquiring a 51% stake in ZiO Zdorovje. This transaction with a leading pharmaceutical manufacturer in Russia enables Actavis to transfer production of certain generics to Russia and provides the local presence necessary for participation in state hospital tenders.

Corporate governance

High standards

Actavis Group supports high standards of corporate governance. The Company's aim is to comply at all times with applicable regulatory provisions and with the Guidelines on Corporate Governance issued by the Iceland Chamber of Commerce, the Confederation of Icelandic Employers, and the OMX Nordic Exchange in Iceland (formerly the Iceland Stock Exchange).

The management structure of Actavis Group is based on a two-tier system consisting of a Board of Directors and an Executive Board that is led by the Company's President & CEO.

Appointment of the Board of Directors

A meeting of shareholders elects the Company's directors. When a new Board is elected, it determines whether a director is deemed independent as defined by the Guidelines on Corporate Governance. It has been a long-standing practise in the Icelandic corporate environment to appoint representatives of major shareholders to serve on company Boards. As a result, the Company's directors are often either shareholders or representatives of major shareholders, as is the case with Actavis' directors. The directors submit necessary information about themselves in order to enable the Board to determine their independence, and they are required to notify the Board of any changes in their circumstances that may affect that view.

The Board of Directors consists of five directors, all of whom are non-executive. The Board is responsible for protecting the interests of all shareholders, with due respect to all other stakeholders, and performs a supervisory role.

Chairman
Thor Bjorgolfsson

Directors
Andri Sveinsson
Karl Wernersson
Magnus Thorsteinsson
Sindri Sindrason

The Board was re-elected at the Annual General Meeting on 28 March 2006.

Board meetings

At least half of the directors must attend a Board meeting to constitute a quorum for decision-making. Major decisions may not be made, however, unless all Board members have had an opportunity to discuss the issue. Matters are decided by a vote. In the case of a tie, the Chairman has the deciding vote.

Board meetings should be held at least six times a year. The Actavis Board of Directors met seven times during the period from the Annual General Meeting (AGM) in 2006. The meetings are generally called by the Chairman of the Board but can be convened at the request of any director or the CEO. Meetings are called via e-mail with reasonable advance notice, and the agenda of the meeting is specified. Documents to be discussed at the meeting are normally sent to attendees in advance.

A Board meeting may be held by electronic communication or telephone, as appropriate. The proceedings of Board meetings are recorded in the minutes, which are signed by those in attendance. All decisions made at the meeting are recorded; directors and the CEO are entitled to have their comments recorded in the minutes if they are not in agreement with some of the Board's decisions.

The Board ensures that an operational plan and budget are prepared for each financial year. At regular Board meetings, the following business is always on the agenda:

1 Minutes of the last Board meeting;
2 CEO's report on the operations of the Company;
3 Review of the status of accounts and the Company's performance.

Directors must observe confidentiality regarding the proceedings of Board meetings. If a director violates confidentiality or other trust confided to him/her, the Chairman calls a shareholders' meeting, which decides whether a new director should be elected.

Responsibilities of the Board of Directors

The Company's Board is responsible for its affairs and ensures that the organisation and activities of the Company normally comply with good and correct practise.

- The Board represents the company externally; for instance, in courts of law and towards government authorities. The signatures of a majority of the Board are binding for the Company.
- The Board monitors all Company operations thoroughly and continuously and acquires all information necessary in order to be able to perform its tasks. The Board carries out monitoring to ensure that the operational plan and budget are followed, and it reaches conclusions regarding reports on the Company's credit, major undertakings, important guarantees, finances, cash flow, and special risk factors. The Board determines how often the CEO submits interim accounts.
- The Board is responsible for ensuring that the Company complies with regulatory provisions on annual accounts and bookkeeping. It must ensure that the necessary basis for audit is in existence, and it is responsible for guaranteeing that the annual accounts are completed and signed by the Board members and the auditor no later than one week before the Company's AGM.
- The annual accounts for each year are accompanied by a report from the Board, which provides information on factors that are important in the assessment of the Company's financial status and performance during the financial year but do not appear in the Balance Sheet or Profit and Loss Account, or the notes to them. The report explains the Board's proposals for the disposition of profit or balancing of loss for the previous financial year. It states the number of shareholders at the beginning and end of the financial year, as well as the percentage holdings of shareholders owning at least 10% of shares.
- The Board's report also discusses the Company's future prospects, its research and development work, and important events that have taken place after the end of the financial year.
- Board members have access to all the Company's books and documents.
- The Board engages the CEO and determines his/her salary, other terms of employment, and job description.
- The Board monitors the work of the CEO and governs the Company together with him/her.
- The Chairman of the Board ensures that an evaluation of the Board's performance and work is carried out at least yearly. The Chairman may engage an outside party to carry out the performance evaluation.

Audit Committee

The Company's Board appoints three directors to the Audit Committee. Directors who are also Company employees may not serve on the Committee. The parties appointed to the Committee must have knowledge and experience of finance, bookkeeping and accounts. The Committee's role is to advise the Board on the following matters:

- Monitoring of the Company's financial status.
- Evaluation of Company's internal monitoring system and risk management.
- Evaluation of managers' reports on financial matters.
- Evaluation of whether all applicable regulatory provisions are followed.
- Preparation for the selection of a chartered accountant as Company auditor.
- Direct access to the Company auditor.
- Evaluation of audit reports.
- Evaluation of other work of the Company auditor.

The Audit Committee will be appointed at the first Board meeting after the 2007 AGM.

Remuneration policy for officers and directors

The Board of Directors has formulated a remuneration policy that reveals the basic items concerning the remuneration of officers and directors and the Company's policy concerning agreements with officers and directors. The remuneration policy also reveals whether, under what circumstances, and within what framework it is permissible to pay or compensate officers and directors in addition to their base salary; i.e., in the form of:

- Delivery of shares;
- Performance-linked payments.;
- Share certificates, purchase and sale options, priority purchase rights, and other forms of remuneration that are linked to share certificates in the Company or developments in the price of Company shares;
- Loan agreements (subject to special credit terms), provided that such agreements are permissible by law;
- Pension agreements;
- Retirement/redundancy agreements.

The remuneration policy, is presented at the General Annual Meeting for approval by the shareholders of the Company. In light of the remuneration policy the Company does not appoint a special compensation committee.

Tasks of the CEO

The Board defines the tasks of the CEO in a job description that includes, at a minimum, the items listed below.

- The CEO deals with the day-to-day operation of the Company and must, in these matters, follow the Board's policy and instructions.
- The CEO may not make decisions on extraordinary or major matters without the approval of the Board of Directors unless it is necessary to prevent losses for the Company and a meeting of the Board of Directors cannot be called in order to make the decision. All such decisions made by the CEO must be reported to the Board of Directors.
- The CEO must ensure that the Company's accounts are kept in accordance with law and customary practise and that the Company's assets are handled in a secure manner.
- The CEO must ensure that the Company's interests are suitably insured.
- The CEO submits to the auditor the information and documents that are significant to the audit, including such information, documents, facilities and assistance as the auditor deems necessary for his/her work.
- The CEO, together with the Board, signs the annual accounts.

Responsibilities of the Executive Board

The primary responsibilities of the Executive Board are to administer the day-to-day operation of Actavis, make strategic decisions in accordance with the corporate vision and mission, align strategy and planning and ensure that the Company has the appropriate resources to execute its strategy and plans, ensure that the Group's budget and forecasts are properly prepared and that targets are met, and manage and develop the business within the overall budget.

The Executive Board meets monthly, and meetings are attended by the Vice President of Corporate Communications and other senior personnel, as appropriate. The Executive Board follows the policy and directions of the Board of Directors in the management of Actavis. The CEO appoints other members of the Executive Board.

The Executive Board consists of ten Chief Executives. It is headed by the CEO, Robert Wessman.

Robert Wessman, President & CEO

Sigurdur O Olafsson, Deputy to the CEO
Mark Keatley, Executive Vice President of Finance & IT
Aidan Kavanagh, Executive Vice President of Operations, WEMEA & CEEA
Doug Boothe, Executive Vice President for US Commercial and Administration
Fearghal Murphy, Executive Vice President of Supply Chain Management
Gudbjorg E Eggertsdottir, Executive Vice President of Third-party sales
Jonas Tryggvason, Executive Vice President of Central-Eastern Europe and Asia sales
Stefan J Sveinsson, Executive Vice President of Research & Development
Steinthor Palsson, Executive Vice President US Operations
Svend Andersen, Executive Vice President of Western Europe, Middle East and Africa sales

In 2006, Svafa Gronfeldt, Deputy to the CEO, resigned and was replaced by Sigurdur O Olafsson, previously President of North America sales. Elin Gabriel, Executive Vice President of Operations in Western Europe and the US, also resigned in 2006. Steinthor Palsson joined the Executive Board as Executive Vice President of US Operations, and Fearghal Murphy was appointed as Executive Vice President of Supply Chain Management. Doug Boothe became Executive VP of North America sales in early 2007.

Remuneration of the Board of Directors and Executive Board

The remuneration of the Board of Directors is decided at the Annual General Meeting. The remuneration of the CEO is decided by the Board of Directors.

Competitive remuneration for the members of the Executive Board is important, in order to ensure that the Group can attract and retain qualified people with the relevant experience and skills. It is therefore important to offer an attractive package that reflects the required workload and level of responsibility.

The remuneration of the Executive Board is determined by the CEO in accordance with the remuneration policy of the Company.

Information about the remuneration of the Board of Directors and the Executive Board can be found on page 78.

Auditing

External audit
An independent auditor is appointed annually by the shareholders at the Annual General Meeting.

Internal audit
The head of the internal audit department reports to the Executive Board and works closely with the Executive Vice President of Finance & IT and the global finance teams.

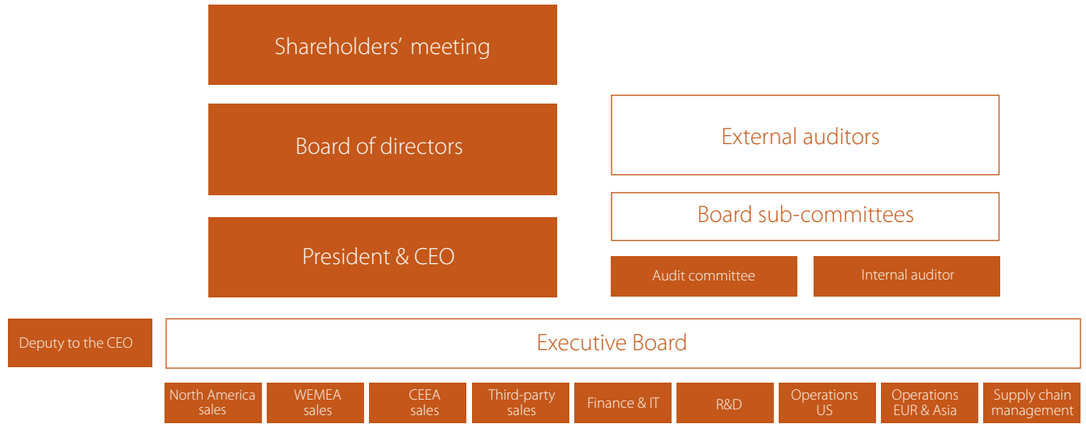
The internal audit department is currently working on a number of cross-functional projects across the Group. The team works closely with the Group's Executive Vice President of Finance and his team to address any control weaknesses that might be identified. The internal audit function now has auditors in the US, Poland (with responsibility for global IT Audits), and Western Europe (based in Copenhagen). An auditor for the Eastern European region was recruited in the first quarter of 2007.

The auditing function continues to build on existing processes and procedures and to improve the general Group-wide control environment. In addition to carrying out project work, the internal audit function also conducts reviews across the Group. The results of these reviews are reported to the relevant management at local, regional, and Group level. The audit findings are presented to the Executive Board twice a year and will be communicated to the Audit Committee at least once a year.

Annual General Meeting

The Annual General Meeting will take place on 4 April 2007 at 12:00 at the Nordica Hotel, Reykjavik, Iceland.

Governance bodies



Compliance

The Company complies fully with the relevant regulatory provisions on insider trading. The Compliance Officer reports directly to the Company's CEO. The Compliance Officer ensures that the Company's employees and management are aware of existing laws and regulations. Rules on insider information and insider trading are published and regularly distributed throughout the organisation, and presentations are made regularly to inform new employees of their obligations as insiders.

The Company expects all employees who have access to insider information to act as is required of an insider. All information that relates to the Company's present and future business operations is to be kept strictly confidential. The Company's insider register is maintained by the Company's Compliance Officer, and the OMX Nordic Exchange in Iceland is regularly informed of any changes to it. Primary insiders are members of the Board, the CEO, the members of the Executive Board, and the auditors. Other primary insiders are nominated persons in legal, financial, accounting, R&D, communications and investor relations functions. People who participate in the development and preparation of a project, including mergers or acquisitions, are considered temporary insiders. A separate temporary insider register is maintained by the Company when considered appropriate by the Compliance Officer.

During the closed period, insiders are not allowed to trade in the Company's shares. The closed period begins no later than six weeks prior to the publication date of annual or interim results. The publication dates are published in the financial calendar at www.actavis.com/investors.

Harmony

Following a series of strategic acquisitions over the last year and a half, including Alpharma's human generics business, Actavis has succeeded in integrating the new businesses effectively. Acquisition goals have been achieved, providing a geographically balanced business, with one-third of our revenues in the US and a healthy split between Western and Central & Eastern Europe.

Executive biographies

Robert Wessman

President & CEO

Robert Wessman became the President and CEO of Actavis in 2002, following the merger with Delta, where he had served as CEO since 1999. Under Robert's leadership, Actavis has experienced phenomenal growth, from being a small domestic company in Iceland to becoming one of the largest companies in the generics industry. A business administration graduate and lecturer at the University of Iceland, Robert worked previously at Icelandic transportation company Samskip, advancing to the post of CEO in Germany. Robert is also a Board member of the Iceland Chamber of Commerce.

Holdings in Actavis as of 1 April 2007: 136,732,633 Option agreements: 0

Sigurdur Oli Olafsson

Deputy to the CEO

Sigurdur Oli Olafsson joined Actavis in 2003, after working for Pfizer UK from 1998 and moving to Pfizer US in 2001 to take a post in Global Research and Development. Prior to that, he served as Marketing Manager of Omega Farma (now Actavis), later becoming its Drug Development Manager. Sigurdur became the Managing Director of Actavis Inc. in the US in 2003. He became Chief Executive of Corporate Development in 2004 and Chief Executive of Sales & Marketing International in 2005. He has been Deputy to the CEO since 2006. Sigurdur holds a degree in Pharmacy from the University of Iceland.

Holdings in Actavis as of 1 April 2007: 6,363,216 Option agreements: 1,471,862

Mark Keatley

Executive Vice President of Finance & IT

Mark Keatley joined Actavis from Famar SA, the leading European contract manufacturer of pharmaceuticals, where he had served as the CFO in London since 2002. Prior to joining Famar, he had served as CFO at Ardana Bioscience Limited in Edinburgh from 2001-2002 and Ashanti Goldfields Company Limited in Accra, Ghana, from 1994-2000. Prior to his roles as CFO, Mark was an investment banker and a financial analyst. Mark holds an MBA degree from Stanford Business School and graduated from Cambridge University with a Master of Philosophy degree in International Relations and an MA in History. He is a chartered accountant in the UK, where he is a member of the UK Chartered Institute of Management Accountants.

Holdings in Actavis as of 1 April 2007: 6,110,002 Option agreements: 1,471,862

Aidan Kavanagh

Executive Vice President of Operations, WEMEA & CEEA

Aidan Kavanagh, an Industrial Engineer, joined Actavis in September 2003. He has over 20 years' experience in the global pharmaceutical industry. Before joining the Company, he served as a consultant to Actavis during its acquisition of the Serbian subsidiary, Zdravlje.

Holdings in Actavis as of 1 April 2007: 4,819,264 Option agreements: 735,931

Doug Boothe

Executive Vice President of Commercial and Administration in the US

Doug Boothe joined Actavis in 2005, following the acquisition of Alpharma, as Vice President and Chief Operating Officer for Actavis US. He has been Executive Vice President of Commercial and Administration since February 2007. Doug holds a BSE in Mechanical & Aerospace Engineering from Princeton University and an MBA from the University of Pennsylvania's Wharton School of Business.

Holdings in Actavis as of 1 April 2007: 0 Option agreements: 0

Fearghal Murphy

Executive Vice President of Supply Chain

Fearghal Murphy joined Actavis in 2003 as Group Logistics Manager. He was appointed Supply Chain Director in 2005 and, more recently, has been Vice President of Purchasing. An Industrial Engineering graduate from the University of Limerick in Ireland, he also holds a Master's degree in Engineering. Fearghal previously held various supply chain positions in IVAX Pharmaceuticals and Wyeth.

Holdings in Actavis as of 1 April 2007: 0 Option agreements: 532,338

Gudbjorg Edda Eggertsdottir

Executive Vice President of Third-party sales

Gudbjorg Edda Eggertsdottir joined Actavis in 2002, following the Company's merger with Delta, where she had been Deputy CEO and Managing Director of Exports. Gudbjorg Edda has an MSc degree in Pharmacy and has worked in the pharmaceuticals industry since 1976.

Holdings in Actavis as of 1 April 2007: 24,757,285 Option agreements: 735,931

Jonas Tryggvason

Executive Vice President of Central-Eastern Europe and Asia sales

Jonas Tryggvason joined Actavis in August 2003 as Business Development Manager of Actavis in Bulgaria. He also served as Regional Director for Eastern Europe in Moscow from January 2004. Prior to that, he had been Vice President of Marketing at Pacific Horizon Petroleum in Seattle since 1997. Jonas holds a Master's degree in International Relations from the University of Kent, BSIS, Brussels. He studied Computer Science at the University of Iceland and graduated from the State Institute of Physical Education in Moscow, with a Master's degree in Physical Education and Sports Training.

Holdings in Actavis as of 1 April 2007: 4,294,263 Option agreements: 735,931

Stefan J. Sveinsson

Executive Vice President of R&D

Stefan J. Sveinsson joined Actavis in 2002, following the merger of Delta and Pharmaco (now Actavis). He had worked at Delta since 1993 and had served most recently as Delta's Managing Director of Development. Previously he was Assistant Professor of Pharmaceutics at the University of Iceland (1991-1993). Stefan has a Master's degree in Pharmaceutics from Dalhousie University in Canada.

Holdings in Actavis as of 1 April 2007: 6,183,611 Option agreements: 1,471,862

Steinthor Palsson

Executive Vice President of Operations US

Steinthor Palsson joined Actavis in April 2002 as the Managing Director for Actavis in Malta. Steinthor led the complete refurbishing and development of the Malta factory, transforming it into a world-class new product launch site over a period of four years, before taking up his current position in 2006. Prior to joining Actavis, Steinthor participated in the establishment of UVS, a biotech company specialising in cancer research. He has also held various managerial positions within the banking sector in Iceland. Steinthor has a degree in Business Administration from the University of Iceland and an MBA from the University of Edinburgh.

Holdings in Actavis as of 1 April 2007: 1,066,893 Option agreements: 1,521,476

Svend Andersen

Executive Vice President of Western Europe, Middle East and Africa Sales

Svend Andersen joined Actavis through the acquisition of Alpharma, where he was Vice President and General Manager for Europe, Middle East & Africa. Prior to that, he was instrumental in the turnaround and management buyout of Ferrosan as Vice President of Commercial Operations. Svend has worked in the pharmaceutical industry for the last 20 years and holds three commercial degrees from Copenhagen Business School.

Holdings in Actavis as of 1 April 2007: 3,500,000 Option agreements: 0

New hope

In March, Actavis acquired Sindan in Romania, a leading European specialist in the development, manufacture and distribution of oncology products. We now have a strong position in what is expected to be the fastest-growing pharma segment over the next three years.

Board of Directors

Thor Bjorgolfsson is the largest shareholder in Actavis. He has been a member of the Actavis Board since 1999 and Chairman since 2000. An entrepreneur and international investor living in the UK, Thor is the founder of the London investment firm Novator. Thor has significant interests in telecommunication companies in Finland, Poland, Bulgaria and Greece; in real estate projects in Denmark, Iceland, Spain, Croatia and Bulgaria; and in financial service companies in Iceland and Bulgaria. He is also Chairman of the Board of Straumur-Burdaras Investment Bank in Iceland.

Number of shares as of 1 April 2007: 1,296,379,823

Karl Wernersson has been a member of the Board since 1999. He is a founder of one of Iceland's largest pharmacy chains, Lyf og heilsa, as well as serving as its Chairman of the Board. He is a major shareholder and Vice Chairman of the Board of Glitnir (formerly Islandsbanki), one of Iceland's leading banks, and Chairman of Sjova hf, one of Iceland's largest insurance companies. In recent years Karl has focused his investment activities on the financial sector as a majority owner and Chairman of the investment company Milestone. In 2006 Milestone founded a new specialised investment bank, Askar Capital.

Number of shares as of 1 April 2007: 198,560,994

Sindri Sindrason was previously the Chief Executive Officer of Actavis Group (then Pharmaco). He is a private investor and has been a member of the Board since 2003. Sindri is also a member of the Board of Hf Eimskipafelag Islands.

Number of shares as of 1 April 2007: 18,629,829

Magnus Thorsteinsson joined the Board in 2003. He is the majority owner and Chairman of Hf Eimskipafelag Islands, a leading investment company focused on global air, land, and sea transportation. Magnus began his investment activities in Russia, where he was the co-founder of St Petersburg's Bravo brewery, which was later sold to Heineken NV.

Number of shares as of 1 April 2007: 0

Andri Sveinsson joined the Board in 2004. He is the Chief Financial Officer and a Partner of Novator Partners LLP. Andri has been a member of the Board of Landsbanki since 2003 and now serves as an alternate member of the Board. He holds a Cand. Oceon. degree from the University of Iceland and has worked in the banking and investment community since 1996.

Number of shares as of 1 April 2007: 0

Report by the Board of Directors and President and CEO

The Consolidated Financial Statements of Actavis Group hf. for the year 2006 have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. The Consolidated Financial Statements comprise the Financial Statements of Actavis Group hf. (the Company) and its subsidiaries, together referred to as the Group.

At the beginning of April 2006, the Company acquired Sindan AG, a leading European generic pharmaceuticals company specialising in the manufacture and distribution of oncology products. The acquisition of Sindan, headquartered in Bucharest, provides Actavis with access to a new therapeutic field and strong development and manufacturing expertise for oncology products. In addition, Actavis will gain a solid platform in the Romanian market from which to achieve future growth. Sindan has grown at a rapid rate in recent years and has seen its revenues almost double between 2002 and 2005. The results of Sindan are included in the Consolidated Financial Statements as of 1 April 2006.

Profit for the year amounted to EUR102.7 million, according to the Income Statement. Total equity amounted to EUR889.7 million at year-end, as is shown in the Balance Sheet. Changes in total equity and appropriation of net profits are further explained in the financial statements. The Board of Directors does not propose the payment of dividends to shareholders in 2007.

At year-end, shareholders in Actavis Group hf. numbered 3,821, compared to 3,470 at the beginning of the year. One shareholder owned more than 10% of the shares in the Company at year-end 2006: Amber International Ltd., with 34.9%.

The Board of Directors and President and CEO of Actavis Group hf. hereby confirm the Consolidated Financial Statements of Actavis Group for the year 2006 with their signatures.

Hafnarfjordur, 28 February 2007

Board of Directors

Bjorgolfur Thor Bjorgolfsson
Chairman of the Board

Andri Sveinsson

Karl Wernerson

Sindri Sindrason

Magnus Thorsteinsson

President and CEO

Robert Wessman

Financial Ratios

Consolidated statement

		2006	2005	2004	2003	2002*
Growth						
Net sales	EUR'000	1,339,189	551,384	424,596	293,525	210,000
EBITDA	EUR'000	287,134	148,471	113,759	84,059	45,718
Profit from operations	EUR'000	197,583	106,512	88,466	52,119	30,996
Employees	Number	10,610	10,145	6,841	6,539	6,247
Net income	EUR'000	102,689	81,003	64,282	42,354	33,122
Total assets	EUR'000	2,579,362	2,389,632	684,166	606,824	458,605
Operating performance						
Cash provided by operating activities	EUR'000	161,914	103,004	46,710	43,783	46,180
- as ratio to total debt	%	10.5	11.6	12.2	14.8	30.3
- as ratio to net profit		1.6	1.3	0.7	1.0	1.4
Working capital from operating activities	EUR'000	204,122	109,079	92,116	71,002	41,444
- as ratio to long-term debt and shareh. equity	%	10.2	8.9	20.7	19.3	18.8
Liquidity and solvency						
Quick ratio		0.7	1.0	0.8	0.6	0.5
Current ratio		1.2	1.6	1.2	1.0	0.9
Equity ratio	%	34.5	42.2	41.2	37.6	50.9
Asset utilisation and efficiency						
Net sales per employee	EUR'000	126	54	62	45	34
Total asset turnover		0.5	0.4	0.7	0.5	0.7
Profitability						
Operating profit as ratio to net sales	%	14.8	19.3	20.8	17.8	14.6
Net income before taxes as ratio to net sales	%	9.5	16.6	17.7	15.9	17.6
Net income for the period as ratio to net sales	%	7.7	14.7	15.1	14.4	15.8
Market						
Value of shares	EUR'000	2,279	2,236	1,387	1,397	522
Price/earnings ratio (P/E)		35.81	28.45	21.46	32.16	15.33
Price/book ratio		2.43	2.20	4.43	5.53	2.07
Number of shares	Millions	3.369	3.355	2.994	2.994	0.597
Earnings per share (EPS)	EUR cent	0.018110	0.025510	0.021620		
Diluted earnings per share (Diluted EPS)	EUR cent	0.018040	0.025480	0.021590		

Notes

* Financial ratios based on financial statements prepared in Icelandic currency in the year 2002 have been translated to euros. Income Statement items have been translated at the average exchange rate for each period, and Balance Sheet items have been translated at the exchange rate at the end of each period.

* Figures for 2002 were not prepared in accordance with the IFRS standards.

Independent Auditor's Report

To the Board of Directors and Shareholders of Actavis Group hf.

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Actavis Group hf. and its subsidiaries (the Group), which comprise the Balance Sheet as at 31 December 2006, and the Income Statement, the Statement of Changes in Shareholders' Equity, and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of Financial Statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these Financial Statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the financial position of the Group as of 31 December 2006, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Reykjavik, 28 February 2007

KPMG hf.

Alexander G. Edvardsson

Audur Thorisdottir

Consolidated Income Statement for the year 2006

	Notes	2006	2005
Net sales	7	1,339,189	551,384
Cost of sales		(788,266)	(276,470)
Gross profit		550,923	274,913
Other operating income	8	40,732	27,880
Sales and marketing expenses		(197,271)	(81,374)
Research and development expenses		(66,763)	(54,289)
General and administrative expenses		(130,037)	(60,618)
		(353,339)	(168,401)
Profit from operations		197,584	106,512
Share of loss of associates		0	(1,816)
Financial income and (expenses)	12	(70,327)	(13,216)
Profit before tax		127,257	91,479
Income tax	13	(24,568)	(10,477)
Profit for the year		102,689	81,003
Attributable to:			
Equity holders of the Parent		102,272	78,007
Minority interest		417	2,995
Profit for the period		102,689	81,003
Earnings per share	14		
Basic earnings per share (EUR)		0.01811	0.02551
Diluted earnings per share (EUR)		0.01804	0.02548

Consolidated Balance Sheet at 31 December 2006

	Notes	31. Dec. 2006	31. Dec. 2005
Assets			
Non-current assets			
Goodwill	15	936,052	876,572
Other intangible assets	16	504,157	467,576
Property, plant and equipment	17	398,333	362,253
Deferred tax assets	28	68,940	49,523
Non-current assets		1,907,482	1,755,924
Current assets			
Inventories	18	277,917	229,498
Fair value derivatives	19	2,142	9,205
Trade and other receivables	20	313,511	295,696
Cash and cash equivalents	21	78,310	99,308
Current assets		671,880	633,707
Total assets		2,579,362	2,389,632
Equity			
Share capital	22	51,356	52,961
Share premium		590,833	687,764
Other reserves	23	(112,612)	10,012
Retained earnings		350,623	246,597
Equity attributable to equity holders of the Company		880,199	997,334
Minority interest		9,457	10,695
Total equity		889,656	1,008,029
Liabilities			
Non-current liabilities			
Loans and borrowings	24	989,728	868,389
Retirement benefit obligation	25	18,487	22,878
Obligations under finance leases	27	30,591	15,516
Deferred income tax liabilities	28	86,262	66,021
Non-current liabilities		1,125,069	972,803
Current liabilities			
Loans and borrowings	24	193,841	22,383
Tax liabilities		11,279	14,127
Accounts payable and other liabilities	29	350,340	367,704
Obligations under finance leases	27	4,660	2,111
Provisions	30	4,518	2,474
Current liabilities		564,638	408,799
Total liabilities		1,689,706	1,381,603
Total equity and liabilities		2,579,362	2,389,632

Consolidated Statement of Cash Flows for the year 2006

	Notes	2006	2005
Cash flows from operating activities			
Profit for the period		102,689	81,003
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation of fixed assets	17	43,197	21,159
Amortisation of intangible assets	16	46,353	20,801
Currency fluctuations and indexation		(16,449)	(14,208)
Changes in deferred taxes		(2,197)	(5,856)
Loss on sale of investment in other companies		24,432	0
Other changes		6,098	6,182
Working capital provided by operating activities		204,122	109,079
Changes in operating assets and liabilities:			
Inventories, increase		(52,041)	(13,630)
Receivables, (increase) decrease		(6,388)	5,988
Short-term liabilities, increase		16,221	1,567
Changes in operating assets and liabilities		(42,209)	(6,075)
Net cash provided by operating activities		161,914	103,004
Cash flows to investing activities			
Investments in intangible assets		(65,468)	(41,188)
Proceeds from sale of intangible assets		882	1,426
Investment in property, plant and equipment		(96,795)	(62,365)
Proceeds from sale of property and equipment		17,005	3,686
Investm. in subsidiaries and other companies net of cash acquired		(560,280)	(884,578)
Proceeds from sale of investment in other companies		373,303	3,792
Securities, change		0	18,001
Net cash used in investing activities		(331,352)	(961,226)
Cash flows from financing activities			
Purchase of treasury shares		(123,574)	(12,108)
Sales of treasury shares		18,718	96,371
Increase in capital		6,318	163,116
Issuance of preference shares		0	356,498
Dividend paid		0	(3,554)
Proceeds from long-term borrowings		239,185	661,348
Payments of long-term debt		(113,981)	(163,307)
Changes in bank loans		127,779	(160,113)
Payments of finance lease obligations		(3,034)	(471)
Net cash provided by financing activities		151,411	937,780
Net change in cash and cash equivalents		(18,028)	79,557
Effects of foreign exchange adjustments		(2,970)	2,426
Cash and cash equivalents at beginning of year		99,308	17,325
Cash and cash equivalents at end of year		78,310	99,308
Other information			
Interest paid		(51,151)	(18,756)
Income tax paid		(15,788)	(18,795)

Consolidated Statement of Changes in Shareholders' Equity for the years 2005 and 2006

	Equity attributable to equity holders of the Company							
	Share capital							
	Common shares	Preference shares	Share premium	Other reserves	Retained earnings	Total	Minority interest	Total equity
Balance at 1 January 2005	36,181	0	98,332	(23,410)	172,150	283,253	9,852	293,105
Translation difference				31,674		31,674		31,674
Total income and expenses recognised directly in equity				31,674	0	31,674	0	31,674
Profit for the period					78,007	78,007	2,995	81,002
Total recognised income and expenses for the period	0	0	0	31,674	78,007	109,681	2,995	112,676
Purchases of treasury shares	(288)		(11,820)			(12,108)		(12,108)
Sales of treasury shares	2,511		93,859			96,370		96,370
Preference shares issued		10,000	346,498			356,498		356,498
Common shares issued	4,557		160,895			165,452		165,452
Accrued stock option				1,748		1,748		1,748
Acquisition of minority interest						0	(2,153)	(2,153)
Dividend paid (EUR0.001189 per share)					(3,560)	(3,560)		(3,560)
Balance at 31 December 2005 / 1 January 2006	42,961	10,000	687,764	10,012	246,597	997,334	10,695	1,008,029
Translation difference				(87,865)		(87,865)		(87,865)
Defined benefit plan actuarial gains and losses					1,754	1,754		1,754
Net income and expenses recognised directly in equity				(87,865)	1,754	(86,111)	0	(86,111)
Profit for the period					102,272	102,272	417	102,689
Total recognised income and expenses for the period	0	0	0	(87,865)	104,026	16,161	417	16,578
Purchases of treasury shares	(2,052)		(121,522)			(123,574)		(123,574)
Sales of treasury shares	281		18,438			18,719		18,719
Common shares issued	166		6,153			6,318		6,318
Written put options transferred as liability				(37,005)		(37,005)		(37,005)
Accrued stock option				2,246		2,246		2,246
Acquisition of minority interest						0	(1,655)	(1,655)
Balance at 31 December 2006	41,356	10,000	590,833	(112,612)	350,623	880,199	9,457	889,656

1. Reporting entity

Actavis Group hf. (the Company) is a limited liability company incorporated and domiciled in Iceland. The address of the Company's registered office is Reykjavikurvegur 76 - 78, 220 Hafnarfjordur. The Consolidated Financial Statements of the Company as at and for the year ended 31 December 2006 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group specialises in the development, manufacturing, and sale of generic pharmaceuticals in international markets.

The Group operates across five continents and maintains headquarters in Iceland. Principal markets include the United States, Germany, the United Kingdom, the Nordic countries, Turkey, Bulgaria, the Netherlands, Romania, Russia, Central Europe and Serbia. Teams of pharmacists, chemists and other scientific professionals make up a total work force of around 10,800 in over 30 countries. The Group maintains modern manufacturing facilities in Bulgaria, China, Iceland, Indonesia, Malta, Romania, Serbia, Turkey, the UK, and the US. The plants produce a variety of medicines in different formulations, including tablets, capsules, injectables, suspensions, suppositories, creams and ointments.

2. Basis of preparation

Statement of compliance
The Consolidated Financial Statements are prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. Additional disclosures are provided as required by the OMX Nordic Exchange in Iceland.

Basis of measurement
The Consolidated Financial Statements are prepared on a historical cost basis except for derivatives, which are valued at fair value. The methods used to measure fair values are discussed in note 4.

Functional and presentation currency
These Consolidated Financial Statements are presented in euros, which is the Company's functional currency. All financial information presented in euros has been rounded to the nearest thousand.

Use of estimates and judgements
The preparation of financial statements requires that management make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values af assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 31 Acquisitions of subsidiaries (Business combinations)
- Note 15 Measurement of the recoverable amounts of cash-generating units
- Note 28 Utilisation of tax losses
- Note 26 Measurement of share-based payments
- Note 30 Provisions and contingencies
- Note 33 Valuation of financial instruments
- Note 3 Allocating costs to functions
- Note 3 Revenue recognition

- Note 3 Lease classification
- Note 25 Employee benefits - defined benefits
- Note 16 Capitalisation of internally generated intangible assets
- Note 3 Useful lives of tangible and intangble assetss

3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements and have been applied consistently by Group entities.

Certain comparative amounts in the Balance Sheet have been reclassified due to completion in 2006 of the initial accounting for business combinations occurred in 2005; see note 32.

Basis of consolidation

i) Subsidiaries
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The subsidiaries are fully consolidated in the Consolidated Financial Statements. When the Group's ownership in subsidiaries is less than 100%, minority interest's proportionate share of the subsidiaries' results and equity is adjusted on an annual basis and shown as separate items in the Income Statement and the Balance Sheet.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used in line with those used by the Group.

ii) Transactions eliminated on consolidation
Intra-Group balances and any unrealised income and expenses arising from intra-Group transactions are eliminated in preparing the Consolidated Financial Statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Foreign currencies
Transactions in foreign currencies are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing on the Balance Sheet date. Foreign exchange differences arising on translation are recognised in the Income Statement.

On consolidation, the assets and liabilities of the Group's subsidiaries are translated at exchange rates prevailing on the Balance Sheet date. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of foreign entities and translated at the closing rate.

Revenue
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates, and excluding sales and value-added taxes. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible returns of goods can be estimated reliably, and there is no continuing management involvement with the goods. Payments received from customers in advance of performance of the Group's obligations are included as deferred revenue and are not recognised as income until the obligations have been fulfilled.

Expenditure
Expenditure is recognised in respect of goods and services received when supplied in accordance with contractual terms. Provision is made when an obligation exists for a future liability in respect of a past event and where the amount of the obligation can be reliably estimated. Advertising and promotion expenditure is charged to the Income Statement as incurred. Shipment costs on intercompany transfers are charged to cost of sales; distribution costs on sales to customers are included in general and administrative expenditure. Restructuring costs are recognised in respect of the direct expenditure of a business reorganisation where the plans are sufficiently detailed and well advanced, and where appropriate communication to those affected has been undertaken.

Research and development
Research expenditure is charged to the Income Statement in the period in which it is incurred. Development expenditure is expensed until it meets the criteria for recognition as an asset, usually when a regulatory filing has been made in a major market and approval is considered highly probable.

Lease payments
Payments made under operating leases are recognised in the Income Statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance income and expenses
Finance income comprises interest income on funds invested, dividend income, changes in the fair value of derivatives, and foreign currency gains. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established.

Finance expense comprises interest expense on loans and borrowings, finance leases, retirement obligation, unwinding of the discount on provisions, foreign currency losses, and changes in the fair value of derivatives. All borrowing costs are recognised in the Income Statement using the effective interest method.

Taxation
The tax expense comprises tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates enacted or substantively enacted at the Balance Sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investment in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future benefits will be available against which the asset can be utilised. The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the Income Statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Earnings per share
Earnings per share is the ratio between profit and the weighted average number of common shares for the period and it reveals net profit per share. The nominal value of each share amounts to one Icelandic Krona. Calculation of diluted earnings per share takes into consideration stock options made with the Group's employees and the prospective deliverance of shares related to those options.

Goodwill
Goodwill (negative goodwill) arises upon the acquisition of subsidiaries.

i) Acquisitions prior to 1 January 2003
As part of its transition to the IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, IS GAAP.

ii) Acquisitions on or after 1 January 2003
For acquisitions on or after 1 January 2003, goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in the Income Statement.

iii) Acquisitions of minority interests
Goodwill arising on the acquisition of a minority interest in a subsidiary represents the excess of the cost of the additional investment over the carrying amount of the net assets acquired at the date of exchange.

iv) Subsequent measurement
Goodwill is measured at cost less accumulated impairment losses.

Other intangible assets

i) Development cost
Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if it can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour costs, and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the Income Statement when incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

ii) Customer relationships and trademarks
Customer relationships and trademarks that have been acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and impairment losses.

iii) Subsequent expenditure
Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the Income Statement when incurred.

iv) Amortisation
Amortisation is recognised in the Income Statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The amortisation rates used for the current and comparative periods are as follows:

Development cost	5 - 33%
Customer relationship	7 - 20%
Trademark	5 - 20%

Property, plant and equipment

i) Recognition and measurement
Property, plant and equipment are carried at acquisition or construction cost, less accumulated depreciation and impairment losses. The cost of self-constructed property, plant and equipment is calculated on the basis of directly attributable costs as well as an appropriate share of overheads.

ii) Subsequent costs
Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

iii) Depreciation
The depreciable amount of assets is allocated on a straight-line basis over their expected useful lives. Depreciation methods, useful lives and residual values are reassessed at the reporting date. The depreciation for each year is recognised as an expense based on the following depreciation rates:

Property and plant	2 - 8%
Equipment	10 - 33%

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or the lease term, if shorter.

Leased assets
Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. The corresponding liability is included in the Balance Sheet as an obligation under finance leases. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases, and the leased assets are not recognised on the Group's Balance Sheet.

Impairment

i) Financial assets
A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the Income Statement.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. The reversal is recognised in the Income Statement.

ii) Non-financial assets
The carrying amounts of the Group's non-current assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and other intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories
Inventories are stated at the lower of cost or net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overhead expenses that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less the estimated costs to completion and costs to be incurred in marketing, selling and distribution.

Financial instruments

i) Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, non-derivative financial instruments are measured at amortised cost, applying the effective interest method less any impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date; i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

ii) Derivative financial instruments
The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. The principal derivative instruments used by the Group are foreign currency swaps, interest rate swaps, and forward foreign exchange contracts.

Derivative financial instruments are recognised in the Balance Sheet at fair value. Changes in the fair value of derivatives are recognised in the Income Statement. Derivatives with positive fair value are recognised as assets and derivatives with negative fair value are recognised as liabilities.

iii) Share capital

a) Common shares
Incremental costs directly attributable to the issue of common shares and share options are recognised as a deduction from equity.

b) Preference shares
Preference shares are classified as equity because they are non-redeemable, or redeemable only at the Company's option, and any dividend is discretionary. Dividends thereon are recognised as a distribution within equity.

c) Repurchase of share capital
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable cost, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. Gains or losses on the purchase or sale of treasury shares are not recognised in the Income Statement.

d) Dividends
Dividends are recognised as a liability when approved by the Company's shareholders.

Employee benefits

i) Defined contribution plans
The Group's contributions to defined contribution pension plans are charged to the Income Statement as incurred with no further obligations.

ii) Defined benefit plans
The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and any unrecognised past service costs and the fair value of any plan assets are deducted. The discount rates used have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary, using the projected unit credit method. The Group immediately recognises all actuarial gains and losses arising from defined benefit plans directly in equity.

In accordance with legislation in Turkey, companies are required to make certain lump-sum payments to employees on retirement or on termination for reasons other than resignation or misconduct. These payments are calculated based on a pre-determined formula and are subject to certain upper limits. The accrued liability is based on the present value of the future obligation of the Group that may arise from the retirement of the employees.

Legislation in Bulgaria requires that employers pay retirement benefits based on an employee's final salary and years of service to the Group. A calculation is performed annually by a qualified actuary to determine the Group's obligation in respect of this scheme.

iii) Share-based payments
The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest.

The Company has granted certain key management personnel put options on their shareholding in the Company at predetermined terms. The cost attached to the agreements is evaluated in a manner similar to that used for other comparable agreements on the market, and the cost is expensed during the term of the agreements.

Provisions
A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for restructuring costs are recognised when the Company has a detailed formal plan for the restructuring which has been communicated to affected parties.

Segment reporting
A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risk and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on geographical segments. The secondary format is based on business segments, and the third format, management segments, reflects the Group's management structure.

New standards and interpretations not yet adopted
A number of new standards, amendments to standards, and interpretations are not yet effective for the year ended 31 December 2006, and have not been applied in preparing these Consolidated Financial Statements. The standards and interpretations not yet applied are as follows:

- IFRS 7 Financial instruments: Disclosure and the Amendment to IAS 1 Presentation of Financial Statements: Capital disclosures
- IFRS 8 Operating segments
- IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting Hyperinflationary Economics
- IFRIC 8 Scope of IFRS 2 Share-based payments
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements

These new standards and interpretations are not expected to have any significant impact on the Consolidated Financial Statements.

4. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to the asset or liability in question.

Property, plant and equipment
The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently, and without compulsion. The market value of items of plant, equipment, fixures and fittings is based on the quoted market prices for similar items.

Intangible assets
The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the parent or trademark being owned. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Inventory
The fair value of inventory acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventory.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Derivatives
The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Non-derivative financial liabilities
Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

Share-based payment transactions
The fair value of employee stock options is measured using a binomial lattice model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Exchange rates

The Group uses the average of exchange rates prevailing during the period to translate the results and cash flows of subsidiaries into euros and period-end rates to translate their assets and liabilities. The currencies that most influence these translations, and the relevant exchange rates, were:

	2006	2005
Average rates:		
EUR/GBP	1.466706	1.462304
EUR/US$	0.795862	0.805194
EUR/ISK	0.011395	0.012808
EUR/MTL	2.332090	2.325918
EUR/TRY	0.555401	0.597190
EUR/DKK	0.134064	0.134195
Period-end rates:		
EUR/GBP	1.491424	1.459217
EUR/US$	0.758668	0.847671
EUR/ISK	0.010682	0.013410
EUR/MTL	2.332090	2.329374
EUR/TRY	0.538242	0.627984
EUR/DKK	0.134133	0.134039

6. Quarterly statements (unaudited)

	Total 2006	Q4 2006	Q3 2006	Q2 2006	Q1 2006
Net sales	1,339,189	341,695	313,214	351,224	333,056
Cost of sales	(788,266)	(202,539)	(184,989)	(205,376)	(195,362)
Gross profit	550,923	139,156	128,225	145,848	137,694
Other operating income	40,732	8,488	10,592	12,830	8,822
Sales and marketing expenses	(197,271)	(53,990)	(46,832)	(49,454)	(46,995)
Research and development expenses	(66,763)	(16,372)	(13,011)	(20,265)	(17,115)
General and administration expenses	(130,037)	(31,700)	(32,428)	(33,544)	(32,365)
Profit from operations	197,584	45,581	46,545	55,416	50,041
Financial income/(expenses)	(70,327)	(7,461)	(38,325)	(14,509)	(10,032)
Profit before tax	127,257	38,121	8,220	40,908	40,009
Income tax	(24,568)	(5,581)	(16)	(10,821)	(8,150)
Net profit	102,689	32,540	8,203	30,087	31,859
EBITDA	287,134	69,548	65,702	79,387	72,497

7. Segment reporting

Segment information is presented in respect of the Group's geographical, business and management segments. The primary format, geographical segments, is based on the geographical location of the Group's business units and physical assets.

The second format, business segments, is based on the Group's key revenue streams.

The third format, management segments, reflects the Group's management structure. Here, there are four principal sales segments: North America, Western Europe Middle East and Africa (WEMEA), Central and Eastern Europe and Asia (CEEA), and Third-party. The CEEA segment includes Iceland and also covers responsibility for sales within its area that originate from business units within WEMEA. Third-party sales are principally in Western Europe. In addition to these sales segments, the balance of the Company's business, including R&D and Corporate activities, is grouped within a fifth management segment.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

Primary format - Geographical segments

The Group comprises the following main geographical segments:

- Western Europe: Manufacturing facilities and sales offices are operated in Iceland, Scandinavia, Germany, Malta, the UK, and the Netherlands.
- CEEA (Central and Eastern Europe and Asia): Manufacturing facilities and sales offices are operated in Bulgaria, Poland, Russia, Serbia, Romania, Turkey, Slovakia, the Czech Republic, Hungary, China, Indonesia and India.
- US: Manufacturing facilities and sales offices are operated in the United States.

Individual operations are allocated to segments in accordance with their geographical location.

Secondary format - Business segments

The Group operates in the following business segments:

- Own brand:
  Actavis produces and markets generic pharmaceutical products covering most significant therapeutic categories. The Group packages and sells a number of these products under its own-label names. The Company has three Sales and Marketing divisions for own-label products, representing different geographical areas: Western Europe, Middle East and Africa; Central and Eastern Europe and Asia; and North America. The Group's biggest "own-label" markets are the US, Turkey, Bulgaria, Russia, the Ukraine and the CIS, the Nordic countries, and Serbia. In addition to tablets and capsules, Actavis sells injectables, suspensions, infusions, suppositories, gels, syrups, creams, and ointments. Actavis also sells a variety of veterinary products in many of its markets.
- Third-party:
  Actavis sells products to clients who then sell the products under their own-labels. These sales are handled by the Group's Third-party Sales & Marketing division.
- Other:
  The Group also generates revenue from the sale of registration dossiers, the sale of Active Pharmaceutical ingredients, and distribution businesses. Other revenue also includes royalty payments and other minor non-product-related income. The sale of pharmaceutical intellectual property through dossiers is handled by the Company's Third-party Sales & Marketing division. The largest distribution business is Higia in Bulgaria.

Geographical segments

Segment reporting for the year 2006

	WEMEA	CEEA	US	Eliminations	Group
Total external revenue	424,876	506,326	407,987	0	1,339,189
Internal revenue	322,811	27,813	0	(350,624)	0
Total segment revenue	747,687	534,139	407,987	(350,624)	1,339,189
Segment results	39,842	77,433	98,852	(18,543)	197,584
Net financing cost					(70,327)
Income tax					(24,568)
Profit for the period					102,689
Segment assets	3,395,860	531,147	894,319	(2,241,963)	2,579,362
Segment liabilities	2,092,879	230,149	729,742	(1,363,064)	1,689,706
Cash flows from operations	(29,926)	55,568	42,827	93,446	161,914
Cash flows to investments	(240,460)	(32,065)	(122,811)	63,984	(331,352)
Cash flows from financing	254,310	(19,313)	60,343	(143,929)	151,412
Capital expenditure	73,021	46,032	65,433	834	185,320
Depreciation	17,052	15,946	9,484	716	43,197
Amortisation	17,374	5,909	16,962	6,109	46,353

Segment reporting for the year 2005

	WEMEA	CEEA	US	Eliminations	Group
Total external revenue	183,948	299,282	68,153	0	551,384
Internal revenue	165,561	3,268	0	(168,829)	0
Total segment revenue	349,509	302,550	68,153	(168,829)	551,384
Segment results	41,791	41,880	24,762	(1,920)	106,512
Net financing cost					(15,033)
Income tax					(10,477)
Profit for the period					81,003
Segment assets	1,840,316	349,534	868,329	(668,547)	2,389,632
Segment liabilities	1,382,697	130,390	536,049	(667,533)	1,381,603
Cash flows from operations	15,155	40,508	47,341	0	103,004
Cash flows to investments	(588,326)	(30,774)	(342,129)	0	(961,229)
Cash flows from financing	1,019,728	(17,076)	(64,872)	0	937,780
Capital expenditure	53,948	37,177	12,428	0	103,553
Depreciation	8,393	11,511	1,249	6	21,159
Amortisation	1,728	8,752	9,367	953	20,800

Business segments

Segment reporting for the year 2006

	Own brand	Third-party	Other	Eliminations	Group
Total external revenue	1,058,262	164,831	466,571	(350,475)	1,339,189
Segment assets	4,417,419	348,657	55,250	(2,241,963)	2,579,362
Capital expenditure	173,907	10,579	0	834	185,320

Segment reporting for the year 2005

	Own brand	Third-party	Other	Eliminations	Group
Total external revenue	369,888	137,484	44,013	0	551,384
Segment assets	2,677,759	342,682	37,738	(668,547)	2,389,632
Capital expenditure	80,040	23,449	65	0	103,553

Management segments

Segment reporting for the year 2006

	US	CEEA	Third-party	WEMEA	Other	Group
Total revenues 2006	425,236	529,475	134,310	284,562	6,337	1,379,921
Revenue Q4 (unaudited)	92,007	148,558	33,846	76,882	(1,110)	350,182

8. Other operating income

	2006	2005
Sales of dossiers	8,532	12,022
Other revenues	32,199	15,858
	40,732	27,880

Dossier is the sale of intellectual property, which is confidential scientific and medical information and technical data invented, developed, or acquired by the Group. Other revenue represents sale not related to any production activity.

9. Personnel expenses

	2006	2005
Wages and salaries	278,703	116,411
Compulsory social security contributions	14,553	4,087
Pensions - defined contribution plans	9,784	5,720
Pensions - defined benefit plans	2,491	1,880
Share-based payment costs	2,283	1,664
	307,814	129,762
Included in the Income Statement under the following headings:		
Cost of goods sold	136,800	44,898
Sales and marketing expenses	70,609	31,789
Research and development expenses	23,422	19,811
General and administrative expenses	66,544	28,091
Total included in the Income Statement	297,374	124,589
Included in the Balance Sheet as:		
Development cost	10,440	5,173
Total included in the Balance Sheet	10,440	5,173
Total employee costs	307,814	129,762

For information on remuneration to the Board of Directors and Executive Management, please refer to note 10.

Number of persons employed by the Group (including directors) at year-end:

Manufacturing	6,152	5,113
Selling, general and administration	3,723	4,223
Research and development	999	818
Number of employees at end of period	10,874	10,153
Average number of positions at year-end	10,610	10,145

10. Management's remuneration, stock options and shareholdings

Fee to the Board of Directors

The fee to the Board of Directors is a fixed annual fee. Directors receive a fixed amount, while the chairman receives a multiple thereof (2 times). In 2006, the base fee was EUR13,675. In addition to the fee, the members' costs in connection with participation in meetings, such as travel and hotel expenses, etc., are refunded. No other amounts or benefits are paid to Board members.

	2006
Bjorgolfur Thor Bjorgolfsson, Chairman of the Board	27
Andri Sveinsson	14
Magnus Thorsteinsson	14
Karl Wernersson	14
Sindri Sindrason	14
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Executive Management Board

The remuneration of the Executive Management Board is based on a fixed salary, a potential cash bonus of up to 6 months' salary, and pension contributions, as well as non-monetary benefits in the form of motor vehicle and phone.

For the year 2006	Salaries and bonuses	Share-based payment	Total remuneration
Robert Wessman, CEO	1,678	0	1,678
Gudbjorg Edda Eggertsdottir, Third-party sales	206	222	428
Sigurdur Oli Olafsson, North America sales	380	0	380
Jonas Tryggvason, CEE & Asia sales	213	111	324
Svend Andersen, WEMEA sales	230	0	230
Four executive vice presidents	1,176	222	1,398
Two former executives	1,140	222	1,362
	5,023	778	5,801

The four executive vice presidents are Aidan Kavanagh, Mark Keatley, Stefan Jokull Sveinsson, and Steinthor Palsson.

The two former executives are Elin Gabriel and Svafa Gronfeldt.

Management's share options

	At beginning of year	Exercised	Additions	At year-end
Robert Wessman, CEO	0	0	0	0
Gudbjorg Edda Eggertsdottir, Third-party sales	1,472	(736)	0	736
Sigurdur Oli Olafsson, North America sales	1,472	0	0	1,472
Jonas Tryggvason, CEE & Asia sales	1,104	(368)	0	736
Svend Andersen, WEMEA sales	0	0	0	0
Four executive vice presidents	5,937	(736)	0	5,201
Two former executives	1,472	(736)	0	736
	11,457	(2,576)	0	8,881

Management's holding of Actavis Group shares

(in thousands of shares)	At year-end
Board of Directors:	
Bjorgolfur Thor Bjorgolfsson, Chairman of the Board	1,296,380
Andri Sveinsson	0
Magnus Thorsteinsson	0
Karl Wernersson	183,845
Sindri Sindrason	18,630
	1,498,855
Executive Management:	
Robert Wessman, CEO	136,733
Gudbjorg Edda Eggertsdottir, Third-party sales	24,757
Sigurdur Oli Olafsson, North America sales	5,072
Jonas Tryggvason, CEE & Asia sales	4,644
Svend Andersen, WEMEA sales	3,500
Four executive vice presidents	16,889
Two former executives	5,066
	196,661
Total	1,695,516

The quoted share price at year-end was 64.0; and therefore, the market value of management's holding in Actavis Group amounted to EUR1,159 million at year-end.

11. Fees to Auditors

	2006	2005
Audit of financial statements	2,180	894
Review of interim financial statements	363	166
Other services	1,018	319
	3,561	1,380

The amount includes payments to elected auditors of all companies within the Group.

12. Financial income and (expenses)

	2006	2005
Interest income		
Interest on bank deposits	3,532	2,906
Other interest income	103	918
	3,635	3,824
Interest expenses		
Interest on obligations under finance leases	(1,876)	(709)
Interest on loans and borrowings	(48,559)	(15,383)
Other interest expenses	(4,255)	(5,178)
	(54,690)	(21,270)
Net loss on disposal of investment in other companies	(24,432)	0
Foreign exchange rate differences (net)	5,160	5,636
Write-down of investment in associated companies	0	(1,407)
Net financial income and expense	(70,327)	(13,217)

13. Income tax expense

	2006	2005
Current tax expense		
Current year	44,144	22,787
Under/(over)-provided in prior years	(82)	68
	44,062	22,855
Deferred tax expense		
Origination and reversal of temporary differences	(13,830)	(4,261)
Investment tax credit	(6,323)	(11,246)
Other changes	659	3,129
	(19,494)	(12,378)
Total income tax expense in Income Statement	24,568	10,477
Income tax recognised directly in equity		
Tax on entries in equity related to current tax	2,959	0
Tax on entries in equity related to deferred tax	(549)	0
Total income tax recognised directly in equity	2,410	0

Reconciliation of effective tax rate

	2006	2006	2005	2005
Profit before tax		127,257		91,479
Income tax using the domestic corporate tax rate	18%	22,906	18%	16,466
Effect of tax rates in foreign jurisdictions	28%	35,988	7%	6,822
Investment tax credits	(10%)	(12,280)	(13%)	(11,464)
Non-deductible expenses	3%	3,649	1%	500
Tax-exempt revenue	(21%)	(27,021)	(2%)	(1,767)
Other differences	1%	1,326	(0%)	(80)
Total income tax expense in Income Statement/eff.tax rate	19%	24,568	11%	10,477

14. Earnings per share

The calculation of earnings per common share is based on the following data:

	2006	2005
Net profit attributable to equity holders	102,272	78,007
Effect of accumulated premium on preferred shares	(42,250)	0
Net profit attributable to equity holders of common shares	60,022	78,007
Basic earnings per common share:		
Outstanding common shares at beginning of year	3,329	2,791
Effect of new shares issued	1	175
Effect of treasury shares	(15)	92
Total average number of common shares outstanding during the period (in millions)	3,315	3,058
Basic earnings per common share (EUR)	0.01811	0.02551
Diluted earnings per common share:		
Outstanding common shares at beginning of year	3,329	2,791
Effect of new shares issued	1	175
Effect of treasury shares	(15)	92
Effect of stock options	13	2
Total average number of common shares outstanding during the period (in millions)	3,328	3,061
Diluted earnings per common share (EUR)	0.01804	0.02548

15. Goodwill

	2006	2005
Cost		
At 1 January	787,934	240,101
Adjustment due to purchase price allocation	91,938	0
Adjusted balance at 1 January 2006	879,871	240,101
Currency adjustments	(33,019)	408
Recognised on acquisition of subsidiaries	92,500	547,425
At 31 December	939,352	787,934
Accumulated impairment		
At 1 January	3,300	3,300
At 31 December	3,300	3,300
Net book value 31 December	936,052	784,634

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's three cash-generating units (CGU) which represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. The three CGUs are the geographical markets WEMEA (Western Europe, Middle East and Africa), CEEA (Central and Eastern Europe and Asia), and US.

At year-end, the carrying amount of goodwill allocated to the Group's cash-generating units (CGU) was as follows:

	2006	2005
WEMEA	434,034	391,335
CEEA	168,317	89,903
US	333,701	303,395
	936,052	784,634

The Group tests goodwill for impairment on an annual basis. If there are any indications that goodwill might be impaired, tests are made on a more frequent basis.

The impairment test for cash-generating units compares their recoverable amount with the carrying amount of the individual cash-generating units. The recoverable amount of all of the Group's three cash-generating units was based on their value in use. The carrying amount of all the CGU was determined to be lower than their recoverable amounts; therefore, no impairment loss was recognised (2005: nil).

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on actual operating results and the 5-year business plan (2007-2011). Cash flows for further periods were extrapolated using a constant growth rate.
- The key assumptions in the calculation of the cash flows are sales, EBITDA, working capital, capital investments, and growth expectations for the years after 2012.
- WEMEA is characterised by declining prices and stiff competition, which requires ongoing optimisation of cost structure. An increase in net revenue is expected for WEMEA in the budget period due to entry into new markets.
- CEEA is characterised both by growth in the market and increasing market share.
- US, which is the Group's third growth area, is also expected to achieve increases in net revenue due to new market launches.
- Cash flows for further years were extrapolated based on an expected long-term growth rate for WEMEA, CEEA and US. This is consistent with the long-term average growth rates for the industry in those regions.
- The discount rates applied in calculating the recoverable amounts are before tax, and they reflect risk-free interest plus specific risks in the individual geographical segments.

The values assigned to the key assumptions represent management's assessment of future trends in the pharmaceutical industry and are based on both external sources and internal sources (historical data).

16. Intangible assets

	Development cost	Customer relationship	Trademark	Total
Cost				
At 1 January 2005	36,175	4,437	7,118	47,730
Currency adjustments	2,691	1,191	(223)	3,659
Additions due to acquisitions	21,839	454,009	29,305	505,153
Additions during the year	34,378	0	0	34,378
Sales and disposals	(2,279)	(4,649)	0	(6,928)
At 31 December 2005	92,804	454,988	36,200	583,992
At 1 January 2006	92,804	454,988	36,200	583,992
Adjustment due to purchace price allocation	22,196	(120,521)	17,945	(80,380)
Adjusted balance at 1 January 2006	115,000	334,467	54,145	503,612
Currency adjustments	14,545	(43,202)	(2,220)	(30,877)
Additions due to acquistions	20,698	30,529	1,099	52,326
External additions	33,212	0	3,346	36,558
Internal additions	22,155	799	0	22,954
Reclassification	0	0	(1,008)	(1,008)
Disposals	(924)	0	(27)	(951)
At 31 December 2006	204,686	322,593	55,335	582,614
Accumulated amortisation and impairment losses				
At 1 January 2005	11,123	3,507	2,478	17,108
Amortised	5,671	11,503	0	17,174
Impairment loss	3,627	0	0	3,627
Sales and disposal	(163)	(4,498)	0	(4,661)
Currency adjustments	3,622	(654)	(181)	2,787
At 31 December 2005	23,880	9,858	2,297	36,035
At 1 January 2006	23,880	9,858	2,297	36,035
Currency adjustments	(1,197)	(1,712)	67	(2,842)
Reclassification	0	0	(851)	(851)
Sales and disposal	(212)	0	(25)	(237)
Impairment losses	463	0	0	463
Amortised	14,110	24,193	7,587	45,890
At 31 December 2006	37,044	32,339	9,075	78,458
Carrying amounts				
At 1 January 2005	25,052	930	4,640	30,622
At 31 December 2005	68,924	445,130	33,903	547,957
At 1 January 2006	91,120	324,609	51,848	467,577
At 31 December 2006	167,642	290,254	46,260	504,156

Amortisation and impairment losses

The amortisation and impairment losses of other intangible assets, classified by operational category, are specified as follows:

	2006	2005
Cost of sales	947	892
Sales and marketing expenses	10,378	436
General and administrative expenses	11,156	1,472
Research and development expenses	23,872	18,001
	46,353	20,801

Impairment loss and subsequent reversal
In 2006 the total impairment loss amounted to EUR463 thousand (2005: EUR3,627 thousand).

Commitments
No contractual commitments for the acquisition of intangible assets have been made.

17. Property, plant and equipment

	Property and plant	Machinery and equipment	Total
Cost			
At 1 January 2005	86,242	168,253	254,495
Currency adjustments	17,097	46,762	63,859
Additions due to acquisitions	41,340	115,140	156,480
Additions	10,273	38,432	48,705
Sales and disposals	(14,813)	(31,001)	(45,814)
At 31 December 2005	140,139	337,586	477,725
At 1 January 2006	140,139	337,586	477,725
Adjustment due to purchase price allocation	74,184	(58,201)	15,983
Adjusted balance at 1 January 2006	214,323	279,385	493,708
Currency adjustments	(44,171)	(5,815)	(49,986)
Additions due to acquisitions	5,334	2,456	7,790
Additions	48,676	71,177	119,853
Reclassified	0	1,008	1,008
Disposals	(14,693)	(12,614)	(27,307)
At 31 December 2006	209,469	335,597	545,066
Accumulated depreciation and impairment losses			
At 1 January 2005	28,142	81,125	109,267
Currency adjustments	5,105	37,120	42,225
Sales and disposals	(12,722)	(28,474)	(41,196)
Impairment losses	515	517	1,032
Depreciation	2,760	17,366	20,126
At 31 December 2005	23,800	107,654	131,454
At 1 January 2006	23,800	107,654	131,454
Currency adjustments	(2,132)	(15,378)	(17,510)
Reclassified	0	851	851
Disposals	(1,409)	(9,850)	(11,259)
Depreciation	12,286	30,911	43,197
At 31 December 2006	32,545	114,188	146,733
Carrying amounts			
At 1 January 2005	58,100	87,128	145,228
At 31 December 2005	116,339	229,932	346,271
At 1 January 2006	190,523	171,731	362,254
At 31 December 2006	176,924	221,409	398,333

Depreciation and impairment losses, classified by operational category, are shown in the following schedule:

	2006	2005
Cost of goods sold	29,471	13,099
Sales and marketing expenses	3,957	2,293
General and administrative expenses	7,279	2,392
Research and development expenses	2,491	3,375
	43,198	21,159

Leased plant and machinery

The Group leases production equipment under a number of finance lease agreements. Some leases provide the Group with the option to purchase the equipment at a beneficial price. The leased equipment secures lease obligations. At 31 December 2006 the net carrying amount of leased plant and machinery was EUR26,111 (2005: EUR18,604).

Insurance and assessment value

2006	Insurance value	Assessment value	Book value
Property and plants	349,249	176,292	176,924
Machinery and equipment	307,006	221,409	221,409
	656,255	397,701	398,333

2005			
Property and plants	135,046	122,337	116,339
Machinery and equipment	212,664	229,932	229,932
	347,710	352,269	346,271

Commitments
No contractual commitments for the acquisition of tangible assets have been made.

18. Inventories

	2006	2005
Raw material	94,308	101,299
Work in progress	31,332	34,341
Finished goods	147,095	92,999
Other inventories	5,181	2,728
	277,917	231,367
Adjustments due to purchase price allocation		(1,869)
Adjusted balance 1 January		229,498
Insurance value	299,503	242,338

19. Fair value derivatives

Exposure to credit, interest rate and currency risk arises in the normal course of the Group's business. Derivative financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. Net assets in derivatives are specified as follows:

	2006	2005
Swap derivatives	2,142	9,205

20. Trade and other receivables

	2006	2005
Trade receivables	232,150	232,398
Other receivables	89,901	71,988
Allowances for doubtful accounts	(8,540)	(8,690)
	313,511	295,696

A loan to the CEO amounting to EUR2.3 million (2005: EUR2.7 million) is included in other receivables.

21. Cash and cash equivalents

	2006	2005
Cash	78,310	99,308
Marketable securities	0	0
	78,310	99,308

22. Share capital

Class A shares

The Company increased its Class A common shares in December to meet exercisable stock options to key employees.

The Class A common shares were increased in December by 14,763,976 shares, and the total number of common shares is 3,369,435,093 after the increase.

Class B shares

The Company has 100 outstanding Class B preference shares with a nominal value of EUR100,000. As preference shares, they entitle the shareholders to receive dividend payments before Class A common share shareholders but exclude any voting rights.

The Company has the right to redeem the Class B shares at any time until May 2011, at a redemption price that equals the original sales price with an 11% annual premium for the first year. This premium is increased by 1% each year until maturity. After May 2011, shareholders of Class B shares have the right to convert the Class B shares to Class A common shares at an exchange rate that, if exercised in full, would result in a 39% shareholding in Class A common shares.

Changes in the nominal value of common shares during the year are as follows:

	Number of shares in thousands	EUR
Outstanding common shares at 1 January 2005	2,791,162	36,181
New shares issued	360,891	4,557
Purchase of treasury shares	(22,318)	(288)
Sale of treasury shares	199,366	2,511
Outstanding common shares at 1 January 2006	3,329,101	42,961
New shares issued	14,764	166
Purchase of treasury shares	(170,000)	(2,052)
Sale of treasury shares	25,760	281
Outstanding common shares at 31 December 2006	3,199,625	41,356

Common shares are as follows, and the nominal value of each share is one Icelandic krona.

	Number of shares in thousands	Ratio	EUR
Outstanding common shares at the end of the period	3,199,625	95.0%	41,356
Treasury shares at the end of the period	169,810	5.0%	1,889
Total common stock issued	3,369,435	100.0%	43,245

23. Reserves

Included in reserves are the translation reserve, stock option reserve, and statutory reserve.

	Translation reserve	Stock option reserve	Statutory reserve	Total
Balance at 1 January 2005	(24,429)	69	950	(23,410)
Translation difference	31,674	0	0	31,674
Accrued stock options	0	1,748	0	1,748
Balance at 31 December 2005	7,245	1,817	950	10,012
Translation difference	(87,865)	0	0	(87,865)
Accrued stock options	0	2,246	0	2,246
Written put options transferred as liability	0	(37,005)	0	(37,005)
Balance at 31 December 2006	(80,620)	(32,942)	950	(112,612)

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and is recognised directly as a separate component of equity.

The stock option reserve includes the accrued part of the fair value of share options and the transfer of the obligation under written put options as a liability.

The Company has the obligation to allocate at least 10% of its profit, which is not used to meet possible losses of previous years and is not allocated into other statutory reserves, to a legal reserve until reaching 10% of share capital. When that target has been reached, contributions must be at least 5% until the reserve amounts to 25% of share capital. The Company has received payments exceeding the nominal value for shares when share capital was increased, and the paid amount in excess of the nominal value has been allocated to the premium account. The Company may use the legal reserve to settle against a loss that can not be settled with other reserves. When the reserve amounts to more than 25% of share capital, the amount in excess may be used to increase share capital or, in accordance with provisions of Article 53 of the Act Respecting Limited Companies, no. 2/1995, for other concerns.

24. Loans and borrowings

Non-current part of loans and borrowings is specified as follows:

	Interest	Year of maturity	Weighted average rate	2006	2005
Loans in US$	Floating	2007 - 2014	6.14%	169,201	171,673
Loans in EUR	Floating	2007 - 2014	4.45%	818,369	689,476
Loans in MTL	Fixed	2007 - 2010	5.56%	5,772	8,488
Loans in ISK	Fixed	2007	8.00%	2,040	16,362
Loans in INR	Fixed	2007 - 2010	9.75%	2,331	555
Loans denominated in other currencies				0	1,879
			4.76%	997,713	888,433
Current maturities, included in loans and borrowings (see below)				(7,984)	(20,043)
Non-current loans and borrowings				989,728	868,389

Aggregated annual maturities are as follows:

	2006	2005
On demand or within 1 year	7,984	20,043
Within 2 years	148,428	20,796
Within 3 years	150,529	126,197
Within 4 years	672,771	128,290
Within 5 years	0	576,575
Subsequent years	18,000	16,531
	997,713	888,433

Loans and borrowings classification:

	2006	2005
Secured	995,673	871,726
Unsecured	2,040	16,707
	997,713	888,433

The Company has pledged certain assets to secure banking facilities granted. The equivalent of US$1,270 million (drawn appr. 85% EUR and 15% US$) loan facility and revolving credit facility include certain financial covenants; both standard for such a facility and company-specific. Included in the loan agreement are various provisions that limit the Company's actions without prior consultancy with the lender. The main limitation consists of certain net debt/EBITDA requirements and restrictions on further M&A activity.

Current part of loans and borrowings is specified as follows:

	2006	2005
Current maturities of secured bank loans and borrowings	7,984	20,043
Short-term borrowings from credit institutions	185,857	2,339
	193,841	22,383

25. Retirement benefit obligation

Actavis entities operate pension arrangements that cover the Group's material obligations to provide pensions to retired employees. These arrangements have been developed in accordance with local practises in the countries concerned. Pension benefits can be provided by defined contribution schemes, whereby retirement benefits are determined by the value of funds arising from contributions paid in respect of each employee, or by defined benefit schemes, whereby retirement benefits are based on employee pensionable remuneration and length of service.

Contributions to defined benefit schemes are determined in accordance with the advice of independent, professionally qualified actuaries. Pension costs of defined benefit schemes for accounting purposes have been assessed in accordance with independant actuarial advice. In certain countries, pension benefits are provided on an unfunded basis, some administered by trustee companies. Liabilities are generally assessed annually in accordance with the advice of independent actuaries.

The assets of funded schemes are generally held in separately administered trusts or are insured. Assets are invested in different classes in order to maintain a balance between risk and return. Investments are diversified to limit the financial effect of the failure of any individual investments.

The following information relates to the Group's defined benefit pension schemes.

Movement in the liability for defined benefit obligations

	2006	2005
At 1 January	11,558	5,766
Adjustments due to purchase price allocation	11,319	0
Adjusted balance 1 January	22,878	5,766
Indexation/currency adjustments	(1,121)	867
Actuarial (gains) losses recognised in equity (see below)	(1,754)	0
Pension paid during period	(7,116)	(489)
Additions during period	5,601	1,880
Additions due to merger	0	3,533
At 31 December	18,487	11,558

Specification of defined benefit obligations

	2006
Present value of funded obligations	38,105
Fair value of plan assets	(28,309)
	9,796
Present value of unfunded obligations	9,171
Unrecognised actuarial losses	(273)
Unrecognised prior service cost	(207)
Defined benefit obligation at 31 December 2006	18,487

Expense recognised in the Income Statement

	2006
Current service cost	5,055
Interest cost	2,557
Expected return on schemes assets	(2,215)
Past service cost	32
Expected return on reimbursement rights	10
Change arising on curtailments/settlement	131
Other	31
	5,601

Actuarial (gains) and losses recognised directly in equity

	2006
Cumulative amount at 1 January	0
Recognised during the period	(1,754)
Cumulative amount at 31 December	(1,754)

Actuarial assumptions

Principal actuarial assumptions at the reporting date:

	2006
Discount rate at 31 December	4.3 % - 11.0%
Expected return on plan assets	4.3% - 7.0%
Future wage and salary increase	2.5% - 9.0%

26. Share-based payments

In June 2005 the Group established a share option programme that entitles key management personnel and senior employees to purchase shares in the Company. Share options were also offered to management personnel in 2006. In accordance with these programmes, options are exercisable at the market price of the shares at the grant date.

The terms and conditions of the grants are as follows: all options are to be settled by physical delivery of shares, but the Company intends to use treasury shares and / or increase share capital to meet the obligations. These share options at the end of the year amounted to 29.4 million shares.

Grant date / employees entitled	Number of instruments in thousands	Vesting condition	Contractual life of options
Option grant to key management in June 2005	20,835	Still employed at vesting date	3 years
Option grant to key management in the year 2006	8,574	Still employed at vesting date	1 - 3 years
Total share options	29,409		

Options are terminated if an employee leaves the Group before the options vest. The stock options granted in June 2005 and during the year 2006 are exercisable in 10 days from the exercise date, which falls on 10 November in 2007-2009.

The options outstanding at 31 December 2006 have an exercise price in the range of ISK38.5 to ISK63 and a weighted average contractual life of 1.33 years.

The following reconciles the outstanding share options granted under the share option plan at the beginning and end of the year:

	2006		2005	
	Number of shares in thousands	Weighted average contract rate in ISK	Number of shares in thousands	Weighted average contract rate in ISK
Outstanding stock options at beginning of year	35,920	38	833	4
Granted during the year	9,319	57	57,836	39
Forfeited during the year	(446)	8	(6,267)	39
Exercised during the year	(15,384)	39	(16,482)	38
Outstanding stock options at year-end	29,409	44	35,920	38
Exercisable at 31 December	0	0	0	0

The following share options granted under the share option plan were exercised during the year:

	2006			2005		
Options	Number exercised	Exercise month	Share price	Number exercised	Exercise month	Share price
Granted 2005	14,639	November	38.50	6,267	November	38.50
Granted 2006	745	November	43.2 - 57.5	0		
	15,384			6,267		

27. Obligation under finance leases

Finance lease liabilities are payable as follows:

	Min. lease payments 2006	Interest 2006	Principal 2006	Min. lease payments 2005	Interest 2005	Principal 2005
Less than one year	6,411	1,751	4,660	3,084	973	2,111
Between one and five years	15,840	3,904	11,936	7,381	2,298	5,083
More than five years	23,106	4,452	18,654	15,949	5,517	10,432
	45,358	10,107	35,251	26,414	8,788	17,626

Finance lease obligations relate to purchases of buildings, premises, machinery, cars, computer equipment, and various other fixed assets. The lifetime of the contracts varies from 2 - 15 years, depending on the asset acquired.

There were no contingent lease payments recognised as an expense in the period.

Management estimates that the fair value of the consolidated lease obligations approximates their carrying amount.

The obligations under finance leases are pledged by the lessor's charge over the leased assets.

28. Deferred tax

	Deferred tax asset	Deferred tax liabilities	Net
At 1 January 2005	21,247	(9,493)	11,754
Recognised directly in equity	0	(2,830)	(2,830)
Additions due to acquisitions	25,321	(68,308)	(42,987)
Calculated tax for the period	595	(11,072)	(10,476)
Income tax payable for the period	6,033	12,036	18,069
Exchange differences	1,220	1,161	2,381
At 31 December 2005	54,417	(78,506)	(24,089)
At 1 January 2006	54,417	(78,506)	(24,089)
Adjustment due to purchase price allocation	(4,894)	12,485	7,591
Adjusted balance at 1 January 2006	49,523	(66,021)	(16,498)
Recognised directly in equity	2,409	0	2,409
Additions due to acquisitions	0	(7,857)	(7,857)
Calculated tax for the period	15,087	(39,655)	(24,568)
Income tax payable for the period	3,221	21,195	24,416
Exchange differences	(1,300)	6,076	4,776
At 31 December 2006.	68,941	(86,262)	(17,321)

Recognised deferred tax assets and (liabilities)

	2006	2005
Intangible assets	(78,046)	(69,775)
Operating fixed assets	(530)	(4,890)
Inventories	1,914	(3,442)
Receivables	(697)	(101)
Long-term liabilities	(15,209)	20,487
Current liabilities	(5,168)	3,661
Carry-forward income tax losses	48,954	13,789
Investment tax credits	31,461	23,772
Net tax liability	(17,321)	(16,498)

29. Accounts payable and other liabilities

	2006	2005
Accounts payable	132,959	108,501
Other liabilities	217,381	237,260
	350,340	345,761
Adjustment due to purchase price allocation		21,943
Adjusted balance at 1 January 2006		367,704

30. Provisions

	Restructuring	Other	Total
At 1 January 2006	0	2,473	2,473
Additional provision during the period	1,561	2,473	4,034
Utilisation of provision	(13)	(1,669)	(1,682)
Exchange difference	0	(305)	(305)
Currency adjustments	0	(3)	(3)
At 31 December 2006	1,548	2,970	4,518

Restructuring

The provisions for restructuring totalling EUR1,548 thousand relate primarily to a streamlining programme at Alpharma BV - Netherlands, Actavis UK, Actavis Germany and Actavis Denmark. These provisions have been calculated on the basis of detailed plans and relate to the termination benefits to employees made redundant. It is expected that the restructuring will be completed in the year 2007.

Other

Other provisions, totalling EUR2,970 thousand, consist of various types of provisions such as product recall, sales force premium, and employee obligations other than retirement benefits. Other provisions represent management's best estimate, and it is expected that they will be utilised mostly in the year 2007.

31. Acquisition of subsidiary

At the beginning of April 2006, the Company acquired the Romanian generic pharmaceutical company Sindan AG for EUR149.5 million. Sindan's core operation is the manufacture and distribution of oncology products.

In accordance with the relevant IFRS standard, the Company has carried out an assessment of the fair value of the assets and liabilities of Sindan AG. The difference between the sum of the fair values less liabilities and the purchase price paid is accounted for as goodwill at the time of acquisition, and is subject to an annual impairment test.

The acquisition has been accounted for by applying the purchase method. The acquisition had the following effect on the Group's assets and liabilities:

	Preacquisition carrying amount	Fair value adjustments	Recognised values on acquisition
Property, plant and equipment	7,888	0	7,888
Intangible assets	650	48,650	49,301
Inventories	12,006	456	12,462
Trade and other receivables	5,655	0	5,655
Cash and cash equivalents	13,498	0	13,498
Loans and borrowings	(103)	0	(103)
Deferred tax liabilities	0	(7,857)	(7,857)
Trade and other payables	(7,817)	0	(7,817)
Net identifiable assets and liabilities	31,777	41,249	73,026
Goodwill on acquisition			76,468
Total consideration			149,494
Cash acquired			(13,498)
Net cash outflow			135,996

Pre-acquisitions carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The values of assets, liabilities, and contingent liabilities recognised on acquisition are their estimated values. The goodwill recognised on the acquistion is attributable to synergies expected from the integration of the company into the Group's existing business.

32. Acquisition of Alpharma generic business

In accordance with the relevant IFRS standard, the Company carried out an assessment of the fair value of the assets and liabilities of each of the businesses and companies acquired in 2005. The IFRS standard allows a period of up to one year from the date of acquisition for the assessments to be completed by the Company.

The enclosed amendment to the Balance Sheet of 31 December 2005 is due to continued work in relation to the assessment of the fair value of assets and liabilities acquired through the purchase of the generic business of Alpharma.

	Previously reported	Change due to PPA	Adjusted balance 2005
Assets			
Development cost	68,924	22,196	91,120
Goodwill	784,634	91,938	876,572
Other intangible assets	479,032	(102,576)	376,456
Property, plant and equipment	346,270	15,983	362,253
Deferred tax assets	54,417	(4,894)	49,523
Inventories	231,367	(1,869)	229,498
Liabilities			
Accounts payable and other liabilities	(345,761)	(21,943)	(367,704)
Retirement benefit obligation	(11,558)	(11,319)	(22,877)
Deferred income tax liability	(78,506)	12,485	(66,021)

33. Financial instruments and associated risks

Risk management

Financial risk

The principal objective of financial risk management is to monitor the Group's aggregated financial risk arising from its day-to-day operations and to initiate actions to limit exposure and enhance financial stability. Actavis follows strict financial risk management guidelines and regulations in areas such as foreign exchange, interest rate, liquidity and credit risks.

The Group's financial risk management function is centralised through the Corporate Treasury department. Financial exposure is partly hedged in the respective legal entities, in line with the Group's general policy and within set limits. This hedging is closely supervised by the Corporate Treasury department. All other aggregated risks are identified regularly, evaluated and, if relevant, hedged at Group level. Centralising tasks ensures that funding is cost efficient; a specified internal bank is in place for all legal entities.

The Board of Directors issues a Group Treasury Policy, which defines guidelines for treasury activity, acceptable levels of risk, and the willingness to incur risk against the expected rewards.

Market risk

a) **Foreign exchange risk**
As an international business, Actavis is exposed to foreign exchange risk with respect to a number of currencies. Net foreign exchange transaction exposure is hedged with derivatives, principally foreign exchange spot and forward contracts. For budgeting and forecasting purposes, the Group maintains internal forecasts for foreign exchange cash flow up to 12 months in advance. Translation risk arising from the consolidation of the legal entities' financial results to the Group's financial currency is generally not hedged. However, to avoid large Balance Sheet movements related to investments in entities operating in volatile markets, some translation risks are hedged.

b) **Interest rate risk**
The Treasury Policy defines the means of managing interest rate risk. The risk, measured as the potential increase in interest paid during the coming year of a defined move in interest rates, is monitored and evaluated on a constant basis.

c) **Credit risk**
The Group minimises credit risk by monitoring credit granted to customers, and it assigns collateral to cover potential claims. A large proportion of credit makes use of local expertise by being granted at a local level. The same credit policy is applied at each entity, but further requirements stipulated by local market conditions may apply. All entities are required to report all significant changes in credit risk to the Group. In addition, any credit that exceeds set limits requires authorisation at a higher level.

The policy ensures that credit to customers without an appropriate credit history is supported by guarantees. In recent years, the application of these policies to all entities, combined with active monitoring at Group level, has resulted in the Group's experiencing only minor credit losses. Actavis maintains a strict credit process and evaluation of counterparties. This, together with an equally strict general policy, helps contain credit losses at a low level.

Liquidity risk

Actavis' liquidity reserve consists of committed credit lines, cash deposits with banks, and current financial assets available within seven days. The appropriate level of liquidity reserve is defined by the Board. The Group strives to hold as much as possible of its liquidity reserve in committed credit lines; that is, to minimise cash in banks and current financial assets. To reduce refinancing risk, Actavis seeks to diversify the maturity dates of interest-bearing debt and committed credit lines and completes the refinancing of all credit facilities one year before maturity.

Operational risk

To minimise treasury-related operational risk, the Corporate Treasury department has been assigned the responsibility of supervising and monitoring all treasury activity. All legal entities have directors who are responsible for operational risk and are guided and directed by the Group. All entities perform their transactions with Corporate Treasury as counterparty, and only Corporate Treasury is authorised to enter into third-party treasury deals of any kind.

Corporate Treasury uses the Treasury system IT/2 to keep a complete record of all contracts and movements. All new trades are entered into the system daily, securing updated position reports and profit and loss reports. Regular risk assessment reports, which detail current exposure positions and treasury-related profit and loss, are sent to the CEO and the CFO.

Insurance policies

Actavis maintains global and local insurance policies. Global coverage comprises property damage, business interruption, product liability, marine and transit, and director and officers. Other insurance is monitored centrally in accordance with the insurance manual and internal procedures. Actavis performs regular evaluations of the necessary level of insurance coverage weighed against the possible risk. The Group believes that its current insurance coverage is reasonable. It is important to note that certain products cannot be insured under the product liability policy; in these cases, provisions have been set aside in case they are needed.

Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Balance Sheet, are as follows:

	2006		2005	
	Carrying amount	Fair value	Carrying amount	Fair value
Trade and other receivebles	313,511	313,511	295,696	295,696
Cash and cash equivalents	78,310	78,310	99,308	99,308
Derivatives	2,142	2,142	9,205	9,205
Loans and borrowings	997,713	989,857	888,433	880,555
Finance lease liabilities	35,251	35,251	17,626	17,626
Accounts payable and other liabilities	350,340	350,340	345,761	345,761

The interest rates used to discount estimated cash flows are based on yield curves in the respective currencies of government bonds at year-end plus an adequate constant spread, as follows:

	2006	2005
EUR	3.6 - 4.1%	2.4 - 3.1%
US$	5.0 - 5.3%	4.4 - 4.7%

34. Operating lease arrangements

Non-cancellable operating lease rentals are payable as follows:

	2006	2005
Less than one year	3,351	2,953
Between one and five years	9,121	2,021
More than five years	196	0
	12,668	4,974

The Group leases a number of factory facilities under operating leases. The leases typically run for a period of 1-8 years, with an option to renew the lease after that date. The Group also leases cars and equipment with an average lease period of 2-5 years.

During the year 2006, EUR3,996 thousand was recognised as an expense in the Income Statement in respect of operating leases (2005: EUR3,444 thousand).

35. Commitments

	2006
Contingent liability due to earn-out clauses	9,000
Commitment to invest in Serbia during next two years	2,200
At 31 December 2006.	11,200

Purchase agreements in respect of acquired businesses include earn-out clauses based on performance. The total value of these earn-out clauses is a maximum of EUR9 million. Of that total, a maximum of EUR4 million is payable to the sellers of Keri Pharma in Hungary, based on the performance of the company for the years 2007 - 2009, and a maximum of EUR5 million is payable to the sellers of Biovena in Poland, based on the performance of the company for 2007. Due to uncertainty about possible outflow, the obligations are classified as contingent liabilities and not recognised in the Balance Sheet.

36. Contingent liabilities

The Company (or the Group's US subsidiaries) is one of a large number of generic drug companies that have been sued in the United States. The lawsuits have been filed by the Attorneys General of Kentucky, Alabama, Illinois, Mississippi, Alaska, Hawaii, South Carolina, and Florida, as well as the City of New York. All of these cases generally allege that the defendants caused the states to overpay pharmacies and other providers for prescription drugs under Medicare and/or state Medicaid Programs by inflating the reported Average Wholesale Price or Wholesale Acquisition Cost. Several of these cases also allege that state residents were required to make inflated co-payments for drug purchases under the federal Medicare program, and companies were required to make inflated payments on prescription drug purchases for their employees. The discovery process is in various stages in the states concerned. At this juncture, none of the cases has reached the point of adjudication on the merits of the claims, as discovery and/or preliminary procedural motions are being pursued. Given the foregoing, there is currently an insufficient basis to recognise a provision due to the suit.

Pfizer has commenced litigation against Actavis Inc. and Actavis Group hf. and has alleged patent infringement based on the Actavis subsidiary Purepac's sale of Gabapentin capsules and tablets. Purepac and a group of other defendants selling the same products succeeded in a first-instance summary judgement decision before the district court of New Jersey. The judge ruled that Pfizer was not able to establish that the Purepac Gabapentin product infringed the patent. This decision will be reviewed at the court of appeals level in 2007, and the Federal Court of Appeals has the power to affirm the decision of the district court on the same or different grounds or to remit the matter back to the district court for a full trial on the merits. If the matter is remitted, the full trial will not be held in 2007 and would not at this stage include any assessment of damages. Given the foregoing, there is currently an insufficient basis to recognise a provision due to the suit.

German authorities required the Group's German subsidiary to provide updated safety and efficiency data on one of its major products on or before November 2004. The subsidiary complied but has received a non-approval letter. The subsidiary has appealed this decision to the Administrative Court, which has suspended effect. If the market authorisation for the product is withdrawn, the subsidiary's operating income would be seriously affected. Negotiations with BfArM (the German authorities) regarding this matter have been in progress.

In June 2003, Alpharma Ltd. UK received a request for certain information from the United Kingdom Office of Serious Fraud. The Serious Fraud Office (SFO) requested documents related to the Company's dealings with several of its competitors with respect to activities in certain specified drugs during late 1990s. The Company responded to this request and has been informed by the SFO that it has initiated a criminal investigation of possible violations of laws by the Company and its former UK executives. If the Company is found guilty, it could be subject to a fine in an amount not limited by statute.

In the United States there are some ongoing product liability suits. In most of the cases, Actavis Group hf. has product liability insurance in case they are settled or damages awarded to the plaintiff.

37. Related parties

Actavis Group related parties are:

- The Company's principal shareholders.
- The Company's subsidiaries.
- Members of the Company's Executive Management Board as well as relatives of these persons.
- Companies in which members of the Company's Executive Management Board, as well as relatives of these persons, exercise significant influence.

The Company's principal shareholders:

Name	Shares	%
Amber International Ltd	1,177,532,098	35.1%
Landsbanki Luxembourg S.A.	244,741,104	7.3%
Straumur - Burdaras Fjarfesting	175,583,387	5.2%
Actavis Group hf	169,810,000	5.0%
LI-Hedge	142,709,867	4.3%
Landsbanki Islands hf.	138,765,333	4.1%
Lifeyrissjodur verslunarmanna	67,779,414	2.0%
Lifeyrissjodir Bankastraeti 7	65,879,925	2.0%
Gildi -lifeyrissjodur	59,811,148	1.8%
Olof Vigdis Baldvinsdóttir	47,990,385	1.4%
Top 10 holdings		68.2%

Transactions and balances with the Company's principal shareholders

Some of the principal shareholders are major stakeholders in Landsbanki Islands hf., Sjova hf. and Straumur - Burdaras hf. All transactions during the year with these companies were made on an arm's-length basis.

Transactions and balances with the Company's Executive Management Board

There is a loan to the CEO relating to the acquisition of shares in the Company, as is explained in the note on Trade and other receivables. The loan bears market interest. There were no other transactions with members of the Executive Management Board during the year.

Transactions and balances with other related parties

There have been no transactions and balances with other related parties.

38. Group entities

At the year-end, the Company owned three subsidiaries that are all included in the consolidation. Those subsidiaries owned eighty-seven subsidiaries at year-end. The companies are as follows:

Name of subsidiary	Location	Ownership	Principal activity
Actavis Equity ehf.	Iceland	100%	Holding company
Actavis HY ehf.	Iceland	100%	Holding company
Actavis SD ehf.	Iceland	100%	Holding company
Actavis PTC ehf.	Iceland	100%	Sales and Marketing
Actavis hf. (Delta hf.)	Iceland	100%	Production, Sales and Marketing
Actavis Inc.	US	100%	Business Development
Actavis Elizabeth LLC	US	100%	Production, S&M and R&D
Actavis Mid-Atlantic LLC	US	100%	Production, S&M and R&D
Actavis Norway A/S	Norway	100%	Production
Actavis Totowa LLC	US	100%	Production, S&M and R&D
Point Holdings Inc.	US	100%	Holding company
Colony Pharmaceuticals Inc.	US	100%	Legal company
Medís ehf.	Iceland	100%	Third-party sales
Medis Danmark AS	Denmark	100%	Third-party sales
NM Pharma ehf.	Iceland	100%	Sales and Marketing
Actavis Dutch Holding BV	Netherlands	100%	Holding company
Actavis Holding Asia BV	Netherlands	100%	Holding company
Actavis (China) Holding Ltd.	Hong Kong	100%	Holding company
Actavis (Foshan) Pharmac. Co. Ltd.	China	90%	Sales and Marketing
Actavis Australia Pty. Ltd	Australia	100%	Sales and Marketing
Actavis Pharma Dev. Centra Private	India	100%	Research and Development
Actavis Pharma Manufact. Pvt. Ltd.	India	100%	Production, S&M and R&D
Actavis Pharma Ltd.	India	100%	Research and Development
Alpharma (Singapore) Pte. Ltd.	Singapore	100%	Sales and Marketing
Lotus Laboratories Ltd	India	100%	Clinical Research Organisation
PT Actavis	Indonesia	100%	Production
Actavis Holding CEE	Netherlands	100%	Holding company
Actavis Holding BV	Netherlands	100%	Holding company
Actavis BV	Netherlands	100%	Sales and Marketing
Actavis GmbH	Austria	100%	Sales and Marketing
Actavis Ltd.	Malta	100%	Production, S&M and R&D
Actavis Trading Ltd	Malta	100%	Trading
Actavis Polska Sp.zoo	Poland	100%	Trading
Actavis Switzerland AG	Switzerland	100%	Sales and Marketing
Higia EAD	Bulgaria	100%	Distribution
Higia Trans EAD	Bulgaria	100%	Distribution
Actavis Ltd.	Cyprus	100%	Holding company
Actavis EAD	Bulgaria	100%	Holding company and S&M
Balkanpharma OOO	Russia	100%	Sales and Marketing
Actavis OOO	Russia	90%	Sales and Marketing
Actavis Operations EOOD	Bulgaria	100%	Holding company
Balkanpharma Razgrad AD	Bulgaria	98%	Production
Balkanpharma Troyan AD	Bulgaria	98%	Production
Balkanpharma Security AD	Bulgaria	100%	Security services
Balkanpharma Dubnitza AD	Bulgaria	98%	Production
Balkanpharma Healthcare Int.	Cyprus	100%	Sales and Marketing

Consolidation, continued:

MM Pharma LLC	US	100%	Sales and Marketing
Biovena Pharma Sp.	Poland	100%	Sales and Marketing
Oncopharma AG	Switzerland	100%	Distribution
Sindan Polska SA	Poland	100%	Sales and Marketing
Pharma AVALANCHEe s.r.o.	Czech Rep.	100%	Sales and Marketing
Actavis s.r.o.	Slovakia	100%	Sales and Marketing
Sindan AG	Switzerland	100%	Holding company
Sindan Pharma SRL	Romania	100%	Production
Sindan SRL	Romania	100%	Distribution
Zdravlje AD	Serbia	73%	Production, S&M and R&D
Zdravlje Trade Ltd.	Serbia	100%	Sales and Marketing
Actavis Holding NWE BV	Netherlands	100%	Holding company
Actavis Holdings UK Ltd.	UK	100%	Administration
Sindan Ltd.	UK	100%	Sales and Marketing
Actavis Ireland	Ireland	100%	Sales and Marketing
Actavis Nordic A/S	Denmark	100%	Business Support
Actavis A/B (UNP Sweden AB)	Sweden	100%	Sales and Marketing
Alpharma AB	Sweden	100%	Sales and Marketing
Actavis A/S	Denmark	100%	Sales and Marketing
Actavis A/S	Norway	100%	Sales and Marketing
Actavis OY	Finland	100%	Sales and Marketing
Alpharma Germany GmbH	Germany	100%	Holding company
Alpharma Management GmbH	Germany	100%	Administration
Actavis Deutschl. GmbH & Co.	Germany	100%	Sales and Marketing
Alpharma International GmbH	Germany	100%	No activity
Alpharma OY	Finland	100%	Sales and Marketing
GM Invest BV	Netherlands	100%	Holding company
Keri Pharma Generics Kft	Hungary	100%	Sales and Marketing
Nordisk Ibu-Pharma ApS	Denmark	100%	Sales and Marketing
Orbita ApS	Denmark	100%	Holding company
Ophtha A/S	Denmark	100%	Sales and Marketing
UAB Actavis Baltic	Lithuania	100%	Sales and Marketing
Alpharma Holdings Ltd.	UK	100%	Holding company
Alpharma (U.K) Ltd.	UK	100%	No activity
Cox Investments Ltd.	UK	100%	No activity
Actavis UK Ltd.	UK	100%	Production, S&M and R&D
Arthur H. Cox & Co. Ltd.	UK	100%	No activity
Alpharma Laboratories Ltd.	UK	100%	No activity
Colotech AS	Denmark	86%	Research and Development
Medis Pharma GmbH	Germany	60%	Sales and Marketing
Medis Ltd.	Isle of Man	100%	Sales and Marketing
Actavis Italy S.p.A.	Italy	100%	Sales and Marketing
Fako İlaclari AS	Turkey	100%	Production, S&M and R&D
Henota a.s.	Czech Rep.	100%	Holding company

At the end of March 2006, the Company acquired Sindan AG for EUR149.4 million. During the last quarter a new company, Actavis Polska Sp.zoo, was established in Poland. In May 2006 Alpharma USPD Inc. and GF. Reilly Co. merged and were renamed Actavis Mid-Atlantic LLC, and Purepac Pharmaceuticals Co. was renamed Actavis Elizabeth LCC. In the quarter, Amide Holding Inc. and Amide Pharmaceuticals Inc. merged and were renamed Actavis Totowa LLC. In May 2006 Actavis UK Ltd. was renamed Actavis Holdings UK Ltd., and Alpharma Ltd. was renamed Actavis UK Ltd. In May 2006 Pharma AVALANCHE s.r.o. in Slovakia was renamed Actavis s.r.o.

In the third quarter, the Company attempted to acquire the Croatian pharmaceutical company Pliva d.d. As certain structural changes to the Group were necessary in order to prepare for the potential acquisition of Pliva d.d., the Company decided to use the opportunity to make additional changes to the Group structure. These additional changes had been part of a long-term plan of the Company. They aim primarily at streamlining the group of companies and clustering different operating companies in the Group, both geographically and by way of internal reporting.

Four new Icelandic companies were established in order to prepare and position the Group for different financial instruments, both for potential acquisitions and for refinancing. In addition, four new Dutch holding companies were established in order to complete the above-mentioned geographical clustering of operating companies.

During the year, sales and marketing companies were established in Austria, Switzerland, Italy and Australia.

After these structural changes, the Company has an efficient structure for large acquisitions in the near future, both regarding financing and synergies.

39. Subsequent events

In November 2006, Actavis Group hf. signed an agreement to acquire a 51% controlling interest in ZiO Zdorovje, a leading Russian pharmaceuticals manufacturer. The total commitment by Actavis is EUR47 million (US$60 million), of which EUR23 million (US$30 million) will be made available for investment for ZiO Zdorovje's world-class manufacturing site in order to introduce new products and create a platform for increased production and capacity. This investment, combined with the 49% stake that the current owners of ZiO Zdorovje will retain in the business, underlines how committed both parties are to working closely together in the future. The closing of the acquisition was finalised in Q1 2007; therefore, no financial impact is included in 2006.

In November 2006 Actavis Group hf. signed an agreement to acquire Abrika Pharmaceuticals Inc., a US-based specialty generic pharmaceuticals company engaged in the formulation and commercialisation of both controlled-release ("CR") and other technically difficult pharmaceutical products. Actavis reached an agreement to acquire Abrika for an initial gross consideration of EUR85 million (US$110 million) in cash. Additional earn-out payments of up to EUR96 million (US$125 million) are payable over the next three years, subject to performance. The closing of this acquisition was finalised in Q1 2007; therefore, no financial impact is included in 2006.

A shareholders' meeting held on 9 Feburary 2007 authorised the Board of Directors of Actavis Group hf. to convert the Company's Class A shares from ISK to EUR. The shareholders' meeting also authorised the Board of Directors to increase the Company's share capital in Class A by up to 1,200,000,000 shares in relation to the funding of the acquisition of shares in other companies. The proposals were both approved by all votes in Class A and Class B in attendance at the meeting.

In December 2006, Actavis Group hf. acquired a manufacturing plant from Grandix Pharmaceuticals, a manufacturing and marketing company based in Chennai, India, for an undisclosed amount. Furthermore, in February 2007, Actavis acquired the API (Active Pharmaceutical Ingredient) division of Sanmar Specialty Chemicals Ltd., a subsidiary of the Sanmar Group based in Chennai, India. The acquisition price was not disclosed.

40. Other matters

The directors of Actavis Group hf. support high standards of corporate governance and have taken into account the Guidelines on Corporate Governance adopted by the OMX Nordic Exchange in Iceland (formerly the Icelandic Stock Exchange), the Confederation of Icelandic Employers, and the Iceland Chamber of Commerce.

41. Approval of the Financial Statements

The Consolidated Financial Statements were approved by the Board of Directors and authorised for issue on 28 February 2007.

Shareholder information

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Information on the internet

For Actavis shareholder information, please see the Actavis website, which contains extensive information on the Company: *www.actavis.com.*

Financial calendar

Actavis will report its results for the year 2007 at quarterly intervals on the following dates:

Q1 results	8 May 2007
2Q results	9 August 2007
3Q results	8 November 2007
Q4 and annual results	5 March 2008

The financial calendar is also available on the Actavis website: *www.actavis.com*

Annual General Meeting

The Annual General Meeting of Actavis Group will be held on Wednesday 4 April 2007 at Hotel Nordica in Reykjavik, Iceland, at 12:00 GMT.

The Annual Report

The Annual Report is published in English and is available on the Group's website: www.actavis.com. For printed copies, please contact us at ccom@actavis.com.

Stock exchange

Actavis shares are quoted on the OMX Nordic Exchange in Iceland (formerly the Iceland Stock Exchange; see www.icex.is).
Symbol: ACT
Trading currency: ISK

Analyst coverage

Analyst coverage of Actavis can be accessed on the websites of the following financial institutions:

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