28 February 2007

Actavis increases net profit by 27% to EUR103 million in 2006

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

Actavis Group ("ACT"), the international generic pharmaceuticals company, announces its results for the fourth quarter and full year ended 31 December 2006.

Highlights

- Reported revenue in the fourth quarter increased significantly by 80.0% to EUR350.2 million (4Q2005: EUR194.5 million) and by 138.2% to EUR1,379.9 (2005: EUR579.3 million), reflecting a first full year contribution from Alpharma's human generics division, acquired in December 2005
- Underlying revenue for the quarter increased by 17.1% (4Q 2005 pro forma: EUR299.1 million) and by 9.4% for the year (2005 pro forma: EUR1260.9 million) reflecting strong organic growth in Eastern Europe and North America
- On a divisional basis:
  - Pro-forma sales in Central & Eastern Europe and Asia ("CEEA") increased to EUR148.6 million for the quarter (4Q 2005 pro forma: EUR113.2 million). Underlying growth was 31.3% in the quarter and 17.9% for the year.
  - Pro-forma sales in North America increased 28.9% to EUR92.0 million for the quarter (4Q 2005 pro-forma: EUR71.4 million), representing underlying growth of 28.9% and 12.5% for the full year.
  - Sales in Western Europe, Middle East and Africa increased 13.1% on a pro-forma basis to EUR76.9 million for the quarter (4Q 2005 pro forma: EUR68.0 million), but were unchanged for the year due to price erosion, especially in Germany.
  - Third-party sales declined 25.5% to EUR33.8 million for the quarter and by 6.5% for the year due to pricing pressure following the recent health care reforms in Germany.
- The EBITDA margin was 19.9% for the quarter and 20.8% for the year as a whole. Excluding distribution in Bulgaria, the EBITDA margin was 21.7% for the quarter and 22.3% for the year.
- Net profit was EUR32.5 million for 4Q and EUR102.7 million for the full year. Underlying net profit increased by 1.5% for the quarter and increased 71.7% for the year (excluding one time costs related to the attempted acquisition of PLIVA and amortisation of purchased intangibles).
- Underlying diluted earnings per share was up 16.7% to EUR0.03190 for the full year.
- Actavis completed strategic acquisitions in the US, Russia and India, all of which are expected to deliver revenue growth and further reductions in supply chain costs going forward.
- The Group continued to leverage its strong pipeline through 113 product and market launches in the quarter, making a total of 376 launches for the year.

	Three months ended 31 Dec.			YTD 2006		
Thousands of Euro	**4Q 2006**	**4Q 2005**	**% Change**	**12M 2006**	**12M 2005**	**% Change**
Total Revenues	350,183	194,547	80.0%	1,379,921	579,264	138.2%
Total expense	-304,601	-160,037	90.3%	-1,182,337	-472,751	150.1%
EBITDA	69,548	52,156	33.3%	287,134	148,471	93.4%
EBITDA %	19.9%	26.8%	-25.9%	20.8%	25.6%	-18.8%
Profit before tax	38,121	36,647	4.0%	127,257	91,479	39.1%
Underlying net profit	38,827	38,254	1.5%	148,819	86,679	71.7%
Net profit	32,540	35,416	-8.1%	102,689	81,003	26.8%
Underlying diluted earnings per share	0.00892	0.01121	-20.4%	0.03190	0.02734	16.7%
Diluted earnings per share	0.00700	0.01036	-32.5%	0.01804	0.02548	-29.2%

Actavis President & CEO, Robert Wessman, commented:

"This is another strong performance for the Group, where we have delivered on our EBITDA and net income targets for the year. We have continued to grow our business, both organically and through strategic acquisitions, achieving double-digit underlying growth in CEEA and the US and expanding our operations in key markets including Russia and Romania. The strength in our underlying business combined with our potential to drive further efficiencies across the Group, provides us with a solid platform for future growth."

Full year and 4Q financial results

Revenue

Reported revenue increased to EUR350.2 million in the fourth quarter (4Q 2005: EUR194.5 million) and to EUR1,379.9 million for the full year (2005: EUR579.3 million). This represents an underlying increase in the fourth quarter (based on pro forma numbers from 2005) of 17.1% at constant exchange rates. For the year, underlying revenues grew 9.4%.

- **Sales in Central & Eastern Europe and Asia (Iceland included)** were EUR148.6 million in the quarter (4Q 2005 pro forma: EUR113.2 million) and EUR 529.5 million for the year (2005 pro forma: 449.1 million). This represented 31.3% increase in underlying growth for the quarter and 17.9% for the year. During the quarter, there were 78 product launches across CEEA markets. The division saw especially strong revenue growth in key markets, including Russia, Ukraine and Bulgaria.
- **Sales in North America** increased by 28.9% to EUR92.0 million for the quarter (4Q 2005 pro forma: EUR71.4 million) and were up 12.5% to EUR425.2 million for the year (pro-forma 2005: EUR 378.0 million), in line with management expectations. Compared with the fourth quarter in 2005, sales in the region saw an underlying growth of 28.9% growth and 12.5% for the year, as price erosion of 7% in the quarter and 11% in the year was more than offset by volume growth and new product introduction.
- **Sales in Western Europe, Middle East and Africa** division were EUR76.9 million (4Q 2005 pro forma: EUR68.0 million), an increase of 13.1% from the fourth quarter of 2005. For the year, sales on a pro-forma basis were EUR284.6 million, flat with 2005 (2005 pro forma: EUR284.5 million) due to the impact of price erosion. Growth in the fourth quarter was driven principally by the UK market and new product launches.
- **Third-party sales** were EUR33.8 million, 25.5% below the very strong fourth quarter in 2005 (pro forma: EUR45.5 million). Underlying growth was negative 6.5% for the year, as strong business performance was offset by price erosions of 8% for the division as a whole and 15% in the key German market. The division has several new launches planned in the first half of 2007 and is expected to show strong organic growth going forward.

Operating expenses

Operating expenses in the fourth quarter were EUR304.6 million (4Q 2005: EUR160.0 million) and EUR1,182.3 million for the year (2005: EUR472.8 million).

- **Cost of sales** as a percentage of total revenue was 57.8% for the fourth quarter, 1% above the average of the three previous quarters, due to a higher proportion of sales in Western Europe and a lower proportion in the US. For the full year cost of sales as a percentage of total revenue increased to 57.1% for the year (2005 47.7%). The increase over the prior year is principally due to the integration in 2006 of the lower-margin Alpharma businesses, as well as the lower margin distribution business in Bulgaria. Actavis achieved significant purchasing savings, which partly offset the impact of price erosion in major markets.
- **Sales and marketing expense** increased by EUR7.2 million from the previous quarter, mainly due to new launch activity and seasonal campaigns. As a percentage of revenue it was 15.4% in the quarter. For the full year it represented 14.3% of total revenue, EUR197.3 million (2005 EUR81.4m, 14.0% of total revenue)
- **General and administrative expenses** fell in absolute terms by EUR0.7 million to €31.7 million, equivalent to 9.1% of revenues (3Q 2006: 10.0%, 2Q 2006: 9.2%). For the full year, general and administration expenses represented 9.4% of total revenue and were EUR130.0m (2005 EUR60.6m, 10.5% of total revenue).
- **R&D expenses** charged to the P&L were EUR16.4 million (4.7% of total revenues) in the quarter. For 2006, total R&D expenses charged to the P&L were EUR66.8 million, which includes cash spending and amortisation of intangible assets that were internally generated or acquired. Total spending on R&D was EUR90.7 million; out of this, EUR40.6 million was expensed and EUR50.1 million capitalised in line with IFRS standards.

	Three months ended 31 Dec.		
Thousands of Euro	**4Q 2006**	**4Q 2005**	**% Change**
Total Revenues....................................	350,183	194,547	80.0%
Costs of Goods Sold..............................	202,539	89,970	125%
Sales and Marketing Expenses..................	53,990	24,311	122.1%
Research and Development Expenses..........	16,372	21,472	-23.8%
General and Administrative Expenses..........	31,700	24,284	30.5%
Total Operating Expenses.......................	**304,601**	**160,036**	**90.3%**

EBITDA
Earnings before interest, tax, exceptional items, depreciation and goodwill amortisation ("EBITDA") increased 33.3% to EUR69.5 million for the quarter (4Q 2005: EUR52.2 million). For the year, EBITDA totalled EUR287.1 million (2005: EUR148.5 million). The EBITDA margin was 19.9% in the quarter and was 20.8% for the year overall, in line with management expectations. Excluding distribution business in Bulgaria, the EBITDA margin was 21.7% for the quarter and 22.3% for the year.

Net interest and other financial results
Financial expenses totalled EUR7.5 million in the quarter (4Q 2005: EUR3.1 million net income) and EUR70.3 million in the year (2005: EUR13.2 million net expense). The main item in financial expenses is the interest expense on the Group's net debt. Net interest expense was EUR15.6 million, up from EUR13.4 million in the previous quarter, reflecting the increase in group borrowing and higher benchmark interest rates during the quarter. Additional borrowing supported the purchase of EUR95 million of treasury stock in the quarter and the financing of acquisitions. Also included in financial items for the year are the costs associated with the attempted acquisition of PLIVA, which amounted to EUR22.4 million; and an exchange gain of EUR5.1 million in the year compared to EUR5.6 million in 2005.

Profits and return on Equity
Net profit was EU32.5 million for 4Q (4Q 2005: EUR35.4 million) and EUR102.7 million for the full year (2005: EUR81.0 million). Underlying net profit amounted to EUR38.8 million (excluding EUR6.3 million amortisation of purchased intangibles) in the quarter (1.5% increase over 4Q 2005: EUR38.2 million). In the year (excluding the impact of EUR22.4 million costs related to the attempted acquisition of PLIVA and EUR23.7 million amortisation of purchased intangibles) underlying net profit was EUR148.8 million (71.7% increase over 2005: EUR86.7 million). Underlying diluted earnings per share ("EPS") was EUR0.00892 in the quarter (4Q 2005: EUR0.01121) and EUR0.03190 for the year (2005: EUR0.02734). The calculation of underlying diluted earnings per share takes full account of the preferred shares (issued in December 2005) and their dividend entitlements.

Reported return on equity in the fourth quarter was 14.2% (4Q 2005: 19.6%) and was 12.5% for the full year. (2005: 19.6%).

Tax
The Group's tax charge was EUR5.6 million in the quarter. For the full year, the tax charge was EUR24.6 million and the effective tax rate 19.3%. The average tax rate reflects the mix in profits between companies within the Group. During the quarter, a higher proportion of profit was generated in the low tax jurisdictions of Malta and Eastern Europe.

Working capital
Working capital provided by operating activities was EUR55.6 million in the quarter (4Q 2005: EUR27.9 million) and EUR204.1 million for the year (2005: EUR109.1 million).

Operating assets/liabilities decreased by a net EUR23.8 million in the quarter (4Q 2005: EUR3.1 million) as the level of receivables was tightly controlled. For the year, the net increase in operating assets/liabilities was EUR42.2 million (2005: EUR6.1 million). As of 30 December 2006, trade receivables were equivalent to less than 60 days of average sales and inventory turns were around 3 times.

Capital expenditure
The total of capital expenditure for the quarter (including R&D) totalled EUR59.7 million, 61% increase on the investment level in the previous quarter. During the year, capital expenditure (including R&D) was EUR162.3 million (2005 EUR103.6 million). Investments in fixed assets were EUR32.2 million in the

quarter (4Q 2005: EUR19.8 million) and EUR96.8 million for the year (2005: EUR62.4 million). Investments in development projects and other intangibles amounted to EUR27.5 million during the quarter (4Q 2005: EUR15.1m) and EUR65.5 million during the year (2005: EUR41.2 million).

Cash flow
Total investment activity outflow during the quarter, net of proceeds from sales of assets and investments, was EUR45.1 million. For the full year the net outflow was EUR331.4 million, including acquisitions of new companies and investments in manufacturing plants and R&D. Financing flows during the quarter included a net increase in borrowings of EUR70.1 million (outflows of EUR86.3 million for payments of long-term debt and inflows of EUR156.4 million from new loans and increases in bank loans). The Group's closing cash balance was EUR78.3 million.

The Group had a net free cash flow of EUR36.4million in the quarter (4Q 2005: outflow EUR8.2 million). For the full year, net free cash outflow was EUR17.5 million (2005: inflow EUR4.6 million).

Balance Sheet
The oncology company Sindan was integrated into the Group accounts from 1 April and its assets and liabilities have been classified within the appropriate headings in the balance sheet. During the quarter, there were three additional acquisitions: Abrika Pharmaceuticals in Florida, ZiO Zdrovje (51%) in Russia and a manufacturing plant in India. These acquisitions were formally closed in 2007 so have no impact on 2006 consolidated results.

As of December 31, total debt was EUR1,229.2 million, equivalent to EUR1,150.8 million net of cash, representing a 3.96 times EBITDA multiple.

4Q and Recent Developments

Acquisitions in three continents
During 4Q Actavis acquired **Abrika Pharmaceuticals** Inc., a US based specialty generic pharmaceuticals company; expanded its presence in Russia with the purchase of a majority stake in **ZiO Zdrovje**, a leading Russian pharmaceutical manufacturer; and acquired **Grandix** Pharmaceuticals, a manufacturing and marketing company based in Chennai, Southern India. Actavis also opened a **new API development unit** in India, followed by the API division of **Sanmar** Specialty Chemicals Ltd (SSCL) in Chennai, Southern India in February.

Authorisation to convert shares to euros and increase share capital
A shareholders' meeting in February authorized the board to convert the Company's Class A shares from ISK to EUR. The meeting also authorized the board of directors to increase the Company's share capital in Class A shares by a nominal value of up to twelve hundred million Icelandic kronas to provide funding for any future acquisitions.

Three new products in the US
Actavis started to distribute **Glipizide ER** diabetes tablets, the authorized generic product of Pfizer's Glucotrol XL® in November 2006. In February 2007, Actavis received FDA approval to market anti-depressant **Sertraline Hydrochloride**, the generic equivalent of Pfizer's blockbuster Zoloft® and **Alprazolam ER tablets**, indicated for the treatment of anxiety and panic disorder.

Changes on the management board
Following Svafa Gronfeldt resignation in November, Sigurdur Oli Olafsson returned to Iceland to take the role of Deputy CEO having been the President of the North America sales division. Fearghal Murphy was appointed Executive Vice President of Supply Chain and Doug Boothe became Executive Vice President of Commercial and Administration in the US. Both join the Group's Executive board with immediate effect.

Consolidation and integration
Actavis announced the divesture of its manufacturing facility in Lier, Norway in December. The decision to sell the plant is part of Actavis' ongoing strategy to achieve further efficiencies by consolidating its European operations. The Lier plant was bought by Actavis in December 2005, following the Group's acquisition of Alpharma Inc.'s human generics business.

Actavis divests its stake in PLIVA
Actavis tendered a total of 20.8% of PLIVA's share capital that the Group controlled through a combination of share ownership and options to acquire shares into Barr's offer to acquire all outstanding shares in PLIVA. The shareholding was a strategic stake acquired by Actavis to support its proposed bid for PLIVA and was withdrawn as the Company no longer saw the benefits of retaining its stake.

Sales and marketing report

The sales and marketing function is split into four divisions: Own-label sales are divided geographically between Central & Eastern Europe and Asia (CEEA); Western Europe, the Middle East and Africa (WEMEA); and North America. The Group's Third-party Global sales division forms the fourth business stream.

The Group's largest markets (based on total sales of finished products) are North America 31%, Bulgaria (including the distribution business in Bulgaria) with 11%, Germany with 8% and Turkey with 7%.

During the quarter, 113 products were launched into Group markets. For the full year 2006, the number of product and market launches was 376 (163 molecules), of which 54 were first to market.

Highest selling products in the 4Q and FY months included:

Product name	Originator(Company)	Therapeutic group	Division	Sales in 4Q	Sales in 12M 2006
Gabapentin	Neurontin (Pfizer)	CNS	N-America	7.7	47.3
Diltiazem	Cardizem (Biovail)	Cardiovascular	N-America	6.7	41.8
Oxycodone	Roxicodone (Xanodyne)	CNS	N-America	7.4	38.2
Ramipril	Altace (Aventis)	Cardiovascular	T-Party & WEMEA	5.8	23.9
Cravit ® (levofloxacin)	Tavanic (Sanofi Aventis)	Anti-infective	CEEA	2.5	20.1
Pentalong ®	Pentaeritrityl tetranitrate	Cardiovascular	WEMEA	6.1	21.4
Lovastatin	Mevacor (Merck)	Cardiovascular	N-America	4.8	19.8
Citalopram	Celexa (Lundbeck)	CNS	T-Party & WEMEA	4.7	19.1
Troxevasin ®	Troxevasin (Balkanpharma)	Cardiovascular	CEEA	3.4	16.0
Quinaretic	Accuretic (Pfizer)	Cardiovascular	N-America	4.6	17.0
Top 10 as a percentage of total product revenue for 12M					**20.2%**

North America division –26% of 4Q total revenues and 31% of 2006 total revenue

The fourth quarter results for North America division was in line with management expectations. The division's revenues were EUR92.0 million in the quarter, with underlying growth of 28.9%. Full year revenue was EUR425.2 million, a growth of 12.5%, when compared against pro forma numbers from the same period of 2005. The results were negatively affected, by EUR7.5 million, due to the unfavourable US exchange rate over the period. Price erosion in the US market in 4Q was 7%.

The primary drivers of performance in the quarter included strong contribution from Carbidopa/Levodopa (anti-Parkinson), Lovastatin (cholesterol lowering) and Glipizide ER (anti-diabetes). Glipizide ER was acquired from Andrx Pharmaceutical and was launched by Actavis in November 2006. In addition, Oxycodone (analgesic) and Quinaretic (cardiovascular) surpassed the company's budget expectations. The company launched a total of 14 new products for the full year 2006.

Strong US development pipeline
Actavis had 134 development projects for the US market ongoing at year end 2006. These include controlled release formulations, creams, ointments and liquids in addition to tablets and capsules.

The division submitted 15 ANDAs in the fourth quarter bringing the total for 2006 to 38 ANDA submissions. This marks an increase of 25 filings over the combined submissions of Amide and Alpharma collectively in 2005.

Acquisition of Abrika Pharmaceuticals
Actavis announced the acquisition of 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 difficult pharmaceutical products. The acquisition is subject to regulatory approval and is expected to close in 1Q 2007.

Following the acquisition, Actavis will be one of the leading companies in the US market in development of CR products, with over 50 CR products in the pipeline, over EUR50 million expected to be invested in CR development in 2007 and 100 employees dedicated in the development of CR products. The enlarged Group will have 12 pending ANDAs for CR products with the FDA.

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.

Continued strong progress was made with the integration of the US business. The Actavis brand has been launched nationally and good progress has been made to change product labels to Actavis. The US business has also been successful with its combined commercial bids and tenders across the former Amide and former Alpharma product lines.

Central & Eastern Europe and Asia (CEEA), 42% of 4Q revenue and 38% of 2006 total revenue

Fourth quarter sales grew by 31.3% to EUR148.6 million (4Q 2005 pro forma: EUR113.2 million). Strong growth in the quarter was supported by ambitious marketing activity and many new product launches in different markets. For the full year 2006 underlying sales were up 17.9% to EUR529.5 million (2005 pro forma: EUR449.1 million). The division had 219 product and market launches during the year and 78 in the fourth quarter.

Bulgaria – 29% of the divisional sales in 4Q and 27% in full year 2006
Actavis in Bulgaria saw an underlying revenue increase of 47.5% to EUR43.0 million for 4Q. Revenue from Actavis own brand was EUR19.6 million (4Q 2005 pro forma: EUR8.2 million) and revenue from its distribution business (Higia) amounted to EUR23.4 million (4Q 2005 pro forma: EUR20.9 million). Nine new generic products were launched in the market in 4Q and 41 in the year.

Turkey – 18% of the divisional sales in 4Q and 22% in full year 2006
Turkey achieved revenues of EUR26.1 million in 4Q 2006 (4Q 2005 pro forma: EUR36.1 million), which is a decrease of 27.9% from previous year, principally due to currency exchange impact and increased competition in the Turkish market. Six new products were launched during the year, two of which were first to market, Ramipril (cardiovascular) and Paroxetin (anti-depressant). The regulatory environment in Turkey experienced a number of changes in 2006 which are expected to have a negative impact on performance in 2007.

Romania - 17% of the divisional sales in 4Q and 14% in full year 2006
Fourth quarter sales were EUR25.7 million, representing the strongest quarter in the year, with revenue growth of 48.9% over previous year. The significant growth was driven by a national health insurance budget increase for the treatment of cancer patients. Key products during the year included the oncology products Paclitaxel and Epirubicin.

Russia, Ukraine and the CIS – 12% of the divisional sales in 4Q and 15% in full year 2006
Russia, Ukraine and CIS continued to perform strongly during 4Q with underlying growth of 8.2% in revenue to EUR17.4 million (4Q 2005 pro forma: EUR16.1 million). Sales in Russia grew by 31.5% between 2005 and 2006 benefiting from a number of new products. Ukraine continued to perform well, achieving growth of 49.4% between years as a result of strong promotion 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.

Central Europe (Poland, Hungary, Czech Republic, Slovakia and Slovenia) – 8% of division sales in 4Q and 7% for 2006
Total revenue in 2006 increased by 31.7% in 4Q over the same period last year primarily due to strong performances in Hungary and Poland, with sales totalling EUR11.7 million (4Q 2005 pro forma: EUR8.9 million). The region also benefited from number of new product launches from within the Group's dynamic product pipeline. Since Actavis acquisitions in the Central European markets, the focus has been on aggressively bringing new products to the market to broaden product offering.

WEMEA - Western Europe, Middle East and Africa – 22% of 4Q revenue and 21 % of 2006 total revenue

Sales in 4Q grew by 13.1 % to EUR76.9 million (4Q 2005 pro forma: EUR 68.0 million) and were EUR284.6 million for full year, in line with the previous year (pro-forma 2005: EUR 284.5 million). The stronger performance during 4Q in comparison to the first 9 months of 2006 was driven principally by the UK market and new product launches. The division's main markets are the UK, Germany, Holland, the Nordic countries and Portugal.

During the year, strong progress has been made to integrate Actavis and Alpharma's operations and to create a united platform from which to generate future growth. A major re-branding exercise has been implemented to raise Actavis' profile in key regions and the division has undertaken a major initiative to register new products in individual markets to ensure that Western Europe maintains a strong pipeline going forward.

WEMEA was impacted by severe price erosion on generic products during the year, notably in Germany where compulsory price cuts have been imposed by the government, and in the UK where prices were reduced significantly during the first half of the year.

During the year the Group launched a total of 75 products across the region, including 17 during the fourth quarter. The highest selling products in the 4Q and FY included: Pentalong (cardiovascular), Vancomycin (anti-infective), Pinex (analgesic) and Decubal, which is the division's flagship within dermatological creams.

UK – 33 % of divisional revenues in 4Q and 31 % for FY 2006
UK sales grew 21.4 % for the fourth quarter to EUR25.5 million (pro-forma 4Q 2005: EUR21.0 million) and 6.0 % to EUR89.2 million for the full year (pro-forma 2005: EUR 84.2 million). Actavis is now the second largest generics business in the UK, a result of its extensive product portfolio and strong market presence. The highest contributing products in the year were Prednisolone (corticosteroide), Dihydrocodeine (cough and cold preparation), Vancomycin (anti-infective), Cyglogest, (natural progesterone) and Digoxin (cardiovascular) among others. The main new product launches in the year were Glimiperide (anti-diabetic), Tamsulosin (urology) and re-launch of Simvastatin (cholesterol lowering) and Mirtazapine (anti-depressant).

Germany - 17% of divisional sales in 4Q and 18 % for FY 2006
Sales in Germany decreased by 4.8% for the quarter to EUR13.3 million (4Q 2005 pro forma EUR13.9 million) and by 9.2% to EUR51.5 million for the year as a whole. Performance was hit hard by compulsory discounts and fierce price competition. Actavis has significantly strengthened its sales force in Germany to generate further growth for both the generic and branded portfolio. The Group currently has over 130 sales representatives in Germany. The highest contributing products in the year were the cardiovascular products Pentalong, Propranolol, Flecainide and Bisoprolol. Main new product launches in the year were Ramipril (cardiovascular), Tamsulosin (urology) and Tiapride (anti-psychotic).

Holland - 8% of divisional sales in 4Q and 9 % for FY 2006
Sales in Holland reduced slightly by 0.7% in the quarter to EUR6.5 million (4Q 2005 pro forma: EUR6.5 million) and by 11.7 % for the full year to EUR24.4 million (2005 pro forma: EUR27.7 million). The decline was principally due to fierce price competition in the Dutch market. 16 new products were launched in the year such as Tamsulosin (urology), Sertraline (anti-depressant), Terbinafine (antifungal). The highest contributing products in the year were Simvastatin (cholesterol lowering), Omeprazole (gastrointestinal) and Amlodipine (cardiovascular).

Nordic region (Denmark, Finland, Sweden and Norway) - 31% of divisional sales in 4Q and 34 % for full year 2006
The Nordic markets remain highly competitive but Actavis produced a solid performance with 4Q sales of EUR23.5 million (4Q 2005: EUR24.3 million) and full year revenues of EUR96.3 million (2005: EUR95.4 million). Actavis is now one of the top three players in the region. The Nordic markets have a well balanced portfolio of generics, OTC and branded products and launched a total of 26 products onto its markets during 2006. Among the launches were Tamsulosin (urology), Amlodipine (cardiovascular), Lamotrogine (anti-epileptic) and several new line extensions to the dermatological line Decubal.

Third-party sales 10% of the total revenue in 4Q and 10% in full year 2006

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

Sales in the fourth quarter were down by 25.5% to EUR33.9 million (4Q 2005 pro forma: EUR45.5 million), and down 6.5% for the full-year, resulting in EUR134.3 million sales (2005 pro forma: EUR143.6 million). This was partly due to a number of key customers being acquired by Actavis towards the end of 2005, meaning that revenue transferred to the own-label division. In addition, the German market experienced a very difficult period of severe price erosion, but remains the most important market for the division. Sales in France continue to grow, due to new patent expiries and new product launches in that market. Overall for the division price erosion for 2006 was 8% compared to 2005.

Actavis' Third-party sales division launched three new products during the quarter, representing an important addition to the portfolio: the anti-depressant Mirtazapine orodispersable tablets in France, the hormonal product Finasteride in Spain, Portugal and Slovenia and finally the anti-epilepsy Topiramate tablets in Portugal. Including launches of existing products to new markets the division had a total of 17 launches in the quarter.

Germany - *35% of the divisional sales in 4Q and 40% in full year 2006*
Germany remains the biggest market for the division. Sales in 4Q declined 31.5% to EUR11.9 million compared to EUR17.3 million in 4Q 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%, caused by changes in the reimbursement of pharmaceuticals in Germany, which were introduced during the year 2006.

France – 16% of the divisional sales in 4Q and 12% in full year 2006
In 4Q 2006 sales amounted to EUR5.3 million, down 8.2% from 4Q 2005 (EUR5.8 million), but increased by 46.0% for the full year. 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.

Netherlands - *6% of the divisional sales in 4Q and 9% in full year 2006***)**
The Netherlands is an important market for the division, even though it is very price competitive. Sales during the quarter amounted to EUR2.0 million, down 44.4% from 4Q 2005, but were almost flat for the full year. The most important products were Ciprofloxacin (anti-infective), followed by Fosinopril (cardiovascular) and Citalopram (anti-depressant).

Research and development

The Group has over 650 products[4] on the Group's markets. The Group also had 355 projects in development and registration at the end of 2006.

Product launches
The Group launched a total of 376 products to its markets[5] in 2006, thereof 54 that were first to market. A total of 14 products were launched in North America in 2006. In the year 2007, the Group expects to have over 500 product and market launches around the Group.

ANDA[6] filings
The Group submitted 38 ANDAs in 2006 and aims to submit around 40-45 ANDAs for the US market in 2007. 55 ANDAs were pending approval at the end of 2006.

Shareholder structure

The Actavis Group shareholder structure as of 31 December 2006 is demonstrated in the table below:

Ownership	%
Amber International and related parties *	38,6%
Institutional investors	29,8%
Private investors	18,6%
Management	7,9%
Treasury shares	5,0%
	100%
Total issued Class A shares	3.369.435.093
Outstanding shares	3.199.625.093
Issued B class shares (value as of Nov 2005)	US$425 million

Amber International and related parties are controlled by Actavis' Chairman, Thor Bjorgolfsson.
Class B shares can be redeemed at any time until end of April 2011 and carry a 11% annual yield, which increases by 1% per annum. Class B shares are held by Landsbanki Islands and Glitnir bank and are not being traded (as of October 2006).

Financial guidance

In the year 2007, management expects revenue to total EUR1.6 billion, representing an underlying growth of 13% over 2006, with an average EBITDA margin for the year of 21-22%. Sales in Central and Eastern Europe and Asia (CEEA), Third Party sales and sales in West Europe, Middle East and Africa, are all expected to register double-digit underlying growth, while the 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, as the Group will realize the benefits in the second half from the active launch schedule and marketing campaigns in the first half.

Method of Consolidation

The consolidated financial statements comprise the financial statements of Actavis Group hf. and its subsidiaries.

The Group's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS).

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Group companies are those companies in which the parent company has a controlling financial interest through direct and indirect ownership of a majority voting interest or effective managerial and contractual control. The subsidiaries held or acquired exclusively with a view to subsequent resale are excluded from consolidation and are included as available-for-sale investments and measured at fair value where this can be reliably measured or at cost less impairment losses where fair value cannot be reliably measured. All material intra-group balances, transactions and any unrealised gains from intra-group transactions have been eliminated in consolidation. The equity and net income attributable to minority interests are shown as separate items in the consolidated financial statements.

Actavis' financial calendar

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

Financial calendar is also available on the Actavis' website, www.actavis.com

Annual general meeting and annual report

The annual general meeting will be held on 4 April 2007 at Hotel Nordica, Iceland at 12.00 o'clock. The annual report will be published in the first week of April and all information for the meeting, will be made available at www.actavis.com, one week before the meeting.

Dividend payments

No dividend will be paid to shareholders for the financial year 2006. On 2 December 2005, at shareholders meeting, a resolution was passed to the effect that dividend would not be paid until the B-class shares had been fully redeemed, cf. article 2.03.4 of the Company's Articles of Association. Class B shares can be redeemed at any time until end of April 2011.

Auditing

The annual accounts have been audited by the Group's auditors, KPMG.

Presentation of financial results

An open meeting for investors, analysts and shareholders will be held at the Nordica Hotel in Reykjavik, Iceland, at 08:15 GMT on 1 March 2007. A copy of the presentation will be available on www.actavis.com following the meeting.

Live conference call for analysts and investors:

Robert Wessman, President and CEO and Mark Keatley, CFO, will host a live conference call for analysts and investors. Details of which are as follows:

Conference Call for European and US Investors

Time of call	13.30 GMT/ 08.30 ET
UK Dial in	+ 44 (0) 1452 542 303
US / Canada dial in	+ 1 866 389 9778
Password/Conf ID	Actavis Q4 Results

A presentation accompanying the conference call will be available on Actavis' website at www.actavis.com, in the investor relations section, one hour before the call.

Replay:

A replay of the presentation will be available until March 7th. Details are as follows:

UK	+44 (0) 1452 550 000 (Pin: 9888903)
US / Canada	+ 1 866 247 4222 (Pin: 9888903)

For further information:

Halldor Kristmannsson, VP of Corporate Communications Tel: +354 535 2300/+354 840 3425
Mark Keatley, Chief Financial Officer Tel: +354 535 2300

Footnotes:

[1] *Pro forma underlying growth* has been calculated on the basis that the Actavis Group in 2005 looked as it did in 2006.This calculation therefore includes revenues in 2005 for acquired businesses before they became part of the Actavis Group. The calculation adjusts for revenues in 2005 between Actavis companies and acquired companies and prior to those companies joining the Actavis Group. Pro forma comparisons are at constant 2006 exchange rates.
[2] *Underlying net profit* has been calculated prior to the impact of costs related to the Pliva transaction and to amortisation of purchased intangibles.
[3] *Underlying EPS* has been calculated prior to the impact of costs related to the Pliva transaction and to amortisation of purchased intangibles. The calculation of underlying diluted earnings per share takes full account of the dividend entitlements on the preferred shares.
[4] *Product:* is defined as molecule per form, not counting various strengths and packaging sizes
[5] Including new *product launches* and *new market launches* where a product ("old product") previously launched in other markets is launched into new market.
[6] *Abbreviated New Drug Application* for the US market

Consolidated statements of income for the fourth quarter and the year ended 31 December 2006

Financial statements are in accordance with IFRS

Income Statement	4Q 2006		4Q 2005		YTD 2006		YTD 2005	
Net sales	341,695	100.0%	185,316	100.0%	1,339,189	100.0%	551,384	100.0%
Cost of goods sold	(202,539)	-59.3%	(89,970)	-48.5%	(788,266)	-58.9%	(276,470)	-50.1%
Gross profit	**139,156**	**40.7%**	**95,345**	**51.5%**	**550,923**	**41.1%**	**274,913**	**49.9%**
Other income	8,488	2.5%	9,231	5.0%	40,732	3.0%	27,880	5.1%
Sales and marketing expenses	(53,990)	-15.8%	(24,311)	-13.1%	(197,271)	-14.7%	(81,374)	-14.8%
Research and development expenses	(16,372)	-4.8%	(21,472)	-11.6%	(66,763)	-5.0%	(54,289)	-9.8%
General and administrative expenses	(31,700)	-9.3%	(24,284)	-13.1%	(130,037)	-9.7%	(60,618)	-11.0%
	(93,574)	-27.4%	(60,835)	-32.8%	(353,339)	-26.4%	(168,401)	-30.5%
Profit from operations (EBIT)	**45,582**	**13.3%**	**34,510**	**18.6%**	**197,584**	**14.8%**	**106,512**	**19.3%**
Income / (Loss) from associates	0	0.0%	(1,015)	-0.5%	0	0.0%	(1,816)	-0.3%
Financial income/(expenses)	(7,461)	-2.2%	3,153	1.7%	(70,327)	-5.3%	(13,216)	-2.4%
Profit before tax	**38,121**	**11.2%**	**36,647**	**19.8%**	**127,257**	**9.5%**	**91,479**	**16.6%**
Income tax	(5,581)	-1.6%	(1,232)	-0.7%	(24,568)	-1.8%	(10,477)	-1.9%
Net profit	**32,540**	**9.5%**	**35,416**	**19.1%**	**102,689**	**7.7%**	**81,003**	**14.7%**
Attributable to:								
Equity holders of the Company	33,130	9.7%	34,511	18.6%	102,272	7.6%	78,007	14.1%
Minority interest	(590)	-0.2%	904	0.5%	417	0.0%	2,995	0.5%
Profit for the period	**32,540**	**9.5%**	**35,416**	**19.1%**	**102,689**	**7.7%**	**81,003**	**14.7%**

Balance sheet	31/12/2006	31.12.2005	31/12/2006	31.12.2005
Non-current assets	1,907,482	1,755,924	1,907,482	1,755,924
Current assets	671,881	633,707	671,881	633,707
Total Assets	2,579,362	2,389,632	2,579,362	2,389,632
Stockholders' equity	880,199	997,334	880,199	997,334
Minority interest	9,457	10,695	9,457	10,695
Non-current liabilities	1,125,069	972,803	1,125,069	972,803
Current liabilites	564,638	408,799	564,638	408,799
Total equity and liabilities	2,579,362	2,389,632	2,579,362	2,389,632

Cash flow	4Q 2006	4Q 2005	YTD 2006	YTD 2005
Working capital from operating activities	55,587	27,933	204,122	109,079
Net cash provided by operating activites	79,427	24,877	161,914	103,004

Key ratios	4Q 2006	4Q 2005	12M 2006	12M 2005
EBITDA	69,548	52,156	287,134	148,471
EBITDA/revenues	19.9%	26.8%	20.8%	25.6%
EBIT/revenues	13.0%	17.7%	14.3%	18.4%
Earnings per share (EPS)	0.00700	0.01036	0.01804	0.02548
Profit to sale	9.3%	18.2%	7.4%	14.0%
Return on equity (ROE)	14.2%	19.6%	12.5%	19.6%
Equity ratio	0.34	0.42	0.34	0.42
Current ratio	1.19	1.55	1.19	1.55