

Actavis reports profits of EUR29 million in 2Q

- Strong performance in Eastern and Western Europe -

Reykjavik, Iceland 9 August 2007 - Actavis Group, the international generic pharmaceuticals company, announces its results for the second quarter ended 30 June 2007.

Highlights

Reported revenue in the second quarter increased 4.1% to EUR378.9 million (2Q 2006: EUR364.1 million) and by 7.9% to EUR761.5 million (1H 2006 EUR705.9 million) in the first half, reflecting a strong performance in Eastern and Western Europe. Underlying revenue¹ for the quarter increased by 4.8% (2Q 2006 pro forma: EUR361.6 million) and by 7.1% for the first half (1H 2006 pro forma EUR711.1m).

- Sales in Central & Eastern Europe and Asia increased to EUR157.1 million (2Q 2006 pro forma: EUR144.8 million). Underlying growth was 8.5% in 2Q and 12.6% for 1H.
- Sales in Western Europe, Middle East and Africa grew 23.0% on a pro forma basis to EUR86.3 million (2Q 2006 pro forma EUR70.2 million). 1H underlying growth is 16.3%
- Sales in North America were EUR96.3 million (EUR2Q 2006 pro forma 111.4 million), which was in line with management expectations. This represented an underlying decrease of 13.5%, following strong performance in the second quarter of 2006. For the first half, the underlying decline in sales is 4.6%.
- Third Party sales grew by 6.7 % to EUR35.7 million (2Q 2006 pro forma EUR33.4 million) in the quarter. For the first half, sales are at last year's levels.
- Strong EBITDA margin of 22.2% in the quarter and 21.5% in the first half.
- Net profit was EUR29.3 million, down 2.6% in the quarter, EUR56.3 million in the first half.
- Underlying earnings per share (fully diluted) were EURO.00680 (2Q 2006 EURO.00787).
- 145 product and market launches (84 molecules) in the quarter, supporting further growth.
- Novator secures 99.66% of Actavis A class shares in July and Actavis Board has requested to be removed from the OMX stock exchange in Iceland.

Thousands of Euro	Three months ended 30 June			Six months ended 30 June		
	2Q 2007	2Q 2006	% Change	1H 2007	1H 2006	% Change
Total Revenues.....	378,850	364,054	4.1%	761,544	705,932	7.9%
Total expense.....	-322,658	-308,638	4.5%	-651,818	-600,475	8.6%
EBITDA.....	84,224	79,387	6.1%	163,535	151,884	7.7%
EBITDA %.....	22.2%	21.8%	1.9%	21.5%	21.5%	-0.2%
Profit before tax.....	35,988	40,908	-12.0%	70,652	80,916	-12.7%
Underlying net profit.....	35,138	36,173	-2.9%	67,563	72,352	-6.6%
Net profit.....	29,317	30,088	-2.6%	56,317	61,946	-9.1%
Underlying diluted earnings per share.....	0.00680	0.00787	-13.6%	0.01340	0.01502	-10.8%
Diluted earnings per share.....	0.00499	0.00601	-17.0%	0.00990	0.01188	-16.7%

*Calculation of diluted EPS is in euros and takes full account of preferred shares and their dividend payments.

Actavis President & CEO, Robert Wessman, commented:

"This has been another strong quarter for Actavis, with a particularly good performance in our European business. In the US, we expect to launch a number of new products in the second half and we now have a record number of pending ANDAs, supporting our growth in the market as we move into next year. Our core markets continue to perform well and we are on track to achieve our financial goals for the year.

"The senior management team at Actavis looks forward, as a private company, to continue the Company's strong track record of growth. With one of the strongest product pipelines in the industry and diverse geographic reach, we are confident that Actavis is well placed to continue to grow its share in the key European and US markets."

¹ Footnote: Pro forma underlying growth, includes underlying growth of businesses acquired in 2006 and reflects underlying growth of the Group as it is today at constant exchange rates.

Financial highlights - 2Q and first half 2007

Revenue

Reported revenue grew by 4.1 % to EUR378.9 million in the second quarter (2Q 2006: EUR364.1 million) and by 7.9% to EUR761.5 million in the first six months (1H 2006: EUR705.9 million). There was an underlying revenue growth in the second quarter (based on pro forma numbers from 2006) of 4.8% at constant exchange rates and 7.1% for the first six months.

- **Sales in Central & Eastern Europe and Asia** were EUR157.1 million in the quarter (2Q 2006 pro forma: EUR144.8 million) and EUR314.3 million for the first half (1H 2006 pro forma: EUR279.2 million). This represented 8.5% underlying growth in the quarter and 12.6% in the first six months.
- **Sales in Western Europe, Middle East and Africa** division were EUR86.3 million in the quarter (2Q 2006 pro forma: EUR70.2 million), a 23.0% increase from the previous year. In the first half sales were EUR165.5 million (1H 2006 pro forma EUR142.3 million) reflecting a 16.3% improvement.
- **Sales in North America** were EUR96.3 million, which was in line with management expectations. Compared to the strong second quarter in 2006 (2Q 2006 pro forma: EUR111.4 million), this reflects an underlying fall of 13.5% in the period. In the first six months sales were EUR205.2 million (1H 2006 pro forma: EUR215.1 million), reflecting a decline of 4.6%. A total of 71 pending ANDAs are now with the FDA and 14 ANDA filings have been made during the first half of the year, supporting growth in 2008.
- **Third-party sales** were EUR35.7 million, 6.7% ahead of last year (2Q 2006 pro forma: EUR33.4 million). For the first half sales were EUR71.6 million in line with the previous year (1H pro forma EUR71.4 million).

Operating expenses

Operating expenses in the second quarter were EUR322.7 million (2Q 2006: EUR308.6 million) and EUR651.8 million for the first six months (1H 2006: EUR600.5 million).

- **Cost of sales** as a percentage of total revenue was 53.7% (2Q 2006: 56.4%). In the first six months, the cost ratio was 55.3%. Lower cost of sales ratio in the quarter comes as a result of the sales mix, with a higher proportion of sales in CEEA markets, progress in delivering plant efficiencies and purchasing savings.
- **Sales and marketing expenses** as a percentage of total revenue were 16.1% of total revenue (2Q 2006: 13.6%). In the first six months the ratio was 15.2%. (1H 2006: 13.7%) Increased sales and marketing expenses in the quarter are mainly due to an increase in marketing and advertising activity in Eastern European markets.
- **General and administrative expenses** were 9.6% of total revenue (2Q 2006: 9.2%). In the first six months general and administrative expenses were EUR71.2 million (1H 2006: EUR65.9 million).
- **R&D expenses** charged to the P&L were EUR22.2 million in the quarter, 5.8% of total revenues (2Q 2006: EUR20.3 million, 5.6% of total revenue). In the first six months R&D expenses were EUR43.5 million, 5.7% of total revenue (1H 2006: EUR37.4 million, 5.3% of total revenue).

Thousands of Euro	Three months ended 30 June		
	2Q 2007	2Q 2006	% Change
Total Revenues.....	378,850	364,054	4.1%
Cost of sales.....	203,465	205,376	-0.9%
Sales and Marketing Expenses.....	60,859	49,454	23.1%
Research and Development Expenses.....	22,153	20,265	9.3%
General and Administrative Expenses.....	36,181	33,544	7.9%
Total Operating Expenses.....	322,658	308,638	4.5%

EBITDA & EBIT

Earnings before interest, tax, exceptional items, depreciation and goodwill amortisation ("EBITDA") increased by 6.1% to EUR84.2 million for the quarter (2Q 2006: EUR79.4 million). For the first six months of the year, EBITDA increased by 7.7% to EUR163.5 million (1H 2006: EUR151.9 million). The EBITDA margin was 22.2% in the quarter and 21.5% for the first six months. EBIT was 14.8% of revenues and increased to EUR56.2 million for the quarter. Excluding the amortisation of purchased intangibles, EBIT was 17.1% of revenues in the quarter and 16.6% for the first half.

Net interest and other financial results

Financial expenses totalled EUR20.2 million in the quarter (2Q 2006: EUR14.5 million) and EUR39.1 million in the first six months (1H 2006: EUR24.5 million). The main item in financial expenses is the interest expense on the Group's net debt.

Profits and return on equity

Net profit was EUR29.3 million in the quarter (2Q 2006: EUR30.1m) and EUR56.3 million in the first six months (1H 2006: EUR61.9million). Underlying net profit, excluding the amortisation of purchased intangibles, amounted to EUR35.1 million in the quarter (2Q 2006: EUR36.2 million) and was EUR67.6 million in the first six months (1H 2006: EUR72.4 million). Diluted earnings per share ("EPS") were EUR0.00499 in the quarter, and EUR0.00990 for the first six months. Underlying diluted earnings per share were EUR0.00680 in the quarter (2Q 2006: EUR0.00787) and EUR0.01340 for the first half (1H 2006: EUR0.01502). Lower profit in the quarter can mainly be explained by higher depreciations and increased interest expenses from recent investments. The calculation of 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 quarter was 12.8% (2Q 2006: 12.0%) and 12.3% in the first half (1H 2006: 12.3%).

Tax

The Group's tax charge was EUR6.7 million in the quarter, with an effective tax rate of 18.5%. For the first half, the tax charge was EUR14.3 million, 20.3% effective tax rate.

Working capital

Working capital provided by operating activities was EUR39.1 million in the quarter (2Q 2006: EUR39.9 million). For the first half, the working capital was EUR75.2 million (1H 2006: EUR92.1 million). Operating assets/liabilities increased by a net EUR10.6 million in the quarter (2Q 2006: EUR5.7 million). In the first half, the net increase amounted to EUR40.3 million (1H 2006: EUR62.5 million).

Capital expenditures

Capital expenditure in the quarter (including R&D and intangibles) totalled EUR67.1million (2Q 2006: EUR32.8million). For the first half, the expenditures were EUR112.5 million (1H 2006: EUR65.5 million).

Cash flow

Investment activities during the first six months included acquisition related outflows of EUR153.7 million. Acquisition related outflows in the quarter were EUR113.4 million. Net cash inflows from financing activities were EUR188.0 million in the half and EUR100.4 million in the quarter. The Group's closing cash balance at the end of the quarter was EUR48.3 million (2Q 2006: EUR76.5 million). The Group had a net free cash outflow of EUR28.8 million in the quarter (2Q 2006: inflow of EUR2.4 million).

2Q and recent developments

New managing director in Germany to lead expansion

Actavis announced the appointment of Thomas Heinemann to the position of Managing director of Actavis in Germany in July. Heinemann joins Actavis from CT Arzneimittel in Berlin where he served as Managing director of Sales and marketing. He will play a key role in driving Actavis' expansion in the German market, where Actavis aims to achieve strong growth in coming years.

Finasteride launched in the US and 14 European countries

Actavis launched Finasteride tablets, a product used for benign prostate enlargement in 14 European countries and in the US during the second quarter. Finasteride was launched as the patent protection expired in the UK, the Netherlands, Germany and Denmark. Actavis currently sells the product under its own label in 12 countries, both in Europe and in the US. Actavis' Third Party division sells the product to a number of its customers in eight countries.

New product launches in the US

Actavis launched Nifedipine extended-release tablets (cardiovascular) in the second quarter the first product launch from Actavis south Atlantic LLC (formerly Abrika Pharmaceuticals). Recent product launches in the US also include Zolpidem Tartrate tablets (central nervous system); Ondansetron tablets (oncology); and Terbinafine tablets (anti-fungal).

Actavis receives IR Nordic award

Actavis was awarded in June for having the best investor relations practice for an Icelandic large cap company by IR Magazine at the Nordic Awards ceremony held in Oslo, Norway. Actavis also won this same award in 2004. The awards are based on a survey conducted among 200 investors, analysts and other professionals throughout the Nordic region.

Takeover offer made to Actavis shareholders and recommended by the Board

Actavis' Board of Directors received a voluntary offer from Novator, an investment firm led by Thor Bjorgolfsson, Chairman of Actavis, in May. Under the terms of the offer that was formally published on 1 June, A class shareholders would receive EUR0.98 per share. On 26 June, Actavis' Board of Directors recommended the raised offer from Novator of EUR1.075 per share. In July, Novator announced that it had successfully reached 99.66% of total A class shares.

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 (CEEAA); Western Europe, the Middle East and Africa (WEMEA); and North America. The Group's Third-party Global sales division forms the fourth business stream. Total revenues for finished products amounted to EUR658.0 million, revenue from distribution businesses in Bulgaria, Romania and Serbia were EUR84.0 million.

The Group's largest markets during the first half of the year (based on total sales of finished products) are North America (31%), Turkey (9%), the United Kingdom (8%) and Germany (10%). The revenue distribution shows that the Group has significant diversity and is not dependent on any one single market.

Actavis key markets covering both own label and Third-party sales, excluding distribution include:

At constant exchange rates	1H 2007	1H 2006	Change %
	EUR millions		
North America	205.2	213.2	(3.8%)
Germany	65.8	54.3	21.1%
Turkey	62.4	62.7	(0.5%)
United Kingdom	55.8	44.0	26.9%
Scandinavia	53.7	52.9	1.6%
Russia, Ukraine & CIS	51.6	37.8	36.5%
Central Europe	29.3	23.9	23.0%
Bulgaria	24.9	22.5	10.6%
Romania	20.9	19.8	5.4%
Netherlands	16.1	18.5	(12.7%)
Other	72.2	61.0	18.2%
Total	658.0	610.6	7.8%

During the quarter, the Group had 145 product and market launches (84 molecules), eight of which were first to market. Significant product launches during the second quarter included Finasteride, used to treat benign prostate enlargement, in the US and 14 European countries; Mirtazapine, an antidepressant, in 14 European markets and the first product from Actavis South Atlantic LLC (formerly Abrika Pharmaceuticals), Nifedipine extended-release tablets, used to treat cardiovascular disease.

Central & Eastern Europe and Asia (CEEA), 41% of 1H total revenue, 43% in 2Q

The CEEA division performed strongly in the quarter with a pro forma sales increase of 9% compared to 2Q 2006, at constant exchange rates, to EUR157.1 million (2Q 2006 pro forma: EUR144.8 million). In the first half, sales amounted to EUR314.3 million (1H 2006 pro forma: EUR279.2 million), representing a growth of 12.6%. The performance is supported by a sales increase of existing products, a good performance of newly launched products and increased marketing efforts and sales force activities.

Turkey, the division's largest market, performed slightly under management expectations, but Romania, Russia, Ukraine & the CIS, Bulgaria and markets in Central Europe showed strong performance.

The division had 75 product and market launches (46 molecules) in 2Q 2007 and a total of 104 launches in the first half of the year.

Western Europe, Middle East and Asia (WEMEA), 22% of 1H total revenue, 24% in 2Q

Sales in the second quarter grew by 23.0% to EUR86.3 million compared to the same quarter last year (2Q 2006 at constant exchange rates: EUR70.2 million). In the first half, sales amounted to EUR165.5 million (1H 2006 pro forma: EUR142.3 million), representing a growth of 16.3%. This was in line with management expectations and above the general market growth rates for the region. The growth was achieved through strong performance in Germany and the UK, supported by a number of new product and market launches, giving rise to market shares in several markets. The division's largest markets were the UK and Germany, both of which performed well. The UK produced an underlying 27.2% increase in revenue and Germany a 72.3% increase. Sales in other market remained relatively flat.

In the quarter the division had 46 product and market launches (21 molecules) and a total of 81 launches in the first half of the year.

North America, 27% of 1H total revenue, 27% in 2Q

Sales during the quarter were in line with expectations with revenues of EUR96.3 million (2Q 2006 pro forma: EUR111.4 million). In the first half, sales amounted to EUR205.2 million (1H 2006 pro forma: EUR215.1 million), representing a fall of 4.6%. Performance was primarily driven by Ranitidine (used to treat and prevent stomach ulcers), Gabapentin (CNS), Oxycodone (analgesic) and Glyburide/Metformin (diabetes). Ranitidine was to the best performing product during the six month market exclusivity that it had from the market launch in March.

Actavis launched four new products into the US market in the quarter and eight in the first half. Actavis US has 71 pending ANDAs with the FDA as of 30 June and has filed 14 ANDAs during the first six months, as well.

Third-party sales 9% of 1H total revenue, 10% in 2Q

The division's sales during the quarter were in line with management expectations and reached EUR35.7 million, (2Q 2006 pro forma EUR33.4 million), representing a 6.7% growth in the quarter. In the first half, sales amounted to EUR71.6 million (1H 2006 pro forma: EUR71.4 million), representing a growth of 0.3%. Key markets include Germany, France, the Netherlands, UK, Austria, and Switzerland.

The division launched one new product during the quarter, Clarithromycin (antibiotic) in Ireland, and also launched Finasteride, a product used for benign prostate enlargement, upon patent expiry in Germany, UK, Netherlands and six other countries. The division had 20 product and market launches (13 molecules) in the quarter and a total of 32 launches in the first half of the year.

Management 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 (CEEAA), 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.

Auditing

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

Method of consolidation

The consolidated financial statements comprise the financial statements of Actavis Group 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.

Presentation of financial results

The press release and financial statements will be available on Actavis' website, www.actavis.com.

Enquires

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Consolidated Statements of Income for the second quarter and the first six months ended 30 June 2007

Financial statements are in accordance with IFRS and have been reviewed by the Group's auditors

Income Statement	2Q 2007		2Q 2006		YTD 2007		YTD 2006	
Net sales.....	372,487	100.0%	351,224	100.0%	744,216	100.0%	684,280	100.0%
Cost of goods sold.....	(203,465)	-54.6%	(205,376)	-58.5%	(420,976)	-56.6%	(400,738)	-58.6%
Gross profit.....	169,022	45.4%	145,847	41.5%	323,240	43.4%	283,542	41.4%
Other income.....	6,363	1.7%	12,830	3.7%	17,328	2.3%	21,652	3.2%
Sales and marketing expenses.....	(60,859)	-16.3%	(49,454)	-14.1%	(116,119)	-15.6%	(96,449)	-14.1%
Research and development expenses.....	(22,153)	-5.9%	(20,265)	-5.8%	(43,522)	-5.8%	(37,380)	-5.5%
General and administrative expenses.....	(36,181)	-9.7%	(33,544)	-9.6%	(71,201)	-9.6%	(65,909)	-9.6%
	<u>(112,830)</u>	<u>-30.3%</u>	<u>(90,431)</u>	<u>-25.7%</u>	<u>(213,514)</u>	<u>-28.7%</u>	<u>(178,085)</u>	<u>-26.0%</u>
Profit from operations (EBIT).....	56,192	15.1%	55,416	15.8%	109,726	14.7%	105,457	15.4%
Financial income/(expenses).....	(20,204)	-5.4%	(14,509)	-4.1%	(39,074)	-5.3%	(24,541)	-3.6%
Profit before tax.....	35,988	9.7%	40,908	11.6%	70,652	9.5%	80,916	11.8%
Income tax.....	(6,671)	-1.8%	(10,821)	-3.1%	(14,335)	-1.9%	(18,971)	-2.8%
Net profit.....	29,317	7.9%	30,088	8.6%	56,317	7.6%	61,946	9.1%
Attributable to:								
Equity holders of the Company.....	29,208	7.8%	29,963	8.5%	56,140	7.5%	61,283	9.0%
Minority interest.....	109	0.0%	124	0.0%	177	0.0%	662	0.1%
Profit for the period.....	29,317	7.9%	30,088	8.6%	56,317	7.6%	61,946	9.1%

Balance sheet	30.6.2007		31.12.2006		30.6.2007		31.12.2006	
Non-current assets.....	2,152,617		1,907,482		2,152,617		1,907,482	
Current assets.....	785,097		671,880		785,097		671,880	
Total Assets	2,937,714		2,579,362		2,937,714		2,579,362	
Stockholders' equity.....	919,036		880,199		919,036		880,199	
Minority interest.....	20,156		9,457		20,156		9,457	
Non-current liabilities.....	1,224,277		1,171,615		1,224,277		1,171,615	
Current liabilities.....	774,245		518,091		774,245		518,091	
Total equity and liabilities	2,937,714		2,579,362		2,937,714		2,579,362	

Cash flow	2Q 2007		2Q 2006		YTD 2007		YTD 2006	
Working capital from operating activities.....	39,081		39,911		75,232		92,052	
Net cash provided by operating activities.....	28,496		34,213		34,939		29,527	

Key ratios	2Q 2007		2Q 2006		YTD 2007		YTD 2006	
EBITDA.....	84,224		79,387		163,535		151,884	
EBITDA/revenues.....	22.2%		21.8%		21.5%		21.5%	
EBIT/revenues.....	14.8%		15.2%		14.4%		14.9%	
Diluted earnings per share.....	0.00499		0.00601		0.00990		0.01188	
Profit to sale.....	7.7%		8.3%		7.4%		8.8%	
Return on equity (ROE).....	12.8%		12.0%		12.3%		12.3%	
Equity ratio.....	0.32		0.35		0.32		0.35	
Current ratio.....	1.01		1.59		1.01		1.59	