

Actavis Reports Record First Quarter Profits

- Strong revenue growth across all business divisions -

Reykjavik, Iceland, 12 May, 2006 - Actavis Group (ICEX: ACT; 'Actavis'), the international generic pharmaceuticals company, today announces results for the first quarter ended 31 March, 2006.

Q1 Highlights

- Reported Group revenue up 236% to EUR341.9 million (Q1 2005: EUR101.8 million). The underlying revenue growth (based on the businesses owned in Q1-05) was 23%, equivalent to 20% at constant exchange rates. In addition, strong underlying growth was generated in the businesses acquired during 2005.
 - Sales in Central & Eastern Europe (CEE) and Asia were up 62% to 116.5 million (Q1 2005: EUR72.0) due to underlying growth of 14%, plus the contribution from businesses acquired during 2005.
 - Sales in Western Europe, the Middle East and Africa were EUR71.9 million, almost all due to the acquisition of Alpharma's European generics operations
 - Sales in North America were EUR113.0 million, including EUR77 million as the first time contribution from Alpharma's human generics division in addition to EUR36.0 million from Amide (consolidated into Group accounts from 1 July 2005)
 - Third party sales were up 38% to EUR38.9 million following strong growth in Germany and France.
- EBITDA margin of 21.2%, reflecting improved performance in USA. Underlying growth in EBITDA was 17 %, excluding acquisitions made during 2005.
- Net profit increased by 202% to EUR31.3 million (Q1 2005: EUR 10.4 million)
- Earnings per share (fully diluted) increased 58% to EUR 0.00587 (Q1-05: EUR 0.00372).
- Acquisition of Sindan in Romania for EUR147.5 million, proving entry into a new therapeutic field of oncology
- 86 product launches (47 molecules) in Q1 across all business divisions, supporting future growth

Thousands of Euro	Three months ended 31 March		
	1Q 2006	1Q 2005	% Change
Total revenues.....	341.879	101.790	235,9%
Total expenses.....	(291.836)	(82.918)	252,0%
EBITDA.....	72.498	24.565	195,1%
EBITDA %.....	21,2%	24,1%	
Profit before tax (PBT).....	40.010	11.674	242,7%
Net profit after Minorities.....	31.320	10.381	201,7%
Diluted Earnings per Share.....	0,00587	0,00372	57,7%

*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 period of exceptional growth for Actavis and the third quarter in succession that we have produced record results and outperformed market expectations. While the business has benefited from strategic acquisitions in key markets, the underlying performance of the Group is extremely encouraging. We have launched approximately 86 products into different markets during the quarter across the business and the new product pipeline remains one of the strongest in the generics industry. The business is off to a very strong start in 2006 and we are confident that we can build upon this and deliver the increased benefits to our shareholders."

Financial Highlights for First Quarter Results

Income

Revenue for the quarter increased 236% to EUR341.9 million (Q1 2005: EUR101.8 million). The underlying growth rate (based on the businesses owned in Q1-05) was 23%, or 20% at constant exchange rates. Strong results were delivered in CEE & Asia where sales increased by 62% during the quarter to EUR116.5 million (Q1 2005: EUR72.0 million). This reflects both the strength of the underlying business and the impact of the acquisitions made in 2005. Underlying growth in CEE & Asia division was 14% (11% at constant exchange rates) reflecting especially good performances in Turkey, Russia, Ukraine and the Balkans. Sales in the Third-party division had underlying growth of 38%, with sales of EUR38.9 million (Q1 2005: EUR28.3 million) driven by strong performances in Germany and France. The North American division reported sales of EUR113.0 million and both components of that division, Amide and Alpharma's human generics business, performed above managements expectations. Alpharma was incorporated into Group accounts at the end of 2005.

Three months ended 31 March			
Thousands of Euro	Q1 2006	Q1 2005	
Total revenues.....	341.879	101.790	235,9%
Gross profit.....	146.906	46.413	216,5%
EBITDA.....	72.499	24.564	195,1%
EBITDA %.....	21,2%	24,1%	-2,9%
Net Profit.....	31.320	10.381	201,7%

Change in EBITDA between periods is shown in basic points

Operating Expenses

Operating expenses in the quarter were EUR291.8 million (Q1 2005: EUR 82.9 million), 85.4% of total revenues, up from the previous quarter (Q4 2005: 82.3%). Cost of goods sold as a percentage of total revenues increased to 54.4% for the quarter, from 46.9% in the previous quarter, mainly due to lower margins from Alpharma. Sales and marketing expenses increased as a percent of revenues to 14.9% in the quarter (Q4 2005: 12.5%), due to the consolidation of the Alpharma's generics operations in the Western European markets which require higher marketing expenditure. General and administrative expenses reduced relative to the previous quarter to 9.4% (Q4 2005: 12.5%), as revenue increased while corporate overheads were held flat. Total R&D spending was EUR34.9 million (10.2% of total revenues) in Q1 2006; EUR22.6 million expensed and EUR12.3 million capitalised in the period.

Three months ended 31 March				
Thousands of Euro	Q1 2006	% Revenue	Q4 2005	% Revenue
Total revenues.....	341.879	100,0%	194.957	100,0%
Costs of Goods Sold.....	186.150	54,4%	89.970	46,1%
Sales and marketing Expenses.....	50.984	14,9%	24.311	12,5%
Research and Developoment Expenses.....	22.590	6,6%	21.472	11,0%
General and Administrative Expenses.....	32.113	9,4%	24.284	12,5%
Total Operating Expenses.....	291.836	85,4%	160.038	82,1%

EBITDA

Earnings before interest, tax, exceptional items, depreciation and goodwill amortisation ("EBITDA") increased 195.1% to EUR72.5 million for the quarter (Q1 2005: EUR24.6 million). EBITDA margin was 21.2% in the quarter, exceeding management expectations. The performance in the quarter included a strong contribution from the North America division, in particular Amide, which increased the average EBITDA margin for the Group. From the total first quarter EBITDA, of EUR72.5 million, EUR43.7 million (60.2%) was contributed from businesses acquired during 2005. The businesses owned in Q1-05 (Central Eastern Europe and Third Party Sales) delivered underlying growth in EBITDA of 17%.

Net interest expense was EUR9.2 million. Financial items also included a small EUR0.8 million exchange loss.

Profit before tax increased 242.7% to EUR40.0 million in the quarter (Q1 2005: EUR11.7 million). The Group's tax charge for the quarter was EUR8.2 million and the effective tax rate was 20.4%.

Net profit was EUR31.3 million in the quarter, up 182.3% from the previous year (Q1 2005: EUR11.1m). Diluted earnings per share ("EPS") were EUR0.00587 in the quarter up 58% against (Q1 2005 EUR0.00372). The calculation of diluted earnings per share takes full account of the Preferred Shares and their dividend entitlements.

Working capital provided by operating activities was EUR52.1 million, more than double the equivalent figure of Q1-05 (EUR 24.8 million). This was offset by increases in working capital of EUR56.8 million due to seasonal increases in receivables, build-up of inventories to support new launches, and prepayment of group insurances. Consequently net cash outflow from operating activities in the quarter was EUR4.7 million, (Q1 2005: EUR24.8m inflow). The total of capital expenditure for the quarter (including R&D) totalled EUR32.5 million, similar to EUR33.3 million for the previous quarter. Net investments in development projects amounted to EUR 12.3 million during the fourth quarter (Q4 2005: EUR13.9m). Investments in fixed assets were EUR20.2 million (Q4 2005: EUR 19.4 million) focused on completing the Riverview factory at Amide and upgrading the factories in Bulgaria, Malta and Serbia. The Group had a net free cash outflow of EUR37.2 million (outflow of EUR5.0m in Q4 2005). 4

During the quarter, the Group increased its long-term debt by EUR214 million, mainly to fund the EUR147.5 million all cash acquisition of Sindan in Romania. Sale of treasury shares for cash raised EUR14.4 million. The closing cash balance was strong, at EUR140 million. Net debt increased by EUR 101 million to EUR 989.4 million.

Divisional Review

Actavis is comprised of four operating divisions: Its three own-label sales divisions of Central & Eastern Europe and Asia; Western Europe, the Middle East and Africa and North America. The Group's Third Party Sales division forms the fourth business stream. During the quarter the Group launched a total of 86 (46 different molecules/products) products across the business into Actavis' key markets. The most significant new product launches included Lanzoprazole, which is prescribed for the treatment of gastric ulcers and Glimepiride, an oral blood-glucose lowering drug used for diabetes.

Actavis has one of the broadest portfolios in the generics sector with over 600 products on the market. The Group has an exceptionally strong product pipeline with 253 products currently in its in-house development, covering 192 molecules. Actavis is still expecting to file at least 21 Abbreviated New Drug Applications ("ANDAs") in 2006 and reach its target of 30 filings for full year.

Central & Eastern Europe and Asia, 34% of Q1 revenues

First quarter sales of the division grew by 62% to EUR116.5 million (Q1 2005: EUR72.0 million). 30 products were launched into key markets (24 different molecules/products), including products such as Fosinopril, Risperidone and Sertraline. Key markets in the region include: Turkey (31% of sales), Russia (12% of sales), Balkan Region (8% of sales), and Bulgaria including the Higia distribution business (30% of sales), with sales of EUR34.5 million in the quarter.

Turkey - 31% of the regions sales in Q1 2006

First quarter sales grew by 30% to EUR36.3 million (Q1 2005: EUR28.0 million). There was good volume growth across most products, notably from Cravit (Levofloxacin) and Oraceftin (Cefuroxime). The Company expects to launch 8 new products in Turkey by the end of the year.

Russia - 12% of the division's sales in Q1 2006

Russia continued to perform strongly with total sales in first quarter of EUR13.8 million, a 58% increase on the first quarter 2005. Actavis has generated good results from its focus on increased promotion and branding activities. The main growth drivers were strong sales of Phezam (Cinnarizine/Piractam) and Troxevasin (Troxeutin). Actavis launched four new products in Russia during the quarter, including the successful launch of Fosicard (Fosinopril).

Balkan - 8% of the divisions sales in Q1 2006

First quarter sales were EUR9.8 million (Q1 2005: EUR8.0 million), delivering a 22% growth over 2005. The Company continued to strengthen its position in Serbia and is performing better in new markets like Romania and Albania comparing from last year.

Other markets - 49% of the division's sales in Q1 2006

Bulgaria had a slow start to the year, partly due to integration of pharmaceutical distribution business of Higia. Sales were EUR 34.5 million including revenue from Higia; compared to previous year, underlying growth was negative. Ukraine delivered a very strong first quarter, sales were EUR5.9 million, 156.0% over the first quarter 2005 (EUR2.3 million). In the Central European region which includes Hungary, Poland, Slovak and Czech Republic, Sales in Q1 was EUR7.3 million. Asia is a new market within the Actavis group with first quarter sales EUR5.2 million and has potential for growth in coming years when Actavis product portfolio will be available in Asia.

Western Europe, Middle East and Africa, 21% of Q1 revenues

The division had total sales of EUR71.9 million, of which around 95% has been generated as the result of acquisitions completed in 2005, specifically the European operations of Alpharma. 25 products were launched (total of 16 different molecules/products) into key markets in the quarter, including products such as terbinafine, amlodipine and tamsulosin. Of the 25 product launches, 11 were first to market. Key markets for the division include: the UK (27% of divisions sales), Germany (18% of sales), the Nordic countries (35%) and Netherlands (8%).

UK

Sales for the quarter were EUR19.4 million, despite increased price erosion on key molecules, including the hospital tender business. Two new products were launched on the market in the quarter and two branded OTC launches are expected in coming months, supporting further revenue growth opportunities.

Germany

Sales for the quarter were EUR12.5 million. Three new products were launched in first quarter. Actavis is currently the sixth largest generic company in Germany. The new pharmaceutical legislation in Germany, which came into effect on the 1st of May, is expected to have moderate effects on the revenue for the rest of 2006. This legislation obliges pharmaceutical companies to give a 10% rebate on generics to the sick funds, but also bans discounts to pharmacies.

Other markets

Sales in the Nordic markets were EUR25 million and above management expectation. Contributing to the increased sale in Nordic were 9 new products were launched in first quarter. Portugal sales were EUR3.0 million and the country had 4 new product launches.

North America division - 33% of Q1 revenues

The first quarter results include a first time contribution from Alpharma which was fully incorporated into the Group's accounts at the end of 2005. Due to this being a new division, principally comprised of Alpharma and Amide there are no comparative numbers for 2005 as Alpharma's Human Generics Division did not report on a quarterly basis in 2005.

The North American Division successfully integrated former Amide and Alpharma Sales & Marketing teams to create a single face to the customers during first quarter. Integration efforts on financial, IT, manufacturing and R&D are also tracking favourably to plan. The division filed 9 ANDAs and introduced seven 6 new products to the US market during the quarter.

The Division's first quarter revenue were over internal expectations. Business results were driven by continued strong performance of key products including Diltiazem, Gabapentin, Quineretic, Lovastatin, expanded product distribution, OTC and private label expansion, and strong cost containment efforts. Reported Revenue in first quarter was EUR113.0 million, a 272% increase over reported fourth quarter results (Q4 2005: EUR 30.4 million) following the full effect of Alpharma US Generics business.

Third-Party Sales - 11% of Q1 revenue

The Divisions Q1 revenues were in line with expectations and reached EUR38.9 million, up 41,5% from Q1 2005. Product sales of a total of EUR36.5 m were in line with management expectation and the key products include Ramipril, Ciprofloxacin and Citalopram. Dossier sales were somewhat below expectation and amounted to EUR2.4 m.

Germany - 46% of Third-party product sales (Q1)

As before, Germany is the biggest market for the division, with sales of EUR 15.6 million during the quarter, with Ramipril tablets, Ramipril HCT and Citalopram for international distribution, being the

most important products. The new pharmaceutical legislation in Germany, which came into effect on the 1 May, is not expected to have significant consequences for the division.

France - 11% of Third-party product sales (Q1)

For the second quarter in a row France was the second largest market, with sales of EUR3.8million, up 196% from Q1 2005 but down 34% from Q4 2005. Two new products were launched in France in Q1, Ramipril capsules, upon patent expiry in France, and later Ramipril tablets which turned out as the top selling product to this country, followed by Sertraline capsules and Paroxetine.

Other important markets

Belgium and Switzerland are new on the top market list for Third Party Sales, whereas Netherlands has been an important market for the division for years. The biggest product sold to Belgium is Citalopram, whereas Ciprofloxacin is the most important product for Switzerland and Netherlands.

Guidance

In 2006, Actavis is targeting revenue of EUR1.36 billion and an EBITDA margin of approximately 20%. This takes into account the consolidation of Sindan from 1 April 2006. Strong growth is expected in both our North America and CEEA divisions as we continue to integrate recent acquisitions and leverage our strong pipeline of new products. We expect our Third-party sales and West Europe divisions to deliver low single digit growth over 2005 for the full year.

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). The Group's financial statements have previously been prepared in accordance with the Financial Statements Act and generally accepted accounting principles in Iceland. The changes in the Group's stockholder's equity 1 January 2005 as a result of the implementation of IFRS, is an increase amounting to EUR5.9 million.

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.

Auditing

The quarterly accounts have been reviewed 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 17.30 GMT on 12 May 2006. A copy of the presentation will be available on www.actavis.com following the meeting.

Actavis' Financial Calendar

Q2 results	10th August 2006
Q3 results	9th November 2006
Q4 results	13th March 2007
Q1 results 2007	8th May 2007

Enquiries:

Actavis Group

Robert Wessman President & CEO
Mark Keatley, Chief Financial Officer
Halldor Kristmannsson, VP of Corporate Communications

Tel: +354 535 2300]
Tel: +354 535 2300
Tel: +354 535 2300 /
+354 840 3425

Financial Dynamics

Charlie Armitstead/ Jonathan Birt (New York)

Tel: +1 212 850 5691

About Actavis

Actavis Group is one of the world's leading generic pharmaceutical companies, with operations in 32 countries and over 10,000 employees. Founded in 1956, the Group specialises in the development, manufacture and sale of generic pharmaceuticals. Actavis is headquartered in Iceland, with development and manufacturing facilities in three continents. Actavis' acquisition of Alpharma's human generics business, completed in December 2005, places the company among the five leading companies in the generic pharmaceuticals market.

Forward Looking Statements

This press release contains forward-looking statements with respect to the financial condition, results of operations and businesses of Actavis. By their nature, forward-looking statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from that expressed or implied by these forward-looking statements. These factors include, among other things, exchange rate fluctuations, the risk that research and development will not yield new products that achieve commercial success, the impact of competition, price controls and price reductions, the risk of loss or expiration of patents or trade marks, difficulties of obtaining and maintaining governmental approvals for products, the risk of substantial product liability claims and exposure to environmental liability.

Actavis Group financial accounts - first quarter 2006 -

Income Statement	Q1 2006	Q1 2005
Net sales.....	333.056	96.958
Cost of goods sold.....	<u>(186.150)</u>	<u>(50.546)</u>
Gross profit.....	146.906	46.413
Other income.....	8.822	4.832
Sales and marketing expenses.....	(50.984)	(14.122)
Research and development expenses.....	(22.590)	(8.877)
General and administrative expenses.....	<u>(32.113)</u>	<u>(9.374)</u>
	<u>(96.865)</u>	<u>(27.541)</u>
Profit from operations (EBIT).....	50.041	18.873
Financial income/(expenses).....	<u>(10.032)</u>	<u>(7.199)</u>
Profit before tax.....	40.009	11.674
Income tax.....	<u>(8.150)</u>	<u>(579)</u>
Net profit.....	31.859	11.095
Attributable to:		
Equity holders of the Company.....	31.320	10.381
Minority interest.....	<u>539</u>	<u>714</u>
Profit for the period.....	<u>31.859</u>	<u>11.095</u>

Balance sheet	31.03.2006	31.12.2005
Non-current assets.....	1.877.040	1.755.077
Current assets.....	713.480	639.496
Total Assets	2.590.520	2.394.573
Stockholders' equity.....	1.015.238	997.334
Minority interest.....	11.016	10.695
Non-current liabilities.....	1.043.710	999.688
Current liabilities.....	520.555	386.856
Total equity and liabilities	2.590.520	2.394.573

Cash flow	Q1 2006	Q1 2005
Working capital from operating activities.....	52.141	24.759
Net cash provided by operating activities.....	(4.686)	24.755

Key ratios	Q1 2006	Q1 2005
EBITDA.....	72.499	24.565
EBITDA/revenues.....	21,2%	24,1%
EBIT/revenues.....	14,6%	18,5%
Basic Earnings per Share.....	0,00589	0,00372
Diluted Earnings per Share.....	0,00587	0,00372
Profit to sale.....	9,2%	10,9%
Return on equity (ROE).....	14,3%	15,7%
Equity ratio.....	0,40	0,42
Current ratio.....	1,37	1,65

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Equity ratio.....	0,40	0,42
Current ratio.....	1,37	1,65