

## Actavis reports underlying profits of €29 million in 3Q

- Strong performance across Central and Eastern Europe -

Actavis Group (“ACT”), the international generic pharmaceuticals company, announces its results for the third quarter ended 30 September 2006.

### Highlights - third quarter 2006

Reported revenue in the third quarter doubled to €323.8 million (3Q 2005: €160.9 million), reflecting a strong performance in Central and Eastern Europe during the quarter. As anticipated underlying revenue<sup>1</sup> fell by 3.4% (3Q 2005 pro forma: €335.2 million) primarily due to a difficult trading environment in Western Europe.

- Sales in Central & Eastern Europe and Asia (“CEEA”) were €124.5 million (3Q 2005 pro forma: €117.2 million), with pro-forma underlying growth of 6.3% in the quarter and 13.4% in the year to date. Sales of the oncology portfolio registered a particularly strong performance with 27.3% underlying growth in the quarter over 2005.
- Sales in North America were €102.8 million which was in line with management expectations. This represented an underlying fall of 6.0%, following the exceptionally strong performance of in the third quarter in 2005. For the first nine months sales in North America have underlying growth of 8.7%.
- Sales in Western Europe, Middle East and Africa were €65.5 million, a fall of 4.3% on a pro-forma basis, and Third Party sales declined 32.9 % to €28.6 million.
- EBITDA margin was 20.3% in the quarter and underlying net income rose by 24.5% to €28.9 million.
- Underlying earnings per share (fully diluted) was €0.00561 (€0.00679). For the first nine months, underlying EPS of €0.01749 is up 19.5% over 2005.
- Including the PLIVA-related net costs, net income fell to €8.2 million in the third quarter (3Q 2005: €23.2 million) and earnings per share (fully diluted) was - €0.00072 (3Q 2005: 0.00679).
- 65 product and market launches (49 molecules) in the quarter and 262 for the year to date.

Thousands of Euro	Three months ended 30 Sept.			Nine months ended 30 Sept.		
	3Q 2006	3Q 2005	% Change	9M 2006	9M 2005	% Change
Total Revenues.....	323.806	160.938	101,2%	1.029.738	384.717	167,7%
Total expense.....	-277.261	-124.385	122,9%	-877.736	-312.715	180,7%
EBITDA.....	65.702	48.304	36,0%	217.586	96.312	125,9%
EBITDA %.....	20,3%	30,0%	-32,4%	21,1%	25,0%	-15,6%
Underlying net income.....	28.878	23.204	24,5%	90.824	45.587	99,2%
Net Pliva effect (after tax).....	-20.675	0	N/A	-20.675	0	N/A
Net income.....	8.203	23.204	-64,6%	70.149	45.587	53,9%
Underlying diluted EPS.....	0,00561	0,00679	-17,4%	0,01749	0,01464	19,5%
Diluted EPS.....	-0,00072	0,00679	-110,6%	0,01123	0,01464	-23,2%

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

Actavis President & CEO, Robert Wessman, commented:

“The overall performance of the business is in line with our expectations and financial guidance for the quarter. This has been achieved despite Western Europe becoming even more competitive, which impacted both our own label and Third party sales. Our strong focus on maximising efficiencies across the Group and maintaining strict controls on our cost base has helped us to deliver our strong EBITDA margin and profit targets.

We have already identified a number of exciting acquisition opportunities to expand and build our business in new growth areas, two of which we hope to announce before the year end. At the same time, we continue to make excellent progress integrating recent acquisitions and consolidating our operations to reduce overheads and unnecessary costs. We are confident that this progress keeps us on track to meet our guidance for the full year.”

<sup>1</sup> Footnote: Pro forma underlying growth, includes underlying growth of businesses acquired in 2005 and reflects underlying growth of the Group as it is today at constant exchange rates.

## Financial highlights - 3Q and 9M

### Revenue

Reported revenue grew by 101.2% to €323.8 million in the third quarter (3Q 2005: €160.9 million) and to €1,029.7 million in the first nine months (9M 2005: €384.7 million). There was an underlying decline in the third quarter (based on pro forma numbers from 2005) of 3.4% at constant exchange rates due to an exceptional performance in the same period in 2005. Underlying revenues grew 7.1% for the first nine months.

- Sales in Central & Eastern Europe and Asia (“CEEA”) were €124.5 million in the quarter (3Q 2005 pro forma: €117.2 million), with 6.3% underlying growth and 13.4% in the first nine months. In the third quarter, there were 41 product launches (34 molecules) across CEEA markets, nine of which were first to market. The division saw good growth in Russia, Ukraine and in Serbia. CIS and Asia markets were also ahead of 2005 performance in the quarter. Sindan, the oncology business in Romania acquired in March 2005, registered 29.3% underlying growth over 2005 in the quarter. In Turkey, downward reference price pressure impacted performance, which was slightly lower than expected.
- Sales in North America were €102.8 million, which was in line with management expectations. Compared with the exceptionally strong third quarter in 2005 (pro forma: €109.3 million), where Amide Pharmaceuticals (acquired in July 2005) saw 65.6% growth over previous year, this was an underlying fall of 6.0%. For the first nine months underlying growth is 8.7%.
- Sales in Western Europe, Middle East and Africa division were €65.5 million (3Q 2005 pro forma: €68.5 million), a 4.3% decline from the third quarter 2005 and a 4.1% fall in the first nine months, based on pro forma numbers. There was an improved performance over 2005 in the quarter in the UK, Portugal and Sweden but price erosion and competition continued to impact sales in Germany, the UK and the Nordic region. Nine new molecules were launched in the quarter, which offset some of the impact from lost revenue over 2005.
- Third-party sales were €28.6 million, 32.9% below third quarter in 2005 (pro forma: €42.6 million) and up 2.4% in the first nine months. During the quarter average selling prices in the market fell by 20% (according to IMS), with Ramipril, Citalopram, Paroxetine, Lisinpril HCT and Ramipril HCT coming under particular price pressure. The German market was hardest hit during the quarter and further price reductions are expected in the market in coming months.

### Operating expenses

Operating expenses in the third quarter were €277.3 million (3Q 2005: €124.4 million) and €877.7 million for the first nine months (9M 2005: €312.7 million).

- Cost of sales as a percentage of total revenue was 57.1% for the third quarter in line with the previous two quarters, maintaining a strong gross profit margin. Favourable material purchase prices and reductions in product destruction costs in the US pushed the gross profit margin slightly ahead of the second quarter. Positive results are also now coming through from cost management programmes within the Bulgarian plants, and the ongoing strategy to achieve lower manufacturing costs by transferring production in Iceland to the Group’s plant in Malta.
- Sales and marketing expenses reduced by €2.6 million from the previous quarter. As a percentage of revenue they were 14.5% in the quarter, slightly above the previous quarter, due to the lower revenue base.
- General and administrative expenses fell in absolute terms by €1.1 million to €32.4 million, but increased slightly relative to the previous quarter to 10.0% of revenues (2Q 2006: 9.2%)
- R&D expenses charged to the P&L were €13.0 million (4.0% of total revenues) in the quarter, down from 5.6% of revenues in the previous quarter. For the first nine months of 2006, total R&D expenses charged to the P&L were €50.4 million, which includes cash spending and amortisation of intangible assets that were internally generated or acquired. For the first nine months of 2006, total spending on R&D was €64.3 million; out of this, €32.0 million was expensed and €32.3 million capitalised in line with IFRS standards.

Thousands of Euro	Three months ended 30 Sept.		
	3Q 2006	2Q 2006	% Change
Total Revenues.....	323.806	364.054	-11,1%
Costs of Goods Sold.....	184.989	205.376	-9,9%
Sales and Marketing Expenses.....	46.832	49.454	-5,3%
Research and Development Expenses.....	13.011	20.265	-35,8%
General and Administrative Expenses.....	32.428	33.544	-3,3%
Total Operating Expenses.....	277.261	308.638	-10,2%

#### EBITDA

Earnings before interest, tax, exceptional items, depreciation and goodwill amortisation (“EBITDA”) increased by 36.0% to €65.7 million for the quarter (Q3 2005: €48.3 million). For the first nine months of the year, EBITDA totalled €217.6 million (9M 2005: €96.3 million). The EBITDA margin was 20.3% in the quarter, in line with management expectations and was 21.1% for the first nine months.

#### Net interest and other financial results

Financial expenses totalled €38.3 million in 3Q (3Q 2005: €8.7 million) and €62.9 million in the first nine months (9M 2005: €16.4 million). The main item in financial expenses is the interest expense on the Group’s net debt. Net interest expense was €13.4 million, increased from €11.3 million in the previous quarter. The increase relates to increase in group borrowing and higher benchmark interest rates during the quarter. Additional borrowing relates to the acquisition of the Sindan in Romania and other financing. Included in financial items for the quarter are the costs associated with the attempted acquisition of PLIVA. Financial items also include an exchange loss of €3 million in the first nine months, compared to an exchange loss of €5 million in 9M 2005. The exchange loss was mainly caused by the devaluation of the Turkish Lira against the Euro.

#### Net income and return on equity

Underlying net income (excluding impact from PLIVA acquisition) amounted to €28.9 million in the quarter (Q3 2005: €23.2 million) and was €90.8 million in the first nine months (9M 2005: €45.6 million). Underlying diluted earnings per share (“EPS”) was €0.00561 in the quarter (Q3 2005: €0.00679) and €0.01749 for the first nine months (9M 2005: €0.01464). The calculation of diluted earnings per share takes full account of the preferred shares (issued in December 2005) and their dividend entitlements.

Including the net after tax PLIVA effect, net income was €8.2 million in the quarter (Q3 2005: €23.2m) and €70.1 million in the first nine months (9M 2005: €45.6million). Diluted earnings per share (“EPS”) including the PLIVA effect were negative by €0.00072 in the quarter (Q3 2005 (€0.00679). Return on equity for the quarter including the PLIVA effect was 3.3% (3Q 2005: 17.2%) and was 9.2% in the first nine months (9M 2005: 16.3%).

The net negative impact on the Group’s P&L of the attempted acquisition of PLIVA was €20.7 million after tax. This comprises the advisory and financing costs associated with the bid, less the capital gain realised from the sale of the Group’s 20.8% stake in PLIVA

Underlying return on equity in the third quarter was 11.5% (3Q 2005: 17.2%) and was 12% in the first nine months (9M 2005: 16.3%).

#### Tax

The Group’s tax charge was €16 thousand in the third quarter of 2006, and €19.0 million for the first nine months. In the third quarter, the tax on underlying income was offset by tax credits generated by the net loss on the attempted acquisition of PLIVA. For the first nine months as a whole, the effective tax rate was 24% on underlying income, which reduced to 21% due to the tax credits on the PLIVA transaction.

#### Working capital

Working capital provided by operating activities was €56.5 million in the quarter (Q3 2005: €27.6 million) and €148.5 million for the first nine months of the year (9M 2005: €81.1 million).

Operating assets/liabilities increased by a net €3.5 million in the quarter (Q3 2005: Decrease €12.7 million) as the level of receivables was tightly controlled. For the first nine months of the year, the net

increase in operating assets/liabilities was €66 million (9M 2005: €3 million). As of September 30, trade receivables were equivalent to 65 days of average sales. Inventory turns were 3.1 times for the first nine months.

#### Capital expenditures

The total of capital expenditure for the quarter (including R&D) totalled €37.0 million, a 16% increase on the investment level in the previous quarter. Investments in fixed assets were €23.4 million in the quarter (Q2 2005: €11.4 million) and €64.0 million for the first nine months (9M 2005: €39.3 million). The most significant expenditures were in expanding the US facilities at Totowa (solid dose) and Lincolnton (semi-solid/liquid) as well as expanding and upgrading the facilities in Malta and Iceland. For the full year, Actavis expects total capital expenditure on factories and other fixed assets to be approximately €90 million. Net investments in development projects and other intangibles amounted to €13.5 million during the quarter (Q3 2005: €15.6m) and €37.3 million during the first nine months (9M 2005: €26.1 million).

#### Cash flow

Investment activities during the quarter included outflows of €43.7 million relating to the acquisition of PLIVA. Financing flows during the quarter included outflows of €10.6 million for payments of long-term debt and inflows of €27.2 million from new loans and increases in bank loans. The Group's closing cash balance was €67.7 million.

The Group had a net free cash flow of €16.2 million in the quarter (3Q 2005: outflow €13.4 million). This was an improvement from the previous quarter, which had a net free cash flow of €2.4 million. For the first nine months of the year, the net free cash outflow was €18.8 million (9M 2005: inflow €12.8 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. These include purchased intangibles of €82.2 million and purchased goodwill of €34.0 million, which have been valued following IFRS guidelines on purchase price accounting.

As of 30 September, total debt was €1,133.9 million, equivalent to €1,066.2 million net of cash. The Group's net debt was supported by €961 million of net equity, and was equivalent to approximately 3.7 times rolling 12 month EBITDA.

### 3Q and Recent Developments

#### Actavis launches four new generic products in the U.S.

Actavis launched new products in the U.S. during the quarter. These included Meloxicam tablets, used to treat symptoms of osteoarthritis and rheumatoid arthritis; Pilocarpine tablets, used to treat dryness of the mouth and throat after radiation treatment for head and neck cancer or in patients with Sjogren's syndrome; and Trimipramine, used to help treat depression. On 6 November, Actavis started distribution of Glipizide ER tablets in the US, which is expected to be among the top five sellers in the market in 2007.

#### Actavis receives Warning letter following FDA inspection

Actavis received a warning letter from the U.S. Food and Drug Administration (FDA), following the inspection of the Group's facility in Little Falls, New Jersey. The Group is confident that it will fully address the concerns of the FDA and does not expect the investigation to have a material impact on 2006 financial results or the Group's guidance on growth and margins in 2007.

#### Actavis decides not to increase its bid for PLIVA and divests its strategic stake

Actavis decided that it would not raise its bid above HRK795 believing that this offer represented a full and fair price for PLIVA's shares. On 20 October Actavis announced that it had divested its 20.8% stake in PLIVA that it controlled through direct and indirect ownership and options. The capital gain realized from the sale was used to offset the majority of the advisory costs incurred from Actavis' attempted acquisition of PLIVA. The negative impact on the Group's P&L after tax is €20.7 million in the third quarter.

#### Four new generic products launched in Turkey

Actavis launched four new products in Turkey. The product launches are the first under the Actavis label in the Turkish market. The products are Xetanor® (Paroxetine - antidepressant), Blokace® and Blockace HCT® (Ramipril - antihypertensive) and Vivafeks® (Fexofenadine - antihistamine product).

#### Actavis first to market in Sweden with a migraine drug

Actavis launched Sumatriptan tablets in Sweden at the end of October. Sumatriptan is the first generic version of the migraine drug to be made available in the country, and is being marketed immediately after patent expiry.

#### Consolidation and integration

During the quarter the Group accelerated its consolidation strategy to achieve further efficiencies in the business, remove unnecessary overlap resulting from acquisitions and to enhance its leading position in competitive markets. Focus has been on the US market following the acquisitions of Amide Pharmaceuticals and Alpharma's human generics business in 2005. The transfer of the Group's liquid products from Baltimore to the site in Lincolnton, North Carolina is underway. The consolidation of two plants into one is expected to deliver cost synergies of €5 million in 2008 and a further €14 million in 2009 onwards. In addition, Actavis is announcing that its distribution centre in Columbia, Virginia is to close by April 2007. This follows the Group's decision to outsource non-core operations which are not cost effective. The Group has signed a contract with UPS Supply Chain Solutions to handle the distribution of its manufactured products going forward.

### Sales and marketing report

Actavis is comprised of four sales and marketing divisions: Its three own-label sales divisions are split geographically between 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. The Group's key markets include (based on total sales of finished products): North America (33%), Bulgaria, 10% (including distribution revenues of Higia), Germany (8%), Turkey (8%), the UK (7%) and Russia, Ukraine and the CIS with 6%.

The new healthcare reform in Germany has had a greater impact on sales than initially expected. The price of generic pharmaceuticals had come down by 20% on average by July compared to 2005 (according to IMS Health).

During the quarter the Group launched a total of 65 products to new markets, 10 of which were first to market. The wide variety of products consisted of 49 different molecules, 28 of which were developed in-house and 21 were in-licensed.

Highest selling products in the third quarter and in the 3Q and 9M months included:

€ million

Product name	Originator (Company)	Therapeutic group	Division	Sales in 3Q	Sales in 9M 2006
Gabapentin	Neurontin (Pfizer)	CNS	N-America	12.0	39.5
Diltiazem	Cardizem (Biovail)	Cardiovascular	N-America	8.5	35.6
Oxycodone	Roxicodone (Xanodyne)	CNS	N-America	6.8	30.7
Ramipril	Altace (Aventis)	Cardiovascular	T-party & WEMEA	7.5	18.2
Cravit® (levofloxacin)	Tavanic (Sanofi Aventis)	Anti-infective	CEEA	6.5	17.5
Pentalong®	Pentaeritryl tetranitrate	Cardiovascular	WEMEA	5.6	15.3
Lovastatin	Mevacor (Merck)	Cardiovascular	N-America	5.0	15.1
Citalopram	Celexa (Lundbeck)	CNS	T-party & WEMEA	5.0	14.4
Troxevasin®	Troxevasin (Balkanpharma)	Cardiovascular	CEEA	4.7	12.6
Quinaretic	Accuretic (Pfizer)	Cardiovascular	N-America	4.2	12.4
Top 10 as a percentage of total revenue for 9M					23.2%

### *North America 32% of 3Q revenue and 32% in the first 9 months*

The North America division continued to generate a strong sales performance throughout the third quarter. Revenues were €102.8 million, an underlying decline of 6.0% in the third quarter based on 2005 pro forma numbers, following the exceptionally strong performance of the division in the 3Q of 2005. For the first nine months, growth was 8.7% and strong growth is expected in the fourth quarter.

Performance during the quarter was driven by a strong contribution from core products, including Diltiazem, Gabapentin, Quinapril Hydrochloride, Lovastatin and Carbidopa/Levodopa. Actavis also received approval to launch three new molecules (Meloxicam, Trimipramine, and Pilocarpine 7.5mg). The division has launched 13 new products into the US market in the first nine months of 2006.

Actavis continues to make strong progress with the integration of its US business. The Actavis brand has been launched nationally and its label was officially unveiled at this year's National Association of Chain Drug Stores (NACDS) annual Conference. The US business has also been successful with its combined commercial bids and tenders across the former Amide and former Alpharma product lines.

Actavis is expecting to file at least 30 Abbreviated New Drug Applications ("ANDAs") in 2006. 23 filings were made during the first nine months of 2006.

### *Central & Eastern Europe and Asia (CEEA), 38% of 3Q revenue and 37% in the first 9 months*

Sales in the third quarter grew by 6.3%, at constant exchange rates, to €124.5 million (3Q 2005 pro forma: €117.2 million). For the first nine months of the year, sales were €380.9 million, 13.4% up from the same period in 2005. Overall the division successfully launched 41 new generic products in the third quarter 2006, 13 of which were in the Eastern Europe region (Russia, Ukraine and CIS) and 12 in Bulgaria.

#### *Romania - 19% of the divisional sales in 3Q 2006 and 12% in the first 9 months*

Romania generated sales of €22.2 million in 3Q 2006, ahead of management expectations. Performance was principally driven by Sindan, the Romanian oncology business acquired by Actavis earlier this year. Three products were launched into Romania in 3Q - Anastrozole (in-licensed product in cooperation with AstraZeneca), Cisplatin and Tretinoin (all cytostatics).

#### *Turkey - 17% of the divisional sales in 3Q 2006 and 23% in the first 9 months*

Turkey delivered revenue of €21.6 million (3Q 2005: €29.8 million). Sales have seen a decreased in the quarter, mainly due to increased pricing pressure and unfavourable exchange rates of the Turkish lira against the euro. Actavis launched four products in Turkey in 3Q: Fexofenadine (antiallergic), Ramipril in two pharmaceutical forms (antihypertensive) and Paroxetine (antidepressant).

#### *Bulgaria -29% of the divisional sales in 3Q 2006 and 29% in the first 9 months*

Total revenues in the market were €36.6 million, thereof €12.6 million are from sales of finished products (3Q 2005: pro forma €9.5 million) and €24.0 million from the distribution business Higia (3Q 2005 pro forma: €22.1 million). In terms of finished product sales, Bulgaria is the third largest market of the division.

#### *Russia, Ukraine & CIS -17% of the divisional sales in 3Q 2006 and 16% in the first 9 months*

Russia, Ukraine and CIS continued to perform strongly during the third quarter with an 32.3% increase in sales to €20.8 million (3Q 2005 €15.7 million) over the same period in 2005. A good performance in Russia was driven by the Group's marketing efforts to promote older branded products, Almagel® and Almagel A® (antacid). A number of new generic products were launched into the market including health supplement products from Lysi.

Stavudine (antiviral) was launched in 3Q and Actavis took over the sale of Obsidan (a former Alpharma product previously marketed by another company).

#### *Central Europe (Poland, Hungary, Czech Republic, Slovakia and Slovenia) 7% of divisional sales in 3Q 2006 and 7% in the first 9 months*

Sales were in line with management expectations, increasing to €8.9 million (3Q 2005 pro forma: €7.0 million). Key products include Zoleptil®, Lamotrix® and Speridan® all CNS products. Sales in the region were underpinned by good growth in the sales of oncology products in Poland and Slovakia. Meloxicam (antiinflammatory) was launched in the Czech Republic and Ramipril HCT (antihypertensive) in Hungary.

*Western Europe Middle East and Africa (WEMEA) 20% of 3Q revenue and 20% in the first 9 months*  
Overall sales in the division decreased by 4.3% to €65.5 million (3Q 2005 pro forma €68.5 million). This was primarily due to de-stocking in Germany at wholesale level as well as new health reform resulting in an 11.5 % sales drop in the period. For the first nine months of the year, sales were €207.7 million, 4.1% down from the same period in 2005. The highest contributing products were Pentalong® (cardiovascular), Vancomycin (antibiotic) and Simvastatin (cardiovascular). Nine new products were launched in the 3Q, including Epirubicin in UK, Sumatriptan in the Netherlands and Fosinopril in the Netherlands.

*UK 33% of the divisional sales in 3Q 2006 and 30% in the first 9 months*

Sales increased by 3.1% to €21.5 million (pro forma sales 3Q 2005 €20.9 million). Two products were launched in 3Q: Epirubicin (cytostatic), Simvastatin (cardiovascular). The highest selling products are Vancomycin (antibiotic), Co-Codamol (analgesic) and Digoxin (cardiovascular). Actavis is currently the second largest generic pharmaceutical company on the UK market.

*Germany 19% of the divisional sales in 3Q 2006 and 18% in the first 9 months*

Sales declined by 11.5% to €12.7 million (pro forma for 3Q 2005 €14.3 million) due to price decreases in the market and de-stocking at wholesale level. Main brands are still showing a strong underlying performance, underpinned by substantial sales and marketing activities. One product Torasemide (cardiovascular) was launched in the quarter. The highest selling products are Pentalong® (cardiovascular), Obsidan® (anti hypertensive) and Flecainide (cardiovascular).

The negative effect of the new pharmaceutical legislation in Germany has only been partly compensated by increased sales volumes. Management expects the market to continue to be competitive and anticipates further price erosions, partly offset by increased volumes, with continued pressure on margins.

*Nordic region (Denmark, Finland, Sweden and Norway) 32% of the divisional sales in 3Q 2006 and 35% in the first 9 months*

Sales decreased by 6.0% to €21.3 million during the quarter (3Q 2005 €22.6 million), primarily driven by price erosion on key products. OTC (over the counter) products performed in line with expectations. For the first nine months, sales totalled €73.0 million (9M 2005: €75.2 million). Actavis launched three products: Azathioprin (immunosuppressant), Glimeriperide (antidiabetic) and Ketoconazole (antifungal) in the region in the quarter.

*Third-party sales - 9% of 3Q revenue and 10% in the first 9 months*

Revenues in the third quarter were in line with management expectations and reached €28.6 million, down 28.7% from third quarter of 2005. For the first nine months of the year, sales were €100.5 million, 2.4% up from the same period in 2005. Highest selling products included Ramipril (antihypertensive), Citalopram (antidepressant) and Paroxetine (antidepressant). The division launched two new products in the quarter - Venlafaxin (antidepressant), in slow release tablets and Losartan (cardiovascular) both in Portugal and 12 existing products to new markets. The division made its first sales to three new markets in the quarter: Greece, Malaysia and Kazakhstan. The division was first to market with a total of seven products in the first 9 months.

*Germany - 46% of Third-party product sales in 3Q and 45% in the first 9 months*

Germany remains the biggest market for the division, with sales of 12.8 million during the quarter, down 14.9% from third quarter 2005, but up 19.8% compared to first nine months 2005. The highest selling products in 3Q were; Ramipril and Ramipril HCT (antihypertensive), and Citalopram (antidepressant). As a result of the new pharmaceutical legislation that came into effect on 1 May 2006 prices of some individual products such as Ramipril have fallen by 52%. This has resulted in a drop of Actavis' selling prices to third parties.

*Netherlands - 12% of Third-party product sales 3Q 11% in the first 9 months*

The Netherlands are now the second largest market for the division with sales of €3.4 million, down 2.3% from 3Q 2005 and down 18.9% from 2Q 2006. The main products are Citalopram (antidepressant), Fosinopril (cardiovascular) and Ciprofloxacin (antibiotic) for international distribution. Sales in the first nine months were €9.7 million, up 17.9% from the same period in 2005.

### France - 7% of Third-party product sales in 3Q 11% in the first 9 months

France continues to be an important market for the division, with sales of €2.0 million, down 22.5% from 3Q 2005 and down 55.6% from Q2 2006. The main products were Ramipril (antihypertensive), Sertraline capsules (antidepressant) and Ciprofloxacin (antibiotic). Sales in France in the first 9 months of 2006 are €10.5 million up 108.3% from the same period in 2005.

Two new generic products were launched in Portugal in the quarter, Losartan and Venlafaxin Retard tablets, where we were first to market. The division continued its expansion into new markets, launching products in Greece, Malaysia and Kazakhstan.

## Financial guidance

Actavis expects full year 2006 revenue of €1,390 million and an EBITDA margin of 20-21% as previously announced. Strong growth is expected in both the North America and Central and Eastern Europe and Asia division as we continue to integrate recent acquisitions and leverage our strong pipeline of new products. We expect the Third-Party sales and West Europe, Middle East and Africa divisions to continue to be impacted by market pressures in Germany.

### Guidance for 2007

As previously announced, management expects revenue to total €1.600 million in the year 2007, representing a double digit underlying growth over 2006, with an EBITDA margin of 21-22%.

## Actavis' financial calendar

Q4 and annual results	13 March 2007
Q1 results	8 May 2007
2Q results	9 August 2007
3Q results	8 November 2007

Financial calendar is also available on the Actavis' website, [www.actavis.com](http://www.actavis.com)

## Presentation of the financial results

An open meeting for investors, analysts and shareholders will be held at the Nordica Hotel in Reykjavik, Iceland at Nordica Hotel at 8.15. A copy of the presentation will be available on [www.actavis.com](http://www.actavis.com) following the meeting.

Robert Wessman, President and Chief Executive Officer and Mark Keatley, Chief Financial Officer, will host a live Conference Call for analysts and investors on Friday 10 November at 10.00 GMT for European investors and 17.00 GMT/ 12.00 ET for US investors.

### Conference Call for European Investors

Time of call	10.00 GMT
Dial in	+44(0)20 7138 0827
Password/Conf ID	Actavis

### Conference Call for US Investors

Time of call	17.00 GMT / 12.00 ET
US / Canada dial in	+1 877 296 2329
Password/Conf ID	1580955



# Consolidated Statements of Income for the third quarter and the first nine months ended 30 September 2006

Financial statements are in accordance with IFRS

Income Statement	3Q 2006		3Q 2005		9M 2006		9M 2005	
Net sales.....	313.214	100,0%	153.390	100,0%	997.494	100,0%	366.068	100,0%
Cost of goods sold.....	(184.989)	-59,1%	(72.864)	-47,5%	(585.727)	-58,7%	(186.500)	-50,9%
Gross profit.....	128.225	40,9%	80.526	52,5%	411.767	41,3%	179.568	49,1%
Other income.....	10.592	3,4%	7.548	4,9%	32.244	3,2%	18.649	5,1%
Sales and marketing expenses.....	(46.832)	-15,0%	(22.219)	-14,5%	(143.281)	-14,4%	(57.063)	-15,6%
Research and development expenses.....	(13.011)	-4,2%	(14.443)	-9,4%	(50.391)	-5,1%	(32.817)	-9,0%
General and administrative expenses.....	(32.428)	-10,4%	(14.860)	-9,7%	(98.337)	-9,9%	(36.334)	-9,9%
	(81.680)	-26,1%	(43.973)	-28,7%	(259.765)	-26,0%	(107.566)	-29,4%
Profit from operations (EBIT).....	46.545	14,9%	36.553	23,8%	152.002	15,2%	72.003	19,7%
Income / (Loss) from associates.....	0	0,0%	(801)	-0,5%	0	0,0%	(801)	-0,2%
Financial income/(expenses).....	(38.325)	-12,2%	(8.683)	-5,7%	(62.866)	-6,3%	(16.369)	-4,5%
Profit before tax.....	8.220	2,6%	27.069	17,6%	89.136	8,9%	54.833	15,0%
Income tax.....	(16)	0,0%	(3.864)	-2,5%	(18.987)	-1,9%	(9.245)	-2,5%
Net profit.....	8.203	2,6%	23.204	15,1%	70.149	7,0%	45.587	12,5%
Attributable to:								
Equity holders of the Company.....	7.859	2,5%	22.603	14,7%	69.142	6,9%	43.496	11,9%
Minority interest.....	345	0,1%	601	0,4%	1.007	0,1%	2.091	0,6%
Profit for the period.....	8.203	2,6%	23.204	15,1%	70.149	7,0%	45.587	12,5%

Balance sheet	30.9.2006		31.12.2005		30.9.2006		31.12.2005	
Non-current assets.....	1,860,927		1,750,390		1,860,927		1,750,390	
Current assets.....	670,506		639,496		670,506		639,496	
Total Assets	2,531,433		2,389,885		2,531,433		2,389,885	
Stockholders' equity.....	949,786		997,334		949,786		997,334	
Minority interest.....	11,647		10,695		11,647		10,695	
Non-current liabilities.....	1,189,363		995,000		1,189,363		995,000	
Current liabilities.....	380,637		386,855		380,637		386,855	
Total equity and liabilities	2,531,433		2,389,885		2,531,433		2,389,885	

Cash flow	3Q 2006		3Q 2005		9M 2006		9M 2005	
Working capital from operating activities....	56,483		27,590		148,535		81,146	
Net cash provided by operating activities.....	52,960		40,320		82,487		78,127	

Key ratios	3Q 2006		3Q 2005		9M 2006		9M 2005	
EBITDA.....	65,702		48,304		217,586		96,312	
EBITDA/revenues.....	20.3%		30.0%		21.1%		25.0%	
EBIT/revenues.....	14.4%		22.7%		14.8%		18.7%	
Earnings per share (EPS).....	-0.00072		0.00679		0.01123		0.01464	
Profit to sale.....	2.5%		14.4%		6.8%		11.8%	
Return on equity (ROE).....	11.5%		17.2%		11.9%		16.3%	
Equity ratio.....	0.38		0.42		0.38		0.42	
Current ratio.....	1.76		1.65		1.76		1.65	