BIOVAIL CORP INTERNATIONAL
Form 6-K
August 10, 2007

QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended June 30, 2007

Commission File Number 001-14956

BIOVAIL CORPORATION

(Translation of Registrant's name into English)

7150 Mississauga Road, Mississauga, Ontario, CANADA, L5N 8M5
(Address of principal executive office and zip code)

Registrant's telephone number, including area code: **(905) 286-3000**

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ý Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1).

Yes o No ý

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7).

Yes o No ý

Indicate by check mark whether by furnishing the information contained in this form the registrant is also hereby furnishing the information to the Commission pursuant to Rule 12g 3-2(b) under the Securities Exchange Act of 1934.

Yes o No ý

BIOVAIL CORPORATION

FORM 6-K

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

This Report of Foreign Private Issuer on Form 6-K ("Form 6-K") is incorporated by reference into the registration statements on Form S-8 (Registration Nos. 333-92229 and 333-138697) of Biovail Corporation.

INDEX

BASIS OF PRESENTATION

General

Except where the context otherwise requires, all references in this Form 6-K to the "Company", "Biovail", "we", "us", "our" or similar words or phrases are to Biovail Corporation and its subsidiaries, taken together.

All dollar amounts in this report are expressed in United States ("U.S.") dollars.

Trademarks

The following words are trademarks of the Company and are the subject of either registration, or application for registration, in one or more of Canada, the U.S. or certain other jurisdictions: Attenade, A Tablet Design (Apex Down)®, A Tablet Design (Apex Up)®, Aplezin, Asolza, Ativan®, Biovail®, Biovail Corporation International®, Biovail & Swoosh Design®, BPI®, BVF®, Cardizem®, Ceform, Crystaal Pharmaceuticals, Ditech, Flash Dose®, Flashdose, Glumetza, Instatab, Isordil®, Jovola, Jublia, Mivura, Onelza, Onexten, Oramelt, Palvata, Smartcoat, Solbri, Tesivee, Tiazac®, Tovalt, Upzimia, Upziva, Vaseretic®, Vasocard, Vasotec®, Vemreta, Volzelo, Z-Flakes® and Zileran.

Wellbutrin®, Wellbutrin® SR, Wellbutrin XL®, Zovirax®, and Zyban® are trademarks of The GlaxoSmithKline Group of Companies and are used by the Company under license. Ultram®, Ultram® ER, and Ultram® ODT are trademarks of Ortho-McNeil, Inc. and are used by the Company under license. Lescol® is a trademark of Novartis Pharmaceuticals Canada Inc. and is used by the Company under license.

In addition, the Company has filed trademark applications for many of its other trademarks in the U.S. and Canada and has implemented on an ongoing basis a trademark protection program for new trademarks.

FORWARD-LOOKING STATEMENTS

Caution regarding forward-looking information and statements and "Safe Harbor" statement under the U.S. Private Securities Litigation Reform Act of 1995:

To the extent any statements made in this Form 6-K contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning of the "safe harbour" provisions of applicable Canadian securities legislation (collectively "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, beliefs, intentions, plans, estimates, and outlook, including, without limitation, statements concerning the following:

Impact of the delay in the expected approval timeline for BVF-033;

Future revenue and operating results following the loss of Wellbutrin XL® market exclusivity;

Results of, and costs associated with, certain litigation and regulatory proceedings;

Sufficiency of cash resources to support future spending requirements.

Intent and ability to make future dividend payments;

Timing and progress of research and development efforts;

Occurrence, timing and results of any income tax audits; and

Realization of deferred tax assets;

Forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although we have indicated above certain of these statements set out herein, all of the statements in this Form 6-K that contain forward-looking statements are qualified by these cautionary statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding prescription trends, pricing and the formulary and/or Medicare/Medicaid positioning for our products; the competitive landscape in the markets in which we compete, including, but not limited to, the availability or introduction of generic formulations of our products; and timelines associated with the development of, and receipt of regulatory approval for, our new products; and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the difficulty of predicting U.S. Food and Drug Administration and Canadian Therapeutic Products Directorate approvals, acceptance and demand for new pharmaceutical products, the impact of competitive products and pricing, new product development and launch, reliance on key strategic alliances, availability of raw materials and finished products, the ability to manufacture and supply sufficient quantities of product to meet demand, the regulatory environment, the outcome of legal proceedings, consolidated tax-rate assumptions, fluctuations in operating results and other risks detailed from time to time in our filings with the U.S. Securities and Exchange Commission ("SEC"), the Ontario Securities Commission ("OSC"), and other securities regulatory authorities in Canada, as well as our ability to anticipate and manage the risks associated with the foregoing. Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in the body of this document, as well as under the heading "Risk Factors" under Item 3, Sub-Part D of our amended Annual Report on Form 20-F/A for the fiscal year ended December 31, 2006, filed on May 23, 2007 with the SEC, the OSC, and other securities regulatory authorities in Canada. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Biovail, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We undertake no obligation to update or revise any forward-looking statement.

BIOVAIL CORPORATION

CONSOLIDATED BALANCE SHEETS

In accordance with United States generally accepted accounting principles
(All dollar amounts are expressed in thousands of U.S. dollars)

(Unaudited)

	At June 30 2007	At December 31 2006
ASSETS		
Current		
Cash and cash equivalents	**$ 469,458**	$ 834,540
Marketable securities	**4,639**	
Accounts receivable	**104,936**	129,247
Inventories	**86,502**	78,781
Prepaid expenses and other current assets	**7,416**	15,056
	672,951	1,057,624
Marketable securities	**1,120**	5,677
Long-term investments	**38,063**	56,442
Property, plant and equipment, net	**223,114**	211,979
Intangible assets, net	**669,095**	697,645
Goodwill	**100,294**	100,294
Other long-term assets, net	**53,528**	62,781
	$ 1,758,165	$ 2,192,442
LIABILITIES		
Current		
Accounts payable	**$ 54,807**	$ 44,988
Dividends payable		80,222
Accrued liabilities	**115,974**	115,619
Accrued contract costs	**53,188**	54,800
Income taxes payable	**6,615**	41,596
Deferred revenue	**45,121**	61,916
Current portion of long-term obligations		11,146
	275,705	410,287
Deferred revenue	**64,037**	73,621
Income taxes payable	**33,600**	
Long-term obligations		399,379
Other long-term liabilities	**6,974**	6,898
	380,316	890,185
SHAREHOLDERS' EQUITY		
Common shares, no par value, unlimited shares authorized, 160,998,678 and 160,444,070 issued and outstanding at June 30, 2007 and December 31, 2006, respectively	**1,487,620**	1,476,930
Additional paid-in capital	**21,989**	14,952

	At June 30 2007	At December 31 2006
Deficit	**(191,623)**	(232,733)
Accumulated other comprehensive income	**59,863**	43,108
	1,377,849	1,302,257
	$ 1,758,165	$ 2,192,442

Commitments and contingencies (note 12)

The accompanying notes are an integral part of the consolidated financial statements.

BIOVAIL CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

In accordance with United States generally accepted accounting principles
(All dollar amounts are expressed in thousands of U.S. dollars, except per share data)

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
REVENUE				
Product sales	**$ 190,766**	$ 243,455	**$ 428,768**	$ 455,266
Research and development	**7,378**	3,951	**12,219**	8,860
Royalty and other	**4,883**	7,737	**9,045**	13,646
	203,027	255,143	**450,032**	477,772
EXPENSES				
Cost of goods sold	**54,534**	58,568	**110,950**	105,760
Research and development	**28,447**	18,402	**58,169**	40,730
Selling, general and administrative	**46,329**	66,670	**95,923**	123,220
Amortization	**11,982**	14,825	**23,963**	29,649
Restructuring costs	**887**		**1,532**	
Contract costs (recoveries)	**(1,612)**	4,500	**(1,612)**	4,500
	140,567	162,965	**288,925**	303,859
Operating income	**62,460**	92,178	**161,107**	173,913
Interest income	**6,070**	6,116	**15,831**	11,312
Interest expense	**(453)**	(8,485)	**(9,130)**	(17,509)
Gain on disposal of investment	**15,716**		**15,716**	
Loss on early extinguishment of debt	**(12,463)**		**(12,463)**	
Foreign exchange gain (loss)	**763**	496	**475**	(387)
Equity income (loss)	**(469)**	50	**(893)**	(268)
Income from continuing operations before provision for income taxes	**71,624**	90,355	**170,643**	167,061
Provision for income taxes	**3,800**	5,350	**9,000**	9,500
Income from continuing operations	**67,824**	85,005	**161,643**	157,561
Income (loss) from discontinued operation		272		(3,848)
Net income	**$ 67,824**	$ 85,277	**$ 161,643**	$ 153,713
Basic and diluted earnings (loss) per share				
Income from continuing operations	**$ 0.42**	0.53	**$ 1.01**	0.99
Income (loss) from discontinued operation				(0.03)
Net income	**$ 0.42**	0.53	**$ 1.01**	0.96

	Three Months Ended June 30		Six Months Ended June 30	
Weighted average number of common shares outstanding (000s)				
Basic	**160,847**	160,071	**160,654**	159,868
Diluted	**160,988**	160,071	**160,724**	159,905

The accompanying notes are an integral part of the consolidated financial statements.

BIOVAIL CORPORATION

CONSOLIDATED STATEMENTS OF DEFICIT

In accordance with United States generally accepted accounting principles
(All dollar amounts are expressed in thousands of U.S. dollars)

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Deficit, beginning of period	**$ (199,119)**	$ (235,616)	**$ (232,733)**	$ (284,075)
Net income	**67,824**	85,277	**161,643**	153,713
Dividends declared	**(60,328)**	(20,026)	**(120,533)**	(40,003)
Deficit, end of period	**$ (191,623)**	$ (170,365)	**$ (191,623)**	$ (170,365)

The accompanying notes are an integral part of the consolidated financial statements.

BIOVAIL CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

In accordance with United States generally accepted accounting principles
(All dollar amounts are expressed in thousands of U.S. dollars)

(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	**$ 67,824**	$ 85,277	**$ 161,643**	$ 153,713
Adjustments to reconcile net income to net cash provided by continuing operating activities				
Depreciation and amortization	**24,376**	23,316	**46,261**	46,294
Amortization and write-down of deferred financing costs	**4,043**	615	**4,574**	1,237
Amortization and write-down of discounts on long-term obligations	**761**	302	**962**	793
Stock-based compensation	**2,811**	2,889	**7,037**	9,762
Contract costs (recoveries)	**(1,612)**	4,500	**(1,612)**	4,500
Gain on disposal of investment	**(15,716)**		**(15,716)**	
Premium paid on early extinguishment of debt	**7,854**		**7,854**	
Equity loss (income)	**469**	(50)	**893**	268
Loss (income) from discontinued operation		(272)		3,848
Receipt of leasehold inducements		511		722
Other	**383**	1,144	**1,079**	1,241
Changes in operating assets and liabilities:				
Accounts receivable	**9,170**	(18,222)	**24,850**	5,663
Inventories	**(6,483)**	4,042	**(7,532)**	1,841
Deposits and prepaid expenses	**3,462**	3,578	**7,640**	6,665
Accounts payable	**11,810**	6,441	**10,086**	(16,477)
Accrued liabilities	**1,568**	1,592	**14**	2,558
Income taxes payable	**(448)**	3,302	**(3,548)**	4,188
Deferred revenue	**(11,995)**	(8,159)	**(26,380)**	(21,318)
Net cash provided by continuing operating activities	**98,277**	110,806	**218,105**	205,498
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds on disposal of investment, net of costs	**37,769**		**37,769**	
Additions to property, plant and equipment, net	**(7,367)**	(14,318)	**(13,079)**	(32,231)
Purchases of marketable securities		(2,044)	**(332)**	(3,196)
Proceeds from sales and maturities of marketable securities		4,001	**314**	4,854
Acquisition of long-term investment		(329)		(329)
Net cash provided by (used in) continuing investing activities	**30,402**	(12,690)	**24,672**	(30,902)
CASH FLOWS FROM FINANCING ACTIVITIES				
Redemption of Senior Subordinated Notes	**(406,756)**	(1,098)	**(406,756)**	(1,098)
Dividends paid	**(120,533)**	(40,003)	**(200,755)**	(40,003)
Repayments of other long-term obligations	**(11,250)**	(7,005)	**(11,250)**	(18,255)

	Three Months Ended June 30		Six Months Ended June 30	
Issuance of common shares	**8,716**	8,589	**10,690**	11,584
Repayment of deferred compensation obligation, net	**(14)**		**(260)**	(102)
Net cash used in continuing financing activities	**(529,837)**	(39,517)	**(608,331)**	(47,874)
CASH FLOWS FROM DISCONTINUED OPERATION				
Net cash provided by (used in) operating activities		22		(558)
Net cash provided by (used in) discontinued operation		22		(558)
Effect of exchange rate changes on cash and cash equivalents	**441**	(114)	**472**	(127)
Net increase (decrease) in cash and cash equivalents	**(400,717)**	58,507	**(365,082)**	126,037
Cash and cash equivalents, beginning of period	**870,175**	512,819	**834,540**	445,289
Cash and cash equivalents, end of period	**$ 469,458**	$ 571,326	**$ 469,458**	$ 571,326

The accompanying notes are an integral part of the consolidated financial statements.

BIOVAIL CORPORATION

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In accordance with United States generally accepted accounting principles
(All tabular dollar amounts expressed in thousands of U.S. dollars, except per share data)

(Unaudited)

1. DESCRIPTION OF BUSINESS

Biovail Corporation was continued under the *Canada Business Corporations Act* on June 29, 2005. The Company is engaged in the formulation, clinical testing, registration, manufacture, and commercialization of pharmaceutical products.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The accompanying unaudited consolidated financial statements have been prepared by the Company in United States ("U.S.") dollars and in accordance with U.S. generally accepted accounting principles ("U.S. GAAP") for interim financial reporting, which do not conform in all respects to the requirements of U.S. GAAP for annual financial statements. Accordingly, these condensed notes to the unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto prepared in accordance with U.S. GAAP that are contained in the Company's amended Annual Report on Form 20-F/A for the fiscal year ended December 31, 2006, filed on May 23, 2007 with the U.S. Securities and Exchange Commission ("SEC"), the Ontario Securities Commission ("OSC"), and other securities regulatory authorities in Canada. These interim consolidated financial statements have been prepared using accounting policies that are consistent with the policies used in preparing the Company's audited consolidated financial statements for the year ended December 31, 2006. There have been no material changes to the Company's significant accounting policies since December 31, 2006, except as described below under "Adoption of new accounting policy".

These policies are consistent with accounting policies generally accepted in Canada ("Canadian GAAP") in all material respects except as described in note 17.

Use of estimates

In preparing the Company's consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from these estimates and the operating results for the interim periods presented are not necessarily indicative of the results expected for the full year.

On an ongoing basis, management reviews its estimates to ensure that these estimates appropriately reflect changes in the Company's business and new information as it becomes available. If historical experience and other factors used by management to make these estimates do not reasonably reflect future activity, the Company's results of operations and financial position could be materially impacted.

Adoption of new accounting policy

On January 1, 2007, the Company adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on the recognition and derecognition of income tax assets and liabilities; classification of current and deferred income tax assets and liabilities; accounting for interest and penalties associated with

tax positions; accounting for income taxes in interim periods; and income tax disclosures. The cumulative effect of the application of the provisions of FIN 48 is described in note 9.

Recent accounting pronouncement

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value in U.S. GAAP, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Accordingly, the Company is required to adopt SFAS 157 beginning January 1, 2008. The Company is currently evaluating the effect that the adoption of SFAS 157 will have on its consolidated financial statements.

3. INVENTORIES

	At June 30 2007	At December 31 2006
Raw materials	**$ 41,344**	$ 34,766
Work in process	**8,677**	15,230
Finished goods	**36,481**	28,785
	$ 86,502	$ 78,781

4. LONG-TERM INVESTMENTS

Ethypharm S.A. ("Ethypharm")

On April 5, 2007, the Company sold a portion of its investment in common shares of Ethypharm to Financière Verdi ("Verdi") for consideration of $39,406,000 in cash and $5,637,000 in convertible debt securities of Verdi, resulting in a gain on disposal (net of costs) of $15,716,000. The Company exchanged the remaining portion of its Ethypharm investment for common shares of Verdi, which were measured at $2,310,000 based on an allocation of the previous carrying value of the Company's Ethypharm investment, resulting in no gain or loss on the exchange. The Company's investment in common shares of Verdi represents a 5% equity interest, which is being accounted for using the cost method.

5. INTANGIBLE ASSETS

	At June 30, 2007		At December 31, 2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Trademarks	**$ 573,751**	**$ 162,675**	$ 573,751	$ 148,171
Product rights	**359,302**	**111,786**	359,302	98,334
Technology	**16,956**	**6,453**	16,956	5,859
	950,009	**$ 280,914**	950,009	$ 252,364
Less accumulated amortization	**280,914**		252,364	
	$ 669,095		$ 697,645	

Amortization expense

Amortization expense related to intangible assets in the three months and six months ended June 30, 2007 and 2006 was recorded as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	2006	2007	2006
Royalty and other revenue	**$ 268**	$ 268	**$ 536**	$ 536
Cost of goods sold	**2,025**	2,025	**4,051**	4,051
Amortization expense	**11,982**	14,825	**23,963**	29,649
	$ 14,275	$ 17,118	**$ 28,550**	$ 34,236

6. ACCRUED RESTRUCTURING COSTS

In December 2006, the Company implemented a restructuring program to reduce the operating and infrastructure costs of its U.S. operations. The following table summarizes total costs incurred and utilized through June 30, 2007 related to the December 2006 restructuring program.

	Employee Termination Benefits	Contract Termination Costs	Professional Fees and Other	Asset Impairments	Total
Costs incurred	$ 9,557	$ 3,697	$ 835	$ 4,140	**$ 18,229**
Utilized	(8,419)	(2,427)	(806)	(4,140)	**(15,792)**
	$ 1,138	$ 1,270	$ 29	$	**$ 2,437**

The following table summarizes activity related to accrued restructuring costs in the six months ended June 30, 2007.

	Employee Termination Benefits	Contract Termination Costs	Professional Fees and Other	Total
Balance, January 1, 2007	$ 8,367	$ 3,311	$ 256	**$ 11,934**
Costs paid or otherwise settled	(8,064)	(2,159)	(806)	**(11,029)**
Costs incurred and charged to expense	1,045	478	579	**2,102**
Adjustments to opening balance	(210)	(360)		**(570)**
Balance, June 30, 2007	$ 1,138	$ 1,270	$ 29	**$ 2,437**

The adjustment to employee termination benefits of $210,000 reflected primarily the reversal of costs accrued at December 31, 2006 for employees who were ultimately retained by the Company. The adjustment to contract termination costs of $360,000 reflected primarily a change in the estimated future sublease rentals that could be obtained for the portion of the Company's Bridgewater, New Jersey facility that has been vacated.

7. LONG-TERM OBLIGATIONS

	At June 30 2007	At December 31 2006
7 7/8% Senior Subordinated Notes	**$**	$ 398,902
Unamortized discount		(1,183)
Fair value adjustment		1,660
		399,379
Zovirax® obligation		11,146
		410,525
Less current portion		11,146
	$	$ 399,379

7 7/8% Senior Subordinated Notes ("Notes")

Effective April 1, 2007, the Company redeemed all of its outstanding Notes for $406,756,000, which included an early redemption premium of $7,854,000. The loss on early extinguishment of debt reported in the consolidated statements of income for the three months and six months ended June 30, 2007 comprised the premium paid, as well as the write-off of the unamortized deferred financing costs, discount, and fair value adjustment associated with the Notes, which totaled $4,609,000.

Zovirax® obligation

The final payment of $11,250,000 in respect to the Zovirax® obligation was made on April 2, 2007.

Credit facility

In June 2007, the Company received lender consent, pursuant to its request under the annual extension option, to extend the maturity date of its $250,000,000 credit facility for an additional year to June 2010. At June 30, 2007 and December 31, 2006, the Company had no outstanding borrowings under this facility.

Interest expense

Interest expense on long-term obligations (including credit facility standby fees) amounted to $114,000 and $8,372,000 in the three months ended June 30, 2007 and 2006, respectively, and $8,243,000 and $17,051,000 in the six months ended June 30, 2007 and 2006, respectively.

8. STOCK-BASED COMPENSATION

Stock options

The Company recognizes stock-based compensation expense related to stock options on a straight-line basis over the requisite service period of the individual stock option grants, which generally equals the vesting period. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

In the three months and six months ended June 30, 2007 and 2006, the Company recorded total stock-based compensation expense related to stock options as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Cost of goods sold	**$ 229**	$ 202	**$ 554**	$ 662
Research and development expenses	**372**	318	**1,044**	1,190
Selling, general and administrative expenses	**2,210**	2,369	**5,439**	7,910
	$ 2,811	$ 2,889	**$ 7,037**	$ 9,762

Stock option activity

The following table summarizes stock option activity during the six months ended June 30, 2007:

	Options (000s)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value ($000)
Outstanding at January 1, 2007	7,720	$ 26.15		
Granted	1,463	22.35		
Exercised	(555)	19.27		
Forfeited	(1,117)	30.74		
Outstanding at June 30, 2007	7,511	$ 25.27	2.3	$ 20,810
Vested and exercisable at June 30, 2007	5,341	$ 26.51	1.6	$ 13,735

The weighted-average grant-date fair values of all stock options granted in the six months ended June 30, 2007 and 2006 were $5.52 and $9.55, respectively. The total intrinsic values of options exercised in the six months ended June 30, 2007 and 2006 were $2,362,000 and $4,945,000, respectively. Proceeds received on the exercise of stock options in the six months ended June 30, 2007 and 2006 were $10,690,000 and $11,509,000, respectively.

At June 30, 2007, the total remaining unrecognized compensation expense related to non-vested stock options amounted to $13,348,000, which will be amortized over the weighted-average remaining requisite service period of approximately 18 months.

Valuation assumptions

The fair values of all stock options granted during the three months and six months ended June 30, 2007 and 2006 were estimated as of the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Expected option life (years)	**3.8**	4.3	**4.0**	4.0
Expected volatility	**47.6%**	52.0%	**49.1%**	53.0%
Risk-free interest rate	**4.6%**	4.3%	**4.0%**	4.2%
Expected dividend yield	**6.0%**	2.0%	**6.8%**	2.0%

Deferred share units

In the six months ended June 30, 2007, the Company recorded compensation expense of $2,258,000 related to deferred share unit activity and the effect on the fair value of outstanding units of changes in the underlying trading price of the Company's common shares, whereas, in the six months ended June 30, 2006, the Company recorded a recovery of compensation expense of $67,000.

The following table summarizes the Company's deferred share unit activity during the six months ended June 30, 2007:

	DSUs (000s)	Weighted-Average Grant-Date Fair Value
Outstanding at January 1, 2007	146	$ 18.40
Granted	75	25.33
Reinvested dividend equivalents	8	22.53
Outstanding at June 30, 2007	229	$ 20.81

9. INCOME TAXES

The cumulative effect of the application of the provisions of FIN 48 as of January 1, 2007 resulted in a reclassification of $31,400,000 from current income taxes payable to non-current income taxes payable, a $2,200,000 decrease in the valuation allowance against the net deferred tax asset, and a corresponding increase in the non-current income taxes payable of $2,200,000. Upon the adoption of FIN 48, the Company classified uncertain tax positions as non-current income taxes payable unless expected to be paid within one year. At June 30, 2007 and January 1, 2007, the total amount of unrecognized tax benefits was $34,200,000 and $33,600,000, respectively, of which $32,000,000 and $31,400,000, respectively, would affect the effective tax rate.

The Company recognizes interest accrued related to unrecognized tax benefits and penalties in the provision for income taxes. At June 30, 2007 and January 1, 2007, approximately $7,200,000 and $5,700,000, respectively, was accrued for the payment of interest and penalties. In the three months and six months ended June 30, 2007, the Company recognized approximately $750,000 and $1,500,000, respectively, in interest and penalties.

The Company and one or more of its subsidiaries file federal income tax returns in Barbados, Canada, the U.S., and other foreign jurisdictions, as well as various provinces and states in Canada and the U.S. The Company and its subsidiaries have open tax years primarily from 1996 to 2006 with significant taxing jurisdictions including Barbados, Canada, and the U.S. These open years contain certain matters that could be subject to differing interpretations of applicable tax laws and regulations as they relate to the amount, timing, or inclusion of revenues and expenses, or the sustainability of income tax positions of the Company and its subsidiaries. Certain of these tax years are expected to remain open indefinitely.

The Canada Revenue Agency is auditing the Company's 2001 and 2002 Canadian income tax returns, and has commenced an audit in 2007 of the Company's 2003 and 2004 Canadian income tax returns. It is anticipated that the audit of the 2001 and 2002 tax years will be completed in 2007. It is not possible for the Company to estimate a range of reasonably possible outcomes, or timing, of any adjustments to the total amount of uncertain tax benefits that may result from these audits.

Deferred tax assets

The redemption of the Notes resulted in the realization of a foreign exchange gain for Canadian income tax purposes of approximately $151,000,000. One-half of this realized gain will be included in Canadian taxable income for 2007. Taking this gain into consideration, the Company believes it is more likely than not that it will generate sufficient taxable income in Canada in 2007 to realize a portion of its deferred tax assets, which will result in a corresponding reduction in the valuation allowance on those assets.

10. DIVIDENDS AND EARNINGS PER SHARE

Cash dividends per share

The Company declared cash dividends of $0.375 per share and $0.125 per share in the three months ended June 30, 2007 and 2006, respectively, and $0.75 per share and $0.25 per share in the six months ended June 30, 2007 and 2006, respectively.

Earnings per share

In the three months and six months ended June 30, 2007 and 2006, earnings per share were calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Net income	**$ 67,824**	$ 85,277	**$ 161,643**	$ 153,713
Basic weighted average number of common shares outstanding (000s)	**160,847**	160,071	**160,654**	159,868
Dilutive effect of stock options (000s)	**141**		**70**	37
Diluted weighted average number of common shares outstanding (000s)	**160,988**	160,071	**160,724**	159,905
Basic and diluted earnings per share	**$ 0.42**	$ 0.53	**$ 1.01**	$ 0.96

11. COMPREHENSIVE INCOME

In the three months and six months ended June 30, 2007 and 2006, comprehensive income comprised the following:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Net income	**$ 67,824**	$ 85,277	**$ 161,643**	$ 153,713
Comprehensive income				
Foreign currency translation adjustment	**11,612**	6,851	**13,143**	5,885
Unrealized holding gain (loss) on long-term investments	**4,746**	(2,447)	**3,612**	131
Other comprehensive income	**16,358**	4,404	**16,755**	6,016
Comprehensive income	**$ 84,182**	$ 89,681	**$ 178,398**	$ 159,729

12. LEGAL PROCEEDINGS

From time to time, the Company becomes involved in various legal and administrative proceedings, which include product liability, intellectual property, antitrust, governmental and regulatory investigations and related private litigation. There are also ordinary course employment related issues and other types of claims in which the Company routinely becomes involved but which individually and collectively are not material.

Unless otherwise indicated, the Company cannot reasonably predict the outcome of these legal proceedings, nor can it estimate the amount of loss, or range of loss, if any, that may result from these proceedings. An adverse outcome in certain of these proceedings could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

From time to time, the Company also initiates actions or files counterclaims. The Company could be subject to counterclaims or other suits in response to other actions it may initiate. The Company cannot reasonably predict the outcome of these proceedings, some of which can involve significant legal fees. The Company believes that the prosecution of these actions and counterclaims is important to preserve and protect the Company, its reputation and its assets.

Biovail Action Against S.A.C. and Others

On February 22, 2006, Biovail filed a lawsuit in Superior Court, Essex County, New Jersey, seeking $4.6 billion in damages from 22 defendants (the "S.A.C. Complaint"). The S.A.C. Complaint alleges that the defendants participated in a stock market manipulation scheme that negatively affected the market price of Biovail shares and alleges violations of various state laws, including the New Jersey Racketeer Influenced and Corrupt Organizations Act (RICO), pursuant to which treble damages may be available.

Defendants include: S.A.C. Capital Management, LLC, S.A.C. Capital Advisors, LLC, S.A.C. Capital Associates, LLC, S.A.C. Healthco Funds, LLC, Sigma Capital Management, LLC, Steven A. Cohen, Arthur Cohen, Joseph Healey, Timothy McCarthy, David Maris, Gradient Analytics, Inc., Camelback Research Alliance, Inc., James Carr Bettis, Donn Vickrey, Pinnacle Investment Advisors, LLC, Helios Equity Fund, LLC, Hallmark Funds, Gerson Lehrman Group, Gerson Lehrman Group Brokerage Services, LLC, Thomas Lehrman, Patrick Duff, and James Lyle. The defendant Hallmark Funds has now been voluntarily dismissed from the action by the Company.

The lawsuit is in its early stages. While it had been removed from New Jersey State Court to Federal Court by the defendants, it has now been remanded back to the New Jersey State Court. No discovery has been conducted. All but one defendant, David Maris, has moved to dismiss the complaint. These motions have yet to be heard by the Court. The time for Maris to move to dismiss or answer the complaint has been extended, and he is expected to move to dismiss the complaint at that time.

On January 26, 2007, United States District Judge Richard Owen issued an Order in a securities class action proceeding against the Company in the United States District Court for the Southern District of New York (described more fully below), that sanctioned the Company for its use in the S.A.C. Complaint of certain documents obtained in lawful discovery in the securities class action. Judge Owen ordered the return of the documents and the redaction of the S.A.C. Complaint. On February 22, 2007, an Amended Complaint was filed.

Pursuant to a March 16, 2007 Order, this case has been stayed pending the resolution of motions to dismiss in a factually similar but unrelated class action and pending further determination in the hearing before Judge Owen.

Intellectual Property

On February 3, 2006, the Company and Laboratoires Des Produits Éthiques Ethypharm instituted an action against Sandoz Canada Inc. ("Sandoz") and Andrx Corporation and Andrx Pharmaceuticals Inc. (collectively, the "Andrx Group") stating that certain patents applicable to Tiazac® have been infringed contrary to the Patent Act (Canada). In addition, the Company is seeking injunctive relief restraining the defendants from offering for sale and/or manufacturing in Canada any product covered by the Company's patents and/or procuring the infringement of the Company's patents.

A Statement of Defence and Counterclaim was served by Sandoz/the Andrx Group on May 15, 2006. Biovail delivered its reply on May 30, 2006. Pleadings closed in June 2006. The matter is proceeding through discovery.

RhoxalPharma Inc., now Sandoz, filed an Abbreviated New Drug Submission ("ANDS") in Canada, seeking approval of a generic version of Wellbutrin® SR (100mg and 150mg). The Company has two patents listed in the Patent Registry and, on January 6, 2005, instituted legal proceedings in the Federal Court of Canada that will prevent the issuance of a Notice of Compliance ("NOC") to Sandoz until these proceedings are concluded, or until the expiry of 24 months after the date of the Notice of Allegation, whichever is earlier. The matter was heard on April 3 and 4, 2006 and a decision in favour of Sandoz was released by the court on June 20, 2006. This has effectively ended this proceeding. The issue of Sandoz's entitlement to legal costs remains outstanding. On July 23, 2007 the Cost Assessment Office allowed $153,000 in costs and disbursements. The Company is having this amount reviewed.

RhoxalPharma also filed an ANDS in Canada, seeking approval of a generic version of Tiazac®. On January 26, 2004 the Company listed patent No. 2,242,224 (the "224 patent"), on the Patent Register against Tiazac®. The Company received a Notice of Allegation from RhoxalPharma on February 20, 2004 alleging that it did not infringe the claims of the 224 patent. On April 1, 2004 the Company instituted its second application against RhoxalPharma. The matter was heard September 21 and 22, 2005. On October 19, 2005 the Federal Court issued a decision concluding non-infringement. The Company appealed the decision but the appeal was dismissed on March 2, 2006. The only issue that remains outstanding is RhoxalPharma's entitlement to legal costs.

Novopharm Limited ("Novopharm") filed an ANDS in Canada, seeking approval of a generic version of Wellbutrin® SR (100mg and 150mg). The Company has two patents listed in the Patent Registry and on March 31, 2003, instituted legal proceedings in the Federal Court of Canada with respect to the listed patents. On January 6, 2005, the Federal Court issued a decision finding that Biovail had not demonstrated that Novopharm's allegations of non-infringement were not justified. The decision had been appealed. However the appeal process did not prevent the issuance of an NOC to Novopharm, which has since occurred with respect to the 150mg. An NOC has not been issued for the 100mg, for reasons that appear to be unrelated to these proceedings. As such the appeal has now been discontinued. The issue of Novopharm's entitlement to legal costs remains outstanding.

Apotex Inc. ("Apotex") filed an ANDS in Canada, seeking approval of a generic version of Tiazac® (120mg, 180mg, 240mg, 300mg and 360mg). In accordance with the Patented Medicines (NOC) Regulations, Apotex served the Company with a Notice of Allegation dated June 7, 2005 claiming that Canadian Patent Nos. 2,211,085 and 2,242,224 would not be infringed by the sale in Canada of Apotex's generic version of Tiazac®. On July 21, 2005, the Company instituted legal proceedings in the Federal Court of Canada that would prevent the issuance of an NOC to Apotex until these proceedings are concluded, or until the expiry of 24 months after the date of the Notice of Allegation, whichever is earlier. The matter was discontinued by the Company on March 8, 2007. The issue of Apotex's legal costs remains outstanding.

In August of 2006, Sandoz brought an action under section 8 of the Patented Medicine (NOC) Regulations demanding damages for having been kept off the market with their generic version of Tiazac® due to prohibition proceedings taken against Sandoz's predecessors by Biovail under those same regulations, and subsequently dismissed in November of 2005. This action is at an early stage, and Biovail has not seen any evidence to support the allegations made, and cannot assess the merits, if any, of the claim.

Anchen Pharmaceuticals LLP ("Anchen") filed an Abbreviated New Drug Application ("ANDA") in the U.S., seeking approval for a generic version of Wellbutrin XL® (150mg and 300mg). On December 21, 2004, the Company instituted legal proceedings pursuant to the Hatch-Waxman Act in the U.S. District Court for the Central District of California. On August 1, 2006, in the United States District Court for the Central District of California, Judge James V. Selna issued an order granting Anchen's Motion for Summary Judgment on the Wellbutrin XL® patent-infringement case, and denied it on the invalidity issue. Biovail has filed an appeal of the decision to the Court of Appeals for the Federal Circuit (CAFC), which appeal will be heard on September 5, 2007. On December 14, 2006 the U.S. Food and Drug Administration ("FDA") approved Anchen's ANDA for its 150mg and 300mg generic formulations. Under an Exclusivity Transfer Agreement with Anchen and Impax Laboratories Inc. ("Impax"), Anchen selectively waived its 180-day exclusivity to market its 300mg strength generic formulation in favour of Impax, which 300mg product was first marketed by Teva Pharmaceuticals Industries Ltd. ("Teva") on or about December 18, 2006.

Impax filed an ANDA in the U.S., seeking approval for a generic version of Wellbutrin XL® (150mg, and subsequently the 300mg). On March 7, 2005, the Company instituted legal proceedings pursuant to the Hatch Waxman Act in the United States District Court for the Eastern District of Pennsylvania. On December 15, 2006 the FDA approved Impax's ANDA for its 300mg generic formulation, and tentatively approved its 150mg generic formulation. Under an Exclusivity Transfer Agreement with Anchen, Teva and Impax, Anchen selectively waived its 180-day exclusivity to market its 300mg strength generic formulation in favour of Impax. Under an agreement with Teva, Impax's 300mg formulation was first marketed by Teva on or about December 18, 2006.

Watson Pharmaceuticals, Inc. ("Watson") filed an ANDA in the U.S., seeking approval for a generic version of Wellbutrin XL® (150mg and 300mg). On September 8, 2005, the Company instituted legal proceedings pursuant to the Hatch Waxman Act in the United States District Court for the Southern District of New York. On January 31, 2007, the FDA tentatively approved Watson's 150mg and 300mg generic formulations.

In February 2007, as a result of comprehensive settlements with Anchen, Impax, Watson and Teva, the lawsuits against Impax and Watson have been dismissed and, with certain defined exceptions, none of Teva, Anchen, Impax or Watson may market a generic version of the 150mg dosage strength of Wellbutrin XL® until 2008.

Abrika Pharmaceuticals LLP ("Abrika") filed an ANDA in the U.S., seeking approval for a generic version of Wellbutrin XL® (150mg and 300mg). On December 21, 2004, the Company instituted legal proceedings pursuant to the Hatch-Waxman Act in the United States District Court for the Southern District of Florida. If Abrika obtains FDA approval, it must wait for Anchen's 180-day exclusivity period to end before it can market its generic version of Wellbutrin XL®. Abrika brought a motion for summary judgment that was heard on November 2, 2005. Following the oral arguments on this motion in December 2005 and supplemental oral arguments on the motion in April 2006, the Court stayed the motion in order to allow discovery to proceed and for further supplemental briefing. On July 31, 2007, the Court dismissed this matter with prejudice pursuant to a settlement agreement between the parties. By virtue of the settlement, Abrika could market its generic versions of Wellbutrin XL ® once it receives final approval from the FDA to engage in such marketing and subject to the first filer's exclusivity period on the 150mg.

On August 24, 2006, Biovail filed suit against the FDA in the United States District Court for the District of Columbia, relating to Biovail's pending Citizen Petition filed with the FDA on December 20, 2005, concerning bioequivalence for extended-release generic versions of bupropion products.

On December 14, 2006, the FDA denied Biovail's Citizen Petition and granted Anchen an ANDA to market a generic version of Wellbutrin XL®. On December 18, 2006, Biovail moved to amend and supplement its original complaint. That same day, Biovail filed a second motion requesting a temporary restraining order and a preliminary injunction. On March 22, 2007 the District Court granted Biovail's motion to amend and supplement its Complaint, but denied its request to a temporary restraining order and preliminary injunction. Answers to Biovail's Amended Complaint have been filed. The parties are awaiting the District Court's scheduling of an initial status conference.

On December 18, 2006, Biovail filed suit against the FDA in the United States District Court for the District of Maryland, seeking to stay the effectiveness of the FDA's approval of Impax's manufacture of a 300-mg dosage of a generic version of Wellbutrin XL® pursuant to an ANDA. Biovail argued that this approval violated Biovail's right to a 30-month stay of ANDA approval under the Hatch-Waxman Amendments to the Food, Drug and Cosmetic Act.

The FDA, and intervenors Impax and Teva, filed answers to Biovail's complaint on February 20, 2007. On February 21, 2007, the court entered a scheduling order, setting a discovery deadline of July 6, 2007, at which time the parties were required to submit a joint status report to the court. The Company's settlement of its lawsuit with Impax referenced above effectively renders this lawsuit moot, and as a result the parties have voluntarily dismissed this action without prejudice.

On June 27, 2005, the Company received a Paragraph IV certification from Andrx Group regarding its Cardizem® LA tablets, 420mg. The certification sets forth allegations of non-infringement and invalidity of the 5,288,505 ('505) and the 5,529,791 ('791) patents that are listed in the Orange Book and owned by the Company. On August 10, 2005, the Company commenced a lawsuit against Andrx Group in the United States District Court for the District of Delaware. The complaint averred that the Andrx Group's filing of its ANDA constituted infringement of the '791 patent.

On September 2, 2005, the Company received a second Paragraph IV certification from the Andrx Group directed to additional Cardizem® LA tablet strengths of 120, 180, 240, 300, and 360mg added by amendment to Andrx's ANDA. On October 14, 2005, the Company filed a second complaint (Civil Action

No. 05 730) in the United States District Court for the District of Delaware. The complaint averred that Andrx's Amended ANDA constituted infringement of the '791 patent.

On September 26, 2005, the Company received a third Paragraph IV certification from the Andrx Group regarding its Cardizem® LA tablets, 120, 180, 240, 300, 360, and 420mg. The certification sets forth allegations of non-infringement and invalidity of the 6,923,984 ('984) patent that is also listed in the Orange Book and owned by the Company. No suit was brought against the Andrx Group for infringement of the '984 patent.

On September 19, 2006, U.S. Patent 7,108,866 ('866) issued to the Company and was listed in the Orange Book for Cardizem LA®. On September 22, 2006, the Company received a fourth paragraph IV certification from the Andrx Group for all Cardizem® LA tablets, 120, 180, 240, 300, 360, and 420mg. On October 4, 2006, the Company filed a third complaint (Civil Action No. 06-620) in the United States District Court for the District of Delaware. The complaint averred that the Andrx Group's amended ANDA constituted infringement of the '866 patent.

Civil actions 05-586, 05-730 and 06-620 have been consolidated by the Court for all purposes. The Court issued its Markman claim construction ruling on June 22, 2007. Trial is scheduled for October 15, 2007. This date, however, may change.

If the patents relating to Cardizem® LA are invalid, unenforceable, or not infringed, the Andrx Group, subject to FDA approval, could commence producing and selling a generic version of the Cardizem® LA product.

Par Pharmaceutical, Inc. ("Par") filed an Abbreviated New Drug Application with the FDA seeking approval to market Tramadol Hydrochloride Extended Release Tablets, 200mg. On May 9, 2007, Biovail Laboratories International, SRL, along with Purdue Pharma Products L.P., Napp Pharmaceutical Group Ltd. and Ortho-McNeil Inc. filed a complaint in the United States District Court for the District of Delaware alleging infringement of U.S. Patent No. 6,254,887 by the filing of that Abbreviated New Drug Application, thereby triggering a 30-month stay of FDA's approval of that application. Par has answered the complaint and asserted counterclaims of non-infringement and patent invalidity. The plaintiffs have denied the counterclaims. On May 22, 2007, Par informed the Company that it had filed a supplemental ANDA seeking approval to market Tramadol Hydrochloride Extended Release Tablets, 100mg. On June 28, 2007 the same plaintiffs filed another complaint in the United States District Court for the District of Delaware alleging infringement of U.S. Patent No. 6,254,887 by the filing of that Abbreviated New Drug Application, thereby triggering a 30-month stay of FDA's approval of the 100mg strength formulation. On July 23, 2007, Par answered the second complaint and asserted counterclaims of non-infringement and patent invalidity.

Antitrust

Several class action or representative action complaints in multiple jurisdictions have been filed against the Company in which the plaintiffs have alleged that the Company improperly impeded the approval of a generic form of Tiazac®. Those actions filed in federal courts were filed in, or transferred to, and in some cases consolidated or coordinated in, the United States District Court for the District of Columbia. The Company believes that the complaints are without merit and that the Company's actions were in accordance with its rights as contained in the Hatch-Waxman Amendments and the law. Moreover, the Company's position is that it is not responsible for Andrx's inability to receive timely final marketing approval from the

FDA for its generic Tiazac® considering that the Andrx Group product did not receive FDA approval for a lengthy period following the removal of all legal or regulatory impediments by the Company.

The Court granted the Company's motion for Summary Judgment seeking to dismiss all of the Federal actions, which the Federal plaintiffs have appealed.

These appeals have been consolidated by the Court of Appeals. The Appeal will be heard on September 7, 2007.

The Company has brought the Court's decision on Biovail's motions for Summary Judgment to the attention of the Superior Court of the State of California for Los Angeles County, the Superior Court of California for the County of San Diego and the Superior Court of the State of California for the County of Alameda, where several State Court actions are pending. The Superior Court for the County of San Diego directed that certain discovery concerning the Andrx Group's regulatory problems that was already produced to the Federal plaintiffs be made available to the plaintiffs in that case. The Company complied with the Court's direction and then moved to dismiss the amended complaint in the case. The Court granted the Company's motion and dismissed the complaint with leave for the plaintiffs to file an amended complaint, which they did. The Company then moved to dismiss the amended complaint. The Court also granted that motion and dismissed the amended complaint with prejudice. The plaintiffs moved to have the Court reconsider its decision, which the Court denied. The plaintiffs have appealed. The actions in the other California courts are stayed pending the final disposition of the cases pending in the District of Columbia.

Several class action and individual action complaints in multiple jurisdictions have been commenced jointly against the Company, Elan Corporation plc ("Elan") and Teva relating to an agreement between the Company and Elan for the licensing of Adalat CC products from Elan. These actions were transferred to the United States District Court for the District of Columbia. The agreement in question has since been dissolved as a result of a consent decree with the U.S. Federal Trade Commission. The Company believes these suits are without merit because, among other reasons, it is the Company's position that any delay in the marketing or out-licensing of the Company's Adalat CC product was due to manufacturing difficulties the Company encountered and not because of any improper activity on its part. The Company filed a motion for the summary dismissal of these actions. The Court has denied the Company's motion to dismiss the damage claims brought on behalf of a purported class of so-called "direct purchasers", generally consisting of distributors and large chain drug stores, but dismissed the claims of a class of consumers and "indirect purchasers". The remainder of the federal action is proceeding on the merits through the normal legal process. A class certification took place on May 24, 2007. No decision has been rendered. No trial date has been set.

The consumer and "indirect purchasers" claims were re-filed in the Superior Court of the State of California. All court dates in the California action were taken off calendar as the parties have reached agreement for a settlement subject to completion of the necessary documentation and approval of the court. In general, the settlement calls for the certification of a settlement class consisting of all indirect purchases of 30mg or 60mg Adalat CC from October 1, 1999 to the present. The total payment to be made by all the defendants is $8,200,000, which the defendants have agreed to pay in three equal shares. The Company's one-third share is $2,733,000.

On March 21, 2006, the Company was advised that an additional claim in respect of this fact situation was filed by Maxi Drug Inc. d/b/a Brooks Pharmacy in the United States District Court, District of Columbia. The Company has accepted service of this complaint, and the case will proceed on the merits according to the schedule set by the Court in the related federal cases pending in the District of Columbia.

Securities Class Actions

In late 2003 and early 2004, a number of securities class action complaints were filed in the United States District Court for the Southern District of New York naming Biovail and certain officers and directors as defendants. On or about June 18, 2004, the plaintiffs filed a Consolidated Amended Complaint (the "Complaint"), alleging among other matters, that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. The Company responded to the Complaint by filing a motion to dismiss, which the Court denied. Thereafter, the Company filed its Answer denying the allegations in the Complaint.

On August 25, 2006, the plaintiffs filed a Consolidated Second Amended Class Action Complaint ("Second Amended Complaint") under seal. The Second Amended Complaint alleges, among other matters, that the defendants violated Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder. More specifically, the Second Amended Complaint alleges that the defendants made materially false and misleading statements that inflated the price of the Company's stock between February 7, 2003 and March 2, 2004. The plaintiffs seek to represent a class consisting of all persons, other than the defendants and their affiliates, who purchased the Company's stock during that period. On October 16, 2006, the Company filed its Answer denying the allegations in the Second Amended Complaint.

On January 26, 2007, United States District Judge Richard Owen issued an Order (the "January 26 Order") in this matter that sanctioned the Company for its use in a separate action of certain documents obtained in lawful discovery and ordered the return of the documents and the redaction of any claims in the separate action based solely upon the documents. Specifically, the separate action was the S.A.C. matter referenced above. The Company has been engaged in further hearings before Judge Owen to determine whether there has been compliance with the January 26 Order. A finding against the Company could result in additional sanctions. Counsel for the Company has complied with the January 26 Order and has meritorious defenses but cannot presently express an opinion as to the ultimate outcome of the hearing.

On February 28, 2006, the plaintiffs filed a motion for class certification. The Company has opposed that motion. That motion was heard on March 23, 2007, no decision has been rendered. Discovery in this case is ongoing, and the action is now proceeding on its merits through the normal legal process. The Company continues to defend itself vigorously, but cannot predict the eventual outcome of the case.

On September 21, 2005, the Canadian Commercial Workers Industry Pension Plan commenced a securities class action in Canada against Biovail and several of its officers. The action is purportedly prosecuted on behalf of all individuals other than the defendants who purchased Biovail's common stock between February 7, 2003 and March 2, 2004. The claim seeks damages in excess of $100,000,000 for misrepresentation and breaches of s. 134 of the Securities Act, R.S.O. 1990, c. S.5, and ss. 36 and 52 of the Competition Act, R.S. 1985, c. C-34, as well as class wide punitive and exemplary damages. The claim essentially relies on the same facts and allegations as those cited in the Complaint. The claim was served on the Company and named officers on September 29, 2005. The plaintiffs have not taken any steps to certify

the action as a class proceeding or otherwise to move it forward. The defendants intend to resist class certification and file a defence only following a decision on class certification.

Defamation and Tort

On April 29, 2003, Jerry I. Treppel, a former analyst at Banc of America Securities, commenced an action in the United States District Court for the Southern District of New York naming as defendants the Company and certain officers thereof, Michael Sitrick and Sitrick & Company, Inc., in which he has alleged that he was defamed by the defendants and that the Company's actions resulted in damages to him by way of lost employment and employment opportunities.

The Company filed a motion to dismiss this action, which, after rehearing, the Court granted in part and denied in part. In response, the plaintiff filed a Second Amended Complaint on March 24, 2005, which essentially repeated the allegations and asserted that that all defendants acted in concert and participated in the defamatory and other alleged misconduct.

On May 27, 2005, Eugene Melnyk, the Company's former Chairman, filed an answer to the Second Amended Complaint and a counterclaim against Mr. Treppel. This counterclaim alleges defamation, defamation per se, and civil conspiracy. Mr. Melnyk's claims relate to, among other things, written and oral communications made by Mr. Treppel that caused damage to Mr. Melnyk's professional and business reputation.

Biovail and the named defendants, including Mr. Melnyk, filed a motion to dismiss the Second Amended Complaint, directed at some of the claims. Mr. Treppel also moved to dismiss the counterclaim brought by Mr. Melnyk.

On August 30, 2005, the Court issued its order on those motions. The Court granted in part and denied in part the motion to dismiss Treppel's claims, and dismissed the case with prejudice against three of the five defendants. In the Order, the Judge further noted that the remaining claims against Biovail and the only remaining individual defendant, Mr. Melnyk, were limited to the defamation, tortious interference and civil conspiracy claims arising out of three statements he found to be susceptible of a defamatory meaning.

The Court also denied in part and granted in part Mr. Treppel's motion to dismiss Mr. Melnyk's counterclaims against him. This counterclaim is therefore proceeding on certain of the claims of defamation and defamation per se made by Mr. Melnyk. The case is currently in discovery.

General Civil Actions

Complaints have been filed by the City of New York, the State of Alabama, the State of Mississippi and a number of counties within the State of New York, claiming that the Company, and numerous other pharmaceutical companies, made fraudulent misstatements concerning the "average wholesale price" of their prescription drugs, resulting in alleged overpayments by the plaintiffs for pharmaceutical products sold by the companies.

Counsel for the City of New York and for all the counties in New York (other than Erie, Oswego and Schenectady) that had sued Biovail have voluntarily dismissed the Company and certain others of the named defendants on a without prejudice basis. Similarly, the State of Mississippi has voluntarily dismissed its claim against the Company and a number of defendants on a without prejudice basis.

In the case brought by the State of Alabama, the Company has answered the State's Amended Complaint and discovery is ongoing. The cases brought by the New York State counties of Oswego, Schenectady and Erie, each of which was originally brought in New York State court, were removed by defendants to federal court on October 11, 2006. The Company answered the complaint in each case after the removal to federal court. Remand motions are pending and no discovery is currently being taken in these removed cases.

Based on the information currently available, and given the small number of Biovail products at issue and the limited time frame in respect of such sales, the Company anticipates that even if these actions were successful, any recovery against Biovail would likely not be significant.

Governmental and Regulatory Inquiries

In July 2003, the Company received a subpoena from the U.S. Attorney's Office for the District of Massachusetts ("AODM") requesting information related to the promotional and marketing activities surrounding the commercial launch of Cardizem® LA. In particular, the subpoena sought information relating to the Cardizem® LA Clinical Experience Program, titled P.L.A.C.E. (Proving L.A. Through Clinical Experience). The Company is cooperating fully with the AODM to resolve this matter; however, the Company cannot predict the outcome or the timing of when this matter may be resolved.

On November 20, 2003, the Company received notification from the SEC indicating that the SEC would be conducting an informal inquiry relating to the Company's financial reporting for the fiscal year 2003. On March 3, 2005, the Company received a subpoena from the SEC. The subpoena reflects the fact that the Commission has entered a formal order of investigation. The subpoena seeks information about the Company's financial reporting for the fiscal year 2003. Also, the scope of the investigation became broader than it was initially, and the period under review was extended to encompass the period January 1, 2001 to May 2004. The SEC also subpoenaed individual Company employees, who testified before the SEC. On March 17, 2006, the Company received a subpoena from the SEC related to, among other things, the trading and ownership of Biovail shares, which is consistent with the matters the OSC is investigating as described below. The Company has received additional subpoenas from the SEC requesting additional documents, including documents relating to the Company's production of documents to date.

On September 28, 2006, December 5, 2006, January 10, 2007, February 6, 2007 and June 14, 2007 the Company signed tolling agreements with the SEC. The current tolling period ends November 30, 2007.

On May 14, 2007, the Company issued a press release acknowledging that it had received a "Wells Notice" from the staff of the SEC alleging violations of federal securities laws. The notice relates to the staff's investigation of the Company's accounting and disclosure practices for the fiscal year 2003 and certain transactions associated with a corporate entity acquired by the Company in 2002. These issues include whether the Company improperly recognized revenue and expenses for accounting purposes in relation to its financial statements in certain periods, disclosure related to those statements, and whether the Company provided misleading disclosure concerning the reasons for Biovail's forecast of a revenue shortfall in respect of the three-month period ending September 30, 2003. Four current and former officers also received Wells Notices shortly thereafter. The Company is indemnifying those individuals for legal expenses, and has made a request for coverage under its Director and Officer Liability Insurance. Under the Wells process established by the SEC, the Company has the opportunity to respond to the "Wells Notice" before the staff makes a formal recommendation regarding what action, if any, should be brought against the Company by

the SEC. The Company has now made its submission. The Company continues to cooperate with the SEC. The Company cannot predict either the outcome or the timing of when this matter may be resolved.

The Company has been contacted by the United States Attorney's Office for the Eastern District of New York ("EDNY"), who informed the Company that they are conducting an investigation into the same matters that the SEC is investigating. The EDNY has recently conducted interviews of several Biovail employees or former employees and has requested documents related to fiscal years 2002 and 2003. The Company intends to cooperate with the investigation. The Company cannot predict the outcome or timing of when this matter may be resolved.

Over the last number of years, the Company has received a number of communications from the OSC relating to its disclosure, and/or seeking information pertaining to certain financial periods. The OSC had advised the Company that it is investigating, among other things, two issues relating to Biovail's accounting and disclosure in 2003. The first is whether the Company improperly recognized revenue for accounting purposes in relation to its interim financial statements for each of the four quarters in 2003. The second is whether the Company provided misleading disclosure in its press release dated October 3, 2003 concerning the reasons for Biovail's forecast of a revenue shortfall in respect of the three-month period ending September 30, 2003. The OSC had also advised that it is investigating four issues relating to trading in the Company's common shares. These issues include whether insiders of the Company complied with insider reporting requirements, and whether persons in a special relationship with the Company may have traded in the Company's shares with knowledge of undisclosed material information. The OSC also advised that it is investigating whether certain transactions may have resulted in, or contributed to, a misleading appearance of trading activity in the Company's securities during 2003 and 2004, and whether certain registrants (who are past, or present, directors of Biovail) may have been in a conflict of interest in relation to trading of the Company's shares. The OSC has also advised the Company that it is investigating whether the Company has improperly recognized revenue for accounting purposes in relation to the financial statements filed by the Company for each of the four quarters in 2001 and 2002 and related disclosure issues. The Company understands that these investigations remain ongoing, and cannot predict the outcome or the timing of when this matter may be resolved.

Pursuant to a notice of hearing dated July 28, 2006, the staff of the OSC gave notice that an administrative hearing pursuant to sections 127 and 127.1 of the Ontario Securities Act would be held. The respondents in the hearing include former Chairman Eugene Melnyk and a former director of the Company, among others. The Company is not a party to this proceeding. The proceeding as against Eugene Melnyk has now been settled. The hearing against the former director has concluded, no decision has been rendered.

13. RELATED PARTY TRANSACTIONS

In 2006, the Company contracted with Global IQ, a clinical research organization, for a long-term safety study on a particular product under development. In the three months ended March 31, 2007, during which time Dr. Peter Silverstone, Biovail's Senior Vice President, Medical and Scientific Affairs, retained an interest in Global IQ, the Company was invoiced $581,000 by Global IQ for this study (excluding investigator and other pass-through costs). In April 2007, Dr. Silverstone disposed of his interest in Global IQ.

In March and April 2007, the Company received a total amount of $734,000 in full settlement of the principal and accrued interest on a relocation assistance loan granted to a former executive officer in March 2001.

14. SEGMENT INFORMATION

The Company operates in one operating segment pharmaceutical products. Substantially all of the operations of the Company are directly engaged in or support this operating segment. Other operations are not material and share many of the same economic and operating characteristics as pharmaceutical products. Therefore, they are included with pharmaceutical products for purposes of segment reporting.

15. SUBSEQUENT EVENTS

Lost profits provision

On July 2, 2007, the Company agreed to pay $8,000,000 related to a lost profits provision in its agreement with Kos Pharmaceuticals, Inc. ("Kos") resulting from manufacturing issues that impacted production of 120mg and 180mg tablets of Cardizem® LA during 2006. At June 30, 2007, the Company reduced the estimated liability of $8,400,000 recorded at December 31, 2006 by $400,000 to reflect the agreed upon payment amount.

Dividends declared

On August 7, 2007, the Company's Board of Directors declared a cash dividend of $0.375 per share, payable on August 31, 2007, to shareholders of record at August 20, 2007.

16. COMPARATIVE FIGURES

At June 30, 2007, the Company reclassified the deferred compensation obligation (previously recorded in long-term obligations) and deferred leasehold inducements to other long-term liabilities on the balance sheet. Comparative figures at December 31, 2006 have been reclassified to conform to this presentation.

17. CANADIAN GAAP SUPPLEMENTAL INFORMATION

Prior to 2006, the Company prepared interim and annual consolidated financial statements and management's discussion and analysis ("MD&A") in accordance with Canadian GAAP for Canadian regulatory purposes. These reports were filed with the OSC and other securities regulatory authorities in Canada. Canadian securities regulations allow issuers that are required to file reports with the SEC, upon meeting certain conditions, to satisfy their Canadian continuous disclosure requirements by filing financial statements prepared in accordance with U.S. GAAP. Accordingly, beginning in 2006, the Company commenced preparing its interim and annual consolidated financial statements and MD&A in accordance with U.S. GAAP only. For each reporting period in 2007, the Company will include in the notes to its consolidated financial statements, among other things, an explanation of material differences between U.S. GAAP and Canadian GAAP related to recognition, measurement and presentation. Subsequent to 2007, no further explanation of such differences will be required under current Canadian securities regulations.

Reconciliation of U.S. GAAP and Canadian GAAP

The following table displays a reconciliation of the Company's net income as reported under U.S. GAAP and the Company's net income that would have been reported under Canadian GAAP:

	Three Months Ended June 30		Six Months Ended June 30	
	2007	**2006**	**2007**	**2006**
Net income under U.S. GAAP	**$ 67,824**	$ 85,277	**$ 161,643**	$ 153,713
Canadian GAAP adjustments				
Acquired research and development amortization expense[1]	**(10,994)**	(12,329)	**(21,988)**	(24,658)
Other	**1,709**	313	**1,829**	234
Net income under Canadian GAAP	**$ 58,539**	$ 73,261	**$ 141,484**	$ 129,289
Basic and diluted earnings per share under Canadian GAAP				
Income from continuing operations	**$ 0.36**	$ 0.46	**$ 0.88**	$ 0.83
Net income	**$ 0.36**	$ 0.46	**$ 0.88**	$ 0.81

The following tables present a reconciliation of the Company's balance sheet as reported under U.S. GAAP and the Company's balance sheet that would have been reported under Canadian GAAP:

	At June 30 2007	At December 31 2006
Total assets under U.S. GAAP	**$ 1,758,165**	$ 2,192,442
Canadian GAAP adjustments		
Marketable securities/Long-term investments		
Unrealized holding gain on available-for-sale investments[2]		(5,844)
Intangible assets, net		
Acquired research and development[1]	**90,311**	112,299
Goodwill		
Value of consideration on acquisition of Fuisz Technologies Ltd. ("Fuisz")[3]	**7,763**	7,763
Settlement of Fuisz pre-acquisition contract[4]	**(7,460)**	(7,460)
Other	**2,312**	2,312
Other assets, net		
Cumulative effect of accounting for uncertain tax positions[5]	**(2,200)**	
Other		(1,763)
Total assets under Canadian GAAP	**$ 1,848,891**	$ 2,299,749

	At June 30 2007	At December 31 2006
Total liabilities under U.S. GAAP	**$ 380,316**	$ 890,185
Canadian GAAP adjustments		
Income taxes payable		
Cumulative effect of accounting for uncertain tax positions[5]	**(2,200)**	
Long-term obligations		66
Total liabilities under Canadian GAAP	**378,116**	890,251

	At June 30 2007	At December 31 2006
Total shareholders' equity under U.S. GAAP	**1,377,849**	1,302,257
Canadian GAAP adjustments		
Common shares		
Value of consideration on acquisition of Fuisz[3]	**7,763**	7,763
Stock-based compensation[6]	**43,547**	43,547
Accretion of convertible debt[7]	**26,116**	26,116
Other	**(1,700)**	(1,700)
Additional paid-in capital		
Stock-based compensation[6]	**58,732**	58,732
Deficit		
Acquired research and development[1]	**90,311**	112,299
Settlement of Fuisz pre-acquisition contract[4]	**(7,460)**	(7,460)
Stock-based compensation[6]	**(102,279)**	(102,279)
Accretion of convertible debt[7]	**(26,116)**	(26,116)
Other	**4,012**	2,183
Accumulated other comprehensive income		
Unrealized holding gain on available-for-sale investments[2]		(5,844)
Total shareholders' equity under Canadian GAAP	**1,470,775**	1,409,498
Total liabilities and shareholders' equity under Canadian GAAP	**$ 1,848,891**	$ 2,299,749

(1) Under U.S. GAAP, acquired research and development assets for which technological feasibility has not been established and having no alternative future use must be written-off at the time of acquisition.

Under Canadian GAAP, acquired research and development assets are capitalized and amortized over their estimated useful lives.

(2) Under U.S. GAAP, long-term investments with readily determinable market values are accounted for as being available-for-sale. These investments are reported at fair value with all unrealized gains and temporary unrealized losses recognized in comprehensive income. Unrealized losses on these investments that are considered to be other-than-temporary are recognized in net income.

Under Canadian GAAP, prior to January 1, 2007, long-term investments with readily determinable market values were accounted

25

for using the cost method. Effective January 1, 2007, the Company adopted The Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1506, "Accounting Changes", 1530, "Comprehensive Income" and 3855, "Financial Instruments Recognition and Measurement", and designated certain investments as available-for-sale. At January 1, 2007, the Company recorded an unrealized gain of $5,844,000 related to the remeasurement of those investments at fair value, with a corresponding adjustment to a new separate section of shareholders' equity called accumulated other comprehensive income.

(3)

Under U.S. GAAP, the acquisition of Fuisz was valued based on the stock market price of the Company's common shares before and after the July 25, 1999 date of the acquisition agreement.

Under Canadian GAAP, the acquisition of Fuisz was valued based on the average price of the Company's common shares at the date of acquisition on November 12, 1999. The effect was that, under Canadian GAAP, the value of the common shares issued was higher by $7,763,000, which increased the goodwill acquired by an equal amount.

(4)

Under U.S. GAAP, the amounts related to the cash settlement of a Fuisz pre-acquisition contract in 2000, and the issuance of additional common shares related to the acquisition of Fuisz in 2000, were allocated to goodwill acquired.

Under Canadian GAAP, adjustments to the purchase price subsequent to the acquisition date were charged to net income.

(5)

Under U.S. GAAP, effective January 1, 2007, the Company adopted FIN 48 (as described in note 9). The application of the provisions of FIN 48 at January 1, 2007 resulted in an increase of $2,200,000 to income taxes payable, and an offsetting decrease in the valuation allowance against the net deferred tax asset.

Under Canadian GAAP, the Company is not required to apply the provisions of FIN 48.

(6)

Under U.S. GAAP, effective January 1, 2006, the Company adopted the fair-value based method for recognizing all share-based payments to employees. The Company used the modified-prospective method of adoption, which required that compensation expense be recorded for all share-based payments granted, modified or settled after January 1, 2006, and for all unvested stock options at January 1, 2006. Stock option forfeitures are estimated at the date of grant.

Under Canadian GAAP, effective January 1, 2004, the Company adopted the fair-value based method for recognizing stock-based compensation on a retroactive basis to January 1, 1996. Stock option forfeitures are recognized as they occur.

(7)

Under U.S. GAAP, no portion of the proceeds from the issuance of the Company's Convertible Subordinated Preferred Equivalent Debentures ("Debentures") in 2000 was attributed to the conversion feature.

Under Canadian GAAP, a portion of the proceeds from the issuance of the Debentures was attributed to the holder conversion option. The portion of the debt conversion premium recorded on the redemption of the Debentures in 2001 that was related to the holder conversion option was charged to retained earnings.

There were no material differences between the Company's cash flows as reported under U.S. GAAP and the Company's cash flows that would have been reported under Canadian GAAP.

BIOVAIL CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

(All dollar amounts are expressed in U.S. dollars)

The following Management's Discussion and Analysis of Results of Operations and Financial Condition ("MD&A") should be read in conjunction with the unaudited consolidated financial statements, and condensed notes thereto, prepared in accordance with United States ("U.S.") generally accepted accounting principles ("GAAP") for the interim period ended June 30, 2007. This MD&A should also be read in conjunction with the annual MD&A and audited consolidated financial statements and notes thereto prepared in accordance with U.S. GAAP that are contained in our amended Annual Report on Form 20-F/A for the fiscal year ended December 31, 2006, filed on May 23, 2007 with the U.S. Securities and Exchange Commission ("SEC"), the Ontario Securities Commission ("OSC"), and other securities regulatory authorities in Canada (the "Form 20-F/A").

Additional information relating to Biovail Corporation, including the Form 20-F/A, is available on SEDAR at www.sedar.com.

The discussion and analysis contained in this MD&A are as of August 10, 2007.

FORWARD-LOOKING STATEMENTS

To the extent any statements made in this MD&A contain information that is not historical, these statements are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and may be forward-looking information within the meaning of the "safe harbour" provisions of applicable Canadian securities legislation (collectively "forward-looking statements"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, beliefs, intentions, plans, estimates, and outlook, including, without limitation, statements concerning the following:

Impact of the delay in the expected approval timeline for BVF-033;

Future revenue and operating results following the loss of Wellbutrin XL ® market exclusivity;

Results of, and costs associated with, certain litigation and regulatory proceedings;

Sufficiency of cash resources to support future spending requirements;

Intent and ability to make future dividend payments; and

Timing and progress of research and development efforts.

Forward-looking statements can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances are forward-looking statements. Although we have indicated above certain of these statements set out herein, all of the statements in this Form 6-K that contain forward-looking statements are qualified by these cautionary statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, including, but not limited to, factors and assumptions regarding prescription trends, pricing and the formulary and/or Medicare/Medicaid positioning for our products; the competitive landscape in the markets in which we compete, including, but not limited to, the availability or introduction of generic formulations of our products; and timelines associated with the development of, and receipt of regulatory approval for, our new products; and actual results may differ materially from those expressed or implied in such statements. Important factors that could cause actual results to differ materially from these expectations include, among other things: the difficulty of predicting U.S. Food and Drug Administration ("FDA") and Canadian Therapeutic Products Directorate ("TPD") approvals, acceptance and demand for new pharmaceutical products, the

impact of competitive products and pricing, new

product development and launch, reliance on key strategic alliances, availability of raw materials and finished products, the ability to manufacture and supply sufficient quantities of product to meet demand, the regulatory environment, the outcome of legal proceedings, consolidated tax-rate assumptions, fluctuations in operating results and other risks detailed from time to time in our filings with the SEC, the OSC, and other securities regulatory authorities in Canada, as well as our ability to anticipate and manage the risks associated with the foregoing. Additional information about these factors and about the material factors or assumptions underlying such forward-looking statements may be found in the body of this document, as well as under the heading "Risk Factors" under Item 3, Sub-Part D of the Form 20-F/A. We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Biovail, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. We undertake no obligation to update or revise any forward-looking statement.

COMPANY PROFILE

We are a specialty pharmaceutical company, engaged in the formulation, clinical testing, registration, manufacture and commercialization of pharmaceutical products incorporating oral drug-delivery technologies. Our main therapeutic areas of focus are central nervous system disorders, pain management, and cardiovascular disease. Our portfolio of products includes the following established brand names:

Wellbutrin® (bupropion) for the treatment of depression and seasonal affective disorder;

Ultram® (tramadol) for the treatment of moderate to moderately severe chronic pain;

Zovirax® (acyclovir) for the treatment of herpes; and

Cardizem® (diltiazem)/Tiazac® (diltiazem) for the treatments of hypertension and angina.

We market our products in the U.S. principally through supply and distribution agreements with other pharmaceutical companies. Under such agreements, we manufacture and supply Wellbutrin XL® to GlaxoSmithKline plc ("GSK"); Ultram® ER to Ortho-McNeil, Inc. ("OMI"); and Cardizem® LA to Kos Pharmaceuticals, Inc. ("Kos") (which was acquired by Abbott Laboratories in December 2006). Also for distribution in the U.S., we sell bioequivalent (Generic) products to Teva Pharmaceuticals Industries Ltd. ("Teva"), and Tiazac® branded and generic products to Forest Laboratories, Inc. In Canada, we market and/or distribute a number of products, including Tiazac® XC and Wellbutrin® XL, directly through our internal sales organization, Biovail Pharmaceuticals Canada ("BPC").

CHANGES IN BOARD OF DIRECTORS

Effective June 30, 2007, Eugene Melnyk, the founder of Biovail, resigned as a director and Chairman of Biovail Corporation. Since June 30, 2007, Mr. Melnyk has provided consulting services to Biovail and has continued to serve as President of Biovail Laboratories International SRL ("BLS"), a subsidiary of Biovail. In addition, Mr. Melnyk has agreed to continue as a director of BLS and its parent company Biovail Holdings International SRL until December 1, 2007. Mr. Melnyk was also a director and officer of certain subsidiaries of Biovail, but has resigned from all other director and officer roles effective June 30, 2007.

Also effective June 30, 2007, Dr. Douglas Squires, Biovail's Chief Executive Officer, was appointed Interim Chairman, and William (Bill) Wells was appointed Chairman of the Compensation, Nominating and Corporate Governance Committee of the Board of Directors and Lead Director.

CHANGE IN EXECUTIVE MANAGEMENT

Effective June 18, 2007, Gilbert Godin assumed the role of Executive Vice President, Chief Operating Officer ("COO"). In his capacity as COO, Mr. Godin will oversee Biovail's operational functions; product-development capability; manufacturing and contract-development services; and business-development services. Mr. Godin joined Biovail in April 2006 as Senior Vice President, Technical Operations/Drug Delivery.

RECENT DEVELOPMENTS

BVF-033

On July 19, 2007, we received a Non-Approval letter from the FDA for our New Drug Application ("NDA") for BVF-033 (bupropion salt). The main issue raised by the FDA in its letter related to the design of the pharmacokinetic studies required to support the NDA. We are scheduled to meet with the FDA on August 14, 2007 to discuss necessary steps to resolve this matter. We do not believe that the delay in the expected approval timeline for BVF-033 will materially impact our financial results for 2007.

Wellbutrin XL®

In December 2006, the FDA granted approval for the first generic versions of Wellbutrin XL®. As a result, Teva immediately launched a generic version of 300mg Wellbutrin XL® product, which resulted in a substantial loss in our sales of 300mg branded product in the second quarter and first half of 2007, compared with the corresponding periods of 2006. In February 2007, we entered into a comprehensive settlement with a number of companies, including Teva, Watson Pharmaceuticals, Inc. ("Watson") and Anchen Pharmaceuticals, Inc. ("Anchen"), related to Wellbutrin XL®. Under the terms of this settlement, with certain defined exceptions, none of those companies may market a generic version of 150mg Wellbutrin XL® product until 2008. As a result, our sales of 150mg branded product were not impacted by generic competition in the first half of 2007.

In June 2007, Watson and Anchen each launched their own generic versions of 300mg Wellbutrin XL® product.

Restructuring

In December 2006, we implemented a restructuring program to reduce the operating and infrastructure costs of our U.S. operations. Because of this restructuring, we no longer maintain a direct commercial presence in the U.S. As a result, we ceased our promotional efforts for Ultram® ER and AstraZeneca Pharmaceuticals LP's Zoladex® 3.6mg in the U.S., and, in December 2006, we entered into a five-year exclusive promotional services agreement with Sciele Pharma, Inc. ("Sciele"), whereby we will pay Sciele an annual fee to provide detailing and sampling support for Zovirax® Ointment and Zovirax® Cream to U.S. physicians. Sciele is also entitled to additional payments if certain tiered revenue targets are met each calendar year.

The cost savings associated with the elimination of our sales and marketing activities to support Zovirax®, and the reduction in headcount in our U.S. operations, had a positive impact on our results of operations and cash flows in the second quarter and first half of 2007. Those savings, however, were partially offset by the compensation we paid Sciele for its promotional services.

OVERVIEW

Revenue

Revenue declined 20% from $255.1 million in the second quarter of 2006 to $203.0 million in the second quarter of 2007, and 6% from $477.8 million in the first half of 2006 to $450.0 million in the first half of 2007, due mainly to the impact of generic competition on sales of 300mg Wellbutrin XL® product in the U.S., and lower revenue from Generic product sales, which reflected a $16.0 million price adjustment charged to us by Teva in June 2007. That price adjustment was related primarily to a higher-than-expected level of wholesaler chargebacks processed by Teva in the second quarter of 2007, and shelf-stock adjustments granted by Teva to their customers to reflect decreases in the selling prices of certain of our Generic products.

The declines in Wellbutrin XL® and Generic product sales were partially offset by higher revenue from Zovirax®, Ultram® ER and Cardizem® LA product sales.

Results of operations

Net income declined from $85.3 million (basic and diluted earnings per share of $0.53) in the second quarter of 2006 to $67.8 million (basic and diluted earnings per share of $0.42) in the second quarter of 2007, and increased from $153.7 million (basic and diluted earnings per share of $0.96) in the first half of 2006 to $161.6 million (basic and diluted earnings per share of $1.01) in the first half of 2007.

In second quarter of 2007, our net income was positively impacted by the following factors:

- A gain of $15.7 million on the disposal of our investment in Ethypharm S.A. ("Ethypharm") to Financière Verdi ("Verdi"); and

- A recovery of $1.6 million related to provisions for payments that we are required to make to GSK as a result of the introduction of generic competition to Wellbutrin XL®, and to Kos for lost profits due to our failure to supply minimum required quantities of Cardizem® LA.

Partially offset by:

- A charge of $12.5 million related to the early redemption of our 7$^{7}/_{8}$% Senior Subordinated Notes ("Notes"); and

- Restructuring costs of $887,000.

In the second quarter of 2006, our net income was negatively impacted by a provision of $4.5 million related to our initial estimate of the amount of the payment we would be required to make to GSK as a result of the introduction of generic competition to Wellbutrin XL®.

The collective impact of the preceding and other factors affecting the comparability of our income from continuing operations and net income for the second quarters and first halves of 2007 and 2006, as well as the impact of those factors on basic and diluted earnings per share, are identified in the following table:

	Three Months Ended June 30		Six Months Ended June 30	
($ in 000s, except per share data; Expense (Income))	**2007**	**2006**	**2007**	**2006**
Gain on disposal of investment	**$ (15,716)**	$	**$ (15,716)**	$
Contract costs (recoveries)	**(1,612)**	4,500	**(1,612)**	4,500
Loss on early extinguishment of debt	**12,463**		**12,463**	
Restructuring costs	**887**		**1,532**	
Equity loss (income)	**469**	(50)	**893**	268
Impact on income from continuing operations	**(3,509)**	4,450	**(2,440)**	4,768
Asset impairments of discontinued operation				1,084
Impact on net income	**$ (3,509)**	$ 4,450	**$ (2,440)**	$ 5,852
Impact on basic and diluted earnings per share				
Income from continuing operations	**$ (0.02)**	$ 0.03	**$ (0.02)**	$ 0.03
Net income	**$ (0.02)**	$ 0.03	**$ (0.02)**	$ 0.04

Cash dividends

Cash dividends declared per share were $0.375 and $0.125 in the second quarters of 2007 and 2006, respectively, and $0.75 and $0.25 in the first halves of 2007 and 2006, respectively. Our current dividend policy contemplates an annual dividend of $1.50 per share to be paid in quarterly increments, subject to our financial condition and operating results, and at the discretion of our Board of Directors.

On August 7, 2007, our Board of Directors declared a quarterly cash dividend of $0.375 per share, payable on August 31, 2007 to shareholders of record at August 20, 2007.

Financial condition

Effective April 1, 2007, we utilized $406.8 million of our existing cash resources to redeem all of our outstanding Notes, which included an early redemption premium of $7.9 million paid to the noteholders.

RESULTS OF OPERATIONS

We operate our business on the basis of a single reportable segment pharmaceutical products. This basis reflects how management reviews the business; makes investing and resource allocation decisions; and assesses operating performance.

REVENUE

The following table displays the dollar amount of each source of revenue in the second quarters and first halves of 2007 and 2006; the percentage of each source of revenue compared with total revenue in the respective period; and the dollar and percentage change in the dollar amount of each source of revenue. Percentages may not add due to rounding.

	Three Months Ended June 30						Six Months Ended June 30					
($ in 000s)	**2007**		**2006**		**Change**		**2007**		**2006**		**Change**	
	$	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Product sales	**190,766**	**94**	243,455	95	(52,689)	(22)	**428,768**	**95**	455,266	95	(26,498)	(6)
Research and development	**7,378**	**4**	3,951	2	3,427	87	**12,219**	**3**	8,860	2	3,359	38
Royalty and other	**4,883**	**2**	7,737	3	(2,854)	(37)	**9,045**	**2**	13,646	3	(4,601)	(34)
	203,027	**100**	255,143	100	(52,116)	(20)	**450,032**	**100**	477,772	100	(27,740)	(6)

Product sales

The following table displays product sales by reporting category in the second quarters and first halves of 2007 and 2006; the percentage of each category compared with total product sales in the respective period; and the dollar and percentage changes in the dollar amount of each category. Percentages may not add due to rounding.

	Three Months Ended June 30						Six Months Ended June 30					
	2007		**2006**		**Change**		**2007**		**2006**		**Change**	
($ in 000s)	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**	**$**	**%**
Wellbutrin XL®	**53,048**	**28**	113,950	47	(60,902)	(53)	**114,453**	**27**	178,954	39	(64,501)	(36)
Ultram® ER	**19,562**	**10**	880		18,682	NM	**49,581**	**12**	15,991	4	33,590	210
Zovirax®	**35,217**	**18**	29,098	12	6,119	21	**72,500**	**17**	53,572	12	18,928	35
Biovail Pharmaceuticals Canada	**14,071**	**7**	19,527	8	(5,456)	(28)	**27,897**	**7**	39,307	9	(11,410)	(29)
Cardizem® LA	**22,686**	**12**	11,545	5	11,141	97	**46,635**	**11**	29,861	7	16,774	56
Legacy	**34,917**	**18**	36,729	15	(1,812)	(5)	**70,557**	**16**	72,258	16	(1,701)	(2)
Generic	**11,265**	**6**	32,784	13	(21,519)	(66)	**47,145**	**11**	66,381	15	(19,236)	(29)
Teveten			(1,058)		1,058	(100)			(1,058)		1,058	(100)
	190,766	**100**	243,455	100	(52,689)	(22)	**428,768**	**100**	455,266	100	(26,498)	(6)

NM Not meaningful

Wholesaler inventory levels

Three drug wholesale customers account for the majority of our Zovirax® and off-patent branded pharmaceutical (Legacy) product sales in the U.S. Our distribution agreements with those wholesalers limit the amount of inventory they can own to between $^{1}/_{2}$ and $1^{1}/_{2}$ months of supply of our products. As indicated in the following table, at June 30, 2007, those wholesalers owned overall 1.1 months of supply of our products

(compared with 0.6 months at December 31, 2006), of which only $131,000 had less than 12 months remaining shelf life.

		At June 30, 2007			At December 31, 2006		
($ in 000s)	Original Shelf Life (In Months)	Total Inventory	Months On Hand (In Months)	Inventory With Less Than 12 Months Remaining Shelf Life	Total Inventory	Months On Hand (In Months)	Inventory With Less Than 12 Months Remaining Shelf Life
Zovirax®	36-48	$ 11,566	1.2	$ 85	$ 4,465	0.5	$ 88
Cardizem®	36-48	6,016	1.0	12	2,404	0.5	43
Ativan®	24	2,467	1.1	8	1,189	0.6	9
Vasotec® and Vaseretic®	24	1,776	1.3	23	885	0.7	39
Isordil®	36-60	359	1.8	3	255	1.3	1
Total	24-60	$ 22,184	1.1	$ 131	$ 9,198	0.6	$ 180

Wellbutrin XL®

Our revenue from sales of Wellbutrin XL® declined 53% and 36% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, primarily due to the reduction in 300mg product sold by GSK following the introduction of generic competition. Also contributing to the declines was the impact of the tiered supply price for Wellbutrin XL®, which is reset to the lowest tier at the start of each calendar year. Due to the impact of generic competition, GSK's net sales of Wellbutrin XL® in the first half of 2007 have not met the sales-dollar threshold to increase our supply price from the first to second tier, whereas, in second quarter of 2006, GSK's net sales exceeded the threshold to achieve the second tier supply price. Those factors were partially offset by:

A reduction in GSK's 2006 year-end provision for 300mg product returns in the first quarter of 2007, as a result of slower than anticipated generic erosion;

The positive affect on our supply price of price increases implemented by GSK in the second half of 2006 and first quarter of 2007; and

The inclusion of sales to GSK of Wellbutrin XR® for the European market.

Ultram® ER

The increases in our revenue from sales of Ultram® ER by OMI in the second quarter and first half of 2007, reflected the negative impact on sales in the corresponding periods of 2006 of a voluntary recall of certain lots of Ultram® ER tablets by OMI. Also contributing to the increases were the positive affect on our supply price of a price increase implemented by OMI in the first quarter of 2007, together with a contractual increase in our supply price to OMI effective January 1, 2007, as well as higher sales of sample supplies. Those factors were partially offset by a reduction in inventory levels of this product owned by OMI in the second quarter of 2007.

Zovirax®

Total sales of Zovirax® Ointment and Zovirax® Cream increased 21% and 35% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, primarily due to price increases we implemented for these products in the second half of 2006 and first quarter of 2007, as well as an increase in the supply of inventory at the wholesale level from 1/2 month at the end of 2006 to 1.2 months at the end of the second quarter of 2007.

BPC products

The declines in sales of BPC products of 28% and 29% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, reflected lower sales of Tiazac® and Wellbutrin® SR primarily due to generic competition, partially offset by increased sales of our promoted Tiazac® XC and Wellbutrin® XL products. Sales of Tiazac® XC, in particular, were positively impacted by a reduction of the 2006 year-end backorder of 120mg and 180mg products.

Cardizem® LA

The increases in our revenue from sales of Cardizem® LA by Kos in the second quarter and first half of 2007, reflected the negative impact on sales in the corresponding periods of 2006 of certain manufacturing issues we experienced related to the production of Cardizem® LA. Also contributing to the increases were higher shipments of 120mg and 180mg Cardizem® LA products to Kos (following the resumption of full production in early 2007) in order to address the backorder of those products that existed at the end of 2006, as well as the positive affect on our supply price of price increases implemented by Kos in the second half of 2006 and first quarter of 2007.

Legacy products

Sales of our Legacy products declined 5% and 2% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, primarily due to declines in prescription volumes for these products, partially offset by price increases we implemented for certain of these products in the second half of 2006 and first quarter of 2007, as well as an increase in the supply of inventory at the wholesale level from approximately $^{1}/_{2}$ month overall at the end of 2006 to approximately 1.1 months overall at the end of the second quarter of 2007.

Generic products

Sales of our Generic products declined 66% and 29% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, primarily due to the impact of the $16.0 million Teva price adjustment related primarily to wholesaler chargebacks and shelf-stock adjustments in the second quarter of 2007.

Research and development revenue

Research and development revenue increased 87% and 38% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, reflecting the relative volume and pricing of clinical research and laboratory testing services provided to external customers by our contract research operation, as well as the inclusion of a payment of $1.9 million due from Kos related to development activities completed on Vasocard prior to the termination of this project in September 2006.

Royalty and other revenue

Royalty and other revenue declined 37% and 34% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, partially due to lower royalties from third parties on sales of products we developed or acquired, including Tiazac® and Cardizem®, as well as the elimination of Ultram® ER and Zoladex® 3.6mg co-promotion revenue.

In July 2007, we provided notice to Novartis Pharmaceuticals Canada Inc. that we intend to terminate our promotion of Lescol® in Canada effective August 12, 2007, in order to refocus our BPC sales force on our own marketed products.

OPERATING EXPENSES

The following table displays the dollar amount of each operating expense item in the second quarters and first halves of 2007 and 2006; the percentage of each item compared with total revenue in the respective period; and the dollar and percentage change in the dollar amount of each item. Percentages may not add due to rounding.

	Three Months Ended June 30						Six Months Ended June 30					
	2007		2006		Change		2007		2006		Change	
($ in 000s)	$	%	$	%	$	%	$	%	$	%	$	%
Cost of goods sold	**54,534**	**27**	58,568	23	(4,034)	(7)	**110,950**	**25**	105,760	22	5,190	5
Research and development	**28,447**	**14**	18,402	7	10,045	55	**58,169**	**13**	40,730	9	17,439	43
Selling, general and administrative	**46,329**	**23**	66,670	26	(20,341)	(31)	**95,923**	**21**	123,220	26	(27,297)	(22)
Amortization	**11,982**	**6**	14,825	6	(2,843)	(19)	**23,963**	**5**	29,649	6	(5,686)	(19)
Restructuring costs	**887**				887	NM	**1,532**				1,532	NM
Contract costs (recoveries)	**(1,612)**	**(1)**	4,500	2	(6,112)	NM	**(1,612)**		4,500	1	(6,112)	NM
	140,567	**69**	162,965	64	(22,398)	(14)	**288,925**	**64**	303,859	64	(14,934)	(5)

NM Not meaningful

Cost of goods sold and gross margins

Gross margins based on product sales were 71% and 74% in the second quarter and first half of 2007, respectively, compared with 76% and 77% in the second quarter and first half of 2006, respectively. The overall gross margins in the second quarter and first half of 2007, compared with the corresponding periods of 2006, were negatively impacted by the following factors:

Lower volumes of 300mg Wellbutrin XL® product sold to GSK, net of the reduction in GSK's provision for 300mg product returns in the first quarter of 2007;

Lower supply prices for 150mg and 300mg Wellbutrin XL® product sold to GSK as a result of the sale-dollar threshold not being met to achieve the second tier supply price;

The inclusion of our one-third share of a royalty on sales of 150mg Wellbutrin XL® product following the settlement of a patent-infringement suit between GSK and Andrx Corporation in February 2007;

The impact of the $16.0 million Teva price adjustment on Generic product sales in the second quarter of 2007;

The inclusion of amortization expense of $3.0 million and $4.2 million in second quarter and first half of 2007, respectively, related to a $40.7 million deferred charge for payments we made to GSK in consideration for reduced supply prices for Zovirax® products; and

Increases in obsolescence reserves related to inventories of certain of our products that are in excess of anticipated demand.

Partially offset by:

The positive affect of price increases we implemented for Zovirax® and certain Legacy products in the second half of 2006 and first quarter of 2007;

The positive affect on our supply prices for Wellbutrin XL®, Ultram® ER and Cardizem® LA of the price increases implemented by our partners in the second half of 2006 and/or first quarter of 2007, together with the contractual increase in our supply price for Ultram® ER; and

Manufacturing efficiencies achieved in the production of Ultram® ER, and lower levels of rejected product.

Research and development expenses

Research and development expenses increased 55% and 43% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, primarily due to the cost of Phase III clinical trials underway for BVF-146 (combination of tramadol and a non-steroidal anti-inflammatory drug), as well as increased clinical and/or scale-up activities for BVF-033, BVF-012 (enhanced absorption venlafaxine), BVF-045 (combination of BVF-033 and another anti-depressant agent), and other undisclosed programs targeting safety and efficacy enhancements to existing therapies.

In July 2007, we received TPD approval of Tiazac® XC for an angina indication.

In August 2007, we licensed the rights to develop, manufacture and market BVF-324 for the treatment of a sexual dysfunction. We currently anticipate initiating Phase III clinical studies for BVF-324 in the first half of 2008, pending a positive outcome of a scheduled meeting with the FDA to discuss the development program for this product.

Selling, general and administrative expenses

Selling, general and administrative expenses declined 31% and 22% in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006. As a percentage of total revenue, selling, general and administrative expenses were 23% and 21% in the second quarter and first half of 2007, respectively, compared with 26% in each of the second quarter and first half of 2006. The declines in selling, general and administrative expenses were primarily due to:

Cost savings associated with the headcount reduction in our U.S. operations as a result of the December 2006 restructuring program;

The discontinuance of spending on sales and marketing activities to support Zovirax®, partially offset by the compensation paid to Sciele for its promotional services; and

Lower expenses related to *Sarbanes-Oxley Act of 2002* compliance, corporate governance, and strategic planning initiatives completed in 2006. The foregoing strategic planning initiative culminated with the December 2006 restructuring program.

Legal costs comprised a significant portion of our selling, general and administrative expenses in the second quarters and first halves of 2007 and 2006. Those costs included amounts related to matters we do not consider to be in the ordinary course of business, such as the S.A.C. complaint; governmental and regulatory inquiries; securities class actions; and defamation claims. We may continue to incur significant legal costs related to these matters for an indefinite period, as we cannot predict the outcome or timing of when each of these matters may be resolved. However, legal costs related to these matters may decline over time, as each of these matters is resolved.

Amortization expense

The declines in amortization expense of 19% in each of the second quarter and first half of 2007, compared with the corresponding periods of 2006, reflected reduced amortization related to Vasotec®, Vaseretic®, and Glumetza intangible assets following the write-down of those assets in the third quarter of 2006.

Restructuring costs

In the second quarter and first half of 2007, we incurred charges of $887,000 and $1.5 million, respectively, which were associated with the December 2006 restructuring program. These charges were primarily related to employee retention bonuses and additional contract termination costs.

Contract costs or recoveries

In the second quarter of 2007, we recorded total recoveries of $1.6 million related to the following provisions for contract costs:

At December 31, 2006, we had accrued a provision of $46.4 million for the estimated amount of a payment we are required to make to GSK as a result of the introduction of generic competition to Wellbutrin XL®. The maximum amount of this payment is reduced by the total dollar amount of Wellbutrin XL® sample supplies purchased by GSK. At June 30, 2007, we reduced the liability by $1.2 million to reflect additional sample supplies purchased by GSK in the second quarter of 2007.

At December 31, 2006, we had accrued a provision of $8.4 million based on our estimate of the payment we are required to make to Kos for its lost profits due to our failure to supply minimum required quantities of Cardizem® LA during 2006. At June 30, 2007, we reduced the liability by $400,000 to reflect an agreed upon payment to Kos of $8.0 million.

In the second quarter of 2006, we recorded a provision of $4.5 million based on our initial estimate of the amount of the payment we would be required to make to GSK as a result of the introduction of generic competition to Wellbutrin XL®.

NON-OPERATING ITEMS

Interest income and expense

Interest income was $6.1 million in each of the second quarters of 2007 and 2006, and increased from $11.3 million in the first half of 2006 to $15.8 million in the first half of 2007. The increase in interest income in the first half of 2007, compared with the first half of 2006, reflected a higher amount of surplus cash available for investment prior to the redemption of our Notes.

Interest expense declined from $8.5 million in the second quarter of 2006 to $453,000 in the second quarter of 2007, and from $17.5 million in the first half of 2006 to $9.1 million in the first half of 2007, reflecting primarily the interest savings following the redemption of our Notes.

Gain on disposal of investment

In April 2007, we recorded a gain on disposal (net of costs) of $15.7 million on the sale of a portion of our investment in common shares of Ethypharm to Verdi. We received proceeds on disposal of $39.4 million in cash and $5.6 million in convertible debt securities of Verdi. We exchanged the remaining portion of our Ethypharm investment for common shares of Verdi, which were measured at $2.3 million based on an allocation of the previous carrying value of our Ethypharm investment, resulting in no gain or loss on the exchange. Our investment in common shares of Verdi represents a 5% equity interest, which is being accounted for using the cost method.

Loss on early extinguishment of debt

In the second quarter of 2007, we recorded a charge of $12.5 million on the early redemption of our Notes, which comprised the premium paid to noteholders of $7.9 million, as well as the write-off of the unamortized

deferred financing costs, discount, and fair value adjustment associated with the Notes, which totaled $4.6 million.

Provision for income taxes

Our effective tax rate reflected the fact that most of our income was derived from foreign subsidiaries with lower statutory tax rates than those that apply in Canada. We recorded provisions for income taxes of $3.8 million and $9.0 million in the second quarter and first half of 2007, respectively, compared with $5.4 million and $9.5 million in the second quarter and first half of 2006, respectively.

SUMMARY OF QUARTERLY RESULTS

The following table displays a summary of our quarterly results for each of the eight most recently completed quarters:

	2007		2006				2005	
($ in 000s, except per share data)	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**
Revenue	$ 203,027	$ 247,005	$ 307,648	$ 282,302	$ 255,143	$ 222,629	$ 288,278	$ 259,220
Expenses	140,567	148,358	188,045	336,951	162,965	140,894	147,836	129,269
Operating income (loss)	62,460	98,647	119,603	(54,649)	92,178	81,735	140,442	129,951
Income (loss) from continuing operations	67,824	93,819	117,976	(60,063)	85,005	72,556	124,736	112,122
Net income (loss)	67,824	93,819	117,976	(60,063)	85,277	68,436	123,939	104,486
Basic and diluted earnings (loss) per share								
Income (loss) from continuing operations	$ 0.42	$ 0.58	$ 0.74	$ (0.37)	$ 0.53	$ 0.45	$ 0.78	$ 0.70
Net income (loss)	$ 0.42	$ 0.58	$ 0.74	$ (0.37)	$ 0.53	$ 0.43	$ 0.77	$ 0.65
Net cash provided by continuing operating activities	$ 98,277	$ 119,828	$ 235,637	$ 81,382	$ 110,806	$ 94,692	$ 223,390	$ 122,446

Revenue

The decrease in revenue in the second quarter of 2007, compared with the first quarter of 2007, was primarily due to lower revenue from sales of Ultram® ER (due to the reduction in inventory levels of this product owned by OMI) and Generic products (due mainly to the $16.0 million Teva price adjustment on Generic product sales).

Results of operations

The decline in net income in the second quarter of 2007, compared with the first quarter of 2007, was primarily due to the lower overall gross profit on product sales, and the loss on the early redemption of our Notes. Those factors were partially offset by the gain on disposal of our investment in Ethypharm, and lower interest expense.

Cash flows

The decline in net cash provided by continuing operating activities in the second quarter of 2007, compared with the first quarter of 2007, was primarily due to lower income from operations before changes in operating assets and liabilities, partially offset by an increase related to the change in accounts payable (due mainly to the timing of payments for legal services).

FINANCIAL CONDITION

The following table displays a summary of our financial condition at June 30, 2007 and December 31, 2006:

($ in 000s)	At June 30 2007	At December 31 2006
Working capital (total current assets less total current liabilities)	**$ 397,246**	$ 647,337
Long-lived assets (property, plant and equipment, goodwill, intangible and other assets)	**1,046,031**	1,072,699
Long-term obligations (including current portion)		410,525
Shareholders' equity	**1,377,849**	1,302,257

Working capital

The $250.1 million decline in working capital from December 31, 2006 to June 30, 2007 was primarily due to:

A net decrease in cash and cash equivalents of $365.1 million, which mainly reflected the redemption of our Notes for $406.8 million, as well as dividend payments of $200.8 million and capital expenditures of $13.1 million, which in total were in excess of operating cash flows of $218.1 million and net cash proceeds of $37.8 million on the disposal of our investment in Ethypharm; and

A decrease in accounts receivable of $24.3 million, mainly due to the decline in Wellbutrin XL® product sales.

Partially offset by:

A decrease in declared but unpaid dividends of $80.2 million;

A reclassification of $33.6 million in respect of uncertain tax positions from current to non-current income tax payable; and

A decrease in the current portion of deferred revenue of $16.8 million, mainly related to the portion of the Ultram® ER supply prepayment from OMI that was utilized.

Long-lived assets

The $26.7 million decline in long-lived assets from December 31, 2006 to June 30, 2007 was primarily due to:

The depreciation of plant and equipment of $13.0 million and the amortization of intangible and other assets of $33.3 million; and

The write-off of the $3.8 million carrying value of deferred financing costs associated with our Notes.

Partially offset by:

Additions to property, plant and equipment of $13.1 million, which included expenditures related to the expansion of our Mississauga, Ontario corporate office, and upgrades to our Dorado, Puerto Rico manufacturing facility.

Long-term obligations

Effective April 1, 2007, we redeemed the entire $398.9 million outstanding principal amount of our Notes (and we wrote-off the associated unamortized discount and fair value adjustment that were included in the Notes' carrying value), and, on April 2, 2007, we made the final payment of $11.3 million to GSK in consideration for the reduced Zovirax® supply prices.

Shareholders' equity

The $75.6 million increase in shareholders' equity from December 31, 2006 to June 30, 2007 was primarily due to:

Net income recorded of $161.6 million (including $7.0 million of stock-based compensation recorded in additional paid-in capital);

A foreign currency translation adjustment of $13.1 million, mainly due to the impact of the strengthening of the Canadian dollar and euro relative to the U.S. dollar; and

Proceeds of $10.7 million on the issuance of common shares on the exercise of stock options.

Partially offset by:

Dividends declared of $120.5 million.

CASH FLOWS

The following table displays cash flow information for the second quarters and first halves of 2007 and 2006:

	Three Months Ended June 30		Six Months Ended June 30	
($ in 000s)	**2007**	**2006**	**2007**	**2006**
Net cash provided by continuing operating activities	**$ 98,277**	$ 110,806	**$ 218,105**	$ 205,498
Net cash provided by (used in) continuing investing activities	**30,402**	(12,690)	**24,672**	(30,902)
Net cash used in continuing financing activities	**(529,837)**	(39,517)	**(608,331)**	(47,874)
Net cash provided by (used in) discontinued operation		22		(558)
Effect of exchange rate changes on cash and cash equivalents	**441**	(114)	**472**	(127)
Net increase (decrease) in cash and cash equivalents	**$ (400,717)**	$ 58,507	**$ (365,082)**	$ 126,037

Operating activities

Net cash provided by continuing operating activities declined $12.5 million from the second quarter of 2006 to the second quarter of 2007, primarily due to:

A decrease of $27.0 million related to income from operations before changes in operating assets and liabilities, due mainly to lower gross profit on product sales; and higher research and development expenses. Those factors were partially offset by lower sales force and marketing costs; and reduced interest expense; and

A decrease of $10.5 million related to the change in inventories, due mainly to the timing of raw material purchases.

41

Partially offset by:

- An increase of $27.4 million related to the change in accounts receivable, due mainly to the decline in Wellbutrin XL® product sales; and

- An increase of $5.4 million related to the change in accounts payable, due mainly to the timing of payments for legal services.

Net cash provided by continuing operating activities increased $12.6 million from the first half of 2006 to the first half of 2007, primarily due to:

- An increase of $26.6 million related to the change in accounts payable, due mainly to the timing of payments for inventory purchases and legal services; and

- An increase of $19.2 million related to the change in accounts receivable, due mainly to the decline in Wellbutrin XL® product sales.

Partially offset by:

- A decrease of $9.4 million related to income from operations before changes in operating assets and liabilities, due mainly to lower gross profit on product sales; and higher research and development expenses. Those factors were partially offset by the lower sales force and marketing costs; higher interest income; and reduced interest expense;

- A decrease of $9.4 million mainly related to the change in raw materials inventory; and

- A decrease of $7.7 million related to the change in income taxes payable.

Investing activities

Net cash provided by continuing investing activities increased $43.1 million from the second quarter of 2006 to the second quarter of 2007, and $55.6 million from the first half of 2006 to the first half of 2007, primarily due to:

- Net cash proceeds of $37.8 on the disposal of our investment in Ethypharm in the second quarter of 2007; and

- Decreases in capital expenditures of $7.0 million and $19.2 million in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006, mainly related to the completed expansion of our Steinbach, Manitoba manufacturing facility.

Financing activities

Net cash used in continuing financing activities increased $490.3 million from the second quarter of 2006 to the second quarter of 2007, and $560.5 million from the first half of 2006 to the first half of 2007, primarily due to:

- Principal and premium payments of $406.8 million in total to redeem our Notes in the second quarter of 2007; and

- Increases in dividends paid of $80.5 million and $160.8 million in the second quarter and first half of 2007, respectively, compared with the corresponding periods of 2006.

42

LIQUIDITY AND CAPITAL RESOURCES

The following table displays our net financial asset position at June 30, 2007 and December 31, 2006:

($ in 000s)	At June 30 2007	At December 31 2006
Financial assets		
Cash and cash equivalents	**$ 469,458**	$ 834,540
Marketable securities	**5,759**	5,677
Total financial assets	**475,217**	840,217
Debt		
Senior Subordiated Notes		399,379
Zovirax® obligation		11,146
Total debt		410,525
Net financial assets	**$ 475,217**	$ 429,692

We believe that our remaining cash resources, following the redemption of our Notes and repayment of the Zovirax® obligation in April 2007, together with cash expected to be generated by operations and existing funds available under our credit facility, will be sufficient to support our operational, capital expenditure and dividend policy requirements, as well as to meet our working capital needs, for at least the next 12 months, based on our current expectations.

Credit facility

We currently do not have any outstanding borrowings under our $250 million credit facility. In June 2007, we received lender consent, pursuant to our request under the annual extension option, to extend the maturity date of this facility for an additional year to June 2010. This facility may be used for general corporate purposes, including acquisitions, and includes an accordion feature, which allows it to be increased up to $400 million. At June 30, 2007, we were in compliance with all financial and non-financial covenants associated with this facility.

Credit ratings

Our current corporate credit ratings from Standard & Poor's ("S&P") and Moody's Investors Service ("Moody's") are as follows:

	S&P	Moody's
Overall	BB+	Ba3
Credit facility	BBB-	NR
Outlook	Stable	Stable

NR Not rated

CONTRACTUAL OBLIGATIONS

Other than the redemption of our Notes and repayment of the Zovirax® obligation in April 2007, there have not been any material changes outside the ordinary course of business to the contractual obligations specified in the annual MD&A contained in the Form 20-F/A.

OFF-BALANCE SHEET ARRANGEMENTS

We did not have any off-balance sheet arrangements at June 30, 2007, other than operating leases, purchase obligations and contingent milestone payments.

In the ordinary course of business, we enter into agreements that include indemnification provisions for product liability and other matters. If the indemnified party were to make a successful claim pursuant to the terms of the indemnification, we would be required to reimburse the loss. These provisions are generally subject to maximum amounts, specified claim periods, and other conditions and limits. Other than the aforementioned settlement of the Kos lost profits claim, there have not been any material changes to the obligations under these provisions as specified in the annual MD&A contained in the Form 20-F/A.

OUTSTANDING SHARE DATA

At August 8, 2007, we had 161,023,729 issued and outstanding common shares, as well as outstanding options to purchase 7,357,711 common shares under our stock option plans.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to financial market risks, including changes in foreign currency exchange rates, interest rates on investments and debt obligations, and equity market prices on long-term investments. We have used derivative financial instruments from time to time as a risk management tool and not for trading or speculative purposes.

Inflation has not had a significant impact on our consolidated results of operations.

Foreign currency risk

We operate internationally but a majority of our revenue and expense activities and capital expenditures are denominated in U.S. dollars. Our only other significant transactions are denominated in Canadian dollars. We do not have any material non-U.S. dollar-denominated obligations. We also face foreign currency exposure on the translation of our operations in Canada and Ireland from their local currencies to the U.S. dollar. Currently, we do not utilize forward contracts to hedge against foreign currency risk; however, a 10% change in foreign currency exchange rates would not have a material impact on our consolidated results of operations, financial position or cash flows.

The redemption of our Notes resulted in a foreign exchange gain of approximately $151 million for Canadian income tax purposes. One-half of this foreign exchange gain will be included in our Canadian taxable income for 2007, which may result in a corresponding reduction in our available Canadian operating losses and tax credit carryforward balances (with an offsetting reduction to the valuation allowance provided against those balances). However, the redemption of our Notes will not result in a foreign exchange gain being recognized in our consolidated financial statements, as these statements are prepared in U.S. dollars.

Interest rate risk

The primary objective of our policy for the investment of temporary cash surpluses is the protection of principal and, accordingly, we invest in investment-grade securities with varying maturities, but typically less than 90 days. As it is our intent and policy to hold these investments until maturity, we do not have a material exposure to interest rate risk.

We are exposed to interest rate risk on any borrowings under our credit facility, which bears interest based on London Interbank Offering Rate, U.S. dollar base rate, Canadian dollar prime rate, or Canadian dollar bankers' acceptance. While this facility is currently undrawn, if we borrow under this facility in the future, a 10%

change in interest rates could have a material impact on our consolidated results of operations, financial position or cash flows. Currently, we do not utilize interest rate swap contracts to hedge against interest rate risk.

Investment risk

We are exposed to investment risks on our investments in other companies. The fair values of our investments are subject to significant fluctuations due to stock market volatility and changes in general market conditions. We regularly review the carrying values of our investments and record losses whenever events and circumstances indicate that there have been other-than-temporary declines in their fair values. A 10% change in the total fair values of our investments could have a material impact on our consolidated results of operations; however, it would not have a material impact on our consolidated financial position or cash flows.

RELATED PARTY TRANSACTIONS

In 2006, we contracted with Global IQ, a clinical research organization, for a long-term safety study on BVF-146. In the first quarter of 2007, during which time Dr. Peter Silverstone, Biovail's Senior Vice President, Medical and Scientific Affairs, retained an interest in Global IQ, we were invoiced $581,000 by Global IQ for this study (excluding investigator and other pass-through costs). In April 2007, Dr. Silverstone disposed of his interest in Global IQ.

In March and April 2007, we received a total amount of $734,000 in full settlement of the principal and accrued interest on a relocation assistance loan granted to a former executive officer in March 2001.

RECENT ACCOUNTING PRONOUNCEMENTS

On January 1, 2007, we adopted the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. 48, "Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a more-likely-than-not threshold for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on the recognition and derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. The cumulative effect of the application of the provisions of FIN 48 as of January 1, 2007 resulted in a reclassification of $31.4 million from current income taxes payable to non-current income taxes payable, a $2.2 million decrease in the valuation allowance against the net deferred tax asset, and a corresponding increase in the non-current income taxes payable of $2.2 million.

Upon the adoption of FIN 48, we classified uncertain tax positions as non-current income taxes payable unless expected to be paid within one year. The adoption of FIN 48 is more fully described in note 9 to the unaudited consolidated financial statements for the interim period ended June 30, 2007.

In September 2006, the FASB issued Statement of Financial Accounting Standard ("SFAS") No. 157, "Fair Value Measurements" ("SFAS 157"). SFAS 157 establishes a framework for measuring fair value in U.S. GAAP, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. SFAS 157 is effective for fiscal years beginning after November 15, 2007. Accordingly, we are required to adopt SFAS 157 beginning January 1, 2008. We are currently evaluating the effect that the adoption of SFAS 157 will have on our consolidated financial statements.

UNRESOLVED SEC STAFF COMMENTS

The staff of the SEC has advised us that they have reviewed the Form 20-F/A. Based on their review of that document, the staff has provided comments and questions regarding certain accounting disclosures and methods. Correspondence with the staff is ongoing and may result in modifications to the Form 20-F/A

and/or the incorporation of additional disclosure items into future documents filed with the SEC. We will provide an update as material developments in these matters occur.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Critical accounting policies and estimates are those policies and estimates that are most important and material to the preparation of our consolidated financial statements, and which require management's most subjective and complex judgment due to the need to select policies from among alternatives available and make estimates about matters that are inherently uncertain. Other than the adoption of FIN 48 on January 1, 2007, as described above under "Recent Accounting Pronouncements", there have been no material changes to our critical accounting policies and estimates specified in the annual MD&A contained in the Form 20-F/A.

CONTROLS AND PROCEDURES

There were no changes in our internal controls over financial reporting that occurred during the three-month period ended June 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting, other than as described below.

Remediation

During the 2007 first quarter financial close process, an error was discovered in a spreadsheet used to (a) track quantities of Zovirax® products that we may purchase at reduced supply prices from GSK, and (b) calculate amortization expense on a related long-term asset that is being amortized to cost of goods sold. This error caused us to amend our Form 20-F for the fiscal year ended December 31, 2006, in order to restate our previously issued financial statements. In connection with that restatement, we evaluated the impact of the accounting error on our assessment of internal controls over financial reporting under Section 404 of the *Sarbanes-Oxley Act of 2002*, as at December 31, 2006. This re-evaluation was conducted in accordance with the provisions of the Public Company Accounting Oversight Board (PCAOB) Auditing Standard No. 2.

Based on the information and facts available during our evaluation, we concluded that the data-input errors occurring within the tracking of quantities of Zovirax® product, and the calculation of amortization of the related long-term asset, represented a material weakness. We also concluded that the failure of subsequent evaluation and analysis performed by local management to detect those errors on a timely basis also represented a material weakness.

To address the material weaknesses identified, management implemented measures to remediate the control deficiency in the location where the foregoing error occurred. With respect to spreadsheets, these measures included strengthening internal controls around their development and usage, and the review and related analysis of those spreadsheets by local management. These measures were implemented in the second quarter of 2007.

Management also examined the possibility of incorporating the automation of the spreadsheet-based data into Biovail's Enterprise Resource Planning ("ERP") application, but determined that the extraction of this information from the ERP application to be an inefficient and cost prohibitive process. Management therefore decided to continue the use of the existing spreadsheet in tracking the quantities of Zovirax® product purchased and the calculation of amortization expense on the related long-term asset. This spreadsheet has been tested to ensure no processing errors exist.

Management has developed, and is in the process of rolling out, additional training with respect to the development and testing of spreadsheets. This training is being presented to accounting and finance groups throughout the Company, and completion is expected by the end of the third quarter of 2007.

CANADIAN GAAP SUPPLEMENTAL INFORMATION

The following supplemental information is provided to summarize the material differences that would have resulted in the MD&A had it been based on consolidated financial statements prepared in accordance with Canadian GAAP. Material differences between U.S. GAAP and Canadian GAAP related to recognition, measurement and presentation, together with a reconciliation of certain items, are explained in note 17 to the unaudited consolidated financial statements for the interim period ended June 30, 2007.

Results of operations

		Three Months Ended June 30		Six Months Ended June 30	
($ in 000s, except per share data)		**2007**	**2006**	**2007**	**2006**
Income from continuing operations	U.S. GAAP	**$ 67,824**	$ 85,005	**$ 161,643**	$ 157,561
Income from continuing operations	Canadian GAAP	**58,539**	72,989	**141,484**	133,137
Net income	U.S. GAAP	**67,824**	85,277	**161,643**	153,713
Net income	Canadian GAAP	**58,539**	73,261	**141,484**	129,289
Basic and diluted earnings per share					
Income from continuing operations	U.S. GAAP	**$ 0.42**	$ 0.53	**$ 1.01**	$ 0.99
Income from continuing operations	Canadian GAAP	**$ 0.36**	$ 0.46	**$ 0.88**	$ 0.83
Net income	U.S. GAAP	**$ 0.42**	$ 0.53	**$ 1.01**	$ 0.96
Net income	Canadian GAAP	**$ 0.36**	$ 0.46	**$ 0.88**	$ 0.81

In the second quarters of 2007 and 2006, income from continuing operations and net income under Canadian GAAP would each have been $9.3 million and $12.0 million lower, respectively, than income from continuing operations and net income reported under U.S. GAAP. In the first halves of 2007 and 2006, income from continuing operations and net income under Canadian GAAP would each have been $20.2 million and $24.4 million lower, respectively, than income from continuing operations and net income reported under U.S. GAAP.

The principal reconciling difference that affects our results of operations under Canadian GAAP relates to the treatment of acquired research and development assets. Under Canadian GAAP, additional amortization expense of $11.0 million and $12.3 million in the second quarters of 2007 and 2006, respectively, and $22.0 million and $24.7 million in the first halves of 2007 and 2006, respectively, would have been recognized related to acquired research and development assets that were capitalized at the time of acquisition. Under U.S. GAAP, those acquired research and development assets were written off at the time of acquisition.

Financial condition

		At June 30 2007	At December 31 2006
($ in 000s)			
Long-lived assets	U.S. GAAP	**$ 1,046,031**	$ 1,072,699
Long-lived assets	Canadian GAAP	**1,136,757**	1,185,850
Shareholders' equity	U.S. GAAP	**1,377,849**	1,302,257
Shareholders' equity	Canadian GAAP	**1,470,775**	1,409,498

Long-lived assets

At June 30, 2007 and December 31, 2006, long-lived assets under Canadian GAAP would have been higher by $90.7 million and $113.2 million, respectively, than long-lived assets reported under U.S. GAAP. The principal reconciling difference that affects long-lived assets under Canadian GAAP relates to the unamortized carrying value of capitalized acquired research and development assets. The carrying value of those assets under Canadian GAAP amounted to $90.3 million and $112.3 million at June 30, 2007 and December 31, 2006, respectively.

Shareholders' equity

At June 30, 2007 and December 31, 2006, shareholders' equity under Canadian GAAP would have been higher by $92.9 million and $107.2 million, respectively, than shareholders' equity reported under U.S. GAAP. The principal reconciling difference that affects shareholders' equity under Canadian GAAP relates to the aforementioned unamortized carrying value of capitalized acquired research and development assets.

At December 31, 2006, an additional reconciling difference that affected shareholders' equity related to the valuation of available-for-sale investments. Prior to January 1, 2007, available-for-sale investments were reported at cost under Canadian GAAP. Effective January 1, 2007, we adopted The Canadian Institute of Chartered Accountants (CICA) Handbook Sections 1506, "Accounting Changes", 1530, "Comprehensive Income" and 3855, "Financial Instruments Recognition and Measurement", and remeasured those investments at fair value. Under U.S. GAAP, unrealized gains on available-for-sale investments prior to January 1, 2007, were recorded in the accumulated other comprehensive income component of shareholders' equity. At December 31, 2006, the cost of available-for-sale investments under Canadian GAAP would have been lower by $5.8 million than the fair value of those investments reported under U.S. GAAP.

Cash flows

There were no material differences between our cash flows as reported under U.S. GAAP and our cash flows that would have been reported under Canadian GAAP.

BIOVAIL CORPORATION
FORM 6-K
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

PART II OTHER INFORMATION

1. LEGAL PROCEEDINGS

For detailed information concerning legal proceedings, reference is made to note 12 to the consolidated financial statements included under Part I of this Form 6-K.

2. EXHIBITS

Exhibit 99.1 Certifications of the Chief Executive Officer and Chief Financial Officer

BIOVAIL CORPORATION
FORM 6-K
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2007

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

BIOVAIL CORPORATION

Date: August 10, 2007

By: /s/ JOHN R. MISZUK

John R. Miszuk
Vice President, Controller and
Assistant Secretary

QuickLinks