interim report 2000

third quarter report

BIOVAIL
CORPORATION

dear fellow shareholders

I am pleased to report that the third quarter of 2000 has been an excellent, and particularly exciting, one for Biovail. The Company once again reported record financial results, both for the quarter and the first nine months of the year. In addition, Biovail continued to achieve excellent growth in sales and moved forward with new product launches and its clinical trial program. The most exciting news, however, came on the business front. During the quarter, Biovail implemented a key element of its long-term strategy with the purchase of DJ Pharma, Inc. – a move that provides the Company with complete vertical integration of its operations in North America.

DJ Pharma

The purchase of DJ Pharma, Inc., a pharmaceutical marketing company based in San Diego, California and Raleigh-Durham, North Carolina represents a significant milestone for Biovail. This transaction provides the Company with critical direct access to the huge United States pharmaceutical marketplace, and provides an infrastructure and sales force for the marketing of Biovail branded products.

DJ Pharma currently employs approximately 300 sales representatives and a professional management team, and generates significant sales revenues. It currently markets branded respiratory, allergy and skin/soft tissue infection products to high prescribing primary care physicians and pediatricians throughout the U.S. Since its inception in 1998, DJ Pharma has realized excellent growth.

The acquisition of this dynamic company builds on Biovail's stated strategy of developing a high calibre U.S. sales operation to complement our Canadian operation – Crystaal. It represents a major step towards maximizing the profitability of Biovail's NDA branded product pipeline, as well as products sourced through the newly formed Biovail Ventures Group.

Product sales growth

Sales continued to grow at record levels during the quarter. Tiazac® continues to perform well, and has achieved a 22% share of the U.S. diltiazem market. The Company's generic versions of Cardizem CD, Trental and Voltaren XR are also steadily gaining market share. Especially encouraging are the sales of the generic versions of the nonsteroidal anti-inflammatory Voltaren XR and the anti-hypertensive Adalat CC 30mg, both launched this year in the U.S. by our marketing partner,

Teva Pharmaceuticals. Published data already show a share of 53% and 24% respectively within the total markets for these products.

The performance of Crystaal, our Canadian marketing division, continues to improve quarter by quarter. With six products currently being marketed and four more in the approval or late stage development process, Crystaal is well positioned for steady growth.

In the United Kingdom, sales of Boots Healthcare International's Nurofen Meltlets (the first commercial product using Biovail's Flash Dose® technology) continue to grow, and the product has also been launched in Australia. This success bodes well for the future launch of other high volume Flash Dose® products.

New products

Late in the third quarter, Biovail received FDA approval for its generic version of Procardia XL, a once-daily treatment for hypertension and angina with annual U.S. sales of $461 million. The Biovail version is already in production, and Teva Pharmaceuticals has successfully launched this product. Biovail's generic version of Adalat CC 60mg, which was previously approved, will also be launched immediately in the U.S. following the expiration of the 30 month Waxmann-Hatch provision.

Product development

Towards the end of the quarter, the Company initiated Phase III clinical trials of a controlled-release once daily version of Tramadol, a leading product for the treatment of moderate to moderately-severe chronic pain. Tramadol is currently marketed in the U.S. by a division of Johnson & Johnson and is only available in an immediate-release multiple daily dose formulation. Annual U.S. sales of immediate release Tramadol are currently in excess of $475 million.

Phase III trials of Biovail's once daily controlled-release version of Buspirone are expected to be completed by the end of this year or early next year, and Phase III trials of the Company's once-daily version of the antidepressant Celexa continue to progress well, under the direction of our development partner H. Lundbeck. Biovail is also in late stage development of novel once-daily formulations of medications for the treatment of anxiety disorders. Progress is also being made in formulation, manufacturing scale up and the initiation of bioavailability studies on a number of promising products in our ANDA and Flash Dose® technology pipeline.

Manufacturing and CRD

Biovail's manufacturing facilities in Manitoba, Virginia and Puerto Rico are operating at high levels of production and work is progressing towards the Company taking possession of its new manufacturing facility in Dorado, Puerto Rico.

The Contract Research Division continues to operate at record levels, performing studies for both Biovail and third parties. Volume has increased by 50% in both the quarter, and year-to-date.

Stock split

Finally, the Board of Directors of Biovail approved a stock split on the basis of two common shares for each one common share held on September 30, 2000. This was the second two common shares for each one common share stock split since December 1999.

Financial results

The Company once again reported record financial results for the third quarter and nine months ended September 30, 2000. Total revenues for the third quarter increased by 99% to $88.7 million from $44.6 million in third quarter 1999. Net income for the third quarter increased by 140% to $38.9 million (excluding charges) from $16.2 million in 1999. Diluted earnings per share (excluding charges) increased by 69% to $0.27 per share on a post split basis (or $0.53 per share on a pre-split basis). Year-to-date revenues increased 82% to $196 million from $107.6 million in 1999, and net income and diluted earnings per share (excluding charges) increased by 116% and 53% respectively.

Note: As of January 1, 2000, Biovail started reporting its financial results in accordance with U.S. GAAP.

On behalf of the Board, I would like to thank the Company's employees for their contribution, and our shareholders for their ongoing support of our efforts.

(signed) Eugene Melnyk

Eugene Melnyk
Chairman of the Board

consolidated balance sheets

in accordance with U.S. GAAP

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

(Unaudited)	September 30, 2000	December 31, 1999
ASSETS		
Current		
Cash and cash equivalents	**$ 348,702**	$ 178,086
Short-term investments	**49,169**	65,893
Accounts receivable	**86,224**	60,571
Inventories	**23,533**	12,701
Assets held for disposal	**–**	20,000
Deposits and prepaid expenses	**4,955**	3,172
	512,583	340,423
Long-term investments	**2,071**	12
Property, plant and equipment, net	**48,834**	45,300
Other assets, net	**92,418**	86,478
	$ 655,906	$ 472,213
LIABILITIES		
Current		
Accounts payable	**$ 20,278**	$ 22,685
Accrued liabilities	**27,090**	31,107
Income taxes payable	**8,364**	3,585
Customer prepayments	**10,467**	4,962
Deferred tax liability	**336**	336
Current portion of long-term debt	**512**	12,016
	67,047	74,691
Deferred tax liability	**4,447**	4,698
Convertible Subordinated Preferred Equivalent Debentures	**300,000**	–
Long-term debt	**–**	125,488
	371,494	204,877
SHAREHOLDERS' EQUITY		
Common shares, no par value, unlimited shares authorized, 129,831,000 and 124,392,000 issued and outstanding at September 30, 2000 and December 31, 1999, respectively	**478,055**	373,962
Warrants	**8,244**	8,244
Warrant subscription receivable	**–**	(2,287)
Deficit	**(201,047)**	(113,843)
Accumulated other comprehensive income (loss)	**(840)**	1,260
	284,412	267,336
	$ 655,906	$ 472,213

consolidated statements of loss

in accordance with U.S. GAAP

(All dollar amounts except per share data are expressed in thousands of U.S. dollars)

(Unaudited)	Three Months Ended September 30, 2000	1999
Revenue		
Product sales	**$ 50,296**	$ 28,730
Research and development	**33,284**	11,254
Royalty and licensing	**5,113**	4,637
	88,693	44,621
Expenses		
Cost of goods sold	**16,798**	8,946
Research and development	**22,713**	7,699
Selling, general and administrative	**10,954**	8,038
Acquired research and development	**141,500**	–
	191,965	24,683
Operating income (loss)	**(103,272)**	19,938
Equity loss	**–**	(57,142)
Interest income (expense), net	**3,102**	(2,722)
Loss before income taxes	**(100,170)**	(39,926)
Provision for income taxes	**2,478**	1,062
Loss before extraordinary item	**(102,648)**	(40,988)
Extraordinary item – Premium paid on early extinguishment of U.S. Dollar Senior Notes	**–**	–
Net loss	**$ (102,648)**	$ (40,988)
Basic loss per share		
Loss before extraordinary item	**$ (0.79)**	$ (0.42)
Extraordinary item	**–**	–
Net loss	**$ (0.79)**	$ (0.42)
Diluted loss per share		
Loss before extraordinary item	**$ (0.79)**	$ (0.42)
Extraordinary item	**–**	–
Net loss	**$ (0.79)**	$ (0.42)
Weighted average number of common shares outstanding		
Basic	**129,739,000**	97,804,000
Diluted	**146,377,000**	101,668,000

consolidated statements of loss

in accordance with U.S. GAAP

(All dollar amounts except per share data are expressed in thousands of U.S. dollars)

(Unaudited)	Nine Months Ended September 30, 2000	1999
Revenue		
Product sales	**$ 126,289**	$ 66,271
Research and development	**59,280**	25,209
Royalty and licensing	**10,426**	16,139
	195,995	107,619
Expenses		
Cost of goods sold	**41,371**	21,833
Research and development	**48,421**	19,482
Selling, general and administrative	**32,352**	21,304
Acquired research and development	**141,500**	–
	263,644	62,619
Operating income (loss)	**(67,649)**	45,000
Equity loss	**–**	(57,142)
Interest income (expense), net	**5,219**	(8,171)
Loss before income taxes	**(62,430)**	(20,313)
Provision for income taxes	**4,735**	2,370
Loss before extraordinary item	**(67,165)**	(22,683)
Extraordinary item – Premium paid on early extinguishment of U.S. Dollar Senior Notes	**(20,039)**	–
Net loss	**$ (87,204)**	$ (22,683)
Basic loss per share		
Loss before extraordinary item	**$ (0.52)**	$ (0.23)
Extraordinary item	**(0.16)**	–
Net loss	**$ (0.68)**	$ (0.23)
Diluted loss per share		
Loss before extraordinary item	**$ (0.52)**	$ (0.23)
Extraordinary item	**(0.16)**	–
Net loss	**$ (0.68)**	$ (0.23)
Weighted average number of common shares outstanding		
Basic	**128,285,000**	97,804,000
Diluted	**143,402,000**	101,668,000

consolidated statements of cash flows

in accordance with U.S. GAAP

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

(Unaudited)	Nine Months Ended September 30, 2000	1999
Cash flows from operating activities		
Net loss	**$ (87,204)**	$ (22,683)
Depreciation and amortization	**14,926**	4,960
Deferred income tax recovery	**(252)**	–
Acquired research and development	**141,500**	–
Extraordinary item	**20,039**	–
Equity loss	**–**	57,142
Compensation cost for employee stock options	**–**	1,350
	89,009	40,769
Change in non-cash operating items:		
Increase in accounts receivable	**(26,361)**	(5,174)
Increase in inventories	**(10,975)**	(3,432)
Increase in deposits and prepaid expenses	**(1,783)**	(396)
Increase (decrease) in accounts payable and accrued liabilities	**(12,714)**	8,999
Increase in income taxes payable	**3,526**	1,026
Increase in customer prepayments	**5,505**	12,927
	(42,802)	13,950
	46,207	54,719
Cash flows from investing activities		
Additions to property, plant and equipment, net	**(11,074)**	(5,281)
Investment in IPL Acquireco 2000 Ltd.	**(141,500)**	–
Maturity of short-term investments, net	**16,725**	–
Acquisition of long-term investments, net	**(2,273)**	–
Proceeds from assets held for disposal	**20,000**	–
Decrease in other assets	**333**	–
Investment in Fuisz Technologies Ltd.	**–**	(77,479)
Acquisition of product rights	**–**	(2,203)
Repayment of executive stock purchase plan loans	**–**	719
	(117,789)	(84,244)
Cash flows from financing activities		
Issuance of common shares	**104,093**	2,985
Repurchase of common shares	**–**	(30,593)
Issuance of Convertible Subordinated Preferred Equivalent Debentures, net of financing costs	**288,500**	–
Repurchase of U.S. Dollar Senior Notes	**(141,017)**	–
Reduction in other long-term debt	**(11,432)**	(667)
Collection of warrant subscription receivable	**2,287**	2,383
	242,431	(25,892)
Effect of exchange rate changes on cash and cash equivalents	**(233)**	76
Increase (decrease) in cash and cash equivalents	**170,616**	(55,341)
Cash and cash equivalents, beginning of period	**178,086**	78,279
Cash and cash equivalents, end of period	**$ 348,702**	$ 22,938

shareholder information

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How to Reach Us for More Information

For additional copies of this report, the annual report on form 20-F as filed with the United States Securities and Exchange Commission, for quarterly reports or for further information, please contact Investor Relations.

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corporate information

Trading Symbols

Common Shares:	BVF
Common Share Warrants:	BVF_w
Convertible Subordinated Preferred Equivalent Debentures:	BVF_p

Registrars and Transfer Agents

CIBC Mellon Trust Company
Toronto, Canada

ChaseMellon Shareholder Services
New York, New York

To the extent any statements made in this report contains information that is not historical, these statements are essentially forward-looking. As such, they are subject to risks and uncertainties, including the difficulty of predicting FDA and TPP 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, the regulatory environment, fluctuations in operating results and other risks detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission and Canadian securities authorities.

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