HALF YEARLY FINANCIAL REPORT 2009

(Ended June, 30 2009)

40 years of passion for animal health

CONTENTS

I. HALF YEARLY MANAGEMENT REPORT AS OF JUNE 30, 2009

1. KEY EVENTS OF 2008 FIRST SEMESTER

❖ In the United States, the Group has decided to discontinue all manufacturing operations of the site of Fort Worth (Texas) and to transfer them to the site of St. Louis (Missouri) in order to continue its refocusing on the veterinary business and increase its overall profitability

❖ In June 2009, Virbac launched a new external parasiticide for companion animals in the European market.
Anticipating the release of the fipronil molecule, which has up to now been patent protected, Virbac obtained last November marketing authorisations that allow it in June to launch its new range of parasiticide products: Effipro.
In development for a number of years, Effipro spot-on and Effipro spray are two fipronil-based medicines designed to treat flea and tick infestations in cats and dogs. This launch allows Virbac to strengthen its position in the external parasiticides segment which now represents a €380-million market, accounting for close to one third of veterinary medicine sales for companion animals in Europe.
Effipro should quickly become a competitor in the external parasiticides market thanks to three key advantages: proven effectiveness to combat lice and tick infestations, the originality of its spray and spot-on packaging (ready-to-use dropper) and the flexibility of its formats.

❖ In June 2009, Virbac reorganized the production activities of its Danish subsidiary. This decision resulted in the transfer of production activities from Denmark to the French production sites.
Virbac Denmark will maintain its sales, marketing and administrative functions, within a 10-collaborator organisation.
The savings that will be obtained by this change will allow Virbac to focus its business development in the Danish market.

2. GENERAL OVERWIEW OF VIRBAC FINANCIAL SITUATION AND PROFITS

Consolidated number (in million Euros)	First half 2009	First half 2008	Change 2009 / 2008
Net Sales	**225.5**	**211.8**	**6.4%**
Growth at constant exchange rates			6.6%
Pro-forma growth at constant exchange rates			3.1%
Operating profit from ordinary activities	**24.8**	**26.0**	**-4.7%**
As a % of net sales	11.0%	12.3%	
Operating profit after non recurring expenses	**24.8**	**25.9**	**-4.4%**
Net profit – Group share	**15.5**	**16.2**	**-4.3%**

Net sales have grown by 6.4% during the first half. The companion animals segment benefited from the launch of new products in Europe and enjoyed a positive evolution of Virbac sales in the veterinary channel in the United States and a good growth in the main countries of Asia and Latin America. Regarding food producing animals, the strong growth in emerging countries have offset the slow-down of certain markets (France, Australia), and the acquisitions made during 2008 in Europe have brought, as expected, a very positive contribution to the growth.

The operating profit from ordinary activities is declining by 4.7%, which evolution is essentially due to one-off exceptional items :
- in 2008 exceptional profits amounting to 1 M€ were recorded following the sale of a building and the positive output of a former litigation ;
- in 2009 the Group has implemented a restructuring plan for its manufacturing operations in the US and in Denmark, generating a global cost of 1.9 M€. These restructurings will translate into operating savings as from the second half of 2009.
Excluding these one-time events, the operating profit would have increased in line with sales thanks to margin stability and a good control of expenses which allowed absorbing the ongoing effort in R&D and the cost of the European launch of Effipro, introduced on the markets end of June.

Net financial expenses and tax are decreasing and the Net profit - share of the Group amounts to 15.5 M€, a 4.3% decrease.

Financial position :

The Group's net debt amounted to € 69.5 million against € 66.9 million at December 31, 2008, an increase of 3.9%.
On the financial side, the good generation of cash flow and the control of working capital have allowed limiting the seasonal increase of net debt to a much lower level than in previous years.

Full year outlook

The growth and profitability of the first half, given the points described above, are in line with the perspectives announced by the Group of a 5% to 8% sales growth excluding exchange rates impacts, coupled with a similar increase in profits.

3. TURNOVER BREAKDOWN

Per activity

Consolidated number (in million Euros)	First half 2009	First half 2008	Change (at constant rate)	Change (at constant rate & scope)
Companion Animals	138.4	131.,3	5.4%	3.7%
Food Producing Animals	82.3	74.1	11.0%	5.1%
Other activities	4.8	6.4	-24.5%	-30.,8%
TOTAL	**225.5**	**211.8**	**6.4%**	**3.1%**

- **Companion animals**

For the first half, the organic growth in companion animals (+3.7 %) benefited from the launch of new products in Europe, notably Easotic - a product for ear treatment - and Effipro - an external parasiticide based on Fipronil - launched in June, which have been compensating for a weak market in France. In the United States, despite the market contraction, the evolution of sales in the veterinary channel has been very positive, thanks in particular to the Iverhart range. The business also enjoyed a good growth in the main countries of Asia and Latin America.

- **Food producing animals**

The activity in food producing animals keeps moving up with an organic growth of +3,8 % in spite of the definite slow-down of certain markets (France, Australia), thanks to a strong growth in the emerging countries. Besides, the Group is benefiting as expected from the very positive contribution of the businesses acquired in 2008.

- **Other activities**

The Group continued its disengagement from these low-margin activities consisting of contract manufacturing for third party in the United States.

Per area

Area / M€	2009	2008	Change (%)	Change (at constant rate)
France	45.7	45.7	0.1%	0.1%
Europe, excluding France	80.0	71.7	11.5%	13.1%
North America	35.7	31.0	15.2%	0.5%
Latin America	13.6	13.6	0.4%	12.0%
Africa & Middle East	11.6	11.5	1.1%	4.2%
Asia	26.2	22.1	18.2%	17.3%
Pacific	12.6	16.1	-22.1%	-10.2%
TOTAL	**225.5**	**211.8**	**6,4%**	**6.6%**

Sales growth at constant exchange rates amounted to 6.6% with good growth in key European markets outside France, the United States and in emerging countries (India, South Africa, Latin America). The downturn in the Pacific is mainly due to economic difficulties faced by the Australian subsidiary.

4. DESCRIPTION OF MAIN RISKS AND UNCERTAINTIES FOR THE SIX COMMING MONTHS

The estimation of risks and their potential impact on the financial situation of the company for 2009 has not changed from what was described in the notes to the financial statements at December 31, 2008.

5. TRANSACTION WITH RELATED PARTY

Information on related parties is detailed in the A9 notes to to the financial statements 2008. No significant changes were found in the first half of 2009. Related parties do not have any significant impact on the semester.

II. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. FINANCIAL STATEMENTS

1.1. Balance sheet (statement of financial position)

€ thousands	Notes	2009.06	2008.12
Goodwills	A1	84 331	84 077
Intangible assets		83 139	85 451
Property, plant and equipment		73 959	70 301
Other financial assets		1 062	1 104
Investments in companies accounted for by the equity method		306	319
Defferred tax assets		2 654	2 603
Non-current assets		**245 451**	**243 855**
Inventories and work-in process		74 325	69 862
Trade receivables		73 130	68 427
Other financial assets		299	936
Other receivables		21 278	21 162
Cash and cash equivalents		13 289	8 414
Assets held for sale		-	-
Current assets		**182 321**	**168 801**
Assets		**427 772**	**412 656**
Issued capital		10 893	10 893
Reserves attributable to equity holders of the Company		197 658	187 527
Equity attributable to equity holders of the Company		**208 551**	**198 420**
Minority interest		2 197	2 593
Total equity		**210 748**	**201 013**
Deferred tax liabilities		6 283	4 825
Provisions for employee benefits		7 786	7 082
Other provisions		569	1 203
Other financial liabilities	A2	60 298	55 140
Other payable		10 844	11 209
Non-current liabilities		**85 780**	**79 459**
Other provisions		356	319
Trade payables		50 553	51 724
Other financial liabilities	A2	22 493	20 159
Other payables		57 842	59 982
Current liabilities		**131 244**	**132 184**
Liabilities and equity		**427 772**	**412 656**

1.2. Income statement

€ thousands	Notes	2009.06	2008.06	*Change*
Sales	A3	**225 497**	**211 846**	*6.4%*
Purchases consumed		-72 459	-67 872	
External expenses		-53 952	-51 642	
Personnel costs		-62 138	-57 186	
Taxes and duties		-4 941	-4 801	
Dépréciations and provisions		-5 930	-5 092	
Other operating income and expenses		-1 303	738	
Operating profit from ordinary activities		**24 774**	**25 991**	*-4.7%*
Other non-recurring income and expenses		-	-77	
Operating profit		**24 774**	**25 914**	*-4.4%*
Financial incomes and expenses	A5	-1 532	-1 847	
Profit before tax		**23 242**	**24 067**	*-3.4%*
Income tax	A6	-7 324	-7 412	
Share in the earnings of companies accounted for by the equity method		-14	-48	
Net profit for the periode		**15 904**	**16 607**	*-4.2%*
attributable to equity holders of the company		15 477	16 164	*-4.3%*
attributable to minority interests		427	443	*-3.6%*
Earnings attributable to equity holders of the parent, per share	A7	1,79 €	1,88 €	
Earnings attributable to equity holders of the parent, diluted per share	A7	1,79 €	1,88 €	

1.3. Statement of comprehensive income

€ thousands	2009.06	2008.06	*Change*
Net profit for the period	**15 904**	**16 607**	*-4.2%*
Translation adjustments	4 125	-7 776	
Cash flow hedging	-570	2	
Other items of comprehensive income (before tax)	**3 555**	**-7 774**	*-145.7%*
Tax on above items	196	-	
Comprehensive income	**19 655**	**8 833**	*122.5%*
attributable to equity holders of the company	19 220	8 420	*128.3%*
attributable to minority interests	435	413	*5.3%*

1.4. Cash Flow statement

€ thousands	2009.06	2008.06
Net profit for the periode	**15 904**	**16 607**
Elimination of the share in the earnings of companies accounted for by the equity method	14	48
Elimination of depreciation and provisions	6 546	5 508
Elimination of the change in deferred taxes	1 902	-317
Elimination of gain and losses on disposals	4	-506
Other non-cash income and expenses	659	480
Cahs flow	**25 029**	**21 820**
Impact of the net change in inventories	-2 357	-10 900
Impact of the net change in trade receivables	-2 778	-1 900
Impact of the net change in trade payables	-571	2 085
Impact of the net change in other receivables and payables	-18 548	-13 178
Impact of the change in the working capital requirement	**-24 254**	**-23 893**
Net interest paid	2 006	1 898
Taxes paid	4 640	787
Net cash flow generated by operating activities	**7 421**	**612**
Acquisition of intangibles assets	-636	-1 666
Acquisition of property, plant and equipment	-9 844	-8 534
Disposal of non-current assets	133	2 442
Change in financial assets	42	318
Change in liabilities on asset acquisitions	-	-
Acquisitions of subsidiaries or businesses	-	-5 942
Disposal of ubsidiaries or businesses	-	2 709
Dividends received	-	-
Net cash used in investing activities	**-10 305**	**-10 673**
Dividends paid by the parent company	-	-
Dividends paid to non-controlling interests	-448	-
Change in treasury shares	1 139	-782
Capital increase/reduction	-	-
Debt issues	20 208	43 520
Debt repayments	-14 995	-29 831
Net interest paid	-2 006	-1 898
Net cash used in financing activities	**3 898**	**11 009**
Change in cash position	**1 014**	**948**

1.5. Statement of changes in cash position

€ thousands	2009.06	2008.06
Cash and cash equivalents	8 414	9 941
Banks overdrafts	-15 468	-12 207
Accrued interest not due - laibilities	-109	-116
Opening net cash position	**-7 163**	**-2 382**
Cash and cash equivalents	13 289	12 824
Banks overdrafts	-18 855	-14 644
Accrued interest not due - laibilities	-55	-162
Trésorerie nette de clôture	**-5 621**	**-1 982**
Impact of tranlation adjustments	528	-548
Net change in cash position	**1 014**	**948**

1.6. Statement of change in shareholders' equity

€ thousands	Issued capital	Share premiums	Reserves	Transactions adjustements reserves	Net profit for the periode	Equity attributable to equity holders of the Company	Minority interests	Total Equity
Equity at 31/12/2007	**10 893**	**6 534**	**140 753**	**-6 980**	**31 042**	**182 242**	**2 043**	**184 285**
2007 allocation of earnings	-	-	31 042	-	-31 042	-	-	-
Dividend distribution	-	-	-9 487	-	-	-9 487	-316	-9 803
Treasury share	-	-	-194	-	-	-194	-	-194
Change in scope	-	-	-	-	-	-	-	-
Others changes	-	-	-324	-	-	-324	-2	-326
Comprehensive income	-	-	-65	-9 160	35 408	26 183	868	27 051
Equity at 31/12/2008	**10 893**	**6 534**	**161 725**	**-16 140**	**35 408**	**198 420**	**2 593**	**201 013**
2008 allocation of earnings	-	-	35 408	-	-35 408	-	-	-
Dividend distribution	-	-	-10 456	-	-	-10 456	-828	-11 284
Treasury share	-	-	1 332	-	-	1 332	-	1 332
Change in scope	-	-	-	-	-	-	-	-
Others changes	-	-	35	-	-	35	-3	32
Comprehensive income	-	-	-374	4 117	15 477	19 220	435	19 655
Equity at 30/06/2009	**10 893**	**6 534**	**187 670**	**-12 023**	**15 477**	**208 551**	**2 197**	**210 748**

Comparative information as of June 30, 2008 :

€ thousands	Issued capital	Share premiums	Reserves	Transactions adjustements reserves	Net profit for the periode	Equity attributable to equity holders of the Company	Minority interests	Total Equity
Equity at 31/12/2007	**10 893**	**6 534**	**140 753**	**-6 980**	**31 042**	**182 242**	**2 043**	**184 285**
2007 allocation of earnings	-	-	31 042	-	-31 042	-	-	-
Dividend distribution	-	-	-9 476	-	-	-9 476	-63	-9 539
Treasury share	-	-	-562	-	-	-562	-	-562
Change in scope	-	-	-	-	-	-	-	-
Others changes	-	-	-42	-	-	-42	-2	-44
Comprehensive income	-	-	2	-7 746	16 164	8 420	413	8 833
Equity at 30/06/2008	**10 893**	**6 534**	**161 717**	**-14 726**	**16 164**	**180 582**	**2 391**	**182 973**

2. NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2.1 Accounting policies and methods

General information

Virbac is the world's leading independent laboratory dedicated exclusively to animal health, with a comprehensive range of products for both companion and food producing animals.

Virbac's shares have been listed on the second market of the Paris stock exchange (compartment B of Eurolist).
Virbac is a French limited company with a management structure comprising a management board and supervisory board (société anonyme à directoire et conseil de surveillance). Its trade name is "Virbac". The company was formed in Carros in 1968. Under the company's current Memorandum and articles of association, its duration is set to expire on 2 January 2028, subject to any further extension thereof. The registered office is located at 1ère avenue 2065 LID, 06511 Carros. The company is registered on the Grasse trade and companies register under number 417350311 RCS Grasse.

The 2009 condensed half yearly consolidated financial statements were prepared by the Executive board on 28 August 2008.

The following notes to the financial statements form an integral part of the consolidated financial statements.

Scope of consolidation

The condensed interim financial statements for the semester ended 30 June 2009 comprise the financial statements of those companies that Virbac, *de jure or de facto*, directly or indirectly controls. A list of the consolidated companies is provided in the notes to the financial statements.

Changes in scope during the period are as follows:

- For reasons of operational efficiency, the Group decided to merge its two subsidiaries in Italy. On January 1st, 2009, the company Virbac SRL has absorbed the other Italian subsidiary Nuova ICC SRL. This transaction had no impact on Group equity.
- On January 20, 2009, the company St Jon VRX Products Limited was struck off the British trade and companies register. The deconsolidation of this dormant subsidiary had no impact on the consolidated income statement.

Material events of the period

The major events occurring during the first semester are:

- In January, in the United States, the Group has decided to discontinue all manufacturing operations of the site of Fort Worth (Texas) and to transfer them to the site of St. Louis (Missouri) in order to continue its refocusing on the veterinary business and drive its overall profitability. The restructuring charges related to this transaction amounted to 1 182 k€ and are classified as "Other operating income and expenses" in the income statement.
- In June 2009, Virbac has reorganized production activities of its Danish subsidiary. This decision resulted in the transfer of production activities from Denmark to the French production sites. Virbac Denmark hold its sales, marketing and administrative functions, through an organization of 10 employees. The savings from this transfer of production will allow Virbac to strengthen its focus on developing its activity on the Danish market. The restructuring charges related to this transaction amounted to 661 k€ and are classified as "Other operating income and expenses" in the income statement.

Post-balance sheet events

No significant event has occurred since the closing of consolidated accounts of June 30, 2009.

Accounting principles applied

Accounting basis

The Virbac Group's consolidated financial statements were drawn up in line with the international accounting standards as adopted by the European Union (accounting basis available on the ec.europa.eu website). The international accounting standards include the IFRS, IAS (International Accounting Standards) and their SIC (Standards Interpretations Committee) and IFRIC (International Financial Reporting Interpretations Committee) interpretations.

The half-year condensed financial statements as of June 30, 2009, are presented and have been prepared in accordance with standard IAS 34 « Interim Financial Reporting ». The condensed interim financial statements don't include the whole information required by the IFRS reference system. They should be analyzed with the consolidated statements of the previous year's balance sheet date, as of December 31, 2008.
The accounting principles applied to the condensed consolidated financial statements are identical to the ones applied to the preparation of the consolidated statements of the previous year's balance sheet date, as of 31 December 2008, considering that there is no seasonal effect.

For the presentation of the condensed consolidated financial statements as of June 30, 2009, the Group applied all the standards and interpretations in force at European level applicable for fiscal years beginning on January 1st, 2009. The applicable to financial years beginning on or after January 1st, 2009 which had an impact on the financial statements of the Group are:
- Amendment to IAS 1 "Presentation of the financial statements";
- IFRS 8 "Operating segments".

The application of the revised IAS 1 resulted in the following changes to the financial statements of the Group:
- the balance sheet is now named "statement of financial position";
- the income statement has been supplemented by a "statement of comprehensive income" which includes the year's profit and other income and expenses recorded in equity (such information was previously presented in the statement of changes in shareholders' equity);
- The statement of changes in shareholders' equity in which, some elements previously presented in reserves, are now included in the comprehensive income of the period.

The application of IFRS 8 "Operating segments" had no significant impact on the presentation of the financial statements of the Group (see note A9. Segment information).

As of the date of approval of these consolidated financial statements, the following standards and interpretations had been published by the IASB (International Accounting Standards Board) but not yet adopted by the European Union or not applicable in advance because of their contradictory nature to the current accounting basis.
- Revised IFRS 1, "First application of IFRS", applicable to financial years beginning on or after July 1st, 2009;
- Revised IFRS 3, "Business combinations", applicable to financial years beginning on or after July 1st, 2009;
- IFRS 7 amended, "Improved disclosures about financial instruments", applicable to financial years beginning on or after January 1st, 2009;

- IAS 27 revised, “Separate and consolidated financial statements”, applicable to financial years beginning on or after July 1st, 2009;compter du 1er juillet 2009 ;
- IAS 39 amended, “Reclassification of financial assets” and “exhibits eligible for hedge accounting”, applicable to financial years beginning on or after July 1st, 2009;
- IFRIC 12, « Service concession arrangements », effective for annual periods beginning on or after March 29, 2009 ;
- IFRIC 15 « Agreements for the construction of real estate», applicable to financial years beginning on or after January 1st, 2009;
- IFRIC 16 « Hedges of a net investment in a foreign operation», applicable to financial years beginning on or after Ocober 1st, 2008;
- IFRIC 17 « Distributions of non-cash assets to owners», ”, applicable to financial years beginning on or after July 1st, 2009;
- IFRIC 18 « Transfers of assets from customers ”, applicable to financial years beginning on or after July 1st, 2009.

The Group parent company is currently analysing the practical consequences of these new standards and interpretations and the impact of their application on the financial statements. Where necessary, the Group will apply these standards in its financial statements when adopted by the European Union.

Estimations

The financial statements preparation required the use of estimations and assumptions, which could have an effect on assets, liabilities, revenues and expenses registered.
These estimations and assumptions, based on the available information at the semester closing date, could impact :

- **Goodwill calculation**

To estimate the goodwill value for the companies acquired during the previous period, the additional price are dependent on some objectives and based on the management evaluation.

- **Tax charge**

The Group tax charge is calculated on the basis of the recognized tax rate estimated for the period. This rate, fixed using the effective tax rates in the fiscal entities of the Group, is applied to the profit before tax.

Change in estimations

In accordance with IAS 38, Virbac has revised the estimated useful life of its ERP. This change in estimations resulted in a decrease of 359 k€ of the depreciation charge in the first half of 2009.

Consolidations rules

Consolidation method

The financial statements of companies under the exclusive control of Virbac are fully consolidated. Those companies over which Virbac exercises joint control or significant influence are accounted for by the equity method.
All companies have been consolidated on the basis of financial statements drawn up to 30 June 2008.

Translation of financial statements

The functional currency of the Group’s foreign subsidiaries is their local currency.

The financial statements of foreign companies whose functional currency is not the euro are translated in accordance with the following principles:

- balance sheet items are translated at the exchange rate ruling on the balance sheet date. The translation adjustment resulting from the use of a different exchange rate on opening shareholders' equity is recorded in shareholders' equity in the consolidated balance sheet;
- income statement items are translated at the average rate for the financial year. The translation adjustment resulting from the use of an exchange rate that is different from the balance sheet rate is recorded in shareholders' equity in the consolidated balance sheet.

Elimination of inter-company transactions

All operations between Group companies fully consolidated are eliminated.
Regarding other intra-group transactions:

- unrealised gains on inventories and fixes assets purchased from other Group companies are eliminated;
- intra-Group dividend payments are recorded in reserves at their gross amount.

The transfer prices used between Group subsidiaries are the prices that would have been used in arms' length transactions with third parties.

2.2 Notes

A1 – Goodwills

€ thousands	Gross value as at 31/12/2008	Impairement as at 31/12/2008	Net value as at 31/12/2008	Increases	Decreases	npairment	Transfers	Translation adjustments	Net value as at 30/06/2009
Virbac	724	-274	450	-	-	-	-	-	450
Virbac France	634	-634	-	-	-	-	-	-	-
Virbac Nederland BV	1 877	-272	1 605	-	-	-	-	-	1 605
Virbac SRL	-	-	-	-	-	-	1 585	-	1 585
Virbac do Brasil Industria e Comercio Ltda	21	-	21	-	-	-	-	-	21
Virbac Danmark A/S	4 643	-	4 643	-	-	-	-	-	4 643
Virbac Nutrition	7	-	7	-	-	-	-	-	7
Dog N'Cat International	43	-	43	-	-	-	-	-	43
Bio Veto Test	6 177	-	6 177	-	-	-	-	-	6 177
Francodex Santé Animale	1 677	-1 677	-	-	-	-	-	-	-
Virbac Hellas SA	1 268	-	1 268	-	-	-	-	-	1 268
Animedica SA	90	-	90	-	-	-	-	-	90
Virbac Korea Co. Ltd	130	-	130	-	-	-	-	-	130
Bio Solution International Co. Ltd	211	-	211	42	-	-	-	-7	246
Virbac Colombia Ltda	387	-	387	-	-	-	-	-	387
Virbac Japan Co. Ltd	352	-	352	-	-	-	-	-	352
Laboratorios Virbac Costa Rica SA	11	-	11	-	-	-	-	-	11
Virbac de Portugal Laboratorios Lda	249	-62	187	-	-	-	-	-	187
Virbac Vietnam Co. Ltd	139	-41	98	-	-	-	-	3	101
Virbac RSA (Proprietary) Ltd	467	-234	233	-	-	-	-	47	280
Virbac Animal Health India Private Limited	16 555	-	16 555	-	-	-	-	163	16 718
Nuova ICC SRL	1 585	-	1 585	-	-	-	-1 585	-	-
Virbac Corporation	50 295	-2 947	47 348	-	-	-	-	-232	47 116
Virbac (Australia) Pty Ltd	3 046	-370	2 676	-	-	-	-98	213	2 791
Virbac New Zealand Limited	-	-	-	-	-	-	98	25	123
Goodwills	90 588	-6 511	84 077	-	-	-	-	212	84 331

No impairment losses in respect of goodwill has been recognised since the opening balance sheet.

Following the merger of two Italian companies, the goodwill of Nuova ICC SRL has been reclassified in Virbac SRL.

A2 – Other financial liabilities

Change in other financial liabilitiess

The increase of the other financial liabilities is mainly due to draft of part of the €80M Virbac SA credit line.

€ thousands	31/12/2008	Increases	Decreases	Change in scope	Transfers	Translation adjustments	30/06/2009
Loans	51 885	20 000	-14 344	-	-	110	57 651
Banking facilities	-	-	-	-	-	-	-
Interest accrued not due - liabilities	-	-	-	-	-	-	-
Finance lease liabilities	2 231	79	-627	-	-63	172	1 792
Profit sharing	377	-	-67	-	-	-	310
Foreign exchange and interest rate derivatives	525	427	-525	-	-	-	427
Other	122	-	-12	-	-	8	118
Other financial liabilities, current	**55 140**	**20 506**	**-15 575**	**-**	**-63**	**290**	**60 298**
Loans	2 482	-	-122	-	-	22	2 382
Banking facilities	15 468	3 504	-	-	-	-117	18 855
Interest accrued not due - liabilities	109	-	-54	-	-	-	55
Finance lease liabilities	749	-	-25	-	63	40	827
Profit sharing	71	20	-3	-	-	3	91
Foreign exchange and interest rate derivatives	1 280	283	-1 280	-	-	-	283
Other	-	-	-	-	-	-	-
Other financial liabilities, non-current	**20 159**	**3 807**	**-1 484**	**-**	**63**	**-52**	**22 493**
Other financial liabilities	**75 299**	**24 313**	**-17 059**	**-**	**0**	**238**	**82 791**

Other financial liabilities by maturity

- **As of June 30, 2009**

€ thousands	Maturity schedule < 1 year	1-5 years	> 5 years	Total
Loans	2 382	57 651	-	**60 033**
Banking facilities	18 855	-	-	**18 855**
Interest accrued not due - liabilities	55	-	-	**55**
Finance lease liabilities	827	1 792	-	**2 619**
Profit sharing	91	310	-	**401**
Foreign exchange and interest rate derivatives	283	427	-	**710**
Other	-	32	86	**118**
Other financial liabilities	**22 493**	**60 212**	**86**	**82 791**

- **As of December 31, 2007**

€ thousands	Maturity schedule < 1 year	1-5 years	> 5 years	Total
Loans	2 482	51 885	-	**54 367**
Banking facilities	15 468	-	-	**15 468**
Interest accrued not due - liabilities	109	-	-	**109**
Finance lease liabilities	749	2 231	-	**2 980**
Profit sharing	71	377	-	**448**
Foreign exchange and interest rate derivatives	1 280	525	-	**1 805**
Other	-	91	31	**122**
Other financial liabilities	**20 159**	**55 109**	**31**	**75 299**

A3 - Sales

€ thousands	30/06/2009	30/06/2008	*Change*
Sales of finished products of goods	246 791	233 136	*5.9%*
Services	87	55	*58.2%*
Ancillary operating income	333	466	*-25.5%*
Rebates and discounts on sales	-17 436	-17 830	*-2.2%*
Royalties received	246	159	*54.7%*

A4 – Other operating income and expenses

No other income or expenses not from ordinary activities was recognised at June 30, 2009.

At June 30, 2008, this item included the following :

€ thousands	30/06/2008
Proceeds from the disposal of the Consumer Brand Division (CBD)	1 870
Net carrying amount and expenses relating to the disposal of the CBD	-1 855
Remeasurement of Pharmalett inventory (purchase accounting method)	-92
Other non-recurring income and expenses	**-77**

A5 – Financial income and expenses

€ thousands	30/06/2009	30/06/2008	*Change*
Gross borrowing cost	-2 050	-1 940	*5.7%*
Income from cash and cash equivalents	44	42	*4.8%*
Net borrowing cost	**-2 006**	**-1 898**	***5.7%***
Foreign exchange losses	-1 326	-883	*50.2%*
Foreign exchange gains	1 310	750	*74.7%*
Change in interst rate and exchange rate derivatives	266	-69	*-485.5%*
Other financial expenses	-10	-17	*-41.2%*
Other financial income	234	270	*-13.3%*
Other financial income and expenses	**474**	**51**	***829.4%***
Financial income and expenses	**-1 532**	**-1 847**	***17.1%***

A6 – Income tax

	30/06/2009		30/06/2008	
€ thousands	Base	Tax	Base	Tax
Profit before tax	**23 242**		**24 067**	
Adjustment of CIR (Research tax credit)	-2 306		-1 922	
Profit before tax, adjusted for the CIR	**20 936**		**22 145**	
Current tax of French companies		1 009		-1 077

A7 – Earnings per share

€ thousands	30/06/2009	30/06/2008
Earning attributable to equity holders of the parent	**15 477 024 €**	**16 163 627 €**
Total number of shares	8 714 352	8 714 352
Impact of dilutive instruments	N/A	N/A
Number of treasury shares	44 610	104 311
Number of outstanding shares	8 669 742	8 610 041
Earnings attributable to equity holders of the parent, per share	**1.79 €**	**1.88 €**
Earnings attributable to equity holders of the parent, diluted per share	**1.79 €**	**1.88 €**

A8 – Treasury shares

At 30 June 2009, Virbac held treasury shares to be used, essentially, for stock option plans and free share grants. These treasury shares are recognised as a deduction against shareholders' equity.
As certain plans expired during the year, some employees exercised their options. At 30 June 2009, there were 49 952 treasury shares (104,311 shares at 31 December 2008) with a total value of €2 528 thousand.

A9 – Segment information

In accordance with IFRS 8, the Group provides a segment infomation.

The segment reporting of the Group is the geographic segment.
The breakdown by geographic region is made on seven sectors, based on the location of the Group's assets:

- France ;

- Europe (excluding France) ;
- Latin America ;
- North America ;
- Asia ;
- Pacific ;
- Africa & Middle East.

The Group's operating activities are organised and managed separately depending on the nature of the markets. There are two marketing segments - companion animal and food producing animal - but they cannot be used for the purposes of secondary segment reporting for the following reasons:

- nature of the products: most of the therapeutic segments are common to companion animal and food producing animal (antibiotics, parasiticides, etc.);
- manufacturing processes: the production lines are shared by both segments and there is no significant differentiation in term of supply sources;
- type or category of customers: a distinction is made between the ethical sector (veterinarians) and over-the-counter;
- internal organisation: the Virbac Group's management structures are organised by geographic region. At Group level, there is no management structure based on marketing segments;
- distribution methods: the main distribution channels depend more on the country than on the marketing segment. Sales forces may, in certain cases, be shared by the two marketing segments;
- nature of the regulatory environment: the bodies granting marketing authorisations are the same regardless of the segment.

In the reporting presented below, the segments represent the geographic regions (regions in which the Group's assets are located.

€ thousands	France	Europe excl. France	Latin America	North America	Asia	Pacific	Africa & Middle East	Total
Sales	58 743	70 670	13 081	35 298	25 037	12 915	9 753	**225 497**
Operating profit	428	10 054	1 403	8 224	2 836	365	1 464	**24 774**
Net profit attributable to equity holders of the parent	285	6 687	1 051	5 072	1 375	178	829	**15 477**
Minority interests	-3	360	-	-	70	-	-	**427**
Consolidates profit	**282**	**7 047**	**1 051**	**5 072**	**1 445**	**178**	**829**	**15 904**

A10 – Related party agreements

Executive compensation

Remuneration paid during the period corresponds to the fixed compensation, the compensation for directorships in Group companies paid in 2009 first semester, the variable compensation paid for the period and the benefits in kind granted in the first semester (company car).

Executive board members (in euros)	Fixed compensation (including benefits in kind)	Compensation for directorships in Group companies	Variable compensation	Total compensation
Éric Marée	137 232	30 000	66 025	**233 257**
Pierre Pagès	91 668	28 500	39 900	**160 068**
Christian Karst	88 005	19 000	35 500	**142 505**

Calculation criteria for the variable portion

The variable compensation of members of the executive board depends on a series of shared goals:
- sales growth;
- growth in operating profit from ordinary activities;

as well as specific operating goals.

Other benefits

In addition to the various compensation items, executive board members enjoy the benefits described below.

- **Pensions**

A supplementary defined benefit pension plan (12.5% of reference salary and 22% in the event of over 30 years' service) granted on the following terms:
- over 10 years' service in the Group (including 9 years as a member of the executive board);
- be at least 60;
- finish his/her career in the Group.

- **Severance pay**

The commitments made by the company and the companies it controls to its executives in the event of dismissal are as follows:
- Éric Marée : €483 000 ;
- Pierre Pagès : €404 000 ;
- Christian Karst : €326 000.

- **Stock-options**

All stock-options plans have now expired.

- **Bonus share grants**

In line with the authorisation granted by the shareholders' meeting, the executive board granted bonus shares to certain managerial personnel of Virbac and its subsidiaries in 2006, 2007, 2008.

These grants are contingent upon the achievement of a performance goal tied to the Group's profitability and net debt, which will, respectively, be assessed at the end of 2008, 2009, 2010 and 2010.
The 2006 plan expired in the first half of 2009. The bonus shares were granted to members of the executive board as follows:

Executive board members	Number of shares 2006 Plan
Éric Marée	2 700
Pierre Pagès	1 700
Christian Karst	1 400
Michel Garaudet	900
Total	**6 700**

The bonus shares granted under the 2007, 2008 and 2009 plans respectively amount to 13,800 shares, 14,050 shares and 14 450 shares.
The bonus shares granted to executive board members in 2007, 2008 and 2009 were as follows :

Executive board members	Number of shares 2007 Plan	Number of shares 2008 Plan	Number of shares 2009 Plan
Éric Marée	1 800	1 800	1 800
Pierre Pagès	1 300	1 300	1 300
Christian Karst	1 200	1 200	1 200
Michel Garaudet	800	800	800
Total	**5 100**	**5 100**	**5 100**

A11 – Scope of consolidation

Changes in consolidation scope are described in the preamble of the Notes. Moreover, for practical reasons, the Group has decided to withdraw the company Virbac New Zealand Limited to the pre-consolidated stage Virbac (Australia) Pty Ltd. This company is now directly consolidated. This change had no impact on profit and consolidated reserves of the Group.

Corporate Name	Location	Country	Control at 30/06/2009	Control at 31/12/2008
Virbac (parent company)	Carros	France	100.00%	100.00%
Interlab	Carros	France	100.00%	100.00%
Virbac France	Carros	France	100.00%	100.00%
Virbac Belgium SA	Wavre	Belgium	75.27%	75.27%
Virbac Nederland BV *	Barneveld	Netherlands	75.28%	75.28%
Virbac (Switzerland) AG	Glattbrugg	Switzerland	100.00%	100.00%
Virbac Ltd	Bury St. Edmunds	United Kingdom	100.00%	100.00%
Virbac SRL	Milan	Italy	100.00%	100.00%
Virbac do Brasil Industria e Comercio Ltda	São Paulo	Brazil	100.00%	100.00%
Virbac Danmark A/S	Kolding	Denmark	100.00%	100.00%
Inomark AG	Glattbrugg	Switzerland	100.00%	100.00%
Virbac Mexico SA de CV	Guadalajara	Mexico	100.00%	100.00%
Laboratorios Virbac Mexico SA de CV	Guadalajara	Mexico	100.00%	100.00%
Virbac Pharma Handelsgesellshaft mbH	Bad Oldesloe	Germany	100.00%	100.00%
Virbac Tierarzneimittel GmbH	Bad Oldesloe	Germany	100.00%	100.00%
Soparlic	Carros	France	100.00%	100.00%
Virbac Distribution	Wissous	France	100.00%	100.00%
Virbac Nutrition	Vauvert	France	100.00%	100.00%

** Pre-consolidated stages*

III. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF YEARLY FINANCIAL REPORT 2009

I certify that, to my knowledge, condensed consolidated financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Virbac consolidated group of companies, and that the half yearly management report provided a fair description of the material events that occurred during the first six months of this financial year as well as their impact on the financial statements, the principal risks and uncertainties for the remaining six months of the year.

Carros, August 28, 2009.

Éric Marée
Chairman of the executive board

IV. STATUTORY AUDITORS' REPORT ON THE FIRST HALF-YEARLY FINANCIAL INFORMATION 2009

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction and construed in accordance with French law and professional auditing standards applicable in France.

To the Shareholders,

In accordance with the assignment entrusted to us by your shareholder's meetings and in accordance with the article L.451-1-2 of the French monetary and financial code (Code monétaire et financier), we hereby report to you on:

- the limited review of the accompanying condensed consolidated financial statements of VIRBAC for the period from January 1 to June 30, 2009;
- the verification of the information contained in the half-year management report.

These condensed half-yearly consolidated financial statements were prepared under the responsibility of your Board of Directors in a context of uncertain future prospects that already existed at the December 31, 2008 year-end. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional practice standards applicable in France. A limited review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures. A limited review is substantially less in scope than an audit conducted in accordance with professional practice standards applicable in France. Consequently, the level of assurance that the condensed financial statements, taken as a whole, are free from material misstatements, which is obtained under a limited review, is moderate, and lower than the one obtained under an audit.

Based on our limited review, no material misstatement has come to our attention that causes us to believe that the condensed half-yearly consolidated financial statements are not prepared in accordance with IAS 34 of the IFRS, as adopted in the European Union with respect to interim financial information.

Without modifying the conclusion expressed above, we draw your attention to the paragraph "Accounting basis" of the note "Accounting principles applied" in the condensed half-yearly consolidated financial information which sets out the changes in accounting methods arising from the application of new standards and interpretations since January 1, 2009.

2. Specific verification

We have also verified the information provided in the interim management report relating to the condensed half-yearly consolidated financial statements that were the object of our limited review. We have no matters to report on the fairness and consistency of this information with the condensed half-yearly consolidated financial statements.

Nice and Marseille, August 28, 2009
The Statutory Auditors
French original signed by

David & Associés	**Deloitte & Associés**
Jean-Pierre GIRAUD	**Vincent GROS**