Quarterly report as of March 31, 2010

This report is prepared in narrative form under the terms of implementation of article L451-1-2 of the Monetary and Financial Code issued by the French financial markets authority (AMF).

I – Key events of 2010 1st Quarter

On 29 January 2010, Virbac signed an agreement with Pfizer to acquire certain veterinary products and their associated assets in Australia, in particular a production site. The transaction amounted to AUD 13.1 million plus acquisition and fiscal costs. This transaction has received approval from the Australian competition and consumer commission ; it forms part of the divestment of assets required by this commission following the recent acquisition of Wyeth and its Fort Dodge veterinary business by Pfizer. According to the terms of this agreement, Virbac has acquired the rights to a group of products previously sold in Australia by Fort Dodge for food producing animals, mainly bovine and ovine products. This consists of parasiticides (80% of sales) and vaccines (20%), which sales amounted to AUD 37 million in 2009.
This new portfolio will perfectly fit and complement the product range that Virbac Australia already provides to its customers.
This business will have a positive contribution to Virbac Australia's results from 2010.
This acquisition constitutes a business combination within the meaning of IFRS 3 and will be consolidated following the full consolidation method in the Group's 2010 financial statements. Ascertainment of the fair value of the assets acquired as part of this agreement is in progress and the transaction will generate a badwill in the Group's 2010 financial statements.

Early 2010, Virbac entered into a strategic alliance in the food producing animal vaccine area in acquiring 30% of Uruguayan laboratory Santa Elena for a total of USD 3.7 million. This company, which has been active in Uruguay for more than fifty years, has wide expertise in vaccines development and manufacturing, particularly bovine vaccines which it sells in Uruguay and in other Latin American countries. Its sales in 2009 reached USD 7 million with a good profitability level.
Virbac will have the option to acquire all of Santa Elena in the future.
Thanks to this alliance, Santa Elena will be able to rely on the solid commercial platform provided by Virbac in order to introduce its ranges of vaccines in many international markets. Virbac on its side will benefit from the skills and know-how of Santa Elena in biology to help building up a solid base for the development and production of vaccines for food producing animals, allowing entry into this market segment.
Santa Elena will be consolidated as a joint-venture in the Group's 2010 financial statements.

II – General overview of Virbac financial situation and profits

Consolidated figures (Millions euros)	TOTAL 1st quarter
2010 Provisional Net Sales	135.9
2009 Net Sales	109.0
Change	**24.7%**
Change at constant exchange rate	**20.9%**
Change at constant scope and exchange rate (*)	**16.0%**

* Excluding the acquisitions impact realised in 2010 in Australia : Fort Dodge products

Activity :

The exceptional performance achieved in the first quarter. + 24.7%. is partly due to the combination of several factors which contributed to accelerating Virbac's sales growth :
- in Europe. the sell-in for the spring campaign of parasiticides for companion animals based on Fipronil : Effipro in the veterinary channel and Fiproline in the specialized channels ;
- in the United States. the listing of Iverhart. internal parasiticide for dogs. by new distributors who were until recently under exclusive distribution agreements with competitors ;
- in France. a certain re-stocking by wholesalers. notably in the food producing animals sector ;
- in Australia. the integration of products acquired from Pfizer end of January ;
- finally the weakening of the Euro and the strengthening of many currencies since the beginning of the year.

While benefiting from such favourable factors. the Group enjoyed a good growth in all regions and particularly in its larger markets : Germany. France. Italy. the United States. Mexico. Brazil. India…

Perspectives :

The favourable evolution of sales in the first quarter confirms the perspectives of the Group's 5 to 7% organic growth in 2010.

Debt :

The Group's net debt increased compared to 2009 due to the timely payment of part of 2009 year-end rebates on sales and the financing of the acquisitions in Uruguay and Australia.

III – Turnover breakdown per activity

Consolidated figures (Millions euros)	Change (Constant rate & scope)
Companion Animals	**23.9%**
Food Producing Animals	**6.4%**
Other businesses	**-27.5%**
TOTAL	**16.0%**

- **Companion Animals**

Sales in the companion animals segment have increased by 23.9% at constant exchange rates. with on one hand the development of Effipro and Iverhart and on the other hand the good performance of nutrition. dermatology. dental care. specialties. equine parasiticides.

- **Food Producing Animals**

Growth in the food producing animals segment has reached a high level : + 19.8% at constant exchange rates due to the contribution of products acquired from Pfizer in Australia. Excluding this acquisition. sales in this segment have increased by + 6.4%. a combination of the growth in emerging countries. a positive trend in the bovine area and a more difficult situation in industrial breeding (swine and poultry) in Europe.

- **Other businesses**

These activities. which represent less than 1.8% of total sales are declining in 2010. They correspond to the Group's less strategic markets and include production on behalf of third parties in the United States.

VIRBAC : Passionate about animal health
NYSE Euronext - Compartiment B - code ISIN : FR0000031577 / MNEMO : VIRP
Corporate finance : tél. 04 92 08 71 32
E-mail : finances@virbac.fr – Site : www.virbac.com