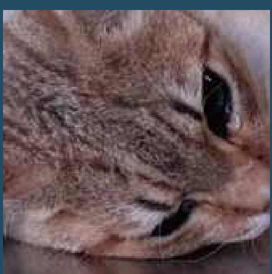
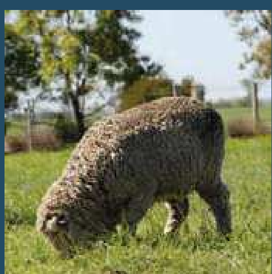
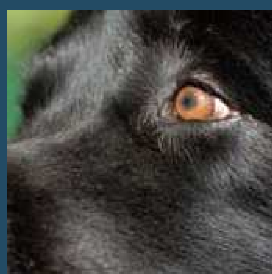
HALF YEARLY FINANCIAL REPORT
(Ended June, 30 2010)

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I. HALF YEARLY MANAGEMENT REPORT AS OF JUNE 30, 2010

1. KEY EVENTS OF FIRST SEMESTER

❖ On January 5th, 2010, Virbac has entered into a strategic alliance in food-producing animals vaccines by taking a 30% shareholding in the Uruguayan laboratory Santa Elena for an amount of USD 3.7 million. This company is established in Uruguay since more than 50 years and enjoys a large expertise in the development and manufacturing of vaccines, essentially for bovine, which are marketed in Uruguay and Latin American countries. Its revenues reached 7 million US dollars in 2009.Virbac will have the possibility to ultimately acquire whole of the capital stock of Santa Elena.
With this alliance, Santa Elena will be able to use the solid commercial platform brought by Virbac and introduce its vaccines range in many markets abroad. Virbac on its side will benefit from Santa Elena's skills and know-how in biology to help building up a development and manufacturing base for food-producing animals vaccines, allowing Virbac's entry into this market segment.

❖ On January 29th, 2010, Virbac signed an agreement with Pfizer to acquire certain veterinary products and related assets, including a manufacturing facility, in Australia. The transaction was for a sum of AUD 11.7 million excluding acquisition and fiscal costs. The agreement has been approved by the Australian Competition and Consumer Commission; it was part of the divestment required by the Commission in connection with Pfizer's recent acquisition of Wyeth, including its Fort Dodge Animal Health business. Virbac has acquired rights to a portfolio of livestock products historically marketed in Australia by Fort Dodge Animal Health for use in farm animals, primarily cattle and sheep. The portfolio includes parasiticides (80% of sales) and vaccines (20%) that achieved net sales of approximately 36 million Australian dollars in 2009. This new portfolio will perfectly fit and complement the current range of products that Virbac Australia is bringing to its customers.
This acquisition constitutes a business combination within the meaning of revised IFRS 3 and is recorded as such in the present consolidated financial statements. The difference between the acquisition cost of the assets and their fair value is a negative goodwill of 11.5 million euros recorded as non recurring income in the income statement.

2. GENERAL OVERWIEW OF VIRBAC FINANCIAL SITUATION AND PROFITS

Consolidated number (in million Euros)	First half 2010	First half 2009	Change 2010 / 2009
Revenue from ordinary activities	**284,1**	**225,5**	**26,00%**
Growth at constant exchange rates			19,60%
Pro-forma growth at constant exchange rates			14,40%
Current operating result	**41,7**	**24,8**	**68,40%**
As a % of revenue	14,70%	11,00%	
Operating result	**52,2**	**24,8**	**110,80%**
Net profit – Group share	**38**	**15,5**	**145,70%**

Net sales rose by 26% thanks to the sustained growth of all geographical areas, the integration of the Australian acquisition and a favourable exchange rate impact. Current operating result amounted to € 41,7 million, up 68,4% compared with the previous financial year thanks to the activity growth, the improvement of the gross profit rate and a controlled increase of expenses. The increase of the operating result is definitely higher than current operating result due to the booking of € 11.5 million corresponding to the difference between acquisition cost of the Australian assets and their fair value.
Financial expenses were € 1 million compared to € 1,5 million the previous year thanks to the reduction of the debt cost.
The Net profit – Group share amounted to € 38 million, up 145,7%.

Financial position :

The Group's net debt amounted to € 37,6 million against € 33,8 million at December 31, 2009, an increase of 11,2%.

The good generation of cash flow and the control of working capital have allowed, despite the Australian acquisition, limiting the seasonal increase of net debt to a much lower level than in previous years.

On 23rd December 2003, Virbac arranged an € 100 million seven-year credit facility with a banking pool. At 31st December 2009, the second repayment took place and the maximum amount was thus set at € 70 million until 23rd December 2010.
In July 2010, the Group arranged and put in place with a banking pool the refinancing of this line, through a new € 220 million 5 years credit facility extendible to six years.

Full year outlook :

Based of the first half performance, annual organic growth should exceed the 5 to 7% range announced earlier this year and could reach 8 to 10%. Besides, the successful integration of the Australian acquisition and the favourable exchange rates impact will continue to accelerate revenue growth. Current operating profit ratio, which has reached 12.5% in 2009, should exceed the +0.5% targeted improvement previously announced.

3. TURNOVER BREAKDOWS

Per Activity

Consolidated number (in millions Euros)	First half 2010	First half 2009	Change (at constant rate)	Change (at constant rate and scope)
Companion Animals	170,5	138,4	23,20%	19,20%
Food Producing Animals	107,4	82,3	30,50%	5,50%
Others Activities	6,2	4,8	30,40%	27,40%
TOTAL	**284,1**	**225,5**	**26,00%**	**14,40%**

- **Companion animals**

The organic growth in companion animals was very strong (+19.2%), accelerated by the one-off impact, on half year sales of the sell-in right at the beginning of the season of parasiticides based on Fipronil, Effipro and Fiproline, in Europe and the growth of Iverhart, in the United States, supported by its listing with new distributors at the beginning of year.

- **Food producing animals**

The Food producing animals segment show a good organic growth (+5.5%), with a contrast between the bovine area, growing by 9.7%, and the industrial breeding (swine and poultry), down -4.2% due to a market situation remaining difficult in Europe.

- **Others activities**

These businesses, which accounted for 2.2% of sales, involved markets of lesser strategic importance for the Group and mainly included contract manufacturing in the United States.

Per area

Area / M€	2010	2009	Change (%)	Change (at constant rate)
France	52,9	45,7	15,60%	15,60%
Europe excluding France	89,7	80	12,10%	11,40%
North America	44	35,7	23,00%	22,00%
Latin America	17,4	13,6	27,40%	12,50%
Africa - Middle East	14,7	11,6	26,70%	6,70%
Asia	33,3	26,2	27,40%	19,20%
Pacific	32,1	12,6	155,30%	100,00%
TOTAL	**284,1**	**225,5**	**26,00%**	**19,60%**

On a half-year basis, all regions record a double digit organic growth. Major factors contributing to this performance are :
- In Europe, the sell-in right at the beginning of the season of the parasiticides based on Fipronil, Effipro and Fiproline, combined with the good performance of product ranges for companion animals, as well as a recovery in the food producing animals business;
- In the United States, the growth of Iverhart, supported by its listing with new distributors at the beginning of year, together with the very positive evolution of products in dermatology, dental care and other specialties;
- In other regions, the sustained level of sales both in the food producing animals market, in particular in emerging countries and in Australia, and in the companion animals market (Japan).

In Australia, the integration of products acquired from Pfizer is going on as planned and has led Virbac to rank second in this market.

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

The estimation of risks and their potential impact on the financial situation of the company for 2010 has not changed from what was described in the notes to the financial statements at December 31, 2009.

5. TRANSACTION WITH RELATED PARTY

Information on related parties is detailed in the A35 notes to the financial statements 2009. No significant changes were found in the first half of 2010. 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	2010.06	2009.12
Goodwills	A1	89 965	84 300
Intangible assets	A2	87 080	81 947
Tangible assets	A3	93 463	76 961
Other financial assets		1 136	953
Investments accounted for by the equity method	A4	3 458	494
Deferred tax assets		3 869	3 466
Non-current asset		**278 971**	**248 121**
Inventories and work-in process	A5	94 397	70 633
Trade receivables	A6	99 281	75 006
Other financial assets		1 005	568
Other receivables		28 249	26 073
Cash and cash equivalents		20 846	14 069
Assets held for sale		-	-
Current asset		**243 778**	**186 349**
Asset		**522 749**	**434 470**
Shared capital		10 893	10 893
Reserves attributable to the owners of the parent company		269 065	222 712
Capital and reserves attributable to the owners of the parent company		**279 958**	**233 605**
Minority interests		2 501	2 595
Total equity		**282 459**	**236 200**
Deferred tax liabilities		11 916	8 666
Provisions for employee benefits		9 269	7 597
Other provisions		2 388	1 475
Other financial liabilities	A7	41 170	34 533
Other payables		10 903	10 691
Non-current liability		**75 646**	**62 962**
Other provisions		297	305
Trade payables	A8	71 299	54 459
Other financial liabilities	A7	17 309	13 376
Other payables		75 739	67 168
Current liability		**164 644**	**135 308**
Liability		**522 749**	**434 470**

1.2. Income statement

€ thousands	Notes	2010.06	2009.06	Variation
Revenue from ordinary activities	**A9**	**284 087**	**225 497**	***26%***
Purchases consumed		-91 066	-72 459	
External expenses		-63 704	-53 952	
Personnel costs		-72 137	-62 138	
Taxes and duties		-5 849	-4 941	
Dépréciations and provisions		-10 244	-5 930	
Other operating income and expenses		633	-1 303	
Current operating result		**41 720**	**24 774**	***68,4%***
Other non-recurring income and expenses	**A10**	10 499	-	
Operating result		**52 219**	**24 774**	***110,8%***
Financial income and expenses	**A11**	-1 037	-1 532	
Result before tax		**51 182**	**23 242**	***120,2%***
Income tax	**A12**	-12 569	-7 324	
Share from company's result using the equity accounting method		-179	-14	
Result for the period		**38 434**	**15 904**	***141,7%***
- attributable to the owners of the parent company		38 032	15 477	***145,7%***
- attributable to minority interests		402	427	***-5,9%***
Result attributable to the owners of the parent company, per share	**A13**	4,38 €	1,78 €	*145,6%*
Result attributable to the owners of the parent company, diluted per share	**A13**	4,38 €	1,78 €	*145,6%*

1.3. Statement of comprehensive income

€ thousands	2010.06	2009.06	Variation
Result for the period	**38 434**	**15 904**	***141,7%***
Change in asset revaluation reserve	-	-	
Actuarial gains and losses	-	-	
Conversion gains and losses	20 652	4 125	
Gains and losses from revaluation of financial assets available for sale	-	-	
Effective portion of gains and losses on hedging instruments	-946	-570	
Other items of comprehensive income (before tax)	**19 706**	**3 555**	***454,3%***
Tax on other elements of comprehensive income	-	-	
Share from the other elements of the company's comprehensive income using the equity accounting method	326	196	
Comprehensive income	**58 466**	**19 655**	***197,5%***
- attributable to the owners of the parent company	57 999	19 220	*201,8%*
- attributable to minority interests	467	435	*7,4%*

1.4. Cash flow statement

€ thousands	2010.06	2009.06
Result for the periode	**38 434**	**15 904**
Elimination of share of result using the equity accounting method	179	14
Elimination of depreciation and provisions	11 565	6 546
Elimination deferred tax change	-1 562	1 902
Elimination of gain and losses on disposals	-28	4
Other non-cash income and expenses	-10 194	659
Cahs flow	**38 394**	**25 029**
Impact of net change in inventories	-13 712	-2 357
Impact of net change in trade receivables	-18 690	-2 778
Impact of net change in trade payables	12 486	-571
Impact of net change in other receivables and payables	1 439	-13 908
Impact of change in working capital requirements	**-18 477**	**-19 614**
Net financial interest paid	724	2 006
Net cash flow generated by operating activities	**20 641**	**7 421**
Acquisition of intangibles assets	-1 013	-636
Acquisition of tangibles assets	-7 665	-9 844
Disposal of intangible and tangible assets	230	133
Change in financial assets	-56	42
Change in debts relative to acquisitions	-	-
Acquisitions of subsidiaries or activities	-12 470	-
Disposals of subsidiaries or activities	-	-
Dividends received	-	-
Net cash allocated to investments	**-20 974**	**-10 305**
Dividends paid by the parent company	-	-
Dividends paid to the minority interests	-444	-448
Change in treasury shares	-430	1 139
Increase/decrease of capital	-	-
Debt issues	8 292	20 208
Repayments of debt	-2 137	-14 995
Net financial interest paid	-724	-2 006
Net cash from financing activities	**4 557**	**3 898**
Change in cash position	**4 224**	**1 014**

1.5. Statement of change in cash position

€ thousands	2010.06	2009.06
Cash and cash equivalents	14 069	8 414
Banks overdrafts	-9 675	-15 468
Accrued interest not yet matured	-35	-109
Opening net cash position	**4 359**	**-7 163**
Cash and cash equivalents	20 846	13 289
Banks overdrafts	-10 248	-18 855
Accrued interest not yet matured	-45	-55
Closing net cash position	**10 553**	**-5 621**
Impact of tranlation adjustments	1 970	528
Change in cash position	**4 224**	**1 014**

1.6. Statement of change in shareholders' equity

€ thousands	Issued capital	Share premiums	Reserves	Conversion reserves	Result for the period	Equity attributable to the owners of the parent company	Minority interests	Equity
Equity at 31/12/2008	**10 893**	**6 534**	**161 725**	**-16 140**	**35 408**	**198 420**	**2 593**	**201 013**
2008 allocation of net result	-	-	35 408	-	-35 408	-	-	-
Distribution of dividends	-	-	-10 403	-	-	**-10 403**	-828	**-11 231**
Treasury shares	-	-	1 736	-	-	**1 736**	-	**1 736**
Scope movements	-	-	4	-	-	**4**	-4	-
Others variations	-	-	-	-	-	-	-	-
Comprehensive income	-	-	227	4 805	38 816	**43 848**	834	**44 682**
Equity at 31/12/2009	**10 893**	**6 534**	**188 697**	**-11 335**	**38 816**	**233 605**	**2 595**	**236 200**
2009 allocation of earnings	-	-	38 816	-	-38 816	-	-	-
Distribution of dividends	-	-	-11 503	-	-	**-11 503**	-561	**-12 064**
Treasury shares	-	-	-143	-	-	**-143**	-	**-143**
Scope movements	-	-	-	-	-	-	-	-
Others variations	-	-	-	-	-	-	-	-
Comprehensive income	-	-	-620	20 587	38 032	**57 999**	467	**58 466**
Equity at 30/06/2010	**10 893**	**6 534**	**215 247**	**9 252**	**38 032**	**279 958**	**2 501**	**282 459**

Comparative information as of June 30, 2009

€ thousands	Issued capital	Share premiums	Reserves	Conversion reserves	Result for the period	Equity attributable to the owners of the parent company	Minority interests	Equity
Equity at 31/12/2008	**10 893**	**6 534**	**161 725**	**-16 140**	**35 408**	**198 420**	**2 593**	**201 013**
2007 allocation of earnings	-	-	35 408	-	-35 408	-	-	-
Distribution of dividends	-	-	-10 456	-	-	**-10 456**	-828	**-11 284**
Treasury shares	-	-	1 332	-	-	**1 332**	-	**1 332**
Scope movements	-	-	-	-	-	-	-	-
Others variations	-	-	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**

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 2010 condensed half yearly consolidated financial statements were prepared by the Executive board on 30 August 2010.

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

Material events of the period

The major events occurring during the first semester are as follows :

❖ On January 5th, 2010, Virbac has entered into a strategic alliance in food-producing animals vaccines by taking a 30% shareholding in the Uruguayan laboratory Santa Elena for an amount of USD 3.7 million. This company is established in Uruguay since more than 50 years and enjoys a large expertise in the development and manufacturing of vaccines, essentially for bovine, which are marketed in Uruguay and Latin American countries. Its revenues reached 7 million US dollars in 2009.Virbac will have the possibility to ultimately acquire whole of the capital stock of Santa Elena.
With this alliance, Santa Elena will be able to use the solid commercial platform brought by Virbac and introduce its vaccines range in many markets abroad. Virbac on its side will benefit from Santa Elena's skills and know-how in biology to help building up a development and manufacturing base for food-producing animals vaccines, allowing Virbac's entry into this market segment.

❖ On January 29th, 2010, Virbac signed an agreement with Pfizer to acquire certain veterinary products and related assets, including a manufacturing facility, in Australia. The transaction was for a sum of AUD 11.7 million excluding acquisition and fiscal costs. The agreement has been approved by the Australian Competition and Consumer Commission; it was part of the divestment required by the Commission in connection with Pfizer's recent acquisition of Wyeth, including its Fort Dodge Animal Health business. Virbac has acquired rights to a portfolio of livestock products historically marketed in Australia by Fort Dodge Animal Health for use in farm animals, primarily cattle and sheep. The portfolio includes parasiticides (80% of sales) and vaccines (20%) that achieved net sales of approximately 36 million Australian dollars in 2009. This new portfolio will perfectly fit and complement the current range of products that Virbac Australia is bringing to its customers.
This acquisition constitutes a business combination within the meaning of revised IFRS 3 and is recorded as such in the present consolidated financial statements. The difference between the acquisition cost of the assets and their fair value is a negative goodwill of 11.5 million euros recorded as non recurring income in the income statement.

Post-balance sheet events

In July 2010, the Group arranged and put in place with a banking pool the refinancing of this line, through a new € 220 million 5 years credit facility extendible to six years.

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 is relating to the acquisition of a stake by Virbac up to 30% in an Uruguayan company Santa Elena. This entity is consolidated following the equity method.

Accounting principles applied

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, 2010, 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, 2009.
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 2009.

For the presentation of the condensed consolidated financial statements as of June 30, 2010, the Group applied all the standards and interpretations in force at European level applicable for fiscal years beginning on January 1st, 2010.
These standards and interpretations are as follows:

- IFRS 3 revised, "business combinations", applicable to periods beginning on or after 1st January 2010;
- IFRS 2 amended, "posting of spent treasury plans within the Group", applicable to periods beginning on or after 1st January 2010;
- IAS 27 revised, "consolidated and individual financial statements", applicable to periods beginning on or after 1st July 2009;
- IAS 39 amended, "exposures eligible for hedge accounting", applicable to periods beginning on or after 1st July 2009;
- IFRIC 12, "concessions", applicable to periods beginning on or after 29 March 2009;
- IFRIC 15, "agreements for the construction of an intangible asset" applicable to periods beginning on or after 1st January 2010;
- IFRIC 16, "hedging of a net investment in an activity abroad", applicable to periods beginning on or after 1st July 2009;
- IFRIC 17, "distribution of non-monetary assets to shareholders", applicable to periods beginning on or after 1st November 2009;
- IFRIC 18, "transfer of assets to clients", applicable to periods beginning on or after 1st November 2009;

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 :

- IFRS 1 amended, "first application of the IFRS for the first IFRS adoptions", applicable to periods beginning on or after 1st January 2010;
- IFRS 9, "financial instruments", applicable to periods beginning on or after 1 January 2013;
- IAS 24 revised, "information to provide to associated parties", applicable to periods beginning on or after 1st January 2011;

❖ IAS 32 amended, “classification of share subscriptions”, applicable to periods beginning on or after 1 February 2010;
❖ IFRS 1 amended, “limited exemption from comparative IFRS 7 disclosures”, applicable to periods beginning on or after 1st July 2010;
❖ IFRIC 14 amended, “prepayments of a minimum funding requirement”, applicable to periods beginning on or after 1st January 2011;
❖ IFRIC 19, “Extinguishing Financial Liabilities with Equity Instruments”, applicable to periods beginning on or after 1st July 2010;

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.

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 2010.

Translation of financial statements

The functional currency of the Group’s foreign subsidiaries is their local currency, except for Santa Elena company in Uruguay the functional currency of which is the American dollar.

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.

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 :

- **Acquisition price**

Some acquisition contracts relating to company regrouping or the purchase of intangible assets, include a clause likely to change the price of the acquisition, depending on the objectives associated with financial income, the obtainment of marketing authorisation, or results of efficacy testing.
In this case, the Group should estimate, at the close of the financial year, the acquisition price based on the most realistic assumptions for achieving these objectives.

- **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.

2.2. Notes

A1 – Goodwills

in € thousands	Gross value as at 31/12/2009	Impairement of value as at 31/12/2009	Accounting value as at 31/12/2009	Increases	Disposals	Impairment of value	Transfers	Conversion gains and losses	Accounting value as at 30/06/2010
Virbac	724	-274	**450**	-	-	-	-	-	450
Virbac France	634	-634	**0**	-	-	-	-	-	0
Virbac Nederland BV	1 877	-272	**1 605**	-	-	-	-	-	1 605
Virbac SRL	1 585	-	**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	**-**	-	-	-	-	-	0
Virbac Hellas SA	1 268	-	**1 268**	-	-	-	-	-	1 268
Animedica SA	90	-	**90**	-	-	-	-	-	90
Virbac Korea Co. Ltd	130	-	**130**	-	-	-	-	-	130
Virbac (Thailand) Co. Ltd	247		**247**	-	-	-	-	51	298
Virbac Colombia Ltda	387	-	**387**	-	-	-	-	-	387
Virbac Japan Co. Ltd	352	-	**352**	-	-	-	-	-	352
Laboratorios Virbac Costa Rica SA	11	-	**11**	-	-	-	-	2	13
Virbac de Portugal Laboratorios Lda	249	-62	**187**	-	-	-	-	-	187
Virbac Vietnam Co. Ltd	133	-39	**94**	-	-	-	-	13	107
Virbac RSA (Proprietary) Ltd	572	-286	**286**	-	-	-	-	39	325
Virbac Animal Health India Private Limited	16 831	-	**16 831**	-	-	-	-	2 813	19 644
Virbac Corporation	49 680	-2 846	**46 834**	-	-	-	-	2 547	49 381
Virbac (Australia) Pty Ltd	3 240	-312	**2 928**	-	-	-	-	186	3 114
Virbac New Zealand Limited	279	-155	**124**	-	-	-	-	14	138
Goodwill	**90 857**	**-6 557**	**84 300**	**-**	**-**	**-**	**-**	**5 665**	**89 965**

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

A2. Intangibles assets

€ thousands	Concessions, patents, licenses and brands	Other intangible assets	Total
Gross value as at 31/12/2009	**91 823**	**33 958**	**125 781**
Acquisitions	2 104	2 793	**4 897**
Disposals	-	-101	**-101**
Changes in scope	-	-	-
Transfers	-106	135	**29**
Conversion gains and losses	4 699	1 022	**5 721**
Gross value as at 30/06/2010	**98 520**	**37 807**	**136 327**
Depreciation as at 31/12/2009	**-23 495**	**-20 339**	**-43 834**
Allowances	**-2 476**	-1 348	-3 824
Reversals	-	-	-
Disposals	-	1	1
Changes in scope	-	-	-
Transfers	-	-	-
Conversion gains and losses	**-1 020**	**-570**	-1 590
Depreciation as at 30/06/2010	**-26 991**	**-22 256**	**-49 247**
Net value as at 31/12/2009	**68 328**	**13 619**	**81 947**
Net value as at 30/06/2010	**71 529**	**15 551**	**87 080**

The increase of the intangibles assets is mainly due to the acquisition of Pfizer assets in Australia (€ 2 026 thousand) and Schering-Plough assets in Brazil (€ 1 982 thousand).

A3. Tangible assets

€ thousands	Land	Constructions	Technical facilities, materials and industrial equipment	Other tangible assets	Total
Gross value as at 31/12/2009	**5 077**	**84 514**	**66 413**	**23 021**	**179 025**
Acquisitions	4 401	1 915	6 045	5 777	**18 138**
Disposals	-	-	-526	-346	**-872**
Changes in scope	-	-	-	-	-
Transfers	-	733	367	-1 521	**-421**
Conversion gains and losses	608	2 505	2 495	1 742	**7 350**
Gross value as at 30/06/2010	**10 086**	**89 667**	**74 794**	**28 673**	**203 220**
Depreciation as at 31/12/2009	**-**	**-43 969**	**-45 889**	**-12 206**	**-102 064**
Allowances	-	**-1 989**	**-2 585**	-994	-5 568
Reversals	-	-	**9**	-	9
Disposals	-	-	**512**	258	770
Changes in scope	-	-	-	-	-
Transfers	-	-	**10**	377	387
Conversion gains and losses	-	**-894**	**-1 552**	**-845**	-3 291
Depreciation as at 30/06/2010	**-**	**-46 852**	**-49 495**	**-13 410**	**-109 757**
Net value as at 31/12/2009	**5 077**	**40 545**	**20 524**	**10 815**	**76 961**
Net value as at 30/06/2010	**10 086**	**42 815**	**25 299**	**15 263**	**93 463**

The increase of the tangibles assets is mainly due to the acquisition of Pfizer assets in Australia for 10 467 k€.

A4. Share in companies accounted for by the equity method

€ thousands	Company's individual accounts using equity method Total balance sheet	Sales	Result	Consolidated financial statements Share on equity	Share of result
German company	2 213	2 101	-622	341	**-149**
South African company	-	-	-14	1	**-3**
Uruguayan company (Santa Elena)	5 538	2 502	-88	3 116	**-27**
Share in companies using equity method				**3 458**	**-179**

COMPANY : SANTA ELENA

On January 5th, 2010, Virbac has entered into a strategic alliance in food-producing animals vaccines by taking a 30% shareholding in the Uruguayan laboratory Santa Elena for an amount of USD 3.7 million.

The shareholders' agreement signed in connection with the acquisition of 30% of the Santa Elena is considered as a joint-venture agreement and as such must be treated in accordance with IAS31. Following paragraph 38 of IAS 31, Virbac adopted the alternative method in the consolidated financial statement, which allows to apply the equity method of the stake in the joint-venture companies.

The « implicit » goodwill linked to this operation is calculated as follows :

€ thousands	Statement value
Investments acquisition	2 585
Acquisition fees	94
Investments acquisition cost	**2 679**
Share of the financial statement acquisition	930
Implicit goodwill	**1 749**

The share of the financial statement acquisition is show in detail hereunder :

€ thousands	Fair value
Intangible assets	12
Tangible assets	569
Inventories and work-in progress	368
Other receivables	498
Cash	36
Financial liabilities	-263
Other payables	-291
Share of the financial statement acquisition	**929**

A5. Inventory and work in progress

€ thousands	Raw material and supplies	work in progress	Finished goods and merchandise	Total
Gross value as at 31/12/2009	**23 312**	**6 339**	**45 586**	**75 237**
Variations	15 401	1 296	8 335	**25 032**
Changes in scope	-	-	-	-
Transfers	-	-	167	**167**
Conversion gains and losses	1 690	13	4 233	**5 936**
Gross value as at 30/06/2009	**40 403**	**7 648**	**58 321**	**106 372**
Depreciation as at 31/12/2009	**-1 316**	**-932**	**-2 356**	**-4 604**
Allowances	**-954**	**-717**	**-1 550**	-3 221
Reversals	**588**	**932**	**2 013**	3 533
Changes in scope	-	-	-	-
Transfers	**-79**	-	**-7 162**	-7 241
Conversion gains and losses	**-125**	-	**-317**	-442
Depreciation as at 30/06/2010	**-1 886**	**-717**	**-9 372**	**-11 975**
Net value as at 31/12/2009	**21 996**	**5 407**	**43 230**	**70 633**
Net value as at 30/06/2010	**38 517**	**6 931**	**48 949**	**94 397**

Apart from the conversion gains and losses, the increase of the inventory and work in progress is mainly due to the growth of the activity and the integration of Pfizer’s assets in Australia.

A6. Trade receivables

€ thousands	Trade receivables
Gross value as at 31/12/2009	**77 700**
Variations	18 776
Changes in scope	-
Transfers	-
Conversion gains and losses	5 766
Gross value as at 30/06/2010	**102 242**
Depreciation as at 31/12/2009	**-2 694**
Allowances	-232
Reversals	**146**
Changes in scope	-
Transfers	-
Conversion gains and losses	-181
Depreciation as at 30/06/2010	**-2 961**
Net value as at 31/12/2009	**75 006**
Net value as at 30/06/2010	**99 281**

Apart from the conversion gains and losses, the increase of the inventory and work in progress is mainly due to the growth of the activity.

A7. Other financial liabilities

Change in other financial liabilities

€ thousands	31/12/2009	Increases	Decreases	Change in scope	Transfers	Translation adjustments	30/06/2010
Loans	**32 604**	7 076	-1 196	-	-	743	**39 227**
Bank overdrafts	-	-	-	-	-	-	-
Accrued interest liabilities not yet matured	-	-	-	-	-	-	-
Debt relating to leasing contracts	**1 787**	-	-202	-	-329	104	**1 360**
Employee profit sharing	8	25	-	-	-	3	**36**
Financial derivative	**20**	423	-20	-	-	-	**423**
Others	**114**	-	-5	-	-	15	**124**
Other non-current financial liabilities	**34 533**	**7 524**	**-1 423**	**-**	**-329**	**865**	**41 170**
Loans	**2 248**	893	-84	-	-	442	**3 499**
Bank overdrafts	**9 675**	197	-	-	-	376	**10 248**
Accrued interest liabilities not yet matured	**35**	10	-	-	-	-	**45**
Debt relating to leasing contracts	**965**	53	-265	-	329	45	**1 127**
Employee profit sharing	**325**	269	-332	-	-	12	**274**
Financial derivative	**128**	2 116	-128	-	-	-	**2 116**
Others	-	-	-	-	-	-	-
Other current financial liabilities	**13 376**	**3 538**	**-809**	**-**	**329**	**875**	**17 309**
Other financial liabilities	**47 909**	**11 062**	**-2 232**	**-**	**-**	**1 740**	**58 479**

Others financial liabilities by maturity
June 30th, 2010

€ thousands	Payments < 1 year	Payments 1-5 years	Payments > 5 years	Total
Loans	3 499	39 227	-	**42 726**
Bank overdrafts	10 248	-	-	**10 248**
Accrued interest liabilities not yet matured	45	-	-	**45**
Debt relating to leasing contracts	1 127	1 360	-	**2 487**
Employee profit sharing	274	36	-	**310**
Financial derivative instruments	2 116	423	-	**2 539**
Others	-	124	-	**124**
Other financial liabilities	**17 309**	**41 170**	**-**	**58 479**

December 31st, 2009

€ thousands	Payments < 1 year	Payments 1-5 years	Payments > 5 years	Total
Loans	2 248	32 604	-	**34 852**
Bank overdrafts	9 675	-	-	**9 675**
Accrued interest liabilities not yet matured	35	-	-	**35**
Debt relating to leasing contracts	965	1 787	-	**2 752**
Employee profit sharing	325	8	-	**333**
Financial derivative instruments	128	20	-	**148**
Others	-	114	-	**114**
Other financial liabilities	**13 376**	**34 533**	**-**	**47 909**

A8. Trade payables

€ thousands	31/12/2009	Variations	Changes in scope	Transfers	Conversion gains and losses	30/06/2010
Current trade payables	52 106	12 486	-	-1	4 254	68 845
Payables on intangible assets	1 178	36	-	-	87	1 301
Payables on tangible assets	1 175	-22	-	-	-	1 153
Trade payables	**54 459**	**12 500**	**0**	**-1**	**4 341**	**71 299**

Apart from the conversion gains and losses, the increase of the inventory and work in progress is mainly due to the growth of the activity.

A9. Revenue from ordinary activities

€ thousands	30/06/2010	30/06/2009	*Variation*
Sales of finished goods and merchandise	313 585	246 791	*27,1%*
Services	57	87	*-34,5%*
Additional income from the activity	373	333	*12,0%*
Royalties received	78	246	*-68,3%*
Gross sales	**314 093**	**247 457**	**26,9%**
Discounts, rebates and refunds on sales	-24 585	-17 436	*41,0%*
Expenses deducted from sales	-4 046	-3 098	*30,6%*
Settlement discounts	-1 213	-993	*22,2%*
Provisions for returns	-162	-433	*-62,6%*
Expenses deducted from sales	**-30 006**	**-21 960**	***36,6%***
Revenue from ordinary activities	**284 087**	**225 497**	**26,0%**

A10. Others non-recurring income and expenses

€ thousands	30/06/2010
Negative goodwill on assets acquisition in Australia	11 514
Revaluation of stocks purchase in Australia	-528
Restructuring fees linked to assets acquisition in Australia	-487
Other non-recurring income and expenses	**10 499**

No other income or expenses not from ordinary activities was recognised at June 30, 2010.

Company : Assets acquisition in Australia

On January 29th, 2010, Virbac signed an agreement with Pfizer to acquire certain veterinary products and related assets, including a manufacturing facility, in Australia. The transaction was for a sum of AUD 11.7 million excluding acquisition and fiscal costs.

This acquisition constitutes a business combination within the meaning of revised IFRS 3 and is recorded as such in the present consolidated financial statements. The negative goodwill of this operation is calculated as follows:

€ thousands	Statement value
Assets acquisition	10 157
Acquisition fees	-2 214
Assets acquisition cost	**7 943**
Fair value of acquired net assets	**23 497**
Deferred tax liability	-4 041
Negative goodwill	**-11 513**

The assets acquisition are show in detail hereunder :

€ thousands	Book value in seller's accounts	Fair value in consolidated accounts
Intangible assets	-	2 026
Tangible assets	15 563	10 467
Inventories and work-in progress	13 291	12 160
Assets acquisition	**28 854**	**24 653**
Social liabilities	-1 156	-1 156
Acquired net assets	**27 698**	**23 497**

A11. Financial income and expenses

€ thousands	30/06/2010	30/06/2009	*Variation*
Gross cost of financial debt	-1 004	-2 050	*-51,0%*
Income from cash and cash equivalents	280	44	*536,4%*
Net cost of financial	**-724**	**-2 006**	*-63,9%*
Negative foreign exchange losses	-1 192	-1 326	*-10,1%*
Positive foreign exchange gains	1 814	1 310	*38,5%*
Change in foreign currency derivatives and interest rate	-1 007	266	*-478,6%*
Other financial expenses	-1	-10	*-90,0%*
Other financial income	73	234	*-68,8%*
Other financial income and expenses	**-313**	**474**	*-166,0%*
Financial income and expenses	**-1 037**	**-1 532**	*-32,3%*

A12. Income tax

€ thousands	30/06/2010 Base	30/06/2010 Tax	30/06/2009 Base	30/06/2009 Tax
Result before tax	**51 182**		**23 242**	
Adjustment of CIR (Research tax credit)	-2 402		-2 306	
Adjustment of non-recurring items (including tax)	-10 499		-	
Result before tax, adjusted for the CIR	**38 281**		**20 936**	
Current tax of French companies		-3 201		1 009
Current tax of foreign companies		-10 930		-6 431
Current tax		**-14 131**		**-5 422**
Deferred tax of French companies		2 074		-1 098
Deferred tax of foreign companies		-512		-804
Deferred tax		**1 562**		**-1 902**
Total recorded tax		**-12 569**		**-7 324**
Effective tax rate		***32,83%***		***34,98%***
Theoretical tax rate		*34,43%*		*34.43%*
Theoretical tax		**-13 180**		**-7 208**
Difference between theoretical tax and recorded tax		**-611**		**116**

The difference between theoretical tax and recorded tax as of June 30th, 2010 is explained essentially by the differential tax rates abroad up to €620 thousand.

A13. Result per share

€ thousands	30/06/2010	30/06/2009
Earning attributable to the owners of the parent company	**38 032 019 €**	**15 477 024 €**
Total number of shares	8 714 352	8 714 352
Impact of dilutive instruments	N/A	N/A
Number of treasury shares	39 379	42 952
Number of outstanding shares	8 674 973	8 671 400
Earnings attributable to the owners of the parent company, per share	**4,38 €**	**1,78 €**
Earnings attributable to the owners of the parent company, diluted per share	**4,38 €**	**1,78 €**

A14. Treasury shares

At 30 June 2010, Virbac held treasury shares to supply, essentially, allocation plans of performance shares. These treasury shares are recognised as a deduction against shareholders' equity.
As certain plans expired during the year, some employees exercised their options. At June 30th, 2010, there were 39 379 treasury shares (compared with 40,673 shares as at December 31st, 2009) with a total value of €2 660 thousand.

A15. Operational sectors

In accordance with IFRS 8, the Group provides industry information as used internally by the chief operating decision maker.

The Group's industry information level is the geographic sector. The breakdown by geographic area is made over seven regions, according to the place of establishment of Group assets:
• France;
• Europe (excluding France);
• Latin America;
• North America;
• Asia;
• Pacific;
• Africa & Middle East.

The Group's operating activities are organised and managed separately according to the nature of the markets. The two market segments are pets and food producing animals but the latter is not considered as an industry information level for the following reasons:
• nature of the products: the majority of therapeutic segments are common to pets and food producing animals (antibiotics, parasiticides, etc.);
• manufacturing procedures: the production lines are common to both segments and there is no significant difference in sources of supply;
• client type or category: the distinction is made between the ethical (veterinary) and OTC (Over the counter) sectors;
• internal organisation: the management structures in the Virbac Group are organised by geographic area. At the Group level there is no responsibility for segment marketing;
• distribution methods: the main distribution channels depend more on the country than the segment marketing. The sales capacities can be, in some cases, common to both marketing segments;
• nature of the environmental regulations: the regulatory bodies governing marketing authorisations are identical regardless of the segment.

In the information presented below, the sectors correspond to geographic zones (areas where the Group's assets are located).

€ thousands	France	Europe excl. France	Latin America	North America	Asia	Pacific	Africa & Middle East	Total
Revenue from ordinary activities	67 614	78 697	16 687	43 848	31 966	32 605	12 670	**284 087**
Operating result	6 434	10 604	1 823	12 236	4 655	14 310	2 157	**52 219**
Result attributable to the owners of the parent company	3 784	6 776	1 444	7 815	3 217	13 673	1 323	**38 032**
Minority interests	5	312	-	-	85	-	-	**402**
Consolidates result	**3 789**	**7 088**	**1 444**	**7 815**	**3 302**	**13 673**	**1 323**	**38 434**

A16. Information on related parties

Executive board members € thousands	Fixed compensation (including in-kind benefits)	Compensation linked to terms of office for administrators in the Group's companies	Variable compensation	Total compensation
Éric Marée	139 532 €	31 700 €	71 000 €	**242 232 €**
Pierre Pagès	93 230 €	29 950 €	43 000 €	**166 180 €**
Christian Karst	90 746 €	19 000 €	36 500 €	**146 246 €**
Michel Garaudet	84 529 €	6 500 €	22 500 €	**113 529 €**
Jean-Pierre Dick	17 687 €	-	7 500 €	**25 187 €**
Total	**425 724**	**87 150**	**180 500**	**693 374**

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).

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.

Others 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.

Allocation of performance shares

The Virbac executive board, in accordance with authorisation from the shareholder's meeting, granted in 2008, 2009 and 2010 the allocation of performance shares to certain Virbac employees and directors and those of its subsidiaries.

These allocations are subject to meeting a performance target linked to the profitability and net debt of the Group, to be found respectively at the end of the 2009, 2010 and 2011 financial years.

The performance shares allocated under the plans for 2008, 2009 and 2010 amounted to 14 050 shares, 14 450 shares and 12 000 shares, respectively.

The allocation of performance shares to the executive board in 2006, 2007 and 2008 are as follows:

Executive board members	Number of shares 2008 Plan	Number of shares 2009 Plan	Number of shares 2010 Plan
Éric Marée	1 800	1 800	1 460
Pierre Pagès	1 300	1 300	1 080
Christian Karst	1 200	1 200	1 000
Michel Garaudet	800	800	665
Total	**5 100**	**5 100**	**4 205**

A17. Scope of consolidation

Corporate Name	Location	Country	Control at 30/06/2010	Control at 31/12/2009
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%
Sopartic	Carros	France	100.00%	100.00%
Virbac Distribution	Wissous	France	100.00%	100.00%
Virbac Nutrition	Vauvert	France	100.00%	100.00%
Dog N'Cat International	Vauvert	France	100.00%	100.00%
Bio Veto Test	La Seyne sur Mer	France	100.00%	100.00%
Francodex Santé Animale	Carros	France	99.60%	99.60%
Virbac Hellas SA	Agios Stefanos	Greece	100.00%	100.00%
Animedica SA	Agios Stefanos	Greece	100.00%	100.00%
Virbac España SA	Barcelone	Spain	100.00%	100.00%
Virbac Österreich GmbH	Vienne	Austria	100.00%	100.00%
Virbac Korea Co. Ltd	Séoul	South Korea	100.00%	100.00%
Bio Solution International Co. Ltd	Bangkok	Thailand	100.00%	100.00%
Virbac (Thailand) Co. Ltd	Bangkok	Thailand	100.00%	100.00%
Virbac Taiwan Co. Ltd	Taïpei	Taïwan	100.00%	100.00%
Virbac Colombia Ltda	Bogota	Colombia	100.00%	100.00%
Virbac Philippines Inc.	Pasig City	Philippines	100.00%	100.00%
Virbac Japan Co. Ltd	Osaka	Japan	100.00%	100.00%
Laboratorios Virbac Costa Rica SA	San José	Costa Rica	100.00%	100.00%
Virbac Asia Pacific Co. Ltd	Bangkok	Thailand	100,00%	100,00%
Virbac de Portugal Laboratorios Lda	Almerim	Portugal	100.00%	100.00%
Virbac Vietnam Co. Ltd	Ho Chi Minh Ville	Vietnam	75.00%	75.00%
Virbac RSA (Proprietary) Ltd *	Centurion	South Africa	100.00%	100.00%
Alfamed	Carros	France	99.70%	99.70%
Virbac (HK) Limited	Kowloon	Hong Kong	100.00%	100.00%
Virbac Animal Health India Private Limited	Mumbai	India	100.00%	100.00%
Virbac Corporation *	Fort Worth	United States	100.00%	100.00%
PP Manufacturing Corporation	Framingham	United States	100.00%	100.00%
Virbac (Australia) Pty Ltd *	Milperra	Australia	100.00%	100.00%
Virbac New Zealand Limited	Auckland	New Zeland	100.00%	100.00%
Number of fully consolidated entities			**44**	**44**
German subsidiary	-	-	23.99%	23.99%
Uruguayan subsidiary (Santa Elena)	-	-	30,00%	-
Number of entities accounted for by the equity method			**2**	**1**
Number of entities in the scope of consolidation			**46**	**45**

**pre-consolidated levels*

III. CERTIFICATE OF THE PERSON RESPONSIBLE FOR THE HALF YEARLY FINANCIAL REPORT 2010

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 31th, 2010

Éric Marée
Chairman of the executive board

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

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 reviewing standards applicable in France.

To the Shareholders,

In accordance with the assignment entrusted to us by your Annual General Meeting and in accordance with Article L.451-1-2 of the French Monetary and Financial Code (Code Monétaire et Financier), we hereby report to you on:

- the review of the accompanying condensed consolidated financial statements of Virbac for the period from January 1 to June 30, 2010;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements were prepared under the responsibility of the Board of Directors in a context characterised by uncertain outlooks which already existed at the December 31 2009 year-end. Our role is to express a conclusion on these financial statements based on our review.

I. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that these condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to the note "Accounting policies applied" in the condensed half-year consolidated financial information which sets out the changes in accounting methods arising from the application of new standards and interpretations since January 1, 2010.

II. Specific verification

We have also verified the information provided in the interim management report commenting the condensed half-year consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed half-year consolidated financial statements.

Nice and Marseilles, August 31, 2010

The Statutory Auditors

French original signed by

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