

STRONG RESULTS IN THE FIRST HALF OF 2010

August 30, 2010 – (Lure, France), The Board of Directors of Vétoquinol, meeting on August 30, reviewed the group's business and approved its interim 2010 financial statements.

<i>In millions of euros</i>	1st half 2010	1 st half 2009	Change
First half revenues	138.0	119.9	+15.1%
<i>at constant exchange rates</i>			+11.0%
Operating profit	15.9	13.8	+15.3%
<i>As a % of revenues</i>	11.6%	11.5%	
Net income (group share)	11.6	9.3	+25.2%

Continued growth in sales

Vétoquinol's revenues for the first half of 2010 totalled €138.0 million, an increase of 15.1% over the same period in the preceding year. Vétoquinol's growth outpaced the rate of growth of the overall worldwide animal health market, which according to figures published in August 2010 by the research firm Vetnosis increased by 10.4% in sales value during the first half. The market expanded in all geographical regions, all destination species and all therapeutic segments during this period.

The Vétoquinol Group ranks fourth in among veterinary laboratories worldwide in *pro forma* sales growth, measured in US dollars.

The Group was very active during the first half of 2010, with the successful launch of Surolan[®] in the United States and the signature of an exclusive agreement for the distribution of Zylkène[®] in North America.

"Hybrid" growth

The strong performance recorded by Vétoquinol during the first six months of 2010 is the result of the Group's 'hybrid' growth strategy, which combines organic growth with external acquisitions.

Organic growth for the half year came to 6.1%, outperforming the forecasts of our economic model for the medium term. Organic growth in the Group's three strategic segments – anti-infectives, pain/inflammation and cardiology/nephrology – totalled 8.3% in the first half of 2010, with a significant part of the increase coming from sales of Surolan[®] and Rubenal[®].

Sales levels in the first half also benefited from the contribution of external growth, with the successful integration of our recent acquisition in Italy and the steady growth of sales in India.

Finally, the first half of 2010 saw strong increases in Vétoquinol's sales in Asia/Pacific and the Americas, outpacing the already healthy rate of sales growth for the animal health industry as a whole in those markets.

Strong increase in operating profits (+15.3%)

Operating profit totalled €15.9 million in the first half, or 11.6% of total revenues. This represents an increase of 15.3% over the same period in the preceding year. The improvement is due largely to effective controls on operating expenses and personnel costs, which Vétoquinol has been able to maintain without compromising our marketing and sales initiatives to boost sales and prepare for future product launches.

Net income, group share for the first half of 2010 increased dramatically: rising by 25.2% to €11.6 million.

Strengthened financial structure

The strong results recorded in the first half of 2010 allowed the Vétoquinol Group to reduce its net financial debt by 51.4% to €7.1 million (compared to €14.6 million on December 31, 2009). The Group's capital increased by €21.7 million during the same period, resulting in a gearing ratio 4%, which provides Vétoquinol with substantial financing capacity with which to pursue opportunities for external growth.

During the first six months of 2010, the Vétoquinol Group once again demonstrated its capacity to generate strong cash flow.

Vétoquinol, actively pursuing continued growth

"Thanks to its very low debt, the Group will be able to focus its efforts on our programme for external growth, and on preparing for the launch of new products in 2011," stated Matthieu Frechin, CEO of Vétoquinol. *"While we will continue to monitor global economic conditions closely, we remain confident that the Group will be able to meet its targets for continued growth in the medium term".*

About Vétoquinol

Vétoquinol is an independent veterinary pharmaceutical laboratory serving both the companion and production animal markets. This family-owned group, dedicated exclusively to animal health, is the 10th largest animal healthcare laboratory in the world. More than 80% of its revenues are generated outside France.

Vétoquinol's business includes research and development, production and marketing of medicinal and non-medicinal products. Vétoquinol has positioned itself in the curative sector and has developed expertise in three therapeutic fields: anti-infectives, pain/inflammation and cardiology/nephrology.

The Group currently distributes its products in more than one hundred countries throughout Europe, North America and Asia/Pacific, with subsidiaries in 23 countries and a network of 140 distribution partners. The company has more than 1,600 employees worldwide.

For more information: www.vetoquinol.com.

OUR BUSINESS: ANIMALS. OUR ADVANTAGE: PEOPLE.

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