
2010

Activity
Report

Our business: animals. Our advantage: people.



Vétoquinol
 *a Sign of Passion*

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**IN YOUR OPINION WHAT WERE THE HIGHLIGHTS OF 2010?**

It was a year marked by the return to growth in markets that showed signs of new life being breathed into them. The global market for animal health has even regained some momentum which however, appeared to be more pronounced in North America than in Europe. Our own performance during 2010 proved to be extremely robust. We achieved a solid 11.8% sales growth, which we believe is very significant.

FROM YOUR POINT OF VIEW, WHAT WOULD YOU SAY WERE THE MOST SIGNIFICANT EVENTS OF THE YEAR?

Our continued internal development, with the integration this year of two subsidiaries in India and Italy, was an important milestone for Vétoquinol.

Our operational unit in India is now fully autonomous in its market, it has been appropriately structured and positioned with a view to accelerating its growth and development.

In Italy, the 5th largest market in Europe, we have strengthened our commercial structures. We now have two sales forces – one dedicated to productive livestock, and the other to companion animals – who have directly taken over all of the products that were previously marketed by our local distributor.

Next, I would cite our strong R & D activities as well as our regulatory and commercial successes, which also marked Vétoquinol's onward progress in 2010.

With regard to regulatory affairs, much to our credit, we were able to successfully file several dossiers relating to new product approvals with the respective National Agencies for Veterinary Medicines in Europe. We also received Marketing Authorisation for Marbocyl®, in Japan. Acquiring a Marketing Authorisation in one of the most highly regulated markets in the world is itself a remarkable performance we take pride for.

In Europe, we launched two new injectable anti-infectives for livestock, in addition to an already large product range in this strategic area at Vétoquinol. And other products have been marketed in the U.S.A. (Surolan®) and France (Vermax®).

ARE THE FINANCIAL RESULTS IN LINE WITH YOUR EXPECTATIONS?

Once again, our financial results are really strong. Although our expenditures on R & D and our investments in India and Italy were on a significant scale, the operating profits we achieved were higher than 11%. Such is the performance that allows us to effectively implement our policy of pursuing a “hybrid” business development model, based on innovation and external growth.

YOU HAVE BEEN APPOINTED AS VETOQUINOL'S CHIEF EXECUTIVE OFFICER ON MARCH 31 2010, WHAT IS YOUR ASSESSMENT OF YOUR FIRST YEAR AT THE HEAD OF THE COMPANY?

I am pleased to be able to draw up a very positive assessment of this, my first year leading the management of the company. Everything fell into place naturally; my assuming this position and the incumbent responsibilities of the office blended seamlessly into the continuum of the company's life.

The Management of the company now functions as a very closely-knit team, demonstrating the willingness to transform our decision making into a faster and more flexible process. Our Executive Committee currently meets twice a month.

On the commercial front, we are continuing to pursue a strategy of focusing on three therapeutic areas, with always the same desire to seek a balance between livestock and companion animals. In terms of external growth, we are closely examining those companies deemed likely to have the potential to enable us to increase our geographical presence and strengthen our market shares.

Interview with Matthieu Frechin, Vétoquinol CEO



WHAT IS THE MINDSET BEHIND YOUR APPROACH TO THE FINANCIAL YEAR 2011 AND WHAT ARE YOUR GROWTH AND DEVELOPMENT PLANS AND PROSPECTS?

We will continue to remain attentive to the growth and evolution of our market with one obvious fact having already emerged: the market is more dynamic in North America and Asia than in Europe. While the veterinary clinics are growing in size, the veterinarians are increasingly joining forces and constituting their practices into networks. They are operating and evolving within a logical context of cost-sharing, and centralisation of purchasing. For our part, we too must adapt ourselves to these new organisations and support our sales forces in effectively adopting an approach oriented towards «Key Corporate Accounts».

Our clients expect more than just products: they are demanding services, support, and training. The medicinal product is still the central issue, but the «add-ons» that we are able to deliver to them in terms of knowledge concerning the therapeutic field, providing assistance in diagnosis, for example, constitutes a real added value for us. This is also what differentiates us. Finally, as always, innovation is a strong pillar supporting growth and development for our Group. We devote 7.5% of our turnover towards these endeavours, thereby backing up our desire to bring to our customers new solutions every year. After years of testing and evaluation, conducted by our R & D teams, we are preparing to market several new products.

The challenge now is to transform these product launches into real commercial successes: an intense and busy phase of activity lies ahead for all our sales and marketing force.

WHAT MESSAGE WOULD YOU LIKE TO COMMUNICATE TO YOUR SHAREHOLDERS, YOUR PARTNERS, YOUR STAFF AND YOUR CUSTOMERS?

Certainly the Vétoquinol story wonderfully chronicles the achievements of men and women who are dedicated to animal health and wellbeing, but whose work also promotes human health. The key to Vétoquinol's success lies mainly in our people and our products. They represent the valuable resources and assets needed for growth. They uphold our values and our corporate culture and act as a powerful factor of internal cohesion, which has always distinguished us from our competitors. Solely focused on animal health, we have demonstrated a willingness to carry on with our activities while always seeking to improve ourselves, and pursue our development in markets having the potential for new growth drivers. Our spirited audacity enables us to step out of our comfort zones. We are driven by team spirit and supported by strong shareholders, who are very much a part of Vétoquinol's history and tradition.

I would also like to stress the importance of our partners who provide valuable support, both in the sourcing of active ingredients and excipients, as well as in the recruitment of clinical cases for our studies and tests and in the distribution of our products. Throughout the value chain, the experts with whom we work are fully involved in the success of our company.

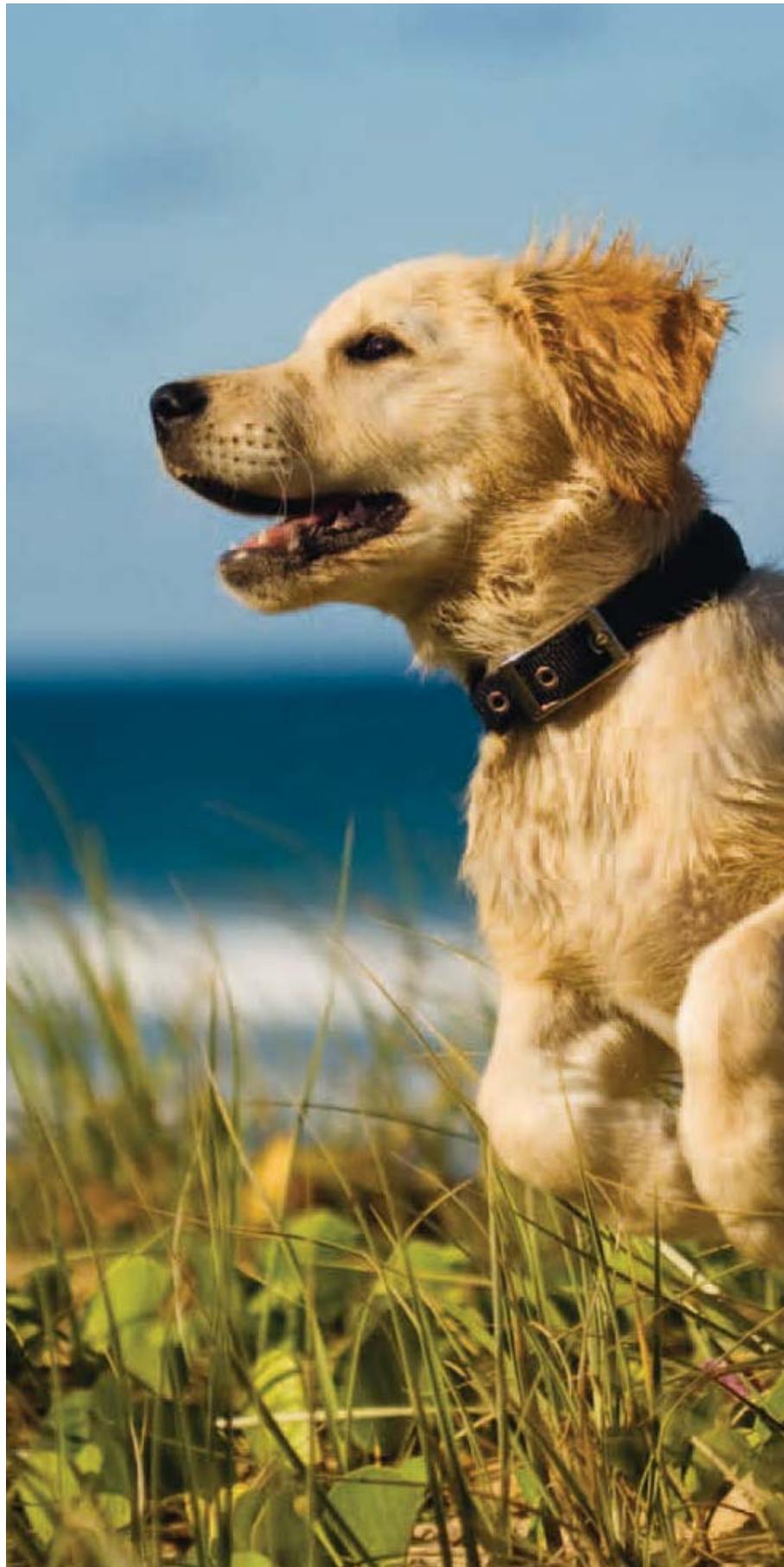
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VÉTOQUINOL
IS BUILT
ON STRONG
HUMAN VALUES.
WE ARE AN
ACCESSIBLE
AND OPEN
MINDED
COMPANY.
ABOVE ALL,
WE STAY CLOSE
TO OUR
CLIENTS.
”

Vétoquinol: An Enduring, Family Owned French Business Group

VÉTOQUINOL'S MISSION



VÉTOQUINOL IS AN ENDURING AND INDEPENDENTLY OPERATING GLOBAL ANIMAL HEALTH COMPANY. WITH ITS ACTIVITIES GEARED TOWARDS PROTECTING AND PROMOTING THE WELLBEING OF ANIMALS AND HUMANS, IT IS RECOGNISED AS A LEADER IN ITS FOCUS MARKETS ACROSS EUROPE, THE AMERICAS AND ASIA / PACIFIC.





A HALLMARK OF INDEPENDENCE

Vétoquinol is an independently operating veterinary pharmaceutical laboratory, concentrating on both livestock and companion animals. Historically established in France, Vétoquinol designs and develops, registers and produces a wide range of more than 700 medicines and non-medicinal products, which it sells all over the world through its network of 140 distributors and by maintaining a direct presence in 23 countries.

Vétoquinol achieved a sales turnover of € 282 million in 2010, of which international sales accounted for more than 80%, representing an increase of 11.8% as compared to FY 2009.

This family owned company employing 1,600 people is currently ranked as the 10th largest veterinary pharmaceutical laboratory in the world and is the third largest pharmaceutical laboratory dedicated exclusively to animal health.

Deeply committed to its values, Vétoquinol has always enjoyed an excellent relationship with its clients veterinarians, partners and employees.

VÉTOQUINOL'S PROUD HISTORY

→ Vétoquinol is a pioneer in the animal health field. The Vétoquinol story has its beginnings in 1933 in a family of passionate individuals, in Eastern France.

A brilliantly intuitive pharmacist, a captain of industry and the bold and unflinchingly committed son and heir would cleverly combine talent together with the signs of passion. These three men, Joseph, Étienne and Matthieu Frechin, have successfully transformed a small provincially based enterprise into an international group, dedicated to animal health and employing a workforce of more than 1,600.





Continuing an Unblemished Family Legacy

With its current ranking as the 10th largest group worldwide in the animal health sector, and enjoying a presence on five continents, Vétoquinol continues this humane adventure, which is surely a sign of its enduring passion.

JOSEPH FRECHIN A MAN OF INTUITION

The Vétoquinol story began in 1933, in a pharmacy in the Franche-Comté town of Lure, located near Germany and Switzerland. Acting on instinct Joseph Frechin, proprietor of a reputable dispensary retrieved a large stock of oxyquinoline, an antiseptic developed by a chemist friend. He'd intuitively come upon an idea: to use this product in the treatment and care of animals. With the help of Charles Frechin his father, a well known veterinarian in the area, he conducted initial tests which proved to be conclusive. Christened Vétoquinol, the remedy became an instant success, rapidly going on to become available in many forms: tablets, powder, gel, candles, vaginal cartridges and creams.

ÉTIENNE FRECHIN'S GLOBAL VISION

After the war, the development and growth of the company was driven by agricultural activity, which primarily sought to revitalise livestock populations by increasingly relying on veterinary medicines. Vétoquinol progressively expanded, quickly going on to employ about one hundred employees.

In 1962, Étienne Frechin joined the company founded by his father to devote himself to its development. He consolidated activities in Magny-Vernois, very close to Lure, while diversifying the product offerings. Concurrently, Vétoquinol also began developing its export activities.





In 1980, 20% of the sales turnover was already achieved outside of France. The company with 280 employees at the time, established an export department. Subsidiaries were established in the Netherlands, Ireland, and Belgium. In 2004 a marketing-sales office opened in China. Vétoquinol weaves its worldwide network through enterprise creation via buyouts.

Its Initial Public Offering (introduction on a stock exchange) in 2006 enabled it to reinforce its financial resources and expand into new markets. In late 2008, Vétoquinol intensified its presence in Europe with the acquisition of Ascor Chimici in Italy. Subsequently towards the end of 2009 it undertook the acquisition of the Animal Health division of Wockhardt Limited in India.

MATTHIEU FRECHIN'S UNFLINCHING COMMITMENT

In March 2010, the appointment as Group Chief Executive Officer of Matthieu Frechin, grandson of the founder and representing the third generation at the helm of the company, was the manifestation of shareholders' willingness to continue to support the development of Vétoquinol in the same bold spirited sense of commitment and audacity.

The mindset that has remained unchanged from its modest beginnings bespeaks an enduring, family owned and independently operating enterprise. With Matthieu, Vétoquinol's humane adventure continues to make progress, upholding the banner of innovation and development.

In an animal health market that has not yet regained all of its lost ground from the pre 2008 crisis days, Vétoquinol has continued to keep up its efforts with regard to research, innovation, human investment and marketing, so as to better prepare for new product launches and maintain its thrust towards international growth.

It also continues to purposefully nurture its differentiating features, all the while paying attention to the needs of veterinary practitioners. The research programmes for the development of new anti-infectives resulted, towards the end of 2010, in the registration of two products that helped broaden the range around Marbofloxacin.

It was also during 2010 that Marbocyl® was registered by the Japanese Health Authorities ahead of its launch in one of the most highly regulated markets in the world, in partnership with a large Japanese veterinarian pharmaceutical group.

Proud of Our Values, the True Mark of Differentiation from Our Competitors

Audacity
Team spirit
Open-mindedness
Commitment
Performance
Genuineness



Since the origin of V  toquinol, our successes have in part been linked to our way of being, the manner in which we conduct ourselves and our business affairs, establish professional relationships amongst ourselves, and with our customers and partners. Our growth is based on values that form the bedrock of our corporate culture.

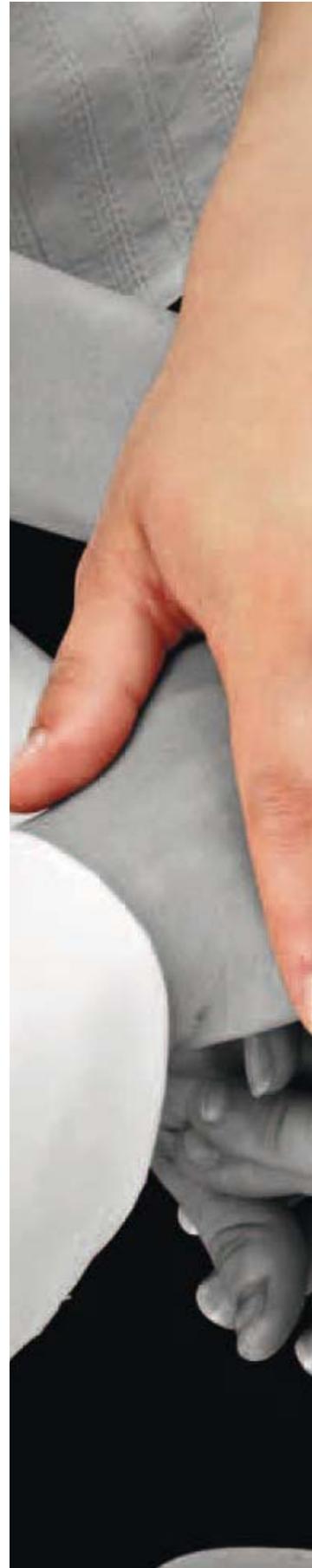
And this is one of the major keys to our success.

Given the fact that it permeates deeply throughout our work processes, informally influencing how we work on a daily basis, it affects everyone, thus acting as a powerful factor of internal cohesion and allowing the company to differentiate itself from its competitors.

Ever since the Group's inception, our values have been deeply rooted, and have largely contributed to establishing V  toquinol's Wonderful History.

They have always guided those responsible for V  toquinol's development and tend to be adopted organically by all employees joining the ranks of the company.

Being firmly anchored on these shared basic principles helps us work more efficiently together across the world.



Key Dates in Vétoquinol's Wonderful History



1933

- > Launch of the Vétoquinol antiseptic by Joseph Frechin, a pharmacist in Lure

1963

- > Consolidation of the business in Magny-Vernois.

1977

- > Foundation of Vetam, the 1st foreign subsidiary, in the Netherlands

1980

- > Opening of the R & D Centre and creation of the Export Department

1984

- > Galvet Ltd founded in Ireland

1987

- > Launch of Tolfedine®, an anti-inflammatory
- > Acquisition of Psychac in Belgium

1990 - 2000

- > Acquisitions of Univet (United Kingdom), Antibiotics Pharma Vet (Spain),
- > Austin, Dispar and Webster (Canada), Immunovet (U.S.A.), MECA (Germany)
- > Foundation of Vétoquinol North America and Vétoquinol Mexico
- > Launch of Marbocyl®, an anti-infective (1995)

2001

- > Acquisition of the Swiss Chassot Group
- > Launch of Aurizon®, for the treatment of canine otitis

2002

- > Acquisition of the Evsco and Tomlyn ranges (U.S.A.)
- > Launch of Prilium® (canine cardiology)

2003

- > Launch of Propalin® (treatment of incontinence in female dogs)
- > New R & D Centre in France: doubling of the surface area

2004

- > Opening of a marketing office in Shanghai, China

2005

- > Launch of Clavaseptin® (antibiotic)

2006

- > Acquisition of Semyung Vet (Korea) and Vet Solutions (U.S.A.)
- > Listing of the shares on the Paris Stock Exchange

2007

- > Foundation of Vétoquinol Unipessoal Lda (Portugal)
- > Launch of Alfaxan® (anaesthetic)

2008

- > Acquisition of Ascor Chimici (Italy) and Viavet (Scandinavia)
- > Creation of a development unit in Canada
- > Launch of Vetprofen® (anti-inflammatory) and Rubénal® (nephrology)

2009

- > Acquisition of the Animal Health Division of Wockhardt Ltd in India.
- > Launch of the "3D" Areas of Expertise advertising campaign

2010

- > Registration of Marbocyl® in Japan
- > Start of the Acacia project, the new building for development and production of innovative tablets at the headquarter site.
- > Launch of Kefloril® and Ceftiocyl®, two new antibiotics for livestock animals.

SPOTLIGHT ON INNOVATION

→ Vétoquinol is engaged in a highly competitive market, where the ability to develop and effectively commercialise innovative products is a key success factor. The company ensures the allocation of appropriate resources towards these endeavours, both in terms of human and financial resources. More than 21 million Euros have been spent on R & D in 2010. This is the price it takes for transforming great ideas into new products.





Achieving Growth through Innovation

Vétoquinol places innovation at the core of its strategic priorities. The unflinching objective of the Group is to listen to veterinarians, pet owners and breeders, so as to better anticipate their needs and propose suitable products. In order to increase our market share, we seek to maintain the balance between incremental innovation aimed at improving existing products and breakthrough innovation projects, deriving from our research and development efforts. These efforts culminate in the emergence of new technologies and the launch of new products.

CAPITALISING ON EXISTING PRODUCTS

When it comes to innovation, Vétoquinol is adept at deriving the maximum out of its existing line, by ensuring on an ongoing basis that enhancements are made to existing product lines and by responding to the needs identified in the field.

Whether it is through extending the marketing zones, developing new indications or targeting new species, we capitalise on core products by continuing to innovate on them and attributing additional benefits. This constitutes a daily preoccupation at Vétoquinol.

DEVELOPING INNOVATIVE PRODUCTS GENERATED THROUGH RESEARCH

New medicines and projects identified in its strategic areas with the objective of addressing unmet needs: Vétoquinol ensures it is up to this challenge in terms of innovation.

For a great many years now, our laboratory has stayed focused on the path of innovation, with a view to providing client veterinarians with novel solutions and building a portfolio and a range of innovative products in its strategic therapeutic areas.

The discovery of new medicinal products is a major scientific and public health issue. It is also an economic issue. For Vétoquinol, Innovation entails undertaking the development of new treatments that are more effective, better tolerated and easier to administer. The objective is to achieve these ends by means of also optimising the time and cost of development in a manner that ensures that they are financially viable for our customers, for pet owners and breeders.





NEW MEDICINES: FROM CONCEPT TO REALITY

The research process related to the discovery of a new medicinal product begins with a concept.

When the idea has been validated, only then can the successive stages which could be long and random, truly begin. The releasing of a new medicinal product involves many required steps including: identifying new molecules that could cure or alleviate diseases, improving and enhancing their properties and their activities, ensuring and confirming by means of clinical studies conducted on toxicity and efficacy that our new drug candidate corresponds to the specifications set out and effectively treats the targeted disease, and finally obtaining the administrative approval from health authorities necessary to market the medicine. This researching and development process of a new medicine involves on average a period of 7 years and is entirely regulated by the directives and guidelines imposed by the competent drug agencies worldwide, such as the European Medicines Agency and the Food and Drug Administration in the U.S.A.

At Vétquinol, we estimate that only 5% of our candidate concepts will eventually be made available to our customers.

2010, a Rich Harvest of New Product Releases

In order to better align and integrate research and effectiveness, Vétoquinol has established a Department of Innovation, with scientists dedicated to the research of promising ideas, novel solutions, and real interfaces with pharmaceutical development, industrial production, and marketing and sales.

A MULTIDISCIPLINARY AND MULTICULTURAL TEAM

With regard to efficiently carrying out all of the activities related to drug development and adhering to the directives and guidelines established by the regulatory agencies, Vétoquinol relies on its multidisciplinary and multicultural team. More than one hundred researchers (veterinarians, physicians, pharmacists, doctors of science, engineers and research scientists), are spread out across our four development centres in Europe and North America. Together they work on developing formulas and constructing the relevant pharmaceutical and clinical studies and also ensure that the industrial process is kicked off through technology transfer activities.

SYNERGIES THAT SUPPORT INNOVATION

The main Research and Development facility was first set up in Lure, France.

The Department of Innovation brings together two areas of knowledge and expertise, one being scientific and the other, commercial – a synergy that facilitates the development of medicinal products that truly meet the needs of veterinarians. It is supported by the Department of Business Development. Its mission consists in meeting with appropriate research organisations who are likely to be opened to working in partnership on specific subjects such as anti-infectives, pain medication and dosage. The Product Projects Department usefully complements the structure making it possible to significantly reduce development times, and further providing greater readability with regard to the portfolio of R & D projects and manufacturing plans.

In order to better align and integrate research and effectiveness, the Department of Innovation has a key role to play in terms of being attentive to customers and the market, generating ideas and monitoring competitive intelligence relative to animal health and human health. The Department of Innovation carries out many significant fundamental research projects.

RESEARCH FOCUSED ON THREE KEY AREAS

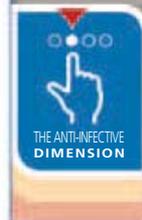
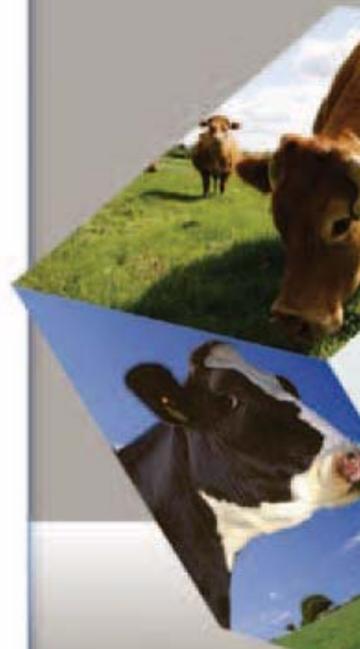
Vétoquinol has implemented a strategy focusing on three targeted therapeutic areas. In line with the Group's strategy, the research efforts are concentrated on anti-infectives, pain - inflammation and cardiology-nephrology. Some twenty odd projects are now under development in these three areas thanks to which Vétoquinol holds a very promising portfolio. It combines breakthrough and incremental innovation, thereby sustaining continued growth in the coming years.



Marbocyl®, launched in Japan

Vétoquinol

injection
antibiotics
cattle



Vétoquinol
dedicated
you a range
breeding

quinol ectable tiotics in medicine



inol, expert in anti-infective
to the animal health, provides
nge adapted to the use in

Vétoquinol
a Sign of Passion



PRODUCT LAUNCHES AND NEW PROJECTS

The year 2010 yielded a rich harvest in new product releases and innovative projects. Vétoquinol began the marketing of Surolan®, a medicinal product indicated for the treatment of otitis externa in dogs, in the U.S.A., while in Europe two new injectable anti-infectives (Ceftiofyl® and Kefloril®) for livestock were marketed, in addition to Vétoquinol's already wide range in this strategic area.

The Group also signed an exclusive distribution agreement for the North American continent for Zylkene®, a product indicated in treating various states of stress in companion animals.

With regard to regulatory matters, several new product dossiers have been filed in Europe, with the respective regulatory agencies responsible for veterinary medicines.

In Japan, the most highly regulated market in the world, the Group obtained the Marketing Authorisation (MA) for the injectable anti-infectives Marbocyl® 2% and 10%, a real technical and administrative feat.

A RELENTLESS COMMITMENT TO VETERINARIANS

→ Vétoquinol is constantly listening to the veterinarians who are the key players in the field within the animal health sector and prescribers of our products. We maintain a personalised and enduring relationship with them, based on confidence, trust and understanding of their expectations. We therefore develop tomorrow's products as a reflection of our deeply rooted commitment to our clients. Vétoquinol products target three areas of expertise that are strong differentiating factors: anti-infectives, pain-inflammation, and cardiology-nephrology.





Companion Animals, Well-Being above All

The “Companion Animals” market is the second largest segment with 40% of the market; it is characterised by higher added value, as well as by steady growth in mature countries and strong development in emerging countries. In this sector, the emotional ties that bind pet owners and their animal companions are fundamental. Hence Vétoquinol develops its products keeping in mind not only improved efficacy, but also ease of administration, by working particularly on the palatability of the tablets.

As a key player in the field of anti-infectives Vétoquinol offers a wide range of products for companion animals. Designed as an antibiotic for treating ear infections in dogs and cats, Aurizon® (the only fluoroquinolone that can be used locally) and Oridermyl® are among the leaders in this market. More recent products such as oral anti-infectives like Clavaseptin®, Cefaseptin® and Enisyl-F®, to be used as treatment for fighting against feline herpes virus, have further reinforced the Group's position along with Marbocyl® P, an anti-infective treatment for dogs and cats in the form of palatable and chewable / breakable tablets and Marbocyl® FD, in injectable form.

To minimize the pain experienced by an animal is an ethical issue which translates into a very strong demand in our modern societies where the concern for the wellbeing of the animal is increasingly growing in importance.

Vétoquinol has developed a complete range of products to prevent and relieve pain.

Among the Group's star performers in this area, one must include the anaesthetic product Alfaxan®, specially designed for companion animals, non steroidal anti-inflammatory medicines such as Tolfedine®, and food supplement ranges for the management of arthritis with Flexadin® and Caniviton®.

Vétoquinol also seeks to achieve prominence in another domain: cardiology-nephrology. Heart failure and chronic kidney diseases are the most frequently occurring chronic diseases respectively in older dogs and cats. As a pioneer in this field, and being the first pharmaceutical laboratory to offer such a wide range, Vétoquinol is engaged in developing innovative therapeutic solutions. Prilium® is the only treatment available in oral form for heart failure in dogs.

As treatments to support renal function, the Group offers Rubenal® and Ipakitine®, which helps to slow the progression of renal failure. For animals in a more advanced stage of chronic renal failure, Azodyl® improves the clinical status through a unique combination of agents acting on uremic toxins.





A SINGULAR CASE: THE HORSE

HORSES REPRESENT A VERY SPECIFIC SEGMENT, STRADDLING THE FENCE SQUARELY BETWEEN LIVESTOCK AND COMPANION ANIMALS. FOR THIS PRECISE REASON VÉTOQUINOL TREATS MAN'S PRIME CONQUEST AS A VERY SPECIAL CASE. WITH EQUISTRO®, THE GROUP OFFERS A VERY WIDE RANGE OF MEDICINAL PRODUCTS AND FOOD SUPPLEMENTS SPECIFICALLY DESIGNED TO PROMOTE THE HEALTH AND WELL-BEING OF EQUINES.

> The new look of the Equistro packaging was developed in 2010. It is aimed at modernising its image and messaging. Vétquinol thus seeks to ensure and maintain its positioning in the highly competitive market for high end premium equine products. With one single glance at the icons on the packaging, horse riders and veterinarians are able to view and understand the information about the product and the corresponding recommended dosages to be administered.



Livestock, a Sizeable Market

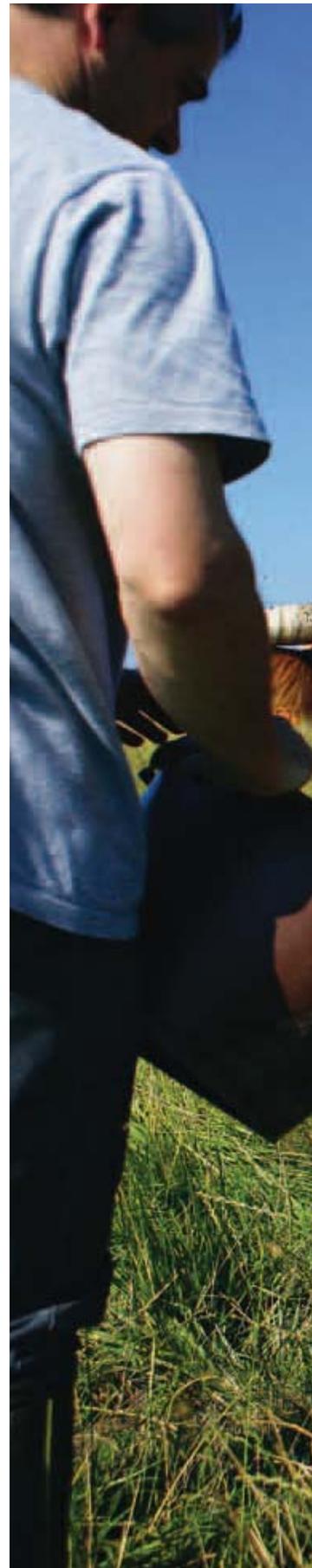
The livestock sector represents 60% of the world market and therefore very large volumes. With the objective of addressing the economic logic that prevails over this market, and by specifically targeting the two species of livestock, cattle and pigs, Vétoquinol manages to simultaneously smooth out fluctuations in their respective markets and to always maintain the high sales volumes necessary for its investments.

Vétoquinol is ranked No 3 in Europe for anti-infective injectables for livestock animals. The Group offers several major brands and has expanded its product range with the launch of two new injectable antibiotics for cattle and pigs, Ceftiocy[®] (treatment of locomotor problems and disorders and metritis) and Kefloril[®] (preventive treatment of respiratory diseases in at risk animals). These two new products launched and available in Europe since December 2010, completes the Vétoquinol anti-infectives product family.

Within its range of antibiotics, Vétoquinol currently has five major products (Marbocyl[®] 10%, Marbocyl[®] 2%, Marbocyl[®] S, Ceftiocy[®] and Kefloril[®]) meeting the needs of its clients. Thanks to its present range it is now able to cover the vast majority of infectious diseases and to treat nearly 90% of clinical situations encountered daily by veterinarians practising in rural areas.

Inflammation is also a constant source of concern for breeders, because it is a hindrance to productivity, and its treatment is increasingly associated with the management of pain. By helping to safeguard the well-being of the animal, the Group is thus effectively responding to an issue which is as much ethical as therapeutic in nature.

By participating, in France, for example, on the Boreve-d project, under the aegis of SIMV (Syndicat de l'Industrie du Médicament Vétérinaire – French Veterinary Medicine Industry Association), Vétoquinol is working to bring about better pain management solutions for cattle. Anticipating market trends, our laboratory has created the Pain Reliever Pack, a range of complete solutions that are suitable for the management of pain in livestock, with three products: the anaesthetic Lurocaine[®], the anti-inflammatory Tolfine[®] and the antispasmodic Calmagine[®].





> **Vétoquinol has continued to pursue its initiative promoting the rational use of antibiotics and has for several years now been working on the concept of Sisaab** (Single Short Acting Antibiotic Injection), and on how to effectively combat acute respiratory diseases in cattle, while also minimising the risk of developing bacterial resistance to antibiotics. In 2010, the Group brought together global experts in pharmacology, clinical microbiology and buiatrics to share their expertise around this new approach to the treatment of bovine respiratory diseases and antibiotic therapy. This symposium provided the opportunity to participate in high-level scientific presentations at roundtable discussions on specific cases, by challenging preconceived ideas for the dissemination of good practices among rural practitioners.

AN INTERNATIONAL COMPANY CLOSE TO ITS LOCAL MARKET

→ With five production sites that meet increasingly demanding pharmaceutical standards, Vétoquinol has state-of-the-art facilities strategically located in Europe and Canada. Each production site is approved by the respective health authorities and is entirely committed and involved in our Group's continuous improvement programme. It thereby enables us to provide optimal inventory management to our clients' satisfaction. All sites have an integrated team dedicated to quality management for manufacturing operations, control of raw materials, packagings, finished products and industrial environment.





A High Performance Industrial Model

Vétoquinol has five production sites, which produced in aggregate nearly 25 million boxes in 2010, in strict compliance with increasingly demanding, pharmaceutical standard similar to those for human pharmaceuticals use.

In 2010, more than 10,000 tonnes of products were manufactured in different pharmaceutical forms (sterile injectable liquids, oral liquids, powders and granules, pastes and creams, tablets and medicated premixes).

The Production sites, complying with Good Manufacturing Practice, are specialised by pharmaceutical form and geographic area. With a view to optimising responsiveness and logistics costs, they primarily serve the markets located within their continent on a priority basis, but are also capable of supplying the rest of the world. In India, the products developed by the new Vétoquinol subsidiary are manufactured by local partner subcontractors.

LURE (FRANCE) :

The Group's principle production site capable of producing large quantities. 240 employees, 10 million units sold per year, geared towards the global market. Specialties: injectables, tablets, liquids, creams and powders.

TARARE (FRANCE) :

20 employees specialising in non-medicinal products. Serves all markets, including the U.S.A., for non-pharmaceutical products such as Ipakitine®.

GORZÓW (POLAND) :

Two plants that manufacture veterinary medicinal products and non-medicinal products (injectables, tablets, liquids, powders, granules and liquid insecticides) intended for all European markets and overseas export markets.

PRINCEVILLE (CANADA) :

Food and Drug Administration (FDA) approved plant, dedicated to veterinary medicinal products and non-medicinal products for North America. A special building is dedicated to penicillins. This site primarily serves Canada and the U.S.A.

FORLI (ITALY) :

The site manufactures veterinary medicinal products and non-medicinal products for the domestic market but also for export (essentially North Africa, Europe and Central Asia). These are mainly pre-mixtures in the form of powders, granules and liquids, and are exclusively meant to be used in treating livestock.





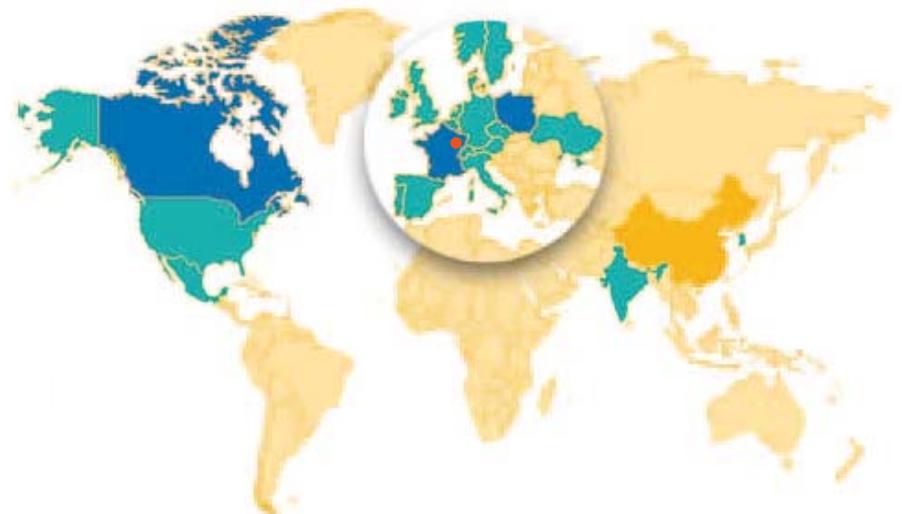
SUBSIDIARIES IN 23 COUNTRIES

- > **EUROPE** : Austria, Belgium, Czech Republic, Denmark, France, Germany, Ireland, Italy, Norway, Netherlands, Poland, Portugal, United Kingdom, Spain, Sweden, Switzerland, Ukraine
- > **AMERICAS** : Canada, Mexico, U.S.A.
- > **ASIA** : China, India, South Korea

A NETWORK OF 140 DISTRIBUTORS AROUND THE WORLD



A WORLDWIDE PRESENCE



■ Production/distribution Subsidiaries
■ Distribution subsidiaries

■ Sales offices
■ Headquarters

Responsible Corporate Governance

Vétoquinol's development and growth is based on its ability to make sound decisions within a short period of time. This calls for rapid analyses, collectively accomplished and thus easier to implement. The Group's governance has been accordingly adapted so as to meet this objective.

The Board of Directors of Vétoquinol consists of eight members, two of whom are independent. It is chaired by Étienne Frechin, who has effectively overseen the operations management of the Group for 30 years.

The Audit -, Compensation - and Strategy Committees assist in ensuring that the supplementary information needs of members of the Board of Directors are met.

The Operations Management for the Group is overseen by Matthieu Frechin, Chief Executive Officer, who ensures the implementation of the strategic directions and guidelines formulated by the Board of Directors and authorises the corresponding investments.

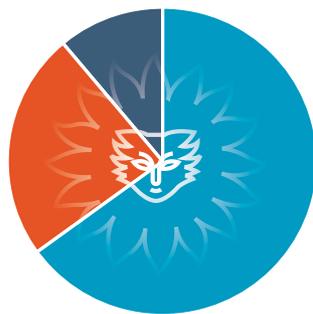
The Chief Executive Officer is supported by a single management body, the Executive Committee. Comprising of the Directors responsible for the key functional areas including Commercial affairs, Finance and Legal affairs, Scientific affairs, Industrial and Quality operations, Marketing and Strategy and Human Resources, this committee meets twice a month under the chairmanship of the Chief Executive Officer.

Étienne Frechin,
President of the Board of Directors



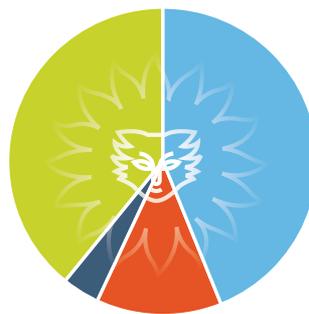
Key Figures

10th LARGEST VETERINARY PHARMACEUTICAL LABORATORY IN THE WORLD // 3rd LARGEST LABORATORY SPECIALISING IN ANIMAL HEALTH
1 600 EMPLOYEES // 23 SUBSIDIARIES
140 DISTRIBUTORS // REVENUES OF € 282 MILLION
OF WHICH OVER 80% IS GENERATED OUTSIDE OF FRANCE // 3 THERAPEUTIC DOMAINS
 (PAIN-INFLAMMATION, CARDIOLOGY-NEPHROLOGY, ANTI-INFECTIVES)
3 STRATEGIC SPECIES
 (COMPANION ANIMALS - CATTLE - PIGS)
3 GEOGRAPHICAL TERRITORIES
 (EUROPE - AMERICAS - ASIA / PACIFIC)



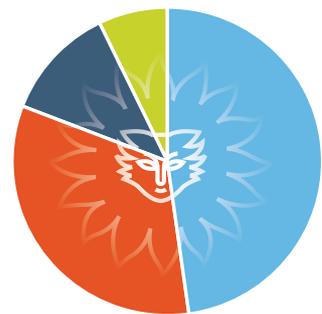
2010 Sales
by territory

Europe	65%
Americas	24%
Asia/Pacific	11%



2010 Sales
by therapeutic domain

Anti-infectives	44%
Pain-inflammation	13%
Cardiology-nephrology	4%
Others	39%



2010 Sales
by species

Companion animals	48%
Cattle	33%
Pigs	12%
Other	7%

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