



REPORTS VERY GOOD FIRST HALF, CONFIRMING THAT 2007 PERFORMANCE IS SET TO SURPASS TARGETS

The Vétoquinol Board of Directors met on September 17, 2007 to review business operations and approve the financial statements for the six months ended June 30, 2007.

<i>According to IFRS, in millions €</i>	June 30, 2007	June 30, 2006	Change
Revenues	111.1	98.4	+12.9%
<i>Constant exchange rate and scope</i>			+10.1%
Cash earnings from operations	13.6	8.2	+66.4%
<i>As a % of REV</i>	12.3%	8.3%	
Adjusted earnings from operations, after non-recurring items	12.7	8.1	+55.7%
Net income	7.9	4.0	+95.3%

Strong business growth

On the strength of sustained business levels in a buoyant market, combined with good sales performance, Vétoquinol significantly exceeded its initial revenue target, by more a 10% on a constant exchange and scope basis.

All lines of business contributed to growth. Thanks in particular to the acquisition of Vet Solutions in the United States in December 2006, revenues for the six months ended June 30, 2007 reached €111.1M, an increase of 12.9%.

All of the group's strategic or therapeutic business segments (in Europe, North America and Asia) and all species reported growth, with pets in particular accounting for 52% of the group's revenues for the period, reflecting the impact of the acquisition of Vet Solutions.

Improvement in all key performance indicators

The group's performance in the first half is the result of brisk business as well as the impact of the plan under way to streamline the production tool, which includes the transfer of production done at the Swiss facility to other Vétoquinol plants.

Thanks to sufficient control over the purchase price of raw materials, the gross margin increased by 15%, while adjusted earnings from operations amounted to €12.7M for the six months ended June 30, 2007. The free cash flow ratio (current cash earnings from operations to revenues) came in at the high end of the business model range (12.3%, compared with 8.3% for the six months ended June 30, 2006).

Net income for the period was up substantially, climbing to €7.9M.

Positive outlook for 2007

Pursuit of external growth bid

Consistent with announcements made when the group went public in November 2006, acquisition talks are in full swing. After the acquisition of Vet Solutions in the United States in December 2006 and the February 2007 opening of a subsidiary in Portugal, Europe's tenth largest market, Vétoquinol has entered into exclusive talks—in Scandinavia and in China, where discussion centers on the acquisition of a family-owned laboratory.

Industrial streamlining program develops

The continuous improvement program aimed at streamlining the production tool is being actively pursued. The process of integrating Vet Solutions in the United States is now completed, allowing the group to step up efforts to optimize North American production and logistics.

"Our half-year results are very good, and substantially superior to our estimates," noted Etienne Frechin, Vétoquinol's Chairman and CEO. *"The market trend is upward; our client-centric marketing strategy is proving to be very effective, judging from the customer satisfaction feedback we are getting; and our efforts to streamline production and logistics are moving forward efficiently. So we are well-positioned to surpass the targets stated in our business model this year. Business in the second half will exceed the level achieved in the second half of 2006, and we expect full-year revenue growth in 2007 to be at least equal to last year."*

Upcoming events: Revenue through third quarter 2007 (Thursday, 25 October 2007)

About Vétoquinol

Vétoquinol, established in 1933, is an independent veterinary pharmaceutical laboratory for both food producing animals and pets. This family-owned Group, dedicated to animal health, is the world's 13th largest laboratory in its field. Nearly 80% of its revenue is now generated in export markets.

Its business includes research, production and marketing of drugs and health products. Vétoquinol, positioned in the treatment field, has extensive expertise in 3 major therapeutic fields: anti-infection agents, pain and anti-inflammatory, and cardiology-nephrology.

The Group now distributes its products in about one hundred countries (Europe, North America and Asia), working through 18 subsidiaries and a network of 110 distributor-partners. At year-end 2006, the company had more than 1,200 employees worldwide.

More information: www.vetoquinol.com.

OUR BUSINESS: ANIMALS. OUR ADVANTAGE: PEOPLE.

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