



2002

Annual Report

Passionate about Animal Health

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Supervisory Board

Jeanine Dick Chairwoman

Pierre Madelpuech Vice-Chairman

Investec Represented by
Marie-Hélène Dick-Madelpuech

Union d'Etudes et d'Investissements
Represented by *Olivier de Pelet*

François Guinot

Executive Board

Eric Marée Chairman and CEO ❶

Pierre Pagès Chief Operating Officer ❷

Christian Karst Executive Vice-President ❸

Michel Garaudet Chief Financial Officer ❹

Jean-Pierre Dick Vice-President ❺

Auditors

Company Auditors

David & Associés

Represented by Roger David

Associate Auditors and Consultants

Represented by Jean-Marcel Denis

Deputies

Gérard Metay (Cannes) *Eric Berlotty* (Paris)





Message from the President

Eric Marée President of Virbac's Executive Board

A Strong Year 2002

Net sales grew by **7.1 %** pro forma at constant exchange rates in a flat global market to reach **368** million euros. The growth came essentially from companion animals, where the company performance (**+ 10.5 %**) was more than twice as fast as the growth of the market. Our new strategic products, **Iverhart®** in the US, **Equimax®** and **Virbagen® Omega** in Europe, achieved together sales in excess of **16** million euros and contributed strongly to the performance of the companion animal business, that commands now **5 %** of the global market. The food animal business slightly declined, only because of our decision to limit our exposure in Brazil, which turned out to be a wise move in terms of profitability and cash flow.

Looking at geographies, Europe was the number one growth and profit driver, followed by the US. We had again an excellent year in the major European markets like the UK, Germany and Spain, but the smaller markets also contributed to the overall success. Like the previous years, we maintained our position in France. The US performance was lead by the strong growth of sales to veterinarians' clinics (**+ 29 %**).

The operating profit increased by **10 %**, mainly because of to the healthy increase of the gross margin combined with a tight control of the operating expense ratio. Thanks to a strong cash flow and a good control of the working capital, the net debt decreased by more than a third to **21,9** million euros.

Strategic Consistency

We remain committed to our strategy aiming at delivering sustainable and profitable growth. We have defined carefully our strategic roadmap, that is characterised by four points :

- focus on animal health and proprietary products;
- become a global leader in companion animals and achieve selective growth in food producing animals;
- dominate some global "niches";
- meet clear 2005 objectives, specifically a turnover of **500** million euros with a **5 %** net profit margin.

We have also identified our major growth factors within the previously defined framework. Market driven innovation, commercial drive, international development and resources optimisation will help us maintain our internal growth rate. External growth will complement it and help us achieve our overall sales objective, as shown by the recent acquisition of **BIO VETO TESTS** in May 2003 that reinforces our position in biology.

The Strengths of a Family Owned Company

The constant attention of the management is to make sure that the guiding principles of the Virbac's founder remains at the heart of every one's action. Keeping high people's motivation, the entrepreneurial spirit and the spirit of conquest despite Virbac's growing size and complexity is of paramount importance. Decision making aims at balancing short term and long term objectives, with a careful but decisive use of our resources.

Virbac has remained a family company, not only because of its majority shareholders but because of its management values and also through the trust and respect we strive to build as in a close-knit family. With a broader ambition, that of a family living in the global village.

Good Perspectives in an Uncertain Environment

The top line growth of the first quarter – **6,4 %** at constant exchange rates – remains in line with our past performance and with our projections, in spite of the difficult and uncertain global economic environment.

We are nevertheless confident that our growth, driven by the products launched in 2002 and some new products to be introduced in 2003, combined with the initiatives we took to control our operating expenses, based on the information systems recently put in place, will help us increase again in 2003 our profit ratios and cash flow.

We thank you for your confidence and support.





Profile

- The largest **independant** international pharmaceutical company exclusively dedicated to animal health
- The **9th** largest veterinary pharmaceutical company in the world
- The **5th** largest in Europe
- **2 210** employees
- **4** research centers
- Production plants in **7** countries

Rank	Companies	% international market share
1	Pfizer	14.3 %
2	Merial	13.3 %
3	Intervet	9.0 %
4	Bayer	6.5 %
5	Elanco	6.1 %
6	Schering Plough	6.0 %
7	Fort Dodge	5.8 %
8	Novartis	4.6 %
9	Virbac	2.9 %
10	Alpharma	2.8 %

(In millions of dollars — Source : Wood Mackenzie)

Panorama

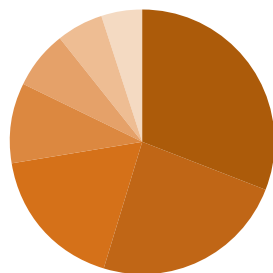
Two Differentiated Approaches for Two Market Segments

- Become part of the global leaders in the companion animal market
- Selectivity in the food producing animal market

A Very Strong Global Player

- 76 % of sales generated outside of France
- 23 subsidiaries on five continents
- Sales representation in over 100 countries
- 55 % of employees outside of France

Breakdown of 2002 T/O
(368 million euros)

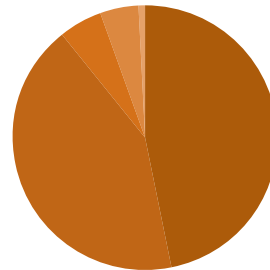


- 30.9 % Europe excluding France
- 23.8 % France
- 17.7 % North America
- 9.8 % Pacific
- 7.1 % Latin America
- 5.7 % Africa – Middle East
- 5 % Asia

Shareholders and Stock Market

- 46.8 % of the capital and 62.5 % of voting rights are held by the founder's family

Shareholder Distribution
(as a percentage of capital)



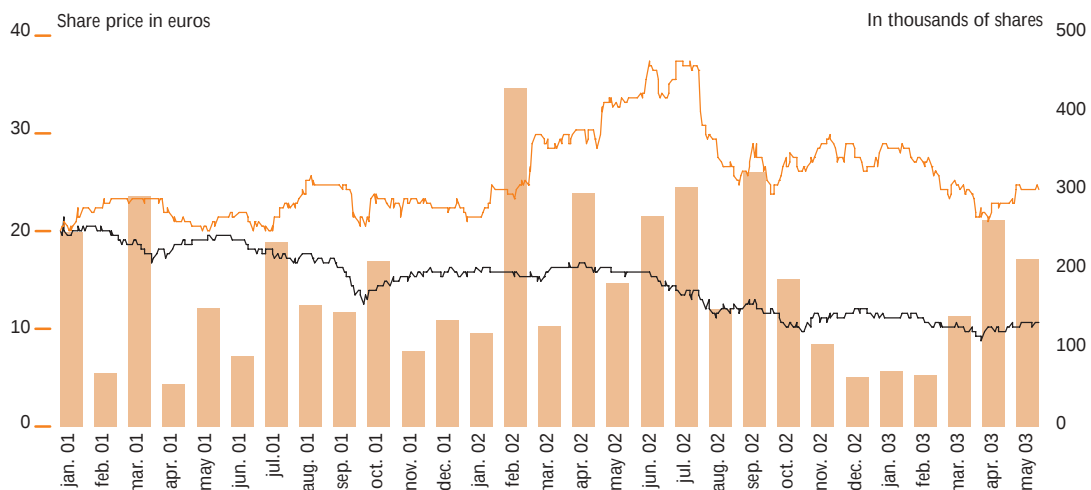
- 46.8 % Dick family
- 42.4 % Public
- 5.3 % Orfim SAS
- 4.7 % Cross holding
- 0.8 % Company savings account

- The company has been listed on the secondary Paris Stock Market since 1985
- The American subsidiary Virbac Corp., 60.5 % owned, is listed on Nasdaq

Virbac S.A. Share Price.

(daily share price)

- Virbac S.A.
- SBF 250 index
- Monthly trading volume



Corporate Governance

Executive Board

Virbac's five-member Executive Board manages the company's strategy and operations.

Eric Marée

Chairman of the Executive Board

Eric Marée, a 50-year-old HEC graduate with an MBA from Cornell University, joined Virbac in October 1999 and has served as Chairman of the Executive Board since December 1999. He also directly supervises human resources, corporate communications and information systems.

Pierre Pagès

Chief Operating Officer

Pierre Pagès, a 51-year-old veterinarian with an MBA from HEC, joined Virbac in 1980. He supervises international operations, production and quality assurance. He has been a member of the Executive Board since December 1992.

Christian Karst

Executive Vice-President

Christian Karst, a 44-year-old veterinarian, joined Virbac in 1984. He supervises research and development, corporate marketing for the Group, the medical department and licensing. He has been a member of the Executive Board since December 1996.

Michel Garaudet

Chief Financial Officer

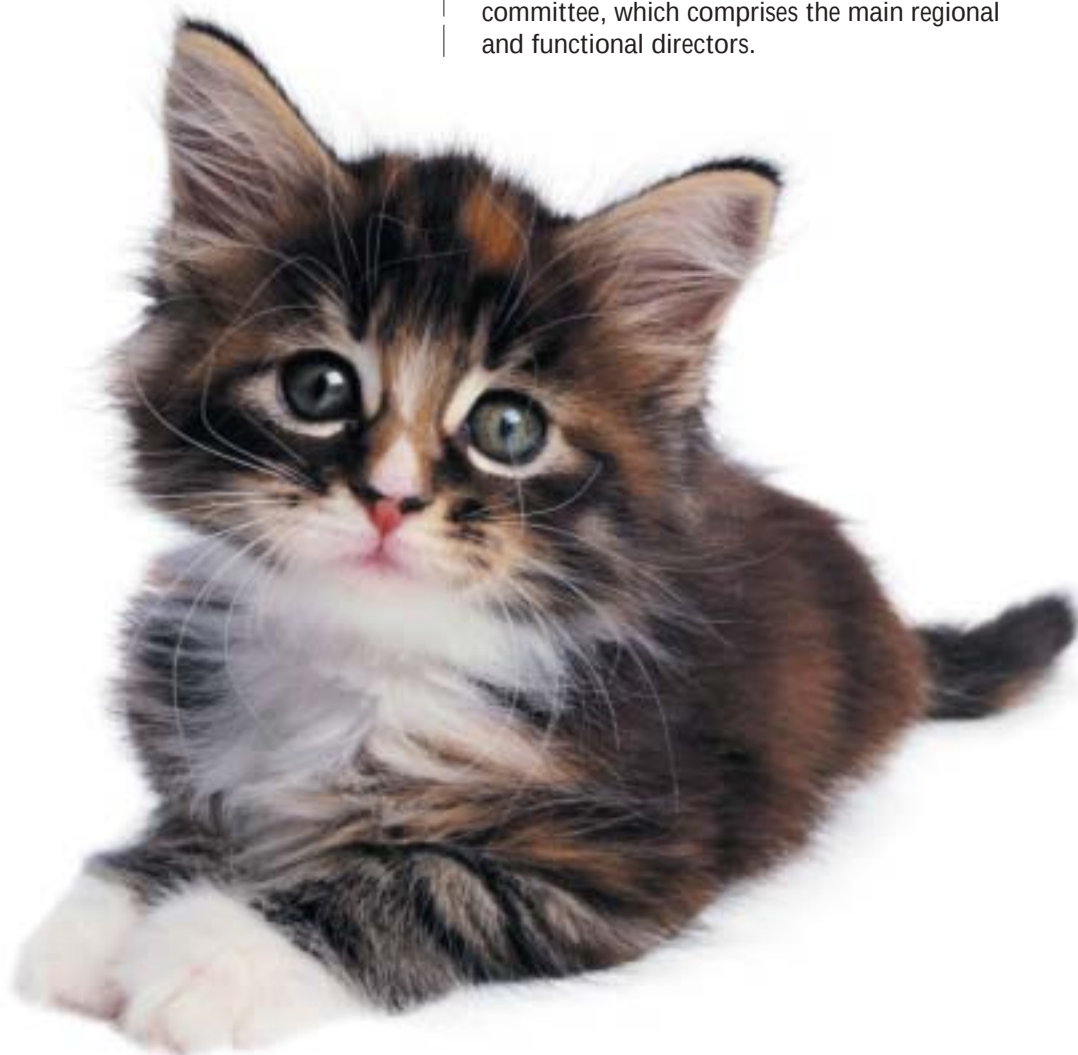
Michel Garaudet, a 48-year-old graduate of HEC, joined Virbac in 1993. He supervises financial and legal affairs. He has been a member of the Executive Board since December 2002.

Jean-Pierre Dick

Vice-President of the Executive Board

Jean-Pierre Dick, a 37-year-old veterinarian with an MBA from HEC, handles special projects and is President of the Virbac Foundation. In 2002, he directed the transoceanic sailing race project sponsored by Virbac. He has been a member of the Executive Board since December 1996.

The Executive Board is assisted by a strategy committee, which comprises the main regional and functional directors.



The Supervisory Board

Virbac's Supervisory Board controls the management of the company and regularly reviews accounts and all significant projects and investments. It meets at least four times a year. It is composed of five members, including one independent member.

It is chaired by :

Jeanine Dick, age 66, the wife of founder Pierre-Richard Dick. She holds a science degree.

Its Vice-Chairman is :

Pierre Madelpuech, age 42, a graduate of ENSAM's engineering program with an MBA from HEC. He is managing director of the VGC Group.

Its other members are :

Marie-Hélène Dick-Madelpuech, age 38, a veterinarian with an MBA from HEC and the Chairperson of the Executive Board of Groupe Panmedica.

François Guinot, age 60, who holds a doctorate in physical sciences and in business administration. Mr. Guinot is Vice-Chairman of the Académie des Technologies, Vice-Chairman of Harmonie S.A., the former Chairman and CEO of Rhone-Poulenc Chimie and the former Managing Director of Biomérieux.

Olivier de Pelet, age 53, agronomy engineer, department director of the French public limited company Union d'Etudes et d'Investissements (Crédit Agricole Group).

The Audit Committee

The Supervisory Board is currently considering the creation of an Audit Committee.

Its powers would include :

- verifying the relevance, continuity and trustworthiness of accounting methods;
- verifying internal audit and risk management procedures;
- issuing an opinion on the validity of the accounting treatment of significant transactions.

The Compensation Committee

The primary missions of the compensation committee are to :

- make recommendations and proposals concerning compensation for Executive Board members;



- examine proposals and conditions for awarding stock options;
- make proposals concerning the attendance fees to be paid to Supervisory Board members;
- stay informed of Virbac's general HR policy, specifically the compensation policy of the Group's principal managers.

It is currently composed of three members of the Supervisory Board :

Jeanine Dick

Pierre Madelpuech

Olivier de Pelet

The committee met six times in 2002 and was assisted in its mission by an international compensation specialist.



Virbac Worldwide

North America : **17.7 %** (+1.1 %)



As a percentage of turnover
(turnover progression 2002 vs 2001)

Latin America : **7.1 %** (-14.9 %)

Europe : **54.7 %** (+18.5 %)

Asia : **5 %** (+6.7 %)



Africa Middle-East : **5.7 %** (+2 %)

Pacific : **9.8 %** (+9.7 %)



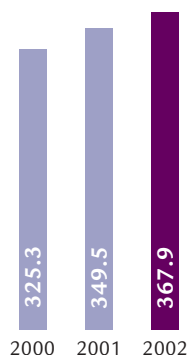
Key Figures for 2002

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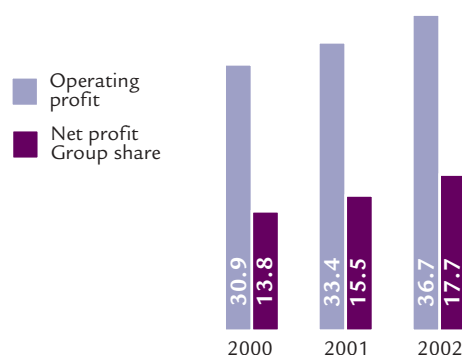
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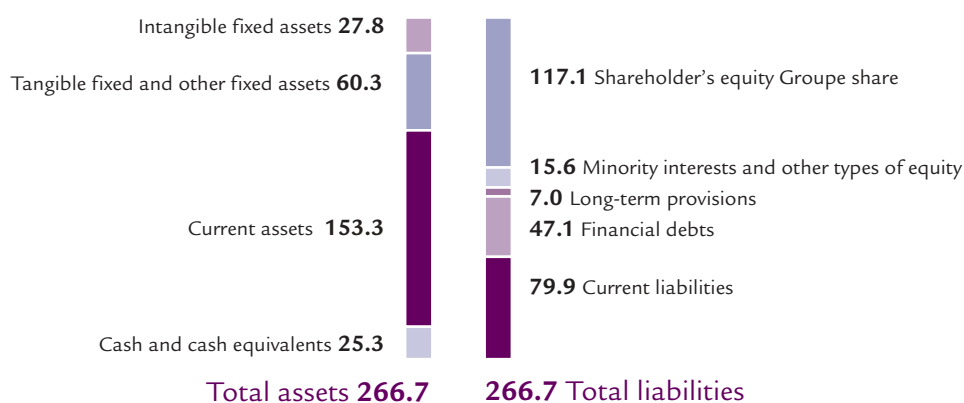
Turnover
(in millions of euros)



Profit
(in millions of euros)



Balance Sheet Structure (in millions of euros)



+5.3%

Turnover

+7.1%

Turnover on a Proforma
at Constant Exchange Rate

+10%

Operating Profit

+14.5%

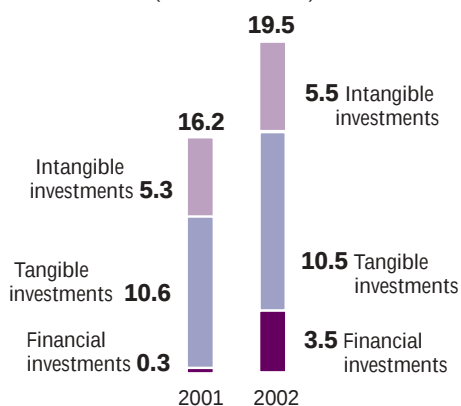
Net Profit Group Share

Key Figures for 2002

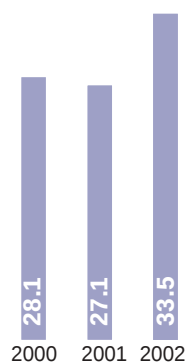
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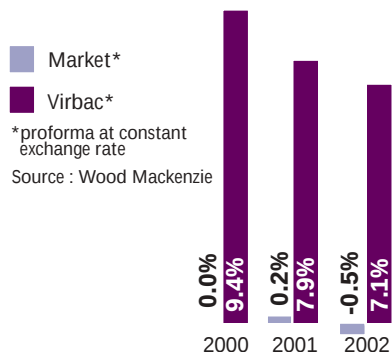
Investments (in millions of euros)



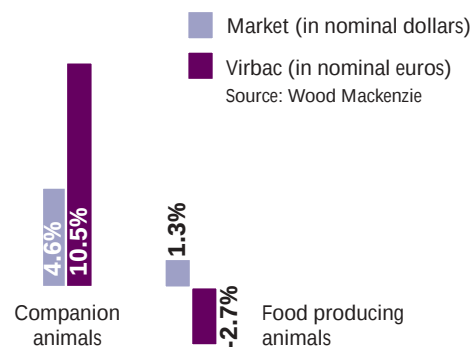
Cash Flow (in millions of euros)



Growth Well above the Market over the Last Three Years



A Growth Driven by a Dynamic Companion Animal Segment





A Success Story



Founded in 1968 in Carros, near Nice, the Virbac Company has always been exclusively committed to animal health. Its founder Pierre-Richard Dick, a veterinarian by training, had the challenge of creating an international veterinary health group that could compete with the animal health divisions of major human health companies, by positioning itself as a specialist to veterinarian clients and animal owners.

In thirty-five years, Virbac has become one of the top international players in the veterinary pharmaceutical sector, by meeting three major challenges defined by its founder from the outset.

A Multi-Specialist Group

The first challenge was to create a multi-specialist group active in both the food producing animal market and the at-the-time-growing companion animal market, by offering products and services for a wide range of pathologies.

Its multi-specialist position helped Virbac become a pioneering pharmaceutical company

in the high-growth companion animal market, by marketing effective products in mass-market segments, such as vaccines and antiparasitics, and more targeted segments, such as dermatology.

An International Group

The second challenge was internationalization. Virbac began its worldwide expansion, always a component of its strategy, in 1978, and gradually stepped up its efforts during the eighties and nineties.

Today Virbac operates in five continents, through 23 subsidiaries, and generates 76 % of its sales outside France.

An Innovative Group

For a new player having to compete with powerful international human health groups from day one, innovation was probably one of the toughest challenges to meet.

Virbac owes its success in doing so to its efforts to acquire broad expertise in product innovation.

Company Mission

Virbac's specificity as the largest independent veterinary pharmaceutical company is to provide a complete range of products and services for vets and animal owners, including vaccines, antibiotics, intramammaries, dermatological products... making its mark with added value in terms of quality, effectiveness or practicality.

Virbac wishes to be the pharmaceutical company which brings together the worlds of veterinary science and animal owners and beyond to be the ambassador of animal health.

Key Dates



1968

Virbac is created

1973

The company sets up Virbac 1, a complex of modern laboratories companies in the new Carros industrial area in Nice

1981

Virbac introduces the first homologous vaccine against parvovirus

1984

Virbac's first facility in the United States

1985

IPO and launch of Preventic®, collar against ticks

1988

Virbac introduces Leucogen

1992

President-founder Pierre-Richard Dick passes away

1995

Virbac introduces Suramox® Premix (coated antibiotic for pigs)

1999

Virbac Corp. (US) is created following the merge of Virbac Inc. and Agri-Nutrition

2002

Virbac introduces Iverhart in the United States, Virbagen Omega and Equimax in Europe



In 2002, Virbac still reflects the spirit of its founder, Pierre-Richard Dick (1936-1992), who embodied a mix of daring, commitment, determination and passion.

Virbac, an animal health specialist, holds highly competitive positions in new, high-potential markets such as skin health. It markets a complete range of dermatology products.



Virbac employs over 200 researchers worldwide, based in France, the United States, Australia and Mexico.



One of Virbac's leading products, Leucogen®, was the first anti-retrovirus vaccine to be produced by genetic engineering.



Our Commitment to Animal Health

Through its products, services, advertising and sponsorship initiatives, Virbac wishes to share its knowledge and passion for animal health with an ever-larger segment of the public.

Informing the Public

Virbac's mission as an animal health specialist is to promote greater concern for animal health and welfare whenever it can. Working alongside veterinarians, it strives to inform the public through awareness campaigns, trainings, brochures and educational tools for animal owners. Poster campaigns promoting vaccination and antiparasitic treatments regularly remind owners how to care for the health and welfare of their animals.

Educating Children

Created in 2000, the Virbac Foundation aims to sensitize, educate and inform the public, especially children, about issues having to do with the integration of animals into urban life. Virbac hopes its initiative will help children between the ages of eight and eleven to better know, understand and take care of their pets. The Foundation organizes touring events, led by veterinary school students, contests and theme days at French primary schools.

Supporting the Vets

Veterinarians are a vital link between animals, owners and animal health companies. They play a key role in preventing and treating animal diseases and informing the public. Virbac has always considered vets its partners of choice. According to a recent study of the image of veterinary companies in France, Virbac stands out by offering veterinarians exceptional technical and sales support, as well as by its representatives' availability and friendliness, the information it provides and its efforts to enhance the image of the veterinary profession.



The Virbac Sailboat



For the second year in a row, Virbac is sponsoring Jean-Pierre Dick's racing adventure on high seas.

A top yachtsman for 15 years and the winner of the 2001 Sailboat Tour de France, Jean-Pierre Dick is now competing with the best skippers on the 60-foot monohull circuit.

Jean-Pierre Dick, a veterinarian by training, is very professional in his management of a sports project that benefits Virbac in more ways than one. Virbac's racing sponsorship helps boost the name recognition of the company and brand; it symbolizes Virbac's values, especially innovation, corporate spirit and team spirit; and it represents the veterinary profession in a superb human and sports adventure.

After competing in 2002 in such famous races as the Route du Rhum, Jean-Pierre Dick set about building a new monohull, for use in upcoming major oceanic races, notably the Transat Jacques Vabre, the British Transat and the Vendée Globe.



To follow the latest news concerning the Virbac sailboat, go to the www.jp dick.com Website.



A Growing Group

A Solid Growth

Virbac enjoyed another year of growth in 2002, racking up turnover of 368 million euros, a 5.3 % increase.

In 2002 the company shored up its position in the international market, posting growth that was once again among the strongest in the market, plus a solid financial situation.

Four main factors explain Virbac's gains.

- Market-driven innovation, based on strong synergies among sales, marketing and R&D teams, so that Virbac can offer real product benefits to users.
- Dynamic sales and marketing, which help it conquer market segments with new products and maintain steady growth for its other products.
- International development through a selective, realistic analysis of the growth potentials of each market and business.
- Resource optimization using efficient management systems.

A Balanced Portfolio of Activities

Virbac spreads its risk in a balanced way by being active in the two main segments of veterinary medicine, companion animals and food producing animals, on all five continents.

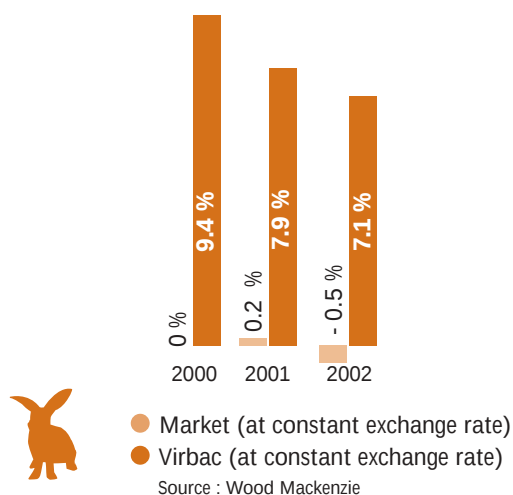
The companion animal health market, which is essentially concentrated in the most industrialized nations of Western Europe, the United States and Japan, accounts for more than a third of the world market. Its consistently solid growth of approximately 5 % a year is driven by two trends : the growing use of medical services and the treatment of new pathologies previously ignored by veterinary medicine. The companion animal health market traditionally expands as household economic status and living conditions improve. Although its growth has slowed somewhat in Europe and the US over the last few years, it still offers worldwide many opportunities for expansion.

The food producing animal market accounts for nearly two-thirds of the international animal health market. Tighter regulations and several health crises have caused it to contract slightly over the last few years. However, some segments and countries still offer attractive growth, provided that veterinary companies respect market fundamentals : cost and price control, product performance and company technical and sales competence.

Virbac's international scope and involvement in both veterinary health segments position it for permanent, stable growth. It also puts the company in a unique position to identify potential growth areas and seize opportunities that arise in its different markets.

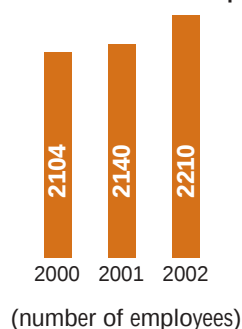


Market Growth versus Virbac's Growth



Taking advantage of a high provision of medical care for old animals, Fortiflex®, a nutrition additional substance against mobility disabilities, is very successful in Europe and Japan.

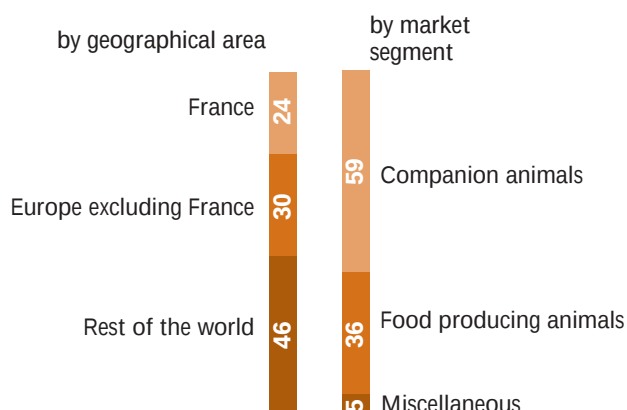
Evolution of Virbac Employees



Veterinarians, Virbac's partners of choice, play a major role in prescribing medication and keeping animal owners informed.

A Balanced Portfolio of Activities

distribution of turnover, as a %



Virbac has developed a range of nutritional products in France, Virbac Vet Complex®, tailored to each type of dog, the dog's age and its needs.



A Carefully Mapped Strategy

Clear, Shared Objectives for 2005

In 1999, the newly appointed Executive Board laid out Virbac's goals for 2005. They included turnover of 500 million euros, 100 million from external growth operations; net profit equal to 5 % of turnover, and a return on capital employed of over 25 %. These regularly shared objectives guide the actions of all Virbac employees.

Virbac's earnings since 1999 are consistent with its 2005 goals. Its turnover has increased by 33 % since then and the slight delay in reaching our external growth goal has been partially offset by strong internal growth. Virbac's net profits also rose sharply. At 17.7 million euros, they now come to 4.8 % of our turnover. Our return on capital employed topped 20 % for the first time ever in 2002.

These results prove the wisdom of Virbac's strategic choices, especially its decisions to pursue market leadership in the companion animal segment and selectivity in the market food producing animal segment.

A Strategy of Leadership in the Companion Animal Market

Virbac's companion animal business includes internal and external antiparasitics, vaccines, antibiotics, etc., and accounts for 62 % of its turnover (excluding miscellaneous activities*). The company posted growth of 10.5 % in the companion animal segment in 2002, at a time when the world market grew 4.6 %. Virbac's strategy in the companion animal market is to seek a dominant position in certain highly profitable niches, such as dermatology and antiparasitics for horses, and to sharply differentiate its products in the most competitive segments, such as vaccines and external antiparasitics. Combining this strategy with a policy of continual innovation enabled Virbac to market new, high-potential products in 2001 and 2002. The equine antiparasitic Equimax® marketed in Europe, the canine antiparasitic Iverhart® in the United States, and Virbagen® Omega, the first veterinary interferon marketed in Europe, all strongly boosted Virbac's sales in their respective markets.

A Selective Strategy for Food Producing Animal Products

Food producing animal products, including antiparasitics, antibiotics, etc., generate 38 % of Virbac's turnover (excluding miscellaneous activities*). In a world market dogged by very low growth in 2002, Virbac's decision to discontinue some of its activities in Brazil resulted in slight negative growth. The pullback, decided by the Group in late 2001, impacted turnover but had a very positive effect on profitability, since it enabled Virbac to shift its focus to higher-margin businesses. Virbac's flagship products, especially its leading one, Suramox® Premix, a coated antibiotic for pigs, occupy solid positions in the food producing animal niche.

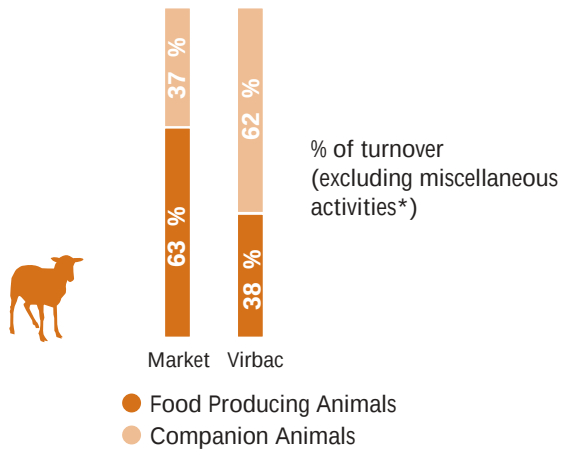
**Miscellaneous activities - which generates approximately 18 million euros, or 5 % of turnover - essentially comprise third-party manufacturing.*



Goals for 2005

Turnover : **500** million euros
 Net profit : **5 %** of turnover
 Return on capital employed : **> 25 %**

A Market vs. Virbac Comparison of the Distribution of Segments



Iverhart, a medication to prevent "heart worm", or dirofilariasis, and control intestinal parasites in dogs, was one of the first Virbac products to be approved by the American FDA.



According to a study of the image of veterinary companies in France conducted in 2001, Virbac stands out for its technical and sales support to veterinarians.



Equimax is the first, single-dose wormer for horses effective in treating the main parasites.



Market-driven Innovation

Recognized Innovation and Licensing Know-how

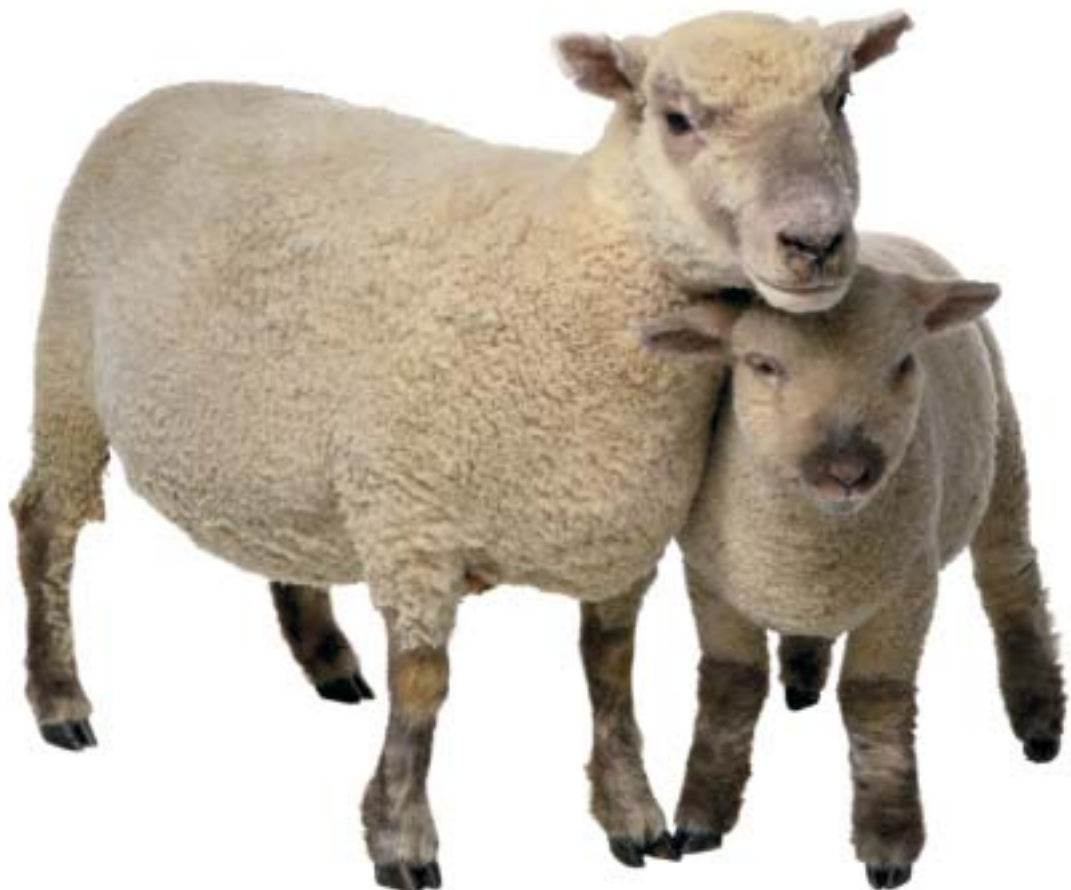
Virbac competes effectively with the world's major human pharmaceutical companies, spending 6.5 % of its turnover on research and development.

The company focuses its R&D efforts on 15 major projects in its various research centers in France, the United States, Mexico and Australia. In addition to its biological research, Virbac has developed an innovative applied research capability in pharmaceuticals. The range of needs for pharmaceutical forms being highly spread in veterinary medicine, Virbac's formulation, galenic and ergonomic know-how are genuine factors in differentiation and added value for its end clients, whether veterinarians or animal owners. Our expertise, attested by the success of such products as **Suramox®**, a coated antibiotic for pigs and poultry, and **Equimax®**, a horse antiparasitic created by combining two molecules in an original way, is acknowledged by all of the professionals of the sector.

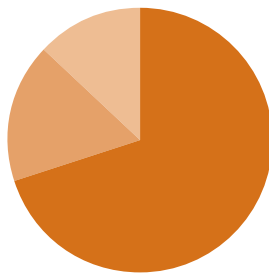
Our competitive position, extensive sales network and development skills also make Virbac a partner of choice in licensing for major international groups.

Staying Close to Clients and to the Expectations of each Market

For Virbac, useful innovation is innovation that is perceived and appreciated by clients. Consequently, respect for local preferences and needs and closeness to customers are key components of Virbac's strategy in each of its markets. Within the company, this closeness to customers translates into decentralized operations, R&D and production centers located on several continents, a strong sales presence in the field and team work between marketing/sales and R&D.



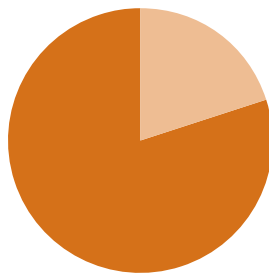
Geographical Breakdown of R&D Spending



- 70 % France
- 17 % United States
- Other regions



Distribution of R&D Spending by Field



- 80 % Pharmacy
- 20 % Biology



Dynamic R&D

R&D employees represent **10 %** of global workforce located in **4** research centers :
France, the United-States, Australia
and Mexico



Virbac spends 6.5 % of its turnover on research and development.



Virbagen Omega is the first veterinary interferon marketed in Europe.



Synergy between its sales and research teams enables Virbac to quickly and effectively adapt to market expectations.



2002 Executive Board Report

Growth of the Group's sales, bolstered by the launches of new products in Europe and in the United States, continued in 2002. Consolidated sales rose to € 367.9 million, up 5.3 % over 2001 (7.1 % proforma at constant exchange rate). Sales outside France now represent 76 % of the business

The year's major events

- The success of new products : Iverhart in the United States, Equimax and Virbagen Omega in Europe, which in 2002 represented sales of more than € 16 million.
- The obtaining of registrations for Equell™ (horse parasiticide) and Genesis™ (against dog skin allergies) in the United States, as well as the obtention of registrations through mutual recognition for Zolan®/Sulidene® (non-steroidal anti-inflammatory) throughout Europe.
- The launch of the Group's new information systems : global sales and margin management system and ERP (Enterprise Resources Planning)-type software system.
- The strengthening of the Group's organisation, with the setting up, during the year, of a Group Information Systems department, and the creation of a Group Human Resources Department.
- The acquisition of Emax in the Netherlands, which is well introduced in specialised distribution channels.
- The Group's operating profits increased from 9.6 % to 10 % of sales, while net debt fell 36 %.

The Group's Activities in 2002

Most of the 5.3 % growth of the Group's sales in 2002 was internal. It would have been 8.6 % barring the unfavourable effect of exchange rates, and 7.1 % proforma and at constant exchange rate. This performance should be compared with that of the global animal health market, estimated at \$11.3 billion, which rose only slightly in 2002 (+ 2.5 %) and actually fell by 0.5 % in real terms, with contrasting results depending on the activity area : + 4.6 % in companion animals and + 1.3 % in food producing animals, as well as by continent : strong growth in Europe, moderate growth in North America and Asia, and falling sales in Latin America. Against this backdrop, Virbac confirmed its dynamism by successfully launching innovative products and

demonstrated its ability to grow in different sectors, and more rapidly than the global market.

Companion Animals

This business, which represents 59 % of the Group's sales, grew by 10.1 % in euros in 2002, while the global market rose by 4.6 % in dollars.

All segments performed well.

● Parasiticides

The Group resumed its growth on this segment (+ 5 %) as a result of the launch, on the American market, of Iverhart, a parasiticide used against dog heartworm infections, as well as the continued success of Preventic®, a parasiticide collar against ticks.

● Biology

Sales in this business increased by 8 % in 2002. The current range of products did particularly well in Europe and in Asia. The launch in Europe of Virbagen Omega, the first interferon (immunological protein licensed from the Japanese Group Toray, used in the treatment of serious viral infections) developed in veterinary medicine, strengthened Virbac's product line on this market and confirmed its ability to develop innovative and advanced products.

● Dermatology /cosmetics

This range of products rose by 4 % in 2002, primarily as a result of the successes achieved in North America, where Virbac Corp. launched Genesis (against dog skin allergies), and in Asia.

● Specialities

Bolstered by the Group's excellent performance in Europe, where the dental range of products, anaesthetics, anti-inflammatory and products such as Fortiflex (nutritional complement used to treat mobility problems) achieved significant breakthroughs, this segment grew by 9 % compared to 2001.

● Specialised petfood : + 22 %

In France, the re-launch of the Vet Complex nutrition range led to growth of more than 20 % in a market characterised by growing veterinary demand.



● Horse range

The Group's performances on this segment was exceptional : sales jumped + 123 % due to the huge success of Equimax, a broad-spectrum allwormer medication for horses. This product has an original formulation and was patented by Virbac. It was introduced at the end of 2001 in the United Kingdom, and at the beginning of 2002 in Germany, the Netherlands and Switzerland.

Food Producing Animals

This business represented 36 % of the Group's sales and its sales fell by 2.7 % in 2002, in a stagnant global market. If one excludes the effect of restructuring in Brazil, where, at the end of 2001, Virbac decided to refocus on the companion animal market, as well as the negative impact of exchange rates, this business would have grown by 4.6 %, significantly outpacing the overall market, which rose by 1.3 % in dollars in relation to 2001.

The bovine parasiticide segment decreased by 16 % in 2002 (8 % on a constant exchange rate). It was impacted by the closure of our food producing animal activities in Brazil, and was marked by the lowering of Ivermectine-based product prices. Virbac's presence on this segment was bolstered in Europe with the launches of Virbamec® (a parasiticide for bovine) in Spain, and Virbamec® pour-on in Germany, as well as with the Mexican registration for Zeramec™, a

new patented product resulting from Latin American research and development. This product combines an internal and external parasiticide and a growth hormone in one single injection.

In the field of antibiotics, new products were launched in Latin America: Maxflor® (an injectable antibiotic for respiratory diseases) and Citius® (an injectable bovine and pig antibiotic). The major Group products in this sector continued to do well on all markets, despite competitor pressure and increasing regulations. In France, the registration of Avlezan®, a non-steroidal anti-inflammatory for bovine and pigs, made way for the launching of the product at the start of 2003.

Finally, we should note the excellent performance of pig and poultry antimicrobial agents, whose sustained growth continued, by 12.5 % in 2002. On this segment, in 2002, Virbac launched Stabox® (an amoxicilline-premix product) and Pulmodox® (an doxycycline-premix) in Portugal.

Other Business

Other business, which represents 5 % of sales, relates to markets of lesser strategic importance for the Group, primarily third-party manufacturing carried out for outside firms, as well as sales of medical equipment, rabies baits for foxes, and disinfectant products. These sales fell slightly in 2002 as a result of the cessation of certain third-party manufacturing activities in the United States.

External Growth

In January 2002, Virbac acquired Emax in the Netherlands. This company used to distribute the Group's products in specialised distribution channels (pet shops, garden centers) in the Netherlands. The additional sales generated by the take-over of this business represents roughly € 5 million a year.

At the beginning of 2002, Virbac acquired two small family firms, Feroz Salud Animal S.A. in Costa Rica and Vetipharma Ltda in Columbia, in order to broaden its products' distribution network in Latin America. The Group's presence was also bolstered in Asia with the creation of a subsidiary in Taiwan. The Polish subsidiary, which had been inactive for several years, was finally liquidated.





Geographic Breakdown of Business

2002 was marked by a sharp increase in sales in Europe (excluding France), by 19.3 % higher than in 2001 (+ 14.6 % on a constant group structure basis).

The Group's business remained stable in France, with growth of 2.1 % in the companion animal department and a drop of 4.8 % for the food producing animal department, the result of the loss of certain products. Virbac UK sales climbed by 18 % with the launch of Equimax (broad-spectrum allwormer medication for horses), despite a few problems on the ovine market. Sales at Virbac Germany jumped by 10 %, helped by solid performance from Equimax, Virbagen Omega and the vaccine range in general. Virbac Austria and Virbac Belgium saw their sales rise by more than 20 %, while sales at Virbac Switzerland jumped by 31 %, an excellent year highlighted by the success of the vaccine range and the successful launch of Equimax. Virbac Spain enjoyed major commercial successes in the food producing animal business, in particular with Stabox (amoxicillin-based premix) and Pulmodox (antibiotic against pig respiratory infections). Virbac Italy sales rose in both of the Group's main businesses. Growth was particularly strong with parasiticides for companion animals and pig and poultry antibiotics with Stabox and Pulmodox.

In the United States, the world's largest market, Virbac Corp. continued its growth and ended 2002 with local growth of 5 % compared to 2001. The veterinary division's sales took advantage of the successful launch of Iverhart, jumping by 29 %. However, the consumer division suffered from strong competitive pressure and sales fell 9 % in relation to 2001. Industrial third-party manufacturing activities were reduced in order to focus on contracts with higher margins.

Exports to Africa and the Middle East benefited from the reorganisation of our distribution network in Algeria and a call for tenders in Libya. At the same time, our South African subsidiary was penalised by the devaluation of the local currency, and sales fell 6.7 % in euros. On the promising companion animal segment, which still represents only 10 % of the subsidiary's business, the vaccine range, introduced in 2001, and parasiticide sales rose sharply.

In Latin America, our Mexican business continued to grow, albeit at a slower pace than that of previous years, primarily as a result of the depreciation of the Mexican peso. Two products were launched that resulted from local R&D : Endogard® (a broad-spectrum parasiticide in oral tablet form, for dogs) and Citius (injectable bovine and pig antibiotic). In Brazil, where, at the end of 2001, we decided to restructure our activities and to refocus on the companion animal business, our sales fell sharply. Despite this, the subsidiary is now back in positive figures and is less exposed to exchange rate fluctuations. In 2002, Virbac Brazil concluded distribution agreements with Pfizer and Elanco, in order to maintain its presence on the food producing animal market while limiting financial risk.

Asia, which represents 5 % of the Group's sales, rose by 6.7 %. Our Japanese subsidiary strengthened its presence on the dermatology and dental hygiene markets. Virbac Korea continued its growth and recorded a remarkable increase in sales in the companion animal business, primarily as a result of the vaccine range.

In the Pacific region (Australia and New Zealand), sales rose by 9.7 %. Growth in New Zealand, where Virbagen Omega and Alizin® (abortifacient for dogs and cats) were launched, was stronger than in Australia, where a record drought hurt our business in the second half of the year.

	2002 M.€	2001 M.€	Variation 2002/2001	Breakdown 2002
France	87.6	88.4	-0.9 %	23.8 %
Rest of the France	113.6	95.2	19.3 %	30.9 %
North America	65.0	64.3	1.1 %	17.7 %
Latin America	26.3	30.9	-14.9 %	7.1 %
Asia	18.4	17.3	6.7 %	5.0 %
Pacific	35.9	32.7	9.7 %	9.8 %
Africa-Middle East	21.1	20.7	2.0 %	5.7 %
Total	367.9	349.5	5.3 %	100.0 %

Research and Development

Virbac continued to allocate significant resources to research and development and to licensing activities : these funds rose at a faster pace than sales.

Most of the Group's R&D work is carried out in France, in Carros, although, for the past several years, Virbac has been implementing a policy to decentralise development and registration units on three other sites (the United States, Australia and Mexico) in order to adapt more effectively the portfolio of R&D projects to the specific needs of the various business zones. This internationalisation offers another benefit : it promotes early access to certain molecules patented in other countries and adapts registration dossiers to local regulatory constraints.

This policy, which has proven itself for a number of years in Australia, continued to bear fruit in 2002 in the United States and in Latin America. In North America, where development problems and costs are comparable to those in Europe, Virbac obtained FDA registration of Equell (horse parasiticide) and Genesis (dermatological product against dog skin allergies).

Moreover, the development of products without registration, in dermatology and dental, continued. In Latin America, at the end of 2002, our Mexican research and development unit obtained authorisation to market Zeramec, a unique, patented product that combines two active principles : an endectocide – internal and external parasiticide – and a growth hormone. The concentration of efforts on major products and projects continued. The group's R&D in Carros was mostly geared towards companion animal products, where projects are underway in the following areas : biology (vaccines and antiviral products), parasiticides, anti-inflammatories, dermatology, and antimicrobial products.

In biology, Virbac's traditional base in companion animals, our teams are working to secure our registrations in order to satisfy increasingly stringent regulatory requirements, as well as on particularly innovative developments. Among them, a new generation vaccine against canine parvovirus (viral gastro-enteritis) is expected to obtain its first registration this year, and a vaccination against feline chlamydiosis (respiratory illness) is in an advanced stage of development. At less advanced stages, two other research projects have made highly satisfactory progress.

In the area of food producing animals, where the Group continued its selective approach, most projects are in parasiticides and antibiotics. Downstream from R&D, in 2002,

the registration departments obtained or filed many approvals to bring new products to market. In Europe, Virbac obtained registration, through mutual recognition, for Zolan/Sulidene (non-steroidal anti-inflammatory). This product, which is already sold in France, will gradually be launched in the largest European markets.

In addition, Virbac stepped up contacts with a view to continue to obtain new molecules or technology licenses.

Production

In France, the launch of the supply chain module of the ERP (integrated software program) in April 2002 led to a modification of our logistics organisation with notably :

- the creation of a centralised planning department, which now includes planning and procurement;
- the separation of the purchasing department, which is now essentially devoted to supplier relations (research and negotiations) and the procurement department.

This new system, coupled with a more efficient organisation, will improve the logistical chain and greatly reduce delivery times, costs and stocks.

Also in the area of logistics, shipments from the Carros site have been combined at a single site and a store's layout has been changed.

As a result of our commitment to constantly improve quality, we have invested in new biological quality control laboratories, which are now located on a single site in Carros, and we started to use a new laboratory management software program.

Other investments were made in 2002 to renovate our French production plants, including the installation of a new intramammary block.

In the United States, investments were made at our St. Louis (Missouri) site, where a new distribution line for oral paste was installed, and at our Fort Worth (Texas) site, with the installation of an automatic filling line for shampoo.





A quality assurance department has been set up in Mexico to make our local production plant even more efficient.

In Vietnam, our powder plant obtained GMP ASEAN certification in December 2002, which will enable it to export production to other Asian countries.

In South Africa, we decided to locally produce oral and external administration paraciticides ourselves, in order to limit our dependence on third-party manufacturers, respond to local regulatory constraints and become more adaptable.

In Australia, the adaptation and modernisation of facilities continued.

Analysis of 2002 Group Financial Results

Consolidated Income

Operating income improved by 10 % over 2001, thereby bringing the Group's operating profit to 10 % of sales. This improvement is explained by the launch of new, high-margin products, the cessation of certain less profitable third-party manufacturing activities in the United States, and the control of sales and administrative expenses.

The net financial result was - € 5,322 thousand a level comparable to the previous year. It was primarily comprised of billing rebates granted to our clients, interest expenses on credit lines in France and the United States, and foreign exchange losses posted in Latin America, which were themselves offset by foreign exchange gains at Virbac S.A.



Extraordinary income rose € 1,164 thousand as a result of the sale of minority interests.

Extraordinary expenses, which climbed € 1,035 thousand included the net book value of the minority interests sold. Moreover, they are primarily comprised of charges and provisions for departures and company commitments (end of career compensation) as well as coverage of risks, legal disputes, and the depreciation of non-operating assets that were assigned a value by the Group.

The income tax was stable in relation to the previous year, primarily due the decrease in income tax in France, and of a research tax credit of € 451 thousand.

Consolidated income after tax and before minority interests and amortisation of goodwill was € 20.7 million, up 17.2 %.

Minority interests rose from € 0.8 to € 1.7 million. The main cause was the significant increase in Virbac Corp.'s income in the United States (where the Group has a 60.5 % percent interest).

After including these items, the Group's share of net income was € 17.7 million, compared to € 15.5 million in 2001, an increase of 14.5 %.

Consolidated Balance Sheet and Financing

The Group's cash flow from operations climbed to € 33.5 million, from € 27.1 million in 2001, an increase in 23.6 %, which reflected the change in the Group's profitability. Net borrowings at 31 December 2002 amounted to € 21.9 million, which represented 0.65 times the cash flow generated from operations and 15.6 % of Group equity (including provisions). This sharp decrease in debt resulted from the combined effect of the Group's improved profitability and a decrease of working capital needs. The Group's tangible investments represented € 10.5 million in 2002 and were mostly earmarked for bringing production in line with standards and improving our production plants. Intangible fixed assets rose by 14.7 %, due to the large computer investments made to modernise the Group's management systems and to the acquisitions of product licenses in the United States.

The operating working capital requirement fell by 5 % in relation to the previous year, while sales rose simultaneously by 5.3 %. This favourable development is explained by the fall in trade receivables at the end of 2002 compared to at the end of 2001, when several new products were launched. Stocks fell vis-à-vis sales, favoured by exchange rates, and they plummeted in the United States. For isolated reasons, accounts payables rose by 11.2 % in relation to 2001.

Analysis of VIRBAC S.A. 2002 Accounts

The sales of parent company Virbac S.A. reached € 122.5 million, up 2.5 % over the previous year. The sales to our foreign subsidiaries outside Europe dropped, primarily as a result of the restructuring of our Brazilian activities. However, sales to our French and European subsidiaries increased. Operating income was - € 1.9 million, as a result of the large increase (+ 8 %) in operating expenses linked specifically to the introduction of ERP and the fees incurred on an acquisition project that was never implemented. Net financial income rose sharply as a result of the increase in the dividends received from foreign subsidiaries (+ 53 %), and the fall in expenses, which is explained by the recording in 2001 of a provision for depreciation of our Brazilian subsidiary's securities. The net profit after tax was € 10.3 million, compared to € 7.7 million in 2001.

Proposals by the Executive Board

Allocation of Virbac S.A.'s net profit

The net profit of parent company Virbac S.A. amounted to € 10,334,934.

A proposal will be put to the General Assembly to distribute a net dividend of € 0.63 per share, carrying a tax credit of 50 % (for individuals only) i.e. € 0.315.

Accordingly, dividends distributed will rise by 9.6 % over the 2001 figure.

The year's net profit will be allocated as follows, provided that the Group does not hold any treasury shares on the date of payment; otherwise, the undistributed dividends relating to treasury shares deprived of their voting rights will be allocated to Retained Earnings.

- Dividend distribution amount : € 5,490,042
- Discretionary reserve allocation : € 4,844,892
- Fiscal year's net profit : € 10,334,934

Dividend distribution amounts during the last three financial years*:

Year	Net dividend/share	Tax credit/share	Gross dividend/share	Total dividend distribution
1999	1.86	0.93	2.79	3,923,495
2000	2.13	1.07	3.20	4,424,163
2001	2.30	1.15	3.45	4,775,389

(*) Before a four-for-one stock split

Share Buyback Program

The Ordinary General Assembly of 13 June 2002 authorised parent company Virbac S.A. to buy back its own shares on the basis of Article L. 225-209 of the French Commercial Code, and in accordance with the buyback plan described in the prospectus referred to by the Commission des Opérations de Bourse [France's SEC] (Article No. 02-626 of 27 May 2002).

At 31 December 2002, Virbac S.A. owned 408,672 of its own shares, which were purchased on the market for a total amount of € 6,961,128, net of acquisition costs, at an average share price of € 17.03. During the year, the company did not buy or sell its shares, with the exception of shares held within the framework of a liquidity contract, the value of which is insignificant.

Treasury shares held at 31 December 2002 represented 4.7 % of Virbac S.A.'s share capital and will primarily be used to fund stock option plans.

Subject to the prior approval of the Commission des Opérations de Bourse, a resolution will be proposed to the General Meeting to renew the authorisation to buy back the company's own

shares over a period of 18 months from the meeting date, with the following objectives :

- stabilising the share price, by systematically intervening against market trends;
- allocating the company's shares to the Group's employees and managers through share purchase options pursuant to Articles L. 225-179 et seq. of the Commercial Code;
- ultimately, holding, disposing of or transferring the shares thus acquired.

In addition, share buybacks may potentially be undertaken in order to :

- exchange shares within the framework of a company acquisition.

The maximum share buyback price can never exceed 50 euros per share and the minimum sales price can never be less than 12.5 euros per share.

The maximum number of shares thus acquired may never exceed at any time 10 % of the share capital. The maximum number of shares will include shares previously acquired within the framework of the aforementioned previous authorisations and those acquired within the framework of a liquidity contract.





Combined General Assembly of 11 June, 2003

The following will be submitted to the approval of the shareholders at the next General Assembly, during its Extraordinary part :

- the approval of the merger by absorption of LABORATOIRE VIGUIE by VIRBAC S.A., subject to Article L. 236-11 of the Commercial Code. LABORATOIRES VIGUIE, a simplified joint stock company, is a wholly owned subsidiary of VIRBAC. The intended merger is the result of a commitment to simplify and streamline the Virbac Group's legal and industrial structures.

- pursuant to the provisions of Article L. 225-129 of the Commercial Code, to reserve for the company's employees a cash increase in the share capital, in the conditions stipulated in Article L. 443-5 of the Labour code. The Act of 19 February 2001, called the "Employee Savings Act", requires all companies that, within three years of the law's entry into force (20 February 2001), have not increased the capital, and whose employees shareholders of the company and the Group represent less than 3 % of the capital, to convene an Extraordinary General Assembly in order to enable said meeting to vote on a resolution to undertake an increase in capital for those employees who are members of a company savings plan. In order to avoid having to convene an Extraordinary General Assembly solely to satisfy this legal obligation, it is proposed that a resolution be submitted to the extraordinary part of the Combined General Meeting, to carry out a capital increase reserved for those employees who are members of the company savings plan.

Corporate Governance 1 April, 2003

Supervisory Board

- Jeanine DICK, Chairwoman of the Supervisory Board of VIRBAC S.A.
- Manager of INVESTEC, a non-trading company.

Remuneration and benefits : € 8,232.85

- Pierre MADELPUECH, Vice-Chairman of the Supervisory Board of VIRBAC S.A.

Other external corporate governance positions held :

- Member of the Management Board and Managing Director of VGC S.A. (France),
- Member of the Management Board of MANUEST S.A. (France),
- Director of PANPHARMA S.A. (France),
- Director of PANMEDICA S.A. (France).

Remuneration and benefits : € 13,720.41

- Marie-Hélène DICK MADELPUECH, Permanent representative of INVESTEC, a non-trading company, Member of the Supervisory Board of VIRBAC S.A.

Other external corporate governance positions held :

- Chairman of the Board of Directors of PANMEDICA S.A.
- Permanent representative of PANMEDICA S.A., Director of PANPHARMA S.A.

Remuneration and benefits : € 4,573.47

- François GUINOT, Member of the Supervisory Board of VIRBAC S.A.
- Director of JEANNE LANVIN S.A. (France),
- Vice-Chairman of HARMONIE S.A. (Luxembourg),
- Director of BLUEWATER (Luxembourg),
- Director of PHARMAGENESIS (U.S.A.),
- Director of TIANJIN HUALONG PHARMACEUTICAL CORP. (PRC),
- Director of CLINIQUE DE PARIS INTERNATIONAL (Luxembourg),
- Vice-Chairman of ACADEMIE DES TECHNOLOGIES (France).

Remuneration and benefits : € 15,244.90

- Olivier de PELET, permanent representative of UNION D'ETUDES ET D'INVESTISSEMENTS, a public limited liability company, Member of the Supervisory Board of VIRBAC S.A.

- Permanent representative of IDIA PARTICIPATIONS S.A., Member of the Supervisory Board of LABORATOIRES THEA S.A.
- Permanent representative of IDIA Participations S.A., exercising the duties of Director of BERKEM S.A., PANIL S.A., FROMAGERIE GUILLOTTEAU S.A., and SOCIÉTÉ LA BIOCHIMIE APPLIQUÉ S.A. (SO.LA.BI.A), PAN MEDICA S.A., NICKEL S.A., LABORATOIRES GOEMAR S.A., NORAC S.A., NHC FINANCE S.A.

- Permanent representative of IDIA PARTICIPATIONS S.A., exercising the duties of Director of PRI POUPON et REITZEIL IND. HOLDING (Switzerland).

- Permanent representative of IDIA PARTICIPATIONS S.A., exercising the duties of Member of the Supervisory Board of ETABLISSEMENTS JACQUOT ET CIE. S.A.
- Permanent representative of UNION D'ETUDES ET D'INVESTISSEMENTS S.A., exercising the duties of Director of BIOFINANCES II, S.A.S., and PANPHARMA S.A.

Remuneration and benefits : € 4,573.47

Executive Board

● Eric MAREE, Chairman of the Board of VIRBAC S.A.

Other external corporate governance positions held in Virbac's subsidiaries :

- President of ALFAMED S.A.S. (France)
- President DOG N' CAT INTERNATIONAL S.A.S. (France),
- President of FRANCODEX S.A.S. (France),
- President of LABORATOIRES VIGUIE S.A.S. (France),
- President of VIRBAC FRANCE S.A.S. (France),
- President of VIRBAC NUTRITION S.A.S. (France),
- President of INTERLAB S.A.S. (France),
- Director of VIRBAC AUSTRALIA PTY (Australia),
- Director of VIRBAC CORP (United States),
- President of VIRBAC CZV SRL (Spain),
- Director of VIRBAC LTD (United Kingdom),
- President of Laboratorios VIRBAC MEXICO S.A. de CV (Mexico),
- President of Comercializadora VIRBAC S.A. de CV (Mexico),
- Director of VIRBAC LABORATORIES LTD (New Zealand).

● Pierre PAGES, Member of the Management Board and Managing Director of VIRBAC S.A. Other external corporate governance positions in Virbac subsidiaries :

- President of VIRBAC DISTRIBUTION S.A.S. (France),
- Manager of SOPARLIC SARL (France),
- Director of VIRBAC AUSTRALIA PTY (Australia),
- Director of VIRBAC CORP. (United States),
- Director of VIRBAC LABORATORIES LTD (New Zealand),
- Co-manager of VIRBAC GmbH (Germany),
- Director of VIRBAC ESPAÑA S.A. (Spain),

- Director of VIRBAC JAPAN CO LTD (Japan),
- Director of VIRBAC KOREA CO LTD (Korea),
- Director of VIRBAC LTD (United Kingdom),
- Director of VIRBAC ÖSTERREICH (Austria),
- President of VIRBAC PHILIPPINES INC (Philippines),
- President of VIRBAC RSA LTD (South Africa),
- President of VIRBAC SRL (Italy),
- Director of VIRBAC SWITZERLAND AG (Switzerland),
- Vice-Chairman of VIRBAC VIETNAM (Vietnam),
- Director of VIRBAC TAIWAN CO LTD (Taiwan),
- Director of VIRBAC THAILAND CO LTD (Thailand),
- Director of Laboratorios VIRBAC MEXICO S.A. de CV (Mexico),
- Director of Comercializadora VIRBAC S.A. DE CV (Mexico),

● Christian KARST, Member of the Management Board of VIRBAC S.A. Other external corporate governance positions held in Virbac subsidiaries :

- President of the Board of Directors of VETAROME S.A.S. (France),
- Director of VIRBAC AUSTRALIA PTY (Australia),
- Director of VIRBAC LTD (United Kingdom),
- Manager of NEW-CO S.A.R.L. (France),

● Jean-Pierre DICK, Member of the Management Board of VIRBAC S.A. Other external corporate governance positions held :

- Chairman of Virbac Foundation

● Michel GARAUDET, Member of the Management Board of VIRBAC S.A. Other external corporate governance positions held :

- Manager of VIRBAC DE PORTUGAL LTDA (Portugal),
- Director of S.A.S VETAROME (France),

Total pre-tax gross remuneration and benefits of all types paid in 2002 to the members of the Management Board were as follows :

Gross compensations in euros	Fixed compensation	Compensation from directorships held in the Group's companies	Variable compensation	Total compensation
Eric MAREE	202,184	55,895	53,357	311,436
Pierre PAGES	139,537	55,895	38,112	233,544
Christian KARST	122,006	30,500	38,112	190,618
Jean-Pierre DICK	40,131		22,867	62,998

Michel Garaudet, member of management board since 13 December has not received compensations for his office in 2002.



Shareholder's Information and the Stock Market Performance

In order to enable a greater number of investors, particularly individuals, to have access to Virbac shares, and to improve the share's market liquidity, the General Assembly of 13 June 2002 has decided to increase the number of shares comprising its share capital, through a four-for-one stock split. This transaction took effect on 29 July 2002. Since then, the share capital remained fixed at € 10,892,940, but is now divided into 8,714,352

shares with a par value of € 1.25 each. Between 31 December, 2001 and 31 December, 2002, Virbac's share price rose by 31.2 %, while most of the major indices were falling. The CAC 40 lost more than 33 % over the same period. In order to enable shareholders, financial analysts, brokers, portfolio managers, and individuals to monitor the Group's events, Virbac distributes press releases and publishes them in a variety of newspapers, as well as on the Internet, on the following web site : www.virbac.com.

At 28 February, 2003, the capital was held as follows :

	As a % of capital	As a % of voting rights
Dick family group	46.8 %	62.5 %
Orfim SAS	5.3 %	4.1 %
Company savings plan	0.8 %	0.6 %
Public	42.4 %	32.8 %
Treasury shares	4.7 %	0.0 %
	100 %	100 %

The number of shares at 28 February 2003 was 8,714,352. The number of voting rights counted at 28 February 2003 was 11,336,520, based on the elimination of treasury share voting rights.

Stock market data and ratios (in euros)

	2001	2002	At 31 March 2003 ^(*)
Share price :			
Highest	25.93	37.55	29.6
Lowest	19.25	21.64	20.5
Monthly average	22.49	29.37	24.83
Most recent	21.50	28.2	23
The Group's price earnings ratio :			
Highest	12.8	18.5	14.6
Lowest	9.5	10.6	10.1
Monthly average	11.1	14.4	12.2
Most recent	10.6	13.9	11.3
Rate of return :			
Average price	3.8 %	3.2 %	3.8 %
Most recent price	4.0 %	3.4 %	4.1 %
Transaction volume	1,870,376	2,622,945	275,294
Market capitalisation at end of period (€ million)	187.4	245.7	200.4

(*) Price Earnings Ratio calculated on 2002 earnings



Good Prospects for 2003 in an Uncertain Environment

We will continue to implement with conviction the strategy aimed at maintaining sustainable and profitable growth. With this in mind, a strategic itinerary, characterised by four main points, has been defined :

- focus on the animal health business and the development of own brands;
- become one of the world leaders in companion animals and target selective growth in food producing animals;
- dominate certain market niches at the global level;
- reach our 2005 objectives, defined simply and clearly : 500 million euros in sales and about 5 % of net profit.

The main components of this growth are clearly identified : market-driven innovation, commercial drive, international development, and the optimisation of resources to generate

solid internal growth, and to supplement it with targeted acquisitions.

Growth in the first quarter of 2003 (6.3 % on a comparable exchange rate basis), was in line with our recent performance and with our forecasts, despite a difficult and uncertain economic environment. The reported figure is obviously negatively impacted by exchange rates, as the local profits of non-euro reporting subsidiaries will be when they get consolidated in euros. This impact should gradually decrease when we get closer to the end of the year and is limited to the above mentioned profit consolidation, since revenues and costs in the major non-euro reporting countries are incurred in the same currency. We remain confident in our ability to further improve our profitability and cash flow in 2003, thanks to the growth generated by the products launched in 2002 and new launches in 2003, as well as the initiatives that we have taken to contain our operating costs, by using the information systems recently put in place.

Additional Information Requested Pursuant to the New Business Regulations Law

Safety - Environment

The environmental information presented here is taken from our French sites. It does not reflect any variation or comparison insofar as only the year 2002 was reviewed within the framework of the enactment of the NRE Law.

Consumption of Water Resources, Raw Materials, and Energy :

m ³	2002
Water	72,258

Water is used for the purposes of production and for thermal uses. The implementation of closed loop cooling equipment, and attentive management of use contribute to our ability to control consumption.

kWh (kilowatt hours)	2002
Gas	7,564,607
Electricity	13,808,543





Energy is used for manufacturing processes, and for filtration in buildings, in order to comply with good pharmaceutical manufacturing practices. Compared to other industries, the pharmaceutical industry is a production activity that does not require large quantities of energy. Virbac is currently actively pursuing an approach involving the implementation of a comprehensive policy covering hygiene, safety and the environment. The objectives of this approach primarily concern human resources (personal safety), followed by economic (protection of property) and regulatory concerns (compliance with legal obligations). The actions carried out are divided into five major areas.

1. Constant Monitoring

Virbac S.A. monitors constantly and systematically ensures that it is in conformity with changes to hygiene, safety and environmental regulatory requirements. Are made all modifications and improvements linked to changes in Virbac's activities that give rise to the updating of our authorisations to operate, issued by the "DRIRE", the French Regulatory Departments of Industry, Research and the Environment, within the framework of Classified Facilities. We also follow the recommendations issued from the annual audit of our sites by our insurer's experts.

2. Investment in Technical Solutions

Many prevention-related investments have been made on our French sites :

- in terms of safety, fire detection, extinction, alarm and guard systems have been installed;
- in controlling environmental risks, significant investments have been made, notably, the setting up of confinement areas for fire flows and rain water, the installation of waste storage cabinets, the automation of biological waste decontamination station pickup devices, and the setting up of a selective waste sorting and recycling mechanism, as well as the addition of collection bins.

The total amount of investments made in 2002 was € 864,000.

This programme to improve our safety and environmental facilities will continue in 2003.

3. Introduction of Extra Human Resources

Taking into account all the obligations to which Virbac is subject gave rise to a significant restructuring of the Hygiene-Safety-Environment team. In 2002, this new organisation took the concrete form of the

setting up of specific services for safety and the environment. We will continue to strengthen the teams in 2003.

4. Specific Hygiene-Safety-Environment Training

Annual regulatory training is given in the following areas :

- fire safety
- environmental protection : training in environmental requirements and in following procedures and instructions,
- handling products, and the conditions for storing, managing and tracing liquid and gas discharge and waste through selective sorting.

5. Risk Prevention and Analysis

Virbac's regulatory risk analysis on its production sites led to a report that is broken down into action plans.

Certification Efforts

Virbac has begun the necessary steps to achieve ISO 14001 certification.

Objectives Assigned to the Group's Foreign Subsidiaries

In all countries with production units, the Group is developing an environmental standard compliance policy. By way of example, our Mexican subsidiary, after having voluntarily undergone an environmental audit, in 2001 obtained - for its production sites - recognition by the local authorities of its exemplary respect for the environment.



Human Resources

With 2,210 employees working in 24 countries, the Virbac Group set up a Human Resources management structure for the Group in 2002, in order to encourage one of its key values on a worldwide basis : personal development, a foundation of its strategy and of its international development.

An HR Strategy to Bolster the Group's Growth

The Virbac Group's human resources strategy is based on a strong belief : that "it is the expertise and commitment of people that make the difference".

This strategy is based on the objectives and tools that the Group intends to implement

with regard to personal development, as well as the respect of values and ethical principles in the area of human resource management.

Two surveys were carried out : the first, which began in France in 2001, continued in 2002, with employees from the entire Group, and included the collection of employees' opinions on subjects such as : "work relations, management, communications, and also products, quality and organisation".

The second consisted of listing the various practices within the Group as regards social security benefits (medical coverage, retirement and pension fund practices, paid leave, etc.). These two studies will constitute a solid basis on which the Group's HR policy will be based in future.

Group Employees

Staff by function

	2002	2001
Production	915	921
Administration	324	299
Sales and Marketing	744	711
Research and development	227	209
Total	2,210	2,140

Staff at 12/31/2002 Geographic zones	Total	%	Women	%	Men	%
Europe	1,240	56.12 %	643	51.85 %	597	48.15 %
of which France	982	44.43 %	539	54.89 %	443	45.11 %
North America	278	12.58 %	107	38.49 %	171	61.51 %
Latin America	195	8.82 %	78	40.00 %	117	60.00 %
Pacific	218	9.86 %	111	50.92 %	107	49.08 %
Asia	160	7.24 %	55	34.38 %	105	65.63 %
Africa – Middle East	119	5.38 %	46	38.66 %	73	61.34 %
Total Virbac Group	2,210		1,040	47.06 %	1,170	52.94 %

The number of employees at 31 December, 2003 increased by 3.3 % (i.e. by 70 employees), compared to 31 December, 2001. The most represented activities are production (41 %) and sales (34 %). Most of the Group's staff work in Europe (56 %), and 1,228 people (56 % of the Group's employees) are based outside France.

The ratio between women and men is balanced : 47 % women and 53 % men.

One of the major events of 2002 was the restructuring of the Brazilian subsidiary, which led to the departure of 35 employees. This reorganisation was implemented with a focus

on maintaining employment, and thanks to the efforts of local management, this operation took place in the best possible conditions, in a manner consistent with the ethical rules that the Group has set for itself.

Each country manages its own employees autonomously and in a manner consistent with local legislation. An example is South Africa, where the Group continues to grow by implementing the principles of the "Equity Act". The Group's entities are responsible for designing and proposing tools permitting the development of human resource management at the international level.





In all the countries in which it has offices, the Group implements an integration policy aimed at preserving the identities and cultures of each country. For example, emphasis is given to recruiting and promoting domestic employees for all positions, including management positions, where possible. A number of actions are currently being implemented with management teams, the purpose of which is to make everyone better at managing people, such that each manager assumes full responsibility for managing his/her team in all of its aspects. Similarly, a project to welcome new employees was launched in 2002. Its purpose is to promote the integration of new employees, to more effectively identify their concerns and motivations, and to help them discover the company's operational, strategic, historical, cultural and international dimensions. Other projects related to human resource development at the international level were also launched and will see their first developments in 2003 and 2004.

Virbac in France

Staff

Virbac has 982 employees in France : 54.9 % women and 45.1 % men.

The statutory breakdown of staff is as follows :

Status	%
Executives	35.8 %
Supervisors/technicians/ non-manual employees	45.8 %
Manual workers	17.8 %
Apprentices	0.6 %

Staff Movement

In 2002, more people joined the Group than left it (+ 17 people), reflecting the company's growth.

Compensation

Gross 2002 compensation amounted to € 30,288,411 and social security charges and taxes totalled € 12,864,463. The average annual gross salary was € 32,604 for 2002, up 2.41 % over 2001.

Social Services

In 2002, the company spent € 261,400 on social services.

Training

Training expenses continued to rise, reaching 3.30 % of payroll : i.e. a training investment of € 780,000 in 2002. 170 people (manual workers and technicians) were trained in quality assurance, as well as in good manufacturing practices (GMP), thereby bringing to 436 the number of employees who have been trained in these two subjects in two years.

Working Hours

In 2002, France was marked by important negotiations on working hours, which led to changes in working hours, greater flexibility, and a simplification of the system in effect. All personnel are concerned by a reduction of working hours agreement. The workweek is annualised over the period from 1 June to 31 May :

- 1,560 hours for employees
- 1,690 hours for managers

All employees at the Laboratoires Viguié site work 1,600 hours a year.

Workplace Safety

The year 2002 saw a total of 19 occupational accidents representing 225 days of absence from work. The share of occupational accidents in absenteeism fell significantly between 2001 and 2002. A broad programme on improving workplace safety was launched at the end of 2002, and two employees were assigned to this project.

Absenteeism

The company's absenteeism is 5.48 %, and is broken down as follows :

Causes	%
Occupational accident	0.29 %
Maternity	0.96 %
Illness	4.16 %
Commuting accident	0.07 %

Professional Relationships

There is a works council for the Unité Economique et Sociale for Virbac S.A., Virbac France and Francodex. It is comprised of 7 regular members and 7 replacement members. The works council meets once each month. All of the Carros, Magny en Vexin and Wissous sites have personnel representatives.

Disabled Workers

Finally, in France, Virbac employs 43 people with a level of handicap recognised by the government, representing 4.4 % of its staff. In addition, the company paid a related contribution of € 37,291.

Financial Report 2002

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Consolidated Balance Sheet

Assets

(€ thousands)	Notes	2002 Net	2001 Net
Non current assets			
Uncalled subscribed		5	96
Intangible assets	1		
Other intangible assets		17 921	15 628
Acquisition		9 907	10 018
Property, Plant and Equipment		56 911	59 916
-Land		6 327	6 994
-Buildings		32 035	32 988
-Machinery and equipment		10 944	12 602
-Other		7 605	7 332
Investments		3 389	3 281
Total non current assets		88 133	88 940
Current assets			
Inventories	2	70 508	67 474
Advances and prepayments		432	369
Monetary current assets		96 838	93 918
-Trade receivables	3	58 629	60 937
-Other receivables		12 918	15 135
-Marketable securities	4	5 986	6 296
-Cash		19 305	11 551
Total current assets		167 778	161 763
Deferred charges and prepaid expenses	6	4 181	3 322
Deferred tax assets	5	6 650	9 477
Total assets		266 742	263 502



Equity and Liabilities

(€ thousands)	Notes	2002	2001
Equity	7		
Share capital		10 893	10 893
Share premium and reserves		6 379	6 379
Translation adjustment		-7 601	591
Group reserves and retained earnings		89 651	77 581
Financial year net profit - Group share		17 719	15 474
Total equity		117 041	110 918
Minority interests - reserves		13 730	15 525
Minority interests - net profit		1 747	765
Total minority interests		15 477	16 290
Third party equity contributions		170	250
Provisions for liabilities and charges	8	5 194	5 380
Deferred tax liability	5	1 851	2 552
Total provisions for liabilities and charges		7 045	7 932
Borrowings	9	47 141	52 040
-Convertible bonds		0	0
-Loans and debts from financial institutions		47 141	52 040
Operating liabilities	9	73 963	69 806
-Trade payables		48 758	43 837
-Other liabilities		25 205	25 969
Deferred revenues and accrued liabilities		5 905	6 266
Total equity and liabilities		266 742	263 502



Consolidated Income Statement

(€ thousands)	Notes	2002	2001	% Change
Goods and services sales		367 936	349 460	
Sales (net)	10	367 936	349 460	5.29 %
Production capitalised as inventory		3 271	-4 394	
Operating grants		54	72	
Provisions, depreciation and amortisation reversals		3 345	3 741	
Other operating revenues		1 041	1 860	
Operating revenues		375 647	350 739	7.10 %
Purchases and inventory movements		130 024	117 953	
Other external purchases		93 872	87 519	
Taxes and duties		9 401	9 499	
Personnel costs (including profit sharing plans)		88 259	84 807	
Non-current assets depreciation and amortisation		10 767	10 074	
Current assets provision writedowns		1 605	2 230	
Provisions for liabilities and charges		333	323	
Other operating liabilities		4 668	4 956	
Operating liabilities		338 929	317 361	6.80 %
Operating profit		36 718	33 378	10.01 %



(€ thousands)	Notes	2002	2001	% Change
Finance income	11	2 039	4 258	
Finance expenses	11	7 361	9 192	
Net finance expenses		-5 322	-4 934	7.87 %
Profit from ordinary activities		31 396	28 444	10.38 %
Exceptional income	12	3 063	1 899	
Exceptional expenses	12	4 060	3 025	
Net exceptional expenses		-997	-1 126	-11.46 %
Income tax and deferred income tax	13	9 735	9 693	
Profit before acquisition goodwill amortisation		20 664	17 625	17.2 %
Acquisition goodwill amortisation		1 197	1 386	
Profit before minority interest		19 467	16 239	19.9 %
Minority interest		1 748	765	
Net profit		17 719	15 474	14.5 %
Earnings per share - basic		2,03	1,78	
Earnings per share - fully diluted ^(*)		2,13	1,86	

(*) Excluding treasury shares allocated to reserves. 2001 figures have been recalculated to comprise the four-for-one division share occurred in 2002.



Consolidated Cash Flow Statement

(€ thousands)	2002	2001
Financial year net profit	19 466	16 239
Elimination of non-cash flow Income Statements items		
Depreciation, amortisation and writedown charges	12 442	9 998
Deferred income tax	1 711	803
Gains/losses on asset disposals	-100	75
Cash generated from operations	33 519	27 115
Impact of working capital items net movements		
Inventories	-7 157	-156
Trade receivables	-3 109	-8 967
Trade payables	9 362	-3 634
Other operating receivables and payables	-1 692	1 836
Net cash from operating activities	30 923	16 194
Fixed asset acquisitions		
Intangible assets	-5 547	-5 326
Property, plant and equipment	-10 470	-10 613
Investments - subsidiaries	-3 245	0
Investments - others	-261	-333
Fixed asset disposals	1 836	391
Impact of changes in Group structure	136	0
Net cash used in investing activities	-17 551	-15 881
Dividends paid by the parent company	-4 775	-4 424
Dividends paid to minority interest	-121	-126
Share capital increase	81	270
New borrowings/borrowing repayments	-2 842	9 595
Net cash used in financing activities	-7 657	5 315
Increase in cash and cash equivalents	5 715	5 628



Notes to the Consolidated Financial Statements

Accounting Principles and Methods

The Group's consolidated financial statements have been prepared in accordance with French generally accepted accounting principles. Principles and methods used in the preparation of the 2002 financial year consolidated financial statements were in accordance with the provisions of French Accounting Regulatory Committee Standard 99-02. The following explanatory notes accompany the consolidated financial statements and are an integral part thereof.

Consolidation Scope

A list of companies included in the consolidation scope is presented in a note.

Major Changes in the Consolidation Scope

The following major changes in the consolidation scope occurred during the 2002 financial year :

- Consolidation for the first time of the fully owned subsidiary set up in Taiwan in April 2002 ;
- The Group's interest in VIRBAC Corp. fell from 60.68 % to 60.48 %, following Virbac Corp's issue of shares aimed at funding the stock option plans ;
- Acquisition via Virbac Holland of Emax in the Netherlands ;
- Virbac Poland was removed from the Group's structure and accounts.

Consolidation Principles and Methods

Methods

- The financial statements of those companies that are directly or indirectly controlled by the Group are fully consolidated unless they are not of significance, in which case they are not consolidated.
- The significance of subsidiaries is established based on financial thresholds as well as selective qualitative criteria:
Subsidiaries that would otherwise be excluded are included in the consolidation scope if they meet at least one of the following three conditions :
 - their aggregate sales account for more than 2 % of the Group's sales in the last published financial year;

- the net profit of at least one of the excluded subsidiaries accounts for more than 2.5 % of the Group's net profit in the last published financial year;
- the accumulated reserves of all excluded companies account for more than 5 % of the Group's net profit in the last published financial year.

A subsidiary is always excluded if its sole purpose is to locally hold brands and registrations.

On the other hand, a subsidiary that does not meet any of the financial threshold conditions would be included in the consolidation scope if it were of strategic interest to the Group.

- Companies are consolidated using the full consolidation method.

Financial Year-end

All companies included in the consolidation scope have a 31 December, 2002 year-end.

Consolidation Restatement and Inter-Group Transactions Elimination

Various restatements are made to the individual financial statements of companies for purposes of consolidation :

- all reciprocal transactions between Group companies are eliminated ;
- in particular, the following items are restated:
 - unrealised holding gains on inventory purchased from other Group companies ;
 - irregular provisions (provisions for legal depreciation/amortisation, etc.) ;
 - finance leases, which are capitalised on the balance sheet as a non-current asset offset by a borrowing ;
- dividend payments between Group companies are recorded at their gross book value in reserves ;
- Asset and liability translation adjustments representing unrealised exchange gains and





losses in the individual financial statements are recorded as income while provisions for exchange losses are eliminated ;

- deferred tax income and expenses are recognised for those companies that did not take them into account in their own financial statements.

Acquisition Goodwill

Acquisition goodwill arises at the date of inclusion of a company in the consolidation scope, representing the difference in value between :

- the acquisition cost of its shares ;
- the Group's pro-rata share of the restated book value of the company's equity.

Acquisition goodwill is generally amortised on a straight-line basis over a period of 20 years, but may be amortised over a shorter period as a matter of prudence. The choice of amortisation period must reflect the operations and prospects of acquired Companies.

Note 1 - Non Current Assets

Non current assets are recorded at their acquisition cost.

Property, plant and equipment depreciation calculations used in the individual company financial statements are retained for consolidated financial statements purposes. In effect, the depreciation methods and depreciation periods used in each company are economically justified and therefore are not modified for purposes of consolidation.

Financial Statements Translation

Financial statements denominated in foreign currencies are translated as follows :

- balance sheet items are translated at the year-end exchange rate. The resulting translation difference arising from the use of a year-end rate that is different from the rate used to originally translate the transaction is accumulated on a net basis and recorded as a Translation Adjustment on the consolidated Balance Sheet ;
- income statement items are translated at the financial year average rate. The resulting translation difference arising from the use of a year-end rate, that is different from the Balance Sheet rate, is recorded as a Translation Adjustment on the consolidated Balance Sheet.

Research & Development Cost

Research and development costs are expensed as incurred.

Legal depreciation and amortisation charges (arising essentially at the Virbac S.A. parent company) are the object of a restatement whose impact is taken into account in the determination of financial year net profit.

The amortisation of selective intangible assets (patents and similar rights, business goodwill) is subject to restatement when their company and tax amortisation period differs from that used by the Group.

Non Current Assets Movements During 2002 (excluding acquisition goodwill)

(€ thousands)	Gross Book Value			Acc. Amort./ Dep. and Provision			Net Book Value		
	Intangible	PPE	Investmt.	Intangible	PPE	Investmt.	Intangible	PPE	Investmt.
1 January 2002	28 726	126 150	3 295	13 098	66 234	14	15 628	59 916	3 281
Additions and charges	5 567	10 470	1 345	2 019	9 012	0	3 548	1 458	1 345
Disposals and reversals	-247	-1 898	-1 169	-247	-1 291	0	0	-607	-1 169
Exchange differences	-1 722	-6 241	-80	-630	-2 384	-1	-1 092	-3 857	-79
Transfers	-200	-81	0	-32	-81	0	-168	0	0
Other	3	-1	0	0	-2	-12	3	1	12
12/31/2002	32 127	128 399	3 391	14 208	71 488	2	17 919	56 911	3 389

Please note the following observations regarding the above accounts:

Intangible Assets

Intangible Assets by Nature and by Geographic Region

(€ thousands)	Gross amount	Acc. Amort/dep.	Net
Business goodwill	3 027	2 531	496
Patents, trademarks, licences	17 229	7 400	9 829
Other Intangible Assets	11 872	4 276	7 596
Total	32 128	14 207	17 921
France	21 326	10 654	10 672
Rest of Europe	1 227	1 031	196
Africa Middle-East	0	0	0
North America	6 776	597	6 179
Latin America	1 386	1 323	63
Asia	267	68	199
Pacific	1 146	534	612
Total	32 128	14 207	17 921

Business Goodwill

Business goodwill is amortised over a period of ten years, unless its economic value and growth performance does not match its depreciation accounting.

Concessions, Patents, Licences and Trade-marks

Acquired patents, rights, databases, know-how, etc. are capitalised as assets and are amortised over a period not exceeding ten years.

Other Intangible Assets

Other intangible assets essentially comprise the acquisition cost of computer software and intangible assets in process.

Acquisition Goodwill

Acquisition Goodwill Movements during 2002

(€ thousands)	31/12/2001	Additions/Charge	Disposals	Exchange Diff.	12/31/2002
Gross Book Value					
France	7 116	0	0	0	7 116
International	15 942	2 010 ⁽¹⁾	-23 ⁽²⁾	-1 519	16 410
Total	23 058	2 010	-23	-1 519	23 526
Amortisation					
France	6 328	290	0	0	6 618
International	6 712	907	-23	-595	7 000
Total	13 040	1 197	-23	-595	13 619
Net Book Value					
France	788	-290	0	0	498
International	9 230	1 103	0	-924	9 409
Total	10 018	813	0	-924	9 907

(1) The increase is primarily due to Virbac Holland's acquisition of Emax.

(2) The decrease corresponds to the removal of Virbac Poland.





Property and Equipment

Property, plant and equipment assets are depreciated on a straight-line basis over the following economic periods:

- buildings, installations, leaseholds improvements : 10 à 20 years
- machinery and industrial equipment : 5 years
- other facilities and equipment : 10 years
- computer and office equipment : 5 years

Tangible Assets by Nature and by Geographic Region

(€ thousands)	Gross amount	Acc. Amort/Dep.	Net
Land	6 327	0	6 327
Buildings	61 625	29 589	32 036
Machinery and industrial equipment	43 256	32 312	10 944
Other tangible assets	17 192	9 588	7 604
Total	128 400	71 489	56 911
France	85 998	53 914	32 084
Rest of Europe	7 702	3 971	3 731
Africa Middle East	831	419	412
North America	18 732	6 439	12 293
Latin America	4 594	2 306	2 288
Asia	1 826	799	1 027
Pacific	8 717	3 641	5 076
Total	128 400	71 489	56 911

Finance Leases and Leasing

All significant finance leases and financial leasing are capitalised on the Balance Sheet as assets financed by borrowings.

The asset value relates to the lease contract value, while the corresponding borrowing value relates to the present value of future lease payments pursuant to the lease contract.

Lease payments recorded in the company financial statements are eliminated on consolidation, while interest charges and loan repayments are not.

Depreciation charges on finance lease assets are recorded based on the depreciation methods selected.

Investments

Investments are valued at their acquisition cost and are written down where necessary to reflect their current financial situation, future prospects and probable realisation value.

Equity-investments — Non-Consolidated Subsidiaries

Equity investments — non-consolidated subsidiaries essentially relate to equity stakes in fully owned companies of insignificant value whose sole purpose is to hold registrations and trademarks.

Equity Investments — Other

Equity investments - others relate to minority interest stakes held by Group companies of a financial nature or whose activities may be of interest to the Group.

Treasury Shares

Treasury shares are the company own shares that are held by Virbac S.A. and accounted for as investments, which, for consolidation purposes, are allocated to Group equity. At 31 December, 2002, treasury shares amounted to € 1,476,000.



Note 2 - Inventories

The cost of raw materials and supplies is determined using the weighted average method, whereas the cost of finished products is determined using the FIFO (First In First out) method.

Finished products are valued in the company financial statements at their invoiced prices

assigned by the parent company; their profit margins are eliminated on consolidation, reflecting the average full consolidation cost incurred by VIRBAC S.A.

A provision for writedown is established to reflect damaged, deteriorating and obsolete products.

Note 3 - Receivables

Detail of Accounts Receivables

(€ thousands)	2002	2001
Trade receivables	60 422	63 424
Receivables from the Tax Administration and social security	9 568	9 486
Other operating receivables	1 385	2 345
Receivables from subsidiaries	474	1 539
Receivables on assets disposal	134	134
Other receivables	1 462	1 736
Total	73 445	78 664

Receivables and liabilities are valued at their nominal values.

A provision for writedown is established for receivables, where necessary, to reflect possible difficulties in their collection.

Note 4 - Marketable Securities

This item is primarily (in the amount of € 5,485,000) comprised of treasury shares acquired by VIRBAC S.A. and allocated to stock option plans or to stabilise the share price. It also includes marketable shares subscribed by Virbac S.A. and other subsidiaries, within the framework of their cash flow management.

The Group invests only in risk-free marketable securities.

Unrealised Gains and Losses

With the exception of revenues with the same characteristics as interest accrued, unrealised

gains on marketable securities are only recorded in the profit and loss account at the time that said securities are sold. However, provisions are set aside for any unrealised losses.

Forex Risks

It is the Group's policy to provide foreign exchange risk coverage when the risk and magnitude of foreign exchange fluctuations are high. Accordingly, it uses various financial instruments available on the market and undertakes forward foreign exchange transactions.

Note 5 - Deferred Tax Assets and Liabilities

A provision for deferred tax is established to reflect the temporary differences between the local accounting principles and the fiscal rules, as well as the impact of the restatements and eliminations. Deferred income tax is calculated using the liability method.

In France, the income tax rate for 2002 is 35.43 % incorporating supplementary

temporary income taxes. This rate was also used to calculate deferred taxes of French origin.

The deferred tax is not discounted in the absence of a reliable repayment timetable.

As a matter of prudence, no deferred tax asset is recognised on unrealised tax losses that can be carried forward over the long-term.



Note 6 - Deferred Charges and Prepaid Expenses

Deferred Charges

These are charges posted to assets and are amortised over several years. At December 2002 they amounted to € 171,000 after a € 95,000 payment for the year.

Prepaid Expenses

These are primarily comprised of a variety of external charges for the year 2003. At December 2002 they amounted to € 4,011,000.

Note 7 - Equity

The variation of shareholders' equity is summarised below.

Equity Movements During 2002 (Group Share)

(€ thousands)	Share Capital	Share Premium	Group Reserves & Retained Earnings	Financial Net Profit	Translation Adjustment	Total Equity
31 December 2000	10 889	6 316	64 959	13 801	941	96 906
Allocation of 2000 financial year net profit			13 801	-13 801		0
Parent company share capital and premium	4	63				67
Dividend distribution			-4 424			-4 424
Translation adjustment					-350	-350
Other changes			3 245			3 245
2001 financial year net profit				15 474		15 474
31 December 2001	10 893	6 379	77 581	15 474	591	110 918
Allocation of 2001 financial year net profit			15 474	-15 474		0
Parent company share capital and premium increase						0
Dividend distribution			-4 774			-4 774
Translation adjustment					-8 192	-8 192
Other changes			1 371 ^(a)			1 371
2002 financial year net profit				17 719		17 719
31 December 2002	10 893	6 379	89 652	17 719	-7 601	117 042

(a) Other movements arise primarily from changes in treasury shares ownership and reclassification between Group and minority interest.

Translation Adjustment

The translation adjustment comprises the net impact of the differences in exchange rates used to translate international subsidiaries' balance sheets (31 December 2002 year-end rate versus initial consolidation rate) and income statements (2002 year average rate versus 31 December 2002 year-end rate).

Group Reserves

Group reserves relate to the parent company's stake in accumulated reserves of consolidated companies from the date of their consolidation, net of acquisition goodwill amortisation.

Minority Interest

Minority interest relates to the equity stake held in the Group's consolidated subsidiaries by external shareholders.

Other Equity

Other Equity relates essentially to loans and debts from VIRBAC S.A. covered by particular conditions (conditional advances, notably with regard to ANVAR).

Note 8 - Provisions for Liabilities and Charges

Provisions for liabilities and charges relate to litigation, disputes and various contingencies incurred by the Group. They are analysed as follows:

Analysis of Provisions for Liabilities and Charges by Nature

(€ thousands)	12/31/2001	Write-back		Amount not expensed	Impact of exchange rate variation	12/31/2001
		Allowance for the year	Amount expensed			
Litigation or disputes in progress	874	806		403	-12	1 265
Retirement benefits	2 634	417	205		-23	2 823
Operating and tax expenses	1 450		1 226	26	31	229
General liabilities	396	467				863
Other	26	3	13		-2	14
Deferred tax	2 552		701			1 851
Total	7 932	1 693	2 145	429	-6	7 045

Virbac Group French companies provide each year for their respective commitments in relation to retirement benefits. These provisions correspond to rights acquired by all personnel in French companies pursuant to the terms and conditions of Collective Agreements. These provisions are calculated based on assumptions made with regard to their salaries at the end of their careers, their job classifications and ages, adjusted for life expectancies and turnover rates, and discounted using a 4 % rate.

The reduction of the item “provisions for contingencies and losses” is primarily the result of the cancellation of the provision on tax disputes, from 1983 to 1985 and from 1987 to 1989 at Virbac S.A. As the company exhausted all available recourse, the tax charge was definitively posted and the corresponding provision was cancelled.

Note 9 - Borrowings and Operating Liabilities by Nature

Borrowings

(€ thousands)	2002	2001
Borrowings	47 140	52 040
Borrowings from financial institutions	42 871	47 831
Finance Leases	2 464	2 615
Other borrowings	1 805	1 594
Operating liabilities	73 963	69 806
Advances and prepayments received on sales	887	640
Trade payables	46 195	41 320
Tax and social security liabilities	15 490	13 900
Other operating liabilities	4 446	3 730
Liabilities relating to non-current assets	1 676	1 876
Income tax payable	4 786	6 494
Other liabilities	483	1 846
Total	121 103	121 846

Borrowings from financial institutions relate primarily to bank overdrafts and used lines of credit.

Major lines of credit currently accessed comprise :

- a € 25 million line of credit tapped by VIRBAC SA at 31 December 2001, relating to one of two lines of credit amounting to

€ 61 million in aggregate that was available at that date.

- VIRBAC Corp. subscribed a credit line of US \$ 12 million (€ 12.6 million at 12/31/2002), of which € 7.1 million was allocated at 12/31/2002.





Note 10 - Sales

Consolidated turnover is broken down as follows :

Sales by Geographic Region

(€ thousands)	2002	2001	Variation
France	87.6	88.4	-0.9 %
Rest of Europe	113.6	95.2	19.4 %
Africa Middle East	21.1	20.7	1.9 %
North America	65.0	64.3	1.1 %
Latin America	26.3	30.9	-14.9 %
Asia	18.4	17.3	6.4 %
Pacific	35.9	32.7	9.5 %
Total	367.9	349.5	5.3 %

Note 11 - Finance Expenses and Income

Finances Expenses

(€ thousands)	2002	2001
Interest and related	5 627	5 896
Bond premiums	0	1 677
FOREX losses	1 307	1 252
Finance lease finance costs	226	240
Writedown provision charges	65	160
Marketable securities - loss on disposal	62	8
Other finance costs	74	-41
Total	7 361	9 192

Finance Income

(€ thousands)	2002	2001
Bond premium provision reversal	17	1 684
Other provision reversals		300
FOREX gains	1 192	1 491
Share - gains on disposal	143	191
Marketable securities - investment income	178	175
Marketable securities - gains on disposal	111	95
Write off on accounts payables	154	
Other finance income	245	322
Total	2 040	4 258

FOREX gains mainly relate to the management of foreign exchange positions.

The negative differences are essentially linked to the exchange rate losses recorded at the Mexican and Brazilian subsidiaries as a result of the devaluation of their respective local currencies.

Note 12 - Exceptional Income and Expenses

Exceptional Expenses

(€ thousands)	2002	2001
Net book value of disposed non current assets	233	419
Net book value of disposed shares	1 080	
Provision for writedown charges	1 458	1 277
Other exceptional expenses	1 289	1 329
Total	4 060	3 025

Exceptional Income

(€ thousands)	2002	2001
Provision reversals	1 321	1039
Shares - gains on disposal	1 128	
Gain on disposal of other assets	287	687
Other exceptional income	329	173
Total	3 065	1 899

Note 13 - Corporate Tax on Profits

Theoretical tax charge	(€ thousands)	Actual tax charge	(thousands of euros)
Pre-tax income	29 202	Tax due	8 024
VIRBAC S.A.'s tax rate	35.43 %	Deferred tax	1 711
Theoretical tax	10 346	Tax recorded	9 735

The actual tax rate is lower than the tax rate applicable in France as a result of tax credits, primarily in France and in Australia.

Note 14 - Other Information

Workforce

Workforce

(€ thousands)	2002	2001
Production - QC - Warehousing	915	921
Administration	324	299
Commercial & Marketing	744	675
Research & Development	227	245
Total	2 210	2 140

Supervisory Board Remuneration

Supervisory Board members received € 42 686 in attendance and various other fees.



Off-Balance Sheet Commitments

Off-Balance Sheet Commitments

(€ thousands)	2002	2001
Commitments given		
Guaranties, endorsements and sureties	2 160	165
Reciprocal commitments		
Forward FOREX sales contracts	3 774	6 260
Forward FOREX purchases contracts	2 471	2 224
Other commitments		
The € 25 million line of credit availed of by Virbac S.A. at year-end was covered by an interest rate swap up to € 19 million.		

Note 15 - Consolidation Scope

Subsidiaries Included in Consolidation Scope at 31 December 2002

Fully consolidated subsidiaries	country	% ownership	% voting rights
Virbac S.A. - Carros	France	Parent Company	
Virbac RSA (Pty) Ltd - Halfway House	South Africa	100	100
Virbac GmbH - Bad Oldesloe	Germany	100	100
Virbac Pharma GmbH - Bad Oldesloe	Germany	100	100
Virbac Corporation - Fort Worth	United States	60,48	60,48
Virbac Ltd. - Bury St. Edmonds	United Kingdom	99,95	99,95
Virbac sous-groupe Australie - Peakhurst	Australia	94,75	94,75
Virbac Österreich GmbH - Wien	Australia	100	100
Virbac Belgium S.A. - Louvain la Neuve	Belgium	75,27	99,99
Virbac do Brasil Ltda. - Sao Paulo	Brazil	100	100
Virbac Korea Co. Ltd. - Seoul	Korea	90	90
Virbac España S.A. - Barcelone	Spain	100	100
Virbac CZV, S.L. - Barcelone	Spain	100	100
Alfamed S.A.S. - Paris	France	99,7	99,7
Soparlic S.A.R.L. - Paris	France	100	100
Dog N'Cat International S.A. - Vauvert	France	100	100
Francodex S.A.S. - Carros	France	99,6	99,6
Interlab S.A.S. - Carros	France	100	100
Laboratoire Viguié S.A. - Verzeille	France	100	100
Virbac Distribution S.A.S. - Wissous	France	100	100
Virbac France S.A.S. - Carros	France	100	100
Virbac Nutrition S.A. - Vauvert	France	100	100
Virbac S.R.L. - Milan	Italy	99,9	99,9
Virbac Japan Co. Ltd. - Osaka	Japan	100	100
Laboratorios Virbac Mexico S.A. de C.V. - Guadalajara	Mexico	100	100
Commercializadora Virbac S.A. de CV. - Guadalajara	Mexico	100	100
Virbac Nederland B.V. - Barneveld	Netherlands	75,28	75,28
Virbac Philippines Inc. - Pasig City	Philippines	100	100
Virbac de Portugal Laboratorios Lda - Almerim	Portugal	100	100
Virbac AG (Switzerland) - Glattbrugg	Switzerland	99,9	99,9
Virbac (Thailand) Co. Ltd. - Bangkok	Thailand	100	100
Virbac VietNam - Ho Chi Minh City	Vietnam	75	75
Virbac Taiwan Co Ltd - Taipei	Taiwan	100	100



Statutory Auditors' Report on Consolidated Financial Statements

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2001 on the audit of the accompanying consolidated financial statements of Virbac SA, denominated in euros.

The Management Board is responsible for the preparation of the financial statements. Our role is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with French generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position, assets and liabilities, and results of the group comprising the companies included in the consolidation.

We also performed the specific verification of the information given in the Management Board report. We have no observation to make on its fairness and consistency with the consolidated financial statements.

Nice and Paris, France, 24 March 2003

DAVID & ASSOCIES

Represented by
Roger DAVID

AUDITEURS & CONSEILS ASSOCIES

Represented by
Jean-Marcel DENIS



Virbac Parent Company

Balance Sheet

Assets

(€ thousands)	Notes	31 Dec. 2002 net	31 Dec. 2001 net
Intangible assets	1-2	9 143	8 354
Concessions, patents, licences, brands		2 223	2 806
Other intangible assets		6 920	5 548
Property, plant and equipment	1-2	28 670	27 900
Land		1 393	1 393
Buildings		18 946	18 331
Machinery and equipment		4 791	5 370
Other PPE		1 367	1 137
Other investments		2 173	1 669
Investments	3	104 098	103 648
Equity investments - subsidiaries		99 919	99 204
Equity investments - other		146	146
Loans		1 551	1 447
Other investments		2 482	2 851
Total non current assets		141 911	139 902
Inventory	4	19 046	18 334
Raw materials		12 544	12 261
Work-in-process		3 960	4 368
Finished goods		2 542	1 705
Receivables	5	45 478	42 988
Trade receivables		39 615	35 448
Personnel receivables		113	151
Income tax refunds receivables		1 990	2 260
Other taxes and duties		1 415	1 440
Other receivables		2 345	3 689
Cash and marketable securities		7 542	6 865
Advances and prepayments		132	141
Marketable securities	6	5 813	6 279
Cash	7	1 597	445
Prepaid expenses and deferred charges		2 117	1 035
Prepaid expenses	8	2 078	998
Deferred charges	8	0	0
Unrealised FOREX loss	9	39	37
Total assets		216 094	209 124



Equity and Liabilities

(€ thousands)	Notes	2002	2001
Equity	10	129 010	123 362
Share capital		10 893	10 893
Share premiums		6 379	6 379
Legal reserve		1 089	1 089
Regulatory reserves		43 171	43 171
Other reserves		54 773	52 044
Retained earnings		661	426
Financial year net profit		10 336	7 740
Regulated provisions	11	1 708	1 620
Third party equity contributions		170	250
Conditional advances		170	250
Provisions for liabilities and charges	11	3 543	3 763
Provisions for general risks		3 223	3 445
Provisions for FOREX losses		39	37
Provisions for litigation		281	281
Borrowings	12	50 071	50 028
Convertible bonds		-	-
Bank overdrafts and credit lines		25 497	24 234
Other loans and debts from financial institutions		109	203
Loans from Group companies		24 465	25 591
Operating liabilities		33 071	31 444
Trade payables		22 277	21 299
Payroll payable		3 295	3 123
Social security liabilities		3 834	2 879
Income tax payable		16	10
VAT payable		6	281
Other tax and duties payable		666	574
Liabilities relating to non-current assets		1 630	1 871
Other liabilities		1 347	1 407
Deferred gains		229	277
Unrealised FOREX gains	9	229	277
Total equity and liabilities		216 094	209 124



Parent Company Income Statement

(€ thousands)	Notes	2002	2001	% Change
Goods and services sales		122 464	119 444	
Sales (net)	13	122 464	119 444	2.5 %
Production capitalised as inventory		275	-974	
Operating grants		36	63	
Provisions, depreciation and amortisation reversals		739	1 383	
Other operating revenues		6 832	6 994	
Operating revenues		130 346	126 910	2.7 %
Merchandise purchases		4 473	3 948	
Raw materials and supplies purchases		43 964	39 682	
Supplies inventory movements		-459	580	
Other external purchases		38 631	34 251	
Taxes and duties		3 808	3 537	
Salaries and wages		23 971	22 880	
Social security charges		9 966	9 399	
Non-current assets depreciation/amortisation and writedown provision charges		6 167	5 595	
Current assets writedown provision charges		468	527	
Provisions for liabilities and charges		255	0	
Other operating expenses		997	1 974	
Operating expenses	14	132 241	122 373	8.1 %
Operating profit		-1 895	4 537	-141.8 %



(€ thousands)	Notes	2002	2001	% Change
Investment income - subsidiaries		13 303	8 672	
Interest and related income		219	251	
Provision reversals and cost transfers		913	1 416	
FOREX gains		472	860	
Gains on marketable securities disposals		111	95	
Total finance income	15	15 018	11 294	33.0 %
Writedown provision charges		99	3 044	
Interest and related expenses		2 219	4 228	
FOREX losses		18	5	
Losses on marketable securities disposals		61	8	
Total finance expenses	15	2 397	7 286	-67.1 %
Net finance income		12 621	4 008	214.9 %
Profit from ordinary activities		10 726	8 545	25.5 %
Exceptional income - operating activities		4	1	
Exceptional expenses - financing and investing activities		1 165	609	
Depreciation, amortisation and provision charges		1 645	1 760	
Exceptional income	16	2 814	2 370	
Exceptional expenses - operating activities		14	2 138	
Exceptional expenses - financing and investing activities		1 985	55	
Depreciation, amortisation and provision charges		1 353	1 079	
Exceptional income	16	3 352	3 272	
Net exceptional expenses		-538	-902	-40.4 %
Employee profit sharing plan contributions		543	512	
Income tax	17	-690	-608	
Net profit		10 335	7 740	33.5 %



Parent Company Cash Flow Statement

(€ thousands)	2002	2001
Financial year net profit	10 335	7 740
Elimination of non-cash flow Income Statement items		
Depreciation, amortisation and writedown charges	5 317	6 542
Gains/losses on asset disposals	819	26
Other income and expenses not affecting cash flow	0	-579
Cash generated from operations	16 471	13 729
Impact of working capital items net movements		
Inventories	-713	1 326
Trade receivables	-4 167	-1 530
Trade payables	737	1 221
Other operating receivables and payables	225	-1 917
Net cash from operating activities	12 553	12 829
Non-current asset acquisitions		
Intangible assets	-2 863	-3 725
Property, plant and equipment	-5 676	-5 833
Investments	-2 226	-1 042
Non-current asset disposals	2 437	2 287
Net cash used in investing activities	-8 328	-8 313
Dividends paid by the parent company	-4 775	-4 424
Share capital increase	0	66
Other Equity	-32	0
New borrowing / Borrowing repayments	1 500	-18 011
Net cash used in financing activities	-3 307	-22 369
Change in cash and cash equivalents	918	-17 853



5 Year Financial Highlights

(€ thousands)	1998	1999	2000	2001	2002
Year-end financial situation					
Share capital	9 960 461	9 960 461	10 889 390	10 892 940	10 892 940
Number of existing shares	2 177 878	2 177 878	2 177 878	2 178 588	8 714 352
Number of shares with dividend rights	2 177 878	2 177 878	2 177 878	2 178 588	8 714 352
Sales and profitability results					
Sales	97 753 917	102 356 847	107 418 551	119 444 290	122 463 640
Profit before tax, profit sharing plan contributions, amortisation, depreciation and writedown provision charges	52 561 893	18 541 051	11 536 741	13 400 494	15 329 266
Income tax	3 112 305	2 010 847	-51 055	-608 324	-689 391
Amortisation, depreciation and provision charges	5 435 895	7 095 964	5 215 138	5 757 139	5 141 048
Net profit	43 770 175	9 168 225	6 061 858	7 739 951	10 334 934
Dividends	3 574 835	4 050 587	4 638 880	5 010 752	5 490 042
Earnings and dividends per share					
Earnings per share - after tax and profit sharing plan contributions, but before amortisation, depreciation and writedown provision charges	22,71	7,59	5,18	6,20	1,78
Earnings per share - basic	20,10	4,21	2,78	3,55	1,19
Dividends per share	1,68	1,86	2,13	2,30	0,63
Workforce					
Average manpower	654	699	728	747	759
Salaries and wages	18 993 487	20 278 947	21 779 022	22 880 376	23 971 333
Social security charges	8 732 446	8 481 348	8 941 605	9 399 261	9 965 817



Notes to the Parent Company

Financial Statement

Accounting Principles and Methods

The parent company financial statements are prepared in accordance with the accounting principles and methods prescribed in the French General Accounting Plan of 1982 and the Application Decree of 1983. The following notes list the major valuation principles and methods used in the preparation of the 2002 financial year statements.

Note 1 - Intangible Assets and Property Plant & Equipment - Movements

Intangible Assets and Property Plant & Equipment - Movements

(€ thousands)	1 Jan. 2002	Additions Charges	Disposals	Transfers	12/31/2002
Intangible assets					
Gross Book Value	17 773	2 863		-325	20 311
Accumulated Amortisation	9 420	1 747			11 167
Total net book value	8 353	1 116	0	-325	9 144
Property, plant and equipment					
Gross Book Value					
Land	1 393				1 393
Buildings	37 479	2 964	18		40 425
Equipment and machinery	27 086	1 348	202		28 232
Other PPE	3 453	569	81		3 941
Assets under construction	873	1 329		-681	1 521
Advances and prepayments	797	147		-292	652
Total Gross Book Value	71 081	6 357	301	-973	76 164
Accumulated Depreciation					
Land					
Buildings	19 148	2 333	1		21 480
Equipment and machinery	21 715	1 925	200		23 440
Other PPE	2 316	318	60		2 574
Assets under construction	0				0
Advances and prepayments	0				0
Total Accumulated	43 179	4 576	261	0	47 494
Net Book Value					
Land	1 393	0	0	0	1 393
Buildings	18 331	631	17	0	18 945
Equipment and machinery	5 371	-577	2	0	4 792
Other PPE	1 137	251	21	0	1 367
Assets under construction	873	1 329	0	-681	1 521
Advances and prepayments	797	147	0	-292	652
Total net book value	27 902	1 781	40	-973	28 670



Note 2 - Intangible Assets and Property, Plant and Equipment - Valuation

Property, plant and equipment and intangible assets are recorded at their acquisition cost. Valuation principles and methods applied to these assets and their related movements during 2002 were as follows :

Intangible Assets

Concessions, patents and licences acquired by the Company, as well as trademark registration costs, are recorded as Balance Sheet assets at their original book values for as long as the trademarks are exploited.

Patents, licences and concessions are amortised on a straight-line basis over a period of 5 to 10 years, based on their nature.

Business goodwill is amortised on a straight-line basis over a period of 10 years.

Other intangible assets notably include computer software.

- Standard office computer software is amortised on a straight-line basis over 3 years, from the date of its recording as an asset.
- Information systems project software, including license acquisition costs and significant consulting costs, are capitalised as an asset as they are incurred and are subsequently amortised on a straight-line basis over 4 to 7 years, from the start-up date of these systems.

Research and Development costs are expensed as incurred, unless they relate to major contracts, are clearly identifiable and are of long duration, in which case they are capitalised as an asset and amortised over their economic life. No Research and Development costs were capitalised during the 2002 financial year.

Property, Plant and Equipment

Property plant and equipment are recorded at their acquisition cost, excluding accessory costs but including installation costs.

Depreciation is calculated over the normal economic useful life of the assets, either on a straight-line basis or declining basis, with the straight-line basis reflecting the true economic depreciation of the asset.

Property, plant and equipment assets are depreciated over the following periods :

- buildings 20 years
- leasehold improvements and fittings and fixtures 10 years
- machinery and industrial equipment 5 years
- other facilities and equipment 10 years
- office and computer equipment 5 years

Note 3 - Investments

Investments Movements

(€ thousands)	1 Jan. 2002	Acquisitions	Disposals	Transfers	31 Dec. 2002
Investments					
Equity investments - subsidiaries	102 347	2 037	1 946	-251	102 187
Related receivables	0	0			0
Equity investments - others	146	0			146
Other investments	4 298	1 716	710	-1 271	4 033
Total gross book value	106 791	3 753	2 656	-1 522	106 366
Writedown provisions	3 144		876		2 268
Total writedown provision	3 144	0	876	0	2 268
Total net book value	103 647	3 753	1 780	-1 522	104 098





Investments movements have been the following :

Equity Investments - Subsidiaries

Equity investments – subsidiaries, relate primarily to equity stakes held by the Company in its

subsidiaries. These investments are recorded at their acquisition cost, and exclude costs. At year-end, a provision for writedown may be established to reflect their net asset value, current financial situation and future prospects.

Equity Investments Movements Subsidiaries

Acquisitions	(€ thousands)	Disposals	(€ thousands)
Virbac Vietnam	82	Virbac Polska	879
Virbac Nutrition	600	Biovac	1 067
Virbac Taiwan	197		
Virbac Distribution	100		
Virbac Colombia	895		
Other	162		
Total acquisitions	2 036	Total	1 946

Virbac S.A. acquired all of the shares of Vetipharma, which has since become Virbac Colombia.

Virbac S.A. set up a subsidiary in Taiwan.

Through transactions involving capital decreases, followed by capital increases, Virbac S.A. acquired additional shares in its subsidiaries Virbac Distribution and Virbac Nutrition.

All of the Biovac shares were sold.

Virbac Poland was removed from the consolidated accounts following its liquidation.

Equity Investments - Other

Equity investments – others relate to minority interest stakes held in companies whose activities or development may be of future interest to the Group.

Other Investments

Other investments primarily consist of 71,800 treasury shares amounting to € 1,476,000.

Note 4 - Inventories

The cost of raw materials inventory is determined using the weighted average method and includes related costs. Finished product costs incorporate their full production costs.

A provision for writedown is established, where necessary, when the net realisable value or sales prospects of inventory is less than its related book cost.

Note 5 - Receivables and Liabilities

Receivables and liabilities are valued at their nominal values.

A provision for writedown is established for receivables, where necessary, to reflect possible difficulties in their collection.

Note 6 - Marketable Securities

Marketable securities comprise 329,700 treasury shares, valued at € 5,287,000 that have been set aside for stock options plans.

The company shares buyback programmes were the objects of Information Notes authorised by the Commission des Opérations de Bourse, with the most recent, n° 02-626, received on 27 May, 2002.

At 31 December, 2002, the company also held 7,172 treasury shares pursuant to a liquidity contract € 198,000.

Unrealised holding gains on marketable securities are only recorded in income upon disposal. No provision for writedown was established, given that the average market price of marketable securities held during the last month of the financial year exceeded their related book value.

Marketable Securities Breakdown

(€ thousands)	2002	2001
Treasury shares	5 485	4 147
SICAV (mutual funds)	328	2 132
Total	5 813	6 279
Unrealised capital gains	4 013	1 873

Note 7 - Cash

Foreign currency denominated cash balances are translated into euros at the year-end exchange rate, with any resulting gain or loss recorded in the Income Statement.

Note 8 - Deferred Charges and Prepaid Expenses

Prepaid charges

Prepaid expenses relate primarily to various external services and goods to be delivered during 2003.

Note 9 - Deferred Foreign Exchange Gains and Losses

Deferred foreign exchange gains and losses relate to the translation of foreign currency denominated receivables and liabilities into euros at year-end.

Deferred foreign exchange losses arise from the Company's overall loss position for a given

foreign currency, leading to a provision for exchange loss when no forward cover has been secured.

Deferred foreign exchange gains are not recognised as income.

Note 10 - Equity

Share capital

At 31 December, 2002, share capital comprised 8,714,352 shares with an aggregate book value of € 10,892,940.





Reserves and Retained Earnings

Equity Movements during 2002

	Allocation of 2001 Financial Year Net Profit					Allocation of 2002 Financial Year Net Profit		
	Before	Allocation	After	Increases	Decrease	Before	Allocation	After
Number of shares at 31 December ⁽¹⁾	2 178 588		2 178 588			8 714 352		8 714 352
(€ thousands)								
Share capital	10 893		10 893			10 893		10 893
Share premium	6 379		6 379			6 379		6 379
Financial Year Net Profit	7 740					10 335		
Legal reserve	1 089		1 089			1 089		1 089
Regulated reserve	6 884		6 884			6 884		6 884
Other reserves	88 331	2 729	91 060			91 060	4 845	95 905
Retained earnings ⁽²⁾	426		426	235		661		661
Dividend distribution		5 011					5 490	
Legal depreciation								
Amortisation	1 621		1 621	520	433	1 708		1 708
Total	123 362	7 740	118 351			129 009	10 335	123 519

(1) Further to Virbac shareholders decision dated 13 June 2002, the par value of the share has been divided by 4

(2) The undistributed dividends relating to treasury shares deprived of their voting rights will be allocated to Retained Earnings.

The Company held 408,672 own (treasury) shares valued at € 6,961,000 of which € 1,476,000 were classified as other investments at 31 December 2002.

The Ordinary General Meeting of 13 June 2002 decided to pay a dividend of € 5,011,000.

No dividends are payable to the Company on its holdings of treasury shares. For 2002, the value of dividends relating to treasury shares amounted to € 235,000, and this amount was allocated to retained earnings.

Note 11 - Provisions

Provision movements have been the following.

Regulated Provisions

Regulated provisions relate to legal amortisation and depreciation.

Provisions for Liabilities and Charges

Provisions for liabilities and charges relate to known charges and litigation (foreign exchange risks, retirement benefits and costs, commercial

disputes) as well as general economic risks that are the objects of an assessment (product risk, regulatory and tax risks and potential litigation).

Retirement benefits are calculated using a prospective actuarial method and take into account employees' seniority, rotation and life expectancies based on mortality tables. Future benefits prescribed by the Law on Collective Agreements thus calculated are discounted using a 4% rate, consistent with prior years.

Provisions Movements

(€ thousands)	01/01/2001	Charges	Reversals		12/31/2002
			Amount expensed	Amount not expensed	
Regulated provisions					
Legal	1 620	521	433		1 708
Total	1 620	521	433	0	1 708
Provisions for liabilities and charges					
Provisions for general risks	1 212	114	1 212		114
Provisions for bond premiums repayment	0				0
Provisions for pension and retirement benefits	1 923	376	0		2 299
Provisions for FOREX losses	37	39	37		39
Provisions for litigation	281				281
Other provisions for liabilities and charges	309	500			809
Total	3 762	1 029	1 249	0	3 542
Provisions for writedowns					
Non-current asset writedowns	3 313	157	876		2 594
Current asset writedowns	946	468	643		771
Total	4 259	625	1 519	0	3 365
Total - all provisions	9 641	2 175	3 201	0	8 615

Notes to the Parent Company Financial Statement

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Note 12 - Borrowings

A € 25 million line of credit tapped by Virbac S.A. at 31 December, 2002, relating to one of two lines of credit amounting to € 61 million in aggregate that was available at that date.

The tapped line of credit amount is covered by a fixed interest rate swap for € 19 million.



Note 13 - Sales

Sales

Analysis of Sales by Geographic Region and Type

(€ thousands)	2002	2001
France	50 548	46 264
Export	71 916	73 180
Total	122 464	119 444
Merchandise and products	118 713	115 910
Services	3 751	3 535
Total	122 464	119 444



Note 14 - Operating Expenses

Research and Development Costs

Research and Development work regarding the registration and commercialisation of the Group's specialties are expensed as incurred.

Note 15 - Finance Income and Expenses

Finance income arose from dividends received from subsidiaries and income earned on cash and marketable securities.

Unrealised capital gains on mutual funds holdings are only recognised as income when the mutual funds they relate to are disposed of.

A provision for writedown is established when the financial situation and financial prospects of the subsidiary so justify.

In 2002, the provision on Vetarome's shares was increased by € 60,000.

Finance Expenses

(€ thousands)	2002	2001
Provision charges		
- FOREX losses	39	37
- bond premium		
- investment writedowns	60	3 007
Interest and related		
- interest on borrowings and lines of credit	1 320	1 244
- related finance	899	2 984
- FOREX losses	18	6
- net expenses relating to marketable securities disposal	61	8
Total	2 397	7 285

Finance Income

(€ thousands)	2002	2001
Investments income - subsidiaries	13 303	8 672
Investments income - marketable	0	0
Income from various	211	243
Provisions reversal	913	1 416
FOREX gains	473	860
Net proceeds from marketable securities disposal	111	95
Other finance income	7	8
Total	15 018	11 294

Note 16 - Exceptional Income and Expenses

Exceptional Expenses

(€ thousands)	2002	2001
Net book value of disposed non-current assets	1 985	55
Abandonment of subsidiary receivables	0	1 530
Bad debts writeoffs	0	575
Provisions charges		
- regulated	521	544
- liabilities and charges	833	535
Other exceptional expenses	14	33
Total	3 353	3 272

Exceptional Income

(€ thousands)	2002	2001
Proceeds from non-current assets	1 166	609
Reversal of regulated provisions	433	583
Reversal of provision for liabilities and charges	1 212	1 177
Other exceptional income	4	0
Total	2 815	2 369

Note 17 - Income Tax

Virbac S.A. and most of its French subsidiaries are considered as an Income Tax Group pursuant to Article 68 of the Law of 30 December, 1987.

Each company recognises its own income tax charge in its own accounts.

Virbac S.A., as the only Income Tax Group representative, records on behalf of the whole Group its outstanding income tax liability or refund receivable from the French State.

For 2002, the Company recognised an income tax refund of € 1,420,000 for the Group.

In addition, the Company recognised an R&D income tax credit of € 451,000.

Future Income Tax Increase and Decreases

(€ thousands)	2002	2001
Increases		
Legal amortisation/depreciation	605	574
Decreases		
Long term losses	685	855
Joint contributions	61	60
Unrealised gains - marketable securities	0	1
Unrealised gains - FOREX	81	98
Pension commitments	815	594
Other provisions	154	87





Excess Tax Valuation and Profits

(€ thousands)	2002	Gross	Taxes	Net
Year's profit		9 646	-689	10 335
Excess valuations (provisions-cancellation of provisions)				
excess tax depreciation		88	31	57
other regulated provisions		0	0	0
Pre-tax profits, excluding excess valuations		9 734	-658	10 392

(€ thousands)	2001	Gross	Taxes	Net
Year's profit		7 132	-608	7 740
Excess valuations (provisions-cancellation of provisions)				
excess tax depreciation		-48	-17	-31
other regulated provisions		0	0	0
Pre-tax profits, excluding excess valuations		7 084	-625	7 709

Note 18 - Other Information

Analysis of Receivables and Liabilities

(€ thousands)	Gross Book Value	Within 1 year	1 to 5 years	After 5 years
Non-Current Receivables				
Loans	1 551		1 551	
Other investments receivables	2 482			2 482
Current Receivables				
Trade receivables	39 842	39 842		
Subsidiary receivables	1 300	1 300		
Other operating receivables	4 668	4 668		
Prepaid expenses and deferred charges	2 079	2 079		
Total Receivables	51 922	47 889	1 551	2 482
Liabilities				
Bank overdrafts	497	497		
Borrowings - lines of credit	25 000	25 000		
Borrowings - other	109	17	92	
Subsidiary liabilities	24 465	24 465		
Trade liabilities	22 277	22 277		
Tax and social security	7 817	7 817		
Liabilities relating to non-current assets	1 630	1 630		
Other liabilities	1 346	1 346		
Total Liabilities	83 141	83 049	92	0

Inter-Group Transactions

Analysis of Intergroup Balances by Nature

(€ thousands)	2002	2001
Equity investments - subsidiaries	102 187	99 204
Equity investments - other	146	146
Loans	1 456	492
Trade receivables	33 184	28 086
Other operating receivables (treasury current accounts)	1 300	3 320
Trade liabilities	1 273	1 869
Other liabilities (treasury current accounts)	24 465	25 591

Finance Leases

Finance leases relate primarily to facilities located in the Paris region, consisting in office buildings and storage and distribution centres for the complete range of products offered by the Company and its French subsidiaries.

Finance Leases

(€ thousands)	2002	2001
Gross Book Value	4 635	4 635
Accumulated depreciation		
Prior years	2 078	1 854
2002 charge	225	225
Lease		
Prior years	4 941	4 415
2002 payments	520	526
Outstanding payments		
Within 1 year	514	520
Between & and 5 years	1 777	1 880
After 5 years	165	575
Residual value	507	507





Off-balance Sheet Commitment

Off-balance Sheet Commitment

(€ thousands)	2002	2001
Commitments		
Guarantees, endorsements and sureties	10 410	9 186
Reciprocal		
Forward FOREX sales contracts	3 774	6 260
Forward FOREX purchases contracts	2 471	2 224
Other		
Finance leases - buildings	2 456	2 975
Forward FOREX purchases contracts	278	903

Supervisory Board Remuneration

Supervisory Board members received € 42,686 in attendance and various other fees.

Workforce

Workforce Size

Workforce	2002	2001
Management	218	209
Supervisors and technicians	327	323
Workers	154	145
Employees	56	61
Apprentices	4	9
Total	759	747

Investments in Subsidiaries at Dec. 2002

(in thousands)	Share capital	Reserve and Ret. Earnings before net profit Alloc.	Share capital held %	Investment book value	Number shares held	Loans and Receivables outstanding- k€	Value of guarant. and endor. k€	Most recent. fin. year ex-VAT sales Loc.Cu	Most recent. fin. year net Profit/loss Currency	Dividends paid to Virbac S.A k€	Average Share at Closing
French subs.											
Alfamed S.A. - 38, rue d'Artois (Paris)	40 €	124 €	100	685	1 003			2 195	154	231	
Francodex S.A. - 1° Av 2065 m LID (Carros)	2 243 €	738 €	100	2 270	148 898			8 585	383	298	
Virbac Nutrition S.A. - 252, rue Lamour (Vauvert)	547 €	414 €	100	2 933	68 349			9 213	211		
Virbac France S.A. - 13° Rue LID (Carros)	240 €	7 516 €	100	40 761	10 434			67 709	2 899	4 038	
Vigüé S.A. - (Verzeille St Hilaire)	38 €	511 €	100	484	1 005			1 490	169		
Virbac Distribution S.A. - 10, Av Ampère (Wisous)	92 €	3 €	100	138	5 741			2 778	16		
Dog N'Cat International S.A. - 252, rue Lamour (Vauvert)	80 €	143 €	100	573	4 994			4 927	-63		
Interlab S.A.S. - 13° Rue LID (Carros)	22 694 €	367 €	100	23 064	1 512 909						
Sopartic S.A.R.L. - 38, rue d'Artois (Paris)	9 €	-120 €	100	9	500				-80		
Intl subs.											
Virbac A.G. Sous Groupe - Glatthbrugg (Switzerland)	200 CHF	946 CHF	100	115	1 998			8 056	383	177	1.51047 // 1.4829
Virbac Nederland B.V. - Barneveld (Netherlands)	45 €	3 254 €	75	812	67	1 238		15 775	1 067	247	
Virbac Ltd - Suffolk (UK)	20bp	2 565 Gbp	100	3	1 999			13 535	1 112	1 096	0.62358 // 0.6085
Virbac do Brasil Ltda. - Sao Paulo (Brazil)	11 035 Bre	-4 635 Bre	100	7 671	10 851 999			17 269	967		2.11634 // 2.04246
Virbac S.R.L. - Milano (Italy)	1 601 €	802 €	100	1 610	99 800			9 410	344	400	
Virbac Comercializadora - Guadalajara (Mexico)	5 725 mpx	6 774 mpx	100	1 240	569 950			178 320	25 664	1 721	
Virbac Mexico S.A. de C.V. - Guadalajara (Mexico)	4 472 mpx	29 817 mpx	100	2 974	6 883 904			64 545	3 325		8.32037 // 8.04059
Virbac (Australia) Pty Ltd. - Peakhurst (Australia)	2 500 aud	12 585 aud	95	3 558	2 368 750			61 861	3 204		1.73918 // 1.728
Virbac Espana S.A. - Barcelona (Spain)	601 €	2 079 €	95	725	95 000			20 374	1 879	1 468	
Virbac Japan Co. Ltd - Osaka (Japan)	120 000 jpy	-69 812 jpy	100	960	2 400		2 251	547 720	-19 213		109.41306 // 115.33
Virbac Pharma GmbH - Bad Oldesloe (Germany)	102 €	-45 €	100	71	2 000						
Virbac GmbH - Bad Oldesloe (Germany)	440 €	1 778 €	99	1 521	852 500			24 693	2 863	2 189	
Virbac Österreich GmbH - Wien (Austria)	36 €	-81 €	50	18	50	218	73	2 614	179		
Virbac Thailand Co Ltd - Bangkok (Thailand)	3 400 Thb	2 394 Thb	91	84	9 100			90 759	814		39.86174 // 38.8915
Virbac de Portugal Lda - Almeirim (Portugal)	5 €	2 167 €	95	5	380			8 270	1 462	950	
Virbac Czv S.L. - Barcelona (Spain)	544 €	-13 €	100	573	100				-2		
Virbac Korea Co.Ltd - Seoul (Korea)	1 600 000 Won	-169 287 Won	90	1 028	288 000			4 329 860	568 278	311	1154.56343 // 1161.55
Virbac Viet nam - Ho Chi Minh City (Vietnam)	22 606 324 vnd	1 827 967 vnd	68	1 042	680	10		35 997 761	1 779 677	11	13203.68598 // 13249.6
Virbac RSA Pty Ltd - Halfway House (South Africa)	51 Zar	33 977 Zar	100	4 863	7 000		555	126 129	3 482	87	7.64951 // 10.4302
Virbac Philippines Inc. - Pasig City (Philippines)	37 961 Php	1 235 Php	100	990	37 999 997		286	67 700	2 607		45.6002 // 45.5245
Virbac Taiwan Co Ltd - Taipei (Taiwan)	6 000 Twd		100	197	600 000		165	20 736	-1 418		
General information :											
-- French non-consolidated subsidiaries											
-- International non-consolidated subsidiaries											



Statutory Auditors' Report on Parent Company Financial Statements

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your Annual General Meeting, we hereby report to you, for the year ended 31 December 2002 on :

- *the audit of the accompanying Virbac S.A. parent company financial statements, denominated in euros,*
- *specific verifications and information required by law.*

The Executive Board is responsible for the preparation of the financial statements. Our role is to express an opinion on these financial statements based on our audit.

OPINION ON THE PARENT COMPANY FINANCIAL STATEMENTS

We conducted our audit in accordance with the professional standards applied in France. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the parent company financial statements are free of material misstatements. An audit consists of examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management as well as evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

SPECIFIC VERIFICATIONS AND INFORMATION

We also performed the specific verifications required by law, in accordance with professional standards.

We have no observation to make on the fairness and conformity with the parent company financial statements of information given in the Executive Board Report and in the documents addressed to shareholders on the financial situation and the parent company financial statements.

Nice and Paris, France, 24 March 2003

DAVID & ASSOCIES

Represented by
Roger DAVID

AUDITEURS & CONSEILS ASSOCIES

Represented by
Jean-Marcel DENIS

*Statutory Auditors
Members of the Regional Companies of Aix-en-Provence and Paris*



Statutory Auditor's Special Report on Regulated Agreements

Ladies and Gentlemen,

As Statutory Auditors to your company, we hereby present to you our report on the regulated agreements.

Pursuant to Article L 225-88 of the New Commercial Code, we have been advised of the agreements that have been subject to prior authorisation by the Supervisory Board.

It is not our responsibility to search for other agreements that may exist, but rather to inform you of the essential features and details of those agreements of which we have been made aware, on the basis of the information given to us, without having to pass judgment on their usefulness and validity. According to the provisions of Article 117 of the Decree of 23 March 1967, it is your responsibility to assess whether it is in your interest that these agreements are entered into before approving them.

We have carried out our work in accordance with professional standards; these standards require us to carry out diligence procedures in order to ascertain that the information provided to us corresponds to the basic documents from which it comes.

Supervisory Board, April 5, 2002

Manager concerned : Jean-Pierre DICK, member of the Executive Board of VIRBAC S.A.

Nature and Subject : Your company signed a sports sponsorship contract with the association DEFI VOILE SUD, chaired by Jean-Pierre DICK. The terms of this contract stipulate that VIRBAC, as major sponsor, undertakes to pay, over a four-year period (2002-2005), a budget of 1.025 million euros excluding tax. The aim of this partnership is to take part financially in the renting of a competition sailboat, then in the construction of a sailboat to take part in the Vendée Globe Challenge Race 2004-2005.

Further, in application of the decree dated March 23, 1976, we have been informed that the following resolution, approved during the previous fiscal year, was carried out during the last fiscal year.

Royalties from Virbac France

Nature and Object: Pursuant to a protocol agreement concluded on 6 November 1998 between your Company and Virbac France, the latter agrees to pay your Company a royalty representing its contribution to the Research and Development costs incurred by your Company. This royalty amounts to 8.60% of Virbac France's sales to third parties.

As a result of this agreement, your Company earned € 5,779,548 (ex-VAT) during the 2002 financial year.

We have carried out our work in accordance with professional standards; these standards require due diligence procedures in order to note that the information provided to us corresponds to the base documents from which it originates.

Nice and Paris, France, 24 March 2003

DAVID & ASSOCIES

Represented by
Roger DAVID

AUDITEURS & CONSEILS ASSOCIES

Represented by
Jean-Marcel DENIS

*Statutory Auditors
Members of the Regional Companies of Aix-en-Provence and Paris*



Supervisory Board Report to the Shareholders

Ladies and Gentlemen,

The Executive Board presented to the Supervisory Board the accounts for the year ended 31 December, 2002, as well as said year's executive report.

The Supervisory Board approved the accounts presented. The executive management report did not give rise to specific comments.

The following points are key for the year ended:

- The Group's consolidated turnover of € 367.9 million, increased by 7.1 % in relation to 2001 proforma at constant exchange rates, primarily as a result of internal growth. Operating income was € 36.7 million (10 % of turnover), an increase of 10 % over 2001. The Group's share of net income rose 14.5 %, to € 17.7 million (4.8 % of turnover). Thus, net profit per share was € 2.03, compared to € 1.78 in 2001.

- Net debt, which amounted to € 21.9 million, fell by 36 %, giving rise to a net debt/shareholders' equity ratio of 18.7 %, thereby making it possible for the Group to make acquisitions in future years.

- American subsidiary Virbac Corp., listed on the Nasdaq, of which Virbac holds 60.5 % of the capital, had turnover of \$ 63.8 million and continued to improve its profitability, with net income of \$ 3.4 million, i.e. a net profit per share of \$ 0.15. The shares of Virbac Corp. rose by 13.1 % in 2002, and stock market capitalisation at the end of 2002 was \$ 127.7 million.

- Virbac's share price jumped 31.2 % over the year, closing at € 28.2, while, at the same time, the SBF 250 index lost 29.3 %.

The Remuneration Committee met six times in 2002. Its main missions during the year were to: propose to the Supervisory Board the remuneration of the members of the Executive Board, examine the proposals and conditions for the allocation of the Group's stock options, and to assist the Supervisory Board in choosing and selecting a new member of the Executive Board.

On 13 December, 2002, the Supervisory Board renewed the terms of office of the Executive Board and appointed a new member, Michel Garaudet, who has been active as director of financial affairs since March 1993. This appointment reflects the importance of the financial function for the Group and assures shareholders that the financial dimension is fully consistent with the Group's strategic orientations and their implementation.

Virbac is committed to closely involving management and teams in the Group's performance and that of its share price. As a result, it has implemented successive allocations of stock options since 2000. After the stock option programmes of 2000, 2001 and 2002 granted to members of the Executive Board, managers and employees of the entire Group, which gave rise to the allocation of 313,700 options in all, a new programme, involving 58,000 options, was initiated in 2003. In all, these four programmes represent 4.27 % of the company's capital. Virbac acquired all of the shares in question at an average price below the options' average exercise price.

A proposal will be put to the General Meeting to distribute a dividend of € 0.63 per share, i.e. € 0.945, including the tax credit, which represents 29.5 % of 2002 results. In all, results distributed per share will rise by 9.6 %.

The Supervisory Board would like to thank the members of the Executive Board and all of the Group's employees world-wide for the dynamism and talent that they demonstrated during the year. It would also like to thank our shareholders, for putting their trust in us.



Resolutions Adopted by the Combined Ordinary and Extraordinary General Meeting on 11 June, 2003

First Resolution

The Annual General Meeting, having considered the Management Board Report and the Supervisory Board Report, as well as the Statutory Auditors' Reports, hereby approves the parent company financial statements for the financial year ending 31 December, 2002 as presented, as well as the transactions reflected in these statements and summarised in these reports.

The Annual General Meeting also approves the aggregate expenses of € 45,516 incurred during 2002.

Concerning transactions covered by Article 39-4 of the French General Income Tax Code. Accordingly, it hereby fully and unreservedly discharges the Members of the Management Board for their management in the 2002 financial year.

Second Resolution

The Annual General Meeting, having considered the Management Board Report and the Supervisory Board Report, as well as the Statutory Auditors' Reports, hereby approves the consolidated financial statements for the financial year ending 31 December, 2002 as presented.

It also approves the transactions reflected in these statements and summarised in these reports.

Third Resolution

The Annual General Meeting decides to allocate the Company's 2002 financial year net profit of € 10,334,933.79 as follows:

Dividend distribution amount	€ 5 490 041.76
Discretionary reserve allocation	€ 4 844 892.03

2002 Financial Year
net profit fully allocated € 10 334 933.79

A € 0.63 net dividend per share (€ 0.945 gross dividend per share incorporating a 50 % tax credit) will be paid on each share (€1.25 par value).

The meeting decides that, in accordance with the provisions of Article L 225-210 of the French Commercial Code, the amount of the dividend corresponding to treasury shares on the date of payment will be allocated to Retained Earnings.

These dividends will be paid through
BANQUE SAN PAOLO, 52 avenue Hoche,
75008 Paris, France.

The Meeting also notes the following dividends distribution during the previous three financial years:

Financial year	Net dividend/share	Tax credit/share	Gross dividend/share	Total dividend distribution
1999	€ 1.86	€ 0.93	€ 2.79	€ 3 923 495.00
2000	€ 2.13	€ 1.07	€ 3.20	€ 4 424 163.00
2001	€ 2.30	€ 1.15	€ 3.45	€ 4 775 388.80

Fourth Resolution

The Annual General Meeting, having considered the Statutory Auditors' Special Report, hereby approves the report and agreements covered by Article L.225-86 and subsequent of the French Commercial Code.

Fifth Resolution

The Annual General Meeting decides to allocate a sum of €42,700 in attendance fees for 2002 to be distributed among members of the Supervisory Board.





Sixth Resolution

The Annual General Meeting, having considered the Management Board report and the Information Note approved by the Commission des Opérations de Bourse, authorises the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, to buy back its own shares in order to:

- stabilise the share price, by systematically intervening against market trends;
- allocate the Company's shares to Group employees and managers through share purchase options pursuant to Articles L.225-179 and subsequent of the French Commercial Code;
- ultimately hold, dispose of or transfer shares thus acquired.

In addition, share buybacks may potentially be undertaken in order to exchange shares within the framework of external growth operations.

The maximum share buyback price is set at € 50 and the minimum resale price is set at € 12.5.

This authorisation, which cancels and replaces all previous authorisations of the same nature, and in particular that authorisation granted by the Combined General Meeting of 13 June, 2002 (sixth resolution), is granted for a period of eighteen months from the date of the present Meeting.

The maximum number of shares thus acquired may never exceed at any time 10 % of the share capital. The maximum number of shares will include shares previously acquired within the framework of aforementioned previous authorisations and those acquired within the framework of a liquidity contract.

In order to ensure the execution of the present authorisation, all powers are granted to the Management Board, which may delegate these said powers to undertake share buybacks as well as the transfer and disposal of these shares on the market or over-the-counter by any means and in accordance with regulations in force; conclude all agreements notably with regard to the maintenance of share buyback and resale registries; complete all declarations to the Commission des Opérations de Bourse and any other organisation; complete any other formality and in a general manner, do what is necessary.

Seventh Resolution

The General Meeting:

- after having taken note of the merger draft agreement and its appendices, drawn up pursuant to a private document of 3 April, 2003 with Laboratoires Vigüie, pursuant to which Laboratoires Vigüie would contribute for the merger all of its assets and liabilities to Virbac,
- after having heard the Board of Director's report and the report of the auditors appointed by the president of the Grasse Commercial Court, on the verification of the contributions in-kind made pursuant to the merger by Laboratoires Vigüie,
- after having noted:
 - that there is no need to have this merger approved by the Extraordinary General Meeting of Laboratoires Vigüie, pursuant to the provisions of Article L. 236-11 of the Commercial Code, and that there is no need for an exchange of company rights or capital increase, as Virbac holds all of the shares comprising the share capital of Laboratoires Vigüie;
 - that the condition precedent mentioned in the merger draft is considered as satisfied;
 - that the creditors have not lodged any opposition to the envisaged merger.
- approved the envisaged merger by absorption of Laboratoires Vigüie by Virbac.
- approved the contributions made pursuant to the merger, as well as the valuation made of said contributions based on the auditor's report.
- decided that the difference between the value of the net contribution of Laboratoires Vigüie, seven hundred and twenty-eight thousand, seven hundred and forty-six euros (€ 728,746) and the book value of the interest in the capital of Laboratories Vigüie held by Virbac, four hundred and eighty-three thousand, six hundred and fifteen euros (€ 483,615) corresponding to the acquisition price of said shares, two hundred and forty-five thousand, one hundred and thirty-one euros (€ 245,131), will be posted to the liabilities of Virbac, under an account entitled "Merger premium".
- Also decided:
 - to authorise the Executive Board to charge-

if it deems this useful- against this premium, all of the expenses, fees, charges and costs caused by this merger, as well as those resulting from the merger;
- to deduct from this premium any amount necessary to the allocation of the special reserve of long-term capital gains from Laboratoires Viguie, which Virbac must place under its liabilities, in accordance with fiscal provisions in effect.

The General Meeting further notes that the company owns the shares contributed as of today and assumes responsibility for the asset and liability transactions executed by Laboratoires Viguie, the absorbed company, as of 1 January, 2003.

Eighth Resolution

Pursuant to the above resolution, the General Meeting notes that the merger with Laboratoires Viguie has become final and that Laboratoires Viguie is dissolved as of today, without being liquidated.

The General Meeting also conferred full power for the effect of carrying out any required filings, formalities and publicity.





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Glossary

DIROFILARIOSIS : canine “heartworm” illness mostly occurring in the United States.

ENDECTOCIDE : parasiticide drug (see this word) active both on internal and external parasites.

FORMULATION : the art of preparing drugs : for example, an insecticide can be used as a powder, shampoo, collar, aerosol, etc., all of which require specific formulation.

HOMOLOGOUS VACCINATION : a vaccination is called homologous when it contains the germ or part of the germ against which it provides immunisation.

INTERFERON : a protein with anti-viral properties used in the treatment of certain serious diseases, such as retroviruses or hepatitis.

PARASITICIDES : drug active against parasites. A distinction is made between external parasitocides used to control fleas and ticks as well as mange and lice, and internal parasitocides active against intestinal worms, fluke, etc.

PARVOVIROSIS : Clinical infection by a Parvovirus. In dogs, this causes gastro- enteritis -type symptoms that can be fatal.

REGISTRATION : Iveterinary drugs cannot be marketed without official approval (from the Agriculture Ministry, Health Ministry, Drug Agency, etc.), granted after a dossier is filed, with proof of the product’s efficacy, safety and quality: this is a Marketing Authorization (“AMM” in French).

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