
**Brakke Consulting's
Animal Health News & Notes for February 9, 2007**
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**BRAKKE CONSULTING, INC.
Merger, Acquisition and Divestiture Assistance**

Are you interested in growing your business by purchasing another company, product line or technology? Have you been thinking about selling your company, product line or technology? Have you considered merging your company with another firm to improve shareholder value?

Brakke Consulting, Inc. assisted many clients with mergers, acquisitions and divestitures over the last few years. Contact information for all offices are available on our website at www.BrakkeConsulting.com.

COMPANY EARNINGS RELEASES

> **ImmuCell** Corporation announced the results of its operations for the twelve month period ended December 31, 2006. For the year ended December 31, 2006, product sales increased by 2% to \$4,306,000, in comparison to the same period in 2005. The Company recognized net income for the year of \$647,000, compared to net income of \$708,000 during the same period in 2005. *(company press release)*

> **Bioniche Life Sciences** Inc. released second quarter results for Fiscal 2007 (for the period ended December 31, 2006). Total revenues were C\$5.9 million (US\$5.0 million) for this period, as compared to C\$6.4 million (US\$5.5 million) in the same period in Fiscal 2006. *(company website)*

> **Central Garden & Pet** Company announced results for its first quarter ended December 30, 2006. Net sales for the Pet Products segment were \$202 million, an increase of 21% from \$167 million in the comparable fiscal 2006 period. Operating income for the Pet Products segment was \$18 million relatively unchanged from a year ago. Organic sales increased 3%. (*company website*)

> **Spectrum Brands, Inc.** announced results for the quarter ended December 31, 2006. Global Pet net sales of \$137.7 million represented a 4% year over year increase, largely driven by robust growth from companion animal products and Tetra branded products. (*company website*)

> **Evalis** announced financial results for the year 2006. Revenues were EUR 635 million (\$825 million), 1.9% less than those for 2005. (*Animal Pharm*)

COMPANY NEWS RELEASES

> **Intervet** announced the opening of a new production facility for vaccines in Boxmeer, the Netherlands. Boxmeer's current facility already produces antigens (bacterial) via production in fermenters; the additional facility will allow for tissue culture for viral production. (*The Pig Site*)

> **Novartis** announced that it has added **Webster Veterinary Supply** as a Novartis Agent Channel Partner in its efforts to expand access to the company's animal health products across the US. (*company press release*)

> **Monsanto** announced that new data from a national study of milk show that marketing claims implying that milk from cows not treated with POSILAC bovine somatotropin (bST) is safer or healthier are misleading. Scientific analysis of retail milk samples gathered from 48 states showed no difference in concentrations of bST, insulin-like growth factor 1 (IGF-1), progesterone or nutrients in conventionally produced milk and conventionally produced milk labeled as coming from cows not supplemented with POSILAC. No antibiotic residues were found in any samples. The study was conducted by Monsanto with third-party testing facilities and an independent auditing firm. For the complete press release, please go to <http://monsanto.mediaroom.com/index.php?s=43&item=449> (*company website*)

> The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **First Priority, Inc.** The ANADA provides for topical use of a gentamicin sulfate and betamethasone valerate topical spray on dogs for the treatment of infected superficial lesions. (*AnimalNet - Federal Register*)

> The FDA amended the animal drug regulations to reflect approval of a new animal drug application (NADA) filed by **Eka Chemicals, Inc.** The NADA provides for immersion use of hydrogen peroxide solution for control of mortality in certain freshwater-reared finfish species in several life stages due to various fungal and bacterial diseases. (*AnimalNet - Federal Register*)

> **Nestlé Purina** reportedly opened its first petfood processing plant in China recently. According to China Daily, Nestlé invested an initial \$10.26 million in the factory located in the Tianjin Economic Technological Development Area. Nestlé chose Tianjin, a port city close to Beijing, to meet demand from the country's two largest markets—Beijing and Shanghai. The Tianjin factory is expected to produce some 20,000 tons of petfood a year. (*Petfood Industry*)

> **Kent Feeds Inc.** announced the creation of a new Pet Solutions unit to build on the success of their growing petfood business. Plans for the new Pet Solutions unit include a larger portfolio of performance petfoods and an expanded sales structure with a focus on regional and national accounts. (*Petfood Industry*)

> United Growth Partners LP announced the establishment of its specialty/emergency veterinary services company, **BrightHeart Veterinary Centers**. BrightHeart's strategy is to bring together leading specialty/emergency practices in North America in order to create a network of affiliated full-service hospitals. BrightHeart is in advanced discussions with a number of specialty hospitals, including two practices that are currently finalizing purchase agreements. (*company press release*)

> **Prairie Orchard Farms**, a producer based in Winnipeg, Manitoba, is working to identify various poultry feed combinations that will add healthy omega-3 fatty acids to chicken meat. According to Prairie Orchard's President, preliminary tests have shown that poultry has been enriched with omega-3 fatty acids and selenium after being fed a specialized diet of vitamins and organic minerals, supplemented with a plant source of essential fatty acids. The company is currently seeking label approvals in the US and Canada for the omega-3/selenium chicken. Last year Prairie Orchard received label approval for pork products containing omega-3s. (*Meating Place*)

ANIMAL HEALTH NEWS

> **UK - AVIAN INFLUENZA** The H5N1 virus has been detected for the first time on a British poultry farm after 2,500 turkeys died. As a precaution, all 159,000 turkeys on the farm in Suffolk will be slaughtered. This is the first instance of H5N1 in Britain since a wild swan in Scotland was found to have the virus last March. (*AnimalNet - AP*)

> **JAPAN - BSE** Japan has confirmed its 32nd case of BSE. A health ministry official reported that a cow born in August 2001 in a farm on the northern island of Hokkaido tested positive for BSE. Meat, innards and other parts of the animal will be incinerated. Japan remains the only Asian country to have verified BSE in its herd. (*Meating Place*)

> **CANADA - BSE** The Canadian Food Inspection Agency (CFIA) confirmed the diagnosis of BSE in a mature bull from Alberta. Preliminary information suggests that the bull was born in 2000, well after Canada imposed its ruminant-to-ruminant feed ban. The animal's carcass is under CFIA control, and no part of it entered the human food or animal feed systems. (*CattleNetwork, Meating Place*)

> **US - VETERINARY PHARMACY REGULATION** The Missouri Supreme Court recently ruled that the retail sale of veterinary prescription drugs is not subject to regulation by the Missouri Board of Pharmacy. The Chief Justice wrote in the opinion that the Missouri Pharmacy Practices Act is ambiguous on the subject of animal drugs. He wrote that the act does not expressly regulate animal drugs, unlike the state's Food, Drug, and Cosmetic Act and Comprehensive Drug Control Act. (*AVMA news*)

> **RUSSIA - AVIAN INFLUENZA** The All-Russian Animals Protection Research Institute confirmed that 45 domestic birds have died recently of the H5N1 strain of avian influenza on small farms in the Krasnodar territory, the first cases in the area for a year. Authorities are taking various measures including disinfecting the farms to prevent the virus from spreading, says the regional department of the Federal Service for Supervision of Consumer Rights and Welfare. (*Animal Pharm*)

> **US - NAIS DOCUMENTS RELEASED** The USDA announced the availability of three National Animal Identification System documents for review and public comment. The documents include a Draft User Guide, a Program Standards and Technical Reference document and technical specifications for animal tracking databases. For more information, visit <http://www.aphis.usda.gov/newsroom/content/2007/02/NAISuserguide.shtml> (*USDA website*)

> US - PREMISES DE-REGISTRATION USDA will allow livestock producers who have already registered their premises to un-register them. It was recently discovered that Idaho, while adding existing breed registration databases to their premises registration database, inadvertently registered some livestock premises, leading to several complaints. A USDA spokesperson says the reason for their decision is that NAIS is voluntary, so people can choose not to be a part of it. *(Drovers Alert)*

> US - USAIO ON INACTIVE STATUS The Chairman of the U.S. Animal Identification Organization, announced that the USAIO board of directors has agreed to place the organization on "inactive" status. USAIO was intended to serve as an independent, multi-species animal tracking database in cooperation with the National Animal Identification System. The Chairman cited a lack of funding for the decision, and also noted that USAIO did not want to compete with the 14 private companies USDA has approved as NAIS animal tracking databases. *(Drovers Alert)*

> US - HORSE GENOME PUBLISHED The leaders of the international Horse Genome Sequencing Project announced that the first draft of the horse genome sequence has been deposited in public databases and is freely available for use by biomedical and veterinary researchers around the globe. The \$15 million effort to sequence the approximately 2.7 billion DNA base pairs in the genome of the horse (*Equus caballus*) was funded by the National Human Genome Research Institute (NHGRI), one of the National Institutes of Health (NIH). Sequencing of the domestic horse genome began in 2006, building upon a 10-year collaborative effort among an international group of scientists to use genomics to address important health issues for equines, known as the Horse Genome Project. *(Feedstuffs online)*

BRAKKE CONSULTING, INC.

BRAKKE CONSULTING'S 2007 INDUSTRY OVERVIEW SOLD OUT!

Brakke Consulting will once again be presenting our 2007 Industry Overview at the Western Veterinary Conference.

WVC (Western Veterinary Conference)

The 2007 Industry Overview will be presented on Monday, February 19 from 2:00 pm – 4:00 pm at the Four Seasons hotel adjacent to the Mandalay Bay.

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BRAKKE CONSULTING VIEWPOINT

Truth in marketing and publicity!! The past few weeks there have been a few items that have crossed my desk or been shown on our local TV channel that have concerned me because they don't tell the "whole story". One was the press release below regarding Starbucks:

Starbucks plans to drop trans fats and rBGH milk *(as reported in Drover's Alert)*

Starbucks Corp., the world's largest specialty coffee retailer, plans to eliminate trans fats from the doughnuts, muffins and other treats offered in its stores, and to offer only hormone-free milk and other dairy products. Trans fats, listed on food labels as partially hydrogenated vegetable oil, are believed to be harmful because they raise cholesterol levels. Milk produced

with an artificial hormone known as rBGH has been criticized by some consumer groups because, they say, it raises the level of another growth hormone, IGF-1, in both cows and humans, and that elevated levels of IGF- 1 have been associated with increased cancer rates.

I'm sure many of our readers are Starbucks fans, as I have been. However, when a firm like Starbucks is attributed with the statement that they'll offer only "hormone-free milk" and other dairy products, it has negative implications related to other dairy products. This statement is misleading and does not provide the public with a complete and scientifically accurate picture. All dairy products contain the hormone BGH (also known as BST). The press release from Monsanto in today's newsletter indicates that recent tests by third party laboratories could not find a difference in the amount of hormones in milk from treated and untreated cows. If the news item said that Starbucks will not sell dairy products from cows that are treated with synthetic rBGH, then the statement would not be as troublesome. It is crucial to use accurate and specific language.

The second item that concerns milk is related to a somewhat similar experience with our local Whole Foods. I asked the person stocking dairy products if the Whole Foods organic milk contains rBGH? The immediate response was that this milk was hormone free. Not true!! I then asked the store manager and received the same response. After some discussion they accepted that all milk has BGH in it. We then reviewed the labels that indicated that the organic milk was from cows that had not been treated with rBGH and agreed it was NO safer than the other milk on their shelves, yet it was priced almost \$2 more per gallon.

My point this week is that the rBGH (or rbST) issue has negative implications on the animal protein production industry. We all need to help educate the retailer's staff and the public regarding the misleading marketing tactics on some animal protein products by leading branded companies. I believe the one person and one CEO at a time will have an impact. While the truth may never catch up with the rumor, we still need to take a position and try to educate the public.

Have a good weekend!!

Ron Brakke

PS: Monsanto Dairy is not a client of Brakke Consulting, Inc.

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