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**Brakke Consulting's  
Animal Health News & Notes for February 24, 2006**  
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**COMPANY EARNINGS RELEASES**

> **Nestle** reported results for the full year 2005. Sales for Petcare were CHF 10,569 million (\$8,032 million), representing organic growth of 5.2%. Petcare products achieved market share gains in most categories and key markets. Cat Chow Indoor Formula, a newly launched product in the US, achieved sales of CHF 125 million (\$95 million) in its first year. (*company press release*)

> Patterson Companies, Inc. reported results for the third quarter of fiscal 2006 ended January 28. Sales of the **Webster Veterinary Supply** unit increased 14% in the third quarter of fiscal 2006 to \$80.8 million. (*Business Wire*)

> **VCA Antech**, Inc. reported financial results for the year ended December 31, 2005 as follows: revenue increased 24.6% to \$839.7 million; and reported net income was \$67.8 million. Excluding an after-tax charge of \$11.7 million for debt retirement costs in 2005 and an after-tax credit of \$605,000 in 2004, adjusted net income increased 26.3% to \$79.5 million. (*Business Wire*)

> **Maple Leaf Foods** Inc. reported its financial results for the year ended December 31, 2005. Sales for the year in its Meat Products Group were up 4% to C\$4.3 billion (US\$3.7 billion) compared to C\$4.1 billion last year, due to the acquisition of Schneider Foods in April 2004. (*Wattnet Meatnews*)

> **Nutreco** saw net profits rise 73% last year to Euro 134.4 million (\$159 million). Sales for the year rose 4.9% to Euro 2.81 billion (\$3.3 billion). The figures for Hendrix Meat Group sold in 2004 and Hendrix Poultry Breeders and Pingo Poultry sold in 2005, are no longer included, but are accounted for as net results of discontinued operations. (*Wattnet Meatnews*)

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**COMPANY NEWS RELEASES**

> Akzo Nobel NV announced plans to reorganize into two companies: a chemicals and coatings company and an animal and human pharmaceuticals company, the latter to include **Intervet** and Organon and to be named Organon Biosciences. A minority offering through an IPO will be made in Organon shares, with complete separation to be accomplished in 2 - 3 years. (*company press release*)

> **Biomune** Company has been notified by USDA that it has been awarded a USDA contract to produce 30 million doses of avian influenza (AI) vaccines for the US Avian Influenza Virus Vaccine Bank. The 4 viral subtypes to be produced include H5N2 and H5N9 vaccines that can protect against H5N1 avian influenza. In addition, the Ministry of Agriculture of Jordan has requested **Ceva Sante Animale** to deliver 700,000 doses of H5N2 vaccine, manufactured by the Biomune de Mexico facility, and the Veterinary Services of Iraq has requested Ceva Sante Animale to deliver 1.5 million doses of H5N2 vaccine coming from CEVA KEMIA in Mexico for the AI vaccine bank. (*company press release*)

> **Abbott Animal Health** introduced the AlphaTrak, a handheld blood glucose monitoring system designed specifically for diabetic cats and dogs. The device allows veterinarians and pet owners to test pets' blood sugar rapidly, conveniently and accurately using a small blood sample. (*News.com*)

> **Neogen** announced the introduction of a detectable aluminum hub needle to its Ideal Instruments line. The new 20G needle was engineered specifically to meet the size, strength and detectability requirements of pork producers wanting to minimize the risk of a broken needle reaching the dinner table. A study by Iowa State University found the new needle to be 100% detectable in a standard cut of meat using standard industry metal detection equipment. (*company press release*)

> **Neogen Corporation** announced that it has acquired all outstanding stock of **Centrus International, Inc.**, from Eastman Chemical Company. Centrus produces Soleris, a user-friendly, rapid optical testing system that accurately detects microbial contamination. Centrus recorded sales of Soleris products of approximately \$2.8 million in its fiscal year ended Dec. 31, 2005. Consideration for the stock purchase is \$3.3 million in cash paid at closing. (*company press release*)

> **Central Garden & Pet Company** announced that it has agreed to acquire the assets of **Breeder's Choice Pet Foods Inc.**, for approximately \$25 million. Breeder's Choice is a leading branded marketer and manufacturer of premium all-natural, healthy dog and cat food sold exclusively in the pet specialty channel under the brands AvoDerm, Pinnacle, Active Care and Advanced Pet Diets. In 2005, Breeder's Choice generated net sales of approximately \$30 million. (*Business Wire*)

> **S&M NuTec**, the maker of Greenies dog treats, said it plans to change its packaging in response to complaints from some pet owners and veterinarians that the treat may pose a health hazard to some dogs. S&M NuTec also said it may remove a claim that Greenies are fully edible, saying its own studies show a dog can digest up to 85% of the treat. (*AnimalNet - AP*)

> **AFP Imaging Corporation** announced the introduction of the new Digi-Vet Equine direct radiographic imaging system. The Digi-Vet Equine is a portable, field ready, real-time high quality digital imaging system (*Business Wire*).

> **Nutreco** announced it has made pig breeder **Hypor** a wholly owned subsidiary of its breeding division Euribrid, after purchasing all shares in the venture previously held by Investment Saskatchewan. The option to buy the shareholding of its Canadian partner was part of the agreement made when the venture was created in 2003. (*Watt Pig enews*)

> **Masterfeeds Inc.**, a subsidiary of Nebraska-based Ag Processing Inc., announced that it has acquired the assets of **DACO Laboratories Ltd.**, a manufacturer and marketer of animal nutrition premixes. DACO supplies on-farm feed premixes to livestock producers throughout eastern Canada. (*Feedstuffs online*)

> **Hartville Group, Inc.** announced that it has entered into a three-year strategic partnership with the American Society for the Prevention of Cruelty to Animals (ASPCA) as the preferred provider of pet insurance to their more than one million loyal supporters. Hartville will be one of a limited group of select partners in various industries to receive year-round on-site signage, brand identification, editorial coverage in the ASPCA's member magazine ASPCA Action, and inclusion of the Hartville brand name in collateral materials used by the ASPCA. (*Business Wire*)

> **Target** announces the launch of its new exclusive brand of super-premium dog food, LIFELong. Scientifically formulated to deliver complete nutrition, LIFELong offers a selection of dog and cat foods that will keep pets healthy and happy from head to tail. (*Business Wire*)

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## **ANIMAL HEALTH NEWS**

> **FRANCE - AVIAN INFLUENZA** Two wild ducks have been diagnosed with the H5N1 strain of avian influenza in France. The first duck was found in a village in Southeastern France, while the second was found dead in the Ain region in eastern France. France and the Netherlands have both received EU approval to begin limited vaccination of poultry for avian influenza. Additionally, a turkey farm in Ain where at least 400 birds have died is believed to be the site of the EU's first outbreak of H5N1 on a farm. (*AnimalNet - Reuters, CP Wire; Meating Place, Agence France Presse*)

- > INDIA - AVIAN INFLUENZA India has reported its first outbreaks of avian Influenza virus type H5N1. The outbreaks have been located in Navapur, Nandurbar district, Maharashtra state, and occurred both in commercial and backyard flocks of chickens. (*AnimalNet - OIE*)
  
- > HUNGARY - AVIAN INFLUENZA Tests have confirmed that three dead swans found in Hungary were infected with the H5N1 strain of avian influenza. They are Hungary's first confirmed cases of the virus. (*Meating Place*)
  
- > SLOVAKIA - AVIAN INFLUENZA Initial tests in Slovakia showed the H5N1 strain of avian influenza in a wild falcon and a grebe, the first two cases of the virus found in the country. The samples will now be tested in EU's reference laboratory in Weybridge, Britain, for confirmation of the initial results. (*AnimalNet - Reuters*)
  
- > EGYPT - AVIAN INFLUENZA A total of 7 outbreaks of Highly Pathogenic Avian Influenza were reported in five governorates in Egypt. The cases were diagnosed by Animal Health Research Institute (national laboratory) and confirmed by NAMRU-3 as H5N1. (*AnimalNet - OIE*)
  
- > HONG KONG - AVIAN INFLUENZA Initial tests on three birds found dead in Hong Kong indicated they were infected with H5 avian influenza, and further tests will be conducted. Ten birds have already tested positive for the H5N1 strain of avian influenza in Hong Kong, including two magpies found dead last week. (*AnimalNet - Agence France Presse*)

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**BRAKKE CONSULTING VIEWPOINT**

It was great to see so many of you this past week in Las Vegas. The positive feedback we received from many of you on the state of your company and the industry is refreshing compared to some past years. It's currently a great time to be in animal health. The companies involved in supplying the producers and pet owners with quality products are thriving. You know it must be good when about every 20th person you meet is a financial banker and not from the collections department. While there was not a lot of evidence of new innovation in the exhibit area, there still seemed to be a reasonable number of improved product offerings.

On the negative side, it always bothers me a bit when I hear the comment "they are for sale" from a competitor. In 99.9% of the cases this is rumor or innuendo that is not based on fact but intended to confuse the competitor's customers. If you heard that comment at Western, it might be good to consider the source before you act or repeat the information to others. The industry has too many good things going for it right now and should not be distracted by those firms or individuals that have little to sell other than "gossip".

Have a great weekend!!

*Ron Brakke*

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