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**Brakke Consulting's  
Animal Health News & Notes for May 12, 2006**  
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Editor: Lynn Fondon, DVM, MBA

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IN THE NEWS:

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**COMPANY EARNINGS RELEASES**

> **Embrex** Inc., announced financial results for the first-quarter ended March 31, 2006. consolidated revenues were \$13.2 million, a 3% increase compared to consolidated revenues of \$12.8 million for the first quarter of 2005. Consolidated net income was \$0.9 million for first-quarter 2006, a 49% increase over first-quarter 2005 net income of \$0.6 million. (*company website*)

> **Bioniche** released results for its third quarter of fiscal 2006 ended March 31, 2006. The Company's consolidated revenues from marketed products for the third quarter of fiscal 2006 decreased slightly to C\$7.4 million (US\$6.3 million) from C\$7.6 million reported in the same period of fiscal 2005. Animal Health sales were C\$6.5 million (US\$5.6 million) for the third quarter of fiscal 2006, unchanged from the same period last year. (*company website*)

> **Ridley**, Inc. reported results for its fiscal third quarter. For the quarter, the company reported earnings of \$3.9 million on sales of \$131 million, compared with earnings of \$5.7 million on sales of \$122 million last year. (*Feedstuffs online*)

> **Gold Kist** Inc. reported a loss of (\$16.2 million) for the three months ended April 1, compared with a profit of \$38.7 million for the same quarter a year ago. Revenue for the period was \$532 million, down 7% from last year's \$571 million. (*Meating Place*)

> **Seaboard Corp.** in the first quarter ended April 1 reported net income of \$51.5 million, down 25% from \$68.7 for the first quarter of 2005. Net sales were \$443 million, down 19%.  
(*Meat&Poultry*)

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**BRAKKE CONSULTING, INC.**  
**Information for better decisionmaking**

Brakke Consulting publishes syndicated market studies on a variety of animal health subjects. Studies produced in the past few years include:

[Pain Management Products for Dogs and Cats](#)  
[US Flea Control and Heartworm Products](#)  
[Companion Animal Dental Market](#)  
[The US Equine Market](#)  
[Demystifying Regulatory and Distribution Practices in the EU](#)  
[Nutritional Growth Enhancers](#)  
[Veterinary Drug Compounding](#)  
[A Review of Aquaculture](#)  
[US Small Animal Vaccine Market](#)  
[Cancer in Dogs and Cats](#)

For more information on our studies, please visit our website at [www.brakkeconsulting.com](http://www.brakkeconsulting.com) or call Dr. Lynn Fondon in our Dallas office at 972-243-4033.

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**COMPANY NEWS RELEASES**

> **Virbac Corporation** announced the NASDAQ Listing Qualifications Department approved Virbac's application to list its securities on The NASDAQ Capital Market. Virbac's common stock will trade on The NASDAQ Capital Market under the symbol "VBAC." (*Yahoo News*)

> **IDEXX Computer Systems**, a division of IDEXX Laboratories, Inc., announced that it has acquired **VetLINK**, LLC, a medical management software provider, and that VetLINK's founder, Richard E. Guelzow, DVM, has joined the IDEXX Computer Systems management team. Financial terms were not disclosed. (*company website*)

> **MWI Veterinary Supply**, Inc. announced the acquisition of substantially all of the assets of **Northland Veterinary Supply**, Ltd. ("Northland") for approximately \$4 million consisting of \$3 million in cash and 28,744 shares of unregistered restricted common stock. The agreement also calls for an upward adjustment to be paid in cash if Northland's working capital exceeds a pre-determined level. Northland is a distributor of animal health products to approximately 500 veterinary practices and producers across the Midwestern portion of the US. Northland has a distribution center located in Clear Lake, Wisconsin and had total revenues of approximately \$12 million for its fiscal year ended December 31, 2005. (*Market Wire*)

> **Farnam** introduced TapeCare Plus, a single active ingredient product, labeled for the removal and control of tapeworms (*Anoplocephala perfoliata*), in addition to strongyles, pinworms and roundworms. This patented tapeworm control is available in the Sure-Grip Syringe for precise, easy to administer dosing for horses and ponies. (*company press release*)

> Sara Lee Corp. and **Smithfield Foods** are in exclusive, time-limited negotiations to sell Sara Lee's European meat business. The business, based in the Netherlands, had sales last year of

about \$1.1 billion. Smithfield has been investing in Europe, purchasing pork operations in Poland and Romania recently. It also has operations in France and the United Kingdom. (*Meating Place*)

> **Tyson Foods**, Inc., reported that it is conducting five times more avian influenza tests than it did this past year. Tyson performs 15,000 tests per week for avian influenza at its lab facilities. Company executives said the company tests 11 birds from each flock before they leave the farms. The goal is to detect the virus before the birds enter the food supply. (*Meat&Poultry*)

> CHINA **Hypor** announced the signing of Joint Venture Agreements with two of China's largest agribusiness companies. The agreements with **Sichuan South Hope Company Ltd.** (New Hope) and **Shandong Liuhe Group Co., Ltd.** (Liuhe) are for the production and distribution of breeding pigs in China. **JBS United**, a nutrition company based in the US, also has a minority share in the Liuhe joint venture. (*ThePigSite*)

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## **CONSULTANT PROFILE**

**LYNN FONDON, DVM, MBA, Senior Consultant**

Lynn Fondon earned a degree in Animal Science and an MBA from Texas A&M University. After earning her MBA in 1989, Lynn worked for a national consulting company for several years before returning to Texas A&M to earn her DVM. Lynn worked in a small animal practice in the Dallas area before joining Brakke Consulting in 1997. Lynn is married and has a 6-year-old son and a variety of pets.

In addition to editing and publishing Brakke's weekly electronic newsletter, Lynn's principal work at Brakke Consulting includes:

- Market research
- Managing proprietary veterinary surveys
- Producing syndicated market studies
- Maintaining in-house informational databases
- Providing in-house veterinary expertise
- Development, launch and support of Brakke Consulting's industry job board [AnimalHealthJobs.com](http://AnimalHealthJobs.com)

### What does Lynn see for the future of animal health?

While livestock will always be an integral part of the animal health industry, companion animal medicine will continue to grow in importance. The relative lack of economic constraints in treating companion animals will drive continued investment in new products and technologies intended to improve the health of our four-legged companions. The increasing emphasis to view pets as family members will help increase acceptance of pet insurance, which will in turn allow veterinarians to provide best-quality care for a greater percentage of their patients.

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## **ANIMAL HEALTH NEWS**

> **US - VETERINARY VACCINE INITIATIVE** The USDA has launched the Veterinary Immune Reagent Network, designed to coordinate efforts of the veterinary immunology research community. The USDA is funding the initiative with a \$2.15 million grant for a core of 8 research groups with collaborative efforts by more than 40 researchers in USDA, university, institutional, and industry labs. Research is to focus on cattle, poultry, horses, swine, catfish and salmonids. (*Healthy Animals*)

> **US - BSE TRACEBACK CLOSED** State and federal officials have closed their traceback investigation of an aged Alabama cow that was diagnosed with BSE without discovering much

about her past, including her birthplace. While that is not desirable, it is not a major risk, cattle industry sources said. They noted that in Canada, where tracebacks have identified some 3,000 herdsmates or birth cohorts of infected animals, no animals subsequently tested positive for BSE. The cow, a solid red beef crossbred, had no brands, tattoos or ear tags and no holes or scars on her ears to indicate that she ever had an ear tag. (*Feedstuffs*)

> AVIAN INFLUENZA The flocks of migratory birds that returned to Europe over the last few weeks after spending the winter in Africa did not carry or spread the H5N1 strain of avian influenza, scientists said. It is quiet now in terms of cases, which is contrary to what many people had expected. Scientists collected thousands of samples in Africa throughout the winter and the H5N1 strain was not detected in any wild bird. (*Meating Place*)

> EU - AVIAN INFLUENZA RULES EXTENDED EU countries agreed that the biosecurity measures in place to protect domestic flocks from avian influenza, such as keeping or feeding poultry indoors in identified high-risk areas, should be extended until December 31, 2006. The Standing Committee also agreed to extend the import ban on live captive birds from third countries until July 31, 2006. It was also agreed that the restrictions on the movement of birds accompanying their owners should continue until July 31. (*Wattnet Meatnews*)

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### **BRASSE CONSULTING VIEWPOINT**

In the past several months, I've seen a number of articles in the popular press about health insurance for pets. Most seem to take the angle asking whether pet insurance is necessary for most pet owners, but the overall tenor of the articles is in favor of pet insurance for those who want the best care for their pets.

It will be interesting to see whether this media spotlight will help drive increased acceptance of pet insurance by US consumers over the next year or two. Many western European countries have already embraced the concept. Will US pet owners eventually decide that the benefits of insuring their pets' health outweighs the modest cost of the annual premium? Only time will tell.

*Lynn Fondon*

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