
**Brakke Consulting's
Animal Health News & Notes for July 28, 2006**
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COMPANY EARNINGS RELEASES

> Merck reported financial results for the 2006 second quarter. Sales for joint venture **Merial** were \$586 million in the second quarter of 2006, an increase of 14% compared to the second quarter of 2005. Sales for the first half of 2006 were \$1,172 million, an increase of 16% compared to the first half of 2005. (*company website*)

> **Schering-Plough** Corporation reported financial results for the 2006 second quarter. Animal Health sales increased 6% to \$239 million, reflecting growth of core brands across most geographic and species areas, led by higher sales of companion animal products. (*company website*)

> **CEVA Group** reported financial results for the first half of 2006. The CEVA Group veterinary pharmaceutical laboratory recorded growth in turnover of 21.4% over the first half of 2005, to reach EUR 148.4 million (\$186 million). On the same consolidation basis, excluding the acquisitions made in 2005 (including Turkish laboratory DIF and Biomune in the USA), the CEVA Group recorded growth in turnover of 7.5%. (*company press release*)

> **Neogen** Corporation announced results for its 2006 fiscal year ended May 31. FY 2006 revenues were \$72.4 million, up 15% from \$62.8 million in Neogen's previous fiscal year. Net income was \$7.9 million in FY 2006, up 34% compared to FY 2005. (*company website*)

> **Heska** Corporation reported financial results for its second quarter ended June 30, 2006. Revenues were \$18.5 million, an increase of 12% compared to the prior year second quarter and the highest second quarter result in history. Net income for the quarter was \$302,000, compared to a net loss of (\$767,000), in the second quarter of 2005. (*company press release*)

> **Abaxis**, Inc. reported financial results for the first fiscal quarter ended June 30, 2006. The company reported veterinary division revenues of \$15.5 million, an increase of 29% compared to the prior year comparable period. (*company website*)

> Colgate-Palmolive Company announced financial results for the second quarter of 2006. **Hill's Pet Nutrition** sales volume grew 9.5% to \$411 million, and unit volume grew 5.5%, to a second quarter record level. (*company press release*)

> **Land O'Lakes** Inc. reported sales of \$1.7 billion and net earnings of \$34.8 million for its second quarter ended June 30, compared to \$1.8 billion and \$25.8 million, respectively, for the second quarter of 2005. Company officials reported solid performance in value-added dairy foods, lifestyle feeds and seed, driven primarily by its branded and proprietary businesses and product lines. Challenges were in its dairy foods industrial, livestock/commodity feeds, agronomy and layers/eggs businesses. (*Feedstuffs online*)

> **PetMed Express**, Inc. announced its financial results for the quarter ended June 30, 2006. Net income was \$4.8 million for the quarter, an increase of 34% compared to the quarter ended June 30, 2005. Net sales for the quarter ended June 30, 2006 were \$50.7 million, an increase of 16% compared to the quarter ended June 30, 2005. (*Business Wire*)

> **IDEXX Laboratories**, Inc. reported that revenue for the second quarter of 2006 was \$191.4 million, an increase of 19% compared to the second quarter of 2005. Companion Animal Group ("CAG") revenue for the quarter increased 19% to \$157 million due to higher sales in all CAG product and service categories, with the largest growth in revenue dollars from instruments and consumable products followed by laboratory and consulting services. Net income for the quarter was \$26 million, an increase of 29% compared to the second quarter of 2005. (*PRNewswire*)

> **VCA Antech**, Inc. reported financial results for the quarter ended June 30, 2006, as follows: revenue increased 23.5% to a second quarter record of \$255 million; and net income was \$29.6 million. Laboratory revenue for the second quarter of 2006 increased 16%; consolidated animal hospital revenue increased 26%; and medical technology revenue increased 57%. (*company press release*)

BRAKKE CONSULTING, INC.
Look Before You Leap

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COMPANY NEWS RELEASES

> **Boehringer Ingelheim Vetmedica Inc.** announced the implementation of its monitoring assignment for global insight of circovirus disease (MAGIC) program, which will assist swine producers and veterinarians in identifying, assessing and monitoring several disease risk factors related to porcine circovirus-associated diseases. According to the company, the MAGIC program involves a thorough survey of a producer's swine health program as well as relevant diagnostic screenings to establish an accurate benchmark for disease status. *(Feedstuffs online)*

> **Intervet Inc.** introduced Continuum Feline HCP vaccine with a 3-year duration of immunity against rhinotracheitis caused by herpesvirus-1 (FHV-1), calicivirus (FCV) and panleukopenia (FPV). *(company press release)*

> **NJ Phillips Pty Ltd** has introduced a controlled-release syringe for use with injectable animal-health products. The Trigger-Lock Syringe's hand piece features a trigger-lock mechanism that prevents movement of the plunger until it is manually released. NJ Phillips Pty Ltd has named **Durvet Inc.** the exclusive US importer of the Trigger-Lock Syringe. *(CattleNetwork)*

> **IdentiGEN Ltd.**, announced the formation of a new subsidiary, **IdentiGEN North America, Inc.** The new company will focus on the North American commercialization of IdentiGEN's proprietary TraceBack DNA tracking system, which enables guaranteed verification of the source of meat products throughout the entire chain of production: from the animal of origin up through the producer, meat packer, food retailer and right to the consumer's plate. The TraceBack system has already been successfully commercialized in Ireland and other countries in Europe. *(AnimalNet)*

> **Veterinary Diagnostics Institute Inc.**, announced the launch of Canine CardioCare, the first canine-specific N-terminal brain natriuretic peptide (NT-proBNP) blood test to detect heart disease in dogs. Canine CardioCare is patent pending. In an independent clinical study, NT-proBNP was shown to be elevated by more than 10-fold in dogs with heart disease. *(Business Wire)*

> A US District Court grand jury returned a 175-count indictment against **Animal Pharmaceuticals Inc.** CEO Bruce Ray Noyes and five API shareholders or employees, alleging that they participated in a scheme from 2001 to 2005 to bring counterfeit cattle antibiotics from Mexico for distribution from the company's offices in Yakima, WA and Jerome, ID. The charges include trafficking in counterfeit goods, money laundering, interstate fraud and selling and holding counterfeit drugs. *(Yakima Herald Republic)*

ANIMAL HEALTH NEWS

> **US - CALIFORNIA HEAT WAVE** The blistering heat throughout most of California over the past month has killed off thousands of dairy and food animals, swamping rendering plants and leading to a backup of carcasses. One rendering plant in Fresno County, which experienced 10 consecutive days of temperatures over 100 degrees F in late July, broke down under the unusual load, leading the county to declare a state of emergency. San Joaquin County, which also declared a state of emergency, is losing about 120 dairy cows each day to the heat, and could lose as much as 2% of its herd. *(Meating Place)*

> **JAPAN - US BEEF IMPORT RESTRICTIONS LIFTED** Japan announced that it would once again resume importing some US beef, ending a nearly 28-month standoff that effectively shut down one of the US industry's largest export markets. Under the agreement, the Japanese will

only accept shipments of beef from cattle 20 months or younger from a list of 34 approved processing plants. (*Meating Place*)

> US - COMPARATIVE ONCOLOGY CONSORTIUM Twelve veterinary colleges and professionals at the Animal Medical Center in New York have started working with the National Cancer Institute (NCI) and pharmaceutical companies to test novel treatments on companion animals. The Comparative Oncology Consortium, as the group is called, completed its first trial last month. The consortium, which was created last year, allows members to communicate through a virtual network designed and maintained by the NCI. Consortium members suggest trials and final decisions are made by professionals in the NCI's Comparative Oncology Program. (*AAHA NEWSStat*)

> US - NEW VETERINARY ASSOCIATION The creation of the Association for Veterinary Family Practice (AVFP) was announced July 18, 2006, at the AVMA Convention in Hawaii. The goal of group is to establish a specialty for general medicine, which AVFP members call family practice. Professionals associated with the group believe that specialized skills are required for general practice and want to establish a way to communicate that to clients in an increasingly specialized and competitive marketplace. The first step toward that specialty is to create a family practice certificate program for doctors that will be offered at UC Davis this winter. A program for technicians will be available soon. (*AAHA NEWSStat*)

BRASSE CONSULTING VIEWPOINT

It was a busy week in the animal health industry. A number of companies reported strong sales growth for the quarter and first 6 months of 2006.

As we begin to pass the midpoint of summer, we're starting to hear more and more about the growth plans for 2007 in the personnel area. The increasing number of sales reps at both the manufacturer and distributor level in the companion animal segment of the market is impressive. It would appear that veterinary clinics are going to need to enlarge their waiting rooms just to accommodate the increased sales rep traffic!

We look forward to learning more about the new product introductions that companies will be making this fall and in early 2007 to support this new group of sales reps. The FDA, USDA and EPA must all be cooperating in an effort to allow these product to reach the market on time with the label claims needed!

Have a great weekend.

Ron Brasse

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