
**Brakke Consulting's
Animal Health News & Notes for August 4, 2006**
Copyright © Brakke Consulting, Inc.

Editor: Lynn Fondon, DVM, MBA

IN THE NEWS:

earnings news

[Alpharma](#)

[Central Garden & Pet](#)

[Digital Angel](#)

[Evalis](#)

[Genus](#)

[Maple Leaf Foods](#)

[MWI](#)

[Nutreco](#)

[Pilgrim's Pride](#)

[Tyson Foods](#)

other news

[Blue Seal Feeds](#)

[Digital Angel](#)

[Farnam](#)

[Global Animal Management](#)

[National Beef Packing](#)

[Schering-Plough](#)

[Vintage Foods](#)

COMPANY EARNINGS RELEASES

> **Alpharma** Inc. announced financial results for the second quarter of 2006. Animal Health revenues increased 4% to \$82.6 million compared to the second quarter of 2005. Revenue growth was primarily driven by strong sales in the U.S. livestock market and Europe. Global sales of poultry products in the second quarter of 2006 were comparable to 2005 levels. (PRNewswire)

> **MWI Veterinary Supply**, Inc. announced financial results for its third quarter ended on June 30, 2006. Total revenues grew 18.8% to \$164.0 million for the three-months ended June 30, 2006 compared to \$138.0 million for the three-months ended June 30, 2005. Net income increased 167.9% to \$3.8 million for the three-months ended June 30, 2006 compared to \$1.4 million for the three-months ended June 30, 2005. (Market Wire)

> The **Evalis Group** reported turnover of EUR 648 million (\$765 million) for 2005, a decrease of 3.5% compared to 2004. The results reflected the return to normal of raw materials prices and a positive currency impact of EUR 7.1 million. (company website)

> **Central Garden & Pet** Company announced results for its fiscal third quarter ended June 24, 2006. Net sales for the Pet Products segment were \$228 million, an increase of 39% compared to the third quarter of fiscal 2005. Pet branded products sales increased \$64 million or 51% and sales of other manufacturers' products increased 1%. Operating income for the Pet Products

segment was \$30 million in the quarter, an increase of 26%, when compared to the third quarter of fiscal 2005. (*company website*)

> **Digital Angel** Corporation announced revenues for the second quarter and six months ended June 30, 2006. Revenue for the Company's Animal Applications segment was \$8.4 million in this year's second quarter compared to \$8.3 million in the prior year period. Sales to livestock and companion animal customers were up \$0.7 million and \$0.4 million, respectively, offset by decreased sales of \$1.1 million to fish and wildlife customers. For the first six months of 2006, revenues were up 19.5% to \$19.9 million compared to \$16.6 million for the first six months of 2005. (*company website*)

> **Genus plc**, which has changed its year end to June 30, announced interim results for the twelve months to March 31, 2006. For the 12 month period ended March 31 2006, Group turnover increased by 20% to GBP 219.4 million (\$380 million). Group turnover for Continuing Operations increased by GBP 64.0 million to GBP 177.9 million (\$310 million) after reflecting both the Sygen acquisition and the disposals in the reported period. (*company website*)

> **Tyson Foods** Inc. reported financial results for its fiscal third quarter ended July 1, 2006. Sales in the quarter declined 4.9% to \$6.38 billion from \$6.71 billion a year ago, and the company reported an operating loss of (\$25 million), compared to a profit of \$256 million in the third quarter of 2005. (*Meating Place*)

> **Maple Leaf Foods** reported financial results for the second quarter of 2006. Sales for the quarter declined 6% to C\$1.5 billion (US\$1.3 billion), while overall operating profit fell 23%, to C\$60.4 million (US\$54 million). Of its four divisions, only the company's bakery group showed an earnings increase. (*Meating Place*)

> **Pilgrim's Pride** Corp. reported results for its third quarter ended July 1, posting a net loss of (\$20.5 million) compared with a profit of \$85.4 million last year. Sales dropped to \$1.29 billion from \$1.44 billion. (*Meating Place*)

> **Nutreco** reported results for the first half of 2006. The company saw revenue for the first half of the year increase 4.7% to EUR 1.391 billion (\$1.75 billion). The company posted a net profit of EUR 435 million (\$546 million), which includes a profit on the books from Marine Harvest, which Nutreco has now sold. (*Wattnet Meatnews*)

BRAKKE CONSULTING, INC.
Buy, Sell, or Stay the Same

In the past year, Brakke Consulting has been the finder of record, agent of record or consultant for several projects that have closed. We have assisted with valuations and due diligence on confidential transactions, and provided executive counsel on a number of potential transactions.

Brakke Consulting has the experience, insight, abilities, and contacts that provide our clients with the highest quality services in the animal health, pet, veterinary, and specialty chemicals markets. Please contact any of our offices for a confidential consultation on our range of services. Contact information for all offices are available on our website at www.BrakkeConsulting.com

COMPANY NEWS RELEASES

> The USDA's Animal and Plant Health Inspection Service has approved **Global Animal Management**, Inc., a wholly-owned subsidiary of **Schering-Plough Animal Health**, as the first interim animal tracking database for the National Animal Identification System. Through an independent review process, the agency determined that Global Animal Management's Animal Tracker program meets the requirements to feed data into the USDA's information system as needed to track cattle in an animal-disease emergency. (*Drovers Alert*)

> **Farnam** announced the launch of Equisect natural fly repellent. Equisect has been tested and proven to kill and repel five types of flies, mosquitoes, lice and gnats on horses, ponies and foals. It also kills and repels fleas and ticks on dogs and cats. An exclusive, botanically-derived natural pyrethrum called PyGanic, extracted from a species of chrysanthemum, is the active ingredient in Equisect. It was specially developed for insect control in organic farming - where safety is a primary concern. Farnam is offering a full money-back guarantee on the product. (*company press release*)

> The USDA announced that **Digital Angel Corp.** is the first ID tag manufacturer to gain approval for the use of its electronic tagging systems in the NAIS. This designation indicates that the company's products meet the standards of the NAIS and will allow Digital Angel to distribute tags using the program's official 15-digit animal identification number. (*Drovers Alert*)

> **Blue Seal Feeds** announced the launch of My Nature Pet Foods, a new line of organic and natural pet foods. The line contains no byproducts, artificial preservatives, colors or flavors, as well as no corn, wheat or soy. (*Feedstuffs*)

> National Beef California, a subsidiary of **National Beef Packing Co.**, announced the acquisition of **Vintage Foods Limited Partnership**, including the Vintage Natural Beef brand. The Vintage brand is marketed as natural beef that is antibiotic- and hormone-free with consistent genetics and extremely tight production processes. Vintage uses cattle that are 20 months of age and younger that grade a high percentage of USDA Prime and USDA Choice. Financial terms were not disclosed. (*Meating Place*)

ANIMAL HEALTH NEWS

> **US - AH MEETING** The Kansas City Animal Health Corridor announced it is holding a Homecoming meeting for animal health industry executives and leaders in conjunction with the Central Veterinary Conference on Monday, August 28, 2006. Featured speakers will include Dr Charles Lambert of the USDA and Ron Brakke. For more information, visit <http://www.thinkkc.com/homecoming/> (*association press release*)

> **GERMANY - AVIAN INFLUENZA** Germany announced that a swan found dead in a zoo in the eastern German city of Dresden was infected with the H5N1 strain of avian influenza. As a protective measure, authorities have sealed off an area of 3 km (1.9 miles) and a created a 10 km (6.2 mile) observation zone (*AnimalNet - Reuters*)

> **AUSTRALIA - JOHNES DISEASE** Bovine Johnes's disease (BJD) has been confirmed in a beef herd in Western Australia. Western Australia is not expected to lose its BJD-free status immediately, which it has had since 1999, however all at-risk properties will be tested and all cattle removed from infected properties. BJD has not been seen in Western Australia since 1994. (*Alltech.com*)

> **US - DNA BANK** Cornell University's College of Veterinary Medicine announced the opening of a DNA bank, administered through its Department of Clinical Sciences, to better understand the genetic basis for diseases in many species. Clinicians at the Cornell University Hospital for

Animals will now take blood samples (with owners' written permission) from the thousands of animals they diagnose with known genetic diseases each year. A DNA bank technician will then isolate the DNA, catalog it and freeze it for storage for use by Cornell researchers. (*emaxhealth.com*)

> JAPAN - CATTLE GENES Japan plans to make its cattle intellectual property in order to protect its high-end beef industry by identifying pure Japanese animals against those of mixed origin. Japan will seek to patent the cattle's genes and put bar-codes on semen stocks in a bid to protect its beef, known as "wagyu" in Japan and overseas often called Kobe beef. (*AnimalNet - Agence France Presse*)

> US - ANIMAL DRUG USER FEES ANNOUNCED The FDA announced the rates and payment procedures for fiscal year 2007 animal drug user fees. For complete information, visit the FDA Web site at <http://www.fda.gov/oc/adufa>. (*AnimalNet - Federal Register*)

> US - OVER-30-MONTH RULE WITHDRAWN USDA withdrew its proposed rule that would allow cattle over 30 months of age into the U.S. market because it felt that it would be inappropriate to continue forward with the rule-making process while it was still investigating a case BSE in Canada that affected an animal born long after a protective feed ban was imposed. (*Meating Place*)

> JAPAN - LIBERALIZED TRADE RULE REFUSED Japanese officials turned down requests by the U.S. Secretary of Agriculture and other U.S. officials to schedule talks about opening the Japanese market to beef from cattle over 20 months but under 30 months of age. The Japanese Farm Minister said that many Japanese are unhappy that any U.S. beef is being allowed into the country, and to talk about rewriting the deal would be highly premature. (*Meating Place*)

> US - BIOTECH FEED FOR LIVESTOCK SAFE Food products from livestock that eat biotech crops are safe for humans to eat, according to a report from the Council for Agricultural Science and Technology. CAST, which includes 38 scientific and professional societies as well as company and nonprofit members and more than 1,200 individual members, reviewed information mostly from the late 1990s through last year for the report. It examined regulatory assessments on genetically modified crops, looked at results of feeding studies in farm animals and examined what happens when animals consume various proteins and DNA. They concluded that meat, milk and eggs produced by farm animals fed biotechnology-derived crops are as wholesome, safe and nutritious as similar products produced by animals fed conventional crops. (*Meating Place*)

> US - NEW RAPID DIAGNOSTIC TEST Colorado State University's Veterinary Diagnostic Laboratory in collaboration with the U.S. Department of Homeland Security, the USDA's National Veterinary Services Laboratories and the National Animal Health Laboratory Network and Lawrence Livermore National Laboratory, demonstrated a new rapid diagnostic test for seven important and economically devastating animal diseases. The new diagnostic tool reduces the period required to detect foot-and-mouth disease, or FMD, and six diseases with similar symptoms (bovine viral diarrhea, bovine herpes-1, bovine parapox virus complex, bluetongue, swine vesicular disease and vesicular exanthema of swine) from days to hours, and can simultaneously detect all seven diseases in one sample. The tool is in the process of being validated by the USDA. (*CSU website*)

> US - AKC PROMOTES VETERINARY VISITS The American Kennel Club announced the launch of the Veterinary Network Certificate Program which offers all puppies newly registered with the AKC a complimentary first veterinary office visit with one of the 2,000 practices enrolled in the program. The AKC encourages owners to register their puppy as soon as possible in order to receive the certificate in time for the dog's first vet trip. (*AKC Gazette*)

BRAKKE CONSULTING VIEWPOINT

Some interesting bits of news this week related to food safety. We're seeing progress as the USDA, product manufacturers and producers move forward with new technologies to track animal protein from birth to the plate. While there have been bumps in the road in establishing a US tracking system, there are more reports of progress every week. We believe a national animal tracking system will be good for everyone in the long run. Who ultimately will pay for it? Probably the producers!

Have you signed up yet for the Kansas City Animal Health Corridor Homecoming? If not, we encourage you to do so, even if your company isn't currently located in the Kansas City area. We believe that company executives will find the information that will be presented at the meeting educational and useful in deploying your animal health business resources.

Keep cool and have a great weekend!

Ron Brakke

*This electronic newsletter is the sole property of Brakke Consulting, Inc.
Any use of the contents herein should be approved by
and appropriately attributed to Brakke Consulting, Inc.*

For more information about Brakke Consulting's services and syndicated studies, visit our website at www.brakkeconsulting.com.

Brakke Consulting, Inc.
2735 Villa Creek, Suite 140
Dallas, TX 75234 USA