
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT

Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) February 28, 2006

Central Garden & Pet Company

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

0-20242
(Commission File
Number)

68-0275553
(IRS Employer
Identification No.)

1340 Treat Boulevard, Suite 600, Walnut Creek, California
(Address of principal executive offices)

94597
(Zip Code)

Registrant's telephone number, including area code (925) 948-4000

(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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This Current Report on Form 8-K/A is being filed to amend the Current Report on Form 8-K filed on March 2, 2006, to provide the financial statements and pro forma financial information required by Items 9.01 (a) and (b) of Form 8-K.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

- (1) Audited Consolidated Financial Statements of Farnam Companies, Inc. as of November 30, 2005 and for the fiscal year then ended, and the related report of its independent registered public accounting firm (Exhibit 99.2)
- (2) Unaudited Condensed Consolidated Financial Statements of Farnam Companies, Inc. as of February 28, 2006 and for the three months then ended (Exhibit 99.3)

(b) Unaudited Pro Forma Financial Information

Unaudited Pro Forma Condensed Consolidated Statements of Operations of Central Garden & Pet Company and Farnam Companies, Inc. for the fiscal year ended September 24, 2005, and for the six months ended March 25, 2006 (Exhibit 99.4)

(d) Exhibits.

- 2.1 Stock Purchase Agreement dated as of January 19, 2006, among Central Garden & Pet Company, the Duff Family Revocable Trust and the Bassham Trust Regarding All of the Outstanding Stock of Farnam Companies, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed January 20, 2006).*
- 2.2 Amendment dated February 28, 2006 to Stock Purchase Agreement dated as of January 19, 2006, among Central Garden & Pet Company, the Duff Family Revocable Trust and the Bassham Trust Regarding All of the Outstanding Stock of Farnam Companies, Inc.†
- 10.1 Credit Agreement dated as of February 28, 2006 among Central Garden & Pet Company, the Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto, JPMorgan Chase Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, CIBC World Markets Corp., Suntrust Bank and Union Bank of California, N.A., as Co-Documentation Agents, and J.P. Morgan Securities Inc. and Banc of America Securities LLC, as Joint Bookrunners and Joint Lead Arrangers. †
- 23.1 Consent of Eide Bailly LLP.
- 99.1 Press Release dated February 28, 2006. †
- 99.2 Farnam Companies, Inc. and Subsidiary Consolidated Financial Statements as of November 30, 2005 and for the fiscal year then ended.
- 99.3 Farnam Companies, Inc. and Subsidiary Unaudited Condensed Consolidated Financial Statements as of February 28, 2006 and for the three months then ended.
- 99.4 Unaudited Pro Forma Condensed Consolidated Statements of Operations of Central Garden & Pet Company and Farnam Companies, Inc. for the fiscal year ended September 24, 2005, and for the six months ended March 25, 2006.

* The schedules to this agreement, as set forth in the Table of Contents of the agreement, have not been filed herewith pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

† Previously filed.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Amendment to be signed on its behalf by the undersigned hereunto duly authorized.

CENTRAL GARDEN & PET COMPANY

By: /s/ Stuart W. Booth
Stuart W. Booth
Executive Vice President and
Chief Financial Officer

Dated: May 15, 2006

<u>Exhibit No.</u>	<u>Description</u>
2.1	Stock Purchase Agreement dated as of January 19, 2006, among Central Garden & Pet Company, the Duff Family Revocable Trust and the Bassham Trust Regarding All of the Outstanding Stock of Farnam Companies, Inc. (incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K filed January 20, 2006).*
2.2	Amendment dated February 28, 2006 to Stock Purchase Agreement dated as of January 19, 2006, among Central Garden & Pet Company, the Duff Family Revocable Trust and the Bassham Trust Regarding All of the Outstanding Stock of Farnam Companies, Inc.†
10.1	Credit Agreement dated as of February 28, 2006 among Central Garden & Pet Company, the Subsidiary Borrowers from time to time party thereto, the Lenders from time to time party thereto, JPMorgan Chase Bank, National Association, as Administrative Agent, Bank of America, N.A., as Syndication Agent, CIBC World Markets Corp., Suntrust Bank and Union Bank of California, N.A., as Co-Documentation Agents, and J.P. Morgan Securities Inc. and Banc of America Securities LLC, as Joint Bookrunners and Joint Lead Arrangers. †
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* The schedules to this agreement, as set forth in the Table of Contents of the agreement, have not been filed herewith pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted schedule to the Securities and Exchange Commission upon request.

† Previously filed.



CPAs & BUSINESS ADVISORS

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Central Garden & Pet Company's Registration Statement Nos. 333-09085, 333-96816, 333-41931, 333-84737, 333-83022, 333-105965 and 333-134055 on Form S-8 and Registration Statement Nos. 333-05261, 333-22209 and 333-46437 on Form S-4 of our report dated May 11, 2006, relating to our audits of the consolidated financial statements of Farnam Companies, Inc. and Subsidiary appearing in this Current Report on Form 8-K/A of Central Garden & Pet Company dated May 11, 2006, and the inclusion of our report in this Current Report on Form 8-K/A.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Phoenix, Arizona
May 12, 2006

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www.eidebailly.com

1850 N. Central Avenue □ Suite 400 □ Phoenix, Arizona 85004 □ Phone 602.264.5844 □ Fax 602.277.4845 □ EOE

FARNAM COMPANIES, INC. AND SUBSIDIARY



CPAs & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Farnam Companies, Inc. and Subsidiary
Phoenix, Arizona

We have audited the accompanying consolidated balance sheet of *Farnam Companies, Inc. and Subsidiary* as of November 30, 2005, and the related consolidated statements of income and retained earnings, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based upon our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we do not express such an opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of *Farnam Companies, Inc. and Subsidiary* as of November 30, 2005, and the results of their consolidated operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Phoenix, Arizona
May 11, 2006

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FARNAM COMPANIES, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEET
NOVEMBER 30, 2005

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 32,093,666
Investments	6,908,513
Trade receivables, net of allowance for doubtful accounts	20,526,473
Inventories	22,669,357
Prepays and other current assets	1,711,426
Total current assets	<u>83,909,435</u>
PROPERTY AND EQUIPMENT	11,021,703
INTANGIBLE ASSETS	10,069,935
OTHER ASSETS	4,298,840
	<u><u>\$ 109,299,913</u></u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 7,758,872
Accrued expenses and other current liabilities	12,213,546
Income taxes payable	45,325
Total current liabilities	<u>20,017,743</u>
LONG-TERM DEBT - RELATED PARTY	207,694
STOCKHOLDERS' EQUITY	
Common stock, no par value per share	
Class A, voting 5,000,000 shares authorized; 1,923,077 shares issued and outstanding	12,000
Class B, non-voting 10,000,000 shares authorized; 8,076,923 shares issued and outstanding	50,400
Retained earnings	89,012,076
	<u>89,074,476</u>
	<u><u>\$ 109,299,913</u></u>

See Notes to Consolidated Financial Statements

FARNAM COMPANIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED NOVEMBER 30, 2005

SALES	\$ 165,788,458
COST OF GOODS SOLD	81,990,143
Gross profit	<u>83,798,315</u>
OPERATING COSTS AND EXPENSES	
Freight and warehousing	6,657,681
Selling, marketing and advertising	35,088,376
Research and development	4,036,668
General and administrative	16,789,091
Depreciation and amortization	1,922,456
	<u>64,494,272</u>
OTHER INCOME (EXPENSE)	
Other income (expense)	898,438
Interest income	625,877
Interest expense - operations	(71,707)
	<u>1,452,608</u>
INCOME BEFORE PROVISION FOR INCOME TAXES	20,756,651
PROVISION FOR INCOME TAXES	57,405
NET INCOME	20,699,246
RETAINED EARNINGS, beginning of year	82,626,273
Distributions paid and declared to stockholders	(14,313,443)
RETAINED EARNINGS, end of year	\$ 89,012,076

See Notes to Consolidated Financial Statements

FARNAM COMPANIES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED NOVEMBER 30, 2005

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	<u>\$ 20,699,246</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	1,689,163
Amortization	1,100,747
Gain on disposal of assets	(35,338)
Allowance for doubtful accounts	25,000
Decrease in cash surrender value	827,699
(Increase) decrease in	
Trade receivables	(4,439,414)
Inventories	1,776,885
Prepays and other current assets	(143,913)
Increase (decrease) in	
Accounts payable	3,285,171
Accrued expenses and other current liabilities	3,141,610
Income taxes payable	41,155
Total adjustments	<u>7,268,765</u>
Net cash provided by operating activities	<u>27,968,011</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(5,401,597)
Proceeds from sale of investments	7,795,000
Increase in property and equipment	(1,451,395)
Proceeds from the sale of equipment	36,962
Purchase of intangible assets	(1,000,000)
Premiums paid on life insurance	(339,635)
Premiums refunded on life insurance	217,256
Net change in other assets and deposits	<u>50,000</u>
Net cash used in investing activities	<u>(93,409)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions paid to stockholders	<u>(14,313,443)</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

	13,561,159
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CASH AND CASH EQUIVALENTS, beginning of year	<u>18,532,507</u>
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CASH AND CASH EQUIVALENTS, end of year	<u>\$ 32,093,666</u>
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(Continued)

CONSOLIDATED STATEMENT OF CASH FLOWS**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**

Cash paid (refunded) during the year for

Interest

\$ 71,707

Income taxes

\$ 16,075*See Notes to Consolidated Financial Statements*

FARNAM COMPANIES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED NOVEMBER 30, 2005

NOTE 1 - NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

The Farnam Companies, Inc. and Subsidiary (the Company) was founded in Omaha, Nebraska in 1946. In 1949, it moved its corporate sales and marketing headquarters to Phoenix, Arizona, with its primary manufacturing and warehousing facilities located in Nebraska and Iowa. The Company is a manufacturer and marketer of premium branded over-the-counter ("OTC") animal health care products. Farnam distributes horse health care, pet, racehorse, professional veterinary, and livestock health products. The Company holds patents and exclusive marketing rights for certain of these products. These patents and exclusive rights expire in various future years.

Thompson's Veterinary Supplies, Inc., a subsidiary, is engaged in the principal business of wholesaling veterinary supplies, ranch and farm supplies, pet supplies, and other kindred products to fixed dealers primarily in Arizona and California.

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of Farnam Companies, Inc. and its wholly owned subsidiary, Thompson's Veterinary Supplies, Inc. All intercompany transactions and balances have been eliminated in consolidation.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. The Company maintains, at certain financial institutions, cash and cash equivalents that exceed federally insured amounts.

TRADE RECEIVABLES

The Company extends credit to its customers throughout the United States, with limited international sales, all of which are transacted in U.S. dollars.

Trade receivables are uncollateralized customer obligations, due under normal trade terms, requiring payment within thirty days, or under various extended payment terms, from the invoice date. Unpaid trade receivables with invoices due over thirty days bear interest at the Company's discretion. Due to the uncertainty regarding collection, interest on trade receivables is recognized as income when received. Trade receivables are stated at the amount billed to the customer. Payments of trade receivables are allocated to the specific invoices identified on a customer's remittance advice or, if unspecified, are applied on account.

The carrying amount of the trade receivables is reduced by a valuation allowance that reflects management's best estimate of uncollectible amounts. Management reviews all trade receivable balances that exceed thirty days from the invoice due date, and based on an assessment of creditworthiness, estimates the portion, if any, of the balance that will not be collected. Based on historical losses, the existing industry conditions, and the financial stability of its customers, management estimates the amount needed for an allowance for doubtful accounts. Trade receivables of \$20,526,473 are net of an allowance for doubtful accounts of \$280,000 at November 30, 2005.

INVENTORIES

Inventories are stated at cost using the last-in, first-out method (LIFO) or market whichever is lower.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

PROPERTY AND EQUIPMENT

Additions to property and equipment are recorded at cost. Depreciation is provided principally using accelerated methods over the estimated useful lives of the respective assets.

The Company reviews its property and equipment whenever events indicate that the carrying value of the asset may not be recoverable. An impairment loss is recorded when the sum of the future cash flows is less than the carrying amount of the asset. An impairment loss is measured as the amount by which the carrying amount of the asset exceeds its fair value. No impairment loss has been recorded for property and equipment at November 30, 2005.

INTANGIBLE ASSETS

Amortization of intangible assets (patents, trademarks, intellectual property, distribution rights and other intangibles related to product acquisition and covenant not-to-compete agreements) is provided using the straight-line method over the estimated useful lives (ranging from three to seventeen years) of the respective assets. The Company reviews intangible assets whenever events indicate that the carrying amount of the asset may not be recoverable. No impairment loss has been recorded for intangible assets at November 30, 2005.

ADVERTISING

Advertising costs are expensed as the advertising occurs. Advertising expense was approximately \$10,000,000 in fiscal year 2005.

REVENUE RECOGNITION

Revenue from the sale of product is recorded when the product is shipped to the customer.

SHIPPING AND HANDLING COSTS

The costs incurred for the shipping and handling of products sold are classified in the financial statements as freight and warehousing costs on the consolidated statement of income and retained earnings.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are expensed as the costs are incurred.

INCOME TAXES

Farnam Companies, Inc., with the consent of its stockholders, elected to be taxed under sections of the federal and state income tax laws as an S Corporation, which provides that, in lieu of corporate income taxes, the stockholders separately account for their prorata shares of income, deductions, losses, and credits.

Thompson's Veterinary Supplies, Inc. is a C Corporation that files separate federal and state income tax returns and is not part of the consolidated group for tax reporting purposes. Accordingly, Thompson's Veterinary Supplies, Inc. records a provision for income taxes.

The provision for income taxes includes federal and state income taxes currently payable for the subsidiary, and changes in deferred income taxes arising from timing differences in reporting earnings for financial statement and income tax reporting purposes.

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The provision for income taxes charged to operations consisted of a provision of \$57,405 at November 30, 2005.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax basis, primarily allowance for doubtful accounts, depreciable asset basis differences, and inventory holding cost capitalization. Deferred tax assets are reduced by a valuation allowance when in the opinion of management, it is more likely than not that some or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

ESTIMATES

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expense.

NOTE 2 - INVESTMENTS

Investments in debt securities are summarized as follows at November 30, 2005:

Available-for-sale securities:	
Fixed income municipal bonds	\$ 450,000
Fixed income tax-exempt municipal bonds	<u>6,458,513</u>
	<u>\$ 6,908,513</u>

Securities classified as available-for-sale securities may be sold in response to changes in interest rates, liquidity needs, and for other purposes. Available-for-sale securities are recorded at fair value. The current market value of the investments approximates cost at November 30, 2005.

At November 30, 2005, investments in debt securities classified as available for sale mature as follows:

2006	\$ 5,957,843
2007 - 2010	<u>950,670</u>
	<u>\$ 6,908,513</u>

NOTE 3 - INVENTORIES

Inventories consisted of the following at November 30, 2005:

Finished goods	\$18,587,610
Raw materials	<u>4,141,819</u>
	<u>22,729,429</u>
LIFO reserve	(60,072)
	<u>\$22,669,357</u>

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

During 1979, the Company implemented valuing its inventory using the last-in, first-out (LIFO) method. The Company believes the LIFO method more closely relates current costs with current revenue in periods of rising prices. Had the FIFO method of valuing inventories been used, pro forma income before income taxes would have decreased by \$15,553 to \$20,741,098 in 2005.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at November 30, 2005:

Land	\$ 833,930
Buildings	10,533,723
Manufacturing equipment and vehicles	7,703,747
Office furniture and equipment	6,324,045
Construction in progress	662,601
	<u>26,058,046</u>
Accumulated depreciation	<u>(15,036,343)</u>
	<u>\$ 11,021,703</u>

NOTE 5 - INTANGIBLE ASSETS

Intangible assets consisted of the following at November 30, 2005:

Patents, trademarks, intellectual property, distribution rights and other intangibles related to product acquisition	\$15,625,962
Accumulated amortization	(5,691,742)
	<u>9,934,220</u>
Covenant not-to-compete agreements	300,000
Accumulated amortization	(164,285)
	<u>135,715</u>
	<u>\$10,069,935</u>

Estimated amortization expense is as follows for the years ended November 30:

2006	\$ 1,114,638
2007	1,114,638
2008	1,114,638
2009	1,077,400
2010	1,006,529
Thereafter	4,642,092
	<u>\$ 10,069,935</u>

(Continued)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Amortization of intangibles for the year ended November 30, 2005 was \$1,100,747.

NOTE 6 - OTHER ASSETS

Other assets consisted of the following at November 30, 2005:

Cash surrender value, life insurance	\$ 2,693,090
Other assets	1,600,000
Deposits	5,750
	<u>\$ 4,298,840</u>

The Company owns life insurance policies on stockholders and management. The face value of the policies was approximately \$31,000,000 at November 30, 2005.

NOTE 7 - BANK LINES OF CREDIT AND CASH MANAGEMENT FACILITY

Farnam Companies, Inc. had no borrowings outstanding under its \$13,000,000 revolving bank line of credit at November 30, 2005, which expires March 31, 2007. Interest on outstanding borrowings is payable monthly at LIBOR plus 1.75%. The bank line of credit is subject to certain defined restrictive debt covenants.

At November 30, 2005, Farnam Companies, Inc. had approximately \$1,000,000 available in stand-by letters of credit, which are subject to the same provisions as the bank line of credit.

The Company has a cash management facility with its bank at November 30, 2005. Under this facility, the bank automatically transfers funds, on a daily basis, to the Company's operating account (from its available revolving line of credit or invested cash) to cover checks that clear in excess of available funds. No amount in excess of available funds was used under this facility at November 30, 2005.

NOTE 8 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following at November 30, 2005:

Accrued salaries expense	\$ 3,997,502
Accrued legal fees	3,580,000
Other accrued expenses	4,636,044
	<u>\$ 12,213,546</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**NOTE 9 - LONG-TERM DEBT – RELATED PARTY**

Long-term debt – related party consisted of the following at November 30, 2005:

Note payable, 10%, former subsidiary stockholder and employee of wholly-owned subsidiary	<u>\$207,694</u>
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The note payable – related party is considered long-term as repayment is not scheduled to be made in 2006. Interest expense totaled \$20,769 for the year ended November 30, 2005.

NOTE 10 - EMPLOYEE BENEFIT PLAN

The Company's profit sharing and retirement trust, which qualifies under Section 401(k) of the Internal Revenue Code, allows eligible employees to contribute up to fifteen percent of their compensation, with the Company matching fifty percent of the first six percent of the employee contribution. For fiscal 2005, the Company made matching contributions of approximately \$390,000 under the plan.

At the discretion of the Board of Directors, the Company may also make contributions for the benefit of all eligible employees under the amended profit sharing plan. For fiscal 2005, there were no contributions to the plan under the profit sharing provision.

NOTE 11 - LEASE OBLIGATIONS

The Company leases offices at its corporate headquarters under an operating lease that expires on July 31, 2008 from a related party. Rent and maintenance expense under this operating lease was approximately \$550,000 for the year ended November 30, 2005.

Future minimum lease payments under the operating lease are as follows as of November 30, 2005:

2006	\$ 516,120
2007	553,715
2008	<u>363,630</u>
	<u><u>\$1,433,465</u></u>

NOTE 12 - DEFERRED COMPENSATION PLAN

In previous years the Company entered into certain deferred compensation agreements with key executives. The executives were able to elect to defer a portion of their annual salary with the total amount deferred by all participants not to exceed \$262,500 annually. In fiscal 2005, no compensation was deferred under this plan.

Upon termination of employment, but no earlier than the participant's 65th birthday or nine years from the initiation of the plan, whichever is later, the participant is entitled to receive the benefits deferred. The liability for deferred compensation that has not been paid to participants at November 30, 2005 is classified with accrued liabilities.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**NOTE 13 - MAJOR SUPPLIER**

Approximately 21% of the Company's costs of goods sold were for products purchased from two suppliers in 2005. At November 30, 2005, the current value of inventory on hand of these products was approximately \$3,400,000. The Company owed approximately \$520,000 to these suppliers at November 30, 2005.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Company is partially self-funded for benefits provided under its employee health insurance plan. The plan provides for Company annual self-insurance up to \$50,000 per employee, as defined. The maximum annual cost to the Company, as defined, is approximately \$1,600,000 based on the number of participants at November 30, 2005. Based on employee claims filed and experience, management believes they have adequately provided for all claims incurred in the accompanying financial statements. Amounts reserved for these claims total approximately \$180,000 at November 30, 2005 and are included in other current liabilities.

In the ordinary course of conducting its business, the Company may periodically be a defendant in various legal proceedings. Any estimated loss contingencies in excess of amounts covered by business liability insurance are included in accrued expenses. It is the best judgment of management that neither the financial position nor results of operations of the Company will be materially affected by the final outcome of these legal proceedings.

NOTE 15 - SUBSEQUENT EVENT

Subsequent to year-end the Company purchased a product line and settled a lawsuit with a third party for \$5,000,000. The actual costs associated with the lawsuit settlement were \$3,500,000. As of November 30, 2004, the Company had estimated a loss of \$400,000. The increase of \$3,100,000 is reflected in the current year earnings.

The stockholders of the Company, subsequent to year-end, reached an agreement to sell one hundred percent of the issued and outstanding shares of stock to Central Garden and Pet (NASDAQ: CENT).

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FARNAM COMPANIES, INC. AND SUBSIDIARY

FARNAM COMPANIES, INC. AND SUBSIDIARY
Unaudited Condensed Consolidated Balance Sheet
February 28, 2006

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 450,000
Trade receivables, net of allowance for doubtful accounts	25,272,970
Inventories	30,871,542
Prepays and other current assets	3,223,271
Total current assets	59,817,783
PROPERTY AND EQUIPMENT, NET	11,068,332
INTANGIBLE ASSETS	11,207,466
OTHER ASSETS	2,009,618
	<u>\$ 84,103,199</u>
LIABILITIES AND STOCKHOLDERS' EQUITY	
CURRENT LIABILITIES	
Accounts payable	\$ 5,923,000
Outstanding checks in excess of bank balance	5,916,217
Accrued expenses and other current liabilities	5,810,418
Total current liabilities	17,649,635
LONG-TERM DEBT - RELATED PARTY	207,694
STOCKHOLDERS' EQUITY	
Common stock, no par value per share	
Class A, voting 5,000,000 shares authorized; 1,923,077 shares issued and outstanding	12,000
Class B non-voting 10,000,000 shares authorized; 8,076,923 shares issued and outstanding	50,400
Retained earnings	66,183,470
	<u>66,245,870</u>
	<u>\$ 84,103,199</u>

See Notes to Unaudited Condensed Consolidated Financial Statements.

FARNAM COMPANIES, INC. AND SUBSIDIARY
Unaudited Condensed Consolidated Statement of Income
For The Three Months Ended February 28, 2006

SALES	\$ 31,188,750
COST OF GOODS SOLD	14,841,205
Gross profit	<u>16,347,545</u>
OPERATING COSTS AND EXPENSES	
Freight and warehousing	1,347,780
Selling, marketing and advertising	8,710,371
Research and development	1,007,813
General and administrative	10,071,265
Depreciation and amortization	458,830
	<u>21,596,059</u>
LOSS FROM OPERATIONS	(5,248,514)
OTHER INCOME (EXPENSE)	
Other income	262,258
Interest income	245,812
Interest expense	(9,345)
	<u>498,725</u>
LOSS BEFORE PROVISION FOR INCOME TAXES	(4,749,789)
PROVISION FOR INCOME TAXES	—
NET LOSS	<u>\$ (4,749,789)</u>

See Notes to Unaudited Condensed Consolidated Financial Statements.

FARNAM COMPANIES, INC. AND SUBSIDIARY
Unaudited Condensed Consolidated Statement of Cash Flows
For The Three Months Ended February 28, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Net loss	(\$4,749,789)
Adjustments to reconcile net loss to cash used by operating activities	
Depreciation	366,171
Amortization	286,576
Write-down of intangible assets	75,893
Allowance for doubtful accounts	25,000
(Increase) decrease in	
Trade receivables	(4,771,497)
Inventories	(8,202,185)
Prepaid and other current assets	(1,511,845)
Increase (decrease) in	
Accounts payable	(1,835,871)
Outstanding checks in excess of bank balance	5,916,217
Accrued expenses and other current liabilities	(6,403,128)
Income tax payable	(45,325)
Total adjustments	<u>(16,099,994)</u>
Net cash used by operating activities	<u>(20,849,783)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale of investments	6,908,513
Additions to property and equipment	(412,799)
Purchase of intangible assets	(1,500,000)
Cash surrender value life insurance	2,204,653
Net change in other assets and deposits	5,750
Net cash provided by investing activities	<u>7,206,117</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to shareholders	<u>(18,000,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(31,643,666)</u>
CASH AND CASH EQUIVALENTS, beginning of year	<u>32,093,666</u>
CASH AND CASH EQUIVALENTS, February 28, 2006	<u>\$ 450,000</u>

SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION

Cash paid during the year for:	
Interest	<u>\$ 9,345</u>
Income taxes	<u>\$ 52,040</u>

See Notes to Unaudited Condensed Consolidated Financial Statements.

FARNAM COMPANIES, INC. AND SUBSIDIARY
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED FEBRUARY 28, 2006

NOTE 1 – BASIS OF PRESENTATION

The condensed consolidated balance sheet of Farnam Inc., and Subsidiary (the “Company”) as of February 28, 2006, the condensed consolidated statement of operations for the three months ended February 28, 2006 and the condensed consolidated statement of cash flows for the three months ended February 28, 2006 have been prepared by the Company, without audit. In the opinion of management, all adjustments (which include only normal recurring adjustments) considered necessary to present fairly the financial position, results of operations and cash flows of the Company for the periods mentioned above, have been made.

Due to the seasonal nature of the Company’s business, the results of operations of the three months ended February 28, 2006 are not indicative of the operating results that may be expected for the entire fiscal year. These interim financial statements should be read in conjunction with the Company’s annual audited financial statements and related notes.

In addition, the condensed consolidated statement of operations for the three months ended February 28, 2006 includes approximately \$7.3 million of costs associated with the sale of all of the Company’s outstanding stock to Central Garden & Pet Company (“Central”) (NASDAQ: CENT). Central’s acquisition of the Company was completed effective as of February 28, 2006. During the three months ended February 28, 2006, and prior to the acquisition of the Company by Central, an \$18 million distribution was made to shareholders.

NOTE 2 – INVENTORIES

Inventories consisted of the following at February 28, 2006:

Finished goods	\$24,786,219
Raw materials	6,145,395
	<u>30,931,614</u>
LIFO reserve	(60,072)
	<u>\$30,871,542</u>

NOTE 3 – INTANGIBLES

In January 2006, the Company purchased a product line and settled a lawsuit with a third party for \$5,000,000. The actual costs associated with settlement were \$3,500,000 and were reflected in the Company’s fiscal 2005 earnings, as discussed in the notes to the Company’s Consolidated Financial Statements for the Year Ended November 30, 2005. The value of the product line purchased was \$1,500,000. The Company paid the \$5,000,000 settlement in January 2006.

NOTE 4 – RELATED PARTY

The Company purchases life insurance policies on stockholders and management, for which the Company is the beneficiary. The cash surrender value of the life insurance policies is included in Other Assets. In connection with the sale of the Company to Central, Farnam’s shareholders purchased the policies from Farnam for \$2,204,652 in February 2006.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The Company is partially self-funded for benefits provided under its employee health insurance plan. Amounts reserved for these claims total approximately \$ 170,000 at February 28, 2006 and are included in other current liabilities.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

Central Garden & Pet Company (the “Company”) acquired Farnam Companies, Inc. (“Farnam”) effective February 28, 2006 for approximately \$287 million, plus \$4 million for the purchase of related real property. The completed acquisition was accounted for as a purchase and was reflected in the Company’s March 25, 2006 condensed consolidated balance sheet filed in its Quarterly Report on Form 10-Q on May 4, 2006.

The following unaudited pro forma condensed consolidated statements of operations have been prepared to give effect to the acquisition as if it had occurred on September 26, 2004, the beginning of the Company’s 2005 fiscal year, and include adjustments that are directly attributable to the acquisition and are expected to have a continuing impact on the combined company (collectively, the “unaudited pro forma financial information”). The pro forma adjustments are based upon available information and certain assumptions that we believe are reasonable. As the unaudited pro forma financial information has been prepared based on preliminary estimates of fair values, amounts actually recorded may differ materially, based upon the final determination of the purchase price allocation to the fair value of individual assets acquired and liabilities assumed.

The Company and Farnam have different fiscal year ends. The Company’s fiscal year ended September 24, 2005 and Farnam’s fiscal year ended November 30, 2005. As a result, the unaudited pro forma condensed consolidated statement of operations for the year ended September 24, 2005 has been derived from the audited historical consolidated statement of operations of the Company for the year ended September 24, 2005 and the audited historical consolidated statement of income of Farnam for the year ended November 30, 2005.

The unaudited pro forma financial information is provided for informational purposes only and is not necessarily indicative of the consolidated results of operations of the Company in the future, or as they might have been had the acquisition been effected as of September 26, 2004. The unaudited pro forma financial information does not reflect any operating efficiencies and cost savings that we may achieve with respect to the combined companies. The unaudited pro forma financial information should be read in conjunction with the historical consolidated financial statements of the Company, and the related notes thereto, which are included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 24, 2005, the Company’s Quarterly Report on Form 10-Q for the six months ended March 25, 2006, and the historical financial statements of Farnam, and the related notes thereto. Farnam’s historical financial statements and notes are presented in Exhibits 99.2 and 99.3 in this Current Report on Form 8-K.

CENTRAL GARDEN & PET COMPANY
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 24, 2005
 (in thousands, except per share amounts)
 (unaudited)

	Historical		Pro Forma Adjustments	Ref.	Pro Forma Combined
	Central Garden & Pet Company for the Fiscal Year Ended	Farnam Companies, Inc. for the Fiscal Year Ended			
	September 24, 2005	November 30, 2005 ⁽¹⁾			
Net sales	\$ 1,380,644	\$ 165,788	\$ (1,586)	(a)	\$1,544,846
Cost of goods sold and occupancy	937,989	81,990	(686)	(a), (c)	1,019,293
Gross profit	442,655	83,798	(900)		525,553
Selling, general and administrative expenses	342,526	64,494	4,800	(b)	411,820
Income from operations	100,129	19,304	(5,700)		113,733
Interest expense	(23,125)	(72)	(18,494)	(d)	(41,691)
Interest income	2,465	626	(626)	(d)	2,465
Other income	4,576	899			5,475
Income before income taxes	84,045	20,757	(24,820)		79,982
Income taxes	30,258	58	280	(e)	30,596
Net income	<u>\$ 53,787</u>	<u>\$ 20,699</u>	<u>\$ (25,100)</u>		<u>\$ 49,386</u>
Income per common equivalent share:					
Basic	<u>\$ 2.58</u>				<u>\$ 2.37</u>
Diluted	<u>\$ 2.50</u>				<u>\$ 2.29</u>
Weighted average shares used in the computation of income per common equivalent share:					
Basic	20,813				20,813
Diluted	21,526				21,526

Note:

- (1) Farnam's fiscal year 2005 ended on November 30, 2005 and included net sales of \$23,287 and net income of \$1,268 for the two-month period of October and November 2005. The two-month period of October and November 2005 is also included in Farnam's results of operations shown on the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Six Months Ended March 25, 2006.

Pro Forma Adjustments:

- (a) Adjustment to eliminate historical sales by Farnam to Central (\$1,586) and the related cost of sales of Central.
- (b) Adjustment to reflect estimated amortization of identified purchased intangibles.
- (c) Adjustment to reflect estimated inventory step-up recorded in connection with purchase accounting (\$900).
- (d) Adjustment to reflect reduced interest income and increased interest expense due to additional borrowings at an assumed rate of 6.38% to finance the acquisition (purchase price of \$291,000).
- (e) Adjustment to the provision for income taxes to give effect to the pro forma adjustments as discussed above, and to reflect the inclusion of the results of Farnam (an S corporation) in Central's consolidated tax returns.

CENTRAL GARDEN & PET COMPANY
 UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
 FOR THE SIX MONTHS ENDED MARCH 25, 2006
 (in thousands, except per share amounts)
 (unaudited)

	Historical		Pro Forma Adjustments	Ref.	Pro Forma Combined
	Central Garden & Pet Company for the Six Months Ended March 25, 2006	Farnam Companies, Inc. for the Five Months Ended February 28, 2006 ⁽¹⁾			
Net sales	\$ 694,063	\$ 54,424	\$ (677)	(a)	\$747,810
Cost of goods sold and occupancy	465,313	28,992	(977)	(a), (c)	493,328
Gross profit	228,750	25,432	300		254,482
Selling, general and administrative expenses	173,241	22,452	2,000	(b)	197,693
Income from operations	55,509	2,980	(1,700)		56,789
Interest expense	(16,571)	(17)	(8,471)	(d)	(25,059)
Interest income	1,287	401	(401)	(d)	1,287
Other income	1,852	327			2,179
Income before income taxes	42,077	3,691	(10,572)		35,196
Income taxes	13,292	10	(1,703)	(e)	11,599
Net income	<u>\$ 28,785</u>	<u>\$ 3,681</u>	<u>\$ (8,869)</u>		<u>\$ 23,597</u>
Income per common equivalent share:					
Basic	<u>\$ 1.34</u>				<u>\$ 1.10</u>
Diluted	<u>\$ 1.30</u>				<u>\$ 1.07</u>
Weighted average shares used in the computation of income per common equivalent share:					
Basic	21,425				21,425
Diluted	22,096				22,096

Note:

- (1) The results of operations for Farnam are provided for the five months ended February 28, 2006, since Farnam's results of operations for the month of March 2006 are included in Central's results of operations for the six months ended March 25, 2006. Farnam's five-month period includes October and November 2005 results of operations, which are also included in Farnam's fiscal year 2005 results of operations shown on the Unaudited Pro Forma Condensed Consolidated Statement of Operations for the Fiscal Year Ended September 24, 2005, due to Central's and Farnam's different fiscal year ends. Farnam's October and November 2005 results of operations include net sales of \$23,287 and net income of \$1,268.

Pro Forma Adjustments:

- (a) Adjustment to eliminate historical sales by Farnam to Central (\$762) and the related cost of sales of Central.
- (b) Adjustment to reflect estimated amortization of identified purchased intangibles.
- (c) Adjustment to reverse estimated inventory step-up adjustment recorded in connection with purchase accounting (\$300), which has been reflected in the FY 2005 pro forma statements of operations.
- (d) Adjustment to reflect reduced interest income and increased interest expense due to additional borrowings at an assumed rate of 7.0% to finance the acquisition (purchase price of \$291,000).
- (e) Adjustment to the provision for income taxes to give effect to the pro forma adjustments as discussed above, and to reflect the inclusion of the results of Farnam (an S corporation) in Central's consolidated tax returns.