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**Brakke Consulting's  
Animal Health News & Notes for January 20, 2006**  
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**LAST WEEKEND FOR EARLY-BIRD DISCOUNT ON NEW YORK CITY OVERVIEW!**

See below for details

IN THE NEWS:

earnings news

[Cargill](#)

[Pfizer](#)

other news

[Boehringer Ingelheim](#)

[Central Garden & Pet](#) (Farnam)

[Central Garden & Pet](#) (Kaytee)

[Diamond Pet Foods](#)

[Farnam](#)

[Hartville Group](#)

[Intervet](#)

[Kaytee](#)

[Multimin USA](#)

[Nutramax Labs](#)

[Pettags.com](#)

[PRN Pharmacal](#)

[Pulse NeedleFree Systems](#)

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**COMPANY EARNINGS RELEASES**

> **Pfizer** reported results for the fourth quarter and year ended December 31, 2005. Animal Health sales for the fourth quarter were \$630 million, an increase of 11% compared to the fourth quarter of 2004. Animal Health sales for the year 2005 were \$2,206 million, an increase of 13% compared to the prior year. (*company website*)

> **Cargill** reported net earnings of \$495 million for the 2006 second quarter ended Nov. 30, up 19% from \$415 million in the same period a year ago, excluding the \$597 million, noncash net gain realized in last year's second quarter related to the formation of The Mosaic Company. In the first six months, Cargill earned \$999 million, a 10% increase from \$910 million a year ago excluding the one-time net gain. (*company website*)

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**COMPANY NEWS RELEASES**

> **Boehringer Ingelheim's** Natural Care Center (NCC) announced that it will begin marketing two of its recent nutraceutical products in the US. Diaque, an oral rehydration supplement for calves, and Bovikalc, an oral calcium supplement for cows, are now available in the US. Boehringer Ingelheim's Natural Care Center, based in Denmark, is the Boehringer Ingelheim Animal Health unit for global activities in the market segment of nutraceuticals and other natural care products for dogs, cats, horses and cattle. (*WebWire*)

> **Pulse NeedleFree Systems** announced an exclusive marketing agreement with **Intervet Inc.**, to market the first needle-free injection system for beef and dairy operations in the US. Under the terms of the agreement, Intervet will market the Pulse 250, designed to inject 0.5 ml to 2.5 ml of vaccine, antibiotic or other medication, and the Pulse 500, which has the capacity to inject up to 5.0 ml, to US beef and dairy producers. Pulse NeedleFree Systems will continue to provide all manufacturing, technical support, routine service and maintenance of the Pulse devices. *(company press release)*

> **Central Garden & Pet Company** announced that it has agreed to acquire the stock of **Farnam Companies, Inc.**, for approximately \$287 million, plus \$4 million for the purchase of related real property. In its fiscal year ending November 30, 2005, Farnam generated net sales of approximately \$160 million. The transaction is expected to close in Central's second fiscal quarter ending March 2006 and is subject to satisfaction of regulatory requirements and other customary closing conditions. *(company press release)*

> **Nutramax Labs** introduced Oxtrin, an orally effective patented superoxide dismutase complex designed to support a dog's endogenous antioxidants. Oxtrin is indicated for inflammatory conditions of oxidative stress and overall cellular health and organ support. *(company information)*

> **PRN Pharmacal** introduced Canine IgY Plus, a new technology for fighting canine diarrhea that does not interfere with other treatments. Canine IgY Plus is a highly palatable flavored gel that contains dried hyperimmunized egg product, direct fed microbials, antioxidants and vitamins. *(company press release)*

> As part of a global strategy to enter the livestock industry, H.L. Hall and Sons, of Johannesburg, South Africa have made a significant investment in Warburton Technologies which is part owner of **Multimin USA, Inc.** Hall is an International Agricultural Investment Company with interests in the UK, Europe, and South Africa. Hall has made a sizeable investment to be utilized to develop Multimin products globally. *(company press release)*

> **Kaytee Products, Inc.** introduced the first wild bird food aimed at boosting birds' immune systems and warding off disease. Nature's Defense, a supplement-enhanced product, includes natural herbs, active yeast culture, lactic acid producing bacteria, digestive enzymes, antioxidants, vitamins, minerals, and extracts: ingredients that have been shown to build bird immune systems; promote healthy skin, feathers, and bones; and reduce the stress associated with seasonal concerns. Kaytee is a subsidiary of **Central Garden & Pet.** *(PRNewswire)*

> The FDA and state feed regulatory agencies are conducting an investigation into the deaths and illnesses of dogs that consumed pet food contaminated with aflatoxin. At least 76 dogs nationwide are suspected of having died as a result of the contamination. In late December, the manufacturer of the pet food, **Diamond Pet Foods**, recalled certain varieties of dog and cat food products manufactured at its Gaston, S.C., plant from September to November 2005 after tests showed high levels of the toxin. On Jan. 11, after testing more than 2,700 finished product samples, the company narrowed its list of affected products to only Diamond Maintenance Dog and Diamond Premium Adult Dog with "Best By" dates of April 3-5 and April 11, 2007. *(Feedstuffs online)*

> **Hartville Group, Inc.**, a provider of pet insurance, announced the launch of a free lost pet recovery service, administered by **Pettags.com**. Each Hartville Group policy holder will receive the lost pet recovery service as a free benefit, providing additional incentive for pet owners to purchase insurance policies. *(Business Wire)*

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**SIGN UP NOW TO ATTEND BRAKKE CONSULTING'S 2006 INDUSTRY OVERVIEW**

Brakke Consulting will once again be presenting our 2006 Industry Overview at the North American Veterinary Conference and the Western Veterinary Conference.

**Monday, January 23 is the last day to register for the NYC overview at the early-registration price of \$325!**

**New York City**

January 30, 2006  
1:30pm – 4:30pm  
The Princeton Club

**Western Veterinary Conference - Las Vegas**

The 2006 Industry Overview will be presented on Tuesday, February 21 from 8:30am - 10:30 am at the Four Seasons hotel adjacent to the Mandalay Bay.

Early registration is \$325 for the first company attendee and \$300 for additional attendees at the same presentation. To register, visit our website at [www.BrakkeConsulting.com](http://www.BrakkeConsulting.com), or call Jane Morgan at 972-243-4033 or email [jmorgan@brakkeconsulting.com](mailto:jmorgan@brakkeconsulting.com).

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**ANIMAL HEALTH NEWS**

> JAPAN - AVIAN INFLUENZA Japan plans to slaughter 770,000 birds to prevent a new outbreak of what is likely a milder form of avian influenza from spreading. A virus of the H5 strain was detected among chickens at Moriya farm in Ibaraki prefecture, about 65 miles north of Tokyo. Officials suspect the virus is H5N2. (*Meating Place*)

> UKRAINE - AVIAN INFLUENZA Another outbreak of avian influenza has been confirmed on Ukraine's southern peninsula of Crimea. The affected village has been placed under quarantine and all domestic birds there have been destroyed. It was not specified whether the birds had died of the H5N1 strain. (*Animalnet - Agence France Presse*)

> HONG KONG - AVIAN INFLUENZA A wild bird which was found dead in Hong Kong has tested positive for the H5N1 strain of avian influenza. Officials have checked chicken farms in the area where the magpie robin was found in the mainly rural New Territories but so far no abnormal signs have been detected. (*AnimalNet - Agence France Presse*)

> BRAZIL - FMD Latest reports from the Brazilian government show that there have been no new outbreaks of foot-and-mouth disease registered in the state of Mato Grosso do Sul. However, an outbreak was reported on a ranch in the municipality of São Sebastião da Amoreira in the state of Paraná. The affected farm remains under quarantine. Other suspect farms in the municipalities of Loanda, Amaporã, Grandes Rios, and Maringá, continue to be under quarantine, as well as properties within a 10-kilometer radius, where vaccination is prohibited. (*Wattnet Meatnews*)

> US - EQUINE HERPESVIRUS A second horse has been euthanized at Pimlico Race Course in Maryland after showing symptoms of the equine herpesvirus, showing neurological signs and being unable to rise without assistance. The Department of Agriculture said five of the six horses currently in isolation at Pimlico tested positive in a screening for the virus. (*AP*)

> JAPAN - BEEF IMPORTS HALTED Japan halted the import of US beef and asked US officials to explain what happened after animal spines were found in three boxes of frozen beef at Tokyo International Airport. The shipment of beef with spinal cords attached violates the agreement between the two countries. The statement said when 41 boxes of frozen beef arrived from a firm in New York, inspectors found beef with spinal cords attached in three of the boxes. (*CNN*)

> KOREA - US BEEF IMPORTS RESUMED South Korea agreed to resume shipments of US beef, which had been prohibited since the December 2003 discovery of BSE in the US. But a prohibition will remain on ribs and other bone-in beef, which keeps closed about 45% of the potential market. South Korea was worth a total of \$815 million to US producers in the year before the ban. The country once was the third-biggest customer of American beef behind Japan and Mexico. Taiwan and Singapore have also agreed to end their bans on imports of US beef. (AP, *Meating Place*)

> US - FUNDING FOR SWINE GENOME PROJECT The USDA awarded \$10 million to the University of Illinois to obtain a draft sequence of the swine genome. The two-year project is expected to lead to the development of new DNA-based tools to identify and select genetically superior pigs that resist disease, yield larger litters and produce leaner cuts of meat. Additional funding to sequence the pig genome was provided by the National Pork Board, Iowa Pork Producers Association, Iowa State University, North Carolina Pork Council and North Carolina State University. (*Meating Place*)

> WORLD LEADERS PLEDGE FUNDS TO FIGHT AVIAN INFLUENZA The US, the European Union and others pledged \$1.9 billion to fight avian influenza in birds and prevent a pandemic should the virus spread among humans. Officials will also sign an agreement committing them to implementing such measures as improving disease surveillance. The declaration emphasizes containment, control and elimination of the virus in poultry, and national plans to respond to any pandemic. (*Bloomberg.com*)

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### **BRAKKE CONSULTING VIEWPOINT**

The first official reports on full-year sales results started to hit the wires this week, and several more are expected next week. As previously mentioned, we believe the industry had a sales growth of 8 to 9% in 2005. When price increases or inflation are taken into account, the real dollar growth is probably in the range of 4 to 5% in unit volume. Most companies continue to invest heavily in the companion animal sector of the business, with some investing modestly in the food animal sector.

The new product announcements for the week are interesting but nothing really rings the bell as a winner that will produce sales revenue in the \$20 million-plus range. Those types of products are hard to come by in the current R&D and regulatory environment. We're not sure what exactly is going on at the animal section of the FDA now days but the tone of what's not happening is a bit disturbing. We hear more about products waiting to be registered than we hear of products that received a new registration so they can be commercialized. While we understand the need for safe products for animals and the food supply, we believe that government regulation without some common sense can strangle the innovation needed in an important industry.

Have a Great Weekend!! We'll see many of you in Atlanta next week at the International Poultry Show.

*Ron Brakke*

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