
**Brakke Consulting's
Animal Health News & Notes for February 18, 2005**

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COMPANY EARNINGS RELEASES

> **ImmuCell Corporation** announced the results of its operations for the three and twelve month periods ended December 31, 2004. For the three months ended December 31, 2004, product sales increased by 8% to \$856,000, in comparison to the same period in 2003. For the year ended December 31, 2004, product sales increased by 12% to \$3,524,000, in comparison to the same period in 2003. The Company recognized net income of \$34,000 for the three months ended December 31, 2004, compared to a net loss of \$(128,000) during the same period in 2003.

Net income of \$144,000 was recognized for the year ended December 31, 2004, compared to net income of \$411,000 for the same period in 2003. ([company website](#))

> Canadian company **Bioniche Life Sciences** Inc. released its second quarter results for fiscal 2005 (for the period ended December 31, 2004). The Animal Health segment reported second quarter revenues of C\$5.6 million and year-to-date revenues of C\$11.5 million, a slight year-to-date decline in revenues, primarily involving cattle products in Canada. Canadian animal health product sales continue to feel the adverse affect of the BSE crisis. ([company website](#))

BRAKKE CONSULTING INC. 2005 INDUSTRY OVERVIEW TO BE PRESENTED AT WVC

Brakke Consulting will once again be presenting our annual overview of the Animal Health Industry at the 2005 Western Veterinary Conference. There will be a single presentation at the conference.

The Overview will be presented at the WVC on **Tuesday, February 22 from 9:30 - 11:30 am.** There will be a short presentation on [AnimalHealthJobs.com](#) immediately following the Overview.

To register, please visit our website at www.brakkeconsulting.com or call Jane Morgan at 972-243-4033.

COMPANY NEWS RELEASES

> **IVAX Corporation** announced that it has entered into an agreement to acquire **Phoenix Scientific**, Inc. Phoenix Scientific is the industry's largest manufacturer of generic veterinary pharmaceutical formulations, with 2004 sales of over \$130 million. The closing of the transaction is expected to occur during the second quarter of 2005, after which Phoenix will be combined with **DVM Pharmaceuticals**, Inc., IVAX' veterinary products business. The Purchase Agreement provides that at the closing IVAX will pay a combination of \$196,850,000 in cash and \$75,000,000 in IVAX common stock as consideration for 100% of Phoenix. ([Business Wire](#))

> **IDEXX Laboratories** announced the launch of the HerdChek Swine Influenza H3N2 Antibody Test Kit for the detection of antibodies to swine influenza type H3N2 in serum samples. The test provides rapid screening for the presence of antibodies, indicating a herd's vaccine-immune response or field exposure to H3N2 types of viruses. ([company website](#))

> **Dechra Pharmaceuticals PLC** announced it has signed a worldwide marketing agreement with **Belcher Pharmaceuticals**, Inc., a wholly owned subsidiary of **GeoPharma**, Inc. The agreement will provide Dechra with exclusive worldwide sales and marketing rights for the animal application to Belcher's levothyroxine liquid and tablets, used to control hypothyroidism in dogs. A tablet preparation of the product with enhanced stability (patent applied) will be launched immediately by Dechra in the US. A further unique liquid preparation (patent applied) is currently being developed, with an anticipated launch in the USA within 12 months. Dechra will pay Belcher a license fee of \$500,000. Thereafter, profits will be split equally between the Group and Belcher, following the deduction of manufacturing and direct marketing costs. ([company press release](#))

> **International Dental** announced the introduction of ProDen PlaqueOff Animal, a food supplement that rids dogs and cats of bad breath, tartar and plaque. Made from a strain of seaweed in the *Ascophyllum nodosum* family, ProDen PlaqueOff Animal granules are formulated to be added to a pet's food; the taste appeals to most dogs and cats. With daily use, the

supplement is effective against bad breath, tartar and plaque within a few weeks. (*Business Wire*)

> **Land O'Lakes**, Inc. and **The Maschhoffs**, Inc. announced an agreement for Maschhoff West LLC to purchase substantially all of Land O'Lakes swine production assets. The transaction is expected to be completed by the end of the first quarter 2005. The transaction involves approximately 60,000 sows, associated inventory, related market hog production, and contract production facilities in Oklahoma, Missouri, Iowa and Illinois, along with swine production facilities in Oklahoma. Financial terms were not disclosed. (*PRNewswire*)

> **ContiBeef LLC**, a subsidiary of ContiGroup Companies, Inc., and **MF Cattle Feeding**, Inc., a recently acquired subsidiary of **Smithfield Foods**, Inc., have agreed to form a 50/50 joint venture cattle feeding business. The new entity, whose name has yet to be determined, will include all six feedyards currently owned by ContiBeef and the four feedyards owned by Smithfield since October 2004, with a one-time total feeding capacity of 811,000 head. The joint venture will be a stand-alone operating company. Financing for the venture will be provided through a combination of equity investments by ContiGroup Companies and Smithfield Foods and a non-recourse senior credit facility arranged by Rabobank International. Further financial terms of the arrangement were not disclosed. (*CattleNetwork*)

> Effective February 1, the Dairy Ingredients Group of **Bioproducts**, Inc., will operate as **Virtus Nutrition LLC**, part of a company-wide reorganization of businesses under a new holding company, **NutriScience Technologies**, Inc., to oversee dairy and petfood business groups. Virtus Nutrition is a leading marketer of Ener G rumen-protected fat products and Levucell SC rumen-specific yeast. (*company press release*)

> JAPAN **Bayer Medicals** of Tokyo introduced Fortreon (imidacloprid and permethrin) for dogs, a new monthly spot-on product effective in repelling and killing ticks and fleas. The product is already sold as Advantix in international markets. (*company information*)

> JAPAN **Dainippon Pharmaceuticals** launched Apinac Tablets (alacepril), an ACE inhibitor for the treatment of heart failure caused by ventricular dysfunction in dogs. The product is available in two strengths of oral tablets for veterinary prescription use. (*company information*)

> JAPAN **Meiji Seika** launched Taribid L3 containing ofloxacin, ketoconazole and triamcinolone acetonide to treat external otitis in dogs. (*company information*)

> JAPAN **Virbac Japan** introduced an Oral Spray contained xylitol and glucose oxidase to maintain oral health in dogs and cats. (*company information*)

> JAPAN **Teikoku Hormon Manufacturing Co.** launched PRID Teizo, a vaginal insert containing progesterone and estradiol benzoate for synchronization of the estrous cycle in cattle. The product is manufactured by **CEVA Sante Animale**. (*company information*)

ANIMAL HEALTH NEWS

> US - FDA HEAD NOMINEE ANNOUNCED President Bush will nominate Lester M. Crawford to serve as commissioner of the Food and Drug Administration, filling a position that has been empty for almost a year. Crawford has been the FDA's acting commissioner since March 2004. Crawford earned a degree as a veterinarian from Auburn University and a Ph.D. in pharmacology from the University of Georgia. (*Meating Place*)

BRAKKE CONSULTING VIEWPOINT

The leading stories this week reflect the continued consolidation of the industry. Whether it's in the manufacturing sector, producer sector, or consumer goods, firms seem to believe that "big is better." Is big truly better, or just another way of generating more profits via consolidation? Big is clearly not more efficient, is it?

The animal health industry has demonstrated some significant gains in revenue and profits in the past 12 months. Will consolidation improve on the growth trends of the past 12 months, or is it another way to disguise the shallow technology pipeline and innovation?

We'll see many of you in Las Vegas next week. Pack your "lucky" items!

Have a great weekend.

Ron Brakke

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