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**Brakke Consulting's  
Animal Health News & Notes for March 11, 2005**  
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**COMING SOON: 2005 PAIN MANAGEMENT REPORT**  
see below for more details

IN THE NEWS:

earnings news:

[Digital Angel](#)

[Doane Pet Care](#)

[DSM Nutritional Products](#)

[Petco](#)

other news:

[Creekstone Farms](#)

[Flexi-Mat](#)

[Global Pet Products](#)

[Sankyo](#)

[Teikoku Hormone](#)

[Virtus Nutrition](#)

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**AnimalHealthJobs.com**  
**TIP OF THE WEEK**

Did you know that with our Plus Service, you post a single job for up to 12 months until it is filled, and for a small monthly fee our experienced recruiters screen applicants for you?

[www.AnimalHealthJobs.com](http://www.AnimalHealthJobs.com)

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## **COMPANY EARNINGS RELEASES**

> **Doane Pet Care** Company reported preliminary unaudited results for its fourth quarter and fiscal 2004, and estimated restated results for the comparable 2003 periods. For the fourth quarter of fiscal 2004, the Company's net sales were \$271 million compared to \$276 million for the fourth quarter of fiscal 2003, a decrease of 1.7%. The decrease is primarily due to an extra week in the 2003 fourth quarter compared to the 2004 fourth quarter and lower domestic sales volumes, which was moderated by the favorable impact of the 2004 price increases and foreign currency exchange fluctuations. Excluding both the positive impact of the foreign currency exchange rate and the extra week, net sales increased 1.4%. The Company reported a net loss of (\$4.8) million for its 2004 fourth quarter compared to an expected restated net loss of (\$32.3) million for the 2003 fourth quarter. For fiscal 2004, the Company's net sales increased 3.7% to \$1,051million from \$1,014 million for fiscal 2003. The Company reported a net loss of (\$45.6) million for fiscal 2004 compared to the expected restated net loss of (\$45.3) million for fiscal 2003. (*Business Wire*)

> **Digital Angel** Corporation announced results for its fourth quarter and year ended December 31, 2004. Fourth quarter 2004 total revenues were \$14.3 million, up 82% over fourth quarter 2003 revenues of \$7.9 million, and full year 2004 revenues were \$46.3 million, up 35% over 2003

revenues of \$34.4 million. Net income for the fourth quarter of 2004 was \$1.3 million versus a net loss in the prior year fourth quarter of (\$4.5) million. For 2004, the net loss was (\$5.0) million versus a net loss of (\$9.5) million in 2003. (*VCall*)

> **PETCO Animal Supplies**, Inc. reported unaudited financial results for the fourth quarter and fiscal year 2004 ended January 29, 2005. Net sales in the fourth quarter of 2004 were \$492 million, with a comparable store net sales increase of 5.1%. Overall, net sales increased 10.9% over the fourth quarter of fiscal 2003. Net earnings for the fourth quarter increased to \$27.6 million. Net sales in fiscal 2004 were \$1.81 billion, with a comparable store net sales increase of 6.2%. Overall, net sales increased 12.5% over fiscal 2003. Net earnings in fiscal 2004 were \$83.7 million compared to net earnings of \$64.7 million in the prior year period. (*company website*)

> **DSM Nutritional Products** reported net sales for the year 2004 of 1.9 billion euros (\$2.6 billion) and operating profit of 203 million euros (\$277 million). The Animal Health and Nutrition side of the business suffered in 2004 from the effects of the outbreak of avian influenza, which was particularly marked in China and other Asian countries. The division achieved substantial growth in sales of its Hy.D feed supplement and Ronozyme enzyme products, and introduced VevoVital, a feed supplement that reduces ammonia emissions from manure and promotes animal growth. (*company website*)

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## **BRAKKE CONSULTING BIOMARKER TECHNOLOGY AVAILABLE FOR LICENSING**

Use of this technology allows a researcher to analyze and characterize complex genetic systems in a way that is not dependent on prior sequence knowledge of any specific genes or genomes. Furthermore, using this technology can produce valuable diagnostic and prognostic biosignatures associated with important clinical diseases such as cancer as well as biomarkers of commercial significance in plants and mammals.

For more information, visit Brakke Consulting's website.

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## **COMPANY NEWS RELEASES**

> **Virtus Nutrition** introduced Ener GI Transition Formula, a new dairy feed ingredient that addresses the transition dairy cow's nutritional requirements. Ener GI contains monoenoic trans and linoeic fatty acids, two specific fatty acids proven to help cows maintain normal metabolic health and reproductive performance during the transition period. (*company press release*)

> Sun Capital Partners Inc. announced that its affiliate, Creekstone Holding Corp., acquired the majority interest in **Creekstone Farms Premium Beef** from an undisclosed large financial institution. Terms of the transaction were not disclosed. (*Feedstuffs*)

> **Flexi-Mat** announced the acquisition of **Global Pet Products**. Global Pet manufactures pet travel products, while Flexi-Mat's designs include orthopedic pet beds, the Cuddler-style pet beds, and the Catnapper window perch for felines. Effective immediately, Global Pet Product offices will relocate to Chicago, and distribution to Flexi-Mat facilities located in Texas and Illinois. Financial terms were not disclosed. (*PETS International*)

> **JAPAN Sankyo Co.** and **Daiichi Pharmaceuticals** announced an agreement to merge together effective October 1, 2005. The new holding company will be named Daiichi Sankyo and will consist of 58% investment by Sankyo and 42% from Daiichi stocks; the chairman and the

president will be appointed Mr. Kiyoshi Morita, president – Daiichi and Mr. Takeshi Shoda, president – Sankyo. Daiichi sold its animal health business to Meiji Seika in January 2004, however Sankyo has maintained animal health business as a subsidiary named Sankyo Lifetech Co. (*company news*)

> JAPAN **Teikoku Hormone Mfg. Co** and **Grelan Pharmaceuticals** announced an agreement to merge together on October 1, 2005. The name of the new joint company will be changed to **Asuka Pharmaceuticals**. Teikoku has an animal health business, although Grelan has only human medicines. (*company news*)

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**COMING SOON!**  
**PAIN MANAGEMENT PRODUCTS IN DOGS AND CATS**  
**2005 UPDATED REPORT**

In March 2004, Brakke Consulting published a report reviewing pain management in small animals, and the products used to treat pain. The new 2005 report updates this report with current sales data on the pain management products used in small animal practice, as well as news on new and developing products in the pain management area. Included are sections on nutraceuticals and joint support prescription diets.

The report also includes a survey of approximately 200 small animal veterinarians regarding their usage of pain management products, including NSAIDs, nutraceuticals, and the new joint support therapeutic diets.

The report will be completed in 4 - 6 weeks. Orders placed on or before March 25, 2005 will receive the early-bird discounted price of \$4,750. Orders received after March 25 will receive the regular price of \$5,500.

For more information, contact Dr. Lynn Fondon at [lfondon@brakkeconsulting.com](mailto:lfondon@brakkeconsulting.com) or 972-243-4033.

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**ANIMAL HEALTH NEWS**

> US - CANADIAN BORDER A federal judge ruled against the American Meat Institute's (AMI) petition seeking to force the USDA to reopen the US border to imports of cattle 30 months of age and older. AMI filed the petition Dec. 30. AMI's legal challenge to the rule centered on its objection to allowing some beef products to be imported from Canadian animals 30 months old and older while banning animals in that age group from being imported. AMI argued that if the meat was safe, it should also be safe to import such animals for slaughter and processing in US plants. (*Feedstuffs*)

> US - NMA FILES LAWSUIT The National Meat Association filed an emergency appeal with the Ninth US Circuit Court of Appeals in an attempt to reopen the US border to Canadian cattle and beef. Due to the US District Court's March 2, 2005 preliminary injunction barring the importation of live cattle less than 30 months of age for slaughter in US, NMA members face serious economic injury that requires emergency response, NMA stated in a release. (*Wattnet Meatnews*)

> US - DECLAW BAN CHALLENGED The California Veterinary Medical Association has sued West Hollywood over its ban on animal declawing, which the city regards as inhumane. The suit says the law conflicts with the state's professional veterinary code. Mayor John Duran defended the 2003 law, saying it prohibits animal cruelty. The city has a history of adopting pet-friendly

ordinances. Besides declawing, the city council in February ordered the city attorney to prepare a law banning other "noncurative" animal surgeries, including tail docking, ear cropping, defanging and debarking. The law, if passed, would be the first of its kind in the US, although similar rules apply in many European countries. (AP)

> In response to a stakeholder request, FDA's Center for Veterinary Medicine will exercise enforcement discretion to allow for the use of selenium yeast in complete feed for sheep or goats at levels not to exceed 0.3 part per million (ppm) added selenium (Se). This decision applies to any firm that manufactures and markets selenium yeast within the specifications of FDA's food additive regulation. FDA has previously approved selenium yeast as a food additive in the complete feed for chickens, turkeys, swine, beef cattle, and dairy cattle at a level not to exceed 0.3 ppm of added selenium. (AnimalNet - FDA)

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### **NIAA Symposium: Focus on Zoonotic Diseases**

April 7, 2005

The National Institute for Animal Agriculture (NIAA) is hosting a focused symposium in conjunction with its 2005 Annual Meeting in St. Paul, Minn. **Protecting the Global Food Supply: Growing Concerns for Emerging Zoonotic Diseases** will be held on April 7 at the Radisson Riverfront Hotel.

The symposium is co-sponsored by the National Center for Food Protection and Defense and the Center for Animal Health and Food Safety at the University of Minnesota. The agenda is scheduled from 8:00 a.m. to 5:00 p.m., followed by a reception. For more information on the symposium, including speakers and registration, go to [www.animalagriculture.org](http://www.animalagriculture.org) or call 270-782-9798.

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### **Animal Agriculture Alliance Fourth Annual Stakeholders Summit**

March 21 - 23, 2005

The Animal Agriculture Alliance announced its fourth industry-wide Stakeholders Summit. This year's Summit is focused specifically on animal welfare and its importance to all stakeholders in the food chain. This day and a half conference, "**Animal Welfare Initiatives, Needs, Regulation and Communication: Building on the Past, Preparing for the Future,**" is scheduled for March 21 – 23, at the Marriott Crystal City Hotel in Arlington, Virginia. Registration for the Summit can be made securely via the Alliance website at [www.animalagalliance.org](http://www.animalagalliance.org).

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### **BRAKKE CONSULTING VIEWPOINT**

There must be more news in the industry to report than is reflected in our Newsletter this week. It seems too early for spring break. Maybe some of you are hunkered down with customers, trying to achieve the first quarter goals.

This does give me the opportunity to thank the 200-plus managers in the industry who have listened and viewed our 2005 Animal Health Industry Overview. Here are a few points from the Overview you might find interesting:

- Animal health product sales increased 8% or more in 2004
- The US flea & tick products grew more than 15% in 2004
- Why do 80% of veterinary clinics prefer to purchase products from distributors (rather than manufacturers)?
- What is driving growth in pain management?

- What will happen in the market in 2005 and 2006?

We have a number of clients who utilize our Industry Overview to kick off their strategic planning process. We're ready and willing to assist. Give us a call.

Have a great weekend.

*Ron Brakke*

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