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**Brakke Consulting's  
Animal Health News & Notes for March 17, 2006**  
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**COMING SOON -  
2006 PAIN MANAGEMENT PRODUCTS REPORT**  
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**COMPANY EARNINGS RELEASES**

> **Alpharma** announced results for the fourth quarter 2005. Animal Health fourth quarter revenues increased 8.4% to \$91 million compared to the fourth quarter of 2004. Revenue growth was driven primarily by strong sales in US livestock markets. For the year 2005, Animal Health revenues increased 3.2% to \$325 million. *(PRNewswire)*

> **Digital Angel** Corporation announced results for its year ended December 31, 2005. Full year 2005 revenues for the Animal Applications division were a \$36 million, up 39% over 2004 revenues. The company reported a 110% increase in year-over-year sales of electronic RFID products for livestock, as well as a 25% increase in 2005 domestic pet chip unit sales over 2004. *(company website)*

> **PETCO Animal Supplies**, Inc. reported unaudited financial results for the fourth quarter and fiscal year 2005 ended January 28, 2006. Net sales in fiscal 2005 were \$2.0 billion, an increase of 10.2% from 2004. Comparable store net sales increased 2.7%. Net earnings were \$75.2 million, compared to net earnings of \$82.4 million in 2004. *(company website)*

> **Provimi** reported sales of EUR 1.6 billion (\$2 billion) for the year 2005, an increase of 1% compared to 2004. The company commented on strong improvement in premixes, aqua feed and pet food, while sales of complete feed decreased. (*Animal Pharm*)

> **Novozymes** reported results for the year 2005. Sales increased 5% to DKr 6.2 billion (\$1.0 billion). Sales of feed enzymes for the year were DKr 748 million (\$125 million), an increase of 7% compared to 2004. The increase was largely due to increased sales of phytase products. (*Animal Pharm*)

> Brazilian animal health group **Ouro Fino** reported turnover of R 110 million (\$52 million) in 2005, an increase of 20% compared to 2004. (*Animal Pharm*)

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**COMING SOON!  
PAIN MANAGEMENT PRODUCTS IN DOGS AND CATS  
2006 UPDATED REPORT**

In March 2005, Brakke Consulting published a report reviewing pain management in small animals, and the products used to treat pain. The new 2006 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 introduction of Merial's Previcox is given particular attention in the 2006 report.

The report also includes a survey of 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 early April. Orders placed on or before March 31, 2006 are eligible for the early-bird discounted price of \$4,995. Orders received after March 31 will be at 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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**COMPANY NEWS RELEASES**

> **Virbac Corporation** announced that its Board of Directors has formed a special committee of independent directors to review, evaluate and negotiate **Virbac S.A.**'s proposal to acquire the 39.7% of the outstanding shares of the Company's common stock not already owned by Virbac S.A. or its affiliates. The Special Committee consists of three current members of the Board of Directors, none of whom have any current or prior affiliation with or interest in Virbac S.A. or its affiliates. (*PRNewswire*)

> **Digital Angel** Corporation announced that its Denmark-based subsidiary, **Diploma International A/S**, has signed an exclusive four-year distribution agreement with UK-based **Ritchey PLC**. The agreement calls for Diploma to produce its full range of visual and electronic RFID ear tags, scanners and other related equipment that Ritchey will distribute through its established channels in the UK and Ireland. (*company website*)

> **Del Monte** Foods Company announced that Del Monte Corporation, its wholly-owned subsidiary, has entered into an agreement to acquire certain pet product assets, including the

**Milk-Bone** brand, from Kraft Foods Global, Inc. for approximately \$580 million. Milk-Bone is a leader in dog snacks, generating revenues of approximately \$180 million in calendar year 2005 (53 weeks). (*company website*)

> **Sergeant's Pet Care Products**, Inc. announced it has signed an exclusive licensing agreement with **EcoSMART Technologies** to offer a new line of natural pest control products for cats and dogs. EcoSMART's patented technology is based on the efficacy of plant oils that harness nature's own defenses against insects and other pests. The active ingredients in the new products, while highly effective in controlling and killing common pests, are classified by the U.S. Food and Drug Administration as "Generally Recognized as Safe" (GRAS) and thus approved as direct food additives. Terms of the agreement were not disclosed. (*PRNewswire*)

> MEXICO In line with its strategic direction to commercialize live animal testing for veterinary diseases on a worldwide basis, **GeneThera** announced a joint venture has been formed with **Nutricion Avanzada S.A. de C.V.** of Monterrey, Mexico; a large private multinational distributor of nutritional supplements for animals with access to cattle throughout Mexico. The formation of a new company allows the joint venture usage of GeneThera's proprietary diagnostic solution based on its genetic expression assay, GEA and access to Nutricion Avanzada's customer base. The company will operate as an approved independent laboratory facility in Monterrey, Mexico. (*Business Wire*)

> EU **Boehringer Ingelheim Vetmedica** has asked the European Medicines Agency's Committee for Medicinal Products for Veterinary Use (CVMP) for clarification over its recent positive opinion on granting marketing authorization to **Omnipharm's** generic meloxicam product, Flexicam. BIV believes it has market exclusivity for Metacam in Europe until 2008, while Omnipharm maintains it is allowed to seek authorization for its product. (*Animal Pharm*)

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## ANIMAL HEALTH NEWS

> US - BSE The USDA confirmed that a non-ambulatory Santa Gertrudis cow in Alabama has been confirmed as positive for BSE. The animal was judged by a local veterinarian to be more than 10 years old, and is believed to have lived at the Alabama farm less than one year. The cow's carcass did not enter the food chain. (*Beef Cow-Calf Weekly*)

> DENMARK - AVIAN INFLUENZA The Danish authorities announced a confirmed case of highly pathogenic avian influenza H5 in Denmark in a common buzzard found dead during the weekend in an area called Svino Strand in southern Zealand. Samples will be sent to the Community Reference Laboratory in Weybridge for further tests to determine if this is the H5N1 strain of the virus. (*AnimalNet*)

> MYANMAR - AVIAN INFLUENZA Myanmar (Burma) reported its first outbreak of avian influenza in a township near Mandalay, where 112 poultry died earlier this month. The affected poultry are believed to have been chickens. (*Bangkok Post*)

> CAMEROON - AVIAN INFLUENZA Cameroon has become the fourth African country to report the H5N1 avian influenza virus. The H5N1 bird flu strain was detected in a duck on a farm close to the northern town of Maroua, near the border with neighboring Nigeria. (*AnimalNet - AP*)

> US - ANIMAL IDENTIFICATION The USDA's Animal and Plant Health Inspection Service announced the implementation of the animal-identification number (AIN) as the next phase of the voluntary National Animal Identification System. This sets up tag manufacturers and distributors to begin issuing official tags that meet the agency's guidelines. Tags will include the 15-digit AIN and U.S. shield. The APHIS announcement also includes standards for tag performance and

outlines the process for tag manufacturers and distributors to participate in the program. For more information, see the official press release at [http://www.aphis.usda.gov/newsroom/content/2006/03/aintag\\_vs.shtml](http://www.aphis.usda.gov/newsroom/content/2006/03/aintag_vs.shtml) (*Pork Alert*)

> HONG KONG - US BEEF IMPORTS Hong Kong has suspended all beef imports from **Swift & Company** after one shipment was found to contain bones. Hong Kong lifted its US beef ban in late December, but limited imports to boneless beef from animals under 30 months of age that had all specified risk materials (SRMs) removed. In a written response, Swift said that although bone was found in a shipment, it was a small amount that "falls within acceptable tolerances under the U.S.-Hong Kong Beef Export Verification Program" and that USDA and the Hong Kong government will clear up the issue quickly. (*Meating Place*)

> EU - POSSIBLE BSE IN SHEEP The European Union's main animal disease laboratory in Weybridge, England is studying the brains of two sheep, one from France and one from Cyprus, that may mark the first cases of BSE in that species. The European Commission ordered further tests after scientists indicated that initial tests detected the disease. The two cases were discovered during routine surveillance for transmissible spongiform encephalopathies in small ruminants. (*Meating Place*)

> US - CANINE MELANOMA VACCINE The University of Wisconsin, Madison, School of Veterinary Medicine has hired a full-time technician to produce the anti-cancer vaccine for dogs diagnosed with melanoma that the school's oncology department has been developing since 1998. The vaccine, which is still an experimental treatment, consists of inactivated melanoma cells, into which DNA is inserted, directing the cells to secrete an immune stimulant. The combination of cells and immune stimulant has been shown to stimulate the immune system to fight the melanoma. About 40% of the dogs treated have responded to the vaccine, according to researchers. (*Veterinary Practice News*)

> US - VETERINARY HOMELAND SECURITY DEGREE Practicing veterinarians who may be involved in emergency response can earn a graduate certificate from a distance-learning program in veterinary homeland security at Purdue University. Participants will enhance understanding of natural and intentional threats to animal health, strengthen skills to prevent animal-health emergencies and develop problem-solving expertise to become effective members of an animal-emergency response team. Elective courses such as crime-scene management will allow the veterinarians to develop a specialty in a specific area. (*Drovers Alert*)

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## **BRASSE CONSULTING VIEWPOINT**

We're approaching the end of the first quarter of 2006 and early reports are that most companies are experiencing satisfactory growth against plans and 2005 performance. There do appear to be a number of "special deals" hitting the marketplace in order to insure the numbers are there at the end of the quarter. The only dark cloud we see in the market place is the heavy placement of cattle in the feedlots because of drought conditions in some areas, and a lot of heavy cattle already in the lots. These high inventories have already led to some price erosion in the beef area and could accelerate. Spring rains in the cow/calf regions of the country may be one of the biggest wild cards to a successful 2006.

We're still hoping for some additional major new product introductions in 2006 but there seems to be a backlog developing at FDA. In the past few weeks we've received several negative comments on the lack of progress at FDA in speeding up the process for reviewing and approving products waiting for registration. While there is always some discussion of this topic in the industry, there seems to us to be some very legitimate concerns if some of the comments are accurate. We'd appreciate hearing the FDA's side of the story since we know a number of individuals within the industry receive the newsletter every week.

Hopefully your St. Patrick's Day Celebration will not impact the balance of your weekend. Enjoy yourselves!

*Ron Brakke*

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