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**Brakke Consulting's  
Animal Health News & Notes for March 24, 2006**  
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Editor: Lynn Fondon, DVM, MBA

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**2006 PAIN MANAGEMENT PRODUCTS REPORT**  
**LAST WEEK TO ORDER AT EARLY-BIRD PRICE!**  
See below for details

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### **COMPANY EARNINGS RELEASES**

> **Neogen Corporation** announced results for the third quarter of FY 2006 ended Feb. 28. Third quarter revenues increased 22% to \$17.6 million, a record third quarter for the company. Year-to-date, revenues rose 13% in the fiscal year to \$52.6 million. Neogen's Animal Safety Division third quarter revenues increased 7% to \$8.7 million when compared to FY 2005. The division's revenues were up 9% to \$28.3 million for the current fiscal year's first nine months. (*company press release*)

> **Oil-Dri Corporation** of America reported results for the second quarter ended January 31. Sales for the company's Retail and Wholesale Group were \$35.6 million, an increase of 8%. Sales increased for the company's scoopable litters and private label accounts also contributed to sales. (*Pet Product News*)

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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 and the first generic carprofen are 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

> **Pfizer** announced it is preparing for the worldwide launch of Improvac, an immunological boar-taint product that will significantly improve feed conversion efficiency and increase the amount of lean meat compared to castrated pigs. Improvac has been on the market in Australia and New Zealand since 1998, and has been approved in Brazil, South Africa and the Philippines; registration activities are ongoing in other regions. The product was developed by Australian company CSL, whose animal health business Pfizer acquired in 2003. (*Animal Pharm*)

> **Central Garden & Pet Company** announced that it has completed the previously announced acquisition of **Farnam Companies, Inc** for approximately \$287 million, plus \$4 million for the purchase of related real property. (*company website*)

> **IDEXX Laboratories, Inc.** announced the new IDEXX/EBI Salmonella PCR test for horses for horses. The test, performed at the IDEXX/Equine Biondiagnostics laboratory, provides results within 24 hours. This allows more rapid identification of affected horses, enabling horse owners and veterinarians to promptly and effectively contain and discourage the spread of *Salmonella*. (*company website*)

> **Petco Animal Supplies** announced that Petco.com is now featuring customer ratings and reviews of products on its website. Customers rate products by assigning them one or more "paws," similar to the rating system used on Amazon.com. (*Pet Product News*)

> **Agtech Products, Inc.** announced the introduction of the Avicorr product line which provides tools to producers who raise poultry using typical, all natural or organic methods. The Avicorr product line consists of Avicorr Feed Additive, a microbial feed additive that targets specific challenges faced by turkey and broiler producers; Avicorr Water Soluble, the water soluble form of Avicorr Feed Additive; Avicorr Colonizer, a microbial treatment that provides the specific strains of bacteria to colonize or re-colonize the digestive tract; and Avicorr Litter Treatment, a microbial litter treatment to aid in the proper decomposition of manure. (*Business Wire*)

> Mars Inc. voluntarily recalled seven lines of its **Royal Canin** dog and cat foods in North America after discovering an overage error in the formulation of its diets. Royal Canin company executives said they recalled the food as a precaution due to elevated levels of vitamin D3. Once Royal Canin discovered the problem, the company recalled the food and notified thousands of vets across Canada and the US. Royal Canin also set up a hotline for concerned pet owners and vets. (*Petfood Industry Online*)

> **Mach One Corporation** announced the acquisition of **VDx**, Inc. VDx currently markets and sells specialized tests for bovine IgG, NEFA for the dairy industry, Equine IgG, and Lyphomune, a failure of passive transfer test recently acquired from a division of Bioqual, Inc. Prior to the acquisition, Mach One had no operations, and was actively seeking an acquisition candidate. It issued 30 million shares, representing 90% of its outstanding stock, for VDx. Mach One's stock closed at 40 cents per share Wednesday, after falling 25 cents, or 31%, in trading during the day. At the closing price, the deal is valued at \$12 million. (*Genetic Engineering News*)

> **JAKKS Pacific**, Inc. announced that the Company will bring to market White Bites treats, a tasty oral care treat for dogs that helps maintain clean teeth and fresh breath. JAKKS' JPI pet division will showcase White Bites treats, which are safe and digestible for dogs, at this week's Global Pet Expo. (*Business Wire*)

> **Creekstone Farms**, the beef processor that two years ago proposed testing export cattle for BSE, only to be denied by USDA, is taking its case to court. The company filed suit in US District Court, charging that USDA overstepped its legal authority and acted as "a roadblock" to Creekstone's efforts to satisfy customer needs. Creekstone first attempted to perform BSE testing for Japan after the country closed its markets to US beef in December 2003. At the time, Japan indicated it would allow beef imports if animals, indeed, were tested. USDA refused Creekstone's request to do so, and refused to supply the processor with test kits necessary to perform testing. USDA claimed that universal testing would not increase food safety, since BSE generally is undetectable in younger cattle. As such, testing would provide potential customers with false reassurance concerning the disease, USDA contends. (*Meating Place*)

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## ANIMAL HEALTH NEWS

> **ISRAEL - AVIAN INFLUENZA** Israel confirmed its first outbreak of the H5N1 strain of avian influenza. The Agriculture Ministry said the flu had been found in birds at two communal farms in southern Israel and at a farming community in central Israel. Israel had already slaughtered hundreds of thousands of chickens and turkeys in anticipation of the test results. (*AnimalNet - AP*)

> **SWEDEN - AVIAN INFLUENZA** Sweden has confirmed the H5 strain of avian influenza in a duck on a game farm in the east of the country, the second possible case on a commercial farm in the EU. The virus has only been found so far in a single mallard and the other birds on the farm appeared in good health. (*Reuters*)

> **JAPAN - BSE** Japanese authorities confirmed a case of BSE in a cow raised in Nagasaki. The cow was a 14-year old Japanese Black cow that had been used for breeding beef cattle. This is the 23rd case of the disease in the country, and it is the first case in beef cattle in Japan. All the other cases had been in dairy cattle. (*Wattnet Meatnews*)

> **AZERBAIJAN - DOG DIES OF AVIAN INFLUENZA** A stray dog has reportedly died of avian influenza in the Caspian nation of Azerbaijan. This is thought to be the first time the virus has killed a dog. (*Petfood Industry Newsletter*)

> **PAKISTAN - AVIAN INFLUENZA** The European Union's Reference Laboratory for Avian Influenza confirmed the presence of the H5N1 strain of avian influenza in Pakistan. Chickens on two farms in northwestern Pakistan were confirmed to have the virus. (*Meating Place*)

> **US - FDA PROHIBITS ANTIVIRAL USE IN POULTRY** The FDA published a proposed final rule to prohibit the extralabel use in poultry of two classes of approved human antiviral drugs in treating influenza. FDA is taking this measure to help preserve the effectiveness of these drugs

for treating or preventing influenza infections in humans. Specifically, the order prohibits the extralabel use by veterinarians of anti-influenza adamantane (amantadine and rimantadine) and neuraminidase inhibitor (oseltamivir and zanamivir) drugs in chickens, turkeys, and ducks. (FDA.gov)

> US - ARIZONA AG BILL DIES In Arizona, a bill that would have restricted new regulation of the state's agriculture industry died after a preliminary vote in the Senate. The measure, which would have amended the state Constitution if approved by voters, was originally aimed at preempting a possible citizens initiative to ban some industrial farming practices. (ThePoultrySite.com)

> The AAHA Diagnostic Codes Task Force is now completing its work to develop a uniformly-accepted set of diagnostic codes for companion animal practice. Following their completion this May, the codes will be mapped to SNOMED (Systematized Nomenclature of Medicine) codes to ensure compatibility with other nomenclature systems. The codes will then be tested in a group of AAHA-accredited practices to ensure their functionality and that they are reasonably complete. (AAHA press release)

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### **BRASSE CONSULTING VIEWPOINT**

In the March 8th issue of Meatingplace.com it was reported that Wal-Mart Stores will double the number of organic products it sells and will work with major suppliers to develop new organic products as it attempts to mainstream the product category. DeDe Priest, Wal-Mart's newly named senior vice president of dry grocery, told Reuters that the new products would be in stores within two weeks, and the count will continue to grow as more products become available. Wal-Mart, she said, is out to "knock out the myth that [organic product] is just for the rich" by offering the products at value prices. Priest, speaking at the Reuters Food Summit in Chicago this week, said Wal-Mart is already the nation's largest retailer of organic milk.

In the Dallas Morning News earlier this week and also again in Meatingplace.com it was announced that Wal-Mart was testing a new store model in Plano, TX. The new store, which opened on Wednesday, carries 500 types of organic produce and 2,000 premium products not normally carried by the chain, according to the article.

Then during my lunch hour yesterday, I was reading the current issue of Drovers Magazine, which had two articles of interest: "Grass-fed Beef Grows (How big can the niche become?)" and "Paint it Black (Mercy, Mercy....natural beef goes mainstream)."

There are some obvious trends that animal health and nutrition companies need to keep on the radar screen. What will be the likely market share of these trends in beef and other animal proteins in 3 to 5 years? Will it have an impact on your business?

While most of the products referred to in the Wal-Mart article are currently in the produce section, I'd guess that organic animal proteins will be of high interest to them, as is the organic milk that is mentioned. It's one thing to have small niche retailers promoting the value of natural and organic products; it's a whole new ball game to have the world's largest retailer promoting the concept to the consumers.

Have a great weekend!

*Ron Brasse*

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Brakke Consulting, Inc.  
2735 Villa Creek, Suite 140  
Dallas, TX 75234 USA