
**Brakke Consulting's
Animal Health News & Notes for July 7, 2006**
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BRAKKE CONSULTING, INC.
Do You Know Where Your Company Is Going?

Brakke Consulting is an excellent resource in the strategic planning process. Brakke Consulting's past assistance in strategic planning has included:

- reviewing the revenue estimates and success probability of the product pipeline,
- reviewing the timing of various new product introductions versus probable timing of competitive introductions, and estimating the impact of various scenarios
- benchmarking various functions against company competitors in the larger markets, which might include sales force size, technical services, and/or R&D spend vs. sales

Brakke Consulting can provide insights and professional assistance that improves the likelihood of success. Please contact us if you would like the benefit of professional assistance in any of these areas. Contact information for all offices are available on our website at www.BrakkeConsulting.com

COMPANY NEWS RELEASES

> **Virbac Corporation** announced that its settlement with the SEC has been finalized. The settlement concerns the investigation conducted by the SEC into alleged violations of federal securities laws relating to the previously announced restatement of Virbac's consolidated financial statements. Without admitting or denying the Commission's allegations against it, Virbac settled the enforcement proceedings by consenting to an injunction requiring future compliance with specific provisions of the federal securities laws. In addition, Virbac has agreed to undertakings requiring the Company to implement annual training programs and internal certifications for certain personnel concerning accounting, compliance and regulatory matters. The terms of the settlement do not require the Company to pay a fine, and accordingly, the Company will reverse in the second quarter of 2006 a previously accrued \$500,000 settlement fine. *(PRNewswire)*

> The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **Vetoquinol NA**, Inc. The ANADA provides for use of oxytetracycline soluble powder to prepare medicated drinking water for the treatment of various bacterial diseases of livestock. *(AnimalNet - Federal Register)*

> **Pro Brands** Ltd. announced that it has been named the exclusive international licensee for the manufacture, marketing and sales of AppliGator, a device that automatically administers pesticides to animals when they eat from a feeding trough. The AppliGator can be used with a variety of oil-based treatments, medications, lotions, repellents, pesticides, insecticides, or acaricides. (*company press release*)

> **Henry Schein** Inc. announced it acquired Swiss animal health products distribution company **Provet Holding AG** for an undisclosed amount, expanding its European animal health business. Provet Holding AG generated sales of \$50 million in 2005. With the addition of Switzerland, Henry Schein's European Animal Health business spans five countries, including Austria, Germany, Portugal and Spain. (*Reuters*)

> **Agricore United** announced an agreement to acquire the assets of **Hi-Pro Feeds** for \$38.5 million plus working capital. Hi-Pro serves more than 4,000 customers in the Southwest, and has two facilities in Texas: a recently rebuilt manufacturing facility in Friona and a second in Lubbock. Hi-Pro services the dairy market from two facilities near Dexter, N.M., that have a total capacity to manufacture more than 600,000 metric tons of feed annually. (*Feedstuffs online*)

ANIMAL HEALTH NEWS

> **CANADA - BSE** The Canadian Food Inspection Agency announced that Canada has confirmed a case of BSE in a mature cross-bred beef cow from Manitoba. The infected cow was at least 15 years old, according to the CFIA, as it was purchased by the owner as part of an assembled group of cattle in 1992, meaning that the cow was born before Canada introduced its feed ban in 1997 to reduce the risk of BSE. No parts of the cow entered human or animal feed chains. (*FoodConsumer.org*)

> **BRAZIL - NEWCASTLE DISEASE** Brazil reported an outbreak of Newcastle disease in a backyard chicken flock in Rio Grande do Sul. The National Agricultural Laboratory in Sao Paulo, Brazil, made the diagnosis, and control measures, including stamping out, quarantine and movement controls, are in place. Brazil's last outbreak of Newcastle was in April 2001. (*Feedstuffs online*)

BRAKKE CONSULTING VIEWPOINT

The first half of 2006 is now past, and it will be interesting to see the first half results for the leading companies.

Depending on the species, there are some mixed economic results in the food animal sector. In general, the positives appear to outweigh the negatives at this point. The jury is still out on the impact that the drought and higher energy prices will have on feed grain prices this fall. If crop yields are flat to down, particularly corn, there will be competition between ethanol producers and animal feed for the available corn. This could result in higher production costs to produce and handle animal protein.

The companion animal sector continues to grow at double-digit rates, and will no doubt continue throughout the balance of the year. The competitive battles for market share appear to be increasing overall pet owner product usage and compliance rates.

We continue to be optimistic regarding the second quarter of 2006.

Ron Brakke

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