
**Brakke Consulting's
Animal Health News & Notes for August 31, 2007**
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**2007 Animal Health Industry Overview and Mid-Year Update at the Central Veterinary
Conference
September 17, 2007**

Brakke Consulting will present its Mid-Year Update Overview at the Central Veterinary Conference in Kansas City on Monday, September 17.

Registration fees beginning September 5 are \$375 for the first person from a company to register and \$350 for each additional person from the same company.

To register, go to the Brakke homepage on www.brakkeconsulting.com and click on the link at the bottom for details. You can also call Jane Morgan in the Dallas office to register at (972)243-4033.

COMPANY EARNINGS RELEASES

> **Biopure** Corporation announced its financial results for the third fiscal quarter ended July 31, 2007. Revenues for the third quarter of 2007 were \$550,000, including \$470,000 from sales of the company's veterinary product Oxyglobin, compared to sales of \$312,000 from Oxyglobin sales in the third quarter of 2006. Oxyglobin revenues increased due to a higher average selling price for product sold in the US. (*company website*)

> **Del Monte Foods** reported net sales for the first quarter fiscal 2008 ended July 29, 2007. Pet Products net sales were \$309 million, an increase of 22% over net sales of \$254 million in the prior year period. The increase was driven by volume gains primarily due to the full quarter impact and continued momentum of Meow Mix and Milk Bone. Growth from new pet products and net pricing actions also positively contributed to the increase in net sales. (*company website*)

> **Sanderson Farms** reported financial results for the three months ended July 31. Net earnings were \$30.7 million compared with \$3.3 million in the same period last year. Sales were \$395 million, a 40% increase from \$281 million last year. (*Meating Place*)

COMPANY NEWS RELEASES

> **Merial** reported that it has received permission from the Veterinary Medicines Directorate in the UK to resume vaccine production in its Pirbright laboratory using a non-live virus. Merial will not be able to resume manufacturing vaccines using live virus until the government has further considered the two investigations into the source of the outbreak. The company halted vaccine production on August 4 after an outbreak of foot-and-mouth disease was confirmed on a farm near Guildford. The initial Health and Safety Executive report confirmed the strain of the disease found at the first farm hit by the outbreak was identical to that being worked on at both the Merial and the Institute for Animal Health, which is located in the same Pirbright facility. (*BBC*)

> **Novartis** Animal Health introduced PDS Plus Antibacterial Suture, a synthetic, absorbable monofilament designed for long-term wound support. PDS Plus offers all of the original PDS II features, along with antibacterial protection. Like Vicryl Plus and Monocryl Plus, new PDS Plus features IRGACARE² MP, a pure form of triclosan that has been used effectively as a proven, broad-spectrum antibacterial in consumer products for more than 30 years. (*company press release*)

> **Novartis** Animal Health presented research at the World Association for the Advancement of Veterinary Parasitology (WAAVP) congress in Ghent, Belgium, on a new class of anthelmintics, which could become the first new molecules to treat nematodes in livestock in over 25 years. According to the company, the new class of antiparasitics, called amino-acetonitrile derivatives (AADs), have a potentially novel mode of action and have shown promise against all gastrointestinal nematodes affecting sheep and cattle, including those resistant to existing treatments. Field trials of the AAD class are ongoing. (*Animal Pharm*)

> **Neogen** Corporation announced it has acquired **Kane Enterprises, Inc.**, a leading manufacturer and marketer of animal health products. Kane Enterprises markets its products, including its AG-TEK veterinary product line, through a network of more than 200 distributors in the US and Canada. Kane Enterprises recorded revenues of approximately \$6 million in its most recently completed fiscal year ended September 2006. Terms of the acquisition included \$5.8 million in cash, and a contingency should sales of the acquired products exceed a set level. (*company press release*)

> **Veterinary Products Laboratories (VPL)** introduced Tissumend II SC (skin closure), an absorbable methoxypropyl cyanoacrylate polymer with a special stabilizer to allow for room temperature storage. Real time stability tests at 6 months have demonstrated no decrease in performance on this new product. (*company press release*)

> **Vedco** announced that it has entered into an agreement with **Synbiotics** Corporation. Under the terms of the agreement, Synbiotics will manufacture all Vedco's STATScreen diagnostics

utilizing Synbiotics rapid immunomigration technology. Included in the agreement are STATScreen CHW (canine heartworm antigen), STATScreen CPV (canine parvovirus) and STATScreen FeLV (feline leukemia virus). (*company press release*)

> **Henry Schein**, Inc. announced that it has acquired **W. & J. Dunlop** Ltd., a leading supplier of animal health products and services to veterinary clinics in the UK. Dunlops' revenue was GBP 148.5 million (\$300 million) for the year ended September 30, 2006. Henry Schein's animal health business now spans six European countries, including Austria, Germany, Portugal, Spain, Switzerland, and the UK. Terms of the transaction were not disclosed. (*Business Wire*)

> **Mars** has temporarily closed its pet food production plant in Everson to conduct an inspection and for cleaning after the FDA found salmonella in two brands of dry dog food made in the plant. Five-pound bags of Krasdale Gravy dry dog food, and 50 pound bags of Red Flannel Large Breed Adult Formula dry dog food, were recalled last week after the FDA detected salmonella in samples. (*AnimalNet - Herald-Standard*)

> **Alltech** Inc. has settled its patent infringement lawsuit against **Cenzone Tech** Inc. and its founder. The parties settled their dispute under confidential terms, with Cenzone agreeing to pay an undisclosed sum to Alltech. (*Feedstuffs*)

> **FoodLogiQ** LLC, announced that the company will be releasing a nation-wide system that will connect the farm to the plate beginning with US beef. The FoodLogiQ NLTS system will be based on nearly six years of experience developing and hosting the Canadian Livestock Traceability System. (*Market Wire*)

> The Federal Trade Commission (FTC) turned down a request from **Monsanto** to take action against dairy companies that advertise milk as free of the growth hormone, rBST, or recombinant bovine somatotropin. Monsanto, which markets the hormone under the brand name Posilac, claims companies that advertise milk products without rBST mislead consumers into thinking that milk from cows not treated with the hormone is healthier or safer than those that are not treated. The FTC decided against launching a formal investigation or taking enforcement action against any company. FTC's Associate Director said a few small businesses were warned about making unfounded claims about rBST on their Web sites and told to revise those claims. (*Feedstuffs*)

ANIMAL HEALTH NEWS

> **GERMANY - AVIAN INFLUENZA** Tests have found the H5N1 strain of avian influenza in more than 400 ducklings that died over a short period of time at a poultry farm in southern Germany. Authorities are slaughtering 160,000 birds at the farm as a precaution. (*AnimalNet - AP*)

> **AUSTRALIA - EQUINE INFLUENZA** Australia reported its first-ever outbreak of equine influenza. The Australian government banned the transportation of horses and canceled races to control the nation's first outbreak of the virus. The outbreak, which also spread to the northeastern state of Queensland, began on August 24 when some horses at a riding center in Sydney developed symptoms of a respiratory infection. Most of the infected properties have been linked to a two-day horse event held near the town of Maitland in New South Wales on August 18 and 19. Ninety horses tested positive for the equine influenza virus on 19 properties in New South Wales, and test results are pending on more than 760 horses in quarantine, including at least five thoroughbreds. Genetic sequencing by the Australian Animal Health Laboratory in Geelong, near Melbourne, found Sydney horses were infected with the same H3N8 strain discovered in Japan earlier this month. (*Bloomberg.com*)

> UK - BAN LARGELY LIFTED Starting September 3, livestock markets for cattle, sheep and pigs will be allowed to resume in England and Wales, outside of the Surrey surveillance zone, according to an announcement from the UK's Department for Environment, Food & Rural Affairs (DEFRA). Also from this date, animals susceptible to foot and mouth disease can be taken to shows involving animals outside of the surveillance zone. (*Feedstuffs*)

BRASSE CONSULTING VIEWPOINT

The news this week continues to reflect the consolidation of smaller companies into ever-growing companies comprised of a variety of brands. While there are no mega deals, there were a couple of nice transactions reported.

The most exciting story is the discovery of new class of compounds for the control of nematodes in some species of animals. We applaud new innovation and wish success in the market place to those who have had the courage to invest in early stage R&D. We would hope to hear more about other developments in the early stage technology areas that will bring the industry new and improved products in the future to benefit production of safe animal protein and improved health of companion animals.

It's often a long road from discovery to commercialization for those companies prepared to take the risk. Will they be rewarded with a proprietary position that generates significant bottom line revenue for a significant period of time? Hopefully laboratory success will encourage others to step up their investments in various discovery areas.

In the US we wish all of our readers a safe and enjoyable Labor Day Weekend!!

Ron Brasse

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