
**Brakke Consulting's
Animal Health News & Notes for October 29, 2004**
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COMPANY EARNINGS RELEASES

> **Virbac SA** reported results for the third quarter of 2004. Turnover was 88.2 million euros (\$110 million), an increase of 1.4% compared to the third quarter of 2003 and an increase of 2.4% on a pro forma basis. Sales for the first nine months of 2004 were 265 million euros (\$330 million), an increase of 2% compared to the comparable period in 2003. (*Animal Pharm*)

> **EviaIis** reported results for the first half of 2004. Turnover rose to 332 million euros (\$414 million), an increase of 4.8% compared to the comparable period in 2003. The group reported a net loss of (1.8 million) euros (\$2.2 million) in the first half of 2004, compared to net profit of 1.4 million euros (\$1.7 million) in the first half of 2003. The company stated that the 2003 result included 3 million euros in exceptional income, and that the company's tax charge was 2 million euro higher in 2004. (*Animal Pharm*)

> **VCA Antech, Inc.** reported financial results for the third quarter ended September 30, 2004 as follows: revenue increased 27% to a third quarter record of \$183.4 million; and reported net income increased 29% to \$17.3 million. Reported net income for the quarter ended September 30, 2003 included an after-tax charge of \$1.0 million for debt retirement costs. Excluding this item from 2003, adjusted net income increased 20%. (*company press release*)

> **PetMed Express, Inc.** announced results for the quarter ended September 30, 2004. Net sales for the three months ended September 30, 2004 were \$28.8 million, compared to \$25.0 million for the three months ended September 30, 2003, an increase of 15%. Net income was \$1.8 million, unchanged from the quarter ended September 30, 2003. The company acquired approximately 154,000 new customers in the quarter and approximately 345,000 new customers for the six month period. (*Business Wire*)

> **eMerge Interactive**, Inc. announced results as of and for the three month period ending September 30, 2004. For the quarter, revenues were \$301,000, compared to \$254,000 in the comparable prior year period. Net loss for the quarter was (\$715,000), compared to a net loss of (\$2.0 million) in the same quarter last year. Included in the net loss is a \$1.6 million non-cash net gain related to the change in fair value of common stock warrants issued in connection with two equity financings. (*company press release*)

> **Maple Leaf Foods** Inc. reported its financial results for the third quarter ended September 30, 2004. Sales for the third quarter increased to \$1.7 billion from \$1.3 billion last year, while year-to-date sales increased to \$4.6 billion from \$3.8 billion last year, due primarily to the inclusion of results from Schneider Foods, which was acquired on April 5, 2004, and high protein demand and prices. Excluding Schneider Foods, sales increased 8% in the third quarter and 3% in the first nine months of 2004. Net earnings for the third quarter were \$27.9 million compared to \$7.2 million before \$6.9 million of restructuring costs in the third quarter last year. Year-to-date net earnings were \$73.5 million compared to \$18.5 million before \$11.7 million of restructuring costs last year. (*Business Wire*)

> **OurPet's Company** reported financial results for its third quarter ended September 30, 2004. Net sales for the third quarter were \$1.5 million, an increase of 12% compared to the prior year third quarter. Net income for the quarter was \$40,909 compared to a net loss for the prior year of (\$65,614) for an improvement of \$106,823. (*Business Wire*)

BRAKKE CONSULTING, INC. PRACTICE MANAGEMENT CONSULTING SERVICES

The Practice Management Group of Brakke Consulting, Inc. have become some of the most frequent speakers at veterinary association meetings throughout the U.S. and abroad. They consistently fill the rooms when they present veterinary management seminars.

PMG can help your company increase it's value to existing and potential veterinary customers through sponsored seminars that are educational, relevant, enjoyable and very beneficial to veterinarians and their staffs.

Contact Roger Cummings, CVPM in the Dallas office at 972.243.4033 or by email at rcummings@brakkeconsulting.com to learn how our practice management consultants can help maximize your company's exposure to the veterinary profession.

COMPANY NEWS RELEASES

> The USDA's Animal and Plant Health Inspection Service, Center for Veterinary Biologics, has awarded a five-year contract to **Fort Dodge Animal Health** to develop an avian influenza (AI) vaccine antigen bank for poultry that will house enough antigen to produce 40 million doses of AI vaccine. The vaccine will be manufactured and stored at Fort Dodge Animal Health facilities located in Charles City, Iowa. The facilities will house enough frozen antigen to produce up to 10 million doses of vaccine for each of the following AI subtypes: H5N2, H5N9, H7N2 and H7N3. In the event of a high pathogenicity AI (HPAI) outbreak, the frozen antigen would be used to prepare the vaccine for possible use in poultry in order to manage the disease. The AI vaccine antigen bank is scheduled to be completely stocked by January 2005. (*AnimalNet*)

> The FDA amended the animal drug regulations to reflect approval of a supplemental abbreviated new animal drug application (ANADA) filed by **Phoenix Scientific**, Inc. The

supplemental ANADA provides for use of oral praziquantel tablets for the removal of certain tapeworm parasites in dogs. (*AnimalNet - Federal Register*)

> The FDA amended the animal drug regulations to reflect approval of an abbreviated new animal drug application (ANADA) filed by **Norbrook Laboratories**, Ltd. The ANADA provides for topical use of ivermectin on cattle for treatment and control of various species of external and internal parasites. (*AnimalNet - Federal Register*)

> **Farnam Companies**, Inc. announced it has updated the names of its Rotation 1 (ivermectin) and Rotation 2 (pyrantel pamoate) dewormers to Rotectin 1.87% and Rotectin P, respectively. (*company press release*)

> **PETCO Animal Supplies**, Inc. announced a public offering of 6,946,909 shares of its common stock by affiliates of Leonard Green & Partners and Texas Pacific Group, and other selling stockholders. After giving effect to the sale, affiliates of Leonard Green & Partners and Texas Pacific Group will no longer own any shares of PETCO common stock. This completes the sale of all shares of PETCO common stock registered for sale under the existing shelf registration statement previously filed by the Company with the Securities and Exchange Commission. PETCO will not receive any of the proceeds from the offering. (*company website*)

> **KMG Chemicals** Inc. announced the introduction of its new insecticide dust, Rabon 3% Beetle Shield, for use in poultry houses to control darkling litter beetles. The introduction of Rabon 3% Beetle Shield is in response to the increasing resistance of darkling litter beetles to pyrethroid insecticides and the rising demand for dust formulations in poultry houses. (*Business Wire*)

> **eMerge Interactive** confirmed that the USDA and the government of Japan have approved the use of USDA Process Verified Animal Identification and Data Collection Services to document age verification, in order to allow the resumption of trade of beef and beef products between the US and Japan. According to the company, eMerge's CattleLog Process Verified Program is currently the only Process Verified Program approved by the USDA to provide animal data collection and reporting services to outside entities, including beef producers and processors. (*company press release*)

> SLOVAKIA **Provimi** announced the acquisition of Slovakian petfood manufacturer **Nama**. Nama is Slovakia's leading dry petfood producer, with an annual capacity of 15,000 tonnes. Financial terms were not disclosed. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> JAPAN - BSE The Japanese government has announced the discovery of another suspected case of BSE. The latest incident has occurred in a cow that is nearly six years old kept on a farm in the Mie prefecture. Test samples have been taken to the National Institute of Infectious Diseases in Tokyo for confirmation. If the case is confirmed later this week it will bring the number of BSE incidents in Japan to 15. (*Wattnet Meatnews*)

> JAPAN - US BEEF TRADE US and Japanese officials in Tokyo reached a framework agreement that will permit the resumption of beef trade between the two countries following a ten-month interruption. The agreement was reached after three days of prolonged negotiations to determine the conditions under which the trade will be resumed. Trade between the two countries will resume following completion of regulatory processes in both countries. Japan now is revising domestic regulations to alter its BSE cattle testing requirements and other procedures. The US will initiate rulemaking procedures relating to importation of Japanese specialty beef. A special marketing program will be developed for Japan under which USDA's Agricultural

Marketing Service will certify that exported products meet the terms of the agreement. The US now will be permitted to sell beef and variety meats to Japanese importers from animals below 21 months of age. (*CattleNetwork*)

> JAPAN - OPPOSITION TO BEEF TRADE Japanese consumer groups and opposition party members have criticized the proposed opening of the border to US beef, calling it a politically motivated gift to US president George Bush. Some officials believe it will take six months or more to actually open the border, a view shared to some degree by many US beef exporters familiar with Japan's bureaucracy. A series of public hearings, as well as continued wrangling over methods of verifying the age of cattle involved in trade, and potential boycotts by Japanese consumers and merchants, could all delay any actual trade. (*Meating Place*)

> TAIWAN - US BEEF TRADE Taiwan has agreed in principle to resume imports of US beef and beef products. Taiwan officials indicated that the required assessments and evaluations for trade to resume were nearing completion. The final step is on-site inspection of the major features and implementation of the US BSE measures. A delegation of Taiwan experts will now travel to the US for these site visits beginning Nov. 10. (*Drovers Alert*)

> KOREA - US BEEF BAN The South Korean Agriculture Ministry reported that despite a request from the US trade delegation in a meeting with the country's Agriculture and Forestry Minister, the country will not lift its ban on beef, poultry and oranges from the US. South Korea is the third largest export market for the US beef industry after Japan and Mexico. There are indications in reports from Seoul that US pressure to further open the rice market in Korea to US imports may have played a role in the Korean decision. (*Meating Place*)

> US - BSE-TAINTED MEAT Bone meal believed to be infected with some of the remains of a US cow that tested positive for BSE was shipped to Asia in January, but officials recovered the shipment and disposed of it in a U.S. landfill, according to Japan's Kyodo News Service. The shipment of meat and bone meal was accidentally loaded in Seattle on January 7, two weeks after the discovery of the first US case of BSE, according to a report issued by the General Accounting Office. The FDA discovered the mistake and ordered the unnamed processor to recover the containers. The ship returned to the US on February 24 and the meal was buried in a landfill on March 2. (*Meating Place*)

> US - CAPC The Companion Animal Parasite Council (CAPC), an independent group of US veterinary, governmental and association leaders in the parasitology field, has voted to register as a not for profit organization. The new classification will take effect in January of 2005. (*association press release*)

> US - vCJD DIAGNOSIS New research results show that variant Creutzfeldt-Jakob Disease (vCJD) prions, which are linked to the human form of BSE, can be removed from blood. The study, presented Monday at the annual meeting of the American Association of Blood Banks, found that new filtration technology from Pall Corp. reduces vCJD prions from red blood cell concentrates below the limit of detection of the Western blot assay. The same technology also reduces infectious scrapie prions from blood. Pall expects to launch the new filter in Europe in early 2005 and is working to meet regulatory requirements for submission to the FDA by mid 2005. The company is also studying the technology as a device to aid in the detection of BSE in cattle before they enter the food supply. (*Meating Place*)

> US - CAT CLONING **ForeverPet**, a division of Geneticas Life Sciences, announced the launch of the ForeverPet cat cloning service for cat owners. Priced at \$19,950 this new cloning service is the most economically priced of all cat cloning services currently on the market, and adds cat cloning to ForeverPet's other services, including DNA cell banking and horse cloning.

ForeverPet, allows pet owners to cryopreserve a tiny biopsy that safely preserves their pet's DNA for future use in the production of an identical clone. (PRWeb)

> *US - HYPOALLERGENIC CATS* **ALLERCA** Inc. launched a project to produce the world's first hypoallergenic cats. Clients will take delivery of the first ALLERCA kittens in 2007. The hypoallergenic cat is the first of a planned series of lifestyle pets that ALLERCA will develop over the next few years. Researchers will use patented biotechnology to suppress the allergen-producing gene in cats. (PRNewswire)

BRAKKE CONSULTING VIEWPOINT

Ron Brakke is pheasant hunting this week in South Dakota. The Brakke Consulting Viewpoint will return in next week's newsletter.

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