

\*\*\*\*\*

**Brakke Consulting's  
Animal Health News & Notes for March 5, 2004**  
*Copyright © Brakke Consulting, Inc.*

\*\*\*\*\*

**2004 Animal Health Directories are now available! See below for more information.**

IN THE NEWS:

earnings:

[Alpharma](#)

[CEVA Sante Animale](#)

[PETsMART](#)

other news:

[CEVA Sante Animale](#)

[Efoora](#)

[Equine Biodiagnostics](#)

[IDEXX](#)

[Kemia](#)

[Merial](#)

[Monsanto](#)

[Parmalat USA](#)

[Prion Developmental Labs](#)

[Solutia](#)

\*\*\*\*\*

## **2004 US ANIMAL HEALTH DIRECTORY**

The 2004 US Animal Health Manufacturers, Distributors, and Services Directories are here and ready for shipment! The Directory is a valuable desk reference for anyone in the animal health and related industries. There are 314 company listings in this year's directory, which combines the Manufacturers and Distributors into a single directory for the first time. Each company listing includes contact information, general email address, web address, company descriptions, and up to 4 key personnel (when supplied).

Order yours today by calling Jane Morgan at 972-243-4033 or by ordering online at [www.brakkeconsulting.com](http://www.brakkeconsulting.com) and clicking on the "Industry Directories" button. We now accept credit cards for payment. The Directory is \$250.00 for the first copy, and \$75.00 for each additional copy to the same company address.

\*\*\*\*\*

## **COMPANY EARNINGS RELEASES**

> **Alpharma** announced results for the fourth quarter 2003 for its animal health division. Fourth quarter 2003 revenues

declined approximately 3% to \$86 million compared to \$88 million in 2002. Revenue declines reflect increased competition in the livestock segment and reduced poultry sales as customers implemented expected product rotation practices. Operating income in the fourth quarter was \$7.3 million, compared to an operating loss of (\$103 million) in the fourth quarter 2002. Results in the fourth quarter of 2002 included charges of approximately \$48 million related to plant closings, asset write-downs and workforce reductions, and approximately \$66 million related to asset impairments. For the year, revenues declined 8% to \$296 million, while operating income improved from a loss of (\$121 million) in 2002 to an operating income of \$20 million in 2003. *(company press release)*

> **CEVA Sante Animale** reported results for 2003. The company reported overall growth in turnover of 2.2% over the year 2002. CEVA Group turnover was 215 million euros (\$270 million). Operating profit showed progress of +18%. *(company communication)*

> **PETSMART**, Inc. announced results for its fourth quarter and fiscal 2003, which ended February 1, 2004. Net sales for the fourth quarter of 2003 were \$840 million, compared to \$741 million for the same period in 2002, and comparable store sales grew 7.7% in the fourth quarter. The company reported fourth quarter net income of \$57.2 million compared with net income of \$24.6 million for the fourth quarter of last year. For the year, the company reported net income of \$140 million compared to net income of \$89 million last year. The company generated \$3.0 billion in net sales in 2003, up from \$2.7 billion in net sales a year ago. Comparable store sales grew 7.0% in 2003. During the fourth quarter, pet services sales were \$50.9 million, up 24% from the same period last year. For the full year, pet services grew 25% to \$193.5 million. *(Business Wire)*

\*\*\*\*\*

## **BRASSE CONSULTING'S REVIEW OF THE AQUACULTURE INDUSTRY**

In 1997, Brasse Consulting developed an extensive report on the worldwide aquaculture business and the opportunities for animal health, nutrition, and investor companies in the next decade. We have just completed an all-new update of that report on the aquaculture market.

The past six years has seen a great deal of change in the aquaculture business. These changes and their implications for current and future suppliers are highlighted in the new 60-page report. If you currently supply or have been considering supplying the aquaculture industry, you'll find this report most useful and helpful in our planning process. The opportunity continues to increase in value for participating companies.

The study will be completed at the end of July and available for purchase at a price of \$3,000. For more information on the report, please call 972-243-4033, or email [info@brakkeconsulting.com](mailto:info@brakkeconsulting.com) .

\*\*\*\*\*

## COMPANY NEWS RELEASES

> Federal law enforcement authorities from the EPA released the results of a multi-year investigation into illegal counterfeiting of packaging of **Merial's** Frontline Plus and Frontline Top Spot brand flea and tick products for dogs and cats. The EPA has ordered retailers and distributors to stop selling counterfeit packaged Frontline products. Merial assisted fully with this investigation, and instigated it by reporting the incidences of this illegal practice to the Agency. In announcing this action, the EPA cited the potential for consumer confusion because of incorrect labeling in the counterfeit product packages. It should be noted that the products involved in the action by US EPA are in fact genuine Frontline products. However, the counterfeiters have repackaged certain quantities of product destined for foreign markets in forged cartons, with potentially mislabeled dosages and incorrect labeling. These illegitimate product packages may not contain all the EPA-approved product information on dosing and safety instructions. *(PRNewswire)*

> **IDEXX** announced the acquisition of **Equine Biodiagnostics** Inc. through its reference laboratory group. EBI has a client base of approximately 4,000 equine veterinarians worldwide, including about 2,000 in the US. EBI is noted for its equine protozoal myeloencephalitis (EPM) and *Streptococcus equi* (strangles) testing. Financial terms were not disclosed. *(Veterinary Practice News)*

> **CEVA Sante Animale** announced the acquisition of **Kemia**, a Mexican veterinary company with turnover of approximately \$3.5 million to enhance the CEVA Group's positions in Latin America. 80% of Kemia's business is in the poultry sector, with most of the remainder in the swine sector. Kemia serves the domestic Mexican market, with limited activity exporting to neighboring Central American countries. *(company press release)*

> **Parmalat USA**, the North American division of Parmalat SpA, has filed for bankruptcy protection and said it's for sale. The filing follows the collapse of the parent company. The bankruptcy involves only the US dairy units, which include Sunnydale Farms, one of the largest fluid milk processors in the US. *(Feedstuffs)*

> **Efoora** Inc. announced that the USDA approved its subsidiary **Prion Developmental Labs'** PDL CWD Rapid

Antigen Test for use in the surveillance of Chronic Wasting Disease (CWD) in white tail deer. CWD falls in the class of diseases called Transmissible Spongiform Encephalopathies (TSE), the same pathogen class that causes BSE in cattle and scrapie in sheep. The PDL CWD Rapid Antigen Test employs a proprietary lateral flow strip test technology. The major advantages of the PDL test are that it is simple, fast, and does not require sophisticated equipment. Results can be reported in approximately one hour. This is the first product developed by Efoora Inc. that has received US approval. (PRNewswire)

\*\*\*\*\*

**Animal Agriculture Alliance  
Key Stakeholder's Summit  
March 22 - 24, Arlington VA**

**Animal Welfare's Importance to the Food Chain: Turning Challenges into Opportunities**

The two and a half day Summit is targeted at senior management of all companies involved from "farm to fork," with the goal of providing CEO's, COO's and CFO's with the insight and information to successfully meet future challenges. Event sponsors include ADM Animal Nutrition, Brakke Consulting, Cargill Animal Nutrition, National Corn Growers Association, Rabobank, United Soybean Board and the Food Systems Group of Vance Publishing.

This year's Summit is focused specifically on animal welfare and its importance to all stakeholders in the food chain. Prominent speakers will present some of the newest, most innovative ideas being implemented today that are creating opportunities from these challenges that could impact our entire industry. Other speakers will present new findings from 2004 public opinion polls on consumer attitudes about animal welfare and food safety, as well as an overview of the animal rights movement as compared with other social movements in the US. Additional topics include safeguarding the livestock industry, new track & trace programs, and strengthening communications with our customers, consumers and the media. Visit [www.AnimalAgAlliance.org](http://www.AnimalAgAlliance.org) for more information.

\*\*\*\*\*

**ANIMAL HEALTH NEWS**

> JAPAN Approximately 18,000 chickens have died of avian influenza during the past two weeks on a farm in Tamba, Kyoto Prefecture in southwestern Japan. The farm continued to ship live birds, poultry meat, and eggs to customers after bird mortality suddenly increased. An anonymous call informed authorities about the disease outbreak and shipments. According to one official, the strain of influenza was the H5 strain but it wasn't known if it was

the H5H7 strain that is sweeping Asia. Authorities have begun culling the farm's surviving birds to help contain the disease, according to the Associated Press. However, officials feared AI had already spread to a slaughterhouse in neighboring Hyogo prefecture after 25 birds there tested positive for the virus in initial tests. (*Wattnet Meatnews*)

> EU European Union veterinary experts confirmed a ban Wednesday on poultry imports from the US introduced last week because of a bird flu outbreak in Texas. The veterinary panel is due to review the ban on imports of live poultry, eggs and pet birds again March 22, and could decide to lift it the following day. The EU joined several other importers in imposing restrictions on US poultry following the outbreak last month in Texas. (*AP*)

> MEXICO The Mexican Ministry of Agriculture announced Wednesday night that it would reopen its borders to US boneless beef from animals less than 30 months of age. The move comes two months after Mexico ceased all imports of US beef following discovery of a BSE-infected dairy cow in Washington state. (*Meating Place*)

> Approximately one-third of global meat exports, or 6 million metric tonnes, are presently being affected by animal disease outbreaks, according to the UN Food and Agriculture Organization (FAO). With the value of global meat and live animal trade estimated at \$33 billion (excluding EU intra-trade), this could amount to world trade losses of up to \$10 billion, if import bans extend throughout 2004. Trade losses will likely accrue to the 12 countries which are facing export bans or market constraints as a result of animal disease concerns related to avian influenza and BSE. This estimate does not include costs of public disease control measures, losses to producers and consumers through destabilized markets and fluctuating prices, and the general costs to the industry. (*PRNewswire*)

> US The USDA said its meat recall from the nation's first case of BSE was nearly four times larger than previously disclosed, but dismissed the size as irrelevant. The government said the recall grew to 38,000 pounds from the 10,400 it announced Dec. 23, when the government reported that a slaughtered Holstein cow in Washington state had tested positive for BSE. Officials had originally set the recall at 10,400 pounds after determining that Vern's Moses Lake Meats in Moses Lake, Wash., had mingled meat from the infected cow with meat from 19 other head of cattle on Dec. 9. Vern's then shipped the entire amount, 10,400 pounds, to a deboning processor in Centralia, Wash. From there, the meat was sent to two processors in Oregon, where it was mixed with other meat to create 38,000 pounds of hamburger. The department posted the higher recall number on its Web site Feb. 9, but did not call attention to it because

it was focused on finding out what happened to the beef.  
(AP)

> US The USDA announced that the government has begun a criminal investigation into whether records may have been falsified in the nation's first and only case of BSE. The criminal investigation focuses on whether the infected Holstein cow truly was a "downer" cow unable to stand or walk when it was slaughtered. The department initially said the cow was a downer, and that was why it was tested for BSE. Downers have a higher risk of BSE. But men who saw the cow at Vern's Moses Lake Meat Co. just before it was slaughtered recall it being on its feet. One of the plant's owners said the cow got up after the inspecting veterinarian had seen it lying down and had classified it as a downer. Department officials conceded last month that the cow might have gotten back up. The issue is significant because agriculture officials that monitor meat plants say they target only downer cattle for testing. Critics say that evidence suggesting otherwise raises questions of credibility and highlights the need to test healthy animals as well. (AP)

> US Mendocino County, California voters are the first in the nation to ban genetically engineered crops and animals. By a margin of 56% to 44%, they approved Measure H, an initiative pushed by the county's organic farmers and one that has far greater symbolic impact than practical effect because such crops are not likely to be introduced in the county for years. Some of the nation's largest agricultural interests spent more than a half-million dollars in a bid to defeat the measure, fearing that it could become a precedent for other counties. (*Vance Food Systems insider*)

> US The same chemical used in most mouthwashes for more than half a century has been approved by the FDA for use on poultry as a way to reduce food-borne illness. The chemical compound cetylpyridinium chloride (CPC) provides effective protection against *Salmonella*, *E. coli*, *Listeria* and other germs. The chemical has no taste or smell, doesn't change the color of meat and only leaves noticeable residue on foods when they contain a lot of surface fat. Safe Foods Inc., which developed CPC into a spray it will market under the brand name Cecure, announced that the FDA told the company it can begin marketing the product as soon as it is published in the Federal Register. Tyson has said the company sees promise in the product and will test it as a part of its food safety measures. (AP)

> US Researchers at the University of California-Davis have developed a quick test to detect minute amounts of animal protein contaminants in livestock feed. Current test methods include microscopic analysis or antibody-based tests, both of which have drawbacks. This new test uses DNA analysis to determine if any protein from ruminant animals is present in the feed. Because of the possible

transmission of BSE, no ruminant proteins, such as meat and bone meal, can be used in livestock feed. The test could become commercially available later this year. (*Drovers Alert*)

> US The USDA's Food Safety and Inspection Service (FSIS) announced the implementation of a new electronic tracking system to document inspection activities to ensure that livestock are humanely handled in federally inspected facilities. The Humane Activities Tracking (HAT) program will provide FSIS with more accurate and complete data on the time spent by FSIS personnel performing nine specific humane handling related tasks to ensure humane handling and slaughter requirements are met. HAT is one component of the Agency's updated Electronic Animal Disposition Reporting System (eADRS). This new system will replace the current use of FSIS paper forms to report information about animals presented for slaughter. The eADRS data will provide valuable information concerning animal welfare in the US. (*FSIS press release*)

> US A new children's cookbook, "The Crazy Kids Guide To Cooking For Your Pet," which makes its official debut at the American Pet Products Association's annual convention in New Orleans later this month. Filled with clever puns and colorful illustrations, the book serves up tasty alternatives to a pet's kibbles-and-canned-sardines routine with recipes like "Lolli-Pups" (an oatmeal, rawhide and peanut butter concoction) for dogs, "Mice-A-Roni" dinner (fish, rice, liver, parsley and peas) for cats, and "Cat Nip Cocktail," a beverage that the authors recommend be served to cats "in a plastic martini glass at five o'clock." (*PRNewswire*)

\*\*\*\*\*

#### AGRIBUSINESS NEWS

> **Monsanto** Co. has avoided government sanctions by agreeing to take over an environmental cleanup in Illinois. The Justice Department had set a Monday deadline for Monsanto to either outline a cleanup plan or contend with penalties that could have included fines or legal action. The company is picking up work dropped by **Solutia** Inc., a bankrupt chemical maker spun off by Monsanto. The work involves cleaning up dioxins, heavy metals, industrial chemicals and polychlorinated biphenyls, or PCBs, dumped from the 1930s through 1979 by companies including the old Monsanto Co. (*AP*)

\*\*\*\*\*

#### **BRAKKE CONSULTING VIEWPOINT**

Some of us are old enough to remember when Mom made dinner with loving care, watched over us if we tried to help, and was quick to correct us (sternly) if we made a mistake like not washing our hands before touching the food. Maybe

we were right to trust Mom and no one else with our food preparation, judging by this week's news. Food suppliers and the regulators who are assigned to watch them are having a terrible time getting their jobs done. As a result, whole industries are shut down for weeks or months at a time. Is it any wonder that voters (consumers) reject the latest offerings from this food system? Fortunately for those in the animal health business, we are in the solution business and companies are working hard to provide new products, from tests to treatments, to keep the system working and perhaps improve it.

So send Mom some flowers and say thanks; there is no need to limit such gratitude to Mothers' Day.

Have a great weekend.

*John Mannhaupt*

\*\*\*\*\*

*This electronic newsletter is the sole property of Brakke Consulting, Inc.*

*Any use of the contents herein should be approved by and appropriately attributed to Brakke Consulting, Inc.*

For more information about Brakke Consulting's services and syndicated studies, visit our website at [www.brakkeconsulting.com](http://www.brakkeconsulting.com).

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

*In order to receive the HTML version instead of the text version of this newsletter, use the link at the bottom of this week's newsletter that states: "If you would like for us to remove your name from the circulation list, or if you need to change your profile or email address, please click here". Then click on the button below your email address that says HTML, and click "Update subscription."*