
**Brakke Consulting's
Animal Health News & Notes for May 28, 2004**
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IN THE NEWS:

earnings news:

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Sanderson Farms

other news:

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COMPANY EARNINGS RELEASES

> **Dainippon** reported results for its animal health division for the six months ended September 30, 2003. Sales increased by 11% to 13,818 million yen (\$125 million). All sectors of the animal health business recorded an increase in sales, largely due to the acquisition of **Tanabe Seiyaku's** animal health business in September 2002. (*Animal Pharm*)

> **Sanderson Farms Inc.** credited improved market prices and strong consumer demand for a second-quarter earnings jump of almost 161%. The company reported net income of \$33.4 million for the second fiscal quarter ended April 30. Those numbers were up from \$12.8 million for the same period a year ago. Net sales for the second quarter were \$273 million compared with \$201 million during the second quarter of 2003. (*Meating Place*)

BRAKKE CONSULTING, INC.
Coming Soon: New report on the US Equine Market

The equine market is often underappreciated as an important part of the animal health market. However, there are approximately 7 million horses in the US, and their owners are willing to spend money on their health care. One of the most explosive new product introductions in the past few years was the launch of Fort Dodge's West Nile Virus vaccine, which has doubled the size of the entire market for equine vaccines in just two years.

Brakke Consulting's new report on the US Equine market is a valuable overview of the market, including information on such topics as

- healthcare spending by owner segment
- distribution channels for equine products
- profiles of leading equine healthcare companies
- sales and trends by product category

- recent product launches
- surveys of participants in the market

The report will be available at the end of May 2004. The report is priced at \$3,500. For more information, email lfondon@brakkeconsulting.com.

COMPANY NEWS RELEASES

> **PETCO** Animal Supplies, Inc., reported it will pay more than \$900,000 to settle two lawsuits that accused the company of mistreating animals and overcharging customers. The settlements resolve a lawsuit against the chain brought by district attorneys in four California counties, along with a separate action filed in 2002 by San Francisco's city attorney. PETCO, which admitted no wrongdoing as part of the settlements, agreed to pay fines totaling \$600,000. The company also will spend more than \$200,000 to install improved pricing accuracy equipment at all its California stores and more than \$101,000 to cover the costs of the district attorneys' investigation. *(AP)*

> **Neogen** Corporation announced that it received Performance Tested Method status from the AOAC Research Institute for its rapid test to detect ruminant material in animal feed. Neogen's Reveal for Ruminant in Feed Test is designed for use by feedlots, dairies, marketers of feed products and others. It is intended to be used to verify that ruminant feed and feed supplements are properly labeled and do not contain FDA-banned ruminant materials. The 10 minute test involves the immersion of a disposable device into a sample, and the reading of an easy to interpret result. *(AnimalNet)*

> **BowTie**, Inc. announced that it has acquired book publisher **Doral Publishing**, Inc., based in Phoenix, Arizona. Doral is known for publishing quality dog titles, which include breed specific, training, search and rescue, healthcare, showing and fiction/non-fiction books. BowTie, Inc. is the parent company of **Fancy Publications**. *(PRNewswire)*

> **AVID Identification Systems**, Inc. and Dr. Robert F. Stonebreaker, owner and operator of the Animal & Bird Hospital of Del Mar, filed a lawsuit against Medical Management International, Inc. dba **Banfield**, The Pet Hospital. The complaint alleges that Banfield's advertising misleads consumers into believing their pets are protected through claims that animal shelters throughout the US are equipped with readers capable of reading the Banfield electronic identification tags. According to the complaint, the identification reader that is required to read the Banfield manufactured tag is found in only a fraction of animal shelters throughout the US. Banfield disputed the allegations, saying the action is part of a disingenuous public relations crusade against new pet microchip technologies and an effort to protect its own market share and to deter competition. *(Business Wire, PRNewswire)*

> Agenix Limited announced that its 100% subsidiary **AGEN Biomedical** Limited had successfully gained a specific performance preliminary injunction motion against **Synbiotics**, Inc, its former distribution partner in the US. The motion specifies that Synbiotics be required to supply certain biologics products to AGEN as per its legal obligations. The motion was granted after the court ruled that AGEN had established a probability of success on the merits in its case for specific performance by Synbiotics. *(company press release)*

> SOUTH AFRICA UK-based **Lawrence** announced that it sold the trading business and certain assets of its subsidiary **Eco Animal Health Southern Africa** to the subsidiary's management team. The new management company, Afrivet Business Management, paid Lawrence approximately 2 million pounds (\$3.7 million) to cover repayment of intercompany debts and purchase assets. *(Animal Pharm)*

ANIMAL HEALTH NEWS

> US - AVIAN INFLUENZA A breeder flock with about 24,000 birds was depopulated and buried on a commercial poultry farm in Hopkins County in northeast Texas. The farm supplies chickens to **Pilgrim's Pride**. Routine blood tests indicated that the flock had the H7N3 subtype of avian influenza (AI). Authorities plan to locate the commercial and noncommercial flocks in at least a 10-mile radius of the affected farm, and begin collecting blood samples and swabs from area poultry and other fowl for laboratory testing. *(TAHC)*

> THAILAND - AVIAN INFLUENZA A new avian influenza outbreak has been discovered at a research farm in northern Thailand. Thai officials culled more than 1,500 chickens at the farm of Chiang Mai University in Chiang Mai province after the outbreak was reported. Officials say they are monitoring the farm, which has been quarantined even though it is in an isolated area. *(Meating Place)*

> US - ANTIBIOTIC RESISTANCE A new report from the US General Accounting Office warns that antibiotic resistance in humans from the use of antibiotics in animals poses an "unacceptable risk" to human health. The report, "Antibiotic Resistance: Federal Agencies Need to Better Focus Efforts to Address Risk to Humans from Antibiotic Use in Animals," was requested by Senators Edward M. Kennedy, D-Mass.; Olympia Snowe, R-Maine; and Tom Harkin, D-Iowa. Kennedy and Snowe are sponsors of a bipartisan bill to phase out the routine use of medically important antibiotics in livestock and poultry that are not sick. The organization recommends that the FDA expedite its review of key antibiotics used in animal agriculture. It also calls for collection of better data on antibiotic use in agriculture. *(Meating Place)*

> US - BEEF CHECKOFF The US Supreme Court agreed to decide whether the government can force cattle producers to pay for the \$1 per head checkoff that funds research and promotions. Recent lower court decisions ruled that forcing producers to pay for the beef industry's campaign violated their First Amendment rights. The decision to hear the case will allow the checkoff program to continue during the proceedings. The Supreme Court's ruling on the case could have an impact on other marketing programs run by the USDA, including the pork checkoff program, which was also ruled unconstitutional on First Amendment grounds by a lower court. The case hinges on the question of whether mandatory government advertising programs like the one established for cattle producers under the 1985 Beef Promotion and Research Act violate the free-speech rights of producers who disagree with how the money is spent. *(Meating Place)*

> US - MEATPACKER LIVESTOCK OWNERSHIP The 8th US Circuit Court of Appeals set aside a lower court ruling that found Iowa's ban on meatpacker ownership of livestock operations to be unconstitutional. A three judge panel of the court sent the case back to US District Court in Des Moines for trial. Smithfield Foods had sued the state in 2002, claiming Iowa's ban on packer ownership of livestock infringed on interstate commerce. The state's 1975 packer ban prohibited processors from owning, controlling or operating a feedlot in Iowa. An amendment in the spring of 2002 expanded the law to include former executives of meatpacking companies and prohibited meatpacker financing of livestock operations. *(AP)*

> US - COOL LEGISLATION Two senators have introduced new legislation to implement country-of-origin labeling by the original Sept. 30, 2004, deadline. COOL was originally included in the 2002 Farm Bill and designated to begin this September. However, after much wrangling in the House, language in last year's omnibus appropriations bill delayed COOL implementation until September 2006. COOL has continued to garner more support in the US Senate. *(Pork Alert)*

> JAPAN - TRACEABILITY Growing food safety concerns have prompted Japanese lawmakers to implement a stricter labeling system for pork, poultry, rice, and vegetables, according to a United Press International report. The Agriculture, Forestry and Fisheries Ministry will introduce the labeling of pork with information from a pig's birth to its slaughter, a system already implemented for beef products since last December. The tracing labels for beef will become mandatory from December this year. According to public opinion polls, most Japanese consumers favor the new measures to trace the origin of foods, even if it adds to the cost. By entering the label number at a specified website, consumers can obtain information on the pork they have bought, right down to the individual farm where the pig was raised. (*Wattnet Meatnews*)

> TRANSBOUNDARY DISEASE SPREAD In response to an increase of transboundary animal diseases, the World Organization for Animal Health (OIE) and the Food and Agriculture Organization of the United Nations (FAO) have decided to strengthen their collaboration. Animal diseases spreading between countries, such as foot and mouth disease and avian influenza, are often having a severe economic and social impact, the two agencies said in joint statement. FAO and OIE called upon countries and donors to invest more in the control of contagious transboundary animal diseases. Such animal diseases are on the rise as a result of international trade and the movement of people and animals. (*PRNewswire*)

BRASSE CONSULTING VIEWPOINT

I've been spending this week traveling in the Midwest. What a nice time of the year except for various weather patterns that keeps one mindful of the power of "mother nature". It is obvious from the lack of news this week that many of you are already enjoying the Memorial Holiday. We encourage all of you to play safely and eat lots of animal protein.

Have a great holiday weekend!

Ron Brasse

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