
**Brakke Consulting's
Animal Health News & Notes for June 4, 2004**
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EQUINE MARKET REPORT NOW AVAILABLE!
See below for details

JUMP TO:

earnings news:

Immucell
Premium Standard Farms
Synbiotics

other news:

American Animal Health
Ancare
Bayer
Boehringer Ingelheim Vetmedica
eVet
Gold Kist
Greendale Labs
National PetCare Centers
Neogen
Novartis
Pet Supermarket
Smithfield
VCA Antech

COMPANY EARNINGS RELEASES

> **Synbiotics** Corporation announced results for the year ended December 31, 2003 and the first quarter of 2004. Net income for the year 2003 was a record \$1,287,000 compared to a net loss of (\$14,401,000) for 2002. The 2003 results include a one-time litigation settlement gain of \$515,000, whereas 2002 was negatively impacted by one time charges related to retention bonuses and goodwill impairment totaling \$14,315,000. Synbiotics' revenues were \$19.2 million for 2003, a decrease of 11% from 2002. The company recorded a net loss for the first quarter of 2004 of (\$495,000) compared to net income of \$1,389,000 for the prior year period. Revenues for the first quarter of 2004 were \$5,178,000, a decrease of 16% from the prior year period. The decrease in both the year 2003 and the first quarter of 2004 is primarily due to the April 2003 termination by **Agen Biomedical** Ltd. of a contract manufacturing agreement for certain of Synbiotics' Witness in clinic diagnostic tests, and Agen's entry into the US canine heartworm diagnostic market in October 2003 with product, which Synbiotics believes infringes its heartworm patent. (*Business Wire*)

> PSF Group Holdings Inc., the parent company of **Premium Standard Farms** Inc., reported a net loss of (\$3.5) million in its 2004 fourth fiscal quarter ended March 27, 2004. This compared with a net loss of (\$11.6) million in its 2003 fourth quarter. Net sales of \$181.5 million for the fourth quarter increased 14% from \$159.5 million for the comparable period of the prior year. Net loss for the entire fiscal year 2004 was \$4.6 million compared to a net loss of \$38.6 million for

fiscal year 2003. Net sales for fiscal year 2004 were \$730.7 million, compared to \$608.4 million for the same period of the prior year, an increase of 20%. (*Wattnet Meatnews*)

> **Immucell** announced results for its first quarter ended March 31, 2004. Product sales increased 20% to \$202,000 compared to the first quarter of 2003. Total first quarter revenue increased 10% to \$1.2 million compared to the same period in 2003. (*Animal Pharm*)

BRAKKE CONSULTING, INC.

NOW AVAILABLE: 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.

There have been many changes in the equine market in the past few years, from the introduction of Fort Dodge's blockbuster West Nile Virus vaccine to the reversion of Zimecterin from Farnam to Merial, and the subsequent proliferation of generic ivermectin dewormers. Brakke Consulting's report covers these topics and more, including the growing nutritional supplements market.

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

- discussion of owner segments
- distribution channels for equine products, including market share for veterinary and OTC channels
- profiles of leading equine healthcare companies
- sales and trends by product category, including nutritional supplements
- current topics in equine health, including veterinary compounding
- survey of equine veterinarians

The report is now available for immediate shipping. The report is priced at \$3,500. For more information, email lfondon@brakkeconsulting.com.

COMPANY NEWS RELEASES

> **Boehringer Ingelheim Vetmedica** announced FDA approval for Buscopan (N-butylscopolammonium bromide) for treating colic in horses. Buscopan is an antispasmodic and anticholinergic drug that has been available in Europe for more than 20 years. The product helps control abdominal pain associated with smooth muscle spasms in under 30 minutes, without masking clinical signs. (*The Horse*)

> **Bayer** formally appealed a March 16 ruling by an administrative judge at the FDA that would have allowed the agency to withdraw the approval of Baytril 3.23% Concentrate Antimicrobial Solution. The product is currently approved for use in poultry. The FDA's Center for Veterinary Medicine is seeking to withdraw the drug because of concerns about bacterial resistance. (*Feedstuffs*)

> **VCA Antech, Inc.** announced that it has completed the merger with **National PetCare Centers, Inc.** ("NPC"). Under the agreement, VCA Antech acquired NPC for \$76.5 million (less assumed debt) in cash. NPC operates 68 animal hospitals in 11 states with annual revenues in 2003 of \$81.7 million. (*company press release*)

> **American Animal Health** announced the launch of Soothables KPAD, a kaolin and pectin-based antidiarrheal treatment for dogs, puppies, cats and kittens. The pleasant tasting suspension is also labeled for use in other small animals and birds. (*Animal Pharm*)

> **Gold Kist** filed an initial public offering with the US Securities and Exchange Commission as part of a conversion from a cooperative marketing association to a for profit company. Gold Kist plans to offer 18 million shares at \$14 to \$16 each. An estimated additional 32 million shares will be issued to Gold Kist members and equity holders in the conversion. The company plans to use money from the IPO to reduce existing debt and fund ongoing business operations. The newly formed corporation will be called Gold Kist Holdings Inc. and will trade on the New York Stock Exchange under the ticker symbol GKI. (*Meating Place*)

> **Smithfield Foods'** pork processing plant in Tar Heel, North Carolina plant was awarded ISO 14001 certification from the International Organization for Standardization. The Tar Heel facility is the world's first major meat processing facility to achieve this honor. The ISO 14001 certification outlines key requirements to which companies should conform in order to operate in an environmentally responsible manner. (*Wattnet Meatnews*)

> **Pet Supermarket**, the nation's largest independently owned pet specialty store, has officially opened the doors to its 98th store in Strongsville, Ohio. Pet Supermarket is headquartered in Sunrise, Florida. Pet Supermarket continues to grow and expand, adding stores and markets on an ongoing basis. (*Business Wire*)

> **Neogen** announced the availability of its new AccuPoint ATP Sanitation Monitoring System. The Accupoint identifies ATP, a chemical compound found in all living matter, including bacteria, food debris, yeast and mold, in samples. The AccuPoint system combines an advanced handheld instrument, unique sampling devices that are superior to conventional swabs, and intuitive software for easy data tracking and analysis. (*company press release*)

> UK **Novartis UK** announced the launch of Levitape, a new sheep dewormer containing both levamisole and praziquantel. The UK launch is Novartis' first worldwide for the product, and the first in any country except New Zealand, where Levitape was developed by **Ancare**. (*Animal Pharm*)

> CANADA **PharmaGap**, Inc. announced that it has developed assays to assess the potential of farm animals to resist disease by measuring the response of natural killer (NK) cells to foreign antigens. The assay will measure the potential of animals to eliminate virus- or bacteria-infected cells and tumor cells. The assay is noninvasive, simple, and cost effective, requiring only a small volume of blood. The assay has been optimized for cattle and swine, and will also be tested for poultry. (*AnimalNet*)

> UK **Greendale Laboratories** Ltd, UK has been acquired by **eVet**, a leading veterinary business investor, and will be trading as Greendale Veterinary Diagnostics Limited to reflect the core nature of the business. Over nearly 20 years Greendale has developed a reputation as the leader in exotic pet diagnostics and a market leader in companion and farm animal diagnostics. Greendale is a GLP registered laboratory. (*company press release*)

ANIMAL HEALTH NEWS

> US - AVIAN INFLUENZA A second flock of Texas breeder chickens was destroyed after tests showed some of the birds were infected with avian influenza. The 24,000 chickens owned by poultry producer **Pilgrim's Pride** were at a farm about five miles from the east Texas farm where bird flu was detected last week. (*AP*)

> US - BSE TESTING The USDA began expanded national testing for BSE this week, intending to test about 220,000 animals for the disease over the next year to 18 months. The government last year conducted BSE tests on tissues from 20,543 animals. (*Drovers Alert*)

> US - BSE INACTIVATION PATENT The US Patent Office granted a patent to **Serologicals** Corp. for its Ex-Cyte purification process, which inactivates infectious prions in bovine-based products. Prions are defective proteins that are thought to cause BSE. The patent will remain in force until 2021. According to the company, the issuance of this patent means that with its process they can ensure the highest quality of safeguards for its Ex-Cyte product. (*Wattnet Meatnews*)

> WORLD - BSE STANDARDS The World Organization for Animal Health (OIE) designated all intestines, not just parts of them, as a risk of transmitting BSE. The organization decided to include whole intestines in materials that pose risks of transmitting prions associated with BSE to humans after reviewing its international safety standards. (*Meating Place*)

> US - CENTRAL AMERICAN TRADE AGREEMENT The US and five Central American countries signed the Central American Free Trade Agreement, which is expected to expand access for US beef and pork producers. The agreement has come under criticism from other agriculture producers, labor groups and environmentalists. Confirmation by Congress is expected to be difficult, and a ratification vote will likely be put off until after the presidential elections, according to reports. (*Meating Place*)

> US - ANIMAL ID Northwest beef industry leaders plan to implement a pilot animal identification system in six western states aimed at ensuring a diseased animal or tainted meat can be traced within 48 hours. Industry groups in Washington, Oregon, Idaho, Utah, Nevada and California have signed on to the pilot program. The project will enroll about 12,000 cattle in the next two to three years, slowly adding bison and sheep. According to the program chairman, the primary objective of the project itself is to find a workable, manageable and the least expensive way for producers to implement the animal ID system that's being proposed by the USDA. (*Drovers Alert*)

> AUSTRIA - ANIMAL WELFARE Austrian lawmakers approved one of Europe's toughest animal rights laws, which will force farmers to uncage chickens and bar pet owners from clipping their dogs' ears or tails. The law, enacted by a unanimous vote in parliament, also outlaws the use of lions and other wild animals in circuses and makes it illegal to restrain dogs with chains, choke collars or invisible fence devices. (*Drovers Alert*)

> JAPAN - BSE IMMUNITY **Kirin Brewery** reported that it has succeeded in genetically engineering a cow that is immune to BSE. Kirin, jointly with US-based **Hemateck** LLC, produced an embryo that carries none of the prion proteins that are believed to cause BSE. The animal is still in utero and expected to be born early next year. (*AnimalNet - Reuters*)

BRASSE CONSULTING VIEWPOINT

It has been great fun traveling the Midwest the past two weeks, and I still have a couple of weeks before my return to Dallas. My travels remind me of a time not so long ago when I was responsible for animal health sales in a 6-state area. It's been terrific meeting with many of you and hearing your challenges firsthand. I've also enjoyed my stops at various producer operations, retail and veterinary clinic outlets etc. It's always interesting what one can learn when you meet the end customer at their place of business. My travels have provided me with the time to reflect on the development of the animal agriculture industry. What a great industry. Yes, there

have been many changes and it's not the good old days anymore. No, instead it's an improved and developing industry with a great future for those who have vision to accept and focus on the positive aspects.

Have a great weekend.

Ron Brakke

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