
**Brakke Consulting's
Animal Health News & Notes for June 10, 2005**
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COMPANY EARNINGS RELEASES

> **Embrex** Inc. reported decreased earnings for its first period on increased revenues, citing changes in its product mix and lower device sales. For its quarter ended March 31, Embrex reported net earnings of \$610,000 on revenues of \$12.8 million, compared with \$1.1 million on revenues of \$12.0 million in its first quarter last year. (*Feedstuffs online*)

> **Smithfield Foods** reported fourth-quarter earnings of \$85.4 million on sales of \$2.92 billion. The earnings marked a 30% drop from the \$122.7 million it earned in the fourth quarter of fiscal 2004, which included the sale of Schneider Corp. and income from discontinued operations. With those one-time gains removed, profits last year would have totaled \$71.1 million. For the full year, Smithfield earned \$296.2 million, an increase over the \$227.1 million earned in 2004. Excluding the one-time gains, earnings last year would have been \$162.7 million. Sales increased by over \$2 billion, to \$11.35 billion from \$9.27 billion. (*Meating Place*)

BRAKKE CONSULTING, INC.
Executive and Sales Force Recruiting Services

- How much industry experience would you like in a search firm you retain?
- Has the search firm you use ever filled an animal health position?
- Has the search firm your company is utilizing participated in and supported industry events?
- Does your search firm have a database of qualified, experienced animal health candidates that includes a vast range of expertise?

If you are using Brakke Consulting as your animal health search firm, you are already aware that we focus on the animal health, pet and veterinary markets - exclusively. We have filled over 300 positions at all management levels within the industry in the past few years.

Brakke Consulting is intimately involved and supports the animal health industry. We provide top-quality search services at competitive rates. Please call or e-mail one of our offices for more information on our recruiting services.

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COMPANY NEWS RELEASES

> **Merial** announced the US availability of Previcox (firocoxib), a new coxib nonsteroidal anti-inflammatory drug (NSAID) licensed for pain management associated with canine osteoarthritis. (*company news release*)

> **Intervet** announced an agreement to divest some of its feed additives activities to Bulgarian company **Biovet**. Scheduled to be finalized on July 31, the agreement, which is subject to various corporate and governmental approvals, concerns the sale of Intervet's Sacox, Salocin, Flavomycin, Gainpro, Hostazym and Stenorol products. Financial details were not disclosed. (*company news release*)

> **Hartz Mountain Corp.** announced it will be canceling one of its topical flea and tick medications. Hartz Advanced Care 4 in 1 Flea and Tick Drops Plus for Cats and Hartz Advanced Care 3 in 1 Flea and Tick Drops for Cats will be available until spring 2006, when the company releases a new feline product. The company signed an agreement with the Environmental Protection Agency (EPA) initiating the voluntary cancellation of the products. (*DVM Newsmagazine*)

> **Greer** introduced the availability of Enzyme-Linked ImmunoSorbent Assays (ELISA) for detection of allergen-specific IgE in the serum of dogs and cats. The ELISA is a non-competitive, solid-phase enzyme immunoassay that incorporates a blend of carefully selected antibodies as the chief tracer for canine and feline IgE that are specific for various allergens. (*Business Wire*)

> **Global Animal Management, Inc.** announced an agreement with the **Kent Feeds, Inc.** and **Evergreen Mills** to distribute the GAMVeriSource data management system through the feed companies' dealer networks. GAM, is a subsidiary of **Schering-Plough Animal Health** Corporation. Kent Feeds, Inc., operates 10 manufacturing plants in the upper Midwest, marketing livestock and poultry feeds and animal care and pet food products in 13 states. (*company press release*)

> **ProMetic Life Sciences Inc.** and its UK-based subsidiary, ProMetic BioSciences Ltd, announced they have entered into a Memorandum of Understanding with **Top Meadow Life Sciences Inc.** for the development, marketing and distribution of novel blood-based prion diagnostic systems for the ante-mortem detection of BSE and certain other veterinary applications. The joint venture plans to bring the first ante-mortem veterinary blood-based diagnostic product to market. There are currently no proven practical tests available to detect this disease in live cattle. (*AnimalNet - company release*)

> CANADA **Noveko Echographs Inc.** announced a revolutionary product in the animal genetics field. The result of several years of research and validation, this non-invasive in vivo application of Noveko's VetkoPlus equipment analyzes specific data in real time from an ultrasound image taken of an animal to calculate an essential parameter of meat quality. Already commercialized and able to monitor gestation and measure backfat, the VetkoPlus can now evaluate marbling within the meat. The new application is currently designed for the hog market, but will eventually be used for bovine and ovine applications. (*AnimalNet - company press release*)

> CANADA **Pethealth Inc.**, Canada's largest provider of accident and illness insurance for dogs and cats, ranked # 2 in the 17th Annual PROFIT100 ranking of Canada's Fastest Growing Companies. Pethealth has seen significant growth in its core pet health insurance business. The creation of 24PetWatch, a microchip and pet registry/recovery program, has helped Pethealth become the largest Canadian provider of microchip technology to veterinary clinics and animal shelters. Revenue from the sale of microchip technology increased by 257% in 2004. (*Business Wire*)

ANIMAL HEALTH NEWS

> BRAZIL - NEWCASTLE DISEASE Authorities ordered the slaughter of 17,000 chickens. A non-pathogenic Newcastle disease killed 6,000 chickens. However, this non-pathogenic Newcastle could not have caused the mortality on its own, without other factors being involved. Further tests for avian influenza have proved negative. A quarantine and strict biosecurity measures in effect in the area. No other farms have been infected. (*Wattnet Meatnews*)

> CHINA - AVIAN INFLUENZA Chinese officials confirmed a second outbreak of avian influenza, in the Xinjiang region in the northwestern part of the country, saying 460 geese died of the H5N1 strain of the virus but that the situation was under control. More than 13,000 birds have been slaughtered to prevent the disease from spreading while the local government worked to isolate and disinfect the area. The geese reportedly were infected by migratory birds. More than 1,000 migratory birds died of H5N1 last month in neighboring Qinghai province. (*Meating Place*)

> CHINA - FOOT AND MOUTH DISEASE Officials confirmed that more than 3,200 animals were culled late last month as authorities tried to control three new outbreaks of deadly foot and mouth disease (FMD). The three outbreaks involved a total of 3,284 cattle. The cause for these latest outbreaks was unknown. Authorities also do not know how the disease is spreading. (*FeedStuffs*)

> JAPAN - BSE Japanese officials have confirmed that they have uncovered the 20th case of BSE since the first was discovered in 2001. The 4-year-old Holstein was diagnosed with the disease in the prefecture of Hokkaido, where most of the cases have been found. The animal was born just before the nationwide ban on ruminant material in ruminant feed was established. (*Meating Place*)

> US - COOL DELAY APPROVED The US House of Representatives voted to support a delay for implementing a mandatory country-of-origin labeling law for meat that was included in the fiscal year 2006 agriculture spending bill. The original mandatory labeling law was approved by Congress in the 2002 Farm Bill but has yet to be implemented for beef, pork and lamb. That is currently scheduled to happen Sept. 30, 2006. But House appropriators included a provision to the spending bill that bars the USDA from spending any money to make the necessary preparations, thus delaying implementation. (*Cattle Alert*)

> US - HEARTWORM TESTING GUIDELINES - The 2005 guidelines of the American Heartworm Society (AHS) recommend annual testing, testing between preventative product changes, and year-round prevention in order to manage heartworm disease. In the past, if a dog had been on preventive methods routinely, it was not necessary to test every year, perhaps only every two to three years. But because of some concerns with breaks regarding animals on preventives that still contracted heartworms, the AHS announced these recommendations for a more conservative testing routine at their annual meeting in Baltimore during the ACVIM Forum. (*AHS news release*)

> UK - EGGS CONTAINING ANTI-CANCER ANTIBODIES Investigators have developed genetically engineered hens that lay eggs containing high levels of anti-cancer antibodies. The British gene therapy company **Oxford Biomedica**, in collaboration with the American avian specialist **Viragen**, Inc, and the Roslin Institute in Scotland, famous for cloning Dolly the sheep,

announced that the feat demonstrates how the birds can be used as "pharmaceutical bioreactors" to make many other drugs. (*AnimalNet - Reuters*)

> US - AQUACULTURE EXPANSION The Bush administration wants to allow fish farming up to 200 miles off the nation's coasts, sending a bill to Congress to establish regulations for fish farming. Fish farming in the US currently focuses largely on freshwater fish. Seafood demand is expected to increase rapidly and officials of the National Oceanic and Atmospheric Administration say the US has fallen behind other countries in farming fish. Currently the US imports 70% of the seafood eaten here, and 40% is from overseas fish farms. (*AP*)

> EU - CHICKEN PROTECTION The European Commission adopted a proposal for a Directive on the protection of chickens kept for meat production. The proposal sets out a basic maximum stocking density of 30 kg live animals per square meter as well as a number of minimum conditions to ensure animal welfare. Any chickens that are seriously injured or in poor health must be treated or immediately culled. These minimum standards are supplemented by detailed record-keeping requirements on issues such as house temperatures, medical treatments administered or mortality rates. This is the first EU legislation in this specific area. (*Wattnet Meatnews*)

BRASSE CONSULTING VIEWPOINT

The news this week includes several acquisitions and new product introductions. We continue to observe high activity levels in the consolidation and process. What one company may see as a mature product line or brand, another sees as an opportunity.

In the past few years, the animal health markets have attracted some significant equity fund investors. Will these funds be pleased with their investments in animal health? We are now beginning to see these first investments roll over to new owners with substantial gains. Will the new owners be as successful as their predecessors?

What this activity does prove is the animal health industry is still a great place to invest. Who would have predicted this activity 5 to 7 years ago?

Have a great weekend!

Ron Brasse

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