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Biotechs With Technology To Test Mad Cow Disease Up Again

DOW JONES NEWSWIRES

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CHICAGO -- Some of the same small biotech companies that rose Wednesday in the wake of a U.S. case of "mad cow disease" climbed higher again Friday.

Two companies in particular - V.I. Technologies Inc. (VITX) and Strategic Diagnostics Inc. (SDIX) - were still getting a boost from the mad cow news early Friday, with V.I. Technologies up 10.7% and Strategic Diagnostics up 9.8%.

Also getting on the rise were Orchid BioSciences Inc. (ORCH), up 4.4%, and Bio-Rad Laboratories (BIO), up 3.6%.

The U.S. government said late Tuesday it has detected bovine spongiform encephalopathy, or mad-cow disease, in a Holstein cow slaughtered in the state of Washington.

Strategic Diagnostics has a test for animal feed that detects unapproved animal proteins linked to BSE.

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V.I. Technologies has technology to address the risks of viral, bacterial and other pathogen contamination in blood products. The company uses its Affinity Purification technology to remove prions, which are known to cause BSE, from blood.

Sales at Strategic Diagnostics last year were \$23.8 million. Shares were recently up 36 cents, to \$5.35.

Sales last year at V.I. Technologies totaled \$4.2 million. Shares were recently up 14 cents, to \$1.36.

Orchid BioSciences provides public health DNA testing for food safety. Sales last year were \$50.4 million. Shares were recently up 3 cents at \$1.40.

Bio-Rad is the market-leading provider of tests for BSE worldwide. It has a test approved by the U.S. Department of Agriculture for detecting Chronic Wasting Disease, or CWD. This disease for deer and elk is analogous to BSE in cattle.

Meanwhile, shares of Abbott Laboratories (ABT), which rose Wednesday on the BSE news, were slightly lower early Friday. Abbott asked the USDA in October to approve its test for BSE.

Abbott sells the test in 12 countries, including the U.K. and Japan. Abbott's test examines the brain tissue of dead cattle for signs of the prions that cause BSE.

BSE is caused by abnormal proteins, called prions, that accumulate in the brain and cause fatal damage. The disease was first reported in the U.K. in the 1980s, and 3.7 million head of cattle were destroyed. BSE has also appeared in other European countries, Japan and Canada.

Another company benefiting from the BSE news is Neogen Corp. (NEOG), which has a test to detect ruminant by-products in animal feed. Shares were recently up \$3.39, or 13.3%, at \$28.93.

The U.S. and most countries have agreed that eliminating ruminant by-product meal from cattle feed is the most important firewall in preventing the spread of BSE. The use of rendered animal products in animal feed is a common practice to supplement its protein content. In 1997, concern about the spread of BSE led the FDA to ban the feeding of rendered ruminant by-products to other ruminants (cattle, sheep, goats and deer).

In response to the FDA's 1997 action, many beefpackers and end-users of the beef products have required processors to certify with written documentation that the cattle they buy were fed in accordance with federal regulations.

Neogen's Agri-Screen for Ruminant in Feed test gives a result in 10 minutes.

Company officials weren't immediately available for comment Friday on the stock price move.

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Another company getting a lift Friday from the mad cow news was Digital Angel Corp. (DOC), recently up 55% at \$3.76 on volume of 2.7 million shares compared with average daily volume of 57,500. The company sells products that can track livestock.

Digital Angel is majority-owned by Applied Digital Solutions Inc. (ADSX). Shares of that company were recently up 20% to 43 cents a share on volume of 36 million vs. average daily volume of 8.7 million.

In a press release issued Friday, Digital Angel said its systems "fulfill stringent livestock traceability needs to combat mad cow disease."

The Web site of Digital Angel's subsidiary Destron Fearing claims it is the world leader in wildlife, fish, livestock and companion animal monitoring.

"We live in a world with over 4 billion livestock animals and 200 million pets," the site says. "The need to identify these animals for management, food safety, disease control and recovery purposes has become more urgent than ever before."

In Friday's press release, the company touted its system, which "features patented RFID implantable microchips, e.Tags, scanning systems, global positioning, biosensors and software for frictionless data collection. Utilizing computer-based technology, it facilitates more rapid isolation and destruction of diseased animals and accelerates the removal of tainted product from distribution."

Digital Angel noted that its products have received FDA clearance for use in animals and have been used for Canada's National Cattle Identification Program since 2000. The company said it has been testing its products for livestock traceability in rigorous field trials with some of the largest U.S. food-processing companies.

"In addition to being a valuable food safety verification tool, the computerized systems allow producers to automatically collect, report and store data on individual animals, personnel and husbandry practices," the press release said.

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