

# Integrated BioPharma Inc

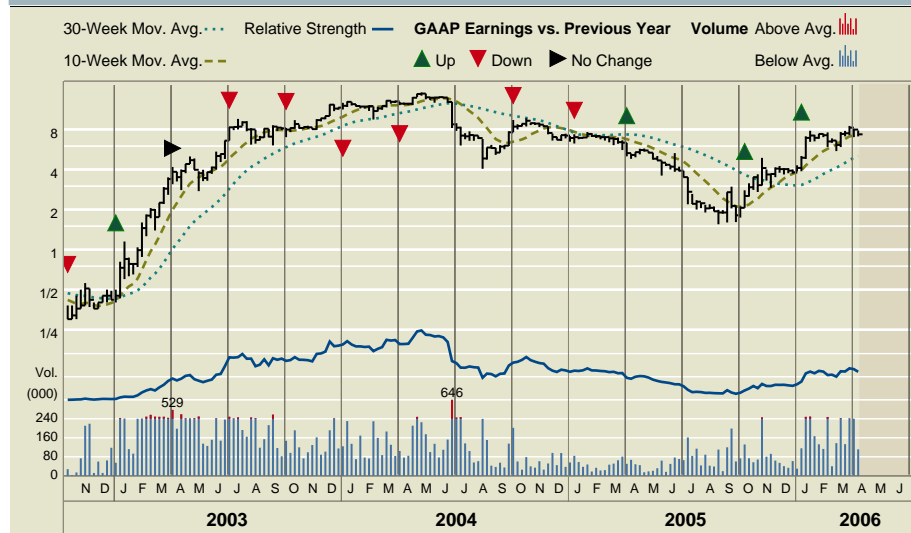
**GICS Sector** Consumer Staples  
**Sub-Industry** Personal Products

**Summary** This company makes and sells vitamins, nutritional supplements and herbal products, including vitamins sold as single entity supplements.

## Key Stock Statistics (Source S&P, Company Reports, Vickers)

Price as of Apr 11, 2006	<b>\$7.63</b>	Dividend Rate/Share	<b>Nil</b>	\$10K Invested 5 Yrs Ago	<b>\$112,043</b>	Total Shares Outstg. (M)	<b>12.8</b>
52-Wk Range	<b>\$8.50-1.55</b>	Trailing 12-Month P/E	<b>NM</b>	Beta	<b>-0.33</b>	Market Capitalization(B)	<b>\$0.098</b>
Trailing 12-Month EPS	<b>\$-0.31</b>	Tangible Book Val/Share	<b>\$0.73</b>	Yield (%)	<b>Nil</b>	Institutional Ownership (%)	<b>3</b>

## Price Performance



## Quantitative Evaluations

**S&P Earnings & Dividend Rank** **C**

D	C	B-	B	B+	A-	A	A+
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**S&P Fair Value Rank** **NR**

1	2	3	4	5
LOWEST			HIGHEST	

**Fair Value Calculation** NA

**Insider Activity** **NA**

UNFAVORABLE	NEUTRAL	FAVORABLE
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**Volatility** **High**

LOW	AVERAGE	HIGH
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**Technical Evaluation** **NEUTRAL**

Since April, 2006, the technical indicators for INB have been NEUTRAL.

**Relative Strength Rank** **STRONG**

89	
LOWEST = 1	HIGHEST = 99

S&P Analyst **Craig Pratesi**

## Operational Review April 10, 2006

### Income Statement Analysis & Financial Review

In the first half of FY 06 (Jun.), sales more than doubled, year to year, reflecting continued growth of branded proprietary nutraceutical products. Gross margins widened, due to increased sales of branded proprietary nutraceutical products, which yield higher profit margins; with selling and administrative expenses up only 41%, net income of \$3.3 million (\$0.13 a share, after preferred charges) contrasted with a net loss of \$4.3 million (\$0.46).

For the second quarter of FY 06, sales more than doubled, on higher sales of branded proprietary nutraceutical products. Gross margins widened, due to increased sales of the higher margin branded proprietary nutraceutical products, and with selling and administrative expenses up only 26%, net income of \$1.4 million (\$0.05, after preferred charges) contrasted with a net loss of \$2.6 million (\$0.26).

### Key Operating Information

R&D costs decreased by approximately \$113,000 in the first half of FY 06, compared to the first half of FY 05, primarily as a result of the downsizing of the company's Paxis subsidiary.

For the first half of FY 06, nutraceutical product

sales (95% of total revenues) more than doubled, year to year, while pharmaceutical product sales declined 97% and technical service revenues rose sharply.

Three customers accounted for approximately 37% (\$10.3 million), 27% (\$7.5 million), and 26% (\$7.2 million) of revenues in the first half of FY 06.

### Recent Developments

In announcing results for the second quarter of FY 06, INB said it added a new product to its branded proprietary nutraceutical product line and increased its advertising costs, initiatives that resulted in increased sales. Management also said it is continuing efforts to stabilize its Paxis subsidiary through integration, and is exploring other strategies with its Hauser subsidiary. Finally, INB said it remains focused on its diversification into biotechnology, with particular emphasis on its proprietary vaccine platform.

## Revenue/Earnings Data

**Revenue (Million \$)**

	1Q	2Q	3Q	4Q	Year
2006	14.79	12.97	--	--	--
2005	6.12	6.42	8.87	11.33	32.74
2004	4.98	6.85	6.56	--	25.28
2003	4.85	5.95	6.67	4.77	22.24
2002	5.09	6.38	5.28	6.81	23.55
2001	2.43	3.06	4.26	5.55	15.29

**Earnings Per Share (\$)**

	1Q	2Q	3Q	4Q	Year
2006	0.09	0.05	--	--	--
2005	-0.20	-0.26	0.05	-0.50	-0.90
2004	-0.08	-0.04	-0.12	--	-0.58
2003	0.03	0.04	0.02	Nil	0.09
2002	0.13	0.03	0.02	0.03	0.20
2001	-0.06	-0.11	-0.05	-0.03	-0.24

Fiscal year ended Jun. 30. Next earnings report expected: Mid May

## Dividend Data

No cash dividends have been paid.

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# Integrated BioPharma Inc

## Business Summary April 10, 2006

Integrated BioPharma was formed through the 1994 merger of Chem International, Inc., and Frog Industries, Ltd. The company primarily makes and sells vitamins, nutritional supplements and herbal products, including vitamins sold as single entity supplements, in multi-vitamin combinations and in varying potency levels and in different packaging sizes. INB makes and distributes more than 130 products worldwide.

A subsidiary, Manhattan Drug Company, Inc., makes vitamins and nutritional supplements for sale to distributors, multilevel marketers, and specialized healthcare providers. The company also makes such products for sale under its own private brand, Vitamin Factory, through mail order. In August 2000, it began the distribution and sale of fine chemicals through its subsidiary IHT Health Products, Inc.

In July 2003, the company acquired 97% of the shares of Paxis Pharmaceuticals, Inc., from Trade Investment Services, LLC. In October 2003, INB acquired the remaining 3% stake. Paxis makes and distributes Paclitaxel, the primary chemotherapeutic agent in the treatment of breast cancer. As of June 30, 2005, Paxis had built up a raw material inventory of approximately \$1.3 million and an inventory of work in process and finished goods of approximately \$1.9 million. It has had minimal revenues to date

In September 2004, INB acquired Hauser Technical Services Inc. (dba Hauser CRO). Hauser CRO is engaged in the extraction, isolation, purification and synthetic modification of natural products from plant, marine and microbial sources. It provides research, process development, analytical services, manufacturing, compliance services and consulting to produce compounds from natural raw materials for the pharmaceutical, dietary supplement and fine chemical industries.

The company has divided its operations into three reportable segments: sales of vitamins and nutritional supplements (95% of total revenues in FY 05), sales of Paclitaxel (2%), and sales of technical services through Hauser Technical Services (3%). International sales for FY 05 were \$5,807,611, or 18% of total revenues.

INB derives a significant portion of its sales from two customers. In FY 05 and FY 04, approximately 76% and 71%, respectively, were derived from these two customers. In FY 05, the two customers accounted for 37% and 39% of sales, and in FY 04, 58% and 13%, respectively.

In July 2003, Paxis entered into a letter of intent with Chatham Biotec, Ltd., a Canadian company in the biomass harvesting and drying business, to form a Canada-based joint venture to produce extract and intermediate precursor paclitaxel from Canadian Taxus trees. The joint venture supplies at cost Paxis's requirements for extract, from which Paxis produces Paclitaxel and related products. The joint venture may sell extract and intermediate products to third parties.

In February 2003, INB acquired NuCycle Acquisition Corp. and its subsidiary, NuCycle Therapy, Inc. NuCycle develops and sells nutritional formulations based on plant-derived minerals through patented hyper-accumulation technology. The NuCycle acquisition enabled the company to enter the field of genetically engineered human therapeutics through NuCycle's expertise.

In March 1998, The company signed an agreement with Herbalife International of America whereby INB develops, manufactures and supplies certain nutritional products to Herbalife; the agreement was renewed through December 31, 2006. Under the agreement, Herbalife is required to purchase a minimum of \$18 million of supplied products each year for the term of the agreement.

INB owns a 40,000 square foot manufacturing facility in Hillside, NJ. The space is used for Manhattan Drug's tablet manufacturing operations.

## Corporate Information

### Investor Contact

D.L. Masi (888-319-6962)

### Office

225 Long Avenue, Hillside, NJ 07205-2349.

### Telephone

888-319-6962.

### Website

<http://www.ibiopharma.com>

## Officers

### Chrmn & CEO

E.G. Kay

### SVP, CFO & Secy

D.L. Masi

## Board of Directors

R. J. Canarick

G. Chang

C. DeSantis

S. Flug

C. Kay

E. G. Kay

R. Kay

Z. Kraljevic

R. K. Sheppard

V. M. Yusibov

## Domicile

Delaware

## Founded

1979

## Employees

157

## Stockholders

925

# Integrated BioPharma Inc

## Key Stock Statistics

Price as of Apr 11, 2006	<b>\$7.63</b>	Dividend Rate/Share	<b>Nil</b>	\$10K Invested 5 Yrs Ago	<b>\$112,043</b>	Total Shares Outstg. (M)	<b>12.8</b>
52-Wk Range	<b>\$8.50-1.55</b>	Trailing 12-Month P/E	<b>NM</b>	Beta	<b>-0.33</b>	Market Capitalization(B)	<b>\$0.098</b>
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## Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	29.48	11.82	13.55	12.41
Net Income	-60.67	NM	NM	NM

Ratio Analysis (Annual Avg.)	1 Year	3 Years	5 Years	9 Years
Net Margin (%)	NM	NM	NM	NM
LTD of Capitalization (%)	Nil	Nil	0.10	5.83
Return on Equity (%)	NM	NM	NM	NM

## Expanded Ratio Analysis

	2005	2004	2003	2002
Price/Revenue	1.58	3.03	5.74	0.13
Price/EBITDA	NM	NM	72.87	2.58
Price/Pretax Income	NM	NM	76.92	1.31
Price/Net Income	NM	NM	NM	2.15
Total Shares Outstg (M)	12.6	11.1	10.4	7.1

Figures based on calendar year-end price

## Company Financials

Per Share Data (\$) Year Ended Jun. 30	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Tangible Book Value	0.73	1.58	1.65	1.22	1.00	1.24	0.63	1.08	1.16	0.54
Cash Flow	-0.55	-0.49	0.13	0.25	-0.18	0.66	-0.43	0.06	-0.08	0.11
Earnings	-0.90	-0.58	0.09	0.20	-0.24	0.60	-0.51	-0.02	-0.16	0.01
Dividends	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Prices:High	7.65	15.17	12.68	0.80	1.06	2.94	2.63	3.38	10.25	10.00
Prices:Low	1.55	4.05	0.42	0.24	0.07	0.44	0.44	0.50	0.41	5.50
P/E Ratio:High	NM	NM	NM	4	NM	5	NM	NM	NM	NM
P/E Ratio:Low	NM	NM	5	1	NM	1	NM	NM	NM	NM

## Income Statement Analysis (Million \$)

Revenue	32.7	25.3	22.2	23.5	15.3	18.0	12.3	16.0	11.1	10.6
Operating Income	-9.53	-4.66	1.75	1.16	-1.93	-1.65	-2.25	0.39	-0.59	0.64
Depreciation	1.59	0.95	0.46	0.36	0.35	0.34	0.40	0.41	0.31	0.34
Interest Expense	0.16	0.09	0.01	0.05	0.09	0.20	0.14	0.09	0.10	0.19
Pretax Income	-8.55	-5.25	1.66	2.28	-2.10	4.06	-2.79	-0.13	-0.90	0.18
Effective Tax Rate	NM	NM	46.1%	39.0%	NM	22.5%	NM	27.6%	27.3%	76.1%
Net Income	-8.58	-5.34	0.89	1.39	-1.45	3.14	-2.63	-0.10	-0.65	0.04

## Balance Sheet & Other Financial Data (Million \$)

Cash	2.43	9.55	10.4	2.06	0.38	1.82	0.30	0.96	1.01	0.77
Current Assets	17.7	20.3	17.4	7.31	7.24	7.09	6.16	8.18	6.33	5.88
Total Assets	26.2	31.8	20.8	10.0	9.84	8.58	7.80	10.2	8.14	7.70
Current Liabilities	10.3	7.42	2.57	2.41	3.55	1.63	3.66	3.42	2.30	3.68
Long Term Debt	Nil	Nil	Nil	0.01	0.02	0.58	0.88	0.93	0.51	0.28
Common Equity	12.8	23.9	18.3	7.58	6.19	6.37	3.26	5.89	5.33	3.59
Total Capital	13.2	24.4	18.3	7.59	6.22	6.95	4.14	6.82	5.84	3.87
Capital Expenditures	1.66	3.52	0.40	0.32	0.11	0.17	0.29	0.98	0.32	0.33
Cash Flow	-7.00	-5.45	1.35	1.75	-1.10	3.48	-2.22	1.35	-0.34	0.38
Current Ratio	1.7	2.7	6.8	3.0	2.0	4.4	1.7	2.4	2.8	1.6
% Long Term Debt of Capitalization	Nil	Nil	Nil	0.1	0.4	8.3	21.3	13.7	8.7	7.1
% Net Income of Revenue	NM	NM	4.0	5.9	NM	17.5	NM	NM	NM	0.4
% Return on Assets	NM	NM	5.8	14.0	NM	NA	NM	NM	NM	0.6
% Return on Equity	NM	NM	6.9	20.2	NM	NA	NM	NM	NM	1.5

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# Integrated BioPharma Inc

## Sub-Industry Outlook

Our fundamental outlook for the personal products industry is neutral. Year to date as of March 17, the S&P Personal Products Index rose 5.4%, versus a 5.1% increase in the S&P 1500. The sub-industry index gained 11.5% in 2005, versus a 3.8% advance in the S&P 1500. We believe earnings growth in 2006 will improve as companies lap higher raw material and energy costs. We expect a stronger U.S. dollar to provide a modest negative impact on sales in 2006.

We believe the main factors that will impact the group's performance in 2006 are the directions of consumer spending and raw material prices. With the backdrop of a slightly decelerating economy, S&P is projecting personal consumption expenditures for nondurable goods to decelerate to 4.2% in 2006, from an estimated 4.4% in 2005. However, S&P projects a pickup in personal income growth of 6.3% for 2006, up from an estimated 5.5% in 2005. S&P also projects disposable personal income growth of 5.9% in 2006, up from an estimated 4.3% in 2005. While we do not expect sales of basic personal items such as soap, shampoo and shaving products to be impacted much by a less robust macro environment, we believe the rate of purchases for cosmetics and fragrances could be at risk.

Our forecast for energy and raw material prices over the next 12 months is mixed. We estimate that oil will rise about 9% and natural gas prices could decline modestly. Oil is consumed primarily for transporting while natural gas is consumed to make pulp and is a primary input to make plastics. We expect raw material prices to rise less rapidly, with pulp and cardboard likely to rise approximately 5% over the next 12 months.

Our outlook for the longer term is favorable, as we

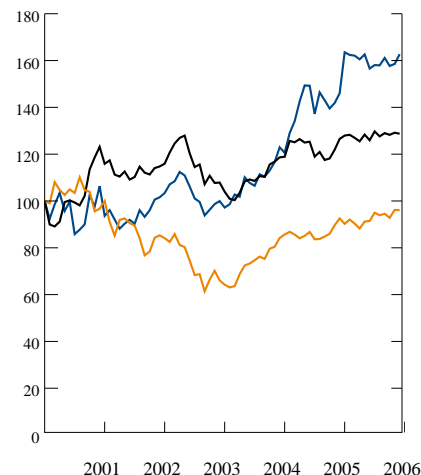
expect the personal care industry to grow at rates above typically mature industries. Bolstered by an increased awareness in health and well being, the industry is likely, in our view, to incorporate more health-oriented products in coming years.

--Howard Choe

## Stock Performance

**GICS Sector: Consumer Staples**  
**Sub-Industry: Personal Products**

Based on S&P 1500 Indexes  
Month-end Price Performance as of 03/31/06



Sub-Industry      Sector      S&P 1500

**NOTE:** All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

## Sub-Industry : Personal Products Peer Group\*: Nutritional Supplements

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price	P/E Ratio	12-Mo. Trailing EPS	30-Day Price Chg(%)	1 Year Price Chg(%)	Beta	Yield (%)	Quality Ranking	Ret. on Equity (%)	Pretax Margin (%)	LTD to Cap (%)
<b>Integrated Biopharma</b>	<b>INB</b>	<b>97</b>	<b>7.60</b>	<b>NM</b>	<b>-0.31</b>	<b>3%</b>	<b>48%</b>	<b>-0.33</b>	<b>Nil</b>	<b>C</b>	<b>NM</b>	<b>NM</b>	<b>Nil</b>
American Oriental Bioengineering	AOB	238	4.78	15	0.31	1%	195%	0.01	Nil	NR	21.7	32.6	Nil
GeoPharma Inc	GORX	38	4.13	46	0.09	6%	47%	2.11	Nil	NR	NM	NM	9.1
Herbalife Ltd.	HLF	2,355	33.94	27	1.28	3%	127%	NA	Nil	NR	71.0	11.2	46.0
Mannatech Inc	MTEX	472	17.64	17	1.03	28%	-13%	2.43	1.8	B	43.9	4.1	Nil
Medifast Inc.	MED	120	9.39	49	0.19	43%	185%	1.06	Nil	B-	12.0	9.8	15.2
NBTY	NTY	1,491	22.19	22	1.03	-1%	-8%	1.40	Nil	B	11.5	6.9	35.6
Natrol Inc	NTOL	29	2.16	NM	-0.20	8%	-28%	0.59	Nil	NR	5.1	3.8	16.9
Natural Alternatives Intl	NAII	54	8.17	37	0.22	-3%	18%	0.69	Nil	B-	8.6	3.7	10.0
Nature's Sunshine Products	NATR	137	9.00	8	1.09	-46%	-47%	0.75	2.2	B+	20.3	3.4	Nil
Reliv' International	RELV	176	11.29	25	0.46	-13%	17%	-1.16	0.7	B	48.9	11.0	14.9
Schiff Nutrition Intl'A'	WNI	62	5.40	19	0.29	5%	23%	1.09	Nil	B-	7.0	2.2	Nil
Tiens Biotech Group(USA)	TBV	367	5.14	13	0.41	13%	NA	NA	Nil	NR	58.6	58.5	13.5
USANA Health Sciences	USNA	748	40.55	20	1.98	-5%	-13%	-0.58	Nil	B	83.3	18.0	Nil

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

## **Integrated BioPharma Inc**

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### **S&P Analyst Research Notes and other Company News**

#### **March 9, 2006**

UP 1.36 to 7.56... Says its AgroLabs unit inked deal with BJ'S WHOLESale to supply all of BJ's 163 stores with its Naturally Noni, Naturally Pomegranate liquid dietary supplements.

#### **February 14, 2006**

NEW YORK (Standard & Poor's)--Feb 14, 2006, Integrated BioPharma Inc., announced 2Q EPS \$0.05 vs. loss of \$0.26 and 6 mos. EPS \$0.13 vs. loss of \$0.46.

#### **November 28, 2005**

Nov. 28, 2005--Integrated BioPharma, Inc. (AMEX:INB) announced that it appointed Dina L. Masi as chief financial officer and senior vice president. Eric Friedman, who has been serving as acting chief financial officer, will focus on his responsibilities as chief executive officer of INB's AgroLabs, Inc. subsidiary.

#### **November 4, 2005**

NEW YORK (Standard & Poor's)--Oct 31, 2005, Integrated BioPharma Inc., announced 1Q EPS \$0.09 vs. loss of \$0.20.

#### **September 30, 2005**

NEW YORK (Standard & Poor's)--Sep 28, 2005, Integrated BioPharma Inc., announced annual loss per share of \$0.90 vs. loss of \$0.58.

#### **May 16, 2005**

NEW YORK (Standard & Poor's)--May 16, 2005, Integrated BioPharma Inc., announced 3Q EPS \$0.05 vs. loss of \$0.12 and 9 mos. loss per share of \$0.39 vs. loss of \$0.24. Results for 3Q & 9 mos. '05 include a gain of \$2.5M from a litigation settlement. Results for 3Q & 9 mos. '04 include unusual charges of \$1.6M & \$3.2M. Share earns. are after deducting payment of pfd. dividends.

#### **February 14, 2005**

NEW YORK (Standard & Poor's)--Feb 11, 2005, Integrated BioPharma Inc., announced 2Q loss per share of \$0.26 vs. loss of \$0.04 and 6 mos. loss per share of \$0.46 vs. loss of \$0.13.

#### **November 15, 2004**

NEW YORK (Standard & Poor's)--Nov 12, 2004, Integrated BioPharma Inc., announced 1Q loss per share of \$0.20 vs. loss of \$0.08.

# Integrated BioPharma Inc

## Glossary

### Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

### S&P Earnings & Dividend Rank (also known as S&P Quality Rank)

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A-	Above Average	C	Lowest
B+	Average	D	In Reorganization
NR	Not Ranked		

### S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following:

- 5-Stock is significantly undervalued
- 4-Stock is moderately undervalued
- 3-Stock is fairly valued
- 2-Stock is modestly overvalued
- 1-Stock is significantly overvalued

### S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Earnings & Dividend Rankings). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

### Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

### Volatility

Rates the volatility of the stock's price over the past year.

### Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

### Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

### Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 64 Industries, and 139 Sub-Industries.

### Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq Smallcap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.