



Growth Stock Watch

DOW 30: 10,792
NASDAQ COMP: 2,043
RUSSELL 2000: 631

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MARKET COMMENTARY



Spotty positive corporate news and prolonged negative economic news continue to cause erratic market conditions. Having no sustained positive or negative news doesn't allow for any momentum in either direction for the markets-causing what I commonly refer to as the yo-yo syndrome.

The way most money is made in stocks is by identifying certain prolonged trends in industry, corporate direction, or innovative products or services that should be not only successful, but around for some time down the road. Any sustained momentum in any of these categories should add up to large profits for investors.

For example, oil prices. If you were to recognize that oil prices would be going up and sustaining a forward momentum, and then invested in almost any oil stock, you would make a profitable return. The key is to invest in the smaller, well-financed oil companies if you expect bigger percentage gains.

Other examples would be to have invested in stocks involved with personal computers, the internet, banks, and blue jeans. The hard part is not only identifying when the sector will be most profitable, but when to get out of these investments at or near the peak. Remember, the hardest thing to do is to sell a stock when it is going up and buy more of a stock when it is going down. DISCIPLINE and sticking to your goals- what you want at the end of the day from your investment- is the key to really making money in the stock market.

This month's recommendation, XXIA, is benefiting from the high-growth technology marketplace and growing demands of a new economy- a great investment in high tech without betting on the success or failure of a single technology.

— Geoffrey Eiten, Publisher

Dear OTC-Growth Stock Watch Reader:

Mr. Eiten enjoys hearing from his subscribers. Please feel free to call and receive a personal response to your investment questions. This service is available free to all subscribers to OTC-GSW. Call today: 781-444-6100 or log on to www.otcresearch.com.



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BUY IXIA

Ixia (Nasdaq:XXIA) is a provider of systems that allow customers to measure the performance of their Internet Protocol (IP) data communications equipment and networks. The Company's systems generate high volumes of realistic network traffic, and analyze data received from the network, exposing problems and assessing performance. The Company's systems analyze Ethernet networks up to 10 gigabits per second in speed, which carry data traffic over optical fiber or electrical cable and are typically used within a building to form a local area network. Other networks include Packet over SONET networks up to 10 gigabits per second in speed, which transmit packets of information over high-speed optical links. Ixia equipment is also used to test Asynchronous Transfer Mode (ATM) networks, at speeds up to 622 megabits per second. Ixia systems are highly modular, scalable and easy to use.

The Company has sold its proprietary systems to leading network equipment manufacturers including Cisco Systems, Hewlett Packard, Extreme Networks and Alcatel; Internet and network service providers such as NTT, UTStarcom, Sprint, SBC Communications and Verizon; communications chip manufacturers such as Broadcom and Texas Instruments; and network users such as Microsoft and Morgan Stanley.

Ixia is rapidly expanding business on markets that exhibit healthy spending patterns such as the high-speed network, content-aware network, and virtual private network markets. High-speed networks route data traffic within a building or among multiple sites. Content-aware networks switch data traffic on higher layer protocols, and virtual private networks provide secure communications for network users.

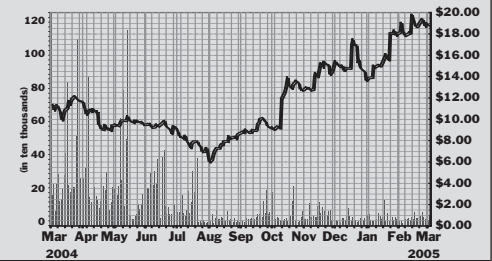
MEETING A GROWING HIGH-TECH NEED

The performance of the Internet and other networks such as local, metropolitan and wide area networks and the analysis and measurement of their performance are important to the following groups:

Equipment Manufacturers. To meet the higher standards specified by network operators and network users, equipment manufacturers who provide infrastructure equipment and systems must ensure the quality of their products during development and manufacturing and prior to shipping. Failure to ensure the consistent performance of their products may result in the loss of customers, increased research and development costs, customer service charges and losses resulting from the return of products.

Internet and Network Service Providers. Internet and network service providers seek to provide network users with the high quality network services they demand. Failure to provide

IXIA STOCK PERFORMANCE • X IXIA



BUSINESS: DATA COMMUNICATION SYSTEMS

NASDAQ SYMBOL:	XXIA
MARKET PRICE:	\$18.79 (3/15/05)
52-WEEK RANGE:	\$19.89 - 5.72
AVERAGE DAILY VOLUME:	921,727
MARKET CAP:	1.16 Billion

IXIA

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satisfactory service can be costly and may result in the loss of customers. To ensure these desired service levels are met, Internet and network service providers must verify the performance of network equipment during the product and systems selection process prior to deployment.

Communications Chip Manufacturers. Communications chip manufacturers require equipment to evaluate and analyze the performance of their chips during the design and development phase.

Network Users. Network users such as large businesses increasingly use specialized systems in order to verify that they are receiving the level of service that they have contracted to receive from Internet and network service providers. They also increasingly use these systems to measure the performance of their own networks before new equipment or applications are deployed in the network.

While the need for network performance analysis is growing, performance requirements of network equipment and systems is becoming increasingly demanding. As a result, precise performance verification is becoming more important throughout the design, development, production, deployment and operation of network equipment and systems. Because this performance verification must take place across multiple layers of the network infrastructure and for all network protocols, network performance verification

systems are required to be highly flexible and modular. In order to address multi-port switches and routers, performance verification systems must also be highly scalable and capable of generating and analyzing large amounts of data at high speeds over increasingly complex configurations. The rapid evolution of complex network technologies and protocols, including the emergence of Packet over SONET and Gigabit Ethernet, has also resulted in the need for performance verification systems that are easy to use with minimal training and setup.

THE IXIA SOLUTION

Ixia provides multi-port traffic generation and performance analysis systems for the high-speed data communications market, including the Internet infrastructure and local, metropolitan and wide area networks. Ixia systems address the need for accurate and reliable performance verification of optical and electrical networks. The optical and electrical interfaces these networks use include Packet over SONET OC-192c, OC-48c, OC-12c and OC-3c; 10 Gigabit Ethernet, Gigabit Ethernet, and 10/100 megabits per second Ethernet; and ATM OC3c and OC12c. Ixia systems meet the requirements of a wide variety of customers, including network equipment manufacturers, Internet and network service providers, communications chip manufacturers and network users.

Ixia systems provide the following key benefits to customers:

High Performance. The Company's systems generate and receive data traffic at wire speed, which is the maximum rate that data traffic can be transmitted over the network. Ixia systems also provide accurate analysis across multiple layers of the overall network and of individual network components in real-time, that is, as the transmission is actually occurring and can be configured to either generate packets of data, to group those packets into sessions, or to generate pseudo random binary sequences.

When configured to generate packets of data, Ixia systems analyze each discrete packet of information on a packet-by-packet basis, thereby allowing customers to precisely measure the performance of networks and individual network components. This precision allows customers to accurately measure critical quality of service parameters such as throughput, latency, loss and jitter and check data integrity and packet sequence throughout the network, as well as to locate various network problems.

When configured to group packets of data into meaningful sessions, or conversations between computers, the Company's systems emulate highly complex and specialized applications such as those used to transfer electronic mail, browse the Internet and manage databases. This emulation allows customers to accurately measure critical characteristics of their networks such as session setup rate, session tear down rate and session capacity.

When configured to generate pseudo random bit streams, Ixia systems analyze each individual bit to measure the bit error rate of test sequences, thereby allowing customers to precisely measure critical physical transport characteristics of their networks. The Company's systems also allow users

IXIA FINANCIAL PROFILE • XXIA			
3 Months Ended	Sep 30, 2004	Sep 30, 2003	%Chg
Net Revenue	\$30,092	\$21,635	+39.1%
Net Income	\$4,739	\$2,413	+96.4%
Earnings Per Share	\$0.07	\$0.04	+75%
12 Months Ended	Dec. 31, 2003	Dec. 31, 2002	%Chg
Revenue	\$83,533	\$67,594	+23.6%
Net Income	\$8,704	\$3,410	+155.2%
Earnings Per Share	\$0.14	\$0.06	+133.3%
CURRENT ASSETS: \$210,800		CURRENT LIABILITIES: \$24,046	
CASH & CASH EQUIVALENTS: \$58,444		STOCKHOLDERS' EQUITY: \$186,754	
(in thousands, except per share data)			
Jean-Claude Asscher Chairman		Phone: (818) 871-1800	

to precisely repeat complex test scenarios in order to evaluate the impact of changes made to network equipment and systems.

Highly Scalable. Each of Ixia's interface cards provides one or more ports through which the Company's systems generate and receive data traffic. Each physical port contains its own dedicated logic circuits, with no shared resources. Customers can easily scale the size of their test or the amount of data traffic generated by inserting additional interface cards. By connecting multiple chassis and synchronizing up to thousands of ports to operate simultaneously, customers can simulate large-scale networks. The Company believes that its systems offer customers the highest port density and therefore the most scalable systems available. In addition, Ixia's client-server architecture allows multiple users in the same or different geographic locations to simultaneously access and operate different ports contained in the same chassis.

Highly Customizable. Each of Ixia's current generation of interface cards includes a microprocessor for each interface port. This microprocessor uses the LINUX operating system, enabling Ixia to rapidly develop test applications and to recompile code from partner companies or acquisitions for use on the Ixia platform. In addition, users can run their existing software applications on their Ixia hardware, or write new software applications for it.

Highly Modular. Ixia hardware products consist of stackable and portable chassis, which can be configured with any mix of up to 16 of Ixia interface cards. This modular design allows customers to quickly and easily create complex and custom test configurations. The Company's systems also allow for the convenient integration of additional network technologies into existing systems through the addition of specific interface cards.

Flexibility. Ixia customers can easily reconfigure the Company's systems to address changing technologies, protocols and applications without changing system hardware or replacing interface cards. For example, a customer can reconfigure Ixia systems through software changes downloaded from the Ixia website. A customer might download these changes to test new network protocols or types of equipment.

Ease of Use. Ixia systems are so that users can install and operate them with minimal training and setup. The Company's systems are easy to use and offer customers a wide range of readily accessible pre-designed test configurations. Users can easily configure and operate the Company's systems to generate and analyze data traffic over any combination of interface cards or ports through Ixia's graphical user interface that features a familiar Microsoft Windows point-and-click environment. Ixia systems also support the commonly used Tool Command Language (Tcl) for programming, which allows users to create custom and automated testing applications tailored to meet their specific requirements.

RECENT DEVELOPMENTS

Ixia recently reported financial results for the fourth quarter and year ended December 31, 2004.

Net revenues for the fourth quarter of 2004 were a record \$35.2 million, which represents a year-over-year increase of 53% from the fourth quarter of last year and a sequential increase of 17% from the immediately preceding third quarter. Net income on a GAAP basis for the fourth quarter of 2004 was \$7.6 million, or \$0.11 per diluted share, a 227% increase when compared to net income of \$2.3 million, or \$0.04 per diluted share, for the fourth quarter of 2003.

Ixia's fourth quarter of 2004 GAAP results included \$1.2 million of non-cash charges related to the amortization of acquired intangible assets and income tax benefits of \$1.4 million related to the tax effects of the amortization of the acquired intangible assets noted above and tax benefits related to previously recognized stock-based compensation. Excluding the effects of these items, non-GAAP net income for the fourth quarter of 2004 was \$7.4 million, or \$0.11 per diluted share, compared to \$3.8 million, or \$0.06 per diluted share, for the same period last year after excluding the effects of similar items.

For the year ended December 31, 2004, revenues increased 40% to a record \$117.0 million from \$83.5 million in 2003. GAAP net income in 2004 increased to \$18.9 million, or \$0.29 per diluted share, which represents a 117% increase over net income of \$8.7 million, or \$0.14 per diluted share, in 2003.

During the fourth quarter ended December 31, 2004, Ixia increased cash, cash equivalents and investments by \$19.1 million to approximately \$147.2 million.

BRIDGING THE INFORMATION GAP

The new Internet economy not only requires the rapid emergence of high technology, but a whole new infrastructure to support it. As companies fight to the top of cyberspace, Ixia provides the necessary systems and services to analyze performance to drive progress. Ixia is rapidly becoming the industry leader in multi-port traffic generation and performance analysis for the high speed data communications market, including the Internet infrastructure and local, metropolitan and wide area networks. Look for continued growth to the top and bottom line for Ixia as it maintains its technology leadership position, further penetrates its existing client base, expands addressable markets and footprint, and grows its international presence.

CORPORATE NEWS UPDATES

◆ ON ASSIGNMENT, INC.

On Assignment, Inc. (Nasdaq:ASGN) reported revenues for the quarter ended December 31, 2004 of \$51,283,000 and a net loss for the fourth quarter of \$5,656,000, or \$0.22 per share, which includes net tax adjustments of \$3,388,000.

SELL because of weak fundamental performance.

◆ BJ'S RESTAURANTS, INC.

BJ's Restaurants, Inc. (NASDAQ:BJRI) announced that it has completed a \$42.6 million private placement of common stock with three large institutional investors. The transaction involved the sale of 2.75 million shares of common stock at a purchase price of \$15.50 per share. The company intends to use the net proceeds from the placement to fund its restaurant expansion plan and for other general corporate purposes. RBC Capital Markets acted as lead placement agent and Stephens Inc. acted as co-placement agent for the offering.

"This equity placement will further strengthen our balance sheet and provide us with additional financial resources and flexibility to execute our growth plan during the next several years," said Jerry Deitchle, president and CEO. "We are committed to opening new BJ's Restaurants in both established and new markets in a carefully controlled manner, and we are also committed to operating our restaurants at a gold standard level for our segment. We believe the next several years should be an exciting period of profitable growth for our company."

The Company also reported results for the fiscal quarter and year ended January 2, 2005. The results for both the quarter and fiscal year ended January 2, 2005, included one additional week of operations when compared to the same periods of the prior year.

Revenues totaled \$37.9 million for the fourth quarter of fiscal 2004, an increase of 40.3% compared to the fourth quarter of 2003. Revenues increased primarily due to the opening of seven new restaurants. Also contributing to revenue growth was an increase in BJ's comparable restaurant sales of 1.1% during the quarter. These increases were partially offset by impact from the sale of the three Pietro's restaurants, completed on March 15, 2004.

For the fourth quarter of 2004, the Company reported net income of \$1,587,000, or \$0.08 diluted earnings per share, as compared to net income of \$719,000, or \$0.03 diluted earnings per share for the fourth quarter of 2003. The increase in net income quarter over quarter is primarily due to the 40.3% increase in revenues, combined with a reduction in occupancy costs, operating expenses and labor and benefits as a percentage of revenues, offset by an increase to cost of sales, general and administrative, depreciation and restaurant opening expenses as a percentage of revenues. Additionally, the Company experienced a lower effective tax rate in the fourth quarter of 2004 due to additional utilization of FICA tip credits, combined with a reduction in the tax reserve and valuation allowance.

Paul Motenko, Co-Chairman, said, "We are very pleased with our 2004 operating results and particularly pleased with our restaurant class of 2004, which has provided some of the strongest average weekly sales in the Company's history. BJ's Restaurants, Inc. is on track to open at least 8

locations during 2005, in-line with our stated objectives of at least 20% annual restaurant growth. The Company currently has eleven signed leases in hand for restaurants that are anticipated to open during 2005 or 2006."

BJRI remains a BUY under \$19.

BJ's Restaurants Inc., formerly Chicago Pizza & Brewery, Inc. (BJ's) owns and operates 29 restaurants located in California, Oregon, Colorado, Arizona and Texas and receives fees from one licensed restaurant in Lahaina, Maui.

◆ CERADYNE, INC.

Ceradyne, Inc. (Nasdaq: CRDN)

reported results for the twelve months ended December 31, 2004.

Sales for the year ended December 31, 2004, increased to a record \$215.6 million, up 112.5% from \$101.5 million in 2003. For the year ended December 31, 2004, net income increased to \$27.6 million, or \$1.12 per diluted share, on 24,598,000 average shares outstanding, from \$11.2 million, or \$0.51 per diluted share, on 21,900,000 shares, for the year ended December 31, 2003. Net income for the year ended December 31, 2004, was up 145.4% over last year, and earnings per diluted share for 2004 increased 119.6% compared to 2003. For the year, fully diluted average shares outstanding were 24,598,000 compared to 21,900,000 shares in 2003.

Fourth quarter 2004 new orders were a record \$145.1 million compared to \$69.5 million in fourth quarter 2003. For the year 2004, new orders hit a record \$276.0 million, a 62.4% increase from \$170.0 million in 2003. Total order backlog on December 31, 2004, was a record \$199.9 million compared to the prior year backlog of \$104.2 million (including unexercised options for orders of \$1.1 million).

Joel P. Moskowitz, Ceradyne president and CEO said, "The fourth quarter 2004 is the first full quarter of incorporating the Ceradyne acquisition of ESK Ceramics (Kempton, Germany) into our financial statements. We are very pleased with ESK's performance, as well as the continuing integration of ESK with Ceradyne.

"The strong 2004 increase in new orders and year-end backlog provides support for continuing Ceradyne growth in 2005. Our new Lexington, Ky., plant is now "on stream," producing diesel engine components and ceramic armor plates. This new plant should permit us to meet new requirements for these products."

CRDN remains a BUY under \$26.

Ceradyne develops, manufactures and markets advanced technical ceramics for industrial, electronic, defense and consumer applications.

◆ CURATIVE HEALTH SERVICES, INC.,

Curative Health Services, Inc., (Nasdaq: CURE) announced fourth quarter and full-year financial results for the period ended December 31, 2004. Total revenues for the fourth quarter of 2004 were \$83.6 million, compared with \$65.4 million reported in the fourth quarter of 2003. Under U.S. generally accepted accounting principles (GAAP) net loss was \$139.3 million or \$10.76 per share for the fourth quarter of 2004, compared with GAAP net income of \$4.4 million, or \$.32 per diluted share, for the fourth quarter of 2003.

In the fourth quarter of 2004, the Company recorded charges of \$138.4 million, or \$10.68 per share. In accordance with Statement of Financial

Accounting Standards No. 142, "Goodwill and Other Intangible Assets," the Company conducted its annual impairment test related to the carrying value of its goodwill and other intangible assets. The impairment test resulted in a non-cash charge of \$134.8 million or \$10.40 per share to reduce the Specialty Infusion segment goodwill and intangibles to their estimated fair value as of December 31, 2004. This charge resulted primarily from changes in the economics of the Specialty Infusion business, including the much-publicized changes in reimbursement methodology that occurred in the second half of 2004. The Company also recorded charges and adjustments of \$4.7 million or \$.36 per share, \$.22 per share after tax, in the quarter. Additionally, the Company invested approximately \$9 million in new branch start up costs in the quarter.

For the quarter ended December 31, 2004, the Company recorded earnings before interest, other (expense) income and taxes (EBIT), of \$(135.9) million and earnings before interest, other (expense) income and taxes excluding charges and adjustments (Adjusted EBIT), of \$2.5 million. Earnings before interest expense, other (expense) income, taxes and depreciation and amortization (EBITDA) for the fourth quarter, was \$(134.1) million and earnings before interest expense, other (expense) income, taxes and depreciation and amortization, excluding charges and adjustments (Adjusted EBITDA), for the fourth quarter was \$4.3 million.

"This past year was one in which the Company was faced with many challenges," said Paul F. McConnell, President and CEO. "Reimbursement for clotting factor was drastically cut by certain Medicaid programs in the second half of 2004."

"While 2004 was a year of change, we view 2005 as an opportunity to continue the expansion of our national footprint of local, full-service pharmacies," said Mr. McConnell. "With a focused and strategic plan in place, we believe we are positioned to increase our same-store and expansion branch growth and drive sales in higher margin therapies such as TPN, IV antibiotics, pain management and chemotherapy."

CURE is a STRONG BUY under \$3.50.

Curative Health Services, Inc., through its two business units, seeks to deliver high-quality results and satisfaction for patients experiencing serious or chronic medical conditions.

◆ CYTYC CORPORATION

Cytyc Corporation (Nasdaq: CYTC) announced that it has closed the acquisition of Proxima Therapeutics, Inc., a privately-held company that develops and markets innovative radiation delivery systems for the treatment of cancer. The acquisition closed on March 7, 2005.

Sullivan, Chairman, President and CEO, said, "The acquisition of Proxima Therapeutics represents another significant milestone for Cytyc and we are very excited to further expand our innovative product offerings to include breast cancer treatment. We believe this is an excellent strategic opportunity for Cytyc as it allows us to build on our formidable success while advancing our mission to become the premier provider of best-in-class medical technologies focused on women's health."

Sullivan added, "Even though we expect the acquisition to be slightly dilutive to earnings in the

first quarter of 2005, we maintain our previous earnings guidance for the first quarter of \$0.21 to \$0.22 per share."

CYTC remains a BUY under \$23.

Cytc Corporation is a women's health company that designs, develops, manufactures and markets clinically effective products.

◆ **ENPATH MEDICAL, INC.**

Enpath Medical, Inc. (Nasdaq: NPTH) reported financial results for the fourth quarter and the year ended December 31, 2004.

Sales increased 20% in the fourth quarter of 2004 to \$7.8 million compared with \$6.6 million in the fourth quarter of 2003. For the full year 2004, sales rose 50% to \$29.5 million compared with \$19.6 million in the prior year. Fourth quarter and full year 2004 results include sales of \$2.0 million and \$8.5 million, respectively, from the Company's acquisition of its Lead Technologies operations, which closed on October 23, 2003. The Company reported 2003 sales of \$2.5 million from the date of the Lead Technologies operations acquisition to the end of 2003.

Enpath Medical reported net income for the fourth quarter of \$37,000, or \$.01 per share, compared with a net loss of \$1.2 million, or \$.22 per share in the fourth quarter of 2003. The fourth quarter of 2003 included a \$2.7 million write-off of purchased in-process research and development expense related to the acquisition of its Lead Technologies operation. For the full year 2004, the Company reported a net loss of \$1.3 million, or \$0.22 per share, which included a \$2.8 million asset impairment charge related to the Company's safety needle license and equipment, compared with net income of \$309,000 or \$.06 per diluted share for the prior year which included the \$2.7 million purchased in-process research and development expense write off discussed above.

"2004 has been a very busy year for us as we fully integrated our acquisition of the Lead Technologies operation and further developed our innovative delivery systems technology," said Hartman, chairman and CEO. "As a result, sales of delivery systems products increased 23% in 2004 to nearly \$21 million, with growth being led by our introducer and advanced delivery products. Fourth quarter sales of delivery systems products increased 47% to \$5.9 million. Gross margins in the delivery systems product line increased from 42.5% in 2003 to nearly 45% in 2004 as a result of increased production levels and improved efficiencies. We are also very excited about the progress we continue to make in our partnerships with a variety of leading medical device companies in integrating our steerable introducers with a number of new and exciting minimally invasive therapies. The release and commercialization of our steerable delivery systems technology will be a key to our future profitable growth.

NPTH remains a BUY under \$10.

Enpath Medical Inc, formerly MedAmicus, Inc., is a medical products company engaged in the design, development, manufacture and marketing of medical devices consisting of percutaneous vessel introducers, safety needles and related vascular delivery products.

◆ **ESCALON MEDICAL CORP.**

Escalon Medical Corp. (Nasdaq: ESMC) announced results for its fiscal second quarter and

six months ended December 31, 2004. For the second quarter of fiscal 2005, Escalon reported net revenue of \$6,338,144 compared to \$3,757,925 in the prior year period, a 68.7% gain. For the six month period ended December 31, 2004, Escalon reported net revenue of \$11,639,801 compared to \$7,169,567 in the prior period, a 62.4% gain. The Company, however, reported a net loss of \$422,625, or \$0.072 per diluted share, compared with net income of \$820,961, or \$0.196 per diluted share, in the second quarter of fiscal 2004. For the six month period ended December 31, 2004, the Company reported a net loss of \$309,156, or \$0.054 per diluted share, compared with net income of \$1,444,117, or \$0.357 per diluted share in the prior year.

The increase in net revenue as well as the reduction in profitability was primarily attributable to the July 2004 acquisition of Drew Scientific, Plc ("Drew"). Diluted shares outstanding increased by 40.2% quarter over quarter and 41.3% year over year due to the issuance of 841,686 of a potential 900,000 shares related to the acquisition of Drew, 800,000 common shares in the March 2004 private equity financing and the exercise of stock options.

DePiano, Chairman and CEO said, "Escalon's revenue and profitability have been greatly impacted by the acquisition of Drew. At the time of the acquisition Drew was a turnaround opportunity as it had not been profitable throughout its history. We have been steadfast in executing the strategy we laid out to bring Drew into the Escalon family. We continued to advance on operational initiatives designed to stabilize and increase Drew's revenue base and to infuse Drew with working capital in the areas of manufacturing, sales and marketing and product development. The first steps have been to invest in Drew's current product range by enhancing features of the instruments with an additional focus on bringing Drew's product quality and customer satisfaction level up to Escalon's standards. We have already been successful in boosting production capacity as well as shortening the lead time for delivery of Drew's high-margin reagent products. In January we took the important step of recruiting a Vice President of Sales for Drew's worldwide sales organization. His near term goals are to lead the process of recruiting a sales force for the domestic market to complement the team that is already in place. At the same time he will be working to improve Drew's distributor network within the domestic market for hematology, diabetes and veterinary applications. Initially we will concentrate on driving sales in the veterinary market, which enjoys higher margins."

"As a result of the Drew acquisition, the Company has incurred an unusually high level of legal, accounting and investor relations expense. The litigation with IntraLase has also driven up our legal costs. Coupling this with weakness in revenue at Sonomed and Vascular has led to the decrease in profitability we are currently experiencing in our pre-Drew companies. In the coming quarters, legal and accounting expenses should diminish, especially when we put the IntraLase litigation behind us."

ESMC remains a STRONG BUY under \$6.

Escalon Medical Corp. (Escalon), formerly Intelligent Surgical Lasers, Inc., operates in the healthcare market, specializing in the development, manufacture, marketing and distribution of ophthalmic medical devices, pharmaceuticals and vascular access devices.

◆ **ESSEX CORPORATION**

Essex Corporation (Nasdaq:KEYW) announced revenues of \$70.5 million in fiscal 2004 compared to \$16.3 million in fiscal 2003. Net income for fiscal 2004 was \$2.3 million compared to a net income of \$140,000 in fiscal 2003. These results show a 333% increase in revenues and an increase in net income of over 1,500% from fiscal 2003 to 2004. Earnings per share, or EPS, for fiscal 2004 were \$0.13, fully diluted versus \$0.01 for fiscal 2003, fully diluted.

Revenue for the 4th quarter of 2004 was \$19.0 million compared to \$5.1 million in the 4th quarter of 2003. The net income for 4th quarter of 2004 was \$892,000 compared to a net income of \$74,000 for the same period in 2003. EPS for 4th quarter of 2004 are \$0.05 per share (diluted). We have continued to see improvement at the gross margin level each quarter throughout 2004, with 4th quarter of 2004 total gross margin (including both services & products and purchased hardware) of 25.3%.

"Essex had a platinum year as we rock 'n' rolled through 2004," according to Leonard Moodispaw, CEO and President of Essex Corporation. "We delivered on our commitments: strong growth in revenue and profitability; and acquisitions, of which we completed two acquisitions during the year. In addition, we raised approximately \$87 million in capital from a follow-on public offering, to position for additional acquisitions and capital requirements. In order to meet the challenges of our rapid growth and to keep growing, we added a number of experienced executives to our team. At the end of February 2005, we completed the acquisition of The Windermere Group, LLC, which is our largest acquisition to date."

KEYW remains a BUY under \$19.

Essex Corporation provides optoelectronic and signal processing services to classified U.S. Government customers under next generation research and development contracts.

◆ **FINDWHAT.COM**

FindWhat.com (Nasdaq:FWHT) reported financial results for the three months and year ended December 31, 2004. Highlights include:

FindWhat.com has increased revenue for 21 sequential quarters, with record Q4 2004 revenue of \$59 million, an increase of 179% over Q4 2003 revenue of \$21 million. For the year ended December 31, 2004, FindWhat.com achieved record revenue of \$169 million, a 135% increase over full year 2003 revenue of \$72 million.

FindWhat.com recorded Adjusted EPS for the fourth quarter 2004 of \$0.19 per diluted share, which includes a reduction of \$0.03 per diluted share relating to the above noted non-cash goodwill impairment charge, and an increase of \$0.02 per diluted share related to a non-recurring permanent tax benefit.

Excluding these adjustments, FindWhat.com's Adjusted EPS was \$0.20 per diluted share, which represents an increase of 33%, compared to Adjusted EPS of \$0.15 per diluted share for the same period in 2003. For the year ended December 31, 2004, FindWhat.com reported Adjusted EPS of \$0.72 per diluted share. Excluding the two items noted above, the Company realized Adjusted EPS of \$0.74 per diluted share which represents a 40% increase when compared to full year 2003 Adjusted EPS of \$0.53 per diluted share.

FindWhat.com recorded net income in the fourth quarter of 2004 of \$4.7 million, or \$0.15 per diluted share, which includes a \$570,000, or \$0.02 per diluted share, non-recurring permanent tax benefit, and a \$1.1 million, or \$0.03 per diluted share, non-cash goodwill impairment charge relating to Miva Corporation. Excluding the non-recurring permanent tax benefit and the non-cash goodwill impairment charge, which is not tax deductible (therefore impacting pre-tax and after-tax income by the same amount), the Company's net income was \$5.3 million, or \$0.16 per diluted share, with an effective tax rate of 39%. This compares to \$3.5 million or \$0.15 per diluted share for the same period in 2003.

For the year ended December 31, 2004, FindWhat.com reported net income of \$17.0 million, or \$0.60 per diluted share. Excluding the permanent tax benefit and the impairment charge, net income for the year was \$17.6 million, or \$0.62 per diluted share, compared to net income for the full year ended December 31, 2003 of \$11.8 million, or \$0.53 per diluted share.

Agius, chief financial officer, said, "Throughout 2004, we continued to drive growth and profitability while positioning the Company to take advantage of new opportunities in the marketplace. As a result of recent mergers and acquisitions, organic growth from existing operations, and our disciplined approach to managing expenses, we achieved revenue growth of 135% and EBITDA growth of 85% for full year 2004 versus full year 2003. While we were pleased with the efficiency of our global operations in the second half of 2004, we want to balance that efficiency with purposeful investing in new initiatives and expanding our resources in the near-term, which we anticipate will help us grow our business in the second half of 2005 and beyond. As a result of this balanced approach, while we currently believe EBITDA margins will be below 20% in Q1 and Q2 2005, we anticipate they will be above 20% for the remainder of fiscal 2005."

FWHT remains a BUY under \$11.

FWHT develops and markets performance-based advertising services for the Internet. Clients pay the Company for each visitor delivered to their web sites.

◆ GAIAM, INC.

Gaiam, Inc. (Nasdaq: GAIA) announced results for its fourth quarter and year ended December 31, 2004. For the fourth quarter ended December 31, 2004, Gaiam revenues were \$34.8 million compared to \$35.1 million in the same period of last year. Gaiam's direct to consumer segment grew to 54% of total revenue and delivered solid internal growth of 14%.

SELL because of weak fundamental performance.

Gaiam is a provider of information, goods and services to customers who value the environment, a sustainable economy, healthy lifestyles, alternative healthcare and personal development.

◆ HEALTHCARE SERVICES GROUP, INC.

Healthcare Services Group, Inc. (Nasdaq: HCSG) reported that revenues for the three months ended December 31, 2004 increased 12% to \$113,133,000 compared to \$101,503,000 for the same 2003 period. Net income for the three months ended December 31, 2004 increased 45% to \$4,127,000 or \$.24 per basic and \$.22 per diluted common share, compared to 2003 fourth quarter

net income of \$2,850,000 or \$.17 per basic and \$.16 per diluted common share, representing increases of 41% and 38%, respectively, in basic and diluted earnings per common share.

The Company also reported that revenues for the year ended December 31, 2004 increased by 17% to \$442,568,000 compared to \$379,718,000 for the same 2003 period. Net income increased over 35% for the year ended December 31, 2004 to \$14,699,000 or \$.84 per basic and \$.80 per diluted common share compared to the year ended December 31, 2003 net income of \$10,860,000 or \$.64 per basic and \$.61 per diluted common share, representing increases of 31% in both basic and diluted earnings per common share.

HCSG remains a BUY under \$24.

Healthcare Services Group, Inc. provides management, administrative and operating expertise and services to the housekeeping, laundry, linen, facility maintenance and foodservice departments of the healthcare industry.

◆ ICT GROUP, INC.

ICT GROUP, INC. (Nasdaq: ICTG) reported results for the year ended December 31, 2004.

For the year ended December 31, 2004, revenue increased 9% to \$325.5 million from \$298.1 million. The Company's net loss was \$2.7 million, or \$0.21 per diluted share, compared to a net loss of \$1.1 million, or \$0.09 per diluted share, for 2003. On an adjusted basis, net income for 2004 was \$4.0 million, or \$0.31 per diluted share, versus net income of \$1.7 million, or \$0.13 per diluted share, in 2003.

Brennan, Chairman and CEO said, "We are very pleased with the renewed revenue and earnings growth we achieved in 2004. Services revenue jumped 22% on the year as we added more than a dozen significant contract wins during the year. We also realized significant gains throughout the year in leveraging our global infrastructure to offer business process outsourcing, customer relationship management (CRM) technology and marketing services solutions. Revenue from these sources, which is included in Services revenue, grew 73% in 2004, to represent 11% of total Company revenue, compared to 7% in 2003. In addition to our strong top-line performance, we generated significant, sustainable improvement in profitability throughout the year on an adjusted basis," Mr. Brennan added.

ICTG remains a BUY under \$12.

ICT GROUP is a leading global provider of integrated customer relationship management (CRM) solutions.

◆ INTEGRAMED AMERICA, INC.

IntegraMed America, Inc. (Nasdaq: INMD) announced financial results for the fourth quarter and year ended December 31, 2004.

Revenues for the fourth quarter of 2004 were approximately \$28.1 million, compared to \$23.2 million for the same period in 2003. The contribution to earnings from operations was approximately \$3.4 million in the fourth quarter of 2004, compared to \$2.5 million for the fourth quarter of 2003. Net income for the fourth quarter of 2004 was \$339,000, or \$0.09 per diluted share, compared to net income of \$266,000, or \$0.07 per diluted share for the fourth quarter of 2003.

Revenues for the full year of 2004 were approximately \$107.7 million, a 14.9% increase from the \$93.7 million in the comparable period in 2003. For the full year of 2004, the contribution to earnings from operations was approximately \$11.8 million, compared to \$10.5 million for the full year of 2003. Net income for 2004, was \$1.2 million, or \$0.32 per diluted share, compared to net income for 2003 of \$1.0 million, or \$0.29 per diluted share.

"IntegraMed is the only national provider of comprehensive services to physicians and patients in the fertility field," said Canet, Chairman & CEO "We occupy a strong position of being a sole source provider of support services for both patients and physicians who are engaged in treating human infertility. For patients, that means help with gaining access to highly specialized fertility treatment and easing their path through this emotional experience. For physicians, that means help with gaining access to the resources required to offer state of the art, sophisticated fertility care to this population of people in need.

"We have laid the groundwork for our near-term future. Our goals are to add new centers to the network, grow our pharmaceutical revenues and sell greater numbers of Shared Risk Refund packages to patients who do not have insurance."

INMD is a STRONG BUY under \$11.

IntegraMed America, Inc. offers products and services to patients and providers in the fertility industry.

◆ REWARDS NETWORK INC.,

Rewards Network Inc., (AMEX: IRN) reported financial results for the fourth quarter and full year ended December 31, 2004.

For the three-month period ended December 31, 2004, total operating revenues amounted to \$22.6 million, a decrease of 8.2 percent compared with \$24.6 million in the same period last year. Sales for the quarter amounted to \$82.0 million, an 8.1 percent decrease from the corresponding prior year's fourth quarter sales of \$89.2 million. Declines in the restaurant merchant count, the number of dining transactions and the average dining transaction amount contributed to the decline in sales for the fourth quarter of 2004.

Net income for the three months ended December 31, 2004 was \$2.5 million or 10 cents per diluted share. Net income for the three-month period ended December 31, 2003 was \$3.9 million or 14 cents per diluted share.

Wiedemann, President and CEO said, "We are rededicating our energy, effort and resources to driving the dining business by stabilizing and returning growth to our restaurant merchant base. We have an expanded and realigned sales force that is focused on selling our new dining products, which we believe will fuel the company's growth and earnings performance over time. Consistent with our concentration on dining we are curtailing expenses in the new lines of business."

Full year operating revenue reached \$93.2 million, down slightly from \$93.3 million in 2003. For the full year, the company achieved sales of \$348.1 million, a 0.3 percent decrease compared to 2003 sales of \$349.0 million. Net income for the full year was \$13.2 million, or 50 cents per diluted share as compared to \$15.7 million, or 61 cents per diluted share in 2003.

IRN is a HOLD for now.

Rewards Network Inc. owns and markets a charge card offering savings to the Company's card members on dining as well as lodging, travel, retail catalogues and long distance telephone calls.

◆ JAKKS PACIFIC, INC.

JAKKS Pacific, Inc. (Nasdaq:JAKK) announced preliminary results for the fourth quarter and year-ended December 31, 2004.

The Company's fourth quarter net sales increased 119% to \$184.8 million, compared to \$84.4 million in the same period last year. Consistent with the basis of its previous guidance, net income for the fourth quarter of 2004 is expected to be \$20.2 million, or \$0.75 per diluted share, which excludes the assumed conversion of its convertible notes payable and the non-cash charges relating to stock-based compensation and amortization from the Play Along(r) acquisition.

Reported net income for the fourth quarter of 2004 is expected to be \$11.1 million, or \$0.37 per diluted share, including pre-tax non-cash stock-based compensation charges of \$5.1 million and amortization charges of \$8.6 million related to limited life intangible assets other than goodwill acquired in the Play Along acquisition, and after giving effect to the recent accounting pronouncement requiring the presentation of contingently convertible notes on an as-converted basis beginning in the fourth quarter of 2004 (which increased the shares outstanding by 4.9 million shares). The final allocation of the Play Along acquisition price among various assets, including intangible assets other than goodwill, is based on the valuation prepared by a third party consultant, and this valuation updates the estimated allocation presented in prior quarters.

The Company's net sales for the year ended December 31, 2004 increased 82% to \$574.3 million from \$315.8 million in 2003. Consistent with the basis of its previous guidance, net income for the year is expected to be \$62.3 million, or \$2.35 per diluted share, which excludes the assumed conversion of the convertible notes payable and pre-tax non-cash charges of stock-based compensation and amortization related to its Play Along acquisition. Reported net income for the year-ended December 31, 2004, including pre-tax charges of \$13.6 million for non-cash stock-based compensation and the aforementioned convertible notes and amortization charges, is expected to be \$45.9 million, or \$1.57 per diluted share.

Berman, President and COO said, "We believe our product lines are properly positioned for continued growth in 2005 and beyond, and our financial position remains very strong with excellent cash flow from operations in 2004 of approximately \$131 million. As of December 31, 2004, our working capital was approximately \$225.4 million, including cash and equivalents and marketable securities of \$195.6 million. We are well positioned to grow our business by actively pursuing accretive and complementary acquisitions and executing on internal growth initiatives, including creating new products and securing new licenses, to provide continued growth for JAKKS Pacific."

JAKK remains a BUY under \$23.

Jakks Pacific, Inc. is a multi-brand toy company that designs, develops, produces and markets toys and related products.

◆ LIFECELL CORPORATION

LifeCell Corporation (Nasdaq: LIFC) reported financial results for its fourth quarter and full year ended December 31, 2004.

The Company reported product revenues for the fourth quarter of 2004 of \$16.0 million, up 49%, compared to \$10.7 million for the fourth quarter of 2003. The increase resulted primarily from higher demand for the Company's flagship reconstructive surgical product, AlloDerm(r) Regenerative Tissue Matrix. AlloDerm(r) revenues increased 71% to \$12.0 million in the quarter compared to \$7.0 million in the fourth quarter of 2003. Repliform(r) revenues decreased in the quarter to \$1.6 million from \$2.0 million in the same quarter in 2003. Orthopedic product revenues, which includes GraftJacket(r) and AlloCraft(TM)DBM increased to \$1.6 million in the quarter from \$796,000 in the fourth quarter of 2003. GraftJacket(r) and AlloCraft(TM)DBM revenues were \$1.1 million and \$463,000, respectively, compared to \$581,000 and \$215,000 in the prior year quarter.

Operating income for the fourth quarter of 2004 increased 251% to \$2.1 million compared to operating income of \$585,000 in the fourth quarter of 2003.

Net income for the fourth quarter of 2004 was \$4.1 million, or \$1.3 per diluted share compared to net income of \$17.2 million, or \$.56 per diluted share in the fourth quarter of 2003. Adjusted net income, excluding the favorable impact of the tax benefits recognized in each of the quarters, was \$1.3 million, or \$.04 per diluted share for the fourth quarter of 2004 compared to adjusted net income of \$360,000, or \$.01 per diluted share in the fourth quarter of 2003. A reconciliation of reported net income to adjusted net income is included in the attached financial tables.

Product revenues for the year were \$58.7 million, up 52%, compared to \$38.6 million in 2003. AlloDerm(r) revenues increased 79% to \$42.5 million in the year compared to \$23.7 million in 2003. Repliform(r) revenues decreased in the year to \$6.8 million from \$8.7 million in 2003. Orthopedic product revenues increased to \$5.9 million in the year from \$1.7 million in 2003. GraftJacket(r) and AlloCraft(TM)DBM revenues were \$4.1 million and \$1.8 million, respectively, compared to \$1.5 million and \$215,000 in the prior year.

For the full year 2004, operating income increased 236% to \$7.0 million compared to \$2.1 million in 2003. Net income for 2004 was \$7.2 million, or \$.22 per diluted share compared to net income of \$18.7 million, or \$.70 per diluted share in the prior year. As previously noted, both years include the recognition of non-cash tax benefits resulting from a reduction in the valuation reserve for deferred tax assets. Adjusted net income, excluding the favorable impact of the tax benefits recognized in each of the years, was \$4.3 million, or \$.14 per diluted share in 2004 compared to adjusted net income of \$1.2 million, or \$.05 per diluted share in 2003. A reconciliation of reported net income to adjusted net income is included in the attached financial tables.

LIFC is a STRONG BUY under \$9.

LifeCell Corporation develops and markets products made from human allograft tissue for use in reconstructive, urogynecologic and orthopedic surgical procedures.

◆ MERIT MEDICAL SYSTEMS INC.

Merit Medical Systems Inc. (NASDAQ: MMSI) reported financial results for the fourth quarter and fiscal year ended Dec. 31, 2004.

For the fourth quarter of 2004, the company reported record revenue of \$39.3 million, a 12% increase over \$35.1 million for the fourth quarter of 2003. Net income for the fourth quarter was \$4.3 million, or \$0.16 per share. This compares to net income of \$4.7 million, or \$0.17 per share, reported in the fourth quarter of 2003. Earnings per share for the fourth quarter of 2004 were negatively impacted by a one-time severance expense and costs relating to Sarbanes-Oxley compliance for a total of approximately \$665,000 (net of tax), or \$0.02 per share.

For the year ended Dec. 31, 2004, the company reported record revenue of \$151.4 million, an 11% increase over \$136.0 million in revenue reported for the year ended Dec. 31, 2003. In addition, the company reported record net income of \$17.9 million, or \$0.65 per share, for calendar year 2004. This compares to net income of \$17.3 million, or \$0.64 per share, for calendar year 2003. Earnings per share for 2004 were affected by a one-time severance expense, costs relating to Sarbanes-Oxley compliance, and a non-recurring gain from a litigation settlement for a total of approximately \$792,000 (net of tax), or \$0.03 per share. Net income for 2003 included a non-recurring gain from the settlement of a legal dispute and sale of land for a total of approximately \$627,000 (net of tax), or \$0.02 per share.

"We are pleased to announce strong sales in every product category, and we expect strong sales to continue," said Lampropoulos, Merit's chairman and CEO. "We are investing in the future with the expansion of our facilities, reorganization of certain departments, and an exciting product pipeline. We believe these investments will serve us well long-term as we strive to build the appropriate infrastructure for substantial future growth."

MMSI remains a STRONG BUY under \$13.

Merit Medical Systems, Inc. produces and sells single-use medical products for use in diagnosis and treatment of cardiovascular disease.

◆ STRATEGIC DIAGNOSTICS INC.

Strategic Diagnostics Inc. (Nasdaq: SDIX) reported financial results for the fourth quarter and fiscal year ended December 31, 2004.

Revenues for the fourth quarter of 2004 increased 6.8% to \$6.7 million, compared to \$6.3 million for the fourth quarter of 2003. Operating expenses for the fourth quarter decreased 34% to \$6.1 million, compared to \$9.1 million for the fourth quarter of 2003, which was primarily due to the Company incurring a non-cash charge of \$3.0 million in connection with the write-down of certain antibody inventories during 2003. Pre-tax income totaled \$654,000 for the three months compared to pre-tax loss of \$2.9 million for the same period in 2003. Net income in the fourth quarter of 2004 was \$666,000, or \$0.03 per diluted share, compared to net loss of \$1.7 million, including the \$3.0 million non-cash charge described above, or \$0.09 per diluted share, in the fourth quarter of 2003.

Matthew H. Knight, President and CEO, said, "We have made significant progress in our efforts to restructure the Company, and are delivering on our commitment to sequential quarterly revenue

improvement. We continue to focus a disciplined effort to capitalize upon a number of significant growth opportunities before us. We continue to rationalize our product lines, build our sales and marketing organizations, strengthen our management team, and re-engineer our product development and manufacturing processes to support growth across key product lines. These initiatives are producing meaningful results as evidenced by solid traction and positive trends in several market segments. Revenues in the fourth quarter of 2004 increased 6.8%, while gross margins and net income for the quarter all displayed the same positive trends. SDI is well-positioned as a technology and solutions leader in industrial biotesting and custom antibody production, and we expect to build upon our fourth quarter performance in 2005."

For the year ended December 31, 2004, revenues were \$24.0 million, versus \$25.6 million in the prior year, a decrease of 6.1%. Operating expenses for 2004 were \$22.2 million, versus \$27.2 million in the prior year, a decrease of 18.1%. Gross profit (defined as total revenues less manufacturing costs) increased \$2.5 million to \$13.6 million during 2004 primarily due to the \$3.0 million non-cash charge discussed above. Gross margin improved from 43.3% in 2003 to 56.5% in 2004. The improvement in gross margin is attributable to both the non-cash charge in 2003, \$389,000 of revenue in 2004 related to the Company's sale of certain antibody inventories written-off during 2003, and a reduction in manufacturing expenses of \$1.1 million during 2004, reflecting the benefit of the Company's ongoing efforts on manufacturing process improvement and supply chain management.

SDIX remains a BUY under \$3.50.

Strategic Diagnostics is a leading provider of biotechnology-based diagnostic tests for a broad range of agricultural, industrial and water-treatment applications.

◆ STRAYER EDUCATION, INC.

Strayer Education, Inc. (Nasdaq: STRA) announced financial results for the three and twelve months ended December 31, 2004.

Revenues for the three months ended December 31, 2004 increased 21% to \$52.3 million, compared to \$43.4 million for the same period in 2003, due to increased enrollment and a 5% tuition increase which commenced in January 2004.

Net income rose 20% to \$13.3 million compared to \$11.1 million for the same period in 2003. Excluding the 2003 gain on the sale of the student loan portfolio, net income increased 23%. Earnings per diluted share rose 20% to \$0.89 compared to \$0.74 for the same period in 2003. Excluding the 2003 gain on the sale of the student loan portfolio, earnings per diluted share increased 24%.

Revenues for the year ended December 31, 2004 increased 25% to \$183.2 million, compared to \$147.0 million for the same period in 2003, due to increased enrollment and a 5% tuition increase effective for 2004. Excluding the 2003 gain on the sale of the student loan portfolio, revenues rose 25% in 2004.

Net income rose 22% to \$41.2 million compared to \$33.7 million for the same period in 2003. Excluding the 2003 gains on asset sales, net income increased 28%. Earnings per diluted share rose 21% to \$2.74 compared to \$2.27 for the same

period in 2003. Excluding the 2003 gains on asset sales, earnings per diluted share increased 26%. Diluted weighted average shares outstanding increased to 15,057,000 from 14,857,000 for the same period in 2003.

"We are pleased with Strayer's financial performance for the fourth quarter and year-end, as well as our enrollment for the winter term," said Silberman, Chairman and CEO. "Our yearly results reflect the positive contribution of 2004's five new campuses, including the impact of successfully opening two new markets in Georgia and South Carolina, as well as the continued growth of Strayer University Online. We look forward to the spring term and the start of classes in our newest market of Florida with two campuses scheduled to open in Tampa. In 2005, we intend to continue to execute on our expansion strategy including five planned new campuses."

STRA remains a BUY under \$106.

Strayer Education, Inc. is the holding company for Strayer University, which is a leading proprietary institution of higher education.

◆ TARO PHARMACEUTICAL INDUSTRIES LTD.

Taro Pharmaceutical Industries Ltd. (Nasdaq: TARO) reported fourth quarter and full year results for 2004.

Taro's fourth quarter sales were \$77.7 million, compared with \$88.6 million for the fourth quarter of 2003. Gross profit for the quarter was \$42.3 million, compared with \$62.1 million for the fourth quarter of 2003.

Net income for the quarter was \$4.8 million, or \$0.16 per diluted share, compared with \$16.6 million, or \$0.56 per diluted share, for the fourth quarter of 2003.

Taro's sales were \$284.1 million for the year ended December 31, 2004, compared with sales of \$315.5 million for 2003. Gross profit for 2004 was \$164.7 million, compared with \$213.0 million for 2003.

Net income for 2004 was \$11.1 million, or \$0.37 per diluted share, compared with \$61.2 million, or \$2.06 per diluted share, for 2003.

"Taro's performance in the second half improved compared to the first half of the year. Beginning in the first half of the year, Taro experienced an unexpected shortfall in U.S. sales at a time when the Company was undertaking a major initiative in the marketing of proprietary consumer products. These factors, combined with our continuing commitment to research, led to the decline in profits," said Levitt, M.D., Chairman of the Company. "Nevertheless, the improvement we witnessed in the second half came primarily from the corrective actions we took. Long-term, we continue to focus on the Company's prescription pharmaceutical business. We believe that our research and marketing initiatives, combined with our cost reduction measures, will return Taro to meaningful, sustainable and profitable growth."

TARO remains a STRONG BUY under \$31.

Taro is a multinational, science-based pharmaceutical company dedicated to meeting the needs of its customers through the discovery, development, manufacturing and marketing of the highest quality healthcare products.

◆ TELETECH HOLDINGS, INC.

TeleTech Holdings, Inc. (Nasdaq:TTEC) announced TeleTech Holdings, Inc. (Nasdaq: TTEC) announced fourth quarter and full year 2004 financial results. Fourth quarter 2004 revenue was \$260.8M versus \$264.4M reported for the same period in 2003. Net income rose from \$6.9M in the fourth quarter of 2003 to a reported \$9.7M in Q4FY04.

Full year revenue was a reported \$1052.7M for 2004, versus \$1001.1M for the same period 2003. Net income rose for the full year of 2004 to \$0.32 versus \$(0.41) reported in 2003.

Lacey, executive vice president and CFO, said, "We made significant progress in 2004 to improve client profitability, reduce costs, and enhance our business controls, all of which resulted in significantly improved financial performance, enabling us to operate profitably and pay off \$120 million of outstanding debt during 2004. These achievements have put us in a strong position to fund our future growth initiatives."

TTEC is a STRONG BUY under \$13.

Teletech is the leading global provider of e-commerce-enabling customer management solutions.

◆ YAK COMMUNICATIONS INC.

Yak Communications Inc. (NASDAQ:YAKC) received a letter from The NASDAQ Stock Market on February 23, 2005 advising that it does not comply with Marketplace Rule 4310(c)(14), which requires the Company to provide NASDAQ with copies of all reports required to be filed with the Securities and Exchange Commission (SEC). As a result, NASDAQ appended the fifth character "E" to Yak's trading symbol as of the opening of business on February 25, 2005.

As noted in Yak's Notification of Late Filing on Form 12b-25 filed with the SEC on February 15, 2005, the Company has delayed the filing of its Form 10-Q for the fiscal quarter ended December 31, 2004 due to a continuing difference of opinion with its newly appointed auditors, Deloitte & Touche LLP, regarding the accounting treatment related to the complex accounting for the transaction of a software acquisition and certain other tax matters, in which Yak may have used an incorrect accounting treatment. These matters are in the active research and consultation stage, and the Company's Audit Committee is attempting to resolve this matter as quickly as possible.

Yak intends to request an appeal hearing before a NASDAQ Listing Qualifications Panel to review the NASDAQ Staff's determination in accordance with NASD Marketplace Rule 4800 Series. A hearing request will stay the delisting of the Company's securities pending the Panel's decision. The NASDAQ Hearings Department will determine the time and place of such a hearing.

YAKC is a STRONG BUY under \$6.50.

YAK Communications, Inc., formerly Yak Communications (USA), Inc., provides discount long distance telecommunication services in Canada & the United States to residential & small to medium business enterprises.

CURRENT PORTFOLIO

STOCKS REPORTED & NASDAQ® SYMBOL	DATE OF REPORT	RECOMMENDED PRICE	CURRENT MARKET PRICE (3/15/2005)	% CHANGE & CURRENT RECOMMENDATION	% GAIN @ SUBSEQUENT HIGH
EXPRESS SCRIPTS (ESRX)*	9/92	\$11.19	84.91	+7050%	(B) ... +7050%
ON ASSIGNMENT (ASGN)*	4/93	\$5.75	5.1	-11%	(S) ... +662%
TECHNE CORP. (TECH)*	6/93	\$3.43	41.54	+1111%	(B) ... +1909%
NATURAL MICROSYSTEMS (NMSS)*	4/94	\$1.56	4.89	+213%	(B) ... +4217%
EXACTECH (EXAC)	9/96	\$2.81	16.6	+490%	(B) ... +690%
STRAVER EDUCATION (STRA)**	4/97	\$12.88	105.89	+722%	(B) ... +852%
VIASAT (VSAT)	6/97	\$7.19	18.06	+151%	(B) ... +524%
SURMODICS (SRDX)*	5/98	\$4.88	34.75	+613%	(B) ... +1085%
GSI COMMERCE, INC (GSC)	8/98	\$6.63	14.87	+124%	(B) ... +245%
STRATEGIC DIAGNOSTICS (SDIX)	10/98	\$1.75	3.12	+78%	(B) ... +432%
CATAPULT COMMUNICATIONS (CATT)	4/99	\$18.88	21.58	+14%	(B) ... +80%
PLX TECHNOLOGIES (PLXT)	10/99	\$18.44	10.52	-43%	(B) ... +105%
TELETECH HOLDINGS (TTEC)	2/00	\$27.50	12.33	-55%	(SB) ... +38%
EMBREX, INC. (EMBX)	3/00	\$19.00	11.6	-39%	(B) ... +38%
BEI TECHNOLOGIES (BEIQ)*	6/00	\$18.31	24.25	+32%	(B) ... +138%
JAKKS PACIFIC, INC. (JAKK)	12/00	\$8.94	22.41	+151%	(B) ... +169%
CERADYNE (CRDN)	1/01	\$7.75	25.85	+234%	(B) ... +595%
TARO PHARMACEUTICAL IND. (TARO)	3/01	\$19.75	30.15	+53%	(SB) ... +234%
GAIAM INC (GAIA)	7/01	\$14.97	5.999	-60%	(S) ... +36%
ICT GROUP (ICTG)	8/01	\$11.50	11.55	+0%	(B) ... +110%
SRI/SURGICAL EXPRESS (STRC)	9/01	\$34.50	4.8	-86%	(H) ... +0%
MEDICAL ACTION INDUSTRIES (MDCI)	10/01	\$18.16	18.5	+2%	(SB) ... +10%
RENAISSANCE LEARNING, INC (RLRN)	11/01	\$31.87	16.99	-47%	(SB) ... +7%
AMSURG CORP (AMSG)	1/02	\$16.93	24.23	+43%	(B) ... +83%
CENTRAL EUROPEAN DIST. CORP. (CEDC)	2/02	\$6.53	36.19	+454%	(B) ... +454%
PHARMACEUTICAL PROD. DVL (PPDI)	4/02	\$31.80	45.09	+42%	(B) ... +36%
ROCKY MTN. CHOCOLATE FACTORY (RIMCF)	5/02	\$5.98	20.35	+240%	(B) ... +240%
EDUCATIONAL DEVELOPMENT CORP. (EDUC)	6/02	\$6.65	10.36	+56%	(B) ... +103%
HOT TOPIC, INC. (HOTT)	7/02	\$24.80	23.01	-7%	(B) ... +36%
VCA ANTECH INC. (WOOF)**	9/02	\$14.00	20.29	+45%	(B) ... +218%
AMERICAN HEALTHWAYS, INC. (AMHC)**	10/02	\$18.88	31.9	+69%	(B) ... +128%
ICU MEDICAL INC. (ICUI)	12/02	\$37.10	35.1	-5%	(B) ... +7%
FINDWHAT.COM (FWHT)	1/03	\$7.24	10.3	+42%	(B) ... +202%
PYRAMID BREWERIES INC. (PMID)	3/03	\$2.78	1.86	-33%	(H) ... +26%
IDINE REWARDS NETWORK INC. (IRN)	4/03	\$9.79	5.08	-48%	(H) ... +64%
MEDIFAST, INC. (MED)	5/03	\$9.46	2.91	-69%	(B) ... +72%
ARGON ST, INC. (STST)	6/03	\$13.89	32.76	+136%	(SB) ... +163%
ENPATH MEDICAL, INC. (NPTH)	7/03	\$8.25	9.13	+11%	(SB) ... +68%

Key: (B) Buy = Good long-term value (SB) Strong Buy = Look for up to 100% gain in 12 months
 (AB) Aggressive Buy = Look for over 100% gain in 12 months (S) Sell
 (H) Hold (C) Closed out position (A) Average down
 * Recommended price adjusted for stock splits & dividends.
 **Note: If a gain of over 100% has been achieved, sell half and purchase another "buy" recommendation.

For best performance on your stock purchase, call us during the month for up to the minute news, prices, and recommendations. You may speak directly with Chief Analyst and Publisher Geoffrey J. Eiten by calling 781-444-6100 x613, M-F 9 a.m.-5 p.m. (Eastern Time), or via email: geiten@otcgsww.com

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CURRENT PORTFOLIO CONT'D

STOCKS REPORTED & NASDAQ® SYMBOL	DATE OF REPORT	RECOMMENDED PRICE	CURRENT MARKET PRICE (3/15/2005)	% CHANGE & CURRENT RECOMMENDATION	% GAIN @ SUBSEQUENT HIGH
AMERICAN BIO MEDICA (ABMC)	8/03	\$1.21	0.971	-20%	(B) ... +47%
CURATIVE HEALTH SERVICES (CURE)	10/03	\$13.29	3.34	-75%	(SB) ... +0%
NETSMART TECHNOLOGIES (NTST)	11/03	\$11.22	9.89	-12%	(B) ... +42%
TECHNOLOGY RESEARCH CORP. (TRC)	12/03	\$16.35	5.6	-66%	(SB) ... +12%
MERIT MEDICAL SYSTEMS, INC. (MMSI)	1/04	\$24.38	12.19	-50%	(SB) ... +0%
ESCALON MEDICAL CORP. (ESMC)	2/04	\$10.25	5.43	-47%	(SB) ... +103%
CYTYC CORPORATION (NASDAQ: CYTC)	3/04	\$19.51	22.13	+13%	(B) ... +36%
MEDICAL TECH. SYSTEMS, INC. (MPP)	4/04	\$12.27	6.45	-47%	(AB) ... +0%
YAK COMMUNICATIONS (YAKCE)	5/04	\$7.30	6.36	-13%	(SB) ... +37%
PALOMAR MEDICAL TECHNOLOGIES (PMTI)	6/04	\$14.15	27.44	+94%	(SB) ... +94%
BJ'S RESTAURANTS INC. (BJRI)	7/04	\$14.00	18	+29%	(B) ... +29%
PETMED EXPRESS, INC. (PETS)	8/04	\$5.14	6.88	+34%	(SB) ... +61%
HEALTHCARE SVCS. GROUP, INC. (HCSG)	9/04	\$17.01	23.12	+36%	(B) ... +36%
ESSEX CORP. (KEYW)	10/04	\$12.53	18.09	+44%	(B) ... +58%
ABAXIS, INC. (ABAX)	11/04	\$12.73	9.73	-24%	(B) ... +3%
MERIDIAN DIAGNOSTICS, INC. (VIVO)	12/04	\$18.25	15.71	-14%	(B) ... +6%
INTEGRATED AMERICA, INC. (INMD)	1/05	\$12.12	10.11	-17%	(SB) ... +6%
LIFECELL CORP (LIFC)	2/05	\$8.73	8.81	+1%	(SB) ... +1%

SELECT PAST PERFORMERS

STOCKS REPORTED & NASDAQ® SYMBOL	DATE OF REPORT	% CHANGE AT CLOSEOUT
ADVANCEPCS (ADVP)	Dec-96	SELL RECMND ... ON 9/15/2003 +3089% (S)
AVERT (AVRT)	Mar-95	SELL RECMND ... ON 7/15/2001 +673% (S)
THE BARBERS (BBHF)	May-96	SELL RECMND ... ON 3/15/1999 +176% (S)
CENTENE CORPORATION (CNTE)	Mar-02	CLOSED POSITION ON 9/15/2003 +170% (C)
DIANON SYSTEMS (DIAN)	April-00	SELL RECMND ... ON 1/15/2002 +144% (S)
THERAGENICS (THRX)	Aug-96	SELL RECMND ... ON 8/15/1998 +89% (S)
ADVANCED DIGITAL INFORMATION (ADIC)	Mar-99	SELL RECMND ... ON 5/15/2002 +89% (S)
ASI SOLUTIONS (ASIS)	Aug-97	SELL RECMND ... ON 3/15/2001 +88% (S)
BRADLEY PHARMACEUTICALS (BPRX)	Aug-02	CLOSED POSITION ON 5/15/2003 +87% (C)
POINT OF SALE (POSI)	Jul-99	SELL RECMND ... ON 8/15/2000 +82% (S)
NEXTHEALTH (NEXT)	August-00	SELL RECMND ... ON 12/15/2001 +57% (S)
THE FIRST YEARS (KIDD)	Mar-97	SELL RECMND ... ON 8/15/2000 +52% (S)
U.S. LABORATORIES INC (USLB)	April-01	SELL RECMND ... ON 8/15/2002 +35% (S)
BALANCE BAR (BBAR)	Jul-98	SELL RECMND ... ON 5/15/2000 +33% (S)
CANTEL MEDICAL CORP. (CNTL)	June-01	SELL RECMND ... ON 5/15/2002 +16% (S)
ALCIDO CORP. (ALCD)	April-95	CLOSED POSITION ON 11/15/2004 +469% (C)

Current Average Gain of Portfolio Since Sept. 1992: + 119%
Average Gain at Subsequent High Since Sept. 1992: + 310%

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