

Enriching the quality of life for people everywhere.

Earnings Conference Call 1st Quarter 2007

César M. García, CEO

Veronica O. Tarrant, Acting CFO

Thomas H. Adams, PhD CTO

05.09.07

IRIS International, Inc.



Safe Harbor Provision

This presentation contains forward-looking statements made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, the Company's views on future financial performance, market growth, capital requirements, new product introductions and acquisitions, and are generally identified by phrases such as "thinks," "anticipates," "believes," "estimates," "expects," "intends," "plans," and similar words. Forward-looking statements are not guarantees of future performance and are inherently subject to uncertainties and other factors which could cause actual results to differ materially from the forward-looking statement. These statements are based upon, among other things, assumptions made by, and information currently available to, management, including management's own knowledge and assessment of the Company's industry, R&D initiatives, competition and capital requirements. Other factors and uncertainties that could affect the Company's forward-looking statements include, among other things, the following: identification of feasible new product initiatives, management of R&D efforts and the resulting successful development of new products and product platforms; acceptance by customers of the Company's products; integration of acquired businesses; substantial expansion of international sales; reliance on key suppliers; the potential need for changes in long-term strategy in response to future developments; future advances in diagnostic testing methods and procedures; potential changes in government regulations and healthcare policies, both of which could adversely affect the economics of the diagnostic testing procedures automated by the Company's products; rapid technological change in the microelectronics and software industries; and competitive factors, including pricing pressures and the introduction by others of new products with similar or better functionality than our products. These and other risks are more fully described in the Company's filings with the Securities and Exchange Commission, including the Company's most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q, which should be read in conjunction herewith for a further discussion of important factors that could cause actual results to differ materially from those in the forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



Business Discussion

**Q1-07 Earnings Conference Call
05.09.07**



Q1-07 Highlights

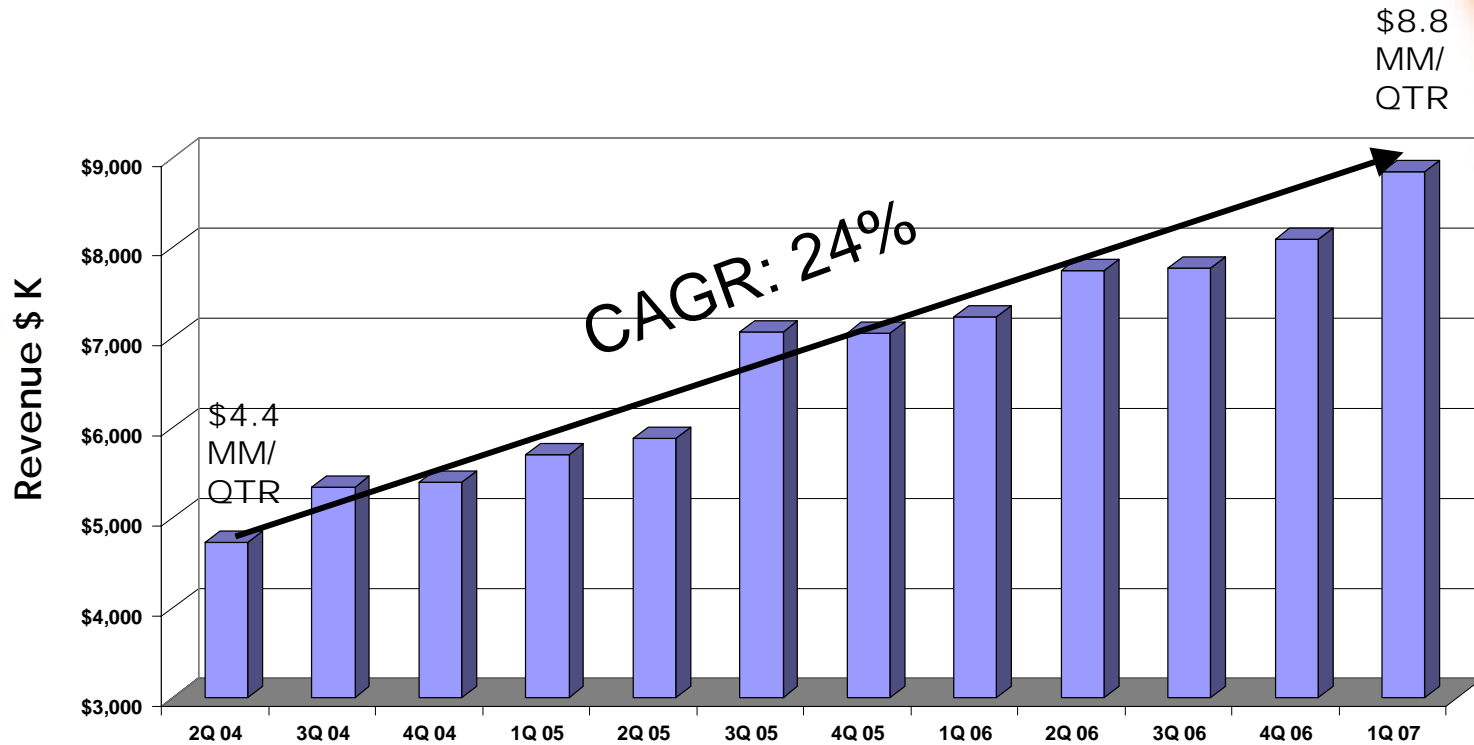
Record Revenue!

- Broke through \$20MM revenue mark, 25% growth Q1-07 quarter over prior year's quarter
 - Record 129 iQ200 & Sprint Analyzers Globally
 - Experiencing stronger international demand than 2H-06
 - Shipped most of Kaiser Permanente order:
 - Highest revenue order in IRIS history
 - 22% growth in consumables & service, Q1-07 vs. Q1-06
- Solid performance by all groups

Over 1300 iQ200 Analyzers shipped since August 2003



Consumables and Service High Growth



- 22% growth Q1-07 vs. Q1-06
- 13% growth Q1-07 vs. Q4-06

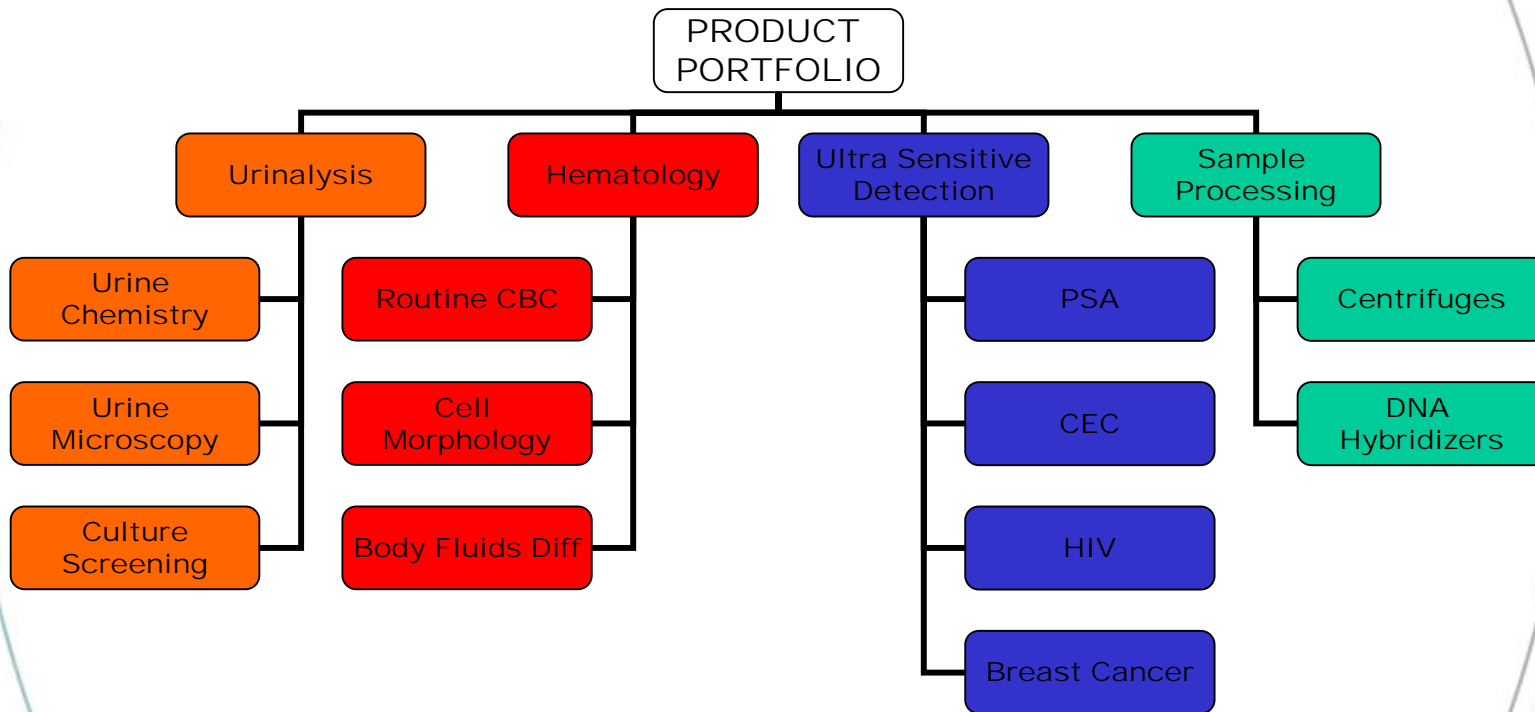
Diagnosics Business Update

- IVD: 32% growth Q1-07 vs. Q1-06
- All LabCorp units installed
- Increased US direct sales force from 6 in Q1-06 to 12 by Q1-07
- Global Customers Service
 - Experiencing revenue growth as more systems come off warranty
 - Increased service infrastructure
 - Customer Center
 - Training Center
 - Increased field service and support staff
- iChem/vChem strips are selling slower than anticipated
 - Need pull-through from complete urinalysis product line
 - Marburg operation experienced slightly higher losses than forecasted
- Q2-07: Order funnel (pipeline) is good

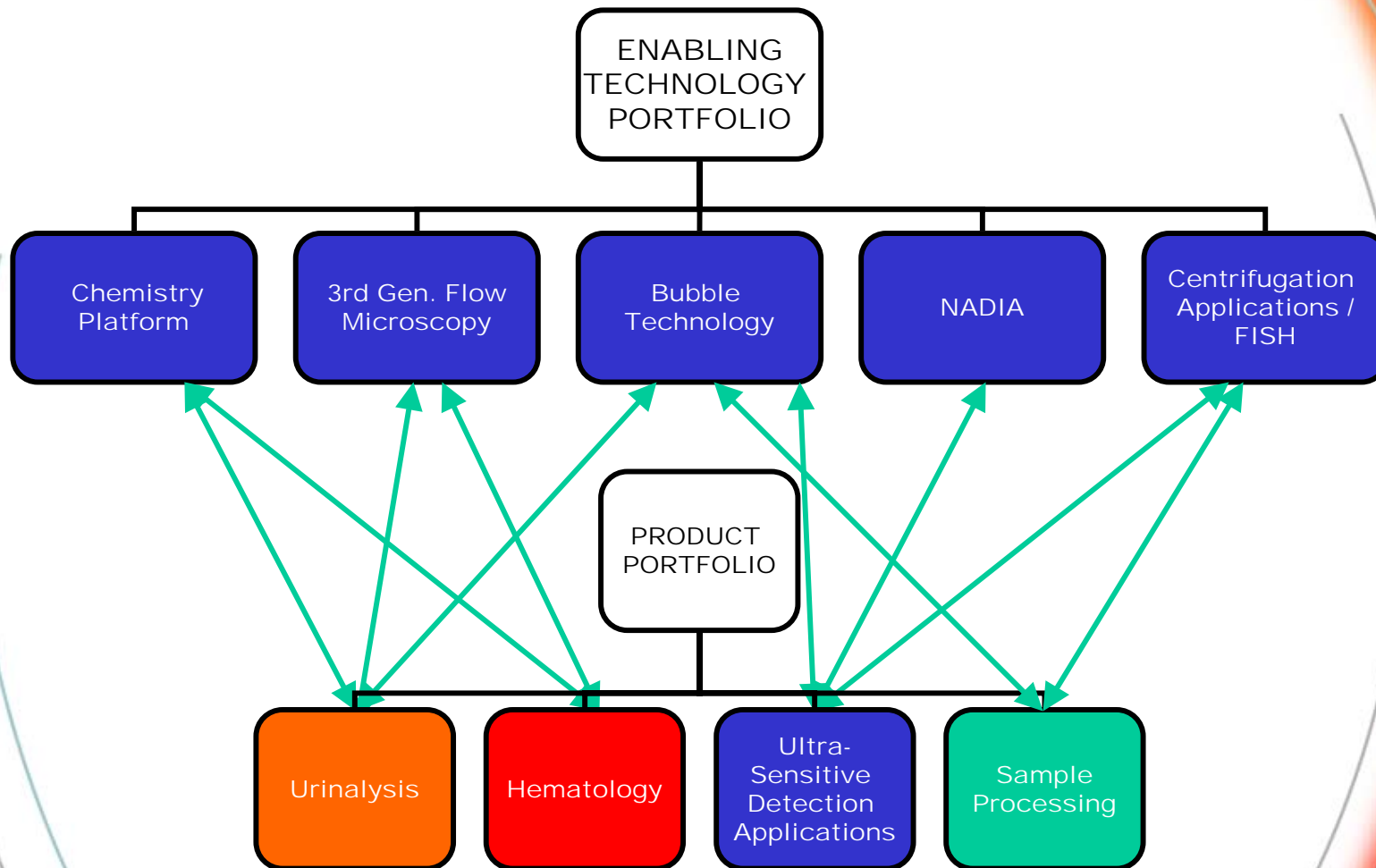


IRIS: A Company in Evolution

Planned Portfolio by 2011



Product & Technology Portfolio



R & D Investment

- Q1-07: 12% of consolidated revenue, per plan
- Q1-07 vs. Q1-06: \$940K incremental R&D
 - Operating Income excluding \$940K = 15%
 - EPS impact: \$0.03 per share
- Six Programs in process:
 - Automated Urine Chemistry Analyzer
 - Express 4 Centrifuge
 - NADIA™PSA
 - Negative Predictor of Urine Bacteria
 - 3GEMS™
 - NADIA™HIV
- Programs within budget and schedule commitments



Status FDA 510k Submission

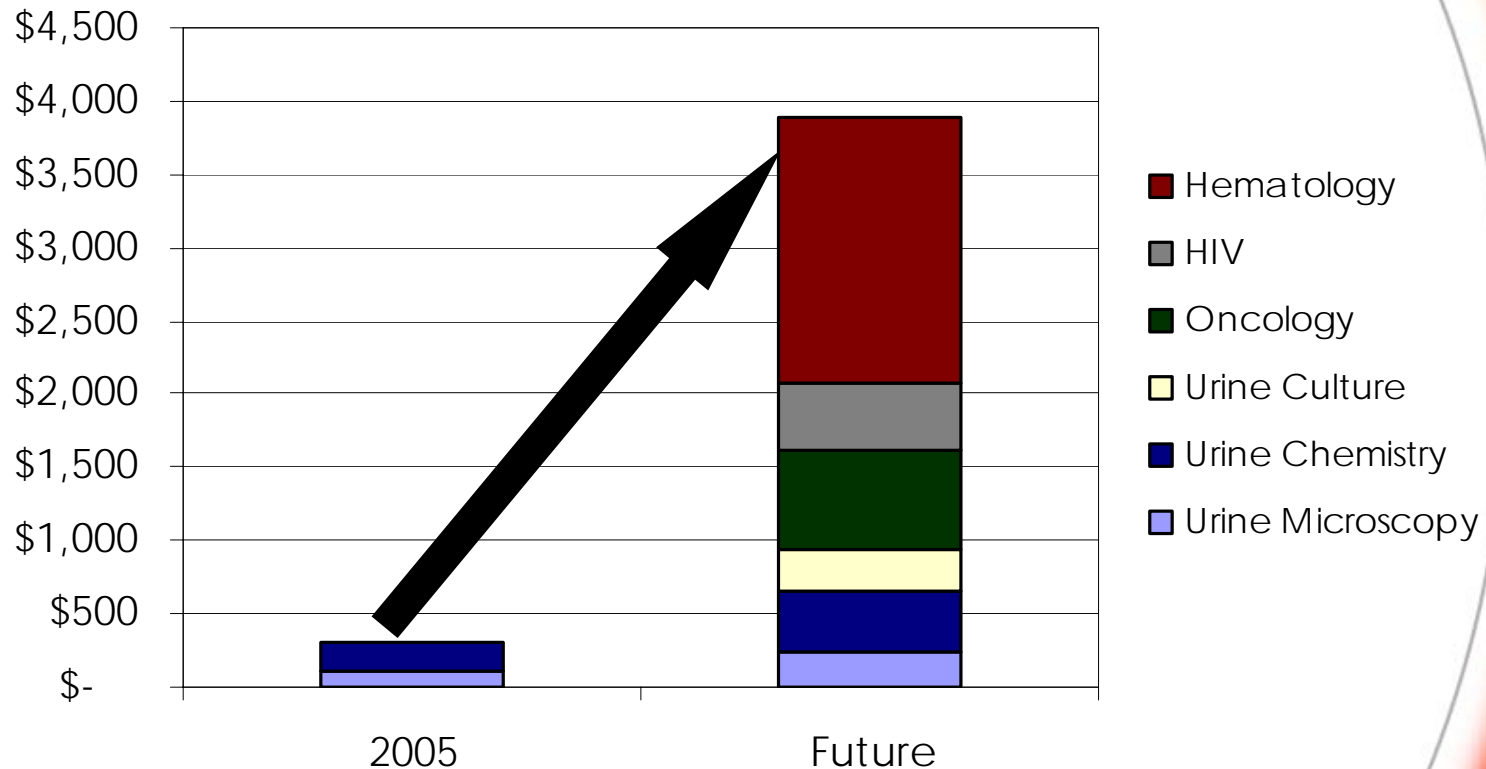
NADIA™PSA

- Feb 2007 Submitted 510k
- Apr 2007 Received FDA Response
- Apr 2007 Requested Two FDA Meetings
 - Seminar on NADIA
 - Response to questions
- FDA Agreed to Both Meetings
- FDA NADIA Seminar Preparation
- Currently Preparing Response to Questions



IRIS Target Market Opportunity Grows to \$3.9 Billion

(\$ in millions)



Financial Summary

1st Quarter 2007

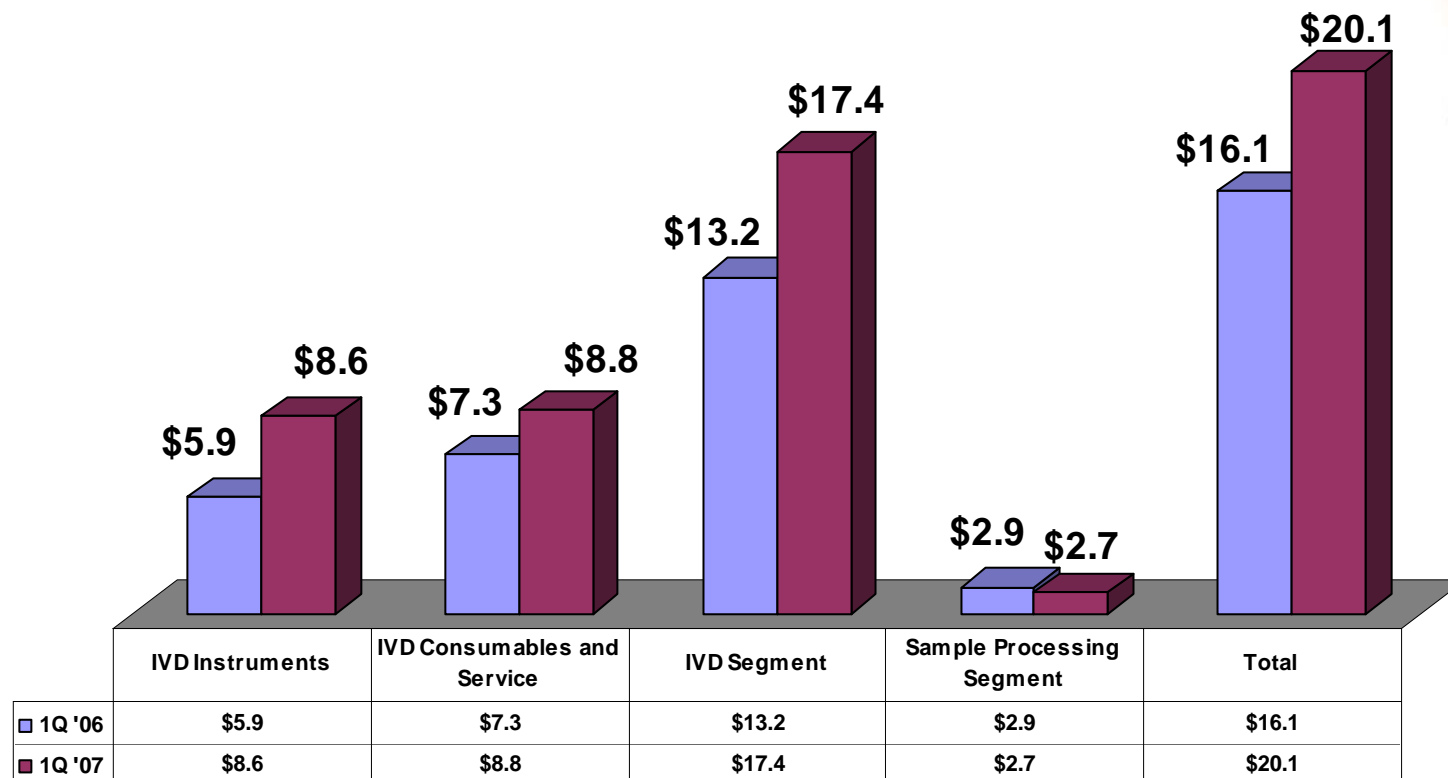
Earnings Conference Call

05.09.07



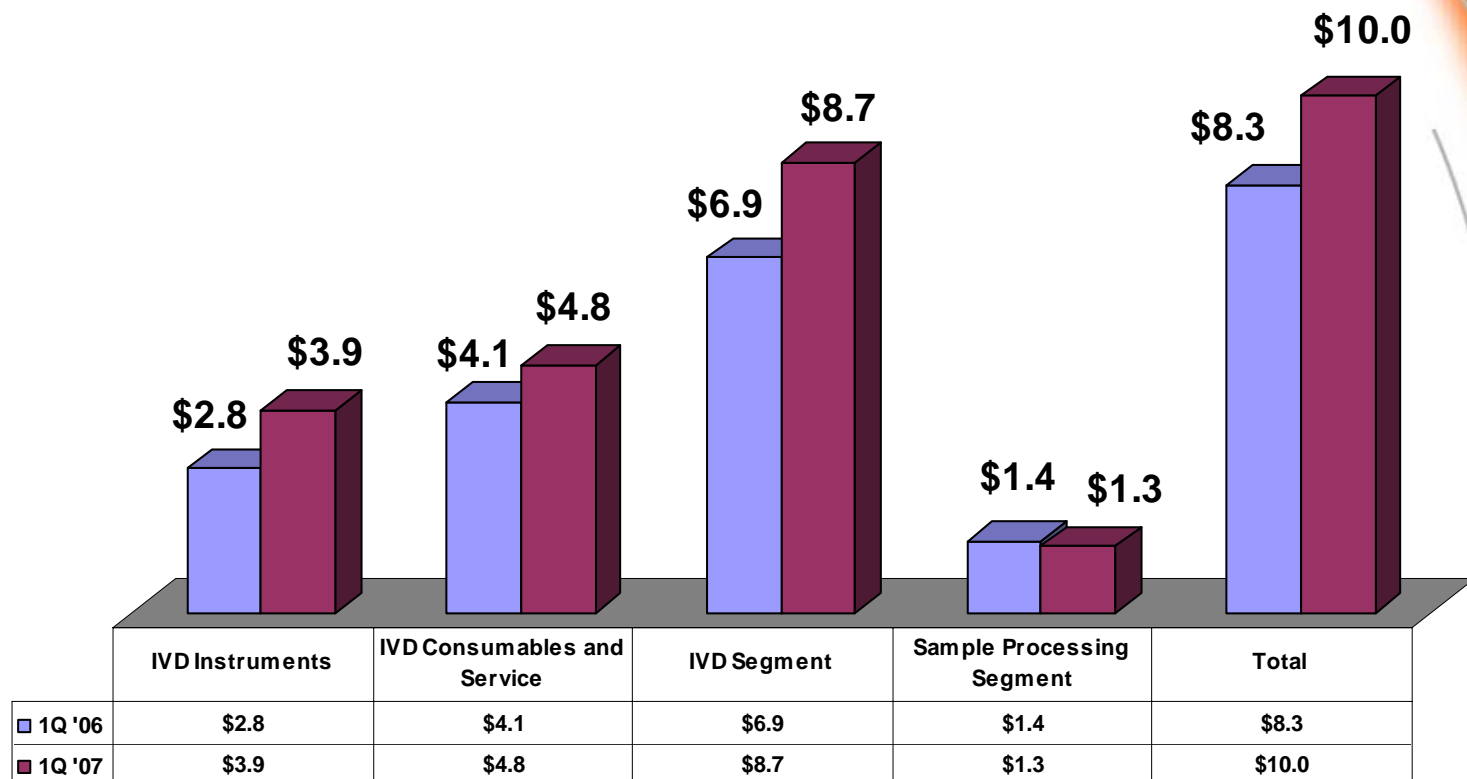
Segment Revenue – Q1'06 v Q1'07

\$ in millions



Segment Gross Margin – Q1'06 v Q1'07

\$ in millions

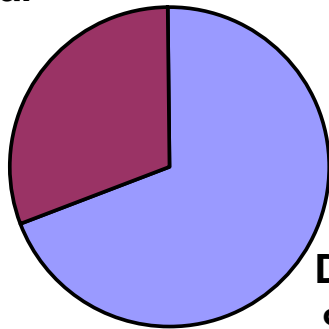


Revenues By Geography – Q1'06 v Q1'07

\$ in millions

Q1 2006 Revenues
\$16.1 million

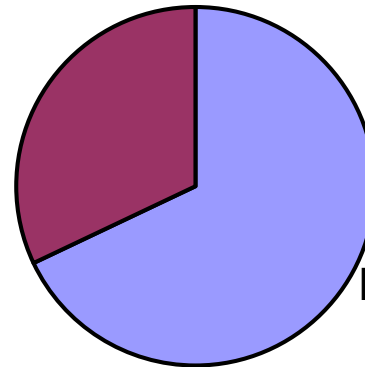
International
\$5.0mm
(31%)



Domestic
\$11.1mm
(69%)

Q1 2007 Revenues
\$20.1 million

International
\$6.4mm
(32%)



Domestic
\$13.7mm
(68%)

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Condensed Statement of Operations

Q1 2006 versus Q1 2007

\$ in thousands

	<u>Q1 2006</u>	<u>Q1 2007</u>
Revenues	\$ 16,115	\$ 20,122
Gross margin	8,291	9,985
<i>Gross margin %</i>	51.4%	49.6%
Research and development	1,488	2,428
S,G&A expense	4,437	5,437
Total operating expenses	5,925	7,865
Operating income	2,366	2,120
Interest income, net and other	265	338
Pre tax income	2,631	2,458
Income tax	973	996
Net income	<u>\$ 1,658</u>	<u>\$ 1,462</u>
Basic E.P.S.	\$0.10	\$0.08
Diluted E.P.S.	\$0.09	\$0.08
Basic Avg Shares Outstanding	17,409	18,003
Diluted Avg Shares Outstanding	18,300	18,597

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2007 Balance Sheet Highlights

(\$ thousands)

	<u>Q4'06</u>	<u>Q1'07</u>	<u>B/(W)</u>
Cash, Equivalents & Marketable Securities	23,291	23,366	75
A/R DSO	61 days	68 days	(7) days
Inventory Turns	5.2 turns	6.0 turns	0.8 turns
Days Payable Outstanding	38.7 days	31.5 days	(7.2) days



Q1-07 Summary

- Experiencing record revenue
- Significant Investment in R&D : 12% of Q1-07 revenue
 - Broad new product pipeline
 - R&D spending per plan and programs are on schedule
- Company re-affirms guidance of March 7, 2007:
 - 2007 Revenue: \$81.0 - \$83.0 million
 - EPS: at least \$0.40, including the effect of incremental stock based compensation expense related to FAS 123R, which is expected to be approximately \$0.05 per share.
 - Research and Development expense is expected to be approximately 13% of revenues
- NOL's: \$9.4 million available as January 1, 2007
- Tax Credits: \$3.6MM available as of January 1, 2007
- Cash: \$23.1 million will grow through the balance of the year



Q & A

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Thank you.

The Iris logo consists of a stylized blue arc above the word "Iris" in a black, sans-serif font. A registered trademark symbol (®) is located to the upper right of the word.