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Earnings Conference Call 1st Quarter 2008

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04.29.08

IRIS International, Inc.

NASDAQ: IRIS

www.proiris.com



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, regulatory developments, 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; obtaining regulatory approvals for new and enhanced products; 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.



Financial Summary

Earnings Conference Call

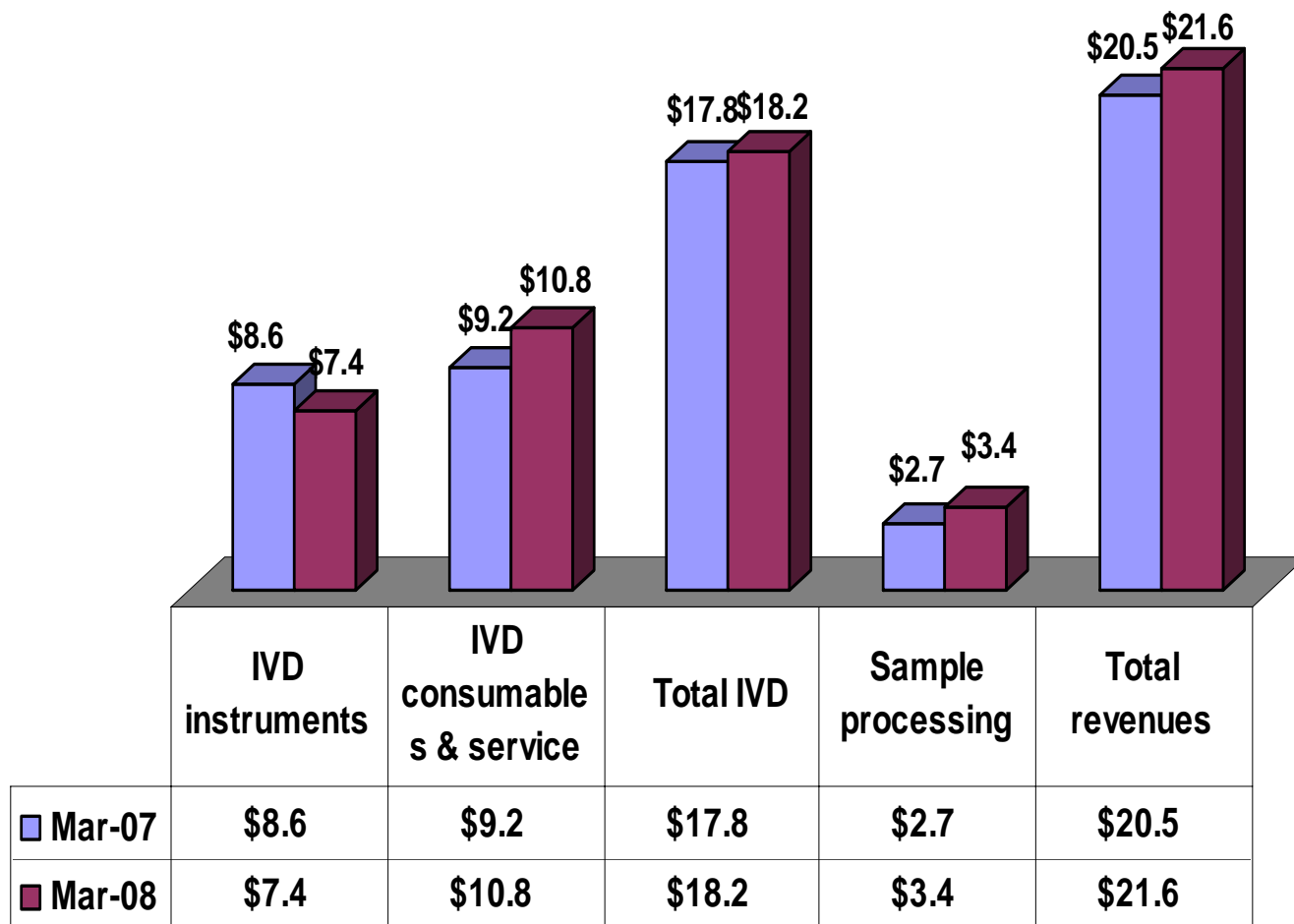
Q1-08

04.29.08



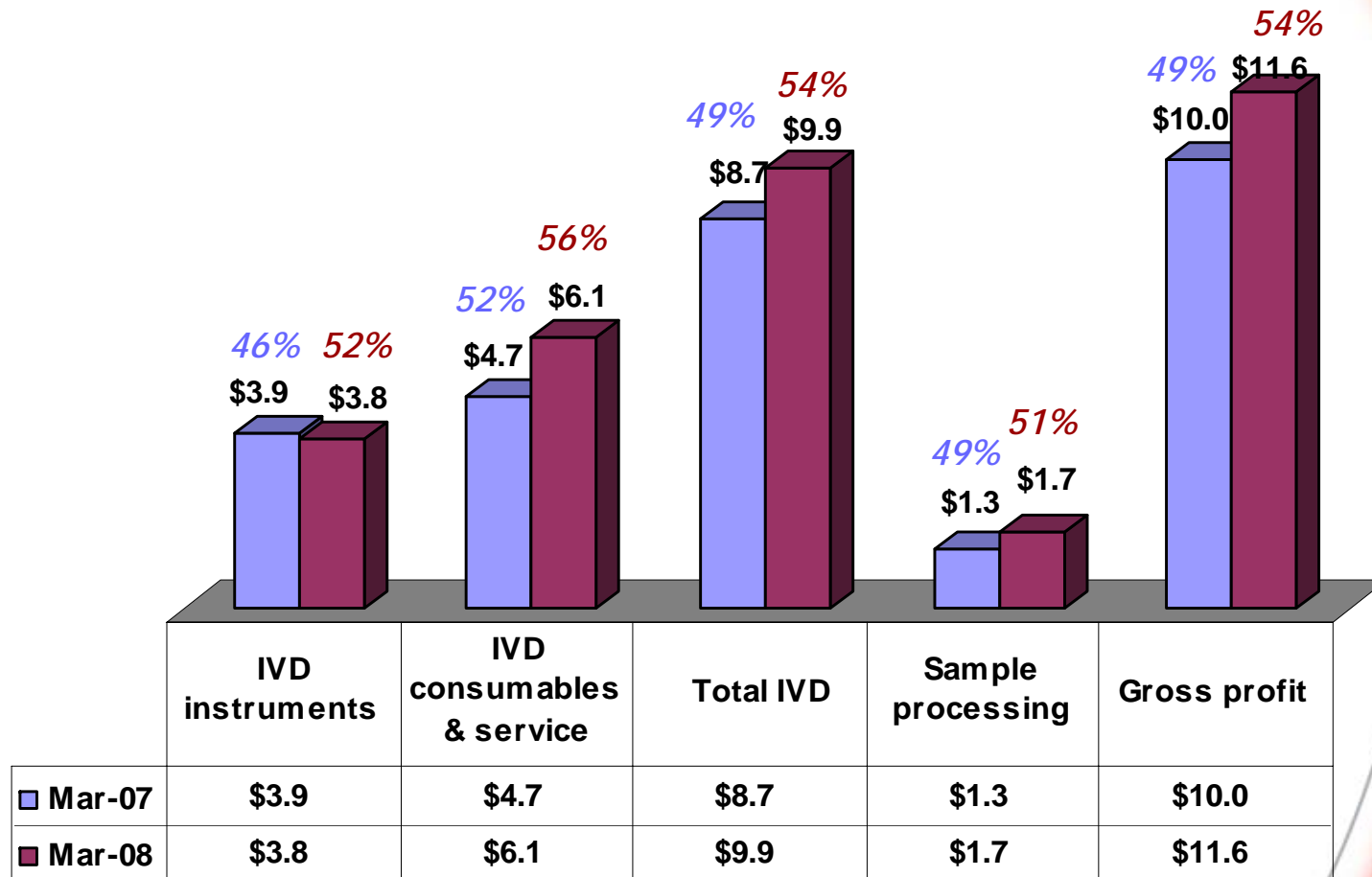
QTD Revenue – Q1'07 vs. Q1'08

\$ in millions



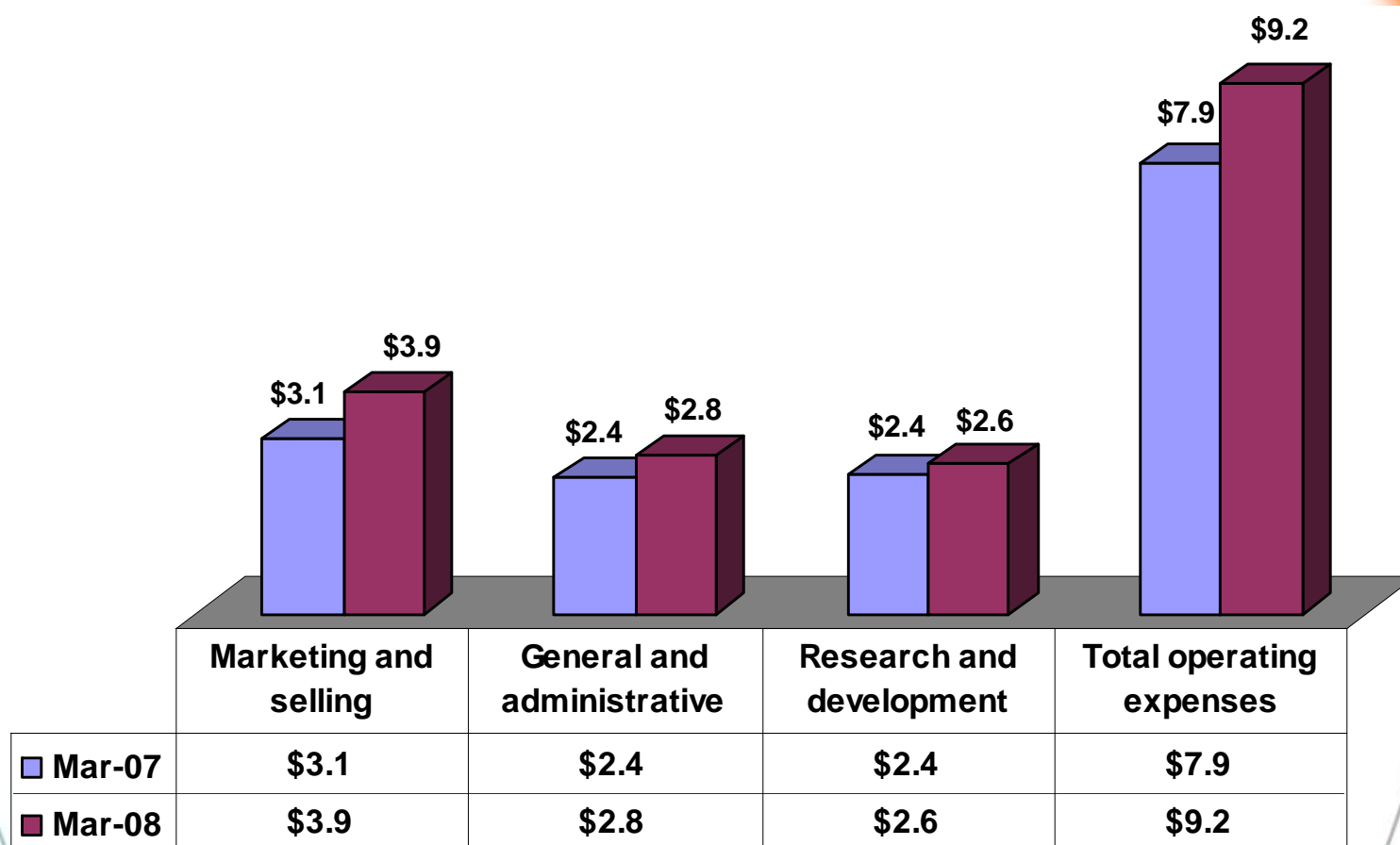
Gross Profit – Q1'07 vs. Q1'08

\$ in millions and GM %'s



QTD Operating Expenses Q107 vs. Q108

\$ in millions



Q1'08 vs. Q1'07 QTD P&L

\$ in thousands

	<u>Q1'08</u>	<u>Q1'07</u>
Total Revenues	\$21,607	\$20,511
Gross Profit	\$11,604	\$10,503
Gross Margin %	53.7%	48.7%
Total Operating Expenses	\$9,242	\$7,888
Operating income	\$2,362	\$2,120
Net income	<u><u>\$1,821</u></u>	<u><u>\$1,462</u></u>
Shares	19,063	18,597
EPS	0.10	0.08

Iris[®]

2008 Balance Sheet

\$ in thousands

	<u>Q1'07</u>	<u>Q4'07</u>	<u>Q1'08</u>
Current Assets:			
Cash and cash equivalents	\$23,367	\$28,445	\$25,454
Accounts receivable - net	13,598	16,074	14,816
Inventory - net	6,750	9,886	12,866
Other current assets	1,362	707	903
Investment in Sales-Type Leases	2,265	2,660	2,669
Deferred Tax Assets-Short Term	2,865	3,368	3,368
Total Current Assets	<u>50,207</u>	<u>61,140</u>	<u>60,076</u>
Plant and equipment	7,010	8,661	8,756
Goodwill	4,151	4,084	4,062
Software development	1,238	1,764	1,872
Other assets	881	559	622
Investment in Sale-Type Leases	6,565	6,614	6,400
Deferred tax assets-Long Term	4,221	3,568	3,264
Total Assets	<u><u>74,273</u></u>	<u><u>86,390</u></u>	<u><u>85,052</u></u>
Liabilities and Shareholder's Equity:			
Accounts Payable	\$3,557	\$4,290	\$5,816
Accrued Expenses	4,977	5,713	4,198
Deferred service income	1,446	1,454	1,549
Total Liabilities	<u>9,980</u>	<u>11,457</u>	<u>11,563</u>
Shareholder's Equity	64,293	74,933	73,489
Total Liabilities & Shareholder's equity	<u><u>74,273</u></u>	<u><u>86,390</u></u>	<u><u>85,052</u></u>

2008 Balance Sheet Commentary

\$ in thousands

- Share buyback initiated March 7th 2008
- Nearly 433,000 shares purchased at \$5.0M as of 3.31.08
- Cash continues to be strong in the \$25M range, an increase of \$2MM from Q1'07. Cash on hand decreased \$3M from Q4'07 as a result of the initiation of the stock re-purchase program.
- A/P increased \$1.5M, A/R decreased \$1.3M, however, inventory increased over \$2.8M to support new product introductions.
- Estimated Free Cash greater than \$15M over the remainder of the year

2008 Guidance - Reaffirmation As of 04.29.08

- **Company Outlook:**
 - Revenue: at least \$98 million
 - Excluding NADiA PSA
 - EPS: at least \$0.48
 - Continued investment in R&D: 13%

Business Discussion

Earnings Conference Call Q1-08

04.29.08

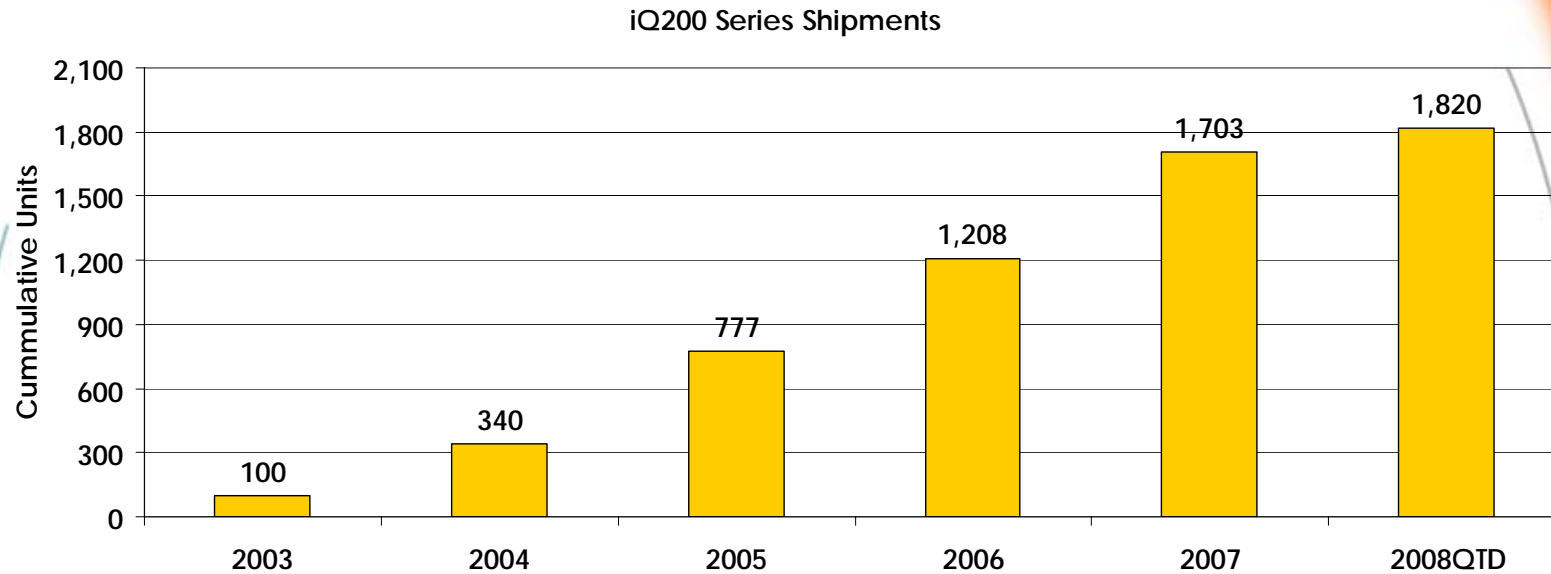


Q1-2008 Accomplishments

- Record first quarter revenue - up 5% despite a tough comparable quarter
 - Revenue, margins and earnings continue to grow
- VELOCITY product launch continues progressing per plan
- Express 4 launch driving record revenues in Iris Sample Processing Division
- Several trade awards received in Q1-08
 - Omega Customer Satisfaction Award
 - MedAssets (GPO) Gold Supplier Award
 - Awards prove our successful commercial execution and help us build a stronger franchise



Growth - Track Record



Consumables and service grew 18%
vs. Q1-07 and 11% vs. Q4-07



More Than a Urinalysis Company...

IRIS INTERNATIONAL, INC.

Morphology & Related Products

- Urinalysis
 - Microscopy
 - Chemistry
 - Bacteria Screening *in development*
- Body fluids
- Hematology
 - Nine part differential *in development*

Leverages imaging expertise to identify cells in automation

Molecular Diagnostics

- Ultra-sensitive detection of proteins to aid in early detection of relapse
- Product pipeline *in development*
 - PSA (*under FDA review*)
 - HIV Viral Load
 - Her-2/neu

NADIA technology measures proteins below detection thresholds of current methods

Sample Processing

- Sample preparation products to increase efficiency in the laboratory
 - Centrifuges
 - DNA workstations
 - Consumables
 - OEM Products

Streamline laboratory workflow with rapid cycle times and compact size



iChem VELOCITY Status

Our Second Instrument Platform

- iChem VELOCITY Regulatory Status
 - CE Marked
 - FDA expected Q3-08
 - iRICELL – CE Certification submitted
 - iChem100 re-launch in process
- Commercial Status
 - Product launched in Europe and Asia Pacific
 - European “Beta Site” evaluations in process
 - Backlog growing for VELOCITY and iRICELL
 - VELOCITY software already translated into 9 languages to support a global launch



Iris

Global Market Opportunity of \$350 million

iChem VELOCITY Status

Our Second Instrument Platform



- Commercial Status (cont.)
 - Notified our Japanese supplier that IRIS will initiate US shipments of iChem VELOCITY in January 2009
 - IRIS will continue to supply consumables, spare parts and support to the US installed base of AX-4280 through 2013
 - High finished goods inventory on hand to support this transition
- Profitability / Margin improvement
 - Gradually absorb excess capacity/losses at Marburg strip facility
 - Higher margins
 - Increase consumable per unit placement internationally
 - Pull-through of complete product line



NADiA PSA Study – Most Important Results*

- NADiA PSA discriminated Biochemical Recurrence (BCR) patients from non-BCR patient group with high statistical significance
- Biochemical recurrence was measured up to 2.5 years earlier than the most sensitive PSA assay cleared by the FDA
 - Stronger correlation for both recurrent and non-recurrent patients
- Published scientific poster and presented NADiA PSA results at AACCC Oakridge Conference
- Regulatory Status
 - In discussions with FDA regarding prognostic clinical endpoint
 - Next step is prognostic clinical study
- Organized NADiA PSA Medical-Scientific Advisory Board

****Disclaimer:** The results of this 85 patient study cannot be interpreted or relied upon as product claims . NADiA PSA is considered an investigational assay until the FDA clears its claims and applications based on a final study protocol yet to be agreed with the FDA.*

2008 Company Outlook

- Reaffirming guidance of 17% increase in revenue (>\$98 MM) and 20% earning growth (>\$0.48 EPS) excluding the effect of the stock re-purchase program
- Expect higher second quarter instrument revenue, in line with seasonality patterns
- 2nd half revenue growth expected stronger than 1st half
 - VELOCITY shipments expanding with higher consumables
 - iQ200 installed base will continue to grow (LabCorp, Kaiser at full utilization, etc.)
 - ISP OEM new product ramp
- R&D spending at 13% reflecting concurrent development of 3GEMS program, Bacteria NP and NADiA HIV
- NADiA
 - PSA revenues excluded from guidance
 - Pursuing collaborations and licensing for NADiA technology



2008 Company Outlook (cont.)

- New product introduction expenses : ~\$1.7MM
 - Approximately \$1.0MM in the first half due to product launches, VELOCITY learning curve and market research for new products
- New production introduction expenses **plus** NADiA R&D and 3GEMS hematology represent \$7.2 MM or \$0.25 EPS, absorbed in our guidance.
- Cash Management
 - Inventories will be rapidly reduced as we transition the VELOCITY into all markets in 2008-2009.
 - We plan to continue the stock re-purchase program
 - We do not expect to pay cash taxes until Q4-08 as NOL's and tax credits continue to be applied; but our GAAP earnings reflect a 33% tax rate
 - Cash on hand at year-end expected at the \$32 - \$35 million range



Q & A