

Enriching the quality of life for people everywhere.

Earnings Conference Call 2nd Quarter & First Half of 2007

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08.13.07



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

**Q2-07 Earnings Conference Call
08.13.07**



Q2'07 Highlights

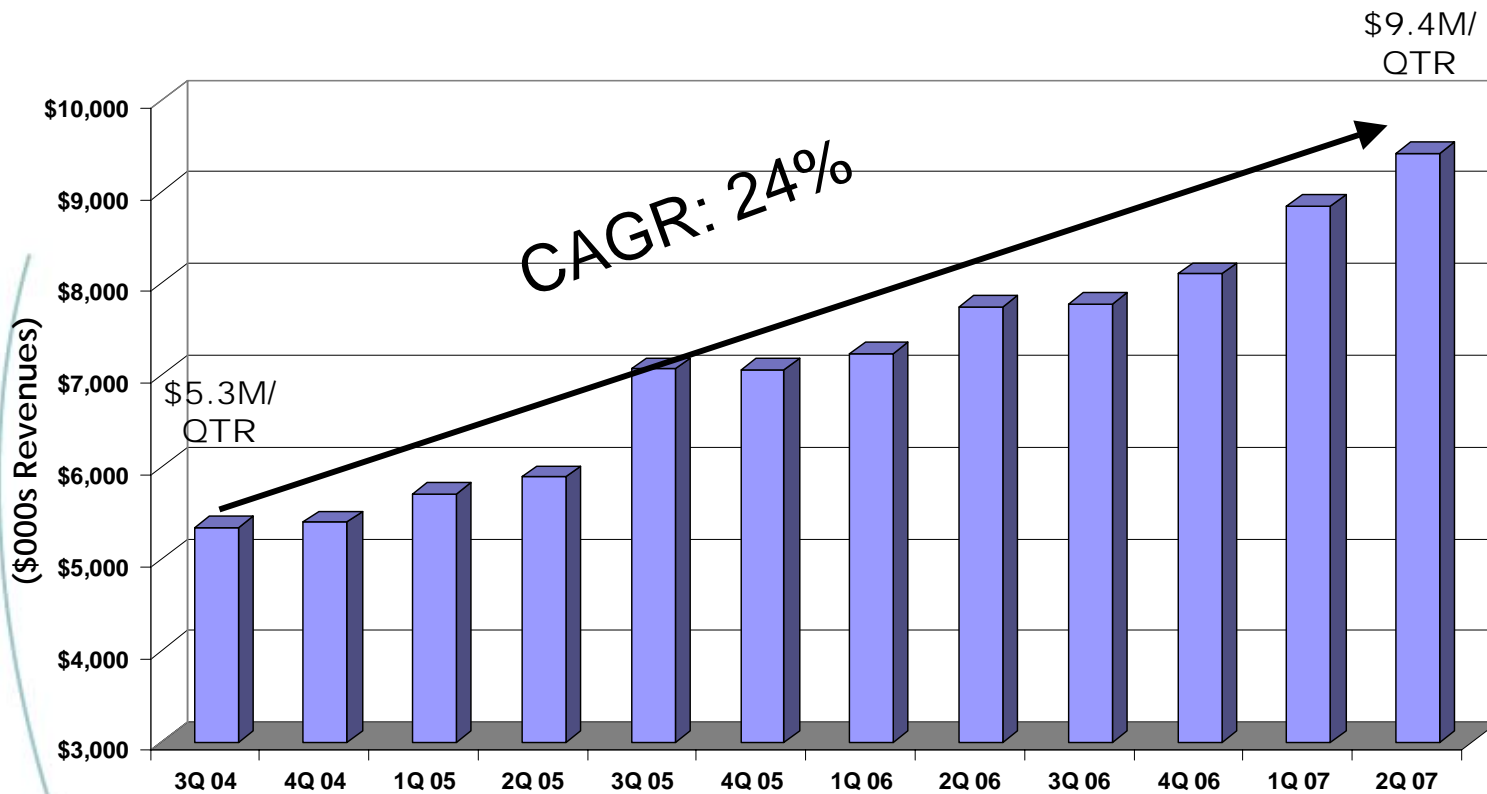
Record Revenue!

- \$21.0 million record revenue 2nd quarter with 26% growth over prior year's quarter
 - 128 iQ200 & Sprint Analyzers sold globally
 - Instrument revenue increased 42% over Q2'06
 - Strong domestic sales of instruments with 83% increase in units compared to Q2'06
 - 22% growth in consumables & services, Q2'07 vs. Q2'06
- Solid performance by all groups

Over 1,450 iQ200 Analyzers shipped since August 2003



Consumables and Service High Growth



- 22% growth Q2'07 vs. Q2'06
- ~6% sequential growth Q2'07 vs. Q1'07



Diagnostics Business Update

- IVD growth of 31% Q2'07 vs. Q2'06
 - Increased US sales organization to 20 from 11
 - Growth did not rely on a single large multi-unit order
- Signed three-year agreement with Amerinet GPO
 - 75% of targets covered
- Renew Premier agreement and received 2007 performance award from Premier
- Completed infrastructure improvements (facilities, increased sales & service workforce)
- Solid pipeline entering the third quarter



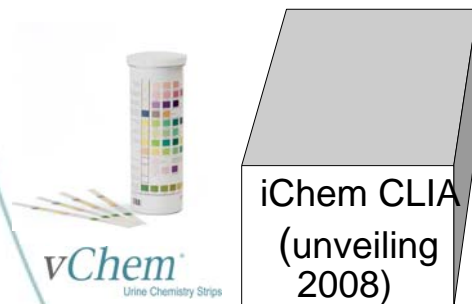
R & D Investment for Q2'07

- 14% of consolidated revenue in Q2'07, per plan
- \$900k increase over Q2'06
 - Includes \$163k of ADIR shut down costs
 - Approximately \$330K of prototype materials for iChem VELOCITY
- Three new products scheduled for release by year-end
 - iChem VELOCITY: automated urine chemistry analyzer
 - NADIA PSA
 - Express 4 Centrifuge
- Key patent issued for automated particle recognition technology – key for 3GEMST[™]
- Programs within full year budget



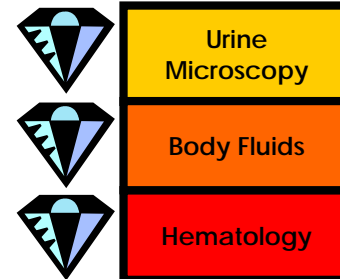
Iris Chemistry Program

- Complete urine chemistry product line to address all market segments
 - iChem® VELOCITY™ fully automated urine chemistry analyzer
 - Introduced at IFCC Congress in May
 - iChem® 100 semi-automated urine chemistry analyzer with iConnect
 - iChem® CLIA- waived hand-held urine chemistry analyzer
 - vChem® – visual UA strips



Status of New Diagnostics Products

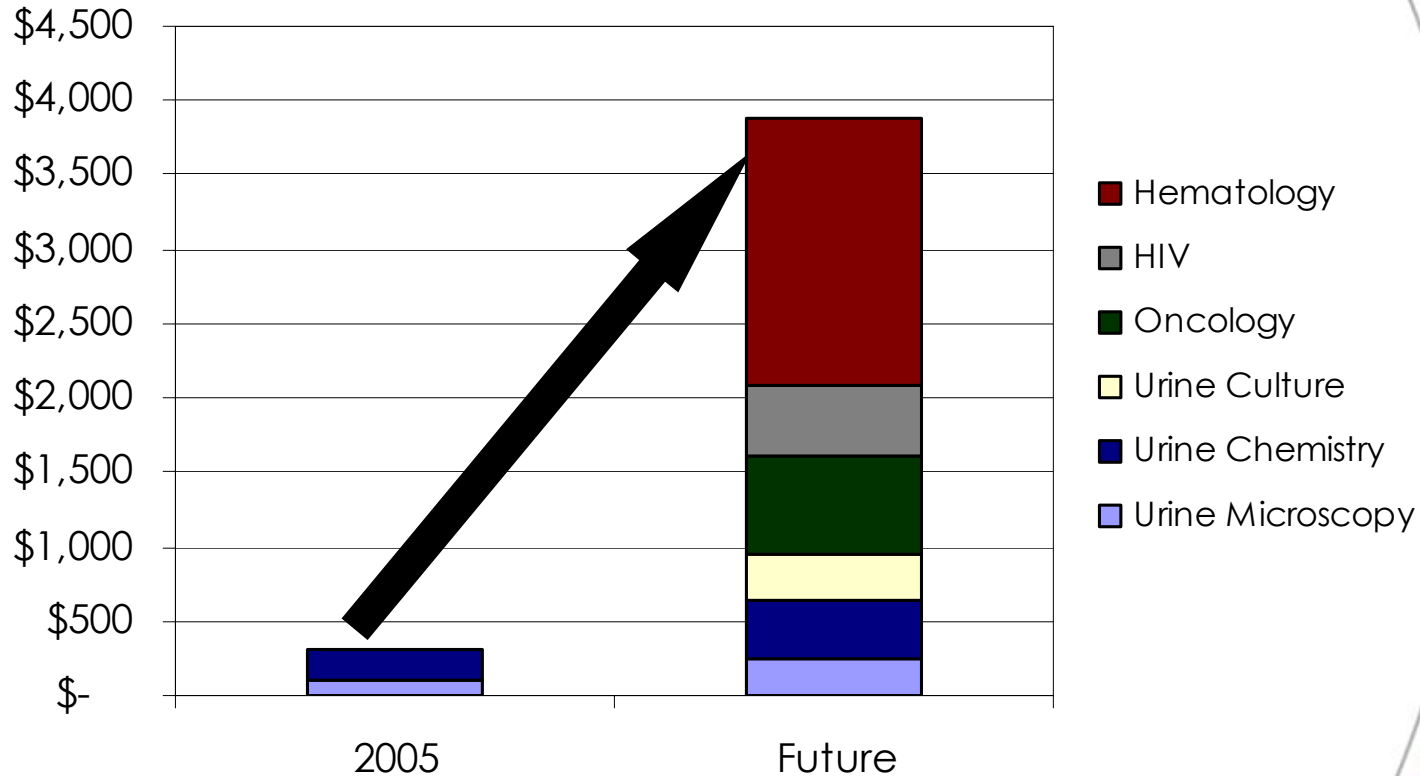
- **iChem® VELOCITY**
 - FDA 510(k)
 - data collection in process
 - Submission October 07
 - 1st Commercial Shipment: December 07
- **Urine Bacteria**
 - Feasibility scheduled completion September 07
 - Product format still to be decided
- **3GEMS™ Program**
 - Research team assembled
 - Building a first integrated system prototype
 - Target completion: Q1'08



Iris®

IRIS Target Market Opportunity Grows to \$3.9 Billion

(\$ in millions)



Enriching the quality of life for people everywhere.

NADIA[®] PSA Performance Characteristics

Thomas H. Adams, PhD.
Chief Technology Officer



IRIS International, Inc.

NADIA[®]™ PSA

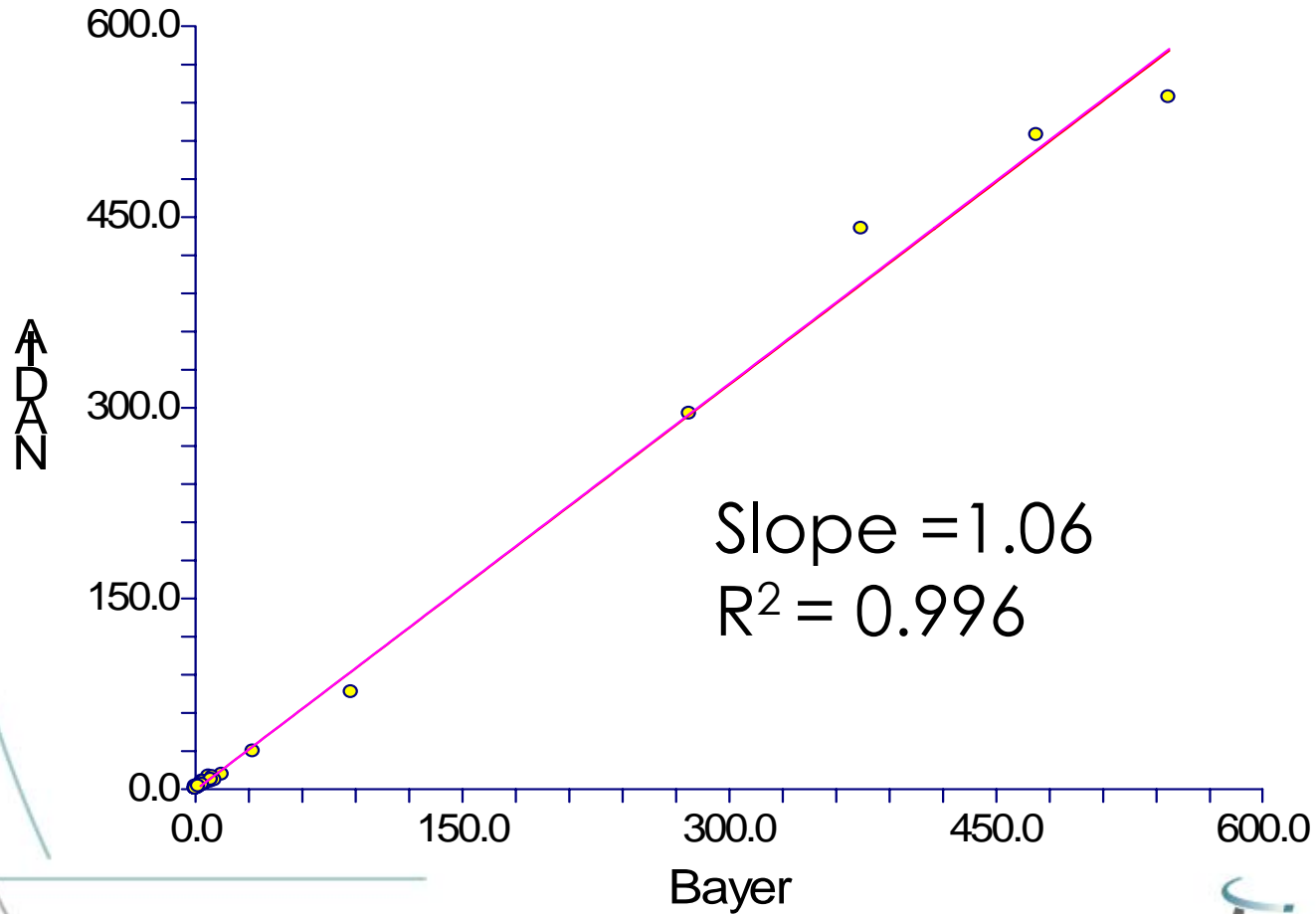
Status FDA 510k Submission

- Feb 2007: Submitted 510k
- Apr 2007: Received FDA Response
- Apr 2007: Requested Two FDA Meetings
 - Seminar on NADIA[®]
 - Response to questions
- July 2007: Two meetings were held at the FDA
 - Excellent meeting to resolve NADIA[®] PSA 510k questions
 - Path forward established
 - Additional data required
 - Seminar on NADIA[®] and Bubble Technology



NADIA[®] PSA - Correlation Study (106 Patient Values)

NADIA vs Bayer



Functional Sensitivity using simplest heterogeneous format

Values	Results
PSA Level	0.5pg/ml
SD	0.06
%CV	12%

Functional Sensitivity \approx Lowest concentration detectable



NADIA[®] PSA

Clinical Relevance

- 200X better performance than the predicate device
- Simplest NADIA[®] format was used – demonstrated scalability of NADIA immuno-PCR method
- Intended use: Monitoring prostate cancer patients following prostatectomy.
- A retrospective clinical study will be completed early Q4'07

Anticipate launch of NADIA[®] PSA by year-end



Financial Summary

2nd Quarter & First Half of 2007

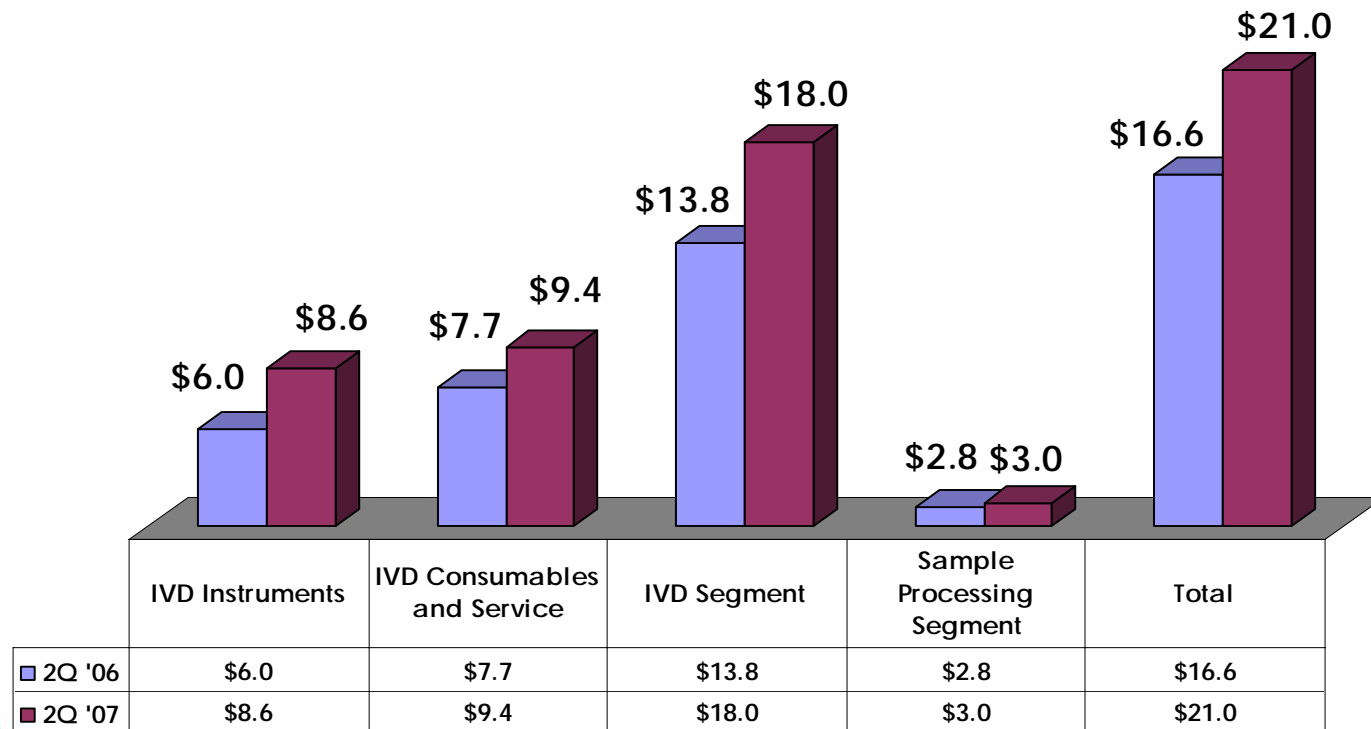
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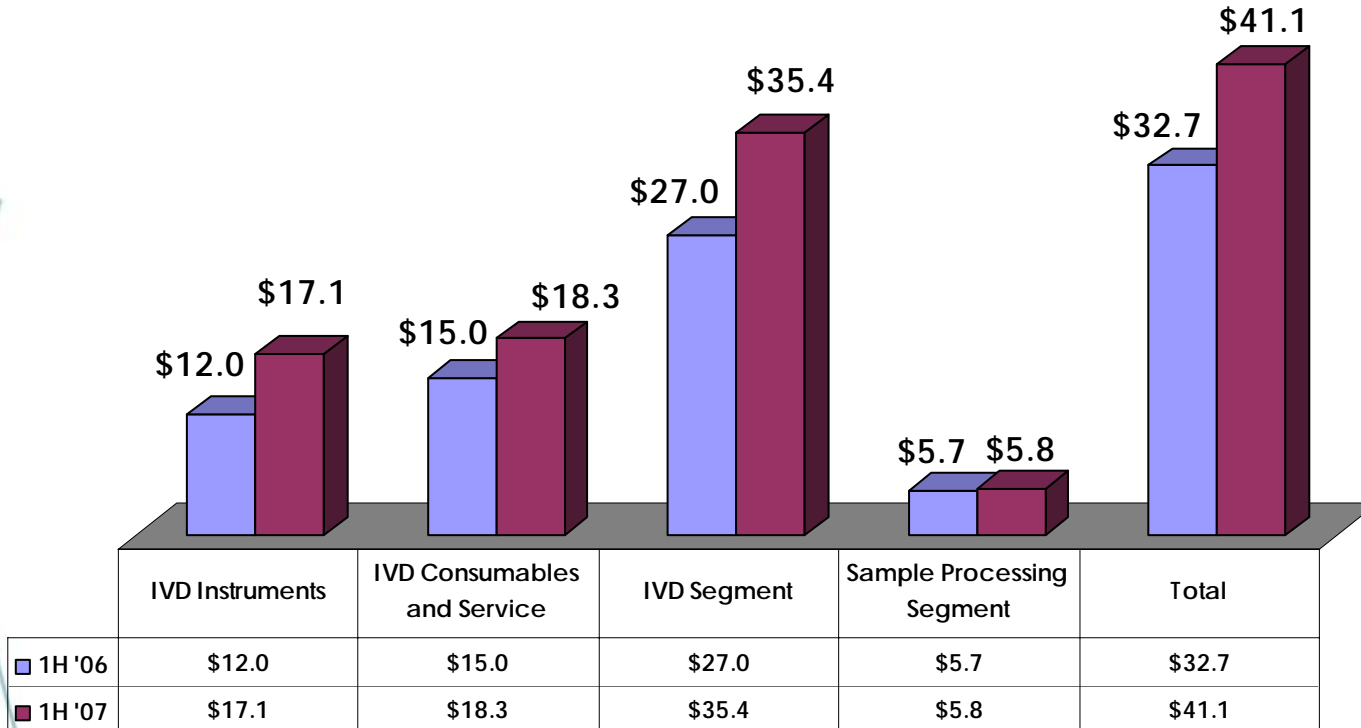
Revenue – Q2'06 vs. Q2'07

\$ in millions



Revenue – 1H'06 vs. 1H'07

\$ in millions

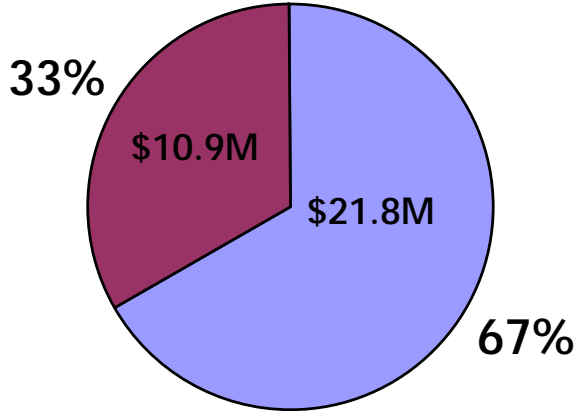


Revenues By Geography – 1H'06 vs. 1H'07

\$ in millions

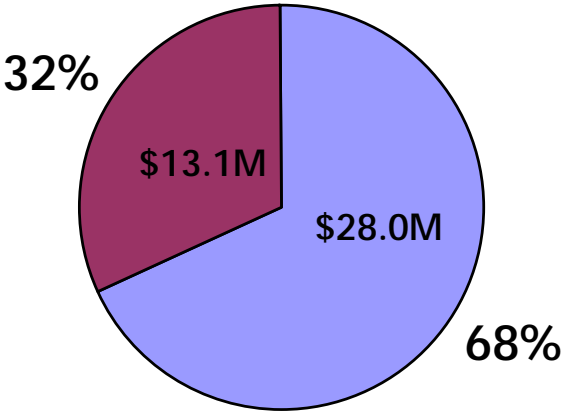
1H '06

■ Domestic ■ International



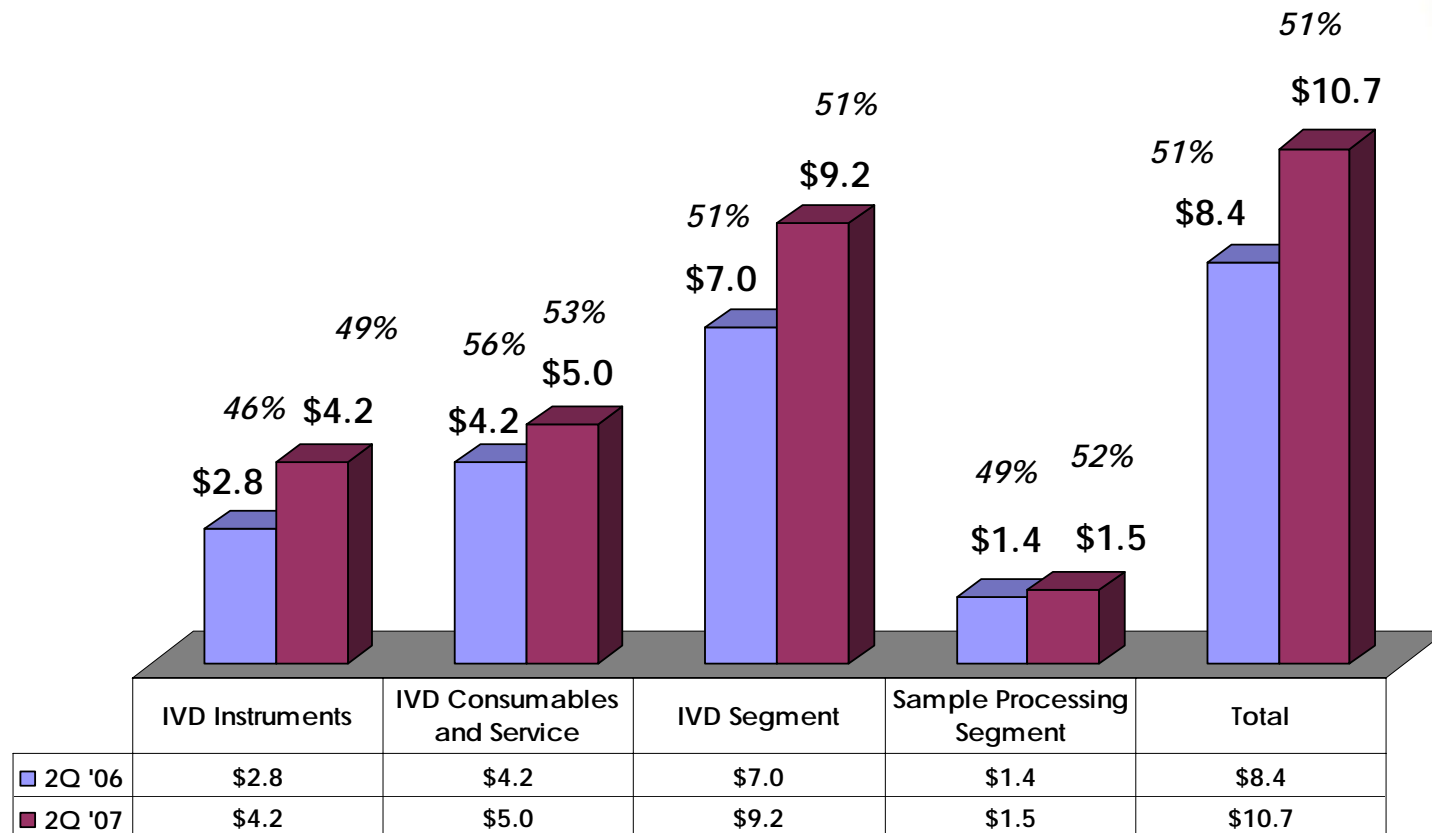
1H '07

■ Domestic ■ International



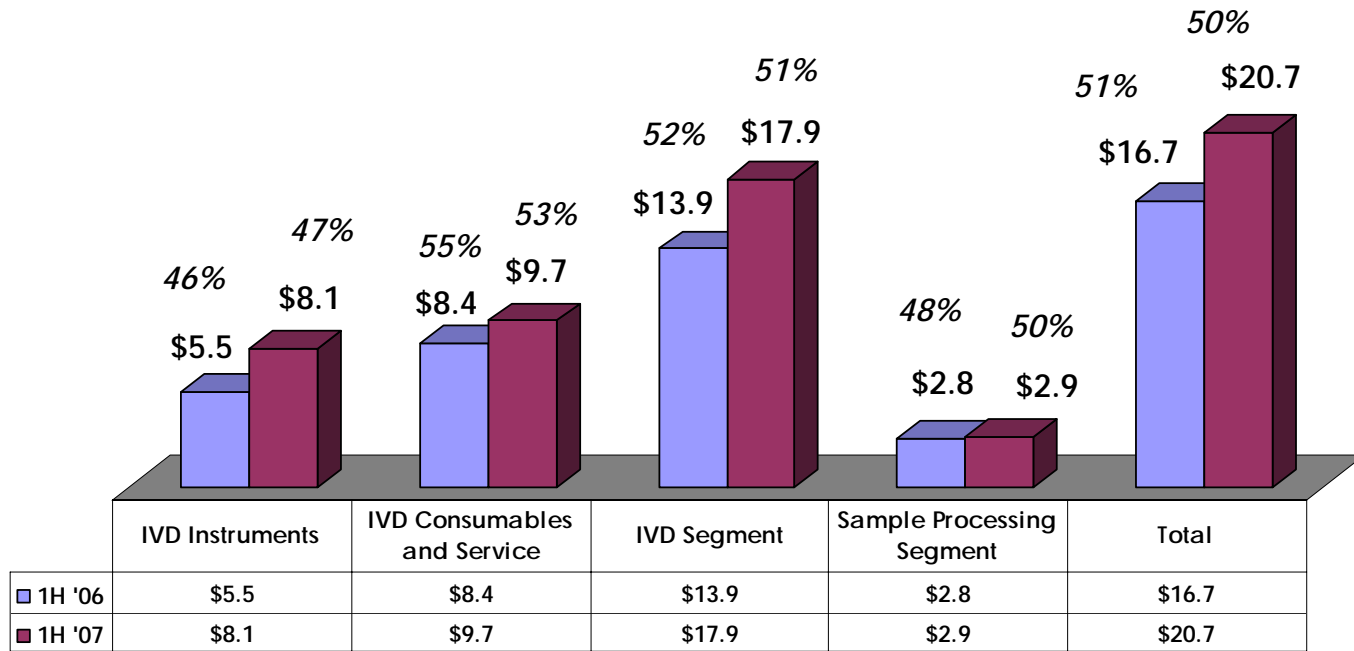
Gross Profit – Q2'06 vs. Q2'07

\$ in millions



Gross Profit – 1H'06 vs. 1H'07

\$ in millions



Condensed Statement of Operations

Q2 2006 versus Q2 2007

\$ in thousands

	<u>Q2 2006</u>	<u>Q2 2007</u>
Revenues	\$ 16,598	\$ 20,977
Gross margin	8,410	10,741
<i>Gross margin %</i>	50.7%	51.2%
Research and development	7,271	3,009
S,G&A expense	5,464	5,554
Total operating expenses	<u>12,735</u>	<u>8,563</u>
Operating income	(4,325)	2,178
Interest income, net and other	261	358
Pre tax income	<u>(4,064)</u>	2,536
Income tax	413	746
Net income	<u>\$ (4,477)</u>	<u>\$ 1,790</u>
Basic Shares	17,868	18,127
Diluted Shares	17,868	18,818
EPS - Basic	(0.25)	0.10
EPS - Diluted	(0.25)	0.10

The Iris logo consists of the word "Iris" in a blue, sans-serif font, with a stylized blue arc above the letter "i".

Pro-Forma Condensed Statement of Operations

Q2 2006 versus Q2 2007

\$ in thousands

	<u>Q2 2006</u>	<u>Q2 2007</u>
Revenues	\$ 16,598	\$ 20,977
Gross margin	8,410	10,741
<i>Gross margin %</i>	50.7%	51.2%
Research and development *	2,091	3,009
S,G&A expense **	4,964	5,554
Total operating expenses	<u>7,055</u>	<u>8,563</u>
Operating income	1,355	2,178
Interest income, net and other	261	358
Pre tax income	1,616	2,536
Income tax	593	746
Net income	<u>\$ 1,023</u>	<u>\$ 1,790</u>
Basic Shares	17,868	18,127
Diluted Shares	18,438	18,818
EPS - Basic	0.06	0.10
EPS - Diluted	0.06	0.10

* Excludes \$5.2M of purchased in-process R&D

** Excludes \$500K of CFO transition costs



Condensed Statement of Operations

1H 2006 versus 1H 2007

\$ in thousands

	1H 2006	1H 2007
Revenues	\$ 32,713	\$ 41,099
Gross margin	16,700	20,726
<i>Gross margin %</i>	51.1%	50.4%
Research and development	8,759	5,436
S,G&A expense	9,901	10,990
Total operating expenses	18,660	16,426
Operating income	(1,960)	4,300
Interest income, net and other	526	695
Pre tax income	(1,434)	4,995
Income tax	1,386	1,744
Net income	\$ (2,820)	\$ 3,251
Basic Shares	17,558	17,963
Diluted Shares	17,558	18,600
EPS - Basic	(0.16)	0.18
EPS - Diluted	(0.16)	0.18


Iris®

Pro-Forma Condensed Statement of Operations

1H 2006 versus 1H 2007

\$ in thousands

	<u>1H 2006</u>	<u>1H 2007</u>
Revenues	\$ 32,713	\$ 41,099
Gross margin	16,700	20,726
<i>Gross margin %</i>	51.1%	50.4%
Research and development *	3,579	5,436
S,G&A expense **	9,401	10,990
Total operating expenses	<u>12,980</u>	<u>16,426</u>
Operating income	3,720	4,300
Interest income, net and other	526	695
Pre tax income	4,246	4,995
Income tax	1,566	1,744
Net income	<u>\$ 2,680</u>	<u>\$ 3,251</u>
Basic Shares	17,558	17,963
Diluted Shares	18,128	18,600
EPS - Basic	0.15	0.18
EPS - Diluted	0.15	0.18

* Excludes \$5.2M of purchased in-process R&D

** Excludes \$500K of CFO transition costs



Q2-07 Summary

- Experiencing record revenue
- Significant Investment in R&D
- Broad new product pipeline
 - R&D spending per plan
- Revised company guidance as of August 13, 2007:
 - 2007 Consolidated Revenue: \$83 - \$85 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
- \$9.4 million of NOL's and \$3.9 million in tax credits available as of January 1, 2007
- Cash: \$25.6 million at June 30, 2007 and growing...



Q & A

Thank you.

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