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Earnings Conference Call 3rd Quarter 2007

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11.01.07



IRIS International, Inc.

NASDAQ: IRIS

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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

**Q3-07 Earnings Conference Call
11.01.07**



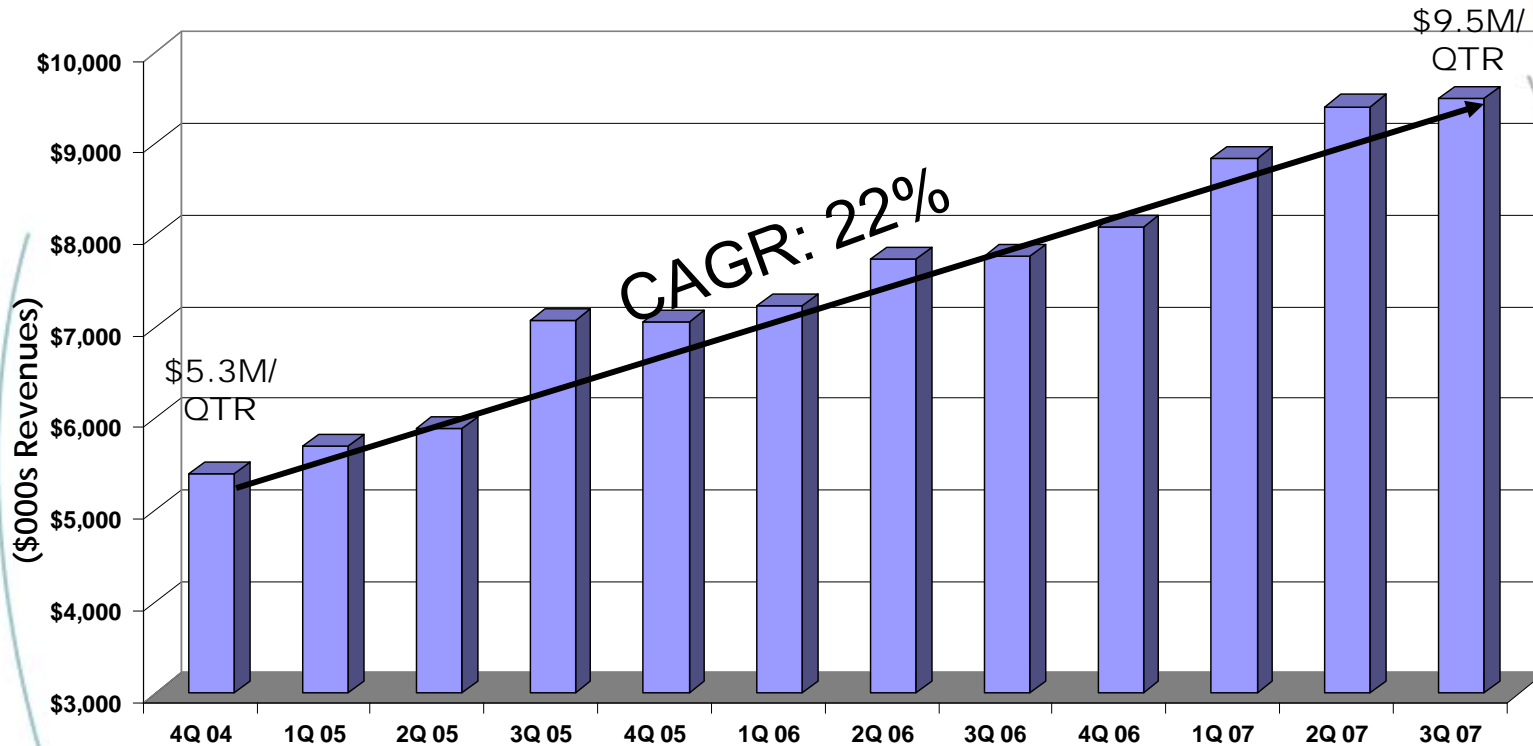
Q3'07 Highlights

- \$20.2 million record revenue 3rd quarter with 12% growth over prior year's quarter
 - Strong performance in a seasonally slow quarter
- Excellent gross margin realization in Q3-07
- Completed development of Express 4 centrifuges
- iChem VELOCITY: on schedule for international shipments in Q1-2008
- Continuing progress toward NADIA-PSA 510(k) clearance
- R&D spending per plan, at 13% of revenue

Over 1,550 iQ200 Analyzers shipped since August 2003



Consumables and Service High Growth



- 22% growth Q2'07 vs. Q2'06
- Mix changes and lower manufacturing costs improving gross margins



Diagnostics Business Update

- Corporate Accounts initiatives
 - LabCorp
 - Achieved target test volumes in Q3-07. Met or exceeded every objective relating to automation of urine microscopy
 - Started deploying iQ200 System in LabCorp-managed hospital labs
 - Now 16 sites with iQ200 technology implemented (33 Analyzers and Systems)
 - Kaiser
 - Accelerated go-live program in Q3-07
- Service revenue increasing while improving customer support infrastructure
- Strong domestic sales in Q3-07 and good pipeline for Q4-07
- A strong fourth quarter closing is expected



IRIS Urine Chemistry Program Status

- iChem VELOCITY Program
 - Nearing completion of 510(k) application
 - Production-pilot build in process
 - Notified Arkray of our decision to initiate domestic shipments in Q1-2009
 - Successful product presentations at European trade shows
- iChem 100
 - Discontinued domestic distribution of AUTION-JET AJ-4270
 - Strip pull-through improving as more iChem 100's are placed as domestic back-up units replacing AJ-4270's



Molecular Diagnostics Programs

- NADIA – PSA
 - Submitted clinical protocol for a retrospective clinical study to the FDA
 - Contracted a highly regarded clinician as principal investigator
 - Identified and qualified the retained samples
 - Ready to start retrospective clinical study as soon as FDA concurrence is received
- NADIA-HIV
 - Implemented first NADIA-HIV assay with very good sensitivity using the simplest format
 - Final assay design planned for 2008
- Bacteria Negative-Predictor
 - Successfully implemented standardized assay for isolation of gram + bacteria
 - Experimentally demonstrated feasibility of gram – bacteria isolation, now working on standardized assay



Q3-07 Summary

- Experiencing record 3rd quarter revenue
- Steady gross margin improvements with acceleration of consumable sales & increasing service contract revenues
- Stronger position in clinical reference lab segment and large affiliated institutions
- R&D Programs:
 - Programs progressing steadily – no setbacks
 - Significant Investment in R&D to accelerate development of broad new product pipeline
- Significant capital investment in facilities and iChem VELOCITY start up inventory are behind us and cash is expected to significantly grow in 2007-2008



Financial Summary

3rd Quarter 2007

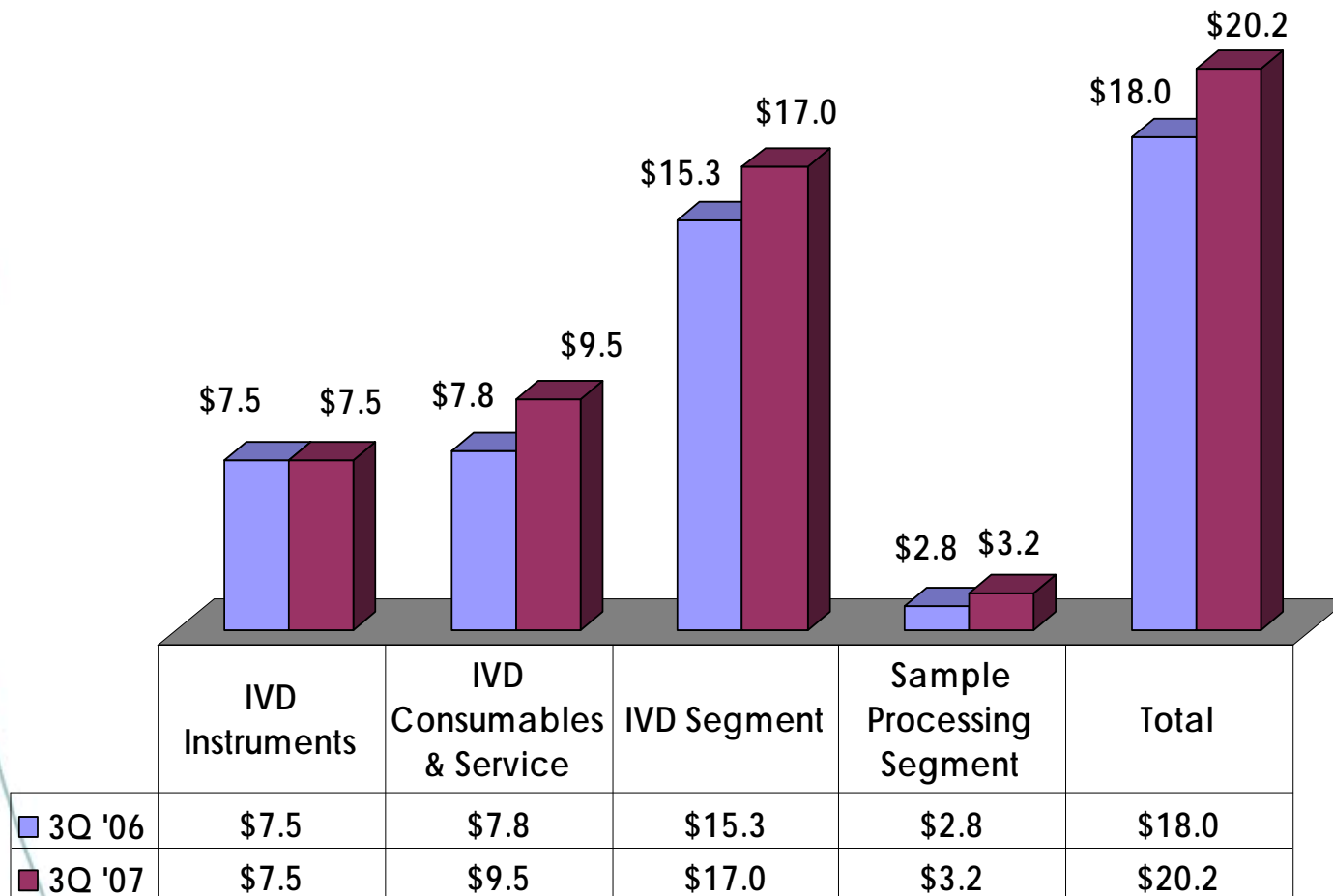
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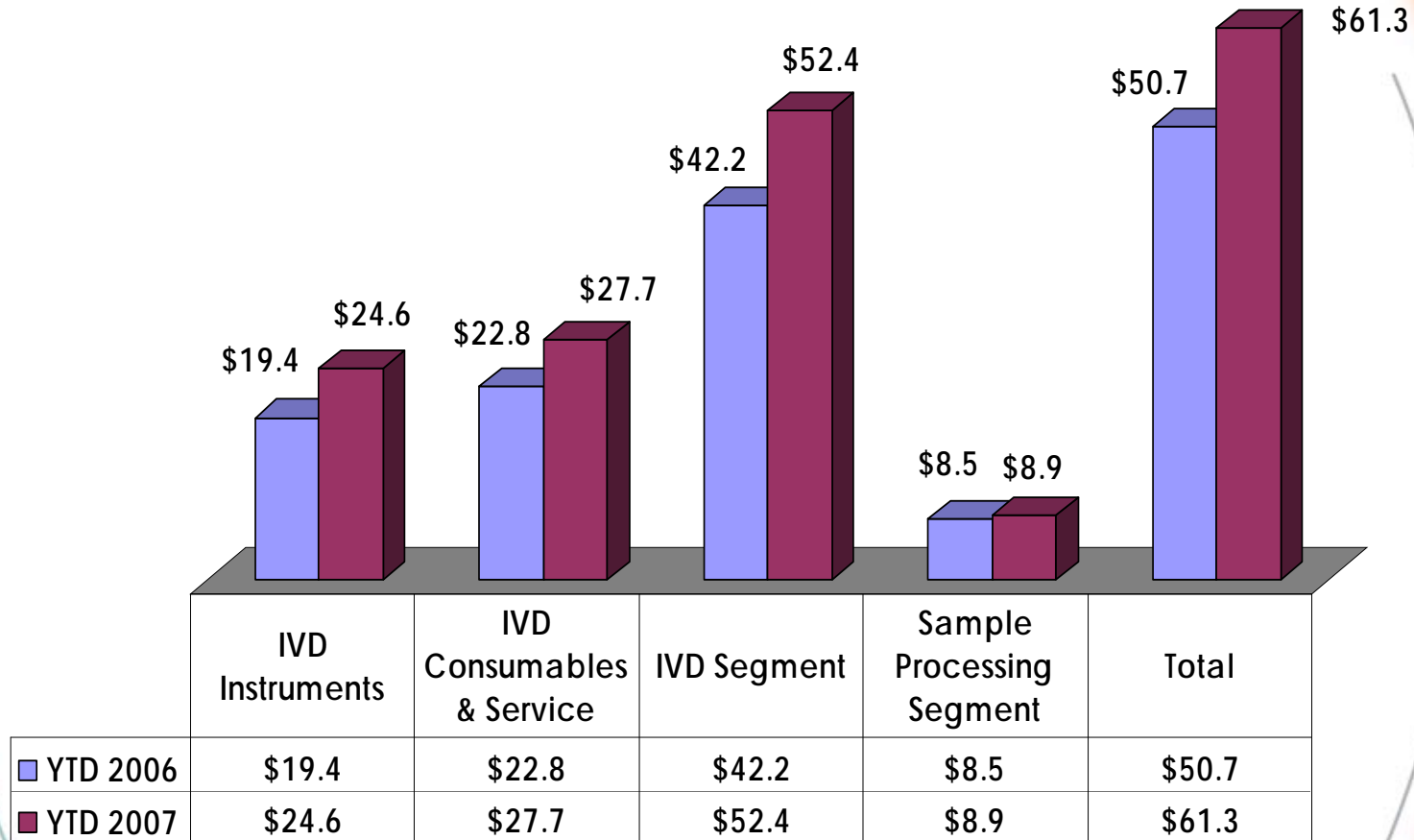
Revenue – Q3'06 vs. Q3'07

\$ in millions



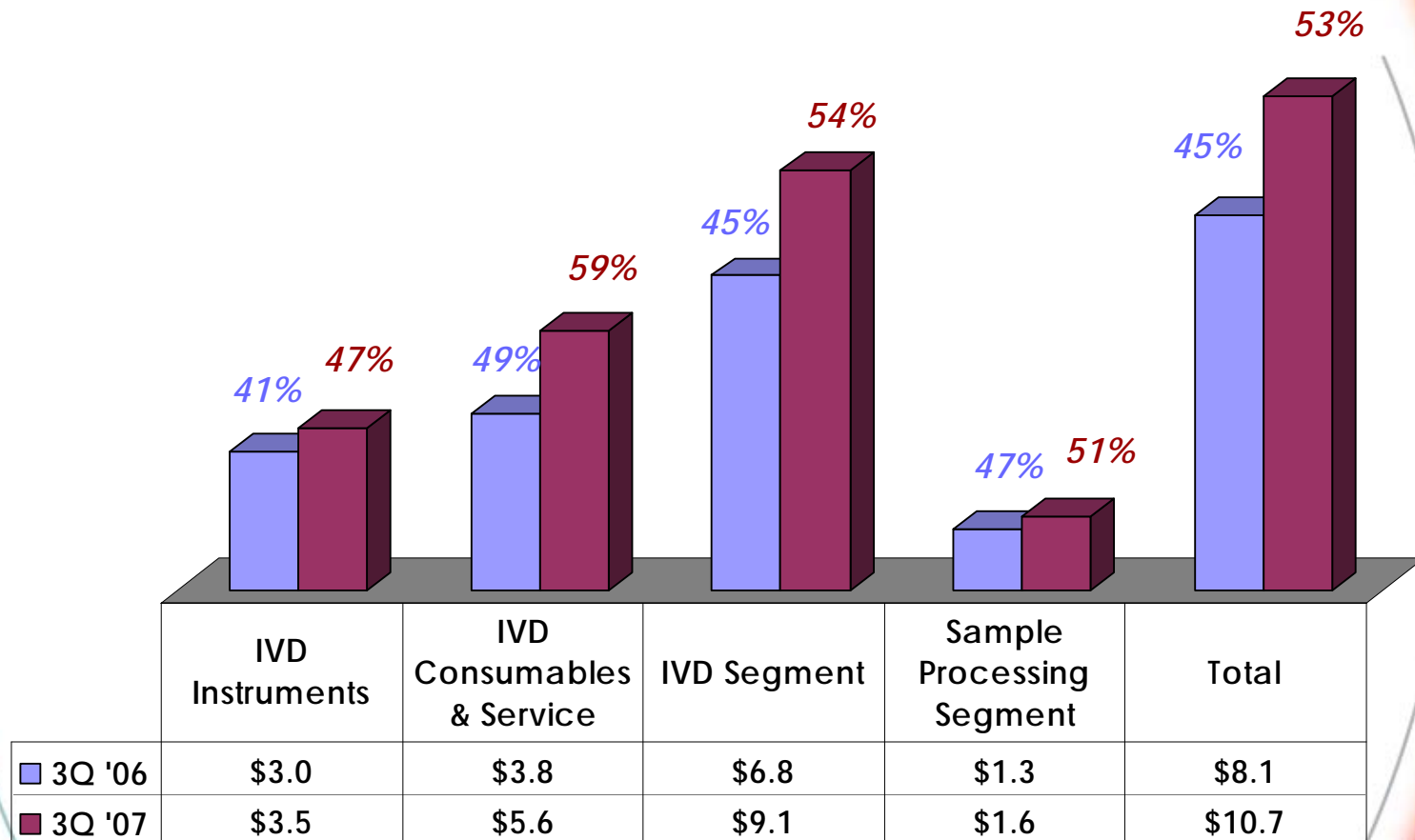
Revenue – YTD'06 vs. YTD'07

\$ in millions



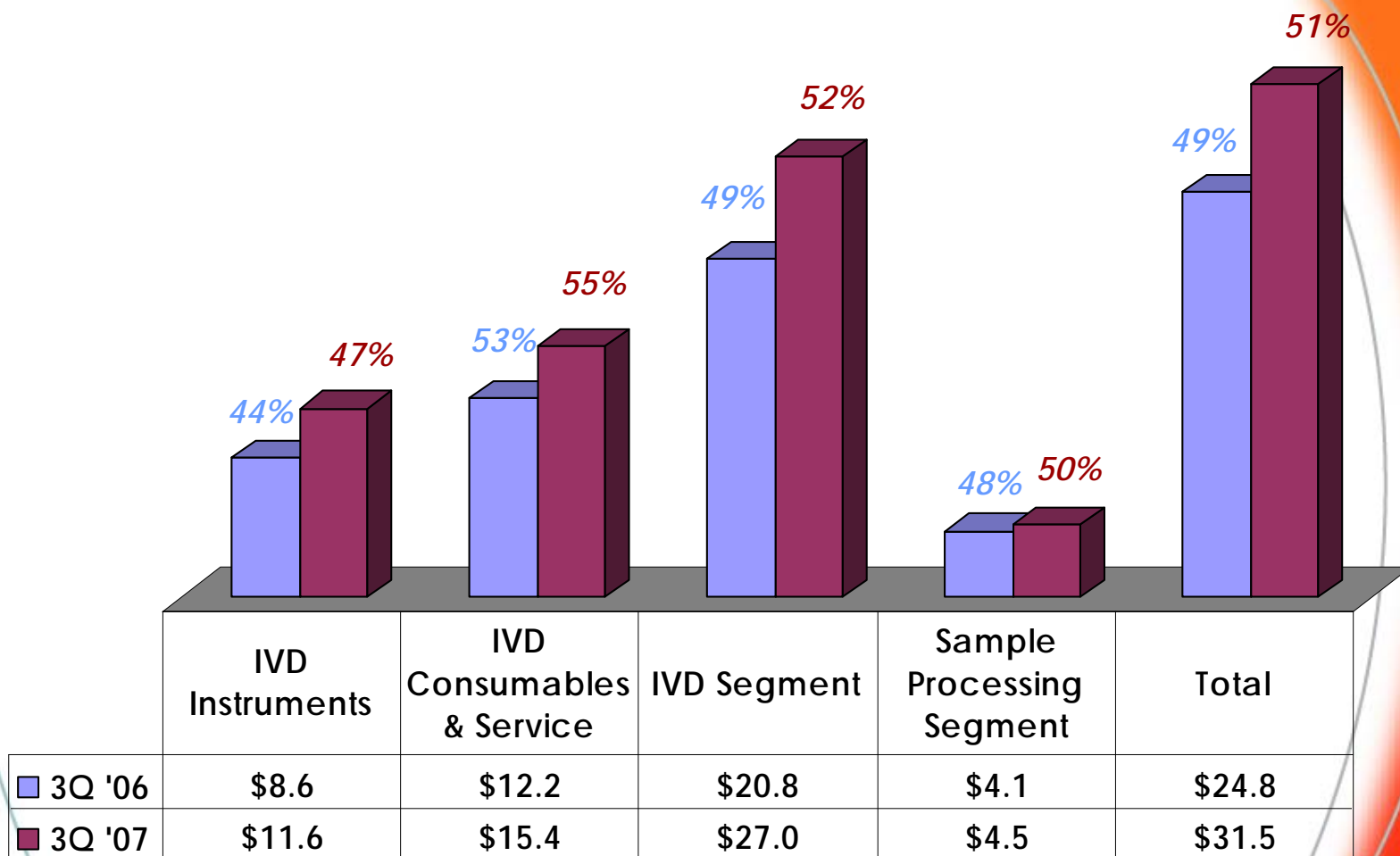
Gross Profit – Q3'06 vs. Q3'07

\$ in millions and GM %'s



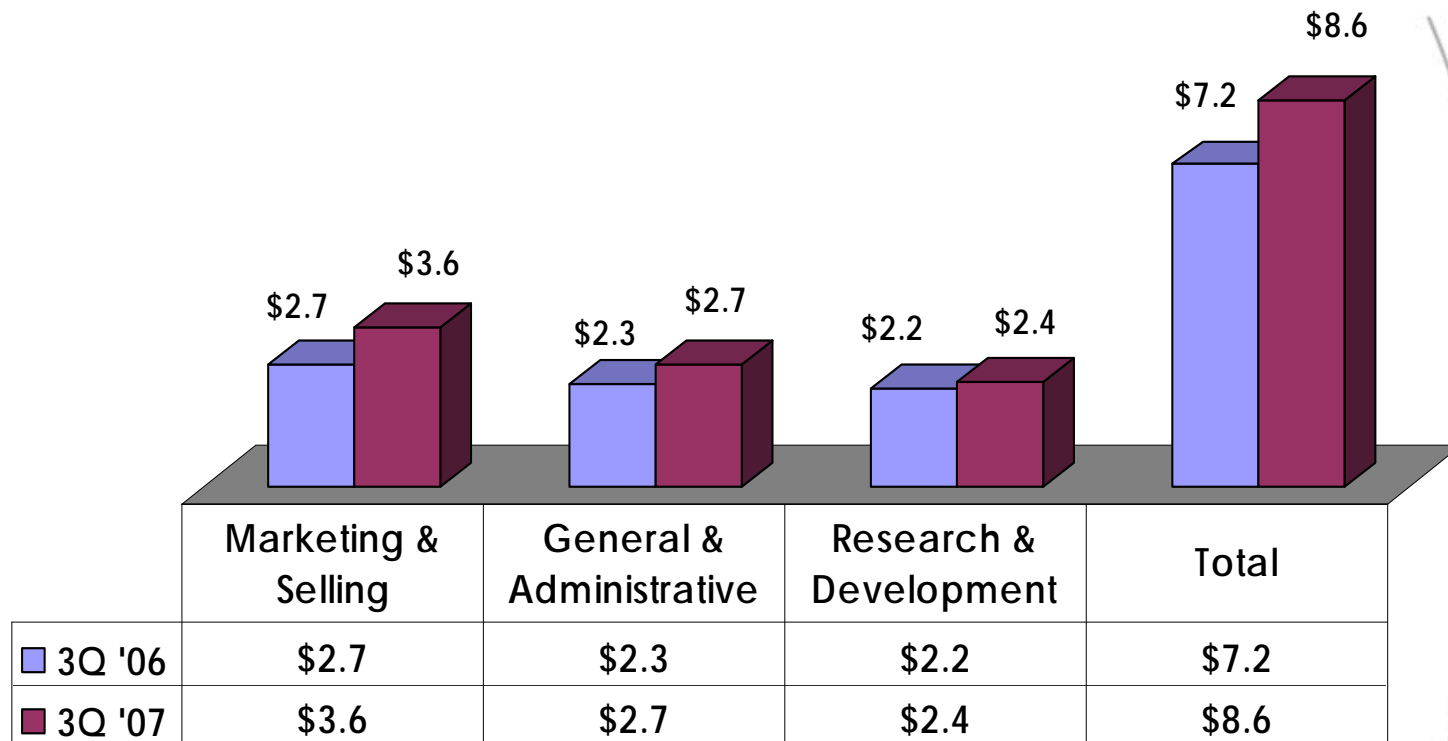
Gross Profit – 2006 YTD vs. 2007 YTD

\$ in millions and GM %'s



Operating Expenses – Q3'06 vs. Q3'07

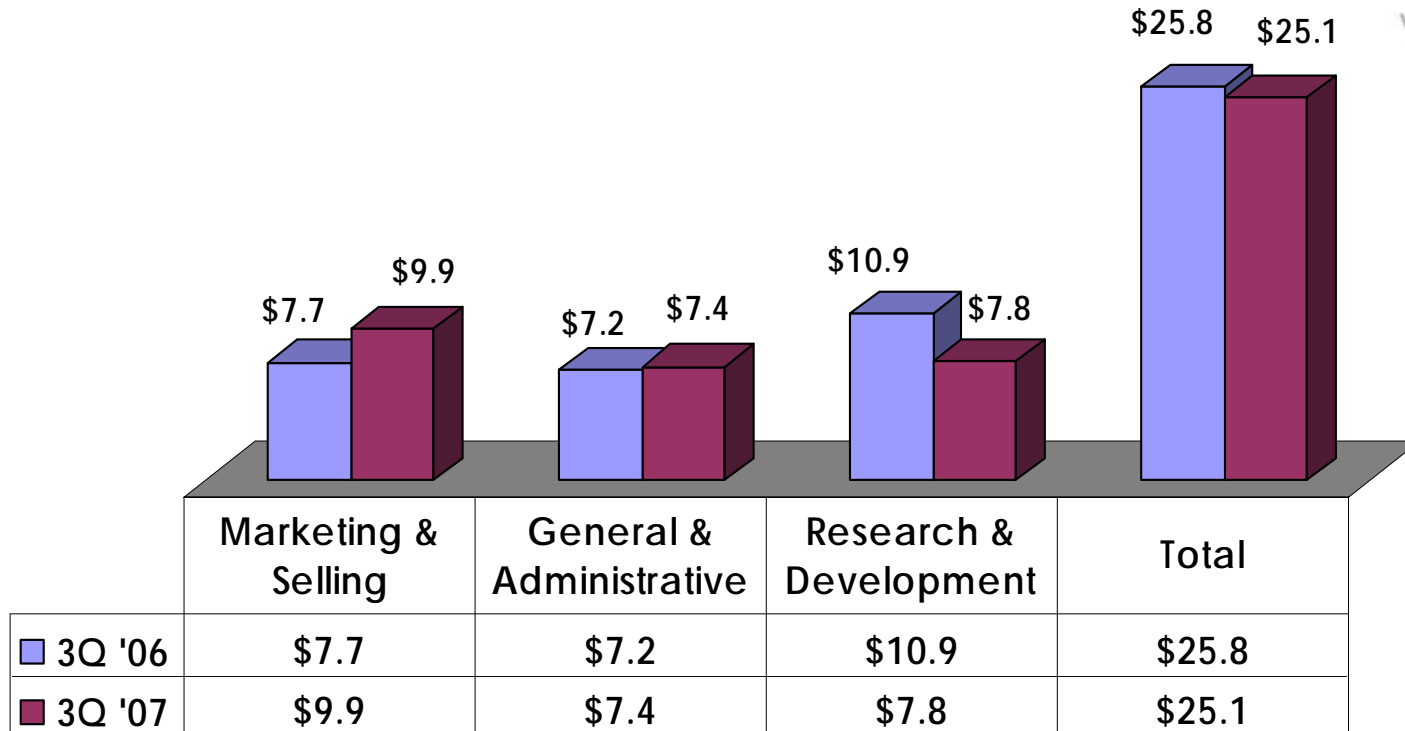
\$ in millions



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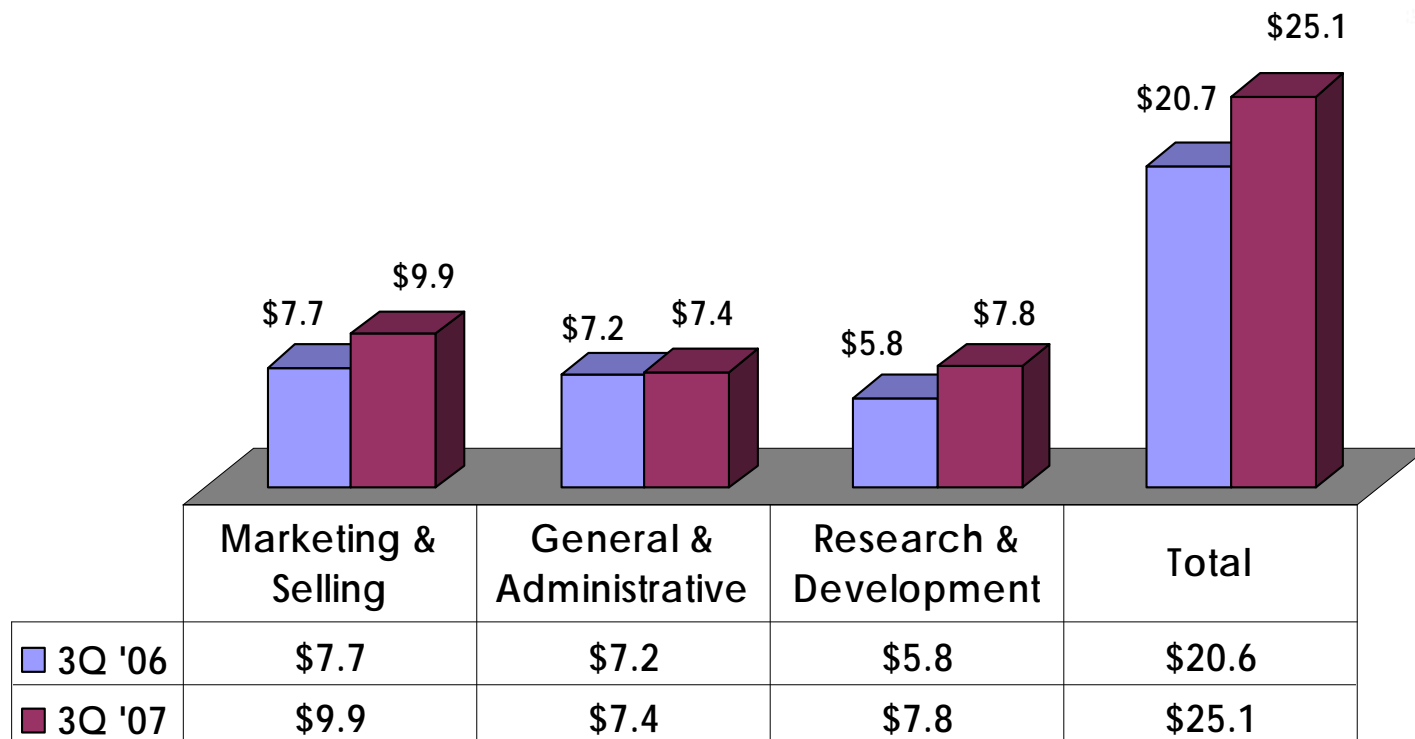
Operating Expenses – YTD 2006 vs. YTD 2007

\$ in millions (US GAAP)



Operating Expenses – YTD 2006 vs. YTD 2007

\$ in millions (Pro Forma exclusive of in process R&D)



2006/2007 P&L QTD

\$ in thousands (US GAAP)

	<u>Q3 2006</u>	<u>Q3 2007</u>
Revenues		
Sales of IVD imaging systems	7,477	7,479
Sales of IVD consumables/service	7,775	9,492
Sales - Sample Processing	<u>2,756</u>	<u>3,220</u>
Total Revenues	18,008	20,191
Gross Margins		
GM IVD imaging systems	3,045	3,487
GM IVD consumables/service	3,799	5,621
GM Sample Processing	<u>1,296</u>	<u>1,635</u>
Total Gross Margin	8,140	10,743
GM IVD imaging systems	40.7%	46.6%
GM IVD consumables/service	48.9%	59.2%
GM Sample Processing	47.0%	50.8%
Total Gross Margin %	45.2%	53.2%
Operating Expenses		
Marketing and selling	2,718	3,566
General and administrative	2,284	2,725
Research and development, net	<u>2,173</u>	<u>2,355</u>
Total Operating Expenses	7,175	8,646
Operating income	965	2,097
Net income (loss)	<u>774</u>	<u>1,618</u>
EPS	\$ 0.04	\$ 0.09
Shares	18.6	19.0



2006/2007 Pro Forma P&L YTD

\$ in thousands (Pro Forma exclusive of in process R&D)

	Q3 2006 YTD US GAAP	Q3 2006 YTD Pro Forma	Q3 2007 YTD US GAAP
Total Revenues	50,721	50,721	61,290
Total Gross Margin	24,840	24,840	31,469
Total Gross Margin %	49.0%	49.0%	51.3%
Total Operating Expenses	25,835	20,655	25,072
Operating income	965	4,185	6,397
Net income (loss)	<u>(2,045)</u>	<u>3,135</u>	<u>4,873</u>
EPS	\$ (0.11)	\$ 0.18	\$ 0.26

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2007 Balance Sheet Commentary

\$ in thousands

- Cash
 - Continues to be strong in the \$24M range
 - Decreased \$2M from Q2-07 due to the following reasons
 1. Inventory Increase
 - ✓ Preparing for expected increase in Q4 shipments
 - ✓ \$1M incremental finished goods of AUTION-MAX AX-4280
 - ✓ \$800k raw materials due to *Velocity* ramp-up
 2. Higher accounts receivables
 - ✓ \$1.8M increase due to high % of sales occurring late in the quarter due to seasonality



Q3-07 Guidance Update

- Company reaffirms its previous guidance:
 - 2007 Revenue: \$83.0 - \$85.0 million
 - 2007 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.



Q & A