



Earnings Call
1th Quarter 2011
May 4, 2011

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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; regulatory clearances of new 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 financial results presented are subject to change pending the filing of the Company's Quarterly Report on Form 10-Q for the period ended March 31, 2011. 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.

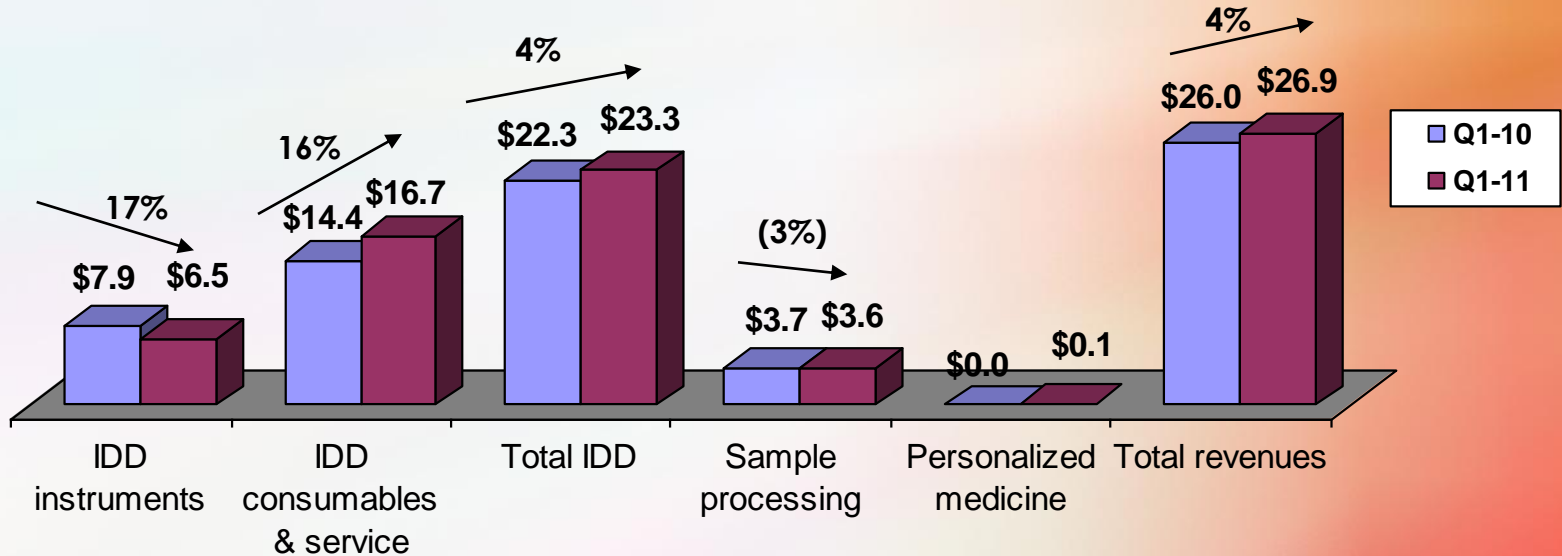
Financial Summary Q1-11

Earnings Conference Call

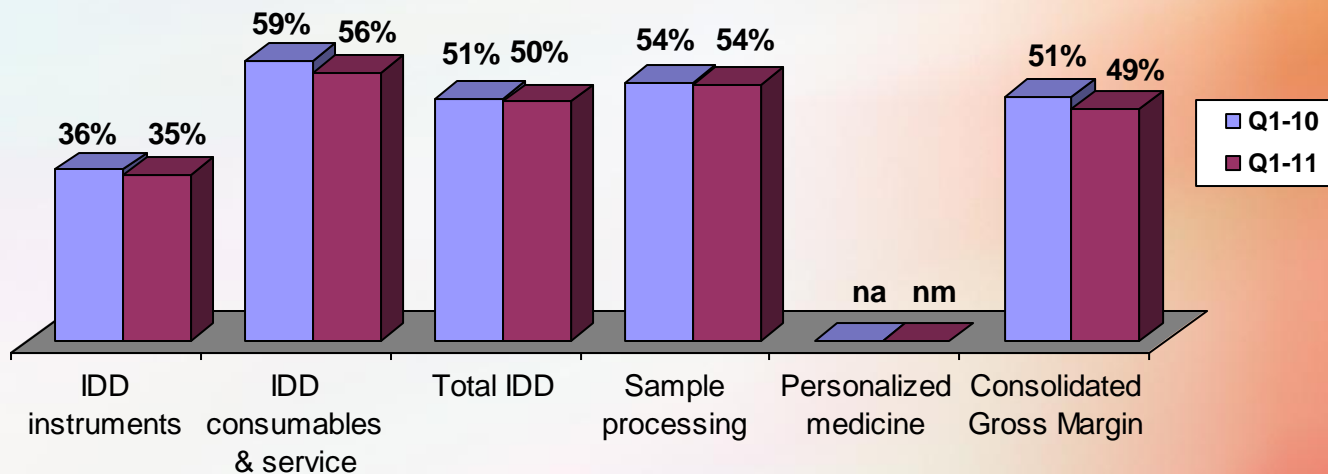
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Revenue: Q1-11 vs. Q1-10

\$ in millions

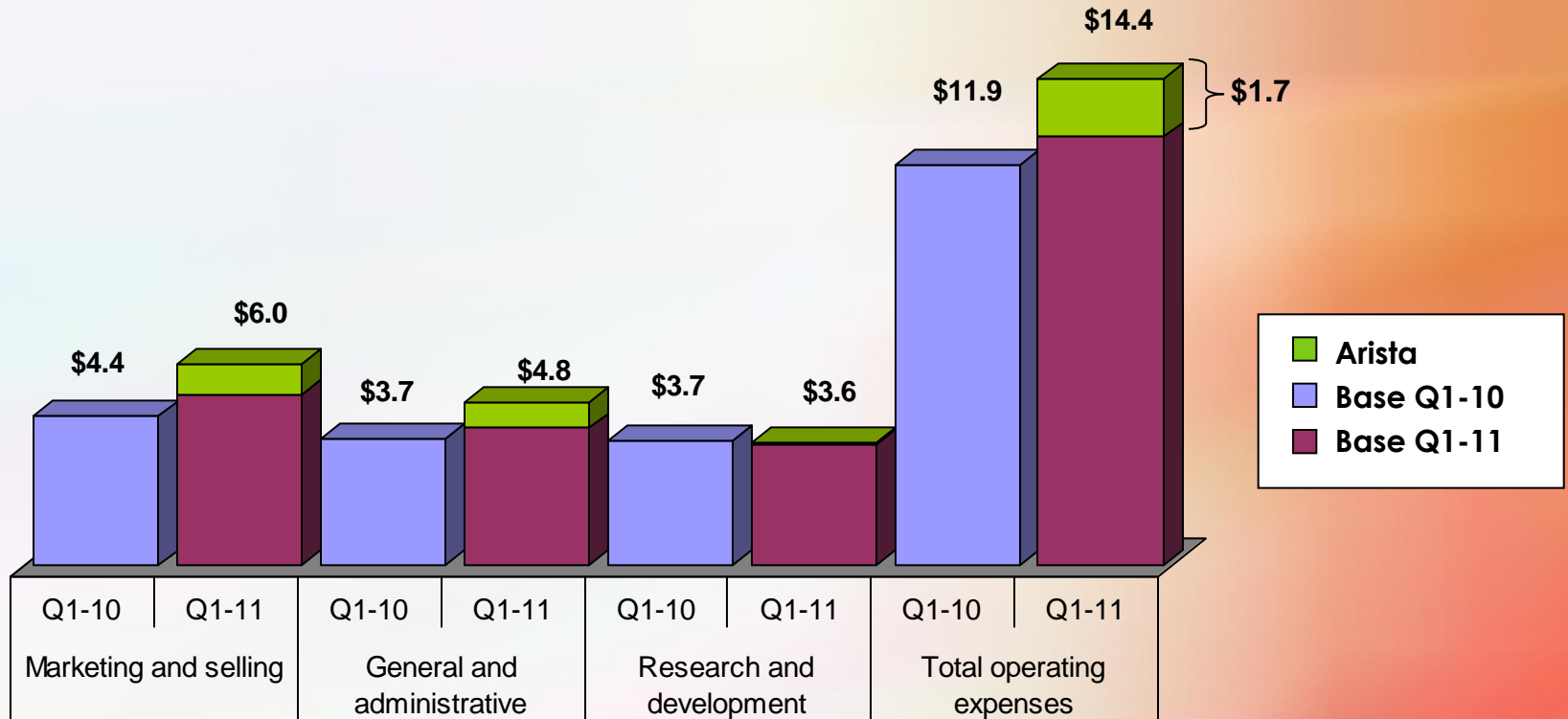


Gross Margin: Q1-11 vs. Q1-10



Operating Expenses: Q1-11 vs. Q1-10

\$ in millions



Operating expenses exclude the \$1.2M gain on revaluation of contingent consideration

Q1-11 vs. Q1-10 P&L (GAAP)

\$ in thousands, except per share amounts

	<u>Q1-11</u>	<u>Q1-10</u>
Total Revenues	\$26,939	\$25,980
Base Gross Profit	13,565	13,254
Arista Gross Profit	(458)	0
Gross Profit	13,107	13,254
<i>Gross Margin</i>	48.7%	51.0%
Base Operating Expenses	12,688	11,852
Arista Operating Expenses	1,719	0
Gain on revaluation of contingent consideration	(1,225)	0
Total Operating Expenses	13,182	11,852
Operating Income	(75)	1,402
<i>Operating Margin</i>	-0.3%	5.4%
Other Income (Expense)	660	177
Pretax Income	585	1,579
<i>Tax Rate</i>	10.6%	34.0%
Taxes	62	537
Net Income	\$523	\$1,042
Diluted Shares Outstanding	17,812	18,025
GAAP EPS	\$0.03	\$0.06

Balance Sheet

\$ in thousands

	Mar-11	Dec-10
Current Assets:		
Cash and cash equivalents	\$24,602	\$25,531
Accounts receivable - net	20,990	20,733
Inventory - net	11,548	10,310
Other current assets	1,739	1,661
Investment in sales-type leases	3,677	3,578
Deferred tax assets-short term	3,863	3,135
Total Current Assets	66,419	64,948
Plant and equipment	13,862	12,035
Goodwill	3,911	3,957
Core Technology and Intangibles	9,172	9,345
Software development	2,474	2,637
Other assets	1,152	1,070
Investment in sales-type leases	10,170	10,002
Deferred tax assets-long term	1,697	2,615
Total Assets	\$108,858	\$106,609
Liabilities and Shareholder's Equity:		
Accounts payable	\$8,110	\$5,795
Accrued expenses	7,540	7,513
Deferred service income	3,304	3,205
Other LT liabilities	146	1,445
Total Liabilities	19,100	17,958
Shareholder's Equity	89,758	88,651
Total Liabilities & Shareholder's Equity	\$108,858	\$106,609

Cash Flow Statement

\$ in thousands

	<u>Q1-11</u>	<u>Q1-10</u>
Cash flows from operations		
Net income	\$523	\$1,042
Depreciation & amortization	1,218	1,006
Common stock & stock based comp.	1,000	1,090
Gain on foreign currency remeasurement	(389)	0
Gain on revaluation of contingent consideration	(1,225)	0
Change in operating assets & liabilities	614	571
Other	(21)	0
Net cash provided by operations	<u>1,720</u>	<u>3,709</u>
Cash flows from investing		
Goodwill adjustment	46	0
Purchase of assets from European distrutor	0	(671)
Capex	(2,661)	(118)
Software development capitalization	(47)	(184)
Net cash used in investing	<u>(2,662)</u>	<u>(973)</u>
Cash flows from financing		
Repurchase of common stock	(113)	(121)
Other	5	28
Net cash used in financing	<u>(108)</u>	<u>(93)</u>
Net FX translation adjustments	121	(386)
Net increase (decrease) in cash	(929)	2,257
Cash at the beginning of the year	25,531	34,253
Cash at the end of the year	<u>\$24,602</u>	<u>\$36,510</u>

2011 Updated Guidance

As of 05.04.11

- Revenue: \$117 - \$123 million
 - Represents 10%-15% growth over 2010
- EPS: \$0.19 - \$0.21
 - Dilutive impact of \$0.25-\$0.30 from Arista Molecular acquisition
 - \$1.2MM gain on revaluation of contingent consideration
- R&D Expense:
 - Approximately 14% of revenue
- NADiA ProVue revenue and launch costs not included

Business Overview

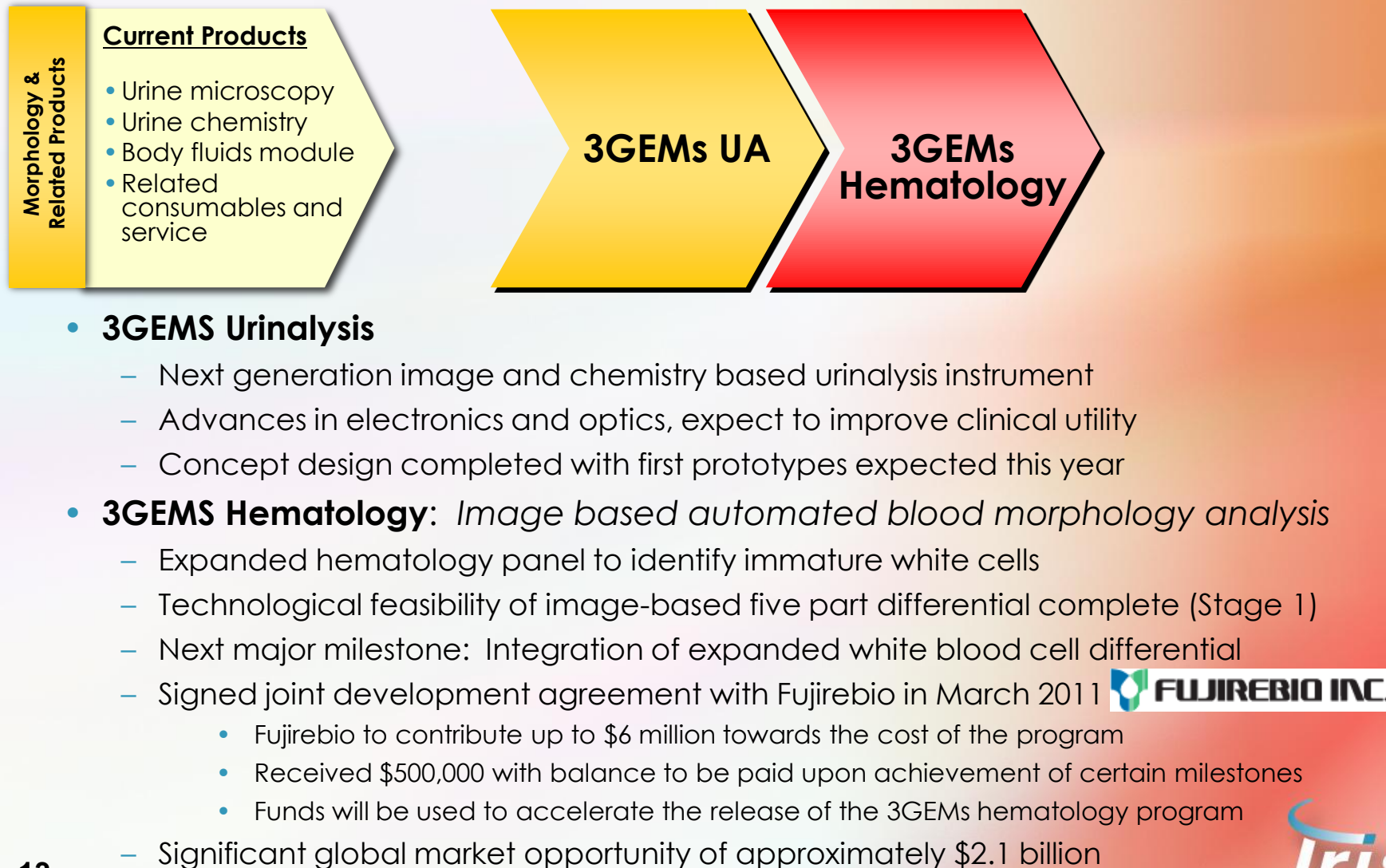
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Q1-11 Results / Major Accomplishments

- iChemVELOCITY and iRICELL cleared March 2011
- Signed Fujirebio Joint Development Agreement for 3GEMS hematology program
- Achieved record revenue of \$27M vs. \$26M in Q1-10, even with delayed FDA clearance of iChemVELOCITY
 - IDD instrument sales down 17%, due to regulatory delays, lower promotional ASPs in the US, decrease in international shipments and tough comparable period last year due to strong recovery
 - IDD consumables and service revenue increased 16%, comprising 62% of consolidated revenue
- IDEXX 5-year exclusivity extension for centrifuges, \$10+ million
- Dako 3-year ThermoBrite deal signed, \$1.5 million
- Concentrating focus on next generation platforms

3GEMS Pipeline



ISP: Automated Lab Assistant

New Instrument Platform – to be released 2012

- Bench-top, automated FISH processing system
 - Potential to automate many cytogenetic laboratory protocols
 - Sequentially delivers reagents to multiple slide chambers
 - Provides temperature control and agitation (FDA Class 1 medical device)
 - Automates highly time-consuming and varied protocols to improve consistency and reduce technologist's labor by at least 50%
- FISH is first application with WISH, IHC and Blots to follow
 - Complementary to our market leading ThermoBrite® System with over 4,500 units sold worldwide
 - 4,000 potential customers, primarily clinical and research labs performing 10 to 50 tests per day
 - Price yet to be established, but competing systems sell between \$35k-\$60k
- Clinical evaluations in process at five sites
- Pre-commercial launch efforts underway

Regulatory Status: NADiA ProVue

- Performing simulated PSA accelerated stability study
 - Post-prostatectomy human serum samples
 - Results to demonstrate PSA stability at <100 pg/ml
- Plan to respond to FDA Additional Information letter with results from study and clarifications on other questions 2Q11
- Future presentations of clinical publications
 - AUA poster: May 17, 2011
 - AACCC poster: July 26, 2011

Personalized Medicine – Laboratory Services

Personalized Medicine

Arista Molecular

- CLIA-certified lab
- Molecular diagnostic disease panels
- Differentiated service
 - Rapid turn-around times
 - Personalized test reports
 - Educational component
 - Digital pathology system



- **Acquired an early-stage high-complexity laboratory in July 2010 which offers high value personalized medicine testing services**
 - Markets high-value tests to community-based pathology labs and hospitals
 - Partnerships allow pathology labs to expand their test menu and increase market share
- **Expanding test menu**
 - Molecular pathology (lung, colon and breast), Flow cytometry (hematological cancers), FISH and NADiA pipeline
- **Increasing sales force from current five to ten in 2011**
 - Ability to recruit top salespeople with significant experience in the segment
 - Sales pipeline increasing
 - Expecting meaningful revenue in 2H-11
- **Arista sales ramp has been affected by delays of NADiA Prosvue clearance**

Summary

- Solidifying leadership position in urinalysis
 - Launch of VELOCITY and iRICELL provides proprietary fully-integrated workcell globally
 - iRICELL PLUS and Pro enhance UA offering
- Recurring consumables and service in urinalysis provides stability and a solid revenue base
- Diversified product pipeline with innovative products shifting current laboratory practices and offering higher value testing
 - NADiA molecular platform
 - 3GEMs hematology
 - FISH Lab Assistant
- CLIA-certified laboratory provides ability to participate in attractive personalized medicine market with a focus in cancer diagnostics including a direct commercial channel for NADiA platform

Q & A