



D I A G N O S T I C S , I N C .

## Annual Meeting of Shareholders

June 3, 2009



# Forward Looking Statement

Statements contained herein that are not historical facts may be forward-looking statements within the meaning of the Securities Act of 1933, as amended. Those statements include statements regarding the intent, belief or current expectations of Chembio and its management. Such statements reflect management's current views, are based on certain assumptions and involve risks and uncertainties. Actual results, events, or performance may differ materially from the above forward-looking statements due to a number of important factors, and will be dependent upon a variety of factors, including, but not limited to, Chembio's ability to obtain additional financing and the demand for Chembio's products. Chembio undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances that occur after the date hereof or to reflect any change in Chembio's expectations with regard to these forward-looking statements or the occurrence of unanticipated events. Factors that may impact Chembio's success are more fully disclosed in Chembio's most recent public filings with the U.S. Securities and Exchange Commission.



## Selected Four Year Comparative Results

### 23% CAGR of Sales: 307% Incr. Gross Margin \$s

\$(000s)	2008	2007	2006	2005
Total Revenues	\$11,050	\$9,231	\$6,502	\$3,941
Cost of sales	7,198	6,435	4,894	2,996
Gross Profit	3,852	2,796	1,608	945
	34.9%	30.3%	24.7%	24.0%
R&D Exp.	2,605	1,907	1,401	1,365
SG&A Exp.	3,317	3,765	4,787	2,878
Operating Loss	(2,071)	(2,876)	(4,580)	(3,298)
Other Inc. (Exp.)	122	249	(415)	46
Net Loss	(1,949)	(2,627)	(4,995)	(3,252)
Pref. Stock Exp.	-	5,645	3,210	3,517
Net Loss	(\$1,949)	(\$8,272)	(\$8,205)	(\$6,769)
Loss per Share	(\$0.03)	(\$0.57)	(\$0.80)	(\$0.88)
Avg. No. Shares	61,266,954	14,608,478	10,293,168	7,705,782
Working capital	1,664	3,229	5,113	4,708
Total assets	5,915	6,585	7,907	7,075
Total liabilities	3,338	2,322	2,297	1,964
Equity (Deficit)	2,577	4,263	(940)	1,053



## Selected Q1 Financial Results

- **Gross Margin \$s Increased 20%**
- **SG&A Decreased 33.6%**
- **Operating Loss Decreased 60%**
- **Cash stabilized**

3 Mos. Ended	3/31/2009	3/31/2008
\$(000s)		
Net sales	\$2,269	\$2,238
R&D Income	276	127
Total Revenues	2,546	2,365
Cost of sales	1,547	1,532
Gross Profit	999	833
	39.2%	35.2%
R&D Exp.	647	626
SG&A Exp.	676	1,018
Operating Loss	(324)	(812)
Other Inc. (Exp.)	(1)	13
Net Loss	(\$325)	(\$798)
EPS	(\$0.005)	(\$0.013)
Balance Sheet Data:		
Shs. Outstdg.	61,944,901	61,949,901
Working Capital	\$1,334	\$1,664
Total Assets	\$5,697	\$5,915
Total Liabilities	\$3,429	\$3,338
Shareholders Equity	\$2,268	\$2,577



# Organization & Management Team

**Lawrence Siebert, President**

**Richard Larkin, CFO**

**Javan Esfandiari, Sr. VP R&D**

**Rick Bruce, VP Operations**

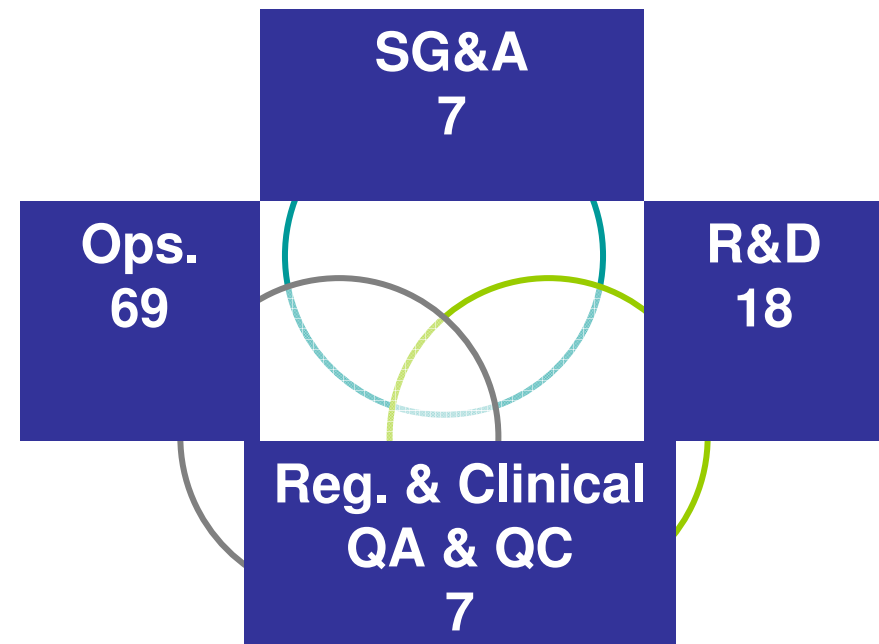
**Tom Ippolito, VP Regulatory  
QA/QC**

**Sandy Speer, Dir. Client Serv.**

**Dr. Gary Meller, Director**

**Katherine Davis, Director**

**Total Employment Q2- 2009  
~100**





## Regulatory Approvals Provide Access to Large, Diverse & Global POCT Markets

**U.S. Food and Drug Administration**

CENTER FOR BIOLOGICS EVALUATION AND RESEARCH



**Two FDA-Approved  
PMA's**

**USDA-Approved  
Facility & Product  
Licenses**

**ISO Certified for  
Global Markets**



## Point of Care Test Market

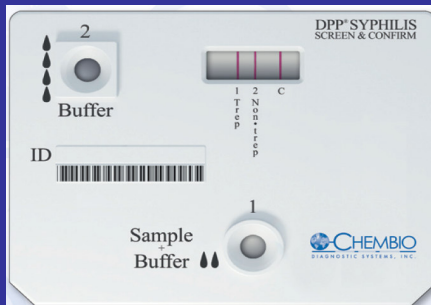
- **\$5B+ 2008 Global Point of Care Test Market**
  - 12.5% Compounded Annual Growth Rate (CAGR)
  - Part of >\$30B IVD Market
- **Provide Immediate Information**
  - Simply, Accurately, Cost Effectively
- **Enable Improved Outcomes**
  - Earlier Detection, Earlier Treatment
  - Lower Overall Cost of Care



# Chembio's Business Strategy



- Continue Improved Results of Base Business - Primarily Comprised of Rapid HIV Tests Sold in the US and Globally



- Develop Funded Collaborations Using Our Patented Technology

- Create a Portfolio of Point of Care Tests for Infectious Diseases that Address Significant Unmet Market Needs





# Base Business of Rapid HIV Tests Marketed Globally

HIV 1/2 Infectious Disease

**Clearview**

Clearly different. Clearly better.

Women's Health

Clearly different. Clearly better.

Women's Health | Infectious Disease | Cardiovascular | Drugs of Abuse | GI Disorders

**Clearview HIV 1/2 STATPAK**  
A rapid, qualitative screen test for the detection of antibodies to HIV 1 and HF in human whole blood, se and plasma.

**Clearview COMPLETE HIV 1/2**  
A single-use, self-contained, closed system for the collection, processing, and analysis of a whole blood, serum or plasma sample for the detection of HIV 1 and HIV 2 antibodies.

**Clearview COMPLETE HIV 1/2**  
Clearly different  
Provides highly sensitive and specific tests for the detection of human immunodeficiency virus (HIV) in whole blood.

- **Rapid Reporting:** Results in 15 minutes.
- **Convenience:** Self-contained system, pouch includes lancet and bandage for fingerstick collection.
- **Reliability:** Built-in control confirms sample addition and proper test performance.
- **Flexibility:** Use with multiple sample types – whole blood (fingerstick or venipuncture), serum or plasma.

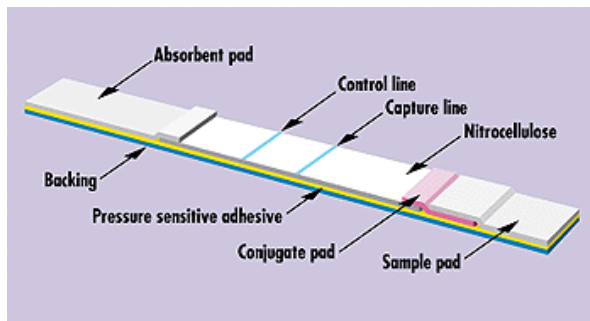
**Clearly better**

- **Reliable results** – 99.7% sensitive, 99.9% specific
- **Detects HIV 1 and HIV 2** for a COMPLETE picture in one test.
- **15 minute results** mean STAT decision making, quickly and confidently while patient is present.
- **Minimal sample size of 2.5 µL** reduce sample handling and exposure risk, less invasive for patient.
- **Multiple specimen types** to fit your lab and practice patterns.
- **Long 24-month shelf life** allows your office to purchase in volume.

Point of Care Diagnostics

Point of Care Diagnostics

**Inverness medical**  
professional diagnostics



Lateral Flow Technology

- Marketed Exclusively by Inverness Medical in US.
  - Q1 2009 Sales to IMA increased 56%
  - States Adopting 2006 CDC Recommendations
- Sold Globally to Donor Funded Global Programs such as US' PEPFAR



# **DPP<sup>®</sup> DUAL PATH PLATFORM**

## **KEY DESIGN AND PERFORMANCE ADVANTAGES**

- **Independent Sample Flow Path Enables Improved Sample Control**
  - Improved Sensitivity vs. Lateral Flow
  - Use of More Challenging Sample Types
- **Improved Multiplexing Facilitated**
  - Direct Binding (i.e., without conjugate)
  - Even & Uniform Delivery of Samples
- **Freedom to Operate**



# DPP® PRODUCT PIPELINE

- Oral Fluid HIV
- Syphilis Screen & Confirm
- Global Health Products
- Hepatitis C
- Flu A/B Ag & Immunity Test



## **DPP® HIV SCREENING TEST FOR USE WITH ORAL FLUID SAMPLES**

- **Currently Only One Oral Fluid HIV Test in US Market.**
- **Reauthorized \$48B US AIDS Relief Program Evaluating to expand VCT & PMTCT in Africa**
- **Secures Participation in Rapid HIV Test with Chembio Patented Technology**
- **Does Not Compete with Chembio's Lateral Flow Blood Tests marketed by Inverness**
- **Submitted to PEPFAR; Ready to Begin US Clinical Trials 2009-2010**

DPP® HIV ½ Screen Oral Fluid Test Procedure



# DPP<sup>®</sup> HIV SCREENING TEST FOR USE WITH ORAL FLUID SAMPLES

**DPP<sup>®</sup> HIV 1/2**  
**- ORAL FLUIDS**



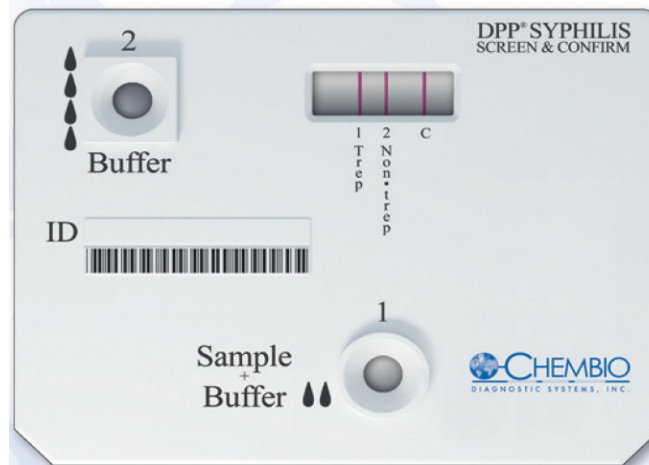
# DPP® R&D PIPELINE

- Oral Fluid HIV
- Syphilis Screen & Confirm
- Global Health Products
- Hepatitis C
- Flu A/B Ag & Immunity Tests
- Other



## DPP® SYPHILIS SCREEN & CONFIRM

- 12MM New Cases/Yr. -250,000 in US and EU
- Replaces Two Time Consuming Laboratory Tests with One Single POC Test - No Rapid Tests in US
- Better Indication of Active Syphilis Disease
- Enables POC Confirmation and Treatment without return visit
- Developed in cooperation with CDC, currently in WHO study, FDA Pre-IDE stage





# DPP® R&D PIPELINE

- Oral Fluid HIV
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- Other





## Global Health Products

<b>DPP® Point of Care Test</b>	<b>Collaborating Organization</b>
<b>Tuberculosis</b>	<b>FIND</b>
<b>Malaria</b>	<b>FIND</b>
<b>HIV 1/2 Confirmatory Test</b>	<b>FIOCRUZ</b>
<b>Neglected Diseases: Leishmaniasis, Chagas, Leptospirosis, Leprosy</b>	<b>IDRI, NIH, FIOCRUZ</b>



# DPP® R&D PIPELINE

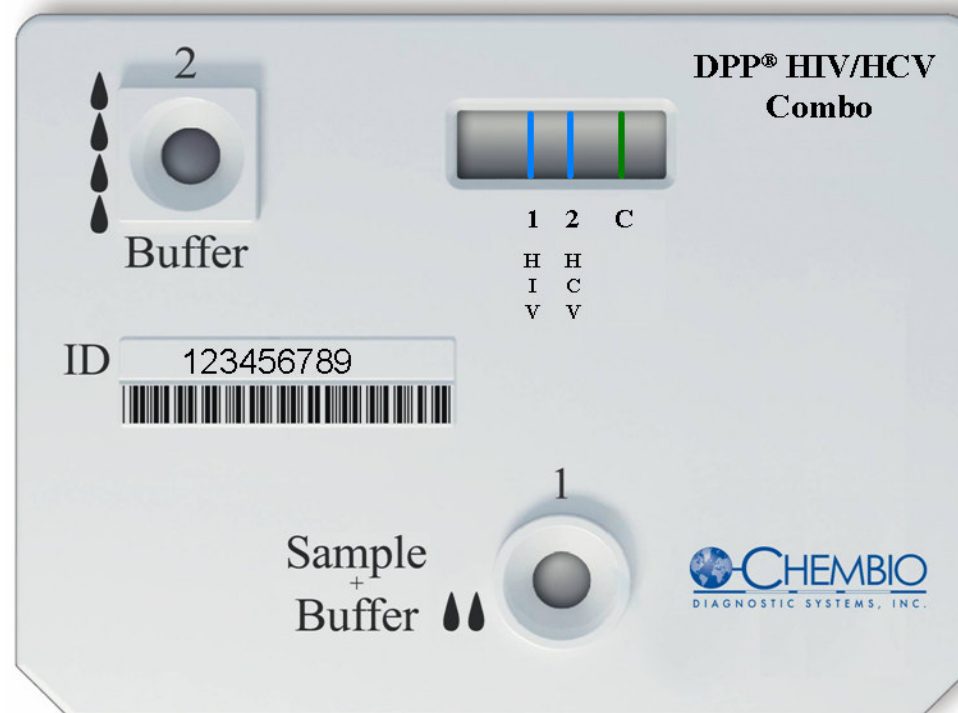
- Oral Fluid HIV
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- Flu A/B Ag & Immunity Tests
- Other

# Hepatitis C

## Estimated 3MM Infections in US

### Only 22% Diagnosed

## Chembio Participating in CDC Study with DPP® HCV Test





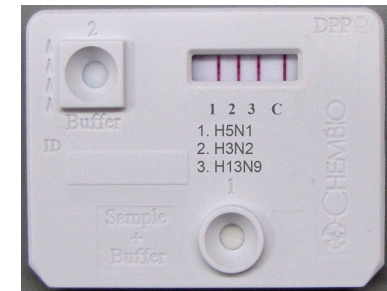
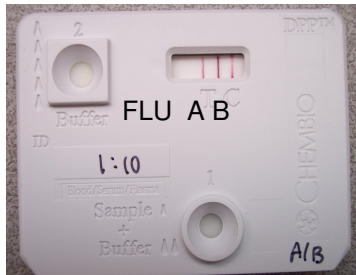
# DPP® R&D PIPELINE

- Oral Fluid HIV
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# INFLUENZA: Ag DETECTION & DIFFERENTIATED Ab IMMUNE STATUS

**Ag: Current Rapid Tests  
Need Improved Performance  
Ab: Public Health Screening  
for Vaccination**



DPP FLU A VS. LATERAL FLOW FLU A		Buffer	1.9 x 10 <sup>11</sup>	1.9 x 10 <sup>10</sup>	1.9 x 10 <sup>9</sup>	1.9 x 10 <sup>8</sup>	1.9 x 10 <sup>7</sup>	1.9 x 10 <sup>6</sup>	1.9 x 10 <sup>5</sup>	1.9 x 10 <sup>4</sup>	1.9 x 10 <sup>3</sup>	1.9 x 10 <sup>2</sup>	1.9 x 10
Reader	0	86	87	91	54	22	11	5.6	3.1	0	0	0	
Visual	-	+++	+++	+++	+++	++	+	+	+	+/-	-	-	
Leading Commercial lateral flow test (visual only)	-	+++	+++	+++	++	++	+	-	-	-	-	-	

# FLU IMMUNE STATUS TEST



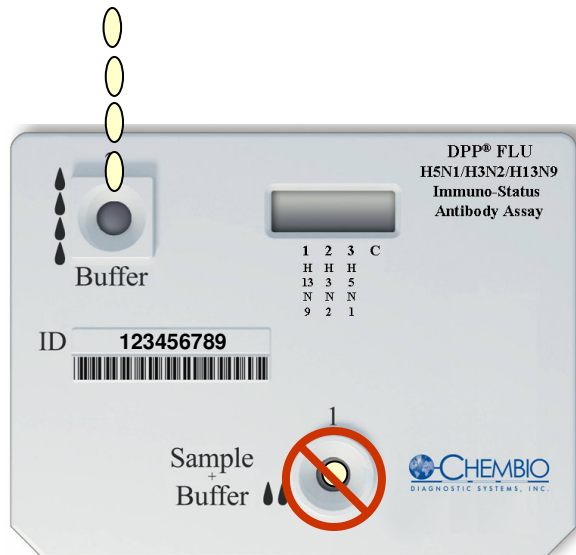
1. Add 5 ul of sample to the round sample + buffer well (1).



2. Add 2 drops of buffer to the round sample + buffer well (1).

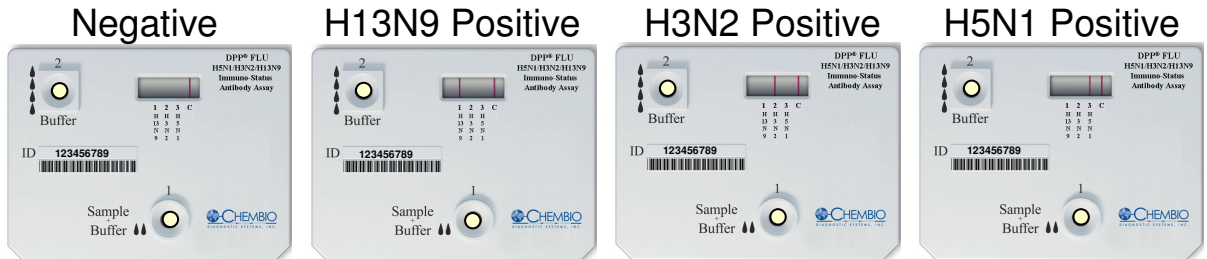


3. Wait 5 minutes, all the colored lines must disappear.

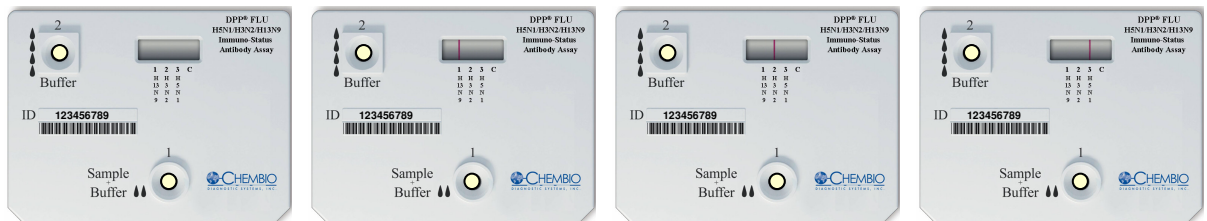


4. Add 4 drops of buffer to the square buffer well (2).

4. Read the results at 15 minutes after adding the buffer (step 4)



## Invalid Results: No Control Line





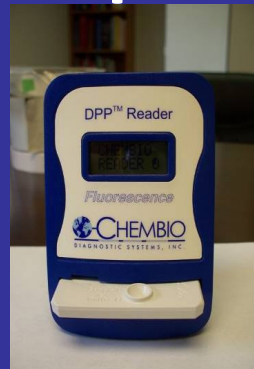
# DPP® R&D PIPELINE

- Oral Fluid HIV
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- Other



## Other Current Projects

- **Veterinary Applications**
  - Companion, Research, Wildlife
- **Drug Monitoring**
- **Option of Quantitative Measurements at Point of Care with Simple Readers**







## Strategy & Actions Taken to Enhance Shareholder Value

- **Simplified Capital Structure**
- **Focused on Cash Flow**
  - Created multiple non-dilutive development contracts and grants
  - Renegotiated payment schedules of license fees and accrued royalties
- **Reduced Expenses**
  - Significant reduction of SG&A Expenses (including IR)
- **Improving Manufacturing Efficiency**
  - Accelerating Product Transfers from R&D into Manufacturing
  - Established Technical Team within R&D – ADDED PERSONNEL
  - Invested in automation and other cost savings



## Strategy & Actions Taken to Enhance Shareholder Value

\$(000 s)	Year Ended		First Quarter	
	2008	2007	2009	2008
R&D Income	694	466	276	127
% Change	48.9%		117.3%	
Gross Profit \$	3,852	2,795	999	833
% Change	37.8%		19.9%	
R&D Expenses	2,605	1,906	647	626
% Change	36.7%		3.4%	
SG&A Wages	1,262	1,642	237	350
% Change	-23.1%		-32.3%	
Investor Relations	124	225	3	59
% Change	-44.9%		-94.9%	
Legal, accting	551	643	160	259
% Change	-14.3%		-38.2%	
Total SG&A	3,317	3,765	676	1,018
% Change	-11.9%		-33.6%	

\$(000 s)	Mar-09	Dec-08	Sep-08	Jun-08
Cash	1,292	1,212	999	954



## Strategy & Actions Taken to Enhance Shareholder Value

- **New Products Completed :**
  - DPP HIV – submitted to PEPFAR (global market)
  - DPP Syphilis Screen & Confirm – developed in cooperation with CDC, currently in WHO study, FDA Pre-IDE stage
  - DPP HIV 1&2 Confirmatory for Brazil – Ministry of Health evaluations being completed; development continuing for all other markets
  - DPP Canine Leishmaniasis – approval pending in Brazil
- Hepatitis C and Influenza Products in Development



## Strategy & Actions Taken to Enhance Shareholder Value

- **Improve Revenues and Operating Results**
  - Increased sales in base HIV test business – US and Globally
  - New revenue streams from Brazil and other new customers
  - Integrate automation equipment into manufacturing
- **Sales & Marketing**
  - New DPP HIV, Syphilis and Hepatitis C products to be featured at AACC (July, Chicago) & Medica (November, Dusseldorf) - the 2 most important industry meetings
  - Upgrade web site and create new marketing materials for trade and investors



## Strategy & Actions Taken to Enhance Shareholder Value Plan

Our goal is to show:

1. Improved fundamental performance,
2. No short or medium term funding needs,
3. A profitable base business manufacturing regulated biotech products, and
4. New products based on our patented POC platform to address POCT market opportunities.

**We believe that achievement of these goals will result in greater returns to our shareholders.**



Rapid Tests For Earlier Treatment



D I A G N O S T I C S , I N C .

For further information please visit our web site

[www.chembio.com](http://www.chembio.com)