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## MEDTOX Scientific, Inc. Q3 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions) Your first question comes from Steven Crowley – Craig-Hallum Capital.

#### Steven Crowley – Craig Hallum Capital

A couple of questions for you, obviously the clinical trials related laboratory services business had a great quarter. I'm wondering how sustainable the level of revenues you obtained in Q2 might be? It sounds like you've bolstered the customer roster. But is that enough to keep you running at around \$2 million a quarter?

#### Richard Braun

As we've explained I think a number of times, Steve, is that the revenue in that area can be lumpy. And I think we really have to look at it on sort of a year-over-year basis. But we're pretty confident that we're on a trajectory to have nice incremental increases year-over-year. But it may be somewhat variable from quarter to quarter.

#### Steven Crowley – Craig-Hallum Capital

Can you tell us where the clinical trial business was in last year's fourth quarter in terms of revenue run rates? You mentioned that in Q3 a year ago it was about \$750,000 and you put up about \$2 million in Q3 this year. I sense if you have a much – you have a stronger fourth quarter a year ago. But I am just wondering what kind of variability there might be there in that line?

Are we talking about it could be a passable quarter this quarter or it could be a million and half? Is that kind of the range we should think about?

#### Richard Braun

We can't predict because these trials can be moved. We sometimes get you know on very short notice we get some business. So, it's difficult to predict, Steven.

#### Steven Crowley – Craig-Hallum Capital

What kind of pipeline do you have for Q4? Since we're in it I mean you must have some visibility from customers.

#### Richard Braun

The only information that we give out on that is the aggregate pipeline which we've said is in excess of \$10 million. And we're not going to disclose what the pipeline may be for the fourth quarter.

**Steven Crowley – Craig-Hallum Capital**

How does that pipeline compare versus how you went into Q3?

**Richard Braun**

It's higher.

**Steven Crowley – Craig-Hallum Capital**

OK. In terms of the regional clinical laboratory what can you tell us about your efforts there and you've been cranking up the marketing efforts. Are we at the cusp of seeing some benefit, some ramp in that business?

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