



# ***FY2007***

## ***The First Half-Year Results***

**(April 1, 2007 – September 30, 2007)**

**Miraca** Holdings Inc.

**November 14, 2007**



### Disclaimer regarding forward-looking statement:

The performance forecast provided in this document is prepared by the management based on currently available information and various hypotheses and ideas including significant risks or uncertainties. Please be aware that the actual performance may turn out to be different from the forecast as a result of various contributing factors.

Factors affecting the performance include, among others, aggravation of the economic situation, fluctuation of the exchange rate, change of regulatory, statutory, and administrative requirements, delayed launch of new products, pressures from the product strategies of competitive companies, and decline of the sales potential of existing products.

# 1H/FY2006

## Performance Overview

Please be aware of the following:

\* Figures and ratio in this material are rounded to the appropriate unit in principle.

\* The sums of the individual figures in each table do not always correspond to the total, because of rounding.

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# 1H/FY2007

## Performance Overview (Consolidated)

(billion yen)

	FY2006 1st Half	FY2007 1st Half	Variance	(%)
<b>Net sales</b>	68.6	70.3	1.7	2.5%
<b>Operating profit</b>	6.73 9.8%	7.79 11.1%	1.06	15.8%
<b>Ordinary profit</b>	6.99 10.2%	8.14 11.6%	1.15	16.5%
<b>Net income</b>	3.92 5.7%	4.15 5.9%	0.23	5.9%

1H/FY2006: Net income before tax is 6.72 billion yen. (The effective tax rate after the application of tax-effect accounting : 41.6%).

1H/FY2007: Net income before tax is 7.28 billion yen. (The effective tax rate after the application of tax-effect accounting : 42.7%).  
Extraordinary loss includes restructuring expenses such as premium severance pay for early retirement at SRL Kansai (approx. 0.6 billion yen).

\* Figures of net sales are rounded to the nearest 100 million yen. Figures of operating profit, ordinary profit, and net income are rounded to the 10 nearest million yen.

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# 1H/FY2007 Sales/OP by Segment (Consolidated)

(billion yen)

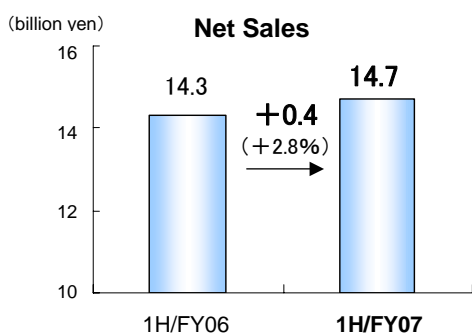
	FY2006 1st Half	FY2007 1st Half	Variance	(%)
<b>Net sales</b>	<b>68.6</b>	<b>70.3</b>	<b>1.7</b>	<b>2.5%</b>
In vitro diagnostics	14.3	<b>14.7</b>	<b>0.4</b>	<b>2.8%</b>
Clinical lab testing	44.9	<b>45.4</b>	<b>0.5</b>	<b>1.1%</b>
Others	9.5	<b>10.1</b>	<b>0.6</b>	<b>6.3%</b>
Clinical trials	2.1	<b>2.5</b>	<b>0.4</b>	<b>19.0%</b>
Sterilizing	4.4	<b>5.0</b>	<b>0.6</b>	<b>13.6%</b>
Preventive medicine related	3.0	<b>2.6</b>	<b>-0.4</b>	<b>-13.3%</b>
<b>Operating profit (率)</b>	<b>6.73</b> <b>9.8%</b>	<b>7.79</b> <b>11.1%</b>	<b>1.06</b>	<b>15.8%</b>
In vitro diagnostics	2.97 <b>20.8%</b>	<b>2.97</b> <b>20.1%</b>	<b>0.00</b>	<b>0.0%</b>
Clinical lab testing	2.67 <b>6.0%</b>	<b>3.63</b> <b>8.0%</b>	<b>0.96</b>	<b>36.0%</b>
Others	1.07 <b>11.3%</b>	<b>1.24</b> <b>12.2%</b>	<b>0.17</b>	<b>15.9%</b>
Clinical trials	<b>-0.02</b> -	<b>0.14</b> <b>5.6%</b>	<b>0.16</b>	-
Sterilizing	0.34 <b>7.7%</b>	<b>0.49</b> <b>9.8%</b>	<b>0.15</b>	<b>44.1%</b>
Preventive medicine related	0.75 <b>24.8%</b>	<b>0.61</b> <b>23.1%</b>	<b>-0.14</b>	<b>-18.7%</b>

(\*) Operating profit of 6.73 billion for 1Q/FY06 yen includes elimination/corporate of 0.02 billion yen.

(\*\*) Operating profit of 7.79 billion for 1Q/FY07 yen includes elimination/corporate of -0.05 billion yen.

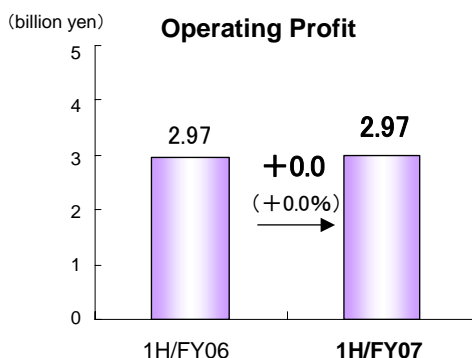
\* Figures of net sales are rounded to the nearest 100 million yen. Figures of operating profit are rounded to the 10 nearest million yen. **4**

## 1H/FY2007 Results by Business Segment In Vitro Diagnostics (year-on-year comparison)



◆ **Net sales: +0.4 billion yen**

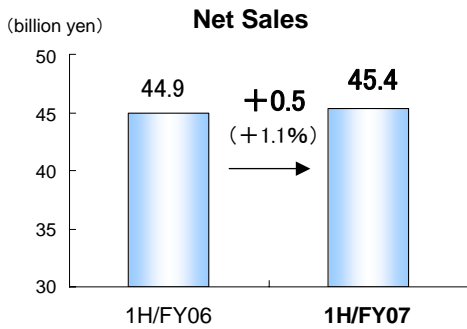
- Increase of sales at FDI due to growth of OEM products and anti-body supply: **+0.3 bn yen**
- Sales increase in CL segment: **+0.2 bn yen**



◆ **Operating profit: flat**

- Cost of sales: **+0.34 bn yen**
- Expenses including R&D expenses: **+0.15 bn yen.**

## 1H/FY2007 Results by Business Segment Clinical Lab Testing (year-on-year comparison)

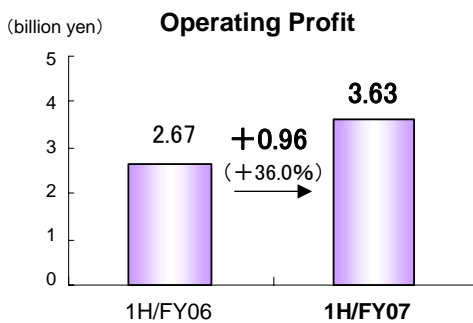


### ◆ Net sales: +0.5 billion yen

- Off-site testing: **same as 1H/FY06**
  - Increase of testing volume led by measles epidemics: **+0.6 bn yen**
  - Decline in price(-1%): **-0.5 bn yen**
  - Loss of existing accounts caused by consolidation in lab testing business: **-0.1 bn yen**

### ● FMS/Branch-lab: +0.5 bn yen

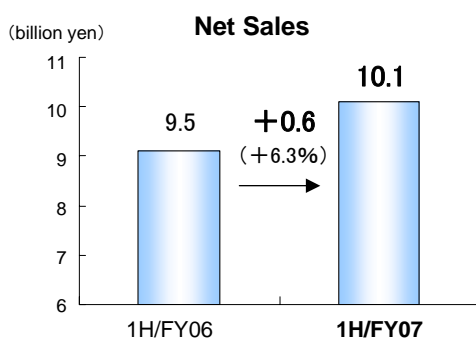
- 10 accounts obtained (net)
- Increase of sales from existing accounts



### ◆ Operating Profit: +0.96 billion yen

- Increase of profit: **+0.4 bn yen**
- Fixed cost reduction: **-0.6 bn yen**
  - Reduction in personnel expenses: 0.4 bn yen (250 headcounts)
  - Reduction in general expenses: 0.2 bn yen

## 1H/FY2007 Results by Business Segment Other Businesses (year-on-year comparison)

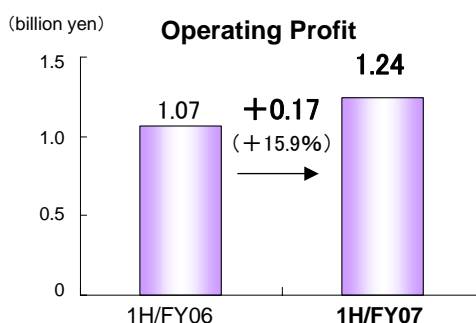


### ◆ Clinical Trials

- Net sales: **+0.45 bn yen**  
(Clinical trial testing: **+0.28 bn yen**, CRO: **+0.17 bn yen**)
- OP: **+0.16 bn yen** (Increase of profit from sales growth)

### ◆ Sterilizing

- Net sales: **+0.6 bn yen**  
(Contribution from growth of in-hospital sterilizing service)
- OP: **+0.15 bn yen** (Increase of profit from sales growth)



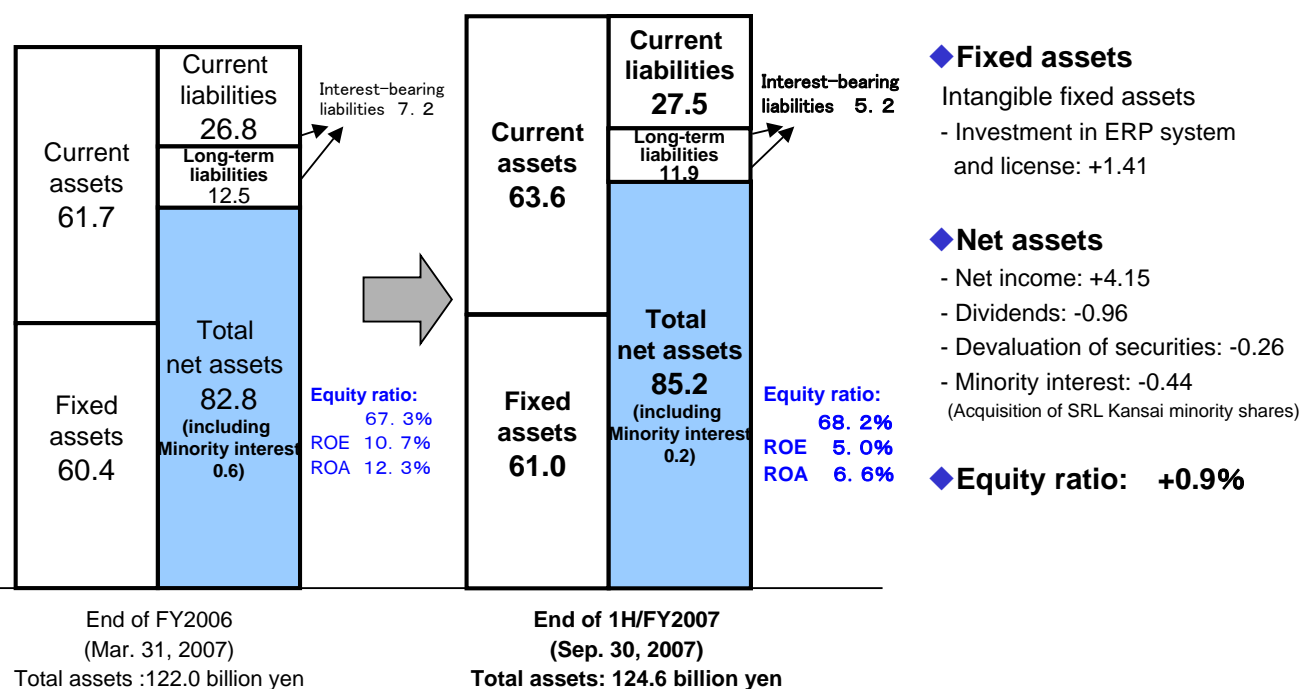
### ◆ Preventive Medicine Related

**Net sales: -0.4 bn yen, OP: -0.14 bn yen**

- Stagnant sales of health promotion products  
⇒ Despite of sales promotion, full-year forecast is estimated to be below FY06.

# 1H/FY2007

## Consolidated Balance Sheet (billion yen)



\* Figures are rounded to the nearest 100 million yen.

# 1H/FY2007

## Consolidated Cash Flows (billion yen)

### Consolidated Cash Flows

	1H/FY2006	1H/FY2007
Cash flows from operating activities	4.24	8.83
Cash flows from investing activities	-6.49	-4.67
Free cash flows	-2.25	4.15
Repayment of debt	-0.73	-2.05
Dividends paid	-1.07	-0.96
Others	0.03	0.02
Subtotal	-1.77	-2.99
Translation difference of cash and cash equivalents	-0.02	0.03
Net increase in cash and cash equivalents	-4.05	1.20
Cash and cash equivalents at the end of financial period	21.31	22.48

◆ **Main CFs from operating activities**

- Income before income tax: 7.28
- Depreciation and amortization: 4.23
- Income tax paid: -2.06

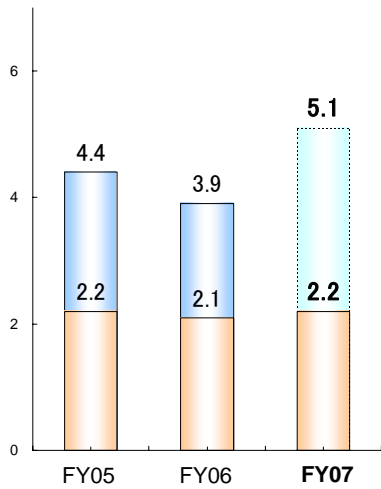
◆ **Main CFs from investing activities**

- Purchase of tangible fixed assets: -2.33
- Purchase of intangible fixed assets: -1.87
- Acquisition of subsidiaries: -0.92
  - SRL Kansai: -0.44
  - FD AD (CanAg): -0.48
- Sales of owned securities: 0.37

\* Figures are rounded to the nearest 100 million yen.

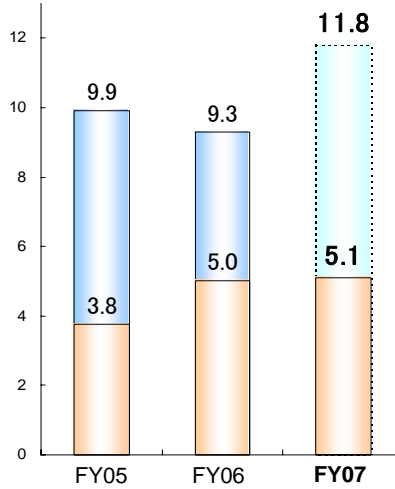
## R&D expenses

(billion yen)



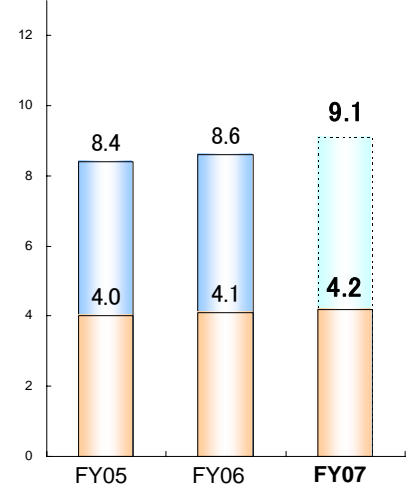
## Capital expenditure

(billion yen)



## Amortization and depreciation

(billion yen)



1st Half

Full-year

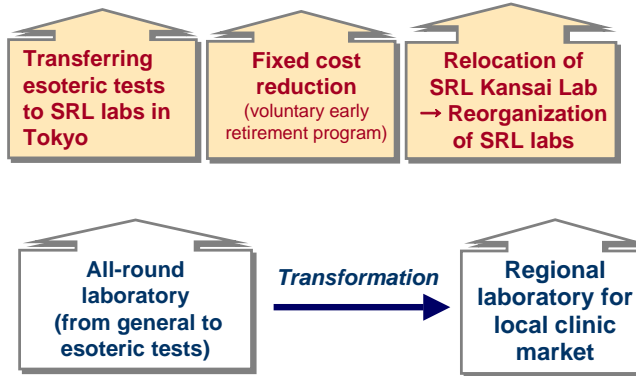
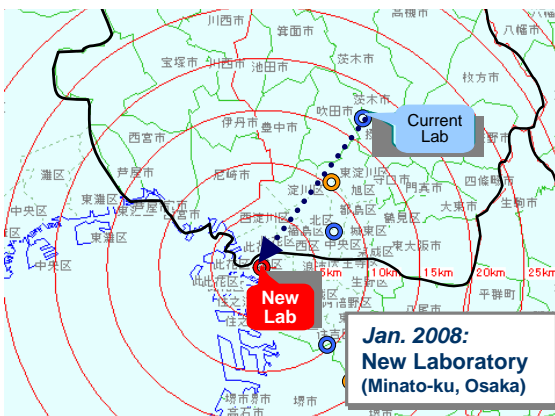
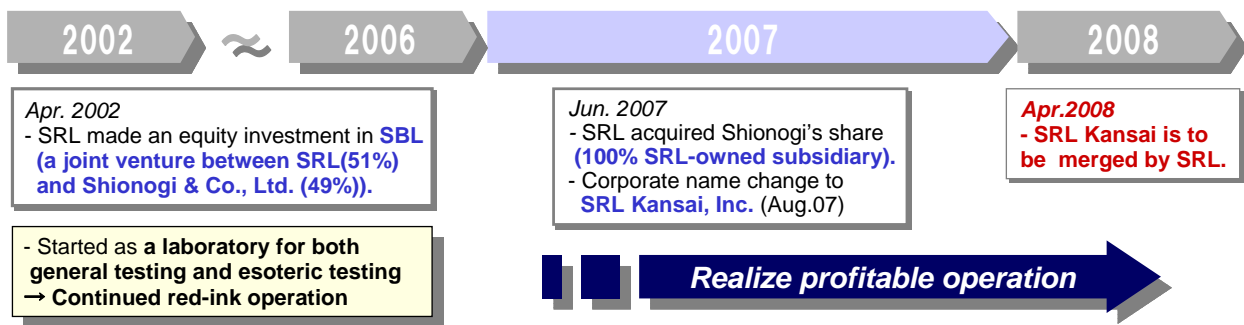
Full-year forecast

\* Main capital expenditures for 1H/FY2007: Leasing testing instruments (0.48 billion yen), FMS/Branch-lab (1.0 billion yen)

\* Figures are rounded to the nearest 100 million yen.

# Topics in 1H/FY2007 (1)

## ◆ Acquisition of SRL Kansai (former Shionogi Biomedical Laboratories (SBL))



## ◆ Introduction of CL4800 (New Testing System for Blood Screening)

<Blood screening at blood bank: Japanese Red Cross (JRC)>  
 Fujirebio had supplied its blood screening reagents based on agglutination assay (HA/PA) to JRC. (Reagents only, 4 analytes: HTLV-1, HIV-1/2, TP, CMV)

Consolidation of the blood centers



Increased convenience by high-throughput testing system

### Introduction of CL4800 to the blood centers of JRC

#### ● High-performance large-capacity analyzer + reagents, based on CLEIA(\*) assay utilized in LP series

- Installment of instruments from 3Q/FY07 to FY08 (66 units)
- Reagent: 8 analytes (existing 4 and HBsAg, HBsAb, HBcAb, HCV)



#### ● Sales forecast in 2H/FY07: approx. 2.0 bn yen

Sales of instruments will be until FY08. While, sales of reagents starts from FY08.

- The second distribution center in operation for reagent supply (Nov. '08)
- Reinforcement of technical support system (maintenance/ repairing of instruments)

(\*) CLEIA: Chemiluminescent Enzyme Immunoassay

## ◆ Planning of Launch of LP-G1200

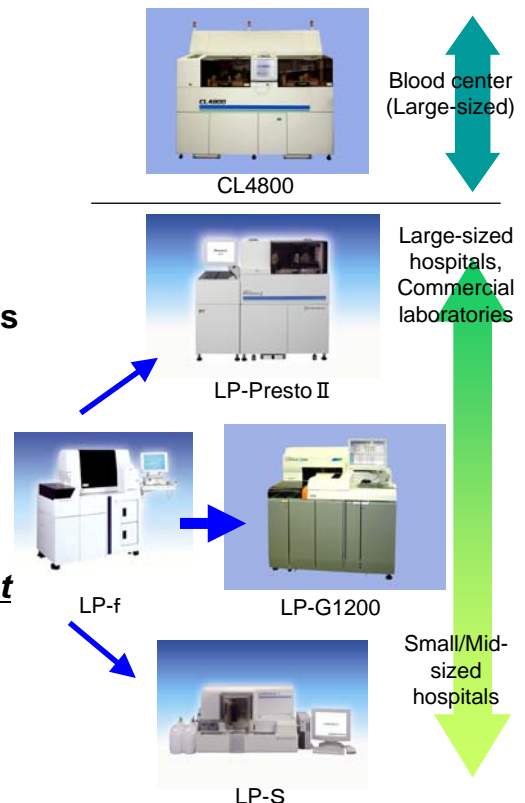
- Displayed at JSCLA Exhibition in Sep.07.
- Launch to be in 1Q/FY08
  - The successor to LP-f (launched in '96) designed for replacement of LP-f and new installment to mid-sized hospitals
  - Sales promotion in both Japan and Overseas

#### ● Key strategy of CL Promotion in 2H/FY07

⇒ Available to support wide ranged client segments with 4 type of analyzers in different capacity + 2 type of reagents

⇒ Expand our target clients in global market

- 1<sup>st</sup> step: Introduction and sales expansion of LP-S/LP-G1200
- 2<sup>nd</sup> step: Setting priorities on introduction of LP-Presto II (for Hospital)/ CL4800 (for blood screening) for each targeting country



# FY2007

## Full-year Forecast and Main Strategies

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### FY2007 Forecast (Consolidated)

(billion yen)

	FY2006 (Results)	FY2007 (Forecast)	Variance	(%)
Net sales	137.2	<b>142.0</b>	4.8	3.5%
Operating profit	14.5 <small>10.6%</small>	<b>15.5</b> <small>10.9%</small>	1.0	6.9%
Ordinary profit	15.0 <small>10.9%</small>	<b>15.7</b> <small>11.1%</small>	0.7	4.7%
Net income	8.4 <small>6.1%</small>	<b>8.8</b> <small>6.2%</small>	0.4	4.8%
Net income per share (undiluted) (yen)	140.40	145.87		

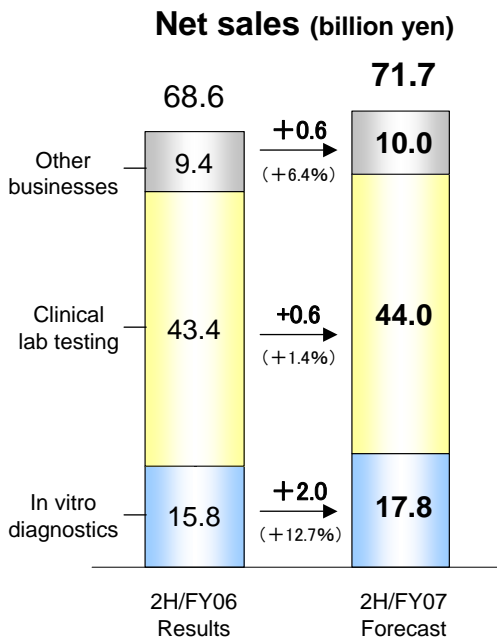
**\*The original forecast for FY2007 has not been changed.**

\* Figures of net sales are rounded to the nearest 100 million yen. Figures of operating profit are rounded to the 10 nearest million yen.

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# Sales Forecast by Business Segment

(year-on-year comparison)



\*The original forecast of each business segments for FY2007 was partially changed. (In the original forecast, sales of Clinical Lab Testing was 88.8 billion yen, and sales of Other Businesses was 20.7 billion yen.)

## Factors for increase

### ◆ In vitro diagnostics: +2.0 bn yen

- Install of CL4800 to be started in 3Q  
⇒ Sales of the instruments in 2H/FY07
- Sales of flu test kits is estimated as same level as last year.

### ◆ Clinical lab testing: +0.6 bn yen

- Growth in FMS/Branch-lab
- Price maintenance effort

### ◆ Other businesses: +0.6 bn yen

#### Clinical trials : +0.4 bn yen

- Contribution from the new contracts in 1H/FY07 (approx. 2.5 bn yen)

#### Sterilizing : +0.3 bn yen

- Target of new accounts: 4 accounts for off-site service, 3 accounts for in-hospital service

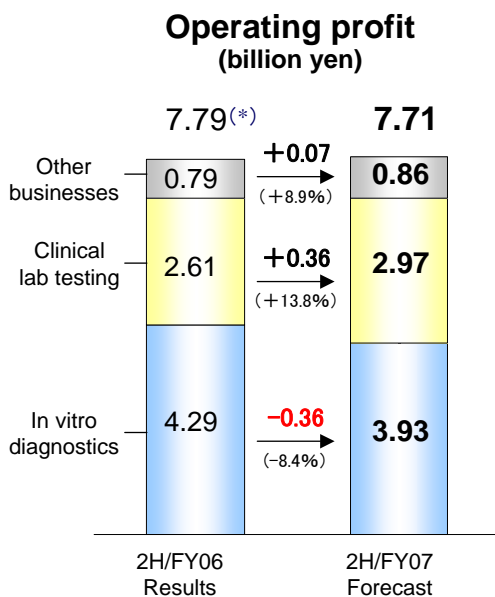
#### Preventive Medicine Related : -0.1 bn yen

- Decline in sales of health promotion products

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# Profit Forecast by Business Segment

(year-on-year comparison)



(\*) including elimination/corporate of 0.11 billion yen

## Factors for increase/decrease

### ◆ In vitro diagnostics : -0.36 bn yen

- Carry-over of R&D expenses from 1H/FY07 (0.2 bn yen)
- Increase of cost of sales caused by product mix change

### ◆ Clinical lab testing : +0.36 bn yen

- Increase of profit from sales increase
- Contribution from fixed cost reduction (incl. personnel expenses): +0.2 bn yen

### ◆ Other businesses : +0.07 bn yen

#### Clinical trials : +0.05 bn yen

- Profitability improved by increasing sales

#### Sterilizing : -0.06 bn yen

- Increasing expenses for human resources (recruiting, training, and staff deployment)

#### Preventive Medicine Related : +0.08 bn yen

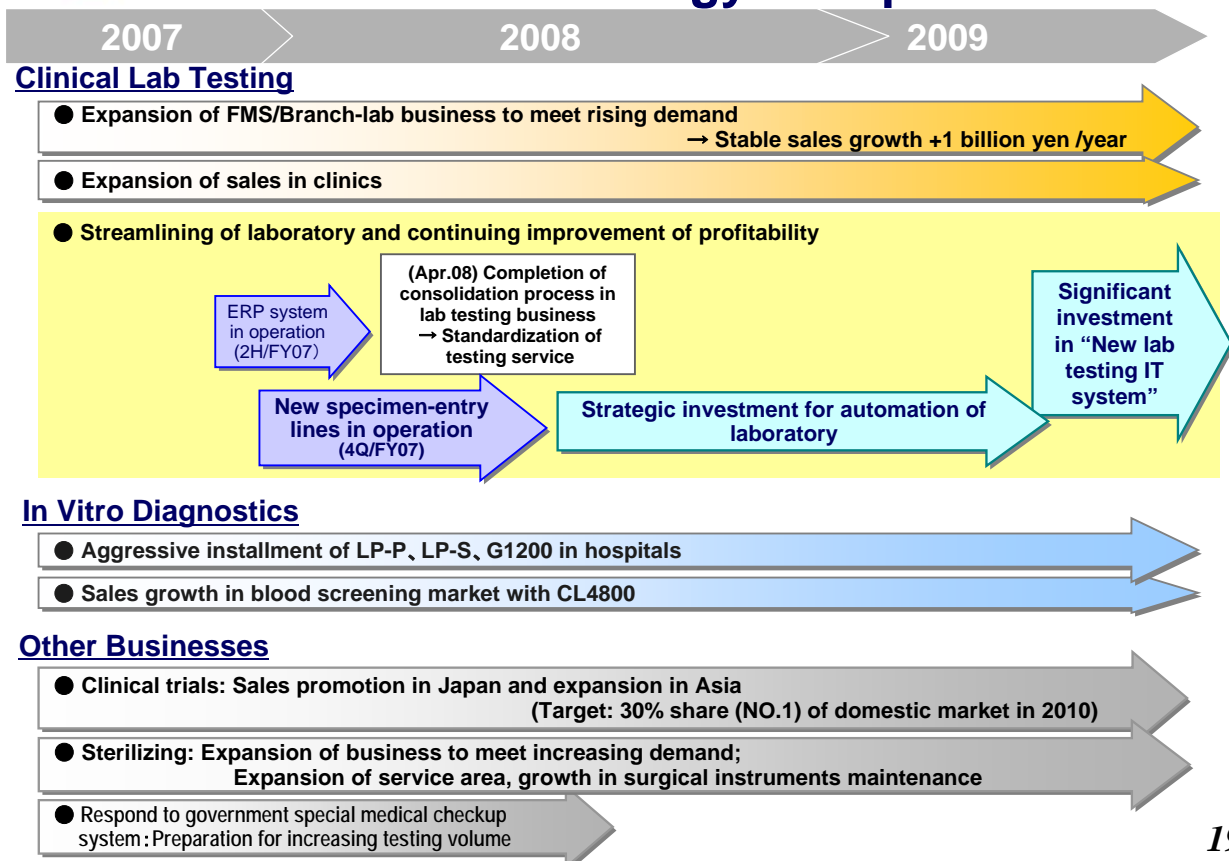
- Steady increase(excluding Health Promotion Production)

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# Outlook for FY2008

## Outlook for FY2008

### 1. Business Strategy in Japan



## Outlook for FY2008 - The Key Tasks in Clinical Lab Testing Business

FY2008 business circumstance : Impact from revision of government reimbursement of medical fees in Apr. 2008.  
→ Countermeasure against price decline and volatility in testing volume (in order to secure sales volume and profitability)

● Hachiohji Laboratories Complex ● Regional lab ■ Satellite lab

### Approach to Hospitals

- Preparation for contract revision
- Proposal utilizing our strength to meet demand for FMS/Branch-lab
- Effective promotion of new test items

### Reviewing/reorganizing of local laboratories

- Reorganization and standardization at regional laboratories  
→ Operational efficiency improvement
- Establishment of stable business structure for FMS/Branch-lab

### Approach to Clinics

- Expand our market share in the key sales region → Establishment of the Satellite lab + alliance with competitor's regional lab
- Preparation for larger testing volume from the government special medical checkup system

(36 laboratories)

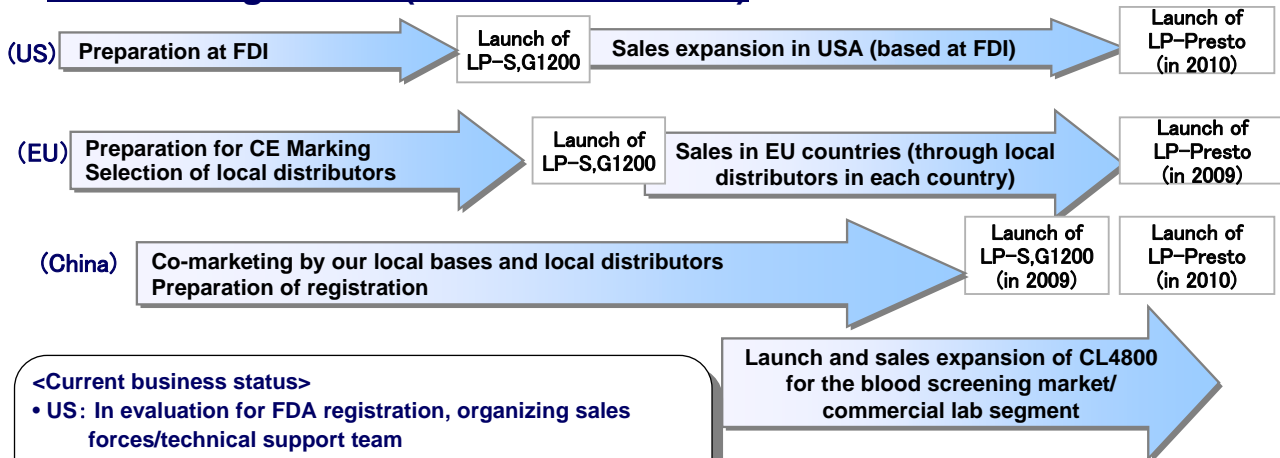
### Streamlining of Hachiohji Laboratories Complex in Tokyo

- Automation of laboratories
- New specimen-entry lines in operation (in 4Q/FY08)
- Aggressive introduction of new testing items

## Outlook for FY2008 2. Planning for Global Sales



### In Vitro Diagnostics (CL sales schedule)



#### <Current business status>

- US: In evaluation for FDA registration, organizing sales forces/technical support team
- EU: Preparing for CE marking approval, nomination process of local distributor candidates
- China: Selection of distributors, preparing for registration

**Carry out the business plans in Japan/Overseas  
to achieve the FY2010 Mid-term Target**

(Consolidated sales: ¥157 billion, Consolidated operating profit: ¥21 billion)

## ***Further contact:***

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