



FY2008
The First Half-Year Results
(April 1, 2008 – September 30, 2008)

Miraca Holdings Inc.

November 12, 2008



The First Half of FY2008
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.

1H/FY08 Performance Overview (Consolidated)

(billion yen)

	1H/FY07	1H/FY08	Variation (%)	
Net sales	70.3	74.0	3.7	5.3%
Operating income	7.79 <small>11.1%</small>	7.14 <small>9.6%</small>	-0.65	-8.3%
Ordinary income	8.14 <small>11.6%</small>	7.55 <small>10.2%</small>	-0.59	-7.2%
Net income	4.15 <small>5.9%</small>	4.00 <small>5.4%</small>	-0.15	-3.6%

1H/FY07: Extraordinary loss includes restructuring expenses such as premium severance pay for early retirement at SRL Kansai (approx. 0.6 billion yen).

1H/FY08: Extraordinary loss includes restructuring unrealized loss on available-for-sale securities (approx. 0.3 billion yen).

2

1H/FY08 Performance by Segment (Consolidated)

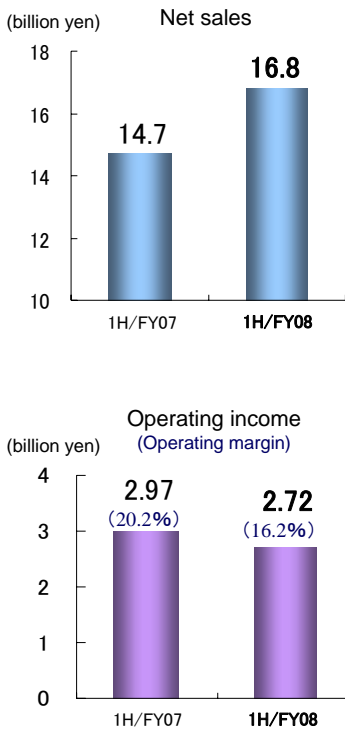
(billion yen)

	1Q/FY08		2Q/FY08		1H/FY08	
	Results	Variation	Results	Variation	Results	Variation
Net sales	37.49	1.87 (+5.2%)	36.55	1.85 (+5.3%)	74.0	3.7 (+5.3%)
In vitro diagnostics	8.54	1.24 (+17%)	8.24	0.80 (+10.8%)	16.8	2.1 (+14.3%)
Clinical lab testing	23.27	0.13 (+0.6%)	22.82	0.52 (+2.3%)	46.1	0.7 (+1.5%)
Others	5.68	0.51 (+9.9%)	5.49	0.52 (+10.5%)	11.2	1.1 (+10.9%)
Operating income	(*) 3.16 8.4%	-1.18 (-27.2%)	(*) 3.98 10.9%	0.53 (+15.4%)	(*) 7.14 9.6%	-0.65 (-8.3%)
In vitro diagnostics	0.93 10.9%	-0.41 (-30.6%)	1.79 21.7%	0.16 (+9.8%)	2.72 16.2%	-0.25 (-8.4%)
Clinical lab testing	1.47 6.3%	-0.88 (-37.4%)	1.63 7.1%	0.35 (+27.3%)	3.10 6.7%	-0.53 (-14.6%)
Others	0.72 12.7%	0.03 (+4.3%)	0.52 9.5%	-0.03 (-5.5%)	1.24 11.1%	0.00 (0%)

(*) Operating income of 3.16 billion yen for 1Q/FY08 includes elimination/corporate of 41 million yen.
 Operating income of 3.98 billion yen for 2Q/FY08 includes elimination/corporate of 45 million yen.
 Operating income of 7.14 billion yen for 1H/FY08 includes elimination/corporate of 87 million yen.

3

1H/FY08 Results by Segment In Vitro Diagnostics (year-on-year comparison)



◆ Net sales +2.1 bn yen, Op income **-0.25** bn yen

<Quarterly analysis>

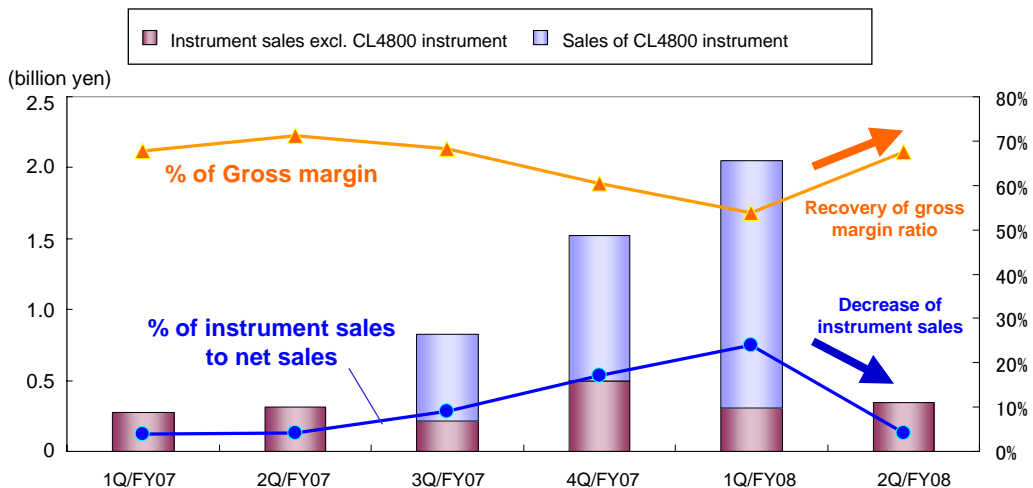
	1Q/FY08 (vs 1Q/FY07)	2Q/FY08 (vs 2Q/FY07)
Net sales	+1.24 bn yen - Sales of CL4800 instruments (+1.8 bn yen) - Weak sales of CL reagents (LUMIPULSE reagents) impacted by increased distributors' inventory at the end of Mar. 08 (-0.6 bn yen)	+0.8 bn yen - Sales of CL4800 reagents (+0.7 bn yen) - Recovery of CL reagents sales (+0.1 bn yen)
Op income	-0.41 bn yen - Decreased by weak sales of CL reagents (-0.4 bn yen)	+0.16 bn yen - Profit from sales increase (+0.21 bn yen)

Profitability Improvement in 2Q/FY08 In Vitro Diagnostics

■ Factors of Change in Gross Margin Ratio

Gross margin ratio decreased due to sales of CL4800 instrument to Japan Red Cross.
(Sales of CL4800 instrument: 3Q/FY07 ~ 1Q/FY08)

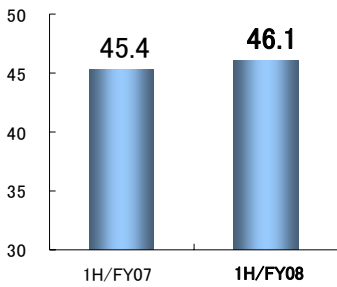
⇒ CL4800 instruments sales were completed by the end of 1Q/FY08.
Gross margin ratio for 2Q/FY08 was improved to FY07 level.



⇒ Gross margin ratio for the rest of the year is estimated to remain the 2Q level.

1H/FY08 Results by Segment Clinical Laboratory Testing (year-on-year comparison)

(billion yen) Net sales



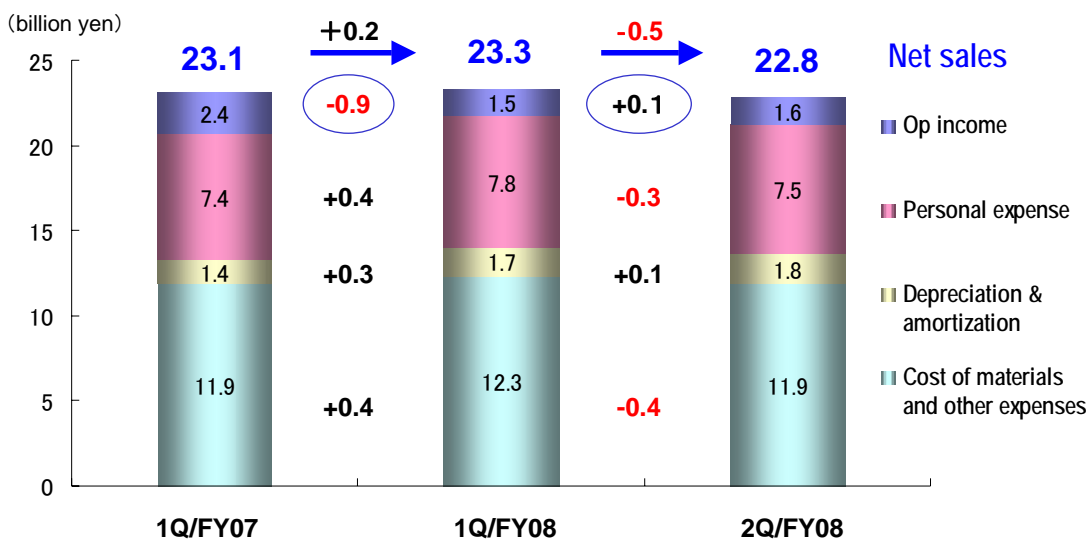
◆1H/FY08: Net sales +0.7 bn yen, Op income **-0.53** bn yen

<Quarterly analysis>

	1Q/FY08 (vs 1Q/FY07)	2Q/FY08 (vs 2Q/FY07)
Net sales	+0.13 bn yen 【Off-site testing】 Net sales: 19.1 bn yen (-0.06 bn yen) - Decrease in testing volume (Testing volume in 1Q/FY07 was increased due to a measles epidemic.) 【FMS/Branch-lab】 Net sales: 4.2 bn yen (+0.19 bn yen) - Growth in new/existing accounts	+0.52 bn yen 【Off-site testing】 Net sales: 18.5 bn yen (+0.24 bn yen) - Increase in volume of high-price tests 【FMS/Branch-lab】 Net sales: 4.3 bn yen (+0.28 bn yen) - Growth in new/existing accounts
Op income	-0.88 bn yen - Delay in efficiency improvement measures (See next page)	+0.35 bn yen

Profitability Improvement in 2Q/FY08 Clinical Laboratory Testing

(billion yen)



◆1Q/FY07 vs. 1Q/FY08: Operating income decreased by 0.9 billion yen.

Increase in personal expense, depreciation and amortization, cost of materials, and other expenses

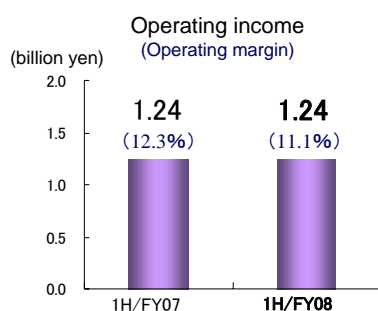
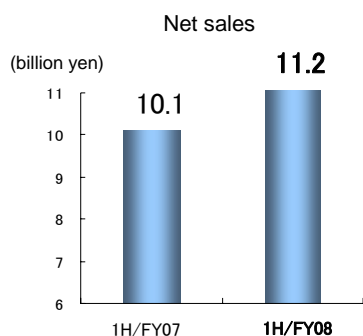
The projects for business efficiency improvement in 4Q/FY07 (operation of SRL Kansai New Lab/ New specimen-entry lines/ ERP system) were delayed until 1Q/FY08.

◆1Q/FY08 vs. 2Q/FY08: Profitability improvement started.

Reduction in personal expense and general expenses

1H/FY08 Results by Segment Others

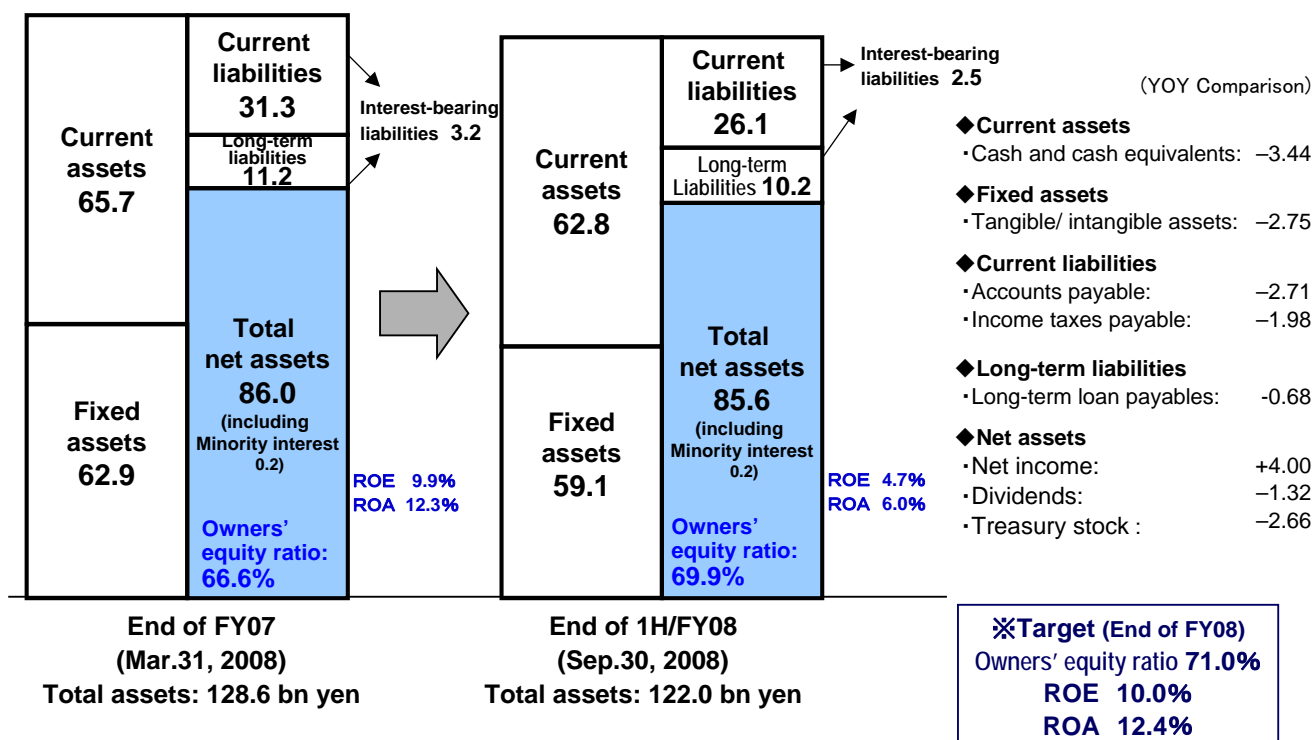
(year-on-year comparison)



◆1H/FY08: Steady growth in net sales, Op income flat

	Net sales (vs 1H/FY07)	Op income (vs 1H/FY07)	YOY analysis
Clinical Trials	+0.4 bn yen (+16%)	+0.1 bn yen (+71.4%)	- Reduction of COGS Ratio with enlarged sales resulted in increased profit.
Sterilizing	+0.7 bn yen (+14%)	-0.02 bn yen (-4.1%)	- Profit decline due to increasing expense for human resources development
Preventive Medicine Related	0 bn yen (0%)	-0.07 bn yen (-11.5%)	- Decrease in Health Promotion Products business (Op income in 1H/FY08:-0.06 bn yen) -Health examination business: Op margin change (*Front-loaded profit from 2Q contributed to 1Q.)
Total	+1.1 bn yen	0 bn yen	

1H/FY08 Consolidated Balance Sheet (billion yen)



Consolidated Cash Flows

	1H/FY07	1H/FY08
Cash flows from operating activities	8.83	6.13
Cash flows from investing activities	-4.67	-4.79
Free cash flows	4.15	1.34
Repayment of debt	-2.05	-0.68
Dividends paid	-0.96	-1.31
Share buyback	0.00	-2.66
Others	0.02	-0.02
Subtotal	-2.99	-4.67
Translation difference of cash and cash equivalents	0.03	-0.12
Net increase in cash and cash equivalents	1.20	-3.44
Cash and cash equivalents at the end of financial period	22.48	20.06

◆ Main CFs from operating activities

- Income before income tax:	7.22
- Depreciation and amortization:	5.24
- Income tax paid:	-4.57

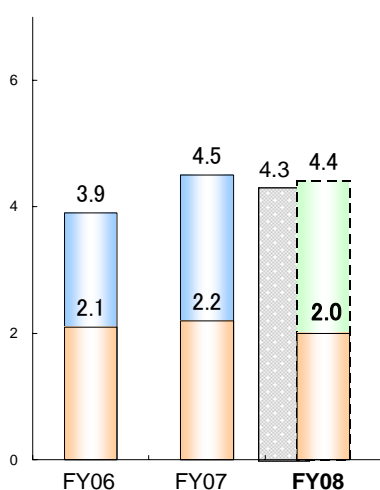
◆ Main CFs from investing activities

- Purchase of tangible/intangible fixed assets:	-3.99
- Acquisition of subsidiaries:	-1.47
- Sales of owned securities:	0.66

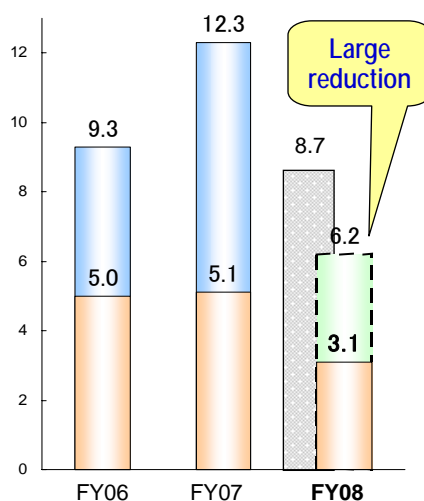
10

Consolidated R&D Expenses/Capital Expenditure (billion yen)

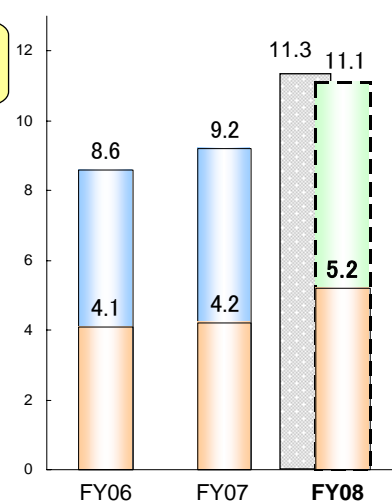
R&D expenses



Capital expenditure



Amortization and depreciation



■ 1st Half result
 ■ Full-year result
 ■ Original full-year forecast
 ■ Revised full-year forecast

* Main capital expenditures for 1H/FY08: FMS/Branch-lab (0.56 billion yen), new specimen-entry line (0.43 billion yen)

* The presented figures of Capital expenditure and Amortization and depreciation include cost of clinical test system lease.

11

FY2008

Full-year Forecast and Key Strategies

12

FY08 Forecast (Consolidated)

(billion yen)

	FY07 Results	FY08 Revised forecast (Nov. 10)	Variation from FY07	FY08 Original forecast (May 19)	Variation from Original forecast
Net sales	143.3	146.0	2.7 1.9%	147.0	-1.0 -0.7%
Operating income	14.8 <small>10.3%</small>	15.2 <small>10.4%</small>	0.4 2.7%	16.5 <small>11.2%</small>	-1.3 -7.9%
Ordinary income	15.5 <small>10.8%</small>	15.7 <small>10.8%</small>	0.2 1.3%	16.8 <small>11.4%</small>	-1.1 -6.5%
Net income	8.3 <small>5.8%</small>	8.7 <small>6.0%</small>	0.4 4.8%	9.3 <small>6.3%</small>	-0.6 -6.5%
Net income per share (Undiluted) (yen)	137.61	148.48	-	155.27	-

13

FY08 Forecast by Segment (Consolidated)

(billion yen)

	FY07	FY08 Revised forecast (Nov. 10)	Variation from FY07	FY08 Original forecast (May 19)	Variation from original forecast
Net sales	143.3	146.0	2.7 (+1.9%)	147.0	-1.0 (-0.7%)
In vitro diagnostics	32.7	33.8	1.1 (+3.4%)	34.6	-0.8 (-2.3%)
Clinical lab testing	90.2	90.5	0.3 (+0.3%)	90.4	0.1 (+0.1%)
Others	20.4	21.7	1.3 (+6.4%)	22.0	-0.3 (-1.4%)
Operating income	(*) 14.8 10.3%	(**) 15.2 10.4%	0.4 (+2.7%)	(**) 16.5 11.2%	-1.3 (-7.9%)
In vitro diagnostics	7.2 22.0%	6.7 19.8%	-0.5 (-6.9%)	7.4 21.4%	-0.7 (-9.5%)
Clinical lab testing	5.7 6.3%	6.3 7.0%	0.6 (+10.5%)	6.9 7.6%	-0.6 (-8.7%)
Others	2.0 9.8%	2.1 9.7%	0.1 (+5%)	2.2 10.0%	-0.1 (-4.5%)

(*) Operating income of 14.8 billion yen for FY07 includes elimination/corporate of -0.07 billion yen.

(**) Operating income of 15.2 billion yen (originally 16.5 billion yen) for FY08(forecast) includes elimination/corporate of 0.11 billion yen.

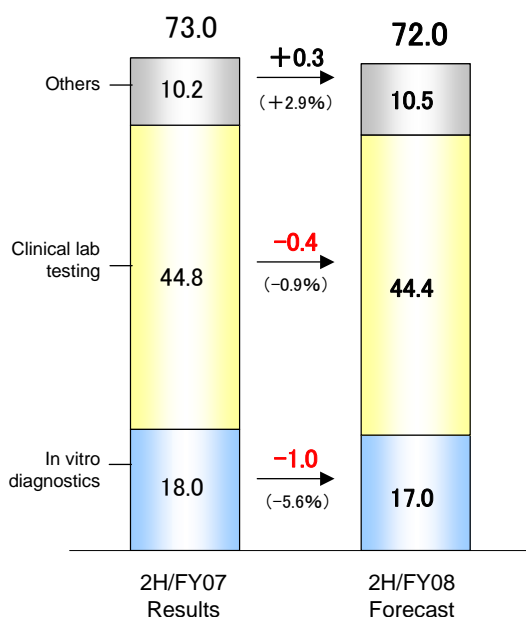
Major reason for revision:

- In vitro diagnostics:
 - Sales growth is below the original forecast.
 - Increase in R&D expenses for expansion of overseas sales.
- Clinical lab testing:
 - Improvement of sales and profit is forecasted to be delayed compared to the original forecast.

14

2H/FY08 Sales Forecast by Segment (year-on-year comparison)

Net sales (billion yen)



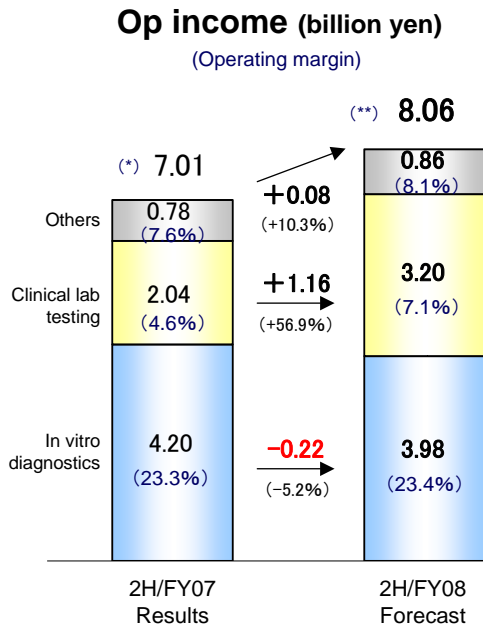
2H/FY08 Forecast (vs 2H/FY07)

- ◆ **In vitro diagnostics: -1.0 bn yen**
 - Decreased by completion of installation of CL4800 instruments to JRC (-1.5 bn yen)
(The instrument sales started from 3Q/FY07, ended in 1Q/FY08)
 - Increase in sales of CL4800 reagents (+0.5 bn yen)
- ◆ **Clinical lab testing: -0.4 bn yen**
 - **Off-site testing:**
Sales decline caused by elimination of unprofitable accounts
 - **FMS/ Branch-lab:**
Development of target clientele focusing on profitability
- ◆ **Others: +0.3 bn yen**
 - Sterilizing: +0.1 bn yen: Increase in new accounts
 - Clinical trials: +0.2 bn yen: Steady increase in order backlog
 - Preventive Medicine Related: Same level as 2H/FY07

※ Assumed exchange rate for 2H/FY08: 1USD=100JPY

15

2H/FY08 Profit Forecast by Segment (year-on-year comparison)



2H/FY08 Forecast (vs 2H/FY07)

◆ In vitro diagnostics: **-0.22 bn yen**

- Increase in R&D expenses for expansion of overseas sales (-0.2 bn yen)

◆ Clinical lab testing: **+1.16 bn yen**

- Reduction of personal expenses (0.7 bn yen)
- Reduction in COGS (0.4 bn yen)
(Reduction in cost of materials, cost of work contracted out and expenses for specimen collection/ transportation is estimated to exceed increase in depreciation and amortization)

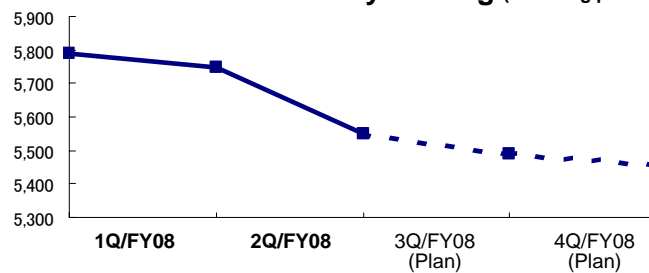
◆ Others: **+0.08 bn yen**

- **Sterilizing/ Clinical trials: +0.1 bn yen**
Increased by sales growth

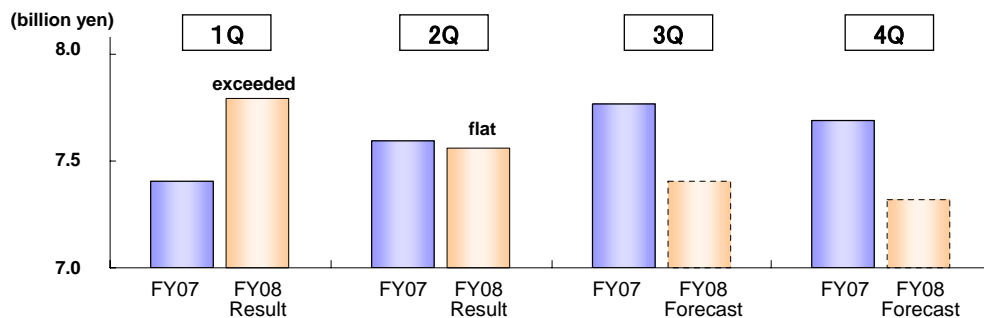
(*) including elimination/corporate of -0.01 billion yen
(**) including elimination/corporate of 0.02 billion yen

Key Point in 2H/FY08 Profit Forecast Reduction of Personal Expenses in Clinical Laboratory Testing

◆ Employee headcount in Clinical Laboratory Testing (including part-timer and temporary worker)



◆ Changes in personal expenses



Personal expense in 1Q was not reduced as planned due to a delay in a series of the projects for business efficiency improvement. Restructuring coupled with work improvement started from 2Q.

⇒ Achievement of profit target

Progress of Mid-term Plans

In Vitro Diagnostics - Expansion of Global Business -

(1) Stable growth of overseas subsidiaries

FDI(USA)and FDAB:

Supplying/licensing of biological materials/Cancer Marker, OEM, etc.

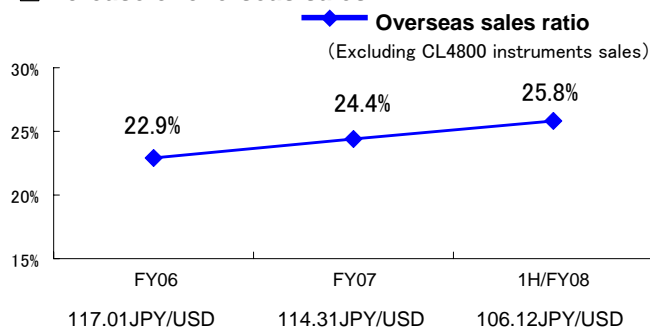
→ Sales growth (over 10% in FY06-FY07)

AbT(acquired in Apr. 2008):

Manufacturing/sales of IVD assay controls

→ Working with LUMIPULSE system business

■ Increase of overseas sales



◆ Overseas sales ratio increased in 1H/FY08 nevertheless of a strong yen

(2) Global sales of LUMIPULSE system

◆ Progress in global sales plan

①Registration:

EU→ CE marking (Registration in process) (reagents and instruments)

USA→Clinical trial and preparation for FDA Registration

②Specification and Marketing

EU→ Modification of the specification and the system, and third party evaluation

USA→Set priority of target segments and instrument models to be launched

③Quality control/Production system

④Sales channel

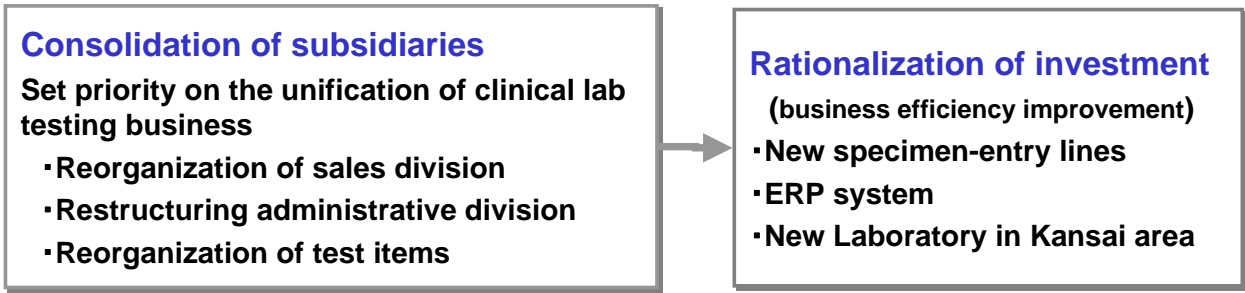
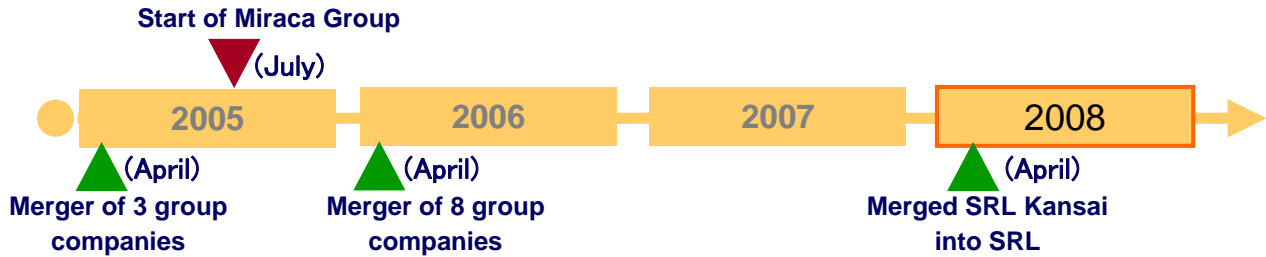
EU→Negotiation and closing contracts

USA→Preparation at FDI

⇒3 to 6 months behind the schedule

Clinical Laboratory Testing - Profitability Improvement (1) -

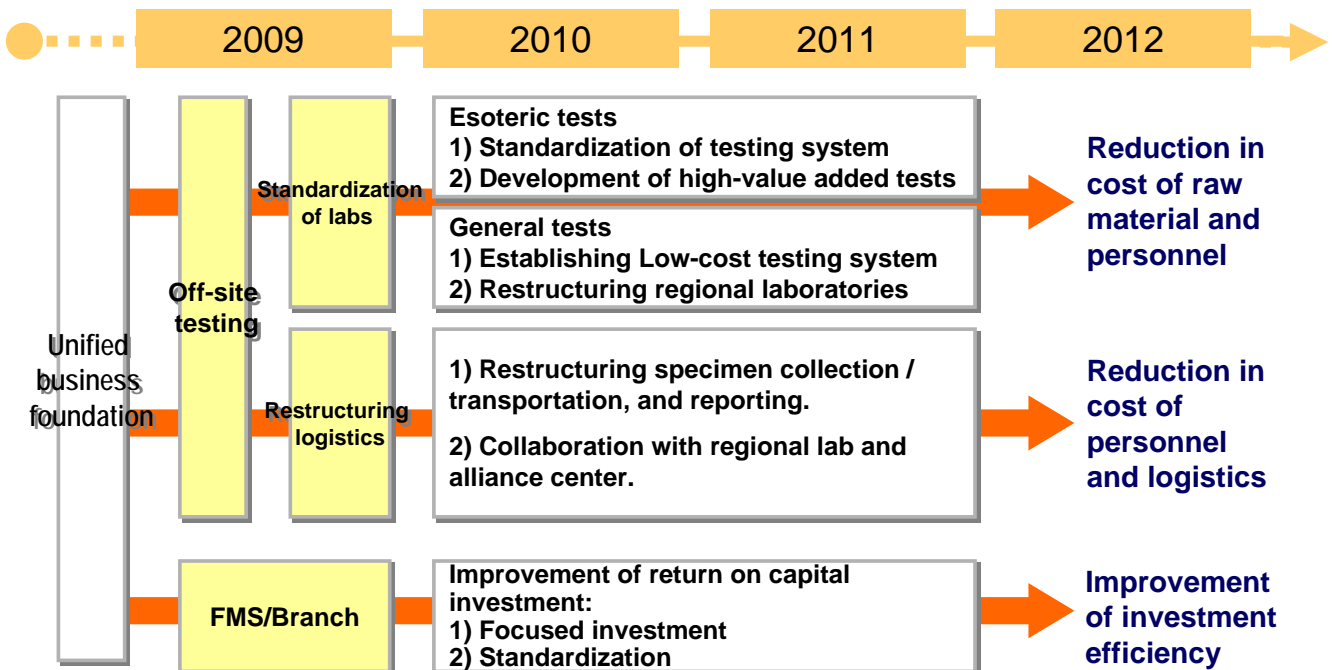
■ Consolidation of clinical laboratory testing: Reduction in SG&A (20%)



⇒ Unified business foundation was established.
Improvement of the business structure is the next issue.

Clinical Laboratory Testing - Profitability Improvement (2) -

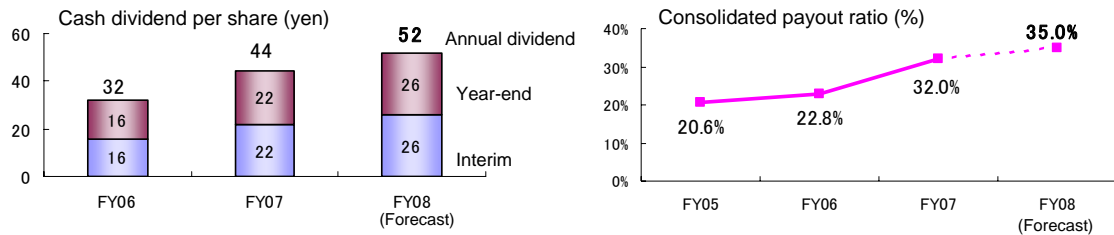
■ Drastic change in the business structure: Reduction in COGS (70%)



Return to Shareholders

◆Cash dividend:

Estimated continued dividend increase and consolidated payout ratio over 30% in FY08



◆Share buyback program: Returning profits to shareholders through share buybacks

Period: Mar.11 – Mar. 31, 2008

Number of shares:

Up to 601,600 shares

(1.0% of issued shares)

Purchase amount:

Up to 1.42 billion yen

Period: Apr.1 – May 31, 2008

Number of shares:

Up to 1,078,900 shares

(1.8% of issued shares)

Purchase amount:

Up to 2.66 billion yen

Period: Nov. 11– Dec 10, 2008

Number of shares:

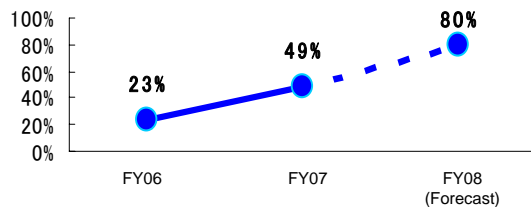
Up to 600,000 shares

(1.0% of issued shares)

Purchase amount:

Up to 1.3 billion yen

◆Total return ratio



**Estimated total return ratio for FY08:
80%**

* Total return ratio = (Total dividend amount + Share buyback amount) / Net income

22

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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.

23