

# CONSOLIDATED EARNING REPORT FOR THE FIRST QUARTER OF FISCAL 2008

August 8, 2008

**Company Name:** BML, Inc  
**Stock Listing:** Tokyo Stock Exchange  
**Code Number:** 4694  
**URL:** <http://www.bml.co.jp/>  
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## 1. Results for the First Quarter of Fiscal 2008 (April 1, 2008 – June 30, 2008)

### (1) Results

(Rounded down to ¥ million)

	Sales		Operating income		Ordinary income		Net income	
	(¥million)	%	(¥million)	%	(¥million)	%	(¥million)	%
1Q of FY2008	19,787	—	1,748	—	1,838	—	956	—
1Q of FY2007	18,466	△0.1	1,181	△27.7	1,244	△11.0	627	7.4

	Net income per share	Net income per share(diluted)
	(¥)	(¥)
1Q of FY2008	45.08	45.01
1Q of FY2007	29.14	29.10

Note: The percentage figures represent changes from the quarter of the previous fiscal year.

### (2) Consolidated Financial Position

	Total assets (¥million)	Shareholders' equity (¥million)	Shareholders' equity ratio (%)	Shareholders' equity per share (¥)
1 <sup>st</sup> Quarter of FY2008	60,243	39,514	64.7	1,837.63
1 <sup>st</sup> Quarter of FY2007	59,961	38,842	64.0	1,806.65

Reference: Equity capital 1<sup>st</sup> Quarter of FY2008 ¥39,001million  
1<sup>st</sup> Quarter of FY2007 ¥38,344million

## 2. Dividend

Record date	Dividends per share				
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal 2007	—	10.00	—	15.00	25.00
Fiscal 2008	—	—	—	—	—
Fiscal 2008 (Forecasts)	—	12.50	—	12.50	25.00

## 3. Consolidated Outlook for Fiscal 2008 (April 1, 2008 – March 31, 2009)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Interim Term of FY 2008	38,000	—	2,940	—	3,020	—	1,510	—	71.15
Entire year	75,000	3.0	5,000	3.3	5,180	3.5	2,580	8.7	121.56

## 4. Other

- (1) Changes in major subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No
- (2) Use of simplified accounting methods and accounting methods specific to preparation of the quarterly consolidated financial statements: Yes  
Note: For more details, refer to “Others” (page 4).
- (3) Changes in accounting rules, procedures, presentation method, etc. for the consolidated financial statements
  - a. Changes in consolidated accounting methods: Yes
  - b. Changes other than (a) : No
 Note: For more details, refer to “Others” (page 4).
- (4) Number of shares issued and outstanding (common stock)
  - a. Number of shares at end of period (including treasury stock):
    - As of June 30, 2008: 22,007,363
    - As of March 31, 2008: 22,007,363
  - b. Treasury stock at end of period:
    - As of June 30, 2008: 783,338
    - As of March 31, 2008: 783,322
  - c. Average number of shares during the period (cumulative quarterly period):
    - Three months ended June 30, 2008: 21,224,029
    - Three months ended June 30, 2007: 21,524,153

Notes: The above outlook contains forward-looking statements based on BML's future plans as of August 8, 2008. Such statements contain risks to be affected by various factors.

## **Qualitative information and Financial Statements, etc.**

### **1. Qualitative information about consolidated operation results**

In clinical testing business, large scale medical system reform has been conducted against the backdrop of acceleration of aging and an increase of medical bill for the elderly, including establishment of a new health care system for people over the age of 75 and reorganization of care beds. As part of the reform, specific health checkup and specific health guidance for lifestyle diseases prevention started in April, 2008.

In clinical testing business, fiscal 2008 is the year for revision of national health insurance (NHI) points, which is carried out every two years. NHI fees for clinical testing have been reduced by approximately 1%, which was well below the usual reduction. Also, the addition to specimen management related to in-house testing, which was tightened in the previous revision, was reviewed and partially eased

Under the environment, while working to sustain and increase unit consignment fees, we aimed to broaden our user base by strengthening proposal-based marketing of lease and instruction of testing equipment and system / operation at in-house testing room to large facilities, as well as stepping up marketing efforts in the expanding clinic market. Also, due to the effect of M&A and alliances conducted in the last fiscal year, the number of testing in the first three months was steadily increased. The sales of this business increased of 6.8% on a year-over-year basis. Gross margin rate was up by increase in revenue and order. Regarding next-generation lab systems under construction at General Laboratories (Kawagoe, Saitama Prefecture), BML is working to bring a new system, New Frontier, for pretest processes online.

In the food hygiene and environmental-related businesses, BML Food Science Solutions, Inc. moved into the black and reported 16.1% increase in sales on year-over-year basis with acquisition of new users and introduction of projects from our business partner Mitsubishi Corporation under a favorable business environment.

Regarding to the medical informatics business, as a result of reconstruction of business operation system in the previous year, efficiency of operation was enhanced and business profit was improved. The number in sales of Medical Station (MS) was 84 mainly around newly opened clinics. Also, 8 years have passed since MS came on the market. Initial users were into the time to replace their old hard discs with new ones. We carried out replacement of mainly servers at 153 facilities. Regarding to profit and loss of this business, although the introduced numbers of MS fell below the previous year's level, this business turned into the black for the above condition.

In other business, Allegro, Inc., which operated SMO\* and CRO\* businesses, saw brisk order flow, and achieved significant increases in both sales and earnings in the previous fiscal year. Also, its performance was continuously favorable in the first three months.

As a result of activities for improvement of business operation system and cost reduction across the board from the second quarter of the previous fiscal year, the effect was fully seen compared with the same period of the previous fiscal year.

As a result of the above, consolidated sales for the first quarter were ¥19,787 million, an increase of 7.2% from the year-ago period, consolidated operating income was ¥1,748 million, an increase of ¥ 47.9%. Consolidated ordinary income increased 47.8% to ¥1,838 million. Net income increased 52.6% to ¥956 million.

## **2. Qualitative information on Financial Position**

### **(1) Asset, Liability and net asset**

In financial position of first quarter of fiscal 2008, total asset increased ¥281 million from the year-ago period to ¥60,243 million, net asset increased ¥672 million to ¥39,514 million and equity capital ratio increased 0.7% to 64.7%. Regarding main items in increase and decrease, tangible fixed asset increased ¥577 million for testing equipment as investment in plant and equipment. In liabilities, current liability decreased ¥433 million by repayment of short-term debt.

### **(2) Cash Flow**

Cash and cash equivalents increased ¥1,103 million to ¥10,339 million from the year-ago period. The position and the factors of each activity are classified as follows;

Operating activities produced net cash of ¥849 million, an increase of ¥232 from the year-ago period, which mainly reflected an increase of ¥557 million in net income before taxes and other adjustments.

Investing activities used net cash of ¥1,794 million, an increase of ¥1,175 million, which mainly reflected an increase of ¥653 million in acquisition of tangible fixed asset including testing equipment and ¥221 million in acquisition of intangible fixed asset.

Financing activities used net cash of ¥500 million, an increase of ¥164 million, which mainly reflected an increase of payment for dividend and repayment of short and long term debt.

## **3. Qualitative information on consolidated earnings forecast**

There has been no change in the initial forecast including a cumulative period of the second quarter of full-year consolidated earnings forecast.

## **4. Others**

(1) Change in major subsidiaries during the period (changes in specified subsidiaries due to changes in the scope of consolidation): No

(2) Use of simplified accounting methods and accounting methods specific to preparation of the quarterly consolidated financial statements

#### **a. Calculation of bad loan estimate**

Since there is no big difference of loan loss ration between the result of the first quarter and calculated ratio at the end of fiscal 2008, loan loss estimate is figured out by using loan loss ratio of the previous fiscal year.

#### **b. Calculation of depreciation expense of fixed asset**

Regarding asset adopting declining-balance method, depreciation expense related to consolidated fiscal year is divided by period.

#### **c. Calculation of taxes**

Taxes of consolidated subsidiaries are calculated first by reasonably estimating the effective tax rate after applying tax effect accounting against net income before income taxes and minority interests for the current fiscal year including the first quarter, and next by multiplying the quarterly net income before income taxes and minority interests by the effective tax rate.

- (3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements
- a. Commencing with this first quarter period, the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No.12) and the “Guidance on Accounting Standard for Quarterly Financial statements” (Application Guideline on Accounting Standards Board of Japan (ASBJ) Statement No.14) are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”
  - b. From this first quarter period, the application of the “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) is applied. Valuation standards changed to the method of write-down due to low profit. The impact of this change on operating income, ordinary income, and income before income taxes and minority interests is immaterial.

## 5. Consolidated financial statements

### (1) Consolidated balance sheets

	As of June 30, 2008	As of March 31, 2008
<b>ASSET</b>		
Current Assets		
Cash and Time Deposits	10,462,031	12,638,977
Notes and Accounts Receivable	15,025,239	13,870,533
Short-Term Investments in Securities	700,000	—
Inventories	115,550	158,427
Product	281,743	281,580
Raw Materials	1,047,621	1,060,541
Other Current Assets	1,243,237	1,367,618
Allowance for Doubtful Accounts	(73,150)	(72,038)
Total Current Assets	28,802,273	29,305,640
Non-current Assets		
Property, plant and equipment		
Building and structures	9,813,679	9,699,019
Land	10,431,376	10,490,104
Others	4,159,734	3,638,173
Total Property, plant and equipment	24,404,790	23,827,297
Intangible assets		
Goodwill	670,836	835,692
Other intangible assets	2,974,743	2,882,250
Total Intangible assets	3,645,579	3,717,942
Investments and other assets		
Other	3,668,634	3,390,491
Allowance for doubtful accounts	(278,277)	(279,507)
Total Investments and other assets	3,390,357	3,110,983
Total Non-current Assets	31,440,727	30,656,224
Total assets	60,243,001	59,961,864

	As of June 30, 2008	As of March 31, 2008
<b>Liabilities and net assets</b>		
<b>Current Liabilities</b>		
Trade noted/accounts receivable	8,801,982	8,140,925
Short-term bank loans	1,446,917	1,622,805
Accrued income taxes	521,484	1,335,654
Other current liabilities	6,165,761	6,269,821
<b>Total current liabilities</b>	<b>16,936,146</b>	<b>17,369,206</b>
<b>Long-term liabilities</b>		
Accrued employees' retirement benefits and allowance	2,914,774	2,870,430
Accrued directors' and auditors' retirement benefits	118,007	120,749
Other long-term liabilities	759,647	759,467
<b>Total long-term liabilities</b>	<b>3,792,429</b>	<b>3,750,647</b>
<b>Total liabilities</b>	<b>20,728,576</b>	<b>21,119,853</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Common stock	6,045,586	6,045,586
Capital surplus	6,646,998	6,646,998
Retained earnings	27,500,327	26,861,961
Treasury stock	△1,268,571	△1,268,543
<b>Total shareholders' equity</b>	<b>38,924,340</b>	<b>28,286,003</b>
<b>Valuation and translation' equity</b>		
Unrealized gain on securities	77,605	58,433
<b>Total valuation and translation' equity</b>	<b>77,605</b>	<b>58,433</b>
Stock options	25,704	25,704
Minority interests	486,775	471,870
<b>Total net asset</b>	<b>39,514,424</b>	<b>38,842,011</b>
<b>Total liabilities and net assets</b>	<b>60,243,001</b>	<b>59,961,864</b>

## (2) Consolidated Statements of Income

	First three months of FY2008 (April 1, 2008 to June 30, 2008)
Net Sales	19,787,745
Cost of sales	12,214,930
Gross profit	7,572,815
Selling, general and administrative expenses	5,824,460
Operating income	1,748,354
Other income	
Royalty income	32,211
Rental revenue from real estate	11,520
Other	61,197
Other income net	104,929
Other expenses	
Interest expense	5,878
Rental cost of real estate	5,775
Other	2,692
Other expenses net	14,346
Ordinary income	1,838,938
Extraordinary income	
Gain on prior period adjustment	3,235
Other	1,291
Total extraordinary income	4,527
Extraordinary losses	
Loss on disposal of property, plant and equipment	27,997
Loss on impairment of fixed assets	58,728
Other	2,497
Total extraordinary losses	89,223
Income before income tax minority interests	1,754,241
Corporate, inhabitant and enterprise tax	584,377
Deferred taxes	192,094
Total corporate tax and others	776,471
Minority interest	21,043
Net income	956,726

### (3) Consolidated Statements of Cash Flows

	First three months of FY2008 (April 1, 2008 to June 30, 2008)
Cash flows from operating activities	
Income before tax	1,754,241
Depreciation and amortization	752,738
Loss on impairment of fixed assets	58,728
Amortization of goodwill	71,030
Increase(decrease) in reserve for retirement allowance	44,344
Interest expenses	5,878
Loss on disposal of property, plant and equipment	27,997
Decrease(increase) in trade receivables	△1,150,937
Decrease(increase) in inventories	39,635
Increase(decrease) in trade payables	661,057
Increase in accrued consumption tax	155,493
Other	△283,735
Sub-total	2,136,489
Interest paid	△5,736
Income tax paid	△1,379,490
Other	97,884
Cash Flows from Operating Activities	849,147
Cash Flows from Investing Activities	
Purchases of property, plant and equipment	△1,135,815
Purchases of intangible assets	△407,684
Acquisition of initially consolidated subsidiary	△191,667
Proceeds from long-term loans receivable	7,230
Other	△66,919
Cash Flows from Investing Activities	△1,794,857
Cash Flows from Financing Activities	
Net (decrease) increase in short-term bank loan	△63,087
Proceeds from issuance of long-term loan	△112,800
Dividends paid	△318,360
Other	△6,299
Net cash used in financing activities	△500,547
Change in Cash and Cash Equivalents	△1,446,257
Cash and Cash Equivalents at Beginning of Period	11,785,906
Cash and Cash Equivalents at End of Period	10,339,648

Commencing with the current fiscal year, the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement No. 12) and the “Guidance on Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14) are applied. Also, the quarterly consolidated financial statements are prepared in accordance with the “Regulation for Quarterly Consolidated Financial Statements.”

**(4) Notes on premise of going concern**

No items to report

**(5) Notes on significant changes in the amount of shareholders' equity**

No items to report