

Consolidated Earnings Report for the First Quarter of Fiscal 2009

August 7, 2009

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 Stock Listing: Tokyo Stock Exchange, First Section
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 Filing of Security Report: August 14th, 2009

1. Results for First Quarters of Fiscal 2009 (April 1, 2009 - June 30, 2009)

(1) Consolidated Business Results

(Rounded down to ¥million)

	Sales		Operating income		Ordinary income		Net income	
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%
1Q of Fiscal 2009	20,351	2.9	2,046	17.0	2,112	14.9	1,149	20.1
1Q of Fiscal 2008	19,787	-	1,748	-	1,838	-	956	-

Percentages figures represent changes from the quarter of the previous fiscal year

	Net income per share (¥)	Net income per share (diluted) (¥)
1Q of Fiscal 2009	54.14	54.03
1Q of Fiscal 2008	45.08	45.01

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity capital ratio (%)	Net assets per share (¥)
1Q of Fiscal 2009	63,548	42,263	65.5	1,960.23
Fiscal 2008	62,809	41,482	65.0	1,924.01

Reference: Equity: 1Q of Fiscal 2009: ¥41,603 million; 1Q of Fiscal 2008: ¥40,835 million

2. Dividend

Record date	Dividend per share (¥)				
	1 Quarter	2 Quarter	3 Quarter	4 Quarter	Entire year
Fiscal 2008	-	12.50	-	17.50	30.00
Fiscal 2009	-				
Fiscal 2009 (Estimation)		15.00	-	15.00	30.00

Note: Revisions to dividend forecasts during first quarter: No

3. Consolidated Outlook for Fiscal 2009 (April 1, 2009 – March 31, 2010)

Percentages represent year-on-year changes

	Sales		Operating income		Ordinary income		Net income		Net income per share
	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)	%	(¥ million)
Interim	40,000	2.3	3,300	2.0	3,420	1.1	1,750	3.2	82.45
Entire year	79,300	2.7	5,800	3.7	6,020	3.0	3,120	1.5	147.00

Note: Revisions to consolidated business forecasts during first quarter: None

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, 2009: 22,007,363

As of March 31, 2009: 22,007,363

b. Treasury stock at end of period:

As of June 30, 2009: 783,464

As of March 31, 2009: 783,464

c. Average number of shares during the period (cumulative quarterly period):

Three months ended June 30, 2009: 21,223,899

Three months ended June 30, 2008: 21,224,029

Notes: The above outlook contains forward-looking statements based on BML's future plans as of August 7, 2009. Such statements contain risks to be affected by various factors.

Qualitative Information and Financial Statements, etc.

1. Qualitative information about consolidated operation results

In the healthcare industry, national healthcare expenditure has climbed to record levels against the backdrop of an increasingly aged population and progress made in healthcare technologies. The Japanese government has implemented measures to curb healthcare costs and various reforms to make healthcare more efficient. Healthcare institutions now face a harsh business environment due to the worsening of economic conditions last year, and need to find ways to become more efficient.

In the clinical testing business, fiscal 2009 was not a year for the revision of national health insurance (NHI) points, which is carried out every two years. Because there was no reduction in NHI fees for clinical testing, our unit testing fees remained stable. However, the ratio of tests for special medical checkups for metabolic syndrome, which were started in April 2008, was substantially below targets and the future business performance of these tests is unclear.

Under the environment, BML worked to expand the foundation of the clinical testing business by increasing market share by continuing to step up marketing efforts in the clinic market, and by strengthening proposal-based marketing to large facilities of the leasing and instruction of testing equipment and systems and operation at in-house testing rooms. As a result, the number of tests conducted in the first three months steadily increased, and net sales in the clinical testing business increased 4.2% year on year. On the earnings front, gross profit rose significantly due to increased revenues and orders and reduced business-process integration expenses resulting from M&As carried out in the first quarter of the previous fiscal year. We have been integrating and closing regional laboratories as part of an ongoing rationalization of our testing system, and in the first quarter under review we closed the Takamatsu Laboratory and outsourced orders to local testing centers. Furthermore, we expanded the next-day reporting service for non RIA (radio immunoassay) items because we have significantly improved our processing capabilities with the operation of the new automatic order-system that was completed at the General Laboratories during the previous fiscal year.

In the food hygiene and environmental-related businesses, BML Food Science Solutions, Inc. experienced reduced orders primarily in the food hygiene field due mainly to the tightening of expenditure by client companies caused by the worsening business conditions. As a result, the company's income suffered and revenues declined significantly. However, net sales for the entire business operations remained level with those in the first quarter of last year due to the addition of the consolidated subsidiary of Q&C Inc., which was purchased in September 2008.

To increase the efficiency of marketing in the medical informatics business, since the beginning of the fiscal year we have been developing marketing activities that unite the clinical testing business and the medical informatics business. In the first quarter we sold 72 units of Medical

Station (MS), a system that databases electronic patient charts at clinics, mainly to newly opened medical facilities, 12 systems less than the same period of the previous fiscal year. Moreover, existing users replaced their servers and other equipment at 26 facilities. This business, which had moved into the black in the previous fiscal year, continued to make a profit in the first quarter.

In other businesses, Allegro, Inc., which operates the SMO* and CRO* businesses, received lackluster levels of orders due to a sluggish recovery of business performance after the slump in the previous fiscal year. Consequently, net sales decreased 33.2% year on year and even earnings amounted to a small net loss.

As a result of these factors, consolidated net sales for the first quarter were ¥20,351 million, an increase of 2.9% from the same period a year ago, consolidated operating income was ¥2,046 million, an increase of ¥ 17.0%, and consolidated ordinary income was ¥2,112 million, an increase of ¥ 14.9%. Net income increased 20.1% to ¥1,149 million.

2. Qualitative information on Financial Position

(1) Assets, Liabilities and Net Assets

As regards the financial position of the first quarter of fiscal 2009, total assets increased ¥738 million from the previous year to ¥63,548 million, net assets increased ¥781 million to ¥42,263 million, and the equity capital ratio increased 0.5% to 65.5%. Looking at the main items in increase and decrease, notes and accounts receivable under current assets increased ¥1,028 million. Retained earnings under net assets increased ¥777 million.

(2) Cash Flow

Cash and cash equivalents increased ¥912 million to ¥11,251 million from the end of the previous fiscal year. The position and the factors of each activity are classified as follows.

Operating activities produced net cash of ¥1,370 million, an increase of ¥521 from the previous year. This mainly reflected an increase of ¥280 million in net income before taxes and other adjustments and increase of ¥232 million in depreciation and amortization.

Investing activities used net cash of ¥1,007 million, a year-on-year decrease of ¥787 million. This mainly reflected an increase of ¥386 million in acquisition of tangible fixed assets including testing equipment and ¥238 million in acquisition of intangible fixed assets.

Financing activities used net cash of ¥437 million, a year-on-year decrease of ¥62 million. This mainly reflected the absence of a repayment of long-term debt, which was made in the previous fiscal year.

3. Qualitative information concerning consolidated earnings forecasts

There has been no change in the initial consolidated earnings forecasts for the cumulative two

quarters of the current fiscal year or for the full year.

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

Calculation of depreciation expense of fixed asset

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

(3) Changes in accounting policies, procedures, and methods of presentation for preparing the quarterly consolidated financial statements

Changes related to application of new accounting standards

Hitherto, BML had applied the completed contract method as the standard for recording testing earnings related to contracting system development. However, from the first quarter of the current fiscal year BML applied the “Accounting Standard for Construction Contracts” (Accounting Standards Board of Japan [ASBJ] Statement No. 15, December 27, 2007) and the “Guidance on Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18, December 27, 2007). As a result, the percentage of completion method (based on the method of the ratio of actual cost incurred to total estimated cost) was applied to contracts for which work began during the first quarter, and for which the outcome is deemed certain by the end of the first quarter, while the completed contract method was applied to other contracts as the standard for testing earnings.

This change had an immaterial impact on the financial statements.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Thousands of yen)

	1 Q Fiscal 2009 As of June 30, 2009	Fiscal 2008 As of March 31, 2009
Assets		
Current assets:		
Cash and time deposits	12,048,350	12,029,899
Notes and accounts receivable	15,090,394	13,968,896
Goods	178,951	154,543
Products	440,328	394,830
Raw materials	1,010,546	985,117
Other current assets	1,462,822	1,677,157
Allowance for doubtful accounts	△58,711	△65,867
Total current assets	30,172,681	29,144,577
Non-current assets:		
Property, plant and equipment (Net)		
Buildings and structures	9,969,157	10,150,754
Land	10,736,226	10,727,959
Others (Net)	5,531,901	5,464,576
Total property, plant and equipment	26,237,285	26,343,289
Intangible assets		
Other Intangible assets	3,500,920	3,540,853
Total Intangible assets	3,500,920	3,540,853
Investments and other assets:		
Others	3,708,963	3,852,081
Allowance for doubtful accounts	△71,783	△71,261
Total investments and other assets	3,637,180	3,780,819
Total non-current assets	33,375,386	33,664,963
Total assets	63,548,068	62,809,540

(Thousands of yen)

	1 Q Fiscal 2009 As of June 30, 2009	Fiscal 2008 As of March 31, 2009
Liabilities		
Current liabilities:		
Trade notes/accounts payable	9,095,033	8,543,535
Short-term bank loans	946,500	951,500
Accrued income taxes	520,083	1,548,799
Other current liabilities	6,110,439	5,617,946
Total current liabilities	16,672,056	16,661,782
Long-term liabilities:		
Accrued employees' retirement benefits and allowance	3,206,094	3,123,460
Accrued directors' and auditors' retirement benefits	136,724	132,373
Other long-term liabilities	1,270,029	1,409,789
Total long-term liabilities	4,612,848	4,665,622
Total liabilities	21,284,904	21,327,404
Net assets		
Shareholders' equity:		
Common stock	6,045,586	6,045,586
Capital surplus	6,647,010	6,647,010
Retained earnings	30,131,144	29,353,522
Treasury stocks	△1,268,830	△1,268,830
Total shareholders' equity	41,554,909	40,777,288
Valuation and translation' equity		
Unrealized gain on securities	48,819	57,775
Total valuation and translation' equity	48,819	57,775
Stock option	39,963	39,963
Minority interest	619,470	607,109
Total net assets	42,263,163	41,482,135
Total liabilities and net assets	63,548,068	62,809,540

(2) Consolidated Statement of Income

(Thousands of yen)

	First Quarter Fiscal 2008 (April 1, 2008 to June 30, 2008)	First Quarter Fiscal 2009 (April 1, 2009 to June 30, 2009)
Net sales	19,787,745	20,351,970
Cost of sales	12,214,930	12,500,341
Gross profit	7,572,815	7,851,629
Selling, general and administrative expenses	5,824,460	5,805,463
Operating income	1,748,354	2,046,165
Other income:		
Dividends received	-	27,353
Royalty income	11,520	12,327
Royalty received	32,211	-
Other	61,197	43,403
Other income net	104,929	83,084
Other expenses		
Interest expenses	5,878	8,040
Rental cost of real estate	5,775	5,530
Other	2,692	3,114
Other expenses net	14,346	16,686
Ordinary income	1,838,938	2,112,564
Extraordinary income		
Reversal of allowance for doubtful accounts	-	6,501
Insurance income	-	18,564
Gain on prior period adjustment	3,235	-
Other	1,291	2
Total extraordinary income	4,527	25,068
Extraordinary losses		
Loss on disposal of property, plant and equipment	27,997	40,682
Loss on impairment	58,728	-
Condolence payments	-	50,000
Other	2,497	12,278
Total extraordinary losses	89,223	102,960
Income before income taxes minority and		

interests	1,754,241	2,034,672
Corporate, inhabitant and enterprise tax	584,377	548,387
Deferred tax	192,094	299,044
Total corporate tax and others	776,471	847,432
Minority interest	21,043	38,199
Net income	956,726	1,149,039

(3) Consolidated Statement of Cash Flows

(Thousands of yen)

	First Quarter Fiscal 2008 (April 1, 2008 to June 30, 2008)	First Quarter Fiscal 2009 (April 1, 2009 to June 30, 2009)
Cash flows from operating activities		
Income before income taxes and minority interest	1,754,241	2,034,672
Depreciation and amortization	752,738	985,463
Loss due to impairment	58,728	-
Amortization of goodwill	71,030	57,553
Increase in reserve for retirement allowance	44,344	83,537
Interest expenses	5,878	8,040
Loss on disposal of property, plant and equipment	27,997	40,682
Decrease(increase) in trade receivables	△1,150,937	△1,121,497
Decrease(increase) in inventories	39,653	△95,334
Increase in trade payables	661,057	551,497
Increase in accrued consumption tax	155,493	178,329
Others	△283,735	△148,998
Sub total	2,136,489	2,871,942
Interest paid	△5,736	△7,662
Income taxes paid	△1,379,490	△1,557,458
Other	97,884	63,916
Cash provided by operating activities	849,147	1,370,737
Cash flows from investing activities		
Purchases of property, plant and equipment	△1,135,815	△749,670
Purchases of intangible assets	△407,684	△169,257
Payments for acquisition of shares in affiliates	△191,667	-
Proceeds from loans receivable	7,230	2,500
Other	△66,919	△90,671
Cash used in investing activities	△1,794,857	△1,007,099
Cash flows from financing activities		
Net decrease in short-term loans	△63,087	-
Net increase (decrease) in short-term loans	-	△5,000
Proceeds from issuance of long-term loan	△112,800	-

Dividends paid	△318,360	△371,418
Other	△6,299	△61,277
Net cash used in financing activities	△500,547	△437,696
Net change in cash and cash equivalents	△1,446,257	△74,057
Cash and cash equivalents at beginning of quarter	11,785,906	11,325,911
Cash and cash equivalents at end of quarter	10,339,648	11,251,853

(4) Notes on premise of going concern

First three months of FY2009 (April 1, 2009 to June 30, 2009)

No items to report.

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

First three months of FY2009 (April 1, 2009 to June 30, 2009)

No items to report.

6. Other Information

Breakdown of Sales

Testing		1Q of FY2008 (April 1, 2008 to June 30, 2008)		1Q of FY2009 (April 1, 2009 to June 30, 2009)		Change (%)
		¥ Thousand	% of total	¥ Thousand	% of total	
Testing business	Clinical testing business					
	Biochemical tests	7,996,327	40.4	8,479,518	41.7	6.0
	Hematological tests	1,672,941	8.5	1,692,327	8.3	1.2
	Immunological tests	4,230,585	21.4	4,263,648	21.0	0.8
	Microbiological tests	1,064,373	5.4	1,107,328	5.4	4.0
	Pathological tests	1,196,549	6.0	1,283,280	6.3	7.2
	Other tests	1,782,604	9.0	1,870,550	9.2	4.9
	Other testing business	728,673	3.7	734,131	3.6	0.7
	Testing business subtotal	18,672,055	94.4	19,430,786	95.5	4.1
Medical informatics business		977,367	4.9	828,730	4.1	△15.2
Other businesses		138,322	0.7	92,454	0.4	△33.2
Total		19,787,745	100.0	20,351,970	100.0	2.9

Note: Monetary amounts do not include consumption taxes.