

CONSOLIDATED BUSINESS RESULTS FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2005

November 11, 2005

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 Stock Exchange Listing: Osaka Securities Exchange Hercules Market
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1. Bases of the preparation of consolidated quarterly financial results

- (1) Change of the matters relating to accounting standards during the latest consolidated fiscal year: No
 (2) Change of the matters relating to the scope of consolidation and the application of the equity method : No
 (3) Involvement from certified public accountants or auditors : No

2. Consolidated Business results for the first quarter ended September 2005

(From July 1, 2005 to September 30, 2005)

(1) Consolidated business results

(Million yen, fractional amounts rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
1 st quarter of FY2006	653	0.4	(69)	–	(73)	–
1 st quarter of FY2005	650	27.1	(48)	–	(42)	–
Fiscal year ended June 2005	3,215	28.3	132	–	111	–

	Net income		Net income per share		Net income per share adjusted for full dilution	
	Million yen	%	Yen		Yen	
1 st quarter of FY2006	(314)	–	(7,580.89)		–	
1 st quarter of FY2005	(43)	–	(1,037.68)		–	
Fiscal year ended June 2005	64	–	1,552.68		1,502.22	

(Notes)

- Equity in earnings of companies accounted for using the equity method:
 1st quarter of FY2006: ___million yen. 1st quarter of FY2005: ___million yen. Fiscal year ended June 2005 ___million yen.
- Average number of shares outstanding (consolidated)
 1st quarter of FY2006: 41,468 shares
 1st quarter of FY2005: 41,468 shares
 Fiscal year ended June 2005: 41,468 shares
- Changes in accounting policies: None
- The percentage indications under sales, operating income, ordinary income and net income, represent year-over-year basis changes.
- Because negative operating income, ordinary income and net income were recorded for the first quarter of FY2006 and the first quarter of FY2005, year-on-year changes are not shown for these categories.
- Net income per share on a fully diluted basis for the first quarter of FY2006 and the first quarter of FY2005 is not shown, because net loss was incurred in these periods. It should be noted however, that new share subscription rights remained outstanding.
- The numbers given for the first quarter of FY2006 and the first quarter of FY2005 are not audited

[Consolidated Business results]

	1 st quarter of FY2005 (Same period of previous year)		1 st quarter of FY2006 (Current period)		Year-over- year basis changes	(Cf.) Fiscal year ended June 2005(Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
	Million yen	%	Million yen	%	%	Million yen	%
Sales	650	100.0	653	100.0	0.4	3,215	100.0
Gross profit on sales	269	41.4	268	41.2	(0.2)	1,509	46.9
Operating income	(48)	(7.4)	(69)	(10.6)	–	132	4.1
Ordinary income	(42)	(6.5)	(73)	(11.2)	–	111	3.5
Net income	(43)	(6.6)	(314)	(48.1)	–	64	2.0

The Company posted consolidated sales of 653 million yen (0.4% increase compared to the same period of the previous year) for the current first quarter. During the same period of the previous year, the Company recorded an income of 100 million yen as remuneration for the granting of exclusive sales rights in the Asian region (excluding Japan) to a South Korean corporation for the fully automatic protein synthesis system. Despite the lack of similar sources of income for the current quarter, the Company, aided by brisk sales exceeding the previous year's performance of devices including the DNA auto-extractors, the Company's main line of products, and the plastic consumables, was able to record increases slightly in profits. The Company, which sells its products mainly through its OEMs, usually undergoes a period of sluggish sales along with its main OEMs, the ROCHE Group, and the QIAGEN Group during the first quarter, which includes off-peak season during the summer. In spite of this prevailing tendency, however, the Company managed to maintain decent sales during the period under review. Gross profit on sales amounted to 268 million yen for the current period (0.2 % decrease compared to the same period of the previous year). Consequently both sales and gross profit on sales managed to remain on similar levels to that of the same period of the previous year.

However, due to the 101 million yen increase in development expenses (11.4% increase compared to the same period of the previous year) and the increases in expenses accompanying personnel increases and facility expansion in its overseas subsidiaries, selling, general, and administrative expenses amounted to 338 million yen (6.5% increase compared to the same period of the previous year). Consequently the Company recorded an operating loss of 69 million yen (increase of 21 million yen compared to the same period of the previous year) and an ordinary loss of 73 million yen (increase of 31 million yen compared to the same period of the previous year). Despite the slight increases in losses for the current period, in light of the current favorable turn in the orders being received and also due to the fact that selling, general, and administrative expenses are being kept down to the projected amounts, it is more than safe to predict a recovery in the ensuing second quarter and beyond.

Moreover, an extraordinary loss of 237 million yen was recorded for the current first quarter as a result of the adoption of impairment accounting, which commenced from this consolidated fiscal year. Impairment accounting was applied to the former research laboratory in Matsudo-shi, which was acquired in August 1990. The lab, which was used until March 2001, was closed to coincide with the move of the headquarters. Although the lab is currently being used to store unused machinery and equipment, it is considered to be an idle asset. The Company, therefore, recognized impairment losses on the difference between the carrying value and the fair value of the land/buildings and the equipment/machinery not in use. As a result, net loss for the current period amounted to 314 million yen (increase of 271 million yen compared to the same period of the previous year). The former laboratory in question is scheduled to be sold during the current period.

Net sales by customers are as follows.

	1 st quarter of FY2005 (Same period of previous year)		1 st quarter of FY2006 (Current period)		Year-over- year basis changes	(Cf.) Fiscal year ended June 2005(Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
ROCHE Group	Million yen 269	% 39.9	Million yen 364	% 55.7	% 40.3	Million yen 1,456	% 45.3
QIAGEN Group	197	30.3	180	27.7	(8.4)	1,069	33.2
Mitsubishi Kagaku Iatron, Inc.	17	2.8	32	5.0	81.0	218	6.8
Others	175	27.0	75	11.6	(56.9)	471	14.7
Total	650	100.0	653	100.0	0.4	3,215	100.0

The systems including the DNA auto-extractors, which are the Company's main products, are sold worldwide through its OEMs. The Company recognizes as its three leading OEMs the ROCHE Group, the QIAGEN Group, and Mitsubishi Kagaku Iatron, Inc., which has been providing the PATHFAST, the compact immunochemical luminescence measuring system, to its users since April of this year. The plastic consumables exclusively used in the operation of these systems are also being distributed through the Company's OEMs.

The ROCHE Group produced promising results, generated through the sales of systems including the DNA auto-extractors and the plastic consumables, which far exceeded the sales for the same period of the previous year.

The QIAGEN Group, on the other hand, experienced brisk sales surpassing last year's shipments of the compact DNA auto-extractor systems, BioRobot EZ1, which has been gaining popularity since last year, but saw slow down a bit in the shipments for the current first quarter of the medium-size work-station type system, the BioRobot M48. As a result, sales for the current term fell short of sales of the same period of the previous year. However, it is believed that in light of the current favorable turn in the orders received, the overall effects on the sales for the entire year will be negligible.

Mitsubishi Kagaku Iatron, Inc. increased its sales as a result of the commencement of domestic sales of the PATHFAST from April of this year. As for the overseas sales scheduled to begin in November, the Company, in order to secure its initial inventory, has left unfulfilled an order backlog of 296 million yen. Said orders, however, are scheduled for shipment in the second quarter, which in turn will, no doubt, significantly contribute to the boost in sales for the ensuing interim period.

Transactions with our other business partners remained basically on the same level, if we were to exclude the effects of the 100 million yen in fee income from the aforementioned South Korean company during the same period of the previous year.

The sales conditions of each product category are as follows:

	1 st quarter of FY2005 (Same period of previous year)		1 st quarter of FY2006 (Current period)		Year-over- year basis changes	(Cf.) Fiscal year ended June 2005(Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
Systems including DNA auto- extractors	Million yen 323	% 49.7	Million yen 376	% 57.6	% 16.3	Million yen 1,928	% 60.0
Other laboratory equipment	26	4.0	27	4.2	3.6	81	2.5
Other products	43	6.7	49	7.6	12.6	221	6.9
Plastic consumables	156	24.1	200	30.6	28.1	679	21.1
Other operating income	100	15.4	–	–	–	304	9.5
Total	650	100.0	653	100.0	0.4	3,215	100.0

1) Systems including DNA auto-extractors

This category consists of automated systems utilizing the Company's internationally patented Magtration Technology. In addition to DNA auto-extractors, this category also includes immunochemiluminescent measuring systems. With progress being made in the bioresearch field and the ensuing need for speedy processing of multiple specimens, we believe that this category has strong potential for future market growth.

During the current first quarter, brisk sales were recorded through the ROCHE Group, the Company's leading OEM, with 189 units sold and sales of 376 million yen (16.3% increase compared to the same period of the previous year). In spite of a yearly sluggish sales tendency in the first quarter, of which includes the summer season, sales remained relatively strong.

The quarterly results are as follows. The unit price variation for each system (starting at one million yen to over 10 million yen) is reflected in the fluctuations in the unit price in the table below.

(Unit: Thousand yen, units)

	FY2004				FY2005				FY2006 (Current period)
	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter	2 nd quarter	3 rd quarter	4 th quarter	1 st quarter
Units sold	89	101	161	297	150	232	232	287	189
Total amount	255,781	223,112	373,304	870,924	323,644	466,443	519,854	618,781	376,358
Unit price	2,874	2,209	2,318	2,932	2,157	2,010	2,240	2,156	1,991

2) Other laboratory equipment

This category consists of automated instruments and systems used in institutions such as research facilities, as well as developmental projects commissioned by governmental ministries, agencies and affiliated organizations.

During the current first quarter, the Company posted sales of 27 million yen (3.6% increase compared to the same period of the previous year) for this category. Sales in this category tend to be greatly impacted by the number of orders received for specially commissioned developmental projects. As the Company focuses on expanding its operations centering on systems including the DNA auto-extractors, the contribution made by this category to the percentage of total sales is expected to diminish for the time being.

3) Other products

This category includes sales generated from spare (replacement) parts and maintenance of equipment, pre-packaged reagents for the extraction and purification of nucleic acid used in the Company's DNA auto-extractors, and software development.

During the current first quarter, sales from this category amounted to 49 million yen (12.6% increase compared to the same period of the previous year). Since sales derived from spare parts and equipment maintenance tend to increase in direct proportion to the cumulative number of systems sold, steady growth in the sales of this category is expected.

4) Plastic consumables

This category consists of disposable plastic parts such as tips and cartridges consumed in the use of equipment. Consumables designed exclusively for use in the Company's DNA auto-extractors comprise the major part of this category.

The current period witnessed a promising increase in earnings to post sales of 200 million yen (a 28.1% increase compared to the same period of the previous year). Since sales derived from plastic consumables tend to increase in direct proportion to the cumulative number of systems sold, we may expect steady growth in this market in the future.

5) Other operating income

During the current first quarter, there were no sources of income, such as the aforementioned income generated from the granting of the exclusive sales rights for the same period as the previous year.

(2) Consolidated financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share of common stock
	Million yen %	Million yen %	%	Yen
1 st quarter of FY2006	4,559	2,807	61.6	67,698.38
1 st quarter of FY2005	4,519	2,994	66.3	72,213.11
Fiscal year ended June 2005	4,636	3,107	67.0	74,948.14

(Notes) Number of shares outstanding at end of the term (consolidated)

1st quarter of FY2006: 41,468 shares

1st quarter of FY2005: 41,468 shares

Fiscal year ended June 2005: 41,468 shares

[Consolidated financial position]

Total assets as of the end of the current first quarter decreased by 76 million yen compared to the end of the previous consolidated fiscal year to total 4,559 million yen.

Under current assets, cash and deposits increased by 300 million yen, notes and accounts receivable decreased by 170 million yen (as a result of payments received for large-scale transactions at the end of the previous consolidated fiscal year), and inventory increased by 109 million yen (as a result of the build-up of inventory in preparation for the overseas sales of the PATHFAST to Mitsubishi Kagaku Iatron, Inc.). Consequently total current assets increased by 177 million yen to total 3,595 million yen. Owing to factors such as the adoption of impairment accounting, total fixed assets decreased by 253 million yen to amount to 964 million yen.

Under current liabilities, accounts payable increased by 78 million yen (as a result of purchases related to the PATHFAST), long-term debt due within one year increased by 31 million yen, and short term borrowings decreased by 100 million yen. As a result, total current liabilities decreased by 31 million yen to total 875 million yen. Long-term liabilities increased by 255 million yen to 876 million yen due to factors such as the private placement bond issue underwritten by Chiba Bank.

Shareholders' equity decreased by 300 million yen to 2,807 million yen as a result of the losses recorded for the current first quarter and the adoption of impairment accounting. Consequently the equity ratio for the current period

came to 61.6%, which was somewhat lower than the 67.0% at the end of the previous consolidated fiscal year, but the scope of its fluctuation is still considered negligible.

3. Consolidated forecasts for fiscal year ending June 2006 (from July 1, 2005 to June 30, 2006)

	Sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
Interim period ending December 2005	1650		(40)		(280)		(6,752.19)
Full year ending June 2006	3,550		30		(270)		(6,511.04)

[Consolidated forecasts]

At the end of the current first quarter, the order backlog of systems including DNA auto-extractors, including those from Mitsubishi Kagaku Iatron, Inc., amounted to 752 million yen (39.4% increase compared to the same period of the previous year), the shipments of which are expected to be made in the next three to four months. With the addition of anticipated sales from plastic consumables, the Company anticipates increases in the second quarter sales.

Moreover, expenses, including selling, general, and administrative expenses, are generally on course as planned. Therefore, as the Company produces results within the scope of the initial projections, there will be no revisions to the projected forecasts announced at the time of the closing of accounts on August 12, 2005.

Consolidated Financial Statements for the First Quarter of FY2006

(1) Consolidated balance sheet for the first quarter of FY2006

Category	The previous 1st quarter of FY2005 (As of September 30, 2004)		The current 1st quarter of FY2006 (As of September 30, 2005)		The previous fiscal year (As of June 30, 2005)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
(Assets)						
I Current assets						
1. Cash and deposits	2,198,803		2,313,610		2,012,719	
2. Notes and accounts receivable	490,522		527,858		698,218	
3. Inventories	617,352		717,927		608,364	
4. Others	100,967		36,131		98,817	
5. Allowance for bad debt	(146)		(179)		(354)	
Total current assets	3,407,499	75.4	3,595,347	78.9	3,417,767	73.7
II Fixed assets						
1. Plant, property, and equipment						
(1)Buildings and structures	343,727		331,673		421,858	
Accumulated depreciation	73,669	270,058	38,745	292,927	86,819	335,039
(2)Machinery/equipment and transportation vehicles	416,297		306,249		424,247	
Accumulated depreciation	249,071	167,225	205,911	100,337	287,048	137,198
(3)Tools, furniture, and fixtures	363,879		424,310		492,970	
Accumulated depreciation	180,732	183,147	238,597	185,712	253,593	239,377
(4)Land		431,250		329,893		450,622
(5)Construction in progress		2,500		—		—
Total plant, property, and equipment	1,054,180	23.3	908,871	19.9	1,162,237	25.1
2. Intangible fixed assets						
(1) Computer software		36,666		29,387		30,770
(2) Others		1,019		1,019		1,019
Total intangible fixed assets		37,685		30,406		31,789
3. Investments and other assets						
(1)Investments in securities		18,659		22,746		19,948
(2) Others		1,632		2,340		4,315
Total investments and other assets		20,291		25,086		24,264
Total fixed assets	1,112,157	24.6	964,364	21.1	1,218,292	26.3
Total assets	4,519,656	100.0	4,559,712	100.0	4,636,059	100.0

Category	The previous 1st quarter of FY2005 (As of September 30, 2004)		The current 1st quarter of FY2006 (As of September 30, 2005)		The previous fiscal year (As of June 30, 2005)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
(Liabilities)						
I Current liabilities						
1. Accounts payable	203,069		396,025		317,362	
2. Short-term borrowings	–		–		100,000	
3. Long-term debt due within one year	484,390		355,115		323,688	
4. Accrued liability	141,106		69,897		95,490	
5. Accrued taxes including corporate taxes	3,092		8,803		20,465	
6. Allowance for bonuses	15,850		17,223		9,124	
7. Others	30,516		28,455		40,758	
Total current liabilities	878,026	19.4	875,521	19.2	906,890	19.6
II Long-term liabilities						
1. Bond	–		250,000		–	
2. Long-term borrowings	647,097		622,857		619,034	
3. Deferred tax liability	–		1,595		465	
4. Others	–		2,421		1,718	
Total long-term liabilities	647,097	14.3	876,874	19.2	621,219	13.4
Total liabilities	1,525,123	33.7	1,752,395	38.4	1,528,109	33.0
(Shareholders' equity)						
I Common stock	2,024,978	44.8	2,024,978	44.4	2,024,978	43.7
II Additional paid-in capital	2,491,267	55.1	2,491,267	54.6	2,491,267	53.7
III Retained earnings	(1,521,604)	(33.6)	(1,728,570)	(37.9)	(1,414,205)	(30.5)
IV Other unrealized holding gains/losses on marketable securities	(12,805)	(0.3)	2,354	0.1	686	0.0
V Exchange adjustments	12,697	0.3	17,286	0.4	5,222	0.1
Total shareholders' equity	2,994,533	66.3	2,807,316	61.6	3,107,949	67.0
Total liabilities and shareholders' equity	4,519,656	100.0	4,559,712	100.0	4,636,059	100.0

(2) Consolidated statement of income for the first quarter of FY2006

Category	The previous 1 st quarter of FY2005 (From July 1, 2004 to September 30, 2004)		The current 1 st quarter of FY2006 (From July 1, 2005 to September 30, 2005)		The previous fiscal year (From July 1, 2004 to June 30, 2005)				
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)			
I Net sales		650,756	100.0		653,226	100.0		3,215,600	100.0
II Cost of sales		381,439	58.6		384,378	58.8		1,706,305	53.1
Gross profit on sales		269,316	41.4		268,848	41.2		1,509,295	46.9
III Selling, general and administrative expenses		317,833	48.8		338,487	51.8		1,376,429	42.8
Operating income or (loss)		(48,516)	(7.4)		(69,639)	(10.6)		132,865	4.1
IV Non-operating income									
1. Interest income	1,120			561			4,178		
2. Dividend income	8			–			25		
3. Exchange gains	11,746			5,312			–		
4. Other revenue	947	13,823	2.1	1,348	7,222	1.1	5,186	9,390	0.3
V Non-operating expenses									
1. Interest expenses	7,389			6,178			26,247		
2. Exchange losses	–			–			4,036		
3. Bond issue expense	–			4,750			–		
4. Others	172	7,562	1.2	–	10,928	1.7	335	30,619	0.9
Ordinary income or (loss)		(42,255)	(6.5)		(73,345)	(11.2)		111,636	3.5
VI Extraordinary income									
1. Gain on sale of plant, property, and equipment	–			258			966		
2. Reversal of allowance for bonuses	–	–	–	213	471	0.1	–	966	0.0
VII Extraordinary loss									
1. Loss on sale of plant, property, and equipment	115			–			115		
2. Loss on retirement of plant, property, and equipment	–			43			1,776		
3. Unrealized holding losses on marketable securities	–			–			12,668		
4. Asset-impairment loss	–	115	0.0	237,503	237,546	36.4	–	14,560	0.5
Current net income or (loss) before tax adjustments		(42,370)	(6.5)		(310,421)	(47.5)		98,043	3.0
Corporate, local, and enterprises taxes		660	0.1		3,943	0.6		33,674	1.0
Current net income or (loss)		(43,030)	(6.6)		(314,364)	(48.1)		64,368	2.0