

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED MARCH 31, 2007

May 11, 2007

The English Edition is digested translation of Japanese financial statements, which are prepared in accordance with generally accepted accounting principles in Japan.

Company Name: Precision System Science Co., Ltd.
Listed on: Hercules Market at Osaka Securities Exchange
Code Number: 7707

1. Consolidated financial data for nine months ended March 31, 2007

(From July 1, 2006 to March 31, 2007)

(1) Consolidated operating results

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

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2007	2,684	5.7	(125)	-	(129)	-
Nine months ended March 31, 2006	2,538	19.6	(46)	-	(45)	-
Fiscal year ended June 30, 2006	3,636		12		18	

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Nine months ended March 31, 2007	(181)	-	(4,248.13)	-
Nine months ended March 31, 2006	(322)	-	(7,675.02)	-
Fiscal year ended June 30, 2006	(250)		(5,926.68)	-

(Notes)

1. Loss in equity method investment: 12 million yen.
2. Weighted average number of outstanding shares: 42, 819 shares
3. Changes in accounting method: None
4. The percentage indications under Sales, Operating income, Ordinary income, and Net income, represent year-on-year changes

Operating results

	Nine months ended March 31, 2006		Nine months ended March 31, 2007		Year-on- year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
	Million yen	%	Million yen	%	%	Million yen	%
Sales	2,538	100.0	2,684	100.0	5.7	3,636	100.0
Gross profit on sales	1,026	40.4	1,093	40.8	6.5	1,462	40.2
Operating income or (loss)	(46)	(1.8)	(125)	(4.7)	-	12	0.3
Ordinary income or (loss)	(45)	(1.8)	(129)	(4.9)	-	18	0.5
Net (loss) or current net income	(322)	(12.7)	(181)	(6.8)	-	(250)	(6.9)

During the nine months period ended March 31, 2007, the sales to the ROCHE Group were not strong as expected, while those to the QIAGEN Group were steady; the sales to Mitsubishi Kagaku Iatron, Inc., to whom the sales rapidly expanded in the same period of previous year, significantly decreased. On the other hand, plastic consumables manufactured and sold by our German subsidiary to our OEMs, steadily grew; as a result, the Company, for the nine months period, recorded a slight increase in revenue to 2,684 million yen (5.7% increase year on year). The gross profit on sales increased to 1,093 million yen (6.5% increase year on year).

Selling, general, and administrative expenses, on the other hand, rose to 1,219 million yen (13.6% increase year on year), due to increases in expenses accompanying personnel increases and facility expansion to deal with newly acquired OEMs, etc. and resulted in 125 million operating loss.

As far as non-operating profit/loss is concerned, the 31 million yen non-operating profit earned through interest income and exchange gains was offset against the 35 million non-operating expenses spent on interest payments and bond issues, to ultimately expand an ordinary loss to 129 million yen.

Net sales according to customer are as follows:

	Nine months ended March 31, 2007		nine months ended March 31, 2007		Year-on-year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
	Million yen	%	Million yen	%	%	Million yen	%
ROCHE Group	1,306	51.5	1,207	45.0	(7.5)	1,870	51.4
QIAGEN Group	678	26.7	706	26.3	4.1	984	27.1
Mitsubishi Kagaku Iatron, Inc.	352	13.9	200	7.5	(43.1)	364	10.0
Others	201	7.9	570	21.2	183.5	416	11.5
Total	2,538	100.0	2,684	100.0	5.7	3,636	100.0

The Company's main products, namely the systems including the DNA auto-extractors (also including the immunochemical luminescence measuring systems), are sold worldwide through its OEMs. Although OEMs have been diversified, the ROCHE Group, the QIAGEN Group, and Mitsubishi Kagaku Iatron, Inc. are three leading OEMs. The plastic consumables used exclusively in the operation of these systems are also being distributed through the Company's OEMs.

As for the ROCHE Group, the sales of DNA auto-extractors were relatively weak, while the sales of the plastic consumables expanded; the overall sales declined 7.5% year on year to 1,207 million yen

As for the QIAGEN Group, the sales of systems were strong and overall sales to the group expanded 4.1% year on year to 706 million yen.

As for Mitsubishi Kagaku Iatron, Inc., due to the delay in shipment of compact immunochemical luminescence measuring systems, the sales decreased to 200 million yen (43.1% decrease year on year).

As the sales of specially ordered systems to a major testing services center were brisk, the sales of others category increased 183.5% to 570 million yen.

The sales by each product category:

	Nine months ended March 31, 2006		Nine months ended March 31, 2007		Year-on- year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	Amount	Percentage		Amount	Percentage
	Million yen	%	Million yen	%	%	Million yen	%
Systems including DNA auto- extractors	1,588	62.6	1,297	48.3	(18.3)	2,120	58.3
Other laboratory equipment	38	1.5	279	10.4	634.2	185	5.1
Other products	206	8.2	292	10.9	41.7	301	8.3
Commodity (plastic consumables)	704	27.7	790	29.5	12.2	1,029	28.3
Other operating income	–	–	24	0.9	–	–	–
Total	2,538	100.0	2,684	100.0	5.7	3,636	100.0

1) Systems including DNA auto-extractors

This category consists of automated systems utilizing the Company's internationally patented Magration Technology. In addition to DNA auto-extractors, this category includes immunochemical luminescent measuring system. 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 nine months period ended March 31, 2007, the sales to the ROCHE Group were relatively weak, while those to the QIAGEN Group were steady. As the sales to Mitsubishi Kagaku Iatron, Inc. significantly decreased, the overall sales of this category resulted in 1,297 million yen (18.3 % decrease year on year).

The quarterly sales results are indicated in the following table. The fluctuations in unit price reflect the variation in the unit prices of each system, which ranges in price from one million yen per unit to over 30 million yen per unit. Moreover, as more inexpensive products, such as the compact-type DNA auto-extractors and the compact immunochemical luminescence measuring systems, make up for greater portions of sales, the unit prices also tend to drop.

(Unit: Thousand yen, units)

	FY 2005		FY2006				FY2007		
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Units sold	232	287	189	359	275	258	190	231	191
Amount	519,854	616,781	376,358	653,827	558,781	531,153	389,197	486,681	421,369
Unit price	2,240	2,156	1,991	1,821	2,031	2,058	2,048	2,106	2,206

2) Other laboratory equipment

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

During the nine months period ended March 31, 2007, the sales of this category expanded 634.2% year on year to 279 million yen as sales of specially commissioned systems to a major testing services center increased. Sales in this category tend to be significantly impacted by the number of orders received for specially commissioned systems.

3) Other products

This category includes sales generated from spare parts (replacement) 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 nine months period ended March 31, 2007, sales in this category amounted to 292 million yen (41.7% increase compared to the same period of the previous year). Since sales derived from spare parts and equipment maintenance tends to increase according to the increase of cumulative number of systems sold, steady growth in the sales of this category is expected.

4) Commodity (plastic consumables)

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

During the nine months period ended March 31, 2007, sales in this category increased to 790 million yen (12.2% increase compared to the same period of the previous year). Since the sales derived from plastic consumables tend to increase according to the increase of cumulative number of systems sold, steady growth in the sales of this category is expected in the future.

5) Other operating income

During the nine months period ended March 31, 2007, there was management revenue of 24 million yen in PSS Capital.

(2) Financial conditions

As of March 31, 2007, assets amounted to 4,948 million yen (up 63 million yen from June 30, 2006).

Current assets decreased to 3,771 million yen (down 73 million yen from June 30, 2006), while fixed assets increased 136 million to 1,176 million yen.

As of March 31, 2007, current liabilities amounted to 1,338 million yen (376 million yen increase from June 30, 2006) as short-term debt increased to 200 million yen and the amount of long-term debt due within one year increased 156 million yen. Long-term liabilities amounted to 828 million yen (166 million yen

decrease June 30, 2006) as bonds increased 200 million yen, while long-term borrowings increased 156 million yen.

Net assets decreased 181 million yen to 2,781 million yen. The ratio, net assets to total assets, was 56.2%.

Consolidated Financial Statements for Nine Months Ended March 31, 2007

Consolidated Balance Sheet

Category	As of March 31, 2006		As of March 31, 2007		As of June 30, 2006	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
(Assets)						
I Current assets						
1. Cash and deposits	2,235,361		2,014,064		2,229,337	
2. Notes and accounts receivable	875,357		879,847		848,395	
3. Inventories	755,650		725,915		649,024	
4. Others	107,017		156,665		117,952	
Allowance for bad debt	(339)		(4,740)		(263)	
Total current assets	3,973,047	81.3	3,771,751	76.2	3,844,447	78.7
II Fixed assets						
1. Plant, property, and equipment						
(1) Buildings and structures	316,165		307,505		314,122	
(2) Machinery/ equipment and transportation vehicles	87,919		174,800		117,296	
(3) Tools, furniture, and fixtures	166,719		297,804		264,001	
(4) Land	294,097		296,302		294,582	
Total plant, property, and equipment	864,901	17.7	1,076,413	21.8	990,001	20.3
2. Intangible fixed assets	26,234	0.5	19,739	0.4	23,863	0.5
3. Investments and other assets	24,148	0.5	80,651	1.6	26,673	0.5
Total fixed assets	915,284	18.7	1,176,804	23.8	1,040,538	21.3
Total assets	4,888,331	100.0	4,948,556	100.0	4,884,985	100.0

Consolidated Balance Sheet (2/3)

Category	As of March 31, 2006		As of March 31, 2007		As of June 30, 2006	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
(Liabilities)						
I Current liabilities						
1. Accounts payable	462,926		430,240		488,875	
2. Short-term debt	–		200,000		–	
3. Long-term debt due within one year	315,452		442,092		285,852	
4. Allowance for bonuses	18,341		21,173		4,922	
5. Others	172,773		245,296		183,084	
Total current liabilities	969,494	19.8	1,338,802	27.1	962,734	19.7
II Long-term liabilities						
1. Bonds	350,000		550,000		350,000	
2. Long-term borrowings	705,066		272,144		640,253	
3. Deferred tax liabilities	–		4,162		2,229	
4. Others	2,806		1,703		1,565	
Total long-term liabilities	1,057,872	21.7	828,009	16.7	994,047	20.4
Total liabilities	2,027,366	41.5	2,166,812	43.8	1,956,782	40.1

Consolidated Balance Sheet (3/3)

Category	As of March 31, 2006		As of March 31, 2007		As of June 30, 2006	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
(Shareholders' equity)						
I Common stock	2,041,278	41.8	—	—	—	—
II Capital surplus	2,507,844	51.3	—	—	—	—
III Retained earnings	(1,736,848)	(35.5)	—	—	—	—
IV Other unrealized holding gains/losses on marketable securities	1,633	0.0	—	—	—	—
V Exchange adjustments	47,057	0.9	—	—	—	—
Total shareholders' equity	2,860,965	58.5	—	—	—	—
Total liabilities and shareholders' equity	4,888,331	100.0	—	—	—	—
(Net assets)						
I. Stockholders' equity						
1.Common stock			2,041,778	41.3	2,041,278	41.8
2.Capital surplus reserve			2,508,354	50.7	2,507,844	51.3
3.Accumulated earnings			(1,846,378)	(37.3)	(1,664,477)	(34.1)
Total Stockholders' equity			2,703,753	54.7	2,884,644	59.0
II. Evaluation, exchange differences						
1.Unrealized gains/losses on securities			6,140	0.1	3,289	0.1
2.Deferred hedge			(75)	(0.0)	(18)	(0.0)
Income /loss						
3.Foreign exchange transaction adjustment			71,880	1.4	40,233	0.8
Total Evaluation and transaction adjustment			77,946	1.5	43,504	0.9
. Stock option			44	0.0	54	0.0
Total net assets			2,781,744	56.2	2,928,203	59.9
Total liabilities and net assets			4,948,556	100.0	4,884,985	100.0

Consolidated Income Statement

Category	From July 1, 2005 to March 31, 2006		From July 1, 2006 to March 31, 2007		From July 1, 2005 to June 30, 2006	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
I Net sales	2,538,717	100.0	2,684,127	100.0	3,636,933	100.0
II Cost of sales	1,511,913	59.6	1,590,199	59.2	2,174,778	59.8
Gross profit on sales	1,026,803	40.4	1,093,928	40.8	1,462,155	40.2
III Selling, general and administrative expenses	1,073,470	42.2	1,219,860	45.5	1,449,334	39.9
Operating income or(loss)	(46,667)	(1.8)	(125,931)	(4.7)	12,820	0.3
IV Non-operating income	26,540	1.0	31,230	1.1	36,741	1.0
V Non-operating expenses	25,105	1.0	35,202	1.3	30,658	0.8
Ordinary income or (loss)	(45,231)	(1.8)	(129,904)	(4.9)	18,903	0.5
VI Extraordinary income	3,966	0.2	107	0.0	4,171	0.1
Extraordinary loss	237,588	9.4	170	0.0	237,792	6.5
Income or (loss) before tax adjustments	(278,854)	(11.0)	(129,967)	(4.9)	(214,717)	(5.9)
Corporate, local, and enterprises taxes	43,787	1.7	51,933	1.9	35,554	1.0
Net income or (loss)	(322,642)	(12.7)	(181,901)	(6.8)	(250,271)	(6.9)