

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
FOR First Quarter of FY 2008 (from July 1, 2007 to September 30, 2007)

November 9, 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 three months ended September 30, 2007

(From July 1, 2007 to September 30, 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	%
Three months ended Sep. 30, 2007	626	(17.0)	(121)	-	(134)	-
Three months ended Sep. 30, 2006	755	15.7	(107)	-	(110)	-
Full year of FY 2007	3,698	1.7	(57)		(65)	

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Three months ended Sep. 30, 2007	(142)	-	(3,322.53)	-
Three months ended Sep. 30, 2006	(119)	-	(2,799.46)	-
Full year of FY 2007	(143)		(3,357.11)	

(2) Consolidated financial condition

	Total assets	Net Assets	Equity ratio	Net Assets per share of common stock
	Million yen	Million yen	%	Yen
As of Sep. 30, 2007	4,799	2,692	56.1	62,842.10
As of Sep. 30, 2006	4,755	2,822	59.4	65,915.98
As of June 30, 2007	5,169	2,854	55.2	66,629.42

(3) Consolidated cash flows

	Net cash flows from operating activities	Net cash flows from investing activities	Net cash flows from financing activities	Cash and cash equivalents at the end of FY
	Million yen	Million yen	Million yen	Million yen
Three months ended Sep. 30, 2007	125	39	(84)	1,556
Three months ended Sep. 30, 2006	-	-	-	-
Full year of FY 2007	(51)	(123)	420	1,478

2.Forecasts for the fiscal year 2008 ending June 30, 2008

(From July 1, 2007 to June 30, 2008)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
For 6 months ending December 31, 2007	1,800	6.2	(27)	-	(50)	-	(50)	-	(1,167.13)
For fiscal year ending June 30, 2008	4,000	8.2	95	-	70	-	30	-	700.28

* The above forecast contains forward-looking statements based on information currently available. Consequently the Company's actual results may differ materially from the projected values due to various future factors.

Operating results and financial conditions

I. Analysis of operating results

1. Operating results

For the three months ended September 30, 2007 (first quarter of FY 2008), PSS recorded net sales of 626 million yen (17.0 % down year on year) as the sales to major OEM partners were slow and decreased while sales to other OEM partners and of consumables increased.

Selling, general, and administrative expenses slightly reduced to 417 million yen compared with the first quarter of previous fiscal year (1.0% down). As a result, operating loss was 121 million yen; ordinary loss was 134 thousand yen and net loss became 142 million yen.

Sales classification by customer:

	For three months ended September 30, 2006		For three months ended September 30, 2007		Year-on-year changes
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
ROCHE Group	405	53.7	319	51.0	(21.2)
QIAGEN Group	128	17.0	159	25.4	24.3
Mitsubishi Kagaku Medience, Inc.	80	10.7	53	8.5	(34.1)
Others	140	18.6	94	15.1	(32.8)
Total	755	100.0	626	100.0	(17.0)

As for the ROCHE Group, the sales of DNA auto-extractors were weak, while sales of the plastic consumable expanded; overall sales declined to 319 year on year.

As for the QIAGEN Group, both sales of instruments and plastic consumables were strong and overall sales to the group expanded year on year to 159 million yen.

Although the sales to Mitsubishi Kagaku Medience, Inc. for the three months period was weak, the sales order in the second quarter is strong and actual sales are expected to recover.

Information by business segments is as follows:

1. Bio-related Business

In bio-related business, the net sales decreased 17.5% to 620 million yen, while operating loss expanded to 83 million yen.

The sales of bio-related business by each product category:

	For three months ended September 30, 2006		For three months ended September 30, 2007		Year-on-year changes
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
DNA auto extractors	389	51.8	210	33.9	(46.0)
Other laboratory equipment	31	4.2	21	3.5	(30.8)
Other products	86	11.4	88	14.3	3.2
Merchandise (plastic consumables)	245	32.6	299	48.3	22.2
Total	752	100.0	620	100.0	(17.5)

1) 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 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 three months ended September 30, 2007, due to the weak sales to major customers, the overall sales of this category resulted in 113 units or 210,315million yen (46.0% down year on year).

(Thousand yen)

	Fiscal year ended June 30, 2006			
	First quarter	Second quarter	Third quarter	Fourth quarter
Units sold	189	359	275	258
Amount	376,358	653,827	558,781	531,153
Unit price	1,991	1,821	2,031	2,058

	Fiscal year ended June 30, 2007				Fiscal year ending June 30, 2008
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
Units sold	190	231	191	258	113
Amount	389,197	486,681	421,369	507,934	210,315
Unit price	2,048	2,106	2,206	1,968	1,861

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 FY 2008 first quarter, the sales of this category decreased 30.8% year on year to 21 million yen. The sales in this category tend to be significantly impacted by the number of orders received for specially ordered 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 FY 2008 first quarter, sales in this category amounted to 88 million yen (3.2% increase compared to the previous year). Since sales derived from spare parts and equipment maintenance tends to increase in direct proportion to the cumulative number of systems sold, steady growth in the sales of this category is expected.

4) Merchandise (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 PSS manufactured DNA auto-extractors comprise the major part of this category. During the FY 2008 first quarter, sales in this category expanded to 299 million yen (22.2% increase compared to the previous year). Since the sales derived from plastic consumables tend to increase in direct proportion to the cumulative number of systems sold, steady growth in the sales of this category is expected in the future.

2. Investment Business

In investment business, the net sales were 6 million yen and operating income was 2 million yen, respectively as management fee revenue was recorded in PSS Capital Co., Ltd., which co-manages Bio-contents fund LLP.

II. Analysis of Financial Conditions:

As of September 30, 2007, total assets decreased to 4,799 million yen, which was 369 million yen decrease from end of FY2007, June 30, 2007. Current assets decreased 448 million yen to 3,532 million yen, while fixed assets increased 78 million yen to 1,266 million yen.

Current liabilities decreased 128 million yen to 1,021 million yen, while long-term liabilities decreased 79 million yen to 1,086 million yen.

As a result, net assets as of September 30, 2007 decreased 162 million yen to 2,692 million yen.

CONSOLIDATED FINANCIAL STATEMENTS FOR FY 2008 FIRST QUARTER

Consolidated Balance Sheet

	As of September 30, 2006		As of September 30, 2007		As of June 30, 2007	
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
(Assets)						
I Current Assets						
1 Cash & bank deposits	2,304,885		2,347,221		2,452,765	
2 Notes and account receivables	565,201		365,682		690,606	
3 Inventories	752,318		755,951		658,263	
4 Others	52,626		65,899		184,111	
5 Allowance for doubtful accounts	△205		△2,080		△5,031	
Sub-Total	3,674,825	77.3	3,532,673	73.6	3,980,714	77.0
II Fixed Assets						
1. Property, plant and equipment						
(1)Buildings & structures	312,121		291,227		295,476	
(2)Machinery/equipment and transportation vehicles	118,442		234,636		160,888	
(3)Tools, furniture, and fixtures	258,370		280,717		315,188	
(4)Land	295,153		297,210		297,555	
Sub-Total	984,088	20.7	1,103,792	23.0	1,069,109	20.7
2. Intangible assets	22,613	0.5	18,574	0.4	18,357	0.3
Investment & other assets	73,549	1.5	144,438	3.0	101,067	2.0
Total fixed assets	1,080,252	22.7	1,266,805	26.4	1,188,533	23.0
Total assets	4,755,077	100.0	4,799,479	100.0	5,169,248	100.0
(Liabilities)						
I Current liabilities						
1 Account payables	336,596		272,955		265,105	
2 Short-term debt	—		200,000		200,000	
3 Long-term debt due within one year	269,892		331,032		338,232	
4 Allowance for bonuses	19,688		22,901		5,725	
5 Allowance for warranty	—		1,600		6,400	
6 Others	162,033		192,707		334,038	
Sub-total	788,210	16.6	1,021,196	21.3	1,149,502	22.2
II Long-term liabilities						
1 Bond	550,000		550,000		550,000	
2 Long-term debt	589,870		533,838		611,191	
3 Others	4,426		2,245		4,106	
Sub-total	1,144,296	24.0	1,086,083	22.6	1,165,297	22.6
Total liabilities	1,932,506	40.6	2,107,279	43.9	2,314,799	44.8

	As of September 30, 2006		As of September 30, 2007		As of June 30, 2007	
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)
(Net assets)						
I Owner's equity						
1 Common stock	2,041,528	42.9	2,041,778	42.5	2,041,778	39.5
2 Capital surplus	2,508,099	52.7	2,508,354	52.3	2,508,354	48.5
3 Retained earnings	△1,784,341	△37.4	△1,950,581	△40.6	△1,808,244	△35.0
Sub-total	2,765,285	58.2	2,599,550	54.2	2,741,887	53.0
II Valuation and translation adjustments						
1 Unrealized gains/losses on securities	3,690	0.1	12,662	0.2	16,197	0.3
2 Deferred gained/loses on hedges	△327	△0.0	95	0.0	114	0.0
3 Foreign currency translation adjustments	53,873	1.1	79,846	1.7	96,204	1.9
Sub-total	57,236	1.2	92,604	1.9	112,516	2.2
III Stock option	49	0.0	44	0.0	44	0.0
Total net assets	2,822,571	59.4	2,692,199	56.1	2,854,448	55.2
Total liabilities and net assets	4,755,077	100.0	4,799,479	100.0	5,169,248	100.0

Consolidated Income Statements

		From July 1, 2006 To September 30, 2006		From July 1, 2007 to September 30, 2007		From July 1, 2006 to June 30, 2007				
		Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)			
I	Net Sales		755,474	100.0		626,845	100.0		3,698,177	100.0
II	Cost of sales		441,755	58.5		330,637	52.7		2,126,871	57.5
	Gross Profit		313,719	41.5		296,208	47.3		1,571,305	42.5
III	Selling, general and administrative expenses		421,618	55.8		417,449	66.6		1,629,281	44.1
	Operating Income/ loss		107,899	△14.3		121,241	△19.3		57,975	△1.6
IV	Non-operating income									
1	Interest income	2,288			2,625			12,565		
2	Dividend income	—			—			39		
3	Foreign exchange gain	4,682			—			27,250		
4	Consignment income	—			1,200			—		
5	Other income	3,691	10,662	1.4	923	4,749	0.7	12,110	51,966	1.4
V	Non-operating expenses									
1	Interest expense	5,498			5,316			24,392		
2	New stock issuing expense	—			8,905			—		
3	Bond issuing expense	67			—			67		
4	Stock distribution expense	3,319			—			3,319		
5	Loss in equity method investment	3,697			3,152			15,474		
6	Loss on revaluation of inventories	—			—			15,290		
7	Other expenses	217	12,800	1.7	318	17,693	2.8	1,260	59,803	1.6
	Ordinary income/ loss		110,037	△14.6		134,185	△21.4		65,812	△1.8
VI	Extraordinary gains									
1	Gain on sale of property, plant and equipment	—			500			—		
2	Reversal of allowance for doubtful accounts	57	57	0.0	2,859	3,359	0.5	84	84	0.0
VII	Extraordinary losses									
1	Loss on sale of property, plant and equipment	—			92			5,106		
2	Loss on disposal of property, plant and equipment	—			—			535		
3	Loss on warranty for products	—			—			6,400		
4	Loss on revaluation	—	—	—	—	92	0.0	1,789	13,832	0.4
	Loss before taxes		109,980	△14.6		130,918	△20.9		79,560	△2.2
	Income tax, local tax, etc.		9,884	1.3		11,418	1.8		64,207	1.7
	Net income/ loss		119,864	△15.9		142,336	△22.7		143,767	△3.9

Consolidated Cash Flow Statement

		From July 1, 2007 to September 30, 2007	From July 1, 2006 to September 30, 2006
		Amount (thousand yen)	Amount (thousand yen)
I. Cash flow from operating activities			
Loss before taxes and other adjustments		△130,918	△79,560
Depreciation and amortization		58,370	208,491
Loss on impairment of fixed assets		—	1,789
Increase(Decrease) in allowance for doubtful accounts		9,516	11,655
Interest and dividend income		△2,625	△12,605
Interest expense		5,316	24,392
New stock issuing expense		—	67
Bond issuing expense		—	3,319
Loss in equity method investment		3,152	15,474
Gain on sale of investment securities		△500	—
Loss on sale of property, plant and equipment		92	5,106
Loss on disposal of property, plant and equipment		—	535
Decrease (Increase) in notes and account receivables		312,789	227,204
Decrease(Increase) in inventories		△98,504	△82,652
Increase(Decrease) in notes and account payables		20,749	△299,848
Others		△28,750	△28,286
Sub-total		148,689	△4,917
Interest and dividends received		2,443	12,272
Interest paid		△8,033	△21,369
Taxes paid		△17,151	△37,274
Net cash provided by operating activities		125,948	△51,289

		From July 1, 2007 to September 30, 2007	From July 1, 2006 to September 30, 2006
		Amount (thousand yen)	Amount (thousand yen)
II. Cash flow from investing activities			
Decrease in term deposits		171,759	49,061
Purchases of tangible fixed assets		△82,199	△154,589
Proceeds from sale of Property, plant and equipment		1,496	33,809
Purchases of intangible assets		△2,675	△3,049
Sale of investment securities		1,112	—
Purchases of investment securities		△50,000	△50,000
Others		—	951
Net cash provided by investing activities		39,493	△123,816
III. Cash flow from financing activities			
Increase(Decrease) in short-term debt		—	200,000
Proceeds from long-term debt		—	300,000
Repayment of long-term debt		△84,553	△276,682
Proceeds from bonds		—	196,681
Proceeds from stock option		—	932
Net cash provided by financing activities		△84,553	420,931
IV. Effects of exchange rates on cash and cash equivalents		△2,901	17,945
V. Net increase in cash and cash equivalents		77,987	263,770
VI. Cash and cash equivalents at the beginning of the year		1,478,611	1,214,841
VII. Cash and cash equivalents at the end of the year		1,556,599	1,478,611