

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For FY 2008 (from July 1, 2007 to June 30, 2008)

August 14, 2008

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 fiscal year of 2008 ended June 30, 2008

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

(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	%
Fiscal year ended June 30, 2008	3,397	(8.1)	(141)	-	(248)	-
Fiscal year ended June 30, 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	
Fiscal year ended June 30, 2008	(400)	-	(9,350.09)		-	
Fiscal year ended June 30, 2007	(143)	-	(3,357.11)		-	

	Return on equity		Ordinary income ratio over total assets		Operating income ratio over net sales	
	%		%		%	
Fiscal year ended June 30, 2008	(15.2)		(5.3)		(4.2)	
Fiscal year ended June 30, 2007	(5.0)		(1.3)		(1.6)	

(Ref.) Loss in equity method investment: 16 million yen.

(2) Consolidated financial condition

	Total assets		Net Assets		Equity ratio		Net Assets per share of common stock	
	Million yen		Million yen		%		Yen	
As of June 30, 2008	4,224		2,423		57.4		56,573.08	
As of June 30, 2007	5,169		2,854		55.2		66,629.42	

(3) Consolidated cash flow

	Net cash flow from operating activities		Net cash flow from investing activities		Net cash flow from financing activities		Cash and cash equivalents at end of the period	
	Million yen		Million yen		Million yen		Million yen	
Fiscal year ended June 30, 2008	199		238		(457)		1,459	
Fiscal year ended June 30, 2007	(51)		(123)		420		1,478	

2. Forecasts for fiscal year ending June 30, 2008 (from July 1, 2008 to June 30, 2009)

	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, 2008	1,750	18.4	20	-	10	-	0	-	0.00
For fiscal year ending June 30, 2009	3,700	8.9	100	-	80	-	40	-	933.71

3. Others

(1) Change in scope of consolidated subsidiaries: None

(2) Changes in accounting procedures relating to consolidated financial statements:

a) Changes according to accounting regulations: None

b) Other than a): Yes

(3) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks as of June 30, 2008 (including treasury stock)

42,840 (42,840 as of June 30, 2007)

b) Number of treasury stocks as of June 30, 2007

None (none as of June 30, 2007)

* 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

During the fiscal year ended June 30, 2007, there were OEM agreements reached on auto DNA/RNA extractors with US companies; such as, Invitrogen Corporation (US) and Beckman Coulter, Inc. With another OEM agreement with NanoString Technologies, Inc. (US), the number of OEM partners has increased to 9 as of June 30, 2007.

There was a significant development in the protein area, where PSS has intensively focused along with DNA/RNA field, as the sales agreement on PSS brand protein purification system was reached with GE Healthcare Bio-Science K.K. in July 2007. In the agreement, GE Healthcare Bio-Science K.K. will sell the system and reagents exclusively in Japan.

The Bio-contents Fund LLC, co-managed by PSS Capital, Co., Ltd, was established in July 2006. The total fund amount has expanded to 2 billion yen and as first investment, 60 million yen was invested to Genetein Co., Ltd. in May, 2007.

In the fiscal 2007, the net sales expanded to 3,698 million yen (1.7% up year on year) as the sales to some major OEM partners were slow while sales to other OEM partners and of consumables and reagents increased.

Selling, general, and administrative expenses expanded to 1,629 million yen (12.4% up) due to the fact that number of employees increased and expenses for capital investment expanded. As a result, operating loss was 57 million yen and ordinary loss was 65 million yen and net loss became 143 million yen.

Net sales according to customer are as follows:

(Unit: Thousand yen, units)

	Fiscal year ended June 30, 2007		Fiscal year ended June 30, 2008		Year-on- year changes
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
ROCHE Group	1,653	44.7	1,324	39.0	(19.9)
QIAGEN Group	1,022	27.7	910	26.8	(11.0)
Mitsubishi Kagaku Medience, Inc.	251	6.8	402	11.8	(60.2)
Others	770	20.8	760	22.4	(1.3)
Total	3,698	100.0	3,397	100.0	(8.1)

As for the ROCHE Group, the sales of DNA auto-extractors were relatively weak, while sales of the plastic consumable expanded; overall sales declined 11.6% year on year to 1,653 million yen

As for the QIAGEN Group, both sales of systems and plastic consumables were strong and overall sales to the group expanded 3.3% year on year to 1,022 million yen.

As for Mitsubishi Kagaku Medience, Inc., due to the delay in shipment of compact immunochemical luminescence measuring systems, the sales decreased to 351 million yen (31.1% decrease year on year).

As specially ordered system sales to clinical test centers became strong, the sales to other customer increased 84.9% to 770 million yen.

Information by business segments is as follows:

From the fiscal year 2007, we disclose information by business segments as investment business started.

In bio-related business, the net sales increased 0.8% to 3,665 million yen, while operating income increase 528.0% to 80 million yen.

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

	Fiscal year ended June 30, 2007		Fiscal year ended June 30, 2008		Year-on-year changes
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
DNA auto extractors	1,805	49.3	1,524	45.2	(15.5)
Other laboratory equipment	293	8.0	191	5.7	(34.8)
Other products	401	10.9	510	15.1	27.3
Merchandise (plastic consumables)	1,165	31.8	1,145	34.0	(1.7)
Total	3,665	100.0	3,372	100.0	(8.0)

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 fiscal year ended June 30, 2007, the sales to the ROCHE Group were weak, while those to the QIAGEN Group were steady. As the sales to Mitsubishi Kagaku Iidc, Inc. significantly decreased, the overall sales of this category resulted in 870 units or 1,805million yen (14.9% down year on year).

(Unit: Thousand yen, units)

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

	Fiscal year ended June 30, 2008			
	First quarter	Second quarter	Third quarter	Fourth quarter
Units sold	113	220	209	216
Amount	210,315	383,145	384,498	546,934
Unit price	1,861	1,741	1,839	2,532

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 FY2007, the sales of this category increased 57.9% year on year to 293 million yen specially ordered system sales to clinical test centers became strong. 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 FY2007, sales in this category amounted to 401 million yen (33.2% 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 FY2007, sales in this category increased to 1,165 million yen (13.2% 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.

In investment business, the net sales were 32 million yen and operating income was 19 million yen, respectively as management fee revenue was recorded in PSS Capital Co., Ltd., which co-manages Bio-contents fund LLP.

(Forecasts for FY 2008)

	Fiscal year ended June 30, 2008		Fiscal year ending June 30, 2009		Year-on-year changes
	Amount	Percentage	Amount	Percentage	
	Million yen	%	Million yen	%	%
Net sales	3,397	100.0	3,700	100.0	8.9
Operating income	141	(4.2)	100	2.7	-
Ordinary income	248	(7.3)	80	2.2	-
Net income	(400)	(11.8)	40	1.1	-

II. Analysis of Financial Conditions:

As of June 30, 2007, total assets increased 284 million yen year over year to 4,641 million yen as current assets increased 36 million yen to 3,980 million yen, while fixed assets increased 147 million yen to 1,188 million yen.

Current liabilities increased 186 million yen to 1,149 million yen, while long-term liabilities increased 171 million yen to 1,165 million yen.

As a result, net assets as of June 30, 2007 amounted to 2,854 million yen. Total shareholders' equity ratio was 55.2%.

During the fiscal year from July 1, 2006 to June 30, 2007, cash flows from operating activities decreased 51 million yen; those from investing activities decreased 123 million yen; and those from financing activities increased 420 million yen. The cash and cash equivalents increased 263 in the fiscal year to 1,478 million yen as of June 30, 2007.

PSS Group information

The PSS Group is comprised of Precision System Science Co., Ltd. and its four subsidiaries and an equity method application company(LLP).

The following is a summary of the subsidiaries and an equity method application company:

Name	Location	Capital or investment in subsidiary	Main line of business	Ratio of voting rights or investment ratio	Details of relationship
(Consolidated subsidiary) PSS Bio Instruments, Inc.	California, U.S.A.	US\$6,579,537.95	U.S. sales company	100%	Sales company for our products intended for the U.S. market
(Consolidated subsidiary) Precision System Science Europe GmbH	Woerrstadt, Germany	Eur1,000,000.00	European sales company	100%	Sales company for our products intended for the European market
(Consolidated subsidiary) Universal Bio Research Co., Ltd.	Matsudo-shi, Chiba-ken	¥35,000,000	Management company for intellectual property	100%	Administrative and management company for the Company's intellectual property
(Consolidated subsidiary) PSS Capital Co., Ltd.	Matsudo-shi, Chiba-ken	¥30,000,000	Investment company	100%	Investment company for PSS group
(equity method application company) LLP					

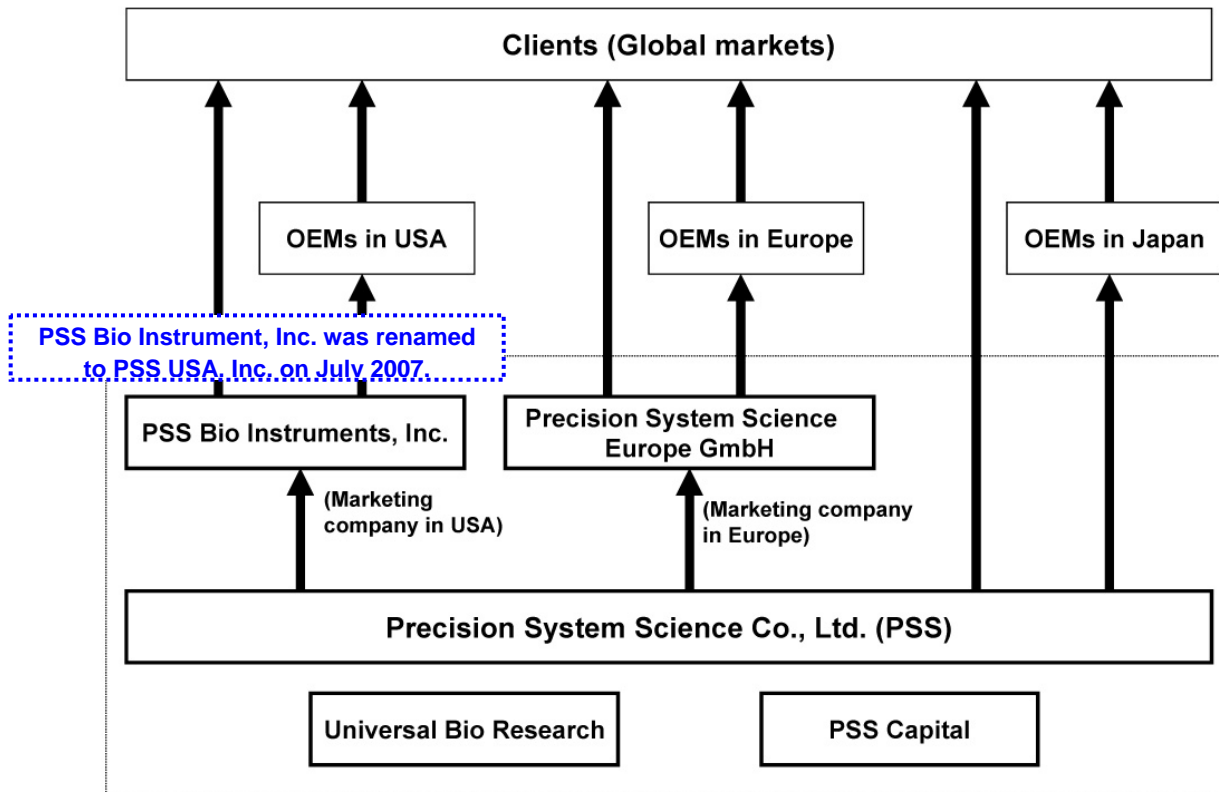
(Notes)

1. None of the above companies has submitted Securities Notifications or Securities Reports.
2. PSS Bio Instruments, Inc. was renamed to Precision System Science USA, Inc. on July 23, 2007.
3. Of the four consolidated subsidiaries mentioned above, PSS Bio Instruments, Inc. and Precision System Science Europe GmbH are the specified subsidiaries.
4. Sales from Precision System Science Europe GmbH account for more than 10% of all consolidated sales. (excluding intra-company sales)

Major profit/loss information	(1) Sales	2,255 million yen
	(2) Ordinary Income	124 million yen
	(3) Current Net Income	89 million yen
	(4) Net Assets	484 million yen
	(5) Total Assets	931 million yen

PSS Bio Instruments, Inc. is engaged in activities such as developing new business partnerships and OEMs in the U.S., marketing our products to universities and research institutions, and the exchange of technology information through participation in exhibitions and academic conferences. In addition to the activities mentioned above for PSS Bio Instruments, Inc., PSS Europe GmbH is also involved in the strengthening of partnerships with the OEMs of Europe.

Below is a diagram of our operational system:



The above diagram illustrates the main flow of our products. Our clients vary from universities, research institutions, clinical testing centers, and pharmaceutical manufacturers to chemical manufacturers.

Consolidated financial Statements
Consolidated Balance Sheet

	As of June 30, 2007		As of June 30, 2008		
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	
(Assets)					
I Current Assets					
1 Cash & bank deposits	2,452,765		1,962,608		
2 Notes and account receivables	690,606		597,251		
3 Inventories	658,263		553,705		
4 Others	184,111		92,911		
5 Allowance for doubtful accounts	(5,031)		(3,481)		
Sub-Total	3,980,714	77.0	3,202,196	75.8	
II Fixed Assets					
1 Property, plant and equipment					
(1) Buildings & structures	359,283		361,605		
Accumulated depreciations	63,807	295,476	77,957	283,647	
(2) Machinery/equipment and transportation vehicles	446,421		445,786		
Accumulated depreciations	285,532	160,888	269,523	176,262	
(3) Tools, furniture, and fixtures	749,652		717,408		
Accumulated depreciations	434,463	315,188	542,040	175,367	
(4) Land		297,555		297,918	
Sub-Total		1,069,109		933,196	22.1
2 Intangible assets					
(1) Software		17,481		12,046	
(2) Others		875		1,804	
Sub-Total		18,357		13,851	0.3
3 Investment & other assets					
(1) Securities for investment		71,138		63,468	
(2) Others		29,929		11,876	
Sub-total		101,067		75,344	1.8
Total fixed assets		1,188,533	23.0	1,022,391	24.2
Total assets		5,169,248	100.0	4,224,588	100.0

	As of June 30, 2007		As of June 30, 2008		
	Amount (thousand yen)	(%)	Amount (thousand yen)	(%)	
(Liabilities)					
I Current liabilities					
1	Account payables	265,105		341,052	
2	Short-term debt	200,000		-	
3	Long-term debt due within one year	338,232		308,011	
4	Accrued taxes including corporate taxes	77,995		23,831	
5	Allowance for bonuses	5,725		22,762	
6	Allowance for warranty	6,400		-	
7	Others	256,042		170,481	
	Sub-total	1,149,502	22.2	866,139	20.5
II Long-term liabilities					
1	Bond	550,000		550,000	
2	Long-term debt	611,191		383,580	
3	Deferred taxes	2,392		-	
4	Others	1,714		1,278	
	Sub-total	1,165,297	22.6	934,858	22.1
	Total liabilities	2,314,799	44.8	1,800,997	42.6
(Net assets)					
I Owner's equity					
1	Common stock	2,041,778	39.5	2,041,778	48.3
2	Capital surplus	2,508,354	48.5	2,508,354	59.4
3	Retained earnings	(1,808,244)	(35.0)	(2,210,810)	(52.3)
	Sub-total	2,741,887	53.0	2,339,321	55.4
II Valuation and translation adjustments					
1	Unrealized gains/losses on securities	16,197	0.3	-	-
2	Deferred gained/loses on hedges	114	0.0	57	0.0
3	Foreign currency translation adjustments	96,204	1.9	84,210	2.0
	Sub-total	112,516	2.2	84,268	2.0
III Stock option					
		44	0.0	-	0.0
	Total net assets	2,854,448	55.2	2,423,590	57.4
	Total liabilities and net assets	5,169,248	100.0	4,224,588	100.0

Consolidated Income Statements

	From July 1, 2006 to June 30, 2007			From July 1, 2007 to June 30, 2008)			Increase/ decrease
	Amount (thousand yen)	(%)		Amount (thousand yen)	(%)		
I Net Sales		3,698,177	100.0		3,397,932	100.0	(300,244)
II Cost of sales		2,126,871	57.5		1,942,344	57.2	(184,526)
Gross Profit		1,571,305	42.5		1,455,588	42.8	(115,717)
III Selling, general and administrative expenses		1,629,281	44.1		1,596,607	47.0	(32,674)
Operating Income/loss ()		(57,975)	(1.6)		(141,018)	(4.2)	(83,042)
IV Non-operating income							
1 Interest income	12,565			13,939			
2 Dividend income	39			22			
3 Foreign exchange gain	27,250			-			
4 Other income	12,110	51,966	1.4	8,160	22,122	0.7	(29,844)
V Non-operating expenses							
1 Interest expense	24,392			23,105			
2 New stock issuing expense	-			-			
3 Bond issuing expense	3,319			-			
4 Stock distribution expense	67			-			
5 Loss in equity method investment	15,474			16,788			
6 Loss on revaluation of inventories	15,290			76,701			
7 Other expenses	1,260	59,803	1.6	2,882	129,177	3.8	69,374
Ordinary income/loss ()		(65,812)	(1.8)		248,074	(7.3)	(182,261)
VI Extraordinary gains							
1 Gain on sale of investments in securities	-			17,710			
2 Gain on sale of property, plant and equipment	-			2,894			
3 Reversal of allowance for doubtful accounts	84	84	0.0	1,562	15,167	0.5	15,082
VII Extraordinary losses							
1 Loss on sale of property, plant and equipment	5,106			1,703			
2 Loss on disposal of property, plant and equipment	535			14,928			
3 Loss on warranty for products	6,400			-			
4 Loss from product revaluation	-			34,480			
5 Loss on revaluation	1,789	13,832	0.4	73,848	124,961	3.7	111,128

Loss before taxes		79,560	(2.2)		357,868	(10.5)	(278,308)
Income tax, local tax, etc.		64,207	1.7		42,689	1.3	(21,517)
Net income		143,767	(3.9)		400,557	(11.8)	(256,790)

**Consolidated Statements of Changes in Net assets
(July 1, 2007 to June 30, 2008)**

Thousand yen

	Owner's equity			Total owner's equity
	Common stock	Capital surplus	Retained earnings	
Balance as of June 30, 2008	2,041,278	2,507,844	(1,808,244)	2,741,887
Changes during the fiscal year				
Net income			(400,557)	(400,557)
Others (Net)			(2,008)	(2,008)
Total changes during the fiscal year	-	-	(402,565)	(402,565)
Balance as of June 30, 2007	2,041,778	2,508,354	(2,210,810)	2,339,321

	Valuation and translation adjustments				Stock option	Total Net Asset
	Unrealized gains/losses on securities	Deferred gains/losses on hedges	Translation adjustments	Total valuation translation adjustments		
Balance as of June 30, 2007	16,197	114	96,204	112,516	44	2,854,448
Changes during the fiscal year						
Net income						(400,557)
Others-Net	(16,197)	(57)	(11,993)	(28,247)	(44)	(28,291)
Total changes during the fiscal year	(16,197)	(57)	(11,993)	(28,247)	(44)	(430,857)
Balance as of June 30, 2008	-	57	84,210	84,268	-	2,423,590

Consolidated statements of Cash flows

	Fiscal year (From July 1, 2006 to June 30, 2007)	Fiscal year (From July 1, 2007 to June 30, 2008)
	Thousand yen	Thousand yen
I. Cash flows from operating activities		
Income before taxes and other adjustments	(79,560)	(357,868)
Depreciation and amortization	208,491	261,158
Loss on impairment of fixed assets	1,789	73,848
Increase(Decrease) in allowance for doubtful accounts	11,655	8,799
Interest and dividend income	(12,605)	(13,961)
Interest expense	24,392	23,105
Stock distribution expense	67	-
Bond issuing expense	3,319	-
Loss in equity method investment	15,474	16,788
Gain on sale of investments in securities		(10,710)
Gain (Loss) on sale of property, plant and equipment	(5,106)	(1,191)
Loss on disposal of property, plant and equipment	535	14,928
Decrease (Increase) in notes and account receivables	227,204	84,340
Decrease(Increase) in inventories	(82,652)	27,468
Increase(Decrease) in notes and account payables	(299,848)	84,700
Others	(28,286)	86,759
Sub-total	(4,917)	298,657
Interest and dividends received	12,272	14,176
Interest paid	(21,369)	(24,542)
Taxes paid	(37,274)	(88,940)
Net cash provided by operating activities	(51,289)	199,351

	Fiscal year (From July 1, 2006 to June 30, 2007)	Fiscal year (From July 1, 2007 to June 30, 2008)
	Thousand yen	Thousand yen
II. Cash flows from investing activities		
Decrease (Increase) in term deposits	49,061	469,620
Purchases of Property, plant and equipment	(154,589)	(227,843)
Proceeds from sale of Property, plant and equipment	33,809	21,348
Purchases of intangible assets	(3,049)	(4,095)
Purchases of investment securities	(50,000)	(50,000)
Sale of investment securities	-	29,506
Others	951	336
Net cash provided by investing activities	(123,816)	238,872
III. Cash flows from financing activities		
Increase(Decrease) in short-term debt	200,000	(200,000)
Proceeds from long-term debt	300,000	100,000
Repayment of long-term debt	(276,682)	(357,832)
Proceeds from bonds	196,681	-
Proceeds from stock option	932	-
Net cash provided by financing activities	420,931	(457,832)
IV. Effects of exchange rates on cash and cash equivalents	17,945	394
V. Net increase in cash and cash equivalents	263,770	(19,213)
VI. Cash and cash equivalents at the beginning of the year	1,214,841	1,478,611
VII. Cash and cash equivalents at the end of the year	1,478,611	1,459,398