SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
For FY 2009 (from July 1, 2008 to June 30, 2009)

August 14, 2009

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 2009
(From July 1, 2008 to June 30, 2009)

(1) Consolidated operating results

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

(%: year on year increase)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
For fiscal year ended June 30, 2009	**3,802**	**11.9**	**258**	**-**	**217**	**-**
For fiscal year ended June 30, 2008	3,397	-8.1	-141	-	-248	-

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
For fiscal year ended June 30, 2009	**73**	**-**	**1,718.01**	**-**
For fiscal year ended June 30, 2008	-400	-	-9,350.09	-

(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, 2009	**4,123**	**2,559**	**58.2**	**56,031.83**
As of June 30, 2008	4,224	2,423	57.4	56,573.08

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end
	Million yen	Million yen	Million yen	Million yen
As of June 30, 2009	**339**	**255**	**-173**	**1,952**
As of June 30, 2008	199	238	-457	1,459

2. Forecasts for fiscal year ending June 30, 2010 (from July 1, 2009 to June 30, 2010)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
For first six months	1,900	1.3	140	-7.6	130	55.5	100	330.3	2,334.27
For fiscal year ending June 30, 2010	4,000	5.2	280	8.5	260	19.8	200	171.7	4,668.53

3. Others

(1) Change in important subsidiaries: One

(Addition: Bio Contents LLP)

(2) Changes in accounting principles, procedures, and disclosures for quarterly consolidated financial statements:

a) Changes according to modifications in accounting regulations: Yes

b) Other than a): Yes

(3) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks as of June 30, 2009 (including treasury stock)

42,840 (42, 840 as of June 30, 2008)

b) Number of treasury stocks as of June 30, 2009

None (none as of June 30, 2008)

* 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

In the fiscal year ended June 30, 2009, net sales increased 11.9% (compared to the same period of previous year) to 3,802 million yen due to the full scale shipment of DNA extractors for major OEM clients, ROCHE Group and QIAGEN Group. As a result, gross profit improved 4.8% to 1,525 million yen.

On the other hand, selling, general and administrative expenses reduced by 20.6% to 1,267 million yen due to intensive cost reduction efforts, implemented from the previous fiscal year. Therefore, operating income recorded 258 million yen (141million yen operating loss in the previous year)

There was foreign exchange loss of 44 million yen as non-operating loss due to extensive appreciation of yen against Euro and US dollar, while there was 33 million yen extraordinary loss due to that part of fund management commission by PSS Capital was refund as the fund was halved in scale from two billion yen to one billion yen. As a result, the ordinary income recorded 217 million yen (248 million yen loss in the previous year) and net income before tax became 182 million yen (357 million yen loss in the previous year)

PSS group had a policy of not receiving dividends from its subsidiaries and the internal reserves of PSSE were used for capital investment to grow. From this fiscal year; however, PSS has decided to receive dividends from its subsidiaries. Due to this decision, the corporate tax adjustment expense of 67 million yen was recognized responding to deferred tax liabilities for expected additional tax obligation for future dividends. Considering other factors, net income for the fiscal year became 73 million yen (400 million yen loss in the previous year)

Sales according to customer are as follows: (Unit: Million yen)

	Fiscal year ended June 30, 2008		**Fiscal year ended June 30, 2009**		**Year on year increase**
	amount	ratio	**amount**	**ratio**	**%**
ROCHE Group	1,324	39.0	**1,582**	**41.6**	**19.4**
QIAGEN Group	910	26.8	**1,276**	**33.6**	**40.2**
Mitsubishi Kagaku Medience Group	402	11.8	**223**	**5.9**	**-44.4**
Others	760	22.4	**720**	**18.9**	**-5.3**
Total	3,397	100.0	**3,802**	**100.0**	**11.9**

The shipment of upgrade models of DNA extractors to ROCHE Group and QIAGEN Group contributed to large sales increase for the period, while the sales to Mitsubishi Kagaku Medience Group were slow.

Information by business segments is as follows:

Sales by each product category: (Unit: Million yen)

	Fiscal year ended June 30, 2008		**Fiscal year ended June 30, 2009**		**Year on year increase**
	amount	ratio	**amount**	**ratio**	**%**
DNA auto extractors	1,524	44.9	**2,184**	**57.4**	**43.3**
Other laboratory equipment	191	5.7	**102**	**2.7**	**-46.6**
Other products	510	15.0	**523**	**13.8**	**2.6**
Merchandise (plastic consumables)	1,145	33.7	**976**	**25.7**	**-14.8**
Other operating revenue	25	0.7	**15**	**0.4**	**-39.6**
Total	3,397	100.0	**3,802**	**100.0**	**11.9**

a) 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, an OEM product for Mitsubishi Kagaku Medience, Inc. and Purelumn, an auto protein purification system.

During the fiscal year ended June 30, 2009, the sales on this category increased 43.3 % to 2,184 million yen thanks to brisk sales of new models to ROCHE Group and QIAGEN Group.

Quarterly sales of automated systems are shown in below charts.

(Unit: Thousand yen)

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

Fiscal year ended June 30, 2009

	First quarter	**Second quarter**	**Third quarter**	**Fourth quarter**
Units sold	**238**	**241**	**243**	**215**
Amount	**623,139**	**493,987**	**576,349**	**491,039**
Unit price	**2,618**	**2,049**	**2,371**	**2,283**

b) 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 fiscal year ended June 30, 2009, the sales of this category decreased 46.6% year on year to 102 million yen as system sales to clinical test centers became weak. The sales in this category tend to be significantly impacted by the number of orders received for specially ordered systems.

c) 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 fiscal year ended June 30, 2009, the sales in this category amounted to 523 million yen (2.6% 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.

d) 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 fiscal year ended June 30, 2009, sales in this category decreased 14.8 % to 976 million yen. 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. For the fiscal year; however, the sales were negatively affected by termination of some shipment to ROCHE Group and the yen appreciation in foreign exchange.

e) Other operating revenue

The net sales of 15 million yen were recoded as PSS Capital Co., Ltd. received management fee from Bio-Contents Fund LLP. As the Fund became included in consolidated income statements from the third quarter of the fiscal year and internal transactions are offset; as a result, the management fee reduced from the previous year.

Information by area segment:

(1) Japan

For the fiscal year ended June 30, 2009, the sales in Japan increased 17.3% compared to the same period of previous year to 3,111 million yen. While the sales to Germany expanded in a great degree as shipments to ROCHE Group and Qiagen Group were brisk, the sales to non-PSS group decreased due to slow shipment to Mitsubishi Kagaku Medience Group as well as termination of a supply contract on plastic consumables with ROCHE Group.

While net sales largely extended, operating expenses were contained to 2,809 million yen (5.8% increase compared to the previous year); as a result, operating income recoded 301 million yen (3 million yen loss in the previous year).

(2) USA

The sales in the United States for the period increased 15.5% to 353 million yen as shipments to new OEM partners, Life Technologies (Invitrogen), Beckman Coulter and NanoString expanded. As operating expenses were contained to 408 million yen (2.1% decrease compared to the previous year), operating loss narrowed to 54 million yen (110 million yen loss in the previous year)

(3) Germany

The sales in Germany for the period increased 29.5% to 2,921 million yen as shipments to of new models to ROCHE Group and QIAGEN Group largely expanded. With operating expenses of 2,750 million yen (28.5% increase), operating income increased 47.6% to 170 million yen.

(Forecast for the next fiscal year)

Forecast for the next fiscal year is as follows:

	Results of fiscal year ended June 30, 2009		Prospect of fiscal year ending June 30, 2010		Year on year increase	
	Amount(a)	Ratio (%)	Amount(b)	Ratio (%)	Amount(b)-(a)	Increase (%)
Net sales	3,802	100.0	4,000	100.0	197	5.2
Gross margin	1,525	40.1	1,600	40.0	74	4.9
Expense(SGA)	1,267	33.3	1,320	33.0	52	4.1
Operating income	258	6.8	280	7.0	21	8.5
Ordinary income	217	5.7	260	6.5	42	19.8
Net income	73	1.9	200	5.0	126	171.7

We expect sales to ROCHE Group and QIAGEN Group continue to grow, while sales to other OEM partners increase led by those in USA. Our forecasts are based on the exchange rates of 135 yen per Euro and 95 yen per US dollar, which were nearly same range to the average exchange rates in the fiscal year ended June 30, 2009.

We expect 4.1% increase in Selling, general and administrative expenses as labor cost, R&D and other expenses expand. In the fiscal year ended June 30, 2009, there were foreign exchange loss of 44 million yen as non-operating expense, refund of management fee of 33 million yen as extraordinary loss and expense of tax adjustment of 67 million yen. We do not expect those expenditures in the next fiscal year.

II. Analysis of Financial Conditions:

1. Assets, Liabilities and Net Assets

(a) Assets

As of June 30, 2009, total assets decreased 101 million yen compared with the amount as of June 30, 2008 to 4,123 million yen. Current assets increased 69 million yen as cash and cash equivalents increased 139 million yen, inventory increased 73 million yen and other current assets increased 23 million yen, while bills receivable and accounts receivable decreased 168 million yen. Due to depreciation, etc., Property, plant and equipment decreased 127 million yen and intangible fixed assets decreased 7 million yen. Furthermore, as PSS added new consolidation subsidiaries, investment securities reduced; as a result, investment and other assets reduced 35 million yen. Total fixed assets decreased 170 million yen.

(b) Liabilities

As of June 30, 2009, total liabilities decreased 236 million yen compared with the amount as of June 30, 2008 to 1,564 million yen. Unpaid tax liability increased 13 million yen, while accounts payable decreased 95 million yen and other current liabilities deceased 50 million yen. As a result, current liabilities decreased 126 million yen.

As deferred tax liabilities increased 67 million yen and long-term borrowings reduced 182 million yen, fixed liabilities decreased 109 million yen.

(c)Net Assets

Net assets as of June 30, 2009, increased 135 million yen compared with the amount as of June 30, 2008 to 2, 559 million yen. As net income was recognized, retained earnings increased 72 million yen, while minority interests increased 158 million yen due to addition of consolidated subsidiaries. Foreign currency translation adjustments reduced 96 million yen.

2. Cash flows

As of June 30, 2009, cash and cash equivalents increased 493 million yen (compared with 1, 459 million yen as of June 30, 2008) to 1,952 million yen. There was increase of 422 million yen from following cash flows

from (a) to (c), increase of 145 million yen due to change in scope of consolidated subsidiary and decrease of 74 million yen in transaction difference related to capital.

(a)Cash flows from operating activities

During the fiscal year ended June 30, 2009, there was increase due to net income before tax adjustments (182 million yen), depreciation (167 million yen) and decrease of account receivables (92 million yen). On the other hand there was decrease due to increase of inventory (72 million yen) and payment of corporate tax (41 million yen). As a result, cash flows from operating activities increased 339 million yen.(increase of 199 million yen in the previous year)

(b)Cash flows from investing activities

There was increased due to withdrawal of 349 million yen from time deposit, disposal of tangible fixed asset (5 million yen), while there was decrease of purchase of securities (63 million yen), purchase of tangible fixed asset (33 million yen) and purchase of intangible fixed asset (2 million yen). As a result, cash flows from investing activities increased 255 million yen (increase of 238 million yen in the previous year)

(c)Cash flows from financing activities

There was increased due to long term borrowing (150 million yen), while there was decrease due to repay of long term borrowing (323 million yen). As a result, cash flows from financing activities decreased 173 million yen (decrease of 457 million yen in the s previous year)

3.Basic policy on allocation of retained earnings and dividend in the next fiscal year

PSS has made efforts to establish the circumstances in which we are able to start dividends. We attained 73 million yen net income in the fiscal year 2009, and we expect 200 million yen net income in the next fiscal year.

To secure the resources for future dividends, we propose an agenda in the PSS shareholder meeting hold on September 26, 2009, that we remove the retained earnings loss by reducing capital surplus. By completing the procedure, we would like to start dividends to our shareholders.

Our basic policy regarding our retained earnings is that we use them for activities which would increase our corporate value such as research and development. As we try to return to our shareholders by balancing between dividend and retained earnings, dividend ratio to net income is set around 20% for a while. The dividend for the next fiscal year is 1,000 yen per share or 21.4% of dividend ratio to expected net income.

PSS Group information

The PSS Group is comprised of Precision System Science Co., Ltd. and its 6 subsidiaries.

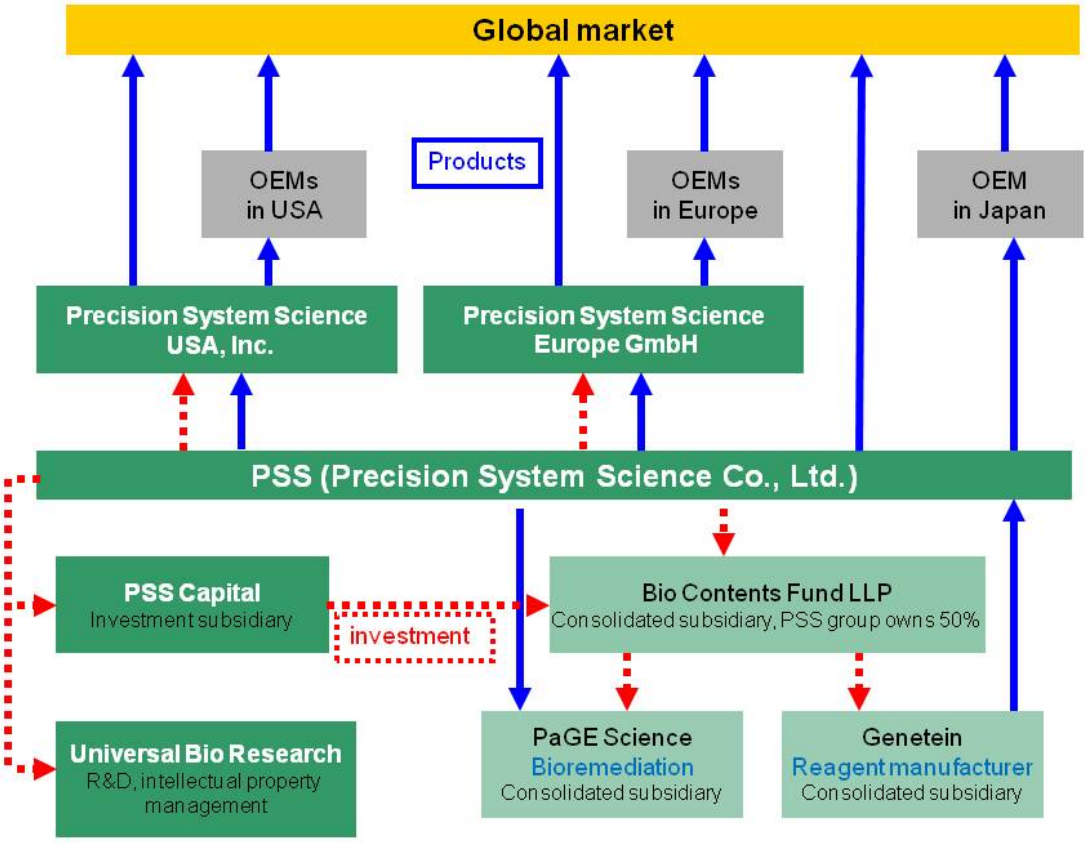
The following is a summary of the subsidiaries:

Name	Location	Capital or investment in subsidiary	Main line of business	Ratio of voting rights or investment ratio	Details of relationship
(Consolidated subsidiary) Precision System Science USA, Inc. (PSS USA)	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 (PSSE)	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 Japan	¥35,000,000	R&D; intellectual property management	100%	Administrative and management company for the Company's intellectual property
(Consolidated subsidiary) PSS Capital Co., Ltd.	Matsudo-shi, Chiba-ken Japan	¥30,000,000	Investment company	100%	Investment company for PSS group
(Consolidated subsidiary) Bio Contents Fund LLP	Chiyoda-ku Tokyo Japan	¥200,000,000	Investment company	50%	Investment company in which PSS invests
(Consolidated subsidiary) Genetein, Co., Ltd.	Chiyoda-ku Tokyo Japan	¥75,000,000	Development, production of Reagents	40%	A company in which Bio Contents Fund invests
(Consolidated subsidiary) PaGE Science	Koganei-shi Tokyo Japan	¥14,000,000	Bioremediation	33.2%	A company in which Bio Contents Fund invests

(Notes)

Digested Income statements of Precision System Science Europe GmbH for fiscal year 2009
The amount of PSSE net sales (excluding intra-company sales) exceeds 10% of PSS consolidated net sales.

(1) Sales	2,921 million yen
(2) Ordinary Income	188 million yen
(3) Current Net Income	137 million yen
(4) Net Assets	527 million yen
(5) Total Assets	1,071 million yen


Global market
Products
OEMs in USA
OEMs in Europe
OEM in Japan
Precision System Science USA, Inc.
Precision System Science Europe GmbH
PSS (Precision System Science Co., Ltd.)
PSS Capital
Investment subsidiary
investment
Bio Contents Fund LLP
Consolidated subsidiary, PSS group owns 50%
Universal Bio Research
R&D, intellectual property management
PaGE Science
Bioremediation
Consolidated subsidiary
Genetein
Reagent manufacturer
Consolidated subsidiary

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of June30, 2008	**As of June30, 2009**
(Assets)		
Current assets		
Cash and cash equivalents	1,962,608	**2,102,556**
Notes and account receivables	597,251	**428,695**
Inventories	553,705	**---**
Goods and products		**608,241**
Goods in process		**8,985**
Materials, stored goods		**9,952**
Deferred tax assets	146	**---**
Others	91,965	**115,458**
Allowance for doubtful accounts	-3,481	**-2,330**
Total current assets	3,202,196	**3,271,560**
Fixed Assets		
Property, plant and equipment	933,196	**805,340**
Intangible fixed assets		
Software	12,046	**4,782**
Others	1,804	**1,244**
Total intangible fixed assets	13,851	**6,026**
Investment & other assets	75,344	**40,274**
Total fixed assets	1,022,391	**851,641**
Total assets	4,224,588	**4,123,202**

(Liabilities)		
Current liabilities		
Account payables	341,052	**245,662**
Long-term debt due within one year	308,011	**316,856**
Accrued taxes including corporate taxes	23,831	**37,674**
Allowance for bonuses	22,762	**19,289**
Others	170,481	**119,668**
Total current liabilities	866,139	**739,150**
Long-term liabilities		
Bond	550,000	**550,000**
Long-term debt	383,580	**201,480**
Deferred tax liabilities		**67,406**
Negative good will		**5,352**
Others	1,278	**744**
Total long-term liabilities	934,858	**824,983**
Total liabilities	1,800,997	**1,564,134**

	As of June 30, 2008	**As of June 30, 2009**
(Net assets)		
Shareholders' equity		
Common stock	2,041,778	**2,041,778**
Capital surplus	2,508,354	**2,508,354**
Retained earnings	-2,210,810	**-2,137,896**
Total shareholders' equity	2,339,321	**2,412,235**
Valuation/ translation adjustments		
Deferred gain/loss on hedges	57	**-18**
Foreign currency translation adjustments	84,210	**-11,814**
Total of valuation/ translation adjustments	84,268	**-11,832**
Minority interests in consolidated subsidiaries	---	**158,664**
Total net assets	2,423,590	**2,559,067**
Total liabilities and net assets	4,224,588	**4,123,202**

(2) Consolidated Income Statements

(Thousand yen)

	For year ended June 30, 2008	**For year ended June 30, 2009**
Net Sales	3,397,932	**3,802,466**
Cost of sales	1,942,344	**2,276,722**
Gross Profit	1,455,588	**1,525,744**
Selling, general and administrative expenses	1,596,607	**1,267,648**
Operating Income	-141,018	**258,096**
Non-operating income		
Interest income	13,939	**8,197**
Dividend	22	**---**
Commission revenue	4,135	**1,791**
Gain from equity method investment	---	**8,770**
Others	4,025	**3,967**
Total non-operating income	22,122	**22,727**
Non-operating expenses		
Interest expense	23,105	**18,060**
Foreign exchange loss	9,699	**44,896**
Loss on equity method investment	16,788	**---**
Loss on revaluation of goods	76,701	**---**
Others	2,882	**860**
Total non-operating expenses	129,177	**63,817**
Ordinary income	-248,074	**217,005**
Extraordinary gain		
Gain on sale of investment securities	10,710	**---**
Gain on sale of property, plant and equipment	2,894	**633**
Gain on reverse of allowance for doubtful debt	1,562	**497**
Total extraordinary gain	15,167	**1,130**
Extraordinary loss		
Loss on sale of property, plant and equipment	1,703	**1,196**
Loss on disposal of property, plant and equipment	14,928	**673**
Loss on revaluation of goods	34,480	**---**
Refund of fund management fee	---	**33,869**
Loss on revaluation	73,848	**---**
Total extraordinary loss	124,961	**35,740**
Income before taxes	-357,868	**182,395**
Income tax, local tax	42,836	**55,092**
Adjustments to corporate tax	-146	**67,571**
Total of taxes	42,689	**122,664**
Minority interest loss		**-13,868**
Net income	-400,557	**73,599**

(3) Consolidated Statements of Cash flows

(Thousand yen)

	For year ended June 30, 2008	**For year ended June 30, 2009**
Cash flows from operating activities		
Net income before taxes and other adjustments	-357,868	**182,395**
Depreciation	261,158	**167,939**
Loss on revaluation	73,848	**---**
Increase (decrease) in allowance for doubtful accounts	8,799	**-1,168**
Amortization of goodwill	---	**-1,338**
Interest and dividend income	-13,961	**-8,197**
Interest expense	23,105	**18,060**
Loss on equity method investment	16,788	**-8,770**
Loss on sale of securities-investment	-10,710	**---**
Gain on sale of property, plant and equipment	-2,894	**---**
Loss on sale of property, plant and equipment	1,703	**---**
Gain (loss) on sale of property, plant and equipment	---	**563**
Loss (gain) on disposal of property, plant and equipment	14,928	**673**
Refund of fund management fee	---	**33,869**
Decrease (increase) in notes and accounts receivable	84,830	**92,385**
Decrease (increase) in inventories	27,468	**-72,671**
Increase (decrease) in notes and accounts payable	84,700	**-1,932**
Others	86,759	**-10,293**
Sub-total	298,657	**391,517**
Interest and dividends received	14,176	**8,477**
Interest paid	-24,542	**-18,270**
Taxes paid	-88,940	**-41,972**
Net cash provided by operating activities	199,351	**339,751**
Cash flows from investing activities		
Decrease (increase) in term deposits	469,620	**349,370**
Purchases of property, plant and equipment	-227,843	**-33,119**
Proceeds from sale of property, plant and equipment	21,348	**5,259**
Purchases of intangible assets	-4,095	**-2,096**
Purchase of investment securities	-50,000	**---**
Sale of investment securities	29,506	**---**
Purchase of securities of affiliate companies	---	**-63,530**
Others	336	**0**
Net cash provided by investing activities	238,872	**255,883**
Cash flows from financing activities		
Decrease of short-term debt	-200,000	**---**
Increase of long-term debt	100,000	**150,000**
Repayment of long –term debt	-357,832	**-323,255**

Net cash provided by financing activities	-457,832	**-173,255**
Effects of exchange rate changes on cash and cash equivalents	394	**-74,852**
Net increase in cash and cash equivalents	-19,213	**347,527**
Cash and cash equivalents at beginning	1,478,611	**1,459,398**
Increase (decrease) of cash and cash equivalents due to change in scope of consolidation	---	**145,630**
Cash and cash equivalents at the end	1,459,398	**1,952,556**