

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
For third Quarter of FY 2010
(From January 1, 2010 to March 31, 2010)

May 14, 2010

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 the first nine months of fiscal year 2010

(From June 1, 2009 to March 31, 2010)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2010	4,697	64.9	792	280.6	771	341.6
Nine months ended March 31, 2009	2,848	-	208	-	174	-

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Nine months ended March 31, 2010	694	584.7	16,208.49	16,183.18
Nine months ended March 31, 2009	101	-	2,367.65	-

(2) Consolidated financial condition

	Total assets	Net Assets	Equity ratio	Net Assets per share of common stock
	Million yen	Million yen	%	Yen
As of March 31, 2010	5,892	3,290	52.2	71,446.64
As of June 30, 2009	4,123	2,559	58.2	56,031.83

2. Dividend

	Dividend per share				
	1 st quarter	2 nd quarter	3 rd quarter	FY end	Total
	Yen	Yen	Yen	Yen	
FY 24 ended June 30, 2009	-	0.00	-	0.00	0.00
FY 25 ending June 30, 2010	-	0.00	-		
Forecast for FY25	-	0.00	-	3,000.00	3,000.00

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

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
For fiscal year ending June 30, 2010	5,600	47.3	800	210.0	780	259.4	700	851.1	16,134.98

4. Others

(1) Change in scope of consolidated subsidiaries: None

(2) Application of simplified accounting procedures to quarterly consolidated financial statements: Yes

(3) Changes in accounting principles and/or procedures relating to quarterly consolidated financial statements:

a) Changes according to accounting standards: None

b) Other than a): None

(3) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks (including treasury stock)

43,037 as of March 31, 2010

42,840 as of March 31, 2009

b) Number of treasury stocks

None as of December 31, 2009

None as of December 31, 2008

c) Average number of stocks

42,845 for the nine months ended March 31, 2010

42,840 for the nine months ended March 31, 2009

* 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

1. Analysis of operating results

For the nine months ended March 31, 2010, net sales sharply increased by 64.9% compared to the same period of previous year to 4,697 million yen, while gross profit increased 59.6% to 1,790 million yen due to the expansion of use of genome analysis in the areas, such as, virus detection for swine influenza and forensics.

On the other hand, selling, general and administrative expenses recorded 997 million yen (9.2% up compared to the same period of previous year) As a result, operating income recorded 792 million yen (280.6% increase yoy) , while ordinary income for the nine months significantly improved to 771 million yen (341.6% increase yoy) and net income for the nine months became 649 million yen (584.7% increase yoy)

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

	Nine months ended Mar. 31, 2009		Nine months ended Mar. 31, 2010		Year on year increase	FY2009 ended June 30, 2009	
	amount	ratio	amount	ratio	%	amount	ratio
Roche Group	1,110	39.0	2,499	53.2	125.1	1,582	41.6
QIAGEN Group	993	34.9	1,074	22.9	8.1	1,276	33.6
Other OEMs	436	15.3	864	18.4	98.0	564	14.8
PSS brand	307	10.8	258	5.5	(16.0)	379	10.0
Total	2,848	100.0	4,697	100.0	64.9	3,802	100.0

The shipment of DNA extractors to Roche Group and Qiagen Group greatly increased for six month period, as demand for genomic analysis regarding swine influenza expanded.

As for the shipment to other OEM partners, the sales slightly decreased; however, the sales for the full fiscal year is viewed overtaking previous year as PSS accumulated orders.

The expanding use of genome analysis is recognized; such as, in the areas of clinical diagnostics and forensic medicine and PSS considers these market continues to grow in the middle to long term. However, the part of current brisk sales of DNA extractor might include one-time element due to pandemic of swine flu and there is no guarantee that the trend continues.

The sales by each product category: (Unit: Million yen)

	Nine months ended Mar. 31, 2009		Nine months ended Mar. 31, 2010		Year on year increase	FY2009 ended June 30, 2009	
	amount	ratio	amount	ratio	amount	ratio	amount
DNA auto extractors	1,693	59.5	3,115	66.3	84.0	2,184	57.4
Other laboratory equipment	78	2.8	28	0.6	(64.4)	102	2.7
Other products	397	13.9	389	8.3	(1.9)	523	13.8
Merchandise (plastic consumables)	666	23.4	1,163	24.8	74.6	976	25.7
Other revenue	12	0.4	---	---	---	15	0.4
Total	2,848	100.0	4,697	100.0	64.9	3,802	100.0

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 Iodine, Inc. and Purelumn, auto protein purification system.

During the nine months ended March 31, 2010, the sales on this category increased 84.0 % to 3,115 million yen thanks to brisk sales to Roche Group and Qiagen Group.

Quarterly sales of automated systems are shown in below charts.

(Unit: Thousand yen)

	Previous Fiscal year ended June 30, 2009				Current Fiscal year		
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter
Units sold	238	241	243	215	298	435	643
Amount	623,139	493,987	576,349	491,039	691,500	1,063,716	1,360,228
Unit price	2,618	2,049	2,371	2,283	2,320	2,445	2,115

b) Other laboratory equipment

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

During the nine month period ended March 31, 2010, the sales of this category increased 64.4% year on year to 28 million yen. 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 nine month period ended March 31, 2010, sales in this category amounted to 389 million yen (1.9% decrease compared to the previous year). Although the deal with Genetein Co., Ltd. was recognized as sales in the previous year, it was not recognized in the current period due to the fact that Genetein became a consolidated subsidiary of PSS and the deal was regarded as internal transaction. Therefore, the sales declined compared to previous period. 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 nine month period ended March 31, 2010, sales in this category increased 74.6% to 1,163 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.

e) Other revenue

In the same period in the previous year, there was revenue of fund management from Capital from Bio-Contents Fund LLP to PSS Capital. As Bio-Contents Fund LLP became a consolidated subsidiary, there was no revenue in the current period.

Information by area segments is as follows:

(1) Japan

During the nine month period ended March 31, 2010, the sales in Japan increased 59.4% compared to the same period of previous year to 3,765 million yen, of which sales to non-PSS group decreased 63.7% to 683 million yen. The step sales increase was due to large volume of shipment to Japanese Police Agency through an US-based OEM, Life Technologies Inc. The sales to Germany-based Roche Group and Qiagen Group were brisk.

As the operating expenses increased to 3,115 million yen (47.7% increase), the operating income recoded 649 million yen (156.4% increase compared to the same period of previous year).

(2) USA

The sales in the United States for the period decreased 48.5% to 447 million yen due to large volume of shipment to Japanese Police Agency through an US-based OEM, Life Technologies Inc. Operating expenses increased 18.2% and operating income became positive to 50 million yen (35 million yen loss in the same period of previous year)

(3) Germany

The sales in Germany for the period increased 69.9% to 3,631 million yen as shipments to Roche Group and Qiagen Group expanded. With operating expenses of 3,395 million yen (69.0% increase), operating income for the nine month period increased 83.8% to 236 million yen.

2. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

As of March 31, 2010, total assets increased 1,769 million yen compared with the amount as of June 30, 2009 to 5,892 million yen. Current assets increased 1,577 million yen as cash and bank deposit increased 970 million yen and bills receivable and accounts receivable increased 595 million yen.

Investment securities increased 223 million yen as the investment to NPS and investment by Contents Fund LLP were made, while tangible fixed assets decreased 29 million yen due to depreciation; as a result, total fixed assets increased 192 million yen.

(b) Liabilities

As of March 31, 2010, total liabilities increased 1,037 million yen to 2,601 million yen compared to 1,564 million yen as of June 30, 2009.

As accounts payable increased 58 million yen, short-term debt increased 6 million yen, bond payable within 1 year increased 350 million yen and unpaid corporate tax, etc. increased 45 million yen, current liabilities increased 1,121 million yen.

Long-term liabilities increased 265 million yen, while bond decreased 350 million yen. As a result, fixed liabilities decreased 83 million yen.

(c) Net Assets

As of March 31, 2010, total net assets were 3,290, increasing 731 million yen from 2,559 million yen of as of June 30, 2009.

As the third party allotment of stock option to Nomura Securities Co., Ltd. was partly executed, capital and capital surplus increased 12 million yen, respectively. Approved at annual shareholders' meeting, accumulated loss of 2,431 million yen was offset by capital surplus. As a result, capital surplus decreased 2,419 million yen. With current net income of 694 million yen, retained earnings increased 3,126 million yen and the total shareholders' equity increased 719 million yen. Foreign currency translation adjustments decreased 45 million yen, while minority interests increased 55 million yen.

(2) Cash flows

During the nine month period from July 1, 2009 to March 31, 2010, cash and cash equivalents increased 1,120 million yen to 3,073 million yen.

Cash flows from operating activities increased 353 million yen. Net income before tax adjustment for the period was 748 million yen and there were depreciation (793 million yen), increase of account payable (169 million yen), while there was increase of account receivable (467 million yen) and increase of inventory (169 million yen).

Cash flows from investing activities decreased 284 million yen. There was decrease due to term deposit (50 million yen), payment for purchase of tangible fixed assets (54 million yen), payment for purchase of investment securities (investment to NPS and investment by Bio-contents Fund) of 184 million yen.

Cash flows from financing activities increased 247 million yen. There was increase of long term borrowing (300 million yen) and receipt of 100 million yen of investment to venture fund, while there is decrease of repayment of long term debt (152 million yen)

3. Qualitative information on consolidated business forecast:

(1)Revision of business forecast for the fiscal year ending June 30, 2010:

	Net sales	Operating income	Ordinary income	Net income
The last forecast in fiscal year	5,300	620	590	500
Current fiscal year forecast	5,600	800	780	700
Amount of increase and decrease	300	180	190	200
Rat of change from the last forecast	5.7	29.0	32.2	40.0
Previous fiscal year actual results	3,802	258	217	73

The demand for genomic analysis has become higher due to worldwide pandemic of swine influenza. Responding to the market needs, the shipment of PSS-made DNA extractors through OEM partners has expanded more than original estimation. Furthermore, forensics use of genomic analysis is diffused in Japanese Police Agency and PSS is to supply the instruments to meet the demand. Therefore, we revised original forecast upward for the fiscal year ending June 30, 2010.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of December 31, 2009	As of June 30, 2009
(Assets)		
Current assets		
Cash and cash equivalents	3,073,272	2,102,556
Notes and accounts receivable	1,024,161	428,695
Inventories	596,363	608,241
Goods in process	8,587	8,985
Materials, stored goods	6,337	9,952
Others	147,232	115,458
Allowance for doubtful accounts	(7,258)	(2,330)
Total current assets	4,848,697	3,271,560
Fixed Assets		
Property, plant and equipment	775,939	805,340
Intangible assets	4,663	6,026
Investment & other assets	263,103	40,274
Total fixed assets	1,043,706	851,641
Total assets	5,892,404	4,123,202
(Liabilities)		
Current liabilities		
Accounts payable	303,805	245,662
Long-term debt due within one year	600,000	---
	350,000	---
Accrued taxes including corporate taxes	280,616	37,674
Allowance for bonuses	83,311	19,289
Allowance for executive salaries	53,159	---
Others	166,196	119,668
Total current liabilities	1,860,339	739,150
Long-term liabilities		
Bond	200,000	550,000
Long-term debt	466,580	201,480
Deferred tax liabilities	68,265	67,406
Negative goodwill	3,345	5,352
Others	2,983	744
Total long-term liabilities	741,174	824,983
Total liabilities	2,601,514	1,564,134

(Net assets)	As of December 31, 2009	As of June 30, 2009
Shareholders' equity		
Common stock	2,054,307	2,041,778
Capital surplus	89,113	2,508,354
Retained earnings	988,326	(2,137,896)
Total shareholders' equity	3,131,748	2,412,235
Valuation/ translation adjustments		
Deferred gain/loss on hedges	---	(18)
Foreign currency translation adjustments	(56,898)	(11,814)
Total of valuation/ translation adjustments	(56,898)	(11,832)
Share warrant	2,316	---
Minority interest	213,724	158,664
Total net assets	3,290,889	2,559,067
Total liabilities and net assets	5,892,404	4,123,202

(2) Consolidated Income Statements

(Thousand yen)

	For nine months ended March 31, 2009	For nine months ended March 31, 2010
Net Sales	2,848,468	4,697,006
Cost of sales	1,726,629	2,906,810
Gross Profit	1,121,839	1,790,190
Selling, general and administrative expenses	913,607	997,673
Operating Income	208,231	792,523
Non-operating income		
Interest income	7,942	2,687
Commission revenue	8,770	9,864
Others	5,076	5,725
Total non-operating income	21,789	18,276
Non-operating expenses		
Interest expense	13,504	14,297
Foreign exchange loss	41,223	18,972
Expense of issuing stock option	---	5,623
Others	648	692
Total non-operating expenses	55,377	39,585
Ordinary income	174,643	771,214
Extraordinary gain		
Gain on sale of property, plant and equipment	632	7,285
Total extraordinary gain	632	7,285
Extraordinary loss		
Loss on sale of property, plant and equipment	1,206	---
Loss on disposal of fixed assets	625	26
Loss on devaluation of investments securities	---	29,641
Refund of management commission on Investment Fund LLP	33,869	---
Total extraordinary loss	35,701	29,668
Income before taxes	139,573	748,831
Income tax, local tax	43,840	98,430
Adjustments to corporate tax	146	889
Total of taxes	43,987	99,319
Minority interests	(5,843)	(44,940)
Net income for the six months	101,430	694,452

(3) Consolidated Statements of Cash flow

	For nine months ended March 31, 2009	(Thousand yen) For nine months ended March 31, 2010
Cash flow from operating activities		
Net income before taxes and other adjustments	139,573	748,831
Depreciation	123,677	79,924
Negative goodwill	(669)	(2,007)
Increase (decrease) in allowance for doubtful accounts	13,473	63,464
Interest and dividend income	(7,942)	(2,687)
Interest expense	13,504	14,297
Expense of issuing of stock option	---	5,623
Loss on equity method investment	(8,770)	(9,864)
Loss on devaluation of investment securities	---	29,641
Gain on sale of property, plant and equipment	574	(7,285)
Loss (gain) on disposal of property, plant and equipment	625	26
Refund of management commission on Investment Fund LLP	33,869	---
Decrease (increase) in notes and account receivables	(163,073)	(638,210)
Decrease (increase) in inventories	83,769	65
Increase (decrease) in notes and account payables	(6,752)	107,608
Others	(44,367)	25,047
Sub-total	177,493	414,476
Interest and dividends received	8,296	2,703
Interest paid	(15,149)	(16,547)
Taxes paid	(33,031)	(47,271)
Net cash flow provided by operating activities	137,610	353,360
Cash flow from investing activities		
Decrease (increase) in term deposits	349,605	150,000
Payments for purchase of tangible fixed assets	(28,792)	(56,196)
Proceeds from disposal of property, plant and equipment	5,294	4,618
Payments for acquisition of intangible assets	(1,592)	(240)
Payments for purchases of investment in securities	---	(234,570)
Purchases of investment securities of other companies	(63,530)	---
Others	---	(20)
Net cash flow provided by investing activities	260,984	(136,408)
Cash flow from financing activities		
Borrowing of long-term debt	---	600,000
Repayment of long-term debt	150,000	500,000
Remittance from minority shareholders	(239,169)	(271,140)
Net cash provided by financing activities	---	(264)
Effects of exchange rates on cash and cash equivalents	---	25,000

Net increase in cash and cash equivalents	---	(3,247)
Cash and cash equivalents at beginning	---	1,952,556
Increase (decrease) due to consolidated scope	---	100,000
Cash and cash equivalents at the end	(89,169)	950,348