November 12, 2010

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS
For the First Three Months of the Fiscal Year, Ending June 30, 2011)

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: **JASDAQ (Standard)**
Code Number: **7707**
URL: http://www.pss.co.jp/

1. Consolidated financial data for the first three months of fiscal year ending June 30, 2011
(From July 1, 2010 to September 30, 2010)

(1) Consolidated operating results (cumulative)
(Million yen, fractional amounts rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income		Net income	
First three months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2010	**920**	**(20.7)**	**0**	**(99.8)**	**(6)**	**----**	**3**	**(97.3)**
September 30, 2009	1,160	12.7	166	16.8	143	16.2	129	19.4

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
September 30, 2010	**37.64**	**----**
September 30, 2009	3,021.41	----

(2) Consolidated financial position

	Total assets	Net Assets	Equity ratio	Net Assets per share
As of	Million yen	Million yen	%	Yen
September 30, 2010	**5,296**	**3,246**	**57.9**	**33,603.08**
September 30, 2009	5,238	3,370	60.7	69,741.46

(Reference) Equity: As of September 30, 2010: 3, 066million yen As of September 30, 2009: 3,182 million yen

(Note) Due to resolution by Board of Directors on May 14, 2010, the 2 for 1 stock split was conducted on July 1, 2010.

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	FY end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2010	----	0.00	----	3,000.00	3,000.00
FY ended June 30, 2011	**----**				
Forecast for FY26		0.00	----	200.00	200.00

(Note) Revision to dividend forecast during the current three months: None

3. Forecasts for the fiscal year ending June 30, 2011 (from July 1, 2010 to June 30, 2011)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
For first six months	2,200	(19.3)	90	(79.0)	80	(80.4)	50	(86.3)	547.89
For fiscal year ending June 30, 2011	4,400	(22.0)	180	(75.0)	160	(75.5)	100	(81.8)	1,095.77

4. Others

(1) Change in scope of consolidated subsidiaries during the three months period: None

(2) Adoption of simplified accounting method or accounting method specific to quarterly period: Yes

(3) Changes in accounting principles, procedures, presentation methods

a) Changes according to the changes in accounting standards: None

b) Changes other than a): None

(4) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks (including treasury stock)

91,260 at September 30, 2010; 45,630 at September 30, 2009

b) Number of treasury stocks at the end of period

None at September 30, 2010; none at September 30, 2009

c) Average number of outstanding stocks

91,260 at September 30, 2010; 42,840 at September 30, 2009

(Note) Due to resolution by Board of Directors on May 14, 2010, the 2 for 1 stock split was conducted on July 1, 2010.

* 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

In the first three months of current fiscal year, ending September 30, 2010, net sales decreased by 20.7% to 920 million yen, while gross profit decreased 26.3% to 357 million yen as a reaction to the rapid expansion in the previous year.

On the hand, selling, general and administrative expenses recorded 357 million yen (12.2% up compared to the previous year) partly due to the increase in the R&D expense. As a result, operating income became 0 million yen (99.8 % decrease yoy) , while ordinary income recorded 6 million yen loss with foreign exchange loss of 9 million yen. The net income decreased to 3 million yen (97.3% decrease yoy)

Net sales by each customer are as follows: (Unit: Million yen)

	For 3 months ended June 30, 2009		**For 3 months ended June 30, 2010**		**Year on year increase**	Fiscal year ended June 30, 2010	
	amount	ratio	**amount**	**ratio**	**%**	amount	ratio
Roche Group	567	48.9	**297**	**32.3**	**(47.5)**	2,960	52.5
QIAGEN Group	358	30.9	**174**	**19.0**	**(51.4)**	1,278	22.7
Other OEMs	137	11.9	**369**	**40.1**	**168.7**	1,072	19.0
PSS brand	96	8.3	**79**	**8.6**	**(17.9)**	326	5.8
Total	1,160	100.0	**920**	**100.0**	**(20.7)**	5,637	100.0

The shipment of DNA extractors to Roche Group and Qiagen Group decreased as demand for genomic analysis regarding swine influenza subsided. The sales to other OEM partners largely expanded as the shipment to OEM partners in the United States and along with Mitsubishi Chemical Medience Corporation.

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

	For 3 months ended June 30, 2009		**For 3 months ended June 30, 2010**		**Year on year increase**	Fiscal year ended June 30, 2010	
	amount	ratio	amount	ratio	%	amount	ratio
DNA auto extractors	691	59.6	**623**	**67.7**	**(9.9)**	3,458	61.3
Other laboratory equipment	11	1.0	**4**	**0.5**	**(59.7)**	28	0.5
Other products	124	10.8	**79**	**8.6**	**(36.5)**	551	9.8
Merchandise (plastic consumables)	332	28.6	**213**	**23.2**	**(35.8)**	1,598	28.4
Total	1,160	100.0	**920**	**100.0**	**(20.7)**	5,637	100.0
Total	1,160	100.0	**920**	**100.0**	**(20.7)**	5,637	

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 Chemical Medience Corporation and Purelumn, auto protein purification system.

During the three months ended September 30, 2010, the sales on this category decreased 9.9 % to 623 million yen as the rapid demand of gene analysis relating to swine flu subsided. As the expanding use of genome analysis is recognized; such as, in the areas of clinical diagnostics and forensic area, PSS considers theses market continues to grow in the middle to long term.

Quarterly sales of automated systems are shown in below charts.

(Unit: Thousand yen)

	Fiscal year ended June 30, 2010				**Current fiscal year ending June 30, 2010**
	First quarter	Second quarter	Third quarter	Fourth quarter	**First quarter**
Units sold	298	435	643	197	**316**
Amount	691,500	1,063,716	1,360,228	343,436	**623,144**
Unit price	2,320	2,445	2,115	1,743	**1,971**

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 three months, the sales of this category decreased 59.7% year on year to 4 million yen. The sales in this category tend to be significantly impacted by the number of orders received for customized 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 three months, sales in this category amounted to 79 million yen (36.5% down 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 three months, sales in this category decreased 35.8% to 213 million yen. Although the sales in this category decreased to Roche Group and Qiagen Group for the current quarter period, the shipment of plastic consumables tend to increase in direct proportion to the cumulative number of systems sold and the steady sales growth is expected in the future.

Information by area segments is as follows:

(1) Japan

During the three months ended September 30, 2010, the sales in Japan decreased 20.2% compared to the previous year to 730 million yen, of which sales to non-PSS group increased 92.6% to 173 million yen. The sales to Roche Group and Qiagen Groups were slow, while those to Mitsubishi Chemical Medience were brisk. As the operating expenses decreased to 732 million yen (4.3% dencrease), the operating income recoded loss of 1 million yen (151 million yen in the previous year).

(2) USA

The sales in the United States sharply increased 101.3% to 255 million yen due to the expanding sales to US OEM partners. As operating expenses increased 80.9% to 237 million yen, operating income recorded 18 million yen (4 million yen loss in the previous year)

(3) Germany

The sales in Germany for the three months period decreased 47.8% to 493 million yen as shipments to Roche Group and Qiagen Group were slow. With operating expenses of 470 million yen (46.9% dencrease), operating income decreased 61.2% to 23 million yen.

2. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

As of September 30, 2010, total assets increased 57 million yen compared with the amount as of June 30, 2010 to 5,296 million yen. Current assets decreased 29 million yen as cash & deposits and inventories increased 108 million yen and 90 million yen, respectively, while notes receivable & accounts receivable and other current assets decreased 151 million yen and 87 million yen, respectively.

Noncurrent assets increased 87 million yen as property, plant and equipment assets increased 75 million yen due to purchase of mold.

(b) Liabilities

As of September 30, 2010, total liabilities increased 181 million yen to 2,049 million yen compared to 1,868 million yen at fiscal year end of June 30, 2010.

While accounts payable increased 87 million yen, short-term loans payable increased 100 million yen and current portion of long-term loans payable increased 44 million yen, bond due within one year decreased 50 million yen. As a result, current liabilities increased 134 million yen.

Long-term loans payable increased 278 million yen, while bond decreased 200 million yen as transfer to bond due within one year. As a result, noncurrent liabilities increased 47 million yen.

(c)Net Assets

As of September 30, 2010, total net assets was 3,246, decreasing 123 million yen from 3,370 million yen of as of June 30, 2010.

As retained earnings decreased 136 million yen due to dividend, Shareholders' equity decreased 133 million yen. Foreign currency translation adjustments increased 17 million yen, while minority interests decreased 8 million yen

(2) Cash flows

During the three months ended September 30, 2010, cash and cash equivalents increased 108 million yen to 2,745 million yen from 2,636 yen as of June 30, 2010.

Cash flows from operating activities increased 82 million yen (74 million yen increase during the same period in the previous fiscal year), in which net income before income taxes for the period was 4 million yen loss; while there were depreciation (27 million yen), increase of provisions (26 million yen), decrease of accounts receivable (162 million yen), increase of accounts payable (74 million yen), there was increase of inventory (100 million yen), etc.

Cash flows from investing activities decreased 96 million yen (245 million yen decrease in the previous fiscal year) due to a 97 million yen purchase of plant, plant and equipment, etc.

Cash flows from financing activities increased 109 million yen (17 million yen increase in the previous fiscal year), in which there were 100 million yen increase in short-term loans payable and 400 million yen increase in long-term loans payable, while there were decreases by repayment of long-term loans payable (77 million yen), redemption of bonds (250 million yen), cash dividends paid (60 million yen), etc.

Consolidated financial statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of September 30, 2010	As of June 30, 2010
(Assets)		
Current assets		
Cash and deposits	2,745,289	2,636,442
Notes and accounts receivable-trade	507,733	658,796
Inventories	829,461	750,947
Work in process	29,885	14,182
Raw materials and supplies	9,834	13,625
Deferred tax assets	17,267	9,000
Others	74,528	162,520
Allowance for doubtful accounts	(2, 028)	(3,969)
Total current assets	4,211,971	4,241,546
Noncurrent assets		
Property, plant and equipment	828,780	752,978
Intangible assets	3,608	4,095
Investments and other assets	251,953	239,910
Total noncurrent assets	1,084,343	996,984
Total assets	5,296,314	5,238,531
(Liabilities)		
Current liabilities		
Accounts payable-trade	318,924	231,554
Short-term loans payable	100,000	---
Current portion of bonds	300,000	350,000
Current portion of long-term loans payable	263,988	219,706
Lease obligations	8,692	8,986
Income taxes payable	85,097	83,942
Provision for bonuses	32,184	5,666
Provision for directors' bonuses	2,250	---
Others	177,770	254,766
Total current liabilities	1,288,909	1,154,623
Noncurrent liabilities		
Bonds payable	---	200,000
Long-term loans payable	705,324	426,781
Lease obligations	13,904	16,088
Deferred tax liabilities	39,009	67,797
Negative goodwill	2,007	2,676
Others	469	166
Total long-term liabilities	760,714	713,509
Total liabilities	2,049,624	1,868,132

(Thousand yen)

(Net assets)	As of September 30, 2010	As of June 30, 2010
Shareholders' equity		
Capital stock	2,217,194	2,217,194
Capital surplus	251,999	251,999
Retained earnings	710,411	843,866
Total shareholders' equity	3,179,605	3,313,060
Valuation and translation adjustments		
Foreign currency translation adjustment	(112,988)	(130,757)
Total valuation & translation adjustments	(112,988)	(130,757)
Subscription rights to shares	1,544	1,544
Minority interests	178,529	186,551
Total net assets	3,246,690	3,370,398
Total liabilities and net assets	5,296,314	5,238,531

(2) Consolidated Income Statements

(Thousand yen)

	For three months ended September 30, 2009	**For three months ended September 30, 2010**
Net Sales	1,160,695	920,904
Cost of sales	675,377	563,039
Gross Profit	485,318	357,865
Selling, general and administrative expenses	318,555	357,507
Operating Income	166,763	358
Non-operating income		
Interest income	991	752
Equity in earnings of affiliates	---	5,314
Amortization of negative goodwill	803	803
Subsidy income	780	---
Others	1,027	821
Total non-operating income	3,601	7,691
Non-operating expenses		
Interest expenses	4,331	4,870
Foreign exchange losses	21,952	9,614
Others	114	163
Total non-operating expenses	26,397	14,649
Ordinary profit and (loss)	143,967	(6,599)
Extraordinary income		
Gain on sales of noncurrent assets	4,226	180
Reversal of allowance for doubtful accounts	---	2,098
Total extraordinary income	4,226	2,278
Income before income taxes and others	148,194	(4,320)
Income taxes-current	43,571	35,705
Income taxes-deferred	(16,274)	(35,439)
Total income taxes	27,296	265
Income before minority interests	---	(4,586)
Minority interests	(8,539)	(8,021)
Net income	129,437	3,435

(3) Consolidated Statements of Cash flows

(Thousand yen)

	For three months ended September 30, 2009	**For three months ended September 30, 2010**
(Operating activities)		
Income before income taxes	148,194	(4,320)
Depreciation and amortization	25,832	27,881
Amortization of goodwill	(669)	(669)
Increase (decrease) in provision	17,858	26,640
Interest and dividend income	(991)	(752)
Interest expenses	4,331	4,870
Loss (gain) on change in equity	---	(5,314)
Loss (gain) on sales of noncurrent assets	(4,226)	(180)
Decrease (increase) in notes and accounts receivables	(207,356)	162,612
Decrease (increase) in inventories	(18,871)	(100,486)
Increase (decrease) in notes and accounts payable	63,680	74,700
Others	61,988	(59,246)
Sub-total	89,768	125,735
Interest and dividends income received	1,064	752
Interest expenses paid	(6,100)	(6,414)
Income taxes paid	(9,893)	(37,790)
Net cash provided by operating activities	74,839	82,282
(Investing activities)		
Decrease (increase) in time deposits	(50,080)	---
Purchase of property, plant and equipment	(11,072)	(97,044)
Proceeds from sales of property, plant and equipment	435	418
Purchase of investment securities	(184,571)	---
Others	---	612
Net cash provided by investing activities	(245,290)	(96,013)
(Financing activities)		
Net increase (decrease) in short-term loans payable	---	100,000
Proceeds from long-term loans payable	100,000	400,000
Repayment of long-term loans payable	(82,714)	(77,175)
Redemption of bonds	---	(250,000)
Repayment of lease obligations	---	(2,476)
Cash dividends paid	---	(60,408)
Net cash provided by financing activities	17,286	109,939
Effect of exchange rate change on cash and cash equivalents	(24,282)	12,637
Net increase (decrease) in cash and cash equivalents	(177,446)	108,846
Cash and cash equivalents at beginning of period	1,952,556	2,636,442
Cash and cash equivalents at end of period	1,775,109	2,745,288