

Precision System Science Co., Ltd.

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS For the First Nine Months of the Fiscal Year, Ending June 30 2013 (From July 1, 2012 to March 31, 2013)

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

1. Consolidated financial data for the First Nine Months of the Fiscal Year, Ending June 30 2013 (From July 1, 2012 to March 31, 2013)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First nine months ended								
March 31, 2013	2,849	13.7	(182)	----	(135)	----	(196)	----
March 31, 2012	2,506	6.3	(143)	----	(144)	----	(159)	----

(Reference) Comprehensive income: Δ 78 million yen loss for the First nine months ended March 31, 2013

Δ 176 million yen loss for the First nine months ended March 31, 2012

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
March 31, 2013	(2,152.97)	----
March 31, 2012	(1,746.90)	----

(2) Consolidated financial condition

	Total assets	Net Assets	Equity ratio	Net Asset per share
	Million yen	Million yen	%	yen
As of				
March 31, 2013	5,130	2,751	45.7	25,690.96
March 31, 2012	4,584	2,613	53.6	26,947.89

(Reference) Equity: 2,344 million yen as of March 31, 2013

2,459 million yen as of June 30, 2012

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	FY end	Total
	Yen	Yen	Yen	Yen	Yen
FY 2012 ended June 30, 2012	----	0.00	----	0.00	0.00
FY 2013 ended June 30, 2013	----	0.00	----	----	----
FY 2013 ending June 30,2013(Forecast)	----	----	----	0.00	0.00

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

3. Business Forecasts for the fiscal year (from July 1, 2012 to June 30, 2013)

	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, 2013	4,100	16.5	(110)	---	(60)	---	(130)	----	(1,424.50)	----

(Note)Revision to previous forecast of Business Forecasts: None

4. Others

(1) Change in scope of consolidated subsidiaries during FY 2013 ending June 30, 2013: Yes

Adding New One Subsidiary company; NPS co.,LTD which has been our manufacturing subsidiary company by additional stock acquisition at July 31, 2012

(2) Adoption of simplified accounting method or accounting method specify to quarterly period: None

(3) Changes in accounting principles, changes in accounting estimation, retrospective restatement

a) Changes according to the changes in accounting standards: Yes

b) Changes other than a): None

c) Changes in accounting estimate: Yes

d) Retrospective restatement: None

(4) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks (including treasury stock)

91,260 at March 31, 2013; 91,260 at June 30, 2012

b) Number of treasury stocks at the end of period

None at March 31, 2013; None at June 30, 2012

c) Average number of outstanding stocks

91,260 for First nine months ended March 31, 2013

91,260 for First nine months ended March 31, 2012

* 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 nine months of current fiscal year, ended March 31, 2013, the net sales increased by 13.7% compared to the same period of previous fiscal year to 2,849 million yen for shipment to Diasorin, or Roche increased adding new developing agreements fee, although shipment to Qiagen decreased. Gross profit increased 1.9% to 930 million yen for devaluated yen, although Gross margin was decreased 3.8% to compared to the same period of previous fiscal year, as the development cost of new OEM instrument was higher than we estimated due to the additional development and the sales of NPS co.,LTD which have been our manufacturing subsidiary company by additional stock acquisition at July 31, 2012 .

At the same time, amount of selling, general and administrative expenses was increased 5.4% to 1,113 million yen due to the additional expense of NPS co.,LTD; as a result, we recorded operating loss of 182 million yen (143 million yen loss in the previous year). While ordinary income became 135 million yen loss (144 million yen loss in the previous year), the net loss of 196 million yen was recorded (net loss for previous year was 159 million yen).

Sales by each customer

(Unit: Million yen)

	First nine months ended March 31, 2012		First nine months ended March 31, 2013		Year on year increase
	amount	ratio	amount	ratio	%
Roche Group	615	24.6	859	30.2	39.6
QIAGEN Group	692	27.6	459	16.1	(33.7)
Others	1,197	47.8	1,531	53.7	27.8
Total	2,506	100.0	2,849	100.0	13.7

The shipment of DNA extractors to Roche Group increased to 859 million yen (39.6% up compared with same period in the previous year) adding additional fee revenue for developing new products. Although the sales to Qiagen Group decreased to 459 million yen (33.7% down), we estimate recovered sales by considering order acceptance. Sales to others increased to 1,531 million yen (27.8% up) with the sales of NPS co.,LTD 345 million yen except for selling to PSS.

Sales by each product category

(Unit: Million yen)

	First nine months ended March 31, 2012		First nine months ended March 31, 2013		Year on year increase
	amount	ratio	amount	ratio	%
DNA auto extractors	1,377	54.9	1,251	43.9	(9.2)
Reagent/plastic consumables	713	28.5	681	23.9	(4.5)
Maintenance/spare parts	243	9.7	220	7.7	(9.4)
Others	172	6.9	696	24.5	304.6
Total	2,506	100.0	2,849	100.0	13.7

a) DNA auto-extractors

This category consists of automated systems utilizing the PSS's internationally patented Magtration[®] Technology. In addition to DNA auto-extractors, this category includes immunochemical luminescent measuring system which is an OEM product for Mitsubishi Chemical Medience Corporation and Purelumn, auto protein purification system.

During first nine months ended March 31, 2013, the sales in this category decreased 9.2 % to 1,251 million yen. Qiagen and Mitsubishi Chemical Medience Corporation decreased while shipment to Roche Group increased year on year.

Quarterly sales of automated systems

(Unit: Thousand yen)

	For fiscal year ended June 30, 2012				First nine months ended March 31, 2013		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Units sold	243	331	207	405	167	272	282
Amount	456,905	544,719	375,598	674,114	322,052	446,709	482,385
Average unit price	1,880	1,645	1,814	1,664	1,928	1,642	1,710

b) Reagents/plastic consumables

This category includes reagents for DNA extraction, protein purification, etc. and exclusively designed plastic consumables (tips and cartridges) for those PSS instruments. Although our OEM customers usually use their own reagents, they procure PSS plastic consumables according to contracts.

During First nine months ended March 31, 2013, the sales of this category decreased 4.5 % year on year to 681 million yen. The sales of this category generally tend to increase proportionally to the cumulative number of systems sold and the steady sales growth is expected.

c) Maintenance and related items

This category includes revenue from system maintenance and sales of spare parts (replacement).

During First nine months ended March 31, 2013, sales in this category amounted to 220 million yen (9.4% decrease compared to the previous year). The sales of this category tend to increase in direct proportion to the cumulative number of systems sold and the steady sales growth is expected.

d) Others

This category consists of rest of sales other than above categories; such as, custom-made automation instruments, development of new systems for new OEM, sales agent revenue for products of other companies adding revenue from NPS co.,LTD except for selling to PSS. During First nine months ended March 31, 2013, the sales of this category increased 304.6 % year on year to 696 million yen.

Results by area segments

(1) Japan

In the first nine months of current fiscal year, the sales for Japan increased 15.3% compared to the previous year to 2,384 million yen, of which sales to non-PSS group increased 32.3% to 956 million yen as sales of NPS co.,LTD added. As the operating expenses increased 20.9% to 2,541 million yen for as the development cost of new OEM instrument was higher than we estimated, the operating income loss recorded 157 million yen (34 million yen loss in the previous year).

(2) USA

In the first nine months of current fiscal year, the sales for United States increased 64.5 % to 673 million yen as sales to OEM partner recovered. As the operating expenses increased of 51.1% to 619 million yen, operating income of 54 million yen was recorded. (0 yen in the previous year).

(3) Germany

In the first nine months of current fiscal year, the sales for Germany decreased 8.7% to 1,257 million yen mainly by decreased shipments to Qiagen Group, although Roche is increased. With operating expenses of 1,252 million yen (7.6% down), operating income decreased 79.0% to 4 million yen.

2. Analysis of Financial Conditions

(1) Assets, Liabilities and Net Assets

(a) Assets

A In the first nine months of current fiscal year, total assets increased 545 million yen from the amount as of June 30, 2012 to 5,130 million yen, because of NPS co.,LTD addition. Cash & deposits increased 267 million yen, inventories increased 272 million yen and noncurrent assets increased 317 million yen, while Notes and accounts receivable decreased 260 million yen, Investments and other assets decreased 97 million yen .

(b) Liabilities

Total liabilities increased 407 million yen to 2,378 million yen compared with the amount as of June 30, 2012, which is mainly caused by NPS co.,LTD addition. In current liabilities, Accounts payable-trade increased 140 million yen and Short-term loans payable increased 300 million yen. In noncurrent liabilities, long-term loans payable decreased 215 million yen.

(c) Net Assets

Total net assets were 2,751 million yen, increasing 138 million yen compared with the amount of as of June 30, 2012. With net loss for the period, retained earnings decreased 196 million yen and foreign currency translation adjustments increased 81million yen, while Minority interests increased 252 million yen for NPS co.,LTD addition.

About business forecasts

(Unit: Million yen)

	FY 2012 ended June 30, 2012		FY 2013 ending June 30, 2013		Year on year increase	
	Amount 1	ratio	Amount 2	ratio	Amount (2-1)	%
Net sales	3,520	100.0	4,100	100.0	580	16.5
Operating income	(136)	-	(110)	-	26	-
Ordinary income	(173)	-	(60)	-	113	-
Net income	(189)	-	(130)	-	59	-

The forecast is based on assumption that 1) Recovery of sales to Qiagen & Mitsubishi Chemical Medience Corporation are expected 2) Another developing agreements 3) Adding revenue from NPS except for selling to PSS by NPS co.,LTD 4)Reducing production cost with subcontractors and other costs including R&D cost, although the total amount of selling, general and administrative expenses is increased by consolidating NPS. As for foreign exchange rate, we estimate as 1Euro=115 yen and 1US\$=85yen.

Consolidated financial statements

(1) Consolidated Balance Sheets

	As of June 30, 2012	(Thousand yen) As of March 31, 2013
(Assets)		
Current assets		
Cash and deposits	1,762,392	2,030,102
Notes and accounts receivable-trade	864,083	603,192
Merchandise and finished goods	658,077	831,114
Work in process	94,887	106,026
Raw materials and supplies	33,257	121,813
Deferred tax assets	38,480	28,682
Others	121,795	144,543
Allowance for doubtful accounts	(2,588)	(2,459)
Total current assets	3,570,387	3,863,015
Noncurrent assets		
Property, plant and equipment	736,585	1,054,210
Intangible assets	20,650	53,512
Investments and other assets	256,516	159,281
Total noncurrent assets	1,013,752	1,267,004
Total assets	4,584,140	5,130,020
(Liabilities)		
Current liabilities		
Accounts payable-trade	214,542	355,346
Short-term loans payable	---	300,000
Current portion of long-term loans payable	436,241	546,366
Lease obligations	9,768	4,077
Income taxes payable	11,626	9,719
Provision for bonus	5,839	48,411
Others	163,719	138,653
Total current liabilities	841,737	1,402,574
Noncurrent liabilities		
Long-term loans payable	1,089,344	874,130
Lease obligations	3,832	5,454
Deferred tax liabilities	35,250	41,376
Provision for pension	---	54,481
Others	196	105
Total fixed liabilities	1,128,624	975,548
Total liabilities	1,970,361	2,378,122

	As of June 30, 2012	(Thousand yen) As of March 31, 2013
(Net assets)		
Shareholders' equity		
Capital stock	2,217,194	2,217,194
Capital surplus	251,999	251,999
Retained earnings	151,241	(45,238)
Total shareholders' equity	2,620,434	2,423,954
Other comprehensive income		
Foreign currency translation adjustment	(161,170)	(79,397)
Total of comprehensive income	(161,170)	(79,397)
Minority interests	154,514	407,341
Total net assets	2,613,779	2,751,897
Total liabilities and net assets	4,584,140	5,130,020

(2) Consolidated Income Statements

	First nine months ended March 31, 2012	(Thousand yen) First nine months ended March 31, 2013
Net Sales	2,506,254	2,849,859
Cost of sales	1,593,681	1,919,532
Gross Profit	912,573	930,327
Selling, general and administrative expenses	1,056,221	1,113,095
Operating Income	(143,648)	(182,767)
Non-operating income		
Interest income	448	511
Foreign exchange gain	---	54,125
Investment gain on equity method	1,266	---
Subsidy income	11,292	3,136
Premium refund	1,544	294
Others	2,465	3,428
Total non-operating income	17,019	61,496
Non-operating expenses		
Interest expenses	11,980	13,740
Foreign exchange losses	6,054	---
Others	132	2
Total non-operating expenses	18,167	13,742
Ordinary income and (loss)	(144,796)	(135,013)
Extraordinary income		
Gain on sales of fixed asset	559	---
Gain on sales of investment securities	---	33
Gain on reversal of stock option	1,544	---
Negative Goodwill gain	---	13,449
Total extraordinary income	2,104	13,482
Extraordinary loss		
Loss on sales of fixed asset	2	6
Loss on sales of investment securities	---	12,364
Loss on additional stock acquisition	---	9,141
Total extraordinary loss	2	21,512
Income before income taxes and others	(142,694)	(143,043)
Income taxes-current	13,080	3,834
Income taxes-deferred	130	13,078
Total income taxes	13,211	16,913
Income before minority interests	(155,905)	(159,956)
Minority interests	3,516	36,523
Net income	(159,422)	(196,480)

(3) Consolidated Comprehensive Income Statements

	First nine months ended March 31, 2012	(Thousand yen) First nine months ended March 31, 2013
Income (losses) before minority interests	(155,905)	(159,956)
Other comprehensive income		
Foreign currency transaction adjustment	(20,862)	81,772
Total of other comprehensive income	(20,862)	81,772
Comprehensive income	(176,768)	(78,184)
(Breakdown)		
Comprehensive income attributable to owners of parent company	(180,285)	(114,707)
Comprehensive income attributable to minority income	3,516	36,523