

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For the First Six Months of the Fiscal Year, ending June 30, 2012

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 six months of fiscal year ending June 30, 2012

(From July 1, 2011 to March 31, 2012)

(1) Consolidated operating results (cumulative)

(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, 2012	2,506	6.3	(143)	----	(144)	----	(159)	----
March 31, 2011	2,356	(49.8)	(249)	----	(231)	----	(227)	----

(Reference) Comprehensive income: 176 million yen (loss) for 9 months ended March 31, 2012

213 million yen (loss) for 9 months ended March 31, 2011

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
March 31, 2012	(1,746.90)	----
March 31, 2011	(2,492.55)	----

(2) Consolidated financial position

	Total assets	Net Assets	Equity ratio
	Million yen	Million yen	%
As of			
March 31, 2012	4,513	2,683	55.9
March 31, 2011	4,602	2,861	58.8

(Reference) Equity: 2,524 million yen as of March 31, 2012; 2,704 million yen as of June 30, 2011

2. Dividend

	Dividend per share				
	1Q	2Q	3Q	FY end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended June 30, 2011	----	0.00	----	0.00	0.00
FY ended June 30, 2012	----	0.00	----		
Forecast for current FY				0.00	0.00

(Note) Revision to latest dividend forecast: None

3. Business Forecasts for the fiscal year (from July 1, 2011 to June 30, 2012)

	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, 2012	3,620	15.2	10	----	(30)	----	(60)	----	(657.46)

(Note) Revision to latest forecast of operation: None

4. Others

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

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

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

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

b) Changes other than a): None

c) Changes in accounting estimate: None

d) Retrospective restatement: None

(4) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks (including treasury stock)

91,260 at March 31, 2012; 91,260 at June 30, 2011

b) Number of treasury stocks at the end of period

None at March 31, 2012; none at June 30, 2011

c) Average number of outstanding stocks

91,260 from July 1 to March 31, 2012; 91,260 July to March 31, 2011

* 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, the net sales increased by 6.3% compared to the same period of previous fiscal year to 2,506 million yen, while gross profit increased 11.4% to 912 million yen as shipment to Qiagen recovered while PSS own sales increased.

At the same time, amount of selling, general and administrative expenses was mostly stable at 1,056 million yen (1.2% down compared to the previous year); as a result, we recorded operating loss of 143 million yen (249 million yen loss in the previous year) While ordinary income became 144 million yen loss (231 million yen loss in the previous year), the net loss of 159 million yen was recorded (net loss for previous year was 227 million yen) .

Sales by each customer: (Unit: Million yen)

	For 9 months ended March 31, 2011		For 9 months ended March 31, 2012		Year on year increase	Fiscal year ended June 30, 2011	
	amount	%	amount	%	%	amount	ratio
Roche Group	691	29.3	615	24.6	(11.0)	944	30.1
QIAGEN Group	570	24.2	692	27.6	21.5	700	22.3
Other OEMs	812	34.5	834	33.3	2.7	1,136	36.1
PSS own sales	281	12.0	363	14.5	28.9	360	11.5
Total	2,356	100.0	2,506	100.0	6.3	3,142	100.0

The shipment of DNA extractors to Roche Group declined to 615 million yen (11.0% down compared with same period in the previous year) as affected by prolonged adjustment of excessive inventories in instrument and consumables, which have been developed in the process of up and down demand for PSS products during swine influenza pandemic. The sales to Qiagen Group expanded to 692 million yen (21.5% up) Sales to other OEM partners increased to 834 million yen (2.7% up) as shipment to Mitsubishi Chemical Medience

Corporation expanded. The PSS own sales greatly increased due to successful sale of NanoString systems as sales agency as well as expanding shipment of instruments and reagents related to epigenetics.

Sales by each product category:

(Unit: Million yen)

	For 9 months ended March 31, 2011		For 9 months ended March 31, 2012		yoy %	Full fiscal year ended June 30, 2011	
	amount	ratio	amount	ratio		amount	ratio
DNA auto extractors	1,524	64.7	1,377	54.9	(9.7)	1,990	63.3
Reagent/plastic consumables	550	23.4	713	28.5	29.6	790	25.2
Maintenance/spare parts	235	10.0	243	9.7	3.1	311	9.9
Others	45	1.9	172	6.9	276.6	49	1.6
Total	2,356	100.0	2,506	100.0	6.3	3,142	100.0

(Note) Starting this fiscal year, we have changed product categorization. Those figures based on previous categorization are: 1,377 million yen for DNA auto extractor, 634 million yen for plastic consumables, 172 million yen for other laboratory equipment and 322 million yen for other products.

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, an OEM product for Mitsubishi Chemical Medience Corporation and Purelumn, auto protein purification system.

During the nine months ended March 31, 2012, the sales in this category decreased 9.7 % to 1,377 million yen. Qiagen and Mitsubishi Chemical Medience Corporation expanded while shipment to Roche Group declined year on year.

Quarterly sales of automated systems

(Unit: Thousand yen)

	Previous fiscal year ended June 30, 2011				Current fiscal year ended June 30, 2012		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Units sold	316	169	281	244	243	331	207
Amount	623,144	355,111	546,226	466,266	456,905	544,719	375,598
Average unit price	1,971	2,101	1,943	1,910	1,880	1,645	1,814

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 the nine months period, the sales of this category increased 29.6 % year on year to 713 million yen as the adjustment to excessive inventory has progressed. 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 the nine months, sales in this category amounted to 243 million yen (3.1% up 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, order-made automated instruments, development of new systems, sales agent revenue for products of other companies. As there were successful sales of NanoString products and milestone revenue of Biotrin International Ltd, a fully owned Irish subsidiary of DiaSorin in Italy and Ibis Biosciences, Inc., a subsidiary of Abbott in USA, the sales of this category increased 276.6% to 172 million yen.

Results by area segments:

(1) Japan

During the nine months ended March 31, 2012, the sales for Japan increased 3.9% compared to the previous year to 2,068 million yen, of which sales to non-PSS group increased 53.7% to 723 million yen as sales to Mitsubishi Chemical Medience Corporation and PSS own sales expanded. As the operating expenses decreased 2.6% to 2,102 million yen, the operating income loss recorded 34 million yen (168 million yen loss in the previous year).

(2) USA

The sales for the United States decreased 30.6 % to 409 million yen as sales to certain OEM partners were weak. With operating expenses decrease of 27.8% to 409 million yen, operating income of 0 yen was recorded (22 million yen in the previous year)

(3) Germany

The sales for Germany in the nine months period increased 5.8% to 1,377 million yen led by shipments to Qiagen Group. With operating expenses of 1,356 million yen (5.0% up), operating income increased 147.2% to 21 million yen.

2. Analysis of Financial Conditions:

As of March 31, 2012, total assets decreased 88 million yen from the amount as of June 30, 2011 to 4,513 million yen. Notes and account receivable-trade increased 113 million yen and inventories increased 46 million yen, while cash & deposits decreased 111 million yen and noncurrent assets decreased 75 million yen due to depreciation, etc.

Total liabilities increased 89 million yen to 1,830 million yen compared with the amount as of June 30, 2011. In current liabilities, current portion of long-term loans payable increased 150 million yen, while bond due within one year decreased 200 million yen, accounts payable-trade decreased 67 million yen and other current

liabilities (accounts payable and accrued expenses, etc.) decreases 41 million yen. In noncurrent liabilities, long-term loans payable increased 228 million yen.

Total net assets were 2,683 million yen, decreasing 178 million yen compared with the amount of as of June 30, 2011. With net loss for the period, retained earnings decreased 159 million yen and foreign currency translation adjustments decreased 20 million yen.

About business forecasts:

After we revised our previous business forecasts on February 7, 2012, the forecasts have not been revised considering our current sales demand or cost cutting measure as follows:

(million yen)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)
Forecasts for full fiscal year ending June 30, 2012	3,620	10	(30)	(60)
Results for full fiscal year ended June 30, 2011	3,142	(432)	(424)	(366)

Consolidated financial statements

(1) Consolidated Balance Sheets

	As of June 30, 2011	(Thousand yen) As of March 31, 2012
(Assets)		
Current assets		
Cash and deposits	1,990,458	1,879,249
Notes and accounts receivable-trade	551,405	664,476
Merchandise and finished goods	689,475	727,369
Work in process	44,385	45,993
Raw materials and supplies	30,417	37,439
Deferred tax assets	21,792	22,301
Others	148,047	84,237
Allowance for doubtful accounts	(1,819)	(3,117)
Total current assets	3,474,163	3,457,948
Noncurrent assets		
Property, plant and equipment	821,078	745,992
Intangible assets	23,836	22,426
Investments and other assets	283,477	287,204
Total noncurrent assets	1,128,392	1,055,624
Total assets	4,602,555	4,513,573
(Liabilities)		
Current liabilities		
Accounts payable-trade	232,078	164,811
Current portion of bonds	200,000	---
Current portion of long-term loans payable	233,387	384,272
Lease obligations	11,213	11,031
Income taxes payable	14,734	13,044
Provision for bonuses	5,916	34,777
Others	183,175	141,772
Total current liabilities	880,505	749,709
Noncurrent liabilities		
Long-term loans payable	807,235	1,035,715
Lease obligations	13,601	5,384
Deferred tax liabilities	38,399	38,704
Others	991	550
Total fixed liabilities	860,227	1,080,354
Total liabilities	1,740,733	1,830,063

	As of June 30, 2011	(Thousand yen) As of March 31, 2012
(Net assets)		
Shareholders' equity		
Capital stock	2,217,194	2,217,194
Capital surplus	251,999	251,999
Retained earnings	340,298	180,876
Total shareholders' equity	2,809,492	2,650,069
Other comprehensive income		
Foreign currency translation adjustment	(104,509)	(125,372)
Total of comprehensive income	(104,509)	(125,372)
Subscription rights to shares	3,049	1,504
Minority interests	153,790	157,307
Total net assets	2,681,822	2,683,509
Total liabilities and net assets	4,602,555	4,513,573

(2) Consolidated Income Statements

	For nine months ended March 31, 2011	(Thousand yen) For nine months ended March 31, 2012
Net Sales	2,536,871	2,506,254
Cost of sales	1,537,750	1,593,681
Gross Profit	819,120	912,573
Selling, general and administrative expenses	1,068,693	1,056,221
Operating Income	(249,572)	(143,648)
Non-operating income		
Interest income	899	448
Equity in earnings of affiliates	14,529	1,266
Subsidy income	23,620	11,292
Insurance return	----	1,544
Others	5,962	2,465
Total non-operating income	45,012	17,019
Non-operating expenses		
Interest expenses	13,979	11,980
Foreign exchange losses	12,332	6,054
Others	532	132
Total non-operating expenses	26,843	18,167
Ordinary profit and (loss)	(231,403)	(144,796)
Extraordinary income		
Gain on sales of noncurrent assets	3,867	559
Reversal of allowance for doubtful accounts	2,131	---
Gain on reversal of stock option	---	1,544
Others	11	---
Total extraordinary income	6,011	2,104
Extraordinary loss		
Loss on expel of noncurrent assets	561	2
Total extraordinary loss	561	2
Income before income taxes and others	(225,954)	(142,694)
Income taxes-current	33,417	13,080
Income taxes-deferred	(17,064)	130
Total income taxes	16,353	13,211
Income before minority interests	(242,307)	(155,905)
Minority interests	(14,837)	3,516
Net income	(227,470)	(159,422)

(3) Consolidated Comprehensive Income Statements

	For nine months ended March 31, 2011	(Thousand yen) For nine months ended March 31, 2012
Income (losses) before minority interests	(242,307)	(155,905)
Other comprehensive income		
Foreign currency transaction adjustment	29,031	(20,862)
Total of other comprehensive income	29,031	(20,862)
Comprehensive income	(213,276)	(176,768)
(Breakdown)		
Comprehensive income attributable to owners of parent company	(198,438)	(180,285)
Comprehensive income attributable to minority income	(14,837)	3,516