

Precision System Science Co., Ltd.
SUMMARY OF CONSOLIDATED FINANCIAL RESULTS
For Fiscal Year 2011 (From July 1, 2010 to June 30, 2011)

The English Edition is digested translation of Japanese financial results, which are prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP).

Company Name: Precision System Science Co., Ltd.
Listed Market: JASDAQ (Standard)
Code Number: 7707
URL: <http://www.pss.co.jp/english/>

1. Consolidated financial results for the Fiscal Year ended June 30, 2011
(From July 1, 2010 to June 30, 2011)

(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	%
FY 2011 ended June 30, 2011	3,142	(44.3)	(432)	----	(424)	----	(366)	----
FY 2010 ended June 30, 2010	5,637	48.3	718	178.5	653	201.3	546	647.3

(Note) Comprehensive income: 373 million yen loss for FY2011; 358 million yen for FY2010

	Net income per share	Net income per share adjusted for full dilution	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	yen	yen	%	%	%
FY 2011 ended June 30, 2011	(4,017.95)	----	(12.5)	(8.6)	(13.8)
FY 2010 ended June 30, 2010	12,674.69	12,651.95	19.7	14.0	12.7

(Reference) Income from Equity method investment: 26 million yen for FY2011; 4million yen for FY2010

(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) 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, 2011	4,602	2,861	58.8	29,640.40
As of June 30, 2010	5,238	3,370	60.7	69,741.46

(Reference) Equity: 2,704 million yen at FY2011 end; 3,182 million yen at FY2010 end

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

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at FY end
	Million yen	Million yen	%	Yen
FY 2011 ended June 30, 2011	(403)	(160)	(101)	1,990
FY 2010 ended June 30, 2010	407	(174)	572	2,636

2. Dividends

	Dividend per share					Total Dividends (annual)	Payout ratio (consolidated)	Dividends /net assets (consolidated)
	1Q	2Q	3Q	FY end	Annual			
	Yen	Yen	Yen	Yen	Yen	Mil yen	%	%
FY 2010 ended June 30, 2010	----	0.00	----	3,000.00	3,000.00	136	23.7	4.8
FY 2011 ended June 30, 2011	----	0.00	----	0.00	0.00	----	----	----
FY2012 ending June 30, 2012 (forecast)	----	0.00	----	0.00	0.00		----	

3. Forecasts for fiscal year ending June 30, 2012 (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 first six months ending December 31, 2011	1,960	(28.2)	20	----	15	----	5	----	54.79
For fiscal year ending June 30, 2011	4,000	(27.3)	40	----	30	----	10	----	109.58

4. Others

(1) Change in significant subsidiaries which affected scope of consolidation during the fiscal year: None

(2) Changes in accounting principles/ procedures, and the method of presentation

(i) Changes in accordance with changes in accounting standards: None

(ii) Changes other than (i): Yes

(3) Number of shares outstanding (common stocks)

(i) Number of shares outstanding (including treasury stock)

91,260 as of June 30, 2011;

45,630 as of June 30, 2010

(ii) Number of treasury stocks at the end of period

None as of June 30, 2011;

None as of June 30, 2010

(iii) Average number of shares outstanding

91,260 for the fiscal year ended June 30, 2011;

43,393 for the fiscal year ended June 30, 2010

(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.

1. Results of Operations

(1) Analysis of operating results

The main products of the PSS Group are automated systems which extract and purify genes and proteins from blood, organic cells, etc., and other original products that utilize PSS patent technologies. Those products are supplied worldwide mostly through the OEM partners; such as, Roche Group, Qiagen Group, Mitsubishi Chemical Medience Corporation, Life Technologies Corporation, Beckman Coulter, Inc., NanoString Technologies, Inc., etc. Besides OEM products, PSS has tried to expand sales of PSS own brand products.

In the process that global pandemic of swine influenza subsided, there have been larger inventory of instruments and plastic consumables, which led to slow sales in the fiscal year, ended June 30, 2011. Those sales to Roche Group and Qiagen Group were most affected by such inventory adjustment. Consequently, net sales dropped by 44.3% compared to the same period of previous year to 3,142 million yen, while gross profit decreased 48.5% to 1,088 million yen.

The Fiscal Year 2011 was a pivotal year in that PSS expanded its business area to analysis area adding to DNA/RNA extraction and purification as seen in the contracts with Italian company DiaSorin concerning development of molecular diagnostic instrument or with Hong Kong Hai Kan Life on development of automated gene analyzer. At the same time, PSS sensed that it is the time to pursue the business of own fully automated gene analyzer which automates each process of extraction of DNA/RNA, amplification to detection/analysis. Accordingly, R&D and patent-related expenses expanded and selling, general and administrative expenses increased 8.9 to 1,520 million yen. As a result, operating loss of 432 million yen (718 million yen profit in the previous fiscal year), ordinary loss of 424 million yen (653 million yen profit in the previous fiscal year), and net loss of 366 million yen (549 million yen profit in previous fiscal year) were recorded.

Net sales by principal customers: (Unit: Million yen)

	FY2010 ended		FY2011 ended		Year on year increase
	June 30, 2010		June 30, 2011		
	amount	ratio	amount	ratio	%
Roche Group	2,960	52.5	944	30.1	(68.1)
QIAGEN Group	1,278	22.7	700	22.3	(45.2)
Other OEMs	1,072	19.0	1,136	36.1	6.0
PSS brand	326	5.8	360	11.5	10.7
Total	5,637	100.0	3,142	100.0	(44.3)

The shipment of DNA extractors to Roche Group and Qiagen Group largely decreased for the fiscal year ended June 30, 2011, as negative reaction to the great expansion made in previous year related to swine influenza, while the shipment to other OEM partners, the sales increased by 6.0%.

PSS brand sales increased 10.7% in the period as the market for the PSS products expanded to the fields, such as, sample preparation before epigenetics analysis and before next generation sequencer analysis.

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

	FY2010 ended June 30, 2010		FY2011 ended June 30, 2011		Year on year increase
	amount	ratio	amount	ratio	%
DNA auto extractors	3,458	61.3	1,990	63.3	(42.4)
Other laboratory equipment	28	0.5	49	1.6	76.3
Other products	551	9.8	398	12.7	(27.8)
Merchandise (plastic consumables)	1,598	28.4	703	22.4	(56.0)
Total	5,637	100.0	3,142	100.0	(44.3)

a) DNA auto-extractors

This category consists of automated systems utilizing the PSS's internationally patented Magtraction[®] 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 fiscal year ended June 30, 2011, the sales on this category significantly decreased 42.4 % to 1,990 million yen due to negative reaction to rapid expansion in the previous year.

Quarterly sales of automated systems are shown in below charts.

	Previous Fiscal year ended June 30, 2010				Current Fiscal year ended June 30, 2011			
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter
Units sold	298	435	643	197	316	169	281	244
Amount	691,500	1,063,716	1,360,228	343,436	623,144	355,111	546,226	466,266
Unit price	2,320	2,445	2,115	1,743	1,971	2,101	1,943	1,910

b) 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, 2011, sales in this category decreased 56.0% to 703 million yen. Although the shipment significantly dropped for the current period, the sales derived from plastic consumables

fundamentally 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.

c) 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 fiscal year ended June 30, 2011, the sales of this category increased 76.3% year on year to 49 million yen. The sales in this category tend to be significantly impacted by the number of orders received for specially ordered systems.

d) 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, 2011, sales in this category amounted to 398 million yen (27.8% decrease 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.

Information by area segments is as follows:

(1) Japan

During the fiscal year ended June 30, 2011, the sales in Japan decreased 40.5% compared to the same period of previous year to 2,617 million yen due to slow sales to Roche Group and Qiagen Group.

As the operating expenses decreased to 2,949 million yen (22.3% decrease), the operating loss recoded 331 million yen (603 million yen of operating income in the previous year).

(2) USA

The sales in the United States for the fiscal year ended June 30, 2011, increased 45.8% to 868 million yen. As operating expenses increased 46.6%, operating income increased 30.0% to 39 million yen.

(3) Germany

The sales in Germany for the fiscal year ended June 30, 2011, decreased 60.5% to 1,700 million yen as shipments to Roche Group and Qiagen Group slowed. With operating expenses of 1,688 million yen (58.0% decrease), operating income for the fiscal year decreased 95.8% to 12 million yen.

(Forecasts for fiscal year ending June 30, 2012)

	FY2011ended June 30, 2011		FY2012ending June 30, 2012		Year on year increase	
	amount	ratio	amount	ratio	amount	%
Net sales	3,142	100.0	4,000	100.0	858	27.3
Gross profit on sales	1,088	34.6	1,430	35.8	342	31.4
Sales administrative expense	1,520	48.4	1,390	34.8	(130)	(8.6)
Business profit	(432)	(13.8)	40	1.0	472	----
Ordinary income	(424)	(13.5)	30	0.8	454	----
Current net income	(366)	(11.7)	10	0.3	376	----

The forecast is based on the assumption that 1, recovery of sales to Roche and Qiagen groups are expected, 2, expanding sales to other OEMs, especially to the USA, 3, new business developments are expected in Asia. As PSS is heavily dependent on export, current level of foreign exchange rate (yen appreciation) is quite unfavorable to the company. PSS tries to reduce production cost with subcontractors as well as slashing the selling, general and administrative expenses. As for foreign exchange rate, we estimate as 1 Euro=110yen and 1US\$=80yen.

2. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

As of June 30, 2011, total assets decreased 635 million yen compared with the amount as of June 30, 2010 to 4,602 million yen. Current assets decreased 767 million yen as cash and deposit decreased 645 million yen, bills receivable and accounts receivable decreased 107 million yen, inventory decreased 14 million yen, etc.

Due to capital investment for mold, etc., total property, plant and equipment increased 68 million yen. Investment in software led to 19 million yen increase in intangible assets, while investments and other assets increased 43 million yen. The total noncurrent assets increased 131 million yen.

(b) Liabilities

As of June 30, 2011, total liabilities decreased 127 million yen to 1,740 million yen compared to 1,868 million yen at fiscal year end of June 30, 2010.

Current portion of long-term loan increased 13 million yen, while current portion of bonds decreased 150 million yen, income tax payable decreased 69 million yen and other current liabilities decreased 71 million yen; as a result, total current liabilities decreased 274 million yen.

Long-term loan payable increased 380 million yen, while bond decreased 200 million yen, deferred tax liabilities decreased 29 million yen, etc; as a result, total noncurrent liabilities increased 146 million yen.

(c)Net Assets

As of June 30, 2011, total net assets were 2,861 decreasing 508 million yen from 3,370 million yen of as of June 30, 2010.

Retained earnings decreased 503 million yen due to dividends as well as net loss, while foreign currency translation adjustments increased 26 million yen, subscription rights to shares increased 1 million yen and minority interest decreased 32 million yen.

(2) Cash flows

During the fiscal year from July 1, 2010 to June 30, 2011, cash and cash equivalents decreased 645 million yen to 1,990 million yen.

Cash flows from operating activities decreased 403 million yen (407 million increases during the previous fiscal year). There was cash flow increase due to decreases in depreciation (139 million yen) and account receivable (121 million yen), while there was cash flow decrease due to net loss before tax adjustment (423 million yen), increase of inventory (23 million yen), decrease of account payable (64 million yen) and payment of income tax (109 million yen).

Cash flows from investing activities decreased 160 million yen (174 million decreases during the previous fiscal year). There was increase of 7million yen due to sale of property, plant and equipment, while 141million expenditure for purchase of property, plant and equipment and 23 million expense for intangible assets, etc.

Cash flows from financing activities decreased 101 million yen (572 million increases during the previous fiscal year). There was increase of long-term loan (850 million yen), while there was decrease of repayment of long term loan (455 million yen), redemption of bonds (350), payment of dividends (134 million yen), etc.

(1) Consolidated Balance Sheets

(Thousand yen)

	As of June 30, 2010	As of June 30, 2011
(Assets)		
Current assets		
Cash and deposits	2,636,442	1,990,458
Notes and accounts receivable	658,796	551,405
Inventories	750,947	689,475
Work in process	14,182	44,385
Raw materials and supplies	13,625	30,417
Deferred tax asset	9,000	21,792
Others	162,520	148,047
Allowance for doubtful accounts	(3,969)	(1,819)
Total current assets	4,241,546	3,474,163
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures	382,627	390,148
Accumulated depreciation	(117,678)	(133,616)
Buildings and structures, net	264,949	256,532
Machinery, equipment and vehicles	334,560	455,533
Accumulated depreciation	(260,141)	(286,013)
Machinery, equipment and vehicles, net	74,419	169,519
Tool, furniture and fixtures	715,449	779,904
Accumulated depreciation	(643,962)	(682,530)
Tool, furniture and fixtures, net	71,487	97,374
Land	288,815	290,175
Lease assets	26,266	35,924
Accumulated depreciation	(3,804)	(28,446)
Lease assets, net	22,461	7,477
Construction in progress	30,846	----
Total property, plant and equipment	752,978	821,078
Intangible assets		
Software	3,302	18,435
Software in progress	----	5,000
Others	792	401
Total Intangible assets	4,095	23,836
Investments and other assets		
Investment securities	227,495	254,428
Deferred tax asset	3,402	22,194
Others	9,011	6,854
Total investments and other assets	239,910	283,477
Total noncurrent assets	996,984	1,128,392
Total assets	5,238,531	4,602,555

(Thousand yen)

	As of June 30, 2010	As of June 30, 2011
(Liabilities)		
Current liabilities		
Accounts payable-trade	231,554	232,078
Current portion of bonds	350,000	200,000
Current portion of long-term loan payable	219,706	233,387
Lease obligations	8,986	11,213
Income tax payable	83,942	14,734
Provisions for bonuses	5,666	5,916
Others	254,766	183,175
Total current liabilities	1,154,623	880,505
Noncurrent liabilities		
Bonds payable	200,000	----
Long-term loan payable	426,781	807,235
Lease obligations	16,088	13,601
Deferred tax liabilities	67,797	38,399
Negative goodwill	2,676	----
Others	166	991
Total noncurrent liabilities	713,509	860,227
Total liabilities	1,868,132	1,740,733
(Net assets)		
Shareholders' equity		
Capital stock	2,217,194	2,217,194
Capital surplus	251,999	251,999
Retained earnings	843,866	340,298
Total shareholders' equity	3,313,060	2,809,492
Accumulative other comprehensive income		
Foreign currency translation adjustments	(130,757)	(104,509)
Total accumulative other comprehensive income	(130,757)	(104,509)
Subscription rights to shares	1,544	3,049
Minority interest	186,551	153,790
Total net assets	3,370,398	2,861,822
Total liabilities and net assets	5,238,531	4,602,555

(2) Consolidated Income Statements

(Thousand yen)

	FY2009 From July1, 2009 to June 30, 2010	FY2010 From July 1, 2010 to June 30, 2011
Net Sales	5,637,771	3,142,760
Cost of sales	3,523,102	2,054,452
Gross Profit	2,114,668	1,088,307
Selling, general and administrative expenses	1,395,937	1,520,545
Operating Income	718,730	(432,238)
Non-operating income		
Interest income	3,252	898
Equity in earnings of affiliates	4,701	26,335
Amortization of negative goodwill	3,212	3,212
Subsidy revenue	----	15,613
Others	4,889	4,202
Total non-operating income	16,056	50,261
Non-operating expenses		
Interest expenses	20,053	18,374
Foreign exchange losses	53,068	20,692
Stock issuance cost	1,350	----
Issuance cost of subscription rights to shares	5,715	3,000
Others	823	621
Total non-operating expenses	81,011	42,687
Ordinary income	653,776	(424,664)
Extraordinary gain		
Gain on sales of noncurrent assets	8,542	3,878
Reversal of allowance for doubtful accounts	---	2,374
Others	---	11
Total extraordinary gain	8,542	6,264
Extraordinary loss		
Loss on retirement of noncurrent assets	3,994	1,117
Loss on valuation of investment securities	75,403	4,247
Others	---	1
Total extraordinary loss	79,398	5,366
Income (loss) before income taxes	582,920	(423,766)
Income taxes-current	117,024	37,977
Income taxes-deferred	(11,983)	(62,305)
Total income taxes	105,040	(24,327)
Income before minority interests		(399,438)
Minority interests in income	(72,112)	(32,760)
Net income (loss)	549,992	(366,678)

Statement of Comprehensive Income

(Thousand yen)

	FY2009 From July1, 2009 to June 30, 2010	FY2010 From July 1, 2010 to June 30, 2011
Income before minority interests		(399,438)
Other comprehensive income		
Foreign currency translation adjustment		26,247
Total other comprehensive income		26,247
Comprehensive income		(373,190)
(Attributable to)		
Owners of the parents		(340,430)
Minority interests		(32,760)

(3) Consolidated Statements of Cash Flows

(Thousand yen)

	FY2010 From July1, 2009 to June 30, 2010	FY2011 From July 1, 2010 to June 30, 2011
Net cash provided by operating activities		
Income before income taxes	582,920	(423,766)
Depreciation and amortization	109,466	139,039
Increase (decrease) in allowance for doubtful accounts	(10,366)	(2,141)
Amortization of goodwill	(2,676)	(2,676)
Interest and dividends income	(10,413)	(898)
Interest expenses	20,053	18,374
Issuance cost of subscription rights to shares	5,715	3,000
Equity in (earnings) losses of affiliates	(4,701)	(26,335)
Loss (gain) on sales of noncurrent assets	(8,542)	(3,877)
Loss on retirement of noncurrent assets	3,994	1,117
Loss (gain) on valuation of investment securities	75,403	4,247
Decrease (increase) in notes and accounts receivable-trade	(320,017)	121,434
Decrease (increase) in inventories	(156,965)	(23,040)
Increase (decrease) in notes and accounts payable	79,095	(15,203)
Others	100,298	(64,357)
Sub-total	463,264	(275,083)
Interest and dividends income received	10,491	898
Interest expenses paid	(20,449)	(19,553)
Income taxes paid	(46,025)	(109,654)
Net cash provided by operating activities	407,281	(403,391)
Net cash provided by investing activities		
Decrease (increase) in term deposits	150,000	----
Purchase of property, plant and equipment	(61,339)	(141,159)
Proceeds from sales of property, plant and equipment	9,662	7,675
Purchase of intangible assets	(240)	(23,250)
Proceeds from sales of intangible assets	----	0
Purchases of investment securities	(272,010)	(4,000)
Others	(330)	593
Net cash provided by investing activities	(174,258)	(160,140)

(Thousand yen)

	FY2010 From July1, 2009 to June 30, 2010	FY2011 From July 1, 2010 to June 30, 2011
Net cash provided by financing activities		
Net increase (decrease) in short-term loans payable	---	0
Proceeds from long-term loans payable	500,000	850,000
Decrease in long-term loans payable	(371,849)	(455,865)
Redemption of bonds	----	(350,000)
Repayments of lease obligation	(1,191)	(10,094)
Cash dividends paid		(134,131)
Proceeds from issuance of stock due to exercise of subscription rights to shares	348,875	----
Proceeds from issuance of subscription rights to shares		1,504
Payments for issuance cost of subscription rights to shares	(3,339)	(3,000)
Proceeds from stock issuance to minority shareholders	100,000	----
Net cash provided by financing activities	572,494	(101,586)
Effects of exchange rate change on cash and cash equivalents	(121,632)	19,134
Net increase (decrease) in cash and cash equivalents	683,885	(645,983)
Cash and cash equivalents at beginning of period	1,952,556	2,636,442
Cash and cash equivalents at the end of period	2,636,442	1,990,458