

Precision System Science Co., Ltd.

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

(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 three months ended								
September 30, 2012	839	2.1	(198)	----	(203)	----	(193)	----
September 30, 2011	822	(10.7)	(20)	----	(48)	----	(58)	----

(Reference) Comprehensive income: 191 million yen loss for the First three months ended September 30, 2012

96 million yen loss for the First three months ended September 30, 2011

	Net income per share	Diluted net income per share
	Yen	Yen
First three months ended		
September 30, 2012	(2,117.48)	----
September 30, 2011	(642.88)	----

(2) Consolidated financial condition

	Total assets	Net Assets	Equity ratio
	Million yen	Million yen	%
As of			
September 30, 2012	5,185	2,638	43.8
June 30, 2012	4,584	2,613	53.6

(Reference) Equity: 2,270 million yen as of September 30, 2012

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, 2011	----	0.00	----	0.00	0.00
FY 2013 ended June 30, 2012	----	----	----	----	----
FY 2013 ending June 30,2013(Forecast)	----	0.00	----	0.00	0.00

(Note)Revision to dividend forecast during the current three 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 first six months ending December 31, 2012	1,950	13.2	25	----	15	----	7	----	76.70
For fiscal year ending June 30, 2013	4,100	16.5	50	----	30	----	15	----	164.37

(Note)Revision to previous forecast of Business Forecasts during the current three months: 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 September 30, 2012; 91,260 at June 30, 2012

b) Number of treasury stocks at the end of period

None at September 30, 2012; None at June 30, 2012

c) Average number of outstanding stocks

91,260 for First three months ended September 30, 2012

91,260 for First three months ended September 30, 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 three months of current fiscal year, ended September 30, 2012, the net sales increased by 2.1% compared to the same period of previous fiscal year to 839 million yen, as shipment to Qiagen & Mitsubishi Chemical Medience Corporation decreased while shipment to Roche increased. Gross profit decreased 49.1% to 162 million yen, 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 6.2% to 360 million yen due to the additional expense of NPS co.,LTD; as a result, we recorded operating loss of 198 million yen (20 million yen loss in the previous year). While ordinary income became 203 million yen loss (48 million yen loss in the previous year), the net loss of 193 million yen was recorded (net loss for previous year was 58 million yen).

Sales by each customer:

(Unit: Million yen)

	First three months ended September 30, 2011		First three months ended September 30, 2012		Year on year increase
	amount	ratio	amount	ratio	%
Roche Group	177	21.6	292	34.8	64.5
QIAGEN Group	247	30.1	125	14.9	(49.2)
Others	397	48.3	422	50.3	6.2
Total	822	100.0	839	100.0	2.1

The shipment of DNA extractors to Roche Group increased to 292 million yen (64.5% up compared with same period in the previous year) as resolved 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. Although the sales to Qiagen Group decreased to 125 million yen (49.2% down), we estimate recovered sales by considering order acceptance.

Sales to others increased to 422 million yen (6.2% up) with the sales of NPS co.,LTD 172 million yen except for selling to PSS, although the shipment to Mitsubishi Chemical Medience Corporation decreased due to delay the implementation of upgraded version that we estimate recovered sales by considering order acceptance.

Sales by each product category:

(Unit: Million yen)

	First three months ended September 30, 2011		First three months ended September 30, 2012		Year on year increase
	amount	ratio	amount	ratio	%
DNA auto extractors	456	55.6	322	38.4	(29.5)
Reagent/plastic consumables	220	26.8	227	27.1	3.3
Maintenance/spare parts	57	7.0	78	9.3	34.9
Others	87	10.6	212	25.2	143.1
Total	822	100.0	839	100.0	2.1

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

During first three months ended September 30, 2012, the sales in this category decreased 29.5 % to 322 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)

	First three months ended September 30, 2011				First three months ended September 30, 2012
	1Q	2Q	3Q	4Q	1Q
Units sold	243	331	207	405	167
Amount	456,905	544,719	375,598	674,114	322,052
Average unit price	1,880	1,645	1,814	1,664	1,928

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 three months ended September 30, 2012, the sales of this category increased 3.3 % year on year to 227 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 three months ended September 30, 2012, sales in this category amounted to 78 million yen (34.9% 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, 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 three months ended September 30, 2012, the sales of this category increased 143.1 % year on year to 212 million yen.

Results by area segments:**(1) Japan**

In the first three months of current fiscal year, the sales for Japan decreased 0.6% compared to the previous year to 690 million yen, of which sales to non-PSS group decreased 0.2% to 249 million yen as sales to Mitsubishi Chemical Medience Corporation decreased and NPS co.,LTD added. As the operating expenses increased 27.6% to 859 million yen, the operating income loss recorded 169 million yen (20 million yen in the previous year).

(2) USA

In the first three months of current fiscal year, the sales for United States increased 6.9 % to 129 million yen as sales to OEM partner recovered. As the operating expenses increased of 9.7% to 136 million yen, operating income of 6 million yen loss was recorded. (3 million yen loss in the previous year).

(3) Germany

In the first three months of current fiscal year, the sales for Germany increased 2.5% to 463 million yen mainly by shipments to Roche Group. With operating expenses of 449 million yen (2.1% up), operating income increased 16.6% to 13 million yen.

2. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

A In the first three months of current fiscal year, total assets increased 601 million yen from the amount as of June 30, 2012 to 5,185 million yen, because of NPS co.,LTD addition. Cash & deposits increased 248 million yen, inventories increased 288 million yen and noncurrent assets increased 316 million yen, while Notes and account receivable-trade decreased 247 million yen and noncurrent assets decreased 87 million yen due to decrease Investments and other assets.

(b) Liabilities

Total liabilities increased 576 million yen to 2,546 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 320 million yen and Short-term loans payable increased 300 million yen. In noncurrent liabilities, long-term loans payable decreased 137 million yen.

(c) Net Assets

Total net assets were 2,638 million yen, increasing 25 million yen compared with the amount of as of June 30, 2012. With net loss for the period, retained earnings decreased 193 million yen and foreign currency

translation adjustments increased 4 million yen, while Minority interests increased 213 by 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)	(3.9)	50	1.2	186	-
Ordinary income	(173)	(4.9)	30	0.7	203	-
Net income	(189)	(5.4)	15	0.4	204	-

The forecast is based on assumption that 1) Recovery of sales to Roche are expected 2) New OEM sales for Biotrin International Ltd, and Ibis Biosciences, Inc., whose products is prototype developing stage 3) Adding revenue from NPS except for selling to PSS by NPS co.,LTD addition..

As PSS is heavily dependent on export, current level of exchange rate (yen appreciation) is quite unfavorable to the company. PSS tries to reduce 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 1 Euro=100 yen and 1US\$=80yen.

Consolidated financial statements

(1) Consolidated Balance Sheets

	As of June 30, 2012	(Thousand yen) As of Sep 30, 2012
(Assets)		
Current assets		
Cash and deposits	1,762,392	2,010,775
Notes and accounts receivable-trade	864,083	616,739
Merchandise and finished goods	658,077	842,833
Work in process	94,887	89,806
Raw materials and supplies	33,257	142,328
Deferred tax assets	38,480	44,194
Others	121,795	175,929
Allowance for doubtful accounts	(2,588)	(2,835)
Total current assets	3,570,387	3,919,770
Noncurrent assets		
Property, plant and equipment	736,585	1,053,309
Intangible assets	20,650	42,995
Investments and other assets	256,516	169,414
Total noncurrent assets	1,013,752	1,265,720
Total assets	4,584,140	5,185,490
(Liabilities)		
Current liabilities		
Accounts payable-trade	214,542	534,676
Short-term loans payable	---	300,000
Current portion of long-term loans payable	436,241	465,544
Lease obligations	9,768	7,960
Income taxes payable	11,626	4,481
Provision for bonuses	5,839	46,924
Others	163,719	140,048
Total current liabilities	841,737	1,499,634
Noncurrent liabilities		
Long-term loans payable	1,089,344	952,252
Lease obligations	3,832	4,047
Deferred tax liabilities	35,250	37,540
Allowance for retirement benefits for employees	---	52,964
Others	196	136
Total fixed liabilities	1,128,624	1,046,941
Total liabilities	1,970,361	2,546,575

	As of June 30, 2012	(Thousand yen) As of Sep 30, 2012
(Net assets)		
Shareholders' equity		
Capital stock	2,217,194	2,217,194
Capital surplus	251,999	251,999
Retained earnings	151,241	(41,999)
Total shareholders' equity	2,620,434	2,427,193
Other comprehensive income		
Foreign currency translation adjustment	(161,170)	(156,710)
Total of comprehensive income	(161,170)	(156,710)
Minority interests	154,514	368,431
Total net assets	2,613,779	2,638,914
Total liabilities and net assets	4,584,140	5,185,490

(2) Consolidated Income Statements

	First three months ended September 30, 2011	(Thousand yen) First three months ended September 30, 2012
Net Sales	822,177	839,682
Cost of sales	503,245	677,345
Gross Profit	318,931	162,337
Selling, general and administrative expenses	339,415	360,495
Operating Income	(20,483)	(198,158)
Non-operating income		
Interest income	143	101
Subsidy income	649	893
Others	422	571
Total non-operating income	1,215	1,566
Non-operating expenses		
Interest expenses	3,846	4,139
Foreign exchange losses	19,908	2,957
Others	5,948	2
Total non-operating expenses	29,703	7,099
Ordinary income and (loss)	(48,972)	(203,690)
Extraordinary income		
Gain Negative Goodwill	---	13,449
Total extraordinary income	---	13,449
Extraordinary loss		
Loss on sales of investment securities	---	3,645
Loss on additional stock acquisition	---	9,141
Total extraordinary loss	---	12,787
Income before income taxes and others	(48,972)	(203,028)
Income taxes-current	8,546	3,709
Income taxes-deferred	(1,925)	(11,110)
Total income taxes	6,621	(7,401)
Income before minority interests	(55,593)	(195,627)
Minority interests	3,075	(2,386)
Net income	(58,668)	(193,241)

(3) Consolidated Comprehensive Income Statements

	First three months ended September 30, 2011	(Thousand yen) First three months ended September 30, 2012
Income (losses) before minority interests	(55,593)	(195,627)
Other comprehensive income		
Foreign currency transaction adjustment	(41,191)	4,459
Total of other comprehensive income	(41,191)	4,459
Comprehensive income	(96,785)	(191,167)
(Breakdown)		
Comprehensive income attributable to owners of parent company	(99,860)	(188,781)
Comprehensive income attributable to minority income	3,075	(2,386)