

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months of FY 2009 (from July 1, 2008 to March 31, 2009)

May 15, 2009

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: Hercules Market at Osaka Securities Exchange
Code Number: 7707

1. Consolidated financial data for the first nine months of fiscal year 2009

(From July 1, 2008 to March 31, 2009)

(1) Consolidated operating results

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

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended March 31, 2009	2,848	22.0	208	-	174	-
Nine months ended March 31, 2008	2,335	(13.0)	(192)	-	(299)	-

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Nine months ended March 31, 2009	101	-	2,367.65	-
Nine months ended March 31, 2008	(427)	-	(9,986.43)	-

(2) Consolidated financial condition

	Total assets	Net assets	Equity ratio	Net assets per share of common stock
	Million yen	Million yen	%	Yen
As of March 31, 2009	4,107	2,580	58.8	56,356.46
As of June 30, 2008	4,224	2,423	57.4	56,573.08

2. Forecasts for fiscal year ending June 30, 2009 (from July 1, 2008 to June 30, 2009)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
For fiscal year ending June 30, 2009	3,500	3.0	160	-	80	-	5	-	116.71

3. Others

(1) Change in scope of consolidated subsidiaries: One

(Addition: Bio Contents Fund LLP)

(2) Application of convenient accounting procedure and particular accounting procedure for quarterly financial statements: Yes

(3) Changes in accounting procedures relating to consolidated financial statements:

a) Changes according to accounting regulations: Yes

b) Other than a): Yes

(3) Number of outstanding stocks (common stocks)

a) Number of outstanding stocks as of March 31, 2009 (including treasury stock)

42,840 (42, 840 as of June, 2008)

b) Number of treasury stocks as of March 31, 2009

None (none as of as of June, 2008)

c) Average number of stocks during the nine months ending March 31, 2009

42,840 (42,840 during the nine months ending March 31, 2008)

* 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

I. Analysis of operating results

1. Operating results

In the first nine months of FY2009 ended March 31, 2009, net sales increased 22.0% compared to the same period of previous year to 2,848 million yen due to the full scale shipment of DNA extractors for major OEM clients, ROCHE Group and QIAGEN Group. As a result, gross profit improved 13.9% to 1,121 million yen.

In the same period, the selling, general and administrative expenses reduced by 22.4% to 913 million yen as a result of cost reduction efforts which were implemented last fiscal year. Therefore, operating income recorded 208 million yen compared to the 192 million yen operating loss in the same period of previous year.

There was foreign exchange loss of 41 million yen as non-operating loss due to extensive appreciation of yen against Euro and US dollar, while there was 33 million yen extraordinary loss due to that part of fund management commission by PSS Capital was refund as the fund was halved in scale from two billion yen to one billion yen. As a result, the ordinary income for the nine months recorded 174 million yen (299 million yen loss in same period of previous year) and net income became 101 million yen (427 million yen loss in same period of previous year)

Net sales according to customer are as follows: (Unit: Million yen)

	Nine months ended March 31, 2008		Nine months ended March 31, 2009		Year on year increase	FY2008 ended June 30, 2008	
	amount	ratio	amount	ratio	%	amount	ratio
ROCHE Group	963	41.3	1,110	39.0	15.2	1,324	39.0
QIAGEN Group	528	22.6	993	34.9	88.0	910	26.8
Mitsubishi Kagaku Medience Group	378	16.2	154	5.4	(59.1)	402	11.8
Others	464	19.9	589	20.7	27.0	760	22.4
Total	2,335	100.0	2,848	100.0	22.0	3,397	100.0

The shipment of upgrade models of DNA extractors to ROCHE Group and QIAGEN Group contributed to large sales increase for the period. Although the sales to Mitsubishi Kagaku Medience, Inc. recovered in the second quarter, overall sales to the group were still slow.

For the sales to other customers, there was increase due to the steady shipment to OEM partners in the US.

Information by business segments is as follows:

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

	Nine months ended March 31, 2008		Nine months ended March 31, 2009		Year on year increase %	FY2008 ended June 30, 2008	
	amount	ratio	amount	ratio		amount	ratio
	DNA auto extractors	977	41.9	1,693	59.5	73.2	1,524
Other laboratory equipment	98	4.2	78	2.8	(19.9)	191	5.7
Other products	355	15.2	397	13.9	11.8	510	15.0
Merchandise (plastic consumables)	884	37.9	666	23.4	(24.7)	1,145	33.7
Other operating revenue	18	0.8	12	0.4	(32.9)	25	0.7
Total	2,335	100.0	2,848	100.0	22.0	3,397	100.0

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 Kagaku Iodine, Inc. and Purelumn, an auto protein purification system.

During the nine months ended March 31, 2009, the sales on this category increased 73.2 % to 1,693 million yen thanks to brisk sales of new models to ROCHE Group and QIAGEN Group.

Quarterly sales of automated systems are shown in below charts.

(Unit: Thousand yen)

	Fiscal year ended June 30, 2008			
	First quarter	Second quarter	Third quarter	Fourth quarter
Units sold	113	220	209	216
Amount	210,315	383,145	384,498	546,934
Unit price	1,861	1,741	1,839	2,532

	Fiscal year ended June 30, 2009			
	First quarter	Second quarter	Third quarter	Fourth quarter
Units sold	238	241	243	
Amount	623,139	493,987	576,349	
Unit price	2,618	2,049	2,371	

b) Other laboratory equipment

This category consists of automated instruments used in institutions such as research facilities, as well as developmental projects commissioned by governmental ministries, agencies and affiliated organizations.

During the nine months ended March 31, 2009, the sales of this category decreased 19.9% year on year to 78 million yen as system sales to clinical test centers became weak. The sales in this category tend to be significantly impacted by the number of orders received for specially ordered 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 nine months ended March 31, 2009, the sales in this category amounted to 397 million yen (11.8% increase 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 nine months ended March 31, 2009, sales in this category decreased 24.7 % to 666 million yen. The sales derived from plastic consumables 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. For the nine month period; however, the sales were negatively affected by termination of some shipment to ROCHE Group.

e) Other operating revenue

The net sales of 12 million yen (32.9% decrease compared to the previous year) were recorded as PSS Capital Co., Ltd. received management fee from Bio-Contents Fund LLP.

Information by area segment:**(1) Japan**

For the nine months ended March 31, 2009, the sales in Japan increased 31.9% compared to the same period of previous year to 2,362 million yen. While the sales to Germany expanded in a great degree as shipments to ROCHE Group and Qiagen Group were brisk, the sales to non-PSS group decreased 39.8% to 417 million yen due to slow shipment to Mitsubishi Kagaku Medience Group as well as termination of a supply contract on plastic consumables with ROCHE Group.

While net sales largely extended, operating expenses were contained to 2,108 million yen (14.1% compared to the same period of previous year); as a result, operating income recoded 253 million yen (58 million yen loss in the same period of previous year).

(2) USA

The sales in the United States for the period increased 85.5% to 301 million yen as shipments to new OEM partners, Life Technologies (Previously, Invitrogen), Beckman Coulter and NanoString expanded. As operating expenses were contained to 336 million yen (27.2% increase compared to the same period of previous year), operating loss narrowed to 35 million yen (102 million yen loss in the same period of previous year)

(3) Germany

The sales in Germany for the period increased 43.8% to 2,137 million yen as shipments to of new models to ROCHE Group and QIAGEN Group largely expanded. With operating expenses of 2,008 million yen (42.6% increase), operating income for the nine months increased 65.4% to 128 million yen.

II. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

As of March 31, 2009, total assets decreased 117 million yen compared with the amount as of June 30, 2008 to 4,107 million yen. Current assets increased 22 million yen as cash/deposit increased 12 million yen, bills receivable and accounts receivable increased 67 million yen and other current assets increased 25 million yen, while inventories decreased 81 million yen. Due to depreciation, etc., tangible fixed assets decreased 99 million yen and intangible fixed assets decreased 6 million yen. Furthermore, as PSS added new consolidation subsidiaries, investment securities reduced; as a result, investment and other assets reduced 34 million yen. Total fixed assets decreased 140 million yen.

(b) Liabilities

As of March 31, 2009, total liabilities decreased 274 million yen compared with the amount as of June 30, 2008 to 1,526 million yen. Accounts payable decreased 122 million yen and other current liabilities decreased 84 million yen, while the long-term liabilities with due date within one year increased 18 million yen. As a result, total current liabilities reduced 172 million yen. As long-term liabilities decreased 107 million yen, fixed liabilities decreased 101 million yen.

(c) Net Assets

As a result, net assets as of March 31, 2009, increased 157 million yen compared with the amount as of June 30, 2008 to 2,580 million yen. As net income was recognized, retained earnings increased 100 million yen, while minority interests increased 166 million yen due to addition of consolidated subsidiaries. Foreign currency transaction adjustments reduced 109 million yen.

(2) Cash flows

As of March 31, 2009, cash and cash equivalents increased 365 million yen (compared with 1,459 million yen as of June 30, 2008) to 1,825 million yen. There was increase of 309 million yen from following cash flows from (a) to (c), increase of 145 million yen from change in consolidated subsidiary and decrease of 89 million yen in transaction difference related to capital.

(a)Cash flows from operating activities

Net income before tax adjustment for the nine months was 139 million yen, depreciation of 123 million yen, refund of fund management fee (33 million yen) and decrease of inventory (83 million yen), while there was increase of accounts receivables (163 million yen) and payment of corporate tax (33 million yen), etc. As a result, cash flows from operating activities increased 137 million yen (increase of 55 million yen in the same period in previous year)

(b)Cash flows from investing activities

There was net-increase of 349 million yen in time deposit, while there was decrease of purchase of tangible fixed asset (28 million yen) and purchase of stocks of related companies (63 million yen). As a result, cash flows from investing activities increased 260 million yen (decrease of 84 million yen in the same period in previous year)

(c)Cash flows from financing activities

Cash flows from financing activities decreased 89 million yen due to 239 million yen repayment in long term debt (decrease of 367 million yen in the same period in previous year)

III. Qualitative information on consolidated business forecast:

(Consolidated business forecast)

	Net sales	Operating income	Ordinary profit	Net income
(Million yen)				
Current FY	3,500	160	80	5
Previous FY	3,397	(141)	(248)	(400)

The forecast is based on the new foreign exchange rate (90 yen per dollar and 115 yen per Euro)

PSS Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of March 31, 2009	As of June 30, 2008
(Assets)		
Current assets		
Cash and cash equivalents	1,975,164	1,962,608
Notes and account receivables	664,587	597,251
Inventories	440,052	489,118
Goods in process	27,675	61,759
Materials, stored goods	4,195	2,827
Others	117,810	92,112
Allowance for doubtful accounts	(4,289)	(3,481)
Total current assets	3,225,195	3,202,196
Fixed Assets		
Property, plant and equipment	833,865	933,196
Intangible fixed assets	7,709	13,851
Investment & other assets	40,665	75,344
Total fixed assets	882,240	1,022,391
Total assets	4,107,435	4,224,588
(Liabilities)		
Current liabilities		
Account payables	218,456	341,052
Long-term debt due within one year	326,228	308,011
Accrued taxes including corporate taxes	31,288	23,831
Allowance for bonuses	31,574	22,762
Others	85,806	170,481
Total current liabilities	693,354	866,139
Long-term liabilities		
Bond	550,000	550,000
Long-term debt	276,194	383,580
Others	6,022	1,278
Total long-term liabilities	833,082	934,858
Total liabilities	1,526,436	1,800,997

	As of March 31, 2009	As of June 30, 2008
(Net assets)		
Shareholders' equity		
Common stock	2,041,778	2,041,778
Capital surplus	2,508,354	2,508,354
Retained earnings	(2,110,066)	(2,210,810)
Total shareholders' equity	2,440,066	2,339,321
Valuation/ translation adjustments		
Deferred gain/loss on hedges	(20)	57
Foreign currency translation adjustments	(25,735)	84,210
Total of valuation/ translation adjustments	(25,755)	84,268
Minority interests in consolidated subsidiaries	166,688	---
Total net assets	2,580,999	2,423,590
Total liabilities and net assets	4,107,435	4,224,588

(2) Consolidated Income Statements

(Thousand yen)

For nine months ended
March 31, 2009

Net Sales	2,848,468
Cost of sales	1,726,629
Gross Profit	1,121,839
Selling, general and administrative expenses	913,607
Operating Income	208,231
Non-operating income	
Interest income	7,942
Gain in equity method investment	8,770
Others	5,076
Total non-operating income	21,789
Non-operating expenses	
Interest expense	13,504
Foreign exchange loss	41,223
Others	648
Total non-operating expenses	55,377
Ordinary income	174,643
Extraordinary gain	
Gain on sale of property, plant and equipment	632
Total extraordinary gain	632
Extraordinary loss	
Loss on sale of property, plant and equipment	1,206
Loss on disposal of property, plant and equipment	625
Refund of fund management fee	33,869
Total extraordinary loss	35,701
Income before taxes	139,573
Income tax, local tax	43,840
Adjustments to corporate tax	146
Total of taxes	43,987
Loss in minority interest	(5,843)
Net income	101,430

(3) Consolidated Statements of Cash flows

(Thousand yen)

For nine months ended
March 31, 2009

Cash flows from operating activities

Net income before taxes and other adjustments	139,573
Depreciation	123,677
Amortization of goodwill	(669)
Increase (decrease) in allowance for doubtful accounts	13,473
Interest and dividend income	(7,942)
Interest expense	13,504
Loss on equity method investment	(8,770)
Loss (gain) on sale of property, plant and equipment	574
Loss on disposal of property, plant and equipment	625
Refund of fund management fee	33,869
Decrease (increase) in notes and accounts receivable	(163,073)
Decrease (increase) in inventories	83,769
Increase (decrease) in notes and accounts payable	(6,752)
Others	(44,367)
Sub-total	177,493
Interest and dividends received	8,296
Interest paid	(15,149)
Taxes paid	(33,031)
Net cash provided by operating activities	137,610

Cash flows from investing activities

Decrease (increase) in term deposits	349,605
Purchases of property, plant and equipment	(28,792)
Proceeds from sale of property, plant and equipment	5,294
Purchases of intangible assets	(1,592)
Purchases of securities of related companies	(63,530)
Net cash provided by investing activities	260,984

Cash flows from financing activities

Increase by borrowing of long-term debt	150,000
Repayment of long-term debt	(239,169)
Net cash provided by financing activities	(89,169)
Effects of exchange rate changes on cash and cash equivalents	(89,289)
Net increase in cash and cash equivalents	220,135
Cash and cash equivalents at beginning	1,459,398
Increase (decrease) of cash and cash equivalents due to change in scope of consolidation	145,630
Cash and cash equivalents at the end	1,825,164