

SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS

For First Quarter of FY 2010 (from July 1, 2009 to June 30, 2010)

November 11, 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 three months of fiscal year 2010

(From July 1, 2009 to September 30, 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	%
Three months ended September 30, 2009	1,160	12.7	166	16.8	143	16.2
Three months ended September 30, 2008	1,030	-	142	-	123	-

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Three months ended September 30, 2009	129	19.4	3,021.41	-
Three months ended September 30, 2008	108	-	2,530.23	-

(2) Consolidated financial condition

	Total assets	Net Assets	Equity ratio	Net Assets per share of common stock
	Million yen	Million yen	%	Yen
As of September 30, 2009	4,321	2,662	58.1	58,634.61
As of September 30, 2008	4,123	2,559	58.2	56,031.83

2. Dividend

	Dividend per share				
	1 st quarter	2 nd quarter	3 rd quarter	FY end	Total
	Yen	Yen	Yen	Yen	
FY 24 ended June 30, 2008	-	0.00	-	0.00	0.00
FY 25 ending June 30, 2009	-				
Forecast for FY25		0.00	-	1,000.00	1,000.00

3. Forecasts for fiscal year ending June 30, 2010 (from July 1, 2009 to June 30, 2010)

	Sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
For 6 months ending December 31, 2009	2,500	33.3	330	117.9	300	258.8	250	975.8	5,835.67
For fiscal year ending June 30, 2010	4,600	21.0	100	82.1	430	98.2	350	375.5	8,169.93

4. Others

- (1) **Change in scope of consolidated subsidiaries: None**
- (2) **Application of simplified accounting procedures to quarterly consolidated financial statements: None**
- (3) **Changes in accounting principles and/or procedures relating to quarterly consolidated financial statements:**
 - a) **Changes according to accounting standards: None**
 - b) **Other than a): None**
- (3) **Number of outstanding stocks (common stocks)**
 - a) **Number of outstanding stocks as of September 30, 2009 (including treasury stock)**
42,840 (42,840 as of September 30, 2008)
 - b) **Number of treasury stocks as of September 30, 2009**
None (none as of September 30, 2008)
 - c) **Average number of stocks during the three months ending September 30, 2009**
42,840 (42,840 during the three months ending September 30, 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

1. Analysis of operating results

In the first quarter of FY2010 ended September 30, 2009, net sales increased 12.7% compared to the same period of previous year to 1,160 million yen, while gross profit increased 4.3% to 485 million yen due to the expansion of use of genome analysis in the areas, such as, virus detection for swine influenza and forensics. Because of large dependence on export to Europe, Yen to Euro foreign exchange rate greatly affects PSS business performance. In the first quarter of FY2010, the Yen rate appreciated considerably from the level in the previous year. PSS was able to overcome the Yen appreciation and increase net sales and gross profit, while gross margin slightly lowered.

On the hand, selling, general and administrative expenses recorded 318 million yen (1.2% down compared to the same period of previous year) As a result, operating income recorded 166 million yen (16.8% increase yoy) , while ordinary income for the three month improved to 143 million yen (16.2% increase yoy) and net income for the three month became 129 million yen (19.4%increase yoy)

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

	Three months ended Sep. 30, 2008		Three months ended Sep. 30, 2009		Year on year increase	FY2008 ended June 30, 2008	
	amount	ratio	amount	ratio	%	amount	ratio
Roche Group	404	39.2	567	48.9	40.5	1,582	41.6
QIAGEN Group	432	42.0	358	30.9	(17.1)	1,276	33.6
Other OEMs	103	10.1	137	11.9	32.9	564	14.8
PSS brand	89	8.7	96	8.3	7.4	379	10.0
Total	1,030	100.0	1,160	100.0	12.7	3,802	100.0

The shipment of DNA extractors to Roche Group greatly increased for the period, as demand for genomic analysis regarding swine influenza expanded.

Due to the same reason, the shipment of latest models to QIAGEN Group expanded. However, as sales of old models, which contributed to the sales in the previous year, disappeared, as well as sales of spare parts and plastic consumables were weak, overall sales to QIAGEN Group declined compared to the same period of previous year. The shipment of instruments is strong and sales decline of spare parts and plastic consumables are considered temporary phenomenon of inventory adjustment

Although the expanding use of genome analysis is recognized, the part of DNA extractor sales might be transitory due to pandemic of swine flu and there is no guarantee that the trend continues.

The sales to other OEM customers increased as shipment to Life Technologies was active.

The sales of PSS brand products slightly increased as the large instrument was shipped to ARUP Laboratories of USA.

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

	Three months ended Sep. 30, 2008		Three months ended Sep. 30, 2009		Year on year increase	FY2009 ended June 30, 2009	
	amount	ratio	amount	ratio	%	amount	ratio
DNA auto extractors	623	60.5	691	59.6	11.0	2,184	57.4
Other laboratory equipment	3	0.3	11	1.0	255.3	102	2.7
Other products	161	15.6	124	10.8	(22.5)	523	13.8
Merchandise (plastic consumables)	236	23.0	332	28.6	40.7	976	25.7
Other revenue	6	0.6	---	---	---	15	0.4
Total	1,030	100.0	1,160	100.0	12.7	3,802	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, auto protein purification system.

During the three months ended September 30, 2009, the sales on this category increased 11.0 % to 691 million yen thanks to brisk sales to Roche Group.

Quarterly sales of automated systems are shown in below charts.

(Unit: Thousand yen)

	Fiscal year ended June 30, 2009				Current quarter
	First quarter	Second quarter	Third quarter	Fourth quarter	First quarter
Units sold	238	241	243	215	298
Amount	623,139	493,987	576,349	491,039	691,500
Unit price	2,618	2,049	2,371	2,283	2,320

b) 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 three months period ended September 30, 2009, the sales of this category increased 255.3% year on year to 11 million yen. 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 three months period ended September 30, 2009, sales in this category amounted to 124 million yen (22.5% decrease compared to the previous year). Although the deal with Genetein Co., Ltd. was recognized as sales in the previous year, it was not recognized in the current period due to the fact that Genetein became a consolidated subsidiary of PSS and the deal was regarded as internal transaction. Therefore, the sales declined compared to previous period. 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 three months period ended September 30, 2009, sales in this category increased 40.7% to 332 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.

e) Other revenue

In the same period in the previous year, there was revenue of fund management from Capital from Bio-Contents Fund LLP to PSS Capital. As Bio-Contents Fund LLP became a consolidated subsidiary, there was no revenue in the current period.

Information by area segments is as follows:

(1) Japan

For the three months period, the sales in Japan increased 7.3% compared to the same period of previous year to 916 million yen, of which sales to non-PSS group decreased 21.5% to 89 million yen. The sales to Roche Group and US OEMs were brisk, while domestic sales were weak.

As the operating expenses increased to 764 million yen (11.3% increase), the operating income recoded 151 million yen (9.0% decrease compared to the same period of previous year). Due to the appreciation of Yen, the gross margin lowered.

(2) USA

The sales in the United States for the period increased 61.8% to 127 million yen as shipments to OEM partners expanded and succeeded in direct sales to ARUP Laboratories. Operating expenses increased 35.6% and operating loss narrowed to 4 million yen (18 million yen loss in the same period of previous year)

(3) Germany

The sales in Germany for the period increased 12.6% to 946 million yen as shipments to Roche Group expanded. With operating expenses of 885 million yen (10.6% increase), operating income for the three months period increased 53.4% to 60 million yen.

2. Analysis of Financial Conditions:

(1) Assets, Liabilities and Net Assets

(a) Assets

As of September 30, 2009, total assets increased 198 million yen compared with the amount as of June 30, 2009 to 4,321 million yen. Current assets increased 35 million yen as bills receivable and accounts receivable increased 193 million yen and inventory increased 17 million yen, while cash and deposit decreased 127 million yen and other current assets decreased 46 million yen.

Investment securities increased 184 million yen as the investment to NPS and investment by Contents Fund LLP were made, while tangible fixed assets decreased 20 million yen due to depreciation. As a result, Fixed assets increased 162 million yen.

(b) Liabilities

As of September 30, 2009, total liabilities increased 95 million yen to 1,659 million yen compared to 1,564 million yen at fiscal year end of June 30, 2009.

As accounts payable increased 45 million yen, bond payable within 1 year increased 250 million yen, unpaid corporate tax, etc. increased 27 million yen, bonus allowance increased 11 million yen, current liabilities increased 337 million yen.

Long-term liabilities increased 24 million yen, while bond decreased 250 million yen, deferred tax liabilities decreased 16 million yen. As a result, fixed liabilities decreased 242 million yen.

(c) Net Assets

As of June 30, 2009, total net assets were 2,662, which increased 107 million yen from 2,559 million yen as of June 30, 2009.

Approved at annual shareholders' meeting, accumulated loss was offset by capital surplus; furthermore, there is net income for current quarter period. As a result, retained earnings increased 2,561 million yen and capital

surplus decreased 2,431 million yen; the total shareholders' equity increased 129 million yen. Foreign currency translation adjustments decreased 17 million yen, while minority interests decreased 8 million yen.

(2) Cash flows

During the fiscal year from July 1, 2009 to September 30, 2009, cash and cash equivalents decreased 177 million yen to 1,775 million yen as of September 30, 2009.

Cash flows from operating activities increased 74 million yen. Net income before tax adjustment for the period was 148 million yen and there were depreciation (25 million yen), increase of allowance (17million yen), increase of account payable (63 million yen), while there was increase of account receivable (207 million yen) and increase of inventory (18 million yen).

Cash flows from investing activities decreased 245 million yen. There was decrease due to term deposit (50 million yen), payment for purchase of tangible fixed assets (11 million yen), payment for purchase of investment securities (investment to NPS and investment by Bio-contents Fund) of 184 million yen.

Cash flows from financing activities increased 17 million yen. There was increase of long term borrowing (100 million yen) , decrease of repayment of long term debt (82 million yen)

3. Qualitative information on consolidated business forecast:

(1)Revision of business forecast for the six months period ending December 31, 2009:

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Forecast on August 11, 2009 (A)	1,900	140	130	100	2,334.27
Revised forecast on Nov.11,2009 (B)	2,500	330	300	250	5,835.67
Difference (B) - (A)	600	190	170	150	
Difference in %	31.6%	135.7%	130.8%	150.0%	
Six months period ended December 31, 2008	1,875	151	83	23	542.46

The demand for genomic analysis has become higher due to worldwide pandemic of swine influenza. Responding to the market needs, the shipment of PSS-made DNA extractors through OEM partners has expanded more than original estimation. Furthermore, forensics use of genomic analysis is diffused in Japanese Police Agency and PSS is to supply the instruments to meet the demand. Therefore, we revised original forecast upward for the six months period ending December 31, 2009.

(2)Revision of business forecast for the fiscal year ending June 30, 2009:

	Net sales	Operating income	Ordinary income	Net income	Net income per share (yen)
Forecast on August 11, 2009 (A)	4,000	280	260	200	4,668.53
Revised forecast on Nov.11,2009 (B)	4,600	470	430	350	8,169.93
Difference (B) - (A)	600	190	170	150	
Difference in %	15.0%	67.9%	65.4%	75.0%	
Six months period ended December 31, 2008	3,802	258	212	73	1,718.01

According to revision of the first six months forecast, the forecast for fiscal year ending June 30, 2009 was revised.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousand yen)

	As of September 30, 2009	As of June 30, 2009
(Assets)		
Current assets		
Cash and cash equivalents	1,975,190	2,102,556
Notes and accounts receivable	621,859	428,695
Inventories	614,017	608,241
Goods in process	19,004	8,985
Materials, stored goods	11,917	9,952
Others	69,101	115,458
Allowance for doubtful accounts	(4,387)	(2,330)
Total current assets	3,306,702	3,271,560
Fixed Assets		
Property, plant and equipment	784,714	805,340
Intangible assets	5,434	6,026
Investment & other assets	224,429	40,274
Total fixed assets	1,014,578	851,641
Total assets	4,321,281	4,123,202
(Liabilities)		
Current liabilities		
Accounts payable	290,918	245,662
Long-term debt due within one year	309,656	316,856
	250,000	---
Accrued taxes including corporate taxes	65,491	37,674
Allowance for bonuses	31,194	19,289
Allowance for executive salaries	3,500	---
Others	1,261,197	119,668
Total current liabilities	1,076,958	739,150
Long-term liabilities		
Bond	300,000	550,000
Long-term debt	225,966	201,480
Deferred tax liabilities	51,092	67,406
Negative goodwill	4,683	5,352
Others	549	744
Total long-term liabilities	582,292	824,983
Total liabilities	1,659,250	1,564,134

(Net assets)	As of September 30, 2009	As of June 30, 2009
Shareholders' equity		
Common stock	2,041,778	2,041,778
Capital surplus	76,583	2,508,354
Retained earnings	423,311	(2,137,896)
Total shareholders' equity	2,541,673	2,412,235
Valuation/ translation adjustments		
Deferred gain/loss on hedges	(18)	(18)
Foreign currency translation adjustments	(29,748)	(11,814)
Total of valuation/ translation adjustments	(29,766)	(11,832)
Minority interest	150,124	158,664
Total net assets	2,662,030	2,559,067
Total liabilities and net assets	4,321,281	4,123,202

(2) Consolidated Income Statements

(Thousand yen)

	For three months ended September 30, 2008	For three months ended September 30, 2009
Net Sales	1,030,094	1,160,695
Cost of sales	564,808	675,377
Gross Profit	465,285	485,318
Selling, general and administrative expenses	322,479	318,555
Operating Income	142,805	166,763
Non-operating income		
Interest income	1,862	991
Commission revenue	985	---
Negative Goodwill	---	803
Governmental Subsidy	---	780
Others	944	1,027
Total non-operating income	3,792	3,601
Non-operating expenses		
Interest expense	4,739	4,331
Foreign exchange loss	13,715	21,952
Loss on equity method investment	4,060	---
Others	164	114
Total non-operating expenses	22,679	26,397
Ordinary income	123,918	143,967
Extraordinary gain		
Gain on sale of property, plant and equipment	748	4,226
Total extraordinary gain	748	4,226
Extraordinary loss		
Loss on sale of property, plant and equipment	104	---
Total extraordinary loss	104	---
Income before taxes	124,562	148,194
Income tax, local tax	16,090	43,571
Adjustments to corporate tax	77	(16,274)
Total of taxes	16,167	27,296
Minority interests	---	(8,539)
Net income for the three months	108,394	(129,437)

(3) Consolidated Statements of Cash flow

(Thousand yen)

	For three months ended September 30, 2008	For three months ended September 30, 2009
Cash flow from operating activities		
Net income before taxes and other adjustments	124,562	148,194
Depreciation	40,179	25,832
Negative goodwill	---	(669)
Increase (decrease) in allowance for doubtful accounts	5,182	17,858
Interest and dividend income	(1,862)	(991)
Interest expense	4,739	4,331
Loss on equity method investment	4,060	---
Gain on sale of property, plant and equipment	(748)	(4,226)
Loss (gain) on disposal of property, plant and equipment	104	---
Decrease (increase) in notes and account receivables	(104,025)	(207,356)
Decrease (increase) in inventories	(1,326)	(18,871)
Increase (decrease) in notes and account payables	(164,453)	63,680
Others	(12,181)	61,988
Sub-total	(105,770)	89,768
Interest and dividends received	2,161	1,064
Interest paid	(6,257)	(6,100)
Taxes paid	(12,980)	(9,893)
Net cash flow provided by operating activities	(122,846)	74,839
Cash flow from investing activities		
Decrease (increase) in term deposits	253,835	(50,080)
Purchases of property, plant and equipment	(10,392)	(11,072)
Proceeds from sale of property, plant and equipment	1,506	435
Purchases of intangible assets	(1,360)	---
Purchases of securities for investing	---	(184,571)
Net cash flow provided by investing activities	243,588	(245,290)
Cash flow from financing activities		
Borrowing of long-term debt	---	100,000
Repayment of long-term debt	(89,923)	(82,714)
Net cash provided by financing activities	(89,923)	17,286
Effects of exchange rates on cash and cash equivalents	(32,853)	(24,282)
Net increase in cash and cash equivalents	(2,033)	(177,446)
Cash and cash equivalents at beginning	1,459,398	1,952,556
Cash and cash equivalents at the end	1,457,365	1,775,109