

**BUSINESS RESULTS FOR THE THIRD QUARTER
ENDED MARCH 31, 2005 (Non-consolidated)**

May 13, 2005

Listed Company Name: Precision System Science Co., Ltd.
 Stock Exchange Listing: Osaka Securities Exchange Hercules Market
 Code Number: 7707
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1. Bases of the preparation of consolidated quarterly financial results

Change of the matters relating to accounting standards: No

2. Business results for the third quarter ended March 2005

(From July 1, 2004 to March 31, 2005)

(1) Business results (Non-consolidated)

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

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
3 rd quarter of FY2005	1,879	44.2	(55)	—	(64)	—
3 rd quarter of FY2004	1,303	(21.2)	(150)	—	(204)	—
Fiscal year ended June 2004	2,281	—	(55)	—	(117)	—

	Net income		Net income per share	Net income per share
	Million yen	%	yen	adjusted for full dilution
3 rd quarter of FY2005	(77)	—	(1,879.64)	—
3 rd quarter of FY2004	(206)	—	(5,236.47)	—
Fiscal year ended June 2004	(410)	—	(10,305.27)	—

(Notes)

1. Average number of shares outstanding
 3rd quarter of FY2005: 41,468 shares
 3rd quarter of FY2004: 39,352 shares
 Fiscal year ended June 2004: 39,877 shares
2. Changes in accounting policies: None
3. The percentage indications under Sales, Operating income, Operating income, Ordinary income and Net income, represent year-over-year basis changes.
4. Because negative operating income and ordinary income were recorded for the third quarter ended March 2005 and the third quarter ended March 2004, year-on-year changes are not shown for these categories.
5. Net income per share on a fully diluted basis for the third quarter ended March 2005 and the third quarter ended March 2004 is not shown, because net loss was incurred in these periods. It should be noted however, that new share subscription rights remained outstanding.
6. The numbers given for the current 3rd quarter under review and for the 3rd quarter in the previous fiscal year are not audited

(2) Financial position (Non-consolidated)

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share of common stock
	Million yen	Million yen	%	yen
3 rd quarter of FY2005	4,622	2,959	64.0	71,379.00
3 rd quarter of FY2004	4,752	3,239	68.2	78,167.45
Fiscal year ended June 2004	4,846	3,029	62.5	73,049.36

(Notes) Number of shares outstanding at end of the term

- 3rd quarter of FY2005: 41,468 shares
 3rd quarter of FY2004: 41,448 shares
 Fiscal year ended June 2004: 41,468 shares

3. Forecasts for fiscal year ending June 2005 (from July 1, 2004 to June 30, 2005)

(Non-consolidated)

	Sales	Operating income	Ordinary income	Net income f	Net income per share
Full year	Million yen 2,570	Million yen (80)	Million yen (95)	Million yen (110)	Million yen —

* 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.

Category	The previous 3 rd quarter of FY2004 (As of March 31, 2004)		The current 3 rd quarter of FY2005 (As of March 31, 2005)		Condensed balance sheet as of the end of the previous fiscal year (As of June 30, 2004)	
	Amount (Thousand yen)	Percentage of total (%)	Amount (Thousand yen)	Percent age of total (%)	Amount (Thousand yen)	Percentage of total (%)
Total investments and other assets	575,143	12.1	325,383	7.0	278,872	5.8
Total fixed assets	1,510,638	31.8	1,296,105	28.0	1,312,642	27.1
Total assets	4,752,630	100.0	4,622,945	100.0	4,846,005	100.0
(Liabilities)						
I Current liabilities						
1. Accounts payable	228,202		394,679		428,424	
2. Short-term borrowings	100,000		100,000		100,000	
3. Long-term debt due within one year	445,737		391,608		490,939	
4. Accrued liability	85,338		50,150		112,428	
5. Accrued expense	14,192		17,032		6,954	
6. Accrued taxes including corporate taxes	1,717		9,727		2,290	
7. Deposit	2,960		3,150		7,269	
8. Allowance for bonuses	12,994		17,061		3,962	
9. Others	336		311		331	
Total current liabilities	891,478	18.8	983,719	21.3	1,152,600	23.8
II Long-term liabilities						
1. Long-term borrowings	621,267		678,939		664,193	
2. Deferred tax liability	–		342		–	
Total long-term liabilities	621,267	13.1	679,281	14.7	664,193	13.7
Total liabilities	1,512,746	31.8	1,663,001	36.0	1,816,794	37.5
(Shareholders' equity)						
I Common stock						
	2,024,728	42.6	2,024,978	43.8	2,024,978	41.8
II Additional paid-in capital						
1. Capital reserve	2,491,012		2,491,267		2,491,267	
Total additional paid-in capital	2,491,012	52.4	2,491,267	53.9	2,491,267	51.4
III Retained earnings						
1. Unappropriated deficit for the current year	1,273,979		1,556,805		1,478,860	
Total retained earnings	(1,273,979)	(26.8)	(1,556,805)	(33.7)	(1,478,860)	(30.5)
IV Other unrealized holding gains/losses on marketable securities						
	(1,877)	(0.0)	504	0.0	(8,173)	(0.2)
Total shareholders' equity	3,239,884	68.2	2,959,944	64.0	3,029,211	62.5
Total liabilities and shareholders' equity	4,752,630	100.0	4,622,945	100.0	4,846,005	100.0

2. Statement of income for the third quarter of FY 2005 (Non-consolidated)

Category	The previous 3 rd quarter of FY2004 (From July 1, 2003 to March 31, 2004)		Percentage (%)	The current 3 rd quarter of FY2005 (From July 1, 200 to March 31, 2005)		Percentage (%)	Condensed statement of income for the previous fiscal year (From July 1, 2003 to June 30, 2004)		Percentage (%)
	Amount (Thousand yen)			Amount (Thousand yen)			Amount (Thousand yen)		
I Net sales									
1. Sales of products	1,038,634			1,494,119			1,931,297		
2. Sales of merchandises	264,677			285,583			349,850		
3. Other operating income	–	1,303,312	100.0	100,000	1,879,703	100.0	–	2,281,148	100.0
II Cost of sales									
1. Costs of sales of products									
(1) Inventory at beginning of the year	220,024			291,596			220,024		
(2) Cost of products manufactures	863,574			1,106,164			1,376,856		
Total	1,083,599			1,397,760			1,596,881		
(3) Transfer of other accounts	4,647			18,679			78,230		
(4) Inventory at end of the year	446,754			520,443			291,596		
Costs of sales of product	632,197			858,637			1,227,054		
2. Costs of sales of merchandise									
(1) Inventory at beginning of the year	29,656			37,380			29,656		
(2) Amount of purchase	174,151			181,656			237,599		
Total	203,808			219,036			267,256		
(3) Transfer of other account	–			–			6,192		
(4) Inventory at end of the year	22,241			33,261			37,380		
Costs of sales of merchandise	181,566			185,774			223,684		
3. Costs of Other operating income	–	813,764	62.4	66,666	1,111,078	59.1	–	1,450,738	63.6
Gross profit on sales		489,548	37.6		768,624	40.9		830,409	36.4
III Selling, general and administrative expenses									
1. Advertising	18,331			20,041			25,497		
2. Packing & shipping	35,434			38,103			53,762		
3. Transfer to allowance for doubtful accounts	30			397			71		
4. Compensation to directors	71,568			76,157			96,201		
5. Salaries & allowance	82,995			109,076			113,202		
6. Bonus	–			9,525			15,425		
7. Transfer to bonus reserve	11,252			7,376			1,539		
8. Statutory welfare	16,319			19,223			21,191		
9. Rents	5,205			4,434			6,648		
10. Depreciation	25,479			47,107			34,964		
11. Travel	19,966			28,299			25,072		
12. Communication	4,509			5,092			5,955		
13. Commission	64,600			77,094			117,376		
14. Development costs	209,729			282,067			269,392		
15. Others	74,287	639,710	49.1	100,235	824,233	43.8	99,743	886,046	38.8
Operating loss		150,161	(11.5)		55,608	(3.0)		55,636	(2.4)

Category	The previous 3 rd quarter of FY2004 (From July 1, 2003 to March 31, 2004)		The current 3 rd quarter of FY2005 (From July 1, 2004 to March 31, 2005)		Condensed statement of income for the previous fiscal year (From July 1, 2003 to June 30, 2004)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
IV Non-operating income						
1. Interest income	155		174		200	
2. Dividend income	23		17		26	
3. Exchange gains	-		10,886		-	
4. Other revenue	418	597	407	11,486	517	745
						0.0
V Non-operating expenses						
1. Interest expenses	23,555		19,823		30,619	
2. Exchange losses	9,784		-		10,381	
3. New stock issue expenses	20,438		-		20,652	
4. Others	697	54,476	262	20,085	805	62,459
						2.7
Ordinary loss		204,038		64,207		117,350
						(5.1)
VI Extraordinary income						
1. Gain on sale of plant, property, and equipment	-		966		-	
2. Others	1,016	1,016	-	966	-	-
VII Extraordinary loss						
1. Loss on sale of plant, property, and equipment	53		115		53	
2. Loss on retirement of plant, property, and equipment	-		363		-	
3. Unrealized holding losses on marketable securities	-		12,508		-	
4. Unrealized holding losses on stock of affiliates	-	53	-	12,986	291,253	291,306
						12.8
Current net loss before tax adjustments		203,075		76,227		408,657
Corporate, local, and enterprises taxes	1,717		1,717		2,290	
Taxes adjustment	1,272	2,989	-	1,717	-	2,290
						0.1
Current net loss		206,065		77,944		410,947
						(17.9)
Losses brought forward from previous term		1,067,913		1,478,860		1,067,913
Current unappropriated loss		1,273,979		1,556,805		1,478,860