

# June 2005 Term Non-Consolidated Kessan Tanshin Financial Report

August 12, 2005

Listed Company Name: Precision System Science Co., Ltd.

Stock Exchange Listing: Osaka Securities Exchange Hercules Market

Code Number: 7707

Location of headquarters (prefecture): Chiba-ken

(URL <http://www.pss.co.jp>)

Representative: Hideji Tajima, President

Address all enquiries to: Jun Akimoto, Director and Executive Officer, Strategic Planning Department and Sales Department

Telephone: (047) 303-4800

Date of Board of Directors' Meeting for approval of financial results: August 12, 2005

Adoption of interim dividend system: yes

General Annual Shareholder's Meeting: September 17, 2005

Adoption of unit-share system: no

## 1. Non-consolidated results for the fiscal year ended June 30, 2005 (From July 1, 2004 to June 30, 2005)

### (1) Business results

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

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
FY2005 ended June 2005	2,861	25.4	147	-	118	-
FY2004 ended June 2004	2,281	(1.2)	(55)	-	(117)	-

	Net income		Net income per share		Net income per share adjusted for full dilution	
	Million yen	%	yen		yen	
FY2005 ended June 2005	102	-	2,474.10		2,394.36	
FY2004 ended June 2004	(410)	-	(10,305.27)		-	

	Return on equity		Ratio of ordinary income to total assets		Ratio of ordinary income to net sales	
	%		%		%	
FY2005 ended June 2005	3.3		2.5		4.1	
FY2004 ended June 2004	(19.6)		(2.9)		(5.1)	

(Notes)

- Average number of shares outstanding (consolidated)  
FY2005: 41,468 shares, FY2004: 39,877 shares
- Changes in accounting policies: None
- The percentage indications under Sales, Operating income, Ordinary income, and Net income, represent year-on-year changes.
- Net income per share on a fully diluted basis for FY2004 is not shown, because net loss was incurred in FY2004. It should be noted however, that new share subscription rights remained outstanding.

### (2) State of dividends

	Total yearly cash dividends per share of common stock	Interim		End of term	
		Yen		Yen	
FY2005 ended June 2005	_____	_____	_____	_____	_____
FY2004 ended June 2004	_____	_____	_____	_____	_____

	Total amount of yearly cash dividends per share of common stock	Dividend ratio	Ratio of dividends to shareholders' equity
	Million Yen	%	%
FY2005 ended June 2005	_____	_____	_____
FY2004 ended June 2004	_____	_____	_____

### (3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share of common stock
	Million yen	Million yen	%	yen
FY2005 ended June 2005	4,604	3,140	68.2	75,737.14
FY2004 ended June 2004	4,846	3,029	62.5	73,049.36

(Notes)

- Number of shares outstanding at end of the term  
FY2005: 41,468 shares  
FY2004: 41,468 shares
- Number of treasury stock at the end of the term  
FY2005: \_\_\_\_, FY2004: \_\_\_\_

### 2. Forecast for the fiscal year ending June 2006 (from July 1, 2005 to June 30, 2006)

	Sales	Ordinary income	Net income for the current fiscal year	Interim	End of term	Total yearly cash dividends per share
	Million yen	Million yen	Million yen	yen	yen	yen
Interim period ending December 2005	1,370	(40)	(280)	-	-	-
Full year ending June 2006	2,930	10	(230)	-	-	-

(Cf.) Estimated net income per share for the current period under review: (5,546.44) 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 factors.

# 1. Statements including financial statements (Non-consolidated)

## (1) Financial statements

### 1) Balance sheet (Non-consolidated)

Category	Previous fiscal year (As of June 30, 2004)		Current fiscal year (As of June 30, 2005)		
	Amount (Thousand yen)	(%)	Amount (Thousand yen)		(%)
(Assets)					
I Current assets					
1. Cash and deposits		2,200,703		1,730,210	
2. Notes receivable		26,339		5,317	
3. Accounts receivable		789,412		784,129	
4. Merchandise		37,380		19,880	
5. Products		291,596		476,314	
6. Materials		3,754		8,238	
7. products in process		80,589		94,350	
8. Stored goods		14,456		4,587	
9. Advances		1,300		988	
10. Advanced payment		12,973		14,271	
11. Receivable consumption tax return		56,926		78,979	
12. Others		18,113		602	
13. Allowance for bad debt		(182)		(789)	
Total current assets		3,533,362	72.9	3,217,082	69.9
II Fixed assets					
1. Plant, property, and equipment					
(1) Buildings	342,875		360,649		
Accumulated depreciation	72,905	269,970	86,667	273,981	
(2) Machinery and equipment	314,627		310,471		
Accumulated depreciation	189,630	124,997	222,657	87,813	
(3) Transportation vehicles	4,013		5,697		
Accumulated depreciation	3,239	773	3,791	1,906	
(4) Tools, furniture, and fixtures	325,492		478,868		
Accumulated depreciation	152,504	172,988	245,092	233,776	
(5) Land		431,250		431,250	
(6) Construction in progress		4,703		-	
Total plant, property, and equipment		1,004,683	20.7	1,028,727	22.3
2. Intangible fixed assets					
(1) Computer software		6,489		30,449	
(2) Computer software in progress		21,579		-	
(3) Others		1,019		1,019	
Total intangible fixed assets		29,087	0.6	31,468	0.7
3. Investments and other assets					
(1) Investments in securities		23,290		19,948	
(2) Stock of affiliates		147,985		197,985	
(3) Investments		20		10	

Category	Previous fiscal year (As of June 30, 2004)		Current fiscal year (As of June 30, 2005)	
	Amount (Thousand yen)	%	Amount (Thousand yen)	%
(4) Investment in affiliates	107,520		107,520	
(5) Others	55		1,774	
Total investments and other assets	278,872	5.8	327,239	7.1
Total fixed assets	1,312,642	27.1	1,387,434	30.1
Total assets	4,846,005	100.0	4,604,517	100.0
<b>(Liabilities)</b>				
<b>I Current liabilities</b>				
1. Accounts payable	428,424		293,417	
2. Short-term borrowings	100,000		100,000	
3. Long-term debt due within one year	490,939		323,688	
4. Accrued liability	112,428		90,803	
5. Accrued expense	6,954		7,416	
6. Accrued taxes including corporate taxes	2,290		14,290	
7. Deposit	7,269		8,378	
8. Allowance for bonuses	3,962		4,305	
9. Others	331		331	
Total current liabilities	1,152,600	23.8	842,630	18.3
<b>II Long-term (or Fixed) liabilities</b>				
1. Long-term borrowings	664,193		619,034	
2. Deferred tax liability	-		465	
3. Others	-		1,718	
Total long-term liabilities	664,193	13.7	621,219	13.5
Total liabilities	1,816,794	37.5	1,463,849	31.8
<b>(Shareholders' equity)</b>				
<b>I Common stock</b>				
II Capita surplus				
1. Capital reserve	2,491,267		2,491,267	
Total capital surplus	2,491,267	51.4	2,491,267	54.1
<b>III Retained earnings</b>				
1. Unappropriated deficit for the current year	1,478,860		1,376,264	
Total retained earnings	(1,478,860)	(30.5)	(1,376,264)	(29.9)
<b>IV Other unrealized holding gains/(losses) on marketable securities</b>				
	(8,173)	(0.2)	686	0.0
Total shareholders' equity	3,029,211	62.5	3,140,667	68.2
Total liabilities and shareholders' equity	4,846,005	100.0	4,604,517	100.0

## 2) Statement of income (Non-consolidated)

Category	Previous fiscal year (From July 1, 2003 to June 30, 2004)		Current fiscal year (From July 1, 2004 to June 30, 2005)			
	Amount (Thousand yen)		(%)	Amount (Thousand yen)		(%)
I Net sales						
1. Sales of products	1,931,297			2,163,001		
2. Sales of merchandises	349,850			402,689		
3. Other operating income	-	2,281,148	100.0	295,915	2,861,606	100.0
II Cost of sales						
1. Costs of sales of products						
(1) Inventory of products at beginning of the year	220,024			291,596		
(2) Cost of products manufactures	1,376,856			1,555,609		
Total	1,596,881			1,847,205		
(3) Transfer of other accounts	78,230			122,995		
(4) Inventory at end of the year	291,596			476,314		
Costs of sales of product	1,227,054			1,247,895		
2. Costs of sales of merchandise						
(1) Inventory at beginning of the year	29,656			37,380		
(2) Amount of purchase	237,599			244,004		
Total	267,256			281,384		
(3) Transfer of other account	6,192			14,056		
(4) Inventory at end of the year	37,380			19,880		
Costs of sales of merchandise	223,684			247,447		
3. Costs of Other operating income	-	1,450,738	63.6	66,666	1,562,009	54.6
Gross profit on sales		830,409	36.4		1,299,596	45.4
III Selling, general and administrative expenses						
1. Advertising	25,497			29,258		
2. Packing & shipping	53,762			53,421		
3. Transfer to allowance for doubtful accounts	71			607		
4. Compensation to directors	96,201			100,241		
5. Salaries & allowance	113,202			143,540		
6. Bonus	15,425			20,091		
7. Transfer to bonus reserve	1,539			1,761		
8. Statutory welfare	21,191			25,736		
9. Rents	6,648			5,753		
10. Depreciation	34,964			63,774		
11. Travel	25,072			36,105		
12. Communication	5,955			6,832		
13. Commission	117,376			100,246		

Category	Previous fiscal year (From July 1, 2003 to June 30, 2004)			Current fiscal year (From July 1, 2004 to June 30, 2005)		
	Amount (Thousand yen)		(%)	Amount (Thousand yen)		(%)
14. Development costs	269,392			427,771		
15. Others	99,743	886,046	38.8	137,246	1,152,388	40.3
Operating income or (loss)		(55,636)	(2.4)		147,208	5.1
IV Non-operating income						
1. Interest income	200			230		
2. Dividend income	26			25		
3. Other revenue	517	745	0.0	464	720	0.0
V Non-operating expenses						
1. Interest expenses	30,619			26,247		
2. Exchange losses	10,381			2,866		
3. New stock issue expenses	20,652			-		
4. Others	805	62,459	2.7	335	29,449	1.0
Ordinary income or (loss)		(117,350)	(5.1)		118,479	4.1
VI Extraordinary income						
1. Gain on sale of plant, property, and equipment	-	-	-	966	966	0.0
VII Extraordinary loss						
1. Loss on sale of plant, property, and equipment	53			115		
2. Loss on retirement of plant, property, and equipment	-			1,776		
3. Unrealized holding losses on stock of affiliates	291,253			-		
4. Unrealized holding losses on marketable securities	-	291,306	12.8	12,668	14,560	0.5
Current net income or (loss) before tax adjustments		(408,657)	(17.9)		104,886	3.6
Corporate, local, and enterprises taxes		2,290	0.1		2,290	0.1
Current net income or (loss)		(410,947)	(18.0)		102,596	3.5
Losses brought forward from previous term		1,067,913			1,478,860	
Undisposed loss at end of term		1,478,860			1,376,264	