

# June 2006 Term Interim Kessan Tanshin Financial Report (Non-Consolidated)

February 10, 2006

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,  
General Manager, Finance and Administration Division

Telephone: (047) 303-4800

Date of Board of Directors' Meeting for approval of financial results: February 10, 2006

Adoption of interim dividend system: Yes

Adoption of unit-share system: None

## 1. Non-consolidated results for the interim period ended December 31, 2005

(From July 1, 2005 to December 31, 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	%
Interim period ended December 2005	1,372	12.5	(39)	—	(45)	—
Interim period ended December 2004	1,220	52.8	(94)	—	(92)	—
Fiscal year ended June 2005	2,861		147		118	

	Interim (current) net income		Interim (current) net income per share
	Million yen	%	Yen
Interim period ended December 2005	(280)	—	(6,723.78)
Interim period ended December 2004	(108)	—	(2,618.19)
Fiscal year ended June 2005	102		2,474.10

(Notes)

- Average number of shares outstanding (consolidated)  
Interim period ended December 2005: 41,711 shares  
Interim period ended December 2004: 41,468 shares  
Fiscal year ended June 2005: 41,468 shares
- Changes in accounting policies: None
- The percentage indications under Sales, Operating income, Ordinary income, and Interim (current) net income, represent year-on-year changes

## (2) State of dividends

	Interim cash dividends per share of common stock	Total yearly cash dividends per share of common stock
	Yen	Yen
Interim period ended December 2005	—	—
Interim period ended December 2004	—	—
Fiscal year ended June 2005	—	—

## (3) Financial position

	Total assets	Shareholders' equity	Equity ratio	Shareholders' equity per share of
	Million yen	Million yen	%	yen
Interim period ended December 2005	4,750	2,882	60.6	68,095.52
Interim period ended December 2004	4,461	2,929	65.6	70,635.44
Fiscal year ended June 2005	4,604	3,140	68.2	75,737.14

(Notes)

1. Number of shares outstanding at end of the term  
Interim period ended December 2005: 42,328 shares  
Interim period ended December 2004: 41,468 shares  
Fiscal year ended June 2005: 41,468 shares
2. Number of treasury stock at the end of the term  
Interim period ended December 2005: \_\_\_  
Interim period ended December 2004: \_\_\_  
Fiscal year ended June 2005: \_\_\_

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

	Sales	Ordinary income	Net income for the current fiscal year
	Million yen	Million yen	Million yen
Full year	2,930	10	(230)

	Total yearly cash dividends per share	
	End of term	
	Yen	Yen
Full year	—	—

(Cf.) Estimated net loss per share for the current period under review: 5,433.76 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.

# 1. Interim financial statements (Non-consolidated)

## (1) Interim financial statements

### 1) Interim balance sheet

Category	End of the previous interim fiscal year (December 31, 2004)		End of the current interim fiscal year (December 31, 2005)		(Cf.) The end of the previous fiscal year (June 30, 2005)	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
(Assets)						
I Current assets						
1. Cash and deposits	1,916,379		1,652,274		1,730,210	
2. Notes receivable	9,317		7,952		5,317	
3. Accounts receivable	533,495		1,041,364		784,129	
4. Inventories	615,183		587,893		603,371	
5. Others	56,334		43,780		94,842	
6. Allowance for bad debt	(543)		(1,049)		(789)	
Total current assets	3,130,166	70.2	3,332,215	70.1	3,217,082	69.9
II Fixed assets						
1. Plant, property, and equipment						
(1) Buildings	275,847		225,110		273,981	
(2) Machinery and equipment	105,240		51,645		87,813	
(3) Transportation vehicles	2,271		1,622		1,906	
(4) Tools, furniture, and fixtures	159,200		175,412		233,776	
(5) Land	431,250		272,530		431,250	
Total tangible fixed assets	973,809	21.8	726,320	15.3	1,028,727	22.3
2. Intangible fixed assets	34,991	0.8	27,196	0.6	31,468	0.7
3. Investments and other assets						
(1) Stock of affiliates	197,985		532,935		197,985	
(2) Investment in affiliates	107,520		107,520		107,520	
(3) Others	17,211		24,311		21,733	
Total investments and other assets	322,717	7.2	664,766	14.0	327,239	7.1
Total fixed assets	1,331,517	29.8	1,418,283	29.9	1,387,434	30.1
Total assets	4,461,684	100.0	4,750,499	100.0	4,604,517	100.0

Category	End of the previous interim fiscal year (December 31, 2004)		End of the current interim fiscal year (December 31, 2005)		(Cf.) The end of the previous fiscal year (June 30, 2005)	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
(Liabilities)						
I Current liabilities						
1. Accounts payable	329,965		264,928		293,417	
2. Short-term borrowings	100,000		—		100,000	
3. Long-term debt due within one year	415,524		337,852		323,688	
4. Accrued liability	76,734		-		—	
5. Allowance for bonuses	4,265		4,585		4,305	
6. Others	22,852		122,142		121,219	
Total current liabilities	949,342	21.3	729,508	15.4	842,630	18.3
II Long-term liabilities						
1. Bonds	—		350,000		—	
2. Long-term borrowings	583,030		786,249		619,034	
3. Deferred tax liability	201		1,262		465	
4. Others	—		1,131		1,718	
Total long-term liabilities	583,231	13.1	1,138,643	24.0	621,219	13.5
Total liabilities	1,532,574	34.4	1,868,151	39.4	1,463,849	31.8
(Shareholders' equity)						
I Common stock	2,024,978	45.4	2,035,378	42.8	2,024,978	44.0
II Capital surplus						
1. Capital reserve	2,491,267		2,501,826		2,491,267	
Total capital surplus	2,491,267	55.8	2,501,826	52.7	2,491,267	54.1
III Retained earnings						
1. Unappropriated deficit for the interim fiscal year/ the current fiscal year	1,587,432		1,656,720		1,376,264	
Total retained earnings	(1,587,432)	(35.6)	(1,656,720)	(34.9)	(1,376,264)	(29.9)
IV Other unrealized holding gains on marketable securities	296	0.0	1,862	0.0	686	0.0
Total shareholders' equity	2,929,110	65.6	2,882,347	60.6	3,140,667	68.2
Total liabilities and shareholders' equity	4,461,684	100.0	4,750,499	100.0	4,604,517	100.0

## 2) Interim statement of income

Category	The previous interim consolidated fiscal year (From July 1, 2004 to December 31, 2004)		The current interim consolidated fiscal year (From July 1, 2005 to December 31, 2005)		(Cf.) The previous consolidated fiscal year (From July 1, 2004 to June 30, 2005)	
	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)	Amount (Thousand yen)	(%)
I Net sales	1,220,232	100.0	1,372,978	100.0	2,861,606	100.0
II Cost of sales	762,681	62.5	860,688	62.7	1,562,009	54.6
Gross profit on sales	457,550	37.5	512,290	37.3	1,299,596	45.4
III Selling, general and administrative expenses	552,104	45.2	551,503	40.2	1,152,388	40.3
Operating income or (loss)	(94,554)	(7.7)	(39,212)	(2.9)	147,208	5.1
IV Non-operating income	16,089	1.3	12,925	0.9	720	0.0
V Non-operating expenses	14,019	1.1	19,134	1.4	29,449	1.0
Ordinary income or (loss)	(92,484)	(7.5)	(45,421)	(3.4)	118,479	4.1
VI Extraordinary income	—	—	3,699	0.3	966	0.0
VII Extraordinary loss	14,941	1.2	237,588	17.3	14,560	0.5
Interim net (loss)/current net income before tax adjustments	(107,426)	(8.7)	(279,310)	(20.4)	104,886	3.6
Corporate, local, and enterprises taxes	1,144	0.1	1,144	0.1	2,290	0.1
Interim net (loss)/current net income	(108,571)	(8.8)	(280,455)	(20.5)	102,596	3.5
Losses brought forward from previous term	1,478,860		1,376,264		1,478,860	
Undisposed loss at end of the interim fiscal year/ the current fiscal year	1,587,432		1,656,720		1,376,264	