

**BUSINESS RESULTS FOR THE THIRD QUARTER
ENDED MARCH 31, 2006 (Non-consolidated)**

May 12, 2006

Listed Company Name: Precision System Science Co., Ltd.
 Stock Exchange Listing: Osaka Securities Exchange Hercules Market
 Code Number: 7707
 (URL <http://www.pss.co.jp/>)
 Representative: Hideji Tajima, President
 Address all enquiries to: Jun Akimoto, Director and General Manager,
 Finance and Administration Division
 Telephone: (047) 303-4800

1. Bases of the preparation of quarterly financial results

Change of the matters relating to accounting standards during the latest consolidated fiscal year: No

Involvement from certified public accountants or audit: No

2. Business results for the third quarter ended March 2006

(From July 1, 2005 to March 31, 2006)

(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 FY2006	2,087	11.1	(42)	–	(49)	–
3 rd quarter of FY2005	1,879	44.2	(55)	–	(64)	–
Fiscal year ended June 2005	2,861	25.4	147	–	118	–

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
3 rd quarter of FY2006	(285)	–	(6,783.71)	–
3 rd quarter of FY2005	(77)	–	(1,879.64)	–
Fiscal year ended June 2005	102	–	2,474.10	2,394.36

(Notes)

1. Average number of shares outstanding
 3rd quarter of FY2006: 42,038 shares
 3rd quarter of FY2005: 41,468 shares
 Fiscal year ended June 2005: 41,468 shares
2. Changes in accounting policies: None
3. The percentage indications under sales, operating income, ordinary income and net income, represent year-over-year basis changes.
4. Because negative operating income, ordinary income and net income were recorded for the third quarter of FY2006 and the third quarter of FY2005, year-on-year changes are not shown for these categories.
5. Net income per share on a fully diluted basis for the third quarter of FY2006 and the third quarter of FY2005 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 third quarter of FY2006 and the third quarter of FY2005 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 FY2006	4,812	2,889	60.0	67,507.41
3 rd quarter of FY2005	4,622	2,959	64.0	71,379.00
Fiscal year ended June 2005	4,604	3,140	68.2	75,737.14

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

3rd quarter of FY2006: 42,800 shares

3rd quarter of FY2005: 41,468 shares

Fiscal year ended June 2005: 41,468 shares

3. Forecasts for fiscal year ending June 2006 (from July 1, 2005 to June 30, 2006)**(Non-consolidated)**

	Sales	Ordinary income	Net income	Net income per share
	Million yen	Million yen	Million yen	Yen
Full year ending June 2006	2,930	10	(230)	(5,373.83)

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.

Financial Statements for the Third Quarter of FY2006 (Non-consolidated)
(1) Balance sheet for the third quarter of FY 2006

Category	The previous 3 rd quarter of FY2005 (As of March 31, 2005)		The current 3 rd quarter of FY2006 (As of March 31, 2006)		The previous fiscal year (As of June 30, 2005)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
(Assets)						
I Current assets						
1. Cash and deposits	1,881,685		1,524,078		1,730,210	
2. Notes receivable	18,529		1,601		5,317	
3. Accounts receivable	560,894		1,058,442		784,129	
4. Inventories	792,827		717,168		603,371	
5. Others	73,482		96,998		94,842	
Allowance for bad debt	(579)		(1,060)		(789)	
Total current assets	3,326,840	72.0	3,397,229	70.6	3,217,082	69.9
II Fixed assets						
1. Tangible Fixed Assets						
(1) Buildings	272,563		248,807		273,981	
(2) Machinery and equipment	96,002		46,951		87,813	
(3) Transportation vehicles	2,088		1,480		1,906	
(4) Tools, furniture, and fixtures	136,073		156,572		233,776	
(5) Land	431,250		272,530		431,250	
Total tangibles fixed assets	937,978	20.3	726,341	15.1	1,028,727	22.3
2. Intangible fixed assets	32,743	0.7	25,403	0.5	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	19,878		22,975		21,733	
Total investments and other assets	325,383	7.0	663,431	13.8	327,239	7.1
Total fixed assets	1,296,105	28.0	1,415,176	29.4	1,387,434	30.1
Total assets	4,622,945	100.0	4,812,406	100.0	4,604,517	100.0

Category	The previous 3 rd quarter of FY2005 (As of March 31, 2005)		The current 3 rd quarter of FY2006 (As of March 31, 2006)		The previous fiscal year (As of June 30, 2005)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
(Liabilities)						
I Current liabilities						
1. Accounts payable	394,679		432,928		293,417	
2. Short-term borrowings	100,000		–		100,000	
3. Long-term debt due within one year	391,608		315,452		323,688	
4. Allowance for bonuses	17,061		18,341		4,305	
5. Others	80,370		99,986		121,219	
Total current liabilities	983,719	21.3	866,709	18.0	842,630	18.3
II Fixed Liabilities						
1. Bond	–		350,000		–	
2. Long-term borrowings	678,939		705,066		619,034	
3. Deferred tax liability	342		1,107		465	
4. Others	–		206		1,718	
Total fixed liabilities	679,281	14.7	1,056,379	22.0	621,219	13.5
Total liabilities	1,663,001	36.0	1,923,088	40.0	1,463,849	31.8
(Shareholders' equity)						
I Common stock	2,024,978	43.8	2,041,278	42.4	2,024,978	44.0
II Capital surplus						
1. Capital reserve	2,491,267		2,507,844		2,491,267	
Total Capital surplus	2,491,267	53.9	2,507,844	52.1	2,491,267	54.1
III Retained earnings						
1. Unappropriated deficit for the current year	1,556,805		1,661,438		1,376,264	
Total retained earnings	(1,556,805)	(33.7)	(1,661,438)	(34.5)	(1,376,264)	(29.9)
IV Other unrealized holding gains/losses on marketable securities	504	0.0	1,633	0.0	686	0.0
Total shareholders' equity	2,959,944	64.0	2,889,317	60.0	3,140,667	68.2
Total liabilities and shareholders' equity	4,622,945	100.0	4,812,406	100.0	4,604,517	100.0

(2) Statement of income for the third quarter of FY 2006 (Non-consolidated)

Category	The previous 3 rd quarter of FY2005 (From July 1, 2004 to March 31, 2005)		The current 1 st quarter of FY2006 (From July 1, 2005 to March 31, 2006)		The previous fiscal year (From July 1, 2004 to June 30, 2005)	
	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)	Amount (Thousand yen)	Percentage (%)
I Net sales	1,879,703	100.0	2,087,942	100.0	2,861,606	100.0
II Cost of sales	1,111,078	59.1	1,290,317	61.8	1,562,009	54.6
Gross profit on sales	768,624	40.9	797,624	38.2	1,299,596	45.4
III Selling, general and administrative expenses	824,233	43.8	840,480	40.3	1,152,388	40.3
Operating income or (loss)	(55,608)	(2.9)	(42,855)	(2.1)	147,208	5.1
IV Non-operating income	11,486	0.6	18,394	0.9	720	0.0
V Non-operating expenses	20,085	1.1	25,105	1.2	29,449	1.0
Ordinary income or (loss)	(64,207)	(3.4)	(49,566)	(2.4)	118,479	4.1
VI Extraordinary income	966	0.1	3,699	0.2	966	0.0
VII Extraordinary loss	12,986	0.7	237,588	11.4	14,560	0.5
Current net income or (loss) before tax adjustments	(76,227)	(4.0)	(283,456)	(13.6)	104,886	3.6
Corporate, local, and enterprises taxes	1,717	0.1	1,717	0.1	2,290	0.1
Current net income or (loss)	(77,944)	(4.1)	(285,173)	(13.7)	102,596	3.5
Losses carried over from previous term	1,478,860		1,376,264		1,478,860	
Current unappropriated loss	1,556,805		1,661,438		1,376,264	