June 2006 Term Interim Kessan Tanshin Financial Report (Consolidated)SUMMARY OF CONSOLIDATED FINANCIAL STATEMENTS FOR SIX MONTHS ENDED DECEMBER 31, 2006

February 109, 20062007

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 six months ended December 31, 2006
(From July 1, 2006 to December 31, 2006)

(1) Consolidated operating results
(Million yen, fractional amounts rounded down to the nearest million yen)

	Sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Six months ended December 31, 2006	**1,694**	**3.1**	**(128)**	**-**	**(133)**	**-**
Six months ended December 31, 2005	1,643	17.8	(41)	-	(42)	-
Fiscal year ended June 30, 2006	3,636		12		18	

	Net income		Net income per share	Net income per share adjusted for full dilution
	Million yen	%	Yen	Yen
Six months ended December 31, 2006	**(164)**	**-**	**(3,848.11)**	**-**
Six months ended December 31, 2005	(301)	-	(7,231.84)	-
Fiscal year ended June 30, 2006	(250)		(5,926.68)	-

(Notes)
1. Gain in equity method investment: 8 million yen.
2. Weighted average number of outstanding shares: 42, 819 shares
3. Changes in accounting method: None
4. The percentage indications under Sales, Operating income, Ordinary income, and Net income, represent year-on-year changes

(2)(2) Consolidated financial position

	Total assets	Net Assets	Equity ratio	Net Assets per share of common stock
	Million yen	Million yen	%	Yen
As of December 31, 2006	**4,641**	**2,798**	**60.3**	**65,356.30**
As of December 31, 2005	4,801	2,859	59.5	67,545.51
As of June 30, 2006	4,884	2,928	59.9	68,414.70

(Notes) Number of shares outstanding at end of the term
Interim period ended December 31, 2006: 42,820 shares
Interim period ended December 31, 2005: 42,328 shares
Fiscal year ended June 30, 2006: 42,800 shares

(3) Consolidated cash flow

	Net cash from operating activities	Net cash from investing activities	Net cash from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Six months ended December 31, 2006	**(49)**	**113**	**57**	**1,356**
Six months ended December 31, 2005	29	119	445	1,415
Fiscal year ended June 30, 2006	133	6	258	1,214

(4) Scope of consolidation and application of equity method

Consolidated subsidiaries: 4
Non-consolidated subsidiaries applied in equity method: 0
Affiliated applied in equity method: 1

(5) Change in scope of consolidation and application of equity method

Consolidation (inclusion): 1 (exclusion): 0
Affiliated applied in equity method (inclusion): 1 (exclusion): 0

2. Forecasts for fiscal year ending June 2007 (from July 1, 2006 to June 30, 2007)

	Sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year ending June 30, 2007	**3,800**	**(100)**	**(150)**

(Ref.) Estimated net loss per share for the current period: 3,503.12 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. PSS Group information

The PSS Group ("the Group") is comprised of Precision System Science Co., Ltd. ("the Company") and its four subsidiaries. The Group's main business is to develop, to manufacture, and to sell the automated systems (DNA auto-extractors, etc.), software, reagents and plastic consumables, which are used in the research and development in the gene/proteome analysis-related fields. The DNA auto-extractors, developed utilizing our own-patented technology, Magtration® Technology are our main products and we have entered into OEM contracts with such global companies as the ROCHE Group and the QIAGEN Group and our products have been supplied world-wide.

The following is a summary of our subsidiaries:

(Consolidated subsidiaries)

Name	Location	Capital or investment in subsidiary	Main line of business	Ratio of voting rights or investment ratio	Details of relationship
(Consolidated subsidiary) PSS Bio Instruments, Inc.	California, U.S.A.	US$6,579,537.95	U.S. sales company	100%	Sales company for our products intended for the U.S. market
(Consolidated subsidiary) Precision System Science Europe GmbH	Woerrstadt, Germany	Eur1,000,000.00	European sales company	100%	Sales company for our products intended for the European market
(Consolidated subsidiary) Universal Bio Research Co., Ltd.	Matsudo-shi, Chiba-ken	¥35,000,000	Management company for intellectual property	100%	Administrative and management company for the Company's intellectual property
(Consolidated subsidiary) PSS Capital Co., Ltd.	Matsudo-shi, Chiba-ken	¥30,000,000	Investment company	100%	Investment company for PSS group

(Notes)

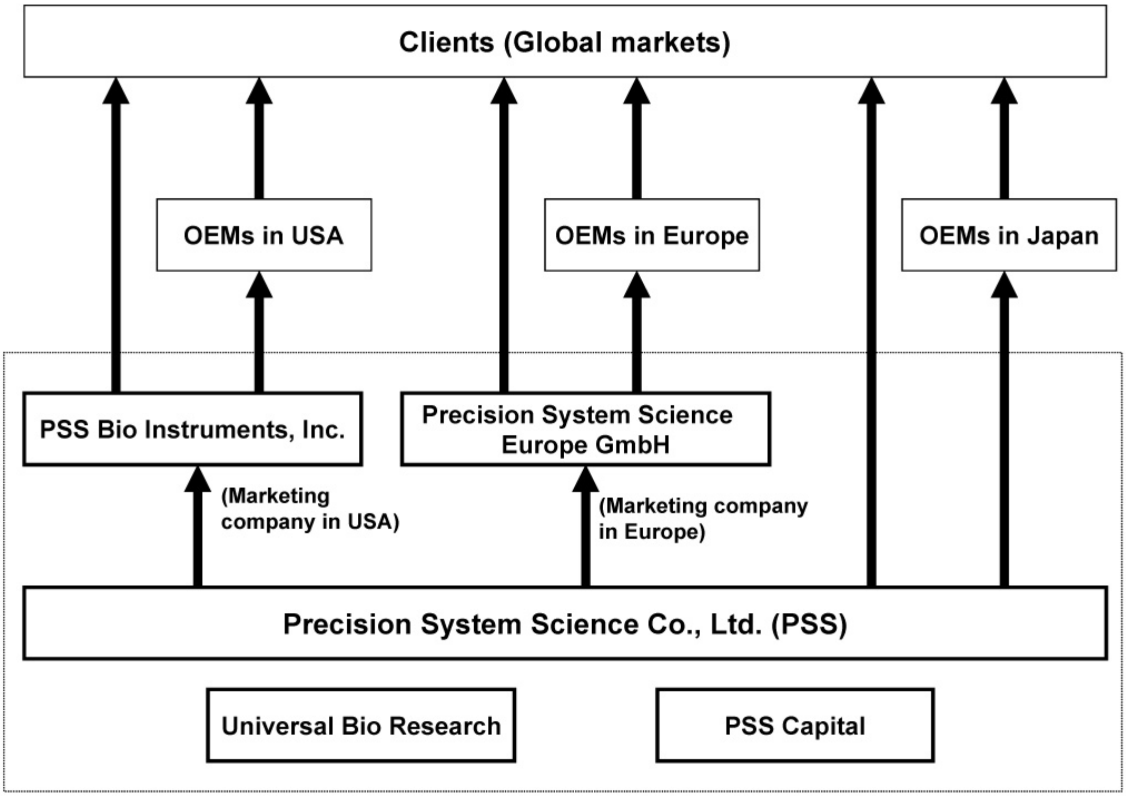
1. None of the above companies has submitted Securities Notifications or Securities Reports.
2. Of the four consolidated subsidiaries mentioned above, PSS Bio Instruments, Inc. and Precision System Science Europe GmbH are the specified subsidiaries.

5.3. Sales from Precision System Science Europe GmbH account for more than 10% of all consolidated sales (excluding intra-company sales)

Major profit/loss information	(1) Sales	1,199 million yen
	(2) Ordinary Income	81 million yen
	(3) Current Net Income	51 million yen
	(4) Net Assets	327 million yen
	(5) Total Assets	798 million yen

PSS Bio Instruments, Inc. is engaged in activities such as developing new business partnerships and OEMs in the U.S., marketing our products to universities and research institutions, and the exchange of technology information through participation in exhibitions and academic conferences. In addition to the activities mentioned above for PSS Bio Instruments, Inc., PSS Europe GmbH is also involved in the strengthening of partnerships with the OEMs of Europe.

Below is a diagram of our operational system:



The above diagram illustrates the main flow of our products. Our clients vary from universities, research institutions, clinical testing centers, and pharmaceutical manufacturers to chemical manufacturers.

2. Management Policies

(1) Basic policies for corporate management

As a research/development oriented venture business, the PSS Group has been engaged in product development and will continue to uphold those policies as a research/development oriented business in the expansion of our operations. We, at the Group, believe that it is of the utmost importance to pursue our business activities, by targeting the world as our market, and by continuously developing a multitude of products tailor-made to the needs of our customers, while keeping in mind the key concepts of bio, DNA, genes and proteome analysis-related.

Biotechnology, which has been heralded as the key technology of the 21st century, has not only promoted progress in the fields of life sciences and healthcare sciences, but has come to play a vital role in offering solutions to such varied problems as the social problem of aging, environmental/food problems, and energy-related problems. We, at the Group, hope to uphold our corporate ideal of contributing to the health and happiness of mankind through our role as a Total System Integrator of the bio industry, and by becoming conducive to the development of the world-wide bio industry, realize our own medium to long term development and growth, and make our contributions to our stakeholders, including our shareholders, clients, and employees.

(2) Basic policy regarding distribution of profits

The Group recognizes that returning profit to shareholders is an important task at hand. However, at present the gene/proteome analysis-related industry is in the phase of market expansion and we, at the Group, must also continue to aggressively invest in research and development. Accordingly, for the time being, our basic policy will be to maintain sufficient internal reserves in preparation for future business expansion. Consequently, we will suspend dividend payments to our shareholders for the time being.
However we intend to repay our valued shareholders by making efforts to increase market capitalization by improving our earnings.

(3) Principles and policy of reducing the investment unit

Based on our desire for the wide distribution of our Company’s shares among the general public, we believe that the per share price should be 500,000 yen or less. In the event that the per share price greatly exceeds 500,000 yen for any extended length of time, our policy will dictate a consideration of a stock split.

(4) Targeted performance indices and essential tasks at hand

The Group is a venture business in the gene/proteome analysis-related industry; an industry with a highly anticipated growth potential. Consequently, in order to answer to our shareholders, we are aware that we must continuously realize stable growth as a listed company.

Although, at present, we are not posting any specific performances indices, such as ROE, we are of one mind to maintain our continuous growth, by increasing sales of our devices, including the DNA auto-extractors, by expanding the global market through our overseas subsidiaries, by cultivating new OEMs, and by intensifying the cooperation with our existing OEMs.

At the same time, since research and development activities geared toward the future are also an integral part of our field of gene/proteome analysis related businesses, we will fortify our structure by securing development funds and development personnel.

(5) Medium and long term management strategy

In regard to the devices such as the DNA auto-extractors, which utilize our patented technology, the Magtration Technology, we distribute our products worldwide through multiple OEM contracts. Currently we are at the dawn of the new age of the gene/proteome analysis-related industry and demand has only begun to surface for these systems. Consequently, we believe that expectation for even greater expansion of the market is not totally unfounded. Building on our core business strategy of fully utilizing our European and U.S. subsidiaries, we, at the Group, will strive to achieve the global standards for the DNA extraction/purification systems. Furthermore, not limiting ourselves to DNA auto-extractors, we are planning to strengthen our research and development activities, by undertaking the development of the fully automated gene analysis system, as well as of the SNP and proteome analysis systems, and of reagents: In the medium to long range, we hope to transform ourselves into a company offering a comprehensive infrastructure to the gene-related industry. In order to achieve this end, we will implement the specific strategies enumerated below:

1) Product line-up of automated systems including the DNA auto-extractors

In order to establish the Company’s product as the standard product in the field of DNA auto-extractor systems, we must meet the diverse needs encountered in the field of genetic research. To this end an expansive product line-up is essential and we already have more than twenty different models on the market, including our OEM models. In the future we intend to meet our customers’ diverse demands with standard models, personal type models, and models designed for large volumes of specimens.

2) Mass marketing strategy through OEM distribution

We believe that the most efficient method of penetrating the worldwide market with our products is through OEM sales to large corporations. The Company adheres to a basic policy of open alliance with a number of corporations and we have concluded OEM contracts with eight companies including the Roche Group, the QIAGEN Group, and Mitsubishi Kagaku Iatron, Inc.

3) Intensifying of our research and development activities

In addition to increasing of our product line-up of systems including DNA auto-extractors, we are strengthening our research and development activities both funds-wise and personnel-wise for the eventual realization of a fully automated DNA analysis system, with the development of the Bio-Strand and the Fluorescent Bar Coded Beads to be used in the automation of the gene detection process.

In gene detection of the importance of each specific detective item (contents) cannot be overemphasized. An example of such a use would be the preventive diagnosis of genetic diseases for specific illnesses. Another example would be the realization of tailor-made medical treatment using specific medications. We will need to aggressively pursue collaborations with universities, research institutions, and private sector corporations, which are in possession of these contents.

Moreover in order to further enhance the world-wide sales of our systems including our DNA auto-extractors, it will become strategically crucial for the Company to offer and provide the Company's own reagents. This is due to the fact that the business of reagents as consumables is an extremely lucrative source of revenue, in addition to the Group's inherent obligation to possess the know-how to offer reagents tailor-made for various purposes if it were to attentively respond to the needs of its end-users. Until recently, reagents had simply been used for the purpose of extraction and purification of DNA and RNA. In the future, industry demand is expected to shift toward reagents and fully automated systems intended for specific purposes such as sample prepping and uniform processing systems for genetic expression analyses and SNPs typing. In order to accommodate these demands, the Company is currently making contact with various domestic and overseas manufacturers of reagents, collecting reagents, which are compatible with the Company's systems, and undertaking application development with a view to merchandising such reagents.

4) The construction of a structure for global expansion

Since rapid progress has been taking place on a worldwide scale in the gene/proteome analysis-related industry, it is imperative for us to implement our business strategy on the U.S. and European markets, both of which are advanced in this field. We, at the Group, have established subsidiaries in the U.S, and Europe and are building structures whereby we will be able to forge new business partnerships and joint research opportunities, fortify partnerships with existing OEMs, and aggressively pursue marketing possibilities with universities and research institutions.

3. Operating results and financial conditions

(1) Operating results

	Six months ended December 31, 2005		**Six months ended December 31, 2006**		Year-on-year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	**Amount**	**Percentage**		Amount	Percentage
	Million yen	%	**Million yen**	**%**	%	Million yen	%
Sales	1,643	100.0	**1,694**	**100.0**	3.1	3,636	100.0
Gross profit on sales	654	39.8	**701**	**41.4**	7.1	1,462	40.2
Operating income or (loss)	(41)	(2.5)	**(128)**	**(7.6)**	—	12	0.3
Ordinary income or (loss)	(42)	(2.6)	**(133)**	**(7.9)**	—	18	0.5
Interim net (loss) or current net income	(301)	(18.4)	**(164)**	**(9.7)**	—	(250)	(6.9)

During the six months period ended December 31, 2006, the sales to the ROCHE Group were not strong as expected, while those to the QIAGEN Group were steady; the sales to Mitsubishi Kagaku Iatron, Inc., to whom the sales rapidly expanded in the same period of previous year, significantly decreased. On the other hand, plastic consumables manufactured and sold by our German subsidiary to our OEMs, steadily grew; as a result, the Company, for the six months period, recorded a slight increase in revenue to 1,694 million yen (3.1% increase year on year). The gross profit on sales increased to 701 million yen (up 7.1% increase year on year).

Selling, general, and administrative expenses, on the other hand, rose to 829 million yen (19.2% increase year on year), due to increases in expenses accompanying personnel increases and facility expansion to deal with newly acquired OEMs, etc. and resulted in 128 million operating loss. The research and development expenses increased to 245 million yen (32.1% increase year on year).

As far as non-operating profit/loss is concerned, the 22 million yen non-operating profit earned through interest income and exchange gains was offset against the 27 million non-operating expenses spent on interest payments and bond issues, to ultimately expand an ordinary loss to 133 million yen.

Net sales according to customer are as follows:

(Unit: Thousand yen, units)

	Six months ended December 31, 2005		**Six months ended December 31, 2006**		Year-on-year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	**Amount**	**Percentage**		Amount	Percentage
	Million yen	%	**Million yen**	**%**	%	Million yen	%
ROCHE Group	800	48.7	**806**	**47.6**	0.7	1,870	51.4
QIAGEN Group	405	24.7	**441**	**26.1**	8.8	984	27.1
Mitsubishi Kagaku Iatron, Inc.	303	18.4	**135**	**8.0**	(55.4)	364	10.0
Others	134	8.2	**311**	**18.3**	131.5	416	11.5
Total	1,643	100.0	**1,694**	**100.0**	103.0	3,636	100.0

The Company's main products, namely the systems including the DNA auto-extractors (also including the immunochemical luminescence measuring systems), are sold worldwide through its OEMs. Although OEMs have been diversified, the ROCHE Group, the QIAGEN Group, and Mitsubishi Kagaku Iatron, Inc. are three leading OEMs. The plastic consumables used exclusively in the operation of these systems are also being distributed through the Company's OEMs.

As for the ROCHE Group, the sales of DNA auto-extractors were relatively weak; yet, combining with sales of the plastic consumables, overall sales expanded 0.7% year on year to 806 million yen

As for the QIAGEN Group, both sales of systems and plastic consumables were strong and overall sales to the group expanded 8.8% year on year to 441 million yen.

As for Mitsubishi Kagaku Iatron, Inc., due to the delay in shipment of compact immunochemical luminescence measuring systems, the sales decreased to 135 million yen (55.4% decrease year on year).

The sales conditions of each product category are as follows:

	Six months ended December 31, 2005		**Six months ended December 31, 2006**		Year-on-year changes	Previous consolidated fiscal year ended June 30, 2006 (Full year)	
	Amount	Percentage	**Amount**	**Percentage**		Amount	Percentage
	Million yen	%	**Million yen**	**%**	%	Million yen	%
Systems including DNA auto-extractors	1,030	62.7	**875**	**51.7**	(15.0)	2,120	58.3
Other laboratory equipment	36	2.2	**108**	**6.4**	195.1	185	5.1
Other products	138	8.4	**190**	**11.3**	35.1	301	8.3
Merchandise (plastic consumables)	438	26.7	**512**	**30.2**	16.8	1,029	28.3
Other operating income	–	–	**7**	**0.4**	–	–	–
Total	1,643	100.0	**1,694**	**100.0**	3.1	3,636	100.0

1) Systems including 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. With progress being made in the bioresearch field and the ensuing need for speedy processing of multiple specimens, we believe that this category has strong potential for future market growth.

During the six months period ended December 31, 2006, the sales to the ROCHE Group were relatively weak, while those to the Quiagen Group were steady. As the sales to Mitsubishi Kagaku Iatron, Inc. significantly decreased, the overall sales of this category resulted in 421 units or 875 million yen (15.0 % decrease year on year).

The six months sales results are indicated in the following table. Sales to the Company’s main OEMs, the ROCHE Group and the QIAGEN Group, usually have the tendency to concentrate in the latter, rather than the earlier, half of the year. The fluctuations in unit price reflect the variation in the unit prices of each system, which ranges in price from one million yen per unit to over 30 million yen per unit. Moreover, as more inexpensive products, such as the compact-type DNA auto-extractors and the compact immunochemical luminescence measuring systems, make up for greater portions of sales, the unit prices also tend to drop.

(Unit: Thousand yen, units)

	Fiscal year ended June 30, 2005		Fiscal year ended June 30, 2006		**Six months ended December 31, 2006**
	First half	Second half	First half	Second half	
Units sold	382	519	548	533	**421**
Amount	790,088	1,138,635	1,030,185	1,089,934	**875,356**
Unit price	2,068	2,194	1,880	2,044	**2,079**

2) Other laboratory equipment

This category consists of automated instruments used in institutions such as research facilities, as well as developmental projects commissioned by governmental ministries, agencies and affiliated organizations.

During the six months period ended December 31, 2006, the sales of this category tripled year on year to 108 million yen. Sales in this category tend to be significantly impacted by the number of orders received for specially commissioned systems. Since the Company has left an order backlog of 262 million yen, at the current consolidated fiscal year end, sales in this category for the entire fiscal year is expected to exceed sales of the previous year.

3) 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 six months period ended December 31, 2006, sales in this category amounted to 190 million yen (35.1% increase compared to the same period of the previous year). 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.

4) 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 Company's DNA auto-extractors comprise the major part of this category.

During the six months period ended December 31, 2006, sales in this category increased to 512 million yen (16.8% increase compared to the same period of the previous year). Since 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.

5) Other operating income

During the six months period ended December 31, 2006, there was other operating income of 7million yen in PSS Capital.

(2) Financial conditions

1) State of assets, liabilities, and shareholders' equity

a. Summary

As of December 31, 2006, assets amounted to 4,641 million yen (down 160 million yen from December 31, 2005), liabilities amounted to 1,842 million yen (down 100 million yen from December 31, 2005) and net assets totaled 2,798 million yen.

b. Current assets

As of December 31, 2006, current assets amounted to 3,583 million yen (down 302 million yen from December 31, 2005). This decrease mainly attributed to the 346 million yen reduction in cash and deposits.

c. Fixed assets

As of December 31, 2006, fixed assets amounted to 1,057 million yen (141 million yen increase from December 31, 2005) as the amount of plant, property and equipment increased 88 million yen.

d. Current liabilities

As of December 31, 2006, current liabilities amounted to 754 million yen (48 million yen decrease from December 31, 2005) as the amount of long-term debt due within one year decreased 83 million yen.

e. Long-term liabilities

As of December 31, 2006, long-term liabilities amounted to 1,087 million yen (52 million yen decrease from December 31, 2005) as bonds increased 200 million yen, while long-term borrowings decreased 254 million yen.

f. Net Assets

As of December 31, 2006, net assets amounted to 2,798 million yen (60 million yen decrease from December 31, 2005) as foreign exchange transaction adjust increased 36 million yen, while retained earning decreased 113 million yen.

2) Cash Flow

Cash flow for the six months period ended December 31, 2006 is as follows:

Cash flow from operating activities:

The overall operating cash flow for the six months period ended December 31, 2006 resulted in net outflow of 49 million yen considering all the factors including 133 million yen net loss before adjustments (the net loss before adjustments for the same time period of the previous year was 276 million yen), 302 million yen inflow due to decrease in account receivable, 128 million yen outflow due to an increase in inventory and 233 million yen outflow due to a decrease in accounts payable.

Cash flow from investing activities:

The overall cash flow from investing activities for the six months period ended December 31, 2006 resulted in net inflow of 113 million yen (119 million yen inflow for the same time period of the previous year) considering all the factors including 199 million yen inflow of the difference between withdrawing cash from time deposits and the expenses for time deposits, outflow of 39 million yen for acquisition of plant, property, and equipment, and outflow of 50 million yen for investment in affiliate stocks.

Cash flow from financing activities:

The overall cash flow from financing activities for the six months period ended December 31, 2006 resulted in net inflow of 57 million yen (445 million yen inflow for the same time period of the previous year) considering all the factors including 139 million yen repayment of long-term borrowings, inflow of 196 million yen through issuing a bond underwritten by a bank, etc.

After adding the translation difference of 20 million to the above (25 million yen translation difference was added in the previous year), cash and cash equivalents increased by 141 million yen during the six months period ended December 31, 2006 to total 1,356 million yen.

3) Consolidated the fiscal year forecast

As of December 31, 2006, the order backlog of systems including DNA auto-extractors totaled 505 million yen (33.2% decrease year on year), while the order backlog of other laboratory equipment increased to 262 million yen (275.3% increase year on year). The shipments are expected to be completed in the next three to four months. With added sales of plastic consumables, the Company anticipates steady sales for the third quarter.

Comparison of the results from the current interim consolidated fiscal year with initial projections indicate that with fluctuations in sales by customer, overall sales for the six months period ended December 31, 2006 was not strong enough to meet the forecasts as the selling, general, and administrative expenses expanded more than expectations in order to handle with works regarding new OEMs. Therefore, as indicated below, there are revisions to the projected forecasts for the fiscal year announced on August 11, 2006.

Forecasts for the fiscal year ending June 30, 2007

The fiscal year ending June 30 2007	Net sales	Ordinary income	Net income or (loss)
	Million yen	Million yen	Million yen
Consolidated operating forecasts	3,800	(100)	(150)
Non-consolidated operating forecasts	3,100	(150)	(350)

4. Consolidated financial Statements

1) Consolidated Balance Sheet

Category	As of December 31, 2005 Amount (Thousand yen)		(%)	As of December 31, 2006 Amount (Thousand yen)		(%)	As of June 30, 2006 Amount (Thousand yen)		(%)
(Assets)									
I Current assets									
1. Cash and deposits		2,523,770			2,177,477			2,229,337	
2. Notes and accounts receivable		702,777			575,571			848,395	
3. Inventories		603,921			776,511			649,024	
4. Others		56,044			54,525			117,952	
Allowance for bad debt		(402)			(295)			(263)	
Total current assets		3,886,110	80.9		3,583 ,789	77.2		3,844 ,447	78.7
II Fixed assets									
1. Plant, property, and equipment									
(1) Buildings and structures	291,717			311,204			314,122		
(2) Machinery/ equipment and transportation vehicles	90,994			105,949			117,296		
(3) Tools, furniture, and fixtures	185,666			237,643			264,001		
(4) Land	293,663			296,182			294,582		
Total plant, property, and equipment		862,041			950,979			990,001	20.3
2. Intangible fixed assets		28,130			20,667			23,863	0.5
3. Investments and other assets		25,489			85,635			26,673	0.5
Total fixed assets		915,661	19.1		1,057,282	22.8		1,040,538	21.3
Total assets		4,801,772	100.0		4,641,072	100.0		4,884,985	100.0

Category	As of December 31, 2005 Amount (Thousand yen)	(%)	As of December 31, 2006 Amount (Thousand yen)	(%)	As of June 30, 2006 Amount (Thousand yen)	(%)
(Liabilities)						
I Current liabilities						
1. Accounts payable	283,176		289,721		488,875	
2. Long-term debt due within one year	337,852		254,382		285,852	
3. Accrued taxes including corporate taxes	–		62,143		25,883	
4. Allowance for bonuses	4,585		5,293		4,922	
5. Others	177,031		142,964		157,200	
Total current liabilities	802,646	16.7	754,505	16.3	962,734	19.7
II Long-term liabilities						
1. Bonds	350,000		550,000		350,000	
2. Long-term borrowings	786,249		531,867		640,253	
3. Others	3,810		6,094		3,794	
Total long-term liabilities	1,140,059	23.8	1,087,961	23.4	994,047	20.4
Total liabilities	1,942,705	40.5	1,842,466	39.7	1,956,782	40.1

Category	As of December 31, 2005 Amount (Thousand yen)	(%)	As of December 31, 2006 Amount (Thousand yen)	(%)	As of December 31, 2006 Amount (Thousand yen)	(%)
(Shareholders' equity)						
I Common stock	2,035,378	42.4	–	–	–	–
II Capital surplus	2,501,826	52.1	–	–	–	–
III Retained earnings	(1,715,853)	(35.7)	–	–	–	–
IV Other unrealized holding gains/losses on marketable securities	1,862	0.0	–	–	–	–
V Exchange adjustments	35,851	0.7	–	–	–	–
Total shareholders' equity	2,859,066	59.5	–	–	–	–
Total liabilities and shareholders' equity	4,801,772	100.0	–	–	–	–
（Net assets）						
I. Stockholders' equity						
1.Common stock			2,041,528	44.0	2,041,278	41.8
2.Capital surplus reserve			2,508,099	54.0	2,507,844	51.3
3.Accumulated earnings			(1,829,249)	(39.4)	(1,664,477)	(34.1)
Total Stockholders' equity			2,720,377	58.6	2,884,644	59.0
II. Evaluation, exchange differences						
1.Unreakized gains/losses on securities			6,416	0.1	3,289	0.1
2.Deferred hedge Income /loss			(117)	(0.0)	(18)	(0.0)
3.Foreign exchange transaction adjustment			71,880	1.6	40,233	0.8
Total Evaluation and transaction adjustment			78,178	1.7	43,504	0.9
Ⅲ. Stock option			49	0.0	54	0.0
Total net assets			2,798,605	60.3	2,928,203	59.9
Total liabilities and net assets			4,641,072	100.0	4,884,985	100.0

2) Consolidated interim statement of income

Category	From July 1, 2005 to December 31, 2005 Amount (Thousand yen)		(%)	From July 1, 2006 to December 31, 2006 Amount (Thousand yen)		(%)	From July 1, 2005 to June 30, 2006 Amount (Thousand yen)		(%)
I Net sales		1,643,658	100.0		1,694,556	100.0		3,636,933	100.0
II Cost of sales		989,165	60.2		993,416	58.6		2,174,778	59.8
Gross profit on sales		654,492	39.8		701,140	41.4		1,462,155	40.2
III Selling, general and administrative expenses		696,127	42.3		829,882	49.0		1,449,334	39.9
Operating income or(loss)		(41,634)	(2.5)		(128,741)	(7.6)		12,820	0.3
IV Non-operating income									
Interest income	4,279			5,633			10,364		
Dividend income	10			16			32		
Gain on foreign currency exchange	11,048			11,608			22,180		
Others	3,007	18,345	1.1	5,307	22,565	1.3	4,163	36,741	1.0
V Non-operating expenses									
Interest expenses	12,213			11,361			23,498		
Loss in equity method investment	–			8,329			–		
Expense of issuing new stocks	457			–			603		
Expense for stock distribution	–			67			–		
Bond issuing expense	6,450			–			6,450		
Bond issuing etc	–			3,319			–		
Others	12	19,134	1.2	3,975	27,052	1.6	106	30,658	0.8
Ordinary income or (loss)		(42,422)	(2.6)		(133,228)	(7.9)		18,903	0.5
VI Extraordinary income									
Gain on sale of fixed assets	3,964	3,964	0.2				4,171	4,171	0.1
Ⅶ Extraordinary loss									
Loss on sale of fixed assets	–			30			–		
Loss on impairment of fixed assets	85			–			288		
Loss on revaluation of investment securities	–			–			–		
Loss on impairment of property, plant and equipment	237,503	237,588	14.4	–	30	0.0	237,503	237,792	6.5
Income or (loss) before tax adjustments		(276,047)	(16.8)		(133,259)	(7.9)		(214,717)	(5.9)
Corporate, local, and enterprises taxes	25,600	25,600	1.6		31, 512	1.8		35,554	1.0
Net income or (loss)		(301,647)	(18.4)		(164,772)	(9.7)		(250,271)	(6.9)

3) Consolidated Statement of Cash Flow

	From July 1, 2005 to December 31, 2005)	From July 1, 2006 to December 31, 2006	From July 1, 2005 to June 30, 2006
Category	Amount (Thousand yen)	Amount (Thousand yen)	Amount (Thousand yen)
Ⅰ **Cash flow from operating activities**			
Interim net (loss)or current income before adjustments including taxes	(276,047)	(133,259)	(214,717)
Depreciation and amortization	77,725	89,281	169,767
Impairment loss	237,503	―	237,503
Increase or (decrease) of allowances	(4, 490)	402	(4,521)
Interest and dividend income	(4, 289)	(5, 649)	(10, 396)
Interest paid	12,213	11,361	23,498
New stock issue expense	457	_	603
Stock distribution expense	_	67	_
Bonds issue expense	6,450	_	6,450
Bonds issue, etc	_	3,319	_
Loss on equity method investment	_	8,329	_
Gains on sale of fixed assets	(3,964)	–	(4,171)
Loss on sale of fixed assets	_	30	_
Loss on disposal of fixed assets	85	_	288
Decrease or increase in account receivables	10,925	302,721	(109,954)
Decrease or increase in inventories	5,250	(128,189)	(40,290)
Increase or decrease in accounts payable	(59,095)	(233,894)	123,178
Others	60,224	46,742	(6,061)
Sub total	62,949	(38,736)	171,177
Amount of interest and dividend income	4,025	5,617	10,202
Amount of interest paid	(10,481)	(9,413)	(21,376)
Amount of taxes paid including corporation tax	(27,095)	(7,407)	(26,750)
Net cash provided by operating activities	**29,397**	**(49,939)**	**133,252**

	From July 1, 2005 to December 31, 2005	From July 1, 2006 to December 31, 2006	From July 1, 2005 to June 30, 2006
Category	Amount (Thousand yen)	Amount (Thousand yen)	Amount (Thousand yen)
Ⅱ Cash flow from investing activities			
Net increase/decrease in time deposits	117,677	199,751	202,405
Income from sale of tangible fixed assets	43,497	3,595	44,374
Acquisition of tangible fixed assets	(39,955)	(39,342)	(239,058)
Acquisition of intangible fixed assets	(1,793)	(1,091)	(2,266)
Acquisition of stock of affiliate	–	(50,000)	–
Others	279	999	592
Net cash provided by investing activities	**119,705**	**113,912**	**6,047**
Ⅲ Cash flow from financing activities			
Net increase/decrease in short-term loan	(100,000)	–	(100,000)
Proceeds from long-term debt	850,000	–	850, 000
Repayment of long-term debt	(668,621)	(139,856)	(866,617)
Proceeds from bond issues	343,550	196,681	343,550
Proceeds from stock issues	20,342	432	31,996
Net cash provided by financing activities	**445,270**	**57,257**	**258,928**
Ⅳ Effects of exchange rates on cash and cash equivalents	**25,117**	**20,564**	**20,392**
Ⅴ Increase in cash and cash equivalents	**619,490**	**141,794**	**418,621**
Ⅵ Cash and cash equivalents at the beginning of the period	**796,219**	**1,214,841**	**796,219**
Ⅶ Cash and cash equivalents at the end of the interim/current fiscal year	**1,415,710**	**1,356,635**	**1,214,841**