

## Summary of Financial Results for the First Quarter Ended June 2005 (Consolidated)

Company name:	PHOENIX Electric Co., Ltd.
Stock code:	6927
Stock Exchange listing:	Tokyo Stock Exchange, Second Section, JASDAQ
Head office address:	Hyogo Prefecture
URL:	<a href="http://www.phoenix-elec.co.jp">http://www.phoenix-elec.co.jp</a>
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### 1. Significant accounting policies in the preparation of quarterly financial statements

- 1) Changes in accounting treatment from the most recent fiscal year: Yes  
Taxes are recorded based on the projected annual tax rate in accordance with the statutory effective tax rate.
- 2) Changes in scope of consolidation or application of equity method: None

### 2. Financial results for the first quarter ended June 2005 (April 1, 2005 - June 30, 2005)

#### (1) Results of Operations

	Net Sales		Operating Income		Recurring Profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Quarter ended June 30, 2005	2,580	9.9	598	6.7	616	7.4
Quarter ended June 30, 2004	2,348	-	561	-	574	-
Year ended March 31, 2005	11,051	68.2	2,610	142.2	2,538	158.6

	Net Income		Net Income Per Share (basic)	Net Income Per Share (diluted)
	million yen	YoY change (%)	yen	yen
Quarter ended June 30, 2005	366	6.9	16.05	-
Quarter ended June 30, 2004	342	-	48.22	-
Year ended March 31, 2005	1,520	143.6	65.62	-

#### Notes:

1. Equity in earnings of unconsolidated subsidiaries  
 Quarter ended June 30, 2005: 22,806,900 shares  
 Quarter ended June 30, 2004: 7,102,300 shares  
 Year ended March 31, 2005: 22,342,516 shares
2. A one-to-three stock split was conducted on November 19, 2004. Net income per share during the first quarter of the fiscal year ended June 30, 2004 was calculated as if this split had occurred at the beginning of the fiscal year.  
 Net income per share (basic): 16.07 yen
3. YoY change in the parentheses of net sales, operating income, recurring profit and net income represents relevant change in percentage compared to the same period of the previous fiscal year.
4. The Company is reporting quarterly results for the first time in the first quarter ended June 30, 2004.  
 Consequently, there are no year-on-year comparisons.

### [Consolidated Results of Operations]

During the first quarter, there were inventory adjustment in both the projector and rear projection TV markets. However, manufacturers are expected to begin slowly increasing output in the second quarter.

Despite this inventory reductions, sales of lamps for projectors and rear projection TVs increased 26% in terms of unit volume compared with one year ago and 11.3% on a monetary basis. First quarter consolidated net sales increased 9.9% to 2,580 million yen as the yen was weaker than the exchange rate of 105 yen to the U.S. dollar that the Company had used in its initial business plan. Actual first quarter sales were 2.6% higher than the Company's forecast of 2,515 million yen.

Earnings were affected by higher depreciation expenses resulting from the substantial capital expenditures made in the previous fiscal year. However, recurring profit was up 7.4% to 616 million yen, which was 30.4% higher than had been planned, and net income rose 6.9% to 366 million yen, which was 26.2% higher than had been planned.

### (2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per Share
	million yen	million yen	%	yen
As of June 30, 2005	11,015	8,441	76.6	370.12
As of June 30, 2004	7,709	4,646	60.3	654.27
As of March 31, 2005	12,151	8,293	68.3	361.25

Notes:

1. Number of shares issued at end of fiscal year (Consolidated basis)  
As of June 30, 2005: 22,806,900 shares  
As of June 30, 2004: 7,102,300 shares  
As of March 31, 2005: 22,806,900 shares
2. A one-to-three stock split was conducted on November 19, 2004. Net income per share during the first quarter ended June 30, 2004 was calculated as if this split had occurred at the beginning of the fiscal year.  
Shareholders' equity per share: 218.09 yen

### (3) Cash Flows Position

	Net cash provide by (used in)			Cash and cash equivalents at end of period
	operating activities	investing activities	financing activities	
	million yen	million yen	million yen	million yen
Quarter ended June 30, 2005	(151)	(782)	(220)	1,137
Quarter ended June 30, 2004	(15)	(333)	(150)	1,465
Year ended March 31, 2005	1,030	(2,936)	2,231	2,288

### [Information Concerning Cash Flows]

There was a net decrease of 1,151 million yen in cash and cash equivalents compared with the past fiscal year. A summary of cash flows and major components follows.

#### (Operating Activities)

Net cash used in operating activities was 151 million yen in the first quarter ended June 30, 2005. Income before income taxes was 617 million yen, payment for uncollected consumption taxes refunds was 216 million yen, however, income tax paid in previous fiscal year were 970 million yen.

#### (Investing activities)

Net cash used in investing activities was 782 million yen in the first quarter ended June 30, 2005. This was mainly the result of capital expenditures to increase output capacity of lamps for projectors and rear projection TVs, primarily by adding manufacturing equipment and building a second factory.

(Financing activities)

Net cash used in financing activities was 220 million yen in the first quarter ended June 30, 2005. Cash was used mainly for the cash dividend paid, repayment of borrowings and payment for purchases by installment.

Attachment:

Consolidated Balance Sheets, Consolidated Statements of Income, and others

**[Reference]**

**Forecast for the Fiscal Year Ending March 2006 (April 1, 2005 - March 31, 2006)**

	Net Sales	Recurring Profit	Net Income
	million yen	million yen	million yen
Interim	5,999	1,269	779
Full year	14,071	3,353	2,057

Reference: Estimated net income per share for the fiscal year ending March 2006: 90.23 yen

Projections of operating results are based on information available to management at the time this report was prepared. As such, these projections entail risks and uncertainties. Readers should be aware that actual results and events may differ substantially from these projections.

**[Information Concerning Forecasts]**

Although first quarter consolidated net sales, recurring profit and net income exceeded the Company's plan, no revisions are being made at this time to the current forecasts for consolidated operating results in the fiscal year ending March 2006. As set manufacturers have completed inventory adjustment, the Company expects that demand for its lamps will begin to increase slowly in the second quarter. However, a number of uncertainties remain, including the effect of falling prices of digital consumer electronics.

[Attachment]

(1) Consolidated Balance Sheets

(thousands of yen, %)

Account	As of June 30, 2005	As of June 30, 2004	Change		As of Mar. 31, 2005
	Amount	Amount	Amount	%	Amount
<b>ASSETS</b>					
<b>I Current assets</b>					
1. Cash and deposits with banks	1,137,292	1,465,776	(328,483)		2,288,982
2. Notes and accounts receivable	2,659,929	2,511,804	148,125		2,852,973
3. Inventories	1,733,426	942,165	791,261		1,534,100
4. Deferred tax assets	197,808	75,927	121,881		199,337
5. Other current assets	93,654	139,299	(45,644)		274,114
Allowance for doubtful accounts	(10,704)	(13,716)	3,012		(10,931)
Total current assets	<b>5,811,407</b>	<b>5,121,255</b>	<b>690,152</b>	<b>13.5</b>	<b>7,138,576</b>
<b>II Fixed assets</b>					
1. Property, plant, and equipment					
Buildings and structures	571,293	244,612	326,681		584,041
Machinery and vehicles	1,650,823	947,375	703,447		1,749,641
Land	1,026,502	594,733	431,769		1,026,502
Construction in progress	1,660,689	561,739	1,098,950		1,364,598
Other property, plant, and equipment	110,645	71,288	39,357		114,343
Total property, plant, and equipment	<b>5,019,954</b>	<b>2,419,748</b>	<b>2,600,205</b>	<b>107.5</b>	<b>4,839,128</b>
2. Intangible assets	<b>13,340</b>	<b>8,269</b>	<b>5,071</b>	<b>61.3</b>	<b>7,482</b>
3. Investments and other assets					
Investment securities	135,373	99,780	35,592		127,218
Deferred tax assets	8,353	17,488	(9,135)		12,638
Other investments and assets	30,051	49,180	(19,129)		29,319
Allowance for doubtful accounts	(3,102)	(6,458)	3,355		(3,108)
Total investments and other assets	<b>170,674</b>	<b>159,990</b>	<b>10,683</b>	<b>6.7</b>	<b>166,068</b>
Total fixed assets	<b>5,203,970</b>	<b>2,588,008</b>	<b>2,615,961</b>	<b>101.1</b>	<b>5,012,679</b>
Total assets	<b>11,015,378</b>	<b>7,709,264</b>	<b>3,306,113</b>	<b>42.9</b>	<b>12,151,255</b>

(thousands of yen,%)

Account	As of June 30, 2005	As of June 30, 2004	Change		As of Mar. 31, 2005
	Amount	Amount	Amount	%	Amount
<b>LIABILITIES</b>					
I Current liabilities					
1. Notes and accounts payable	601,722	730,938	(129,215)		618,069
2. Current portion of long-term borrowings	249,040	16,686	232,354		249,040
3. Accrued income taxes	251,821	234,626	17,194		997,991
4. Accrued bonuses	159,120	147,300	11,819		222,191
5. Other current liabilities	501,540	834,660	(333,119)		933,296
Total current liabilities	<b>1,763,245</b>	<b>1,964,211</b>	<b>(200,966)</b>	<b>(10.2)</b>	<b>3,020,588</b>
II Long-term liabilities					
1. Long-term borrowings	711,660	1,000,000	(288,340)		748,920
2. Deferred tax liabilities	2,730	1,862	867		2,638
3. Accrued officers' severance benefits	96,452	68,321	28,131		82,889
4. Other long-term liabilities	-	28,050	(28,050)		2,894
Total long-term liabilities	<b>810,842</b>	<b>1,098,234</b>	<b>(287,391)</b>	<b>(26.2)</b>	<b>837,342</b>
Total liabilities	<b>2,574,087</b>	<b>3,062,446</b>	<b>(488,358)</b>	<b>(15.9)</b>	<b>3,857,930</b>
<b>SHAREHOLDERS' EQUITY</b>					
I Common stock	2,133,177	877,177	1,256,000	143.2	2,133,177
II Capital surplus	2,563,867	1,308,367	1,255,500	96.0	2,563,867
III Retained earnings	3,695,752	2,433,956	1,261,795	51.8	3,554,967
IV Unrealized holding gain on other Securities	53,850	33,824	20,026	59.2	49,454
V Foreign currency translation adjustments	(5,356)	(6,507)	1,150	(17.7)	(8,141)
Total shareholders' equity	<b>8,441,290</b>	<b>4,646,818</b>	<b>3,794,472</b>	<b>81.7</b>	<b>8,293,324</b>
Total liability, minority interests and shareholders' equity	<b>11,015,378</b>	<b>7,709,264</b>	<b>3,306,113</b>	<b>42.9</b>	<b>12,151,255</b>

## (2) Consolidated Statements of Income

(thousands of yen, %)

Account	April 1, 2005 - June 30, 2005	April 1, 2004 - June 30, 2004	Change		April 1, 2004 - March 31, 2005
	Amount	Amount	Amount	%	Amount
I Net sales	2,580,461	2,348,870	231,590	9.9	11,051,988
II Cost of goods sold	1,583,393	1,456,712	126,681	8.7	6,933,217
Gross profit	997,067	892,158	104,909	11.8	4,118,770
III Selling, general, and administrative expenses	398,306	330,803	67,503	20.4	1,507,939
<b>OPERATING INCOME</b>	<b>598,760</b>	<b>561,354</b>	<b>37,406</b>	<b>6.7</b>	<b>2,610,831</b>
IV Non-operating income	<b>34,161</b>	<b>16,949</b>	<b>17,211</b>	<b>101.5</b>	<b>10,143</b>
1. Interest income	142	392	(250)		1,435
2. Dividend income	262	262	-		262
3. Foreign exchange gains	30,210	14,831	15,379		-
4. Others	3,545	1,463	2,082		8,446
V Non-operating expenses	<b>16,107</b>	<b>3,964</b>	<b>12,143</b>	<b>306.3</b>	<b>82,860</b>
1. Interest expense	3,349	2,841	508		12,876
2. Foreign exchange losses	-	-	-		33,071
3. Listing expenses	12,000	-	12,000		7,834
4. Others	758	1,122	(365)		29,079
<b>RECURRING PROFIT</b>	<b>616,814</b>	<b>574,340</b>	<b>42,473</b>	<b>7.4</b>	<b>2,538,114</b>
VI Extraordinary income	453	-	<b>453</b>	-	-
Reversal of allowance for doubtful accounts	453	-	453		-
VII Extraordinary loss	-	<b>774</b>	<b>(774)</b>	-	<b>1,467</b>
Loss on disposal of fixed assets	-	774	(774)		1,467
Income before income taxes	<b>617,267</b>	<b>573,565</b>	<b>43,701</b>	<b>7.6</b>	<b>2,536,646</b>
Income taxes	251,130	231,091	20,038	8.7	1,016,144
Net income	<b>366,136</b>	<b>342,474</b>	<b>23,662</b>	<b>6.9</b>	<b>1,520,502</b>

### (3) Consolidated Statements of Cash Flows

(thousands of yen)

	April 1, 2005 - June 30, 2005	April 1, 2004 - June 30, 2004	April 1, 2004 - March 31, 2005
Account	Amount	Amount	Amount
<b>I CASH FLOWS FROM OPERATING ACTIVITIES</b>			
1. Income before income taxes	617,267	573,565	2,536,646
2. Depreciation and amortization	135,259	65,396	437,804
3. Increase in accrued officers' severance benefits	13,563	3,516	18,084
4. Increase (decrease) in accrued bonuses	(63,071)	23,732	98,623
5. Increase (decrease) in allowance for doubtful accounts	(232)	3,115	(3,019)
6. Interest and dividend income	(304)	(654)	(1,697)
7. Interest expense	3,349	2,841	12,876
8. Loss (gain) on valuation of investment securities	(754)	335	-
9. Loss on disposal of fixed assets	-	774	1,467
10. Decrease (increase) in notes and accounts receivable	193,043	(573,855)	(915,024)
11. Decrease (increase) in inventories	(199,326)	(124,839)	(716,775)
12. Decrease (increase) in other receivables	216,553	(23,739)	(216,552)
13. Increase (decrease) in notes and accounts payable	(16,346)	135,339	22,470
14. Increase (decrease) in other payables	5,975	43,436	56,305
15. Bonuses for officers through appropriation of income	(54,300)	(21,500)	(21,500)
16. Others	(32,634)	(2,425)	32,262
Subtotal	818,042	105,037	1,341,970
17. Interests and dividends received	304	654	1,697
18. Interests paid	122	(2,817)	(16,070)
19. Income taxes paid	(970,051)	(117,993)	(297,514)
<b>Net cash provided by (used in) operating activities</b>	<b>(151,582)</b>	<b>(15,118)</b>	<b>1,030,082</b>
<b>II CASH FLOWS FROM INVESTING ACTIVITIES</b>			
1. Payment for purchases of property, plant, and equipment	(782,253)	(342,848)	(3,015,539)
2. Payments for loans receivable	-	-	20,244
3. Proceeds from collection of loans receivable	-	7,500	37,500
4. Others	(481)	1,878	21,274
<b>Net cash provided (used in) investing activities</b>	<b>(782,734)</b>	<b>(333,469)</b>	<b>(2,936,521)</b>
<b>III CASH FLOWS FROM FINANCING ACTIVITIES</b>			
1. Repayment of long-term borrowings	(37,260)	(24,999)	(43,725)
2. Payment for purchases by installment	(11,846)	(19,303)	(72,407)
3. Cash dividend paid	(171,051)	(106,534)	(163,551)
4. Proceeds from new stock issuance	-	-	2,511,500
<b>Net cash provided by (used in) financing activities</b>	<b>(220,157)</b>	<b>(150,836)</b>	<b>2,231,816</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,784</b>	<b>(1,011)</b>	<b>(2,606)</b>
<b>V Increase in cash and cash equivalents</b>	<b>(1,151,690)</b>	<b>(500,435)</b>	<b>322,770</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>2,288,982</b>	<b>1,966,212</b>	<b>1,966,212</b>
<b>VII Cash and cash equivalents at end of period</b>	<b>1,137,292</b>	<b>1,465,776</b>	<b>2,288,982</b>

#### 4. Segment Information

##### [Operating segment information]

Current first quarter (April 1, 2005 - June 30, 2005)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

Previous first quarter (April 1, 2004 - June 30, 2004)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

Previous fiscal year (April 1, 2004 - March 31, 2005)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

##### [Geographical segment information]

Current first quarter (April 1, 2005 - June 30, 2005)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

Previous first quarter (April 1, 2004 - June 30, 2004)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

Previous fiscal year (April 1, 2004 - March 31, 2005)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

##### [Overseas sales]

Current first quarter (April 1, 2005 to June 30, 2005)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	191,847	1,361,273	68,660	1,621,780
II. Consolidated sales	-	-	-	2,580,461
III. Overseas sales as a percentage of consolidated sales (%)	7.4	52.8	2.7	62.8

Previous first quarter (April 1, 2004 to June 30, 2004)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	368,357	1,026,996	23,189	1,418,543
II. Consolidated sales	-	-	-	2,348,870
III. Overseas sales as a percentage of consolidated sales (%)	15.7	43.7	1.0	60.4

Previous fiscal year (April 1, 2004 - March 31, 2005)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	1,223,725	5,401,808	156,556	6,782,089
II. Consolidated sales	-	-	-	11,051,988
III. Overseas sales as a percentage of consolidated sales (%)	11.1	48.9	1.4	61.4