

Summary of Financial Results for the Third Quarter Ended December 2004 (Consolidated)

Company name:	PHOENIX Electric Co., Ltd.
Stock code:	6927
Stock Exchange listing:	JASDAQ
Head office address:	Hyogo Prefecture
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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 third quarter ended December 2004 (April 1, 2004 – December 31, 2004)

(1) Results of Operations

	Net Sales		Operating Income		Recurring Profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Quarter ended Dec. 31, 2004	8,439	-	2,098	-	2,011	-
Year ended Mar. 31, 2004	6,571	10.6	1,077	16.1	981	18.9

	Net Income		Net Income Per Share (basic)	Net Income Per Share (diluted)
	million yen	YoY change (%)	yen	yen
Quarter ended Dec. 31, 2004	1,203	-	54.23	-
Year ended Mar. 31, 2004	624	42.6	84.88	-

Notes:

1. Equity in earnings of unconsolidated subsidiaries
 Quarter ended Dec. 31, 2004: 22,190,536 shares
 Year ended Mar. 31, 2004: 7,100,087 shares
2. 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.
3. A one-to-three stock split was conducted on November 19, 2004. The average number of shares outstanding during the third quarter of the current fiscal year was calculated as if this split had occurred at the beginning of the fiscal year.
4. The Company is reporting quarterly results for the first time in the fiscal year ending March 31, 2005. Consequently, no figures are shown for the first quarter of the prior fiscal year and there are no year-on-year comparisons.

Consolidated Results of Operations

Demand for large-screen rear projection TVs increased, mainly in the United States, and sales of our mainstay lamp projectors continued to climb. In addition, there was steady growth in sales volume to new and existing customers of lamps for lamp-type rear projection TVs and projectors.

To meet the growth in demand, monthly production capacity was raised from 100,000 to 130,000 units. Operations at an assembly facility in China continued to go as planned.

The yen began appreciating in the fiscal year's second half, rising above the projected exchange rate of 105 yen to the U.S. dollar, reducing third quarter earnings by 78 million yen. However, this was offset by sales growth and other items.

As a result, third quarter consolidated net sales were 8,439 million yen, operating income was 2,098 million yen and recurring profit was 2,011 million yen. All three figures were above the fiscal year's business plan and well above operating results one year earlier.

(2) Financial Position

	Total Assets	Shareholders' Equity	Shareholders' Equity ratio	Shareholders' Equity per share
	million yen	million yen	%	yen
As of Dec. 31, 2004	11,905	7,979	67.0	349.86
As of Mar. 31, 2004	6,791	4,428	65.2	620.51

Notes:

1. Number of shares issued at end of fiscal year (Consolidated basis)

As of Dec. 31, 2004: 22,806,900 shares

As of Mar. 31, 2004: 7,102,300 shares

2. No figures are shown for the third quarter of the prior fiscal year because the Company is reporting quarterly results for the first time in the fiscal year ending March 31, 2005.

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 Dec. 31, 2004	188	(1,900)	2,253	2,511
Year ended Mar. 31, 2004	472	(254)	703	1,966

Note: No cash flow figures are shown for the third quarter of the prior fiscal year because the Company is reporting quarterly results for the first time in the fiscal year ending March 31, 2005.

Information Concerning Cash Flows

There was a net increase of 545 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 provided by operating activities was 188 million yen. Income before income taxes was 2,010 million yen, the result of strong sales of lamps for projector and lamp-type rear projection TVs. However, the sales growth resulted in a large increase in notes and accounts receivable as well as an increase in inventories of raw materials.

(Investing activities)

Net cash used in investing activities was 1,900 million yen. Cash was used mainly for capital expenditures to meet rising demand for lamps used in projectors and large-screen rear projection TVs.

(Financing activities)

Net cash provided by financing activities was 2,253 million yen. This mainly represents proceeds from the issuance of stock, which was sold through a public offering, and the extension of 2,511 million yen loan. The proceeds were used to increase production capacity of lamps for lamp-type rear projection TVs.

Attachment

Consolidated Balance Sheets, Consolidated Statements of Income, and others

[Reference]

Forecast for the Fiscal Year Ending March 2005 (April 1, 2004 - March 31, 2005)

	Net Sales	Recurring Profit	Net Income
	million yen	million yen	million yen
Full year	11,104	2,292	1,382

Reference: Estimated net income per share for the fiscal year ending March 2005: 61.33 yen

A one-to-three stock split was conducted on November 19, 2004 for shareholders and beneficial shareholders of record on September 30, 2004. The forecast for earnings per share in the current fiscal year was calculated as if this split had occurred at the beginning of the fiscal year.

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 third quarter consolidated net sales, recurring profit and net income exceeded the Company's plan, no revisions are being made to the previously announced consolidated forecasts for the fiscal year ending March 31, 2005.

[Attachment]

(1) Consolidated Balance Sheets

(thousands of yen)

Account	As of Dec. 31, 2004	As of March 31, 2004
	Amount	Amount
ASSETS		
I Current assets		
1. Cash and deposits with banks	2,511,194	1,966,212
2. Notes and accounts receivable	3,518,263	1,937,948
3. Inventories	1,338,333	817,325
4. Deferred tax assets	112,175	73,265
5. Other current assets	264,950	101,544
Allowance for doubtful accounts	(7,132)	(10,597)
Total current assets	7,737,783	4,885,698
II Fixed assets		
1. Property, plant, and equipment		
Buildings and structures	525,062	217,654
Machinery and vehicles	1,518,362	686,635
Land	1,022,014	594,733
Construction in progress	821,794	193,405
Other property, plant, and equipment	103,856	40,321
Total property, plant, and equipment	3,991,091	1,732,750
2. Intangible assets	8,288	8,370
3. Investments and other assets		
Investment securities	122,432	92,015
Deferred tax assets	6,229	20,704
Other investments and assets	49,712	58,622
Allowance for doubtful accounts	(10,214)	(6,462)
Total investments and other assets	168,160	164,880
Total fixed assets	4,167,539	1,906,002
Total assets	11,905,323	6,791,701

(thousands of yen)

Account	As of Dec. 31, 2004	As of March 31, 2004
	Amount	Amount
LIABILITIES		
I Current liabilities		
1. Notes and accounts payable	920,307	595,598
2. Current portion of long-term borrowings	163,820	41,685
3. Accrued income taxes	704,924	118,804
4. Accrued bonuses	138,867	123,568
5. Other current liabilities	1,069,081	376,912
Total current liabilities	2,997,000	1,256,568
II Long-term liabilities		
1. Long-term borrowings	836,180	1,000,000
2. Deferred tax liabilities	2,010	1,889
3. Accrued officers' severance benefits	78,798	64,805
4. Other long-term liabilities	12,188	39,896
Total long-term liabilities	929,177	1,106,591
Total liabilities	3,926,177	2,363,159
MINORITY INTERESTS		
Minority interests	-	-
SHAREHOLDERS' EQUITY		
I Common stock	2,133,177	877,177
II Capital surplus	2,563,867	1,308,367
III Retained earnings	3,237,855	2,219,516
IV Unrealized holding gain on other securities	46,959	28,939
V Foreign currency translation adjustments	(2,713)	(5,459)
Total shareholders' equity	7,979,146	4,428,541
Total liability, minority interests and shareholders' equity	11,905,323	6,791,701

(2) Consolidated Statements of Income*(thousands of yen)*

Account	Apr. 1, 2004 – Dec. 31, 2004	Apr. 1, 2003 – Mar. 31, 2004
	Amount	Amount
I Net sales	8,439,348	6,571,405
II Cost of goods sold	5,239,441	4,296,446
Gross profit	3,199,906	2,274,959
III Selling, general, and administrative expenses	1,101,293	1,196,999
OPERATING INCOME	2,098,613	1,077,960
IV Non-operating income	6,825	12,568
1. Interest income	1,194	1,333
2. Dividend income	262	12
3. Others	5,368	11,222
V Non-operating expenses	93,839	108,977
1. Interest expense	9,178	3,172
2. Foreign exchange losses	56,706	89,390
3. Others	27,954	16,414
RECURRING PROFIT	2,011,598	981,551
VI Extraordinary income	24	73,640
1. Gain on sales of fixed assets	-	2,633
2. Reversal of allowance for doubtful accounts	24	398
3. Gain on transfer between retirement benefit plans	-	70,608
VII Extraordinary loss	787	245
1. Loss on disposal of fixed assets	787	245
Income before income taxes	2,010,835	1,054,946
Income taxes	807,444	430,802
Net income	1,203,390	624,143

(3) Consolidated Statements of Cash Flows*(thousands of yen)*

	Apr. 1, 2004 – Dec. 31, 2004	Apr. 1, 2003 -Mar. 31, 2004
Account	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES		
1. Income before income taxes	2,010,835	1,054,946
2. Depreciation and amortization	286,658	243,192
3. Increase (decrease) in accrued employees' retirement benefits	-	(196,798)
4. Increase in accrued officers' severance benefits	13,993	11,933
5. Increase (decrease) in accrued bonuses	15,299	6,383
6. Increase (decrease) in allowance for doubtful accounts	287	1,103
7. Interest and dividend income	(1,456)	(1,345)
8. Interest expense	9,178	3,172
9. Loss (gain) on valuation of investment securities	251	(969)
10. Loss (gain) on sales of fixed assets	-	(2,633)
11. Loss on disposal of fixed assets	787	245
12. Decrease (increase) in notes and accounts receivable	(1,580,314)	(357,256)
13. Decrease (increase) in inventories	(521,008)	149,037
14. Decrease (increase) in other receivables	(152,801)	4,506
15. Increase (decrease) in notes and accounts payable	324,708	193,404
16. Increase (decrease) in other payables	103,481	18,210
17. Bonuses for officers	(21,500)	(18,900)
18. Others	(33,977)	16,269
Subtotal	454,422	1,124,503
19. Interests and dividends received	1,456	1,345
20. Interests paid	(8,900)	(3,182)
21. Income taxes paid	(258,018)	(649,904)
Net cash provided by (used in) operating activities	188,960	472,761
II CASH FLOWS FROM INVESTING ACTIVITIES		
1. Payment for purchases of property, plant, and equipment	(1,959,114)	(221,700)
2. Proceed from sale of property, plant, and equipment	20,244	-
3. Payments for loans receivable	-	(60,000)
4. Proceeds from collection of loans receivable	37,500	22,500
5. Others	966	4,886
Net cash provided (used in) investing activities	(1,900,404)	(254,313)
III CASH FLOWS FROM FINANCING ACTIVITIES		
1. Proceeds from long-term borrowings	-	1,000,000
2. Repayment of long-term borrowings	(41,685)	(99,996)
3. Payment for purchases by installment	(52,315)	(90,744)
4. Cash dividend paid	(163,551)	(106,399)
5. Proceeds from new stock issuance	2,511,500	900
Net cash provided by (used in) financing activities	2,253,947	703,759
IV Effect of exchange rate changes on cash and cash equivalents	2,478	(6,849)
V Increase in cash and cash equivalents	544,982	915,359
VI Cash and cash equivalents at beginning of period	1,966,212	1,050,853
VII Cash and cash equivalents at end of period	2,511,194	1,966,212

3. Segment Information

Operating segment information

Current third quarter (April 1, 2004 to December 31, 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 third quarter (April 1, 2003 to December 31, 2003)

No operational segment information is shown because the Company did not prepare financial statements for this quarter.

Previous fiscal year (April 1, 2003 - March 31, 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.

Geographical segment information

Current third quarter (April 1, 2004 to December 31, 2004)

The Group operates mainly in Japan and has no significant overseas operations. 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 third quarter (April 1, 2003 to December 31, 2003)

No geographic segment information is shown because the Company did not prepare financial statements for this quarter.

Previous fiscal year (April 1, 2003 - March 31, 2004)

The Group operates mainly in Japan and has no significant overseas operations. 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 third quarter (April 1, 2004 to December 31, 2004)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	912,315	4,236,603	75,778	5,224,696
II. Consolidated sales	-	-	-	8,439,348
III. Overseas sales as a percentage of consolidated sales (%)	10.8	50.2	0.9	61.9

Previous third quarter (April 1, 2003 to December 31, 2003)

Overseas sales are not shown because the Company did not prepare financial statements for this quarter.

Previous fiscal year (April 1, 2003 - March 31, 2004)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	1,235,411	2,278,869	105,043	3,619,323
II. Consolidated sales	-	-	-	6,571,405
III. Overseas sales as a percentage of consolidated sales (%)	18.8	34.7	1.6	55.1