PHOENIX Electric Co.,Ltd.

May 30, 2003

Consolidated Financial Results
for the Year Ended March 31, 2003

Company name:	PHOENIX Electric Co., Ltd.
Stock code:	6927
Stock Exchange listing:	JASDAQ
Head office address:	Hyogo Prefecture
URL:	http://www.phoenix-elec.co.jp
President:	Sadaichi Saito
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Board meeting for approving:	May 30, 2003
Accounting Principle:	Japanese GAAP

1. Financial Results (April 1, 2002 – March 31, 2003)

(1) Results of Operations

(amounts rounded down to million yen)

	Net sales		Operating income		Recurring profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Year ended March 2003	5,943	15.4	928	78.8	825	64.2
Year ended March 2002	5,150	(6.3)	519	(32.2)	502	(36.7)

	Net income		Net income per share (basic)	Net income per share (diluted)
	million yen	YoY change (%)	yen	yen
Year ended March 2003	437	259.3	67.60	67.52
Year ended March 2002	121	(82.1)	20.49	-

	ROE	Recurring profit to total assets	Recurring profit to sales
	%	%	%
Year ended March 2003	12.7	15.9	13.9
Year ended March 2002	4.1	9.8	9.8

Notes:
1. Equity in earnings of unconsolidated subsidiaries
   - Year ended March 2003: None
   - Year ended March 2002: None
2. Average number of shares outstanding
   - Year ended March 2003: 6,196,719shares
   - Year ended March 2002: 5,946,025 shares
3. Changes in accounting principles applied: Yes
   The net income per share (basic) and the net income per share (diluted) for the fiscal year ended March 2003 would be ¥70.65 and ¥70.56 respectively if the previous method is applied consistently.
4. Each "YoY change" represents relevant change in percentage compared to the same period of the previous year.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of March 31, 2003	5,589	3,906	69.9	548.12
As of March 31, 2002	4,783	2,997	62.7	504.02

Notes: 1 Number of shares issued at end of fiscal year (Consolidated basis)
As of March 31, 2003: 7,093,300 shares
As of March 31, 2002: 5,948,000 shares
2 The shareholders' equity per share as of March 31, 2003 would be ¥550.79 if the previous method were applied consistently.

(3) Cash Flows Position

	Net cash provide by (used in)			Cash and cash equivalents at end of year
	operating activities	investing activities	financing activities	
	million yen	million yen	million yen	million yen
Year ended March 2003	691	(230)	(312)	1,050
Year ended March 2002	784	(152)	(470)	908

(4) Scope of Consolidation and Application of Equity Method

Consolidated subsidiaries: 2
Unconsolidated subsidiaries under equity method application: None
Affiliates under equity method application: None

(5) Changes in Scope of Consolidation and Affiliates under Equity Method

Consolidated subsidiaries
Newly added: None
Excluded: None
Affiliates accounted for under the equity method
Newly added: None
Excluded: None

2. Forecast for the Fiscal Year Ending March 2004 (April 1, 2003 - March 31, 2004)

	Net sales	Recurring profit	Net income
	million yen	million yen	million yen
Interim	2,936	386	230
Full year	6,547	1,007	601

Reference: Estimated net income per common share for the full year: ¥ 84.71

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. The above forecasts are based on assumptions and other relevant factors discussed in the section on Supplementary Information (Page8).

1. Corporate Group

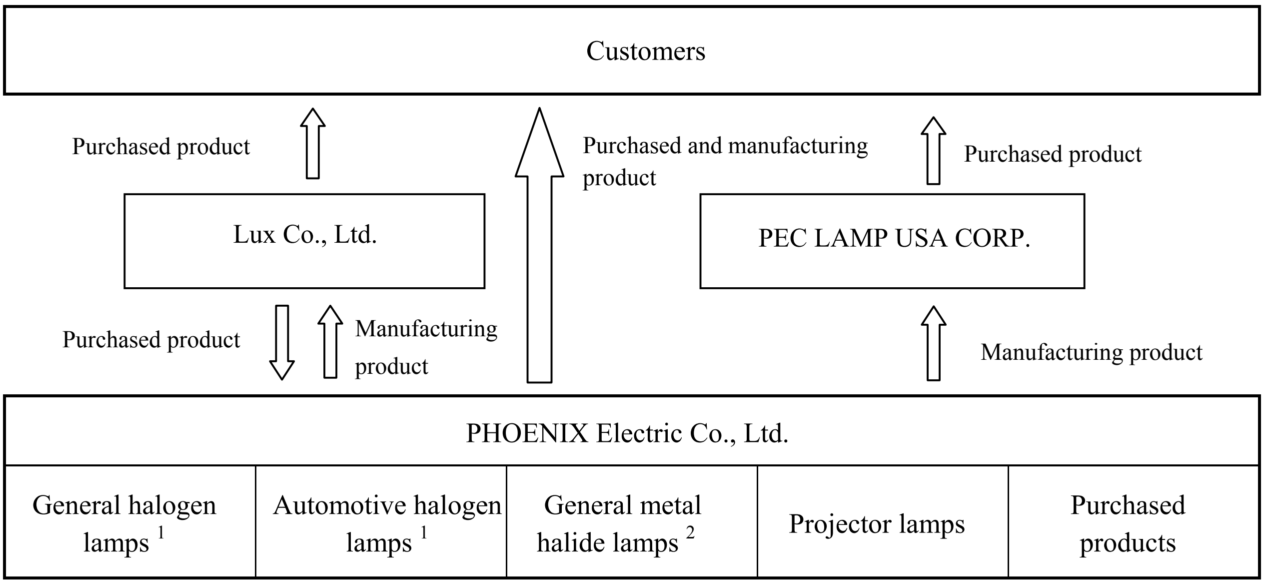
The PHOENIX Electric Group is made up of PHOENIX Electric Co., Ltd., the parent company (the Company) and two subsidiaries. The Group is engaged primarily in the manufacture and sale of projector lamps, general halogen lamps, automotive halogen lamps and general metal halide lamps.

(1) Business activities of Group companies are as follows.

Company	Location	Major activities
PHOENIX Electric Co., Ltd.	Hyogo Prefecture	Manufacture and sale of projector lamps, general halogen lamps, automotive halogen lamps and general metal halide lamps
LUX Co., Ltd.	Hyogo Prefecture	Lamp sales and lighting maintenance for department stores, hotels and other commercial lighting fixtures
PEC LAMP USA CORP.	U.S.A.	Sales of general halogen lamps, automotive halogen lamps and general metal halide lamps in North America

Note: LUX Co., Ltd. and PEC LAMP USA CORP. are both wholly owned consolidated subsidiaries of the Company.

(2) A schematic of workflows is shown below.



Notes:

1. Halogen lamp—Conventional incandescent light bulbs are filled with an inert gas such as nitrogen to reduce evaporation, or sublimation, of the tungsten filament. In halogen lamps, halogen is used instead of an inert gas, reducing lamp size to about 3% of a comparable incandescent light bulb. Other advantages are a longer life and the ability to generate light that is brighter and closer to the color of sunlight.
2. Metal halide lamp—A high-intensity discharge lamp that uses metal halide gases to produce greater brightness (lumens) per watt.

(a) LUX Co., Ltd. purchases halogen lamps and metal halide lamps from the Company for sale to external customers and purchases lamps manufactured by other companies for sale to its customers. The Company purchases lighting fixtures from LUX Co., Ltd. for sale to external customers as part of its lamp business.
(b) PEC LAMP USA CORP. purchases halogen lamps, general metal halide lamps and projector lamps from the Company for sale to external customers and purchases lamps manufactured by other companies for sale to its customers.

2. Management Policies

(1) Fundamental Management Policies

Corporate Vision

The Company's philosophy is that "PHOENIX Electric Products shall have high quality and be able to meet a variety of demands."

The Company's vision is to be a research-driven organization capable of sustained growth, a company that regards manufacturing as a fine art and strives to be the first choice of customers by supplying original products that have outstanding performance and quality for the benefit of shareholders, employees, customers and society.

The reborn PHOENIX Electric wants to develop into a company where every employees is glad that he or she remained or decided to join.

Management policies

1) Maintain a sound and flexible corporate structure

Build a powerful corporate infrastructure capable of sustaining growth while also having the flexibility required to quickly adapt to change.

2) Conduct management in an organized and open manner

Conduct operations in a highly transparent, organizational and open manner to be a company that is fair and just to shareholders, employees and customers and to be a responsible corporate citizen.

3) Conduct streamlined, scientific operations

Based on the theme that "information is an asset for everyone to use, so everyone should use information to generate profits," the Company has adopted an ERP system and makes substantial investments in data warehouse software and other IT systems. The goal is to make the Company even stronger by conducting streamlined and scientific management practices aimed at reducing inventories, cutting costs, shortening lead times and achieving other improvements.

4) Deliver global-standard performance and quality

Aim to manufacture products that deliver performance and quality that rank among the best in the world for the purpose of increasing OEM sales to customers in the lamp industry, particularly overseas companies.

(2) Medium- and Long-term Management Strategies

The Company's goal is to draw on distinctive strengths to become number one in its targeted niche market (projectors). This is to be accomplished by further refining the core competences of developing, manufacturing and extending user support for specialized projector lamps, thus offering a product line with overwhelming superiority.

With this goal in mind, the Company will use a base of solid operating results and high profitability to continuously focus up-front investments on the projector field in order to develop an operating base capable of sustaining growth.

The Company will step up efforts to transform itself and enhance comprehensive management skills. The aim is growing into a "true middle-market company." Looking ahead to even greater achievements, the Company will take management reforms to an even higher level.

1) Speeding up new product development programs

The Company plans to upgrade internal R&D skills while speeding up new product development programs through measures that include strategic alliances. For this purpose, "concurrent engineering methodology" has been adopted to shorten the time needed to begin production of a new product. The target is cutting in half the time required from the start of development work to the time manufacturing begins.

2) Product strategy

Regarding super high pressure mercury lamps for projectors, one goal is naturally to improve performance further relative to the SHP150W, SHP200W and SHP270W, which are now on sale. One target is digital rear projection televisions, a product that is expected to develop into a large market in the future. For this application, the Company is placing priority on developing a new type of long-life SHP to enlarge its lineup.

In other product categories, the Company will not actively seek growth in sales of general-purpose lamps excluding super high pressure mercury lamps for projectors. Plans call for gradually withdrawing from overseas markets while increasing OEM production of these lamps for large Japanese manufacturers, thus keeping production volume at about the current level.

In automotive lamps, the Company will continue to introduce new products for the automotive supplies market. Within the next several years, development may begin on metal hydride discharge lamps (HID).

3) A stronger financial position

To improve its financial strength, the Company will retain a tight focus on cash flows, profit margins and returns on capital. The operational level of the ERP system will be raised and a flow production system (producing different items individually) will be fully adopted. These measures are expected to shorten lead times and raise the inventory turnover ratio.

In addition to upgrading the ERP system and applying flow production techniques, sections of production lines will be automated and effective use will be made of a new process quality monitoring system (the trace-back system) to greatly improve production yields. Additionally, the Company plans to conduct broad-based initiatives for increasing overseas procurement to bring down costs and boost profit margins.

4) Improve operating systems and work practices

The Company will make management reforms implemented thus far an even more integral element of its operations: ISO9001 quality assurance systems, the ERP system, target management, internal controls, information management systems and others. The newly established process quality monitoring system (trace-back system) will be effectively used to conduct even more streamlined and scientific management with the aim of improving how the Company functions.

(3) Fundamental Policy Regarding Distribution of Earnings

The Company constantly views the return of earnings to shareholders as one of its highest priorities. The fundamental policy is to strengthen the financial position and operating base while returning earnings in a consistent manner over the long term. The Company plans to pay a dividend of ¥15 per share applicable to the fiscal year, the same as in the previous fiscal year. This represents a dividend payout ratio of 23.0% and aggregate dividend payments that are 2.8% of shareholders' equity.

Retained earnings will be used from a long-term perspective to fund R&D programs and capital expenditures that can make the Company stronger and increase its value.

(4) Important Issues

Substantial growth is foreseen in the projector market. Regarding performance, projectors having greater brightness and smaller size will be in greater demand. Regarding applications, consumer products are expected to account for a growing share of the market, which now represents mainly products for companies. These trends point to increasingly difficult requirements for projector lamps. Users will want lower prices even as they demand improvements in performance and quality. Additionally, as the business market grows, the Company will need to further enhance its financial strength and management systems. Based on this outlook, the Company regards the following points as its most important issues.

Develop high-quality products

As projectors become smaller, problems such as image flicker and instability will grow. Solving these problems will require the development of lamps with higher performance and safety.

Develop long-life products

As applications expand from businesses to the home, demand will rise for lamps with longer lives. The Company must therefore concentrate on developing this type of lamp.

Cut costs

Lower cost projectors are essential to increasing sales in such market sectors as education and home theaters. That means the Company must work faster on reducing the cost of its lamps.

Improve management systems

Reinforce management systems, particularly profit management, and personnel training to become a true middle-market company capable of generating consistent growth.

Upgrade investor relations activities

Work to increase corporate value and bolster the IR system by providing more information on the Company's Website, proactively supplying information to securities analysts and taking other actions to earn a market evaluation that is commensurate with the Company's value.

(5) Fundamental Philosophy and Actions Regarding Corporate Governance

1) Corporate Governance Philosophy

To sustain continuous growth, the Company believes that it must have a corporate governance system that places the interests of the shareholders above all else while also being able to meet the demands of all stakeholders (employees, customers, suppliers, etc.) with fairness. The Company thus places much importance on enhancing the soundness and efficiency of management and on facilitating rapid decision-making, as well as on maintaining high standards for transparency and compliance.

The 2002 revision of Japan's Commercial Code newly allowed companies to adopt a committee system. The Company studied the adoption of this system, but decided not to shift to this system at this time because of problems related to the Company's size. Furthermore, the Company believes that its corporate auditor system is functioning adequately and that, together with the internal auditing office and independent accountant, its "three-element auditing framework" is serving the Company well.

Another corporate governance option for the Company is the reduction in the number of directors and transfer of certain duties to a newly established team of executive officers "the executive officer system", and the inclusion of one or more directors from outside the Company to upgrade the management supervisory function "the external director system." The Company believes these systems should be considered as part of its corporate governance system, but has concluded that it is too soon to adopt these systems because of problems stemming from the Company's small size. Furthermore, there is currently one external director, providing the Company with an adequate means of checking management.

2) Corporate Governance Actions

The Company will continue to implement corporate governance as follows. At the same time, the Company will upgrade compliance activities to conduct a highly effective corporate governance program.

1. Important matters are first submitted to the Executive Committee (which includes corporate auditors), an advisory body to the president and representative director, so that the board of directors can reach decisions quickly, thus providing an organized and open management system.
2. To heighten its transparency, the Company has an extensive IR program that is overseen directly by senior management and is designed to disclose the proper information at the proper times.
3. All three corporate auditors are from outside the Company and, working with the other two components of the "three-element auditing framework," provide an adequate auditing function. To further strengthen

the auditing function, the Company is upgrading the role of the corporate auditors to more closely monitor the performance of the directors.

3. Results of Operations and Financial Position

(1) Results of Operations

1) Summary of the Fiscal Year

In the past fiscal year, Japan's economy remained lackluster. Concerns about the nation's financial system, deflationary forces, uncertainty about the outlook for the U.S. economy and other negative factors brought down stock prices and held back capital expenditures and consumer spending. In addition, the U.S. dollar weakened and the euro strengthened relative to the yen, trends that both negatively affected the Company's operating results.

The projector market continued to expand despite the unfavorable macro-economic environment. Growth was driven by expansion of projector applications from the traditional focus on business and commercial markets to education and home theaters. The PHOENIX Electric Group therefore reported an increase in sales of projector lamps, its primary product. Regarding manufacturing, the Company completed a "flow" assembly line capable of producing many types of products at once, making it possible to deliver products in small quantities on tight schedules.

During the past fiscal year, the Company combined its production system that is capable of producing many types of products in small quantities, which was completed in the prior fiscal year, with a trace-back system, a quality assurance system best suited to this manufacturing system, to improve quality and productivity. Additionally, procurement from overseas suppliers was increased to cut costs and reduce inventories.

Regarding general halogen lamps and other lamps, the Company continued to withdraw from unprofitable business fields, switching to a policy of producing these lamps primarily for other Japanese manufacturers and for the OEM market. There was a dramatic improvement in profitability as a result.
Due to the above actions, an increase in projector lamp sales and other factors resulted in a ¥792,937 thousand increase in net sales to ¥5,943,292 thousand, a ¥409,308 thousand increase in operating income to ¥928,650 thousand, a ¥322,787 thousand increase in recurring profit to ¥825,534 thousand, and a ¥315,954 thousand increase in net income to ¥437,816 thousand.

On December 19, 2002, trading of PHOENIX Electric shares began on the JASDAQ market. The Company wishes to express its sincere gratitude to shareholders, financial institutions, customers and all others who made this achievement possible, and asks for their continued support.

2) Results by business segment

Based on the similarity of its products and how they are manufactured, the Company has decided that it operates in a single business segment, the lamp business. For this reason, results are presented here by product category in lieu of presenting business segment information.

(thousands of yen)

Product category	Net sales	YoY change (%)	Composition (%)
General halogen lamps	573,663	1.8	9.7
Automotive halogen lamps	433,413	5.3	7.3
General metal halide lamps	86,516	(40.0)	1.5
Projector lamps	3,885,510	20.1	65.4
Purchased products	964,188	21.1	16.2
Total	5,943,292	15.4	100.0

3) Results by geographic segment

Results by geographic segment are not presented because Japan accounts for more than 90% of the total sales and assets of all geographic segments.

(2) Financial Position

1) Cash flows

There was a net increase of ¥142,751 thousand in cash and cash equivalents during the past fiscal year to ¥1,050,853 thousand as of March 31, 2003.

A summary of cash flows and major components follows.

Operating activities

Net cash provided by operating activities was ¥691,405 thousand compared with ¥784,582 thousand one year earlier. Cash was used for an increase in trade receivables, the result of higher sales to Japanese customers with extended payment terms and of an increase in inventories. Largely offsetting these items was the increase in income before income taxes from ¥488,832 thousand to ¥772,168 thousand.

Investing activities

Net cash used in investing activities was ¥230,881 thousand compared with ¥152,062 thousand one year earlier. This increase was mainly attributable to capital expenditures to increase output of super high pressure mercury lamps and to upgrade product quality.

Financing activities

Net cash used in financing activities was ¥312,431 thousand compared with ¥470,956 thousand one year earlier. Proceeds from the sale of stock through the Company's initial public offering, when trading of shares began on the JASDAQ market, were ¥575,037 thousand. However, following the establishment of a ¥1 billion credit facility with the Company's main banks at the end of the fiscal year, all short-term borrowings and some long-term loans were repaid. These repayments and dividend payments totaled ¥887,468 thousand.

(3) Outlook

In the fiscal year ending in March 2004, Japan's economy is expected to remain in a downturn as the ongoing shift of production activities to other countries holds down capital expenditures and consumer spending remains flat as restructuring and other events create uncertainty about employment.

Overseas, there are signs of weakness in U.S. consumer spending, which has been supporting the U.S. economy, and there are concerns about the impact of SARS on the Chinese economy. These and other factors indicate that the operating environment is likely to remain uncertain.

In this environment, the projector market is expected to post another year of strong growth. Expansion will be driven by the widening applications for projectors, which had been sold primarily to companies, to include schools and home theaters. As projectors move from offices to living rooms, the Group will concentrate on enhancing quality and safety. Other goals include further gains in productivity and more procurement of materials from overseas suppliers to cut costs. Through these measures, the Company plans to continue increasing sales and earnings.

For the fiscal year ending in March 2004, the Company is forecasting a 10.2% increase in net sales to ¥6,547 million, a 22.0% increase in recurring profit to ¥1,007 million and a 37.7% increase in net income to ¥601 million.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(thousands of yen)

	Notes	FY 2002 As of March 31, 2002		FY 2003 As of March 31, 2003		Change
		Amount	%	Amount	%	Amount
ASSETS						
I Current assets						
1. Cash and deposits with banks		908,101		1,050,853		142,751
2. Notes and accounts receivable	*4	1,218,247		1,580,691		362,444
3. Inventories		724,320		966,362		242,042
4. Deferred tax assets		18,501		94,159		75,657
5. Other current assets		75,976		66,128		(9,847)
Allowance for doubtful accounts		(8,621)		(7,999)		621
Total current assets		2,936,526	61.4	3,750,196	67.1	813,669
II Fixed assets						
1. Property, plant, and equipment						
(1) Buildings and structures	*1,3	251,226		230,459		(20,767)
(2) Machinery and vehicles	*1,3	755,071		737,305		(17,766)
(3) Land	*1,2	594,733		594,733		-
(4) Construction in progress		24,890		26,452		1,561
(5) Other property, plant, and equipment	*3	36,579		41,542		4,962
Total property, plant, and equipment		1,662,502	34.8	1,630,492	29.2	(32,010)
2. Intangible assets		8,730	0.2	8,834	0.2	104
3. Investments and other assets						
(1) Investment securities		42,997		42,489		(508)
(2) Deferred tax assets		84,928		110,340		25,411
(3) Other investments and assets		49,805		55,212		5,407
Allowance for doubtful accounts		(2,351)		(7,956)		(5,604)
Total investments and other assets		175,380	3.7	200,086	3.6	24,705
Total fixed assets		1,846,613	38.6	1,839,413	32.9	(7,200)
Total Assets		4,783,140	100.0	5,589,609	100.0	806,469

(thousands of yen)

	Notes	FY 2002 As of March 31, 2002		FY 2003 As of March 31, 2003		Change
		Amount	%	Amount	%	Amount
LIABILITIES						
I Current liabilities						
1. Notes and account receivable	*4	243,132		402,194		159,061
2. Short-term borrowings	*1	600,000		-		(600,000)
3. Current portion of long-term borrowings	*1	108,329		99,996		(8,333)
4. Accrued income taxes		6,211		426,306		420,094
5. Accrued bonuses		55,933		117,184		61,250
6. Other current liabilities	*1,4	229,034		223,749		(5,284)
Total current liabilities		1,242,641	26.0	1,269,430	22.7	26,789
II Long-term liabilities						
1. Long-term borrowings	*1	141,681		41,685		(99,996)
2. Deferred tax liabilities		4,649		4,206		(443)
3. Accrued employees' retirement benefits		152,086		196,798		44,711
4. Accrued officers' severance benefits		41,133		52,871		11,737
5. Other long-term liabilities	*1	203,048		117,716		(85,331)
Total long-term liabilities		542,599	11.3	413,276	7.4	(129,322)
Total liabilities		1,785,240	37.3	1,682,707	30.1	(102,533)
MINORITY INTERESTS						
Minority interests		-	-	-	-	
SHAREHOLDERS' EQUITY						
I Common stock		644,300	13.5	-	-	(644,300)
II Additional paid-in capital		965,306	20.2	-	-	(965,306)
III Retained earnings		1,381,525	28.9	-	-	(1,381,525)
IV Foreign currency translation adjustments		6,767	0.1	-	-	(6,767)
Total shareholders' equity		2,997,899	62.7	-	-	(2,997,899)
I Common stock		-	-	876,727	15.7	876,727
II Capital surplus		-	-	1,307,917	23.4	1,307,917
III Retained earnings		-	-	1,720,672	30.8	1,720,672
IV Foreign currency translation adjustments		-	-	1,585	0.0	1,585
Total shareholders' equity		-	-	3,906,902	69.9	3,906,902
Total liability, Minority interest and shareholders' equity		4,783,140	100.0	5,589,609	100.0	806,469

(2) Consolidated Statements of Income

(thousands of yen)

	Notes	FY 2002 Apr. 1, 2001 - Mar. 31, 2002			FY 2003 Apr. 1, 2002 - Mar. 31, 2003			Change	
		Amount		%	Amount		%	Amount	
I Net sales			5,150,355	100.0		5,943,292	100.0		792,937
II Cost of goods sold			3,537,658	68.7		3,864,115	65.0		326,457
Gross profit			1,612,696	31.3		2,079,176	35.0		466,479
III Selling, general, and administrative Expenses	*1,2		1,093,355	21.2		1,150,525	19.4		57,170
OPERATING INCOME			519,341	10.1		928,650	15.6		409,308
IV Non-operating income									
1. Interest income		1,649			461			(1,187)	
2. Dividend income		-			262			262	
3. Patent royalty		18,000			-			(18,000)	
4. Technology licensing fee		-			13,139			13,139	
5. Miscellaneous revenue		4,847	24,496	0.5	3,911	17,774	0.3	(935)	(6,721)
V Non-operating expenses									
1. Interest expense		17,690			13,898			(3,791)	
2. Foreign exchange losses		18,777			64,884			46,106	
3. Loss on revaluation of investment securities		3,059			-			(3,059)	
4. IPO expense					27,593			27,593	
5. New stock issue expense					10,073			10,073	
6. Miscellaneous loss		1,563	41,090	0.8	4,440	120,891	2.0	2,877	79,800
RECURRING PROFIT			502,747	9.8		825,534	13.9		322,787
VI Extraordinary income									
1. Gain on sale of fixed assets	*3	-			8,363			8,363	
2. Reversal of allowance for doubtful accounts		2,523	2,523	0.0	5,117	13,480	0.2	2,594	10,957
VII Extraordinary loss									
1. Loss on disposal of fixed assets	*4	788			3,243			2,455	
2. Loss on disposal of inventories		-			25,917			25,917	
3. IPO expense		15,650			-			(15,650)	
4. Warranty expenses on products sold in prior period		-	16,438	0.3	37,685	66,846	1.1	37,685	50,408
Net income before income taxes			488,832	9.5		772,168	13.0		283,335
Income taxes- current		7,416			435,705			428,288	
Income taxes- deferred		359,553	366,970	7.1	(101,353)	334,351	5.6	(460,907)	(32,618)
NET INCOME			121,861	2.4		437,816	7.4		315,954

(3) Consolidated Statements of Retained Earnings

(thousands of yen)

	FY 2002 Apr. 1, 2001 - Mar. 31, 2002		FY 2003 Apr. 1, 2002 - Mar. 31, 2003		Change	
	Amount		Amount		Amount	
I Consolidated retained earnings at beginning of year		1,346,502		-		(1,346,502)
II Decrease in consolidated retained earnings						
1. Cash dividends paid	74,339		-		(74,339)	
2. Bonuses for officers	12,500		-		(12,500)	
* of which bonuses for auditors	*1,250	86,839	*-	-	*(1,250)	(86,839)
III Net income		121,861		-		(121,861)
IV Consolidated retained earnings at end of year		1,381,525		-		(1,381,525)
CAPITAL SURPLUS						
I Capital surplus at beginning of year		-		965,306		965,306
II Increase in capital surplus						
1. Capital increase through new stock issue			320,660		320,660	
2. Exercise of stock acquisition rights	-	-	21,950	342,610	21,950	342,610
III Capital surplus at end of year		-		1,307,916		1,307,916
RETAINED EARNINGS						
I Retained earnings at beginning of year		-		1,381,525		1,381,525
II Increase in retained earnings						
1. Net income	-	-	437,816	437,816	437,816	437,816
III Decrease in retained earnings						
1. Cash dividend paid	-		89,220		89,220	
2. Bonuses for officers	-		9,450	98,670	9,450	98,670
* of which bonuses for auditor	*-	-	*1,800		*1,800	
IV Retained earnings at end of year		-		1,720,672		1,720,672

(4) Consolidated Statements of Cash Flows

(thousands of yen)

	FY 2002 Apr. 1, 2001 - Mar. 31, 2002	FY 2003 Apr. 1, 2002 - Mar. 31, 2003	Change
	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Net income before income taxes	488,832	772,168	283,335
2. Depreciation and amortization	272,879	257,745	(15,133)
3. Increase in accrued employees' retirement benefits	29,396	44,711	15,315
4. Increase in accrued officers' severance benefits	24,053	11,737	(12,315)
5. Increase (decrease) in accrued bonuses	(22,546)	61,250	83,796
6. Increase (decrease) in allowance for doubtful accounts	(2,489)	4,982	7,472
7. Interest and dividend income	(1,649)	(461)	1,187
8. Interest expense	17,690	13,898	(3,791)
9. Loss on revaluation of interest securities	3,059	508	(2,550)
10. Gain/loss on sale of property, plant and equipment	-	(8,363)	(8,363)
11. Loss on disposal of fixed assets	788	3,243	2,455
12. Decrease (increase) in notes and account receivable	293,128	(362,444)	(655,573)
13. Decrease (increase) in inventories	3,258	(242,042)	(245,300)
14. Decrease (increase) in other account receivables	10,352	18,082	7,730
15. Increase (decrease) in notes and accounts payable	(182,448)	159,061	341,509
16. Increase (decrease) in other account payables	(100,190)	(1,815)	98,375
17. Bonuses for officers	(12,500)	(9,450)	3,050
18. Others	(10,600)	(2,644)	7,955
Subtotal	811,014	720,170	(90,843)
19. Interests and dividends received	1,681	461	(1,220)
20. Interest paid	(17,128)	(13,616)	3,512
21. Income taxes paid	(10,985)	(15,610)	(4,624)
Net cash provided by operating activities	784,582	691,405	(93,176)
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Proceeds from time deposits	200,281	-	(200,281)
2. Payment for purchase of property, plant, and equipment	(294,671)	(229,083)	65,588
3. Proceeds from sale of property, plant, and equipment	-	8,363	8,363
4. Others	(57,671)	(10,161)	47,510
Net cash used in investing activities	(152,062)	(230,881)	(78,819)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of short-term borrowings	(327,115)	(600,000)	(272,885)
2. Repayment of long-term borrowings	(99,996)	(108,329)	(8,333)
3. Proceeds from purchases by installment	112,038	-	(112,038)
4. Payment for purchases by installment	(81,944)	(89,919)	(7,975)
5. Cash dividend paid	(74,339)	(89,220)	(14,880)
6. Proceeds from new stock issuance	400	575,037	574,637
Net cash used in financing activities	(470,956)	(312,431)	158,525
IV Effect of exchange rate changes on cash and cash equivalents	7,408	(5,341)	(12,749)
V Increase in cash and cash equivalents	168,972	142,751	(26,220)
VI Cash and cash equivalents at beginning of year	739,129	908,101	168,972
VII **Cash and cash equivalents at end of year**	908,101	1,050,853	142,751

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
1. Scope of consolidation	The accompanying financial statements include the accounts of the Company's two consolidated subsidiaries: Subsidiary name: Lux Co., Ltd. PEC LAMP USA CORP.	Same as on the left.
2. Application of equity method	The Company has no affiliates accounted for by the equity method.	Same as on the left.
3. Fiscal year end of consolidated subsidiaries	At the two consolidated subsidiaries, the accounting year ends on December 31. The financial statements of the relevant consolidated subsidiaries as of their closing date are incorporated therein after necessary adjustments applied for consolidation purposes regarding the material transactions that have occurred between their closing date of December 31 and the consolidated balance sheets date, March 31.	Same as on the left.
4. Significant accounting standards (1) Valuation criteria and methods for significant assets	a. Valuation criteria and methods for securities Other securities Securities with market quotations Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the shareholders' equity. The cost of securities sold is determined by the moving-average method.) Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method. b. Assets and liabilities deriving from derivatives Carried at fair value on the balance sheet date. c. Inventories The Company and its overseas consolidated subsidiaries carry inventories at cost, cost being determined by the weighted average method. Domestic consolidated subsidiaries carry inventory at cost, cost being determined by the first-in-first-out method.	a. Valuation criteria and methods for securities Other securities Securities with market quotations Same as on the left Securities without market quotations Same as on the left. b. Assets and liabilities deriving from derivatives Carried at fair value on the balance sheet date. c. Inventories Same as on the left.
(2) Depreciation / amortization of property, plant and equipment	a. Depreciation of property, plant and equipment Depreciation of property, plant and equipment at the Company and its domestic consolidated subsidiaries is computed by the declining-balance method. The useful life and residual value are based on a	a. Depreciation of property, plant and equipment Same as on the left. Useful lives of principal assets are as follows ■ Buildings and structures: 8-38 years ■ Machinery and vehicles: 2-12 years

	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
	method similar to that provided in the Corporation Tax Law. Depreciation of property, plant and equipment at overseas consolidated subsidiaries is computed by the straight-line method. The useful life and residual value are based on accounting standards applied in the countries of their domicile. However, depreciation of buildings (excluding equipment and fixtures) acquired on or after April 1, 1998, at the Company and its domestic consolidated subsidiaries is calculated using the straight-line method in accordance with the provisions of the Corporation Tax Law.	
	b. Intangible assets The development costs of software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.	b. Intangible assets Same as on the left.
(3) Significant allowances	a. Allowance for doubtful accounts To prepare for credit losses on accounts receivable. (a) allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio (b) bad receivables and claim in bankruptcy based on case-by-case determination of collectibility.	a. Allowance for doubtful accounts Same as on the left. (a) Same as on the left. (b) Same as on the left.
	b. Accrued bonuses To prepare for payment of bonuses to employees, an allowance is provided for an estimated accrued amount for the current fiscal year.	b. Accrued bonuses Same as on the left.
	c. Accrued employees' retirement benefits To provide for accrued employees' retirement benefits, the Company provides an allowance in the amount deemed to have accrued at the end of the consolidated period based on projected retirement benefit obligations and pension assets at the end of the fiscal year. The actuarial difference is amortized as incurred in the consolidated fiscal year.	c. Accrued employees' retirement benefits Same as on the left.
	d. Accrued officers' severance benefits To provide for accrued officers' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the current consolidated fiscal year pursuant to the Company's rules on officers' retirement	d. Accrued officers' severance benefits Same as on the left.

	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
	benefits.	
(4) Significant lease transactions	Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.	Same as on the left.
(5) Other significant accounting policies in presentation of financial statements	a. Accounting for consumption tax All amounts stated are exclusive of consumption tax.	a. Accounting for consumption tax Same as on the left.
5. Evaluation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of the consolidated subsidiaries are fully evaluated by the fair market value method.	Same as on the left.
6. Appropriation of earnings	The consolidated statement of retained earnings is prepared based on the appropriation of earnings of the consolidated companies as finalized in the consolidated fiscal year.	Same as on the left.
7. Scope of cash and cash equivalents on consolidated statements of cash flows	For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.

Reclassifications

FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
-	(Accounting for treasury stock and reversal of legal reserves) Effective from the current consolidated fiscal year, the Company has adopted the new accounting standards for treasury stock and reversal of legal reserves (Financial Accounting Standard No. 1, Accounting Standard for Treasury Stock and Reversal of Legal Reserves, Business Accounting Deliberation Council, Feb. 21, 2002). The effect of this change on profit/loss is insignificant (Consolidated balance sheets) Effective the current consolidated fiscal year, the Company has adopted the ammended “Regulations Regading Terminology, Forms and Methods of Preparation of Consolidated Financial Statements.” Accordingly, “Additional paid-in capital” is reclassified as “Capital surplus” and “Consolidated retained earnings” is reclassified as “Retained earnings.” (Consolidated statements of retained earnings) 1. Effective the current consolidated fiscal year, the Company has adopted the ammended “Regulations Regarding Terminology, Forms and Methods of Preparation of Consolidated Financial Statements.” Accordingly, the consolidated statement of retained earnings is reclassified and capital surplus and retained earnings are presentetd as separate sections. 2. Effective the current consolidated fiscal year, the Company has adopted the ammended “Regulations Regarding Terminology, Forms and Methods of Preparation of Consolidated Financial Statements.” Accordingly,”Consolidated retained earnings at beginning of year ” are restated as “Retained earnings at beginning of year,” and “Increase in consolidated retained earnings” are restated as “Increase in retained earnings,” “Decrease in consolidated retained earnings” is restated as “Decrease in retained earnings,” and “Consolidated retained earnings at end of year” are reatsted as “Retained earnings at end of year. Effective the current consolidated fiscal year, “Net income,” presented as a separate item in the previous fiscal year, is reclassified and presented as a component of “Increase in retained earnings.” (Accounting stanadard for earnings per share) Effective the current consolidated fiscal year, the Company adopted the new accounting standards for earnings per share (ASBJ Accounting Standard No. 2: “Accounting Standards for Earnings Per Share,” Sept. 25, 2002, and Accounting Standard Implementation Guidance No. 4: “Implementation Guidance on Accounting Standard for Earnings Per Share,” Sept. 25, 2002). The effect of these changes is presented in the section on “12. Per Share Information.”

Notes to Consolidated Financial Statements

Notes to consolidated balance sheets

(thousands of yen)

FY 2002 As of March 31, 2002	FY 2003 As of March 31, 2003

FY 2002 (As of March 31, 2002)

*1 Assets pledged as collateral and corresponding liabilities at March 31 2002 consisted of the following:

Assets pledged		Corresponding liabilities	
Asset	Amount	Liabilities	Amount
Machinery and vehicles	261,310	Other current liabilities (Installment payments)	89,919
		Other long-term liabilities (Long-term installment payments)	203,048
Buildings and structures	151,523	Short-term borrowings	200,000
		Current portion of long-term borrowings	108,329
Land	548,248	Long-term borrowings	141,681
Total	961,082	Total	742,978

FY 2003 (As of March 31, 2003)

*1 Assets pledged as collateral and corresponding liabilities at March 31 2003 consisted of the following:

Assets pledged		Corresponding liabilities	
Asset	Amount	Liabilities	Amount
Machinery and vehicles	195,807	Other current liabilities (Installment payments)	85,331
		Other long-term liabilities (Long-term installment payments)	117,716
Buildings and structures	142,458	Current portion of long-term borrowings	99,996
Land	548,248	Long-term borrowings	41,685
Total	886,514	Total	344,729

FY 2002	FY 2003
*2 Property, plant and equipment includes the following idle assets Land 89,253	*2 Property, plant and equipment includes the following idle assets 89,253
*3 Accumulated depreciation on property, plant and equipment 892,079	*3 Accumulated depreciation on property, plant and equipment 1,140,094
*4 Accounting for trade notes maturing on balance sheet date The settlement of trade notes maturing on the balance sheet date is accounted on the clearance day. As the balance sheet date falls on bank holiday, the following trade notes maturing on the balance sheet date in the following amounts were included in trade notes outstanding at the end of the year. Notes receivable-trade 68,167 Notes payable-trade 6,709 Other current liabilities (notes payable for equipment purchased) 1,231	*4 -

Notes to consolidated statements of income

(thousands of yen)

FY 2002 April 1, 2001 - March 31, 2002		FY 2003 April 1, 2002 - March 31, 2003	
*1 Significant components of selling, general and administrative expenses		*1 Significant components of selling, general and administrative expenses	
Packing and transportation	51,106	Packing and transportation	58,732
Officers' bonuses	60,749	Officers' bonuses	66,449
Employees' wages	306,586	Employee' wages	334,429
Provision of accrued bonuses	41,754	Provision of accrued bonuses	57,528
Retirement benefit expenses	16,129	Retirement benefit expenses	20,952
Other personnel expenses	84,405	Other personnel expenses	79,024
Commissions paid	64,042	Commissions paid	68,958
Depreciation and amortization	11,503	Depreciation and amortization	11,549
R&D expenses	223,181	R&D expenses	204,065
Others	233,895	Others	248,834
Total	1,093,355	Total	1,150,525
*2 Aggregate R&D expenses of ¥223,181 thousand are presented as a component of SG&A expenses.		*2 Aggregate R&D expenses of ¥204,065 thousand are presented as a component of SG&A expenses.	
*3 -		*3 Significant components of gain on sale of fixed assets are as follows:	
		Machinery and vehicles	8,363
*4 Significant components of loss on disposal of fixed assets are as follows:		*4 Significant components of loss on disposal of fixed assets are as follows:	
Disposal of machinery and vehicles	485	Disposal of machinery and vehicles	911
Other (equipment and fixtures)	303	Other (construction in progress)	2,322
Total	788	Total	3,243

Notes to statements of cash flows

(thousands of yen)

FY2002 April 1, 2001 - March 31, 2002		FY 2003 April 1, 2002 - March 31, 2003	
*1 Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash follows:		*1 Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash follows:	
As of March 31, 2002		As of March 31, 2003	
Cash and deposits	908,101	Cash and deposits	1,050,853
Cash and cash equivalents	908,101	Cash and cash equivalents	1,050,853

5. Segment Information

(1) Operating segment information

FY 2002 (April 1, 2001 - March 31, 2002)

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.

FY 2003 (April 1, 2002 - March 31, 2003)

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.

(2) Geographical segment information

FY 2002 (April 1, 2001 - March 31, 2002)

The Group operates mainly in Japan and have 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.

FY 2003 (April 1, 2002 - March 31, 2003)

The Group operates mainly in Japan and have 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.

(3) Overseas sales

FY 2002 (April 1, 2001 - March 31, 2002)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	2,604,434	472,578	370,520	3,447,533
II. Consolidated sales	-	-	-	5,150,355
III. Overseas sales as a percentage of consolidated sales (%)	50.6	9.2	7.2	66.9

Notes: 1: The geographic segmentation is decided primarily by geographic proximity.

2: Major countries and regions, excluding Japan, included in geographic segmentation:

North America: the United States, Canada, and Mexico

Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, and Saudi Arabia

Other Regions: Europe, Oceania, South America, and Africa

FY 2003 (April 1, 2002 - March 31, 2003)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	1,525,317	1,588,566	330,282	3,444,166
II. Consolidated sales	-	-	-	5,943,292
III. Overseas sales as a percentage of consolidated sales (%)	25.7	26.7	5.6	58.0

Notes: 1: The geographic segmentation is decided primarily by geographic proximity.

2: Major countries and regions, excluding Japan, included in geographic segmentation:

North America: the United States, Canada, and Mexico

Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, and Saudi Arabia

Other Regions: Europe, Oceania, South America, and Africa

3: Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan

6. Leases

(thousands of yen)

FY 2002 April 1, 2001 - March 31, 2002		FY 2003 April 1, 2002 - March 31, 2003	
Finance lease transactions not involving the transfer of title to lessee:		Finance lease transactions not involving the transfer of title to lessee:	
1. Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.		1. Acquisition cost, accumulated depreciation and year-end balance equivalents of the leased property.	
Others (furniture and fixtures)		Others (furniture and fixtures)	
Acquisition cost equivalents	53,078	Acquisition cost equivalents	53,078
Accumulated depreciation equivalents	23,885	Accumulated depreciation equivalents	34,500
Year-end balance equivalents	29,192	Year-end balance equivalents	18,577
2. Future minimum lease payments		2. Future minimum lease payments	
Due within one year	11,508	Due within one year	11,508
Due over one year	20,139	Due over one year	8,631
Total	31,647	Total	20,139
3. Minimum lease payments, depreciation, and interest equivalents		3. Minimum lease payments, depreciation, and interest equivalents	
Minimum lease payments	11,508	Minimum lease payments	11,508
Depreciation Equivalents	10,615	Depreciation Equivalents	10,615
Interest equivalents	1,164	Interest equivalents	801
4. Accounting method of depreciation, interest equivalents		4. Accounting method of depreciation, interest equivalents	
Accounting method for depreciation equivalents: Depreciation is calculated by the straight-line method, assuming the lease period to be the useful life and no residual value.		Accounting method for depreciation equivalents: Same as on the left.	
Accounting method for interest equivalents Interest is defined as the difference between the total lease charges and acquisition cost equivalents and is allocated for each period using the simple-interest method.		Accounting method for interest equivalents: Same as on the left.	

7. Securities

FY 2002 (April 1, 2001 - March 31, 2002)

1. Securities with market quotations classified as “Other securities”

(thousands of yen)

Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities whose acquisition cost exceeds their carrying value (1) Equity securities	23,344	20,200	(3,144)

2. Securities without market quotations
Securities classified as “Other securities”

(thousands of yen)

Security	Carrying value
(1) Unlisted foreign stock	13,269
(2) Listed foreign stock with restriction on transfer	9,528

FY 2003 (April 1, 2002 – March 31, 2003)

1. Securities with market quotations classified as “Other securities”

(thousands of yen)

Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities whose acquisition cost exceeds their carrying value (1) Equity securities	23,344	21,200	(2,144)

2. Securities without market quotations
Securities classified as “Other securities”

(thousands of yen)

Security	Carrying value
Unlisted foreign stock	21,289

8. Derivatives

FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
Derivative transactions Forward foreign exchange contracts Purpose of transactions The Company uses financial derivative transactions to reduce its exposure to market risk from fluctuation in currency exchange on foreign currency denominated trade receivables resulting from exports. The Company hedges risk on a part of foreign currency denominated monetary receivables. The Company does not hold or issue financial derivative instruments for trading purposes. The Board of Directors approves the derivative transactions the Company enters into.	Derivative transactions Same as on the left Purpose of transactions Same as on the left.

9. Retirement Benefits

(thousands of yen)

FY2002 April 1, 2001 – March 31, 2002		FY2003 April 1, 2002 – March 31, 2003	
1. The Company has defined-benefit plans; that is tax-qualified pension plans. The Company adopted the plan for all its retirement benefit plans in April 1988.		1. The Company has defined-benefit plans; that is tax-qualified pension plans. The Company adopted the plan for all its retirement benefit plans in April 1988.	
2. Retirement benefit obligation		2. Retirement benefit obligation	
Retirement benefit obligation	277,687	Retirement benefit obligation	331,639
Pension assets at fair value	125,600	Pension assets at fair value	134,841
Accrued employees' retirement benefits	152,086	Accrued employees' retirement benefits	196,798
3. Retirement benefit expenses		3. Retirement benefit expenses	
Service cost	28,222	Service cost	31,445
Interest cost	6,866	Interest cost	8,330
Expected rate of return	(3,716)	Expected rate of return	(4,396)
Amortization of actuarial difference at transition	21,877	Amortization of actuarial difference at transition	36,460
4. Assumptions used in accounting for the above plans		4. Assumptions used in accounting for the above plans	
Discount rate	3.0%	Discount rate	3.0%
Expected rate of return	3.5%	Expected rate of return	3.5%
Method of allocation of estimated retirement benefit obligations	Residual employment period	Method of allocation of estimated retirement benefit obligations	Residual employment period
Amortization of actuarial differences	Expenses as incurred	Amortization of actuarial differences	Expensed as incurred

10. Deferred Income Taxes

(thousands of yen)

FY 2002 April 1, 2001 - March 31, 2002		FY 2003 April 1, 2002 - March 31, 2003	
1. Significant components of deferred tax assets and liabilities.		1. Significant components of deferred tax assets and liabilities.	
Deferred tax assets		Deferred tax assets	
Provision of accrued employees' retirement benefits in excess of maximum permitted under corporate tax laws	60,907	Provision of accrued employees' retirement benefits in excess of maximum permitted under corporate tax laws	78,317
Provision of accrued officers' severance benefits in excess of maximum permitted under corporate tax laws.	16,909	Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	44,381
Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	12,339	Unadmitted accrued enterprise taxes	37,805
Unadmitted accrued office taxes	4,258	Provision of accrued officers' severance benefits in excess of maximum permitted under corporate tax laws.	21,359
Others	9,015	Unadmitted accrued office taxes	4,688
Total deferred tax assets	103,430	Others	17,947
		Total deferred tax assets	204,499
Deferred tax liabilities		Deferred tax liabilities	
Deferred foreign exchange gains	(3,613)	Deferred foreign exchange gains	(2,661)
Others	(1,036)	Others	(1,544)
Total deferred tax liabilities	(4,649)	Total deferred tax liabilities	(4,206)
Net deferred tax assets	98,780	Net deferred tax assets	200,293
Reconciliation of deferred tax assets as of March 31, 2002 with consolidated balance sheet accounts:		Reconciliation of deferred tax assets as of March 31, 2003 with consolidated balance sheet accounts:	
Current assets: Deferred tax assets	18,501	Current assets: Deferred tax assets	94,159
Fixed assets: Deferred tax assets	84,928	Fixed assets: Deferred tax assets	110,340
Long-term liabilities: Deferred tax liabilities	(4,649)	Long-term liabilities: Deferred tax liabilities	(4,206)
2. Significant sources of difference between the statutory and effective tax rates:		2. Significant sources of difference between the statutory and effective tax rates:	
Statutory tax rate	41.1%	Statutory tax rate	41.1%
Entertainment expenses not allowed to be included in expenses	0.8%	Entertainment expenses not allowed to be included in expenses	0.6%
Enterprise and residential taxes	1.2%	Enterprise and residential taxes	0.7%
Amortization of unrealized profit	0.9%	Amortization of unrealized profit	(0.6)%
Balance of loss carry forward	31.3%	Decrease in deferred assets at end of fiscal year due to changes in tax rates.	0.2%
Differences in tax rates at overseas subsidiaries	(0.3)%	Others	1.2%
Others	0.1%	Effective tax rate	43.3%
Effective tax rate	75.1%		
		3. The Company changed the statutory tax rate from 41.0% to 40.4% for temporary differences to be amortized after April 2004 in compliance with the Partial Revision of the Regional Tax Law that came into effect on March 31, 2003 (Law No. 9 of 2003). The effect of this change was to reduce deferred tax assets (net of deferred tax liabilities) by ¥1,867 thousand and increase deferred income taxes for the current consolidated fiscal year by ¥1,867 thousand.	

11. Related Party Transactions

FY 2002 (April 1, 2001 - March 31, 2002)

(1) Officers and individual shareholders
No reportable information

(2) Parent company and major corporate shareholders

(thousands of yen)

Related party type	Name	Address	Paid-in capital or investment in capital	Business or occupation	Direct equity ownership	Relationship		Description of transaction	Transaction amount	Account	Account balance
						Personnel	Business				
Major shareholder	INFOCUS COPORATION	Oregon, USA	$162,000	Projector mfg. and sales	Direct (12.4%)	-	Customer	Supply of projector lamps	2,034,497	Accounts receivable	379,771

Note: Although the Company is a major shareholder of the related party, all transactions are carried out on the arms-length basis. Terms and conditions of transactions are similar those offered to third-party foreign clients.

FY 2003 (April 1, 2002 - March 31, 2003)

(3) Officers and individual shareholders
No reportable information

(4) Parent company and major corporate shareholders

(thousands of yen)

Related party type	Name	Address	Paid-in capital or investment in capital	Business or occupation	Direct equity ownership	Relationship		Description of transaction	Transaction amount	Account	Account balance
						Personnel	Business				
Major shareholder	INFOCUS COPORATION	Oregon, USA	$164,148	Projector mfg. and sales	Direct (10.4%)	-	Customer	Supply of projector lamps	860,763	Accounts receivable	(2,149)

Note: Although the Company is a major shareholder of the related party, all transactions are carried out on the arms-length basis. Terms and conditions of transactions are similar those offered to third-party foreign clients.

12. Per Share Data

Item	FY 2002	FY 2003
Net assets per share Net income per share Diluted net income per share	¥504.02 ¥20.49 *[1] The Company has outstanding stock options by way of stock acquisition rights. However, the Company's stock does not trade publicly, which makes calculation of premium on dilutive securities impossible to calculate. Accordingly, the Company has not disclosed diluted net income per share.	¥548.12 ¥67.60 *[2] ¥67.52 *[2] (Supplementary information) Effective the current consolidated fiscal year, the Company has adopted the new accounting standards for earnings per share (ASBJ Accounting Standard No. 2: "Accounting Standards for Earnings Per Share", and Accounting Standard Implementation Guidance No. 4: "Implementation Guidance on Accounting Standard for Earnings Per Share") Per share amounts that would have been reported if the previous method had been applied consistently are as follows: Net assets per share ¥550.79 Net income per share ¥70.65 Diluted net income per share ¥70.56 The effect of this change on net assets per share and net income per share compared to the amounts that would have been reported if the methods applied for the preparation of the consolidated financial statements for the previous year is insignificant.

*[1]

FY 2002	FY 2003
Net income in the consolidated previous fiscal year fell short of the forecast by a wide margin and as a result the tax loss carry forward was much lower than estimates. As a result, the effective tax rate rose to 75.1% from the statutory tax rate of 41.1%. Accordingly, net income per share in the previous consolidated fiscal year was ¥20.49. The net income per share for the previous consolidated fiscal year will be ¥48.42, assuming an effective tax rate of 41.1%	-

*[2]

(thousands of yen)

	FY2002	FY2003
Net income per share		
Net income	-	437,816
Amount not attributable to common shares	-	18,900
[of which bonuses for officers]	-	[18,900]
Net income not available to common shareholders	-	418,916
Average number of shares outstanding (shares)	-	6,196,719
number of incremental common shares assumed to have been issued in calculation of diluted net income per share (shares)	-	7,937
[of which increasing number by exercise of new share subscription right]	-	[7,937]

13. Production, Orders and Sales

(1) Production

(thousands of yen)

Product	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
General halogen lamps	429,462	482,070
Automotive halogen lamps	368,200	437,455
General metal halide lamps	84,798	76,806
Projector lamps	3,350,185	4,010,731
Total	4,232,646	5,007,064

Notes:
1. Amounts are calculated based on sales prices.
2. Amounts are exclusive of consumption taxes.

(2) Purchases

(thousands of yen)

Product	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
Purchased products	688,129	770,098
Total	688,129	770,098

Notes: 1. Amounts are calculated based on sales prices.
2. Amounts are exclusive of consumption taxes.
3. An amount is shown for purchased products, given the fact that purchased products include numerous product categories.

(3) Orders
No reportable information since the lead time for delivery is very short.

(4) Sales

(thousands of yen)

Product	FY 2002 April 1, 2001 - March 31, 2002	FY 2003 April 1, 2002 - March 31, 2003
General halogen lamps	563,280	573,663
Automotive halogen lamps	411,546	433,413
General metal halide lamps	144,169	86,516
Projector lamps	3,235,238	3,885,510
Purchased products	796,119	964,188
Total	5,150,355	5,943,292

Note: Amounts are exclusive of consumption taxes.

** This financial report is solely a translation of summary of "Kessan Tanshin" (in Japanese, including attachments),which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*