PHOENIX Electric Co.,Ltd.

May 28, 2004

Consolidated Financial Results

for the Year Ended March 2004

Company name:	PHOENIX Electric Co., Ltd.
Stock code:	6927
Stock Exchange listing:	JASDAQ
Head office address:	Hyogo Prefecture
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President:	Sadaichi Saito
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Board meeting for approving:	May 28, 2004
Accounting Principle:	Japanese GAAP

1. Financial Results (April 1, 2003 - March 31, 2004)

(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 (%)
Fiscal year ended Mar. 2004	6,571	10.6	1,077	16.1	981	18.9
Fiscal year ended Mar. 2003	5,943	15.4	928	78.8	825	64.2

	Net income		Net income per share (basic)	Net income per share (diluted)
	million yen	YoY change (%)	yen	yen
Fiscal year ended Mar. 2004	624	42.6	84.88	-
Fiscal year ended Mar. 2003	437	259.3	67.60	67.52

	ROE	Recurring profit to total assets	Recurring profit to sales
	%	%	%
Fiscal year ended Mar. 2004	15.0	15.9	14.9
Fiscal year ended Mar. 2003	12.7	15.9	13.9

Notes: 1. Equity in earnings of unconsolidated subsidiaries
Fiscal year ended March 2004: None
Fiscal year ended March 2003: None
2. Average number of shares outstanding
Fiscal year ended March 2004: 7,100,087 shares
Fiscal year ended March 2003: 6,196,719 shares
3. Changes in accounting principles applied: None
4. 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.

(2) Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	million yen	million yen	%	yen
As of Mar. 31, 2004	6,791	4,428	65.2	620.51
As of Mar. 31, 2003	5,589	3,906	69.9	548.12

Notes: Number of shares issued at end of fiscal year (Consolidated basis)
As of March 31, 2004: 7,102,300 shares
As of March 31, 2003: 7,093,300 shares

(3) Cash Flows

	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
Fiscal year ended Mar.2004	472	(254)	703	1,966
Fiscal year ended Mar.2003	691	(230)	(312)	1,050

(4) Scope of Consolidation and Application under the Equity Method

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

(5) Changes in the Scope of Consolidation and Affiliates under the 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 2005 (April 1, 2004 - March 31, 2005)

	Net sales	Recurring profit	Net income
	million yen	million yen	million yen
Interim	4,832	962	575
Full year	10,093	1,955	1,169

Reference: Estimated net income per share for the fiscal year ending March 2005: ¥ 52.97
Estimated net income per share includes the effect of the one-to-three stock split announced today that will be conducted on November 19, 2004 for shareholders of record on September 30, 2004.

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 (Page 9).

1. Corporate Group

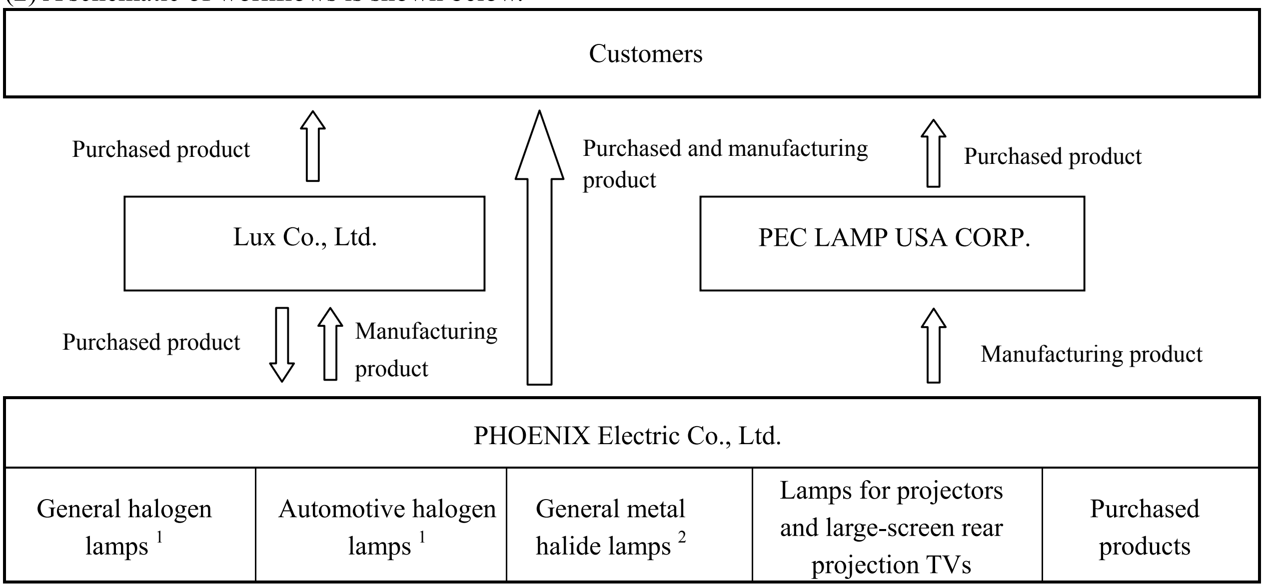
The PHOENIX Electric Group (the Group) is made up of PHOENIX Electric Co., Ltd., the parent company (the Company) and two subsidiaries. The Group is engaged primarily in the manufacture and sale of lamps for projectors and large-screen rear projection TVs, general halogen lamps, automotive halogen lamps 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 lamps for projectors and large-screen rear projection TVs, general halogen lamps, automotive halogen lamps and general metal halide lamps
LUX Co., Ltd.	Hyogo Prefecture	Sale of illumination lamps and illumination products
PEC LAMP USA CORP.	U.S.A.	Sales of halogen lamps, metal halide lamps and other lamps

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

a) 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.

b) 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.

c) 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.

d) 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 core strategy is to upgrade the Company's core competences of developing and manufacturing specialty lamps for projectors and large-screen rear projection TVs and extending user support. The Company also places priority on taking advantage of its small scale to be of greater assistance to customers. The goal is to become number one in niche markets (lamps for projectors and large-screen rear projection TVs) where the Company can best leverage its unique competitive strengths. Accordingly, management will continue to concentrate resources in the projector lamp business.

Lamp-type large-screen TVs (generally referred to as micro display (MD) TVs) are expected to grow within the next two to three years into a market of about the same size as the projector market. Popularity of these TVs is rising rapidly, especially in North America and China, as a replacement for CRT TVs. Behind this popularity are dramatic improvements in picture quality, price and designs as digital TV broadcasts and slim TV formats become more widespread.

The Group began operations in the MD sector in the fourth quarter of the past fiscal year. By developing distinctive TV lamps and taking other steps, the Group plans to develop this emerging business field into the next driver of growth.

The Company strives to achieve further refinements in its operations in the following respects:

- -A unique strategy for competing successfully
- -Consistent growth
- -A solid base of operations
- -A prominent industry stature
- -A sophisticated management system
- -Unique attributes that competitors cannot match
- -Happy shareholders, customers, suppliers and employees
- -A solid number-one position among customers

The objective is to become a “true middle-market company.”

(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 19.0% and aggregate dividend payments that are 2.5% 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.

In the fiscal year ending in March 2005, the Company plans to pay an interim dividend of ¥7.50 per share and a year-end dividend of ¥2.50, which equates to ¥7.50 because of the one-to-three stock split announced today to be conducted on November 19, 2004 for shareholders of record on September 30, 2004.

(4) Important Issues

The projector market continues to expand, with considerable growth foreseen in the coming years.
At the same time, a new market has rapidly emerged for lamp-type large-screen TVs. As a result, there is a serious shortage of lamps due to insufficient production capacity at lamp manufacturers. The Company expects this situation to continue for the time being.

However, pressure to reduce prices of lamps is expected because of intensifying competition among manufacturers of finished products.

To respond to these shifts in its operating environment, the Company must address the following issues.

- -Increase production capacity
  Raise monthly output from the current 40,000 units to 130,000 units (to be completed in October 2004)
- -Partially revise the business model
  Establish division of tasks with Chinese partner (transfer certain lamp assembly steps)
  In addition to supplying finished lamps begin selling arc tubes
- -Hire more engineers
- -Develop distinctive new lamps for TVs

(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.

a. 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.

b. 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.

c. 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 FY3/04

During the past fiscal year, Japan's economy began to stage a full-scale recovery. Concerns about the financial system faded as public funds were injected and measures to deal with problem loans were largely completed. As actions taken companies, mainly large corporations, produced higher earnings, the Nikkei average rose to the ¥11,000 level. Furthermore, consumer spending was strong due to the popularity of large-screen TVs and of digital home electronics like DVD decks. In addition, rapid economic growth in China along with strong economic expansion in the U.S. led to substantial capital expenditures in Japan. On the other hand, concerns about the economic outlook persist because of the possible impact of Iraq on the U.S. economy, the yen's appreciation and other factors.

In this environment, there was a large increase in sales of projectors as demand for lower-priced models continued to grow rapidly. Furthermore, there is a growing interest among consumers in digital, high-resolution TVs. As a result, conventional CRT TVs are being replaced with 50 to 70-inch TVs, especially in the U.S. and China, that use lamps or plasma displays. As growth in the popularity of lower-priced projectors and lamp-type large-screen TVs exceeded the forecasts of manufacturers, there has been a serious shortage of lamps since the fall of 2003.

Due to these market trends, projector lamps were strong during the fiscal year, rising 15.4% to ¥4,483,616 thousand. In terms of volume, sales surged 40.5% to 466 thousand units.

Regarding earnings, the Company took many actions to increase overseas procurement and to raise manufacturing productivity by creating a system in which many types of lamps can be produced at once on a single assembly line one by one. These measures enabled the Company to cut costs to respond to rising demand for lower priced products. The result was a 0.8 percentage point improvement in the operating margin to 16.4%.

Due to these factors, consolidated net sales increased 10.6% to ¥6,571,405 thousand, operating income increased 16.1% to ¥1,077,960 thousand and recurring profit increased 18.9% to ¥981,551 thousand.

Due to the termination of a tax-qualified retirement benefit plan during the fiscal year and the switch to a defined-contribution retirement benefit plan, there was an extraordinary gain of ¥70,608 thousand from the adoption of the new system. As a result, net income increased 42.6% to ¥624,143 thousand.

Regarding capital expenditures, the Group ordered approximately ¥1.4 billion of equipment to meet growing demand for lamps used in projectors and large-screen rear projection TVs. Current monthly output of 40,000 units is to be raised in stages to 130,000 units by October 2004. To fund part of these expenditures, the Company obtained a loan of ¥1.0 billion from four financial institutions at the end of the fiscal year.

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	589,223	2.7	9.0
Automotive halogen lamps	338,417	(21.9)	5.1
General metal halide lamps	57,038	(34.1)	0.9
Lamps for projectors and large-screen rear projection TVs	4,483,616	15.4	68.2
Purchased products	1,103,110	14.4	16.8
Total	6,571,405	10.6	100.0

Note: The Company began the manufacture and sale of lamps for large-screen rear projection TVs in the fiscal year that ended March 31, 2004. Consequently, the former projector lamp category has been renamed lamps for projectors and large-screen rear projection TVs.

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

Cash Flows

There was a net increase of ¥915,359 thousand 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 ¥472,761 thousand compared with ¥691,405 thousand one year earlier. Income before income taxes increased from ¥772,168 thousand to ¥1,054,946 thousand as sales of projector lamps increased to customers in Japan and overseas. In addition, although there was a decrease in inventories and increase in trade payables, cash was used for an increase in trade receivables, the result of the higher sales, and an increase in income tax payments because the time limit was reached for the carrying forward tax deductible accumulated losses.

(Investing activities)

Net cash used in investing activities was ¥254,313 thousand compared with ¥230,881 thousand one year earlier. The primary uses of cash were for equipment to increase production of lamps for projectors and large-screen rear projection TVs and for loans to fund capital expenditures at important overseas suppliers.

(Financing activities)

Net cash provided by financing activities was ¥703,759 thousand. One year earlier, these activities used ¥312,431 thousand. This was mainly attributable to a loan of ¥1.0 billion obtained from four banks to help fund investments to increase output of lamps for projectors and large-screen rear projection TVs in the following fiscal year to meet rising demand.

(3) Outlook for FY3/05

The outlook for the Japanese economy is for continued growth. There are several causes for concern, including weakening consumer spending, the prolonged crisis in Iraq, and the budget and fiscal deficits in the U.S. However, corporate earnings are rebounding, enabling companies to make substantial capital expenditures.

In this environment, growth is expected to continue in the global market for projectors and large-screen TVs. This leads to expectations for similar growth in demand for lamps used in projectors and large-screen rear projection TVs.

In response, the Group will continue to concentrate its resources on lamps used in projectors and large-screen rear projection TVs. The goal is use a division of tasks with a Chinese partner company to establishing a production capability of 200,000 units per month. To accomplish this, the Company will make substantial capital expenditures while ensuring consistent quality and meeting challenges posed by rising demand for lower priced projectors by cutting costs through more overseas procurement and higher manufacturing productivity. By taking these measures, the Company is dedicated to manufacturing products able to “satisfy all types of customer demands.”

For the fiscal year ending in March 2005, the Company is forecasting a 53.6% increase in net sales to ¥10,093 million, a 99.2% increase in recurring profit to ¥1,955 million and a 87.4% increase in net income to ¥1,169 million.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(thousands of yen)

	Notes	FY3/03 As of March 31, 2003		FY3/04 As of March 31, 2004		Change
		Amount	%	Amount	%	Amount
ASSETS						
I Current assets						
1. Cash and deposits with banks		1,050,853		1,966,212		915,359
2. Notes and accounts receivable		1,580,691		1,937,948		357,256
3. Inventories		966,362		817,325		(149,037)
4. Deferred tax assets		94,159		73,265		(20,893)
5. Other current assets		66,128		101,544		35,415
Allowance for doubtful accounts		(7,999)		(10,597)		(2,597)
Total current assets		3,750,196	67.1	4,885,698	71.9	1,135,502
II Fixed assets						
1. Property, plant, and equipment						
(1) Buildings and structures	*1,3	230,459		217,654		(12,804)
(2) Machinery and vehicles	*1,3	737,305		686,635		(50,669)
(3) Land	*1,2	594,733		594,733		-
(4) Construction in progress		26,452		193,405		166,952
(5) Other property, plant, and equipment	*3	41,542		40,321		(1,220)
Total property, plant, and equipment		1,630,492	29.2	1,732,750	25.5	102,257
2. Intangible assets		8,834	0.2	8,370	0.1	(463)
3. Investments and other assets						
(1) Investment securities		42,489		92,015		49,526
(2) Deferred tax assets		110,340		20,704		(89,635)
(3) Other investments and assets		55,212		58,622		3,410
Allowance for doubtful accounts		(7,956)		(6,462)		1,493
Total investments and other assets		200,086	3.6	164,880	2.4	(35,205)
Total fixed assets		1,839,413	32.9	1,906,002	28.1	66,588
Total assets		5,589,609	100.0	6,791,701	100.0	1,202,091

(thousands of yen)

	Notes	FY3/03 As of March 31, 2003		FY3/04 As of March 31, 2004		Change
		Amount	%	Amount	%	Amount
LIABILITIES						
I Current liabilities						
1. Notes and accounts receivable		402,194		595,598		193,404
2. Current portion of long-term borrowings	*1	99,996		41,685		(58,311)
3. Accrued income taxes		426,306		118,804		(307,501)
4. Accrued bonuses		117,184		123,568		6,383
5. Other current liabilities	*1	223,749		376,912		153,162
Total current liabilities		1,269,430	22.7	1,256,568	18.5	(12,861)
II Long-term liabilities						
1. Long-term borrowings	*1	41,685		1,000,000		958,315
2. Deferred tax liabilities		4,206		1,889		(2,316)
3. Accrued employees' retirement benefits		196,798		-		(196,798)
4. Accrued officers' severance benefits		52,871		64,805		11,933
5. Other long-term liabilities	*1	117,716		39,896		(77,819)
Total long-term liabilities		413,276	7.4	1,106,591	16.3	693,314
Total liabilities		1,682,707	30.1	2,363,159	34.8	680,452
MINORITY INTERESTS						
Minority interests		-	-	-	-	-
SHAREHOLDERS' EQUITY						
I Common stock		876,727	15.7	877,177	12.9	450
II Capital surplus		1,307,917	23.4	1,308,367	19.3	450
III Retained earnings		1,720,672	30.8	2,219,516	32.7	498,844
IV Unrealized holding gain on other securities		-	-	28,939	0.4	28,939
V Foreign currency translation adjustments		1,585	0.0	(5,459)	(0.1)	(7,045)
Total shareholders' equity		3,906,902	69.9	4,428,541	65.2	521,638
Total liability, minority interests and shareholders' equity		5,589,609	100.0	6,791,701	100.0	1,202,091

(2) Consolidated Statements of Income

(thousands of yen)

	Notes	FY3/03 Apr. 1, 2001 - Mar. 31, 2003			FY3/04 Apr. 1, 2002 - Mar. 31, 2004			Change	
		Amount		%	Amount		%	Amount	
I Net sales			5,943,292	100.0		6,571,405	100.0		628,113
II Cost of goods sold			3,864,115	65.0		4,296,446	65.4		432,330
Gross profit			2,079,176	35.0		2,274,959	34.6		195,783
III Selling, general, and administrative expenses	*1,2		1,150,525	19.4		1,196,999	18.2		46,473
OPERATING INCOME			928,650	15.6		1,077,960	16.4		149,309
IV Non-operating income									
1. Interest income		461			1,333			871	
2. Dividend income		262			12			(249)	
3. Technology licensing fee		13,139			-			(13,139)	
4. Gain on reversal of valuation loss on investment securities		-			969			969	
5. Miscellaneous revenue		3,911	17,774	0.3	10,252	12,568	0.2	6,341	(5,206)
V Non-operating expenses									
1. Interest expense		13,898			3,172			(10,725)	
2. Foreign exchange losses		64,884			89,390			24,506	
3. Loss on revaluation of investment securities		508			-			(508)	
4. IPO expense		27,593			-			(27,593)	
5. New stock issue expense		10,073			175			(9,898)	
6. Commitment line fees		-			12,052			12,052	
7. Miscellaneous loss		3,932	120,891	2.0	4,186	108,977	1.7	254	(11,913)
RECURRING PROFIT			825,534	13.9		981,551	14.9		156,017
VI Extraordinary income									
1. Gain on sales of fixed assets	*3	8,363			2,633			(5,729)	
2. Reversal of allowance for doubtful accounts		5,117			398			(4,719)	
3. Gain on transfer between retirement benefit plans		-	13,480	0.2	70,608	73,640	1.1	70,608	60,159
VII Extraordinary loss									
1. Loss on disposal of fixed assets	*4	3,243			245			(2,998)	
2. Loss on disposal of inventories		25,917			-			(25,917)	
3. Warranty expenses on products sold in prior period		37,685	66,846	1.1	-	245	0.0	(37,685)	(66,601)
Net income before income taxes			772,168	13.0		1,054,946	16.1		282,778
Income taxes- current		435,705			342,402			(93,302)	
Income taxes- deferred		(101,353)	334,351	5.6	88,400	430,802	6.6	189,753	96,451
NET INCOME			437,816	7.4		624,143	9.5		186,327

(3) Consolidated Statements of Retained Earnings

(thousands of yen)

	FY3/03 Apr. 1, 2002 - Mar. 31, 2003		FY3/04 Apr. 1, 2003 - Mar. 31, 2004		Change	
	Amount		Amount		Amount	
CAPITAL SURPLUS						
I Capital surplus at beginning of year		965,306		1,307,917		342,610
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	450	-	(21,500)	(342,160)
III Capital surplus at end of year		1,307,917		1,308,367		450
RETAINED EARNINGS						
I Retained earnings at beginning of year		1,381,525		1,720,672		339,147
II Increase in retained earnings						
1. Net income	437,816	437,816	624,143	624,143	186,327	186,327
III Decrease in retained earnings						
1. Cash dividend paid	89,220		106,399		17,179	
2. Bonuses for officers	9,450	98,670	18,900	125,299	9,450	26,629
[of which bonuses for auditors]	[950]		[1,800]		[950]	
IV Retained earnings at end of year		1,720,672		2,219,516		498,844

(4) Consolidated Statements of Cash Flows

(thousands of yen)

	FY3/03 Apr. 1, 2002 - Mar. 31, 2003	FY3/04 Apr. 1, 2003 - Mar. 31, 2004	Change
	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Net income before income taxes	772,168	1,054,946	282,778
2. Depreciation and amortization	257,745	243,192	(14,553)
3. Increase (decrease) in accrued employees' retirement benefits	44,711	(196,798)	(241,509)
4. Increase in accrued officers' severance benefits	11,737	11,933	196
5. Increase (decrease) in accrued bonuses	61,250	6,383	(54,866)
6. Increase (decrease) in allowance for doubtful accounts	4,982	1,103	(3,878)
7. Interest and dividend income	(461)	(1,345)	(884)
8. Interest expense	13,898	3,172	(10,725)
9. Loss on revaluation of investment securities	508	(969)	(1,478)
10. Loss (gain) on sales of fixed assets	(8,363)	2,633	10,996
11. Loss on disposal of fixed assets	3,243	(245)	(3,488)
12. Decrease (increase) in notes and accounts receivable	(362,444)	(357,256)	5,187
13. Decrease (increase) in inventories	(242,042)	149,037	391,079
14. Decrease (increase) in other receivables	18,082	(270)	(18,352)
15. Increase (decrease) in notes and accounts payable	159,061	193,404	34,343
16. Increase (decrease) in other payables	(1,815)	18,210	20,025
17. Bonuses for officers	(9,450)	(18,900)	(9,450)
18. Others	(2,644)	16,269	18,914
Subtotal	720,170	1,124,503	404,332
19. Interests and dividends received	461	1,345	884
20. Interests paid	(13,616)	(3,182)	10,433
21. Income taxes paid	(15,610)	(649,904)	(634,293)
Net cash provided by operating activities	691,405	472,761	(218,643)
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchases of property, plant, and equipment	(229,083)	(221,700)	7,383
2. Proceeds from sales of property, plant, and equipment	8,363	-	(8,363)
3. Payments for loans receivable	-	(60,000)	(60,000)
4. Proceeds from collection of loans receivable	-	22,500	22,500
5. Others	(10,161)	4,886	15,048
Net cash used in investing activities	(230,881)	(254,313)	(23,431)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of short-term borrowings	(600,000)	-	600,000
2. Proceeds from long-term debt	-	1,000,000	1,000,000
3. Repayment of long-term borrowings	(108,329)	(99,996)	8,333
4. Payment for purchases by installment	(89,919)	(90,744)	(824)
5. Cash dividend paid	(89,220)	(106,399)	(17,179)
6. Proceeds from new stock issuance	575,037	900	(574,137)
Net cash provided by (used in) financing activities	(312,431)	703,759	1,016,190
IV Effect of exchange rate changes on cash and cash equivalents	(5,341)	(6,849)	(1,508)
V Increase in cash and cash equivalents	142,751	915,359	772,607
VI Cash and cash equivalents at beginning of year	908,101	1,050,853	142,751
VII **Cash and cash equivalents at end of year**	1,050,853	1,966,212	915,359

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
1. Scope of consolidation	The accompanying financial statements include the accounts of the Company and its 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 Same as on the left. c. Inventories Same as on the left.
(2) Depreciation of property, plant, and equipment and amortization of intangible assets	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 and residual value are based on a method	a. Depreciation of property, plant and equipment Same as on the left.

	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
	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. Useful lives of principal assets are as follows: Buildings and structures: 8-38 years Machinery and vehicles: 2-12 years	
	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 -
	-	[Supplementary information:] The Company and certain of its domestic

	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
		consolidated subsidiaries on March 1, 2004 switched entirely from a tax-qualified retirement benefit plan to a defined-contribution retirement benefit plan following the promulgation of the Defined-contribution Enterprise Pension Law. Simultaneously, the Company adopted a new accounting standard (ASBJ, Financial Accounting Standard Implementation Guidance No. 1), Accounting for Transfers Between Retirement Benefit Plans.” As a result of this change, net income before income taxes increased by ¥70,608 thousand compared to the amount that would have been reported if the previous accounting method had been applied consistently.
	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 benefits.	d. Accrued officers’ severance benefits Same as on the left.
(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 taxes All amounts stated are exclusive of consumption taxes.	a. Accounting for consumption taxes 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.

Change in accounting policy

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
[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. Notice that the reformed regulations of consolidated financial statements are applied to shareholders' equity in the consolidated balance sheets and to consolidated statements of retained earnings.	-
[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 the year " are restated as "Retained earnings at beginning of the 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 the year" are reatsted as "Retained earnings at end of the 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 "13. Per Share Data."	-

Reclassifications

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
[Consolidated statements of income] Effective the current consolidated fiscal year, "New stock issue expenses," included in "Miscellaneous expenses" under "Non-operating expenses" in prior years, is reclassified and presented as a separate line item since it has increased materiality in the context of consolidated financial statements. In the previous consolidated fiscal year, "New stock issue expenses" totaled ¥1,167 thousand.	

Notes to Consolidated Financial Statements
Notes to consolidated balance sheets

(thousands of yen)

FY3/03 — 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
		Long-term borrowings	41,685
Land	548,248		
Total	886,514	Total	344,729

*2 Property, plant, and equipment includes the following idle assets

Land 89,253

*3 Accumulated depreciation on property, plant, and equipment 1,140,094

FY3/04 — As of March 31, 2004

*1 Assets pledged as collateral and corresponding liabilities at March 31, 2004 consisted of the following:

Assets pledged		Corresponding liabilities	
Asset	Amount	Liabilities	Amount
Machinery and vehicles	132,836	Other current liabilities (Installment payments)	72,407
		Other long-term liabilities (Long-term installment payments)	39,896
Buildings and structures	133,676	Current portion of long-term borrowings	41,685
Land	548,248		
Total	814,760	Total	153,988

*2 Property, plant, and equipment includes the following idle assets

89,253

*3 Accumulated depreciation on property, plant, and equipment 1,348,447

Notes to consolidated statements of income

(thousands of yen)

FY3/03 April 1, 2002 - March 31, 2003		FY3/04 April 1, 2003 - March 31, 2004	
*1 Significant components of selling, general and administrative expenses		*1 Significant components of selling, general and administrative expenses	
Packing and transportation	58,732	Packing and transportation	59,461
Officers' bonuses	66,449	Officers' bonuses	79,676
Employees' wages	334,429	Employee' wages	358,497
Provision of accrued bonuses	57,528	Provision of accrued bonuses	64,250
Retirement benefit expenses	20,952	Retirement benefit expenses	7,376
Other personnel expenses	79,024	Other personnel expenses	84,962
Commissions paid	68,958	Commissions paid	79,617
Depreciation and amortization	11,549	Depreciation and amortization	11,602
R&D expenses	204,065	R&D expenses	183,335
Others	248,834	Others	268,217
Total	1,150,525	Total	1,196,999
*2 Aggregate R&D expenses of ¥204,065 thousand are presented as a component of SG&A expenses.		*2 Aggregate R&D expenses of ¥183,335 thousand are presented as a component of SG&A expenses.	
*3 Significant components of gain on sale of fixed assets are as follows:		*3 Significant components of gain on sale of fixed assets are as follows:	
Machinery and vehicles	8,363	Machinery and vehicles	2,633
*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	911	Disposal of machinery and vehicles	245
Other (construction in progress)	2,322		
Total	3,243		

Notes to statements of cash flows

(thousands of yen)

FY3/03 April 1, 2002 - March 31, 2003		FY3/04 April 1, 2003 - March 31, 2004	
*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, 2003		As of March 31, 2004	
Cash and deposits	1,050,853	Cash and deposits	1,966,212
Cash and cash equivalents	1,050,853	Cash and cash equivalents	1,966,212

5. Segment Information

(1) Operating segment information

FY3/03 (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.

FY3/04 (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.

(2) Geographical segment information

FY3/03 (April 1, 2002 - March 31, 2003)

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.

FY3/04 (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.

(3) Overseas sales

FY3/03 (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

FY3/04 (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

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)

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
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. Others (furniture and fixtures) Acquisition cost equivalents 53,078 Accumulated depreciation equivalents 34,500 Year-end balance equivalents 18,577 2. Future minimum lease payments Due within one year 11,508 Due over one year 8,631 Total 20,139 3. Minimum lease payments, depreciation, and interest equivalents Minimum lease payments 11,508 Depreciation Equivalents 10,615 Interest equivalents 801 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 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.	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. Others (furniture and fixtures) Acquisition cost equivalents 53,078 Accumulated depreciation equivalents 45,116 Year-end balance equivalents 7,961 2. Future minimum lease payments Due within one year 8,631 Due over one year - Total 8,631 3. Minimum lease payments, depreciation, and interest equivalents Minimum lease payments 11,508 Depreciation Equivalents 10,615 Interest equivalents 439 4. Accounting method of depreciation, interest equivalents Accounting method for depreciation equivalents: Same as on the left. Accounting method for interest equivalents: Same as on the left.

7. Securities

FY3/03 (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

FY3/04 (April 1, 2003 - March 31, 2004)

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	71,900	48,556

2. Securities without market quotations
Securities classified as "Other securities"

(thousands of yen)

Security	Carrying value
Unlisted foreign stock	20,115

8. Derivatives

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
There is nothing applicable.	1. Derivative transactions The Company uses interest rate swaps for converting the floating interest rate on certain borrowings from financial institutions into a fixed interest rate. 2. Purpose and policy The Company uses derivative transactions only to reduce its exposure to market risk from fluctuations in interest rates and does not hold or issue highly leveraged derivative instruments. The Company also does not hold or issues financial derivative instruments for trading purposes. All borrowings from financial institutions require prior approval of the Board of Directors. The Company enters into borrowing agreements only after approval of the Board of Directors. 3. Assessing the effectiveness of derivative instruments Interest rate swaps are recorded using the short-cut method since the interest rate swaps that the Company uses qualify for extraordinary treatment.

9. Retirement Benefits

(thousands of yen)

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
1. Retirement benefit plans 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. Retirement benefit plans The Company and its certain domestic consolidated subsidiaries on March 1, 2004 switched entirely from a tax-qualified retirement benefit plan they had adopted in April 1988 to a defined-contribution retirement benefit plan. As a result of this change, the Company booked ¥70,608 thousand in extraordinary gain on transfers between retirement benefit plans.
2. Retirement benefit obligation Retirement benefit obligation 331,639 Pension assets at fair value 134,841 Accrued employees' retirement benefits 196,798	2. Retirement benefit obligation Retirement benefit obligation - Pension assets at fair value - Accrued employees' retirement benefits - Note: As noted in Section 1, the Company switched from a tax-qualified retirement benefit plan to a defined-contribution retirement benefit plan. As a result, the Company is now exempted from obligations for the payment of benefits. The effects of the change from the tax-qualified retirement benefit plan to a defined-contribution retirement benefit plan are as follows: Decline in retirement benefit obligation 352,936 Transfer of tax-qualified retirement benefit plan assets (274,555) Amortization of actuarial differences (7,772) Reversal from accrued employees' retirement benefits 70,608
3. Retirement benefit expenses Service cost 31,445 Interest cost 8,330 Expected return on plan assets (4,396) Amortization of actuarial differences 36,460	3. Retirement benefit expenses Service cost 28,824 Interest cost 9,120 Expected rate of return (4,326) Amortization of actuarial differences 7,772
4. Assumptions used in accounting for the above plans Discount rate 3.0% Expected rate of return on assets 3.5% Method of allocation of estimated retirement benefit obligations: Residual employment period Amortization of actuarial differences: Expenses as incurred	4. Assumptions used in accounting for the above plans Discount rate 3.0% Expected rate of return on assets 3.5% Method of allocation of estimated retirement benefit obligations: Residual employment period Amortization of actuarial differences: Expensed as incurred

10. Deferred Income Taxes

(thousands of yen)

FY3/03 April 1, 2002 - March 31, 2003		FY3/04 April 1, 2003 - March 31, 2004	
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	78,317	Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	49,921
Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	44,381	Provision of accrued officers' severance benefits in excess of maximum permitted under corporate tax laws	26,181
Unadmitted accrued office taxes	37,805	Unadmitted accrued office taxes	11,432
Provision of accrued officers' severance benefits in excess of maximum permitted under corporate tax laws	21,359	Unadmitted accrued enterprise taxes	4,764
Unadmitted accrued office taxes	4,688	Others	26,123
Others	17,947	Less deferred tax liabilities	(24,453)
Total deferred tax assets	204,499	Total deferred tax assets	93,969
Deferred tax liabilities		Deferred tax liabilities	
Deferred foreign exchange gains	(2,661)	Net unrealized difference on investment securities	(19,616)
Others	(1,544)	Others	(6,725)
Total deferred tax liabilities	(4,206)	Less deferred tax assets	24,453
Net deferred tax assets	200,293	Total deferred tax liabilities	(1,889)
		Net deferred tax assets	92,080
Reconciliation of deferred tax assets as of March 31, 2003 with consolidated balance sheet accounts:		Reconciliation of deferred tax assets as of March 31, 2004 with consolidated balance sheet accounts:	
Current assets: Deferred tax assets	94,159	Current assets: Deferred tax assets	73,265
Fixed assets: Deferred tax assets	110,340	Fixed assets: Deferred tax assets	20,704
Long-term liabilities: Deferred tax liabilities	(4,206)	Long-term liabilities: Deferred tax liabilities	(1,899)
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	40.4%
Entertainment expenses not allowed to be included in expenses	0.6%	Entertainment expenses not allowed to be included in expenses	0.5%
Enterprise and residential taxes	0.7%	Enterprise and residential taxes	0.5%
Amortization of unrealized profit	(0.6)%	Differences in corporation tax rates	1.2%
Decrease in deferred assets at end of fiscal year due to changes in tax rates	0.2%	R&D tax credit	(1.9%)
Others	1.2%	Others	0.2%
Effective tax rate	43.3%	Effective tax rate	40.9%
3. The Company changed the statutory tax rate from 41.1% 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

FY3/03 (April 1, 2002 - March 31, 2003)

(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 CORPORATION	Oregon, USA	$164,148 thousand	Projector mfg. and sales	Direct (10.4%)	-	Customer	Supply of projector lamps	860,763	Accounts receivable	(2,149)

Notes: 1. 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.
2. Accounts receivable-trade from Infocus Corporation is negative because of a return of merchandise after the recovery of accounts-receivable-trade.

FY3/04 (April 1, 2003 - March 31, 2004)

(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 CORPORATION	Oregon, USA	$165,063 thousand	Projector mfg. and sales	Direct (10.4%)	-	Customer	Supply of projector lamps	455	Accounts receivable	31

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. Subsequent Event

FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
-	New stock issue through a stock split The Company issued new stock through a gratis stock split, pursuant to the Board of Directors resolution to that effect on May 28, 2004. Details are as follows: 1. On November 19, 2004 a three-for-one split of common shares will take place as follows: Increase in the number of shares due to the stock split: (1) Increase in the number of common shares due to the stock split: Common shares: 14,204,600 shares (2) Method of stock split A three-for-one split of shares held by shareholders and beneficial shareholders on record on September 30, 2004. 2. Base date for reckoning dividends: October 1, 2004 3. Authorized shares The Company on November 19, 2004 will amend its Articles of Incorporation to increase the number of authorized shares by 39,600,000 shares to 59,400,000 shares. Per share data for the current and the previous consolidated fiscal years, retroactively adjusted for the stock split to the beginning of the respective fiscal years, is as follows:

	FY3/03	FY3/04
Shareholders' equity per share	¥182.71	¥206.84
Net income per share (basic)	¥22.53	¥28.29
Net income per share (diluted)	¥22.51	-

13. Per Share Data

Item	FY3/03	FY3/04
Shareholders' equity per share Net income per share (basic) Net income per share (diluted)	¥548.12 ¥67.60* ¥67.52 * 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: Shareholders' equity per share ¥550.79 Net income per share (basic) ¥70.65 Net income per share (diluted) ¥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.	¥620.51 ¥84.88 -

* The basis of calculation of the basic net income and the diluted net income per share for the year is as follows.

(thousands of yen)

	FY3/03	FY3/04
Net income per share		
Net income	437,816	624,143
Amount not attributable to common shares [of which bonuses for officers]	18,900 [18,900]	21,500 [21,500]
Net income available to common shareholders	418,916	602,643
Average number of shares outstanding (shares)	6,196,719	7,100,087
Number of incremental common shares assumed to have been issued in calculation of diluted net income per share (shares) [of which increasing number by exercise of new share subscription right]	7,937 [7,937]	- [-]

14. Production, Orders and Sales

(1) Production

(thousands of yen)

Product	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
General halogen lamps	482,070	479,792
Automotive halogen lamps	437,455	336,225
General metal halide lamps	76,806	46,558
Lamps for projectors and large-screen rear projection TVs	4,010,731	4,374,565
Total	5,007,064	5,237,142

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

(2) Purchases

(thousands of yen)

Product	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
Purchased products	770,098	810,135
Total	770,098	810,135

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	FY3/03 April 1, 2002 - March 31, 2003	FY3/04 April 1, 2003 - March 31, 2004
General halogen lamps	573,663	589,223
Automotive halogen lamps	433,413	338,417
General metal halide lamps	86,516	57,038
Lamps for projectors and large-screen rear projection TVs	3,885,510	4,483,616
Purchased products	964,188	1,103,110
Total	5,943,292	6,571,405

Note: Amounts are exclusive of consumption taxes.

Note: This is a translation of Japanese kessan Tanshin (including attachments), a summary of financial statements prepared in accordance with accounting principles generally accepted in Japan. This translation is prepared and provided for the purpose of the reader's convenience. All readers are recommended to refer to the original version in Japanese of the report for complete information.