



The Global Leader in Projection Lamp Technology

1. Corporate Information (As of January 18, 2003)

PHOENIX Electric Co., Ltd.

Stock marketing listing: JASDAQ

Stock code: 6927

Head office: 703, Aza-Takamaru, Mikage, Toyotomi-cho, Himeji-City, Hyogo, 679-2122 Japan

Date of establishment: October 5, 1976

Common stock: ¥862,752 thousand

Number of shares outstanding: 6,813,800 shares

URL: <http://www.phoenix-elec.co.jp/>

2. Consolidated Financial Highlights

(million yen, rounded down)

	FY2000 March 31, 2000	FY2001 March 31, 2001	FY2002 March 31, 2002	FY2003 interim Sep. 30, 2002
Net sales	3,828	5,498	5,150	2,859
Operating profit	314	765	519	467
Recurring profit	260	793	502	421
Net profit	60	682	121	244
Shareholders' equity	2,028	2,956	2,997	3,142
Total assets	4,006	5,451	4,783	5,166
Operating cash flow	328	294	784	514
Investing cash flow	(51)	(466)	(152)	(84)
Financing cash flow	(471)	455	(470)	(194)
Number of employees	180	212	225	210

3. Profile

PHOENIX Electric is a company that has come back from bankruptcy, having filed for reorganization under the Corporate Reorganization Law on November 10, 1995 at the Kobe District Court.

Until the filing for reorganization, PHOENIX Electric was a lamp manufacturer that was particularly skilled in the production of halogen lamps (see note 1) for automotive and other applications. As part of its actions to return to financial soundness, the Company reviewed its product line-up. This process led to the decision to increase emphasis on value-added lamps by introducing new products. To achieve this goal, PHOENIX Electric focused on the development of projector lamps. As a result, the Company has transformed itself into a technology-driven projector lamp manufacturer that is skilled in developing new products.

Composition of Consolidated Net Sales

(million yen, %)

	FY2001		FY2002		FY2003 interim	
	March 31, 2001		March 31, 2002		Sep. 30, 2002	
		Share		Share		Share
Projector lamps	3,166	57.6	3,235	62.8	1,890	66.1
Halogen lamps	814	14.8	563	10.9	275	9.6
Automotive halogen lamps	478	8.7	411	8.0	233	8.2
Metal halide lamps	172	3.1	144	2.8	44	1.6
Purchased products	866	15.8	796	15.5	415	14.5
Total	5,498	100.0	5,150	100.0	2,859	100.0

Note: The above figures do not include consumption tax.

At present, the PHOENIX Electric group of companies generates most of its sales from four product categories: projector lamps, halogen lamps, automotive halogen lamps and metal halide lamps (see note 2). In FY2002 (year ended March 31, 2002) and the first half of FY2003, sales of projector lamps accounted for 62.8% and 66.1%, respectively, of consolidated net sales.

In addition to projector lamps, which is a relatively new product category, PHOENIX Electric continues to manufacture and sell traditional products such as halogen lamps for automotive and other applications and metal halide lamps. However, traditional products are gradually declining as a share of total sales.

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.

4. Strategies

The widespread use of PCs is increasing demand for projectors in applications ranging from business presentations to classrooms. Naturally, this trend also spells higher demand for projector lamps. PHOENIX Electric supplies super-high-voltage mercury lamps featuring its exclusive dual-seal structure to many projector manufacturers in Japan and overseas.

PHOENIX Electric expects the growth in demand for commercial projectors to continue for some time. Growth is also occurring in the home theater market. Another favorable trend is the expanding range of applications for projector lamps to include products such as rear-projection TVs, surveillance displays and digital cinemas. Due to these trends, PHOENIX Electric will for the time being adhere to a strategy of focusing its R&D, capital expenditures, human resources and other resources on projector lamps.

5. Allocation of Earnings

There were no dividend distributions in FY1998, as the Company was undergoing bankruptcy proceedings, and in FY1999, as this was the first fiscal year following completion of bankruptcy proceedings. Due to the Company's concerted efforts to become publicly owned and restore dividend payments as quickly as possible, there was a dividend per share of ¥10 applicable to FY2000 and ¥15 (¥0.09 per share of newly issued stock) applicable to FY2001. The dividend per share applicable to FY2002 was ¥15.

Regarding retained earnings, the Company is placing priority on using these funds for developing new products and purchasing manufacturing equipment to enable the Company to succeed in the face of increasingly fierce competition expected in the coming years. In the future, the Company will consider stock repurchases to increase its ROE.