PHOENIX GOLD
INTERNATIONAL, INC.

FOR MORE INFORMATION CONTACT:

Joseph K. O'Brien
Executive Vice President and Chief Financial Officer
Phoenix Gold International, Inc.
(503) 978-3306

Timothy G. Johnson
Chairman and Chief Executive Officer
Phoenix Gold International, Inc.
(503) 978-3330

PHOENIX GOLD REPORTS SECOND QUARTER RESULTS

Portland, OR -- May 17, 2004 -- Phoenix Gold International, Inc. (www.pinksheets.com:PGLD) today reported a net loss of $421,000, or $0.14 per diluted share, for the second quarter of fiscal 2004 which ended March 31, 2004 as compared to a net loss of $376,000, or $0.12 per diluted share, in last year's second quarter. Revenue for the second quarter of fiscal 2004 was $5.8 million, an increase of 7% over revenue of $5.4 million in the second quarter of fiscal 2003.

For the six months ended March 31, 2004, the Company reported a net loss of $449,000, or $0.15 per diluted share, versus a net loss of $730,000, or $0.24 per diluted share, for the comparable period last year. Included in the net loss for the six months ended March 31, 2003 was a non-cash impairment charge of $68,000 (net of tax of $45,000), or $0.02 per share, related to adoption of a new accounting rule on October 1, 2002. Revenue for the six months ended March 31, 2004 increased 19% to $12.7 million from $10.6 million for the same period in 2003.

"The second quarter of fiscal 2004 was softer than we expected," stated Timothy G. Johnson, Chairman and Chief Executive Officer. "We continue to pursue a number of strategies to improve our financial performance. We believe, however, the Company will continue to face a difficult selling environment for its audio products in the near term."

"We began shipping limited quantities of our new Xenon car audio amplifiers and subwoofer speakers during the quarter," continued Mr. Johnson. "We expect increased shipments of these new models during the Company's third fiscal quarter. Further, new amplifier and speaker products for AudioSource, Carver Professional and Phoenix Gold are scheduled for introduction and shipment during the remainder of the 2004 calendar year."

The Company also provided the following information on its second quarter: Domestic sales increased $786,000, or 19%, to $4.9 million, primarily due to a 25% increase in sales of electronics. The increase in electronic sales was due to increased sales of Phoenix Gold branded products and OEM products. Additionally, OEM electronic sales increased due to increased sales to a significant customer. Sales of electronics to a significant customer increased $364,000, or 100%, during the quarter. The amount and timing of purchase orders from this customer may fluctuate from quarter to quarter. Sales for the quarter were affected by a 6% decrease in sales of speakers and a 15% decrease in sales of accessories. International sales decreased $393,000, or 30%, in the second quarter of fiscal 2004 as compared to fiscal 2003. The decrease resulted primarily from a 53% decrease in sales to Asia and a 49% decrease in sales to Europe. Gross margins declined to 19.7% due to changes in sales mix. The Company also extended its bank revolving line of credit agreement through November 30, 2004. The line of credit provides for borrowings up to $2.5 million at the bank's prime rate plus 1%. No borrowings are outstanding under the line of credit at March 31, 2004. The Company has notified its bank that it failed to meet a financial covenant related to a fixed charge coverage ratio subsequent to the quarter ended March 31, 2004. The Company is currently working with the bank to modify the terms under which the Company may resume its use of the line of credit. There can be no assurance that the Company will be able to successfully modify the terms of the bank revolving line of credit agreement.

Phoenix Gold International, Inc. designs, manufactures, markets and sells innovative, high quality, high performance electronics, accessories and speakers for the audio market. The Company sells its products under the brand names Phoenix Gold, Carver Professional and AudioSource. The Company's products are used in car audio, professional sound and home audio/theater applications.

This press release may contain "forward-looking statements" including, without limitation, statements as to expectations, beliefs and future financial performance, and are based on current expectations and are subject to certain risks, trends and uncertainties that could cause actual results to vary from those projected, which variances may have a material adverse effect on the Company. Among the factors that could cause actual results to differ materially are the following: the adverse effect of reduced discretionary consumer spending; competitive factors; dependence on a significant customer; potential fluctuations in quarterly results and seasonality; fixed operating expenses relative to revenues; financing needs to support operations; the need for the introduction of new products and product enhancements; dependence on suppliers; high inventory requirements; business conditions in international markets; the Company's dependence on key employees; the need to protect intellectual property; environmental regulation; and the limited trading volume of the Company's common stock, as well as other factors. Given these uncertainties, readers are cautioned not to place undue reliance on the forward-looking statements. The Company does not intend to update its forward-looking statements.

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PHOENIX GOLD INTERNATIONAL, INC.
BALANCE SHEETS
(Unaudited)

	March 31, 2004	September 30, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 935,330	$ 44,614
Accounts receivable, net	3,403,375	3,758,997
Inventories:		
Raw materials and work-in-process	1,716,588	2,229,338
Finished goods	3,321,127	4,925,117
	5,037,715	7,154,455
Prepaid expenses	248,206	194,332
Deferred taxes	745,000	973,000
Income tax receivable	90,000	90,000
Total current assets	10,459,626	12,215,398
Property and equipment, net	839,781	984,082
Deferred taxes	998,000	507,000
Other assets	513,562	302,092
Total assets	$ 12,810,969	$ 14,008,572
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Line of credit	$ -	$ 541,684
Accounts payable	1,057,264	1,064,981
Accrued payroll and benefits	235,687	397,163
Accrued customer rebates	298,207	335,786
Other accrued liabilities	713,319	664,143
Total current liabilities	2,304,477	3,003,757
Deferred gain on sale of facility	514,906	563,945
Shareholders' equity:		
Preferred stock;		
Authorized – 5,000,000 shares; none outstanding	-	-
Common stock, no par value;		
Authorized – 20,000,000 shares		
Issued and outstanding – 3,006,945 and 3,006,945 shares	6,511,528	6,511,528
Retained earnings	3,480,058	3,929,342
Total shareholders’ equity	9,991,586	10,440,870
Total liabilities and shareholders' equity	$ 12,810,969	$ 14,008,572

PHOENIX GOLD INTERNATIONAL, INC.
STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31		Six Months Ended March 31	
	2004	2003	2004	2003
Net sales	$ 5,812,359	$ 5,419,229	$ 12,688,502	$ 10,643,163
Cost of sales	4,669,894	4,264,872	10,030,100	8,373,893
Gross profit	1,142,465	1,154,357	2,658,402	2,269,270
Operating expenses:				
Selling and marketing	905,477	986,097	1,618,333	1,853,896
Research and development	291,200	252,504	619,104	517,367
General and administrative	615,248	514,549	1,125,655	949,409
Total operating expenses	1,811,925	1,753,150	3,363,092	3,320,672
Loss from operations	(669,460)	(598,793)	(704,690)	(1,051,402)
Other income (expense):				
Interest income	972	113	972	745
Interest expense	-	(3,117)	(7,010)	(3,131)
Other income (expense), net	(828)	4,181	(1,556)	3,153
Total other income (expense)	144	1,177	(7,594)	767
Loss before income taxes	(669,316)	(597,616)	(712,284)	(1,050,635)
Income tax benefit	248,000	222,000	263,000	389,000
Loss before cumulative effect of accounting change	(421,316)	(375,616)	(449,284)	(661,635)
Cumulative effect of accounting change, net of tax	-	-	-	(68,000)
Net loss	$ (421,316)	$ (375,616)	$ (449,284)	$ (729,635)
Loss per share – basic and diluted:				
Before accounting change	$ (0.14)	$ (0.12)	$ (0.15)	$ (0.22)
Accounting change	0.00	0.00	0.00	(0.02)
Loss per share	$ (0.14)	$ (0.12)	$ (0.15)	$ (0.24)
Average shares outstanding – basic and diluted	3,006,945	3,006,945	3,006,945	3,006,945