

**Summary of Financial Results for the Three Months Ended June 2006
(Consolidated)**

Company name:	PHOENIX Electric Co., Ltd.
Stock code:	6927
Stock Exchange listing:	Tokyo Stock Exchange, First Section; JASDAQ
Head office address:	Hyogo Prefecture
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1. Significant Accounting Policies in the Preparation of Quarterly Financial Statements

- 1) Changes in accounting treatment from the most recent fiscal year: Yes
Income taxes are recorded based on the projected annual tax rate in accordance with the statutory effective tax rate.
- 2) Changes in scope of consolidation or application of equity method: None

2. Financial Results for the Three Months Ended June 2006 (April 1, 2006 – June 30, 2006)

(1) Results of Operations

	Net Sales		Operating Income		Recurring Profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Three months ended Jun. 2006	3,060	18.6	667	11.5	634	2.9
Three months ended Jun. 2005	2,580	9.9	598	6.7	616	7.4
(Ref.) Year ended Mar. 2006	11,792	6.7	2,674	2.4	2,757	8.6

	Net Income		Net Income per Share (basic)	Net Income per Share (diluted)
	million yen	YoY change (%)	yen	yen
Three months ended Jun. 2006	370	1.1	16.24	-
Three months ended Jun. 2005	366	6.9	16.05	-
(Ref.) Year ended Mar. 2006	1,354	(10.9)	56.98	-

Notes:

1. Average number of shares outstanding

Three months ended Jun. 2006: 22,806,900 shares

Three months ended Jun. 2005: 22,806,900 shares

Year ended Mar. 2006: 22,806,900 shares

2. YoY change in net sales, operating income, recurring profit and net income represents relevant change in percentage compared to the same period of the previous fiscal year.

[Consolidated Results of Operations]

In the first quarter, Japan's economy continued to expand. Backed by strong earnings, companies are making substantial capital expenditures while an improving employment picture is causing a rebound in consumer spending. However, the Nikkei Average has fallen below 15,000 yen after passing 17,000 yen. Furthermore, the cost of crude oil and other basic materials is remaining high. As a result, there are concerns about the future direction of the economy.

In the projector market, the primary source of demand for PHOENIX Electric products, sales volume of projectors continues to climb. Additionally, conditions in the market for rear projection TVs improved after a period of weakness despite continuing competition from plasma TVs.

Due to these market trends, sales of projector lamps increased 10.9% year-on-year to 1,795 million yen and sales of lamps for rear projection TVs rose 60.2% to 608 million yen due to greater sales volume. The result was an 18.6% increase in consolidated sales to 3,060 million yen.

Earnings increased as sales growth offset the effect of a 28.2% increase in selling, general and administrative expenses caused by higher stock-related expenses. Operating income increased 11.5% to 667 million yen due to increase in net sales, and ordinary income, which was impacted by a foreign exchange loss caused by the yen's strength, rose 2.9% to 634 million yen. There was an extraordinary loss of 11 million yen resulting from accrued officers' severance benefits. The result was a 1.1% increase in net income to 370 million yen.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
As of Jun. 30, 2006	12,289	9,492	77.2	416.22
As of Jun. 30, 2005	11,015	8,441	76.6	370.12
(Ref.) As of Mar. 31, 2006	12,431	9,358	75.3	407.90

Note:

- Number of shares issued at the end of period
As of Jun. 30, 2006: 22,806,900 shares
As of Jun. 30, 2005: 22,806,900 shares
As of Mar. 31, 2006: 22,806,900 shares

(3) Cash Flow Position

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	operating activities	investing activities	financing activities	
	million yen	million yen	million yen	million yen
Three months ended Jun. 2006	20	(22)	(198)	2,430
Three months ended Jun. 2005	(151)	(782)	(220)	1,137
(Ref.) Year ended Mar. 2006	2,226	(1,322)	(572)	2,632

[Information Concerning Cash Flows]

There was a net decrease of 201 million yen in cash and cash equivalents compared with the previous fiscal year.

A summary of cash flows and major components follows.

(Operating activities)

Net cash provided by operating activities was 20 million yen. Cash was provided by income before income taxes of 623 million yen, depreciation and amortization of 183 million yen and an increase of 135 million yen in notes and accounts payable. The principal uses of cash were 542 million yen in income taxes paid and a 201 million yen increase in notes and accounts receivable.

(Investing activities)

Net cash used in investing activities was 22 million yen as major capital expenditures were completed in the prior fiscal year.

(Financing activities)

Net cash used in financing activities was 198 million yen in the three months ended June 30, 2006. Cash was used mainly for the cash dividends paid, and repayment of borrowings.

Attachment:

Consolidated Statements of Income, and others, Consolidated Balance Sheets

[Reference]**Forecast for the Fiscal Year Ending March 2007 (April 1, 2006 - March 31, 2007)**

	Net Sales	Recurring Profit	Net Income
	million yen	million yen	million yen
Interim	5,721	1,061	630
Full year	11,413	2,034	1,234

Reference: Estimated net income per share for the fiscal year ending March 2007: 51.68 yen

Projections of operating results are based on information available to management at the time this report was prepared. As such, these projections entail risks and uncertainties. Readers should be aware that actual results and events may differ substantially from these projections.

[Information Concerning Forecasts]

There are no changes in the first half forecast announced on June 16, 2006 and the full year forecast announced on May 12, 2006.

[Attachment]

1. Consolidated Balance Sheets

(thousands of yen, %)

Account	As of Jun. 30, 2006	As of Jun. 30, 2005	Change		As of Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
ASSETS					
I Current assets					
1. Cash and deposits with banks	2,430,514	1,137,292	1,293,221		2,632,297
2. Notes and accounts receivable	3,106,094	2,659,929	446,165		2,904,265
3. Inventories	1,282,503	1,733,426	(450,923)		1,261,579
4. Deferred tax assets	328,493	197,808	130,685		326,196
5. Others	258,994	93,654	165,339		244,153
Allowance for doubtful accounts	(6,191)	(10,704)	4,513		(6,167)
Total current assets	7,400,408	5,811,407	1,589,001	27.3	7,362,323
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	1,327,102	571,293	755,808		1,355,548
(2) Machinery and vehicles	2,166,130	1,650,823	515,307		2,302,246
(3) Land	1,001,437	1,026,502	(25,064)		1,001,437
(4) Construction in progress	20,642	1,660,689	(1,640,046)		10,817
(5) Others	120,305	110,645	9,659		124,361
Total property, plant and equipment	4,635,618	5,019,954	(384,335)	(7.7)	4,794,411
2. Intangible assets	11,342	13,340	(1,998)	(15.0)	11,740
3. Investments and other assets					
(1) Investment securities	158,454	135,373	23,080		194,311
(2) Deferred tax assets	32,884	8,353	24,531		17,081
(3) Others	55,151	30,051	25,099		56,484
Allowance for doubtful accounts	(4,580)	(3,102)	(1,477)		(4,628)
Total investments and other assets	241,909	170,674	71,234	41.7	263,248
Total fixed assets	4,888,870	5,203,970	(315,099)	(6.1)	5,069,400
Total assets	12,289,279	11,015,378	1,273,901	11.6	12,431,724

(thousands of yen, %)

Account	As of Jun. 30, 2006	As of Jun. 30, 2005	Change		As of Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
LIABILITIES					
I Current liabilities					
1. Notes and accounts payable	866,356	601,722	264,633		731,054
2. Current portion of long-term borrowings	249,040	249,040	-		244,920
3. Accrued income taxes	264,409	251,821	12,587		558,592
4. Accrued bonuses	171,586	159,120	12,466		225,244
5. Others	650,365	501,540	148,824		662,715
Total current liabilities	2,201,758	1,763,245	438,512	24.9	2,422,526
II Long-term liabilities					
1. Long-term borrowings	462,620	711,660	(249,040)		504,000
2. Deferred tax liabilities	3,573	2,730	843		2,213
3. Accrued officers' severance benefits	-	96,452	(96,452)		143,532
4. Others	128,577	-	128,577		1,200
Total long-term liabilities	594,771	810,842	(216,070)	(26.6)	650,945
Total liabilities	2,796,530	2,574,087	222,442	8.6	3,073,471
SHAREHOLDERS' EQUITY					
I Common stock	-	2,133,177	-		2,133,177
II Capital surplus	-	2,563,867	-		2,563,867
III Retained earnings	-	3,695,752	-		4,570,522
IV Unrealized holding gain on other securities	-	53,850	-		88,361
V Foreign currency translation adjustments	-	(5,356)	-		2,323
Total shareholders' equity	-	8,441,290	-	-	9,358,252
Total liabilities and shareholders' equity	-	11,015,378	-	-	12,431,724
NET ASSETS					
I Shareholders' equity					
1. Common stock	2,133,177	-	-		-
2. Capital surplus	2,563,867	-	-		-
3. Retained earnings	4,725,887	-	-		-
Total shareholders' equity	9,422,931	-	-	-	-
II Valuation and translation adjustments					
1. Unrealized holding gain on other securities	67,809	-	-		-
2. Foreign currency translation adjustments	2,008	-	-		-
Total valuation and translation adjustments	69,817	-	-	-	-
Total net assets	9,492,749	-	-	-	-
Total liabilities and net assets	12,289,279	-	-	-	-

2. Consolidated Statements of Income

(thousands of yen, %)

Account	Apr. 1, 2006 - Jun. 30, 2006	Apr. 1, 2005 - Jun. 30, 2005	Change		Apr. 1, 2005 - Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
I Net sales	3,060,348	2,580,461	479,886	18.6	11,792,998
II Cost of goods sold	1,882,109	1,583,393	298,715	18.9	7,276,693
Gross profit	1,178,239	997,067	181,171	18.2	4,516,304
III Selling, general and administrative expenses	510,820	398,306	112,513	28.2	1,842,162
OPERATING INCOME	667,418	598,760	68,657	11.5	2,674,142
IV Non-operating income	2,119	34,161	(32,041)	(93.8)	112,527
1. Interest income	317	142			1,217
2. Dividend income	412	262			262
3. Foreign exchange gains	-	30,210			102,899
4. Others	1,389	3,545			8,148
V Non-operating expenses	34,675	16,107	18,567	115.3	29,461
1. Interest expense	2,413	3,349			12,225
2. Foreign exchange losses	30,254	-			-
3. Listing expenses	-	12,000			12,000
4. Others	2,007	758			5,235
RECURRING PROFIT	634,862	616,814	18,048	2.9	2,757,208
VI Extraordinary income	604	453	151	33.3	2,717
Reversal of allowance for doubtful accounts	604	453			2,717
VII Extraordinary loss	11,558	-	11,558	-	452,921
1. Loss on disposal of fixed assets	-	-			3,165
2. Impairment losses	-	-			25,064
3. Loss on disposal of inventories	-	-			1,406
4. Product warranty	-	-			383,474
5. Provision of accrued for prior period officers' severance benefits	-	-			39,809
6. Accrued officers' severance benefits	11,558	-			-
Income before income taxes	623,907	617,267	6,640	1.1	2,307,003
Income taxes	253,564	251,130	2,434	1.0	952,061
NET INCOME	370,343	366,136	4,206	1.1	1,354,941

3. Consolidated Statement of Changes in Shareholders' Equity

Current first quarter (Apr. 1, 2006 - Jun. 30, 2006)

(thousands of yen)

	Shareholders' equity			
	Common stock	Capital surplus	Retained earnings	Total Shareholders' equity
Balance as of March 31, 2006	2,133,177	2,563,867	4,570,522	9,267,567
Changes in the first quarter				
Dividend of surplus	-	-	(159,648)	(159,648)
Directors' bonuses paid	-	-	(55,330)	(55,330)
Net income	-	-	370,343	370,343
Changes (net) in items other than shareholders' equity	-	-	-	-
Total changes in the first quarter	-	-	155,364	155,364
Balance as of June 30, 2006	2,133,177	2,563,867	4,725,887	9,422,931

	Valuation and translation adjustments			Total net assets
	Unrealized holding gain on other securities	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2006	88,361	2,323	90,685	9,358,252
Changes in the first quarter				
Dividend of surplus	-	-	-	(159,648)
Directors' bonuses paid	-	-	-	(55,330)
Net income	-	-	-	370,343
Changes (net) in items other than shareholders' equity	(20,552)	(315)	(20,867)	(20,867)
Total changes in the first quarter	(20,552)	(315)	(20,867)	134,497
Balance as of June 30, 2006	67,809	2,008	69,817	9,492,749

4. Consolidated Statements of Cash Flows

(thousands of yen)

	Apr. 1, 2006 - Jun. 30, 2006	Apr. 1, 2005 - Jun. 30, 2005	Apr. 1, 2005 - Mar. 31, 2006
Account	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Income before income taxes	623,907	617,267	2,307,003
2. Depreciation and amortization	183,983	135,259	681,818
3. Impairment losses	-	-	25,064
4. Increase (decrease) in allowance for officers' severance benefits	(143,532)	13,563	60,642
5. Increase in accrued officers' severance benefits	128,577	-	-
6. Increase (decrease) in accrued bonuses	(53,657)	(63,071)	3,052
7. Increase (decrease) in allowance for doubtful accounts	(24)	(232)	(3,244)
8. Interest and dividend income	(729)	(304)	(1,479)
9. Interest expense	2,413	3,349	12,225
10. Loss (gain) on valuation of investment securities	-	(754)	-
11. Loss on disposal of fixed assets	-	-	3,165
12. Decrease (increase) in notes and accounts receivable	(201,829)	193,043	(51,291)
13. Decrease (increase) in inventories	(20,923)	(199,326)	272,521
14. Decrease (increase) in other accounts receivable	(3,840)	216,553	18,614
15. Increase (decrease) in notes and accounts payable	135,302	(16,346)	112,985
16. Increase (decrease) in other accounts payable	(43,394)	5,975	402,156
17. Bonuses for officers through appropriation of income	(55,330)	(54,300)	(54,300)
18. Others	13,583	(32,634)	(15,112)
Subtotal	564,506	818,042	3,773,822
19. Interests and dividends received	729	304	1,479
20. Interests paid	(2,413)	122	(11,903)
21. Income taxes paid	(542,717)	(970,051)	(1,537,023)
Net cash provided by (used in) operating activities	20,105	(151,582)	2,226,374
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchases of property, plant and equipment	(22,533)	(782,253)	(1,321,565)
2. Others	(167)	(481)	(962)
Net cash provided (used in) investing activities	(22,700)	(782,734)	(1,322,528)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of long-term borrowings	(37,260)	(37,260)	(249,040)
2. Payment for purchases by installment	(1,694)	(11,846)	(38,202)
3. Cash dividends paid	(159,648)	(171,051)	(285,086)
Net cash provided by (used in) financing activities	(198,603)	(220,157)	(572,328)
IV Effect of exchange rate changes on cash and cash equivalents	(584)	2,784	11,795
V Increase in cash and cash equivalents	(201,782)	(1,151,690)	343,314
VI Cash and cash equivalents at beginning of period	2,632,297	2,288,982	2,288,982
VII Cash and cash equivalents at end of period	2,430,514	1,137,292	2,632,297

4. Segment Information

[Operating segment information]

Current three months period (April 1, 2006 – June 30, 2006)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

Previous three months period (April 1, 2005 – June 30, 2005)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

Previous fiscal year (April 1, 2005 - March 31, 2006)

Given the similarities in the type of products, manufacturing methods and markets, the Group can be considered to operate in a single industry categorized as lamps. Accordingly, no operational segment information is presented.

[Geographical segment information]

Current three months period (April 1, 2006 – June 30, 2006)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

Previous three months period (April 1, 2005 – June 30, 2005)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

Previous fiscal year (April 1, 2005 - March 31, 2006)

The geographic segment information is not presented since the combined segment sales and assets in Japan represented more than 90% of total consolidated sales and assets.

[Overseas sales]

Current three months period (April 1, 2006 – June 30, 2006)

(thousands of yen)

	N. America	Asia	Others	Total
I. Overseas sales	119,392	1,755,105	10,348	1,884,846
II. Consolidated sales	-	-	-	3,060,348
III. Overseas sales as a percentage of consolidated sales (%)	3.9	57.3	0.3	61.6

Previous three months period (April 1, 2005 – June 30, 2005)

(thousands of yen)

	N. America	Asia	Others	Total
I. Overseas sales	191,847	1,361,273	68,660	1,621,780
II. Consolidated sales	-	-	-	2,580,461
III. Overseas sales as a percentage of consolidated sales (%)	7.4	52.8	2.7	62.8

Previous fiscal year (April 1, 2005 - March 31, 2006)

(thousands of yen)

	N. America	Asia	Others	Total
I. Overseas sales	756,311	6,280,307	108,870	7,145,489
II. Consolidated sales	-	-	-	11,792,998
III. Overseas sales as a percentage of consolidated sales (%)	6.4	53.3	0.9	60.6