

Summary of Financial Results for the Three Months Ended June 30, 2007 (Consolidated)

Company name: **PHOENIX Electric Co., Ltd.** Listing: Tokyo Stock Exchange, First Section; JASDAQ
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 (All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2007 (April 1, 2007 – June 30, 2007)

(1) Consolidated Results of Operations

(Percentages shown for net sales, operating income, recurring profit and net income represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 2007	2,248	(26.5)	337	(49.5)	391	(38.3)	232	(37.2)
Three months ended Jun. 2006	3,060	18.6	667	11.5	634	2.9	370	1.1
Fiscal year ended Mar. 2007	10,787	(8.5)	1,910	(28.6)	1,898	(31.1)	1,111	(18.0)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Three months ended Jun. 2007	10.24		-	
Three months ended Jun. 2006	16.24		-	
Fiscal year ended Mar. 2007	48.74		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2007	12,182	10,113	83.0	447.89
As of Jun. 30, 2006	12,289	9,492	77.2	416.22
As of Mar. 31, 2007	12,067	10,110	83.8	443.29

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Three months ended Jun. 2007	173	(134)	(260)	3,226
Three months ended Jun. 2006	20	(22)	(198)	2,430
Fiscal year ended Mar. 2007	1,524	(188)	(520)	3,448

2. Dividends

	Dividend per share	
	Record date	Yen
Three months ended Jun. 2007	1Q	-
Three months ended Jun. 2006		-

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	4,824	(16.8)	528	(53.6)	530	(53.4)	316	(51.0)	13.95
Full year	10,497	(2.7)	1,536	(19.5)	1,560	(17.8)	910	(18.1)	40.24

The above-stated forecast of operating results is based on information available to management at the time this report was prepared. Readers should be aware that actual results may differ substantially from these projections for a number of factors.

4. Others

- (1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None
 (2) Adoption of the simplified method for accounting: Yes
 (3) Changes in accounting principles from recent consolidated fiscal years: None

Note: Please refer to “Qualitative Information and Financial Statements, 4. Others” on page 3 for further information.

(Reference) Summary of Non-consolidated Financial Results

(All amounts are rounded down to the nearest million yen)

1. Non-consolidated Financial Results for the Three Months Ended June 30, 2007 (April 1, 2007 – June 30, 2007)**(1) Non-consolidated Results of Operations**

(Percentages shown for net sales, operating income, recurring profit and net income represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 2007	1,998	(27.7)	315	(51.7)	375	(39.7)	223	(38.4)
Three months ended Jun. 2006	2,765	22.0	652	15.0	622	5.8	362	3.6
Fiscal year ended Mar. 2007	9,742	(7.5)	1,852	(27.8)	1,851	(30.2)	1,085	(16.4)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Three months ended Jun. 2007	9.82		-	
Three months ended Jun. 2006	15.89		-	
Fiscal year ended Mar. 2007	47.59		-	

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2007	11,826	9,875	83.5	437.38
As of Jun. 30, 2006	11,944	9,285	77.7	407.13
As of Mar. 31, 2007	11,735	9,881	84.2	433.26

2. Non-consolidated Forecast for the Fiscal Year Ending March 31, 2008 (April 1, 2007 - March 31, 2008)

(Percentages represent changes from the same period of the previous fiscal year)

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	4,270	(18.8)	481	(57.1)	488	(56.8)	290	(54.6)	12.80
Full year	9,369	(3.8)	1,440	(22.3)	1,474	(20.4)	857	(21.0)	37.89

The above-stated forecast of operating results is based on information available to management at the time this report was prepared. Readers should be aware that actual results may differ substantially from these projections for a number of factors.

[Qualitative Information and Financial Statements]**1. Qualitative Information Regarding Consolidated Results of Operations**

During the first quarter, the sales volume of lamps for projectors increased marginally due in part to inventory adjustment at our customers. Affected also by a sharp decrease in price of lamps for projectors, reflecting a substantial increase in the production of lower-priced lamps, projector lamp sales declined 22.0% year-on-year to 1,401,279 thousand yen.

In large-screen TVs, including rear-projection televisions, manufacturers of LCD and plasma televisions are locked in a bruising price competition. Due to this competition, there was a sharp decline in demand for lamps used in new TVs. The result was a 52.5% decline in rear-projection TV lamp sales to 289,123 thousand yen.

The Company took many actions during the current period in response to the decline in sales prices. As in the previous fiscal year, there were measures to improve production yields and efficiency in manufacturing activities. The Company closely examined every production process to make improvements, such as by increasing the use of automation. Actions also included diversifying supply sources and using new materials and parts for lower-priced projectors.

Despite the initiatives, consolidated net sales decreased 26.5% to 2,248,991 thousand yen, recurring profit was down 38.3% to 391,586 thousand yen and net income decreased 37.2% to 232,686 thousand yen.

In the new businesses, the Company successfully launched a lamp for exposure equipment. Orders for the new lamp are on the rise and we expect to start booking substantial sales from the second quarter.

2. Qualitative Information Regarding Consolidated Financial Position

Total assets amounted to 12,182,930 thousand yen at the end of June 2007, 106,349 thousand yen less than one year earlier. The drop in total assets is the net result of a decline of 526,651 thousand yen in total property, plant and equipment due depreciation and a rise in "Others" under current assets due to an increase of 389,379 thousand yen in other accounts receivable and other factors.

Cash Flow Position

The balance of cash and cash equivalents as of June 30, 2007 totaled 3,226,632 thousand yen, 796,117 thousand yen higher than March 31, 2007, on a consolidation basis.

A summary of cash flows and major components follows.

(Operating activities)

Net cash provided by operating activities was 173,984 thousand yen. The principal source of cash was 391,586 thousand yen in income before income taxes, 151,198 thousand yen in depreciation, a 115,862 thousand yen increase in other accounts receivable, a 89,812 thousand yen increase in notes and accounts receivable, and 48,078 thousand yen in income taxes paid.

(Investing activities)

Net cash used in investing activities was 134,232 thousand yen. The principal use of cash was 100,000 thousand yen in payment for time deposits, and 34,124 thousand yen in purchases of property, plant and equipment.

(Financing activities)

Net cash used in financing activities was 260,755 thousand yen. The principal uses of cash were 109,461 thousand yen in payment for acquisition of treasury stock, and 151,294 thousand yen in dividends paid and repayment of borrowings.

3. Qualitative Information Regarding Consolidated Forecasts

The Company maintains the interim and full fiscal year forecasts for FY3/08 announced on May 15, 2007 because results are generally trending in line with plans.

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): Not applicable

(2) Adoption of the simplified method for accounting:

Income taxes are recorded based on the projected annual tax rate in accordance with the statutory effective tax rate.

(3) Changes in accounting principles from recent consolidated fiscal years: Not applicable

[Attachment]

1. Consolidated Balance Sheets

(Thousands of yen, %)

Account	1Q FY3/08	1Q FY3/07	Change		FY3/07
	As of Jun. 30, 2007	As of Jun. 30, 2006	Amount	%	As of Mar. 31, 2007
	Amount	Amount	Amount	%	Amount
ASSETS					
I Current assets					
1. Cash and deposits with banks	3,326,632	2,430,514	896,117		3,448,465
2. Notes and accounts receivable	2,527,117	3,106,094	(578,977)		2,437,304
3. Inventories	1,189,931	1,282,503	(92,572)		1,162,736
4. Deferred tax assets	171,197	328,493	(157,295)		173,318
5. Others	648,374	258,994	389,379		415,815
Allowance for doubtful accounts	(4,306)	(6,191)	1,884		(4,768)
Total current assets	7,858,946	7,400,408	458,537	6.2	7,632,872
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	1,251,897	1,327,102	(75,205)		1,264,932
(2) Machinery and vehicles	1,717,740	2,166,130	(448,390)		1,825,581
(3) Land	1,001,437	1,001,437	-		1,001,437
(4) Construction in progress	31,693	20,642	11,051		17,263
(5) Others	106,198	120,305	(14,106)		108,427
Total property, plant and equipment	4,108,967	4,635,618	(526,651)	(11.4)	4,217,642
2. Intangible assets	10,621	11,342	(720)	(6.4)	9,856
3. Investments and other assets					
(1) Investment securities	132,796	158,454	(25,657)		139,081
(2) Deferred tax assets	26,419	32,884	(6,464)		21,323
(3) Others	47,902	55,151	(7,248)		49,294
Allowance for doubtful accounts	(2,724)	(4,580)	1,855		(2,724)
Total investments and other assets	204,394	241,909	(37,515)	(15.5)	206,976
Total fixed assets	4,323,983	4,888,870	(564,887)	(11.6)	4,434,475
Total assets	12,182,930	12,289,279	(106,349)	(0.9)	12,067,347

(Thousands of yen, %)

Account	1Q FY3/08	1Q FY3/07	Change		FY3/07
	As of Jun. 30, 2007	As of Jun. 30, 2006	Amount	%	As of Mar. 31, 2007
	Amount	Amount	Amount		Amount
LIABILITIES					
I Current liabilities					
1. Notes and accounts payable	794,429	866,356	(71,927)		688,651
2. Current portion of long-term borrowings	253,160	249,040	4,120		253,160
3. Accrued income taxes	165,549	264,409	(98,859)		65,546
4. Accrued bonuses	146,863	171,586	(24,723)		178,889
5. Others	379,663	650,365	(270,702)		402,498
Total current liabilities	1,739,666	2,201,758	(462,092)	(21.0)	1,588,746
II Long-term liabilities					
1. Long-term borrowings	213,580	462,620	(249,040)		250,840
2. Deferred tax liabilities	1,215	3,573	(2,358)		1,226
3. Others	115,291	128,577	(13,286)		116,491
Total long-term liabilities	330,086	594,771	(264,685)	(44.5)	368,557
Total liabilities	2,069,752	2,796,530	(726,777)	(26.0)	1,957,303
NET ASSETS					
I Shareholders' equity					
1. Common stock	2,133,177	2,133,177	-		2,133,177
2. Capital surplus	2,563,867	2,563,867	-		2,563,867
3. Retained earnings	5,471,866	4,725,887	745,979		5,353,214
4. Treasury stock	(109,541)	-	(109,541)		(79)
Total shareholders' equity	10,059,369	9,422,931	636,437	6.8	10,050,179
II Valuation and translation adjustments					
1. Unrealized holding gain on other securities	49,929	67,809	(17,879)		55,156
2. Foreign currency translation adjustments	3,877	2,008	1,869		4,707
Total valuation and translation adjustments	53,807	69,817	(16,010)	(22.9)	59,864
Total net assets	10,113,177	9,492,749	620,427	6.5	10,110,043
Total liabilities and net assets	12,182,930	12,289,279	(106,349)	(0.9)	12,067,347

2. Consolidated Statements of Income

(Thousands of yen, %)

Account	1Q FY3/08 Apr. 1, 2007 - Jun. 30, 2007	1Q FY3/07 Apr. 1, 2006 - Jun. 30, 2006	Change		FY3/07 Apr. 1, 2006 - Mar. 31, 2007
	Amount	Amount	Amount	%	Amount
I NET SALES	2,248,991	3,060,348	(811,356)	(26.5)	10,787,440
II Cost of goods sold	1,463,797	1,882,109	(418,311)	(22.2)	6,986,721
Gross profit	785,193	1,178,239	(393,045)	(33.4)	3,800,718
III Selling, general, and administrative expenses	448,185	510,820	(62,634)	(12.3)	1,890,636
OPERATING INCOME	337,008	667,418	(330,410)	(49.5)	1,910,082
IV Non-operating income	57,784	2,119	55,665	-	13,069
1. Interest income	455	317	138		987
2. Dividend income	512	412	100		412
3. Foreign exchange gains	52,487	-	52,487		-
4. Miscellaneous revenue	4,328	1,389	2,938		11,619
V Non-operating expenses	3,206	34,675	(31,468)	(90.8)	24,178
1. Interest expense	1,602	2,413	(810)		8,636
2. Foreign exchange losses	-	30,254	(30,254)		10,675
3. Miscellaneous loss	1,603	2,007	(403)		4,867
RECURRING PROFIT	391,586	634,862	(243,276)	(38.3)	1,898,973
VI Extraordinary income	-	604	(604)	-	873
Reversal from allowance for doubtful accounts	-	604	(604)		873
VII Extraordinary loss	-	11,558	(11,558)	-	14,479
1. Loss on disposal of fixed assets	-	-	-		2,920
2. Accrued officers' severance benefits	-	11,558	(11,558)		11,558
Income before income taxes	391,586	623,907	(232,321)	(37.2)	1,885,367
Income taxes	158,899	253,564	(94,665)	(37.3)	773,663
NET INCOME	232,686	370,343	(137,656)	(37.2)	1,111,704

3. Consolidated Statement of Changes in Shareholders' Equity

1Q FY3/08 (Apr. 1, 2007 – Jun. 30, 2007)

(Thousands of yen)

	Shareholders' equity				Total Shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance as of March 31, 2007	2,133,177	2,563,867	5,353,214	(79)	10,050,179
Changes in the period					
Dividend of surplus			(114,034)		(114,034)
Net income			232,686		232,686
Acquisition of treasury stock				(109,461)	(109,461)
Changes (net) in items other than shareholders' equity					
Total changes in the period			118,652	(109,461)	9,190
Balance as of Jun. 30, 2007	2,133,177	2,563,867	5,471,866	(109,541)	10,059,369

	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, 2007	55,156	4,707	59,864	10,110,043
Changes in the period				
Dividend of surplus				(114,034)
Net income				232,686
Acquisition of treasury stock				(109,461)
Changes (net) in items other than shareholders' equity	(5,227)	(829)	(6,056)	(6,056)
Total changes in the period				3,134
Balance as of Jun. 30, 2007	49,929	3,877	53,807	10,113,177

1Q FY3/07 (Apr. 1, 2006 – Jun. 30, 2006)

(Thousands of yen)

	Shareholders' equity			Total Shareholders' equity
	Common stock	Capital surplus	Retained earnings	
Balance as of March 31, 2006	2,133,177	2,563,867	4,570,522	9,267,567
Changes in the period				
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 period			155,364	155,364
Balance as of Jun. 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 period				
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 period	(20,552)	(315)	(20,867)	134,497
Balance as of Jun. 30, 2006	67,809	2,008	69,817	9,492,749

4. Consolidated Statements of Cash Flows

(Thousands of yen)

	1Q FY3/08 Apr. 1, 2007 - Jun. 30, 2007	1Q FY3/07 Apr. 1, 2006 - Jun. 30, 2006	FY3/07 Apr. 1, 2006 - Mar. 31, 2007
Account	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Income before income taxes	391,586	623,907	1,885,367
2. Depreciation and amortization	151,198	183,983	754,549
3. Increase (decrease) in allowance for officers' severance benefits	-	(143,532)	(143,532)
4. Increase in long-term accounts payable (accrued officers' severance benefits)	-	128,577	115,291
5. Increase (decrease) in accrued bonuses	(32,026)	(53,657)	(46,354)
6. Increase (decrease) in allowance for doubtful accounts	(462)	(24)	(3,303)
7. Interest and dividend income	(934)	(729)	(1,399)
8. Interest expense	1,602	2,413	8,636
9. Loss on disposal of fixed assets	-	-	2,920
10. Decrease (increase) in notes and accounts receivable	(89,812)	(201,829)	466,960
11. Decrease (increase) in inventories	(27,194)	(20,923)	98,842
12. Decrease (increase) in other accounts receivable	(115,862)	(3,840)	(170,932)
13. Increase (decrease) in notes and accounts payable	105,778	135,302	(42,403)
14. Increase (decrease) in other accounts payable	(63,118)	(43,394)	(236,076)
15. Bonuses for officers through appropriation of income	-	(55,330)	(55,330)
16. Others	(98,688)	13,583	(12,152)
Subtotal	222,065	564,506	2,621,084
17. Interests and dividends received	934	729	1,399
18. Interests paid	(937)	(2,413)	(8,541)
19. Income taxes paid	(48,078)	(542,717)	(1,089,731)
Net cash provided by operating activities	173,984	20,105	1,524,211
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for time deposits	(100,000)	-	-
2. Payment for purchases of property, plant and equipment	(34,124)	(22,533)	(191,231)
3. Proceeds from sale of property, plant, and equipment	-	-	1,689
4. Others	(108)	(167)	1,404
Net cash used in investing activities	(134,232)	(22,700)	(188,138)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of long-term borrowings	(37,260)	(37,260)	(244,920)
2. Payment for purchases by installment	-	(1,694)	(1,694)
3. Payment for acquisition of treasury stock	(109,461)	-	(79)
4. Cash dividends paid	(114,034)	(159,648)	(273,682)
Net cash used in financing activities	(260,755)	(198,603)	(520,376)
IV Effect of exchange rate changes on cash and cash equivalents	(829)	(584)	472
V Increase in cash and cash equivalents	(221,833)	(201,782)	816,168
VI Cash and cash equivalents at beginning of period	3,448,465	2,632,297	2,632,297
VII Cash and cash equivalents at end of period	3,226,632	2,430,514	3,448,465

5. Segment Information

[Operating Segment Information]

1Q FY3/08 (April 1, 2007 – June 30, 2007)

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.

1Q FY3/07 (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.

FY3/07 (April 1, 2006 - March 31, 2007)

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]

1Q FY3/08 (April 1, 2007 – June 30, 2007)

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.

1Q FY3/07 (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.

FY3/07 (April 1, 2006 - March 31, 2007)

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]

1Q FY3/08 (April 1, 2007 – June 30, 2007)

(Thousands of yen)

	N. America	Asia	Others	Total
I Overseas sales	81,949	1,143,527	17,819	1,243,295
II Consolidated sales	-	-	-	2,248,991
III Overseas sales as a percentage of consolidated sales (%)	3.6	50.8	0.8	55.3

1Q FY3/07 (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

FY3/07 (April 1, 2006 - March 31, 2007)

(Thousands of yen)

	N. America	Asia	Others	Total
I Overseas sales	370,019	5,642,311	39,362	6,051,693
II Consolidated sales	-	-	-	10,787,440
III Overseas sales as a percentage of consolidated sales (%)	3.4	52.3	0.4	56.1