

Summary of Financial Results for the Three Months Ended June 30, 2008

Company name: PHOENIX Electric Co., Ltd. Listing: Tokyo Stock Exchange, First Section; JASDAQ
 Stock code: 6927 URL: <http://www.phoenix-elec.co.jp>
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 Scheduled date of filing of Quarterly Report: August 12, 2008

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

1. Consolidated Financial Results for the Three Months Ended June 30, 2008 (April 1, 2008 – June 30, 2008)

(1) Consolidated results of operations (Percentages 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. 2008	1,690	-	71	-	120	-	76	-
Three months ended Jun. 2007	2,248	(26.5)	337	(49.5)	391	(38.3)	232	(37.2)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Three months ended Jun. 2008	3.52	-
Three months ended Jun. 2007	10.24	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jun. 30, 2008	10,947	9,614	87.8	443.53
As of Mar. 31, 2008	10,894	9,645	88.5	444.92

Reference: Shareholders' equity (million yen) Jun. 2008: 9,614 Mar. 2008: 9,645

2. Dividends

Record date	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Mar. 2008	-	5.00	-	5.00	10.00
Fiscal year ending Mar. 2009	-	-	-	-	-
Fiscal year ending Mar. 2009 (forecast)	-	2.25	-	2.25	4.50

Note) Revision of dividend forecast during the period: None

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2009 (April 1, 2008 – March 31, 2009)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Recurring profit		Net income		Net income per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	3,557	(26.6)	131	(81.7)	137	(79.8)	81	(78.9)	3.76
Full year	7,909	(12.2)	591	(39.2)	622	(20.9)	351	(2.8)	16.20

Note) Revision of consolidated forecasts during the period: None

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation): None

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements: Yes

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

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

1) Changes caused by revision of accounting standards: Yes

2) Other changes: Yes

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

(4) Number of shares outstanding (common shares)

1) Number of shares outstanding at the end of period (including treasury stock)

Jun. 2008:	22,806,900 shares	Mar. 2008:	22,806,900 shares
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2) Number of treasury stock at the end of period

Jun. 2008:	1,128,422 shares	Mar. 2008:	1,128,422 shares
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3) Average number of shares outstanding during the period

Three months ended Jun. 2008:	21,678,478 shares	Three months ended Jun. 2007:	22,728,030 shares
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* Cautionary statement with respect to forward- looking statements

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statement” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements”.

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 from these projections for a number of factors. Please refer to “Qualitative Information Regarding Consolidated Forecasts” on page 3 for further information concerning these forecasts.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

First quarter sales largely on target.

During the first quarter of the current fiscal year, sales volume of lamps for projectors was largely unchanged from the same period a year earlier. However, sales declined 20.7% year-on-year to 1,110,767 thousand yen as a result of lower prices and the effect of changes in currency exchange rates.

In lamps for rear-projection televisions (RPTVs), demand for replacement lamps was steady. However, production of lamps for newly produced RPTVs was discontinued, and sales declined 69.0% year-on-year to 89,593 thousand yen.

Sales of lamps for exposure equipment were largely on a par with the same period a year earlier, at 4,180 thousand yen. This is because sales of exposure equipment are scheduled to start in the second half of the current fiscal year, and first-quarter lamp sales were limited to those for special applications

In respect of earnings, the Company continued its long-standing efforts for thoroughgoing improvements in each of its production processes through automation, in order to raise yields and boost productivity, and so overcome falling prices.

Despite these initiatives, net sales decreased 24.8% to 1,690,259 thousand yen, recurring profit was down 69.2% to 120,758 thousand yen, and net income dropped 67.2% to 76,372 thousand yen.

2. Qualitative Information Regarding Consolidated Financial Position

Assets

Current assets increased by 150,304 thousand yen from the end of the previous fiscal year. This was mainly due to a 200,201 thousand yen increase in securities, an 111,174 thousand yen increase in cash and deposits with banks, and a decline of 121,706 thousand yen in other current assets.

Fixed assets declined by 97,811 thousand yen from the end of the previous fiscal year, mainly due to a 101,248 thousand yen decline in property, plant and equipment because of depreciation.

As a result of the above, total assets increased 0.5% from the end of the previous fiscal year to 10,947,468 thousand yen.

Liabilities

Current liabilities increased 82,789 thousand yen from the end of the previous fiscal year. This reflects an increase in accrued income taxes of 37,335 thousand yen and an increase in other current liabilities of 59,584 thousand yen.

As a result, total liabilities increased 6.6% from the end of the previous fiscal year to 1,332,512 thousand yen.

Net assets

Net assets decreased 0.3% from the end of the previous fiscal year to 9,614,956 thousand yen. This was primarily the net result of net income of 76,372 thousand yen, and dividend payments of 108,392 thousand yen.

3. Qualitative Information Regarding Consolidated Forecasts

First-quarter business results were largely on target, and at this time the Company will not revise its consolidated forecasts for the first half and the fiscal year to FY3/09 announced on May 15, 2008.

4. Others

(1) Changes in consolidated subsidiaries during the period (changes in scope of consolidation)

Not applicable.

(2) Application of simplified accounting methods and special accounting methods in the preparation of quarterly consolidated financial statements

1) Valuation of inventories

For assets subject to the declining balance method, depreciation expense for the period under review is calculated pro rata from the full-year amount of depreciation expense for the fiscal year.

In valuation (write-down) of inventory, the Company has adopted “Accounting Standards for Measurement of Inventories” at an early stage, effective from the previous fiscal year. Inventories were not revalued at the end of the period under review since there was no material change in the value of inventories.

2) Calculation of income taxes and deferred tax assets

The amount of income taxes paid is calculated using only significant taxable and deductible items and tax credit items.

(3) Changes in accounting principles, procedures and presentation methods for preparation of quarterly consolidated financial statements

Effective from the current fiscal year, the Company has adopted “Accounting Standards for Quarterly Financial Statements” (ASBJ Statement No. 12) and “Guidance on Accounting Standards for Quarterly Financial Statements” (ASBJ Guidance No. 14). In addition, the quarterly consolidated financial statements are prepared in accordance with “Regulations for Quarterly Consolidated Financial Statements”.

Provision for product warranties

The Company previously accounted for costs of replacement, repair, etc. of products during the free warranty period by expensing such costs when paid. However, effective from the period under review, the Company has changed the method for reporting such costs by recognizing provision for product warranties based on the percentage of such costs incurred as compared to cost of goods sold.

The change has been implemented because management believes that more appropriate periodic accounting of profit and loss can be achieved by matching the timing of recognition of expense for repairs, etc. during the free warranty period with revenue from sale of the products.

The effect of this change was to decrease operating income and recurring profit and net income before income taxes by 2,784 thousand yen each, compare to the previous method.

5. Quarterly Consolidated Financial Statements

(1) Consolidated Balance Sheets

	<i>(Thousands of yen)</i>	
	1Q FY3/09 (As of Jun. 30, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and deposits with banks	*3 3,752,242	3,641,068
Notes and accounts receivable	2,087,490	*2 2,148,726
Securities	200,201	-
Merchandise	26,329	33,830
Finished goods	203,769	178,045
Raw materials	357,237	340,775
Work in process	216,395	229,269
Supplies	12,007	11,949
Others	279,140	401,202
Allowance for doubtful accounts	(3,055)	(3,410)
Total current assets	7,131,760	6,981,455
Fixed assets		
Property, plant and equipment		
Buildings and structures (net)	*1 1,164,320	*1 1,185,041
Machinery and vehicles (net)	*1 1,330,604	*1 1,420,574
Others (net)	*1 1,105,952	*1 1,096,510
Total property, plant and equipment	3,600,877	3,702,125
Intangible assets	34,941	29,768
Investments and other assets		
Others	181,809	183,535
Allowance for doubtful accounts	(1,919)	(1,909)
Total investments and other assets	179,889	181,625
Total fixed assets	3,815,708	3,913,519
Total assets	10,947,468	10,894,975

	<i>(Thousands of yen)</i>	
	1Q FY3/09 (As of Jun. 30, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable	490,509	465,866
Current portion of long-term borrowings	213,580	250,840
Accrued income taxes	51,000	13,665
Accrued bonuses	137,115	138,627
Provision for product warranties	3,640	-
Others	321,376	265,432
Total current liabilities	1,217,221	1,134,431
Long-term liabilities		
Long-term accounts payable	115,291	115,291
Total long-term liabilities	115,291	115,291
Total liabilities	1,332,512	1,249,722
Net assets		
Shareholders' equity		
Common stock	2,133,177	2,133,177
Capital surplus	2,563,867	2,563,867
Retained earnings	5,457,504	5,489,523
Treasury stock	(563,267)	(563,267)
Total shareholders' equity	9,591,281	9,623,300
Valuation and translation adjustments		
Unrealized holding gain on other securities	23,674	21,952
Total valuation and translation adjustments	23,674	21,952
Total net assets	9,614,956	9,645,252
Total liabilities and net assets	10,947,468	10,894,975

(2) Consolidated Statements of Income

	<i>(Thousands of yen)</i>	
	1Q FY3/09	
	(Apr. 1, 2008 - Jun. 30, 2008)	
Net sales		1,690,259
Cost of goods sold		1,237,181
Gross profit		453,077
Selling, general, and administrative expenses	*1	381,219
Operating income		71,857
Non-operating income		
Interest income		3,235
Dividend income		712
Foreign exchange gains		42,350
Miscellaneous revenue		3,282
Total non-operating income		49,581
Non-operating expenses		
Interest expense		429
Loss (gain) on valuation of investment securities		251
Total non-operating expenses		680
Recurring profit		120,758
Extraordinary income		
Reversal from allowance for doubtful accounts		344
Total extraordinary income		344
Extraordinary loss		
Loss on disposal of fixed assets		29
Total extraordinary loss		29
Net income before income taxes		121,073
Income taxes-current		46,785
Income taxes-deferred		(2,084)
Total income taxes		44,700
Net income		76,372

(3) Consolidated Statements of Cash Flows

	<i>(Thousands of yen)</i>
	1Q FY3/09
	(Apr. 1, 2008 - Jun. 30, 2008)
Cash flows from operating activities	
Income before income taxes	121,073
Depreciation and amortization	135,605
Increase (decrease) in accrued bonuses	(1,512)
Increase (decrease) in allowance for doubtful accounts	(344)
Increase (decrease) in provision for product warranties	3,640
Interest and dividend income	(3,947)
Interest expense	429
Decrease (increase) in notes and accounts receivable	61,235
Decrease (increase) in inventories	(21,871)
Decrease (increase) in other accounts receivable	134,625
Increase (decrease) in notes and accounts payable	24,642
Increase (decrease) in accrued consumption taxes	3,376
Increase (decrease) in other accounts payable	30,120
Others	2,945
Subtotal	490,020
Interests and dividends received	2,276
Interests paid	(429)
Income taxes paid	(7,433)
Net cash provided by operating activities	484,434
Cash flows from investing activities	
Payment for purchases of property, plant and equipment	(32,511)
Payment for purchases of intangible assets	(7,018)
Others	193
Net cash used in investing activities	(39,336)
Cash flows from financing activities	
Repayment of long-term borrowings	(37,260)
Payment for equipment notes payable	16,102
Decrease in accounts payable-equipment	(4,171)
Cash dividends paid	(108,392)
Net cash used in financing activities	(133,721)
Increase (decrease) in cash and cash equivalents	311,375
Cash and cash equivalents at beginning of period	1,641,068
Cash and cash equivalents at end of period	* 1,952,443

Notes to Consolidated Financial Statements**Notes to consolidated balance sheets***(Thousands of yen)*

1Q FY3/09 (As of Jun. 30, 2008)	FY3/08 (As of Mar. 31, 2008)
*1. Accumulated depreciation on property, plant and equipment 3,802,134	*1. Accumulated depreciation on property, plant and equipment 3,668,374
*2. The settlement of trade notes maturing on the balance sheet date is accounted on the clearance date _____	*2. The settlement of trade notes maturing on the balance sheet date is accounted on the clearance date As the balance sheet date was a bank holiday, the trade notes maturing on the balance sheet date, in the following amounts were included in each account at the end of fiscal year. Notes and accounts receivable 1,949
*3. Assets pledged Time deposits 10,000	

Notes to consolidated statements of income*(Thousands of yen)*

1Q FY3/09 (Apr. 1, 2008 - Jun. 30, 2008)	
*1. Significant components of selling, general and administrative expenses	
Packing and transportation	18,658
Officers' remunerations	50,615
Employee' wages	81,174
Provision of accrued bonuses	13,755
Retirement benefit expenses	3,066
Other personnel expenses	21,385
Commissions paid	25,972
Depreciation and amortization	12,210
R&D expenses	83,894
Entertainment expenses	2,261
Others	68,224
Total	381,219

Notes to consolidated statements of cash flows*(Thousands of yen)*

1Q FY3/09 (Apr. 1, 2008 - Jun. 30, 2008)	
Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows:	
	(As of Jun. 30, 2008)
Cash and deposits with banks	3,752,242
Time deposits with maturities longer than 3 months	(2,000,000)
MMF (securities)	200,201
Cash and cash equivalents	1,952,443

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

1) Operating segment information

Based on the similarity of its products and how they are manufactured, the Group operates in a single business segment, the lamp business. For this reason, results are presented here by product category.

Product category	Net sales (Thousands of yen)	YoY change (%)	Composition (%)
Lamps for projector	1,110,767	79.3	65.7
Lamps for RPTVs	89,593	31.0	5.3
Lamps for exposure equipment	4,180	87.6	0.2
Other halogen lamps	242,341	112.3	14.3
Purchased products	243,377	72.0	14.4
Total	1,690,259	75.2	100.0

2) Geographical segment information

Results by geographical segment are not presented because Japan accounts for 100% of the total sales and assets of all geographical segments.

3) Overseas sales

1Q FY3/09 (Apr. 1, 2008 – Jun. 30, 2008)

(Thousands of yen)

	N. America	Asia	Other regions	Total
I. Overseas sales	54,821	548,951	4,980	608,754
II. Consolidated sales	-	-	-	1,690,259
III. Overseas sales as a percentage of consolidated sales (%)	3.2	32.5	0.3	36.0

Notes:

- The geographic segmentation is decided primarily by geographic proximity.
- 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
- Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

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

(Thousands of yen)

	N. America	Asia	Other regions	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

Notes:

- The geographic segmentation is decided primarily by geographic proximity.
- 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
- Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

(6) Significant Changes in Shareholders' Equity

Not applicable.

For Reference**Consolidated Statements of Income for the Previous First Quarter**

(Thousands of yen)

Account	1Q FY3/08
	Apr. 1, 2007 - Jun. 30, 2007
	Amount
I Net sales	2,248,991
II Cost of goods sold	1,463,797
Gross profit	785,193
III Selling, general, and administrative expenses	448,185
Operating income	337,008
IV Non-operating income	57,784
1. Interest income	455
2. Dividend income	512
3. Foreign exchange gains	52,487
4. Miscellaneous revenue	4,328
V Non-operating expenses	3,206
1. Interest expense	1,602
2. Miscellaneous loss	1,603
Recurring profit	391,586
Income before income taxes	391,586
Income taxes	158,899
Net income	232,686

** 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.*