PHOENIX Electric Co.,Ltd.

November 15, 2006

Consolidated Interim Financial Results

for the Year Ending March 2007
(Six months ended September 30, 2006)

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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Board meeting for approving:	November 15, 2006
Accounting Principle:	Japanese GAAP

1. Consolidated Interim Financial Results (April 1, 2006 – September 30, 2006)
(1) Results of Operations

	Net sales		Operating income		Recurring profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Interim ended Sep. 2006	5,797	(4.4)	1,139	(25.0)	1,139	(27.8)
Interim ended Sep. 2005	6,065	14.8	1,518	20.3	1,576	24.6
Fiscal 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
Interim ended Sep. 2006	645	(27.2)	28.32	-
Interim ended Sep. 2005	887	19.1	38.91	-
Fiscal year ended Mar. 2006	1,354	(10.9)	56.98	-

Notes:
1. Equity in earnings of unconsolidated subsidiaries
   - Interim ended Sep. 2006: - million yen
   - Interim ended Sep. 2005: - million yen
   - Fiscal year ended Mar. 2006: - million yen
2. Average number of shares outstanding (consolidated basis)
   - Interim ended Sep. 2006: 22,806,888 shares
   - Interim ended Sep. 2005: 22,806,900 shares
   - Fiscal year ended Mar. 2006: 22,806,900 shares
3. Changes in accounting principles applied: None
4. YoY change in the parentheses of net sales, operating income, recurring profit and net income represents relevant change in percentage compared to the same period of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	million yen	million yen	%	yen
As of Sep. 30, 2006	12,334	9,765	79.2	428.17
As of Sep. 30, 2005	11,888	8,991	75.6	394.23
As of Mar. 31, 2006	12,431	9,358	75.3	407.90

Note: Number of shares issued at the end of period (consolidated basis)

As of Sep. 30, 2006: 22,806,801 shares
As of Sep. 30, 2005: 22,806,900 shares
As of Mar. 31, 2006: 22,806,900 shares

(3) Cash Flow Position

	Net cash provide 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
Interim ended Sep. 2006	738	(57)	(281)	3,028
Interim ended Sep. 2005	466	(1,081)	(317)	1,360
Fiscal year ended Mar. 2006	2,226	(1,322)	(572)	2,632

(4) The Scope of Consolidation and Application of the Equity Method

Consolidated subsidiaries: 2
Unconsolidated subsidiaries under equity method application: None
Affiliates under equity method application: None

(5) Changes in the Scope of Consolidation and Application of the Equity Method

Consolidation
- Newly added: None
- Excluded: None

Equity method
- Newly added: None
- Excluded: None

2. 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
Full year	11,413	2,034	1,234

Note: Estimated net income per share for the full year: 54.11 yen

The above-stated forecast of operating results is 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. The above forecasts are based on assumptions and other relevant factors discussed in the section on Supplementary Information (Page 8).

1. Corporate Group

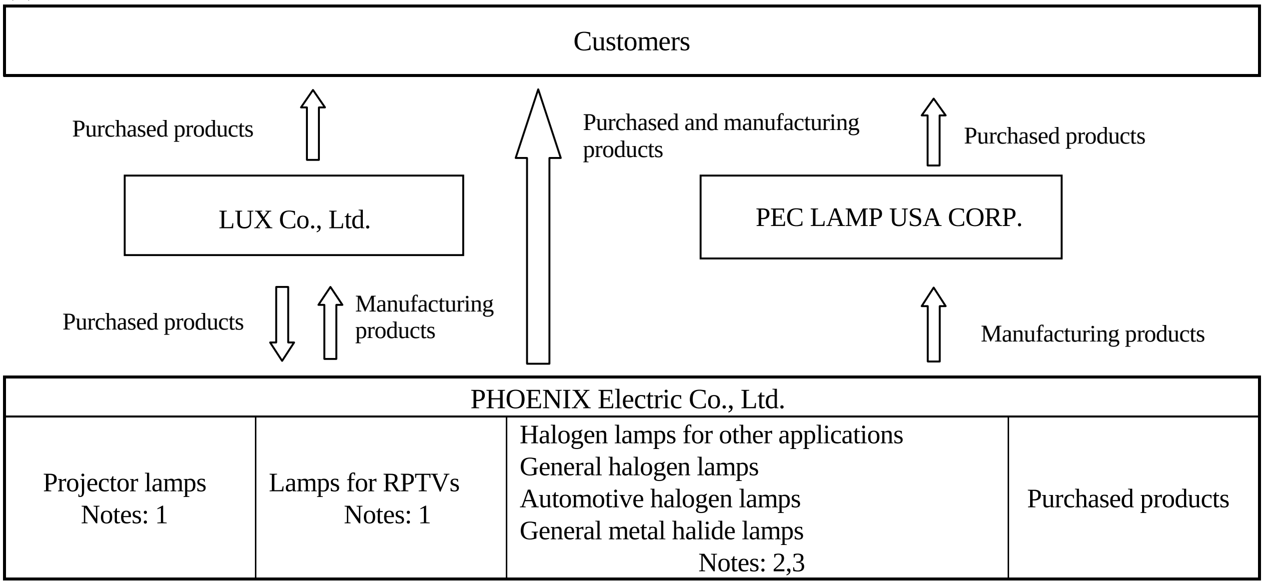
The PHOENIX Electric Group (the Group) is made up of PHOENIX Electric Co., Ltd., the parent company (the Company) and two subsidiaries. The Group is engaged primarily in the manufacture and sale of lamps for projectors, large-screen rear projection televisions (hereafter “lamps for RPTVs”), and other halogen lamps such as general halogen lamps, automotive halogen lamps and general metal halide lamps.

(1) Business activities of group companies are as follows.

Company	Location	Major activities
PHOENIX Electric Co., Ltd.	Hyogo Prefecture	Manufacture and sale of lamps for projectors, lamps for RPTVs, other halogen lamps and other products
LUX Co., Ltd.	Hyogo Prefecture	Maintenance service of lamps for lighting fixture in department stores, hotels, etc.
PEC LAMP USA CORP.	U.S.A.	Sales of halogen lamps such as general halogen lamps, automotive halogen lamps and general metal halide lamps in North America

Note: LUX Co., Ltd. and PEC LAMP USA CORP. are both wholly owned consolidated subsidiaries of the Company.

(2) A schematic of workflows is shown below.



Notes: 1. Except for certain short-arc metal halide lamps for projectors, lamps manufactured by the Company are super-high-pressure mercury lamps.

2. 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 in addition to 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.

3. Metal halide lamp—A high-intensity discharge lamp that uses metal halide gases to produce greater brightness (lumens) per watt.

(a) LUX Co., Ltd. purchases halogen lamps and metal halide lamps from the Company for sale to external customers and purchases lamps manufactured by other companies for sale to its customers.
The Company purchases lighting fixtures from LUX Co., Ltd. for sale to external customers as part of its lamp business.

(b) PEC LAMP USA CORP. purchases halogen lamps, general metal halide lamps and projector lamps from the Company for sale to external customers and purchases lamps manufactured by other companies for sale to its customers.

2. Management Policies

1. Fundamental Management Policies

Corporate Vision

The Company's philosophy is that "PHOENIX Electric products are of high quality and meet a variety of demands."

The Company's vision is to be a research-driven organization capable of sustained growth, a company that regards manufacturing as a fine art and strives to be the first choice of customers by supplying original products that have outstanding performance and quality for the benefit of shareholders, employees, suppliers and society.

The reborn PHOENIX Electric wants to develop into a company where every employee is glad that he or she remained or decided to join.

Management Policies

1) Maintain a sound and flexible corporate structure
   Build a powerful corporate infrastructure capable of sustaining growth while also having the flexibility required to quickly adapt to change.
2) Conduct management in an organized and open manner
   Conduct operations in a highly transparent, organizational and open manner to be a company that is fair and just to shareholders, employees and suppliers and to be a responsible corporate citizen.
3) Conduct streamlined, scientific operations
   Based on the theme that "Information is an asset for everyone to use, so everyone should use information to generate profits," the Company has adopted an ERP system and makes substantial investments in data warehouse software and other IT systems. The goal is to make the Company even stronger by conducting streamlined and scientific management practices aimed at reducing inventories, cutting costs, shortening lead times and achieving other improvements.
4) Deliver global-standard performance and quality
   Aim to manufacture products that deliver performance and quality that rank among the best in the world for the purpose of increasing OEM sales to customers in the lamp industry, particularly overseas companies.

2. Medium- and Long-term Management Strategies

The core strategy is to upgrade the Company's core competences of developing and manufacturing specialty lamps for projectors as well as rear projection televisions and extending user support. The Company also places priority on taking advantage of its small scale to be of greater assistance to customers. The goal is to become number one in niche markets (lamps for projectors as well as rear projection televisions) where the Company can best leverage its unique competitive strengths. Accordingly, management will continue to concentrate resources in the projector lamp business.

- A unique strategy for competing successfully
- Consistent growth
- A solid base of operations
- A prominent industry stature
- A sophisticated management system
- Unique attributes that competitors cannot match
- Happy shareholders, suppliers and employees
- A solid number-one position among customers

The objective is to become a "true middle-market company."

3. Fundamental Policy Regarding Distribution of Earnings

The Company consistently views the return of earnings to shareholders as one of its highest priorities. Regarding dividends, the Company links dividends to earnings but also takes into consideration the need to retain earnings in order to build a sounder financial position, create a more powerful operating base, fund capital expenditures and new product development programs, and take other actions needed to increase shareholder value.

Based on the outlook for consolidated operating results, the Company plans to pay an ordinary dividend of 5 yen per share for the interim period under review.

4. Important Issues

In the projector market, which is a core market sector for the Group, growth in demand is expected for industrial, education and home projectors. However, there is no doubt that intense price competition in this market will extend to projector lamps, too. Competition is also intense in the television market as manufacturers compete to supply larger screens along with lower prices.

In this environment, the Group will continue to channel resources to carefully chosen business fields and place priority on building a stronger operating base and achieving sustained growth.

PHOENIX Electric Group is dedicated to rewarding all its stakeholders, including shareholders, customers, suppliers, employees, and society. For this purpose, the entire Group will challenge the following issues and, in the challenge, fulfill its social obligations as well as increase corporate value by improving operating results.

1) Increase collaboration among sales, technology, manufacturing and procurement divisions to become more cost-competitive
2) Develop lamps that meet customer demands for better performance (longer life and superior brightness) and better reliability
3) Establish and develop a new business (lamps for exposure equipment)
4) Take specific actions to establish a framework based on the newly established “Fundamental Policy for Internal Control Systems”

3. Results of Operations and Financial Position

1. Results of Operations

(1) Overview

During the consolidated interim period under review, Japan's economy continued to grow moderately mainly due to increased capital expenditures in the private sector and a rebound in consumer spending despite concerns over negative impact of higher costs of crude oil and other basic materials on corporate earnings.

Looking overseas, the BRICs countries such as China saw their economies still steadily growing. The U.S. economy also stayed firm despite uncertainties such as those over higher crude oil prices and slower personal consumption.

In this environment, the projector market grew as expected because of robust increase in demand for lower-priced projectors, mainly for industrial and educational use. For the interim period under review, sales of lamps for projectors increased in volume of units sold at such a pace as sales will offset the drop for the second half year ended March 2006, or more precisely, grew 20.0% from the second half year ended March 2006 or 5.7% from the interim period ended September 2005. However, in monetary amounts, sales decreased 10.0% from the interim period ended September 2005 due to decline in selling unit prices.

Sales of lamps for RPTVs increased 32.7% in volume of units sold from the interim period ended September 2005. However in monetary amounts, sales increased 12.5% from the interim period ended September 2005, not so much as in volume of units, due to decline in selling unit prices as heated price competition between RPTVs and plasma TVs in the large-screen TV market.

With regard to earnings, the Company managed cost reduction to maintain marginal profits by improving every production process on one hand. This approach includes not only production line automation, but efforts to raise yield and process productivity, diversify supply sources and use new materials and parts for lower-priced projectors. On the other hand, depreciation expense increased because of the newly invested production lines and also selling and general administrative expenses have increased.

As a result of these factors, consolidated net sales decreased 4.4% to 5,797 million yen and operating income was down 25.0% to 1,139 million yen, compared with the interim period ended September 2005. Recurring profit decreased 27.8% from a year earlier to 1,139 million yen.

(2) Results by business segment

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

(thousands of yen, %)

Product category	Net sales	YoY change	Composition
Lamps for projector	3,595,183	90.0	62.0
Lamps for RPTVs	981,435	112.5	16.9
Other halogen lamps	679,864	118.6	11.7
Purchased products	540,853	86.3	9.3
Total	5,797,336	95.6	100.0

Note: 1. The breakdown of "Other halogen lamps" is as follows:

(thousands of yen, %)

Product sub-category	Amount	YoY change (%)
General halogen lamps	458,266	125.8
Automotive halogen lamps	203,779	110.9
General metal halide lamps	17,818	69.6
Total	679,864	118.6

(3) Results by geographic segment

Results by geographic segment are not presented because Japan accounts for more than 90% of the total sales and assets of all geographic segments.

2. Financial Position

(1) Cash Flows

The balance of cash and cash equivalents as of September 30, 2006 totaled 3,028,976,000 yen, 396,679,000 yen higher than March 31, 2006, on a consolidation basis.

A summary of cash flows and major components follows.

Operating activities:

While sales of lamps for RPTVs was robust and increased 12.5%, compared with the previous interim period ended September 2005, sales of lamps for projectors decreased 10.0% from the previous interim period in monetary amounts due to decline in selling unit prices despite a 5.7% increase in volume of units sold. As a result, net income before income taxes was 1,126,920,000 yen (1,511,580,000 yen in the previous interim period). Including depreciation and amortization of 370,407,000 yen, an income tax payment of 539,548,000 yen and other components, net cash provided by operating activities was 738,119,000 yen, compared with net cash provided of 466,064,000 yen in the previous interim period.

Investing activities:

Net cash used in investing activities was 57,054,000 yen, compared with net cash used of 1,081,704,000 yen in the previous interim period, mainly due to purchase of development and testing facilities of lamps for exposure equipment.

Financing activities:

Net cash used in financing activities was 281,822,000 yen, compared with net cash used of 317,878,000 yen in the previous interim period. The principal use of cash in financing activities was cash dividends paid, and repayment of borrowings.

A summary of cash flow-related indicators is as follows

	FY3/05		FY3/06		FY3/07
	Interim	Year-end	Interim	Year-end	Interim
Shareholders’ equity ratio (%)	68.5	68.3	75.6	75.3	79.2
Shareholders’ equity ratio at market cap (%)	316.5	335.0	281.0	204.2	139.6
Years of debt amortization (years)	2.8	1.0	1.9	0.3	0.9
Interest coverage ratio (times)	63.1	64.1	69.8	187.0	160.2

Shareholders’ equity ratio: shareholders’ equity/ total assets
Shareholders’ equity ratio on a market capitalization basis: market capitalization/ total assets
Years of debt amortization: interest-bearing debt/ operating cash flow
Interest coverage ratio: operating cash flow/ interests paid

* All of the above indicators are calculated using figures from the consolidated financial statements.
* Market capitalization is calculated by multiplying the share price at the end of the period by the number of shares outstanding (net of treasury stock) at the end of the period.
* Operating cash flows refers to “net cash provided by (used in) operating activities” as shown on the cash flows statements. Interest-bearing debt refers to the total of liabilities shown on the balance sheets on which interest is paid. Interests paid refer to “interests paid” as shown in the cash flows statements.

3. Outlook

Looking forward, Japan’s economy is deemed to stay firm as sharp yen appreciation is not so likely any time soon while mixture is observed in performance, varying among industries, from a company to another. Still, it is premature to be overly optimistic because there are uncertainties in the U.S. political development and economic trend as well as Japanese economic situation.

In the projector market, the primary source of demand for the Group’s products, the Group expects continued growth in demand, mainly for lower-priced models. By contrast, demand in the market for large-screen television is not expected to grow due to intense competition between plasma TVs and RPTVs. Consequently, further decline in selling unit prices is likely inevitable.

Under these circumstances, the Group will work on increasing sales by solidifying relationships with existing customers as well as acquiring new clients. Another theme is reducing costs by having sales, technology, manufacturing and procurement divisions work more closely together, thereby becoming more price-competitive.

Based on this outlook, the Group is forecasting net sales of 11,413 million yen, recurring profit of 2,034 million yen and net income of 1,234 million yen for the fiscal year ending March 2007. This is basically in line with the Company's initial plan.

As a new business, the Company has been developing exposure equipment and launched this product starting with a few units in the market, which were welcomed with a high reputation. The Company will foster vigorously it to a new mainstay business.

4. Business Risks

Material information regarding business and financial situations that may affect investors' decision as follows.

The discussion of these risks includes forward-looking statements. Such statements are based on the judgments of management as of September 30, 2006.

(1) Business activities and past performance of the PHOENIX Electric Group

The PHOENIX Electric Group is made up of PHOENIX Electric Co., Ltd. and subsidiaries LUX Co., Ltd. and PEC LAMP USA CORP. These companies manufacture and sell projector lamps, lamps for RPTVs, and general and automotive lamps.

Super-high-pressure mercury lamps used mainly as projector lamps and rear projection television lamps accounted for 78.9% of total sales compared with 80.2% one year earlier. Consequently, the Group's operating results are subject to changes in the markets for projectors and rear projection televisions, the primary applications for super-high-pressure mercury lamps.

(2) Reliance on major customers

Sales to major customers in the previous and current interim period are shown in the table below. As these figures show, the Group's operating results are vulnerable to changes in business relationships with InFocus Corporation and other major customers.

Currently the Group maintains a good relationship with these companies, but there is no assurance that these companies will continue to use the Group's products.

(thousands of yen)

Customers	Interim FY3/06		Interim FY3/07	
	Amount	%	Amount	%
InFocus Corporation	1,484,023	27.4	1,706,815	29.4
TOSHIBA CORPORATION	1,074,693	19.8	1,212,822	20.9
Sharp Corporation	870,028	16.1	895,896	15.5

Notes: 1. Amounts do not include consumption taxes.

2. The above sales include both direct sales to each major customer and sales to outsourcing firms, trading companies and other companies where sales are essentially equivalent to dealing directly with one of these major customers.

(3) Exchange rate volatility

The Group sells its products to customers in North America, Asian countries and other export markets. Overseas sales were 61.2% of total sales in the previous interim period and 56.8% of total sales in the current interim period.

Most export sales are denominated in U.S. dollars, with some transactions using the euro instead. In addition, the Group purchases some components and finished products from overseas suppliers. Large part of raw materials used to make lamps is procured directly or indirectly from outside Japan.

On a non-consolidated basis, sales denominated in U.S. dollars totaled 28,869,000 dollars in the previous interim period and 25,205,000 dollars in the current interim period. Purchases denominated in U.S. dollars totaled 798,000 dollars in the previous interim period and 1,993,000 dollars in the current interim period. As a result, changes in foreign exchange rates can have an effect on operating results.

(4) New product development competition and decline in prices due to intensifying competition

a) Development competition involving performance

There is intense competition to develop projectors that are smaller and lighter yet produce images that are brighter and sharper. Because of this, the product life cycle is only about one to two years.

The projector market is now expanding beyond the core application of business presentations. New applications include home theaters, education, large-screen rear projection televisions, commercial displays, surveillance monitors and digital cinemas. These applications are generating demands for lamps that are even more efficient, have a higher output and longer life, and carry a lower price. Because of this, there is heated competition among lamp manufacturers.

The Company generates a large percentage of its sales from projector lamps and lamps for RPTVs. The outcome of the current development competition, delays (if any) in development of lamps of projectors/RPTVs and related events can have a significant impact on operating results.

b) Risk of price declines due to intensifying competition

There is currently heated price competition in the market for both projector and lamp for rear projection televisions. This competition is causing the average sales price for lamps to decline as well. If the Company is unable to offset the effect of these price declines by raising sales volume and cutting costs, there may be an impact on operating results.

(5) Risk of potential patent disputes

All projector lamp manufacturers are exposed to the risk of becoming involved in a potential patent dispute. The Company pays very close attention to patents and places importance on patents as a means of protecting its own intellectual property as a defensive measure. Accordingly, the Company acts quickly to apply for and receive patents as required.

When developing new products, the Company exercises extreme care to avoid infringing on patents. Nevertheless, this does not completely eliminate the possibility that the Company could be the target of a patent infringement lawsuit. Depending on the nature and outcome of these disputes, there may be an impact on operating results.

(6) Important assumptions concerning major business activities

Projector lamps and lamps for RPTVs, the core product of the Company, are a type of electrical discharge lamp. To achieve this discharge with maximum ease, lamps incorporate mercury as well as tiny amounts of a radioactive isotope in the fluorescent tube.

The Company has received permission to handle radioactive isotopes based on Article 3 paragraph 1 of the Law of Prevention Radiation Hazards Associated With Radioactive Isotopes, etc.

Laws and regulations prescribe no period of validity or deadline for this permission. However, Article 26 paragraph 1 and paragraph 2 of this law defines reasons for the termination or suspension of this permission.

At present, there are no factors that present a risk involving the continuation of the Company’s ability to handle radioactive materials. In the event that an event occurs that results in the termination or suspension of this permission, the Company would have difficulty conducting its core business activities and there may be a substantial impact on operating results.

4. Consolidated Interim Financial Statements

(1) Consolidated Balance Sheets

(thousands of yen)

	Note	Interim FY3/06 As of Sep. 30, 2005			Interim FY3/07 As of Sep. 30, 2006			FY3/06 As of Mar. 31, 2006		
		Amount		%	Amount		%	Amount		%
ASSETS										
I Current assets										
1. Cash and deposits with banks			1,360,996			3,028,976			2,632,297	
2. Notes and accounts receivable	*3		3,412,319			2,850,631			2,904,265	
3. Inventories			1,401,658			1,208,780			1,261,579	
4. Deferred tax assets			131,753			243,253			326,196	
5. Other current assets			246,156			283,360			244,153	
Allowance for doubtful accounts			(8,730)			(7,687)			(6,167)	
Total current assets			6,544,153	55.0		7,607,314	61.7		7,362,323	59.2
II Fixed assets										
1. Property, plant, and equipment										
(1) Buildings and structures	*1		1,376,361			1,302,942			1,355,548	
(2) Machinery and vehicles	*1,2		1,769,824			2,033,553			2,302,246	
(3) Land			1,001,437			1,001,437			1,001,437	
(4) Construction in progress			819,079			32,830			10,817	
(5) Other property, plant, and equipment	*1		114,024			119,043			124,361	
Total property, plant, and equipment			5,080,727	42.7		4,489,807	36.4		4,794,411	38.6
2. Intangible assets			13,235	0.1		10,679	0.1		11,740	0.1
3. Investments and other assets										
(1) Deferred tax assets			16,570			21,027			17,081	
(2) Other investments and assets			237,485			210,051			250,795	
Allowance for doubtful accounts			(3,259)			(4,218)			(4,628)	
Total investments and other assets			250,796	2.1		226,860	1.8		263,248	2.1
Total fixed assets			5,344,759	45.0		4,727,347	38.3		5,069,400	40.8
Total Assets			11,888,913	100.0		12,334,661	100.0		12,431,724	100.0

(thousands of yen)

	Note	Interim FY3/06 As of Sep. 30, 2005 Amount	%	Interim FY3/07 As of Sep. 30, 2006 Amount	%	FY3/06 As of Mar. 31, 2006 Amount	%
LIABILITIES							
I Current liabilities							
1. Notes and accounts payable	*3	754,864		692,104		731,054	
2. Current portion of long-term borrowings		170,020		249,040		244,920	
3. Accrued income taxes		591,601		404,260		558,592	
4. Accrued bonuses		159,236		140,774		225,244	
5. Other current liabilities	*2	382,983		577,626		662,715	
Total current liabilities		2,058,705	17.3	2,063,805	16.7	2,422,526	19.5
II Long-term liabilities							
1. Long-term borrowings		703,420		379,480		504,000	
2. Long-term accounts payable		-		123,888		-	
3. Deferred tax liabilities		1,424		1,166		2,213	
4. Accrued officers' severance benefits		132,999		-		143,532	
5. Other long-term liabilities		1,200		1,200		1,200	
Total long-term liabilities		839,044	7.1	505,735	4.1	650,945	5.2
Total Liabilities		2,897,749	24.4	2,569,540	20.8	3,073,471	24.7
SHAREHOLDERS' EQUITY							
I Common stock		2,133,177	17.9	-		2,133,177	17.2
II Capital surplus		2,563,867	21.6	-		2,563,867	20.6
III Retained earnings		4,217,104	35.5	-		4,570,522	36.8
IV Net unrealized holdings gains on securities		79,510	0.7	-		88,361	0.7
V Foreign currency translation adjustments		(2,495)	(0.0)	-		2,323	0.0
Total Shareholders' Equity		8,991,163	75.6	-	-	9,358,252	75.3
Total Liability and Shareholders' Equity		11,888,913	100.0	-	-	12,431,724	100.0
Net assets							
I Shareholders' equity							
1. Common stock		-		2,133,177		-	
2. Capital surplus		-		2,563,867		-	
3. Retained earnings		-		5,001,340		-	
4. Treasury stock		-		(79)		-	
Total shareholders' equity		-		9,698,305	78.6	-	
II Valuation and translation adjustments							
1. Net unrealized holding gain (loss) on other securities		-		65,967		-	
2. Foreign currency transaction adjustments		-		847		-	
Total Valuation and translation adjustments		-		66,815	0.5	-	
Total net assets		-		9,765,120	79.2	-	
Total liabilities and net assets		-	-	12,334,661	100.0	-	-

(2) Consolidated Interim Statements of Income

(thousands of yen)

	Note	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005			Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006			FY3/06 Apr. 1, 2005 – Mar. 31, 2006		
		Amount		%	Amount		%	Amount		%
I NET SALES			6,065,800	100.0		5,797,336	100.0		11,792,998	100.0
II Cost of goods sold			3,688,674	60.8		3,668,818	63.3		7,276,693	61.7
Gross profit			2,377,126	39.2		2,128,518	36.7		4,516,304	38.3
III Selling, general, and administrative expenses	*1		858,234	14.1		989,159	17.1		1,842,162	15.6
OPERATING INCOME			1,518,892	25.0		1,139,358	19.7		2,674,142	22.7
IV Non-operating income										
1. Interest income		444			643			1,217		
2. Dividend income		262			412			262		
3. Foreign exchange gains		72,869			3,735			102,899		
4. Miscellaneous revenue		4,572			2,689			8,148		
Total non-operating income			78,148	1.3		7,479	0.1		112,527	1.0
V Non-operating expenses										
1. Interest expense		6,680			4,725			12,225		
2. Loss on valuation of investment securities		-			586			-		
3. Loan commitment fees		1,500			2,508			5,149		
4. Listing expenses		12,000			-			12,000		
5. Miscellaneous loss		12			-			86		
Total non-operating expenses			20,192	0.3		7,820	0.1		29,461	0.2
RECURRING PROFIT			1,576,848	26.0		1,139,018	19.6		2,757,208	23.4
VI Extraordinary income										
1. Reversal from allowance for doubtful accounts		3,166			1,275			2,717		
Total extraordinary income			3,166	0.1		1,275	0.0		2,717	0.0
VII Extraordinary loss										
1. Loss on disposal of fixed assets	*2	2,306			1,814			3,165		
2. Impairment losses	*3	25,064			-			25,064		
3. Loss on disposal of inventories		1,253			-			1,406		
4. Product warranty	*4	-			-			383,474		
5. Provision of accrued officers' severance benefits		39,809			-			39,809		
6. Accrued officers' severance benefits		-			11,558			-		
Total extraordinary loss			68,434	1.1		13,373	0.2		452,921	3.8
Net income before income taxes			1,511,580	24.9		1,126,920	19.4		2,307,003	19.6
Income taxes- current		582,083			386,781			1,111,712		
Income taxes- deferred		42,008	624,091	10.3	94,342	481,124	8.3	(159,651)	952,061	8.1
NET INCOME			887,488	14.6		645,796	11.1		1,354,941	11.5

(3) Consolidated Interim Statements of Retained Earnings

(thousands of yen)

	Note	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005 Amount		FY3/06 Apr. 1, 2005 – Mar. 31, 2006 Amount	
CAPITAL SURPLUS					
I Capital surplus at beginning of the period			2,563,867		2,563,867
II Capital surplus at end of period			2,563,867		2,563,867
RETAINED EARNINGS					
I Retained earnings at beginning of year			3,554,967		3,554,967
II Increase in retained earnings					
1. Net income		887,488	887,488	1,354,941	1,354,941
III Decrease in retained earnings					
1. Cash dividends paid		171,051		285,086	
2. Bonuses for officers		54,300	225,351	54,300	339,386
[of which bonuses for auditor]		[5,430]		[5,430]	
IV Retained earnings at end of period			4,217,104		4,570,522

(4) Consolidated Statements of Changes in Shareholders' Equity

Interim FY3/07 (Apr. 1, 2006 – Sep. 30, 2006)

(thousands of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	2,133,177	2,563,867	4,570,522	-	9,267,567
Changes in the current period					
Dividend of surplus	-	-	(159,648)	-	(159,648)
Bonuses to officers through appropriation of earnings	-	-	(55,330)	-	(55,330)
Net income	-	-	645,796	-	645,796
Acquisition of treasury stock	-	-	-	(79)	(79)
Total changes in the current period	-	-	430,817	(79)	430,737
Balance as of Sep. 30, 2006	2,133,177	2,563,867	5,001,340	(79)	9,698,305

	Valuation and translation adjustments			Total net assets
	Net unrealized holding gain (loss) on other securities	Foreign currency transaction adjustments	Total valuation and translation adjustments	
Balance as of March 31, 2006	88,361	2,323	90,685	9,358,252
Changes in the current period				
Dividend of surplus	-	-	-	(159,648)
Bonuses to officers through appropriation of earnings	-	-	-	(55,330)
Net income	-	-	-	645,796
Acquisition of treasury stock	-	-	-	(79)
Changes (net) in items other than shareholders' equity	(22,393)	(1,476)	(23,869)	(23,869)
Total changes in the current period	(22,393)	(1,476)	(23,869)	406,867
Balance as of Sep. 30, 2006	65,967	847	66,815	9,765,120

(5) Consolidated Interim Statements of Cash Flows

(thousands of yen)

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Net income before income taxes	1,511,580	1,126,920	2,307,003
2. Depreciation and amortization	304,196	370,407	681,818
3. Impairment losses	25,064	-	25,064
4. Increase (decrease) in accrued officers' severance benefits	50,110	(143,532)	60,642
5. Increase (decrease) in accrued bonuses	(62,954)	(84,469)	3,052
6. Increase (decrease) in allowance for doubtful accounts	(2,050)	1,110	(3,244)
7. Interest and dividend income	(706)	(1,055)	(1,479)
8. Interest expense	6,680	4,725	12,225
9. Loss (gain) on revaluation of investment securities	(1,005)	586	-
10. Loss on disposal of fixed assets	2,306	1,814	3,165
11. Decrease (increase) in notes and accounts receivable	(559,346)	53,634	(51,291)
12. Decrease in inventories	132,442	52,799	272,521
13. Decrease (increase) in other account receivables	44,297	(24,486)	18,614
14. Increase (decrease) in notes and accounts payable	136,794	(38,950)	112,985
15. Increase (decrease) in other account payables	(27,052)	(85,123)	402,156
16. Increase in long-term accounts payable	-	123,888	-
17. Bonuses for officers through appropriation of income	(54,300)	(55,330)	(54,300)
18. Others	(59,716)	(21,721)	(15,112)
Subtotal	1,446,339	1,281,218	3,773,822
19. Interests and dividends received	706	1,055	1,479
20. Interests paid	(6,358)	(4,606)	(11,903)
21. Income taxes paid	(974,622)	(539,548)	(1,537,023)
Net cash provided by operating activities	466,064	738,119	2,226,374
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchase of property, plant, and equipment	(1,081,409)	(56,841)	(1,321,565)
2. Others	(294)	(212)	(962)
Net cash used in investing activities	(1,081,704)	(57,054)	(1,322,528)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of long-term borrowings	(124,520)	(120,400)	(249,040)
2. Payment for purchases by installment	(22,306)	(1,694)	(38,202)
3. Payment for acquisition of treasury stock	-	(79)	-
4. Cash dividends paid	(171,051)	(159,648)	(285,086)
Net cash used in financing activities	(317,878)	(281,822)	(572,328)
IV Effect of exchange rate changes on cash and cash equivalents	5,531	(2,563)	11,795
V Increase (decrease) in cash and cash equivalents	(927,986)	396,679	343,314
VI Cash and cash equivalents at beginning of year	2,288,982	2,632,297	2,288,982
VII Cash and cash equivalents at end of period	1,360,996	3,028,976	2,632,297

Significant Accounting Policies in the Preparation of the Consolidated Interim Financial Statements

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
1. Scope of consolidation	The accompanying financial statements include the accounts of the Company and its Company's two consolidated subsidiaries: Name of subsidiaries: LUX Co., Ltd. PEC LAMP USA CORP.	Same as on the left.	Same as on the left.
2. Application of equity method	The Company has no affiliates accounted for by the equity method.	Same as on the left.	Same as on the left.
3. Interim period end of consolidated subsidiaries	At the two consolidated subsidiaries, the interim accounting period ends on June 30. The interim consolidated financial statements of the relevant consolidated subsidiaries as of their closing date are incorporated therein after necessary adjustments applied for consolidation purposes regarding the material transactions that have occurred between their closing date of June 30 and the consolidated balance sheets date, September 30.	Same as on the left.	At the two consolidated subsidiaries, the accounting year ends on December 31. The financial statements of the relevant consolidated subsidiaries as of their closing date are incorporated therein after necessary adjustments applied for consolidation purposes regarding the material transactions that have occurred between their closing date of December 31 and the consolidated balance sheets date, March 31.
4. Significant accounting standards (1) Valuation criteria and methods for significant assets	a. Securities Other securities Securities with market quotations Other securities with market quotations are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the shareholders' equity. The cost of securities sold is determined by the moving-average method.) Securities without market quotations Securities without market quotations are stated at cost, cost being determined by the moving-average method. b. Assets and liabilities deriving from derivatives Carried at fair value on the balance sheet date.	a. Securities Other securities Securities with market quotations Other securities with market quotations are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the net assets. The cost of securities sold is determined by the moving-average method.) Securities without market quotations Same as on the left. b. Assets and liabilities deriving from derivatives Same as on the left.	(2) Securities Other securities Securities with market quotations Other securities that have market value are carried at fair value on the balance sheet date. (Unrealized holding gain or loss is included in the shareholders' equity. The cost of securities sold is determined by the moving-average method.) Securities without market quotations Same as on the left. b. Assets and liabilities deriving from derivatives Same as on the left.

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
	c. Inventories The Company and its overseas consolidated subsidiaries carry inventories at cost, cost being determined by the weighted average method. Domestic consolidated subsidiaries carry inventories at cost, cost being determined by the first-in-first-out method.	c. Inventories Same as on the left.	c. Inventories Same as on the left.
(2) Depreciation of property, plant, and equipment and amortization of intangible assets	a. Property, plant, and equipment Depreciation of property, plant, and equipment at the Company and its domestic consolidated subsidiaries is computed by the declining-balance method. The useful and residual value is based on a method similar to that provided in the Corporation Tax Law. Depreciation of property, plant and equipment at overseas consolidated subsidiaries is computed by the straight-line method. The useful life and residual value are based on accounting standards applied in the countries of their domicile. However, depreciation of buildings (excluding equipment and fixtures) acquired on or after April 1, 1998, at the Company and its domestic consolidated subsidiaries is calculated using the straight-line method in accordance with the provisions of the Corporation Tax Law. Useful lives of principal assets are as follows: Buildings and structures: 7-38 years Machinery and vehicles: 4-12 years	a. Property, plant and equipment Same as on the left. Useful lives of principal assets are as follows: Buildings and structures: 7-38 years Machinery and vehicles: 4-15 years	a. Property, plant and equipment Same as on the left. Useful lives of principal assets are as follows: Buildings and structures: 7-38 years Machinery and vehicles: 4-12 years
	b. Intangible assets The development costs of software intended for internal use are amortized over an expected useful life of 5 years by the straight-line method.	b. Intangible assets Same as on the left.	b. Intangible assets Same as on the left.

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
(3) Significant allowances	a. Allowance for doubtful accounts To prepare for credit losses on accounts receivable. (a) General receivables Allowances equal to the estimated amount of uncollectible receivables are provided for general receivables based on the historical write-off ratio. (b) Bad receivables and claim in bankruptcy Bad receivables and claim in bankruptcy based on case-by-case determination of collectibility. b. Accrued bonuses To prepare for payment of bonuses to employees, an allowance is provided for an estimated accrued amount for the current interim period. c. Accrued officers' severance benefits To provide for accrued officers' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the current interim period pursuant to the Company's rules on officers' retirement benefits.	a. Allowance for doubtful accounts Same as on the left. (a) General receivables Same as on the left. (b) Bad receivables and claim in bankruptcy Same as on the left. b. Accrued bonuses Same as on the left. c. Accrued officers' severance benefits Although the Company had provided an allowance for accrued officers' severance benefits as required in accordance with an internal rule, it was resolved that the Company should abolish the benefit program at the annual general meeting of shareholders on June 23, 2006. It was simultaneously approved that each eligible officer should receive nothing more than an amount equivalent to the benefits that are calculated based on his/her applicable service period till then. Accordingly, the Company reversed the balance of 123,888,000 yen in the account of allowance for accrued officers' severance benefits and transferred it to the account of "Long-term payables" in long-term liabilities under review.	a. Allowance for doubtful accounts Same as on the left. (a) General receivables Same as on the left. (b) Bad receivables and claim in bankruptcy Same as on the left. b. Accrued bonuses To prepare for payment of bonuses to employees, an allowance is provided for an estimated accrued amount for the current fiscal year. c. Accrued officers' severance benefits To provide for accrued officers' severance benefits, the Company provides an allowance for the aggregate amount payable at the end of the current consolidated fiscal year pursuant to the Company's rules on officers' retirement benefits.
(4) Significant lease transactions	Finance leases other than those, which are deemed to transfer the ownership of the leased assets to the lessees, are accounted for by the method similar to that applicable to ordinary operating leases.	Same as on the left.	Same as on the left.

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
(5) Accounting for hedges	1) Accounting for hedges Deferred hedge accounting is applied to interest rate swap transactions that qualify for extraordinary treatment. 2) Hedging instruments and risks hedged Hedging instrument: Interest rate swaps Risk hedged: Interest on borrowings 3) Hedging method The Company uses cash flow hedges comprising interest rate swaps to reduce its exposure to fluctuations in interest rates on its borrowings. 4) Evaluation of the effectiveness of a hedge The Company enters into interest rate swap transactions that meet the following conditions: I. The principal of the interest rate swap transaction matches the principal of long-term borrowings. II. The contract periods of the interest rate swap transaction match the repayment period of long-term borrowings. III. The index of the long-term borrowings and the floating interest rate index of the interest rate swap transaction match at TIBOR + 0.43%. IV. The conditions for the revision of the interest rate on the long-term borrowings match that of the interest rate swap transaction. V. The payment term for the interest rate swap transaction is fixed through the swap period. The effectiveness of the hedge on the balance sheet date is not evaluated since the interest rate swap transaction qualifies for extraordinary treatment.	1) Accounting for hedges Same as on the left. 2) Hedging instruments and risks hedged Same as on the left. 3) Hedging method Same as on the left. 4) Evaluation of the effectiveness of a hedge Same as on the left.	1) Accounting for hedges Same as on the left. 2) Hedging instruments and risks hedged Same as on the left. 3) Hedging method Same as on the left. 4) Evaluation of the effectiveness of a hedge Same as on the left. The effectiveness of the hedge on the balance sheet date is not evaluated since the interest rate swap transaction qualifies for extraordinary treatment.

	Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
(6) Other significant accounting policies in presentation of financial statements	a. Accounting for consumption taxes All amounts stated are exclusive of national and local consumption taxes. Temporary consumption taxes are set off and presented in “Others current assets” in current assets on the consolidated balance sheets.	a. Accounting for consumption taxes Same as on the left.	a. Accounting for consumption taxes All amounts stated are exclusive of national and local consumption taxes.
5. Scope of cash and cash equivalents on consolidated statements of cash flows	For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.	Same as on the left.	For the purpose of consolidated statements of cash flows, cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible to known amounts of cash and present insignificant risk of change in value.

Change in Accounting Principles

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
(Accounting for impairment of fixed assets) Effective the current consolidated interim period, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, "Accounting for Impairment of Fixed Assets," (Business Accounting Council; August 9, 2002) and the "Accounting Standard Implementation Guidance No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets," (ASBJ; October 31, 2003). The effect of this change was to decrease income before income taxes by 25,064,000 yen. The amounts of impairment losses are directly deducted from the corresponding carrying amounts of assets, in accordance with the Revised Standards for the Preparation of Consolidated Financial Statements.	-	(Accounting for impairment of fixed assets) Effective the current consolidated fiscal year, the Company has adopted the new accounting standards for the presentation of the Impairment of Assets (Statement of Opinion, "Accounting for Impairment of Fixed Assets," (Business Accounting Council; August 9, 2002) and the "Accounting Standard Implementation Guidance No. 6: Guidance for Accounting Standards for Impairment of Fixed Assets," (ASBJ; October 31, 2003). The effect of this change was to decrease income before income taxes by 25,064,000 yen. The amounts of impairment losses are directly deducted from the corresponding carrying amounts of assets, in accordance with the Revised Standards for the Preparation of Consolidated Financial Statements.
-	(Accounting standard concerning presentation of net assets on balance sheet) Effective from the current interim period, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (Business Accounting Council Standard No. 5, December 9, 2005) and "Accounting Standard Implementation Guidance for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No. 8, December 9, 2005). The effect of this change on profit/loss is insignificant. The amount equivalent to "Total shareholders' equity" under the previous accounting standard is 9,765,120,000 yen. Effective from the current interim period, the Company has adopted the amended "Regulations Regarding Terminology, Forms, and Methods of Preparation of Interim Consolidated Financial Statements." Accordingly, the consolidated balance sheets conform to the amended regulations.	-
-	(Changes in accounting standards for treasury stock and reduction of legal reserves) Effective from the current interim period, the Company has adopted "Accounting Standard for Treasury Stock and Reduction of Legal Reserves"(ASBJ Statement No.1: last revision by Accounting Standards Board of Japan on August 11, 2006), and "Guideline on Accounting Standards for Treasury Stock and Reduction of Legal Reserves" (ASBJ Guidance No. 2: last revision by Accounting Standards Board of Japan on August 11, 2006). Effective from the current interim period,	-

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
	the Company has adopted the amended “Regulations Regarding Terminology, Forms, and Methods of Preparation of Interim Consolidated Financial Statements.” Accordingly, the consolidated balance sheets conform to the amended regulations.	

Notes to Consolidated Interim Financial Statements

(thousands of yen)

<table>
<tr><th>Interim FY3/06
As of Sep. 30, 2005</th><th>Interim FY3/07
As of Sep. 30, 2006</th><th>FY3/06
As of Mar. 31, 2006</th></tr>
<tr><td>*1. Accumulated depreciation on property, plant and equipment
2,063,482</td><td>*1. Accumulated depreciation on property, plant and equipment
2,796,416</td><td>*1. Accumulated depreciation on property, plant and equipment
2,433,096</td></tr>
<tr><td>*2. Assets pledged as collateral and corresponding liabilities
<table>
<tr><th colspan="2">Assets pledged</th></tr>
<tr><th>Asset</th><th>Amount</th></tr>
<tr><td>Machinery and vehicles</td><td>43,092</td></tr>
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<tr><th>Liabilities</th><th>Amount</th></tr>
<tr><td>Other current liabilities
(Installment payments)</td><td>17,589</td></tr>
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</td><td>-</td><td>*2. Assets pledged as collateral and corresponding liabilities
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<tr><th>Asset</th><th>Amount</th></tr>
<tr><td>Machinery and vehicles</td><td>25,757</td></tr>
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<table>
<tr><th colspan="2">Corresponding liabilities</th></tr>
<tr><th>Liabilities</th><th>Amount</th></tr>
<tr><td>Other current liabilities
(Installment payments)</td><td>1,694</td></tr>
</table>
</td></tr>
<tr><td>-</td><td>*3. The settlement of trade notes maturing on the balance sheet date of the period is accounted on the clearance date.
As the balance sheet date of the period was a bank holiday, the trade notes maturing on the balance sheet date of the period, in the following amounts were included in notes and accounts receivable-trade at the end of period.
Notes receivable 10,715
Notes payable 45,210</td><td>-</td></tr>
</table>

Notes to interim consolidated statements of income

(thousands of yen)

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
*1 Significant components of selling, general and administrative expenses Packing and transportation 47,636 Officers' remunerations 47,682 Employees' wages 198,854 Provision of accrued bonuses 55,689 Retirement benefit expenses 5,819 Other personnel expenses 52,661 Commissions paid 59,847 Depreciation and amortization 35,623 R&D expenses 120,522 Others 233,897 Total 858,234	*1 Significant components of selling, general and administrative expenses Packing and transportation 68,658 Officers' remunerations 80,081 Employees' wages 213,320 Provision of accrued bonuses 45,735 Retirement benefit expenses 5,952 Other personnel expenses 51,421 Commissions paid 66,513 Depreciation and amortization 34,792 R&D expenses 176,789 Others 245,894 Total 989,159	*1 Significant components of selling, general and administrative expenses Packing and transportation 119,206 Officers' bonuses 98,540 Employee' wages 415,146 Provision of accrued bonuses 101,390 Retirement benefit expenses 11,189 Other personnel expenses 114,913 Commissions paid 117,519 Depreciation and amortization 71,658 R&D expenses 285,444 Entertainment expenses 85,702 Others 421,450 Total 1,842,162
*2 Significant components of loss on disposal of fixed assets Loss on disposal of structures 2.164 Loss on disposal of machinery and vehicles 141 Total 2,306	*2 Significant components of loss on disposal of fixed assets Loss on disposal of machinery and vehicles 1,814	*2 Significant components of loss on disposal of fixed assets Loss on disposal of buildings and structures 2,164 Loss on disposal of machinery and vehicles 1,001 Total 3,165
*3 Impairment losses The amounts of impairment losses with respect to the Group's assets are as follows: Location: Kasai city, Hyogo prefecture Purpose: Idle assets (land for sale) Type: Land Amount: 25,064,000 yen The above land, carried on the balance sheets as a dormant asset in prior periods, was reclassified as land for sale since there is no likelihood of its being used in the future. The Company recognizes this asset as impaired since land prices have declined substantially. The recoverable price of the land is calculated on the basis of the net selling amount. Valuation is based on appraisal by a real-estate appraiser.	-	*3 Impairment losses The amounts of impairment losses with respect to the Group's assets are as follows: Location: Kasai city, Hyogo prefecture Purpose: Idle assets (land for sale) Type: Land Amount: 25,064,000 yen The above land, carried on the balance sheets as a dormant asset in prior periods, was reclassified as land for sale since there is no likelihood of its being used in the future. The Company recognizes this asset as impaired since land prices have declined substantially. The recoverable price of the land is calculated on the basis of the net selling amount. Valuation is based on appraisal by a real-estate appraiser.

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
-	-	*4 Product warranty The Company was informed that certain types of lamps, whose sales were booked during the fiscal year ended March 2006, did not satisfy the quality requirement under a certain condition. Being a specialized manufacturer, the Group took it as a technical problem responsible for itself and came after talk with the complaining customer to an agreement upon paying portion of expenses for exchanging the items in question. As a result, a loss of 383,474,000 yen was booked to the account of product warranty under extraordinary loss.

Notes to Consolidated Interim Statements of Changes in Shareholders' Equity

Interim FY3/07 (Apr. 1, 2006 - Sep. 30, 2006)

1. Type and number of outstanding stock

Type of share	Number of shares as of Mar. 31, 2006	Increase during the current period	Decrease during the current period	Number of shares as of Sep. 30, 2006
Common shares (shares)	22,806,900	-	-	22,806,900

2. Type and number of treasury stock

Type of share	Number of shares as of Mar. 31, 2006	Increase during the current period	Decrease during the current period	Number of shares as of Sep. 30, 2006
Common shares (shares)	-	99	-	99

Outline of changes:

Increase in the number of shares (itemized) as follows.

Increase due to the acquisition of odd lot shares: 99 shares

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (thousand yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders on June 23, 2006	Common shares	159,648	7.00	March 31, 2006	June 26, 2006

(2) Dividends with a record date in the current interim period but an effective date in the following second half period

Resolution	Type of share	Source of funds	Total amount of dividend (thousand yen)	Dividend per share (yen)	Record date	Effective date
Board of directors on November 15, 2006	Common shares	Retained earnings	114,034	5.00	September 30, 2006	December 11, 2006

Notes to interim statements of cash flows

(thousands of yen)

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005		Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006		FY3/06 Apr. 1, 2005 – Mar. 31, 2006	
Reconciliation of interim consolidated balance sheet items to cash and cash equivalents in interim consolidated statements of cash flows:		Reconciliation of interim consolidated balance sheet items to cash and cash equivalents in interim consolidated statements of cash flows:		Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows:	
	(As of Sep. 30, 2005)		(As of Sep. 30, 2006)		(As of Mar. 31, 2006)
Cash and deposits with banks	1,360,996	Cash and deposits with banks	3,028,976	Cash and deposits with banks	2,632,297
Cash and cash equivalents	1,360,996	Cash and cash equivalents	3,028,976	Cash and cash equivalents	2,632,297

5. Segment Information

Operating segment information

Interim FY3/06 (Apr. 1, 2005 - Sep. 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.

Interim FY3/07 (Apr. 1, 2006 - Sep. 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.

FY3/06 (Apr. 1, 2005 - Mar. 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

Interim FY3/06 (Apr. 1, 2005 - Sep. 30, 2005)

The Group operates mainly in Japan and has no significant overseas operations. The geographic segment information is not presented since the combined segment sales in Japan represented more than 90% of total consolidated sales and assets.

Interim FY3/07 (Apr. 1, 2006 - Sep. 30, 2006)

The Group operates mainly in Japan and has no significant overseas operations. The geographic segment information is not presented since the combined segment sales in Japan represented more than 90% of total consolidated sales and assets.

FY3/06 (Apr. 1, 2005 - Mar. 31, 2006)

The Group operates mainly in Japan and has no significant overseas operations. 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

Interim FY3/06 (Apr. 1, 2005 - Sep. 30, 2005)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	475,787	3,152,786	81,865	3,710,439
II. Consolidated sales	-	-	-	6,065,800
III. Overseas sales as a percentage of consolidated sales (%)	7.8	52.0	1.4	61.2

Notes:

1. The geographic segmentation is decided primarily by geographic proximity.
2. 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

3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

Interim FY3/07 (Apr. 1, 2006 - Sep. 30, 2006)

(thousands of yen)

	N. America	Asia	Other	Total
I. Overseas sales	207,733	3,062,803	20,529	3,291,066
II. Consolidated sales	-	-	-	5,797,336
III. Overseas sales as a percentage of consolidated sales (%)	3.6	52.8	0.4	56.8

Notes:

1. The geographic segmentation is decided primarily by geographic proximity.
2. 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

3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

FY3/06 (Apr. 1, 2005 - Mar. 31, 2006)

(thousands of yen)

	N. America	Asia	Other	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

Notes:

1. The geographic segmentation is decided primarily by geographic proximity.
2. 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

3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

6. Leases

No reportable information.

7. Securities

Interim FY3/06 (Apr. 1, 2005 - Sep. 30, 2005)
1. Securities with market quotations

(thousands of yen)

Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities classified as "Other securities" (1) Equity securities	23,344	157,200	133,856

2. Securities without market quotations
Securities classified as "Other securities"

(thousands of yen)

Security	Carrying value
Unlisted foreign stock	21,624

Interim FY3/07 (Apr. 1, 2006 - Sep. 30, 2006)
1. Securities with market quotations

(thousands of yen)

Security	Acquisition cost	Carrying value	Unrealized gain/loss
Securities classified as "Other securities" (1) Equity securities	23,344	134,400	111,056

2. Securities without market quotations
Securities classified as "Other securities"

(thousands of yen)

Security	Carrying value
Unlisted foreign stock	21,624

FY3/06 (April 1, 2005 – Mar. 31, 2006)
1. Securities with market quotations classified as "Other securities"

(thousands of yen)

Security	Acquisition cost	Carrying value	Unrealized gain
Securities whose acquisition cost exceeds their carrying value (1) Equity securities	23,344	172,100	148,756

2. Securities without market quotations
Securities classified as "Other securities"

(thousands of yen)

Security	Carrying value
Unlisted foreign stock	22,211

8. Derivatives

Accounting for derivatives is not published since the interim financial statements are to be released on EDINET.

9. Production, Orders and Sales

(1) Production

(thousands of yen)

Product	Amount	YoY change (%)
Projector lamps	3,473,335	89.1
Lamps for RPTVs	931,933	96.5
Other halogen lamps	589,150	113.7
Total	4,994,420	92.8

Notes:
1. Amounts are calculated based on sales prices.
2. Amounts are exclusive of consumption taxes.
3. A breakdown of the production of “Other halogen lamps” is as follows:

(thousands of yen)

Product category	Amount	YoY change (%)
General halogen lamps	367,633	111.6
Automotive halogen lamps	207,649	120.5
General metal halide lamps	13,867	84.3
Total	589,150	113.7

(2) Orders

No reportable information since the lead time for delivery is very short.

(3) Sales

Sales of product category are listed on “3. Results of Operations and Financial Position 1. (2) Results by business segment.”

10. Per Share Data

Per Share Information

(Yen)

Interim FY3/06 Apr. 1, 2005 – Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 – Sep. 30, 2006	FY3/06 Apr. 1, 2005 – Mar. 31, 2006
Net assets per share 394.23	Net assets per share 428.17	Net assets per share 407.90
Net income per share 38.91	Net income per share 28.32	Net income per share 56.98
Interim net income per share (diluted) is not presented since there is no outstanding potential stock.	Same as on the left.	Net income per share (diluted) is not presented since there is no outstanding potential stock.
The Company implemented a three-for-one stock split on November 19, 2004. Per-share information based on the average number of shares during the period, retroactively adjusted for stock splits to the beginning of the period, is as follows: Net assets per share 331.32 Net income per share 34.05	-	-

Note: Basis for calculation of net assets per share and net income per share are as follows:

1. Net assets per share

(thousands of yen)

	Interim FY3/06 As of Sep. 30, 2005	Interim FY3/07 As of Sep. 30, 2006	FY3/06 As of Mar. 31, 2006
Total net assets on the consolidated balance sheets	-	9,765,120	-
Net assets applicable to common stock	-	9,765,120	-
Number of shares outstanding (shares)	-	22,806,900	-
Number of treasury stock (shares)	-	99	-
Number of common stock used in calculation of net assets per share (shares)	-	22,806,801	-

2. Net income per share

(thousands of yen)

	Interim FY3/06 Apr. 1, 2005 - Sep. 30, 2005	Interim FY3/07 Apr. 1, 2006 - Sep. 30, 2006	FY3/06 Apr. 1, 2005 - Mar. 31, 2006
Net income per share			
Net income	887,488	645,796	1,354,941
Amount not attributable to common shareholders	-	-	55,330
[of which bonuses for officers]	-	-	(55,330)
Net income available to common stock	887,488	645,796	1,299,611
Average number of shares outstanding (shares)	22,806,900	22,806,888	22,806,900

11. Subsequent Event

No reportable information.

Note: 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.