

**Summary of Financial Results for the Nine Months Ended December 31, 2006
(Consolidated)**

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

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

2. Financial Results for the Nine Months Ended December 31, 2006 (April 1, 2006 – December 31, 2006)

(1) Consolidated Results of Operations

(amounts rounded down to million yen)

	Net Sales		Operating Income		Recurring Profit	
	million yen	YoY change (%)	million yen	YoY change (%)	million yen	YoY change (%)
Nine months ended Dec. 2006	8,475	(5.9)	1,611	(28.3)	1,621	(30.2)
Nine months ended Dec. 2005	9,008	6.7	2,247	7.1	2,322	15.4
(Ref.) Year ended Mar. 2006	11,792	6.7	2,674	2.4	2,757	8.6

	Net Income		Net Income per Share (basic)	Net Income per Share (diluted)
	million yen	YoY change (%)	yen	yen
Nine months ended Dec. 2006	957	(28.7)	41.97	-
Nine months ended Dec. 2005	1,342	11.6	58.88	-
(Ref.) Year ended Mar. 2006	1,354	(10.9)	56.98	-

Notes: 1. Average number of shares outstanding

Nine months ended Dec. 2006: 22,806,859 shares
 Nine months ended Dec. 2005: 22,806,900 shares
 Year ended Mar. 2006: 22,806,900 shares

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

[Consolidated Results of Operations]

The projector market, especially lower priced versions for industrial and educational use, remained strong in the third quarter under review. As a result, the Company's unit sales of projector lamps grew 21.5% from a year earlier, in line with the Company forecast, as was the case for the first half of the fiscal year. However, selling prices have been declining due to stiffening competition, and sales fell 6.2% from a year earlier.

Demand for rear projection TVs has been weakening due to stiffening competition from plasma TVs, but the Company's unit sales of rear projection TV lamps grew 8.1% from a year earlier due to increased demand for replacement units. Nevertheless, as with projector lamps, selling prices have been declining, and therefore sales fell 12.4% from a year earlier.

With regard to earnings, the Company managed cost reduction 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 due to the increase in officers' remunerations associated with the overhaul of the officers' remuneration structure, which included the termination of officer bonuses.

As a result of these factors, consolidated net sales totaled 8,475 million yen (-5.9% YoY), operating income 1,611 million yen (-28.3% YoY), and recurring profit 1,621 million yen (-30.2% YoY) for the nine months ended December 31, 2006.

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	million yen	million yen	%	yen
As of Dec. 31, 2006	12,193	9,964	81.7	436.93
As of Dec. 31, 2005	11,937	9,325	78.1	408.89
(Ref.) As of Mar. 31, 2006	12,431	9,358	75.3	407.90

Note: 1. Number of shares issued at the end of period

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

(3) Cash Flow Position

	Net cash provided by (used in)			Cash and cash equivalents at end of period million yen
	operating activities	investing activities	financing activities	
	million yen	million yen	million yen	
Nine months ended Dec. 2006	830	(107)	(433)	2,921
Nine months ended Dec. 2005	993	(1,149)	(471)	1,670
(Ref.) Year ended Mar. 2006	2,226	(1,322)	(572)	2,632

[Information Concerning Cash Flows]

The balance of cash and cash equivalents as of December 31, 2006 totaled 2,921 million yen, 288 million yen higher than March 31, 2006, on a consolidation basis.

A summary of cash flows and major components follows.

(Operating activities)

Net cash provided by operating activities was 830 million yen, compared with net cash provided of 993 million yen in the same period a year earlier. The principal source of cash was 1,609 million yen in income before income taxes. The principal use of cash was 1,076 million yen in income taxes paid.

(Investing activities)

Net cash used in investing activities was 107 million yen, compared with net cash used of 1,149 million yen in the same period a year earlier, mainly due to investment in exposure equipment facilities.

(Financing activities)

Net cash used in financing activities was 433 million yen, compared with net cash used of 471 million yen in the same period a year earlier. The principal uses of cash were cash dividends paid and repayment of borrowings.

Attachment:

Consolidated Statements of Income, Consolidated Balance Sheets and others

[Reference]

Forecast for the Fiscal Year Ending March 31, 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

Reference: Estimated net income per share for the fiscal year ending March 2007: 54.11 yen

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

[Information Concerning Forecasts]

There are no changes in the full year forecast announced on May 12, 2006.

[Attachment]

1. Consolidated Balance Sheets

(thousands of yen, %)

Account	As of Dec. 31, 2006	As of Dec. 31, 2005	Change		As of Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
ASSETS					
I Current assets					
1. Cash and deposits with banks	2,921,072	1,670,224	1,250,847		2,632,297
2. Notes and accounts receivable	2,931,714	3,343,102	(411,387)		2,904,265
3. Inventories	1,147,045	1,368,114	(221,069)		1,261,579
4. Deferred tax assets	246,667	133,874	112,792		326,196
5. Others	342,387	237,575	104,811		244,153
Allowance for doubtful accounts	(5,493)	(7,722)	2,228		(6,167)
Total current assets	7,583,393	6,745,169	838,224	12.4	7,362,323
II Fixed assets					
1. Property, plant and equipment					
(1) Buildings and structures	1,274,473	1,366,251	(91,777)		1,355,548
(2) Machinery and vehicles	1,909,802	1,746,495	163,307		2,302,246
(3) Land	1,001,437	1,001,437	-		1,001,437
(4) Construction in progress	74,173	707,136	(632,963)		10,817
(5) Others	113,350	117,747	(4,396)		124,361
Total property, plant and equipment	4,373,237	4,939,067	(565,830)	(11.5)	4,794,411
2. Intangible assets	10,016	12,488	(2,471)	(19.8)	11,740
3. Investments and other assets					
(1) Investment securities	159,314	163,643	(4,329)		194,311
(2) Deferred tax assets	18,968	22,967	(3,999)		17,081
(3) Others	52,392	57,385	(4,992)		56,484
Allowance for doubtful accounts	(4,060)	(3,268)	(792)		(4,628)
Total investments and other assets	226,614	240,728	(14,113)	(5.9)	263,248
Total fixed assets	4,609,869	5,192,284	(582,415)	(11.2)	5,069,400
Total assets	12,193,262	11,937,453	255,808	2.1	12,431,724

(thousands of yen, %)

Account	As of Dec. 31, 2006	As of Dec. 31, 2005	Change		As of Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
LIABILITIES					
I Current liabilities					
1. Notes and accounts payable	816,484	707,162	109,321		731,054
2. Current portion of long-term borrowings	249,040	249,040	-		244,920
3. Accrued income taxes	15,800	307,204	(291,404)		558,592
4. Accrued bonuses	115,267	153,458	(38,191)		225,244
5. Others	564,445	462,696	101,749		662,715
Total current liabilities	1,761,037	1,879,562	(118,525)	(6.3)	2,422,526
II Long-term liabilities					
1. Long-term borrowings	342,220	591,260	(249,040)		504,000
2. Long-term accounts payable	123,888	-	123,888		-
3. Deferred tax liabilities	1,192	1,883	(690)		2,213
4. Accrued officers' severance benefits	-	138,099	(138,099)		143,532
5. Others	-	1,200	(1,200)		1,200
Total long-term liabilities	467,301	732,442	(265,140)	(36.2)	650,945
Total liabilities	2,228,339	2,612,005	(383,666)	(14.7)	3,073,471
SHAREHOLDERS' EQUITY					
I Common stock	-	2,133,177	-	-	2,133,177
II Capital surplus	-	2,563,867	-	-	2,563,867
III Retained earnings	-	4,558,379	-	-	4,570,522
IV Unrealized holding gain on other securities	-	70,244	-	-	88,361
V Foreign currency translation adjustments	-	(219)	-	-	2,323
Total shareholders' equity	-	9,325,448	-	-	9,358,252
Total liabilities and shareholders' equity	-	11,937,453	-	-	12,431,724
NET ASSETS					
I Shareholders' equity					
1. Common stock	2,133,177	-	-		-
2. Capital surplus	2,563,867	-	-		-
3. Retained earnings	5,198,546	-	-		-
4. Treasury stock	(79)	-	-		-
Total shareholders' equity	9,895,510	-	-		-
II Valuation and translation adjustments					
1. Unrealized holding gain on other securities	67,274	-	-		-
2. Foreign currency translation adjustments	2,138	-	-		-
Total valuation and translation adjustments	69,413	-	-		-
Total net assets	9,964,923	-	-		-
Total liabilities and net assets	12,193,262	-	-		-

2. Consolidated Statements of Income

(thousands of yen, %)

Account	Apr. 1, 2006 - Dec. 31, 2006	Apr. 1, 2005 - Dec. 31, 2005	Change		Apr. 1, 2005 - Mar. 31, 2006
	Amount	Amount	Amount	%	Amount
I Net sales	8,475,972	9,008,535	(532,562)	(5.9)	11,792,998
II Cost of goods sold	5,423,042	5,447,704	(24,661)	(0.5)	7,276,693
Gross profit	3,052,929	3,560,831	(507,901)	(14.3)	4,516,304
III Selling, general and administrative expenses	1,441,338	1,313,181	128,156	9.8	1,842,162
OPERATING INCOME	1,611,591	2,247,649	(636,058)	(28.3)	2,674,142
IV Non-operating income	20,365	99,294	(78,929)	(79.5)	112,527
1. Interest income	823	716	106		1,217
2. Dividend income	412	262	150		262
3. Foreign exchange gains	9,145	92,293	(83,148)		102,899
4. Others	9,985	6,022	3,962		8,148
V Non-operating expenses	10,002	24,780	(14,777)	(59.6)	29,461
1. Interest expense	6,744	9,510	(2,765)		12,225
2. Listing expenses	-	12,000	(12,000)		12,000
3. Others	3,258	3,270	(12)		5,235
RECURRING PROFIT	1,621,954	2,322,164	(700,209)	(30.2)	2,757,208
VI Extraordinary income	813	3,067	(2,253)	(73.5)	2,717
Reversal of allowance for doubtful accounts	813	3,067	(2,253)		2,717
VII Extraordinary loss	13,442	68,434	(54,992)	(80.4)	452,921
1. Loss on disposal of fixed assets	1,883	2,306	(422)		3,165
2. Impairment losses	-	25,064	(25,064)		25,064
3. Loss on disposal of inventories	-	1,253	(1,253)		1,406
4. Product warranty	-	-	-		383,474
5. Provision of accrued officers' severance benefits	-	39,809	(39,809)		39,809
6. Accrued officers' severance benefits	11,558	-	11,558		-
Income before income taxes	1,609,326	2,256,797	(647,470)	(28.7)	2,307,003
Income taxes	652,290	913,998	(261,708)	(28.6)	952,061
NET INCOME	957,035	1,342,798	(385,762)	(28.7)	1,354,941

3. Consolidated Statement of Changes in Shareholders' Equity

Nine Months Ended December 2006 (Apr. 1, 2006 – Dec. 31, 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 period					
Dividend of surplus	-	-	(273,682)	-	(273,682)
Directors' bonuses paid	-	-	(55,330)	-	(55,330)
Net income	-	-	957,035	-	957,035
Acquisition of treasury stock	-	-	-	(79)	(79)
Total changes in the period	-	-	628,023	(79)	627,943
Balance as of Dec. 31, 2006	2,133,177	2,563,867	5,198,546	(79)	9,895,510

	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	-	-	-	(273,682)
Directors' bonuses paid	-	-	-	(55,330)
Net income	-	-	-	957,035
Acquisition of treasury stock	-	-	-	(79)
Changes (net) in items other than shareholders' equity	(21,087)	(185)	(21,272)	(21,272)
Total changes in the period	(21,087)	(185)	(21,272)	606,670
Balance as of Dec. 31, 2006	67,274	2,138	69,413	9,964,923

4. Consolidated Statements of Cash Flows

(thousands of yen)

	Apr. 1, 2006 - Dec. 31, 2006	Apr. 1, 2005 - Dec. 31, 2005	Apr. 1, 2005 - Mar. 31, 2006
Account	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Income before income taxes	1,609,326	2,256,797	2,307,003
2. Depreciation and amortization	559,273	481,912	681,818
3. Impairment losses	-	25,064	25,064
4. Increase (decrease) in allowance for officers' severance benefits	(143,532)	55,210	60,642
5. Increase (decrease) in accrued bonuses	(109,976)	(68,732)	3,052
6. Increase (decrease) in allowance for doubtful accounts	(1,241)	(3,049)	(3,244)
7. Interest and dividend income	(1,235)	(978)	(1,479)
8. Interest expense	6,744	9,510	12,225
9. Loss (gain) on valuation of investment securities	(502)	(1,424)	-
10. Loss on disposal of fixed assets	1,883	2,306	3,165
11. Decrease (increase) in notes and accounts receivable	(27,449)	(490,128)	(51,291)
12. Decrease (increase) in inventories	114,533	165,985	272,521
13. Decrease (increase) in other accounts receivable	(67,320)	71,854	18,614
14. Increase (decrease) in notes and accounts payable	85,429	89,093	112,985
15. Increase (decrease) in other accounts payable	(144,723)	15,266	402,156
16. Increase in long-term accounts payable	123,888	-	-
17. Bonuses for officers through appropriation of income	(55,330)	(54,300)	(54,300)
18. Others	(37,289)	3,764	(15,112)
Subtotal	1,912,478	2,558,151	3,773,822
19. Interests and dividends received	1,235	978	1,479
20. Interests paid	(5,797)	(9,188)	(11,903)
21. Income taxes paid	(1,076,994)	(1,556,324)	(1,537,023)
Net cash provided by (used in) operating activities	830,921	993,617	2,226,374
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchases of property, plant and equipment	(107,302)	(1,149,528)	(1,321,565)
2. Others	(78)	(268)	(962)
Net cash provided by (used in) investing activities	(107,381)	(1,149,797)	(1,322,528)
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of long-term borrowings	(157,660)	(157,660)	(249,040)
2. Payment for purchases by installment	(1,694)	(28,692)	(38,202)
3. Payment for acquisition of treasury stock	(79)	-	-
4. Cash dividends paid	(273,682)	(285,086)	(285,086)
Net cash provided by (used in) financing activities	(433,116)	(471,439)	(572,328)
IV Effect of exchange rate changes on cash and cash equivalents	(1,647)	8,860	11,795
V Increase in cash and cash equivalents	288,775	(618,758)	343,314
VI Cash and cash equivalents at beginning of period	2,632,297	2,288,982	2,288,982
VII Cash and cash equivalents at end of period	2,921,072	1,670,224	2,632,297

5. Segment Information

[Operating segment information]

Current nine months period (April 1, 2006 – December 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.

Previous nine months period (April 1, 2005 – December 31, 2005)

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

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

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

[Geographical segment information]

Current nine months period (April 1, 2006 – December 31, 2006)

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

Previous nine months period (April 1, 2005 – December 31, 2005)

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

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

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

[Overseas sales]

Current nine months period (April 1, 2006 – December 31, 2006)

(thousands of yen)

	N. America	Asia	Others	Total
I Overseas sales	287,203	4,403,927	26,393	4,717,524
II Consolidated sales	-	-	-	8,475,972
III Overseas sales as a percentage of consolidated sales (%)	3.4	52.0	0.3	55.7

Previous nine months period (April 1, 2005 – December 31, 2005)

(thousands of yen)

	N. America	Asia	Others	Total
I Overseas sales	652,926	4,740,801	95,365	5,489,094
II Consolidated sales	-	-	-	9,008,535
III Overseas sales as a percentage of consolidated sales (%)	7.2	52.6	1.1	60.9

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

(thousands of yen)

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