

Summary of Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2009 (Nine Months Ended December 31, 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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(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2008 (April 1, 2008 – December 31, 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	%
Nine months ended Dec. 2008	5,065	(28.4)	60	(93.9)	42	(95.6)	(199)	-
Nine months ended Dec. 2007	7,075	(16.5)	1,004	(37.6)	954	(41.2)	524	(45.2)

	Net income per share (basic)		Net income per share (diluted)	
	Yen		Yen	
Nine months ended Dec. 2008	(9.22)		-	
Nine months ended Dec. 2007	23.45		-	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Dec. 31, 2008	10,305	9,277	90.0	427.98
As of Mar. 31, 2008	10,894	9,645	88.5	444.92

Reference) Shareholders' equity (million yen) Dec. 31, 2008: 9,277 Mar. 31, 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	-	2.25	-	-	-
Fiscal year ending Mar. 2009 (forecast)	-	-	-	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
Full year	6,203	(31.1)	(123)	-	(143)	-	(417)	-	(19.24)

Note) Revision of consolidated forecasts during the period: Yes

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)

As of Dec. 31, 2008:	22,806,900 shares	As of Mar. 31, 2008:	22,806,900 shares
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2) Number of treasury stock at the end of period

As of Dec. 31, 2008:	1,128,422 shares	As of Mar. 31, 2008:	1,128,422 shares
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3) Average number of shares outstanding during the period

Nine months ended Dec. 2008:	21,678,478 shares	Nine months ended Dec. 2007:	21,376,828 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 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 4 for further information concerning these forecasts.

Qualitative Information and Financial Statements

1. Qualitative Information Regarding Consolidated Results of Operations

Sales and earnings in the nine months of the fiscal year were much lower than originally planned. This performance is in line with the reduced fiscal year forecasts that the Company announced on December 19, 2008.

Sales declined 28.6% from one year earlier to 3,291,868 thousand yen due to a sharp drop in orders for projector lamps and a significant negative impact from the yen's strength.

In the market for lamps for rear-projection televisions, the Company is now supplying only replacement lamps. Sales were down 56.6% to 299,898 thousand yen.

Sales of lamps for exposure equipment were down 22.9% to 62,372 thousand yen. Performance benefited from solid sales of lamps for special applications. However, many companies have postponed capital expenditures involving LCD equipment, resulting in delays in sales of some equipment that had been planned for the fiscal year's second half.

Total nine-month sales decreased 28.4% year on year to 5,065,855 thousand yen.

To improve earnings, the Company continued to work on offsetting the impact of falling sales prices. Actions are aimed at raising yields and efficiency of manufacturing activities by improving all aspects of each production process through automation and other measures. However, the severe impact of the drop in unit prices caused decline of 95.6% in recurring profit to 42,331 thousand yen. In addition, there was a net loss of 199,831 thousand yen because of a reversal of deferred tax assets.

2. Qualitative Information Regarding Consolidated Financial Position

Assets

Current assets decreased by 226,787 thousand yen from the end of the previous fiscal year. This was mainly due to a 606,949 thousand yen decrease in notes and accounts receivable, a 64,959 thousand yen decrease in inventories, a 371,512 thousand yen increase in cash and deposits with banks, and a 200,625 thousand yen increase in securities.

Other current assets decreased 128,386 thousand yen because of a 144,490 thousand yen reversal of deferred tax assets.

Fixed assets declined by 362,749 thousand yen from the end of the previous fiscal year, mainly due to a 276,145 thousand yen decline in property, plant and equipment because of depreciation.

Other fixed assets decreased 88,003 thousand yen because of a 73,250 thousand yen reversal of deferred tax assets.

As a result of the above, total assets decreased 5.4% from the end of the previous fiscal year to 10,305,438 thousand yen.

Liabilities

Current liabilities decreased 231,441 thousand yen from the end of the previous fiscal year. This mainly reflects a decline in current portion of long-term borrowings of 157,660 thousand yen and a decline in accrued bonuses of 116,723 thousand yen.

As a result, total liabilities decreased 17.8% from the end of the previous fiscal year to 1,027,462 thousand yen.

Net assets

Total net assets decreased 3.8% from the end of the previous fiscal year to 9,277,976 thousand yen. This was primarily the result of net loss of 199,831 thousand yen and dividend payments of 157,169 thousand yen.

3. Qualitative Information Regarding Consolidated Forecasts

The Company's performance is worsening because of the growing effect on Japan's real economy of the global economic downturn and the significant increase in the yen's value. After a thorough examination of the operating environment at the January 30, 2009 meeting of the Company's board of directors, the decision was made to further reduce the fiscal year forecast from the forecast reductions that were announced on December 19, 2008.

In addition, due to the outlook for performance in this fiscal year, the Company thoroughly reviewed the possibility of recovering its deferred tax assets. This review was conducted in accordance with Handling of Audits Concerning Decisions for the Possibility of Recovering Deferred Tax Assets (Audit Committee Report No. 66). This review resulted in the elimination of the portion of deferred tax assets that the Company does not expect to recover. As a result, the Company posted income taxes-deferred (income taxes) of 222 million yen.

Due to these items, the Company forecasts consolidated sales of 6,203 million yen, an operating loss of 123 million yen, an ordinary loss of 143 million yen and a net loss of 417 million yen for the fiscal year ending on March 31, 2009.

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

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 first quarter of the current fiscal year, 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, recurring profit and income before income taxes by 8,303 thousand yen, respectively, compare to the previous method.

5. Quarterly Consolidated Financial Statements**(1) Consolidated Balance Sheets**

	<i>(Thousands of yen)</i>	
	Third quarter of FY3/09 (As of Dec. 31, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Assets		
Current assets		
Cash and deposits with banks	*3 4,012,580	3,641,068
Notes and accounts receivable	*2 1,541,776	*2 2,148,726
Securities	200,625	-
Merchandise	31,769	33,830
Finished goods	204,490	178,045
Raw materials	331,025	340,775
Work in process	152,750	229,269
Supplies	8,874	11,949
Others	272,815	401,202
Allowance for doubtful accounts	(2,040)	(3,410)
Total current assets	6,754,668	6,981,455
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	*1 1,125,557	*1 1,185,041
Machinery and vehicles, net	*1 1,202,838	*1 1,420,574
Others, net	*1 1,097,584	*1 1,096,510
Total property, plant and equipment	3,425,980	3,702,125
Intangible assets	31,249	29,768
Investments and other assets		
Others	95,531	183,535
Allowance for doubtful accounts	(1,991)	(1,909)
Total investments and other assets	93,539	181,625
Total fixed assets	3,550,770	3,913,519
Total assets	10,305,438	10,894,975

	<i>(Thousands of yen)</i>	
	Third quarter of FY3/09 (As of Dec. 31, 2008)	FY3/08 Summary (As of Mar. 31, 2008)
Liabilities		
Current liabilities		
Notes and accounts payable	443,878	465,866
Current portion of long-term borrowings	93,180	250,840
Accrued income taxes	3,698	13,665
Accrued bonuses	21,904	138,627
Provision for product warranties	8,500	-
Others	331,828	265,432
Total current liabilities	902,990	1,134,431
Long-term liabilities		
Long-term accounts payable	115,291	115,291
Others	9,180	-
Total long-term liabilities	124,472	115,291
Total liabilities	1,027,462	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	5,132,523	5,489,523
Treasury stock	(563,267)	(563,267)
Total shareholders' equity	9,266,300	9,623,300
Valuation and translation adjustments		
Unrealized holding gain on other securities	11,676	21,952
Total valuation and translation adjustments	11,676	21,952
Total net assets	9,277,976	9,645,252
Total liabilities and net assets	10,305,438	10,894,975

(2) Consolidated Statements of Income**(For the Nine-month Period)**

	<i>(Thousands of yen)</i>
	First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)
Net sales	5,065,855
Cost of goods sold	3,748,548
Gross profit	1,317,307
Selling, general, and administrative expenses	*1 1,256,475
Operating income	60,831
Non-operating income	
Interest income	11,192
Dividend income	712
Subsidy income	20,147
Miscellaneous revenue	8,735
Total non-operating income	40,787
Non-operating expenses	
Interest expense	1,509
Foreign exchange losses	52,497
Loss on valuation of investment securities	5,280
Total non-operating expenses	59,287
Recurring profit	42,331
Extraordinary income	
Reversal from allowance for doubtful accounts	100
Gain on sales of fixed assets	52
Total extraordinary income	152
Extraordinary loss	
Loss on disposal of fixed assets	29
Impairment losses	3,467
Total extraordinary loss	3,496
Income before income taxes	38,987
Income taxes-current	21,078
Income taxes-deferred	217,740
Total income taxes	238,819
Net loss	(199,831)

(3) Consolidated Statements of Cash Flows

	<i>(Thousands of yen)</i>
	First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)
Cash flows from operating activities	
Income before income taxes	38,987
Depreciation and amortization	417,366
Impairment losses	3,467
Loss on valuation of inventories	8,576
Increase (decrease) in accrued bonuses	(116,723)
Increase (decrease) in allowance for doubtful accounts	(1,287)
Increase (decrease) in provision for product warranties	8,500
Interest and dividend income	(11,904)
Interest expense	1,509
Loss (gain) on sale of property, plant and equipment	(52)
Loss on disposal of property, plant and equipment	29
Decrease (increase) in notes and accounts receivable	606,949
Decrease (increase) in inventories	56,436
Decrease (increase) in other accounts receivable	210,850
Increase (decrease) in notes and accounts payable	(21,987)
Increase (decrease) in accrued consumption taxes	(411)
Increase (decrease) in other accounts payable	(13,206)
Others	(55,417)
Subtotal	<u>1,131,681</u>
Interests and dividends received	7,196
Interests paid	(1,509)
Income taxes paid	(160,876)
Net cash provided by operating activities	<u>976,492</u>
Cash flows from investing activities	
Payment for purchases of property, plant and equipment	(139,244)
Proceeds from sale of property, plant, and equipment	63
Payment for purchases of intangible assets	(7,018)
Others	(189)
Net cash used in investing activities	<u>(146,389)</u>
Cash flows from financing activities	
Repayment of long-term borrowings	(157,660)
Payment for equipment notes payable	61,619
Decrease in accounts payable-equipment	(4,754)
Cash dividends paid	(157,169)
Net cash used in financing activities	<u>(257,964)</u>
Increase (decrease) in cash and cash equivalents	<u>572,138</u>
Cash and cash equivalents at beginning of period	<u>1,641,068</u>
Cash and cash equivalents at end of period	<u>*1 2,213,206</u>

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

Third quarter of FY3/09 (As of Dec. 31, 2008)	FY3/08 (As of Mar. 31, 2008)
*1. Accumulated depreciation on property, plant and equipment 4,064,847	*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 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 9,749	*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 20,000	—————

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

First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)	
*1. Significant components of selling, general and administrative expenses	
Packing and transportation	51,514
Officers' remunerations	141,007
Employee' wages	246,323
Provision of accrued bonuses	32,723
Retirement benefit expenses	9,150
Other personnel expenses	58,034
Commissions paid	98,028
Depreciation and amortization	36,787
R&D expenses	262,696
Entertainment expenses	108,894
Others	211,314
Total	1,256,475

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

First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)	
*1. Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows:	
	(As of Dec. 31, 2008)
Cash and deposits with banks	4,012,580
Time deposits with maturities longer than 3 months	(2,000,000)
MMF (securities)	200,625
Cash and cash equivalents	2,213,206

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.”

(4) Going Concern Assumption

Not applicable.

(5) Segment Information

1) Operating segment information

First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)

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	3,291,868	71.4	65.0
Lamps for RPTVs	299,898	43.4	5.9
Lamps for exposure equipment	62,372	77.1	1.2
Other halogen lamps	744,664	91.4	14.7
Purchased products	667,051	75.9	13.2
Total	5,065,855	71.6	100.0

2) Geographical segment information

First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)

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

3) Overseas sales

First nine months of FY3/09 (Apr. 1, 2008 – Dec. 31, 2008)

(Thousands of yen)

	N. America	Asia	Other regions	Total
I. Overseas sales	252,984	1,707,987	19,834	1,980,806
II. Consolidated sales	-	-	-	5,065,855
III. Overseas sales as a percentage of consolidated sales (%)	5.0	33.7	0.4	39.1

- Notes:
1. The geographic segmentation is decided primarily by geographic proximity.
 2. Major countries and regions, excluding Japan, included in geographic segmentation:
 - (1) North America: The United States, Canada, and Mexico
 - (2) Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, Saudi Arabia, etc.
 - (3) Other regions: Europe, Oceania, South America, Africa, etc.
 3. Overseas sales represent sales of the Company and its consolidated subsidiaries, excluding sales in Japan.

First nine months of FY3/09 (Apr. 1, 2007 – Dec. 31, 2007)

(Thousands of yen)

	N. America	Asia	Other regions	Total
I. Overseas sales	310,397	3,498,329	46,338	3,855,065
II. Consolidated sales	-	-	-	7,075,461
III. Overseas sales as a percentage of consolidated sales (%)	4.4	49.4	0.7	54.5

- Notes:
1. The geographic segmentation is decided primarily by geographic proximity.
 2. Major countries and regions, excluding Japan, included in geographic segmentation:
 - (1) North America: The United States, Canada, and Mexico
 - (2) Asia: China, Taiwan, Hong Kong, Malaysia, Singapore, India, Saudi Arabia, etc.
 - (3) Other regions: Europe, Oceania, South America, Africa, etc.
 3. 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***(Thousands of yen)*

	First nine months of FY3/08 (Apr. 1, 2007 – Dec. 31, 2007)
Account	Amount
I Net sales	7,075,461
II Cost of goods sold	4,581,324
Gross profit	2,494,137
III Selling, general, and administrative expenses	1,489,232
Operating income	1,004,904
IV Non-operating income	30,399
1. Interest income	2,796
2. Dividend income	512
3. Subsidy income	21,775
4. Miscellaneous revenue	5,315
V Non-operating expenses	81,198
1. Interest expense	4,316
2. Foreign exchange losses	69,633
3. Miscellaneous loss	7,248
Recurring profit	954,105
VI Extraordinary loss	18,962
1. Loss on disposal of fixed assets	685
2. Impairment losses	12,952
3. Loss on sale of affiliate stock	5,324
Income before income taxes	935,142
Income taxes	410,413
Net income	524,729

** 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.*