PHOENIX Electric Co.,Ltd.

May 15, 2007

Consolidated Financial Results for the Fiscal Year Ended March 31, 2007

Company name: PHOENIX Electric Co., Ltd. Listing: Tokyo Stock Exchange, First Section; JASDAQ
Stock code: 6927 URL: http://www.phoenix-elec.co.jp
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Scheduled date of General Meeting of Shareholders: June 22, 2007
Scheduled date of filing of Annual Security Report: June 25, 2007
Scheduled date of payment of dividend: June 25, 2007

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

1. Consolidated Financial Results (April 1, 2006 – March 31, 2007)

(1) Consolidated Results of Operations

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

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2007	10,787	(8.5)	1,910	(28.6)	1,898	(31.1)	1,111	(18.0)
Fiscal year ended Mar. 2006	11,792	6.7	2,674	2.4	2,757	8.6	1,354	(10.9)

	Net income per share (basic)	Net income per share (diluted)	ROE	Recurring profit to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 2007	48.74	-	11.4	15.5	17.7
Fiscal year ended Mar. 2006	56.98	-	15.4	22.4	22.7

Reference: Equity in earnings of affiliates (million yen) Mar. 2007: - Mar. 2006: -

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2007	12,067	10,110	83.8	443.29
As of March 31, 2006	12,431	9,358	75.3	407.90

Reference: Shareholders' equity (million yen) Mar. 2007: 10,110 Mar. 2006: 9,358

(3) Consolidated Cash Flow Position

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 2007	1,524	(188)	(520)	3,448
Fiscal year ended Mar. 2006	2,226	(1,322)	(572)	2,632

2. Dividends

	Dividend per share			Total dividends (Annual)	Payout ratio (Consolidated)	Dividend on equity (Consolidated)
Record date	Interim	Year-end	Annual			
	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Mar. 2006	5.00	7.00	12.00	273	21.1	3.1
Fiscal year ended Mar. 2007	5.00	5.00	10.00	228	20.5	2.3
Fiscal year ending Mar. 2008 (forecast)	5.00	5.00	10.00		25.0	

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

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	4,824	(16.8)	528	(53.6)	530	(53.4)	316	(51.0)	13.87
Full year	10,497	(2.7)	1,536	(19.5)	1,560	(17.8)	910	(18.1)	39.94

4. Others

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

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

1) Changes caused by revision of accounting standards: Yes

2) Other changes: None

(3) Number of shares outstanding (common shares)

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

Mar. 2007: 22,806,900 shares Mar. 2006: 22,806,900 shares

2) Number of treasury stock at the end of period

Mar. 2007: 99 shares Mar. 2006: 0 shares

Note: Please refer to "Per Share Data" on page 31 for the number of shares used in calculating consolidated net income per share.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results (April 1, 2006 – March 31, 2007)

(1) Non-consolidated Results of Operations

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

	Net sales		Operating income		Recurring profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 2007	9,742	(7.5)	1,852	(27.8)	1,851	(30.2)	1,085	(16.4)
Fiscal year ended Mar. 2006	10,531	5.3	2,564	1.9	2,653	8.1	1,297	(11.7)

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
Fiscal year ended Mar. 2007	47.59	-
Fiscal year ended Mar. 2006	54.47	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2007	11,735	9,881	84.2	433.26
As of March 31, 2006	12,086	9,158	75.8	399.14

Reference: Shareholders' equity (million yen) Mar. 2007: 9,881 Mar. 2006: 9,158

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

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

	Net sales		Operating income		Recurring profit		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	4,270	(18.8)	481	(57.1)	488	(56.8)	290	(54.6)	12.72
Full year	9,369	(3.8)	1,440	(22.3)	1,474	(20.4)	857	(21.0)	37.59

Note: The above-stated forecast of operating results is based on information available to management at the time this report was prepared. Readers should be aware that actual results may differ substantially from these projections for a number of factors.
Please refer to "1. Results of Operations (1) Analysis of Results of Operations" on page 3 for further information concerning these forecasts.

1. Results of Operations

(1) Analysis of Results of Operations

1) Overview

During the current fiscal year under review, the global economy continued to expand. Although consumer spending was unable to drive growth, the economy benefited from solid U.S. economic expansion along with continuing economic growth in China and the other BRIC nations. In Japan, the economy continues to grow at a moderate pace. Corporate earnings are increasing consistently, mainly due to strength in overseas markets, and capital expenditures are climbing, even in the nonmanufacturing sector.

In this environment, there was solid growth in the projector market, where many of the Company's products are used. However, growth was centered on lower-priced models used by companies and schools. Growth in the volume of projector lamp sales matched the Company's forecast for the fiscal year. But lower-priced lamps were responsible for increase, resulting in a decline in unit sales prices of lamps. As a result, projector lamp sales decreased 6.5% to 7,015,416 thousand yen.

In the market for rear projection televisions (RPTVs) and other large-screen TVs, competition has become increasingly fierce. Manufacturers of LCD TVs and plasma TVs are making large investments as they compete by cutting prices. Due to this competition, there was a sharp decline in demand for lamps used in new TVs. However, production of RPTV replacement lamps was in line with plans. The result was a 26.3% decline in RPTV lamp sales to 1,361,695 thousand yen.

For other halogen lamps, sales increased 5.3% to 1,306,684 thousand yen due to the introduction of distinctive products with outstanding quality that target general-purpose and automotive applications.

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

Despite the initiatives, consolidated net sales decreased 8.5% to 10,787,440 thousand yen, recurring profit was down 31.1% to 1,898,973 thousand yen and net income decreased 18.0% to 1,111,704 thousand yen.

In the current fiscal year under review, the Company developed a lamp for exposure equipment in order to start a new business. Preparations to commercialize this product have been completed and aggressive sales activities have started. Several manufacturers of exposure equipment have expressed an interest in the Company's lamps, indicating that this product will be selected as a new light source. As a result, the Company expects this business to begin posting significant growth in the new fiscal year ending in March 31, 2008.

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 (Thousands of yen)	YoY change (%)	Composition (%)
Lamps for projector	7,015,416	93.5	65.0
Lamps for RPTVs	1,361,695	73.7	12.6
Other halogen lamps	1,306,684	105.3	12.1
Purchased products	1,103,643	91.7	10.2
Total	10,787,440	91.5	100.0

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.

4) Outlook for new fiscal year

In Japan, the outlook is for more strength in corporate earnings. However, there are a number of risks. The outlook for the U.S. economy is unclear. Furthermore, Japan's economy may be affected by the higher cost of crude oil and other basic materials, an upturn in long-term interest rates and an appreciation of the yen.

In the projector market, which is the primary source of demand for the Group's products, demand is expected to grow for products used by companies, schools and individuals. But this growth will probably be accompanied by a further decline prices.

In the large-screen TV market, competition is likely to become even more intense. This competition is creating more challenges for RPTVs and making it even more difficult for the Group to respond positively.

To overcome these challenges, the Group plans to increase sales by establishing ties with new customers while cutting costs through heightened collaboration among sales, technology, manufacturing and procurement activities in order to offer more competitive prices.

Regarding illumination units for exposure equipment, which the Group plans to develop into a new business, plans call for the full-scale launch of commercial operations in the current fiscal year.

Based on this outlook, the Company is forecasting consolidated net sales of 10,497 million yen, recurring profit of 1,560 million yen and net income of 910 million yen in the fiscal year ending in March 31, 2008.

(2) Analysis of Financial Position

1) Balance sheet position

i) Assets

Assets amounted to 12,067,347 thousand yen at the end of March 2007, 364,376 thousand yen less than one year earlier. Current assets increased 270,548 thousand yen to 7,632,872 thousand yen as an increase in cash and deposits more than offset declines in notes and accounts receivable and inventories. Fixed assets totaled 4,434,475 thousand yen, 634,925 thousand yen less than one year earlier, due to a decrease in investments and other assets, and a decrease in property, plant and equipment by 576,768 thousand yen as depreciation exceeded capital expenditures, which were restricted to the exposure equipment lamp business and measures to raise production yields and cut costs.

ii) Liabilities

Liabilities decreased 1,116,167 thousand yen to 1,957,306 thousand yen. There were declines of 493,045 thousand yen in accrued income taxes, 253,160 thousand yen in long-term borrowings and 211,301 thousand yen in other accounts payable.

iii) Net assets

Net assets increased 751,790 thousand yen to 10,110,043 thousand yen.

2) Cash flow position

The balance of cash and cash equivalents as of March 31, 2007 totaled 3,448,465,000 yen, 816,168,000 yen more 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 decreased 702,163 thousand yen to 1,524,211 thousand yen. Net income before income taxes decreased 421,636 thousand yen to 1,885,367 thousand yen, there was a reversal of allowance for officers' severance benefits and a decrease in other accounts payable. Offsetting these items somewhat were decreases in notes and accounts receivable and income tax payments.

Investing activities:

Net cash used in investing activities decreased 1,134,390 thousand yen to 188,138 thousand yen. There was a substantial decline in payment for purchase of property, plant and equipment as the Company restricted capital expenditures to facilities for the exposure equipment lamp business and measures to improve production yields and cut costs.

Financing activities:

Net cash used in financing activities decreased 51,951 thousand yen to 520,376 thousand yen due to the completion of the payment of installment accounts due during the fiscal year. Repayment of long-term borrowings, and cash dividends paid were about the same as in the previous fiscal year.

(Reference) Cash Flow Indicators

A summary of cash flow-related indicators is as follows

	FY3/03	FY3/04	FY3/05	FY3/06	FY3/07
Shareholders' equity ratio (%)	69.9	65.2	68.3	75.3	83.8
Shareholders' equity ratio at market cap (%)	97.7	329.4	335.0	204.2	109.6
Interest-bearing debt to cash flow ratio (%)	0.2	2.2	1.0	0.3	0.3
Interest coverage ratio (times)	50.8	148.6	64.1	187	176.5

Shareholders' equity ratio: shareholders' equity/ total assets

Shareholders' equity ratio on a market capitalization basis: market capitalization/ total assets

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) Fundamental Policy Regarding Distribution of Earnings and Dividends for FY3/07 and FY3/08

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 a year-end dividend of 5 yen per share, which will result in a dividend of 10 yen per share applicable to the fiscal year.

In principle, the Company's policy is to base future dividend payments on a payout ratio of 25%. For the fiscal year ending in March 2008, the Company plans to pay a dividend of 10 yen per share.

(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 March 31, 2007.

1) Business activities 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 lamps for RPTVs accounted for 77.7% of total sales compared with 79.3% one year earlier. Consequently, the Group's operating results are subject to changes in the markets for projectors and RPTVs, the primary applications for super-high-pressure mercury lamps.

2) Reliance on major customers

Sales to major customers in the previous and current fiscal year 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	FY3/06		FY3/07	
	Amount	%	Amount	%
InFocus Corporation	2,784,762	23.6	2,696,705	25.0
TOSHIBA CORPORATION	2,212,539	18.8	2,191,002	20.3
Sharp Corporation	1,787,910	15.2	1,548,544	14.4

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 60.6% of total sales in the previous fiscal year and 56.1% of total sales in the current fiscal year.

Most export sales are denominated in U.S. dollars, with some transactions using the euro instead. In addition, the Company 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 55,365,000 dollars in the previous fiscal year and 45,189,000 dollars in the current fiscal year. Purchases denominated in U.S. dollars totaled 2,266,000 dollars in the previous fiscal year and 5,223,000 dollars in the current fiscal year. 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 RPTVs, 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 RPTVs. 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.

2. Corporate Group

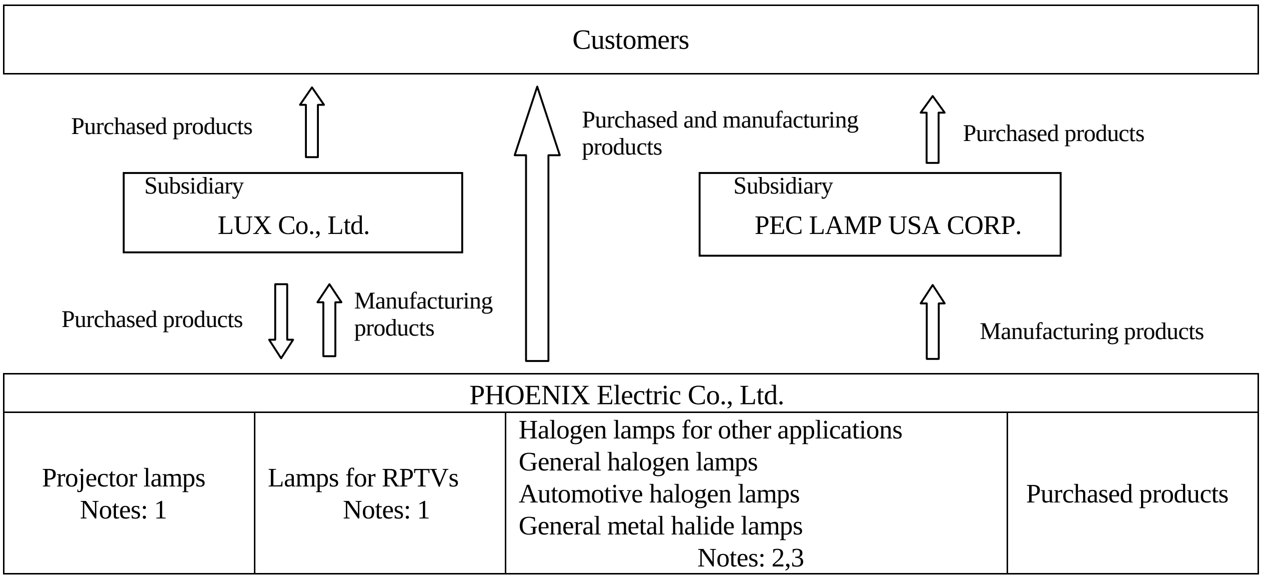
The PHOENIX Electric Group (the Group) is made up of PHOENIX Electric Co., Ltd., the parent company (the Company) and two subsidiaries. The Group is engaged primarily in the manufacture and sale of lamps for projectors, large-screen rear projection televisions (RPTVs), general halogen lamps, automotive 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	Sale of illumination lamps and illumination products
PEC LAMP USA CORP.	U.S.A.	Sales of halogen lamps, metal halide lamps and other lamps

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 just a few 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 general 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.

3. Management Policies

(1) Fundamental Management Policies

Corporate Vision

The Company's philosophy is that "PHOENIX Electric optical-technology 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

PHOENIX is committed to contributing to society by ensuring a transparent, open corporate organization that is fair and equitable to all stakeholders, including shareholders, employees, suppliers and the society in which the Company operates.

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 industry-leading performance and quality

Supply products that consistently meet global standards for performance and differentiate the Company's products by also offering customers the best performance and quality in the industry.

(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 RPTVs 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 RPTVs) where the Company can best leverage its unique competitive strengths. In addition, the Company is channeling resources to its new illumination units for exposure equipment business in order to start full-scale commercial operations.

- 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) Important Issues

The PHOENIX Electric Group is dedicated to rewarding all its stakeholders, including shareholders, customers, suppliers, employees and society. For this purpose, the entire Group is dedicated to improving operating results, increasing corporate value and fulfilling its social obligations.

In the projector market, which is a core market sector for the Group, more growth in demand is foreseen for projectors used by companies, schools and individuals. However, intense price competition in the projector market is also having an impact on projector lamps. Competition is also extremely intense in the TV market as manufacturers offer larger screens and lower prices.

In this environment, the Group will continue to allocate resources only to carefully selected business fields. Other goals are building a powerful management structure that emphasizes speed and sustaining growth in business operations. To accomplish these goals, the Group is concentrating on the following issues.

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) Start full-scale operations in the new business unit (illumination units for exposure equipment)

4) Take specific actions to establish a framework based on the newly established "Fundamental Policy for Internal Control Systems"

5) Develop products and improve factories to reflect environmental issues

(4) Other Important Matters

No reportable information.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

Account	Note	FY3/06 As of Mar. 31, 2006 Amount	%	FY3/07 As of Mar. 31, 2007 Amount	%	Change Amount
ASSETS						
I Current assets						
1. Cash and deposits with banks		2,632,297		3,448,465		816,168
2. Notes and accounts receivable	*3	2,904,265		2,437,304		(466,960)
3. Inventories		1,261,579		1,162,736		(98,842)
4. Deferred tax assets		326,196		173,318		(152,877)
5. Others		244,153		415,815		171,662
Allowance for doubtful accounts		(6,167)		(4,768)		1,398
Total current assets		7,362,323	59.2	7,632,872	63.3	270,548
II Fixed assets						
1. Property, plant and equipment						
(1) Buildings and structures	*2	1,355,548		1,264,932		(90,616)
(2) Machinery and vehicles	*1,2	2,302,246		1,825,581		(476,665)
(3) Land		1,001,437		1,001,437		-
(4) Construction in progress		10,817		17,263		6,446
(5) Others	*2	124,361		108,427		(15,933)
Total property, plant and equipment		4,794,411	38.6	4,217,642	35.0	(576,768)
2. Intangible assets		11,740	0.1	9,856	0.1	(1,884)
3. Investments and other assets						
(1) Investment securities		194,311		139,081		(55,229)
(2) Deferred tax assets		17,081		21,323		4,242
(3) Others		56,484		49,294		(7,189)
Allowance for doubtful accounts		(4,628)		(2,724)		1,904
Total investments and other assets		263,248	2.1	206,976	1.7	(56,272)
Total fixed assets		5,069,400	40.8	4,434,475	36.7	(634,925)
Total assets		12,431,724	100.0	12,067,347	100.0	(364,376)

(Thousands of yen)

		FY3/06 As of Mar. 31, 2006		FY3/07 As of Mar. 31, 2007		Change
Account	Note	Amount	%	Amount	%	Amount
LIABILITIES						
I Current liabilities						
1. Notes and accounts payable	*3	731,054		688,651		(42,403)
2. Current portion of long-term borrowings		244,920		253,160		8,240
3. Accrued income taxes		558,592		65,546		(493,045)
4. Accrued bonuses		225,244		178,889		(46,354)
5. Others	*1,3	662,715		402,498		(260,216)
Total current liabilities		2,422,526	19.5	1,588,746	13.2	(833,779)
II Long-term liabilities						
1. Long-term borrowings		504,000		250,840		(253,160)
2. Long-term accounts payable		-		115,291		115,291
3. Deferred tax liabilities		2,213		1,226		(987)
4. Accrued officers' severance benefits		143,532		-		(143,532)
5. Others		1,200		1,200		-
Total long-term liabilities		650,945	5.2	368,557	3.1	(282,387)
Total liabilities		3,073,471	24.7	1,957,303	16.2	(1,116,167)
SHAREHOLDERS' EQUITY						
I Common stock		2,133,177	17.2	-	-	(2,133,177)
II Capital surplus		2,563,867	20.6	-	-	(2,563,867)
III Retained earnings		4,570,522	36.8	-	-	(4,570,522)
IV Unrealized holding gain on other securities		88,361	0.7	-	-	(88,361)
V Foreign currency translation adjustments		2,323	0.0	-	-	(2,323)
Total shareholders' equity		9,358,252	75.3	-	-	(9,358,252)
Total liabilities and shareholders' equity		12,431,724	100.0	-	-	(12,431,724)
NET ASSETS						
I Shareholders' equity						
1. Common stock		-		2,133,177	17.7	2,133,177
2. Capital surplus		-		2,563,867	21.2	2,563,867
3. Retained earnings		-		5,353,214	44.4	5,353,214
4. Treasury stock		-		(79)	0.0	(79)
Total shareholders' equity		-	-	10,050,179	83.3	10,050,179
II Valuation and translation adjustments						
1. Unrealized holding gain on other securities		-		55,156	0.5	55,156
2. Foreign currency translation adjustments		-		4,707	0.0	4,707
Total valuation and translation adjustments		-	-	59,864	0.5	59,864
Total net assets		-	-	10,110,043	83.8	10,110,043
Total liabilities and net assets		-	-	12,067,347	100.0	12,067,347

(2) Consolidated Statements of Income

(Thousands of yen)

		FY3/06 Apr. 1, 2005 – Mar. 31, 2006			FY3/07 Apr. 1, 2006 – Mar. 31, 2007			Change	
Account	Note	Amount		%	Amount		%	Amount	
I NET SALES			11,792,998	100.0		10,787,440	100.0		(1,005,557)
II Cost of goods sold			7,276,693	61.7		6,986,721	64.8		(289,971)
Gross profit			4,516,304	38.3		3,800,718	35.2		(715,586)
III Selling, general, and administrative expenses	*1,2		1,842,162	15.6		1,890,636	17.5		48,473
OPERATING INCOME			2,674,142	22.7		1,910,082	17.7		(764,059)
IV Non-operating income									
1. Interest income		1,217			987			(229)	
2. Dividend income		262			412			150	
3. Foreign exchange gains		102,899			-			(102,899)	
4. Incentive for employment promotion		-			5,870			5,870	
5. Rent income		-			1,797			1,797	
6. Miscellaneous revenue		8,148	112,527	1.0	4,002	13,069	0.1	(4,146)	(99,458)
V Non-operating expenses									
1. Interest expense		12,225			8,636			(3,588)	
2. Foreign exchange losses		-			10,675			10,675	
3. Loan commitment fees		5,149			4,008			(1,141)	
4. Listing expenses		12,000			-			(12,000)	
5. Miscellaneous loss		86	29,461	0.2	858	24,178	0.2	772	(5,282)
RECURRING PROFIT			2,757,208	23.4		1,898,973	17.6		(858,235)
VI Extraordinary income									
1. Reversal from allowance for doubtful accounts		2,717	2,717	0.0	873	873	0.0	(1,843)	(1,843)
VII Extraordinary loss									
1. Loss on disposal of fixed assets	*3	3,165			2,920			(245)	
2. Impairment losses	*4	25,064			-			(25,064)	
3. Loss on disposal of inventories		1,406			-			(1,406)	
4. Product warranty	*5	383,474			-			(383,474)	
5. Provision of prior-year accrued officers' severance benefits		39,809			-			(39,809)	
6. Accrued officers' severance benefits		-	452,921	3.8	11,558	14,479	0.1	11,558	(438,442)
Net income before income taxes			2,307,003	19.6		1,885,367	17.5		(421,636)
Income taxes- current		1,111,712			603,492			(508,220)	
Income taxes- deferred		(159,651)	952,061	8.1	170,171	773,663	7.2	329,822	(178,398)
NET INCOME			1,354,941	11.5		1,111,704	10.3		(243,237)

(3) Consolidated Statements of Retained Earnings

(Thousands of yen)

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

(4) Consolidated Statements of Changes in Shareholders’ Equity

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

(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)
Bonuses for officers through appropriation of income			(55,330)		(55,330)
Net income			1,111,704		1,111,704
Acquisition of treasury stock				(79)	(79)
Changes (net) in items other than shareholders’ equity					
Total changes in the period			782,691	(79)	782,611
Balance as of Mar. 31, 2007	2,133,177	2,563,867	5,353,214	(79)	10,050,179

	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)
Bonuses for officers through appropriation of income				(55,330)
Net income				1,111,704
Acquisition of treasury stock				(79)
Changes (net) in items other than shareholders’ equity	(33,204)	2,383	(30,820)	(30,820)
Total changes in the period	(33,204)	2,383	(30,820)	751,790
Balance as of Mar. 31, 2007	55,156	4,707	59,864	10,110,043

(5) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007	Change
Account	Amount	Amount	Amount
I CASH FLOWS FROM OPERATING ACTIVITIES			
1. Income before income taxes	2,307,003	1,885,367	(421,636)
2. Depreciation and amortization	681,818	754,549	72,730
3. Impairment losses	25,064	-	(25,064)
4. Increase (decrease) in allowance for officers' severance benefits	60,642	(143,532)	(204,174)
5. Increase (decrease) in accrued bonuses	3,052	(46,354)	(49,406)
6. Increase (decrease) in allowance for doubtful accounts	(3,244)	(3,303)	(58)
7. Interest and dividend income	(1,479)	(1,399)	79
8. Interest expense	12,225	8,636	(3,588)
9. Loss on disposal of fixed assets	3,165	2,920	(245)
10. Decrease (increase) in notes and accounts receivable	(51,291)	466,960	518,252
11. Decrease (increase) in inventories	272,521	98,842	(173,678)
12. Decrease (increase) in other accounts receivable	18,614	(170,932)	(189,547)
13. Increase (decrease) in notes and accounts payable	112,985	(42,403)	(155,388)
14. Increase (decrease) in other accounts payable	402,156	(236,076)	(638,232)
15. Increase (decrease) in long-term accounts payable	-	115,291	115,291
16. Bonuses for officers through appropriation of income	(54,300)	(55,330)	(1,030)
17. Others	(15,112)	(12,152)	2,960
Subtotal	3,773,822	2,621,084	(1,152,737)
18. Interests and dividends received	1,479	1,399	(79)
19. Interests paid	(11,903)	(8,541)	3,362
20. Income taxes paid	(1,537,023)	(1,089,731)	447,291
Net cash provided by operating activities	2,226,374	1,524,211	(702,163)
II CASH FLOWS FROM INVESTING ACTIVITIES			
1. Payment for purchases of property, plant and equipment	(1,321,565)	(191,231)	1,130,333
2. Proceeds from sale of property, plant, and equipment	-	1,689	1,689
3. Others	(962)	1,404	2,367
Net cash used in investing activities	(1,322,528)	(188,138)	1,134,390
III CASH FLOWS FROM FINANCING ACTIVITIES			
1. Repayment of long-term borrowings	(249,040)	(244,920)	4,120
2. Payment for purchases by installment	(38,202)	(1,694)	36,507
3. Payment for acquisition of treasury stock	-	(79)	(79)
4. Cash dividends paid	(285,086)	(273,682)	11,403
Net cash provided by (used in) financing activities	(572,328)	(520,376)	51,951
IV Effect of exchange rate changes on cash and cash equivalents	11,795	472	(11,323)
V Increase in cash and cash equivalents	343,314	816,168	472,854
VI Cash and cash equivalents at beginning of period	2,288,982	2,632,297	343,314
VII Cash and cash equivalents at end of period	2,632,297	3,448,465	816,168

(6) Significant Accounting Policies in the Preparation of the Consolidated Financial Statements

	FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
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.
2. Application of equity method	The Company has no affiliates accounted for by the equity method.	Same as on the left.
3. Fiscal year end of consolidated subsidiaries	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.	Same as on the left.
4. Significant accounting standards (1) Valuation criteria and methods for significant assets	a. Valuation criteria and methods for 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 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. c. Valuation criteria and methods for 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.	a. Valuation criteria and methods for 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 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. c. Valuation criteria and methods for 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.	a. Property, plant and equipment Same as on the left.

	FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
	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 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.	Useful lives of principal assets are as follows: Buildings and structures: 7-38 years Machinery and vehicles: 4-15 years b. Intangible assets Same as on the left.
(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 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.	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.

	FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
		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 "Others" in current liabilities and "Long-term payables" in long-term liabilities under review.
(4) Significant lease transactions	―――――	―――――
(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.
(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.	a. Accounting for consumption taxes Same as on the left.
5. Evaluation of assets and liabilities of consolidated subsidiaries	Assets and liabilities of the consolidated subsidiaries are fully evaluated by the fair market value method.	Same as on the left.

	FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
6. Appropriation of earnings	(1) Appropriation of retained earnings or disposition of loss Appropriation of retained earnings or disposition of accumulated loss is based on appropriations/dispositions approved and applicable to the current consolidated fiscal year. (2) Notes required under the regulations of statement of consolidated retained earnings Regarding retained earnings of consolidated subsidiaries, only the equity in retained earnings corresponding to the equity stake after the acquisition of capital interest is included in retained earnings.	―――――― ――――――
7. 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.

Change in Accounting Principles

FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
(Accounting for impairment of fixed assets) Effective the current fiscal year, the Company has adopted "Accounting for Impairment of Fixed Assets (Business Accounting Council, August 9, 2002)" and "Guidance for Accounting Standards for Impairment of Fixed Assets (ASBJ Guidance No. 6: Accounting Standards Board of Japan, October 31, 2003). The effect of this change was to decrease income before income taxes by 25,064 thousand 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 fiscal year, the Company has adopted "Accounting Standard for Presentation of Net Assets on Balance Sheet" (ASBJ Statement No. 5, December 9, 2005) and "Accounting Standard Implementation Guidance for Presentation of Net Assets on Balance Sheet" (ASBJ Guidance No. 8: Accounting Standards Board of Japan, 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 10,110,043,000 yen. Effective from the current fiscal year, the Company has adopted the amended "Regulations Regarding Terminology, Forms, and Methods of Preparation of 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 fiscal year, 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). The effect of this change on profit/loss is insignificant.

Reclassification

FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
―――――	(Consolidated statements of income) Effective the current fiscal year, "Rent income," included in "Others" under non-operating income in prior periods, is reclassified and presented as a separate line item, given that it now exceeds 10/100 of total non-operating income. "Rent income" totaled 1,736 thousand yen in the previous fiscal year.

(7) Notes to Consolidated Financial Statements

Notes to consolidated balance sheets

(Thousands of yen)

<table>
<tr><th>FY3/06
As of Mar. 31, 2006</th><th>FY3/07
As of Mar. 31, 2007</th></tr>
<tr><td>*1. 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>25,757</td></tr>
<tr><td>Total</td><td>25,757</td></tr>
</table>
<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>
<tr><td>Total</td><td>1,694</td></tr>
</table></td><td>―</td></tr>
<tr><td>*2. Accumulated depreciation on property, plant and equipment
2,433,096</td><td>*2. Accumulated depreciation on property, plant and equipment
3,169,720</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 and accounts receivable 17,219
Notes and accounts payable 26,822
Other (current liabilities) 3,675</td></tr>
</table>

Notes to consolidated statements of income

(Thousands of yen)

<table>
<tr><th>FY3/06
Apr. 1, 2005 – Mar. 31, 2006</th><th>FY3/07
Apr. 1, 2006 – Mar. 31, 2007</th></tr>
<tr><td>*1 Significant components of selling, general and administrative expenses
Packing and transportation 119,206
Officers’ remunerations 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</td><td>*1 Significant components of selling, general and administrative expenses
Packing and transportation 123,726
Officers’ remunerations 188,851
Employee’ wages 393,755
Provision of accrued bonuses 97,583
Retirement benefit expenses 12,806
Other personnel expenses 104,745
Commissions paid 141,579
Depreciation and amortization 70,522
R&D expenses 304,209
Entertainment expenses 79,507
Others 373,349
Total 1,890,636</td></tr>
<tr><td>*2 Aggregate R&D expenses of 285,444,000 yen are presented as a component of SG&A expenses.</td><td>*2 Aggregate R&D expenses of 304,209,000 yen are presented as a component of SG&A expenses.</td></tr>
<tr><td>*3 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</td><td>*3 Significant components of loss on disposal of fixed assets
Loss on disposal of buildings and structures 1,192
Loss on disposal of machinery and vehicles 1,728
Total 2,920</td></tr>
<tr><td>*4 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.</td><td>―――――</td></tr>
<tr><td>*5 Product warranty
The Group 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.</td><td>―――――</td></tr>
</table>

Notes to Consolidated Statements of Changes in Shareholders' Equity

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

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 Mar. 31, 2007
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 Mar. 31, 2007
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
Board of directors on November 15, 2006	Common shares	114,034	5.00	September 30, 2006	December 11, 2006

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Source of funds	Total amount of dividend (Thousand yen)	Dividend per share (Yen)	Record date	Effective date
General meeting of shareholders on June 22, 2007	Common shares	Retained earnings	114,034	5.00	March 31, 2007	June 25, 2007

Notes to statements of cash flows

(Thousands of yen)

FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows: (As of Mar. 31, 2006) Cash and deposits with banks 2,632,297 Cash and cash equivalents 2,632,297	Reconciliation of consolidated balance sheet items to cash and cash equivalents in consolidated statements of cash flows: (As of Mar. 31, 2007) Cash and deposits with banks 3,448,465 Cash and cash equivalents 3,448,465

Segment Information

1. Operating segment information

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.

FY3/07 (Apr. 1, 2006 – Mar. 31, 2007)

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

2. Geographical segment information

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

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

FY3/07 (Apr. 1, 2006 - Mar. 31, 2007)

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

3. Overseas sales

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

(Thousands of yen)

	N. America	Asia	Other regions	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.

FY3/07 (Apr. 1, 2006 - Mar. 31, 2007)

(Thousands of yen)

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

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.

Leases

FY3/06 Apr. 1, 2005 – Mar. 31, 2006	FY3/07 Apr. 1, 2006 – Mar. 31, 2007
Finance lease transactions not involving the transfer of title to lessee: No reportable information.	Finance lease transactions not involving the transfer of title to lessee: No reportable information.

Related Party Transactions

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

No reportable information.

FY3/07 (Apr. 1, 2006 - Mar. 31, 2007)

Officers and individual shareholders

Types of related party		Main shareholder (Individual) and his family
Name		Masaya Nakamura
Address		Ota-ku, Tokyo
Capital or investment (Million yen)		-
Business or occupation		Advisor
Share of voting rights (%)		(Owned) Direct 27.84%
Relationship	Directors	-
	Business	-
Types of transaction		Advice and guidance concerning management
Transaction amount (Thousand yen)		4,003
Account		-
Ending balance (Million yen)		-

Note: Terms for the provision of management advice and guidance are determined based on similar transactions and on market prices.

Deferred Income Taxes

(Thousands of yen)

FY3/06 As of March 31, 2006		FY3/07 As of March 31, 2007	
1. Significant components of deferred tax assets and liabilities		1. Significant components of deferred tax assets and liabilities	
Deferred tax assets:		Deferred tax assets:	
Unadmitted product warranty	155,690	Unadmitted product warranty	61,825
Provision of accrued officers' severance benefits in excess of maximum permitted under corporate tax laws	58,274	Unadmitted accrued officers' severance benefits	50,298
Unadmitted impairment losses	10,176	Unadmitted impairment losses	10,176
Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	91,449	Provision of accrued bonuses in excess of maximum permitted under corporate tax laws	72,614
Unadmitted accrued enterprise taxes	45,702	Unadmitted accrued enterprise taxes	9,346
Unadmitted accrued office taxes	6,944	Unadmitted accrued office taxes	7,047
Others	39,761	Others	23,526
Less deferred tax liabilities	(64,721)	Less deferred tax liabilities	(40,192)
Total deferred tax assets	343,277	Total deferred tax assets	194,642
Deferred tax liabilities:		Deferred tax liabilities:	
Net unrealized difference on investment securities	(60,395)	Net unrealized difference on investment securities	(37,699)
Others	(6,539)	Others	(3,718)
Less deferred tax assets	64,721	Less deferred tax assets	40,192
Total deferred tax liabilities	(2,213)	Total deferred tax liabilities	(1,226)
Net deferred tax assets	341,064	Net deferred tax assets	193,416
Reconciliation of deferred tax assets as of March 31, 2006 with consolidated balance sheet accounts:		Reconciliation of deferred tax assets as of March 31, 2007 with consolidated balance sheet accounts:	
Current assets: Deferred tax assets	326,196	Current assets: Deferred tax assets	173,318
Fixed assets: Deferred tax assets	17,081	Fixed assets: Deferred tax assets	21,323
Long-term liabilities: Deferred tax liabilities	(2,213)	Long-term liabilities: Deferred tax liabilities	(1,226)
2. Significant sources of difference between the statutory and effective tax rates:		2. Significant sources of difference between the statutory and effective tax rates:	
Statutory tax rate	40.6%	Statutory tax rate	40.6%
Entertainment expenses not allowed to be included in expenses	1.5%	Entertainment expenses not allowed to be included in expenses	1.8%
Per capita residential tax	0.3%	Per capita residential tax	0.3%
R&D tax credit	(1.3)%	R&D tax credit	(1.9)%
Others	0.2%	Others	0.2%
Effective tax rate	41.3%	Effective tax rate	41.0%

Securities

FY3/06 (April 1, 2005 - March 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

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

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	116,200	92,856

2. Securities without market quotations

Securities classified as “Other securities”

(Thousands of yen)

Security	Carrying value
Unlisted foreign stock	22,881

Derivatives

1. Transaction details

FY3/06 April 1, 2005 - March 31, 2006	FY3/07 April 1, 2006 - March 31, 2007
1. Derivative transactions (Forward foreign exchange contracts) (Interest rate swap transaction) The Company uses interest rate swaps for converting the floating interest rate on certain borrowings from financial institutions into a fixed interest rate. 2. Purpose and policy (Forward foreign exchange contracts) The Company uses forward foreign exchange contracts to reduce its exposure to market risk from fluctuation in currency exchange on foreign currency denominated trade receivables resulting from exports. The Company hedges risk on a part of foreign currency denominated monetary receivables. The Board of Directors approves this transaction only for the purpose of reducing foreign exchange risk. (Interest rate swap transaction) The Company uses derivative transactions only to reduce its exposure to market risk from fluctuations in interest rates and does not hold or issue highly leveraged derivative instruments. The Company also does not hold or issues financial derivative instruments for trading purposes. 1) Hedging instruments and risks hedged Hedging instrument: Interest rate swaps Risk hedged: Interest on borrowings 2) Hedging method The Company uses cash flow hedges comprising interest rate swaps to reduce its exposure to fluctuations in interest rates on its borrowings. 3) 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. 3. Transaction risks (Forward foreign exchange contracts) Forward foreign exchange contracts carry risks arising from change in currency exchange rates.	1. Derivative transactions (Forward foreign exchange contracts) (Interest rate swap transaction) Same as on the left. 2. Purpose and policy (Forward foreign exchange contracts) Same as on the left. (Interest rate swap transaction) Same as on the left. 3. Transaction risks (Forward foreign exchange contracts) Same as on the left.

FY3/06 April 1, 2005 - March 31, 2006	FY3/07 April 1, 2006 - March 31, 2007
(Interest rate swap transaction) Interest rate swap transaction contains some risks on market rate fluctuation. The Company makes derivative transaction with major domestic banks with high credit rating, thus the Company is of the opinion that the default risk is nominal. 4. Risk management (Forward foreign exchange contracts) The Company enters into forward foreign exchange contracts only after approval of the Board of Directors. (Interest rate swap transaction) The Board of Directors approves all derivative transactions the company enters into. The Board of Directors approves interest rate swap transactions along with the approval of borrowings from financial institutions.	(Interest rate swap transaction) Same as on the left. 4. Risk management (Forward foreign exchange contracts) Same as on the left. (Interest rate swap transaction) Same as on the left.

2. Details of market value in transaction

FY3/06 (As of March 31, 2006)

Currency related

(Thousands of yen)

Type of transaction		Notional amount		Fair value	Unrealized gain (loss)
			Over one year		
OTC transactions	Forward foreign exchange contracts Sell US Dollars	1,035,960	-	1,048,783	(12,823)
Total		1,035,960	-	1,048,783	(12,823)

The Company uses interest rate swap transactions but no information is presented since these transactions are accounted for by the hedge method.

FY3/07 (As of March 31, 2007)

Currency related

No reportable information.

The Company uses interest rate swap transactions but no information is presented since these transactions are accounted for by the hedge method.

Retirement Benefits

(Thousands of yen)

FY3/06 April 1, 2005 - March 31, 2006		FY3/07 April 1, 2006 - March 31, 2007	
1. Retirement benefit plans The Company and its certain domestic consolidated subsidiaries on March 2004 switched to a defined-contribution retirement benefit plan.		1. Retirement benefit plans The Company and its certain domestic consolidated subsidiaries on March 2004 switched to a defined-contribution retirement benefit plan.	
2. Retirement benefit expenses Contribution for defined-contribution retirement benefit	42,649	2. Retirement benefit expenses Contribution for defined-contribution retirement benefit	44,634

Stock Options

No reportable information.

Business Combinations

No reportable information.

Per Share Data

(Yen)

FY3/06 April 1, 2005 - March 31, 2006		FY3/07 April 1, 2006 - March 31, 2007	
Net assets per share	407.90	Net assets per share	443.29
Net income per share	56.98	Net income per share	48.74
Net income per share (diluted) is not presented since there is no outstanding potential stock.		Same as on the left.	

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)

	FY3/06 As of March 31, 2006	FY3/07 As of March 31, 2007
Total net assets on the consolidated balance sheets	-	10,110,043
Net assets applicable to common stock	-	10,110,043
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)

	FY3/06 April 1, 2005 - March 31, 2006	FY3/07 April 1, 2006 - March 31, 2007
Net income per share		
Net income	1,354,941	1,111,704
Amount not attributable to common shareholders	55,330	-
[of which bonuses for officers through appropriation of earnings]	[55,330]	[-]
Net income available to common stock	1,299,611	1,111,704
Average number of shares outstanding (shares)	22,806,900	22,806,844

Subsequent Event

On May 15, 2007, the Company’s Board of Directors approved a resolution to repurchase up to 2 million shares of the Company’s common stock between May 16, 2007 and November 15, 2007. The cost of these purchases is not to exceed 1.2 billion yen.

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.