Consolidated Financial Statement 2011

Financial Statements for the Years Ended March 31, 2011 and 2010, and Independent Auditors' Report

EIZO NANAO CORPORATION

Financial Highlights

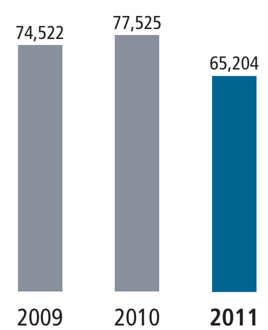
Eizo Nanao Corporation and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars
	2009	2010	**2011**	**2011**
Years ended March 31:				
Net sales	¥ 74,522	¥ 77,525	**¥ 65,204**	**$ 785,590**
Operating income	4,302	9,026	**5,150**	**62,048**
Net income	682	4,928	**3,547**	**42,735**
As of March 31:				
Total assets	65,621	75,369	**77,433**	**932,928**
Total equity	50,689	56,485	**59,210**	**713,373**
Per share data		Yen		U.S. Dollars
Basic net income	¥ 30.47	¥ 220.79	**¥ 158.93**	**$ 1.91**
Cash dividends applicable to the year	70.00	50.00	**50.00**	**0.60**

Note : U.S. dollar amounts are provided solely for convenience at the rate of ¥83 to US$1, the approximate exchange rate at March 31, 2011.

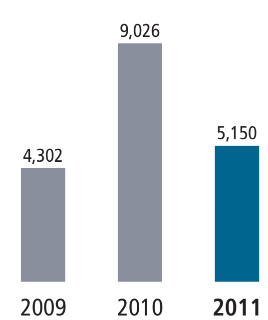
Net Sales

Millions of Yen



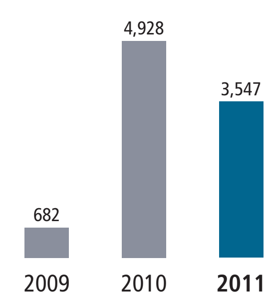
Operating Income

Millions of Yen



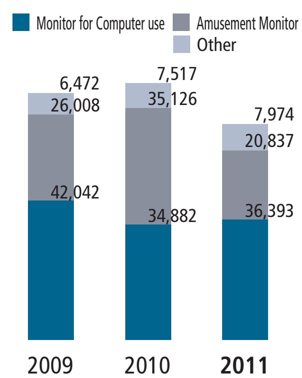
Net Income

Millions of Yen



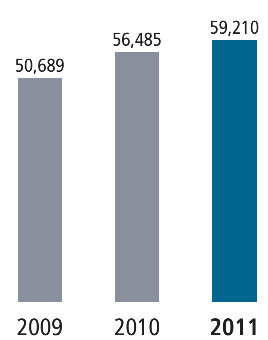
Net Sales by Products

Millions of Yen



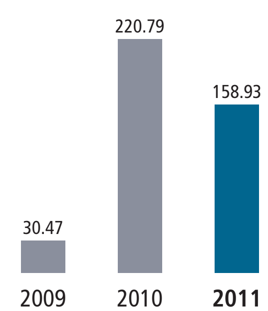
Total Equity

Millions of Yen



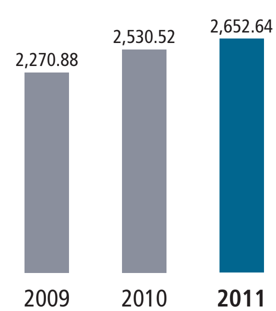
Basic Net Income per Share

Yen



Total Equity per Share

Yen



Independent Auditors' Report

Eizo Nanao Corporation

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
EIZO NANAO CORPORATION:

We have audited the accompanying consolidated balance sheets of EIZO NANAO CORPORATION (the "Company") and subsidiaries (together, the "Group") as of March 31, 2011 and 2010, and the related consolidated statements of income for the years then ended, the consolidated statement of comprehensive income for the year ended March 31, 2011, and the related consolidated statements of changes in equity, and cash flows for the years then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of EIZO NANAO CORPORATION and subsidiaries as of March 31, 2011 and 2010, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 23, 2011

Member of
Deloitte Touche Tohmatsu Limited

Consolidated Balance Sheets

Eizo Nanao Corporation and Subsidiaries

March 31, 2011 and 2010	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents (Note 12)	¥ 21,592	¥ 18,760	$ 260,145
Short-term investments (Notes 3 and 12)	2,202	2,320	26,530
Notes and accounts receivables (Note 12):			
Trade notes	315	300	3,795
Trade accounts	12,405	15,066	149,458
Other	154	31	1,855
Allowance for doubtful receivables	(83)	(124)	(1,000)
Inventories (Note 4)	13,395	11,451	161,386
Deferred tax assets (Note 8)	2,157	2,338	25,988
Prepaid expenses and other current assets	367	701	4,422
Total current assets	52,504	50,843	632,579
PROPERTY, PLANT AND EQUIPMENT:			
Land (Note 5)	3,084	3,084	37,156
Buildings and structures	11,495	11,785	138,494
Machinery and equipment	3,771	3,810	45,434
Furniture and fixtures	4,194	4,219	50,530
Construction in progress	41		494
Total	22,585	22,898	272,108
Accumulated depreciation	(13,372)	(13,092)	(161,108)
Net property, plant and equipment	9,213	9,806	111,000
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3 and 12)	12,830	11,810	154,578
Goodwill	1,199	1,468	14,446
Deferred tax assets (Note 8)	394	366	4,747
Other assets	1,293	1,076	15,578
Total investments and other assets	15,716	14,720	189,349
TOTAL	¥ 77,433	¥ 75,369	$ 932,928

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	**2011**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Accounts payable (Note 12):			
Trade accounts	**¥ 6,748**	¥ 7,195	**$ 81,301**
Other	**1,018**	1,151	**12,265**
Income taxes payable	**1,891**	2,239	**22,783**
Accrued expenses	**2,749**	2,894	**33,120**
Other current liabilities	**416**	581	**5,013**
Total current liabilities	**12,822**	14,060	**154,482**
LONG-TERM LIABILITIES:			
Liability for retirement benefits (Note 6)	**2,293**	2,374	**27,627**
Deferred tax liabilities (Note 8)	**1,754**	1,347	**21,133**
Other long-term liabilities	**1,354**	1,103	**16,313**
Total long-term liabilities	**5,401**	4,824	**65,073**
COMMITMENTS AND CONTINGENT LIABILITIES			
(Notes 11 and 13)			
EQUITY (Notes 7 and 14):			
Common stock—authorized, 65,000,000 shares;			
issued, 22,731,160 shares in 2011 and 2010	**4,426**	4,426	**53,325**
Capital surplus	**4,314**	4,314	**51,976**
Retained earnings	**48,616**	46,185	**585,735**
Treasury stock—at cost, 409,985 shares in 2011 and			
409,934 shares in 2010	**(999)**	(999)	**(12,036)**
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	**4,235**	3,862	**51,024**
Deferred (loss) gain on derivatives under hedge accounting	**(1)**	1	**(12)**
Foreign currency translation adjustments	**(1,381)**	(1,304)	**(16,639)**
Total equity	**59,210**	56,485	**713,373**
TOTAL	**¥ 77,433**	¥ 75,369	**$ 932,928**

Consolidated Statements of Income

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
NET SALES	¥ 65,204	¥ 77,525	$ 785,590
COST OF SALES (Note 9)	46,819	55,753	564,084
Gross profit	18,385	21,772	221,506
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 9)	13,235	12,746	159,458
Operating income	5,150	9,026	62,048
OTHER INCOME (EXPENSES):			
Interest and dividend income	233	226	2,807
Loss on disposal of property, plant and equipment—net	(62)	(284)	(747)
Loss on impairment of land (Note 5)		(47)	
Foreign exchange loss—net	(133)	(113)	(1,602)
Loss on valuation of investment securities		(266)	
Refunds of EU customs duties (Note 10)	1,115		13,434
Other—net	(30)	70	(362)
Other income (expenses)—net	1,123	(414)	13,530
INCOME BEFORE INCOME TAXES	6,273	8,612	75,578
INCOME TAXES (Note 8):			
Current	2,465	3,104	29,699
Deferred	261	580	3,144
Total income taxes	2,726	3,684	32,843
NET INCOME	¥ 3,547	¥ 4,928	$ 42,735

Years Ended March 31, 2011 and 2010	Yen 2011	Yen 2010	U.S. Dollars 2011
PER SHARE OF COMMON STOCK (Note 2.t):			
Basic net income	¥ 158.93	¥ 220.79	$ 1.91
Cash dividends applicable to the year	50.00	50.00	0.60

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Eizo Nanao Corporation and Subsidiaries

Year Ended March 31, 2011	Millions of Yen 2011	Thousands of U.S. Dollars (Note 1) 2011
NET INCOME	¥ 3,547	$ 42,735
OTHER COMPREHENSIVE INCOME (Note 16):		
Unrealized gain on available-for-sale securities	373	4,494
Deferred loss on derivatives under hedge accounting	(2)	(24)
Foreign currency translation adjustments	(77)	(928)
Total other comprehensive income	294	3,542
COMPREHENSIVE INCOME (Note 16)	¥ 3,841	$ 46,277
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO (Note 16)—		
Owners of the parent	¥ 3,841	$ 46,277

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2011 and 2010	Thousands	Millions of Yen							
						Accumulated Other Comprehensive Income			
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total Equity
BALANCE, APRIL 1, 2009	22,321	¥ 4,426	¥ 4,314	¥ 42,484	¥ (999)	¥ 1,807		¥ (1,343)	¥ 50,689
Net income				4,928					4,928
Cash dividends, ¥55 per share				(1,227)					(1,227)
Net increase in unrealized gain on available-for-sale securities						2,055			2,055
Net change in deferred gain on derivatives under hedge accounting							¥ 1		1
Net change in foreign currency translation adjustments								39	39
BALANCE, MARCH 31, 2010	22,321	4,426	4,314	46,185	(999)	3,862	1	(1,304)	56,485
Net income				3,547					3,547
Cash dividends, ¥50 per share				(1,116)					(1,116)
Net increase in unrealized gain on available-for-sale securities						373			373
Net change in deferred gain on derivatives under hedge accounting							(2)		(2)
Net change in foreign currency translation adjustments								(77)	(77)
BALANCE, MARCH 31, 2011	22,321	¥ 4,426	¥ 4,314	¥ 48,616	¥ (999)	¥ 4,235	¥ (1)	¥ (1,381)	¥ 59,210

Years Ended March 31, 2011 and 2010	Thousands of U.S. Dollars (Note 1)							
					Accumulated Other Comprehensive Income			
	Common Stock	Capital Surplus	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total Equity
BALANCE, MARCH 31, 2010	$ 53,325	$ 51,976	$ 556,446	$ (12,036)	$ 46,530	$ 12	$ (15,711)	$ 680,542
Net income			42,735					42,735
Cash dividends, $0.60 per share			(13,446)					(13,446)
Net increase in unrealized gain on available-for-sale securities					4,494			4,494
Net change in deferred gain on derivatives under hedge accounting						(24)		(24)
Net change in foreign currency translation adjustments							(928)	(928)
BALANCE, MARCH 31, 2011	$ 53,325	$ 51,976	$ 585,735	$ (12,036)	$ 51,024	$ (12)	$ (16,639)	$ 713,373

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen 2011	Millions of Yen 2010	Thousands of U.S. Dollars (Note 1) 2011
OPERATING ACTIVITIES:			
Income before income taxes	¥ 6,273	¥ 8,612	$ 75,578
Adjustments for:			
Income taxes—paid	(2,805)	(1,262)	(33,795)
Depreciation and amortization	1,339	1,712	16,133
Amortization of goodwill	175	203	2,108
Reversal of allowance for doubtful receivables	(39)	(100)	(470)
Loss on disposal of property, plant and equipment	62	284	747
Loss on impairment of land		47	
Loss on valuation of investment securities		266	
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	2,445	(4,483)	29,458
(Increase) decrease in inventories	(2,039)	4,805	(24,566)
(Decrease) increase in accounts payable	(601)	111	(7,241)
(Decrease) increase in accrued expenses	(158)	387	(1,904)
(Decrease) increase in liability for retirement benefits	(67)	325	(807)
Other—net	515	139	6,205
Total adjustments	(1,173)	2,434	(14,132)
Net cash provided by operating activities	5,100	11,046	61,446
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(506)	(418)	(6,096)
Proceeds from sales of short-term investments and investment securities	9,644	11,073	116,193
Purchases of short-term investments and investment securities	(9,885)	(11,217)	(119,096)
Payment for acquisition of business	(34)	(90)	(410)
Increase in other assets	(342)	(299)	(4,121)
Net cash used in investing activities	(1,123)	(951)	(13,530)
FINANCING ACTIVITIES—Dividends paid	(1,116)	(1,228)	(13,446)
Net cash used in financing activities	(1,116)	(1,228)	(13,446)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	(29)	5	(349)
NET INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 2,832	¥ 8,872	$ 34,121
NET INCREASE IN CASH AND CASH EQUIVALENTS—(Forward)	¥ 2,832	¥ 8,872	$ 34,121
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	18,760	9,888	226,024
CASH AND CASH EQUIVALENTS, END OF YEAR	¥21,592	¥ 18,760	$ 260,145

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Eizo Nanao Corporation and Subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from the fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note16.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 consolidated financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which EIZO NANAO CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to $1, the approximate rate of exchange at March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 12 (13 in 2010) subsidiaries (together, the "Group").

Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is eliminated.

UDS Corporation, which was one of the subsidiaries of the Company, completed liquidation proceedings in August 2010 and is no longer a subsidiary. The results of operations of UDS Corporation are included in the Company's consolidated statements of income from April 1, 2010 to the closing date of liquidation.

b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No.18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model of accounting for property, plant and equipment and investment properties and incorporation of the cost model of accounting; (e) recording the prior years' effects of changes in accounting policies in the income statement where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if included.

c. Business Combination—In October 2003, the Business Accounting Council (the BAC) issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No.7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

The accounting standard for business combinations allows companies to apply the pooling-of-interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling-of-interests method of accounting is no longer allowed. (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development (IPR&D) costs acquired in a business combination are capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. This standard was applicable to business combinations undertaken on or after April 1, 2010, with early adoption permitted for fiscal years beginning on or after April 1, 2009.

d. Cash Equivalents—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits, certificates of deposit and commercial paper, all of which mature or become due within three months of the date of acquisition.

e. Inventories—Inventories are stated at the lower of cost, determined by the average method for finished products and work in progress and by the moving-average method for raw materials, or net selling value.

f. Short-Term Investments and Investment Securities—Short-term investments and investment securities are classified and accounted for depending on management's intent. Available-for-sale securities, which represent securities not classified as either trading securities or held-to-maturity debt securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported as a separate component of equity. The cost of available-for-sale securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method.

For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

g. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings of the Company and its domestic subsidiaries acquired after April 1, 1998, and all property, plant and equipment of foreign subsidiaries. The range of useful lives is principally from 15 to 50 years for buildings and structures, from 7 to 10 years for machinery and equipment, and from 2 to 6 years for furniture and fixtures.

h. Goodwill—Goodwill is amortized over 10 years by the straight-line method. Immaterial goodwill may be charged entirely to income at acquisition. Amortization of goodwill is ¥175 million ($2,108 thousand) and ¥203 million for the years ended March 31, 2011 and 2010, respectively.

i. Long-Lived Assets—The Group reviews its long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

j. Retirement and Pension Plans—The Company and certain of its domestic subsidiaries have a defined contribution pension plan and unfunded retirement benefit plans. Other domestic subsidiaries have a defined benefit pension plan and unfunded retirement benefit plans. Certain foreign subsidiaries have either a defined contribution plan or defined benefit plan. Additionally the Company or its subsidiaries may add premium severance pay.

The Group accounted for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

Retirement benefits to directors and corporate auditors are recorded at the amount which would be required if all directors and corporate auditors retired at the balance sheet date. In June 2004, the retirement benefit system was abolished and the amount required to be paid at the time of the abolishment will be paid to directors and corporate auditors upon their retirement.

k. Asset Retirement Obligations—In March 2008, the ASBJ published the accounting standard for asset retirement obligations, ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21, "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of the asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010. The effect of this change was to decrease operating income by ¥8 million ($96 thousand) and income before income taxes by ¥56 million ($675 thousand) for the year ended March 31, 2011.

l. Research and Development Costs—Research and development costs are charged to income as incurred.

m. Leases—In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and which did not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and which did not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

n. Bonuses to Directors—Bonuses to directors are accrued at the year-end to which such bonuses are attributable.

o. Software Development Contracts—In December 2007, the ASBJ issued ASBJ Statement No.15, "Accounting Standard for Construction Contracts," and ASBJ Guidance No.18, "Guidance on Accounting Standard for Construction Contracts."

Under this accounting standards, revenue from sales of the customized software and costs of development of the customized software should be recognized by the percentage-of-completion method if the outcome of a development contract can be estimated reliably. When total revenue, total costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a development contract can be estimated reliably. If the outcome of a development contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total costs will exceed total revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on development contracts. This standard was effective for fiscal years on or after April 1, 2009. The Company applied the accounting standard effective April 1, 2009.

p. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently-enacted tax laws to the temporary differences.

q. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the income statement to the extent that they are not hedged by forward exchange contracts.

r. Foreign Currency Financial Statements—The balance sheet accounts of the foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

Revenue and expense accounts of foreign subsidiaries are translated into yen at the average exchange rate.

s. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value with gains or losses on derivative transactions recognized in the consolidated statements of income and (b) for derivatives used for hedging purposes, if the derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, the gains or losses on derivative are deferred until maturity of the hedged transactions.

The foreign currency forward contracts applied for forecasted transactions are measured at the fair value, but the unrealized gains or losses are deferred until the underlying transactions are completed.

t. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period.

Cash dividends per share shown in the consolidated statements of income are presented on an accrual basis, and include interim dividends paid and year-end dividends to be approved after balance sheet date.

Diluted net income per share of common stock is not disclosed herein because the Company has not issued any securities that are potentially dilutive for the years ended March 31, 2011 and 2010.

u. New Accounting Pronouncements

Accounting Changes and Error Corrections—In December 2009, the ASBJ issued ASBJ Statement No.24, "Accounting Standard for Accounting Changes and Error Corrections," and ASBJ Guidance No.24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows:

(1) Changes in accounting policies

When a new accounting policy is applied with a revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in presentation

When the presentation of financial statements is changed, prior period financial statements are reclassified in accordance with the new presentation.

(3) Changes in accounting estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of prior period errors

When an error in prior period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior period errors which are made from the beginning of the fiscal year that begins on April 1, 2011.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Short-term investments:			
Debt securities	**¥ 1,701**	¥ 1,820	**$ 20,494**
Others	**501**	500	**6,036**
Total	**¥ 2,202**	¥ 2,320	**$ 26,530**
Investment securities:			
Marketable equity securities	**¥12,743**	¥ 11,590	**$ 153,530**
Non-marketable equity securities	**16**	16	**193**
Others	**71**	204	**855**
Total	**¥12,830**	¥ 11,810	**$ 154,578**

The cost and aggregate fair value of the securities classified as available-for-sale at March 31, 2011 and 2010 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
Securities classified as available-for-sale:				
Equity securities	**¥5,583**	**¥8,202**	**¥1,042**	**¥12,743**
Debt securities	**1,701**			**1,701**
Others	**573**		**1**	**572**
Total	**¥7,857**	**¥8,202**	**¥1,043**	**¥15,016**
March 31, 2010				
Securities classified as available-for-sale:				
Equity securities	¥ 5,108	¥ 6,978	¥ 496	¥ 11,590
Debt securities	1,820			1,820
Others	705		1	704
Total	¥ 7,633	¥ 6,978	¥ 497	¥ 14,114

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
Securities classified as available-for-sale:				
Equity securities	**$67,265**	**$ 98,819**	**$12,554**	**$153,530**
Debt securities	**20,494**			**20,494**
Others	**6,904**		**12**	**6,892**
Total	**$94,663**	**$ 98,819**	**$12,566**	**$180,916**

4. INVENTORIES

Inventories at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Finished products	**¥ 3,725**	¥ 3,019	**$ 44,880**
Work in process	**3,304**	2,909	**39,807**
Raw materials and supplies	**6,366**	5,523	**76,699**
Total	**¥13,395**	¥11,451	**$ 161,386**

5. LONG-LIVED ASSETS

No loss on impairment of long-lived assets was recognized for the year ended March 31, 2011.

The total loss on impairment of long-lived assets at March 31, 2010 amounted to ¥47 million, which was a write-down of land for rent. This land will be sold after the current lease expires, and thus, the recoverable amount was measured at its net selling value.

6. RETIREMENT AND PENSION PLANS

The Company and its certain subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain subsidiaries and annuity payments from the Company, certain subsidiaries or a trustee. Employees of the Company or certain subsidiaries are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2011 and 2010 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Projected benefit obligation	**¥3,313**	¥3,387	**$ 39,916**
Fair value of plan assets	**(1,075)**	(1,138)	**(12,952)**
Unrecognized actuarial (loss) gain	**(51)**	20	**(614)**
Net liability	**¥2,187**	¥2,269	**$ 26,350**

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Service cost	**¥396**	¥382	**$4,771**
Additional retirement cost		153	
Interest cost	**66**	80	**795**
Expected return on plan assets	**(17)**	(27)	**(205)**
Recognized actuarial (gain) loss	**(94)**	68	**(1,132)**
Net periodic benefit costs	**¥351**	¥656	**$4,229**

Assumptions used for the years ended March 31, 2011 and 2010 are set forth as follows:

	2011	2010
Discount rate	**1.0%–5.3%**	1.0%–5.3%
Expected rate of return on plan assets	**0.5%–3.0%**	2.0%–3.5%
Recognition period of actuarial gain/loss	**5 years**	5 years

The liability for retirement benefits at March 31, 2011 and 2010 for directors and corporate auditors is ¥106 million ($1,277 thousand), respectively.

7. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as (1) having a board of directors, (2) having independent auditors, (3) having a board of corporate auditors, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the board of directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to certain limitations and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the board of directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the total of the aggregate amount of the legal reserve and additional paid-in capital equals 25% of the amount of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. Treasury Stock and Treasury Stock Acquisition Rights

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the board of directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders, which is determined by specific formula.

Under the Companies Act, stock acquisition rights are presented as a separate component of equity.

The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40.4% for the years ended March 31, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Deferred tax assets:			
Inventories	**¥ 985**	¥ 1,085	**$ 11,867**
Pension and severance costs	**833**	867	**10,036**
Tax loss carryforwards	**1,286**	941	**15,494**
Accrued expenses	**806**	884	**9,711**
Other	**2,076**	2,563	**25,012**
Less valuation allowance	**(2,244)**	(2,342)	**(27,036)**
Total	**3,742**	3,998	**45,084**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**(2,927)**	(2,619)	**(35,265)**
Other	**(54)**	(45)	**(650)**
Total	**(2,981)**	(2,664)	**(35,915)**
Net deferred tax assets	**¥ 761**	¥ 1,334	**$ 9,169**

Deferred tax assets and liabilities were included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Current assets—Deferred tax assets	**¥ 2,157**	¥ 2,338	**$ 25,988**
Investments and other assets—Deferred tax assets	**394**	366	**4,747**
Current liabilities—Other current liabilities	**(36)**	(23)	**(433)**
Long-term liabilities—Deferred tax liabilities	**(1,754)**	(1,347)	**(21,133)**
Net deferred tax assets	**¥ 761**	¥ 1,334	**$ 9,169**

Reconciliations between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2011 and 2010 are as follows:

	2011	2010
Normal effective statutory tax rate	**40.4%**	40.4%
Tax credit for research expenses	**(3.4)**	(2.3)
Increase in valuation allowance	**3.4**	2.3
Other—net	**2.5**	2.4
Actual effective tax rate	**42.9%**	42.8%

At March 31, 2011, certain subsidiaries have tax loss carryforwards aggregating approximately ¥3,901 million ($47,000 thousand) which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2016 and thereafter	¥ 3,901	$ 47,000

9. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥5,208 million ($62,747 thousand) and ¥4,727 million for the years ended March 31, 2011 and 2010, respectively.

10. REFUNDS OF EU CUSTOMS DUTIES

In the European Union (the "EU"), certain types of flat panel display monitors, including our products, had been unfairly subject to customs duties while such tariff was in violation of Chapter 2 of the General Agreement on Tariff and Trade.

Our distributors and sales subsidiaries in the EU were primarily responsible for such customs duties, and the Company had subsidized 50% of the customs duties paid for both of our distributors and sales subsidiaries to sustain their price competitiveness in their markets.

Our distributors and sales subsidiaries had filed a complaint against the tax authorities in the EU. In 2010, the tax authorities and Binding Tariff Information concluded that such monitors were duty-free. Therefore, the customs duties paid in the past were partially refunded to our distributors and sales subsidiaries. Subsequently, the Company received refunds from our distributors corresponding to the subsidies the Company had provided. Total amount of those refunds was ¥1,115 million ($13,434 thousand), and was recorded as extraordinary profit in the fiscal year ended March 31, 2011.

11. LEASES

The minimum rental commitments under noncancelable operating leases at March 31, 2011 and 2010 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Due within one year	**¥ 78**	¥ 97	**$ 940**
Due after one year	**118**	155	**1,422**
Total	**¥ 196**	¥ 252	**$ 2,362**

12. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

On March 10, 2008, the ASBJ revised ASBJ Statement No.10, "Accounting Standard for Financial Instruments," and issued ASBJ Guidance No.19, "Guidance on Accounting Standard for Financial Instruments and Related Disclosures." This accounting standard and the guidance were applicable to financial instruments and related disclosures at the end of the fiscal years ending on or after March 31, 2010. The Group applied the revised accounting standard and the guidance effective March 31, 2010.

(1) Group Policy for Financial Instruments

The Group uses financial instruments based on its capital expenditure plan. Cash surpluses, if any, are invested in low-risk financial assets. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in (2) below.

(2) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Marketable and investment securities, mainly debt securities and equity instruments of customers and suppliers of the Group, are exposed to the risk of market price fluctuations.

All payment terms of payables, such as trade accounts, are within one year. Although payables in foreign currencies are exposed to the risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Derivatives mainly include forward foreign currency contracts which are used to manage exposure to risk of changes in foreign currency exchange rates of receivables and payables. Please see Note 13 for more detail about derivatives.

(3) Risk Management for Financial Instruments

Credit risk management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risk from receivables on the basis of internal guidelines, which include monitoring of payment terms and balances of major customers by each business administration department to identify the default risk of customers at an early stage. With respect to debt securities, the Group manages its exposure to credit risk by limiting its funding to high credit rating bonds in accordance with in its internal guidelines. Please see Note 13 for information about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2011.

Market risk management (foreign exchange risk and interest rate risk)

Foreign currency trade receivables and payables are exposed to fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged occasionally by forward foreign currency contracts.

Marketable and investment securities are managed by monitoring the market values and financial position of issuers on a regular basis.

The basic principles of derivative transactions have been approved by the Chief Financial Officer based on internal guidelines which prescribe the authority and the limit for each transaction by the corporate treasury department. Reconciliation of the transaction and balances with customers is made and the transaction data is reported to the Chief Financial Officer on a monthly basis.

Liquidity risk management

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets along with adequate financial planning by the corporate treasury department.

(4) Concentration of Credit Risk

As of March 31, 2011, 33.6% of total receivables are from specific major customers of the Group.

(5) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If quoted prices are not available, other rational valuation techniques are used instead.

(a) Fair value of financial instruments

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2011			
Cash and cash equivalents	**¥ 21,592**	**¥ 21,592**	
Notes and accounts receivables	**12,874**		
Allowance for doubtful receivables	**(83)**		
	12,791	**12,791**	
Short-term investments and investment securities	**15,016**	**15,016**	
Total	**¥ 49,399**	**¥ 49,399**	
Accounts payable	**¥ 7,766**	**¥ 7,766**	
Total	**¥ 7,766**	**¥ 7,766**	

	Millions of Yen		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2010			
Cash and cash equivalents	¥ 18,760	¥ 18,760	
Notes and accounts receivables	15,397		
Allowance for doubtful receivables	(124)		
	15,273	15,273	
Short-term investments and investment securities	14,113	14,113	
Total	¥ 48,146	¥ 48,146	
Accounts payable	¥ 8,346	¥ 8,346	
Total	¥ 8,346	¥ 8,346	

	Thousands of U.S. Dollars		
	Carrying Amount	Fair Value	Unrealized Gain/Loss
March 31, 2011			
Cash and cash equivalents	**$ 260,145**	**$ 260,145**	
Notes and accounts receivables	**155,108**		
Allowance for doubtful receivables	**(1,000)**		
	154,108	**154,108**	
Short-term investments and investment securities	**180,916**	**180,916**	
Total	**$ 595,169**	**$ 595,169**	
Accounts payable	**$ 93,566**	**$ 93,566**	
Total	**$ 93,566**	**$ 93,566**	

Cash and Cash Equivalents

The carrying values of cash and cash equivalents approximate fair value because of their short maturities.

Notes and Accounts Receivables

The carrying values of notes and accounts receivables approximate fair value, because of their short-term settlement.

Short-Term Investments and Investment Securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for equity instruments and at the quoted price obtained from financial institution for certain debt instruments. Information on the fair value for the short-term investments and investment securities by classification is included in Note 3.

Accounts Payable

The carrying values of accounts payable approximate fair value, because of their short-term settlement.

Derivatives

The information of the fair value for derivatives is included in Note 13.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	**2011**
Investments in equity instruments that do not have a quoted market price in an active market	**¥ 16**	¥ 16	**$ 193**

(6) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of Yen			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2011				
Cash and cash equivalents	**¥ 21,588**			
Receivables	**12,874**			
Investment securities:				
Corporate bonds	**200**			
Commercial paper	**1,500**			
Others	**511**	**¥ 12**		
Total	**¥ 36,673**	**¥ 12**		
March 31, 2010				
Cash and cash equivalents	¥ 18,756			
Receivables	15,397			
Investment securities:				
Corporate bonds	320			
Commercial paper	1,500			
Others	517	¥ 43	¥ 18	¥ 69
Total	¥ 36,490	¥ 43	¥ 18	¥ 69

	Thousands of U.S. Dollars			
	Due in 1 Year or Less	Due after 1 Year through 5 Years	Due after 5 Years through 10 Years	Due after 10 Years
March 31, 2011				
Cash and cash equivalents	**$ 260,096**			
Receivables	**155,108**			
Investment securities:				
Corporate bonds	**2,410**			
Commercial paper	**18,072**			
Others	**6,157**	**$ 145**		
Total	**$ 441,843**	**$ 145**		

13. DERIVATIVES

The Group enters into derivative contracts, including foreign currency forward contracts, to hedge foreign exchange risk associated with certain assets and liabilities denominated in foreign currencies.

All derivative transactions are entered into to hedge foreign currency exposures incorporated within the Group's business. Accordingly, market risk in these derivatives is basically offset by opposite movements in the value of hedged assets or liabilities.

Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

Derivative transactions entered into by the Group have been made in accordance with internal policies which regulate the authorization and credit limit amount.

Derivative Transactions to Which Hedge Accounting Is Not Applied

None

Derivative Transactions to Which Hedge Accounting Is Applied

		Millions of Yen		
	Hedged Item	Contract Amount	Contract Amount Due after 1 Year	Fair Value
March 31, 2011				
Foreign currency forward contracts—Buying U.S.$	**Forecast transactions**	**¥ 108**		**¥ (1)**
March 31, 2010				
Foreign currency forward contracts—Buying U.S.$	**Forecast transactions**	**¥ 40**		**¥ 2**

		Thousands of U.S. Dollars		
	Hedged Item	Contract Amount	Contract Amount Due after 1 Year	Fair Value
March 31, 2011				
Foreign currency forward contracts—Buying U.S.$	**Forecast transactions**	**$ 1,301**		**$ (12)**

The fair value of derivative transactions is measured at the quoted price obtained from financial institutions.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group's exposure to credit or market risk.

14. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2011 was approved at the Board of Directors meeting held on May 23, 2011:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥25 ($0.3) per share	¥ 558	$ 6,723

15. SEGMENT INFORMATION

In March 2008, the ASBJ revised ASBJ Statement No.17, "Accounting Standard for Segment Information Disclosures," and issued ASBJ Guidance No.20, "Guidance on Accounting Standard for Segment Information Disclosures." Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments. This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010.

The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed as required.

For the Year Ended March 31, 2011

(1) Description of Reportable Segments

The Group is primarily engaged in the manufacture, development and sale of visual display systems and related products. The Group consists of the single industry, and therefore, it is not required to disclose separate financial information by segment.

(2) Information about Products and Services

	Millions of Yen			
	2011			
	Monitor for Computer Use	Amusement Monitor	Other	Total
Sales to external customers	**¥ 36,393**	**¥ 20,837**	**¥ 7,974**	**¥ 65,204**

	Thousands of U.S. Dollars			
	2011			
	Monitor for Computer Use	Amusement Monitor	Other	Total
Sales to external customers	**$ 438,470**	**$ 251,048**	**$ 96,072**	**$ 785,590**

(3) Information about Geographical Areas

(a) Sales

Millions of Yen				
2011				
Japan	Europe	North America	Other	Total
¥ 40,759	**¥ 18,404**	**¥ 3,312**	**¥ 2,729**	**¥ 65,204**

Thousands of U.S. Dollars				
2011				
Japan	Europe	North America	Other	Total
$ 491,072	**$ 221,735**	**$ 39,904**	**$ 32,879**	**$ 785,590**

Note : Sales are classified in countries or regions based on location of customers.

(b) Property, plant and equipment

The amount of property, plant and equipment which exist in Japan exceeds 90% of the amount of property, plant and equipment in the consolidated balance sheet, and thus, there is no requirement to disclose such information.

(4) Information about Major Customers

	Sales		
Name of Customers	Millions of Yen	Thousands of U.S. Dollars	Related Segment Name
JT Japan Technicals	**¥ 23,465**	**$ 282,711**	
AVNET Technology Solutions GmbH	**7,381**	**88,928**	

For the Year Ended March 31, 2010

(1) Industry Segments

The Group is primarily engaged in the manufacture, development and sale of visual display systems and related products. Under Japanese accounting regulations, the Group is not required to disclose industry segment information because its main industry segment represented more than 90% of its operations.

(2) Geographical Segments

The geographical segments of the Group for the year ended March 31, 2010 are summarized as follows:

	Millions of Yen				
	2010				
	Japan	Europe	North America	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 66,584	¥ 8,145	¥ 2,796		¥ 77,525
Interarea transfer	4,134	779	33	¥ (4,946)	
Total sales	70,718	8,924	2,829	(4,946)	77,525
Operating expenses	58,365	9,938	2,781	(2,585)	68,499
Operating income (loss)	¥ 12,353	¥ (1,014)	¥ 48	¥ (2,361)	¥ 9,026
Total assets	¥ 41,742	¥ 6,414	¥ 1,057	¥ 26,156	¥ 75,369

(3) Sales to Foreign Customers

Sales to foreign customers for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Europe	¥ 18,000
North America	2,811
Other	1,928
Total	¥ 22,739

16. COMPREHENSIVE INCOME

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of Yen
	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥ 2,055
Deferred gain on derivatives under hedge accounting	1
Foreign currency translation adjustments	39
Total other comprehensive income	¥ 2,095

Total comprehensive income for the year ended March 31, 2010 was the following:

	Millions of Yen
	2010
Total comprehensive income attributable to—	
Owners of the parent	¥ 7,023
Total comprehensive income	¥ 7,023

Corporate Data

(As of March 31, 2011)

Company Name
EIZO NANAO CORPORATION

Established
March 1968

Capital
¥4,425,745,500

Address
153 Shimokashiwano, Hakusan,
Ishikawa, 924-8566, Japan
Phone: +81-76-275-4121
Fax: +81-76-275-4125

Employees on a Consolidated Basis
1,492

Business Activities
Development, design, manufacturing and sale of display monitors and peripherals, amusement products, and imaging system software.

Board of Directors and Statutory Auditors

(As of October 1, 2011)

Board of Directors

President and CEO
Yoshitaka Jitsumori

Executive Vice President and CFO
Tsutomu Tanabe

Directors
Kazuya Maeda
Masaki Ono
Yuichi Murai
Kazuhide Shimura
Yuichi Terada

Statutory Auditors

Standing Corporate Auditor
Eiichi Ueno

Corporate Auditors
Shuji Taniho
Masakatsu Atarashi
Masafumi Kubo

Managing Officers

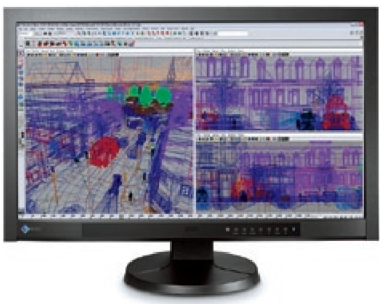
Executive Managing Officers
Kazuya Maeda
Masaki Ono
Yuichi Murai

Managing Officers
Kazuhide Shimura
Eiji Tsurumi
Muneharu Yamamoto
Toshimine Hiraki
Kazuhiko Deminami
Shuichi Arima
Hidenori Kojima
Masayuki Hashimoto

Products

Monitors for Computer use

[For General Use]



FlexScan®

[For Medical Market]

RadiForce®

[For Graphics Arts Market]

ColorEdge®

[For Industrial Market]

DuraVision®

[For Air Traffic Control Market]

Raptor®

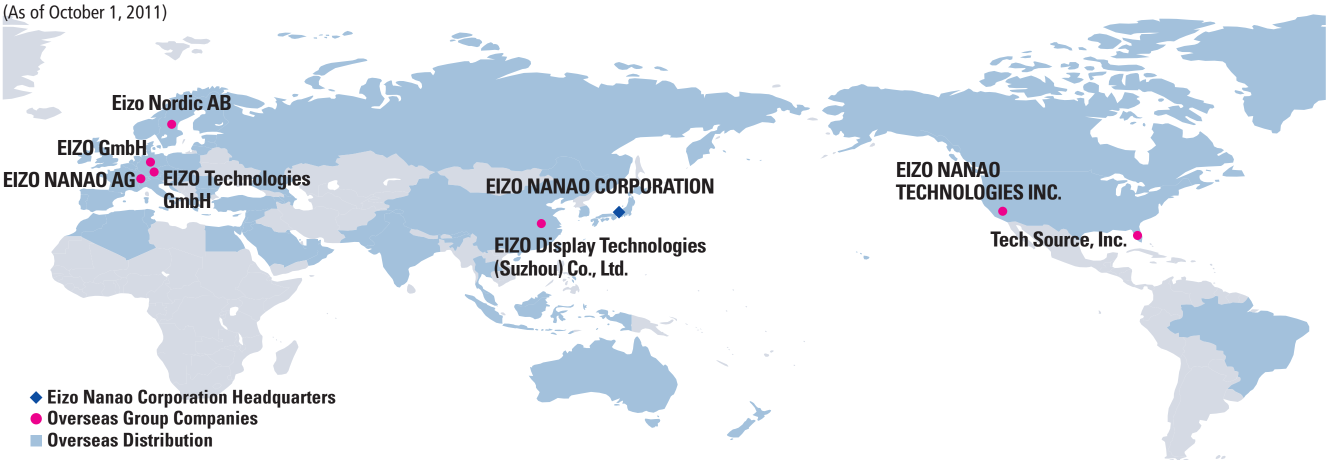
[For Entertainment Market]

FORIS®

Amusement Monitors

Group Network

(As of October 1, 2011)



Overseas Network

EIZO GmbH
Siemensallee 84, 76187 Karlsruhe, Germany
Phone: +49-721-20321-0 Fax: +49-721-20321-471

EIZO Technologies GmbH
Bürgermeister-Seidl-Str. 8, 82515 Wolfratshausen, Germany
Phone: +49-8171-3492-11 Fax: +49-8171-3492-16

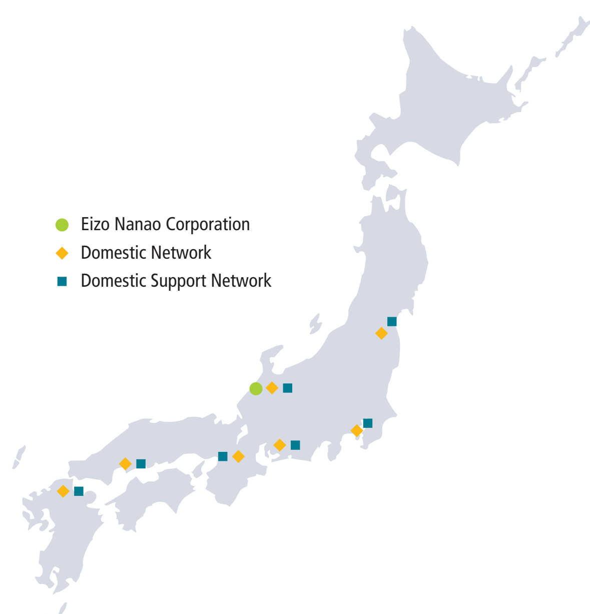
Tech Source, Inc.
442 Northlake Blvd Altamonte Springs, FL 32701, U.S.A.
Phone: +1-407-262-7100 Fax: +1-407-339-2554

EIZO Display Technologies (Suzhou) Co., Ltd.
5B Zhongxin Science & Technology Industrial Zone 8 Zhanye Road, Suzhou Industrial Park Suzhou 215122 PRC, China
Phone: +86-512-6252-0100 Fax:+86-512-6252-1508

EIZO NANAO TECHNOLOGIES INC.
5710 Warland Drive Cypress, CA 90630, U.S.A.
Phone: +1-562-431-5011 Fax: +1-562-431-4811

Eizo Nordic AB
Lövängsvägen 14 194 61 Upplands Väsby, Sweden
Phone: +46-8-594 105 00 Fax: +46-8-590 91 575

EIZO NANAO AG
Moosacherstrasse 6, Au, CH-8804 Wädenswil, Switzerland
Phone: +41-0-44-782 24 40 Fax: +41-0-44-782 24 50



Domestic Network

EIZO NANAO MS CORPORATION
37-9 Re, Jike, Hakui, Ishikawa 925-8566, Japan
Phone: +81 767 22-7121 Fax: +81 767 22-6601

IREM SOFTWARE ENGINEERING INC.
4F Kandatosei Bldg.39 Higashimatsushita,
Kanda, Chiyoda, Tokyo 101-0042, Japan
Phone: +81-3-5289-3055 Fax: +81-3-5289-3056

EIZO SUPPORT NETWORK CORPORATION
153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan
Phone: +81 76 274-2424 Fax: +81 76 274-2416

NANAO AGENCY CORPORATION
153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan
Phone: +81 76 274-0035 Fax: +81 76 274-0041

EIZO ENGINEERING CORPORATION
153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan
Phone: +81 76 274-2448 Fax: +81 76 274-0041

Shareholders' Information

(As of March 31, 2011)

Total Number of Shares Authorized
65,000,000

Number of Shares Issued
22,731,160

Shares Listed On
The first section of the Tokyo Stock Exchange

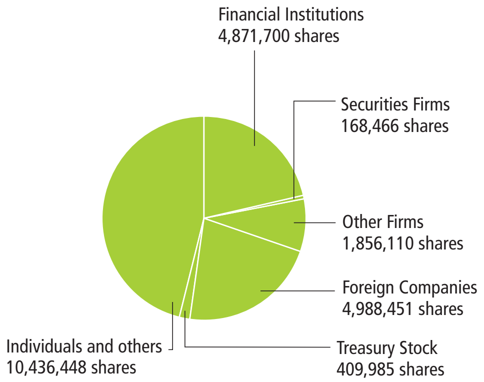
Number of Shareholders
11,754

Major Shareholders

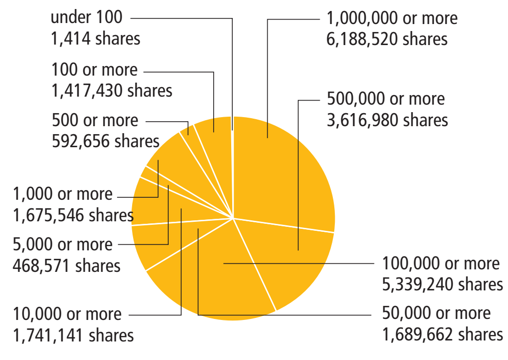
	Number of Shares Held (Thousands)	Percentage of Shares Held (%)
Ichigo Trust	1,452	6.51
The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	1,330	5.96
Yasutaka Murata	1,135	5.09
Tsuneo Murata	1,135	5.09
Naoki Murata	1,135	5.09
Hiroshi Murata	902	4.04
Tetsu Takashima	900	4.04
The Hokkoku Bank, Ltd.	664	2.98
The Hokuriku Bank, Ltd.	594	2.67
NORTHERN TRUST CO. (AVFC)SUB A/C AMERICAN CLIENTS	554	2.48

*The percentage of shares held is calculated deducting 409,985 shares of treasury stock.

Distribution of Shares by Type of Shareholders



Distribution of Shares by Number of Shares



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http://www.eizo.com/