Corporate Data 2006

EIZO NANAO CORPORATION

Financial Highlights

Eizo Nanao Corporation and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars
	2004	2005	**2006**	**2006**
Years ended March 31:				
Net sales	¥ 91,624	¥ 91,094	**¥ 85,058**	**$ 726,991**
Operating income	11,567	10,425	**11,880**	**101,538**
Net income	6,971	6,411	**7,257**	**62,026**
As of March 31:				
Total assets	71,726	65,869	**74,590**	**637,521**
Total shareholders’ equity	36,646	41,553	**49,623**	**424,128**
Per share data: (Yen and U.S. Dollars)				
Basic net income	¥ 314.98	¥ 277.39	**¥ 314.79**	**$ 2.69**
Cash dividends applicable to the year	30.00	40.00	**55.00**	**0.47**

Note : U.S. dollar amounts are provided solely for convenience at the rate of ¥117 to US$1, the approximate exchange rate at March 31, 2006.

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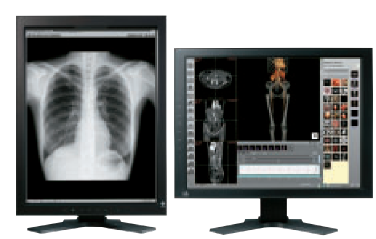

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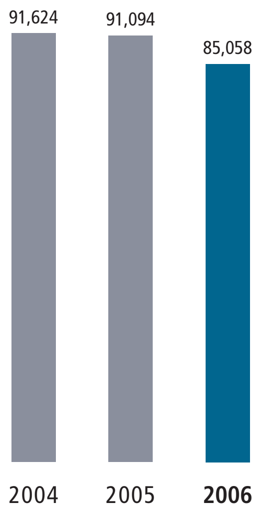
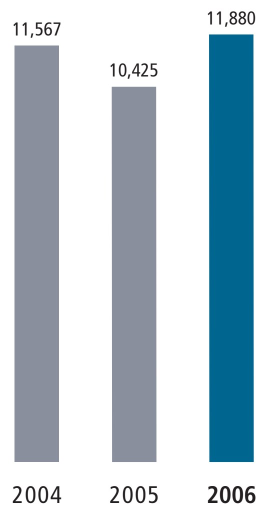
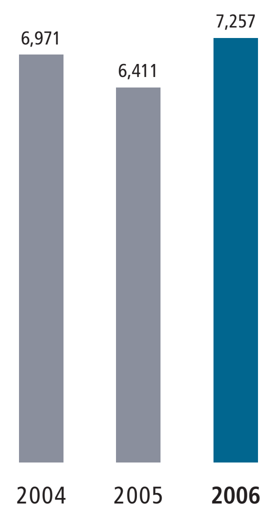
Net Sales
Millions of Yen



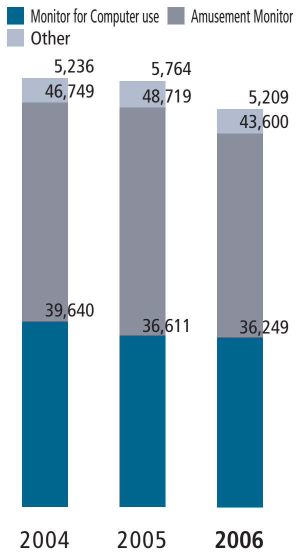
Operating Income
Millions of Yen



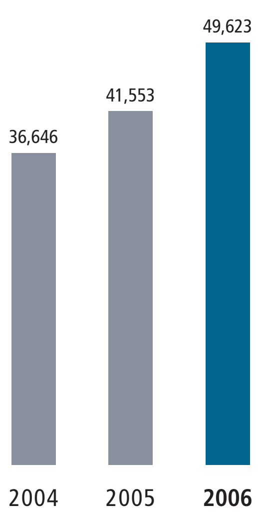
Net Income
Millions of Yen



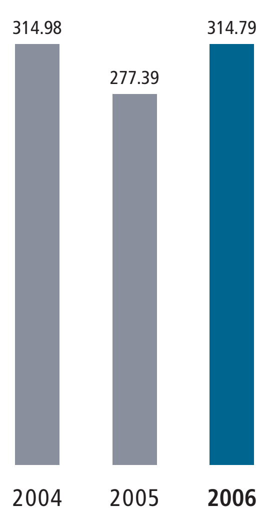
Net Sales by Products
Millions of Yen



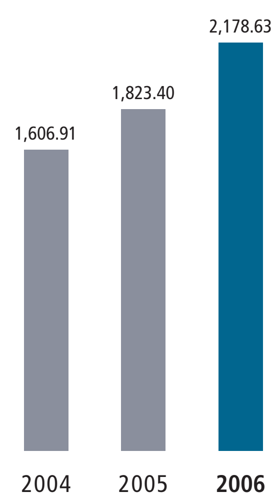
Total Shareholders' Equity
Millions of Yen



Basic Net Income per Share
Yen



Total Shareholders' Equity per Share
Yen



Consolidated Balance Sheets

Eizo Nanao Corporation and Subsidiaries

March 31, 2006 and 2005	Millions of Yen 2006	Millions of Yen 2005	Thousands of U.S. Dollars (Note 1) 2006
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 19,506	¥ 14,171	$ 166,718
Short-term investments (Note 3)	2,402	3,505	20,530
Notes and accounts receivables:			
Trade notes	2,651	2,915	22,658
Trade accounts	9,736	14,538	83,214
Other	444	95	3,795
Allowance for doubtful receivables	(160)	(258)	(1,368)
Inventories (Note 4)	13,536	7,762	115,692
Deferred tax assets (Note 8)	1,992	2,875	17,026
Prepaid expenses and other current assets	428	225	3,658
Total current assets	50,535	45,828	431,923
PROPERTY, PLANT AND EQUIPMENT:			
Land	2,641	2,634	22,573
Buildings and structures	7,959	7,442	68,026
Machinery and equipment	2,767	2,332	23,650
Furniture and fixtures	3,589	3,576	30,674
Construction in progress	1	54	8
Total	16,957	16,038	144,931
Accumulated depreciation	(9,631)	(9,156)	(82,316)
Net property, plant and equipment	7,326	6,882	62,615
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	15,551	11,265	132,915
Deferred tax assets (Note 8)	44	391	376
Other assets	1,134	1,503	9,692
Total investments and other assets	16,729	13,159	142,983
TOTAL	¥ 74,590	¥ 65,869	$ 637,521

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2006	2005	**2006**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 5)	**¥ 9**		**$ 77**
Current portion of long-term debt (Note 5)	**11**	¥ 11	**94**
Notes and accounts payables:			
Trade notes		424	
Trade accounts	**12,202**	12,632	**104,291**
Other	**1,508**	1,126	**12,889**
Income taxes payable	**2,082**	2,186	**17,795**
Accrued expenses	**3,306**	3,372	**28,256**
Other current liabilities	**538**	450	**4,598**
Total current liabilities	**19,656**	20,201	**168,000**
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	**26**	37	**222**
Liability for retirement benefits (Note 6)	**1,719**	1,675	**14,692**
Deferred tax liabilities (Note 8)	**3,153**	2,147	**26,949**
Other long-term liabilities	**413**	256	**3,530**
Total long-term liabilities	**5,311**	4,115	**45,393**
SHAREHOLDERS' EQUITY (Notes 7 and 12):			
Common stock—authorized, 65,000,000 shares;			
issued, 22,731,160 shares in 2006 and 2005	**4,426**	4,426	**37,829**
Capital surplus	**4,314**	4,314	**36,872**
Retained earnings	**34,769**	28,754	**297,171**
Unrealized gain on available-for-sale securities	**6,266**	4,236	**53,556**
Foreign currency translation adjustments	**(151)**	(176)	**(1,291)**
Treasury stock—at cost, 698 shares in 2006 and			
606 shares in 2005	**(1)**	(1)	**(9)**
Total shareholders' equity	**49,623**	41,553	**424,128**
TOTAL	**¥ 74,590**	¥ 65,869	**$ 637,521**

Consolidated Statements of Income

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2006 and 2005	Millions of Yen 2006	Millions of Yen 2005	Thousands of U.S. Dollars (Note 1) 2006
NET SALES	**¥ 85,058**	¥ 91,094	**$ 726,991**
COST OF SALES	**62,060**	70,128	**530,427**
Gross profit	**22,998**	20,966	**196,564**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	**11,118**	10,541	**95,026**
Operating income	**11,880**	10,425	**101,538**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**115**	90	**983**
Interest expense	**(1)**	(1)	**(9)**
Loss on disposal of property, plant and equipment—net	**(42)**	(55)	**(359)**
Foreign exchange gain (loss)—net	**130**	(16)	**1,111**
Other—net	**(54)**	(11)	**(461)**
Other income—net	**148**	7	**1,265**
INCOME BEFORE INCOME TAXES	**12,028**	10,432	**102,803**
INCOME TAXES (Note 8):			
Current	**3,931**	3,937	**33,598**
Deferred	**840**	84	**7,179**
Total income taxes	**4,771**	4,021	**40,777**
NET INCOME	**¥ 7,257**	¥ 6,411	**$ 62,026**

Years ended March 31, 2006 and 2005	Yen 2006	Yen 2005	U.S. Dollars 2006
PER SHARE OF COMMON STOCK (Note 2.o):			
Basic net income	**¥ 314.79**	¥ 277.39	**$ 2.69**
Cash dividends applicable to the year	**55.00**	40.00	**0.47**

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2006 and 2005	Thousands: Issued Number of Shares of Common Stock	Millions of Yen: Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2004	22,731	¥ 4,426	¥ 4,314	¥ 23,258	¥ 4,869	¥ (220)	¥ (1)
Net income				6,411			
Cash dividends, ¥35 per share				(795)			
Bonuses to directors				(120)			
Net decrease in unrealized gain on available-for-sale securities					(633)		
Net change in foreign currency translation adjustments						44	
BALANCE, MARCH 31, 2005	22,731	4,426	4,314	28,754	4,236	(176)	(1)
Net income				7,257			
Cash dividends, ¥50 per share				(1,136)			
Bonuses to directors				(106)			
Net increase in unrealized gain on available-for-sale securities					2,030		
Net change in foreign currency translation adjustments						25	
BALANCE, MARCH 31, 2006	22,731	¥ 4,426	¥ 4,314	¥ 34,769	¥ 6,266	¥ (151)	¥ (1)

Years ended March 31, 2006 and 2005	Thousands of U.S. Dollars (Note 1): Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, MARCH 31, 2005	$ 37,829	$ 36,872	$245,761	$ 36,205	$ (1,504)	$ (9)
Net income			62,026			
Cash dividends, $0.43 per share			(9,710)			
Bonuses to directors			(906)			
Net increase in unrealized gain on available-for-sale securities				17,351		
Net change in foreign currency translation adjustments					213	
BALANCE, MARCH 31, 2006	$ 37,829	$ 36,872	$297,171	$ 53,556	$ (1,291)	$ (9)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2006 and 2005	Millions of Yen 2006	Millions of Yen 2005	Thousands of U.S. Dollars (Note 1) 2006
OPERATING ACTIVITIES:			
Income before income taxes	¥ 12,028	¥ 10,432	$ 102,803
Adjustments for:			
Income taxes—paid	(4,046)	(5,636)	(34,581)
Depreciation and amortization	1,300	1,262	11,111
Reversal of doubtful receivables	(99)	(21)	(846)
Loss on disposal of property, plant and equipment	42	55	359
Bonuses to directors	(106)	(120)	(906)
Changes in assets and liabilities:			
Decrease in notes and accounts receivable	4,752	1,728	40,615
(Increase) decrease in inventories	(5,096)	3,083	(43,556)
Decrease in notes and accounts payable	(354)	(8,500)	(3,026)
(Decrease) increase in accrued expenses	(69)	330	(590)
Increase (decrease) in liability for retirement benefits	44	(299)	376
Other—net	(134)	315	(1,144)
Total adjustments	(3,766)	(7,803)	(32,188)
Net cash provided by operating activities	8,262	2,629	70,615
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,425)	(1,163)	(12,179)
Proceeds from sales of short-term investments and investment securities	7,666	5,305	65,521
Purchases of short-term investments and investment securities	(7,450)	(9,079)	(63,675)
Payment for purchase of newly consolidated subsidiary, net of cash acquired	(609)		(5,205)
Decrease (increase) in other assets	15	(408)	128
Net cash used in investing activities	(1,803)	(5,345)	(15,410)
FINANCING ACTIVITIES:			
Increase in short-term bank loans	9		77
Repayments of long-term debt	(11)	(144)	(94)
Dividends paid	(1,138)	(790)	(9,726)
Net cash used in financing activities	(1,140)	(934)	(9,743)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	16	14	136
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	¥ 5,335	¥ (3,636)	$ 45,598
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,171	17,807	121,120
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 19,506	¥ 14,171	$ 166,718

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 Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

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.

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 ¥117 to $1, the approximate rate of exchange at March 31, 2006. 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, 2006 and 2005 include the accounts of the Company and its 11 (10 in 2005) 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.

During the year ended March 31, 2006, Eizo Nanao AG has been included in consolidation as a result of the acquisition of its shares.

b. 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, certificate of deposit and commercial paper, all of which mature or become due within three months of the date of acquisition.

c. Inventories—Inventories are stated at cost substantially determined by the average method for finished products and work in process, and by the moving-average method for raw materials.

d. 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 shareholders' 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.

e. 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 acquired after April 1, 1998 of the Company and its domestic subsidiaries, 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, 10 years for machinery and equipment, and from 2 to 6 years for furniture and fixtures.

f. Long-lived Assets—In August 2002, the Business Accounting Council ("BAC") issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets, " and in October 2003 the Accounting Standards Board of Japan ("ASBJ") issued ASBJ Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements were effective for fiscal years beginning on or after April 1, 2005 with early adoption permitted for fiscal years ending on or after March 31, 2004.

The Group adopted the new accounting standard for impairment of fixed assets as of April 1, 2004.

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance 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.

g. Retirement and Pension Plans—The Company and certain subsidiaries have a defined contribution pension plan, non-contributory funded pension plan and unfunded retirement benefit plans which cover substantially all of their employees.

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 previously provided 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.

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

i. Leases—All leases are accounted for as operating leases. Under Japanese accounting standards for leases, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, while other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the notes to the lessee's financial statements.

j. 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.

k. Appropriations of Retained Earnings—Appropriations of retained earnings are reflected in the financial statements for the following year upon shareholders' approval.

l. 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 statement of income.

m. 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 shareholders' equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

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

n. Derivatives and Hedging Activities—The Group uses derivative financial instruments to manage its exposures to fluctuations in foreign exchange. Foreign exchange forward contracts and currency options 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: all derivatives be recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statement of income.

The foreign currency forward contracts and currency options contracts employed to hedge foreign exchange exposures for export sales and import purchases are measured at the fair value and the unrealized gains/losses are recognized in income.

o. 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, 2006 and 2005.

p. New Accounting Pronouncements

Business combination and business separation

In October 2003, the BAC issued a Statement of Opinion, "Accounting for Business Combinations, " and on December 27, 2005 the ASBJ issued "Accounting Standard for Business Separations" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Separations." These new accounting pronouncements are effective for fiscal years beginning on or after April 1, 2006.

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. These specific criteria are as follows:

(a) the consideration for the business combination consists solely of common shares with voting rights,

(b) the ratio of voting rights of each predecessor shareholder group after the business combination is nearly equal, and

(c) there are no other factors that would indicate any control exerted by any shareholder group other than voting rights.

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. Goodwill, including negative goodwill, is to be systematically amortized over 20 years or less, but is also subject to an impairment test.

Under the accounting standard for business separations, in a business separation where the interests of the investor no longer continue and the investment is settled, the difference between the fair value of the consideration received for the transferred business and the book value of net assets transferred to the separated business is recognized as a gain or loss on business separation in the statement of income. In a business separation where the interests of the investor continue and the investment is not settled, no such gain or loss on business separation is recognized.

Stock options

On December 27, 2005, the ASBJ issued "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006.

This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services.

The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of shareholders' equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

Bonuses to directors and corporate auditors

Prior to the fiscal year ended March 31, 2005, bonuses to directors and corporate auditors were accounted for as a reduction of retained earnings in the fiscal year following approval at the general shareholders meeting. The ASBJ issued ASBJ Practical Issues Task Force (PITF) No. 13, "Accounting Treatment for Bonuses to Directors and Corporate Auditors, " which encouraged companies to record bonuses to directors and corporate auditors on the accrual basis with a related charge to income, but still permitted the direct reduction of such bonuses from retained earnings after approval of the appropriation of retained earnings.

The ASBJ replaced the above accounting pronouncement by issuing a new accounting standard for bonuses to directors and corporate auditors on November 29, 2005. Under the new accounting standard, bonuses to directors and corporate auditors must be expensed and are no longer allowed to be directly charged to retained earnings. This accounting standard is effective for fiscal years ending on or after May 1, 2006. The companies must accrue bonuses to directors and corporate auditors at the year end to which such bonuses are attributable.

3. Short-term investments and investment securities

Short-term investments and investment securities as of March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Short-term investments:			
Debt securities	¥ 1,302	¥ 2,805	$ 11,128
Others	1,100	700	9,402
Total	¥ 2,402	¥ 3,505	$ 20,530
Investment securities:			
Marketable equity securities	¥ 12,631	¥ 8,745	$ 107,957
Non-marketable equity securities	126	126	1,078
Debt securities	1,384	1,602	11,829
Others	1,410	792	12,051
Total	¥ 15,551	¥ 11,265	$ 132,915

The carrying amounts and aggregate fair values of the securities classified as available-for-sale at March 31, 2006 and 2005 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2006				
Securities classified as available-for-sale:				
Equity securities	¥ 2,074	¥ 10,566	¥ 9	¥ 12,631
Debt securities	2,705		19	2,686
Others	2,533		23	2,510
Total	¥ 7,312	¥ 10,566	¥ 51	¥ 17,827
March 31, 2005				
Securities classified as available-for-sale:				
Equity securities	¥ 1,627	¥ 7,118		¥ 8,745
Debt securities	4,410	2	¥ 5	4,407
Others	1,500		8	1,492
Total	¥ 7,537	¥ 7,120	¥ 13	¥ 14,644

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2006				
Securities classified as available-for-sale:				
Equity securities	$ 17,726	$ 90,308	$ 77	$ 107,957
Debt securities	23,120		163	22,957
Others	21,650		197	21,453
Total	$ 62,496	$ 90,308	$ 437	$ 152,367

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2006 and 2005 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Available-for-sale—			
Equity securities	¥ 126	¥ 126	$ 1,078
Total	¥ 126	¥ 126	$ 1,078

The carrying values of debt securities and others by contractual maturities for securities classified as available-for-sale at March 31, 2006 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Available for Sale	Available for Sale
Due in one year or less	¥ 2,573	$ 21,991
Due after one year through five years	2,148	18,359
Due after five years through ten years	71	607
Due over ten years	304	2,598
Total	¥ 5,096	$ 43,555

4. Inventories

Inventories at March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Finished products	¥ 3,343	¥ 3,114	$ 28,573
Work in process	1,095	684	9,359
Raw materials and supplies	9,098	3,964	77,760
Total	¥ 13,536	¥ 7,762	$ 115,692

5. Short-term bank loans and long-term Debt

Short-term bank loans at March 31, 2006 consisted of a bank loan. The annual interest rate for the short-term bank loan is 2.7% at March 31, 2006.

Long-term debt at March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Unsecured loans from banks, due through 2010, with interest ranging from 1.4% to 2.9% for 2006 and 2005	¥ **37**	¥ 48	$ **316**
Less current portion	**(11)**	(11)	**(94)**
Long-term debt, less current portion	¥ **26**	¥ 37	$ **222**

Annual maturities of long-term debt at March 31, 2006 were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2007	¥ 11	$ 94
2008	11	94
2009	11	94
2010	4	34
Total	¥ 37	$ 316

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 a trustee. Employees 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, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Projected benefit obligation	¥ **2,160**	¥ 2,058	$ **18,461**
Fair value of plan assets	**(553)**	(445)	**(4,726)**
Unrecognized actuarial loss	**(11)**	(79)	**(94)**
Net liability	¥ **1,596**	¥ 1,534	$ **13,641**

The components of net periodic benefit costs for the years ended March 31, 2006 and 2005 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Service cost	¥ **358**	¥ 402	$ **3,060**
Interest cost	**39**	26	**333**
Recognized actuarial loss	**13**	4	**111**
Gain on transfer of pension plan		(140)	
Net periodic benefit costs	¥ **410**	¥ 292	$ **3,504**

Assumptions used for the years ended March 31, 2006 and 2005 are set forth as follows:

	2006	2005
Discount rate	**2.0%**	2.0%
Expected rate of return on plan assets	**0.75%**	0.01%
Recognition period of actuarial gain/loss	**5 years**	5 years

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, the Company and certain domestic subsidiaries implemented a defined contribution pension plan in April 2004, by which a portion of the severance lump-sum payment plan and defined benefit pension plans were terminated. The effect of this transfer was to increase income before income taxes by ¥140 million and was recorded as gain on transfer of pension plan in the consolidated statements of income for the year ended March 31, 2005.

The liability for retirement benefits at March 31, 2006 and 2005 for directors and corporate auditors is ¥123 million ($1,051 thousand) and ¥141 million, respectively.

7. Shareholders' Equity

Through May 1, 2006, Japanese companies are subject to the Commercial Code of Japan (the "Code").

The Code requires that all shares of common stock be issued with no par value and at least 50% of the issue price of new shares is required to be recorded as common stock and the remaining net proceeds are required to be presented as additional paid-in capital, which is included in capital surplus. The Code permits Japanese companies, upon approval of the Board of Directors, to issue shares to existing shareholders without consideration by way of a stock split. Such issuance of shares generally does not give rise to changes within the shareholders' accounts.

The Code also provides that an amount of 10% or more of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period (such as bonuses to directors) shall be appropriated as a legal reserve (a component of retained earnings) until the total of such reserve and additional paid-in capital equals 25% of common stock. The amount of total legal reserve and additional paid-in capital that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders after transferring such excess in accordance with the Code. In addition, the Code permits the transfer of a portion of additional paid-in capital and legal reserve to the common stock by resolution of the Board of Directors.

The Code allows Japanese companies to purchase treasury stock and dispose of such treasury stock upon resolution of the Board of Directors. The aggregate purchased amount of treasury stock cannot exceed the amount available for future dividends plus the amount of common stock, additional paid-in capital or legal reserve that could be transferred to retained earnings or other capital surplus other than additional paid-in capital upon approval of such transfer at the annual general meeting of shareholders.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash outlays, the Code also imposes certain limitations on the amount of capital surplus and retained earnings available for dividends. The amount of capital surplus and retained earnings available for dividends under the Code was ¥32,991 million ($281,974 thousand) as of March 31, 2006, based on the amount recorded in the parent company's general books of account.

Dividends are approved by the shareholders at a meeting held subsequent to the end of the fiscal year to which the dividends are applicable. Semiannual interim dividends may also be paid upon resolution of the Board of Directors, subject to certain limitations imposed by the Code.

On May 1, 2006, a new corporate law (the "Corporate Law") became effective, which reformed and replaced the Code with various revisions that would, for the most part, be applicable to events or transactions which occur on or after May 1, 2006 and for the fiscal years ending on or after May 1, 2006. The significant changes in the Corporate Law that affect financial and accounting matters are summarized below:

a. Dividends

Under the Corporate Law, 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 the Board of Directors, (2) having independent auditors, (3) having the 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) if the company has prescribed so in its articles of incorporation.

The Corporate Law permits companies to distribute dividends-in-kind (non-cash assets) to shareholders subject to a certain limitation 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. Under the Code, certain limitations were imposed on the amount of capital surplus and retained earnings available for dividends. The Corporate Law also 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 Corporate Law 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 aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Code, the aggregate amount of additional paid-in capital and legal reserve that exceeds 25% of the common stock may be made available for dividends by resolution of the shareholders. Under the Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation of such threshold. The Corporate Law 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 Corporate Law 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 Corporate Law, stock acquisition rights, which were previously presented as a liability, are now presented as a separate component of shareholders' equity.

The Corporate Law 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 shareholders' equity or deducted directly from stock acquisition rights.

On December 9, 2005, the ASBJ published a new accounting standard for presentation of shareholders' equity. Under this accounting standard, certain items which were previously presented as liabilities are now presented as components of shareholders' equity. Such items include stock acquisition rights, minority interest, and any deferred gain or loss on derivatives accounted for under hedge accounting. This standard is effective for fiscal years ending on or after May 1, 2006.

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, 2006 and 2005.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2006 and 2005 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
Deferred tax assets:			
Inventories	**¥ 736**	¥ 1,455	**$ 6,291**
Pension and severance costs	**685**	655	**5,855**
Tax loss carryforwards	**665**	574	**5,684**
Accrued expenses	**1,321**	1,195	**11,291**
Other	**1,004**	1,164	**8,580**
Less valuation allowance	**(1,196)**	(979)	**(10,222)**
Total	**3,215**	4,064	**27,479**
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	**4,251**	2,874	**36,333**
Other	**82**	71	**702**
Total	**4,333**	2,945	**37,035**
Net deferred tax assets	**¥ (1,118)**	¥ 1,119	**$ (9,556)**

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the year ended March 31, 2005 is as follows:

	2005
Normal effective statutory tax rate	**40.4%**
Tax credit for research expenses	**(2.6)**
Other—net	**0.7**
Actual effective tax rate	**38.5%**

The difference between the normal effective statutory tax rate for the year ended March 31, 2006 and the actual effective tax rate is not exceeding 5% of the normal effective statutory tax rate.

At March 31, 2006, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,697 million ($14,504 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
2009	¥ 2	$ 17
2010	60	513
2011 and thereafter	1,635	13,974
Total	¥ 1,697	$ 14,504

9. Research and Development Costs

Research and development costs charged to income were ¥3,805 million ($32,521 thousand) and ¥3,643 million for the years ended March 31, 2006 and 2005, respectively.

10. Leases

The Group leases certain machinery, equipment and other assets. Total lease payments under financing leases arrangements that do not transfer ownership of the leased property to the Company and its domestic subsidiaries were ¥143 million ($1,222 thousand) and ¥98 million for the years ended March 31, 2006 and 2005, respectively.

Pro forma information of leased property carried by finance leases that do not transfer ownership of the leased property to the lessee on an "as if capitalized" basis as of and for the years ended March 31, 2006 and 2005 was as follows:

	Millions of Yen				
	2006		2005		
	Machinery and Equipment	Total	Machinery and Equipment	Others	Total
Acquisition cost	¥ 38	¥ 38	¥ 529	¥ 12	¥ 541
Accumulated depreciation	18	18	391	6	397
Net leased property	¥ 20	¥ 20	¥ 138	¥ 6	¥ 144

	Thousands of U.S. Dollars	
	2006	
	Machinery and Equipment	Total
Acquisition cost	$ 325	$ 325
Accumulated depreciation	154	154
Net leased property	$ 171	$ 171

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Due within one year	¥ 7	¥ 91	$ 60
Due after one year	13	53	111
Total	¥ 20	¥ 144	$ 171

The amount of obligations under finance leases includes the imputed interest expense portion.

Depreciation expense, which is not reflected in the accompanying consolidated statements of income, computed by the straight-line method, was ¥143 million ($1,222 thousand) and ¥98 million for the years ended March 31, 2006 and 2005, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2006 and 2005 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	2006
Due within one year	¥ 102	¥ 83	$ 872
Due after one year	259	129	2,213
Total	¥ 361	¥ 212	$ 3,085

11. Derivatives

The Group enters into derivative contracts, including foreign currency forward contracts and currency options 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 its 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.

The Group had the following derivatives contracts outstanding at March 31, 2006 and 2005:

	Millions of Yen					
	2006			2005		
	Contract Amount	Fair Value	Unrealized Gain/(Loss)	Contract Amount	Fair Value	Unrealized Gain/(Loss)
Foreign currency forward contracts— Buying Japanese ¥	¥ 282	¥ 1	¥ 1	¥ 582	¥ (5)	¥ (5)

	Thousands of U.S. Dollars		
	2006		
	Contract Amount	Fair Value	Unrealized Gain/(Loss)
Foreign currency forward contracts— Buying Japanese ¥	$ 2,410	$ 9	$ 9

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.

12. Subsequent Event

The following appropriations of retained earnings at March 31, 2006 were approved at the Company's shareholders meeting held on June 21, 2006:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥30 ($0.26) per share	¥ 682	$ 5,829
Bonuses to directors	102	872
Total	¥ 784	$ 6,701

13. Segment Information

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2006 and 2005 is as follows:

(1) Industry Segments

The Group is primarily engaged in the manufacture, development and sales of products in the visual display system 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 years ended March 31, 2006 and 2005 are summarized as follows:

	Millions of Yen				
	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Year ended March 31, 2005					
Sales to customers	¥ 85,878	¥ 2,864	¥ 2,352		¥ 91,094
Interarea transfer	4,768			¥ (4,768)	
Total sales	90,646	2,864	2,352	(4,768)	91,094
Operating expenses	77,647	2,933	2,394	(2,305)	80,669
Operating income (loss)	¥ 12,999	¥ (69)	¥ (42)	¥ (2,463)	¥ 10,425
Total assets	¥ 42,787	¥ 746	¥ 1,241	¥ 21,095	¥ 65,869
Year ended March 31, 2006					
Sales to customers	**¥ 79,224**	**¥ 2,625**	**¥ 3,209**		**85,058**
Interarea transfer	**4,330**			**¥ (4,330)**	
Total sales	**83,554**	**2,625**	**3,209**	**(4,330)**	**85,058**
Operating expenses	**68,924**	**2,599**	**3,270**	**(1,615)**	**73,178**
Operating income (loss)	**¥ 14,630**	**¥ 26**	**¥ (61)**	**¥ (2,715)**	**¥ 11,880**
Total assets	**¥ 42,556**	**¥ 643**	**¥ 1,916**	**¥ 29,475**	**¥ 74,590**

	Thousands of U.S. Dollars				
	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Year ended March 31, 2006					
Sales to customers	$ 677,128	**$ 22,436**	**$ 27,427**		**$ 726,991**
Interarea transfer	37,009			**$ (37,009)**	
Total sales	714,137	**22,436**	**27,427**	**(37,009)**	**726,991**
Operating expenses	589,094	**22,214**	**27,948**	**(13,803)**	**625,453**
Operating income (loss)	$ 125,043	**$ 222**	**$ (521)**	**$ (23,206)**	**$ 101,538**
Total assets	$ 363,726	**$ 5,496**	**$ 16,376**	**$ 251,923**	**$ 637,521**

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2006 and 2005 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2006	2005	**2006**
North America	**¥ 2,625**	¥ 2,864	**$ 22,436**
Europe	**16,870**	20,398	**144,188**
Other	**1,645**	1,417	**14,060**
Total	**¥ 21,140**	¥ 24,679	**$ 180,684**

Independent Auditors' Report

Deloitte.

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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 and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of income, shareholders' 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, 2006 and 2005, 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

June 21, 2006

Group Network

(As of July 1, 2006)

Overseas Network

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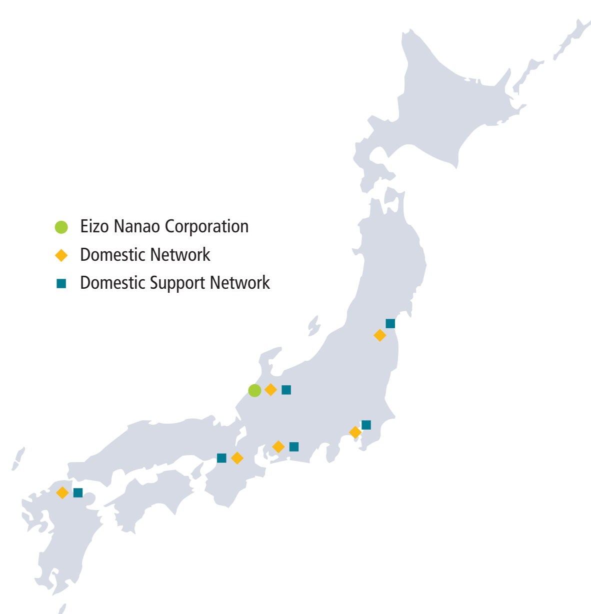

Domestic Network

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Corporate Data

(As of March 31, 2006)

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
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Employees on a Consolidated Basis
1,248

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 June 21, 2006)

Board of Directors

President and CEO
Yoshitaka Jitsumori

Executive Vice President
Tsutomu Tanabe

Directors
Shuji Taniho
Kazuya Maeda
Eiji Tsurumi
Masaki Ono
Shigekazu Wakamura

Statutory Auditors

Standing Corporate Auditor
Katsuhiro Hori

Corporate Auditors
Masakatsu Atarashi
Masafumi Kubo
Tadao Kitagawa

Managing Officer

Executive Managing Officer
Shuji Taniho

Senior Managing Officer
Yoji Shimakura

Managing Officer
Kazuya Maeda
Eiji Tsurumi
Masaki Ono
Shigekazu Matsumoto
Yuichi Murai
Kazuhide Shimura
Muneharu Yamamoto

Shareholders' Information

(As of March 31, 2006)

Total Number of Shares Authorized
65,000,000

Number of Shares Issued
22,731,160

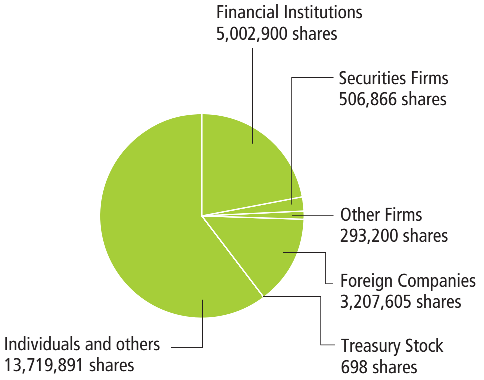
Shares Listed On
The first section of the Tokyo Stock Exchange

Number of Shareholders
11,883

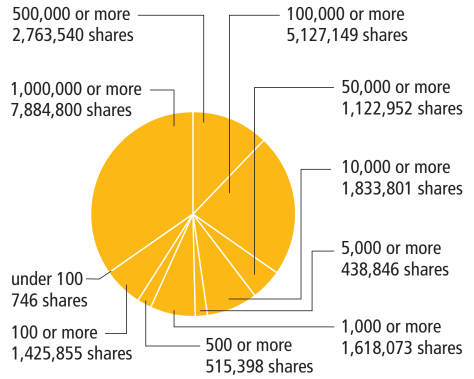
Major Shareholders

	Number of Shares Held (Thousands)	Percentage of Voting Rights (%)
Yasutaka Murata	1,885	8.3
Tsuneo Murata	1,885	8.3
Naoki Murata	1,885	8.3
Tetsu Takashima	1,133	5.0
Masayuki Murata	1,095	4.8
Japan Trustee Service Bank, Ltd. (Investment Trust Account)	932	4.1
The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	929	4.1

Distribution of Shares by Type of Shareholders



Distribution of Shares by Number of Shares



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