Corporate Data 2007

EIZO NANAO CORPORATION

Financial Highlights

Eizo Nanao Corporation and Subsidiaries

	Millions of Yen 2005	Millions of Yen 2006	Millions of Yen 2007	Thousands of U.S. Dollars 2007
Years ended March 31:				
Net sales	¥ 91,094	¥ 85,058	**¥ 95,611**	**$ 810,263**
Operating income	10,425	11,880	**11,656**	**98,780**
Net income	6,411	7,257	**7,713**	**65,364**
As of March 31:				
Total assets	65,869	74,590	**83,563**	**708,161**
Total equity	41,553	49,623	**56,340**	**477,458**
Per share data: (Yen and U.S. Dollars)				
Basic net income	¥ 277.39	¥ 314.79	**¥ 339.35**	**$ 2.88**
Cash dividends applicable to the year	40.00	55.00	**70.00**	**0.59**

Note : U.S. dollar amounts are provided solely for convenience at the rate of ¥118 to US$1, the approximate exchange rate at March 31, 2007.

FlexScan®

ColorEdge®

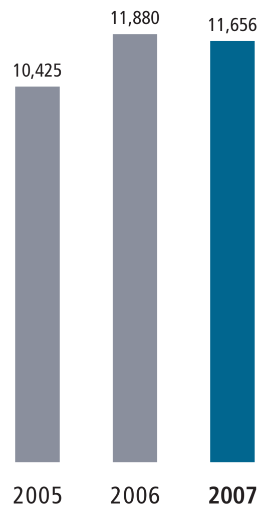
RadiForce®

AirView® Quad

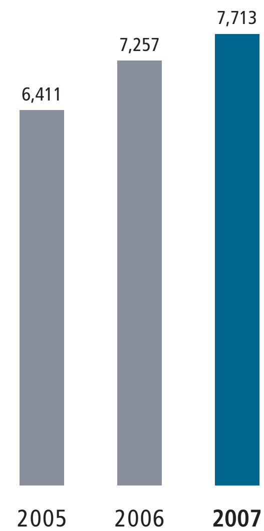
FORIS.TV®

Net Sales
Millions of Yen

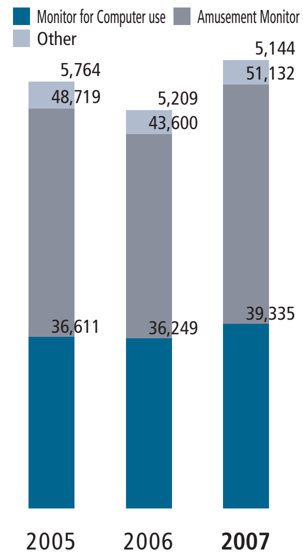
Operating Income
Millions of Yen



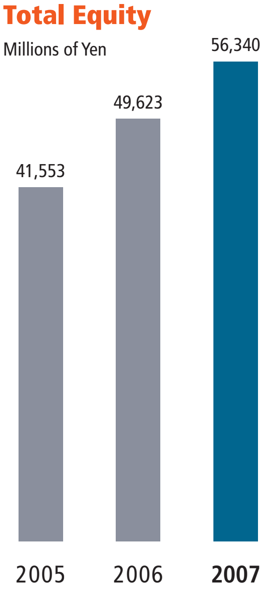
Net Income
Millions of Yen



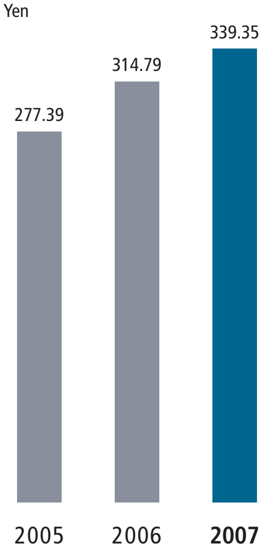
Net Sales by Products
Millions of Yen



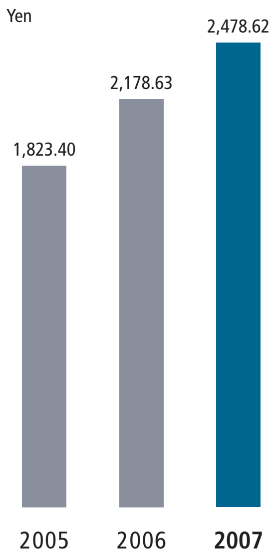
Total Equity
Millions of Yen



Basic Net Income per Share
Yen



Total Equity per Share
Yen



Consolidated Balance Sheets

Eizo Nanao Corporation and Subsidiaries

March 31, 2007 and 2006	Millions of Yen 2007	Millions of Yen 2006	Thousands of U.S. Dollars (Note 1) 2007
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 15,731	¥ 19,506	$ 133,314
Short-term investments (Note 3)	3,393	2,402	28,754
Notes and accounts receivables:			
Trade notes	584	2,651	4,949
Trade accounts	20,438	9,736	173,203
Other	169	444	1,432
Allowance for doubtful receivables	(358)	(160)	(3,034)
Inventories (Note 4)	10,189	13,536	86,347
Deferred tax assets (Note 9)	3,068	1,992	26,000
Prepaid expenses and other current assets	955	428	8,094
Total current assets	54,169	50,535	459,059
PROPERTY, PLANT AND EQUIPMENT (Note 5):			
Land	3,080	2,641	26,102
Buildings and structures	10,783	7,959	91,381
Machinery and equipment	2,873	2,767	24,347
Furniture and fixtures	3,791	3,589	32,127
Construction in progress	155	1	1,314
Total	20,682	16,957	175,271
Accumulated depreciation	(9,982)	(9,631)	(84,593)
Net property, plant and equipment	10,700	7,326	90,678
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	17,413	15,551	147,568
Deferred tax assets (Note 9)	60	44	508
Other assets	1,652	1,134	14,001
Allowance for doubtful receivables	(431)		(3,653)
Total investments and other assets	18,694	16,729	158,424
TOTAL	¥ 83,563	¥ 74,590	$ 708,161

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2007	2006	**2007**
LIABILITIES AND EQUITY			
CURRENT LIABILITIES:			
Short-term bank loans (Note 6)		¥ 9	
Current portion of long-term debt (Note 6)		11	
Notes and accounts payables:			
Trade accounts	**¥ 10,275**	12,202	**$ 87,076**
Other	**3,050**	1,508	**25,847**
Income taxes payable	**3,805**	2,082	**32,246**
Accrued expenses	**3,624**	3,306	**30,712**
Other current liabilities	**804**	538	**6,814**
Total current liabilities	**21,558**	19,656	**182,695**
LONG-TERM LIABILITIES:			
Long-term debt (Note 6)		26	
Liability for retirement benefits (Note 7)	**1,801**	1,719	**15,263**
Deferred tax liabilities (Note 9)	**3,236**	3,153	**27,424**
Other long-term liabilities	**628**	413	**5,321**
Total long-term liabilities	**5,665**	5,311	**48,008**
COMMITMENTS AND CONTINGENT LIABILITIES (Notes 11 and 12)			
EQUITY (Notes 8 and 13):			
Common stock—authorized, 65,000,000 shares; issued, 22,731,160 shares in 2007 and 2006	**4,426**	4,426	**37,508**
Capital surplus	**4,314**	4,314	**36,559**
Retained earnings	**41,016**	34,769	**347,593**
Unrealized gain on available-for-sale securities	**6,629**	6,266	**56,178**
Foreign currency translation adjustments	**(43)**	(151)	**(363)**
Treasury stock—at cost, 798 shares in 2007 and 698 shares in 2006	**(2)**	(1)	**(17)**
Total equity	**56,340**	49,623	**477,458**
TOTAL	**¥ 83,563**	¥ 74,590	**$ 708,161**

Consolidated Statements of Income

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2007 and 2006	Millions of Yen 2007	Millions of Yen 2006	Thousands of U.S. Dollars (Note 1) 2007
NET SALES	**¥ 95,611**	¥ 85,058	**$ 810,263**
COST OF SALES (Note 10)	**70,600**	62,060	**598,305**
Gross profit	**25,011**	22,998	**211,958**
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)	**13,355**	11,118	**113,178**
Operating income	**11,656**	11,880	**98,780**
OTHER INCOME (EXPENSES):			
Interest and dividend income	**207**	115	**1,754**
Interest expense		(1)	
Loss on disposal of property, plant and equipment—net	**(55)**	(42)	**(466)**
Loss on impairment of long-lived assets (Note 5)	**(12)**		**(102)**
Foreign exchange (loss) gain—net	**(2)**	130	**(17)**
Other—net	**369**	(54)	**3,127**
Other income—net	**507**	148	**4,296**
INCOME BEFORE INCOME TAXES	**12,163**	12,028	**103,076**
INCOME TAXES (Note 9):			
Current	**5,670**	3,931	**48,051**
Deferred	**(1,220)**	840	**(10,339)**
Total income taxes	**4,450**	4,771	**37,712**
NET INCOME	**¥ 7,713**	¥ 7,257	**$ 65,364**

Years ended March 31, 2007 and 2006	Yen 2007	Yen 2006	U.S. Dollars 2007
PER SHARE OF COMMON STOCK (Note 2.p):			
Basic net income	**¥ 339.35**	¥ 314.79	**$ 2.88**
Cash dividends applicable to the year	**70.00**	55.00	**0.59**

See notes to consolidated financial statements.

Consolidated Statements of Changes in Equity

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2007 and 2006	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	Total Equity
BALANCE, APRIL 1, 2005	22,731	¥ 4,426	¥ 4,314	¥ 28,754	¥ 4,236	¥ (176)	¥ (1)	¥ 41,553
Net income				7,257				7,257
Cash dividends, ¥50 per share				(1,136)				(1,136)
Bonuses to directors				(106)				(106)
Net increase in unrealized gain on available-for-sale securities					2,030			2,030
Net change in foreign currency translation adjustments						25		25
BALANCE, MARCH 31, 2006	22,731	4,426	4,314	34,769	6,266	(151)	(1)	49,623
Net income				7,713				7,713
Cash dividends, ¥60 per share				(1,364)				(1,364)
Bonuses to directors				(102)				(102)
Net increase in unrealized gain on available-for-sale securities					363			363
Net change in foreign currency translation adjustments						108		108
Purchase of treasury stock							(1)	(1)
BALANCE, MARCH 31, 2007	22,731	¥ 4,426	¥ 4,314	¥ 41,016	¥ 6,629	¥ (43)	¥ (2)	¥ 56,340

Years ended March 31, 2007 and 2006	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	Total Equity
BALANCE, MARCH 31, 2006	$ 37,508	$ 36,559	$ 294,653	$ 53,102	$ (1,280)	$ (8)	$420,534
Net income			65,364				65,364
Cash dividends, $0.51 per share			(11,560)				(11,560)
Bonuses to directors			(864)				(864)
Net increase in unrealized gain on available-for-sale securities				3,076			3,076
Net change in foreign currency translation adjustments					917		917
Purchase of treasury stock						(9)	(9)
BALANCE, MARCH 31, 2007	$ 37,508	$ 36,559	$347,593	$ 56,178	$ (363)	$ (17)	$477,458

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2007 and 2006	Millions of Yen 2007	Millions of Yen 2006	Thousands of U.S. Dollars (Note 1) 2007
OPERATING ACTIVITIES:			
Income before income taxes	¥ 12,163	¥ 12,028	$ 103,076
Adjustments for:			
Income taxes—paid	(3,967)	(4,046)	(33,619)
Depreciation and amortization	1,288	1,300	10,915
Reversal of doubtful receivables	195	(99)	1,653
Loss on disposal of property, plant and equipment	55	42	466
Bonuses to directors	(102)	(106)	(864)
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable	(8,339)	4,752	(70,669)
Decrease (increase) in inventories	3,508	(5,096)	29,729
Decrease in notes and accounts payable	(2,047)	(354)	(17,347)
Increase (decrease) in accrued expenses	494	(69)	4,186
Increase in liability for retirement benefits	82	44	695
Other—net	331	(134)	2,804
Total adjustments	(8,502)	(3,766)	(72,051)
Net cash provided by operating activities	3,661	8,262	31,025
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(3,141)	(1,425)	(26,619)
Proceeds from sales of short-term investments and investment securities	9,303	7,666	78,839
Purchases of short-term investments and investment securities	(11,532)	(7,450)	(97,729)
Payment for purchase of newly consolidated subsidiary, net of cash acquired	(168)	(609)	(1,424)
(Increase) decrease in other assets	(436)	15	(3,694)
Net cash used in investing activities	(5,974)	(1,803)	(50,627)
FINANCING ACTIVITIES:			
(Decrease) increase in short-term bank loans	(79)	9	(669)
Repayments of long-term debt		(11)	
Dividends paid	(1,362)	(1,138)	(11,542)
Net cash used in financing activities	(1,441)	(1,140)	(12,211)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	48	16	406
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	¥ (3,706)	¥ 5,335	$ (31,407)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	19,506	14,171	165,305
DECREASE IN CASH AND CASH EQUIVALENTS RESULTING FROM EXCLUSION FROM CONSOLIDATION	(69)		(584)
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 15,731	¥ 19,506	$ 133,314

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 ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

On December 27, 2005, the Accounting Standards Board of Japan (the "ASBJ") published a new accounting standard for the statement of changes in equity, which is effective for fiscal years ending on or after May 1, 2006. The consolidated statement of shareholders' equity, which was previously voluntarily prepared in line with the international accounting practices, is now required under Japanese GAAP and has been renamed "the consolidated statement of changes in equity" in the current fiscal year.

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 ¥118 to $1, the approximate rate of exchange at March 31, 2007. 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, 2007 and 2006 include the accounts of the Company and its 11 (11 in 2006) 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.

The excess of cost over net assets of subsidiaries acquired is charged to income when incurred.

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, 2007, Tech Source, Inc. has been included in consolidation as a result of the acquisition of its shares throughout Eizo Nanao Technologies Inc.

During the year ended March 31, 2007, USHITSU ELECTRONICS INDUSTRIAL Co., Ltd. has been excluded from consolidation as it is no longer controlled by the Company.

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 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 issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the 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. Bonuses to Directors—Prior to the fiscal year ended March 31, 2005, bonuses to directors 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 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 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 at the year end to which such bonuses are attributable.

The Company adopted the new accounting standard for bonuses to directors and corporate auditors in the year ended March 31, 2007. The effect of adoption of this accounting standard was to decrease income before income taxes for the year ended March 31, 2007 by ¥110 million ($932 thousand).

k. 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.

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

m. 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.

n. 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" in a separate component of equity.

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

o. 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.

p. 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, 2007 and 2006.

q. New Accounting Pronouncements

Measurement of Inventories—Under Japanese GAAP, inventories are currently measured either by the cost method, or at the lower of cost or market. On July 5, 2006, the ASBJ issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," which is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted. This standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net selling value, which is defined as the selling price less additional estimated manufacturing costs and estimated direct selling expenses. The replacement cost may be used in place of the net selling value, if appropriate. The standard also requires that inventories held for trading purposes be measured at the market price.

Lease Accounting—On March 30, 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the existing accounting standard for lease transactions issued on June 17, 1993.

Under the existing accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee are to be capitalized, however, other finance leases are permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements.

The revised accounting standard requires that all finance lease transactions should be capitalized. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.

Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements—Under Japanese GAAP, a company currently can use the financial statements of foreign subsidiaries which are prepared in accordance with generally accepted accounting principles in their respective jurisdictions for its consolidation process unless they are clearly unreasonable. On May 17, 2006, the ASBJ issued ASBJ PITF No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." The new task force 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 the generally accepted accounting principles in the United States 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;

(1) Amortization of goodwill
(2) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(3) Capitalization of intangible assets arising from development phases
(4) Fair value measurement of investment properties, and the revaluation model for property, plant and equipment, and intangible assets
(5) Retrospective application when accounting policies are changed
(6) Accounting for net income attributable to a minority interest

The new task force is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Short-term investments:			
Debt securities	**¥ 1,199**	¥ 1,302	**$ 10,161**
Others	**2,194**	1,100	**18,593**
Total	**¥ 3,393**	¥ 2,402	**$ 28,754**
Investment securities:			
Marketable equity securities	**¥ 14,757**	¥ 12,631	**$ 125,059**
Non-marketable equity securities	**116**	126	**983**
Debt securities	**894**	1,384	**7,576**
Others	**1,646**	1,410	**13,950**
Total	**¥ 17,413**	¥ 15,551	**$ 147,568**

The carrying amounts and aggregate fair values of the securities classified as available-for-sale at March 31, 2007 and 2006 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2007				
Securities classified as available-for-sale:				
Equity securities	¥ 3,619	¥ 11,200	¥ 62	¥ 14,757
Debt securities	4,095	1	6	4,090
Others	1,852	1	10	1,843
Total	¥ 9,566	¥ 11,202	¥ 78	¥ 20,690
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**

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2007				
Securities classified as available-for-sale:				
Equity securities	**$ 30,669**	**$ 94,915**	**$ 525**	**$ 125,059**
Debt securities	**34,703**	**9**	**51**	**34,661**
Others	**15,696**	**8**	**85**	**15,619**
Total	**$ 81,068**	**$ 94,932**	**$ 661**	**$ 175,339**

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2007 and 2006 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
Available-for-sale—			
Equity securities	**¥ 116**	¥ 126	**$ 983**

The carrying values of debt securities and others by contractual maturities for securities classified as available-for-sale at March 31, 2007 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Available-for-sale	Available-for-sale
Due in one year or less	¥ 3,633	$ 30,788
Due after one year through five years	1,499	12,703
Due after five years through ten years	160	1,356
Due over ten years	543	4,602
Total	¥ 5,835	$ 49,449

4. INVENTORIES

Inventories at March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Finished products	¥ 3,905	¥ 3,343	$ 33,093
Work in process	1,314	1,095	11,136
Raw materials and supplies	4,970	9,098	42,118
Total	¥ 10,189	¥ 13,536	$ 86,347

5. LONG-LIVED ASSETS

The total loss on impairment of long-lived assets for the year ended March 31, 2007 amounted to ¥12 million ($102 thousand). The contents of impairment are mainly land of ¥11 million ($93 thousand).

The recoverable amount of the assets is measured by net realizable value based on reasonable estimates, either real estate appraised value by a third party or the assessed value for property tax purposes.

6. SHORT-TERM BANK LOANS AND LONG-TERM DEBT

Short-term bank loans at March 31, 2006 consisted of a bank loan.

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

	Millions of Yen
	2006
Unsecured loans from banks, due through 2010, with interest ranging from 1.4% to 2.9% for 2006	¥ 37
Less current portion	(11)
Long-term debt, less current portion	¥ 26

7. 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, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Projected benefit obligation	¥ 2,233	¥ 2,160	$ 18,924
Fair value of plan assets	(615)	(553)	(5,212)
Unrecognized actuarial gain (loss)	60	(11)	509
Net liability	¥ 1,678	¥ 1,596	$ 14,221

The components of net periodic benefit costs for the years ended March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Service cost	¥ 337	¥ 358	$ 2,856
Interest cost	41	39	347
Recognized actuarial (gain) loss	(1)	13	(8)
Net periodic benefit costs	¥ 377	¥ 410	$ 3,195

Assumptions used for the years ended March 31, 2007 and 2006 are set forth as follows:

	2007	2006
Discount rate	2.00%	2.00%
Expected rate of return on plan assets	1.25%	0.75%
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, 2007 and 2006 for directors and corporate auditors is ¥123 million ($1,042 thousand) and ¥123 million, respectively.

8. EQUITY

On and after May 1, 2006, Japanese companies are subject to a new corporate law of Japan (the "Corporate Law"), which reformed and replaced the Commercial Code of Japan with various revisions that are, for the most part, 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) 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 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. The Corporate Law 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 Corporate Law, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. 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 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 equity or deducted directly from stock acquisition rights.

9. 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, 2007 and 2006.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2007 and 2006 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Deferred tax assets:			
Inventories	¥ 1,078	¥ 736	$ 9,136
Pension and severance costs	671	685	5,686
Tax loss carryforwards	530	665	4,492
Accrued expenses	1,150	1,321	9,746
Other	2,232	1,004	18,915
Less valuation allowance	(1,219)	(1,196)	(10,331)
Total	4,442	3,215	37,644
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(4,497)	(4,251)	(38,110)
Other	(83)	(81)	(703)
Total	(4,580)	(4,332)	(38,813)
Net deferred tax liabilities	¥ (138)	¥ (1,117)	$ (1,169)

Deferred assets (liabilities) were included in the consolidated balance sheets as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Current assets—Deferred tax assets	¥ 3,068	¥ 1,992	$ 26,000
Investments and other assets—Deferred tax assets	60	44	508
Current liabilities—Other current liabilities	(30)		(253)
Long-term liabilities—Deferred tax liabilities	(3,236)	(3,153)	(27,424)
Net deferred tax liabilities	¥ (138)	¥ (1,117)	$ (1,169)

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the year ended March 31, 2007 is as follows:

	2007
Normal effective statutory tax rate	40.4%
Tax credit for research expenses	(2.4)
Decrease in less valuation allowance	(1.6)
Other—net	0.2
Actual effective tax rate	36.6%

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, 2007, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,412 million ($11,966 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	$ 18
2010	2	18
2011	36	305
2012 and thereafter	1,372	11,625
Total	¥ 1,412	$ 11,966

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥4,176 million ($35,390 thousand) and ¥3,805 million for the years ended March 31, 2007 and 2006, respectively.

11. 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 ¥7 million ($59 thousand) and ¥143 million for the years ended March 31, 2007 and 2006, 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, 2007 and 2006 was as follows:

	Millions of Yen			
	2007		2006	
	Machinery and Equipment	Total	Machinery and Equipment	Total
Acquisition cost	¥ 31	¥ 31	¥ 38	¥ 38
Accumulated depreciation	16	16	18	18
Net leased property	¥ 15	¥ 15	¥ 20	¥ 20

	Thousands of U.S. Dollars	
	2007	
	Machinery and Equipment	Total
Acquisition cost	$ 263	$ 263
Accumulated depreciation	136	136
Net leased property	$ 127	$ 127

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥ 6	¥ 7	$ 51
Due after one year	9	13	76
Total	¥ 15	¥ 20	$ 127

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 ¥7 million ($59 thousand) and ¥143 million for the years ended March 31, 2007 and 2006, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2007 and 2006 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	2007
Due within one year	¥ 107	¥ 102	$ 907
Due after one year	235	259	1,991
Total	¥ 342	¥ 361	$ 2,898

12. 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, 2007 and 2006:

	Millions of Yen					
	2007			2006		
	Contract Amount	Fair Value	Unrealized Gain	Contract Amount	Fair Value	Unrealized Gain
Foreign currency forward contracts— Buying Japanese ¥	¥ 590	¥ 2	¥ 2	¥ 282	¥ 1	¥ 1

	Thousands of U.S. Dollars		
	2007		
	Contract Amount	Fair Value	Unrealized Gain
Foreign currency forward contracts— Buying Japanese ¥	$5,000	$ 17	$ 17

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.

13. SUBSEQUENT EVENT

The following appropriations of retained earnings at March 31, 2007 were approved at the Board of Directors meeting held on May 21, 2007:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥40 ($0.34) per share	¥ 909	$ 7,703

14. SEGMENT INFORMATION

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2007 and 2006 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, 2007 and 2006 are summarized as follows:

	Millions of Yen				
	2007				
	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**¥ 89,280**	**¥ 2,421**	**¥ 3,910**		**¥ 95,611**
Interarea transfer	**5,154**			**¥ (5,154)**	
Total sales	**94,434**	**2,421**	**3,910**	**(5,154)**	**95,611**
Operating expenses	**79,781**	**2,653**	**3,791**	**(2,270)**	**83,955**
Operating income (loss)	**¥ 14,653**	**¥ (232)**	**¥ 119**	**¥ (2,884)**	**¥ 11,656**
Total assets	**¥ 52,732**	**¥ 1,272**	**¥ 2,263**	**¥ 27,296**	**¥ 83,563**

	Thousands of U.S. Dollars				
	2007				
	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
Sales to customers	**$ 756,610**	**$ 20,517**	**$ 33,136**		**$ 810,263**
Interarea transfer	**43,678**			**$ (43,678)**	
Total sales	**800,288**	**20,517**	**33,136**	**(43,678)**	**810,263**
Operating expenses	**676,110**	**22,483**	**32,127**	**(19,237)**	**711,483**
Operating income (loss)	**$ 124,178**	**$ (1,966)**	**$ 1,009**	**$ (24,441)**	**$ 98,780**
Total assets	**$ 446,881**	**$ 10,780**	**$ 19,178**	**$ 231,322**	**$ 708,161**

	Millions of Yen				
	2006				
	Japan	North America	Europe	Eliminations/ Corporate	Consolidated
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

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2007 and 2006 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2007	2006	**2007**
North America	**¥ 2,511**	¥ 2,625	**$ 21,280**
Europe	**19,001**	16,870	**161,025**
Other	**1,905**	1,645	**16,144**
Total	**¥ 23,417**	¥ 21,140	**$ 198,449**

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 (the "Company") and subsidiaries as of March 31, 2007 and 2006, and the related consolidated statements of income, 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, 2007 and 2006, 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.

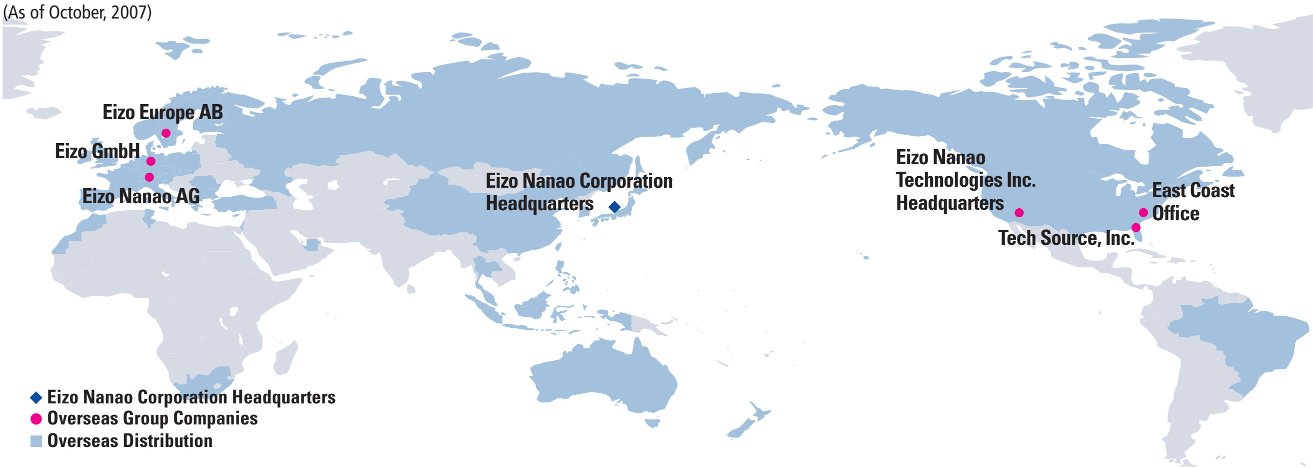
Our audits also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu

June 22, 2007

Group Network

(As of October, 2007)



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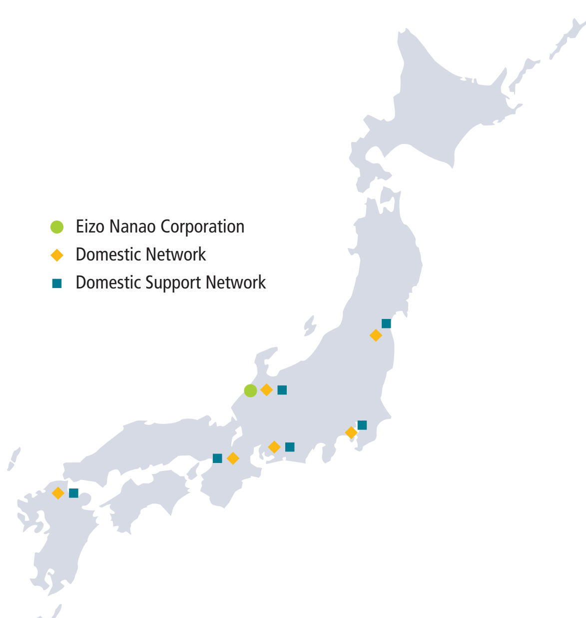

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Corporate Data

(As of March 31, 2007)

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
1,224

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, 2007)

Board of Directors

President and CEO
Yoshitaka Jitsumori

Executive Vice President
Tsutomu Tanabe

Directors
Kazuya Maeda
Eiji Tsurumi
Masaki Ono
Yuichi Murai
Shigekazu Wakamura

Statutory Auditors

Standing Corporate Auditor
Katsuhiro Hori

Corporate Auditors
Shuji Taniho
Masakatsu Atarashi
Masafumi Kubo

Managing Officer

Executive Managing Officer
Kazuya Maeda

Senior Managing Officer
Yoji Shimakura

Managing Officer
Eiji Tsurumi
Masaki Ono
Yuichi Murai
Shigekazu Matsumoto
Kazuhide Shimura
Muneharu Yamamoto
Toshimine Hiraki
Kazuhiko Deminami

Shareholders' Information

(As of March 31, 2007)

Total Number of Shares Authorized
65,000,000

Number of Shares Issued
22,731,160

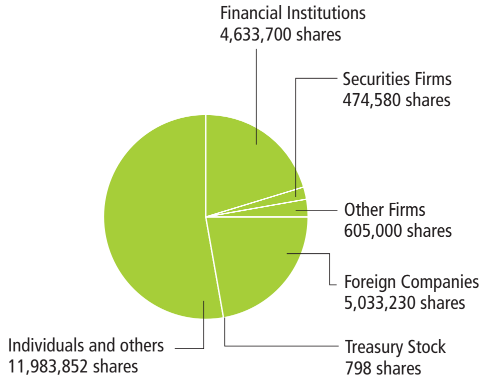
Shares Listed On
The first section of the Tokyo Stock Exchange

Number of Shareholders
12,759

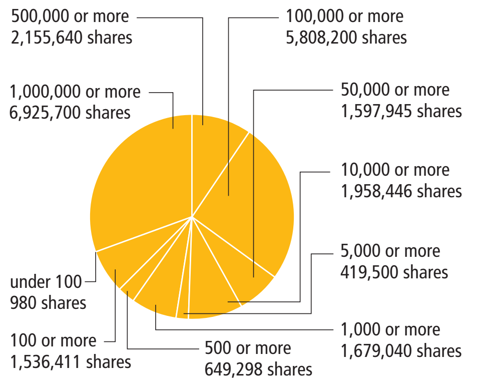
Major Shareholders

	Number of Shares Held (Thousands)	Percentage of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	1,290	5.6
Yasutaka Murata	1,135	4.9
Tsuneo Murata	1,135	4.9
Naoki Murata	1,135	4.9
Tetsu Takashima	1,133	4.9
Masayuki Murata	1,095	4.8
Hiroshi Murata	902	3.9
Japan Trustee Service Bank, Ltd. (Investment Trust Account)	753	3.3
The Hokkoku Bank, Ltd.	500	2.2
State Street Bank and Trust Company	432	1.9

Distribution of Shares by Type of Shareholders



Distribution of Shares by Number of Shares



EIZO

EIZO NANAO CORPORATION

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