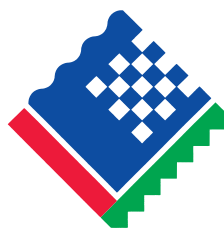


Corporate Data
2005



EIZO NANAO CORPORATION

Financial Highlights

Eizo Nanao Corporation and Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars	
	2003	2004	2005	2005
Years ended March 31:				
Net sales	¥ 77,548	¥ 91,624	¥ 91,094	\$ 848,807
Operating income	6,223	11,567	10,425	97,139
Net income	2,774	6,971	6,411	59,737
As of March 31:				
Total assets	47,576	71,726	65,869	613,763
Total shareholders' equity	24,138	36,646	41,553	387,188
Per share data: (Yen and U.S. Dollars)				
Basic net income	¥ 132.37	¥ 314.98	¥ 277.39	\$ 2.58
Cash dividends applicable to the year	15.00	30.00	40.00	0.37

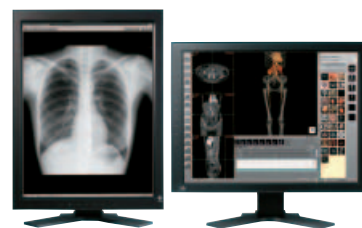
Note : U.S. dollar amounts are provided solely for convenience at the rate of ¥107.32 to US\$1, the approximate exchange rate at March 31, 2005.



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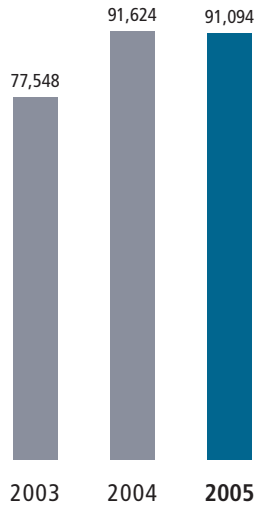
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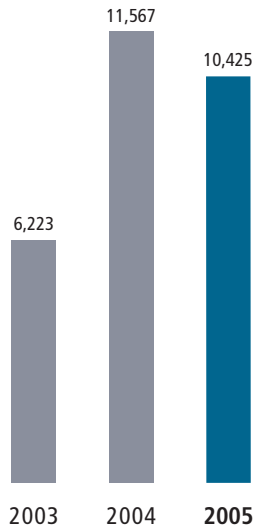
Net Sales

Millions of Yen



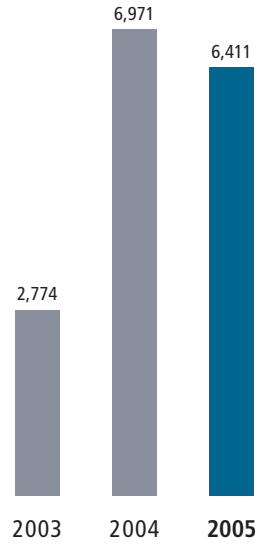
Operating Income

Millions of Yen



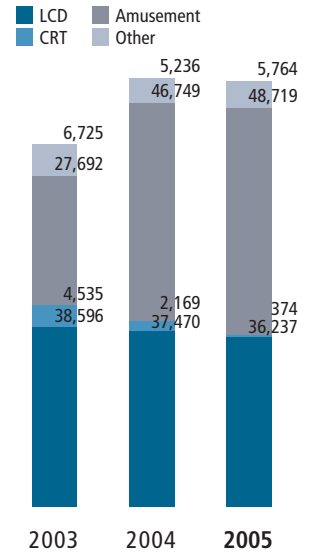
Net Income

Millions of Yen



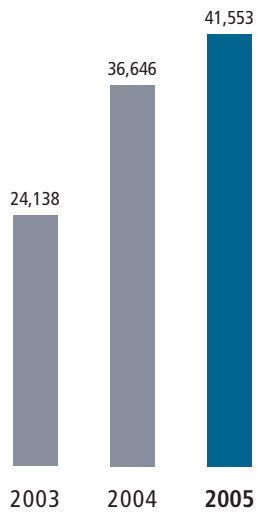
Net Sales by Products

Millions of Yen



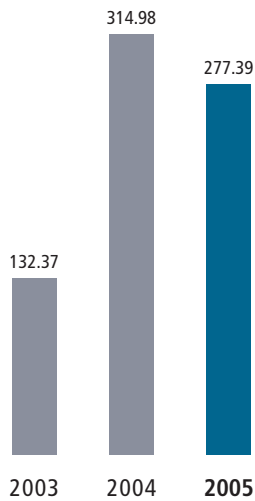
Total Shareholders' Equity

Millions of Yen



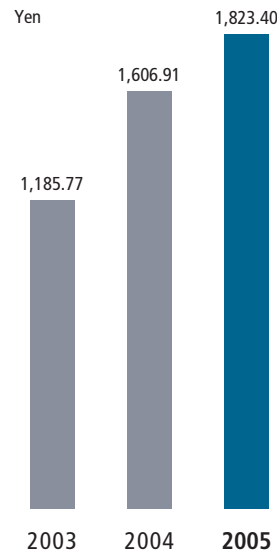
Basic Net Income per Share

Yen



Total Shareholders' Equity per Share

Yen



Consolidated Balance Sheets

Eizo Nanao Corporation and Subsidiaries

March 31, 2005 and 2004	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 14,171	¥ 17,807	\$ 132,044
Short-term investments (Note 3)	3,505	1,110	32,659
Notes and accounts receivables:			
Trade notes	2,915	3,681	27,162
Trade accounts	14,538	15,214	135,464
Other	95	340	885
Allowance for doubtful receivables	(258)	(278)	(2,404)
Inventories (Note 4)	7,762	10,808	72,326
Deferred tax assets (Note 8)	2,875	2,943	26,789
Prepaid expenses and other current assets	225	362	2,097
Total current assets	45,828	51,987	427,022
PROPERTY, PLANT AND EQUIPMENT:			
Land	2,634	2,441	24,543
Buildings and structures	7,442	7,507	69,344
Machinery and equipment	2,332	2,153	21,729
Furniture and fixtures	3,576	3,702	33,321
Construction in progress	54	1	504
Total	16,038	15,804	149,441
Accumulated depreciation	(9,156)	(8,887)	(85,315)
Net property, plant and equipment	6,882	6,917	64,126
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	11,265	10,963	104,966
Deferred tax assets (Note 8)	391	393	3,643
Other assets	1,503	1,466	14,006
Total investments and other assets	13,159	12,822	122,615
TOTAL	¥ 65,869	¥ 71,726	\$ 613,763

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt (Note 5)	¥ 11	¥ 144	\$ 102
Notes and accounts payables:			
Trade notes	424	2,908	3,951
Trade accounts	12,632	17,411	117,704
Other	1,126	2,551	10,492
Income taxes payable	2,186	3,868	20,369
Accrued expenses	3,372	3,290	31,420
Other current liabilities	450	152	4,193
Total current liabilities	20,201	30,324	188,231
LONG-TERM LIABILITIES:			
Long-term debt (Note 5)	37	48	345
Liability for retirement benefits (Note 6)	1,675	2,115	15,608
Deferred tax liabilities (Note 8)	2,147	2,586	20,006
Other long-term liabilities	256	7	2,385
Total long-term liabilities	4,115	4,756	38,344
SHAREHOLDERS' EQUITY (Notes 7 and 12):			
Common stock—authorized, 65,000,000 shares; issued, 22,731,160 shares in 2005 and 2004	4,426	4,426	41,241
Capital surplus	4,314	4,314	40,198
Retained earnings	28,754	23,258	267,928
Unrealized gain on available-for-sale securities	4,236	4,869	39,470
Foreign currency translation adjustments	(176)	(220)	(1,640)
Treasury stock—at cost, 606 shares in 2005 and 620 shares in 2004	(1)	(1)	(9)
Total shareholders' equity	41,553	36,646	387,188
TOTAL	¥ 65,869	¥ 71,726	\$ 613,763

Consolidated Statements of Income

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2005 and 2004	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
NET SALES	¥ 91,094	¥ 91,624	\$ 848,807
COST OF SALES	70,128	70,513	653,447
Gross profit	20,966	21,111	195,360
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,541	9,544	98,221
Operating income	10,425	11,567	97,139
OTHER INCOME (EXPENSES):			
Interest and dividend income	90	84	839
Interest expense	(1)	(5)	(9)
Loss on disposal of property, plant and equipment — net	(55)	(81)	(512)
Foreign exchange loss — net	(16)	(79)	(149)
Other — net	(11)	(133)	(103)
Other income (expenses) — net	7	(214)	66
INCOME BEFORE INCOME TAXES	10,432	11,353	97,205
INCOME TAXES (Note 8):			
Current	3,937	5,462	36,685
Deferred	84	(1,080)	783
Total income taxes	4,021	4,382	37,468
NET INCOME	¥ 6,411	¥ 6,971	\$ 59,737

Years ended March 31, 2005 and 2004	Yen		U.S. Dollars
	2005	2004	2005
PER SHARE OF COMMON STOCK (Note 2.o):			
Basic net income	¥ 277.39	¥ 314.98	\$ 2.58
Cash dividends applicable to the year	40.00	30.00	0.37

See notes to consolidated financial statements.

Consolidated Statements of Shareholders' Equity

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2005 and 2004	Thousands	Millions of Yen					
	Issued Number of Shares of Common Stock	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock
BALANCE, APRIL 1, 2003	20,281	¥ 2,272	¥ 2,162	¥ 16,756	¥ 3,170	¥ (221)	¥ (1)
Net income				6,971			
Cash dividends, ¥17.5 per share				(379)			
Bonuses to directors				(90)			
Issuance of common stock to public in Japan (Note 7)	2,450	2,154	2,152				
Net increase in unrealized gain on available-for-sale securities					1,699		
Net change in foreign currency translation adjustments						1	
BALANCE, MARCH 31, 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)

Years ended March 31, 2005 and 2004	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, 2004	\$ 41,241	\$ 40,198	\$ 216,716	\$ 45,369	\$ (2,050)	\$ (9)
Net income			59,737			
Cash dividends, \$0.33 per share			(7,407)			
Bonuses to directors			(1,118)			
Net decrease in unrealized gain on available-for-sale securities				(5,899)		
Net change in foreign currency translation adjustments					410	
BALANCE, MARCH 31, 2005	\$ 41,241	\$ 40,198	\$ 267,928	\$ 39,470	\$ (1,640)	\$ (9)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Eizo Nanao Corporation and Subsidiaries

Years ended March 31, 2005 and 2004	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2005	2004	2005
OPERATING ACTIVITIES:			
Income before income taxes	¥ 10,432	¥ 11,353	\$ 97,205
Adjustments for:			
Income taxes — paid	(5,636)	(3,826)	(52,516)
Depreciation and amortization	1,262	1,058	11,759
(Reversal of) provision for doubtful receivables	(21)	88	(196)
Loss on disposal of property, plant and equipment	55	81	512
Bonuses to directors	(120)	(90)	(1,118)
Changes in assets and liabilities:			
Decrease (increase) in notes and accounts receivable	1,728	(6,156)	16,101
Decrease (increase) in inventories	3,083	(3,725)	28,727
(Decrease) increase in notes and accounts payable	(8,500)	8,604	(79,202)
Increase (decrease) in accrued expenses	330	(198)	3,075
(Decrease) increase in liability for retirement benefits	(299)	786	(2,786)
Other — net	315	(195)	2,936
Total adjustments	(7,803)	(3,573)	(72,708)
Net cash provided by operating activities	2,629	7,780	24,497
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	(1,163)	(803)	(10,837)
Proceeds from sales of short-term investments and investment securities	5,305	2,016	49,432
Purchases of short-term investments and investment securities	(9,079)	(3,536)	(84,597)
Increase in other assets	(408)	(924)	(3,802)
Net cash used in investing activities	(5,345)	(3,247)	(49,804)
FINANCING ACTIVITIES:			
Repayments of long-term debt	(144)	(400)	(1,342)
Issuance of common stock to public in Japan		4,306	
Dividends paid	(790)	(379)	(7,361)
Other		(34)	
Net cash (used in) provided by financing activities	(934)	3,493	(8,703)
FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS	14	10	130
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	¥ (3,636)	¥ 8,036	\$ (33,880)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	17,807	9,771	165,924
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 14,171	¥ 17,807	\$ 132,044

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 NANA O 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 ¥107.32 to \$1, the approximate rate of exchange at March 31, 2005. 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, 2005 and 2004 include the accounts of the Company and its 10 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.

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.

Effective from the year ended March 31, 2004, the Company has changed the method of valuation for raw materials from the average method to the moving-average method. This change was made in order to strengthen the Company's monthly and yearly profit control, by way of introducing the Enterprise Resource Planning system. The effect of this change is not significant.

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 issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the Accounting Standards Board of Japan ("ASB") issued ASB Guidance No. 6, "Guidance for Accounting Standard for Impairment of Fixed Assets." These new pronouncements are 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.

The adoption had no effect on the financial statements.

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, 2005 and 2004.

3. Short-term investments and investment securities

Short-term investments and investment securities as of March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Short-term investments:			
Debt securities	¥ 2,805	¥ 1,110	\$ 26,137
Others	700		6,522
Total	¥ 3,505	¥ 1,110	\$ 32,659
Investment securities:			
Marketable equity securities	¥ 8,745	¥ 9,521	\$ 81,485
Non-marketable equity securities	126	126	1,174
Debt securities	1,602	1,316	14,927
Others	792		7,380
Total	¥ 11,265	¥ 10,963	\$ 104,966

The carrying amounts and aggregate fair values of the securities classified as available-for-sale at March 31, 2005 and 2004 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
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
March 31, 2004				
Securities classified as available-for-sale:				
Equity securities	¥ 1,354	¥ 8,167		¥ 9,521
Debt securities	2,424	4	¥ 2	2,426
Total	¥ 3,778	¥ 8,171	¥ 2	¥ 11,947

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2005				
Securities classified as available-for-sale:				
Equity securities	\$ 15,160	\$ 66,325		\$ 81,485
Debt securities	41,092	19	\$ 47	41,064
Others	13,977		75	13,902
Total	\$ 70,229	\$ 66,344	\$ 122	\$ 136,451

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2005 and 2004 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Available-for-sale—			
Equity securities	¥ 126	¥ 126	\$ 1,174
Total	¥ 126	¥ 126	\$ 1,174

The carrying values of debt securities and others by contractual maturities for securities classified as available-for-sale at March 31, 2005 are as follows:

	Millions of Yen		Thousands of U.S. Dollars	
	Available for Sale		Available for Sale	
Due in one year or less	¥	3,505	\$	32,659
Due after one year through five years		2,394		22,307
Total	¥	5,899	\$	54,966

4. Inventories

Inventories at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2005	2004	2005	
Finished products	¥ 3,114	¥ 3,722	\$ 29,016	
Work in process	684	700	6,374	
Raw materials and supplies	3,964	6,386	36,936	
Total	¥ 7,762	¥ 10,808	\$ 72,326	

5. Long-term Debt

Long-term debt at March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars	
	2005	2004	2005	
Unsecured loans from banks, due through 2010, with interest ranging from 1.4% to 2.9% for 2005 (from 0.6% to 3.0% for 2004)	¥ 48	¥ 192	\$ 447	
Less current portion	(11)	(144)	(102)	
Long-term debt, less current portion	¥ 37	¥ 48	\$ 345	

Annual maturities of long-term debt at March 31, 2005, were as follows:

Year Ending March 31	Millions of Yen		Thousands of U.S. Dollars	
2006	¥	11	\$	103
2007		11		103
2008		11		103
2009		11		103
2010		4		35
Total	¥	48	\$	447

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, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Projected benefit obligation	¥ 2,058	¥ 3,309	\$ 19,176
Fair value of plan assets	(445)	(1,659)	(4,146)
Unrecognized actuarial loss	(79)	(91)	(736)
Net liability	¥ 1,534	¥ 1,559	\$ 14,294

The components of net periodic benefit costs for the years ended March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Service cost	¥ 402	¥ 996	\$ 3,747
Interest cost	26	35	242
Recognized actuarial loss	4	56	37
Gain on transfer of pension plan	(140)		(1,305)
Net periodic benefit costs	¥ 292	¥ 1,087	\$ 2,721

Assumptions used for the years ended March 31, 2005 and 2004 are set forth as follows:

	2005	2004
Discount rate	2.0%	2.0%
Expected rate of return on plan assets	0.01%	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 (\$1,305 thousand) 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, 2005 and 2004 for directors and corporate auditors is ¥141 million (\$1,314 thousand) and ¥556 million, respectively.

7. Shareholders' Equity

Japanese companies are subject to the Japanese Commercial Code (the "Code").

The Code requires that all shares of common stock are recorded 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 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 as 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 at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock. The amount of total additional paid-in capital and legal reserve that exceeds 25% of the common stock may be available for dividends by resolution of the shareholders. 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 repurchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The repurchased amount of treasury stock cannot exceed the amount available for future dividend plus amount of common stock, additional paid-in capital or legal reserve to be reduced in the case where such reduction was resolved at the general shareholders meeting.

In addition to the provision that requires an appropriation for a legal reserve in connection with the cash payment, the Code imposes certain limitations on the amount of retained earnings available for dividends. The amount of retained earnings available for dividends under the Code was ¥26,866 million (\$250,335 thousand) as of March 31, 2005, 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 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 August 20, 2003 and September 18, 2003, the Company issued 2,450 thousand new shares to the public in Japan. Of total proceeds from the issuance of new shares amounting to ¥4,306 million, ¥2,154 million was credited to common stock and the remaining ¥2,152 million was credited to capital surplus.

8. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 40.4% and 41.7% for the years ended March 31, 2005 and 2004, respectively.

On March 31, 2003, a tax reform law concerning enterprise tax was enacted in Japan which changed the normal effective statutory tax rate from 41.7% to 40.4%, effective for years beginning on or after April 1, 2004. The deferred tax assets and liabilities which will realize on or after April 1, 2004 are measured at the effective tax rate of 40.4% as at March 31, 2005 and 2004.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2005 and 2004 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Deferred tax assets:			
Inventories	¥ 1,455	¥ 1,440	\$ 13,558
Pension and severance costs	655	806	6,103
Tax loss carryforwards	574	540	5,348
Accrued expenses	1,195	1,216	11,135
Other	1,164	1,122	10,846
Less valuation allowance	(979)	(963)	(9,122)
Total	4,064	4,161	37,868
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	2,874	3,300	26,780
Other	71	111	662
Total	2,945	3,411	27,442
Net deferred tax assets	¥ 1,119	¥ 750	\$ 10,426

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 years ended March 31, 2005 and 2004 is as follows:

	2005	2004
Normal effective statutory tax rate	40.4%	41.7%
Tax credit for research expenses	(2.6)	(2.2)
Other—net	0.7	(0.8)
Actual effective tax rate	38.5%	38.7%

At March 31, 2005, certain subsidiaries have tax loss carryforwards aggregating approximately ¥1,535 million (\$14,303 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	Thousands of U.S. Dollars	
	Millions of Yen	Thousands of U.S. Dollars
2006	¥ 147	\$ 1,370
2009	2	19
2010 and thereafter	1,386	12,914
Total	¥ 1,535	\$ 14,303

9. Research and Development Costs

Research and development costs charged to income were ¥3,643 million (\$33,945 thousand) and ¥3,319 million for the years ended March 31, 2005 and 2004, 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 ¥98 million (\$913 thousand) and ¥94 million for the years ended March 31, 2005 and 2004, 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, 2005 and 2004 was as follows:

	Millions of Yen		
	Machinery and Equipment	Others	Total
March 31, 2004			
Acquisition cost	¥ 529	¥ 12	¥ 541
Accumulated depreciation	312	3	315
Net leased property	¥ 217	¥ 9	¥ 226

March 31, 2005			
Acquisition cost	¥ 529	¥ 12	¥ 541
Accumulated depreciation	391	6	397
Net leased property	¥ 138	¥ 6	¥ 144

	Thousands of U.S. Dollars		
	Machinery and Equipment	Others	Total
March 31, 2005			
Acquisition cost	\$ 4,929	\$ 112	\$ 5,041
Accumulated depreciation	3,643	56	3,699
Net leased property	\$ 1,286	\$ 56	\$ 1,342

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
Due within one year	¥ 91	¥ 93	\$ 848
Due after one year	53	133	494
Total	¥ 144	¥ 226	\$ 1,342

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 ¥98 million (\$913 thousand) and ¥94 million for the years ended March 31, 2005 and 2004, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2005 and 2004 were as follows:

	Millions of Yen		Thousands of
	2005	2004	U.S. Dollars
Due within one year	¥ 83	¥ 67	\$ 773
Due after one year	129	144	1,202
Total	¥ 212	¥ 211	\$ 1,975

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, 2005 and 2004:

	Millions of Yen		
	Contract Amount	Fair Value	Unrealized Gain/Loss
March 31, 2004			
Foreign currency forward contracts:			
Buying Japanese ¥	¥ 414	¥ 21	¥ 21
Selling U.S.\$	211	(1)	(1)
Total	¥ 625	¥ 20	¥ 20

March 31, 2005			
Foreign currency forward contracts:			
Buying Japanese ¥	¥ 582	¥ (5)	¥ (5)
Total	¥ 582	¥ (5)	¥ (5)

	Thousands of U.S. Dollars		
	Contract Amount	Fair Value	Unrealized Gain/Loss
March 31, 2005			
Foreign currency forward contracts:			
Buying Japanese ¥	\$ 5,423	\$ (47)	\$ (47)

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, 2005 were approved at the Company's shareholders meeting held on June 22, 2005:

	Thousands of	
	Millions of Yen	U.S. Dollars
Year-end cash dividends, ¥25 (\$0.23) per share	¥ 568	\$ 5,293
Bonuses to directors	106	988
Total	¥ 674	\$ 6,281

13. Segment Information

Information about industry segments, geographic segments and sales to foreign customers of the Company and subsidiaries for the years ended March 31, 2005 and 2004 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 Company and its subsidiaries for the years ended March 31, 2005 and 2004 are summarized as follows:

	Millions of Yen				
	Japan	North America	North Europe	Eliminations/ Corporate	Consolidated
Year ended March 31, 2004					
Sales to customers	¥ 86,665	¥ 2,883	¥ 2,076		¥ 91,624
Interarea transfer	3,746			¥ (3,746)	
Total sales	90,411	2,883	2,076	(3,746)	91,624
Operating expenses	76,305	2,925	2,027	(1,200)	80,057
Operating income (loss)	¥ 14,106	¥ (42)	¥ 49	¥ (2,546)	¥ 11,567
Total assets	¥ 47,610	¥ 641	¥ 987	¥ 22,488	¥ 71,726

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

	Thousands of U.S. Dollars				
	Japan	North America	North Europe	Eliminations/ Corporate	Consolidated
Year ended March 31, 2005					
Sales to customers	\$ 800,205	\$ 26,687	\$ 21,915		\$ 848,807
Interarea transfer	44,428			\$ (44,428)	
Total sales	844,633	26,687	21,915	(44,428)	848,807
Operating expenses	723,510	27,329	22,307	(21,478)	751,668
Operating income (loss)	\$ 121,123	\$ (642)	\$ (392)	\$ (22,950)	\$ 97,139
Total assets	\$ 398,686	\$ 6,951	\$ 11,564	\$ 196,562	\$ 613,763

(3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2005 and 2004 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2005	2004	2005
North America	¥ 2,864	¥ 2,969	\$ 26,687
Europe	20,398	20,933	190,066
Other	1,417	1,619	13,204
Total	¥ 24,679	¥ 25,521	\$ 229,957

Independent Auditors' Report

Eizo Nanao Corporation

Deloitte.

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Japan
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www.deloitte.com/jp

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
EIZO NANA O CORPORATION:

We have audited the accompanying consolidated balance sheets of EIZO NANA O CORPORATION and subsidiaries as of March 31, 2005 and 2004, 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 NANA O CORPORATION and subsidiaries as of March 31, 2005 and 2004, 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 23, 2005

Group Network

(As of July 1, 2005)



Overseas Network

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East Coast Office

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Domestic Network

Eizo Nanao MS Corporation

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Phone: +81 767 22-7121 Fax: +81 767 22-6601

Irem Software Engineering Inc.

655 Fukudome, Hakusan, Ishikawa 924-8533, Japan

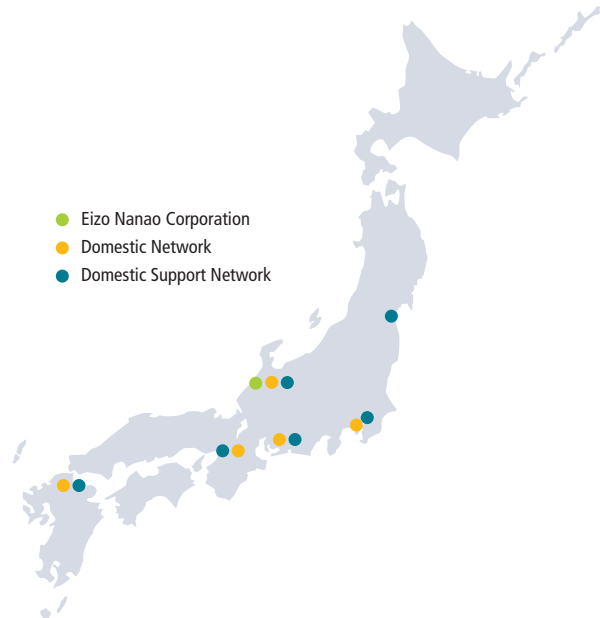
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153 Shimokashiwano, Hakusan, Ishikawa 924-8566, Japan

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- Eizo Nanao Corporation
- Domestic Network
- Domestic Support Network



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Corporate Data

(As of March 31, 2005)

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

1,219

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 22, 2005)

Board of Directors

President and CEO

Yoshitaka Jitsumori

Executive Vice President

Tsutomu Tanabe

Directors

Shuji Taniho

Kazuya Maeda

Eiji Tsurumi

Masaki Ono

Statutory Auditors

Standing Corporate Auditor

Katsuhiko 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

Shareholders' Information

(As of March 31, 2005)

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

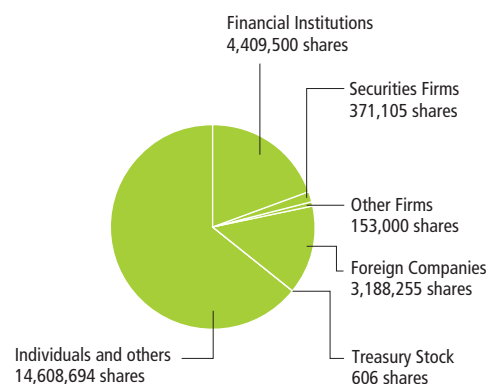
Number of Shareholders

9,028

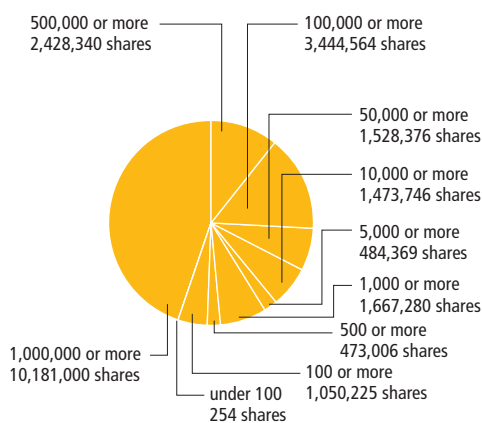
Major Shareholders

	Number of Shares Held (Thousands)	Percentage of Voting Rights (%)
Tetsu Takashima	1,914	8.4
Yasutaka Murata	1,885	8.3
Tsuneo Murata	1,885	8.3
Naoki Murata	1,885	8.3
Japan Trustee Service Bank, Ltd. (Investment Trust Account)	1,415	6.2
Masayuki Murata	1,195	5.3
Hiroshi Murata	902	4.0

Distribution of Shares by Type of Shareholders



Distribution of Shares by Number of Shares





EIZO NANO CORPORATION

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