



# *Consolidated Financial Statement 2009*

*Financial Statements for the Years Ended March 31, 2009 and 2008*

# Financial Highlights

Eizo Nanao Corporation and Subsidiaries

	Millions of Yen			Thousands of U.S. Dollars
	2007	2008	2009	2009
<b>Years ended March 31:</b>				
Net sales	¥ 95,611	¥ 89,308	¥ 74,522	\$ 760,429
Operating income	11,656	8,475	4,302	43,898
Net income	7,713	4,433	682	6,959
<b>As of March 31:</b>				
Total assets	83,563	74,540	65,621	669,602
Total equity	56,340	55,487	50,689	517,235
<b>Per share data</b>				
	Yen			U.S. Dollars
Basic net income	¥ 339.35	¥ 195.03	¥ 30.47	\$ 0.31
Cash dividends applicable to the year	70.00	80.00	70.00	0.71

Note : U.S. dollar amounts are provided solely for convenience at the rate of ¥98 to US\$1, the approximate exchange rate at March 31, 2009.



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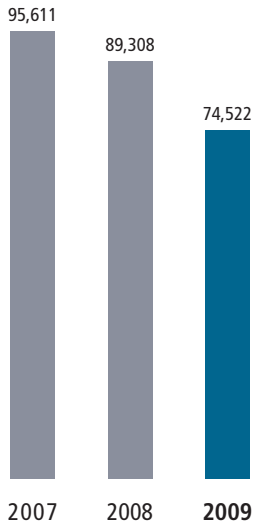
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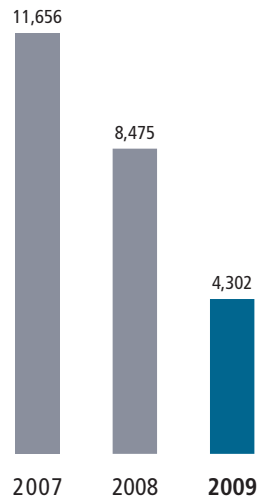
### Net Sales

Millions of Yen



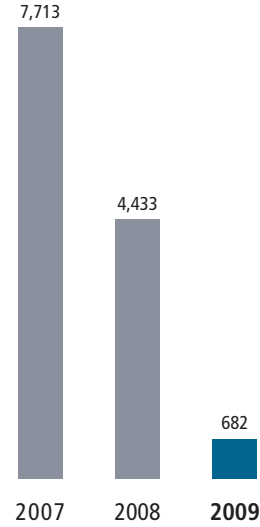
### Operating Income

Millions of Yen



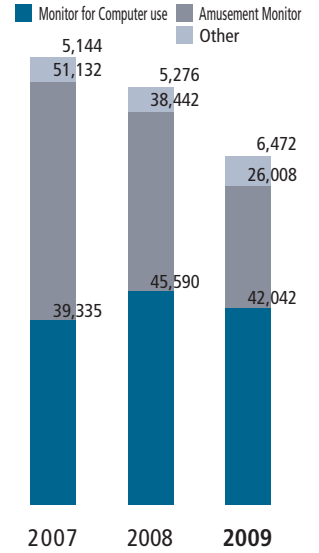
### Net Income

Millions of Yen



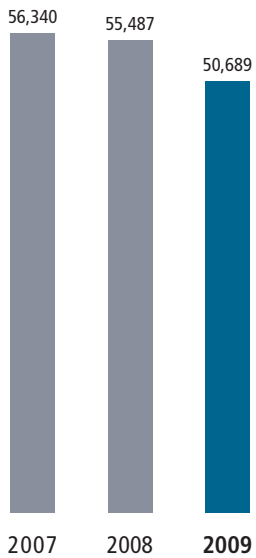
### Net Sales by Products

Millions of Yen



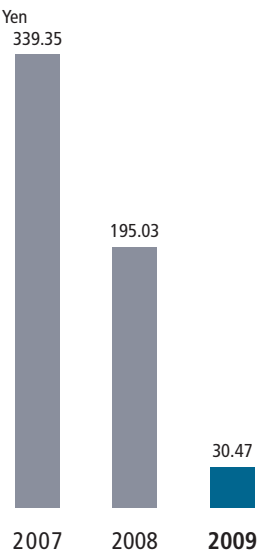
### Total Equity

Millions of Yen



### Basic Net Income per Share

Yen



### Total Equity per Share

Yen



# Consolidated Balance Sheets

Eizo Nanao Corporation and Subsidiaries

March 31, 2009 and 2008	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	¥ 9,888	¥ 13,108	\$ 100,898
Short-term investments (Note 4)	1,998	1,597	20,388
Notes and accounts receivables:			
Trade notes	482	577	4,918
Trade accounts	10,264	11,506	104,735
Other	191	263	1,949
Allowance for doubtful receivables	(212)	(63)	(2,163)
Inventories (Note 5)	16,316	15,684	166,490
Deferred tax assets (Note 9)	2,257	2,184	23,031
Prepaid expenses and other current assets	593	710	6,050
Total current assets	41,777	45,566	426,296
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
Land	3,131	3,131	31,949
Buildings and structures	11,794	11,732	120,347
Machinery and equipment	3,872	3,402	39,510
Furniture and fixtures	4,172	4,211	42,571
Construction in progress	2		21
Total	22,971	22,476	234,398
Accumulated depreciation	(12,073)	(11,033)	(123,194)
Net property, plant and equipment	10,898	11,443	111,204
<b>INVESTMENTS AND OTHER ASSETS:</b>			
Investment securities (Note 4)	8,783	11,260	89,622
Goodwill (Note 6)	1,727	4,407	17,622
Deferred tax assets (Note 9)	1,079	218	11,010
Other assets	1,787	2,077	18,236
Allowance for doubtful receivables	(430)	(431)	(4,388)
Total investments and other assets	12,946	17,531	132,102
<b>TOTAL</b>	<b>¥ 65,621</b>	<b>¥ 74,540</b>	<b>\$ 669,602</b>

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable:			
Trade accounts	¥ 7,370	¥ 7,378	\$ 75,204
Other	906	1,799	9,245
Income taxes payable	395	2,266	4,031
Accrued expenses	2,647	3,342	27,010
Other current liabilities	535	538	5,459
Total current liabilities	11,853	15,323	120,949
<b>LONG-TERM LIABILITIES:</b>			
Liability for retirement benefits (Note 7)	2,060	1,989	21,020
Deferred tax liabilities (Note 9)	10	941	102
Other long-term liabilities	1,009	800	10,296
Total long-term liabilities	3,079	3,730	31,418
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>			
<b>(Notes 12 and 13)</b>			
<b>EQUITY (Notes 8 and 14):</b>			
Common stock—authorized, 65,000,000 shares; issued, 22,731,160 shares in 2009 and 2008	4,426	4,426	45,163
Capital surplus	4,314	4,314	44,020
Retained earnings	42,484	43,604	433,510
Unrealized gain on available-for-sale securities	1,807	3,362	18,439
Foreign currency translation adjustments	(1,343)	(217)	(13,703)
Treasury stock—at cost, 409,884 shares in 2009 and 1,011 shares in 2008	(999)	(2)	(10,194)
Total equity	50,689	55,487	517,235
<b>TOTAL</b>	<b>¥ 65,621</b>	<b>¥ 74,540</b>	<b>\$ 669,602</b>

# Consolidated Statements of Income

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>NET SALES</b>	¥ 74,522	¥ 89,308	\$ 760,429
<b>COST OF SALES (Note 10)</b>	55,005	65,530	561,276
Gross profit	19,517	23,778	199,153
<b>SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 10)</b>	15,215	15,303	155,255
Operating income	4,302	8,475	43,898
<b>OTHER INCOME (EXPENSES):</b>			
Interest and dividend income	273	307	2,786
Interest expense		(39)	
Loss on disposal of property, plant and equipment—net	(31)	(57)	(316)
Loss on impairment of goodwill (Note 6)	(1,696)		(17,306)
Foreign exchange loss—net	(313)	(106)	(3,194)
Loss on valuation of investment securities	(815)	(317)	(8,316)
Other—net	8	350	81
Other income (expenses)—net	(2,574)	138	(26,265)
<b>INCOME BEFORE INCOME TAXES</b>	1,728	8,613	17,633
<b>INCOME TAXES (Note 9):</b>			
Current	1,975	3,485	20,153
Deferred	(929)	695	(9,479)
Total income taxes	1,046	4,180	10,674
<b>NET INCOME</b>	¥ 682	¥ 4,433	\$ 6,959

Years Ended March 31, 2009 and 2008	Yen		U.S. Dollars
	2009	2008	2009
<b>PER SHARE OF COMMON STOCK (Note 2.q):</b>			
Basic net income	¥ 30.47	¥ 195.03	\$ 0.31
Cash dividends applicable to the year	70.00	80.00	0.71

See notes to consolidated financial statements.

## Consolidated Statements of Changes in Equity

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Thousands		Millions of Yen					Total Equity
	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	
<b>BALANCE, APRIL 1, 2007</b>	22,731	¥ 4,426	¥ 4,314	¥ 41,016	¥ 6,629	¥ (43)	¥ (2)	¥ 56,340
Net income				4,433				4,433
Cash dividends, ¥80 per share				(1,818)				(1,818)
Decrease in retained earnings resulting from adoption of a new accounting standard on unification of accounting policies applied to foreign subsidiaries for the consolidated financial statements (Note 2.b)				(27)				(27)
Net decrease in unrealized gain on available-for-sale securities					(3,267)			(3,267)
Net change in foreign currency translation adjustments						(174)		(174)
<b>BALANCE, MARCH 31, 2008</b>	22,731	4,426	4,314	43,604	3,362	(217)	(2)	55,487
Net income				682				682
Cash dividends, ¥80 per share				(1,802)				(1,802)
Net decrease in unrealized gain on available-for-sale securities					(1,555)			(1,555)
Net change in foreign currency translation adjustments						(1,126)		(1,126)
Purchase of treasury stock							(997)	(997)
<b>BALANCE, MARCH 31, 2009</b>	22,731	¥ 4,426	¥ 4,314	¥ 42,484	¥ 1,807	¥ (1,343)	¥ (999)	¥ 50,689

Years Ended March 31, 2009 and 2008	Thousands of U.S. Dollars (Note 1)							Total Equity
	Common Stock	Capital Surplus	Retained Earnings	Unrealized Gain on Available-for-sale Securities	Foreign Currency Translation Adjustments	Treasury Stock		
<b>BALANCE, MARCH 31, 2008</b>	\$ 45,163	\$ 44,020	\$ 444,939	\$ 34,306	\$ (2,214)	\$ (20)	\$ 566,194	
Net income			6,959				6,959	
Cash dividends, \$0.82 per share			(18,388)				(18,388)	
Net decrease in unrealized gain on available-for-sale securities				(15,867)			(15,867)	
Net change in foreign currency translation adjustments					(11,489)		(11,489)	
Purchase of treasury stock						(10,174)	(10,174)	
<b>BALANCE, MARCH 31, 2009</b>	\$ 45,163	\$ 44,020	\$ 433,510	\$ 18,439	\$ (13,703)	\$ (10,194)	\$ 517,235	

See notes to consolidated financial statements.

# Consolidated Statements of Cash Flows

Eizo Nanao Corporation and Subsidiaries

Years Ended March 31, 2009 and 2008	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2009	2008	2009
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes	¥ 1,728	¥ 8,613	\$ 17,633
Adjustments for:			
Income taxes—paid	(3,832)	(5,003)	(39,102)
Depreciation and amortization	2,124	1,871	21,673
Amortization of goodwill	804	195	8,204
Provision (reversal) of doubtful receivables	148	(292)	1,510
Loss on disposal of property, plant and equipment	31	57	316
Loss on impairment of goodwill (Note 6)	1,696		17,306
Loss on valuation of investment securities	815	317	8,316
Changes in assets and liabilities:			
Decrease in notes and accounts receivable	1,163	9,697	11,867
Increase in inventories	(784)	(4,357)	(8,000)
Decrease in accounts payable	(353)	(3,142)	(3,602)
Decrease in accrued expenses	(487)	(246)	(4,969)
Increase in liability for retirement benefits	100	73	1,020
Other—net	496	(203)	5,063
Total adjustments	1,921	(1,033)	19,602
Net cash provided by operating activities	3,649	7,580	37,235
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(1,270)	(3,303)	(12,959)
Proceeds from sales of short-term investments and investment securities	6,615	15,240	67,500
Purchases of short-term investments and investment securities	(7,938)	(13,088)	(81,000)
Payment for acquisition of business (Note 11)	(715)	(6,858)	(7,296)
Increase in other assets	(512)	(359)	(5,225)
Net cash used in investing activities	(3,820)	(8,368)	(38,980)
<b>FINANCING ACTIVITIES:</b>			
Increase in short-term bank loans		43	
Dividends paid	(1,801)	(1,817)	(18,378)
Purchase of treasury stock	(997)		(10,173)
Net cash used in financing activities	(2,798)	(1,774)	(28,551)
<b>FOREIGN CURRENCY TRANSLATION ADJUSTMENT ON CASH AND CASH EQUIVALENTS</b>	(251)	(61)	(2,561)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	¥ (3,220)	¥ (2,623)	\$ (32,857)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	13,108	15,731	133,755
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	¥ 9,888	¥ 13,108	\$ 100,898

See notes to consolidated financial statements.



# Notes to Consolidated Financial Statements

Eizo Nanao Corporation and Subsidiaries

## 1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to 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. In addition, certain reclassifications have been made in the 2008 consolidated financial statements to conform to the classifications used in 2009.

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 ¥98 to \$1, the approximate rate of exchange at March 31, 2009. 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, 2009 include the accounts of the Company and its 13 (12 in 2008) subsidiaries (together, the "Group"). The results of operations of GETS, Inc., which completed liquidation proceedings on March 31, 2009, are included in the Company's consolidated statements of income from April 1, 2008 to the closing date of liquidation.

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, 2009, EIZO Technologies GmbH has been included in consolidation as a result of its establishment.

**b. Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements**—In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force ("PITF") No.18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No.18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP unless they are not material: (a) amortization of goodwill; (b) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in the equity; (c) expensing capitalized development costs of R&D; (d) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; (e) recording the prior years' effects of changes in accounting policies in the consolidated statements of income where retrospective adjustments to financial statements have been incorporated; and (f) exclusion of minority interests from net income, if contained. PITF No.18 was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this accounting standard effective April 1, 2007.

**c. Business Combination**—In October 2003, the Business Accounting Council (the BAC) issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ

Statement No.7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No.10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures."

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

EIZO Technologies GmbH acquired 100% of the net assets of the industrial monitor, air traffic control monitor, and graphic board division of eg-electronic GmbH on February 28, 2009 and accounted for it by the purchase method of accounting. The related goodwill is charged to income at acquisition.

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

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

**e. Inventories**—Prior to April 1, 2008, inventories were 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. In July 2006, the ASBJ issued ASBJ Statement No.9, "Accounting Standard for Measurement of Inventories." 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. The standard was effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted.

The Company applied this new accounting standard for measurement of inventories effective April 1, 2008. The adoption had no effect on the financial statements.

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

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

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

**g. Property, Plant and Equipment**—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its domestic subsidiaries is computed substantially by the declining-balance method at rates based on the estimated useful lives of the assets, while the straight-line method is applied to buildings 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, from 7 to 10 years for machinery and equipment, and from 2 to 6 years for furniture and fixtures.

**h. Long-lived Assets**—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.
- i. 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.
- j. Research and Development Costs**—Research and development costs are charged to income as incurred.
- k. Leases**—In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions is effective for fiscal years beginning on or after April 1, 2008 with early adoption permitted for fiscal years beginning on or after April 1, 2007.
- Under the previous accounting standard, finance leases that deem to transfer ownership of the leased property to the lessee were to be capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions should be capitalized to recognize lease assets and lease obligations in the balance sheet. In addition, the accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions.
- The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. The adoption had no effect on the financial statements.
- All other leases are accounted for as operating leases.
- l. Bonuses to Directors**—Bonuses to directors and corporate auditors are accrued at the year end to which such bonuses are attributable.
- m. 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.
- n. 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 consolidated statements of income.
- o. 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.
- p. 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: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statements of income and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging

instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

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.

- q. 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, 2009 and 2008.

**r. New Accounting Pronouncements**

**Business Combinations**—On December 26, 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No.21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows:

- (1) The current accounting standard for business combinations allows companies to apply the pooling of interests method of accounting when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. The revised standard requires to account for such business combination by the purchase method and the pooling of interests method of accounting is no longer allowed.
- (2) The current accounting standard accounts for the research and development costs to be charged to income as incurred. Under the revised standard, an in-process research and development (IPR&D) acquired by the business combination is capitalized as an intangible asset.
- (3) The current accounting standard accounts for a bargain purchase gain (negative goodwill) to be systematically amortized within 20 years. Under the revised standard, the acquirer recognizes a bargain purchase gain in profit or loss on the acquisition date after reassessing whether it has correctly identified all of the assets acquired and all of the liabilities assumed with a review of such procedures used.

This standard is applicable to business combinations undertaken on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or after April 1, 2009.

**Asset Retirement Obligations**—On March 31, 2008, the ASBJ published a new accounting standard for asset retirement obligations, ASBJ Statement No.18 "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No.21 "Guidance on Accounting Standard for Asset Retirement Obligations." Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and the normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset.

The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard is effective for fiscal years beginning on or after April 1, 2010 with early adoption permitted for fiscal years beginning on or before March 31, 2010.

### 3. BUSINESS COMBINATION

A business combination for the year ended March 31, 2009 was as follows:

#### a. Description of Business Combination

- (1) Name of Company (Transferor): eg-electronic GmbH
- (2) Contents of Acquired Business: Developing, manufacturing and selling of monitors for industrial monitor, air traffic control monitor, and graphic board
- (3) Reason and Purpose of Acquisition: This acquisition affirms this commitment and opens a new vertical market, Industrial Automation and Automotive. Taking synergy from the Company and EIZO GmbH, this acquisition strengthens the Group's overall R&D power and the Group's production capability in Germany, and further drives the market penetration of the Air Traffic Control monitor business.
- (4) Date of Business Combination: February 28, 2009
- (5) Legal Form of Business Combination: Business transfer
- (6) Name of Company (Transferee): EIZO Technologies GmbH

#### b. Period for Acquired Business Included in the Consolidated Financial Statements

From March 1 to 31, 2009

#### c. Description of Acquisition Costs

	Thousands of Euro
Initial payment of purchase price	€ 5,604
Accrued amount of purchase price	984
<b>Total acquisition costs</b>	<b>€ 6,588</b>

#### d. Goodwill

Name of company (transferee):	EIZO Technologies GmbH
Goodwill:	€3,000 thousand
Nature of goodwill:	Acquired products are expected to generate high profitability.
Method and useful lives of amortization:	The related goodwill is charged to income at acquisition.

#### e. Assets Received and Liabilities Assumed on the Date of Business Transfer

	Thousands of Euro
Name of company (transferee)	EIZO Technologies GmbH
Current assets	€ 3,086
Non-current assets:	
Goodwill	3,000
Other	645
<b>Total</b>	<b>€ 6,731</b>
Current liabilities	€ 143
<b>Total</b>	<b>€ 143</b>
<b>Total acquisition costs</b>	<b>€ 6,588</b>

A business combination for the year ended March 31, 2008 was as follows:

#### a. Description of Business Combination

- (1) Name of Company (Transferor): Siemens Automation and Drives
- (2) Contents of Acquired Business: Developing, manufacturing and selling of monitors for medical business around modality and PACS (Picture Archiving and Communication Systems) applications
- (3) Reason and Purpose of Acquisition: To have an excellent reputation in this industry sector and now offers, with the Siemens medical monitor portfolio, excellent joint growth opportunities under one roof, which could create a strong basis for boosting Eizo's medical monitor business
- (4) Date of Business Combination: October 31, 2007
- (5) Legal Form of Business Combination: Business transfer
- (6) Name of Company (Transferee): EIZO GmbH, Eizo Nanao Technologies Inc.

### b. Period for Acquired Business Included in the Consolidated Financial Statements

From November 1, 2007 to March 31, 2008

#### c. Description of Acquisition Costs

	Thousands of Euro
Purchase price	€ 50,385
Direct costs	787
<b>Total acquisition costs</b>	<b>€ 51,172</b>

#### d. Goodwill

Name of company (transferee):	EIZO GmbH	Eizo Nanao Technologies Inc.
Goodwill:	€27,796 thousand	€1,400 thousand
Nature of goodwill:	Acquired products are expected to generate high profitability.	
Method and useful lives of amortization:	Goodwill are amortized over ten years by the straight-line method.	

#### e. Assets Received and Liabilities Assumed on the Date of Business Transfer

	Thousands of Euro	
Name of company (transferee)	EIZO GmbH	Eizo Nanao Technologies Inc.
Current assets	€ 14,182	€ 1,121
Non-current assets:		
Goodwill	27,796	1,400
Intangible assets (other)	2,800	
Research and development costs	8,300	
Other	1,474	
<b>Total</b>	<b>€ 54,552</b>	<b>€ 2,521</b>
Current liabilities	€ 2,874	€ 2,521
Non-current liabilities	506	
<b>Total</b>	<b>€ 3,380</b>	<b>€ 2,521</b>
<b>Total acquisition costs</b>	<b>€ 51,172</b>	

Research and development costs are charged to income for the year ended March 31, 2008. Amortization of goodwill is ¥195 million for the year ended March 31, 2008.

### 4. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Short-term investments—Debt securities	¥ 1,998	¥ 1,597	\$ 20,388
<b>Total</b>	<b>¥ 1,998</b>	<b>¥ 1,597</b>	<b>\$ 20,388</b>
Investment securities:			
Marketable equity securities	¥ 8,211	¥ 10,045	\$ 83,786
Non-marketable equity securities	16	16	163
Debt securities		298	
Others	556	901	5,673
<b>Total</b>	<b>¥ 8,783</b>	<b>¥ 11,260</b>	<b>\$ 89,622</b>

The carrying amounts and aggregate fair values of the securities classified as available-for-sale at March 31, 2009 and 2008 were as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2009</b>				
Securities classified as available-for-sale:				
Equity securities	¥ 5,177	¥ 4,189	¥ 1,155	¥ 8,211
Debt securities	1,998			1,998
Others	409		3	406
<b>Total</b>	<b>¥ 7,584</b>	<b>¥ 4,189</b>	<b>¥ 1,158</b>	<b>¥ 10,615</b>

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2008</b>				
Securities classified as available-for-sale:				
Equity securities	¥ 4,400	¥ 5,886	¥ 241	¥ 10,045
Debt securities	1,897	1	3	1,895
Others	902	4	5	901
<b>Total</b>	<b>¥ 7,199</b>	<b>¥ 5,891</b>	<b>¥ 249</b>	<b>¥ 12,841</b>

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
<b>March 31, 2009</b>				
Securities classified as available-for-sale:				
Equity securities	\$ 52,827	\$ 42,745	\$ 11,786	\$ 83,786
Debt securities	20,388			20,388
Others	4,173		30	4,143
<b>Total</b>	<b>\$ 77,388</b>	<b>\$ 42,745</b>	<b>\$ 11,816</b>	<b>\$ 108,317</b>

Available-for-sale securities whose fair values are not readily determinable as of March 31, 2009 and 2008 were as follows:

	Carrying Amount		
	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Available-for-sale:			
Equity securities	¥ 16	¥ 16	\$ 163
Others	150		1,530
<b>Total</b>	<b>¥ 166</b>	<b>¥ 16</b>	<b>\$ 1,693</b>

The carrying values of debt securities and others by contractual maturities for securities classified as available-for-sale at March 31, 2009 are as follows:

	Millions of Yen	Thousands of U.S. Dollars
	Available-for-sale	Available-for-sale
Due in one year or less	¥ 2,061	\$ 21,031
Due after one year through five years	164	1,673
Due after five years through ten years	49	500
Due over ten years	208	2,123
<b>Total</b>	<b>¥ 2,482</b>	<b>\$ 25,327</b>

## 5. INVENTORIES

Inventories at March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Finished products	¥ 3,403	¥ 4,788	\$ 34,724
Work in process	2,331	2,005	23,786
Raw materials and supplies	10,582	8,891	107,980
<b>Total</b>	<b>¥ 16,316</b>	<b>¥ 15,684</b>	<b>\$ 166,490</b>

## 6. LONG-LIVED ASSETS

The total loss on impairment of long-lived assets at March 31, 2009 amounted to ¥1,696 million (\$17,306 thousand). The contents of impairment were goodwill of ¥1,521 million (\$15,520 thousand) from EIZO GmbH and goodwill of ¥175 million (\$1,786 thousand) from Eizo

Nanao Technologies Inc.

The recoverable amount of the goodwill of EIZO GmbH was measured at its value in use and the discount rate used for computation of present value of future cash flows was 10%.

The recoverable amount of the goodwill of Eizo Nanao Technologies Inc. was measured at its value in use, but the prospect of the future cash flow generated from Eizo Nanao Technologies Inc. business is estimated to be negative. As the result, the whole carrying amount of Eizo Nanao Technologies Inc. goodwill was written down.

No impairment loss was recognized in 2008.

## 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, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Projected benefit obligation	¥ 2,936	¥ 3,179	\$ 29,959
Fair value of plan assets	(1,119)	(1,274)	(11,418)
Unrecognized actuarial gain (loss)	138	(22)	1,408
<b>Net liability</b>	<b>¥ 1,955</b>	<b>¥ 1,883</b>	<b>\$ 19,949</b>

The components of net periodic benefit costs for the years ended March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Service cost	¥ 395	¥ 420	\$ 4,031
Interest cost	82	49	837
Expected return on plan assets	(29)	(32)	(296)
Recognized actuarial (gain) loss	(40)	2	(409)
<b>Net periodic benefit costs</b>	<b>¥ 408</b>	<b>¥ 439</b>	<b>\$ 4,163</b>

Assumptions used for the years ended March 31, 2009 and 2008 are set forth as follows:

	2009	2008
Discount rate	2.0%–6.3%	2.0%–5.65%
Expected rate of return on plan assets	0.5%–3.5%	3.0%–4.4%
Recognition period of actuarial gain/loss	5 years	5 years

The liability for retirement benefits at March 31, 2009 and 2008 for directors and corporate auditors is ¥106 million (\$1,082 thousand), respectively.

## 8. EQUITY

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

### a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as; (1) having 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 Companies Act 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 Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

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

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

**c. Treasury Stock and Treasury Stock Acquisition Rights**

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

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

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

**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, 2009 and 2008.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2009 and 2008 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Deferred tax assets:			
Inventories	¥ 1,200	¥ 1,034	\$ 12,245
Pension and severance costs	741	729	7,561
Tax loss carryforwards	1,178	609	12,020
Accrued expenses	832	906	8,490
Other	2,759	2,466	28,154
Less valuation allowance	(2,132)	(1,960)	(21,755)
Total	4,578	3,784	46,715
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	(1,225)	(2,282)	(12,500)
Other	(57)	(80)	(582)
Total	(1,282)	(2,362)	(13,082)
Net deferred tax assets	¥ 3,296	¥ 1,422	\$ 33,633

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

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Current assets—Deferred tax assets	¥ 2,257	¥ 2,184	\$ 23,031
Investments and other assets—			
Deferred tax assets	1,079	218	11,010
Current liabilities—			
Other current liabilities	(30)	(39)	(306)
Long-term liabilities—			
Deferred tax liabilities	(10)	(941)	(102)
Net deferred tax assets	¥ 3,296	¥ 1,422	\$ 33,633

Reconciliations between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2009 and 2008 are as follows:

	2009	2008
Normal effective statutory tax rate	40.4%	40.4%
Tax credit for research expenses	(13.8)	(3.2)
Increase in less valuation allowance	18.7	9.0
Other—net	15.2	2.3
Actual effective tax rate	60.5%	48.5%

At March 31, 2009, certain subsidiaries have tax loss carryforwards aggregating approximately ¥3,205 million (\$3,270 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
2010	¥ 2	\$ 20
2011	36	367
2012	115	1,173
2013	5	51
2014 and thereafter	3,047	31,092
Total	¥ 3,205	\$ 32,703

**10. RESEARCH AND DEVELOPMENT COSTS**

Research and development costs charged to income were ¥5,306 million (\$5,143 thousand) and ¥6,244 million for the years ended March 31, 2009 and 2008, respectively.

**11. CASH FLOW INFORMATION**

Assets and liabilities which were increased by business transfer and the payment for business transfer for the year ended March 31, 2009 were as follows:

	Millions of Yen	Thousands of U.S. Dollars
Current assets	¥ 394	\$ 4,020
Non-current assets	82	837
Goodwill	383	3,908
Total	¥ 859	\$ 8,765
Current liabilities	¥ 19	\$ 194
Total	¥ 19	\$ 194
Initial payment of purchase price	¥ 840	\$ 8,571
Accrued amount of purchase price	125	1,275
Payment for acquisition of business	¥ 715	\$ 7,296

Assets and liabilities which were increased by business transfer and the payment for business transfer for the year ended March 31, 2008 were as follows:

	Millions of Yen
Current assets	¥ 2,042
Non-current assets	2,012
Goodwill	4,678
Total	¥ 8,732
Current liabilities	¥ 465
Non-current liabilities	81
Total	¥ 546
Total acquisition costs	¥ 8,186
Research and development costs	1,328
Payment for acquisition of business	¥ 6,858

## 12. 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 ¥5 million (\$51 thousand) and ¥5 million for the years ended March 31, 2009 and 2008, respectively.

As discussed in Note 2.k, the Company accounts for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions. Pro forma information of such leases existing at the transition date, such as acquisition cost, accumulated depreciation, obligations under finance leases, depreciation expense, interest expense, on an "as if capitalized" basis for the years ended March 31, 2009 and 2008 was as follows:

	Millions of Yen			
	2009		2008	
	Machinery and Equipment	Total	Machinery and Equipment	Total
Acquisition cost	¥ 21	¥ 21	¥ 22	¥ 22
Accumulated depreciation	16	16	12	12
Net leased property	¥ 5	¥ 5	¥ 10	¥ 10

	Thousands of U.S. Dollars	
	2009	
	Machinery and Equipment	Total
Acquisition cost	\$ 214	\$ 214
Accumulated depreciation	163	163
Net leased property	\$ 51	\$ 51

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥ 3	¥ 4	\$ 31
Due after one year	2	6	20
Total	¥ 5	¥ 10	\$ 51

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 ¥5 million (\$51 thousand) and ¥5 million for the years ended March 31, 2009 and 2008, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Due within one year	¥ 100	¥ 77	\$ 1,020
Due after one year	184	156	1,878
Total	¥ 284	¥ 233	\$ 2,898

## 13. 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, 2009 and 2008:

	Millions of Yen					
	2009			2008		
	Contract Amount	Fair Value	Unrealized Loss	Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts—						
Buying Japanese ¥	¥ 61	¥ (2)	¥ (2)	¥ 473	¥ (5)	¥ (5)

	Thousands of U.S. Dollars		
	2009		
	Contract Amount	Fair Value	Unrealized Loss
Foreign currency forward contracts—			
Buying Japanese ¥	\$ 622	\$ (20)	\$ (20)

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

## 14. SUBSEQUENT EVENT

The following appropriation of retained earnings at March 31, 2009 and 2008 is as follows:

	Millions of Yen	Thousands of U.S. Dollars
	2009	2009
Year-end cash dividends, ¥30 (\$0.3) per share	¥ 670	\$ 6,837

## 15. SEGMENT INFORMATION

Information about industry segments, geographical segments and sales to foreign customers of the Group for the years ended March 31, 2009 and 2008 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, 2009 and 2008 are summarized as follows:

	Millions of Yen				
	2009				
	Japan	Europe	North America	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 62,398	¥ 8,874	¥ 3,250		¥ 74,522
Interarea transfer	4,319	1,061	20	¥ (5,400)	
Total sales	66,717	9,935	3,270	(5,400)	74,522
Operating expenses	58,564	11,118	3,259	(2,721)	70,220
Operating income (loss)	¥ 8,153	¥ (1,183)	¥ 11	¥ (2,679)	¥ 4,302
Total assets	¥ 41,591	¥ 7,379	¥ 931	¥ 15,720	¥ 65,621

	Millions of Yen				
	2008				
	Japan	Europe	North America	Eliminations/ Corporate	Consolidated
Sales to customers	¥ 78,808	¥ 6,728	¥ 3,772		¥ 89,308
Interarea transfer	4,822	638	16	¥ (5,476)	
Total sales	83,630	7,366	3,788	(5,476)	89,308
Operating expenses	71,189	8,883	3,633	(2,872)	80,833
Operating income (loss)	¥ 12,441	¥ (1,517)	¥ 155	¥ (2,604)	¥ 8,475
Total assets	¥ 44,442	¥ 10,584	¥ 1,460	¥ 18,054	¥ 74,540

	Thousands of U.S. Dollars				
	2009				
	Japan	Europe	North America	Eliminations/ Corporate	Consolidated
Sales to customers	\$ 636,715	\$ 90,551	\$ 33,163		\$ 760,429
Interarea transfer	44,071	10,827	204	\$ (55,102)	
Total sales	680,786	101,378	33,367	(55,102)	760,429
Operating expenses	597,592	113,449	33,255	(27,765)	716,531
Operating income (loss)	\$ 83,194	\$ (12,071)	\$ 112	\$ (27,337)	\$ 43,898
Total assets	\$ 424,398	\$ 75,296	\$ 9,500	\$ 160,408	\$ 669,602

## (3) Sales to Foreign Customers

Sales to foreign customers for the years ended March 31, 2009 and 2008 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	2009
Europe	¥ 21,083	¥ 24,256	\$ 215,133
North America	3,200	3,524	32,653
Other	1,815	2,516	18,520
Total	¥ 26,098	¥ 30,296	\$ 266,306

# Independent Auditors' Report

Eizo Nanao Corporation



Deloitte Touche Tohmatsu  
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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 (the "Company") as of March 31, 2009 and 2008, 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, 2009 and 2008, 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 25, 2009

Member of  
Deloitte Touche Tohmatsu



## Corporate Data

(As of March 31, 2009)

### 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

1,460

### 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 September 1, 2009)

### Board of Directors

President and CEO

Yoshitaka Jitsumori

Executive Vice President and CFO

Tsutomu Tanabe

Directors

Kazuya Maeda

Masaki Ono

Yuichi Murai

Kazuhide Shimura

Hidetsune Iseki

### Statutory Auditors

Standing Corporate Auditor

Eiichi Ueno

Corporate Auditors

Shuji Taniho

Masakatsu Atarashi

Masafumi Kubo

### Managing Officer

Executive Managing Officer

Kazuya Maeda

Managing Officer

Masaki Ono

Yuichi Murai

Kazuhide Shimura

Eiji Tsurumi

Shigekazu Matsumoto

Muneharu Yamamoto

Toshimine Hiraki

Shuichi Arima

Hidenori Kojima

Kiichiro Akitsune

# Shareholders' Information

(As of March 31, 2009)

## 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

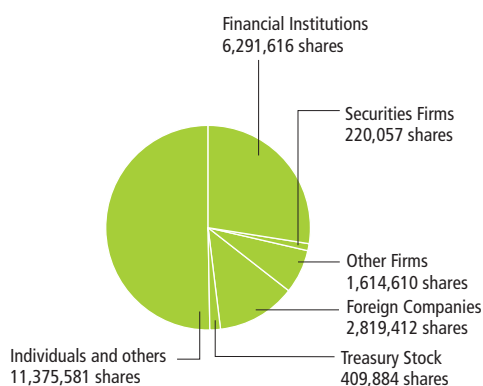
## Number of Shareholders

14,458

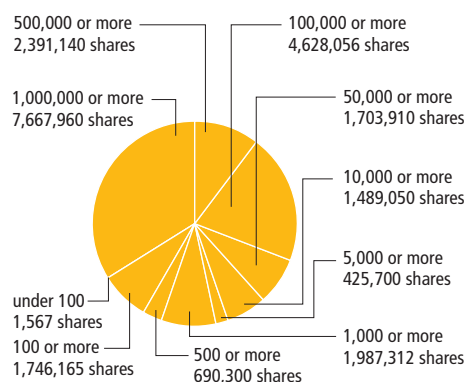
## Major Shareholders

	Number of Shares Held (Thousands)	Percentage of Voting Rights (%)
The Master Trust Bank of Japan, Ltd. (Investment Trust Account)	1,849	8.14
Japan Trustee Service Bank, Ltd. (Investment Trust Account 4G)	1,328	5.84
Yasutaka Murata	1,135	4.99
Tsuneo Murata	1,135	4.99
Naoki Murata	1,135	4.99
Tetsu Takashima	1,083	4.77
Japan Trustee Service Bank, Ltd. (Investment Trust Account)	957	4.21
Hiroshi Murata	902	3.97
The Hokkoku Bank, Ltd.	531	2.34
The Hokuriku Bank, Ltd.	422	1.86

## Distribution of Shares by Type of Shareholders



## Distribution of Shares by Number of Shares



# Group Network

(As of September 1, 2009)



## Overseas Network

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

TECH SOURCE, INC.  
442 Northlake Blvd Altamonte Springs, FL 32701, U.S.A.  
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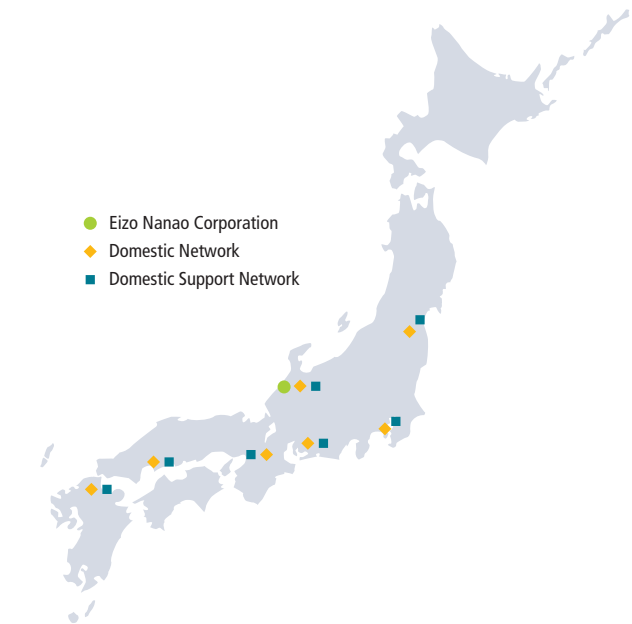
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