edion Corporation
Annual Report 2010

Fiscal Year Ended March 31, 2010

Management Philosophy

"Achieving long-lasting customer satisfaction through outstanding products and reliable service"

The EDION Group offers attractive products at reassuring prices, along with superior service.

We offer products that provide the highest levels of satisfaction at reasonable prices.

We always endeavor to recommend the products best suited to the customer's needs, through sincere customer service.

Sales are backed by a thorough service system, to ensure continued use under optimal conditions.

Contents

At the EDION Group, providing hospitality is our highest priority. By sincerely listening to our customers' opinions and ideas, and maintaining a sense of gratitude in our hearts, we will continue our concerted endeavors to become an enterprise capable of providing the highest levels of customer satisfaction.

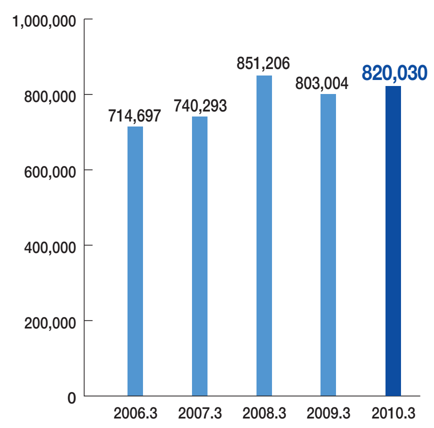
(Millions of yen)

Period	FY2005 From April 1, 2005 to March 31, 2006	FY2006 From April 1, 2006 to March 31, 2007	FY2007 From April 1, 2007 to March 31, 2008	FY2008 From April 1, 2008 to March 31, 2009	FY2009 From April 1, 2009 to March 31, 2010
Net sales	714,697	740,293	851,206	803,004	**820,030**
Operating income	8,054	6,947	8,480	1,233	**10,509**
Net income	8,226	7,368	6,755	△13,506	**9,323**
Net assets	128,504	162,177	177,577	135,583	**141,642**
Total assets	319,507	390,551	437,410	387,137	**403,180**
Net assets per share (yen)	1,214.84	1,258.61	1,290.78	1,149.25	**1,237.96**
Net income per share (yen)	76.98	69.76	63.96	△127.90	**89.60**
Shareholders' equity ratio to total assets (%)	40.22	34.03	31.16	31.35	**31.67**
Return on shareholders' equity (%)	7.03	5.64	5.02	△10.48	**7.49**
Price-to-earning ratio	36.63	23.58	14.42	△1.91	**10.75**
Cash flow from operating activities	11,465	3,408	16,156	26,323	**35,576**
Cash flow from investing activities	△16,452	△12,102	△41,040	△31,399	**△23,010**
Cash flow from financing activities	△1,885	22,513	25,884	△5,040	**△11,713**
Cash and cash equivalents	13,771	27,591	28,591	17,012	**17,864**
Number of stores	921	991	1,077	1,078	**1,101**
Capital expenditures	18,063	21,951	37,000	32,124	**25,854**
Number of employees	8,413	9,302	10,534	10,664	**10,640**

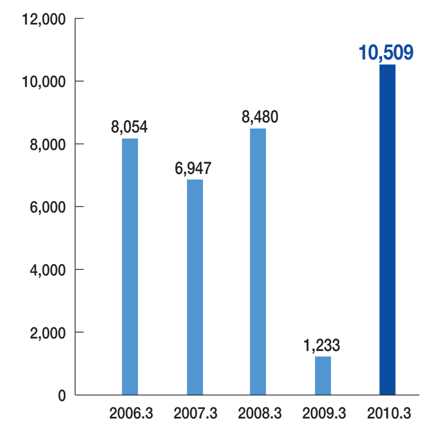
● Disclaimer Regarding Forward-Looking Statements

The present document contains forward-looking statements based on currently available information that EDION and the EDION Group consider to be reasonable.
Actual results may differ materially from those projected due to various risks and uncertainties, including, but not limited to, economic fluctuations, unstable product demands, changes in domestic and/or overseas regulations, as well as changes in accounting standards/practices. Consequently, the information contained in this Annual Report should not be construed as the sole basis for investment decisions.

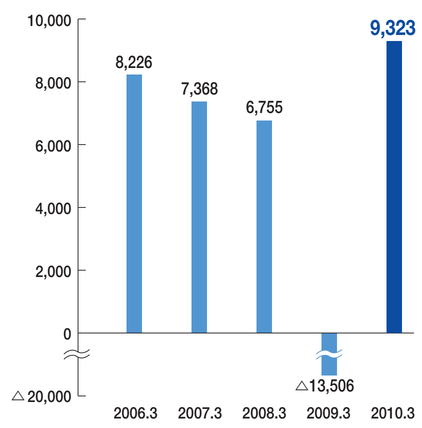
● Net sales (Millions of yen)



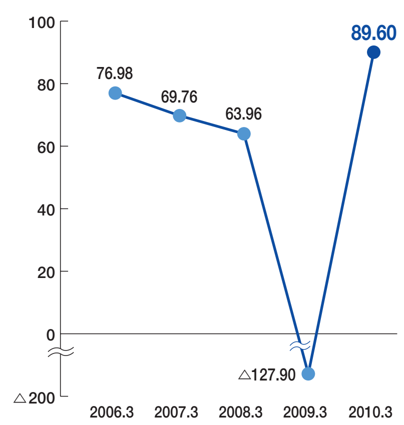
● Operating income (Millions of yen)



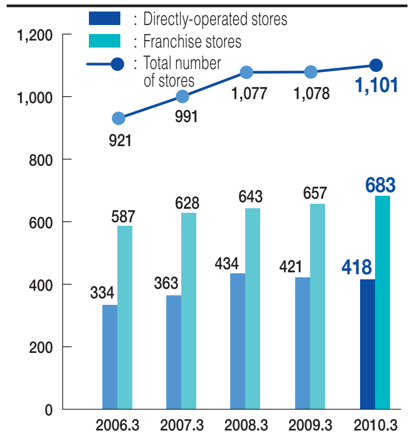
● Net income (Millions of yen)



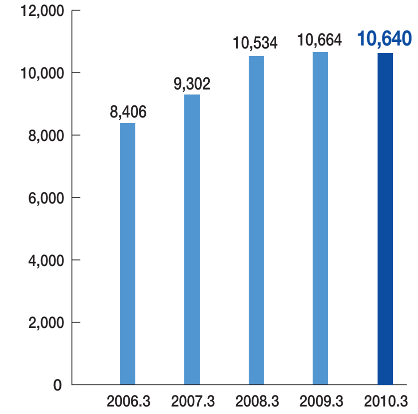
● Net income per share (Yen)



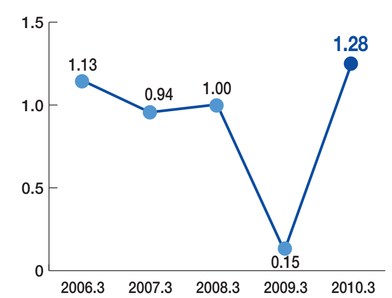
● Number of stores



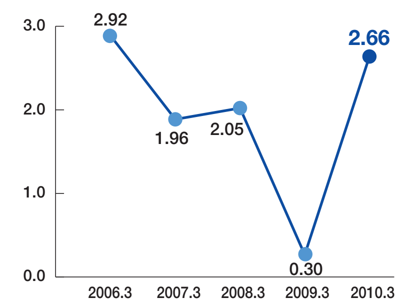
● Number of employees



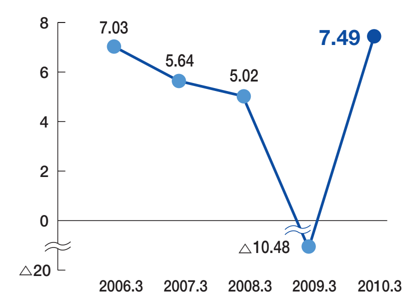
● Operating income ratio (%)



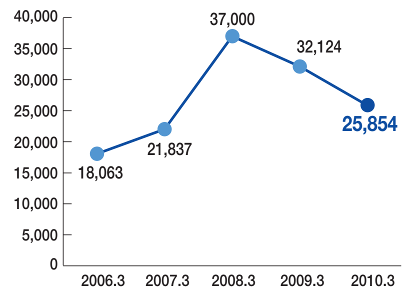
● ROA (Return on total assets) (%)



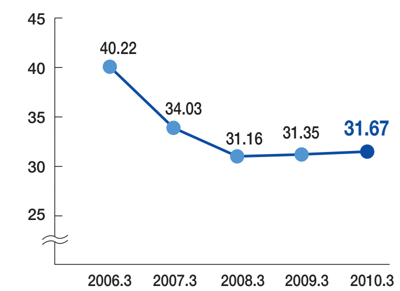
● ROE (Return on shareholders' equity) (%)



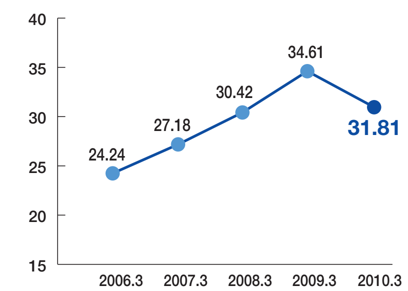
● Capital expenditures (Millions of yen)



● Shareholders' equity ratio to total assets (%)



● Interest-bearing debt ratio (%)



Based on our Group-wide management philosophy of “Achieving long-lasting customer satisfaction through outstanding products and reliable service,” we at the EDION Group are committed to continued efforts to provide sincere customer service, aiming to become a corporation that “continually endeavors to support richness and abundance in our customers’ lives.”

EDION Corporation was established in March 2002 as a joint holding company of DEODEO Corporation, based in the Chugoku, Shikoku and Kyushu regions, and EIDEN Co., Ltd., based in the Chubu region. Subsequently, the EDION Group was joined by MIDORI DENKA CO., LTD., based in the Kinki region, Ishimaru Denki Co., Ltd., based in the Kanto region, and 3Q Co., Ltd. (store brand: Hyakuman Volt), based in Hokkaido and the Hokuriku region. In February 2009, the EDION Group established an integrated operation system as a part of its organizational restructuring efforts, based on which EIDEN Co., Ltd., which operates stores mainly in the Chubu region, has also integrated the operation of stores located in the Kanto region. In October 2009, the EDION Group merged its subsidiary DEODEO Corporation with another subsidiary, MIDORI DENKA CO., LTD., to establish EDION WEST Corporation (hereinafter referred to as EDION WEST). The Group also changed the corporate name of its subsidiary EIDEN Co., Ltd. to EDION EAST Corporation (hereinafter referred to as EDION EAST).

In October 2010, EDION Corporation will merge with EDION WEST and EDION EAST to commence a newly integrated business operation. Consequently, the EDION Group will consist of three main companies: EDION Corporation, which focuses on the operation of home electrical appliance retail stores such as DEODEO, EIDEN, MIDORI and Ishimaru; 3Q Co., Ltd., which conducts business operations under the store brand of Hyakuman Volt; and NWORK Co., Ltd., which specializes in system development, and other companies. By implementing organizational restructuring through operational integration, the EDION Group aims to achieve a fast decision-making process, and at the same time facilitate a management system that enables more efficient allocation of the respective management resources of EDION Corporation, EDION WEST and EDION EAST. In addition, by introducing the Division Company Organization system, we will further promote our business strategy, capable of flexibly accommodating varying market characteristics in different areas, while striving to ensure customers’ greater confidence in our stores.

We will always keep hospitality in mind.

In the autumn of 2008, the global financial crisis that began in the United States seriously hit the Japanese economy. Since then, with consumer spending generally remaining sluggish, the Japanese economy has faced extremely severe market environments.

In the home electrical appliance retail industry, replacement demand for televisions has been increasing due to a full transition from analog to digital broadcasting scheduled in 2011. Moreover, the Japanese government has implemented its Eco-point System, an economic stimulus that encourages consumers to purchase household appliances with higher energy efficiency. Against this backdrop, sales of widescreen televisions, Blue-ray Disc recorders and refrigerators remained strong in the fiscal year under review.

To ensure continued stable business results, we believe it is not sufficient to focus on the expansion of promising products and other tangible measures; it is also essential to return to our starting point as a retailer, or “to always offer hospitality to our customers.” In view of this, maintaining a sense of gratitude in our hearts to our customers who choose our stores from among a large number of home electrical appliance retailers, we will stay involved in greeting customers with great cordiality, enhancing product knowledge, and offering sincere customer service and high-quality after-sales service. Through these efforts, we will strive to create stores able to enjoy customers’ continued patronage.

We will endeavor to realize our management philosophy to ensure customers’ confidence and assurance.

Our Group-wide management philosophy, “Achieving long-lasting customer satisfaction through outstanding products and reliable service,” reflects our commitment to becoming a corporation that “continually endeavors to support richness and abundance in our customers’ lives.” Under this management philosophy, we have defined our mission: “To offer attractive products at reassuring prices, along with superior service.” To fulfill this mission, we are working on the development and sales of products that offer more convenient and enriched lifestyles to our customers, the introduction of a longer-period repair warranty to ensure our customers are able to continue using their purchased products under optimal conditions, and the promotion of services tailored to customers’ needs. Through these efforts, we strive to add value to the uniqueness of the EDION Group.

In fiscal 2010, aiming to realize our corporate philosophy, we will promote our community-based store strategy, our customer-oriented service strategy, and our product strategy focused on the development of original products and the expansion of promising products. At the same time, as a corporation that ensures customers’ confidence and assurance, we will be actively involved in energy-saving & environmental initiatives, working together with local residents in community activities and other initiatives that contribute to society.

We will strive to reflect our customers’ opinions and requests into store & customer service strategies.

At the EDION Group, we have been following customer-oriented approaches in developing products, creating attractive stores and offering high quality customer service. Our customer monitoring system, which was introduced in fiscal 2009, is an example of such approaches. Under this system, we ask monitoring participants randomly selected from among customers to use the target products and evaluate them in terms of ease of use, usefulness and design. The various opinions and requests collected from the monitoring participants are then provided to manufacturers as feedback data to be reflected in the development and improvement of user-friendly products. We have also established our product performance testing laboratory. In this laboratory we independently test each product’s performance in terms of safety, ease of use and durability, aiming to ensure our customers maintain their trust in our products and continue using their purchased products for a longer period of time.

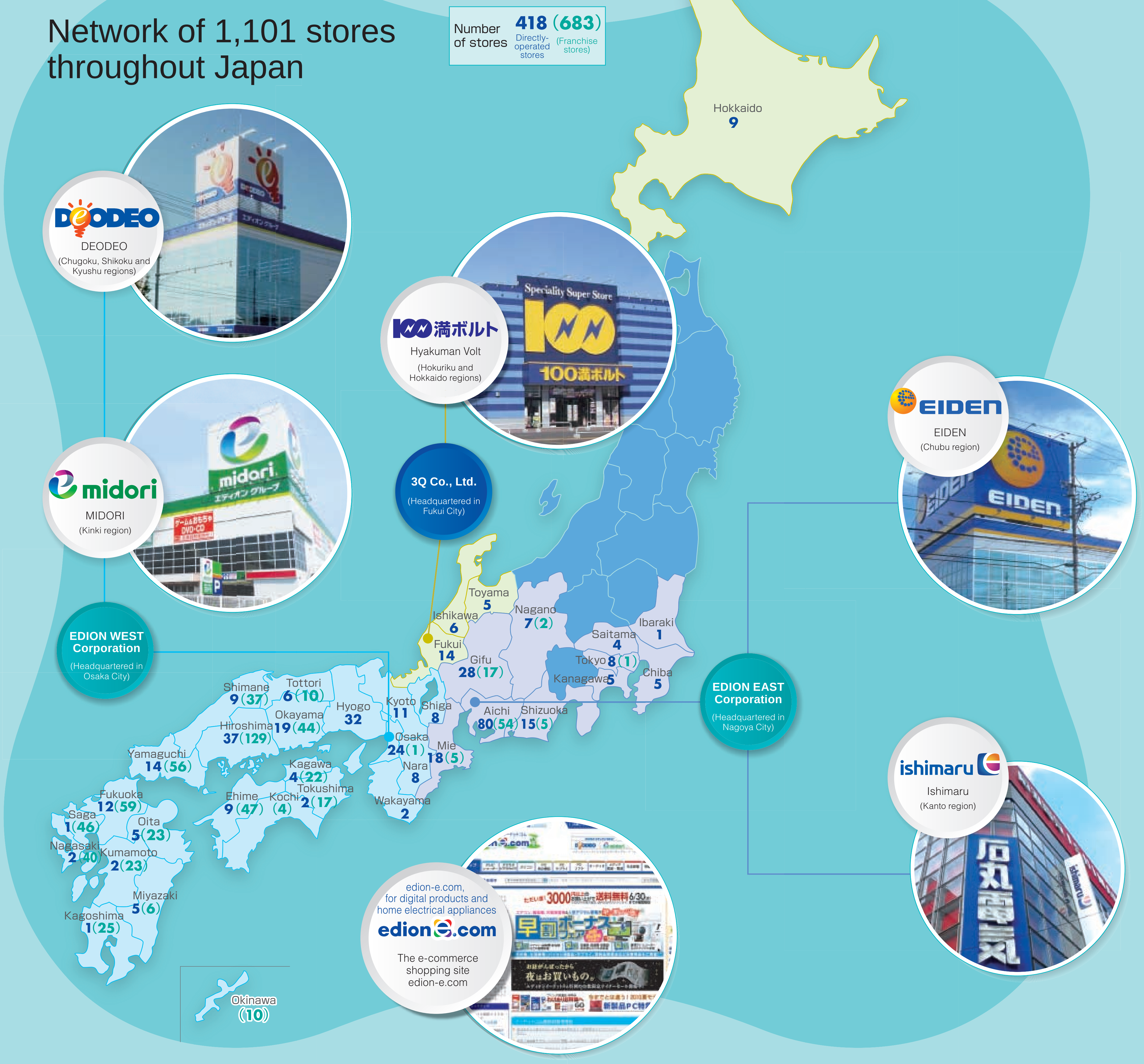
By incorporating our customers’ opinions and ideas into our business activities, we will strive to add value to the uniqueness of the EDION Group.

Based on our corporate philosophy, “Achieving long-lasting customer satisfaction through outstanding products and reliable service,” we will take customer-oriented approaches to achieve higher levels of customer satisfaction (CS) in terms of “stores,” “products,” and “services.” We will also work hard to develop and maintain an internal corporate system that will bring us even greater trust through highly transparent business operations. Aiming to become an enterprise capable of providing greater assurance and satisfaction to all stakeholders, including shareholders and investors, customers, employees, local communities, business clients, as well as the EDION Group itself and its related companies, the management and all of the companies within the EDION Group will continue to work together as one. We at the EDION Group sincerely hope to enjoy your continued support.

June 2010

Masataka Kubo
President

Network of 1,101 stores throughout Japan



From Hokkaido to the Kyushu-Okinawa area, the Group has been developing stores suited to the scale of each individual market area, promoting community-based business operations.

In fiscal 2009, aiming to reinforce our sales bases in each individual market area, the Group focused on further expanding its market share in the Chubu region and western Japan, while at the same time working on the opening of small-scale franchise stores in the Kinki region. With regard to directly-operated home electrical appliance stores, we have newly opened 11 stores and closed 7, while relocating and rebuilding 7 stores. With regard to cell phone specialty stores and other non-home electrical appliance stores, we have newly opened 2 stores and closed 9. As a result, the number of directly-operated stores as of March 31, 2010 reached 418, with a total floor space of 1,081,762 square meters, an increase of 25,461 square meters from the end of the previous fiscal year.

Moreover, due to the opening of 38 new franchise stores, including MIDORI Minoh Station Store, which is the first MIDORI Family Shop franchise in the Kinki region, coupled with the closure of 12 stores, the number of franchise stores as of March 31, 2010 was 683. Combining this number with the number of directly-operated stores yields 1,101 total stores.

Numbers of directly-operated and franchise stores

(as of March 31, 2010)

	DEODEO			MIDORI			EIDEN			Ishimaru			3Q			Group Total		
	DOS	FC	Total	DOS	FC	Total	DOS	FC	Total	DOS	FC	Total	DOS	FC	Total	DOS	FC	Total
Hokkaido and Tohoku	0	0	0	0	0	0	0	0	0	0	0	0	9	0	9	9	0	9
Kanto	0	0	0	0	0	0	2	0	2	15	1	16	6	0	6	23	1	24
Hokuriku	0	0	0	0	0	0	0	0	0	0	0	0	25	0	25	25	0	25
Chubu	0	1	1	0	0	0	147	82	229	0	0	0	1	0	1	148	83	231
Kinki	0	0	0	81	1	82	1	0	1	0	0	0	3	0	3	85	1	86
Chugoku	82	275	357	0	0	0	0	0	0	0	0	0	3	1	4	85	276	361
Shikoku	15	90	105	0	0	0	0	0	0	0	0	0	0	0	0	15	90	105
Kyushu and Okinawa	23	232	255	0	0	0	0	0	0	0	0	0	5	0	5	28	232	260
Total	120	598	718	81	1	82	150	82	232	15	1	16	52	1	53	418	683	1,101

DOS···Directly-operated store　FC···Franchise store

Principal subsidiaries and related parties (as of March 31, 2010)

Corporate name	Location	Main business
EDION WEST Corporation	Naka-ku, Hiroshima	Sales of home electrical appliances and others
EDION EAST Corporation	Nakamura-ku, Nagoya	Sales of home electrical appliances and others
NWORK Co., Ltd.	Chikusa-ku, Nagoya	Operation and development of information technology systems
3Q Co., Ltd.	Fukui City, Fukui	Sales of home electrical appliances and others
EIDEN COMMUNICATIONS Co., Ltd.	Chikusa-ku, Nagoya	Sales of cell phones and others
COMNET Co., Ltd.	Kasugai City, Aichi	Repair, delivery and installation of home electrical appliances
Pasona e-Professional, Inc.*	Kita-ku, Osaka City	Temporary staff services
Fureai Channel Inc.*	Naka-ku, Hiroshima	CATV broadcasting
Sanfrecce Hiroshima FC*	Nishi-ku, Hiroshima	Professional football (soccer) club
Maruni Wood Industry Inc.*	Hatsukaichi City, Hiroshima	Furniture manufacturing and sales

* Related parties

(and other 146 companies)

By opening new stores and revitalizing existing stores based on each individual local market needs, we will strive to create attractive stores that ensure widespread support from local customers.

Improving business infrastructure of stores in each area

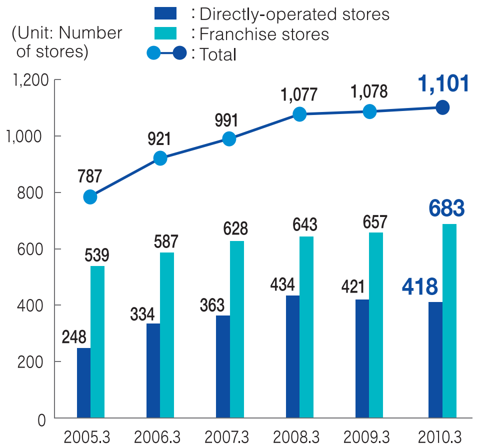
The EDION Group operates stores that cover a wide range of areas throughout Japan. Since different areas have different market environments, while implementing a uniform Group policy, we are also carrying out locally based business operations to satisfy the market needs of each area, aiming to strengthen the business infrastructure of stores and enhance our market share in each area. Moreover, from various viewpoints such as the creation of attractive stores, the enhancement of product lines and price strategy, we are implementing prompt collection of first-hand information from customers and employees, as well as attentive response to the needs of each area on an as-needed basis. Through these efforts, we are pursuing business operations that meet the needs of each area, the market environment, and the customers.

Store development strategy suited to each local market environment

For many years, the EDION Group has promoted community-based business operations and activities, while at the same time reviewing the business lines of stores and product lines, both based on local market needs. We have also focused on more efficient store operations and increasing our ability to attract customers to our stores. To be specific, while reinforcing our primary business activities in the Chubu region and western Japan, we have proceeded with the integration and closure of stores in the Kanto region to consolidate operating stores, which had previously been operated under multiple store brands, into Ishimaru Denki Co., Ltd., which now enjoys wide recognition in the Kanto region.

In 2010, we will effectively open new stores taking their marketing areas and locations into consideration, and accelerate efforts to introduce home remodeling products, home solar power generation system products and other promising products, thereby promoting the renovation of existing stores. Moreover, using an area-dominance strategy (intensively opening new stores in areas neighboring existing stores), we will reduce logistics costs and sales promotion expenses, while also striving to accommodate customers' varying needs in different areas by pursuing store scale, store type, floor strategies, and developing attractive products that are most suited to each local market.

• Change in the number of stores



• Newly opened stores

(Directly-operated home electrical appliance stores)

Opened in	Store name	Location
April	MIDORI Sumoto Store	Sumoto City, Hyogo Prefecture
April	MIDORI Shinkakogawa Store	Kakogawa City, Hyogo Prefecture
September	Ishimaru LaLaport Shin Misato Store	Misato City, Saitama Prefecture
September	MIDORI Hirakata Store	Hirakata City, Osaka Prefecture
October	MIDORI Kusatsu Store	Kusatsu City, Shiga Prefecture
October	EIDEN Tokai-dori Store	Nagoya City, Aichi Prefecture
October	EIDEN Ichinomiya Head Store	Ichinomiya City, Aichi Prefecture
November	MIDORI Kadoma Store	Kadoma City, Osaka Prefecture
February	DEODEO Takehara Store	Takehara City, Hiroshima Prefecture
February	DEODEO Kozan Store	Sera-cho, Hiroshima Prefecture
February	DEODEO Innoshima Store	Onomichi City, Hiroshima Prefecture

(From April 2009 to March 2010)

Operates in the Chugoku, Shikoku and Kyushu areas

Operates in the Chubu area

Operates in the Kanto area

Operates in the Hokuriku and Hokkaido areas

Expansion of market share in the Kinki region

In fiscal 2009, the EDION Group focused on an area strategy to expand its market share in the Kinki region. For example, the Group newly opened 6 stores (5 were newly opened and 1 was relocated/rebuilt) and renovated some existing stores in the Kinki region. In 2010, along with the opening of new stores and renovation of existing stores, we introduced our new visual identity*(new VI) for the store brand MIDORI and developed a MIDORI Family Shop franchise store in the Kinki region, aiming to further accelerate our efforts to expand our area dominance in the region.

• Introduction of the new VI for MIDORI (fiscal 2010)

In April 2010, we introduced our new visual identity for MIDORI, a store brand in the Kinki area. Since then, the new VI has been gradually adopted in MIDORI's store exteriors, sales promotion materials and service vehicles.

MIDORI DENKA CO., LTD., which celebrated its 50th anniversary in fiscal 2009, merged with DEODEO Corporation in October 2009 and commenced its business operation as EDION WEST Corporation. With this operational integration, MIDORI also made a new start as one of the store brands of EDION WEST Corporation. In 2010, the MIDORI's 51st anniversary year, we will facilitate the implementation of the new visual identity, striving to gain stronger support from local customers for MIDORI stores.

* Visual identity (VI) is a brand strategy that aims to make a visually-unified brand appealing to all stakeholders, including customers, business clients and local communities, by following prescribed rules to publish logos and other brand designs in advertisements and prints.

The new VI for MIDORI

Upholding our management philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service," we place an emphasis on three E-words: "electrical," "eco-life" and "enjoy."

By offering home & digital "**electrical**" appliances,

we will work hard to help our customers "**enjoy**"

an energy saving "**eco-life.**"

• Promotion of the increased number of EDION Card holders

The EDION Card is an EDION Group's membership card that offers a five-year/ten-year extended repair warranty on purchased merchandise. In September 2008, MIDORI stores located in the Kinki region also introduced the EDION Card. Currently, the number of EDION Card holders at MIDORI stores totals some 690,000*. Through continued efforts to expand the membership, we will strive to ensure increasing numbers of repeat customers to our stores.

* As of the end of March, 2010

Image of our area dominance strategy

Strengthening of area dominance

• Development of MIDORI Family Shop

In March 2009, MIDORI Minoh Station Store opened in Minoh City, Osaka Prefecture as the first MIDORI Family Shop franchise in the Kinki region. With the goal "To become an electrical appliance convenience store," MIDORI Family Shop endeavors to bring convenience to customers' daily lives by providing a wide range of consumables such as batteries, light bulbs, fluorescent lamps, and printer inks. It is also focusing on community-based business operations, by offering such services as cleaning customers' home air conditioners and ventilation fans, and replacing light bulbs and fluorescent lamps for elderly households. Other than MIDORI Family Shop, we at the EDION Group are currently operating DEODEO Family Shop (571* franchises) and EIDEN Family Shop (81* franchises). By attentively serving customers and offering sincere customer services, we will strive to further expand these Family Shop franchises.

* As of the end of March 2010

MIDORI Minoh Station Store

We will further strive to reflect our customers' opinions and requests into the development and sales of user-friendly products.

Development and sales of original products

The EDION Group is involved in the development and sales of the "KuaL" line of original products, which offer added functions to meet the needs and lifestyles of each customer. For example, we have developed an air conditioner that features rust prevention treatment on an external unit, and an original microwave oven with additional useful function buttons. Through these products, which were all developed through consideration of our customers' voices, we endeavor to help make customers' daily lives more convenient.

Another of the EDION Group's original product series is "Keyword." This is our original home appliance series featuring sizes and functions that are perfectly suited to the single life, as well as unified styles of design. We also offer the "MY&OUR" series, an eco-friendly series of original consumables such as low-energy batteries and tubular lamps. The number of such original products as of March 2010 reached about 2,300.

"KuaL"

Original home electrical appliances offering unique added functions

"keyword"

Original home electrical appliances designated for singles

"MY&OUR"

Reliable consumable devices

Introduction of our customer monitoring system

At the EDION Group, we started our customer monitoring system in fiscal 2009 as a part of our efforts to incorporate customers' voices into our business activities.

The purpose of this system is to develop original products and improve existing products by making optimal use of opinions and requests collected from customers participating in the monitoring system. Monitoring participants actually use the target products and evaluate the products in terms of ease of use, usefulness and design. The various collected opinions and requests are then provided to manufacturers as feedback data to be reflected in the development and improvement of user-friendly products.

The EDION Group remains committed to actively promoting the customer monitoring system, with the aim of incorporating customers' voices into future business activities.

At a monitor exchange meeting

Establishment of our product performance testing laboratory

To ensure our customers can purchase and continue using our products with a sense of assurance, the EDION Group established a product performance testing laboratory. In the laboratory, we independently test our products in terms of safety, ease of use, durability and other factors.

The laboratory conducts various product tests from the standpoint of customers, such as confirming whether new products to be introduced in our stores comply with the Electrical Appliance and Material Safety Law, the Household Goods Quality Labeling Law, and other relevant laws and regulations. Regarding products subject to frequent breakdowns, too, we conduct a cause analysis and send the results to each individual manufacturer, requesting technical improvement.

Our product performance testing laboratory

Efforts to expand our eco-friendly living & solar power products ——

Developing to home remodeling products

Home remodeling is a promising business field, with a large-scale market matching that of home electrical appliances, whose demand is expected to continue growing. Focusing on the remodeling of bathrooms, kitchens and toilet areas, we have been promoting "package products," which are characterized by a transparent price system that includes fees for basic construction work, and an original construction method that permits substantially shorter construction periods. To eliminate customers' concerns, such as how much the construction work will cost in total, we have offered home remodeling package products (basic specifications of products and their construction work as well as the total price are all specified in advance), ensuring customers can purchase them with a sense of assurance.

At the EDION Group, we have been committed to incorporating marketing approaches specific to home electrical appliance retailers, such as the provision of repair and after-sales services, into the home remodeling business, resulting in a selling system that enables customers to purchase our home remodeling products with a sense of ease. Receiving high commendations for such efforts, we were selected as one of the Japan 300 High-Service enterprises, a recognition granted by Service Productivity & Innovation for Growth of the Japan Productivity Center.

Furthermore, as a part of efforts to promote highly energy efficient home remodeling products, we began selling a product named "Remodeling to double-glazed windows" in January 2009. The installation of additional glazing inside an existing window will help eliminate water condensation, reduce noise, increase the energy efficiency of air conditioners, and lower heating & lighting expenses. By continually encouraging customers to purchase our home remodeling products together with air conditioners and other home electrical appliances, we will further expand our home remodeling business, reflecting our uniqueness as a home electrical appliance retailer.

- **Showroom for eco-friendly living products Establishment of the Eco-life Plaza (FY2010)**

In April 2010, we opened Eco-life Plaza Nagoya Minato Store in Nagoya City, Aichi Prefecture. This store not only serves as a showroom for our home remodeling products, solar power generation system products and all-electric products, but also provides technical training programs for construction work staff members. Cooking events in which participants can experience cooking with an induction cooktop, as well as counseling services on how to save heating & lighting expenses are also provided. At this store, we will strive to satisfy a wide range of customers' needs and requests for an eco-friendly lifestyle.

All-electric home and home solar power generation system products

An all-electric system, which contributes to a substantial reduction in heating & lighting expenses by using economical nighttime electricity, is gaining greater interest from customers. In response to the increasing demand, all consumer electronics stores within the EDION Group have been providing products such as Eco Cutes (Eco Cute: a home-use hot-water supply system using nighttime electricity) and induction cooktops.

Home solar power generation products are also promising, with greater demand backed by increasing awareness of both energy saving and environmental conservation. We intend to gradually increase the number of stores to accommodate customers' various needs, while at the same time actively promoting our all-electric and home solar power generation products based on our Group-wide thorough service system.

Efforts to establishment higher levels of construction and selling systems

Professional expertise and techniques are required to handle home remodeling, all-electric and home solar power generation system products. At the EDION Group, we have established technical training facilities in Aichi, Osaka, Hiroshima and Fukui Prefectures, where efficient and effective technical training programs are provided to staff members of construction work for solar power generation products, Eco Cutes and "remodeling to double-glazed windows." We also provide integrated training programs that educate and train both sales staff and construction work staff simultaneously at these facilities.

The home remodeling and all-electric products floor

HS300
ハイ・サービス
日本300選

At the award presenting ceremony for Japan 300 High Service

Floor for remodeling to double-glazed windows

Eco-life Plaza

Home solar power generation system

Construction work training for home solar power generation system

We are striving to offer sincere customer service and develop a thorough service system that enables customers to continue using our products under optimal conditions.

Improving customer-oriented services

• Promoting thorough employee training

Whether or not customers can enjoy shopping at our stores depends on our sales staff's service skills. To enhance the quality of their service skills, we continue to be actively involved in thorough employee training, including diverse educational programs based on employees' positions, and various workshops to enhance product knowledge. As a result, a total of 4,306 EDION Group employees (as of June 2010) have acquired the "Certificate of Home Electric Appliances' Advisor" granted by the Association for Electric Home Appliances, serving customers based on their abundant product knowledge. We will continue to enhance our employees' service skills to achieve higher levels of customer satisfaction.

• Introduction of the EDION Card

The EDION Card is the membership card of the EDION Group. The most attractive feature of the card is that, with an annual fee of 1,029 yen, customers can enjoy a five-year extended repair warranty (ten-year repair warranty for certain products) for any number of designated home electrical appliances (certain products excepted) purchased at our stores priced 5,250 yen or more. Moreover, EDION Card holders can earn points not just by shopping at EDION Group stores but also by shopping at designated member stores both in and outside Japan, or by using the card to pay for utility or cell phone bills. Currently, DEODEO, EIDEN, MIDORI and Ishimaru stores have introduced the EDION Card. As of April 2010, EDION Card holders at the EDION Group companies totaled 4.46 million. We will continue to introduce new card services and enhance the functions of the EDION Card so they reflect the uniqueness of the EDION Group, promising to uphold the Group's management philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service."

EDION Card

■Sales promotion strategy

At the EDION Group, we have been actively involved in conducting advertising and sales promotion activities, aiming to create attractive sales floors that ensure customers can enjoy shopping at our stores.

The Promotional License & Ad Sponsorship Agreement with Walt Disney Japan

EDION Corporation and Walt Disney Company Japan concluded the Promotional License & Ad Sponsorship Agreement in October 2009. Based on this agreement, EDION has adopted Disney characters, which bring us timeless dreams, as advertising characters for EDION products, endeavoring to become an enterprise capable of providing our customers with dreams and excitement as well.

An official partnership agreement with Chunichi Dragons (fiscal 2010)

EDION EAST Corporation and Chunichi Dragons Co., Ltd. concluded an official partnership agreement that will remain effective for three years of professional baseball seasons, from 2010 to 2012. Under this agreement, we will strive to further revitalize both EDION EAST stores and the Chunichi Dragons team, by holding special sales and other events. Furthermore, as an enterprise widely recognized in local communities, we will continue to be actively involved in building stronger relationships with local residents.

Striving to continually offer higher quality services

To ensure our customers can continue using their merchandise purchased at our stores under optimal conditions, we have been engaged in establishing high-quality service systems that satisfy our consumers' varying needs, by assembling the know-how of all our Group companies.

In January 2010, we started the full-scale implementation of a cooperative delivery system among Group companies, establishing a high quality after-sales service system nationwide. For example, to accommodate the various lifestyles of our customers, we have established such customer-oriented services as free delivery/installation of large merchandise, a same-day delivery/installation service, and delivery during hours specified by the customer. We have also introduced new services, such as cleaning customers' home air conditioners, replacing light bulbs/fluorescent lamps, collecting small home electrical appliances that need repair and/or delivering repaired appliances, installing fire alarms at customers' homes, and delivering parts for electrical appliances ordered at our stores, aiming to satisfy our customers' diverse requests.

Regarding repair services, too, we are actively engaged in service quality improvement, from improving handling of repair requests made at our stores, to learning of the latest techniques. We have also introduced a fixed fee system for repairs, which helps customers immediately decide at our stores whether they wish to have the product repaired or replaced. Through these efforts, we will continue to enhance the convenience of our customers.

Currently, the number of our service department employees totals about 1,300. They are continually committed to enhancing the quality of their service skills, and are accurately and promptly accommodating 4 million delivery/installation requests per year, 1 million requests for repair service at our stores per year, and 1.3 million requests for repair service at customers' homes per year. We will stay actively involved in improving the quality of our after-sales service, providing reliable techniques and remaining sincere in our hearts.

• Wins the fiscal 2009 METI Minister Award for Best Contributors to Product Safety

In November 2009, the EDION Group received the fiscal 2009 Ministry of Economy, Trade and Industry Minister Award for Best Contributors to Product Safety, which was hosted by the Ministry of Economy, Trade and Industry (METI).

Recognized efforts (according to notification from METI):
- Promotion of prompt response by utilizing a repair history
- Establishment of strict product procurement conditions
- Promotion of prompt and accurate support to recall by utilizing a sales history

At the award ceremony for winners

2009 製品安全対策優良企業

· Product Safety logo

The Product Safety logo is presented to companies that are highly appreciated for their outstanding efforts to promote product safety.

We will actively facilitate environmentally-friendly business activities, aiming to contribute to environmental conservation.

The number of Energy Efficient Product Retailing Promotion Stores of EDION Group was the largest in Japan for the third straight year.

In February 2010, a total of 268 EDION Group stores were selected as "Energy Efficient Product Retailing Promotion Stores*," the largest number in Japan for the third straight year.

Moreover, EDION WEST Corporation's MIDORI Sanda Woody Town Store (located in Sanda City, Hyogo Prefecture) received the Agency for Natural Resources and Energy Director-General's Award, an award presented to stores making outstanding efforts in promoting energy efficient products.

The EDION Group will further promote energy efficient products as it aims to continue its involvement in environmental issues.

* Energy Efficient Product Retailing Promotion Stores
To further promote energy efficient products, the Energy Conservation Center has been selecting stores based on its "energy efficiency product retailer" assessment system established in 2003. Under this system, recognition is given to home appliance retailers that actively promote energy efficient products and provide appropriate energy conservation information.

Received the Agency for Natural Resources and Energy Director-General's Award
(MIDORI Sanda Woody Town Store)

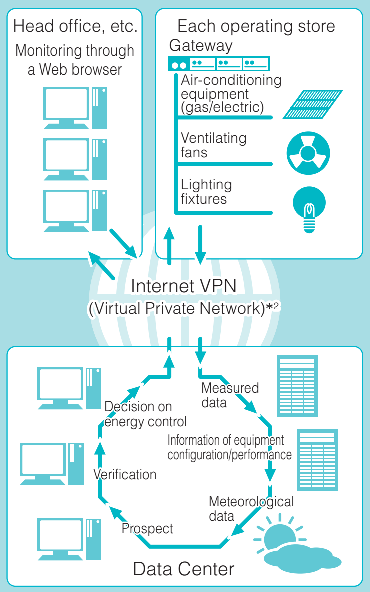
Promoting the installation of energy efficient equipment

Primarily targeting newly opened stores, each EDION Group company has been installing various types of energy efficient equipment and promoting the creation of eco-minded stores using building materials with less negative impact on the environment.*1

Introduction of real-time HVAC & lighting fixtures control system for energy saving

We introduced a "real-time HVAC* & lighting fixtures control system for energy saving" in April 2010. The purpose of this system is to conduct a careful, overall control of air-conditioning (electric/gas) equipment, lighting fixtures and ventilation fans to maintain the comfortable indoor environments of our stores, while at the same time realizing substantial energy saving.

* HVAC is an abbreviation for heating, ventilation and air conditioning.



Features of the system

1. Because temperature and operation of equipment (air-conditioning equipment, lighting fixtures and ventilation fans) are controlled for each sales floor, both comfortable indoor environments and energy saving will be simultaneously achieved.
2. The utilization of existing HVAC and other equipment enables a reduction in the introduction cost of this system.
3. Irrespective of equipment manufacturers and gas/electric air-conditioning equipment, overall energy control will be conducted.

Motion sensors

We install motion sensors on lighting fixtures in warehouses and toilet areas, as well as in escalators, so that lighting and other electrical appliances can automatically switch ON/OFF in response to people's movements. This installation has enabled us to reduce power consumption.

LED lighting

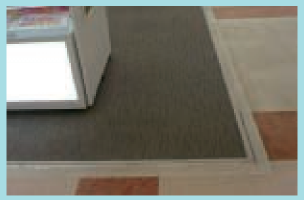
Light-emitting diodes (LEDs), which have been attracting attention as a new lighting source, are characterized by longer lifespan, lower power consumption, greater ability to save resources, and superior performance. Since LEDs reduce the load on air conditioners thanks to their low heat release, they can achieve higher energy efficiency than conventional lighting, and are expected to materially reduce CO_2 emissions.

Solar power generation and eco-friendly hybrid power generation

We have introduced a solar power generation system, and a hybrid power generation system using solar energy and wind power, to generate some of the electric power consumed at our stores.

Eco-friendly floor tiles

We select floor tiles that satisfy criteria stipulated by the "Law on Promoting Green Purchasing." The vinyl floor tiles that we use at our stores have a recycled materials ratio of 10% or more.



*1 Equipment varies depending on stores.
*2 Virtual Private Network (VPN) is a network service system capable of using a public communication network as a dedicated private communication line. The VPN is used to connect remote sites within a company's local area network. The cost of introducing the VPN is lower than that for a private communication line.

Participation in forestation programs (tree-planting/thinning)

At the EDION Group, we have been participating in various forestation programs as a part of environmental efforts in local communities. We will continue to work together with local residents and participate in various planting/thinning programs, aiming to contribute to local environmental conservation.

• Participation in the "Hiroshima Forest Planting Activity in Takehara"

To restore a forest area affected by a fire in 1994 in Takehara City, Hiroshima Prefecture, a tree-planting/reforestation campaign named the "Hiroshima Forest Planting Activity in Takehara" began in November 2004. As an original member of this campaign, we have been actively involved in this reforestation program.

• Participation in "Planting in the Nagoya Nishi-no Mori Forest"

We have participated in "Planting in the Nagoya Nishi-no Mori Forest," planting a total of about 6,000 seedlings in Todagawa Green Park for five years from 2008.

• Participation in a reforestation program in Mt. Yoshino

Since March 2008, we have participated in the "Genki Mori-Mori in Mt. Yoshino" campaign, a tree-planting/thinning initiative along the forest path leading to Mt. Yoshino in Yoshino-cho, Nara Prefecture. The program is located in an area registered as a World Heritage Cultural site.

At the reforestation campaign in Takehara City, Hiroshima

Group-wide cleanup program

EDION and MIDORI DENKA (now EDION WEST Corporation) participated in "Clean Osaka," a campaign held each year to clean up the city of Osaka. Moreover, since 2008, the EDION Group has carried out a Group-wide cleanup program where all group companies conducted cleanups around the same time in their local communities.

At the Group-wide cleanup

The Challenge 25 Campaign

In the EDION Group, we are participating in the "Challenge 25 Campaign," an environmental campaign launched by the Ministry of the Environment to help prevent global warming. The Ministry's conventional national environmental effort, "Team Minus 6%," developed into this campaign to more effectively reduce CO_2 emissions.

To cooperate in the campaign, we are encouraging our employees to take practical, specific actions to help reduce CO_2 emissions from their workplaces and homes, while also actively making energy-saving & environmental efforts by recommending our customers to purchase more energy-efficient products.

チャレンジ25
未来が変わる。日本が変える。

Introduction of business cards half the size of regular cards

To help decrease CO_2 emissions by reducing the use of paper, employees at the EDION Group Head Office have started to use business cards half the size of regular cards. We believe that presenting this half-sized card to a client or customer can naturally stimulate conversation about environmental conservation, and thus will have the effect of raising awareness on the environment. We will continue to use the cards as a small, yet sincere effort to convey from hand to hand our feelings toward the environment.

A half-sized business card

As a corporate citizen, we are actively involved in various efforts to always work together with local communities.

The EDION Group will continually contribute to the development of local culture, by providing support for local sports clubs and community-based cultural activities.

Cultural activities

Starting the DEODEO CLUB

In September 2009, DEODEO Corporation (now EDION WEST Corporation) launched its unique membership club named DEODEO CLUB.* With the aim of helping member customers feel a stronger sense of joy and excitement in using home electrical appliances in their daily lives, the club provides a wide range of attractive cultural programs such as courses to enjoy hobbies utilizing familiar home electrical appliances, participatory events that promise new "discoveries" about home electrical appliances, and travel opportunities that help members deepen exchanges with each other. The DEODEO CLUB's programs are categorized into three types: "DEODEO CLUB *Toru-toru*," which focuses on learning more effective use of digital cameras and videos; "DEODEO CLUB *Miru-kiku*," in which members can enjoy the latest viewing/listening settings created with special attention to image & sound quality; and "DEODEO CLUB Cooking & Gourmet," which helps members to broaden their knowledge of food and cooking. DEODEO CLUB members can choose any of the programs under the three categories to participate in, based on their interests and lifestyle. We at the EDION Group will stay actively involved in providing useful and attractive cultural programs for local member customers.

* The DEODEO CLUB programs are offered only in Hiroshima City and its neighboring areas.

DEODEO CLUB

Exhibiting a pavilion at KidZania

In June 2009, MIDORI DENKA Co., Ltd. (now EDION WEST Corporation) exhibited a pavilion named the "MIDORI Home Electrical Appliance Repair Center" at KidZania Koshien (located in Nishinomiya City, Hyogo Prefecture), a facility where children could experience their favorite job and learn about social systems. By providing an opportunity to experience home electrical appliance repair work, we are striving to spread the message that treasuring things is important.

In May 2010, EDION EAST Corporation also exhibited a pavilion called "Ishimaru Music Studio" at KidZania Tokyo (located in Koto-ku, Tokyo Prefecture). In this pavilion children could experience images & music recording and editing work by using real musical instruments and sound equipment. By providing these experiences for children, we aim to convey the attractiveness and surprising aspects of images and music to children.

Children experiencing home electrical appliance repair work

Cooperating in efforts to protect children

• ***Kids 110***

Kids 110 (*Kodomo Hyakutoban*) is one of the initiatives conducted by volunteers to enhance the safety of children in their daily lives. Showing their agreement with the purpose of the program, MIDORI DENKA CO., LTD. (now EDION WEST Corporation) is cooperating in ensuring children's safety by displaying *"Kodomo Hyakutoban"* stickers at the entrance of its stores for children seeking help, and by reporting any troubles or suspects.

"Kodomo Hyakutoban" sticker

• "Sakura Stage"

At the Hiroshima Flower Festival, which is held every May, EDION WEST Corporation exhibits its "Sakura Stage," offering various entertainments. The company has provided music concerts performed by the latest Japanese singers, such as HOUND DOG (in 1998), Gospellers (in 2001) and Kobukuro (in 2004), helping attract more people to the festival.

"Sakura Stage" exhibited at the Hiroshima Flower Festival

• "Yoshimoto Kamiyamachi Theater"

With the aim of creating a vibrant atmosphere in the center of Hiroshima City, and contributing to the revitalization of local communities, in 2001 we opened "Yoshimoto Kamiyamachi Theater" at DEODEO Main Store, located in Naka-ku, Hiroshima City. Here we hold not only regular performances by comedians of Yoshimoto Kogyo, but also live music, various lectures, and other local cultural activities.

• "ishimaru soft event"

EDION EAST Corporation has held various events and concerts performed by popular entertainers, musicians and animation voice actors at Ishimaru Soft Main Store. By offering the store's various product lines of CDs, DVDs and software products, EDION EAST Corporation is contributing to the revitalization of the music industry.

Poster of "Yoshimoto Kamiyamachi Theater" (DEODEO Main Store)

At the ishimaru soft event

Promoting the development of sports in local communities

• Sanfrecce Hiroshima FC

EDION WEST Corporation serves as the main sponsor of Sanfrecce Hiroshima FC, a member team of the Japan Professional Football League (J. League). Enjoying great popularity in its home ground Hiroshima, Sanfrecce Hiroshima FC won at the Fuji Xerox Super Cup held in 2008, and played at the Asian Champions League held in 2010.

©1992 S.FC

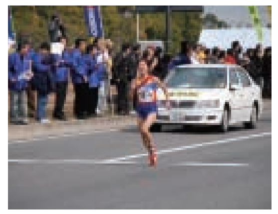
Sanfrecce Hiroshima FC

• DEODEO Corporation's Athletic Club for Women

Since being established in 1989, DEODEO Corporation's Athletic Club for Women has participated in the All Japan Corporate Women's Ekiden 21 times in a row (its second place in the 12th race has been its best record to date). In November 2009, Yoshika Arai became the first Japanese winner in the 3,000-meter steeplechase at the Asian Athletics Championships held in Guangzhou, China.

• DEODEO Corporation's archery club

Since its establishment in 1990, DEODEO Corporation's archery club has produced excellent archers, proven by the fact that two of the club members (one man and one woman) were selected as national contestants for the Athens 2004 Olympic Games. In the World Indoor Championship held in Poland in March 2009, Shizue Yatagai participated as a national contestant. In addition, Hideki Kikuchi participated in the Archery World Championship held in Ulsan, South Korea in September 2009, helping the Japanese male team to win a bronze medal for the first time in 32 years.



DEODEO Corporation's Athletic Club for Women

DEODEO Corporation's archery club

• EIDEN BLITZ

EIDEN BLITZ was established in February 2007 as an adult amateur baseball club, with the aim of contributing to the revitalization of adult amateur baseball. In April 2009, EIDEN BLITZ won the 35th JABA Amateur Baseball Championship in Takasago, enabling them to qualify for the Japan baseball club team's national championship held in September 2009.

EIDEN BLITZ

Business Performance

In the current fiscal year, there were some indications that the Japanese economy hit bottom, but recovery was slow. With consumer spending sluggish due to the severe employment situation and income environment, the economy remained in the doldrums.

In the retail consumer electronics industry, sales of refrigerators and flat-panel televisions remained steady due to the demand-boosting effect of the "eco-point" program for "green" home appliances, the Japanese government's economic-stimulus package, as well as replacement demand of television sets related to the termination of analog broadcasting in July 2011. In addition, sales of home appliances, such as cooking appliances, were also solid due to a rise in those cooking at home. Meanwhile, sales of seasonal goods, such as air-conditioners, were weak due to an extremely cool summer; and sales of information-related goods, such as personal computers, were also sluggish due to a decline in unit prices. While consumer spending remained stagnant, the industry went through a tough market environment amid continuing fierce competition with rival companies.

In such an environment, DEODEO Corporation and MIDORI DENKA CO., LTD., both subsidiaries of the EDION Group, merged to form EDION WEST Corporation on October 1, 2009. Also, Group subsidiary EIDEN Co., Ltd. changed its corporate name to EDION EAST Corporation. These moves aimed to improve business efficiency, strengthen group corporate governance, and restructure the group's corporate branding.

The EDION Group strived to expand sales by implementing measures to respond to the eco-point program for "green" home appliances and by marketing price-competitive products. Thanks to these efforts, the Group saw sales of televisions and Blu-ray disc recorders increase sharply and those of large refrigerators grow steadily.

The Group also tried to increase market share by opening new stores in sales bases in the Chubu region (Central Japan) and western Japan. The Group also conducted the "50th Anniversary Festival" sales campaign to commemorate the 50th anniversary of the founding of MIDORI DENKA CO., LTD. (currently named EDION WEST Corporation), which operates in the Kinki region (Osaka and neighboring areas), and began deploying small franchise stores to strengthen its revenue base in each business area.

Moreover, the Group entered the remodeling business in earnest as one of several new businesses from the current fiscal year, and expanded sales space mainly in newly opened stores. The Group also tackled improvement of its foundation to expand sales in the future through strengthened human resources development by establishing its own training center.

Regarding directly managed consumer electronics stores, in the current fiscal year the EDION Group opened 11 stores including "MIDORI Hirakata Store" and "EIDEN Ichinomiya Main Store," and relocated or renovated seven stores including "DEODEO Higashihiroshima Main Store" and "Hyakuman Volt Fukui-Minami Main Store," all with the aim of expanding market share in each area. Meanwhile, seven stores were closed to improve business efficiency. Regarding directly managed non-consumer electronics stores, such as cell phone shops, the Group opened two stores and closed nine stores. Regarding franchise stores, the net number increased by 26, including the MIDORI Minoh-Ekimae store, the first MIDORI Family Shop in the Kinki region. Consequently, the number of EDION Group stores totaled 1,101, including 683 franchise stores, at the end of the current fiscal year.

As a result, the EDION Group reported net consolidated sales of ¥820,031 million, operating income of ¥10,510 million, and net income of ¥9,323 million for the current fiscal year. Operating income and net income largely exceeded those in the previous year. The Group achieved a record operating income and net income.

● Net sales

Net sales amounted to ¥820,031 million (up 2.1% from the previous fiscal year). This is because sales of visual-related products increased steadily due to the effects of the eco-point program for "green" home appliances, an additional economic stimulus by the Japanese government; and the Group promoted new store openings and expansion of sales floors in existing stores.

● Operating income

Operating income amounted to ¥10,510 million (up 752.6% from the previous fiscal year). This is because the Group continued to reduce expenses in the current fiscal year and changed the accounting treatment for purchase discounts from some suppliers. The Group recorded purchase discounts in the cost of goods sold rather than in non-operating income.

● Net income

Net income amounted to ¥9,323 million (net loss of ¥13,506 million in the previous fiscal year). This is because the Group recorded an extraordinary loss of ¥5,457 million yen, including loss on impairment of ¥3,539 million and income taxes of ¥4,155 million.

Financial Conditions

● Assets, liabilities, and net assets

Total assets amounted to ¥403,180 million, an increase of ¥16,043 million from the end of the previous fiscal year. This is because current assets grew by ¥12,892 million, due to an increase in notes and accounts receivable-trade; and non-current assets rose by ¥3,163 million, due to the opening of new stores.

Liabilities amounted to ¥261,537 million, an increase of ¥9,984 million from the end of the previous fiscal year. This is because current liabilities grew by ¥3,738 million, due to an increase in notes and accounts payable-trade; and non-current liabilities rose by ¥6,245 million, due to new long-term loans payable.

Net assets amounted to ¥141,643 million, an increase of ¥6,059 million from the end of the previous fiscal year. This is because the Company recorded a net income of ¥9,323 million; and net assets decreased by ¥1,805 million, due to the purchase of treasury stocks. For more details, please refer to the consolidated statement of changes in net assets.

As a result, the capital adequacy ratio increased to 31.7% from 31.3% at the end of the previous fiscal year.

● Cash flow

Consolidated cash and cash equivalents ("cash") as of the end of the fiscal year increased by ¥853 million from the end of the previous fiscal year to ¥17,865 million (up 5.0% from the previous fiscal year). Cash flow by activity type and factors for their changes are as follows.

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥35,576 million (an increase of ¥9,253 million from the previous fiscal year). This is because the Company recorded a net income before income taxes of ¥14,612 million, depreciation and amortization of ¥13,731 million, impairment loss of ¥3,539 million, and decreased inventories of ¥2,944 million.

Cash flow from investing activities

Net cash used in investing activities amounted to ¥23,010 million (net cash used in investing activities amounted to ¥31,399 million in the previous fiscal year). This is because the Company spent ¥15,242 million for the purchase of property, plant and equipment in relation to the opening of new stores in the current and subsequent fiscal years, and ¥8,125 million for the purchase of intangible assets.

Cash flow from financing activities

Net cash used in financing activities amounted to ¥11,713 million (net cash used in financing activities amounted to ¥5,040 million in the previous fiscal year). This is because of a decrease in short-term loans payable of ¥12,225 million, repayment of long-term loans payable of ¥22,883 million, proceeds from long-term loans payable of ¥28,955 million, cash dividends paid of ¥1,559 million, cash dividends paid to minority shareholders of ¥1,519 million, and purchase of treasury stocks of ¥1,834 million.

Consolidated Balance Sheets

EDION Corporation and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Assets			
Current assets:			
Cash and cash equivalents *(Note 11)*	¥ 17,865	¥ 17,012	$ 192,014
Time deposits *(Note 11)*	3,340	10	35,899
Marketable securities *(Notes 4 and 11)*	6	2,010	64
Notes and accounts receivable:			
Trade *(Note 11)*	38,876	27,477	417,842
Other	9,334	9,185	100,322
Allowance for doubtful receivables	(133)	(156)	(1,429)
	48,077	36,506	516,735
Inventories:			
Merchandise and products	82,827	85,783	890,230
Supplies	287	275	3,085
	83,114	86,058	893,315
Deferred income taxes *(Note 10)*	8,836	4,834	94,970
Other current assets	4,828	6,744	51,891
Total current assets	166,066	153,174	1,784,888
Property and equipment, at cost *(Notes 5 and 7)*:			
Land *(Notes 6 and 8)*	77,615	76,747	834,211
Buildings and structures *(Note 8)*	153,129	148,461	1,645,840
Vehicles	385	432	4,138
Furniture and fixtures	26,862	23,363	288,715
Leased assets	2,078	1,115	22,334
Construction in progress	1,708	3,510	18,358
	261,777	253,628	2,813,596
Accumulated depreciation	(97,715)	(94,553)	(1,050,247)
Net property and equipment	164,062	159,075	1,763,349
Investments and other assets:			
Investments in securities *(Notes 4 and 11)*	5,873	5,782	63,123
Investments in unconsolidated subsidiaries and affiliates *(Note 11)*	635	577	6,825
Goodwill	767	1,899	8,244
Leasehold deposits	33,518	35,553	360,254
Deferred income taxes *(Note 10)*	7,497	9,786	80,578
Other *(Note 5)*	24,762	21,291	266,144
Total investments and other assets	73,052	74,888	785,168
Total assets	¥ 403,180	¥ 387,137	$ 4,333,405

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Liabilities and net assets			
Current liabilities:			
Short-term bank loans *(Notes 8 and 11)*	¥ 39,396	¥ 51,621	$ 423,431
Current portion of long-term debt *(Note 8)*	19,243	21,321	206,825
Notes and accounts payable:			
Trade *(Note 11)*	48,215	46,495	518,218
Other	16,372	14,622	175,967
	64,587	61,117	694,185
Lease obligations *(Notes 8, 11 and 16)*	138	43	1,483
Accrued income taxes	4,566	1,978	49,076
Allowance for employees' bonuses	5,321	5,086	57,190
Reserve for point service program	8,739	9,338	93,927
Other current liabilities	20,871	8,618	224,324
Total current liabilities	162,861	159,122	1,750,441
Long-term liabilities:			
Long-term debt *(Notes 8 and 11)*	68,308	60,159	734,179
Accrued retirement benefits *(Note 9)*	9,748	10,162	104,772
Lease obligations *(Notes 8, 11 and 16)*	1,175	838	12,629
Negative goodwill	5,560	7,486	59,759
Deferred income taxes for land revaluation	2,614	2,630	28,095
Allowance for product warranties	2,323	1,323	24,968
Deferred income taxes *(Note 10)*	116	38	1,247
Other long-term liabilities *(Note 8)*	8,832	9,795	94,927
Total long-term liabilities	98,676	92,431	1,060,576
Contingent liabilities *(Note 14)*			
Net assets:			
Shareholders' equity *(Note 15)*:			
Common stock	10,175	10,175	109,362
Capital surplus	82,368	82,359	885,297
Retained earnings	50,723	43,917	545,174
Treasury stock, at cost	(1,874)	(68)	(20,142)
Total shareholders' equity	141,392	136,383	1,519,691
Valuation adjustments:			
Net unrealized gain (loss) on other securities	261	(89)	2,805
Land revaluation difference *(Note 6)*	(13,980)	(14,938)	(150,258)
Total valuation adjustments	(13,719)	(15,027)	(147,453)
Stock acquisition rights *(Note 15)*	85	—	913
Minority interests	13,885	14,228	149,237
Total net assets	141,643	135,584	1,522,388
Total liabilities and net assets	¥ 403,180	¥ 387,137	$ 4,333,405

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

EDION Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Net sales	¥ 820,031	¥ 803,004	$ 8,813,747
Cost of sales	625,229	616,946	6,720,002
Gross profit	194,802	186,058	2,093,745
Selling, general and administrative expenses	184,292	184,825	1,980,783
Operating income	10,510	1,233	112,962
Non-operating income (expenses):			
Interest and dividend income	501	677	5,385
Interest expenses	(1,304)	(1,492)	(14,016)
Purchase discounts	6,479	10,236	69,637
Amortization of negative goodwill	1,926	1,456	20,701
Loss on sales or disposal of property and equipment	(1,276)	(1,908)	(13,715)
Loss on impairment of fixed assets *(Notes 5 and 7)*	(3,539)	(7,946)	(38,037)
Loss on impairment of goodwill	—	(975)	—
Loss on devaluation of investments in securities *(Note 4)*	(2)	(5,752)	(21)
Other, net	1,317	(3,459)	14,155
	4,102	(9,163)	44,089
Income (loss) before income taxes and minority interests	14,612	(7,930)	157,051
Income taxes *(Note 10)*:			
Current	6,088	4,417	65,434
Deferred	(1,933)	2,244	(20,776)
Total income taxes	4,155	6,661	44,658
Income (loss) before minority interests	10,457	(14,591)	112,393
Minority interests	1,134	(1,085)	12,189
Net income (loss)	¥ 9,323	¥ (13,506)	$ 100,204

	Yen		U.S. dollars
Amounts per share:			
Net income (loss)			
—Basic	¥ 89.60	¥ (127.90)	$ 0.96
—Diluted	80.43	—	0.86
Cash dividends	20.00	15.00	0.21

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

EDION Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain (loss) on other securities	Land revaluation difference	Total valuation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2008	¥ 10,175	¥ 82,364	¥ 59,849	¥ (66)	¥ 152,322	¥ (760)	¥ (15,246)	¥ (16,006)	¥	¥ 41,261	¥ 177,577
Cash dividends			(2,112)		(2,112)						(2,112)
Reversal of land revaluation difference			(308)		(308)						(308)
Net loss			(13,506)		(13,506)						(13,506)
Purchases of treasury stock				(12)	(12)						(12)
Disposition of treasury stock		(5)		10	5						5
Other changes			(6)		(6)	671	308	979		(27,033)	(26,060)
Balance at March 31, 2009	10,175	82,359	43,917	(68)	136,383	(89)	(14,938)	(15,027)		14,228	135,584
Cash dividends			(1,559)		(1,559)						(1,559)
Reversal of land revaluation difference			(958)		(958)						(958)
Net income			9,323		9,323						9,323
Purchases of treasury stock				(1,834)	(1,834)						(1,834)
Disposition of treasury stock		9		28	37						37
Other changes						350	958	1,308	85	(343)	1,050
Balance at March 31, 2010	¥ 10,175	¥ 82,368	¥ 50,723	¥ (1,874)	¥ 141,392	¥ 261	¥ (13,980)	¥ (13,719)	¥ 85	¥ 13,885	¥ 141,643

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gain (loss) on other securities	Land revaluation difference	Total valuation adjustments	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2009	$ 109,362	$ 885,200	$ 472,023	$ (731)	$ 1,465,854	$ (957)	$ (160,555)	$ (161,512)	$	$ 152,924	$ 1,457,266
Cash dividends			(16,756)		(16,756)						(16,756)
Reversal of land revaluation difference			(10,297)		(10,297)						(10,297)
Net income			100,204		100,204						100,204
Purchases of treasury stock				(19,712)	(19,712)						(19,712)
Disposition of treasury stock		97		301	398						398
Other changes						3,762	10,297	14,059	913	(3,687)	11,285
Balance at March 31, 2010	$ 109,362	$ 885,297	$ 545,174	$ (20,142)	$ 1,519,691	$ 2,805	$ (150,258)	$ (147,453)	$ 913	$ 149,237	$ 1,522,388

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

EDION Corporation and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities			
Income (loss) before income taxes and minority interests	¥ 14,612	¥ (7,930)	$ 157,051
Adjustments for:			
Depreciation and amortization	13,731	11,718	147,582
Loss on impairment of fixed assets and goodwill	3,539	8,921	38,037
Interest and dividend income	(501)	(676)	(5,385)
Interest expense	1,304	1,491	14,016
Amortization of goodwill, net	(794)	(67)	(8,534)
Decrease in reserve for point service program	(599)	(296)	(6,438)
Decrease in accrued retirement benefits	(414)	(40)	(4,450)
Gain on sales of property and equipment	(139)	(39)	(1,494)
Loss on sales or disposal of property and equipment	1,276	1,880	13,715
Loss on devaluation of investment securities	2	5,752	21
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable	(11,399)	4,016	(122,517)
Decrease in inventories	2,944	15,315	31,642
Increase (decrease) in accounts payable	1,720	(5,791)	18,487
Other, net	14,246	161	153,117
	39,528	34,415	424,850
Interest and dividends received	247	377	2,654
Interest paid	(1,286)	(1,551)	(13,822)
Income taxes refunded	2,422	1,448	26,032
Income taxes paid	(5,335)	(8,366)	(57,341)
Net cash provided by operating activities	35,576	26,323	382,373
Cash flows from investing activities			
Investment in time deposits	(3,380)	(110)	(36,328)
Proceeds from time deposits	150	2,130	1,612
Purchases of property and equipment	(15,242)	(21,266)	(163,822)
Proceeds from sales of property and equipment	1,302	452	13,994
Purchases of intangible assets	(8,125)	(7,336)	(87,328)
Payment of long-term prepaid expenses	(323)	(1,770)	(3,472)
Purchases of investments in securities	(226)	(4,580)	(2,429)
Proceeds from sales of investments in securities	1,446	1,522	15,542
Proceeds from redemption of securities	2,000	—	21,496
Proceeds from sales of investment in a subsidiary resulting in changes in scope of consolidation	–	95	–
Increase in leasehold deposits, net	(552)	(97)	(5,933)
Increase (decrease) in leasehold deposits received from tenants, net	106	(164)	1,139
Other, net	(166)	(275)	(1,784)
Net cash used in investing activities	(23,010)	(31,399)	(247,313)
Cash flows from financing activities			
Decrease in short-term bank loans, net	(12,225)	(6,244)	(131,395)
Increase in long-term debt	28,955	15,874	311,210
Repayments of long-term debt	(22,883)	(11,360)	(245,948)
Cash dividends paid	(1,559)	(2,112)	(16,756)
Cash dividends paid to minority shareholders	(1,520)	(310)	(16,337)
Purchase of treasury stock	(1,834)	—	(19,712)
Other, net	(647)	(888)	(6,954)
Net cash used in financing activities	(11,713)	(5,040)	(125,892)
Effect of exchange rate changes on cash and cash equivalents	0	(10)	0
Net increase (decrease) in cash and cash equivalents	853	(10,126)	9,168
Cash and cash equivalents at beginning of year	17,012	28,591	182,846
Decrease in cash and cash equivalents resulting from exclusion of consolidated subsidiaries from consolidation	–	(1,453)	–
Cash and cash equivalents at end of year	¥ 17,865	¥ 17,012	$ 192,014

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (Years ended March 31, 2010 and 2009)

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements of EDION Corporation (the "Company") and consolidated subsidiaries (collectively, the "Group") are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Certain reclassifications of previously reported amounts have been made to conform the consolidated financial statements for the year ended March 31, 2009 to the 2010 presentation. Such reclassifications had no effect on consolidated net income or net assets.

The translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at ¥93.04 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2010. This translation should not be construed as a representation that yen have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

2. Summary of Significant Accounting Policies

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and all significant companies controlled directly or indirectly by the Company. The numbers of consolidated subsidiaries were 152 and 154 as of March 31, 2010 and 2009, respectively.

Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the accompanying consolidated financial statements on an equity basis. The Company has applied the equity method to investments in 4 affiliates for the years ended March 31, 2010 and 2009.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are carried at cost.

All significant intercompany accounts, transactions and unrealized profit and loss have been eliminated in consolidation.

The fiscal year end of one consolidated subsidiary falls on December 31, a date which differs from that of the Company. As a result, adjustments have been made for any significant intercompany transactions which took place during the period between the year end of this subsidiary and the year end of the Company.

Goodwill or negative goodwill arising from the differences between the cost and the underlying equity in net assets at the respective dates of acquisition of the consolidated subsidiaries is amortized by the straight-line method over a period of 5 years, except for cases where an expected useful life is available.

(b) Cash equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to an insignificant risk of change in value. Cash equivalents include time deposits which mature within three months of the date of acquisition.

(c) Marketable securities and investments in securities

Securities have been classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are credited and charged to income. Held-to-maturity debt securities are stated at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of net assets. Non-marketable securities classified as other securities are carried at cost determined by the moving average method.

The Group recognizes impairment loss on securities in cases where the fair value of a security declines by more than 50% of acquisition cost. The Group also recognizes impairment loss of a necessary amount by considering the significance of the amount of decline in fair value, the recoverability of fair value and so forth when the fair value declines by 30% to 50%.

(d) Inventories

Inventories such as consumer electronics merchandise are stated principally at the lower of cost or net selling value, cost being determined by the moving average method or the last purchase price method. Inventories of home-center appliance merchandise are stated at the lower of cost or net selling value, cost determined by the retail method. Supplies are stated at cost determined by the last purchase price method.

Change in method of inventory valuation

Effective the year ended March 31, 2010, MIDORI DENKA CO., LTD. (currently, EDION WEST Corporation, "MIDORI DENKA" or "EDION WEST"), a consolidated subsidiary, has changed its inventory valuation method from the first-in, first-out method to the moving average method. This change was policies to conform the accounting policy of MIDORI DENKA with the accounting policies employed by the main consolidated subsidiaries since the introduction of a group-wide integrated information system enabled the application of the same accounting policies. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥175 million ($1,881 thousand) for the year ended March 31, 2010 from the amounts which would have been recorded under the previous method.

Effective the year ended March 31, 2009, the Group adopted the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan ("ASBJ") Statement No. 9 issued on July 5, 2006). 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 effect of the adoption of this standard was to decrease operating income by ¥285 million and to increase loss before income taxes and minority interests by ¥824 million for the year ended March 31, 2009.

(e) Property and equipment (other than leased assets)

Property and equipment are stated at cost. Depreciation is computed principally by the declining-balance method over the estimated useful lives of the respective assets, while the straight-line method is applied to buildings acquired on and after April 1, 1998. The range of estimated useful lives is principally from 2 to 60 years for buildings and structures, and from 2 to 20 years for furniture and fixtures.

(f) Allowance for doubtful receivables

Allowance for doubtful receivables is provided at an amount calculated based on its historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific bad debts from customers experiencing financial difficulties.

Notes to Consolidated Financial Statements (continued)

(g) Allowance for employees' bonuses

Allowance for employees' bonuses is provided at the estimated amount of bonuses to be paid to the employees in the following year which has been allocated to the current fiscal year.

(h) Retirement benefits

Most consolidated subsidiaries have defined benefit pension plans, retirement benefit plans and defined contribution pension plans covering substantially all employees.

Accrued retirement benefits are provided based on the amount of the projected benefit obligation reduced by the pension plan assets at fair value at the year end.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized, principally by the straight-line method over a period of 10 years, which falls within the estimated average remaining years of service of the eligible employees.

Prior service cost is amortized by the straight-line method over a period of 10 years, which is within the estimated average remaining years of service of the eligible employees.

Retirement benefits to directors and corporate auditors of consolidated subsidiaries are provided at an amount based on the internal rules of the consolidated subsidiaries.

Change in method of retirement benefits

Effective the year ended March 31, 2010, "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (ASBJ Statement No.19 issued on July 31, 2008) has been applied. The effect of the adoption of this standard on the consolidated operating results was nill for the year ended March 31, 2010. However, the effect of the adoption of this standard was to increase the unrecognized portion of the unfunded retirement benefit obligation at March 31, 2010 by ¥676 million ($7,266 thousand).

Supplementary information

Certain consolidated subsidiaries had provided retirement benefits to directors and corporate auditors at an amount based on the internal rules of the consolidated subsidiaries. During the year ended March 31, 2010, Board of Directors' meetings of these subsidiaries resolved to abolish retirement benefits to directors and corporate auditors. In addition, extraordinary shareholders' meetings of these subsidiaries approved the payment of retirement benefits calculated based on the periods during which they served as directors or corporate auditors. As a result, the outstanding balances of the provision for retirement benefits for directors and corporate auditors, less payments made, were reclassified to other long-term liabilities in the consolidated balance sheet at March 31, 2010.

(i) Reserve for point service program

Reserve for point service program is provided at an estimate of the total cost expected to be incurred subsequent to the balance sheet date based on the historical data of utilization of points by their customers.

(j) Allowance for product warranties

Allowance for product warranties is provided at an estimate of the total cost expected to be incurred during the warranty period based on the historical data for repair expenses.

Change in method of allowance for products warranties

Effective the year ended March 31, 2009, certain consolidated subsidiaries changed their method of accounting for the allowance for product warranties and began providing an allowance for the 5 or 10-year warranty repair services as the total amount of the repair costs could be reasonably estimated based on historical data. The effect of this change was to decrease operating income by ¥109 million and to increase loss before income taxes and minority interests by ¥336 million for the year ended March 31, 2009 from the corresponding amounts which would have been recorded under the method applied in the previous year.

(k) Leased assets

Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

Finance lease transactions which do not transfer ownership to lessee and commenced prior to April 1, 2008 were accounted for as operating leases.

Change in method of leased assets

Effective the year ended March 31, 2009, as the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the ASBJ on March 30, 2007) and the "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the ASBJ on March 30, 2007) have been applied, lease transactions of the Company and its consolidated subsidiaries are accounted for as finance leases if substantially all of the benefits and risks of ownership have been transferred to the lessee. The effect of this change on operating income and loss before income taxes and minority interests was immaterial for the year ended March 31, 2009.

(l) Income taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Certain temporary differences exist between taxable income and income reported for financial statement purposes which enter into the determination of taxable income in a different period. The Group has recognized the tax effect of such temporary differences in the accompanying consolidated financial statements.

(m) Derivatives and hedging activities

Derivatives positions are carried at fair value with any changes in unrealized gain or loss credited or charged to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred.

If interest-rate swap contracts are used as hedges and meet certain hedging criteria, the net amounts to be paid or received under the interest-rate swap contracts are added to or deducted from the interest on the assets or liabilities for which the swap contracts are executed.

(n) Per share information

Basic net income per share is computed based on the net income attributable to shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year. Diluted net income per share assumes that outstanding convertible bonds were converted into common stock at the beginning of the period at the current conversion price, and stock acquisition rights were exercised into common stock at the time of issue at the average stock price. Cash dividends per share presented in the accompanying consolidated statements of operations are dividends applicable to the respective years including dividends to be paid after the end of such years.

The average number of shares of common stock used to compute net income (loss) per share for the years ended March 31, 2010 and 2009 were 104,058 thousand and 105,601 thousand, respectively. The assumed conversion of convertible bonds was 11,859 thousand.

Diluted net income per share has not been disclosed, although there are potential shares, because the Company reported a net loss per share for the year ended March 31, 2009.

Amounts per share of net assets are computed based on the number of shares of common stock outstanding at the year end. Amounts per share of net assets at March 31, 2010 and 2009 were ¥1,237.96 ($13.31) and ¥1,149.25, respectively.

(o) Accounting for trust-type employee stock ownership incentive plan

The Company introduced an employee incentive plan, "Employee Stock Ownership Plan Trust" for the purpose of enhancing mid and long-term corporate value by promoting motivation and corporate management participation by employees. In addition, the plan aims to contribute to the enhancing as driving the Company's stock value.

Under this plan, the money trust (the "Trust") was set up and the employees who participated in the EDION Group Employee Stock Ownership Group (the "ESO Group") and who met certain criteria became beneficiaries of the Trust. The Trust purchases a number of the Company's shares, which the ESO Group will purchase during the following year and sells them to the ESO Group on a certain date every month.

The Company guarantees the losses in the Trust Account (the "Trust Account") at Mitsubishi UFJ Trust Banking Corporation resulting from the purchase and sale of the Company's stock and accounts for the transactions involving the Trust Account as its own. Accordingly, shares of the Company held by Trust Account, assets, liabilities, expenses and income of the Trust Account were recorded in the accompanying consolidated financial statements.

As of March 31, 2010, the number of shares of the Company held by the ESOP Trust was 740,200.

(p) Distribution of retained earnings

Under the Corporation Law of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions (see Note 19. "Subsequent Events").

3. Changes in Method of Accounting

(a) Purchase discounts

Until the year ended March 31, 2009, the Group had accounted for purchase discounts as other income under non-operating income. Effective the year ended March 31, 2010, the Group changed its accounting treatment and accounted for purchase discounts from certain suppliers as a deduction from purchases.

During the year ended March 31, 2010, the Group analyzed purchase contracts with certain suppliers due to the spread variation between the purchase discount rate and the market interest rate for long-term periods. As a result of the analysis, the Group determined to change the accounting treatment of purchase discounts in order to present gross profit more clearly in the consolidated statement of income for the year ended March 31, 2010.

The effect of this change was to increase gross profit by ¥7,912 million ($85,039 thousand) and operating income by ¥4,005 million ($43,046 thousand), and to decrease income before income taxes and minority interests by ¥473 million ($5,084 thousand) for the year ended March 31, 2010.

4. Marketable Securities and Investments in Securities

Information regarding marketable securities classified as other securities at March 31, 2010 and 2009 is summarized as follows:

	Millions of yen			
	Cost	Unrealized gain	Unrealized loss	Carrying value
March 31, 2010				
Equity securities	**¥ 3,151**	**¥ 646**	**¥ 199**	**¥ 3,598**
Other	**2,262**	**77**	**504**	**1,835**
Total	**¥ 5,413**	**¥ 723**	**¥ 703**	**¥ 5,433**
March 31, 2009				
Equity securities	¥ 4,100	¥ 163	¥ 281	¥ 3,982
Debt securities	2,001	3	–	2,004
Other	2,362	–	1,022	1,340
Total	¥ 8,463	¥ 166	¥ 1,303	¥ 7,326

	Thousands of U.S. dollars			
	Cost	Unrealized gain	Unrealized loss	Carrying value
March 31, 2010				
Equity securities	**$ 33,867**	**$ 6,943**	**$ 2,139**	**$ 38,671**
Other	**24,312**	**828**	**5,417**	**19,723**
Total	**$ 58,179**	**$ 7,771**	**$ 7,556**	**$ 58,394**

Hybrid financial instruments containing embedded derivatives were included in the "Other" in the above table at March 31, 2010. For the years ended March 31, 2010, loss on devaluation of these hybrid financial instruments were recognized in the amount of ¥492 million ($5,288 thousand), which consisted of valuation gain of ¥515 million ($5,535 thousand) and valuation loss of ¥1,007 million ($10,823 thousand).

Proceeds from sales of other securities for the years ended March 31, 2010 and 2009 were ¥1,281 million ($13,768 thousand) and ¥5,120 million, respectively. Gross realized gain on these sales was ¥173 million ($1,859 thousand) and ¥125 million for the years ended March 31, 2010 and 2009, respectively.

Loss on impairment of investments in securities of ¥2 million ($21 thousand) was recognized for the year ended March 31, 2010.

Other securities and held-to-maturity debt securities whose fair value is not readily determinable as of March 31, 2009 was as follows:

	Millions of yen
	2009
Other securities: Unlisted equity securities	¥ 570
Held-to-maturity debt securities: Unlisted debt securities	6
Total	¥ 576

The redemption schedule for securities with maturity dates classified as other securities and held-to-maturity debt securities at March 31, 2009 is summarized as follows:

	Millions of yen	
	Other securities	Held-to-maturity debt securities
Due in one year or less	¥ 2,007	–
Due after one year through five years	–	–
Due after five years	–	–
Total	¥ 2,007	–

5. Loss on Impairment of Fixed Assets

The Group recognized losses on impairment of fixed assets of ¥3,539 million ($38,037 thousand) and ¥7,946 million for the years ended March 31, 2010 and 2009, respectively, as follows:

Notes to Consolidated Financial Statements (continued)

March 31, 2010

Use	Classification	Location
Store	Buildings and other	Shiga Prefecture and other
Property for rent	Buildings and other	Hiroshima Prefecture and other
System	Furniture, fixtures and other assets	Aichi Prefecture and other

March 31, 2009

Use	Classification	Location
Store	Buildings and other	Osaka Prefecture and other
Property for rent	Buildings and other	Kumamoto Prefecture and other
System	Furniture, fixtures and other assets	Aichi Prefecture and other

The Group groups its fixed assets based on management control units. It also groups assets which are not currently utilized for its operations and are not anticipated to be utilized in the future as idle assets individually.

Losses on impairment of fixed assets were recorded for the years ended March 31, 2010 and 2009 as the assets and asset groups listed above recorded consecutive years of negative operating cash flows and because their utilization in the future was not determinable. In addition, loss on impairment of systems and related assets was recorded for the years ended March 31, 2010 and 2009 because they were not expected to be utilized in the future due to the introduction of a new ERP system.

As a result, the Group reduced the book value of such assets and asset groups to their respective recoverable amounts and a loss on impairment was recognized for those assets, whose operating cash flows were negative in consecutive years, in the amounts of ¥2,888 million ($31,040 thousand) and ¥6,538 million, and impairment loss on software and related assets not expected to be utilized in the future in the amounts of ¥651 million ($6,997 thousand) and ¥1,408 million for the years ended March 31, 2010 and 2009, respectively.

The principal components of impairment loss were buildings and structures of ¥1,631 million ($17,530 thousand) and ¥4,605 million, furniture and fixtures of ¥247 million ($2,655 thousand) and ¥909 million, land of ¥1,008 million ($10,834 thousand) and ¥1,142 million, and "other" in intangible assets of ¥179 million ($1,924 thousand) and ¥586 million for the year ended March 31, 2010 and 2009, respectively.

The recoverable amounts of asset groups are measured at the higher of their net realizable value or value in use. The net realizable value for significant assets is based on professional appraisals. Value in use is measured as the sum of anticipated future cash flows discounted by weighted average costs of capital of 2.90% and 2.83% for the years ended March 31, 2010 and 2009, respectively.

6. Land Revaluation

EDION WEST and EDION EAST Corporation ("EDION EAST"), which are consolidated subsidiaries of the Company, revaluated their land held for business use, in accordance with the "Law on Land Revaluation" at March 28 and March 31, 2002, respectively. Differences on land revaluation have been accounted for as "land revaluation difference" under net assets at the net amount of the relevant tax effect. The method followed in determining the land revaluations was in accordance with the "Enforcement Act Concerning Land Revaluation." The carrying value of this land exceeded its fair value by ¥9,634 million ($103,547 thousand) and ¥11,687 million at March 31, 2010 and 2009, respectively, with a certain portion of this land, in the amount of ¥3,580 million ($38,478 thousand), related to real estate for lease at March 31, 2010.

7. Investment and Rental Property

Effective for the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008).

Certain consolidated subsidiaries own store properties including buildings and land for rent mainly in the main cities of Osaka, Aichi and other prefectures. Net rental income for these properties was recognized in the amount of ¥731 million ($7,857 thousand) for the year ended March 31, 2010. Rental income was included in net sales and rental expenses were mainly included in selling, general and administrative expenses. Loss on impairment of rental property of ¥1,548 million ($16,638 thousand) was recognized in non-operating expenses for the year ended March 31, 2010.

The carrying value of rental property in the Company consolidated balance sheets, net change in the carrying value and its fair value of those properties were as follows:

Millions of yen				Thousands of U.S. dollars			
Carrying Value			Fair Value	Carrying Value			Fair Value
March 31, 2009	Net change	March 31, 2010	March 31, 2010	March 31, 2009	Net change	March 31, 2010	March 31, 2010
¥ 28,150	¥ 442	¥ 28,592	¥ 28,766	$ 302,558	$ 4,751	$ 307,309	$ 309,179

Notes:

(a) The carrying value represents the acquisition cost less accumulated depreciation and accumulated impairment loss.

(b) The components of net change in the carrying value included increases mainly due to the change in the holding purpose in the amount of ¥2,598 million ($27,923 thousand) and decreases mainly due to impairment loss of ¥1,548 million ($16,638 thousand) and depreciation expenses of ¥637 million ($6,847 thousand).

(c) The fair value was based on the real estate appraisals issued by third party professional appraisers for main properties and internal computations including the adjustment by an index and others in accordance with appraisal standards for other properties.

8. Short-Term Bank Loans, Long-Term Debt and Lease Obligations

Short-term bank loans at March 31, 2010 and 2009 consisted of bank overdrafts. The annual average interest rates applicable to the short-term bank loans were 0.62% and 0.98% at March 31, 2010 and 2009, respectively.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
1.49% secured bonds due in April 26, 2012 issued by MET Special Purpose Company	¥ 500	¥ 500	$ 5,374
Zero coupon unsecured convertible bonds (with stock acquisition rights) due May 10, 2013	15,000	15,000	161,221
Loans principally from banks and insurance companies with an average interest rate of 1.23%:			
- Collateralized	5,948	9,730	63,930
- Unsecured	64,298	54,810	691,079
Long-term payable due to a tenant for store construction, interest rate of 2.04%	1,805	1,440	19,400
	87,551	81,480	941,004
Less: current portion of long-term debt	(19,243)	(21,321)	(206,825)
	¥ 68,308	¥ 60,159	$ 734,179

Zero coupon unsecured convertible bonds (with stock acquisition rights) due May 9, 2008 are convertible at ¥1,353 ($15) per share in the period for May 23, 2008 to April 26, 2013 subject to adjustment in certain circumstances.

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 19,243	$ 206,825
2012	21,644	232,631
2013	17,307	186,017
2014	19,804	212,855
2015	8,256	88,736
2016 and thereafter	1,297	13,940
Total	¥ 87,551	$ 941,004

The average interest rates applicable to the lease obligations under current liabilities and long-term liabilities were 3.26% and 4.37% at March 31, 2010 and 2009, respectively.

The aggregate annual maturities of lease obligations subsequent to March 31, 2010 are summarized as follows:

Year ending March 31	Millions of yen	Thousands of U.S. dollars
2011	¥ 138	$ 1,483
2012	145	1,558
2013	152	1,634
2014	159	1,709
2015	118	1,268
2016 and thereafter	601	6,460
Total	¥ 1,313	$ 14,112

The assets pledged as collateral for long-term loans payable and the current portion of long-term loans payable of ¥5,948 million ($63,929 thousand), bonds of ¥500 million ($5,374 thousand) and guarantee deposits from lessees included in other long-term liabilities of ¥1,275 million ($13,704 thousand) are as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures – net of accumulated depreciation	¥ 10,378	$ 111,543
Land	14,553	156,417
Total	¥ 24,931	$ 267,960

In order to achieve more efficient and flexible financing, the Group has concluded line-of-credit agreements with 15 banks. Total committed lines of credit under such agreements amounted to ¥48,000 million ($515,907 thousand), of which ¥27,000 million ($290,198 thousand) was available as of March 31, 2010.

9. Retirement Benefits

Most consolidated subsidiaries have defined benefit pension plans, retirement benefit plans and defined contribution pension plans covering substantially all employees. In addition, certain consolidated subsidiaries also have defined contribution pension plans. 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 payment from the consolidated subsidiaries and annuity payments from a trustee. In addition to the retirement benefit plans described above, certain consolidated subsidiaries pay additional retirement benefits under certain conditions.

Accrued retirement benefits for employees at March 31, 2010 and 2009 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Retirement benefit obligation	¥ (16,189)	¥ (16,057)	$ (174,000)
Plan assets at fair value	6,611	5,134	71,055
Unfunded retirement benefit obligation	(9,578)	(10,923)	(102,945)
Unrecognized actuarial loss	181	1,958	1,945
Unrecognized prior service cost	(351)	(432)	(3,772)
Accrued retirement benefits	¥ (9,748)	¥ (9,397)	$ (104,772)

Accrued retirement benefits for directors and corporate auditors of ¥765 million at March 31, 2009 had been included in accrued retirement benefits in the accompanying consolidated balance sheet at March 31, 2009.

The components of retirement benefit expenses for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥ 1,043	¥ 935	$ 11,210
Interest cost	277	232	2,977
Expected return on plan assets	(50)	(60)	(537)
Recognized actuarial loss	271	56	2,913
Amortization of prior service cost	(82)	(81)	(881)
Other	841	999	9,039
Retirement benefit expenses	¥ 2,300	¥ 2,081	$ 24,721

As permitted under the accounting standard for retirement benefits, certain consolidated subsidiaries calculate accrued retirement benefits for their employees by the simplified method. The related retirement benefit expenses for these subsidiaries are included in service cost presented in the above table.

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2010 and 2009 are summarized as follows:

	2010	2009
Discount rates	2.0%	1.5% – 2.0%
Expected rates of return on plan assets	0.8%	0.8% – 1.0%

10. Income Taxes

Income taxes applicable to the Group comprise corporation tax, inhabitants' taxes and enterprise taxes which, in the aggregate, resulted in a statutory tax rate of 40.6% for the years ended March 31, 2010 and 2009.

The effective taxes rates for the years ended March 31, 2010 and 2009 differed from the corresponding statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate:	40.6 %	40.6 %
Expenses not deductible for income tax purposes	0.3	(0.8)
Dividends not taxable for income tax purposes	(3.6)	3.8
Inhabitants' per capita taxes	2.9	(5.9)
Lower income tax rates applicable to a certain subsidiary	(0.2)	0.3
Amortization and impairment loss on goodwill	(4.2)	2.3
Change in valuation allowance	(13.5)	(120.3)
Elimination of intercompany dividends	5.0	(3.1)
Gain on sales of land	0.5	–
Other, net	0.6	(0.9)
Effective tax rates	28.4 %	(84.0) %

Deferred income taxes reflect the net tax effect of the temporary differences between the carrying amounts of the assets and liabilities calculated for financial reporting purposes and the corresponding tax bases reported for income tax purposes. The significant components of the deferred tax assets and liabilities of the Company and its consolidated subsidiaries at March 31, 2010 and 2009 are summarized as follows:

Notes to Consolidated Financial Statements (continued)

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Deferred tax assets:			
Depreciation	¥ 3,253	¥ 3,514	$ 34,964
Allowance for employees' bonuses	2,148	2,055	23,087
Loss on impairment of fixed assets	2,247	3,019	24,151
Accrued retirement benefits	3,994	4,176	42,928
Reserve for point service program	3,560	3,792	38,263
Unrealized gain on intercompany transactions of fixed assets	636	1,137	6,836
Unrealized loss on revaluation of land acquired by merger	2,511	2,524	26,988
Net operating tax loss carryforwards	9,743	10,772	104,718
Other	5,266	4,358	56,599
Less valuation allowance	(16,512)	(20,365)	(177,472)
Total deferred tax assets	16,846	14,982	181,062
Deferred tax liabilities:			
Unrealized holding loss on other securities	(228)	(11)	(2,451)
Other	(401)	(389)	(4,310)
Total deferred tax liabilities	(629)	(400)	(6,761)
Net deferred tax assets	¥ 16,217	¥ 14,582	$ 174,301

11. Financial Instruments – Fair Value

Effective for the year ended March 31, 2010, the Company and its consolidated subsidiaries adopted "Accounting Standard for Financial Instruments" (ASBJ Statement No.10 issued on March 10, 2008) and "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No.19 issued on March 10, 2008). The above accounting standards require the Company to disclose the fair value of all financial instruments.

Overview

(a) Policy for financial instruments

The Group manages its funds by investing in short-term deposits, safe financial assets and comparably safe hybrid financial instruments which contain embedded derivatives with principally low risk of deterioration from the original investment value.

In consideration of plans for capital investment, the Group finances necessary funds mainly by bank borrowings, bond issuances and other means. The Group utilizes derivatives to avoid the risk of fluctuation in market interest rates.

(b) Types of financial instruments, related risks and risk management

Trade receivables, notes and accounts receivables, are exposed to credit risk of customers. To respond to this risk, the Group manages settlement due dates and balances of each customer and monitors the financial conditions of customers when appropriate.

Securities and investments in securities are mainly held-to-maturity bonds, or shares of companies with which the Group has business relationships. Securities and investments which have market price are subject to the risk of market price fluctuations. Non-marketable securities are exposed to the risk of impairment due to the decline in the financial results of the issuers. To correspond to this risk, the Group periodically monitors their market values and financial position and reports information to meetings of the Board of Director if the Group identifies significant fluctuations.

Trade payables, notes and accounts payable, are all due within one year.

Short-term bank loans are mainly utilized for business operation of the Group and long-term loans are mainly utilized for capital investments. Loans with floating rates are exposed to the risk of fluctuation of interest rates. Certain long-term loans are hedged by utilizing derivative transactions, such as interest rate swap agreements, to avoid the risk of fluctuation of interest rates and fix the interest rates. Effectiveness testing for hedging instruments and hedged items is omitted because the conditions are satisfied which allow the Group to account for them as if the interest rates applied to the interest-rate swap agreements had originally applied to the underlying loans.

The execution and control of derivative transactions of the Group are made in accordance with internal policy including the authorization process. In addition, to mitigate the risk of counterparty nonperformance, the Group enters into transactions only with the financial institutions with high credit ratings.

In addition, trade payables and loans are exposed to liquidity risk. This risk is managed through the concentration of the main consolidated subsidiaries' accounting functions at the Company and by the adoption of a cash management system in the Group.

(c) Supplementary explanation of fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

The carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to (b) below).

	Millions of yen 2010			Thousands of U.S. dollars 2010		
	Carrying value	Fair value	Unrealized gains (losses)	Carrying value	Fair value	Unrealized gains (losses)
Assets:						
Cash and cash equivalents	¥ 17,865	¥ 17,865	¥ –	$ 192,014	$ 192,014	$ –
Time deposits	3,340	3,340	–	35,899	35,899	–
Notes and accounts receivable-trade	38,876	38,876	–	417,842	417,842	–
Marketable securities and investments in securities:						
Marketable securities	6	6	–	64	64	–
Investments in securities	5,433	5,433	–	58,394	58,394	–
Total assets	¥ 65,520	¥ 65,520	¥ –	$ 704,213	$ 704,213	$ –
Liabilities:						
Notes and accounts payable-trade	¥ 48,215	¥ 48,215	¥ –	$ 518,218	$ 518,218	$ –
Short-term bank loans	39,396	39,396	–	423,431	423,431	–
Long-term debt:						
Bonds	500	504	4	5,374	5,417	43
Convertible bonds with stock acquisition rights	15,000	14,446	(554)	161,221	155,267	(5,954)
Long-term loans	72,051	72,358	307	774,409	777,709	3,300
Lease obligations	1,313	1,374	61	14,112	14,767	655
Total liabilities	¥ 176,475	¥ 176,293	¥ (182)	$1,896,765	$1,894,809	$ (1,956)

(a) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets:

Cash and cash equivalents, notes and accounts receivable-trade:

Because these items are settled in a short time period, their carrying value approximates fair value.

Investments in securities:

The fair values of stocks are based on quoted market prices. The fair value of debt securities is based on either quoted market prices or the prices provided by financial institutions. Refer to Note 4. "Marketable Securities and Investments in Securities" for further information on securities by holding purpose.

Liabilities:

Short-term bank loans and notes and accounts payable-trade:

Because these items are settled in a short time period, their carrying value approximates fair value.

Bonds and convertible bonds with stock acquisition rights:

The market price of all bonds were not available. The fair value of bonds is based on the present value of the total of principal and interest discounted by the interest rate with reference to the remaining periods and the credit risk.

Long-term debt:

The fair value of long-term debt is based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming that new loans under the similar conditions to existing loans are made.

Floating interest rates for certain long-term loans were hedged by interest rate swap agreements and accounted for as loans with fixed interest rates. The fair value of those long-term loans is based on the present value of the total of principals, interests and net cash flows of the swap agreements discounted by the interest rate to be applied assuming that new loans under similar conditions to existing loans are made.

Lease obligations:

The fair value of lease obligations is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new lease agreements are made.

Derivative Transactions

Refer to Note 13. "Derivatives."

(b) Financial instruments for which it is extremely difficult to determine the fair value

2010	Millions of yen	Thousands of U.S. dollars
Unlisted stocks	¥ 440	$ 4,729
Investments in unconsolidated subsidiaries and affiliates	¥ 635	$ 6,825
Leasehold deposits	¥ 33,518	$ 360,254

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the preceding table.

(c) Redemption schedule for cash and cash equivalents and debt securities with maturity dates at March 31, 2010 is as follows:

	Millions of yen 2010				Thousands of U.S. dollars 2010			
	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and cash equivalents	¥ 13,775	¥ –	¥ –	¥ –	$ 148,054	$ –	$ –	$ –
Time deposits	3,340	–	–	–	35,899	–	–	–
Notes and accounts receivable-trade	38,876	–	–	–	417,842	–	–	–
Marketable securities:								
Held-to-maturity debt securities	6	–	–	–	64	–	–	–
	¥ 55,997	¥ –	¥ –	¥ –	$ 601,859	$ –	$ –	$ –

Cash and cash equivalents in the table above do not include cash on hand of ¥4,090 million ($43,960 thousand).

(d) Refer to Note 8. "Short-Term Bank Loans and Long-Term Debt" for the redemption schedule for long-term debt.

12. Cost of Sales

Loss on inventory valuation included in cost of sales for the years ended March 31, 2010 and 2009 is summarized as follows:

	Millions of yen 2010	Millions of yen 2009	Thousands of U.S. dollars 2010
Loss on inventory valuation	¥ 249	¥ 285	$ 2,676

13. Derivatives

The Company and a certain consolidated subsidiary utilize interest-rate swaps and interest-rate caps to minimize the impact of fluctuation in interest rates. In addition, a certain consolidated subsidiaries utilize hybrid financial instruments which contain embedded derivatives for the purpose of effective utilization of surplus cash. The principal policy for utilizing surplus cash is to invest in securities which are low risk and have a low likelihood of deterioration from the original investment value.

The Company and certain consolidated subsidiaries are exposed to the risk of fluctuation in market interest rates and foreign currency exchange rates. They are also exposed to the risk of credit loss in the event of nonperformance by the counterparties with respect to derivatives transactions; however, the Company and certain consolidated subsidiaries do not anticipate nonperformance by any of the counterparties, all of whom are financial institutions with high credit ratings.

The execution and control of derivative transactions at the Group are managed in accordance with internal policy which stipulates the authorization process and limits to transaction volume. Because bank loans in excess of a certain amount are subject to approval by the meeting of the Board of Directors, the related interest-rate swap contracts are also subject to approval at meetings of the Board of Directors at the same time as such banks loans are approved.

At March 31, 2009, all outstanding interest-rate swap contracts for certain bank loans were accounted for by hedge accounting and, accordingly, no fair value information has been disclosed. Hybrid financial instruments are stated at fair value as a whole and the information on fair value are disclosed in Note 4. "Marketable Securities and Investments in Securities."

Derivative transactions to which hedge accounting is applied

Interest rate-related transactions

			Millions of yen 2010		
Method of hedge accounting	Transaction	Hedged item	Contract value: Notional amount	Contract value: More than one year	Fair value
Swap rate applied to underlying debt	Interest rate swap Receive / floating and pay / fixed	Long-term loans	¥ 43,160	¥ 36,640	(*)

			Thousands of U.S. dollars 2010		
Method of hedge accounting	Transaction	Hedged item	Contract value: Notional amount	Contract value: More than one year	Fair value
Swap rate applied to underlying debt	Interest rate swap Receive / floating and pay / fixed	Long-term loans	$ 463,887	$ 393,809	(*)

* Because interest rate swap agreements are accounted for as a single item with underlying long-term loans payable, their market values were included in those of long-term loans payable.

14. Contingent Liabilities

The Group was contingently liable for guarantees of bank borrowings made by certain affiliates in the aggregate amount of ¥1,614 million ($17,347 thousand) and debt of employees in the aggregate amount of ¥5 million ($54 thousand) at March 31, 2010.

The Group was also contingently liable for a repurchase obligation of accounts receivable sold up to the amount of ¥297 million ($3,192 thousand) at March 31, 2010.

Notes to Consolidated Financial Statements (continued)

15. Shareholders' Equity

The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The legal reserve of the Company was nil at March 31, 2010 and 2009.

In accordance with the Law, stock option plans for certain directors and certain employees of the Company and certain directors of certain subsidiaries were approved at annual general meetings of the shareholders of the Company. The 2009 stock option plan (the 2009 plan) was approved by shareholder meeting of the Company on June 26, 2009.

According to the 2009 plan, on August 6, 2009, the Company granted 1,570,000 stock options for common stock to 9 board directors and 3 employees of the Company and 12 board directors, 21 managing directors and 647 employees of certain subsidiaries. The service period for grantees is from August 6, 2009 to August 6, 2011 and the exercisable period is August 7, 2011 to August 6, 2014. Stock option issuance cost of ¥85 million ($913 thousand) was included in selling, general and administrative expenses for the year ended March 31, 2010.

Movements in the number of stock options for the stock option plan of the Company during the year ended March 31, 2010 was summarized as follows:

	The 2009 plan
Number of stock options before vesting:	
Outstanding as of March 31, 2009	–
Granted	1,570,000
Forfeited	8,000
Vested	–
Outstanding as of March 31, 2010	1,562,000

No stock options have vested under the 2009 plan at March 31, 2010.

The unit price of the stock options under the 2009 plan of the Company is summarized as follows:

	The 2009 plan	
	(Yen)	*(U.S. dollars)*
Unit price of stock options:		
Exercise price at March 31, 2010	¥ 597	$ 642
Average market price per share upon exercise	–	–
Estimated fair value of unit price at grant date	163	1.75

Valuation technique for estimated fair value was the Black-Sholes model. The major inputs and estimation methods were as follows:

Major inputs and estimation method	Note	The 2009 plan
Estimated volatility	(a)	54.4%
Estimated remaining period	(b)	3.5 years
Estimated dividend yield	(c)	2.79%
Risk-free rate	(d)	0.5%

(a) Estimated volatility was computed by the actual stock price based on the period from January 30, 2006 to July 27, 2009 which corresponds to the estimated remaining period of 3.5 years.
(b) Because there was insufficient data and a reasonable estimate was difficult, the estimated remaining period was assumed to be the middle of the exercisable period.
(c) The estimated dividend was calculated at the actual amount for the year ended March 31, 2009.
(d) The risk-free rate was based on the linearly adjusted spot rate of Japanese government bond with segregated interest on August 6, 2009 which corresponds to the estimated remaining period of 3.5 years.

Because it is difficult to reasonably estimate the number of stock options that will be forfeited, the estimation reflects only the actual number of forfeited stock options.

Movements in common stock and treasury stock for the years ended March 31, 2010 and 2009 are summarized as follows:

Number of shares

	Note	2010 March 31, 2009	Increase	Decrease	March 31, 2010
Common stock		105,665,636	–	–	105,665,636
Treasury stock	(1) and (2)	70,340	2,502,251	38,779	2,533,812

Number of shares

	2009 March 31, 2008	Increase	Decrease	March 31, 2009
Common stock	105,665,636	–	–	105,665,636
Treasury stock	58,427	21,432	9,519	70,340

As indicated in Note 2(p) "Accounting for trust type employee stock ownership incentive plan", transactions of the Trust Account are accounted for as those of the Company. Consequently, the sale of the Company's stock of 778,900 shares to the Trust on February 16, 2010 was not treated as the decrease of treasury stock, and treasury stock at March 31, 2010 in the table above included the Company's stock of 740,200 shares owned by the Trust.

(a) The increase of treasury stock of 2,502,251 shares consisted of the purchase during off-hour trading on the Tokyo Stock Exchange of 2,500,000 shares and the purchase of 2,251 fractional shares.

(b) The decrease of 38,779 shares consisted of the sales from the Trust to the ESO Group of 38,700 shares and sales to shareholders of 79 fractional shares at their request.

Movements in stock acquisition rights during the year ended March 31, 2010 are summarized as follows:

	Thousands of shares				*Millions of yen*	*Thousands of U.S. dollars*
	2010					
	March 31, 2009	Increase	Decrease	March 31, 2010	March 31, 2010	March 31, 2010
Stock acquisition rights with convertible bonds due May 10, 2013	11,086	–	–	11,086	¥ –	$ –
Stock acquisition rights as stock options	–	–	–	–	85	913
	11,086	–	–	11,086	¥ 85	$ 913

	Thousands of shares				*Millions of yen*	*Thousands of U.S. dollars*
	2009					
	March 31, 2009	Increase	Decrease	March 31, 2009	March 31, 2009	March 31, 2009
Stock acquisition rights with convertible bonds due May 10, 2013	11,086	–	–	11,086	¥ –	$ –
	11,086	–	–	11,086	¥ –	$ –

16. Leases

The Group utilizes finance leases for store equipment. Leased assets arising from finance lease transactions which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the contract term as the useful life.

The Group continues to account for finance lease transactions not involving the transfer of ownership that commenced prior to April 1, 2008 as operating lease transactions.

The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased assets at March 31, 2010 and 2009, which would have been reflected in the accompanying consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

Millions of yen

	2010 Acquisition cost	Accumulated depreciation	Net book value	2009 Acquisition cost	Accumulated depreciation	Net book value
Buildings and structures	¥ 3,934	¥ 1,480	¥ 2,454	¥ 3,971	¥ 1,314	¥ 2,657
Furniture and fixtures	1,872	1,275	597	5,062	3,795	1,267
Other	936	442	494	977	307	670
	¥ 6,742	¥ 3,197	¥ 3,545	¥ 10,010	¥ 5,416	¥ 4,594

Thousands of U.S. dollars

	2010 Acquisition cost	Accumulated depreciation	Net book value
Buildings and structures	$ 42,283	$ 15,907	$ 26,376
Furniture and fixtures	20,120	13,704	6,416
Other	10,060	4,751	5,309
	$ 72,463	$ 34,362	$ 38,101

Lease payments relating to finance leases accounted for as operating leases, the corresponding depreciation computed by the straight-line method for the respective lease periods assuming a nil residual value, interest expense computed by the interest method, and reversal of and recognized loss on impairment of finance leases accounted for as operating leases for the years ended March 31, 2010 and 2009 are summarized as follows:

	Millions of yen 2010	2009	*Thousands of U.S. dollars* 2010
Lease payments	¥ 985	¥ 1,805	$ 10,587
Reversal of loss on impairment of finance leases	¥ 441	–	$ 4,740
Depreciation	¥ 917	¥ 1,711	$ 9,856
Interest expense	¥ 73	¥ 104	$ 785
Recognized loss on impairment of finance leases	¥ 98	¥ 606	$ 1,053

Future minimum lease payments subsequent to March 31, 2010 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2011	¥ 710	$ 7,631
2012 and thereafter	3,272	35,168
Total	¥ 3,982	$ 42,799

Reserve for loss on impairment of finance leases accounted for as operating leases, which is included in other long-term liabilities, amounted to ¥263 million ($2,827 thousand) and ¥606 million at March 31, 2010 and 2009, respectively.

Future minimum lease payments subsequent to March 31, 2010 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	*Millions of yen*	*Thousands of U.S. dollars*
2011	¥ 3,247	$ 34,899
2012 and thereafter	30,169	324,258
Total	¥ 33,416	$ 359,157

17. Business Combinations

The Group accounted for the mergers below as transactions under common control in accordance with "Accounting Standard for Business Combinations" (issued on October 31, 2003 by the Business Accounting Council of Japan) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10 issued on December 27, 2005).

(a) Merger of Midori Service Co., Ltd. into MIDORI DENKA

MIDORI DENKA, a wholly-owned subsidiary of the Company, was engaged in the sales of electrical products. Midori Service Co., Ltd. ("Midori Service") was a wholly-owned subsidiary of MIDORI DENKA and engaged in delivery of goods, installation services and so on.

On April 1, 2008, Midori Service was merged into MIDORI DENKA. The purpose of this merger was to enhance business efficiency of both companies.

(b) Acquisition of Additional Shares of Ishimaru Denki Co., Ltd.

TOKYO EDION Corporation ("TOKYO EDION") was a wholly-owned subsidiary of the Company and Ishimaru Denki Co., Ltd. ("Ishimaru Denki") was a 40% owned subsidiary of TOKYO EDION. Both companies were engaged in the sales of electrical products to customers in the Kanto Area.

TOKYO EDION acquired 363,914 shares (60%) in Ishimaru Denki for ¥3,237 million and made it into a wholly-owned subsidiary on October 1, 2008. The purpose of this acquisition was to improve the operating results of Ishimaru Denki more rapidly and establish an operating base for the EDION Group in the Kanto Area.

As a result of this acquisition, the Group recognized negative goodwill of ¥5,693 million because the acquisition cost of the shares was less than the decrease in minority interest due to their acquisition. Negative goodwill is amortized by the straight-line method over a period of 5 years.

(c) Merger of TOKYO EDION and other 5 subsidiaries by EIDEN CO., LTD.

EIDEN CO., LTD. ("EIDEN") was a wholly-owned subsidiary of the Company and was engaged in sales of electrical products to customers in Chubu Area.

On February 1, 2009, TOKYO EDION and other 5 subsidiaries were merged into EIDEN. The purpose of this merger was to manage business in the east Japan area integrally by merging Kanto based subsidiaries and a Chubu based subsidiary and to enhance the utilization of resources of the Group and management efficiency.

(d) Merger of Aiai Techno Service Co., Ltd. by COMNET Co., Ltd.

Aiai Techno Service Co., Ltd. ("Aiai") was a wholly-owned subsidiary of Ishimaru Denki and COMNET Co., Ltd. ("COMNET") was a wholly-owned subsidiary of EIDEN. Both companies were engaged in the delivery of goods, installation service and other similar activities.

On February 1, 2009, Aiai was merged into COMNET. This merger was made in response to the corresponding merger of parent companies, Ishimaru Denki and EIDEN.

(e) Merger of HOME EXPO Co., Ltd. by EIDEN Co., Ltd.

HOME EXPO Co., Ltd. ("HOME EXPO") was a wholly-owned subsidiary of EIDEN and engaged in the sales of home-center products.

On April 1, 2009, HOME EXPO has been merged into EIDEN. The purpose of this merger is to enhance business efficiencies in terms of concentration of management resources, rationalization of logistics and set so forth.

(f) Merger of MIDORI DENKA by DEODEO Corporation

DEODEO Corporation ("DEODEO") is a wholly-owned subsidiary of the Company and has been engaged in sales of electrical products to customers in Chugoku, Shikoku, and Kyushu Area.

On October 1, 2009, MIDORI DENKA was merged into DEODEO. The purpose of this merger is to manage business in the west Japan area integrally by merging a Kinki based subsidiary and a Chugoku based subsidiary and to enhance management efficiency by expanding its business, strengthening and establishing more efficient functions, appropriate utilization of management resources. On October 1, 2010, DEODEO changed its name to EDION WEST.

Notes to Consolidated Financial Statements (continued)

18. Related Party Transactions

Principal transactions between the consolidated subsidiaries and related parties during the years March 31, 2010 and 2009 are summarized as follows:

Transactions between EDION WEST and its related parties:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Freai Channel Inc.:			
Guarantees issued by EDION WEST	¥ 171	¥ 151	$ 1,838
Guarantee fee received	3	3	32
MARUNI WOOD INDUSTRY Inc.:			
Guarantees issued by EDION WEST	¥ 75	¥ 200	$ 806
Repayment of loan	–	57	–
Purchase of product	34	34	365
Interest income	–	0	–

Freai Channel Inc. ("Freai Channel") is a 16.4% owned affiliate of EDION WEST, located in Hiroshima City, Hiroshima. The Company's capital amount is ¥1,500 million ($16,122 thousand) and ¥1,500 million at March 31, 2010 and 2009 and it operates a cable television network.

MARUNI WOOD INDUSTRY Inc. ("MARUNI WOOD") is a 30.6% owned affiliate of EDION WEST. The Company's capital amount is ¥100 million ($1,075 thousand) and ¥100 million at March 31, 2010 and 2009 and it is engaged in the business of manufacturing and selling furniture.

The guarantee fee received by Freai Channel and interest rate received by MARUNI WOOD are determined with reference to market rates.

The outstanding guaranteed amounts to Freai Channel Inc. and MARUNI WOOD at March 31, 2010 and 2009 were ¥1,489 million ($16,004 thousand) and ¥1,659 million, and ¥125 million ($1,344 thousand) and ¥200 million, respectively.

Principal transactions between a consolidated subsidiary and a director at March 31, 2010 and 2009 and during the years then ended are summarized as follows:

Transaction between EDION WEST and a director:

		Millions of yen		Thousands of U.S. dollars
Name	Relationship	2010	2009	2010
Masataka Kubo	Sales of products	¥ 15	¥ 14	$ 161

Masataka Kubo is a director and chairman of EDION WEST.

Sales prices are determined at the same price as those to general customers. There were no outstanding balances at March 31, 2010 and 2009 for the above transaction.

Principal transactions between EDION EAST, a consolidated subsidiary, and a company which is majority owned by a director and the director's relatives for the years ended March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
SHOEI Co., Ltd.: Insurance expense	¥ 99	¥ 17	$ 1,064

The outstanding balance of prepaid expenses at March 31, 2010 and 2009 amounted to ¥32 million ($344 thousand) and ¥32 million.

SHOEI Co., Ltd. ("SHOEI") is a majority owned company by a director and the director's relatives, located in Hiroshima City, Hiroshima. The Company's capital amount is ¥900 million ($9,673 thousand) and ¥900 million at March 31, 2010 and 2009 and it is engaged in the insurance business.

Insurance premiums are determined at the given rates for fire, automobile and other insurance offered by insurance companies.

Transactions between 3Q Co., Ltd. ("3Q"), a consolidated subsidiary, and its directors:

		Millions of yen		Thousands of U.S. dollars
Name	Relationship	2010	2009	2010
Tsuneo Mishima	Loan	¥ 2	¥ 51	$ 21

Tsuneo Mishima is the president of 3Q and he owns 1.5% shares of 3Q. Interest rate on the loan is determined with reference to market rate. Tsuneo Mishima provides shares in 3Q Co., Ltd. as collateral for loans.

The outstanding loan receivable balances due from Tsuneo Mishima at March 31, 2010 and 2009 were ¥96 million ($1,032 thousand) and ¥94 million, respectively.

Effective the year ended March 31, 2009, the Company adopted "Accounting Standard for Related Party Disclosures" (ASBJ Statement No.11 issued on October 17, 2006) and "Guidance on Accounting Standard for Related Party Disclosures" (ASBJ Guidance No.13 issued on October 17, 2006). As a result of the adoption of this accounting standard, transactions involving the Company, its subsidiaries or affiliates and any related parties were newly disclosed for the year ended March 31, 2009.

19. Subsequent Events

(a) Distribution of retained earnings of the Company

The following distribution of retained earnings at March 31, 2010 was approved at the Company's annual general meeting of shareholders held on June 29, 2010:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥10.00 ($0.11) per share	¥ 1,031	$ 11,081

(b) Merger of two consolidated subsidiaries and the Company

The meeting of the Board of Directors on May 14, 2010 resolved that wholly owned subsidiaries, EDION WEST and EDION EAST were to be merged into the Company, and merger agreements were entered into on the same day.

The Group has been engaged in its business aiming at becoming a corporation which supports the permanent enrichment of people's lives and realizing the group-wide management philosophy, "Achieving long-lasting customer satisfaction through outstanding products and reliable service." The Group recognized that it must enhance management efficiencies to correspond to the expectations of each stakeholder, such as customers and shareholders, and pursue this management philosophy in light of the recent rapid changing economic trends and market environment.

The Group will further accelerate its business decision-making and establish a system to utilize all management resources of EDION WEST and EDION EAST through this Group reorganization. At the same time, the Group will introduce the Company management system and execute a flexible business strategy in corresponding to local area characteristics to develop stores which customers support. The Group aims at enhancing its management efficiencies, strengthening earnings and enhancing corporate value.

The schedule of mergers are as follows,

The meeting of Board of Directors to resolve mergers	May 14, 2010
Merger agreements	May 14, 2010
The shareholders meeting to approve mergers	June 29, 2010
The expected effective day of mergers	October 1, 2010

The Company will become the merging company and there is no agreement on a merger ratio as the mergers are with wholly owned subsidiaries. In addition, there will be no new shares issued nor an increase of the capital amount.

The general information of merging and merged companies is summarized as follows:

Item	EDION Corporation (Merging company)	EDION WEST Corporation (Merged company)	EDION EAST Corporation (Merged company)
Main business	Holding company	Sales of home electric appliances	Sales of home electric appliances
Date of establishment	March 29, 2002	May 7, 1947	December 27, 1948
Address of head office	Chiyoda, Tokyo	Hiroshima city, Hiroshima	Nagoya city, Aichi
Name of representative	Masataka Kubo	Kazutoshi Tomonori	Shoichi Okajima
Title of representative	Representative director	Representative director	Representative director
Total number of stock issued	105,665,636 shares	48,068,270 shares	29,729,887 shares
Fiscal year end	March 31	March 31	March 31

The condensed financial information of merging and merged companies as of and for the year ended March 31, 2010 is summarized as follows:

	Millions of yen						Yen	
Corporate name	Common stock	Net assets	Total assets	Sales	Operating income (loss)	Net income	Net income per share	Amounts per share of net assets
EDION Corporation (Consolidated)	¥ 10,175	¥141,643	¥403,180	¥820,031	¥ 10,510	¥ 9,323	¥ 89.60	¥1,237.39
EDION WEST (Non-consolidated)	¥ 19,294	¥ 96,844	¥228,624	¥383,377	¥ 6,305	¥ 6,102	¥ 126.95	¥ 2014.71
EDION EAST (Non-consolidated)	¥ 12,694	¥ 40,693	¥108,527	¥248,830	¥ (2,579)	¥ 1,375	¥ 46.25	¥ 1368.74

	Thousands of U.S. dollars						U.S. dollars	
Corporate name	Common stock	Net assets	Total assets	Sales	Operating income (loss)	Net income	Net income per share	Amounts per share of net assets
EDION Corporation (Consolidated)	$ 109,362	$1,522,388	$4,333,405	$8,813,747	$ 112,962	$ 100,204	$ 0.96	$ 13.30
EDION WEST (Non-consolidated)	$ 207,373	$1,040,886	$2,457,266	$4,120,561	$ 67,767	$ 65,585	$ 1.36	$ 21.65
EDION EAST (Non-consolidated)	$ 136,436	$ 437,371	$1,166,455	$2,674,441	$ (27,719)	$ 14,779	$ 0.50	$ 14.71

There will be no changes of corporate name, business activities, address of head office, representatives, capital amount and fiscal year end of EDION Corporation after merger.

The Group will account for these mergers as transactions under common control in accordance with "Accounting Standard for Business Combinations" and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures."

Ernst & Young ShinNihon LLC

Report of Independent Auditors

The Board of Directors
EDION Corporation

We have audited the accompanying consolidated balance sheets of EDION Corporation and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of EDION Corporation and consolidated subsidiaries at March 31, 2010 and 2009, 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.

Supplemental Information

As described in Note 19(b), the Company entered into merger agreements with EDION WEST Corporation and EDION EAST Corporation on May 14, 2010.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1.

Osaka, Japan
June 29, 2010

Ernst & Young ShinNihon LLC

A member firm of Ernst & Young Global Limited

The EDION Group's management philosophy, "Achieving long-lasting customer satisfaction through outstanding products and reliable service," not only describes our relationship with our customers, but also extends to all stakeholders of the EDION Group, including shareholders, local communities, business clients, and employees.

In order to continually develop the company amid increasingly competitive markets in this era of rapid change, we think it tremendously important to achieve widespread support from local communities. An equally important business challenge is to enhance corporate governance within each of the Group companies and within the Group as a whole. In view of this, the EDION Group is continually striving to achieve a top management system capable of fast, reliable decision-making, while at the same time facilitating communication within the Group so that our individual stakeholders' opinions or requests can reach our decision-making bodies in a timely fashion. We also recognize that, in order to establish a good relationship with our stakeholders as well as to enhance transparency and sound management practices, it is vital for us to ensure appropriate disclosure of information.

Furthermore, gaining the trust of our stakeholders is premised on organizational measures aimed at achieving thorough executive and employee compliance. The EDION Group has therefore established a corporate ethics code, "EDION Group Corporate Ethics," and set up a compliance committee that acts as the risk management headquarters in charge of ensuring compliance with the code. Moreover, the EDION Group has been reinforcing its compliance training and education system for its employees, improving the Group's "Ethics and Compliance Manual" and distributing "Code of Ethics" cards for employees to carry around with them. With regard to the Personal Information Protection Law, the EDION Group has instituted a "Personal Information Protection Policy" and an "Administrative Regulation for Protecting Personal Information," establishing an appropriate system for protecting and managing personal information.

The EDION Group has also taken appropriate steps with regard to the internal control evaluation reports mandated by the Financial Products Exchange Law (the Japanese version of the SOX Act). As a result, internal and external auditors evaluated the Group's internal control over fiscal 2009 financial reporting to be effectively implemented. The EDION Group will continue to strengthen its internal controls and achieve greater efficiency by revising the Group's operational processes.

EDION Group Corporate Ethics

1. We will provide maximum satisfaction and reassurance to our customers.
2. We will engage in customer-centered and fair competition.
3. We will ensure transparency in business transactions with our clients and strive for mutually beneficial business relationships.
4. We will take meticulous care when handling personal information or the business secrets of our customers and clients.
5. We will maintain sound and appropriate relations with political groups and government offices.
6. We will disclose our corporate information at appropriate times in an appropriate manner.
7. We will be actively involved in environmental issues.
8. As a good cooperate citizen, we will promote cooperation with local communities.
9. We will not associate with anti-social activities or movements.
10. We will strive to create ideal working conditions, to ensure fair and equitable treatment of employees, and to help employees reach their full potential.

* ES is an abbreviation for employee satisfaction.

Corporate Profile

Corporate Information (as of March 31, 2010)

●Company Name	EDION Corporation
●Business	Holds shares of subsidiaries whose primary business is sales of home electrical appliances, including EDION WEST Corporation, EDION EAST Corporation and 3Q Co., Ltd.; serves as headquarters of the Group as a whole, in terms of general management and purchasing.
●Establishment	March 29, 2002
●Common Stock	10,174 million yen
●Registered Office Address	1-9-14 Sotokanda, Chiyoda-ku, Tokyo
●Location of Head Office	Dojima Grand Building, 1-5-17 Dojima, Kita-ku, Osaka
●Number of Employees	Non-consolidated: 385 Consolidated: 10,640

Stock Information (as of March 31, 2010)

●Fiscal Year	April 1 to March 31
●Number of Shares Authorized	300,000,000 shares
●Number of Shares Issued	105,665,636 shares
●Number of Shareholders	19,507
●Stock Listing	First sections of Tokyo and Nagoya Stock Exchanges
●Stock Code	2730

Directors and Corporate Auditors (as of June 29, 2010)

●Directors

President	Masataka Kubo	General Manager of Store Development Dept.; Chairman, EDION WEST Corporation
Vice President	Shoichi Okajima	General Manager of Information System Division; President, EDION EAST Corporation
Vice President	Kazutoshi Tomonori	President, EDION WEST Corporation
Executive Managing Director	Makoto Fujikawa	General Manager of Human Resources & General Affairs Dept.; Head of Legal Affairs Div.
Director	Yuji Nakaguchi	General Manager of Logistics Dept.
Director	Seiichi Funamori	General Manager of Merchandising Dept.
Director	Hirohisa Kato	Managing Director and General Manager of Sales Dept., EDION EAST Corporation
Director	Koji Matsuda	Director and General Manager of Sales Dept., EDION WEST Corporation
Director	Yuji Asada	General Manager, Accounting and Financing Dept.; Head of Accounting and Financing Dept.; Head of Administrative Management Dept.
Director	Masayuki Umehara	Director of Internal Audit Division
Director	Norio Yamasaki	Director of Management Planning Division
Director	Yasuo Matsuyama	Director and Head of President Office of EDION EAST Corporation
Director	Ryuji Yuyama	Director and General Manager of Personnel Affairs Dept., EDION WEST Corporation

●Corporate Auditors

Corporate Auditor (Full-time)	Keiji Takahashi	
Corporate Auditor	Masahiro Sasaki	Full-time Corporate Auditor, EDION EAST Corporation
Outside Corporate Auditor	Takenori Isou	
Outside Corporate Auditor	Takashi Okinaka	Corporate Auditor, EDION WEST Corporation

edion Group

EDION WEST Corporation

DEODEO midori

・Establishment	May 1947	・Number of employees	5,820
・Common stock	19,294 million yen	・Sales in FY 2009	383.3 billion yen
・Number of stores	800 stores	・Main business	Sales of home electrical appliances and others

Location of Head Office 2-1-18 Kamiya-cho, Naka-ku, Hiroshima City 730-8620

EDION EAST Corporation

EIDEN ishimaru

・Establishment	December 1948	・Number of employees	3,546 (consolidated)
・Common stock	12,694 million yen	・Sales in FY 2009	270.0 billion yen (consolidated)
・Number of stores	248 stores (consolidated)	・Main business	Sales of home electrical appliances and others

Location of Head Office 4-22-21 Meieki, Nakamura-ku, Nagoya City 450-0002

3Q Co., Ltd.

100満ボルト

・Establishment	November 1976	・Number of employees	830 (consolidated)
・Common stock	10 million yen	・Sales in FY 2009	72.3 billion yen (consolidated)
・Number of stores	53 stores (consolidated)	・Main business	Sales of home electrical appliances and others

Location of Head Office 2-3 Shinbo-cho, Fukui City, Fukui 910-0832

NWORK Co., Ltd.

NWORK

・Establishment	April 1991	・Main business	Development and sales of software products, sales of computer equipment, system consulting service, as well as system operation and management
・Common stock	30 million yen		
・Number of employees	70		

Location of Head Office Ikeshita ES Bldg. 5F, 8-70-1 Kakuozan-dori, Chikusa-ku, Nagoya City 464-0841

EDION Corporation

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