edion Corporation
Annual Report 2009

Fiscal Year Ended March 31, 2009

edion

edion Group

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MIDORI DENKA CO., LTD.
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Hyogo 660-8540
http://www.midori-de.com/

3Q Co., Ltd.
2-3, Shinbo-cho, Fukui city,
Fukui 910-0832
http://www.100mv.com/

EDION Corporation

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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.

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

Contents

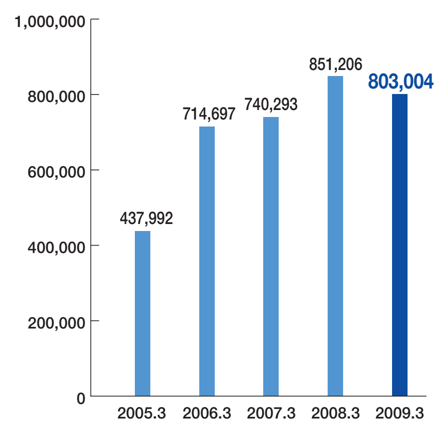
(Millions of yen)

Period	FY2004 From April 1, 2004 to March 31, 2005	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
Net sales	437,992	714,697	740,293	851,206	**803,004**
Operating income	5,011	8,054	6,947	8,480	**1,233**
Net income	4,918	8,226	7,368	6,755	**-13,506**
Total net assets	105,595	128,504	162,177	177,577	**135,584**
Total assets	231,410	319,507	390,551	437,410	**387,137**
Net assets per share (yen)	1,185.82	1,214.84	1,258.61	1,290.78	**1,149.25**
Net income per share (yen)	60.58	76.98	69.76	63.96	**-127.90**
Shareholders' equity ratio to total assets (%)	45.63	40.22	34.04	31.16	**31.35**
Return on shareholders' equity (%)	4.92	7.03	5.64	5.02	**-10.48**
Price-to-earning ratio	23.62	36.63	23.58	14.42	**—**
Cash flow from operating activities	6,125	11,465	3,408	16,156	**26,323**
Cash flow from investing activities	-17,612	-16,452	-12,102	-41,040	**-31,399**
Cash flow from financing activities	11,396	-1,885	22,513	25,884	**-5,040**
Cash and cash equivalents	13,355	13,771	27,591	28,591	**17,012**
Number of stores	787	921	991	1,077	**1,078**
Capital expenditures	9,623	18,063	21,837	33,344	**32,124**
Number of employees	5,364	8,413	9,302	10,534	**10,664**

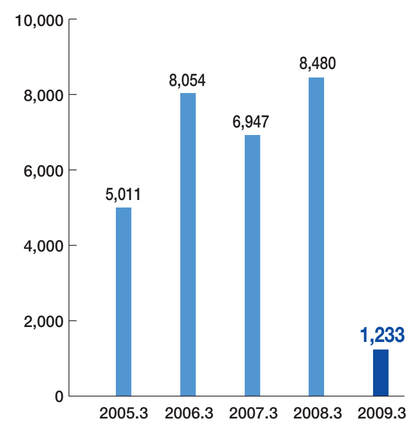
● Disclaimer Regarding Forward-Looking Statements

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.

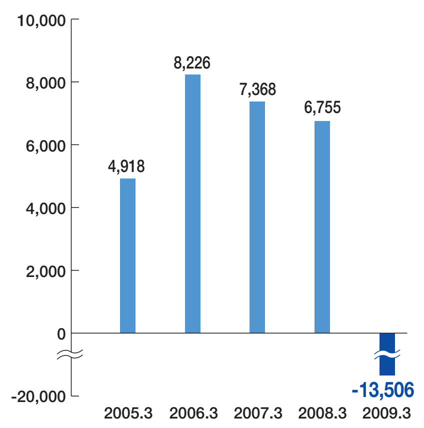
● Net sales (Millions of yen)



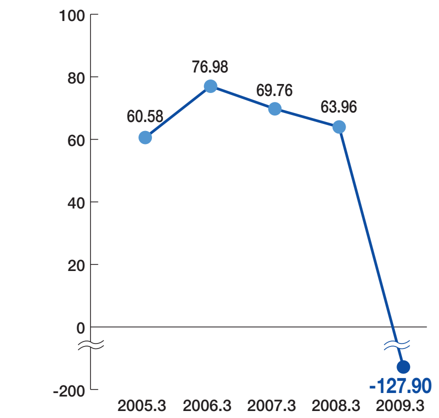
● Operating income (Millions of yen)



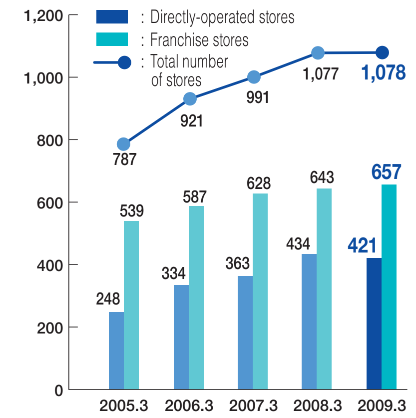
● Net income (Millions of yen)



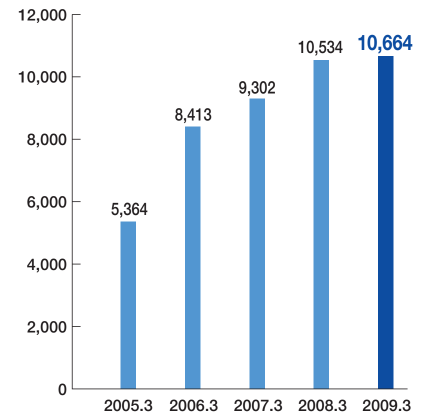
● Net income per share (Yen)



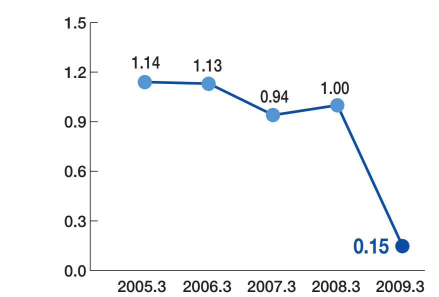
● Number of stores



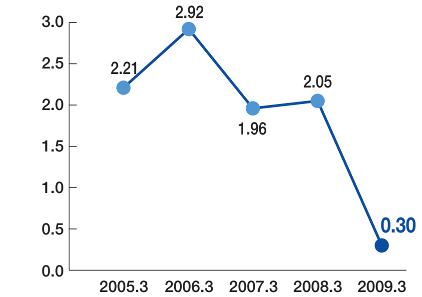
● Number of employees



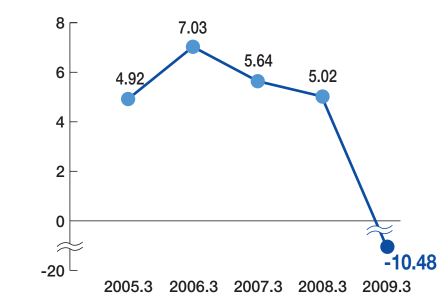
● Operating income ratio (%)



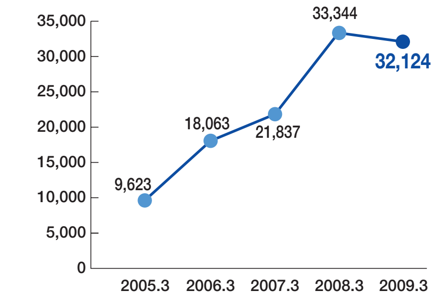
● ROA (Return on total assets) (%)



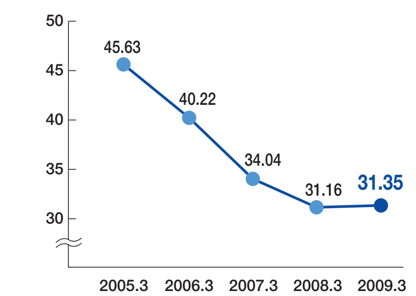
● ROE (Return on shareholders' equity) (%)



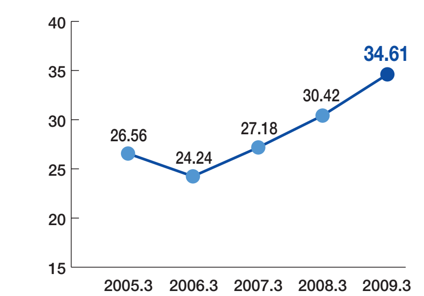
● Capital expenditures (Millions of yen)



● Shareholders' equity ratio to total assets (%)



● Interest-bearing debt ratio (%)



Under our management philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service," we endeavor to ensure customers' confidence and reassurance, aiming to further enhance our corporate value.

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., whose store network centers on Akihabara in Tokyo and spreads throughout the Kanto region, and 3Q Co., Ltd. (store brand: Hyakuman Volt), based in the Hokuriku region. Today, the EDION Group, consisting of the holding company EDION and operating companies such as DEODEO, EIDEN, MIDORI DENKA and 3Q, as well as their subsidiaries, has expanded its store network of over 1,000 stores throughout the country.

Based on our management philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service," we at the EDION Group have promoted such business operations as the development of a thorough service system that enables customers to purchase our products with a sense of assurance, the introduction of a new membership card that offers an extended repair warranty on purchased merchandise, the enhancement of our employees' product knowledge, and the development of new lines of original products that offer added unique functions. Along with such efforts, through organizational integration we have facilitated the integration of our procurement systems to increase advantages of scale, the sharing of operating company know-how, and the streamlining of operations. Aiming to further increase the effects of organizational integration, we will accelerate our efforts to achieve annual sales of 1 trillion yen.

Now is the time to return to our basic philosophy.

Since 2000, the consumer-electronics retail industry has faced intensified competition among businesses, as well as rapid restructuring of the industry and market domination by a few leading companies. Moreover, the global financial crisis that began in the United States seriously hit the Japanese economy in September 2008. Since then, the business environment surrounding the EDION Group has become extremely severe.

Amid such tough times, and precisely for these reasons, we have decided to return to our basic philosophy, and ask "What is essential for retailers?" The ultimate goal is "to offer higher-quality products at reassuring prices" and "to realize customer service that ensures greater customer satisfaction." We believe that the most important thing to achieve both of these goals at a high level is to follow customer-oriented approaches in all aspects of business operations. A former president of DEODEO Corporation said that, "What we experience first-hand at our stores are as valuable as diamonds" and that, "Sincerely listening to our customers' opinions and ideas will tell us what services we should provide." By reflecting on these remarks and working together with local communities, we aim to become a company that continually endeavors to support richness and abundance in our customers' lives.

We will strive to realize our management philosophy of "Achieving long-lasting customer satisfaction through outstanding products and reliable service."

Our Group-wide management philosophy, "Achieving long-lasting customer satisfaction through outstanding products and reliable service," reflects our commitment to become 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 can continue using their purchased products under optimal conditions, and the promotion of services tailored to customers' needs. By doing these things, we intend to add value to the uniqueness of the EDION Group.

In fiscal 2009, aiming to realize our corporate philosophy, we will promote our community-based store strategy by making the best use of each and every operating company, our customer-oriented service strategy, and our product strategy focusing on the development of original products and expansion of promising products. At the same time, as a corporation that ensures customers' confidence and assurance, we will be actively involved in CSR activities, as well as energy-saving & environmental initiatives, working together with local residents in community activities and other initiatives that contribute to society.

We will incorporate our customers' voices into our development of new products and creation of attractive stores.

The EDION Group believes that the most important thing for retailers is to listen to customers' opinions and ideas, taking customer-centered approaches, which is to say, "to value customers' voices in finding solutions." In view of this, we have decided to introduce a customer monitoring system. Under this system, we will collect opinions and requests regarding products and stores from customers participating in the system so we can reflect the results into more satisfying products and superior services. Beginning in fiscal 2009, this new service will enable us to incorporate our customers' opinions and ideas into business operations to the fullest extent.

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 continuing support.

June 2009

Masataka Kubo
President

Based on our corporate philosophy, “Achieving long-lasting customer satisfaction through outstanding products and reliable service,”

we will promote a customer-oriented business strategy, endeavoring to become a profitable company that flexibly adapts to changes in the economy!

1 Store Strategy

Improving business infrastructure of stores in each area

The EDION Group operates stores that cover a wide range of areas, primarily in western Japan. Since different areas have different market environments, while implementing a uniform Group policy, we also carry out locally based business operations to satisfy the market needs of each area, aiming at strengthened business infrastructure of stores in each area and enhanced area-dominance. Moreover, from various viewpoints such as the creation of attractive stores, enhancement of product lines and the price strategy, we are conducting 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. By doing these, we will pursue business operations that meet the needs of each area, market environments, and customers.

Store Strategy from a Group-wide standpoint

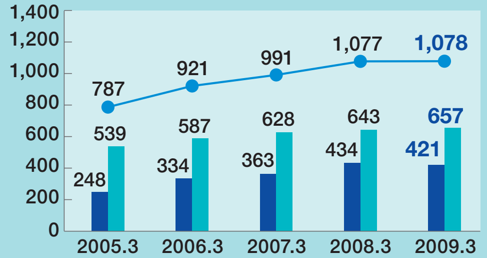
For many years, each operating company of the EDION Group has promoted community-based business operations and activities, while at the same time reviewed the business lines of stores and product lines, both based on local market needs. In fiscal 2008, the EDION Group newly opened, relocated or increased floor space in a total of 22 stores (newly opened: 11, relocated/rebuilt: 9, and increased floor space: 2), while increasing sales space to 9,967 square meters.

In fiscal 2009, we will strive to further improve the business infrastructure of stores. With regard to the Kanto region, the merger and acquisition of Ishimaru Denki Co., Ltd. by EIDEN Corporation in February 2009 has allowed us to close unprofitable stores. To increase market share of the Group as a whole, we will proceed with our review of product lines, price ranges and sales strategies, based on our market share in each area. 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 strive to accommodate customers’ varying needs in different areas by pursuing the store scales, store types, floor strategies and development of attractive products that are most suited to each local market. We also intend to reduce expenses on store construction, equipment and other materials, and to promote cost reduction through bulk purchasing within the Group. We will further advance effective store strategies by implementing approaches from a Group-wide standpoint, such as allocating management resources and placing priority on areas where Group market share is relatively low.

Priority issues

Stores	Creation of stores suited to the scale of the market in each area
Product development	Product lines that can accommodate varying needs of customers in different areas
Reassuring prices	Competitive pricing based on the respective market environment

Number of stores



Newly opened stores (Directly operated home electronics stores)

Opened in	Store name	Location
April	EDION Yachiyo Store	Yachiyo City, Chiba Prefecture
May	EIDEN SUN TO MOON Kakitagawa Store	Shimizu-cho, Shizuoka Prefecture
May	EDION Kashiwa Sho-nan Store	Kashiwa City, Chiba Prefecture
June	MIDORI Tomigaoka Store	Nara City, Nara Prefecture
July	DEODEO Sun Live City Kumanan Store	Kumamoto City, Kumamoto Prefecture
July	EIDEN Tokoname Store	Tokoname City, Aichi Prefecture
November	DEODEO You Me Town Mitoyo Store	Mitoyo City, Kagawa Prefecture
November	MIDORI Otsu Ichiriyama Store	Otsu City, Shiga Prefecture
November	EIDEN Yokkaichi Hinaga Store	Yokkaichi City, Mie Prefecture
February	EIDEN Tsushima Store	Tsushima City, Aichi Prefecture
March	MIDORI Ako Store	Ako City, Hyogo Prefecture

(From April 2008 to March 2009)

2 Service Strategy

Improving customer-oriented services

To realize our management philosophy, “Achieving long-lasting customer satisfaction through outstanding products and reliable service,” we aim to provide a thorough service system to ensure continued use under optimal conditions. To this end, we have assembled the know-how of all our Group companies, striving to establish high-quality service systems that satisfy our consumers’ needs. For example, to accommodate the various lifestyles of our customers, we have established such services as free delivery of large merchandise, same-day delivery/installation service available for orders placed at stores as late as 5 p.m., delivery during hours specified by the customer, and cleaning of customers’ home air conditioners. Some operating companies have also commenced new services such as replacement of light bulbs/fluorescent lamps, collection of small home electric appliances that need repair and/or delivery of repaired appliances, installation of fire alarms at customers’ homes; and delivery of parts for electrical appliances ordered at our stores. Through these efforts, we are striving to pursue attractive services that meet the many needs of our customers.

Delivery staff

Expanding 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, customers can enjoy a five-year extended repair warranty (ten-year repair warranty for some products) for any number of designated home electric appliances (excluding some products) purchased at our stores for at least 5,250 yen. 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. Following DEODEO and EIDEN, in September 2008 MIDORI DENKA also introduced the EDION Card. As of March 2009, EDION Card holders at the EDION Group companies totaled 3.94 million. We will continue to introduce new card services and enhance the functions of the EDION Card so it reflects 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.”

Repair staff

Sales staff

EDION Card

Promoting thorough employee training

Whether or not customers can enjoy shopping at our stores depends on our employees’ service skills. To enhance the quality of their service skills, we stay actively involved in thorough employee training, such as diverse educational programs based on employee position, various workshops to enhance product knowledge, and employee exchange meetings, which aim to facilitate information sharing among Group companies and enhance employees’ service skills. As a result, a total of 4,074 EDION Group employees (as of June 2009) have acquired the “Certificate of Home Appliance Advisor,” granted by the Association for Electric Home Appliances, the largest number in Japan. We will continue enhancing our employees’ service skills to achieve higher levels of customer satisfaction.

Employee training

3 Product Strategy

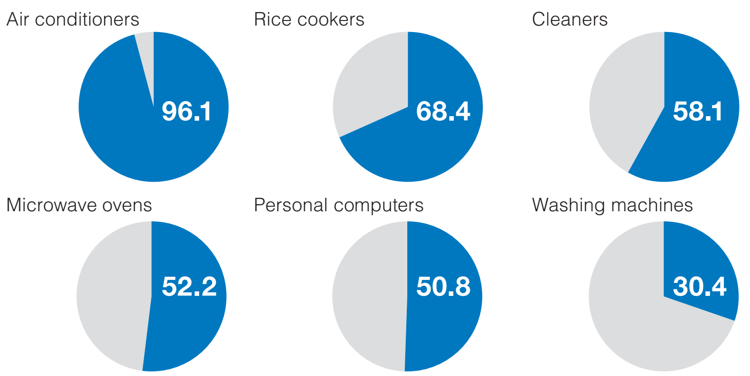
Development and sales of original products

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 preventing treatment on an external unit, a laptop computer with a built-in numeric keypad, a cleaner with a silent-mode button (for low-noise operation), and other original products with unique added functions, all developed by reflecting our customers’ voices. Through these products, we endeavor to provide support to make customers’ daily lives more convenient.

Another of EDION Group’s original product series is “Keyword.” This is our original home appliance series featuring—along with sizes, functions, and designs that are just right for the single life—three “Keyword Colors,” from which customers can choose the color for them based on their mood or senses. We also offer the “MY&OUR” series, an eco-friendly series of original consumables such as low-energy batteries and tubular lamps.

In fiscal 2008 alone we developed about 800 original products, which by March 2009 had reached about 2,700.

Sales ratio of original products (fiscal 2008)



Customer monitoring system

The EDION Group started its customer monitoring system in fiscal 2009 as part of efforts to incorporate customers’ voices into its business activities. The purpose of this system is to develop original products and existing products by making optimal use of opinions and requests collected from customers participating in the monitoring system.

After monitoring participants are randomly selected from applicants of various age groups, irrespective of age and sex, they use the target products for three months and evaluate the products in terms of ease of use, usefulness and design. Moreover, participants are requested to attend monitor exchange meetings to share with the EDION Group’s management staff their requests regarding the products and comments on customer service at our stores. The various collected opinions and requests are then provided to manufacturers as feedback data to be reflected in future functions, designs, packaging, instruction manuals, etc., with the aim of developing and improving user-friendly products.

Our first step is to sincerely listen to our customers’ voices. By actively promoting the customer monitoring system, we will return to our basic philosophy and work hard to develop products that incorporate customers’ voices.

“KuaL”

Original home electric appliances offering unique added functions

“keyword”

Original home electric appliances designed for singles

“keyword blue” “keyword pink” “keyword yellow”

“MY&OUR”

Reliable consumables

Purpose of customer monitoring system

Product monitoring by participating customers

- Impressions of target products after actual use
- Opinions and requests regarding improvement of existing products and development of new products

“to be collected”

↓ Feedback

Home electronics manufacturers

Development of original EDION products and improvement of existing products

↓

We will offer improved products that incorporate customers’ opinions and requests.

Strengthening efforts to expand promising products

Home remodeling is a promising business field, with a large-scale market matching that of home electric appliances, whose demand is expected to continue growing. Focusing on the remodeling of bathrooms, kitchens and toilet areas, we have developed “package products,” which are offered at transparent prices and include fees for construction work. We also have substantially shortened the construction period and achieved cost reduction through bulk procurement of materials. By continuing to make the best use of our unique know-how, we intend to further expand our home remodeling business.

We also intend to stay actively involved in the products for all-electric homes’ business and solar power generation business by making the best use of our thorough service system.

The EDION Group’s home remodeling business

- Customer-oriented business promotion, typical of home electric appliance retailers
  → “Package product” at clear and reassuring prices
- Original construction method that enables shorter construction periods
  → Example: kitchen remodeling
  Conventional construction period of six days can be shortened to a minimum of three days.

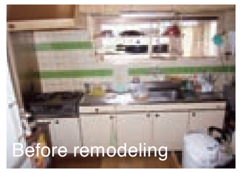
キッチンリフォーム Kitchen remodeling

Example of package products

KAGAYAKI

Bright and tidy kitchen, with storage-focused plan

798,000 yen



Reassuring kitchen remodeling that includes construction work (12 items)

1. Disassembly and removal of existing sink units
2. Disposal and conveyance of industrial wastes
3. Waterworks (water supply, hot water supply, and drainage)
4. Electrical work (wiring, connection, etc. of equipment and appliances)
5. Framework construction (preparation of surfaces, etc.)
6. Floor tile work
7. Wallpaper replacement work
8. Ceiling panel replacement work
9. Installation of lighting fixtures
10. Installation of induction cooking equipment
11. Installation work for the built-in kitchen
12. Remodeling plus one construction work

The latest home equipment

● Built-in kitchen	● Induction cooktop
Cleanup’s “Clean Lady,” light package, C class	Built-in top plate, 60 cm
Stylish plan, 255 cm wide	● Lighting fixtures
Overhung “Sirocco range hood fan,” 70 cm high	Ceiling light with remote controller
Silent sink, “Sailentoreru”	Kitchen spotlight
20 types of doors	● Plus one storage
Kitchen panel	Special counter, hanging storage

The remodeling and products for all-electric homes floor

In line with our management philosophy, “Achieving long-lasting customer satisfaction through outstanding products and reliable service,”

we endeavor to become a company capable of giving customers’ confidence and reassurance.

CSR Activities and Environmental Initiatives

The number of EDION Group stores commended for their excellence in promoting energy-efficient products was the largest in Japan for the second straight year.

In January 2009, a total of 250 EDION Group stores were selected as “retail shops that excel at promoting energy-efficient products”* (83 from DEODEO Corporation, 94 from EIDEN Co., Ltd., and 73 from MIDORI DENKA CO., LTD.), the largest number in Japan for the second straight year.

“Retail shops that excel at promoting energy-efficient products, 2008”

Moreover, MIDORI DENKA Himeji Store and DEODEO Hikari Store received the Natural Resources and Energy Agency Director-General’s Award, while MIDORI DENKA Moriyama Store, MIDORI DENKA Kobe Kitamachi Store and DEODEO Niimi Store received the Energy Conservation Center Chairman’s Award.

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

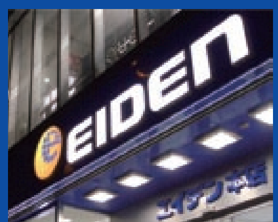
Ceremony for “Retail shops that excel at promoting energy-efficient products, 2008”

* Retail shops that excel at promoting energy-efficient products
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.

Expanding stores that install energy efficient equipment

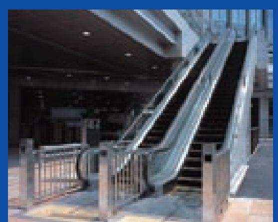
Primarily targeting newly opened stores, each EDION Group company has been promoting the creation of eco-minded stores that install various types of energy-efficient equipment and use building materials that have less impact on the environment.

LED lighting



Light-emitting diodes (LEDs), which have been attracting attention as a new lighting source, are characterized by a 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 lightings, and are expected to materially reduce CO_2 emissions.

Motion sensors

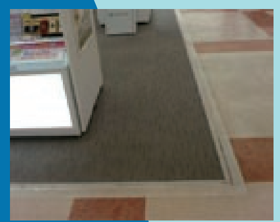


We install motion sensors on lighting fixtures in warehouses and toilet areas, as well as in escalators, so that lighting and other electric appliances can automatically switch ON/OFF in response to people’s movements. The installment has enabled us to reduce power consumption.

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.

Eco-friendly air conditioning

Instead of conventional gas air conditioning, we introduce highly energy-efficient electric air conditioning.

Introduction of EDION point exchange for “green electricity” certificates

In May 2008, we commenced a service to offer “green electricity” certificates in exchange for EDION points. The aim of this initiative is to enable customers to use green electricity to operate their home appliances through the use of the green electricity certificates. This is an environmental initiative to provide customers with an opportunity to more easily contribute to reducing CO_2 emissions. Since commencement of the service, we have issued “green electricity” certificates to 207 customers (as of May 2009). We will strive to further promote this environmental initiative that can be carried out with our customers.

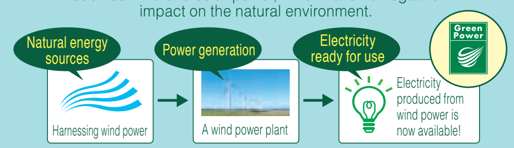
With your 500 EDION points, you can help save the global environment!

Exchanging 500 EDION points for 50 kilowatt-hours enables customers to easily participate in the green electricity promotion program.

The green electricity certificate will be sent to the customer, certifying participation in global environment preservation activity.

What is green electricity?

Green electricity is generated from natural energy sources, such as wind and solar power, which have no negative impact on the natural environment.



Participation in “Shinkyusan”

At the EDION Group, we are participating in an online guide that aims to facilitate the replacement of conventional home appliances with more energy-efficient ones. The guide, known as “Shinkyusan,” was developed as part of the “Team Minus 6%” effort, a national environmental campaign launched by the Ministry of the Environment to help prevent global warming. To cooperate in promoting energy-efficient products, on the target products’ floors of our stores, we display posters introducing the Shinkyusan, and place a list of two-dimensional codes so our customers can easily access the mobile version of Shinkyusan.

Group-wide cleanup program

EDION and MIDORI DENKA participated in “Clean Osaka 2008,” a campaign held each year to clean up the city of Osaka. Moreover, in 2008, the EDION Group carried out a Group-wide cleanup program where all group companies conducted cleanups around the same time in their local communities. As a good corporate citizen, we will further strive to fulfill our corporate social responsibilities not only by continuing daily cleanups, but also by working with local communities on other projects as well.

Employees thoroughly cleaning a ditch (Clean Osaka 2008)

Participation in reforestation programs (tree-planting/thinning)

At the EDION Group, we aim to contribute to local environmental conservation by participating in various reforestation programs.

Participation in the “Hiroshima Forest Planting Activity in Takehara”

To restore 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. DEODEO Corporation was an original member of this campaign. In 2008, EDION took over DEODEO’s role, and since then has been actively involved in this reforestation program.

Participation in “Planting in the Nagoya Nishi-no Mori Forest”

Thanks to cooperation and support from the city of Nagoya and the local residents, employees of EIDEN Co., Ltd. and their family members are planting a total of about 6,000 seedlings in Todagawa Green Park for five years from 2008.

Participation in the “Mt. Yoshino Reforestation Program”

Since March 2008, EDION and MIDORI DENKA have participated in the “Mt. Yoshino Reforestation Program,” 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.

Planting activities
Left: in Yoshino-gun, Nara Pref.
Below: in Takehara City, Hiroshima Pref.

Always Working Together with Local Communities

Contribution to society and community activities

Aiming to fulfill our corporate social responsibilities as a corporation working with local communities, and to establish favorable relationships with shareholders, customers, business clients, employees, and other stakeholders, the EDION Group is involved in a wide variety of business operations, including efforts to contribute to local society.

EIDEN's 60th anniversary event "Super Kaden (home electronics) Live in Nagoya Dome"

To commemorate the 60th anniversary of the establishment of EIDEN CO., Ltd., the company held the "Super Kaden (home electronics) Live in Nagoya Dome," a large home appliances sales event, in Nagoya City, Aichi Prefecture on Saturday and Sunday, June 14 and 15, 2008, to express its gratitude to consumers for their many years of patronage. About 67,000 people visited during the two-day event. The venue was divided into three zones: Digital Zone, where home electric appliance manufacturers exhibited their products; Outlet Zone, for clearance sales and sales of exhibits at exceptionally low prices; and Event Stage Zone, where a wide variety of entertainments were held. Among these, the most acclaimed were the Outlet Zone, where special discounts were provided to visitors on long-desired items, and the Event Stage Zone, where entertainment by popular characters, speaking events by famous athletes, and comedy performances by well-known comedians attracted visitors. Also, at the "Eco Corner," where EIDEN's environmental initiatives were introduced, more than 1,000 people participated in Environmental Quizzes and the pledge to the "Let's reduce CO_2 emissions by 1 kg per day per person" campaign, showing the public's increasing awareness of environmental issues.

Events commemorating MIDORI DENKA's 50th anniversary

MIDORI DENKA CO., LTD., which celebrates its 50th anniversary in 2009, is holding its "50th Anniversary Commemorative Sales" as a gratitude for consumers' many years of patronage. During the period, various events and sales, befitting such an anniversary project, are scheduled on the entire-store level, such as drawings for overseas travel, a pair of tickets to a famous international entertainment show, and other memorable gifts. Original events by each store are also being conducted for local customers.
As another commemorative project, MIDORI DENKA is exhibiting a pavilion on home electronics repair at "KidZania Koshien," a facility where children can experience their favorite job and learn about social systems while having fun. Upholding the facility's concept to "Learn with pleasure," MIDORI DENKA hopes that children will learn the importance of treasuring things through home electronics repair experiences.

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. Agreeing with the purpose of the program, MIDORI DENKA CO., LTD. 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.

• Filtering Promotion Campaign
The Filtering Promotion Campaign is a public-private collaborative initiative that aims to protect children from illegal and inappropriate information on the Internet. To cooperate in this campaign, DEODEO, EIDEN and MIDORI DENKA have put up campaign brochures and installed self-standing point-of-purchase (POP) displays at each of their stores. Brochures were also handed out at both the DEODEO and EIDEN main stores.

"Super Kaden Live in Nagoya Dome"

MIDORI DENKA's 50th anniversary poster


Pavilion for home electronics repair

Kids 110 sticker

Promotion of cultural and sports activities

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

"Sakura Stage"

At the Hiroshima Flower Festival, which is held every May, DEODEO 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.

"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 Hiroshima Head Office, 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.

Sanfrecce Hiroshima

DEODEO, which is enjoying great popularity in Hiroshima, serves as the main sponsor of Sanfrecce Hiroshima, one of the top professional football (soccer) clubs in Japan.

EIDEN BLITZ

EIDEN BLITZ, which was originally assembled by graduates from the Aichi Institute of Technology, was established in February 2007 as an adult amateur baseball club. Aiming to contribute to the revitalization of adult amateur baseball through matches, EIDEN BLITZ has played official games organized by the Japan Amateur Baseball Association (JABA) such as the Japan baseball club team's championship (preliminary tournament) and the Inter-City Baseball Tournament (preliminary tournament). 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 to be held in September 2009.

DEODEO Corporation's archery club

Since its establishment in 1990, DEODEO Corporation's archery club has produced excellent archery players, proven by the fact that two of the club members (one man and one woman) were selected as national members to the Athens 2004 Olympic Games. At the World Indoor Championship held in Poland in March 2009, Shizue Yatagai played as a national player. In addition, Hideki Kikuchi was selected as a finalist at the World Indoor Championship Trial in May 2009.

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 20 times in a row (its 2nd place in the 12th race has been its best record so far) and the Awajishima Women's Ekiden 19 times in a row (its 2nd place in the 3rd race has been its best record so far). One of the outstanding athletes with an excellent record is Midori Fumoto, who won at the All Japan Corporate Championship in 1992 and the women's 10,000-meter event at All Japan Championship in 1993. More recently, Yoshika Tatsumi won in record time in the 3,000-meter steeplechase at the Japan Grand Prix 3rd Mikio Oda Memorial International Amateur Athletic Games held in April 2009.


"Sakura Stage" exhibit at the Hiroshima Flower Festival (every May)


Poster for "Yoshimoto Kamiyamachi Theater"

Sanfrecce Hiroshima, a professional football (soccer) club for which DEODEO serves as the main sponsor


EIDEN BLITZ, an adult amateur baseball club for which EIDEN serves as the main sponsor


DEODEO Corporation's archery club (established in 1990)


DEODEO Corporation's Athletic Club for Women (established in 1989)

Network of 1,078 stores throughout Japan

The EDION Group continues enhancing its area dominance.

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 2008, the Group focused on opening large-scale store complexes in suburban areas as well as relocating and rebuilding unprofitable stores. With regard to directly-operated stores, we have newly opened 24 stores and closed 37. With regard to directly-operated home electronics stores, except furniture specialty stores, cell phone specialty stores and other non-home electric appliances stores, we rebuilt 2 stores, relocated 7 stores and increased the floor space at 2 others. As a result, the number of directly-operated stores as of March 31, 2009 reached 421, with a total floor space of 1,056,301 square meters, an increase of 9,967 square meters from the end of the previous fiscal year.

Moreover, due to the opening of 30 new franchise stores, coupled with the closure of 16 stores, the number of franchise stores as of March 31, 2009 was 657. Combining this number with the number of directly-operated stores yields 1,078 total stores.

Furthermore, in September 2008 we opened the e-commerce site "edion-e.com" and commenced an online shopping service for home electric appliances.

Numbers of directly-operated and franchise stores (as of March 31, 2009)

	DEODEO			EIDEN			MIDORI DENKA			3Q			Group 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	10	0	10	10	0	10
Kanto	0	0	0	22	1	23	0	0	0	7	0	7	29	1	30
Hokuriku	0	0	0	0	0	0	0	0	0	27	0	27	27	0	27
Chubu	0	1	1	145	70	215	2	0	2	1	0	1	148	71	219
Kinki	0	0	0	1	0	1	76	0	76	3	0	3	80	0	80
Chugoku	81	269	350	0	0	0	0	0	0	3	1	4	84	270	354
Shikoku	15	81	96	0	0	0	0	0	0	0	0	0	15	81	96
Kyushu and Okinawa	23	234	257	0	0	0	0	0	0	5	0	5	28	234	262
Total	119	585	704	168	71	239	78	0	78	56	1	57	421	657	1,078

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

Principal subsidiaries and related parties (as of April 1, 2009)

Corporate name	Location	Principal business
DEODEO Corporation	Naka-ku, Hiroshima	Sales of home electronics and others
EIDEN Co., Ltd.	Nakamura-ku, Nagoya	Sales of home electronics and others
MIDORI DENKA CO., LTD.	Amagasaki City, Hyogo	Sales of home electronics and others
3Q Co., Ltd.	Fukui City, Fukui	Sales of home electronics 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 electronics
NWork Co., Ltd.	Chikusa-ku, Nagoya	Operation and development of computerized information systems
Pasona e-Professional, Inc.*	Kita-ku, Osaka	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 145 companies)

DEODEO Corporation

Establishment	May 1947
Common stock	19,294 million yen
URL	http://www.deodeo.co.jp/
President	Kazutoshi Tomonori
Number of stores	704 stores
Number of employees	3,387
Sales in FY 2008	270.2 billion yen
Principal business	Sales of home electronics and others

DEODEO Corporation, with its head store located in Hiroshima, is pursuing a community-based area strategy, with its large-scale, directly-operated stores at its core, complemented by smaller-scale DFS (DEODEO Family Shop) franchise stores located in the surrounding areas. From sales to after-sales services tailored to the needs of each customer. As of the end of March 2009, the company had a total of 704 stores (119 directly-operated stores and 585 franchise stores), and is expanding its market share in the Chugoku, Shikoku, and Kyushu regions.

DEODEO Head Store

EIDEN Co., Ltd.

Establishment	April 1955
Common stock	12,694 million yen
URL	http://www.eiden.co.jp/
President	Shoichi Okajima
Number of stores	239 stores (consolidated)
Number of employees	3,569 (consolidated)
Sales in FY 2008	240.6 billion yen (consolidated)
Group companies	EIDEN COMMUNICATIONS Co., Ltd.,
	COMNET Co., Ltd., NWork Co., Ltd.
Principal business	Sales of home electronics and others

Headquartered in Nagoya, EIDEN Co., Ltd. operates not only its comprehensive home electronics stores, EIDEN, but also Home Expo DIY home improvement stores and mobile phone stores, working to meet the broad range of customers' needs, and always striving to improve customer satisfaction. In February 2009, the company completed mergers and acquisitions of TOKYO EDION Corporation and Ishimaru Denki Co., Ltd, proceeding with integrated business operations in the Chubu and Kanto regions. As of the end of March 2009, the company had a total of 239 stores (168 directly-operated stores and 71 franchise stores), further increasing its market share in the Chubu region.

EIDEN Toyota Head Store

MIDORI DENKA CO., LTD.

Establishment	August 1961
Common stock	1,560 million yen
URL	http://www.midori-de.com/
President	Yuji Nakaguchi
Number of stores	78 stores
Number of employees	2,442
Sales in FY 2008	183.9 billion yen
Principal business	Sales of home electronics and others

Headquartered in Amagasaki, Hyogo Prefecture, MIDORI DENKA CO., LTD. offers merchandise ranging from home electronics, audio-visual equipment, furniture and interior goods to toys, TV games, CDs and DVDs, offering comprehensive support for customers' daily lives. The company strives to provide a higher level of customer satisfaction, continually working to offer more helpful service at each store as well as high quality after-sales service. As of the end of March 2009, the company had a total of 78 stores (all directly-operated), enjoying a large market share in the Kinki region.

MIDORI Toyonaka Store

3Q Co., Ltd.

Establishment	November 1976
Common stock	10 million yen
URL	http://www.100mv.com/
President	Seiichiro Shibata
Number of stores	57 stores (consolidated)
Number of employees	815 (consolidated)
Sales in FY 2008	70.2 billion yen (consolidated)
Group companies	Hyakuman Volt Fukui Co., Ltd. and other 145 companies
Principal business	Sales of home electronics and others

Headquartered in Fukui City, Fukui Prefecture, 3Q Co., Ltd. operates primarily in the Hokuriku, Hokkaido, and Sanin regions. The company operates a variety of stores from the mass home electronics retail stores, Hyakuman Volt, to the CD/DVD stores, Takarajima-okoku, to the repair stores, Mr. Concent. As of the end of March 2009, the company had a total of 57 stores (56 directly-operated stores and one franchise store), enjoying a large market share in the Hokuriku area and beyond.

Hyakuman Volt Fukui Head Store

Corporate Governance

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

In order to continually develop the company amid an increasingly competitive market in this era of rapid change, we think it is 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 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 FY2008 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 relationship.
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 actively be 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.

*Employee Satisfaction

Business Performance

During fiscal year 2008, the Japanese economy experienced extremely severe difficulties due to the instability in the global financial markets and the rapid appreciation of the yen in foreign currency exchange markets. In addition, the uncertain economic environment, including worsening employment conditions, resulted in cost-saving measures by consumers and, accordingly, spending slumped.

In the home appliance retail industry, demand for digital appliances such as flat-screen televisions increased for the Beijing Olympics, and demand for high-value added home appliances, such as air conditioners and large refrigerators remained strong due to the extremely hot summer and a growth in consumer awareness of energy conservation. However, overall consumer spending continued to decrease due to the recession, which began in the latter half of fiscal year 2007. In addition, every household appliance retailer faced very severe market conditions as a result of the following factors: a deepening slow-down in the latter half of fiscal year 2008; greater competition from other retailers spurred by the expanding number of cost-conscious consumers; falling prices of digital appliances, such as flat-screen televisions; poor sales of IT products; and slow sales of seasonal items such as heater/air conditioning units, which were impacted by warm winter weather.

Under these circumstances, we strived to expand sales of digital appliances including flat-screen televisions and high-value added home appliances. In addition, we positively pursued the strategy of price and sales promotion focusing on our local market as an area strategy, while implementing measures, such as promotional sales, among our group. We reinforced our operating base in each area through activities like the 60th anniversary event in honor of the foundation of EIDEN Co., Ltd. called the “Super Kaden (home electronics) Live in Nagoya Dome” in the Chubu region.

Furthermore, we worked to increase our area market share. In terms of store development, in June 2008, we opened the “EIDEN Fujieda Store” with popular, environmentally friendly products and, in September 2008, we opened the suburban store complex, “DEODEO Kurashiki Main Store,” which sells toys and watches and offers renovation services. In addition, we reorganized our subsidiaries by merging TOKYO EDION Corporation and Ishimaru Denki Co., Ltd., operating in the Kanto region, with EIDEN Co., Ltd. operating in the Chubu region, on February 1, 2009, to operate jointly in the Chubu region and the east Japan area, due to poor sales performance in the Kanto region, and at the same time, we integrated our unprofitable stores. As a result, we recognized significant losses, such as impairment and disposal losses on our stores.

Consequently, we recorded net sales of ¥803,004 million, operating income of ¥1,233 million, a loss on the write-down of investment securities of ¥5,752 million resulting from the deterioration of the stock market, impairment loss on unprofitable stores of ¥7,946 million, and a loss on disposal of fixed assets of ¥1,888 million from store integration. As a result, a net loss of ¥13,506 million was recorded after the reversal of deferred tax assets of ¥4,107 million.

● Net sales

Net sales in fiscal year 2008 amounted to ¥803,004 million (94.3% of last year). The decline was mainly the result of decreasing demand related to the global finance and economic crisis, which brought conservative buying by consumers and drops in unit prices causing severe competition. We also closed unprofitable stores with a reorganization in the Kanto area.

● Operating income

Operating income in fiscal year 2008 amounted to ¥1,233 million (14.5% of last year) as net sales fell significantly, although selling and administrative expenses also dropped to ¥184,825 million (99.1% of last year) due to our cost-cutting efforts.

● Net loss

Net loss in fiscal year 2008 amounted to ¥13,506 million (compared to net income of ¥6,755 million in fiscal year 2007), due to the loss on impairment of fixed assets of ¥7,946 million, a loss on devaluation of investment securities of ¥5,752 million and income taxes of ¥6,661 million, including a reversal of deferred tax assets.

Financial Conditions

● Assets, liabilities and net assets

Total assets amounted to ¥387,137 million, a decline of ¥50,273 million compared with last year. Current assets decreased by ¥37,172 million mainly due to the decrease in cash and time deposits and inventories as a result of the effort to reduce inventories. Fixed assets decreased by ¥13,101 million from a loss on devaluation of investment securities and losses on impairment of fixed assets of unprofitable stores.

Liabilities amounted to ¥251,553 million, down ¥8,280 million compared with last year. Current liabilities decreased by ¥5,789 million mainly as a result of declining accounts payable and long-term liabilities decreased by ¥2,491 million mainly due to the repayment of long-term debt.

Net assets amounted to ¥135,584 million, a drop of ¥41,993 million compared with last year. This is mainly due to a decrease in minority interests of ¥27,033 million resulting from the exclusion of certain subsidiaries from consolidation. In addition, retained earnings decreased by ¥15,932 million as a result of a net loss being recorded for the year ended March 31, 2009 and dividend distributions. Please refer to the “Consolidated Statements of Changes in Net Assets” for more information.

Consequently, the equity ratio increased to 31.3% from 31.2% last year.

● Cash flow

Consolidated cash and cash equivalents (hereinafter collectively “Cash”) in fiscal year 2008 amounted to ¥17,012 million (59.5% of last year), and ¥11,579 million lower than the end of fiscal year 2007.

Details of cash flows in fiscal year 2008 are as follows.

Operating activities

Net cash provided by operating activities amounted to ¥26,323 million (an increase of ¥10,167 million over last year) mainly due to depreciation expenses of ¥11,718 million, resulting from aggressive investments, and a decrease in inventories of ¥15,315 million.

Investing activities

Net cash used in investing activities amounted to ¥31,399 million (an increase of ¥9,641 million from last year) mainly due to purchases of property and equipment of ¥21,266 million used in new stores from this year and purchases of ¥7,336 million in intangible assets.

Financing activities

Net cash used in financing activities amounted to ¥5,040 million (an increase of ¥25,884 million) mainly due to the decrease in short-term bank loans, net of ¥6,244 million; repayment of long-term debt of ¥11,059 million and the issuance of convertible bonds with stock acquisition rights of ¥14,985 million.

Consolidated Balance Sheets

EDION Corporation and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Assets			
Current assets:			
Cash and cash equivalents	¥ 17,012	¥ 28,591	$ 173,185
Marketable securities (Note 3)	2,010	651	20,462
Notes and accounts receivable:			
Trade	27,477	31,662	279,721
Other	9,185	8,721	93,505
Allowance for doubtful receivables	(156)	(212)	(1,588)
Total	36,506	40,171	371,638
Inventories:			
Merchandise and products	85,783	101,138	873,287
Supplies	275	284	2,800
Total	86,058	101,422	876,087
Deferred income taxes (Note 8)	4,834	8,033	49,211
Other current assets	6,754	11,478	68,757
Total current assets	**153,174**	**190,346**	**1,559,340**
Property and equipment, at cost (Note 4):			
Land (Notes 5 and 6)	76,747	78,090	781,299
Buildings and structures (Note 6)	148,461	153,369	1,511,361
Vehicles	432	529	4,398
Furniture and fixtures	23,363	23,403	237,840
Leased assets	1,115	—	11,351
Construction in progress	3,510	1,007	35,732
Total	253,628	256,398	2,581,981
Accumulated depreciation	(94,553)	(93,109)	(962,567)
Net property and equipment	**159,075**	**163,289**	**1,619,414**
Investments and other assets:			
Investments in securities (Note 3)	5,782	12,718	58,862
Investments in unconsolidated subsidiaries and affiliates	577	4,889	5,873
Goodwill	1,899	4,289	19,332
Leasehold deposits	35,553	36,462	361,936
Deferred income taxes (Note 8)	9,786	9,116	99,623
Other (Note 6)	21,291	16,301	216,748
Total investments and other assets	**74,888**	**83,775**	**762,374**
Total assets	**¥ 387,137**	**¥ 437,410**	**$ 3,941,128**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Liabilities and net assets			
Current liabilities:			
Short-term bank loans (Note 6)	¥ 51,621	¥ 55,760	$ 525,512
Current portion of long-term debt (Note 6)	21,321	10,783	217,052
Notes and accounts payable:			
Trade	46,495	52,493	473,328
Other	14,622	13,715	148,855
Total	61,117	66,208	622,183
Lease obligations (Note 6)	43	—	438
Accrued income taxes	1,978	4,256	20,136
Allowance for employees' bonuses	5,086	5,949	51,776
Reserve for point service program	9,338	9,644	95,062
Other current liabilities	8,618	12,311	87,733
Total current liabilities	**159,122**	**164,911**	**1,619,892**
Long-term liabilities:			
Long-term debt (Note 6)	60,159	66,505	612,430
Accrued retirement benefits (Note 7)	10,162	10,167	103,451
Lease obligations (Note 6)	838	—	8,531
Negative goodwill	7,486	3,151	76,209
Deferred income taxes for land revaluation	2,630	2,651	26,774
Allowance for product warranties	1,323	0	13,468
Deferred income taxes (Note 8)	38	1,622	387
Other long-term liabilities (Note 6)	9,795	10,826	99,715
Total long-term liabilities	**92,431**	**94,922**	**940,965**
Contingent liabilities (Note 10)			
Net assets:			
Shareholders' equity (Note 11):			
Common stock	10,175	10,175	103,584
Capital surplus	82,359	82,364	838,430
Retained earnings	43,917	59,849	447,083
Treasury stock, at cost	(68)	(66)	(692)
Total shareholders' equity	136,383	152,322	1,388,405
Valuation:			
Net unrealized loss on other securities	(89)	(760)	(906)
Land revaluation difference (Note 5)	(14,938)	(15,246)	(152,072)
Total valuation	(15,027)	(16,006)	(152,978)
Minority interests	14,228	41,261	144,844
Total net assets	**135,584**	**177,577**	**1,380,271**
Total liabilities and net assets	**¥ 387,137**	**¥ 437,410**	**$ 3,941,128**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Operations

EDION Corporation and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Net sales	¥ 803,004	¥ 851,206	$ 8,174,733
Cost of sales	616,946	656,176	6,280,627
Gross profit	**186,058**	**195,030**	**1,894,106**
Selling, general and administrative expenses	184,825	186,550	1,881,554
Operating income	**1,233**	**8,480**	**12,552**
Non-operating income (expenses):			
Interest and dividend income	677	601	6,892
Interest expenses	(1,492)	(1,428)	(15,189)
Purchase discounts	10,236	11,155	104,204
Amortization of negative goodwill	1,456	790	14,823
Loss on sales or disposal of property and equipment	(1,908)	(2,538)	(19,424)
Loss on impairment of fixed assets (Note 4)	(7,946)	(1,301)	(80,892)
Loss on impairment of goodwill	(975)	—	(9,926)
Loss on devaluation of investments in securities	(5,752)	(224)	(58,556)
Employees' salaries for prior years	—	(3,363)	—
Other, net	(3,459)	1,641	(35,213)
Total non-operating income (expenses)—net	(9,163)	5,333	(93,281)
(Loss) income before income taxes and minority interests	**(7,930)**	**13,813**	**(80,729)**
Income taxes (Note 8):			
Current	4,417	9,020	44,966
Deferred	2,244	(2,224)	22,844
Total income taxes	6,661	6,796	67,810
(Loss) income before minority interests	**(14,591)**	**7,017**	**(148,539)**
Minority interests	(1,085)	262	(11,045)
Net (loss) income	**¥ (13,506)**	**¥ 6,755**	**$ (137,494)**

	Yen		U.S. dollars
Amounts per share:			
Net income	¥ (127.90)	¥ 63.96	$ (1.30)
Cash dividends	15.00	20.00	0.15

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

EDION Corporation and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

Millions of yen

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized loss on other securities	Land revaluation difference	Total valuation	Minority interests	Total net assets
Balance at March 31, 2007	**¥ 10,175**	**¥ 83,420**	**¥ 54,289**	**¥ (59)**	**¥ 147,825**	**¥ 385**	**¥ (15,285)**	**¥ (14,900)**	**¥ 29,252**	**¥ 162,177**
Cash dividends		(1,056)	(1,156)		**(2,212)**					**(2,212)**
Reversal of land revaluation difference			(39)		**(39)**					**(39)**
Net income			6,755		**6,755**					**6,755**
Purchases of treasury stock		(1)		(8)	**(9)**					**(9)**
Disposition of treasury stock		1		1	**2**					**2**
Other changes						(1,145)	39	**(1,106)**	12,009	**10,903**
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**

Thousands of U.S. dollars (Note 1)

	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized loss on other securities	Land revaluation difference	Total valuation	Minority interests	Total net assets
Balance at March 31, 2008	**$ 103,584**	**$ 838,481**	**$ 609,274**	**$ (672)**	**$ 1,550,667**	**$ (7,737)**	**$ (155,207)**	**$ (162,944)**	**$ 420,045**	**$ 1,807,768**
Cash dividends			(21,501)		**(21,501)**					**(21,501)**
Reversal of land revaluation difference			(3,135)		**(3,135)**					**(3,135)**
Net loss			(137,494)		**(137,494)**					**(137,494)**
Purchases of treasury stock				(122)	**(122)**					**(122)**
Disposition of treasury stock		(51)		102	**51**					**51**
Other changes			(61)		**(61)**	6,831	3,135	**9,966**	(275,201)	**(265,296)**
Balance at March 31, 2009	**$ 103,584**	**$ 838,430**	**$ 447,083**	**$ (692)**	**$ 1,388,405**	**$ (906)**	**$ (152,072)**	**$ (152,978)**	**$ 144,844**	**$ 1,380,271**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

EDION Corporation and Consolidated Subsidiaries
Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Cash flows from operating activities			
(Loss) income before income taxes and minority interests	¥ (7,930)	¥ 13,813	$ (80,729)
Adjustments for:			
Depreciation and amortization	11,718	10,933	119,291
Loss on impairment of fixed assets and goodwill	8,921	1,301	90,817
Interest and dividend income	(676)	(601)	(6,882)
Interest expense	1,491	1,428	15,179
Amortization of goodwill, net	(67)	661	(682)
Decrease in reserve for point service program	(296)	(494)	(3,013)
Decrease in accrued retirement benefits	(40)	(33)	(407)
Gain on sales of property and equipment	(39)	(42)	(397)
Loss on sales or disposal of property and equipment	1,880	2,538	19,139
Loss on devaluation of investment securities	5,752	224	58,556
Changes in operating assets and liabilities:			
Decrease (increase) in accounts receivable	4,016	(492)	40,884
Decrease in inventories	15,315	8,819	155,910
Decrease in accounts payable	(5,791)	(7,446)	(58,954)
Other, net	161	572	1,639
Total	34,415	31,181	350,351
Interest and dividend received	377	421	3,838
Interest paid	(1,551)	(1,386)	(15,790)
Income taxes refunded	1,448	—	14,741
Income taxes paid	(8,366)	(14,060)	(85,167)
Net cash provided by operating activities	**26,323**	**16,156**	**267,973**
Cash flows from investing activities			
Investment in time deposits	(110)	(6,180)	(1,119)
Proceeds from time deposits	2,130	1,552	21,684
Purchases of property and equipment	(21,266)	(28,794)	(216,492)
Proceeds from sales of property and equipment	452	5,451	4,601
Purchases of intangible assets	(7,336)	(3,959)	(74,682)
Payment of long-term prepaid expenses	(1,770)	(475)	(18,019)
Purchases of investments in securities	(4,580)	(7,764)	(46,625)
Purchases of investments in subsidiaries resulting in changes in scope of consolidation (Note 13)	—	(7,389)	—
Proceeds from sales of investment in subsidiary resulting in changes in scope of consolidation	95	—	967
Increase in leasehold deposits, net	(97)	(348)	(987)
(Decrease) increase in leasehold deposits received from tenants, net	(164)	762	(1,670)
Other, net	1,247	6,104	12,694
Net cash used in investing activities	**(31,399)**	**(41,040)**	**(319,648)**
Cash flows from financing activities			
(Decrease) increase in short-term bank loans, net	(6,244)	25,675	(63,565)
Increase in long-term debt	15,874	16,000	161,601
Repayments of long-term debt	(11,360)	(14,994)	(115,647)
Cash dividends paid	(2,112)	(2,110)	(21,501)
Cash dividends paid to minority shareholders	(310)	(269)	(3,156)
Other, net	(888)	1,582	(9,040)
Net cash (used in) provided by financing activities	**(5,040)**	**25,884**	**(51,308)**
Effect of exchange rate changes on cash and cash equivalents	(10)	—	(102)
Net (decrease) increase in cash and cash equivalents	**(10,126)**	**1,000**	**(103,085)**
Cash and cash equivalents at beginning of year	**28,591**	**27,591**	**291,062**
Decrease in cash and cash equivalents resulting from exclusion of consolidated subsidiaries from consolidation	(1,453)	—	(14,792)
Cash and cash equivalents at end of year	**¥ 17,012**	**¥ 28,591**	**$ 173,185**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements (Years ended March 31, 2009 and 2008)

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, 2008 to the 2009 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 ¥98.23 = U.S.$1.00, the approximate rate of exchange in effect on March 31, 2009. 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 154 and 166 as of March 31, 2009 and 2008, 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, 2009 and 2008.

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, expect 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, the first-in, first-out 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, 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 ($2,904 thousand) and to increase loss before income taxes and minority interests by ¥824 million ($8,385 thousand) 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.

Change in method of depreciation

Effective the year ended March 31, 2008, the Group has changed its method of accounting for depreciation of property and equipment acquired on or after April 1, 2007 based on the amendment to the Corporation Tax Law of Japan. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥238 million and net income by ¥165 million for the year ended March 31, 2008, from the corresponding amounts which would have been recorded under the previous method.

Supplemental information

Effective the year ended March 31, 2008, depreciation expense for property and equipment acquired before April 1, 2007 is computed based on the salvage value of 5% of acquisition cost, and the amount between the salvage value (5% of acquisition cost) and memorandum value is depreciated from the year following the year in which the book value of an asset reaches 5% of its acquisition cost by the straight-line method over a period of 5 years. This change was made based on an amendment to the Corporation Tax Law. The effect of this change was to decrease operating income and income before income taxes and minority interests by ¥105 million and net income by ¥75 million for the year ended March 31, 2008 from the corresponding amounts which would have been recorded under the method applied in the previous year.

(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.

(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

Certain consolidated subsidiaries warranty after repair services for a period of 5 or 10 years.

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 ($1,110 thousand) and to increase loss before income taxes and minority interests by ¥336 million ($3,421 thousand) 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.

Up to the year ended March 31, 2008, finance lease transactions which do not transfer ownership to lessee 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

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. Cash dividends per share presented in the accompanying consolidated statements of income 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 per share for the years ended March 31, 2009 and 2008 were 105,601 thousand and 105,609 thousand, respectively.

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, 2009 and 2008 were ¥1,149.25 ($11.70) and ¥1,290.78, respectively.

(o) 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 16).

3. Marketable Securities and Investments in Securities

Information regarding marketable securities classified as other securities at March 31, 2009 and 2008 is summarized as follows:

	Millions of yen			
	Cost	Unrealized gain	Unrealized loss	Carrying value
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
March 31, 2008				
Equity securities	¥ 9,023	¥ 473	¥ 1,483	¥ 8,013
Debt securities	3,004	2		3,006
Other	1,399		218	1,181
Total	¥ 13,426	¥ 475	¥ 1,701	¥ 12,200

	Thousands of U.S. dollars			
	Cost	Unrealized gain	Unrealized loss	Carrying value
March 31, 2009				
Equity securities	$ 41,739	$ 1,659	$ 2,861	$ 40,537
Debt securities	20,371	31		20,402
Other	24,045		10,404	13,641
Total	$ 86,155	$ 1,690	$ 13,265	$ 74,580

The Group recognized loss on devaluation of investments in securities of ¥5,752 million ($58,556 thousand) for marketable securities classified as other securities and wrote down the value from cost for the year ended March 31, 2009.

In addition, for the years ended March 31, 2009 and 2008, the Group recognized devaluation losses of ¥812 million ($8,265 thousand) and ¥195 million, respectively, on hybrid financial instruments containing embedded derivatives, which were included in non-operating expenses, "Other." Accumulated unrealized losses on hybrid financial instruments totaling ¥1,007 million ($10,256 thousand) and ¥195 million were recorded as of March 31, 2009 and 2008, respectively. These losses were included under "Unrealized loss" in the "Other" category above.

Proceeds from sales of other securities for the years ended March 31, 2009 and 2008 were ¥5,120 million ($52,125 thousand) and ¥6,502 million, respectively. Gross realized gain on these sales was ¥125 million ($1,274 thousand) and ¥101 million for the years ended March 31, 2009 and 2008, respectively.

Other securities and held-to-maturity debt securities whose fair value is not readily determinable as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Other securities:			
Unlisted equity securities	¥ 570	¥ 1,138	$ 5,803
Held-to-maturity debt securities:			
Unlisted debt securities	6	31	61
Total	¥ 576	¥ 1,169	$ 5,864

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		Thousands of U.S. dollars	
	Other securities	Held-to-maturity debt securities	Other securities	Held-to-maturity debt securities
Due in one year or less	¥ 2,007		$ 20,432	
Due after one year through five years				
Due after five years				
Total	¥ 2,007		$ 20,432	

4. Loss on Impairment of Fixed Assets

The Group recognized losses on impairment of fixed assets of ¥7,946 million ($80,892 thousand) and ¥1,301 million for the years ended March 31, 2009 and 2008, respectively, as follows:

March 31, 2009

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

March 31, 2008

Use	Classification	Location
Store	Buildings and other	Hyogo Prefecture and other
Property for rental	Buildings and other	Aichi Prefecture and other
Idle property	Land	Hiroshima Prefecture

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, 2009 and 2008 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 year ended March 31, 2009 because they are not expected to be utilized in the future due to the introduction of a new ERP system.

As a result, for the year ended March 31, 2009 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 for consecutive years and whose utilization in the future was not determinable of ¥6,538 million ($66,558 thousand) and impairment loss on software and related assets not expected to be utilized in the future of ¥1,408 million ($14,334 thousand).

For the year ended March 31, 2008, 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 assets whose operating cash flows were negative for consecutive years of ¥1,257 million and assets whose utilization in the future was not determinable of ¥44 million.

The principal components of impairment loss were buildings and structures of ¥4,605 million ($46,879 thousand), furniture and fixtures of ¥909 million ($9,254 thousand), land of ¥1,142 million ($11,626 thousand), and "other" in intangible assets of ¥586 million ($5,966 thousand) for the year ended March 31, 2009 and buildings and structures of ¥994 million for the year ended March 31, 2008.

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 a weighted average costs of capital of 2.83% and 3.06% for the years ended March 31, 2009 and 2008, respectively.

5. Land Revaluation

During the year ended March 31, 2002, DEODEO Corporation and EIDEN Co., Ltd., both of which were consolidated subsidiaries, revalued their land held for business use in accordance with the "Law on Land Revaluation." 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 ¥11,687 million ($118,976 thousand) and ¥13,719 million at March 31, 2009 and 2008, respectively.

6. Short-Term Bank Loans and Long-Term Debt

Short-term bank loans at March 31, 2009 and 2008 consisted of bank overdrafts. The annual average interest rates applicable to the short-term bank loans were 0.98% and 0.97% at March 31, 2009 and 2008, respectively.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
1.49% secured bonds due in April 26, 2012 issued by MET Special Purpose Company	¥ 500	¥ 500	$ 5,090
0.36% unsecured bonds due in March 27, 2009 issued by MIDORI DENKA Co., Ltd.		300	
10.0% unsecured convertible bonds due in September 20, 2023 issued by Ishimaru Honsha Co., Ltd.		32	
Zero coupon unsecured convertible bonds (with stock acquisition rights) due May 10, 2013	15,000		152,703
Loans principally from banks and insurance companies due through 2025 with an average interest rate of 1.23%:			
- Collateralized	9,730	10,817	99,053
- Unsecured	54,810	64,124	557,976
Long-term payable due to a tenant for store construction, interest rate of 2.01% due through 2025	1,440	1,515	14,660
	81,480	77,288	829,482
Less: current portion of long-term debt	(21,321)	(10,783)	(217,052)
	¥ 60,159	¥ 66,505	$ 612,430

The conversion price of the 10.0% unsecured convertible bonds is ¥50 per share and the convertible period is from December 1, 1983 to September 19, 2023.

Notes to Consolidated Financial Statements (continued)

Zero coupon unsecured convertible bonds (with stock acquisition rights) due May 10, 2003 are convertible at ¥1,353 ($14) 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, 2009 are summarized as follows:

Year ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 21,321	$ 217,052
2011	14,504	147,653
2012	16,945	172,503
2013	12,086	123,038
2014	83	845
2015 and thereafter	16,541	168,391
Total	¥ 81,480	$ 829,482

The annual average interest rates applicable to the lease obligations under current liabilities and long-term liabilities were 2.21% and 2.23%.

The aggregate annual maturities of lease obligations subsequent to March 31, 2009 are summarized as follows:

Year ending March 31	*Millions of yen*	*Thousands of U.S. dollars*
2010	¥ 43	$ 438
2011	44	448
2012	46	468
2013	47	478
2014	49	499
2015 and thereafter	652	6,638
Total	¥ 881	$ 8,969

Assets pledged as collateral for short-term bank loans of ¥850 million ($8,653 thousand), long-term debt (including the current portion thereof) of ¥9,729 million ($99,043 thousand), corporate bonds of ¥500 million ($5,090 thousand) and security deposits of ¥1,331 million ($13,550 thousand) included in other long-term liabilities at March 31, 2009 were as follows:

	Millions of yen	*Thousands of U.S. dollars*
Buildings and structures – net of accumulated depreciation	¥ 11,196	$ 113,977
Land	14,655	149,190
Guarantee deposits included in other assets	793	8,073
Total	¥ 26,644	$ 271,240

In addition to the assets pledged outlined above, collateral must be given if requested by lending institutions under certain circumstances based on loan agreements containing covenants entered into with lending institutions. Such long-term loans, including the current portion thereof, amounted to ¥3,100 million ($31,559 thousand) at March 31, 2009.

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 ($488,649 thousand), of which ¥12,000 million ($122,162 thousand) was available as of March 31, 2009.

7. 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, 2009 and 2008 consisted of the following:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2008	2009
Retirement benefit obligation	¥ (16,057)	¥ 14,766	$ (163,463)
Plan assets at fair value	5,134	6,303	52,265
Unfunded retirement benefit obligation	(10,923)	(8,463)	(111,198)
Unrecognized actuarial loss (gain)	1,958	(123)	19,933
Unrecognized prior service cost	(432)	(514)	(4,398)
Accrued retirement benefits	¥ (9,397)	¥ (9,100)	$ (95,663)

Accrued retirement benefits for directors and corporate auditors of ¥765 million ($7,788 thousand) and ¥1,067 million at March 31, 2009 and 2008, respectively, have been included in accrued retirement benefits in the accompanying consolidated balance sheets. The retirement benefits for directors and corporate auditors are paid subject to the approval of the shareholders.

The components of retirement benefit expenses for the years ended March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2008	2009
Service cost	¥ 935	¥ 900	$ 9,518
Interest cost	232	220	2,362
Expected return on plan assets	(60)	(68)	(611)
Recognized actuarial loss (gain)	56	(82)	570
Amortization of prior service cost	(81)	14	(825)
Other	999	594	10,170
Retirement benefit expenses	¥ 2,081	¥ 1,578	$ 21,184

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, 2009 and 2008 are summarized as follows:

	2009	2008
Discount rates	1.5% – 2.0%	1.5% – 2.0%
Expected rates of return on plan assets	0.8% – 1.0%	0.8% – 1.0%

8. 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, 2009 and 2008.

The effective taxes rates for the years ended March 31, 2009 and 2008 differed from the corresponding statutory tax rate for the following reasons:

	2009	2008
Statutory tax rate:	40.6 %	40.6 %
Expenses not deductible for income tax purposes	(0.8)	0.4
Dividends not taxable for income tax purposes	3.8	(1.1)
Inhabitants' per capita taxes	(5.9)	2.9
Lower income tax rates applicable to a certain subsidiary	0.3	(1.0)
Amortization and impairment loss on goodwill	2.3	
Change in valuation allowance	(120.3)	7.0
Elimination of intercompany dividends	(3.1)	1.9
Other, net	(0.9)	(1.5)
Effective tax rates	(84.0) %	49.2 %

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, 2009 and 2008 are summarized as follows:

	Millions of yen		*Thousands of U.S. dollars*
	2009	2008	2009
Deferred tax assets:			
Depreciation	¥ 3,514	¥ 2,143	$ 35,773
Allowance for employees' bonuses	2,055	2,413	20,920
Loss on impairment of fixed assets	3,019	1,347	30,734
Accrued retirement benefits	4,176	4,187	42,513
Reserve for point service program	3,792	4,036	38,603
Unrealized loss on intercompany transactions of fixed assets	1,137	1,636	11,575
Difference between cost of investments and their underlying net equity at fair value		1,798	
Unrealized loss on revaluation of land acquired by merger	2,524	2,321	25,695
Net operating tax loss carryforwards	10,772	7,731	109,661
Other	4,358	4,204	44,365
Less valuation allowance	(20,365)	(14,325)	(207,320)
Total deferred tax assets	14,982	17,491	152,519
Deferred tax liabilities			
Unrealized holding loss on other securities	11	101	112
Difference between cost of investments and their underlying net equity at fair value		1,527	
Other	389	336	3,960
Total deferred tax liabilities	400	1,964	4,082
Net deferred tax assets	¥ 14,582	¥ 15,527	$ 148,447

9. 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 subsidiary utilizes 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 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 and 2008, 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 included in Note 3, "Marketable Securities and Investments in Securities."

10. Contingent Liabilities

The Group was contingently liable for guarantees of bank borrowings made by certain affiliates in the aggregate amount of ¥1,860 million ($18,932 thousand) at March 31, 2009. The Group was also contingently liable for guarantees of debt of employees in the aggregate amount of ¥8 million ($80 thousand) at March 31, 2009.

The Group has entered into an accounts receivable securitization program with a third party financial institution. Under this program, the Group sells its receivables due from franchisees to the financial institution, however, the Group is obliged to take back receivables sold up to certain limit in the event that a franchisee fails to pay. The amount of receivables sold and the maximum obligation to take back unpaid receivables under this program were ¥3,619 million ($36,846 thousand) and ¥292 million ($2,969 thousand), respectively as of March 31, 2009.

11. Shareholders' Equity

The Corporation Law of Japan 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, 2009 and 2008.

Movements in common stock and treasury stock during the years ended March 31, 2009 and 2008 are summarized as follows:

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

	Number of shares			
	March 31, 2007	Increase	Decrease	March 31, 2008
2008				
Common stock	105,665,636			105,665,636
Treasury stock	53,221	5,510	304	58,427

Movements in stock acquisition rights during the year ended March 31, 2009 are summarized as follows:

	Thousands of shares			
	March 31, 2008	Increase	Decrease	March 31, 2009
2009				
Stock acquisition rights with convertible bonds due May 10, 2013		11,086		11,086

12. 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, 2009 and 2008, 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:

Notes to Consolidated Financial Statements (continued)

	Millions of yen					
	2009			2008		
	Acquisition costs	Accumulated depreciation	Net book value	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	¥ 3,971	¥ 1,314	¥ 2,657	¥ 3,971	¥ 1,112	¥ 2,859
Furniture and fixtures	5,062	3,795	1,267	8,068	4,706	3,362
Other	977	307	670	4,615	1,183	3,432
	¥ 10,010	¥ 5,416	¥ 4,594	¥ 16,654	¥ 7,001	¥ 9,653

	Thousands of U.S. dollars		
	2009		
	Acquisition costs	Accumulated depreciation	Net book value
Buildings and structures	$ 40,426	$ 13,377	$ 27,049
Furniture and fixtures	51,532	38,634	12,898
Other	9,946	3,125	6,821
	$ 101,904	$ 55,136	$ 46,768

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, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Lease payments	¥ 1,805	¥ 2,528	$ 18,375
Depreciation	1,711	2,409	17,418
Interest expense	104	132	1,059
Reversal of loss on impairment of finance leases		109	
Recognized loss on impairment of finance leases	606		6,169

Future minimum lease payments subsequent to March 31, 2009 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 1,174	$ 11,952
2011 and thereafter	4,156	42,308
Total	¥ 5,330	$ 54,260

Reserve for loss on impairment of finance leases accounted for as operating leases which is included in other long-term liabilities, amounted to ¥606 million ($6,169 thousand) and ¥159 million at March 31, 2009 and 2008, respectively.

Future minimum lease payments subsequent to March 31, 2009 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 3,575	$ 36,394
2011 and thereafter	32,687	332,760
Total	¥ 36,262	$ 369,154

13. Supplementary Information for Consolidated Statements of Cash Flows

During the year ended March 31, 2008, 3Q Co., Ltd. has been newly consolidated as a result of the acquisition of its shares. The assets and liabilities included in consolidation were as follows:

2008	Millions of yen
Current assets	¥ 17,608
Non-current assets	15,598
Goodwill	1,841
Current liabilities	(12,755)
Non-current liabilities	(40)
Minority interests	(12,247)
Acquisition cost of shares	10,005
Cash and cash equivalents of 3Q Co., Ltd.	2,616
Cash disbursement	¥ 7,389

14. Business Combinations

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

MIDORI DENKA CO., LTD. ("MIDORI DENKA"), a wholly-owned subsidiary of the Company, has been 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 is to enhance business efficiency of both companies.

The Group accounted for this merger as a transaction 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).

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

TOKYO EDION Corporation ("TOKYO EDION") is wholly-owned subsidiary of the Company and Ishimaru Denki Co., Ltd. ("Ishimaru Denki") was a 40% owned subsidiary of TOKYO EDION. Both companies have been 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 ($32,950 thousand) and made it into a wholly-owned subsidiary on October 1, 2008. The purpose of this acquisition is to improve the operating results of Ishimaru Denki more rapidly and establish an operating base for the EDION Group in the Kanto area.

The Group accounted for this merger as a transaction 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."

As a result of this acquisition, the Group recognized negative goodwill of ¥5,693 million ($57,952 thousand) 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") is a wholly-owned subsidiary of the Company and has been 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 is 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.

The Group accounted for this merger as a transaction 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."

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

Aiai Techno Service Co., Ltd. ("Aiai") is a wholly-owned subsidiary of Ishimaru Denki and COMNET Co., Ltd. ("COMNET") was a wholly-owned subsidiary of EIDEN. Both companies have been 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.

The Group accounted for this merger as a transaction 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."

15. Related Party Transactions

Principal transactions between the consolidated subsidiaries and related parties for the year March 31, 2009 are summarized as follows:

Transactions between DEODEO Corporation, a consolidated subsidiary, and its related parties for the year ended March 31, 2009:

2009	Millions of yen	Thousands of U.S. dollars
Freai Channel Inc.:		
Guarantees issued by DEODEO	¥ 151	$ 1,537
Guarantee fee received	3	31
MARUNI WOOD INDUSTRY Inc.:		
Guarantees issued by DEODEO	¥ 200	$ 2,036
Repayment of loan	57	580
Purchase of product	34	346
Interest income	0	0

Freai Channel Inc. ("Freai Channel") is a 16.4% owned affiliate of DEODEO Corporation, located in Hiroshima City, Hiroshima. The Company's capital amount is ¥1,500 million ($15,270 thousand) and it operates a cable television network.

MARUNI WOOD INDUSTRY Inc. ("MARUNI WOOD") is a 30.6% owned affiliate of DEODEO Corporation, located in Hatsukaichi City. The Company's capital amount is ¥100 million ($1,018 thousand) 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.

Guaranteed amounts to Freai Channel Inc. and MARUNI WOOD were ¥1,659 million ($16,889 thousand) and ¥200 million ($2,036 thousand), respectively as of March 31, 2009.

Principal transactions between the consolidated subsidiary and director as of March 31, 2009 and for the then year ended are summarized as follows:

Transaction between DEODEO Corporation and its director for the year ended March 31, 2009:

2009	Name	Relationship	Millions of yen	Thousands of U.S. dollars
	Masataka Kubo	Sales of products	¥ 14	$ 143

Masataka Kubo is a director and chairman of DEODEO Corporation.

Sales prices are determined at the same price as those to general customers. There were no outstanding balances in connection with related party transactions outlined above as of March 31, 2009.

Transactions between EIDEN, a consolidated subsidiary, and a company which is majority owned by a director and the director's relatives for the year ended March 31, 2009:

2009	Millions of yen	Thousands of U.S. dollars
SHOEI Co., Ltd.:		
Insurance expense	¥ 17	$ 173

The outstanding balance of prepaid expenses amounted to ¥32 million ($326 thousand) as of March 31, 2009.

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 ($9,162 thousand) 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., a consolidated subsidiary, and its directors for the year ended March 31, 2009:

2009	Name	Relationship	Millions of yen	Thousands of U.S. dollars
	Tsuneo Mishima	Loan	¥ 51	$ 519

Tsuneo Mishima is the president of 3Q Co., Ltd. ("3Q") and he owns 1.5% shares of 3Q. Interest rate on the loan are 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, 2009 was ¥94 million ($957 thousand).

Effective the year ended March 31, 2009, the Company has 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.

16. Subsequent Event

The following distribution of retained earnings at March 31, 2009 was approved at the Company's annual general meeting of shareholders held on June 26, 2009:

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends of ¥5.00 ($0.05) per share	¥ 528	$ 5,375

ERNST & YOUNG

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, 2009 and 2008, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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.

Ernst & Young ShinNihon LLC

Osaka, Japan
June 26, 2009

A member firm of Ernst & Young Global Limited

Corporate Information (as of March 31, 2009)

Company Name	EDION Corporation
Business	Holds shares of subsidiaries whose primary business is sales of home electronics, including DEODEO Corporation, EIDEN Co., Ltd., MIDORI DENKA CO., LTD., 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
Location of Main Store	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: 451
	Consolidated: 10,664

Stock Information (as of March 31, 2009)

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	22,728
Stock Listing	First sections of Tokyo and Nagoya Stock Exchanges
Stock Code	2730

Directors and Corporate Auditors (as of June 26, 2009)

Directors

President	Masataka Kubo	Chairman, DEODEO Corporation; Chairman, MIDORI DENKA CO., LTD.
Vice President	Shoichi Okajima	General Manager of Information System Division; President, EIDEN Co., Ltd.
Vice President	Kazutoshi Tomonori	President, DEODEO Corporation
Vice President	Yuji Nakaguchi	President, MIDORI DENKA CO., LTD.
Managing Director	Makoto Fujikawa	General Manager of General Affairs Dept.; Head of General Affairs Dept.; Head of Legal Affairs Div.
Director	Seiichi Funamori	General Manager of Sales Dept.
Director	Yuji Asada	General Manager of Accounting and Financing Dept.; Head of Accounting and Financing Dept.
Director	Masayuki Umehara	Director of Internal Audit Division
Director	Norio Yamasaki	Director of Management Planning Division

Corporate Auditors

Corporate Auditor (Full-time)	Keiji Takahashi	Corporate Auditor, MIDORI DENKA CO., LTD.
Corporate Auditor	Katsuji Ishida	
Outside Corporate Auditor	Takenori Isou	Corporate Auditor, EIDEN Co., Ltd.
Outside Corporate Auditor	Takashi Okinaka	Corporate Auditor, MIDORI DENKA CO., LTD.