

(Summarized Translation)

Securities code: 7618

June 8, 2012

To our shareholders:

3-1-9 Shinyokohama, Kohoku-ku, Yokohama, Kanagawa  
PC DEPOT CORPORATION  
Takahisa Nojima, President and Chief Executive Officer

### **Notice of Convocation of the 18th Ordinary General Shareholders' Meeting**

You are hereby notified that the 18th Ordinary General Shareholders' Meeting of PC DEPOT CORPORATION (the "Company") will be held as stated below and are cordially invited to attend this meeting.

**If you are unable to attend the meeting, please exercise your right to vote after reading the following reference documents by using one of two methods. To vote by mail, please indicate your voting instructions for the proposals on the enclosed Proxy Card and return this card. To vote via the Internet, please use personal computers, smartphones or mobile phones to visit the voting rights exercise Web site (<http://www.evotep.jp/>) and enter your voting instructions. Voting instructions must be received no later than 6:00 pm on Monday, June 25, 2012.**

#### Notice of Meeting

- 1. Date and time:** 10:00 a.m. Tuesday, June 26, 2012 (Japan time)
- 2. Place:** Shin Yokohama Kokusai Hotel,  
Manor House South Building 3rd floor "Chester House"  
3-18-1 Shinyokohama, Kohoku-ku, Yokohama

#### **3. Agenda**

- Matters to be reported:**
1. Business Report, Consolidated and Non-consolidated Financial Statements for the 18th fiscal year (from April 1, 2011 to March 31, 2012)
  2. Consolidated Financial Statement Audit Reports by the Accounting Auditor and Board of Corporate Auditors

#### **Matters to be resolved:**

- Proposal No. 1:** Election of Nine (9) Directors  
**Proposal No. 2:** Election of One (1) Corporate Auditor  
**Proposal No. 3:** Election of One (1) Substitute Corporate Auditor

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1. If you plan to attend the meeting, please submit the enclosed Proxy Card at the reception desk. To save resources, please bring this Notice of Convocation with you.
  2. An announcement will be made on the Company's Web site (<http://www.pcdepot.co.jp/>) if there are any revisions to the reference materials for the shareholders' meeting, the business report, non-consolidated or consolidated financial statements.
  3. If you are unable to attend the shareholders' meeting, you may designate one shareholder who has the right to vote at this meeting to attend the meeting as your representative. However, you must provide written proof that this individual is serving as your proxy.
  4. On the day, we will not wear ties for COOL BIZ to save energies and conserve the environment. So you, shareholders, are also requested to attend the meeting in casual clothes.

## Attached Documents

### Business Report (From April 1, 2011 to March 31, 2012)

#### 1. Current Conditions of the Corporate Group

##### (1) Results of Operations for the Fiscal Year Under Review (FY2011)

###### 1) Progress and achievements

In the consolidated fiscal year under review (April 1, 2011 to March 31, 2012), while difficult circumstances continued in the Japanese economy due to the effects of the Great East Japan Earthquake, we also witnessed some signs of recovery and solid consumer spending. However, the economic trend remained unpredictable with lingering effects from the financial turmoil of European nations, rising oil price and concern for the worsening employment situation.

In terms of over-the-counter sales of PCs, sales and gross profit from product sales fell below our forecast. This was due to sales competition centering on PCs since the second quarter of the fiscal year that intensified in the fourth quarter, following the transition to terrestrial digital broadcasting in July 2011, as well as disordered merchandise procurement and price hikes of specialty parts and products including hard disks caused by the floods in Thailand in October 2011.

Under these circumstances, in view of increased products that can be connected to Internet (Internet devices) such as smartphones, tablet terminals (multifunctional portable terminals) and game machines, we increased the number of stores, opening 20 new stores of “PC DEPOT PC CLINIC”<sup>\*2</sup> in addition to “PC DEPOT”<sup>\*1</sup> in order to increase bases to strengthen dealing of those products and services for them. Our directly managed stores increased to 94 stores, and sales of the service division increased by 32.5% from the previous fiscal year due to our reinforced shop network in the Kanto region.

Selling, general and administrative expenses including incidental expense of approximately 270 million yen, increased to 1,931 million yen (up 15.7% year on year) due to sharply increased number of stores including those of our subsidiaries. There were 20 new stores (four PC DEPOT stores and 16 PC DEPOT PC Clinics) which opened less than a year ago; moreover, with the termination of the franchising agreement with OA System Plaza Company as of January 31, 2012, our subsidiary relocated one of its stores and increased the floor space in the third quarter and opened six stores in the fourth quarter to cover the area that had been covered by OA System Plaza.

Both operating income and ordinary income were substantially below those of the previous year due to a decrease in the gross margin of product sales and increased selling, general and administrative expenses.

As a result of the above, the Group’s net sales increased by 5.9% year on year to 49,693 million yen. Operating income was 553 million yen (down 11.6% YoY), ordinary income was 717 million yen (down 52.5% YoY), and net income was 280 million yen (down 62.0% YoY), thus operating income, ordinary income and net income fell substantially compared to the previous fiscal year.

\*1...“PC DEPOT” is general PC network specialized shop.

\*2...“PC DEPOT PC Clinic” is specialized shop that is opened inside the premises of other mass retailers to provide PC repair and technical support services.

Operating results of each business segment are as follows.

a. PC Sales Business

We continued to struggle because of the decline in sales of special parts-related products and gross profit from products that reflected disordered procurement of hard disks due to the flood damage in Thailand, in addition to the Great East Japan Earthquake and decelerated consumer appetite following the transition to terrestrial digital broadcasting. In the fourth quarter, sales competition intensified as seen in the decline in net sales of our existing stores and the number of visitors by 3.1% and 5.6% respectively year on year and gross profit from product sales that fell below that of the previous fiscal year.

In terms of products, the number of PCs sold was solid (up 22.5% YoY) because of the reinforced lineup of personal computers including high performance PCs equipped with Blu-ray function and ultrabooks. In terms of services, we started a “Premium Service” that addressed game machines with high Internet compatibility such as “Play Station®3 (PS3)” and “Play Station® Vita (PS Vita)”, and we started provision of “LTE data communication” that enables high-speed communication at Mobile Virtual Network Operator (MVNO) following start of sales of LTE by each company.

In terms of store development, we opened four new PC DEPOT stores, namely Tama New Town Store (approx. 2,000sq, Tokyo) in April, Odawara Higashi Interchange Store (approx. 2,000sq, Kanagawa Prefecture) in June, Maebashi Minami Interchange Store (approx. 2,500sq, Gunma Prefecture) in August and Tsukuba Kenkyu-gakuen Store (approx. 2,000sq, Ibaraki Prefecture) in November. Our subsidiary opened six stores to cover the area that had been covered by OA System Plaza Company. Meantime, Saikyo Store in Kyoto Prefecture that had been managed by the franchise was closed in March, and PC DEPOT has 48 directly managed stores, 11 subsidiary stores and six franchise stores, for a total of 65 stores as of the end of the fiscal year under review.

The number of PC DEPOT PC Clinics was 54 including 46 directly managed stores (30 stores opened during the period from September 2010 to March 2011 and 16 stores opened in the fiscal year under review,) seven franchise stores and one independent store being test managed by subsidiary. The total number of stores of PC DEPOT and PC DEPOT PC Clinic currently stands at 119.

As a result of the above, net sales in the PC sales business were 47,850 million yen (up 6.8% YoY) and ordinary income was 582 million yen (down 55.4% YoY).

b. Internet Related Business

Sales decreased in the main business due to decline in the number of subscribers to the Internet provider service and delayed release of our new hosting service. Profit also decreased due to occurrence of up-front investment that accompanied the development of new services, resulting in decrease in both sales and profit.

As a result of the above, net sales in the Internet-related business were 1,842 million yen (down 11.9% YoY) and ordinary income was 152 million yen (down 30.0% YoY).

Segment name	Net sales (Thousand yen)
PC sales business	47,850,858
Internet-related business	1,842,143

## 2) Capital expenditures

Capital expenditures during the fiscal year under review totaled 1,786 million yen. Major expenditures were as follows.

### a. Major completions during the fiscal year under review

Installation of new sales equipment at the PC DEPOT Tama New Town Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Odawara Higashi Interchange Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Maebashi Minami Interchange Store in the PC sales business

Expansion of new sales equipment at the PC DEPOT Tomisato Interchange Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Tsukuba Kenkyu-gakuen Store in the PC sales business

### b. Major ongoing new installations and expansions in the fiscal year under review

Installation of new sales equipment at the PC DEPOT Kannana Okudo Store in the PC sales business

Installation of new sales equipment at the PC DEPOT Tokaichiba Store (tentative) in the PC sales business

Installation of new sales equipment at the PC DEPOT Morioka Head Store (tentative) in the PC sales business

\* The PC DEPOT Kannana Okudo Store began operations on April 27, 2012.

## 3) Financing

During the fiscal year under review, the Group procured 2,700 million yen from financial institutions as long-term loans payable in order to meet its requirements for funds.

There were no sales of stock or bonds or any other financing activities.

## (2) Status of Assets and Earnings for Corporate Group

Item	FY2008 (ended March 2009)	FY2009 (ended March 2010)	FY2010 (ended March 2011)	FY2011 (Current term) (ended March 2012)
Net sales (Thousand yen)	42,899,424	44,740,133	46,912,722	49,693,002
Net income (Thousand yen)	684,255	676,831	737,972	280,525
Net income per share (Yen)	3,108.18	3,107.98	3,417.66	1,275.62
Total assets (Thousand yen)	15,873,787	17,954,199	19,728,930	23,238,183
Net assets (Thousand yen)	8,392,014	8,738,017	9,533,134	9,563,909
Net assets per share (Yen)	37,439.99	40,514.17	42,500.70	43,231.08

### (3) Significant Subsidiaries

Significant subsidiaries as follows:

Company name	Capital (Thousand yen)	The Company's voting rights ratio	Major business
ejworks corporation	211,068	94.6%	Internet service provider business
PC DEPOT KYUSYU CORPORATION	240,000	100.0%	Sales business for PCs and others

Notes: 1. On October 1, 2011, BB Marketing Corp. was merged into the Company, the surviving company, and dissolved. As a result, it was excluded from the scope of consolidation.

2. PC DEPOT KYUSYU CORPORATION changed its name to PC DEPOT STORES CORPORATION effective April 1, 2012.

### (4) Significant Business Combination

On October 1, 2011, the Company merged into its wholly owned subsidiary BB Marketing Corp.

### (5) Challenges

Major issue for the PC DEPOT Group (the "Group") is described as below.

#### 1) Expansion of the store network

As the penetration rate of PCs for households exceeded 80% and PCs are now used on a daily basis, diversifying customers' needs, the Company aims to open new stores of PC DEPOT with strategic dominance, enlarge stores with scrap & build, promote the opening of directly managed stores of PC DEPOT PC Clinics (technical service/support counters for PCs) and operating of the franchise businesses, and provide local customers with the environment in which they can use PCs and the Internet without anxiety.

#### 2) Falling average selling prices

Since the full switchover to terrestrial digital broadcasting (TDB) on July 24, 2011, TV sales have languished and unit prices have declined in conjunction with the start of sales of PCs and related products and tablet PCs (multifunction portable terminals). Also, the smartphones (highly functional portable terminals) which gaining popularity, unlike the conventional mobile phones, has universal functions, therefore, it may lower the price of terminals in the time to come. On the other hand, as products that can be connected to the Internet are increasing, we will introduce such products and related services, etc. proactively, and propose new product genres.

#### 3) Improvement in the safety of store operation

In parallel with increasing numbers of stores and employees, there is a higher risk of in-store accidents. We recognize the importance of avoiding them.

Accordingly, Cyber Sheriff Center (store risk control section) of the headquarters patrols stores nationwide (visual patrol with in-store cameras based on broadband). The Cyber Sheriff Center also quickly responded to countermeasures against new influenza and the earthquakes that hit eastern Japan on March 11, 2011.

The Company operates stores and avoids the risk of accidents, etc. under the concept of “prioritizing safety over costs”.

#### 4) Expansion of service products

As the Internet devices (products that can be connected to the Internet) are increasing, household products, including PCs, smartphone and games, are becoming wireless and connectable to the Internet. Our company will enrich our service systems so that customers can use PCs and Internet devices safely without anxiety, and keep offering troubleshooting service to answer their cries of “Help!”

In addition, we will improve the contents of the Premium Service (monthly-membership maintenance services) for customers who demand continuous maintenance, in order to cope with such a change in demand.

#### 5) Quality management of stores

We operate PC DEPOT as well as PC DEPOT PC Clinic and so it is important to manage the quality of each store. It is essential to conduct thoroughgoing quality control in addition to producing manuals and educating employees. To do so, we will continue to strengthen the auditing of all stores of PC DEPOT and PC DEPOT PC Clinics.

#### 6) Holding down selling, general and administrative expenses

The Company plans to continue opening new “dominant” stores primarily in the Kanto region. We previously opened stores with average sales floor space of 900 square meters, but will move to increase the number of large-sized stores primarily through new store openings. In addition to increase in rent expenses and personnel expenses due to an increase in the number of large-sized stores, there are concerns about increase in the stores opening and operation costs by the opening of 46 directly managed PC DEPOT PC Clinics since September 2010. However, the Company plans to hold down increases in selling, general and administrative expenses via improvements in the cost structure.

#### 7) Securing human resources for store network expansion

The outlook for the business environment does not warrant optimism given competition among industries and formats including competition between companies, and among Internet retailers and manufacturers that sell directly.

As the store network expands, we believe that securing human resources, and sales staff and engineers in particular, is an important challenge, and aims to secure stable human resources through the conversion of part-timers and contract workers into regular employees. We will also strive to improve the quality of human resources by expanding educational activities that previously targeted mainly regular employees to include part-timers as well.

#### 8) Fortification of organizational strength to tolerate business expansion

Our core business is to offer PC-related products and services, but we plan to develop new products and services, as products that can be connected to the Internet are increasing. To realize it, we will develop personnel systems for motivating employees and part-time workers, clarify the responsibilities and

authorities of individual employees and divisions, and improve recruitment systems, fortifying organizational strength.

9) Promotion of corporate social responsibility (CSR) activities

The Company operates a chain of comprehensive PC and network specialized shops, and considers that we need to keep in mind our social missions and do business administration from the viewpoint of CSR. The basic policy for CSR is to eliminate the digital divide in the information society due to the difference in “age, gender, income, education, and residence, etc.” via our stores.

Under this policy, we have PC Clinic in every PC DEPOT store to answer customers’ cry for “Help!”, also started operations of directly managed PC DEPOT PC Clinics since September 2010, in order to provide further technical services and supports. PC Clinics offer free diagnoses of PCs no matter where they were purchased, and irrespective of age, gender, income and the like, striving to improve the safety of local PC Internet data networks. We make efforts to improve our sociality by offering every kind of solution, so that local customers think that our stores are indispensable.

**(6) Major Business Activities** (as of March 31, 2012)

The major activities of the Company are the sale of personal computers and peripheral equipment. Sales by product category were as follows.

[Segment name] Product category	Major products/merchandise	Pct. of sales (%)
[PC sales business]		
PCs	All-in-One PC, PC, etc.	25.1
Peripherals	Hard disk, DVD, additional memory, etc.	21.3
Accessories and supplies	Printer ink, consumable supplies	10.1
Software	Computer software	2.5
Office automation equipment, used goods, and others	AV equipment, mobile handset, used products, etc.	13.2
Income from royalties	Royalty income, management service fee, etc.	0.8
Income from technical service and commissions	Technical service fee, broadband brokerage charge, etc.	23.3
Total		96.3
[Internet-related business]	Internet provider service, etc.	3.7
Total		100.0

**(7) Main Office and Store Locations** (as of March 31, 2012)

1) PC DEPOT CORPORATION

Headquarters	3-1-9 Shinyokohama, Kohoku-ku, Yokohama
PC DEPOT stores (48 stores) PC Clinics (46 stores)	
Kanagawa (13 stores)	(PC DEPOT stores) 11 stores Yokohama Head Store, Shin-Yokohama Great Center, Kohoku Head Store, Konan Store, Hiyoshi Great Center, Tomei-Kawasaki Store, Yamato Great Center, Tsujidou Store, Yokosuka Store, Shonandai Store, Odawara-Higashi Interchange Store (PC DEPOT PC Clinics) 2 stores Shonan-Hiratsuka Head Store, Shonan-Fujisawa Store
Tokyo (20 stores)	(PC DEPOT stores) 12 stores Nishi-Arai Store, Nishi-Magome Store, Himonya Store, Heiwadai Store, Chofu Head Store, Higashi-Fuchu Store, Hanakoganei Store, Higashi-Yamato Store, Mitaka Store, Ome Store, Inagi-Wakabadaï Store, Tama New Town Store (PC DEPOT PC Clinics) 8 stores Tama New Town Store, Fuchu Head Store, Adachi Store, Hachioji Store, Tachikawa Store, Yokohama-Machida Interchange Store, Inagi-Wakabadaï Store, Nishikasai Store
Saitama (12 stores)	(PC DEPOT stores) 8 stores Kumagaya Store, Koshigaya Store, Niiza Store, Fujimino Store, Tokorozawa Store, Sakado Store, Kounosu Store, Sayama Head Store (PC DEPOT PC Clinics) 4 stores PEONY WALK Higashi-Matsuyama, Kawagoe Store, Satte Store, Yoshikawa Store
Chiba (23 stores)	(PC DEPOT stores) 6 stores Tomisato Interchange Store, Funabashi Store, Matsudo Store, Kamagaya Store, Makuhari Interchange Store, Ichihara Interchange Store (PC DEPOT PC Clinics) 17 stores Nagareyama Store, Shin-Narashino Store, Kimitsu Store, Harbor City Soga Store, Togane Store, Kisarazu Store, Tokyo Bayside Shinurayasu, O-Two Park Inage Store, Mobarra Head Store, Ichikawa Interchange Store, Chiba New Town Store, Ichihara-Goi Store, Sosa Store, Asahi Store, Yotsukaido Store, Narita Head Store, Oyumino Store
Ibaraki (13 stores)	(PC DEPOT stores) 5 stores Tsuchiura Great Center, Mito Store, Tokai Store, Kamisu Store, Tsukuba Kenkyu-gakuen Store (PC DEPOT PC Clinics) 8 stores Tsukuba-Kenkyu-gakuen Store, Mito Head Store, Hitachino-Ushiku Store, Ishioka Store, Chikusei Store, Seaside Hitachinaka, Toride Store, Hitachinaka Store
Tochigi (6 stores)	(PC DEPOT stores) 2 stores Ashikaga Store, Oyama Head Store (PC DEPOT PC Clinics) 4 stores Moka Store, Inter Park Utsunomiya, Harvest Walk Oyama, Harvest Place Ashikaga
Gunma (5 stores)	(PC DEPOT stores) 2 stores Ota Store, Maebashi Minami Interchange Store (PC DEPOT PC Clinics) 3 stores Midori Store, Tomioka Store, Feel Fujioka Store
Shizuoka (2 stores)	(PC DEPOT stores) 2 stores Mishima Store, Fuji Store

## 2) PC DEPOT KYUSHU CORPORATION (subsidiary)

Headquarters	3-1-9 Shinyokohama, Kohoku-ku, Yokohama
PC DEPOT stores (11 stores) PC Clinics (1 store)	
Nagasaki (1 store)	(PC DEPOT store) 1 store Nagasaki Store
Fukuoka (1 store)	(PC DEPOT store) 1 store Iizuka-Hanase Store
Saga (1 store)	(PC DEPOT store) 1 store Saga Store
Kagoshima (1 store)	(PC DEPOT store) 1 store Kagoshima Store
Aichi (3 stores)	(PC DEPOT stores) 3 stores Okazaki-Hane Store, Handa Interchange Store, Ichinomiya-Meigi By-Pass Store
Aomori (1 store)	(PC DEPOT store) 1 store Hachinohe-Niida Store
Fukushima (1 store)	(PC DEPOT store) 1 store Fukushima-Nishi Store
Iwate (2 stores)	(PC DEPOT stores) 2 stores Morioka-Senboku Store, Kitakami Store
Okinawa (1 store)	(PC DEPOT PC Clinic) 1 store Tomigusuku Store

After the end of the fiscal year under review, the Company opened PC DEPOT Kannana Okudo Store (Tokyo) on April 27, 2012, PC DEPOT PC Clinic Keyaki Walk Maebashi Store (Gunma) on May 17, 2012, and our subsidiary opened PC DEPOT Takamatsu-Higashi By-Pass Store (Kagawa) on April 27, 2012

## (8) Employees (as of March 31, 2012)

### 1) Employees of the Group

Segment name	Number of employees	Changes from the end of the previous fiscal year
Pc sales business	594 (970)	+117 (+225)
Internet related business	62 (26)	+6 (-5)
Total	656 (996)	+123 (+220)

Note: Figures in parentheses indicate the annual averages of part-time workers and temporary employees, which are presented separately from the numbers of permanent employees.

### 2) Employees of the Company

Number of employees	Changes from the end of the previous fiscal year	Average age	Average years of service
519 (902)	+70 (+203)	30.5	5.2

Note: Figures in parentheses indicate the annual averages of part-time workers and temporary employees, which are presented separately from the numbers of permanent employees.

**(9) Major Lenders** (as of March 31, 2012)

Name of lender	Outstanding amount of loan (Thousand yen)
Mizuho Bank, Ltd.	4,133,375
Sumitomo Mitsui Banking Corporation	1,461,677
Resona Bank, Limited	831,696
The Bank of Yokohama, Ltd.	577,090
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	424,000

**(10) Other Significant Matters**

Not applicable.

## 2. Summary of the Company

### (1) Status of Shares (as of March 31, 2012)

- 1) Total number of shares authorized to be issued: 890,000 shares
- 2) Total number of shares issued and outstanding: 225,020 shares
- 3) Number of shareholders: 3,210
- 4) Major shareholders (Top ten shareholders)

Name of shareholder	Number of shares held (shares)	Ratio of shares held (%) (Note 1)
Takahisa Nojima	93,315	41.7
K's Holdings Corporation	14,404	6.4
Mellon Bank, N.A. Treaty Clients Omnibus	8,000	3.6
Mizuho Bank, Ltd.	7,880	3.5
The Nomura Trust and Banking Co., Ltd. (investment account)	5,179	2.3
Trust & Custody Services Bank, Ltd. (Trust Account E) (Note 2)	5,000	2.2
Kinuyo Nojima	4,845	2.2
Credit Suisse AG Zurich	3,042	1.4
PCD Employee Holding Company	2,549	1.1
Yoshiko Nojima	2,400	1.1

- Notes: 1. Ratio of shares held is calculated after deducting the number of treasury stock (1,238 shares).
2. At the Board of Directors' meeting held on March 15, 2010, the Company decided to implement "J-ESOP (Employee Stock Ownership Plan)", a new benefits program for employees where they are given shares of the Company. Accordingly, Trust & Custody Services Bank, Ltd. (trust account E) purchased 5,000 shares of the Company's stock on March 19, 2010.

### (2) Status of Subscription Rights to Shares

Classification	The Company and some subsidiaries
Breakdown of subscription rights to shares	Employee Stock Ownership Plan (J-ESOP)
Type of shares subject to subscription rights to shares	Common shares
Number of shares subject to subscription rights to shares (Shares)	
Number of shares as of Mar. 31, 2011	394
Increase during the fiscal year	186
Decrease during the fiscal year	16
Number of shares as of Mar. 31, 2012	564
Balance as of Mar. 31, 2012 (Thousand yen)	13,304

### (3) Status of the Company's Directors and Corporate Auditors

#### 1) Directors and corporate auditors (as of March 31, 2012)

Title	Name	Responsibility and/or important positions concurrently held at other companies
President and Chief Executive Officer	Takahisa Nojima	President of PC DEPOT KYUSYU CORPORATION
Senior Managing Director	Shigehiko Sakai	General Manager of Administration Division
Director	Kenshi Hamamatsu	General Manager of Operation Control Department
Director	Mitsuyoshi Hae	General Manager of Accounting and Finance Division
Director	Takayuki Shimano	General Manager of Sales Administration Division
Director	Hidehiro Takayama	Corporate Auditor of KONAKA Co., Ltd.,
Director	Hideaki Izawa	Attorney, Nihon Odori Law Office
Director	Atsuomi Obayashi	Professor of Graduate School of Business Administration, Keio University Member of Critical Infrastructure Advisory Committee, Conference on Information Security Policy Control Chairman of Study Group on Business Continuity Plan Promotion Measures, Cabinet Office Chairman of Study Group for Common Threat Analysis and Practice Across Fields, Information Security Center, Cabinet Office
Standing Corporate Auditor	Eizo Akashi	Corporate Auditor of PC DEPOT KYUSYU CORPORATION
Corporate Auditor	Masao Onoda	
Corporate Auditor	Kunihiko Yamamoto	Chairman of Hokuetsu K's CO., LTD.

- Notes: 1. Director Hidehiro Takayama, Director Hideaki Izawa, and Director Atsuomi Obayashi are outside directors.
2. Standing Corporate Auditor Eizo Akashi, Corporate Auditor Masao Onoda and Corporate Auditor Kunihiko Yamamoto are outside auditors.
3. Following the decisions of the Osaka Securities Exchange, the Company designated Director Hidehiro Takayama as an independent director, and notified the Exchange.
4. Changes in directors during the fiscal year are as follows.  
Mr. Takayuki Shimano was newly elected as a director at the 17th Ordinary General Shareholders' Meeting held on June 23, 2011 and became board member on the same day.
5. Directors' appointment was changed as follows on February 27, 2012.

Name	New appointment and responsibility	Previous appointment and responsibility
Kenshi Hamamatsu	General Manager of Operation Control Department	General Manager of Customer Service Department

## 2) Remuneration and other amounts to directors and corporate auditors

	Receiving directors and corporate auditors	Payment amounts (Thousand yen)
Directors	8	80,280
(of which outside directors)	(3)	(7,200)
Corporate Auditors	3	15,680
(of which outside corporate auditors)	(3)	(15,680)
Total	11	95,960

- Notes:
1. Payment amounts for directors do not include the employee salary portion for concurrent employee and director position.
  2. The amount of remuneration to be paid to directors was approved at the 14th Ordinary General Shareholders' Meeting held on June 19, 2008, as no more than 150,000 thousand yen per year (do not include the employee salaries of directors who serve concurrently as employees).
  3. The amount of remuneration to be paid to corporate auditors was approved at the 14th Ordinary General Shareholders' Meeting held on June 19, 2008, as no more than 30,000 thousand yen per year.

## 3) Outside directors and outside corporate auditors

### a. Situation for important simultaneous positions (if said person executes other company's business) and relationship between the Company and the other company

- Director Hideaki Izawa is a member of the Nihon Odoori Law Office, which has concluded a legal advisory contract with the Company.
- Corporate Auditor Kunihiko Yamamoto serves concurrently as President of Hokuetsu K's CO., LTD. The Company, having entered into franchising contracts, has business relationships with Hokuetsu K's CO., LTD.

### b. Principal activities during the fiscal year under review

#### - Attendance at the Board of Directors and Board of Corporate Auditors meetings

	Board of Directors (Number of meetings held: 13)		Board of Corporate Auditors (Number of meetings held: 10)	
	Number of meetings attended	Attendance rate	Number of meetings attended	Attendance rate
Director Hidehiro Takayama	13	100.0%	-	-
Director Hideaki Izawa	13	100.0%	-	-
Director Atsuomi Obayashi	13	100.0%	-	-
Standing Auditor Eizo Akashi	13	100.0%	10	100.0%
Auditor Masao Onoda	12	92.3%	10	100.0%
Auditor Kunihiko Yamamoto	11	84.6%	9	90.0%

- Note:
1. Directors Hidehiro Takayama, Hideaki Izawa and Atsuomi Obayashi attend Board of Directors' meetings as shown above, participated in the discussion of proposals submitted and offered their opinions as required.
  2. Standing Corporate Auditor Eizo Akashi, and Corporate Auditors Masao Onoda and Kunihiko Yamamoto attended meetings of the Board of Directors and the Board of Corporate Auditors as shown above, participated in the discussion of proposals submitted and offered their opinions as required.

c. Overview of content of limited liability contracts

The Company and its three outside directors, based on Article 427, Paragraph 1 and Article 423, Paragraph 1 of the Corporation Law, have concluded a contract that limits liability for damages. Director's liability of each of the said outside directors is claimable up to an amount provided in advance under the contract but not less than 1 million yen, or the amount prescribed by laws and regulations, whichever is higher.

The Company and its three outside corporate auditors, based on Article 427, Paragraph 1 and Article 423, Paragraph 1 of the Corporation Law, have concluded a contract that limits liability for damages. Corporate auditor's liability of each of the said outside corporate directors is claimable up to an amount provided in advance under the contract but not less than 0.5 million yen, or the amount prescribed by laws and regulations, whichever is higher.

**(4) Status of Accounting Auditor**

1) Name: Ernst & Young ShinNihon LLC

2) Remuneration and other amounts

	Amount (Million yen)
Remuneration and other amounts paid by the Company to the Accounting Auditor	26
Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the Accounting Auditor	34

Note: In the audit agreement between the Company and the Accounting Auditor, remuneration amounts are pursuant to the Corporation Law and those pursuant to the Financial Instruments and Exchange Law are not clearly separated and this separation is practically impossible. Accordingly, the above remuneration amounts represent total amounts of remuneration and other amounts for both of these auditing services.

3) Summary of non-audit duties

Not applicable.

4) Policy regarding decision to either dismiss or not reappoint Accounting Auditor

The Board of Directors, if it determines that the Accounting Auditor has difficulty in the execution of his/her duties, may request the General Shareholders' Meeting to dismiss or decline to reappoint the Accounting Auditor with the agreement of the Board of Corporate Auditors, or as requested by the Board of Corporate Auditors.

The Board of Corporate Auditors, by unanimous agreement, may dismiss the Accounting Auditor when it is confirmed that Article 340, Paragraph 1 of the Corporation Law is applicable to the Accounting Auditor. If an Accounting Auditor is dismissed, an individual appointed by the Board of Corporate Auditors from among themselves shall report this dismissal and the reason to the first shareholders' meeting called after the dismissal.

## **(5) Compliance System for Business Operations**

### 1. Fundamental approach to internal control systems and status of these systems

#### (1) Fundamental approach

When establishing internal control systems, the Company complies with its fundamental policy that prescribes guidelines for business activities. In addition, the Company conducts business activities that are legal and efficient, maintains the reliability of its financial statements, and has controls and procedures concerning the disclosure of corporate information. Risk is managed based on the periodic analysis of risk exposure.

The Company has an organizational stance that is resolutely opposed to anti-social behavior.

#### (2) Summary of Board of Directors' resolutions concerning internal control systems

##### 1) System to ensure that activities of directors and employees comply with laws, regulations and the Articles of Incorporation

The Company has a rigorous program to ensure that directors and employees comply with laws, regulations, the Articles of Incorporation and other rules. The Company is also upgrading its internal control system by reinforcing risk management systems and taking other actions. At monthly meetings of the Board of Directors, the directors reaffirm their commitment to compliance to laws and regulations. Furthermore, directors, executive officers and employees sign a Compliance Oath every six months. This system makes these individuals reaffirm their commitments to compliance and business ethics. In addition, there are compliance training programs and tests.

To strengthen the management oversight function, the Company has outside corporate auditors. To increase the effectiveness of the Board of Directors, the Company has decided to add outside directors.

Under the leadership of Operation Control Department, we are studying risks in and outside the Company. The Risk Management Team that is made up primarily by general managers of administrative divisions is set up as needed. This team ranks risks depending on their urgency and the magnitude of their potential impact on the Company, and enacts preventive measures that match the level of each risk factor. The Compliance Committee, which is made up primarily by directors, cooperates with the Risk Management Team to prevent problems from reoccurring.

##### 2) System for storage and management of information concerning business execution by directors

Documents (minutes of meetings, documents used for decision-making, contracts, etc.) and other information concerning how the directors perform their duties are properly stored and managed as prescribed by internal rules (rules of the Board of Directors, rules for handling decision-making documents, etc.).

3) Rules and other systems for management of risks that may cause losses

a. General Audit/Internal Control Department

This department establishes, maintains and operates internal controls for the entire group, including subsidiaries, and oversees internal control functions across the entire group.

It also performs periodic audits of individual departments and on-site audits of stores. Periodic audit reports are sent to the representative director and corporate auditors after which departments and stores audited receive audit results and directives to take preventive measures.

Internal rules are constantly revised to reflect these reports to prevent the reoccurrence of problems.

b. Internal hot line, internal reporting contact and direct line to attorney

These items create a framework with a self-cleansing mechanism backed by a system of checks and balances.

4) System to ensure that directors perform their duties efficiently

At the Company, there is a regular meeting of the Board of Directors once each month, in principle. The directors reach decisions concerning important items and supervise the execution of business activities by each director. In addition, the term of office for directors is one year in order to clarify their responsibilities regarding business activities.

In addition, for the performance of jobs that have been assigned to relevant directors by the Board of Directors, specific rules are determined for responsibilities and procedures for activities in each delegated business sector.

5) System to ensure proper activities at the Corporate Group, which includes the Company and its subsidiaries

To ensure that the activities of subsidiaries and all other group companies are proper, the Company names directors to serve at group companies to oversee operations. These directors also monitor the status of business activities and perform evaluations and audits to confirm that activities conform with internal rules. In addition, the General Audit and Internal Control Department establishes and operates internal controls across entire group, including subsidiaries, by focusing on 42 control items at the group level.

6) Assurance of autonomy of General Audit/Internal Control Department from directors

The autonomy of the General Audit/Internal Control Department is preserved by placing this department under the direct oversight of the representative director. Audit report meetings are held periodically so that the results of audit reports can be submitted directly to the representative director and corporate auditors.

7) System for reports to corporate auditors by directors and employees and other reporting systems to corporate auditors

a. Directors and employees are required to provide reports and information that is requested by each corporate auditor in the manner prescribed by the Board of Corporate Auditors.

b. The reports and information in the above item contain primarily the following items.

1. The status of activities of departments associated with establishing internal control systems
2. The status of activities of corporate auditors and internal audit departments at subsidiaries and affiliates
3. Significant accounting policies and standards of the Company and any revisions
4. Announcements of business results and forecasts and the contents of other significant public announcements
5. Operations of the internal reporting system and the reports received
6. Submission of contracts, internal documents for decision-making and minutes of meetings as requested by a corporate auditor

8) Other systems to ensure that corporate auditors perform audits effectively

There will be coordination between the Company's audit system and internal control system and the opinions of all corporate auditors concerning maintaining the effectiveness of audits will be followed. It will include with regard to employees, for example, in case where corporate auditors can ask for the assignment of employees to assist in performing their duties.

2. Fundamental approach to eliminating anti-social behavior and status of measures

(1) Fundamental approach

To fulfill its social obligations and defend itself, PC DEPOT refuses any and all contact, improper demands and other actions of anti-social elements. PC DEPOT has an uncompromising stance regarding the refusal of any relationship with anti-social elements.

(2) Measures in place

1) Internal systems

The Company's Operation Control Department is responsible for overseeing internal systems for the elimination of anti-social elements.

Employees confirm their commitment to refusing any contact with anti-social elements in the Compliance Oath that they sign every six months.

When selecting suppliers and other business partners, the Company performs a survey when the relationship is first established and periodically thereafter as prescribed by the Company's rules.

Contracts with business partners include a provision concerning the refusal to associate with anti-social elements. These contracts include a clause that allows the Company to terminate the contract if a business partner that signed a contract is later found to have a business relationship with anti-social elements. This provides a means for the elimination of any relationships with anti-social elements.

## 2) Cooperation with external organizations

The Company is a member of the Kanagawa Prefecture Corporate Defensive Measures Council. This council works closely with the police, attorneys, external survey agencies and other organizations to exchange and gather information. To respond to problems involving anti-social elements, the council works closely with the police, attorneys and other external organizations to achieve a resolution quickly.

## **(6) Policy Concerning Decisions on the Dividends of Surplus**

We recognize that one of our important missions of management is to return an appropriate amount of profit to shareholders. With respect to return of profit through dividends, it is our basic policy to continue to return profit through stable dividends for long-term with an indicated consolidated payout ratio of approximately 20%. This is in overall consideration of store development as the main factor of business expansion, while also keeping in mind strengthening of our financial standing and enrichment of retained earnings.

With respect to dividend payment of the surplus, our basic policy is to pay twice via interim dividend and year-end dividend. These dividends are paid in accordance with the resolution by the Board of Directors, unless otherwise specified by law. In addition, we plan to study our options to acquire treasury stock, etc. when appropriate, as a flexible financial policy and a method for returning profit to shareholders.

Based on the above policy, we set dividends from surplus as of the end of the fiscal year under review at 350 yen as initially planned, while our business performance for the current fiscal year aimed for increased sales and decreased profit. As a result, combined with the interim dividend of 350 yen per share, this makes the annual dividend as 700 yen and the payout ratio of 54.9%.

Also, based on the resolution by the Board of Directors that was held on February 8, 2012, we acquired 1,238 shares (25,703 thousand yen) of treasury stock from the market for the period from February 9, 2012 to April 27, 2012.

With respect to dividend of the surplus for the next fiscal year, while we plan to set the interim dividend at 350 yen and the year-end dividend at 350 yen, making the annual dividend 700 yen considering the necessity to enrich retained earnings in preparation for the future expansion of business, the payout ratio and dividend amounts, etc. may be revised depending on the change in our business performance.

As for the retained earnings, we will assign them for strengthening of our financial standing as well as new opening of stores/renewal of existing stores of PC DEPOT, strategic investment for conversion to large-sized stores, as well as new opening of stores of PC DEPOT PC Clinic (technical service/support counter for PCs), and thus we will strive for further enhancement of our business performance.

## Consolidated Balance Sheets

(Thousands of yen)

	FY2011
	(As of Mar. 31, 2012)
<b>Assets</b>	
<b>Current assets</b>	<b>14,185,616</b>
Cash and deposits	2,083,068
Accounts receivable-trade	3,619,741
Inventories	7,285,693
Accounts receivable-other	461,697
Deferred tax assets	192,112
Other	589,823
Allowance for doubtful accounts	(46,520)
<b>Noncurrent assets</b>	<b>9,052,567</b>
<b>Property, plant and equipment</b>	<b>4,941,561</b>
Buildings and structures	4,118,484
Tools, furniture and fixtures	491,269
Construction in progress	68,667
Other	263,140
<b>Intangible assets</b>	<b>708,013</b>
Goodwill	406,648
Other	301,364
<b>Investments and other assets</b>	<b>3,402,993</b>
Investment securities	283,093
Deferred tax assets	169,627
Guarantee deposits	1,466,773
Lease deposits	1,272,342
Other	211,155
<b>Total assets</b>	<b>23,238,183</b>

(Thousands of yen)

FY2011

(As of Mar. 31, 2012)

<b>Liabilities</b>	
<b>Current liabilities</b>	<b>9,225,147</b>
Accounts payable-trade	3,506,108
Short-term loans payable	2,100,000
Current portion of long-term loans payable	1,518,264
Accounts payable-other	1,084,150
Income taxes payable	129,439
Provision for bonuses	156,108
Provision for merchandise warranties	70,854
Other	660,221
<b>Noncurrent liabilities</b>	<b>4,449,126</b>
Long-term loans payable	3,809,574
Long-term account payable-other	121,954
Provision for retirement benefits	5,706
Provision for directors' retirement benefits	28,284
Asset retirement obligations	341,417
Long-term guarantee deposited	142,190
<b>Total liabilities</b>	<b>13,674,274</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>9,429,358</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,868,598</b>
<b>Retained earnings</b>	<b>6,110,861</b>
<b>Treasury stock</b>	<b>(151,298)</b>
<b>Accumulated other comprehensive income</b>	<b>28,823</b>
<b>Valuation difference on available-for-sale securities</b>	<b>28,823</b>
<b>Subscription rights to shares</b>	<b>13,304</b>
<b>Minority interests</b>	<b>92,423</b>
<b>Total net assets</b>	<b>9,563,909</b>
<b>Total liabilities and net assets</b>	<b>23,238,183</b>

## Consolidated Statements of Income

(Thousands of yen)

	FY2011	
	(Apr. 1, 2011 – Mar. 31, 2012)	
<b>Net sales</b>		<b>49,693,002</b>
<b>Cost of sales</b>		<b>34,936,952</b>
<b>Gross profit</b>		<b>14,756,050</b>
Selling, general and administrative expenses		14,202,434
<b>Operating income</b>		<b>553,615</b>
<b>Non-operating income</b>		
Interest income	7,307	
Dividends income	3,214	
Sales incentives	125,021	
Rent income	89,601	
Commission fee	38,167	
Other	50,363	313,676
<b>Non-operating expenses</b>		
Interest expenses	71,131	
Rent expenses	76,371	
Equity in losses of affiliates	364	
Other	2,280	150,147
<b>Ordinary income</b>		<b>717,143</b>
<b>Extraordinary income</b>		
Other	405	405
<b>Extraordinary loss</b>		
Impairment loss	9,468	
Loss on retirement of noncurrent assets	61,944	
Loss on casualty	4,065	
Other	17,328	92,807
<b>Income before income taxes</b>		<b>624,742</b>
Income taxes-current	351,265	
Income taxes for prior periods	34,840	
Income taxes-deferred	(46,303)	339,801
<b>Income before minority interest</b>		<b>284,940</b>
Minority interests in income		4,415
<b>Net income</b>		<b>280,525</b>

## Consolidated Statements of Changes in Net Assets

FY2011 (Apr. 1, 2011 – Mar. 31, 2012)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of Apr. 1, 2011	1,601,196	1,868,598	5,984,350	(125,595)	9,328,550
Changes of items during the period					
Dividends from surplus			(154,014)		(154,014)
Net income			280,525		280,525
Acquisition of treasury stock				(25,703)	(25,703)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	-	126,511	(25,703)	100,807
Balance as of Mar. 31, 2012	1,601,196	1,868,598	6,110,861	(151,298)	9,429,358

	Other accumulated comprehensive income		Subscription rights to shares	Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Total of other accumulated comprehensive income			
Balance as of Apr. 1, 2011	22,454	22,454	9,987	172,142	9,533,134
Changes of items during the period					
Dividends from surplus					(154,014)
Net income					280,525
Acquisition of treasury stock					(25,703)
Net changes of items other than shareholders' equity	6,369	6,369	3,316	(79,718)	(70,033)
Total changes of items during the period	6,369	6,369	3,316	(79,718)	30,774
Balance as of Mar. 31, 2012	28,823	28,823	13,304	92,423	9,563,909

## Notes to Consolidated Financial Statements

### 1. Significant Accounting Policies in the Preparation of Consolidated Financial Statements

#### (1) Scope of consolidation

Number of consolidated subsidiaries	2
Name of consolidated subsidiaries	ejworks corporation PC DEPOT KYUSYU CORPORATION
	Note: BB Marketing Corp. was excluded from the consolidation due to merger into the Company on October 1, 2011.
Non-consolidated subsidiaries	None

#### (2) Application of equity method

Number of affiliates accounted for under equity method	1
Name of company	KITAMURA PC DEPOT CORPORATION
Affiliates not accounted for under equity method	None

#### (3) Fiscal year of consolidated subsidiaries

The fiscal years of consolidated subsidiaries end on the closing date of consolidated financial statements.

#### (4) Accounting standards

##### 1) Valuation standards and methods for principal assets

###### a. Marketable securities

###### - Available-for-sale securities

Securities with market quotations	Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)
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Securities without market quotations	Stated at cost determined by the moving-average method.
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###### b. Inventories

###### - Merchandise

Mainly stated at cost determined by the moving-average method. (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins.)

##### 2) Depreciation and amortization of principal depreciable assets

###### a. Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.

###### b. Intangible assets (excluding lease assets)

Amortization of intangible assets is calculated using the straight-line method.

In-house software costs are amortized over an expected useful life of five years by the straight-line method.

###### c. Lease assets

Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the assets.

For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.

d. Long-term prepaid expenses	Long-term prepaid expenses are amortized using the straight-line method.
3) Recognition of significant allowances	
a. Allowance for doubtful accounts	To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.
b. Provision for bonuses	To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount.
c. Provision for merchandise warranties	To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance.
d. Provision for retirement benefits	To properly reserve for employees' retirement benefits at some subsidiaries, an allowance is provided for the amount deemed to have accrued at the end of the current fiscal year based on the projected benefit obligations at the end of the fiscal year.
e. Provision for directors' retirement benefits	To properly reserve for director' retirement benefits at some subsidiaries, an allowance is provided for the aggregate amount payable at the end of the current fiscal year pursuant to the Company's rules on directors' retirement benefits.
4) Hedging method	
a. Hedging method	Interest rate swap transactions qualifying for special treatment are accounted for by the special hedge accounting method.
b. Hedging instruments and risks hedged	Hedging instruments: Interest rate swap Risks hedged: Interest on borrowing
c. Hedging policy	Interest rate swap are used for the purpose of reducing exposure to risks associated with the effect of interest rates on long-term loans payable. Identification of the risk hedged is carried out for each hedge transaction.
d. Evaluation of the effectiveness of a hedging	The effectiveness of the hedge is not evaluated since the interest rate swap transaction qualifies for special treatment.
5) Amortization of goodwill	
	Goodwill is amortized by the straight-line method over a period of five years.
6) Other significant accounting policies in the preparation of consolidated financial statements	
Accounting for consumption taxes	Consumption taxes are accounted by the tax-exclusion method.

(5) Additional information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

The Company has adopted "Accounting Standard for Accounting Changes and Error Corrections" (Accounting Standards Board of Japan (ASBJ) Statement No. 24, December 4, 2009)" and "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) for accounting method revisions and for corrections to past errors from the beginning of the fiscal year under review.

(Effect of the change in corporate tax rate, etc.)

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No.117 of 2011), corporate tax rate will be reduced while special corporate tax for reconstruction will be imposed for the fiscal years beginning on or after April 1, 2012. As a result, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 40.6% to 38.0% for temporary differences expected to be used for the fiscal year beginning from April 1, 2012 up to the fiscal year beginning from April 1, 2014, and to 35.6% for fiscal years beginning on or after April 1, 2015.

Due to these changes in tax rates, there was a decrease of 35,788 thousand yen in deferred tax assets (after deducting deferred tax liabilities), increases in valuation difference on available-for-sale securities of 665 thousand yen, and deferred income taxes of 36,453 thousand yen.

## 2. Notes to Consolidated Balance Sheets

Accumulated depreciation on property, plant and equipment: 2,719,784 thousand yen

## 3. Notes to Consolidated Statements of Changes in Net Assets

(1) Shares outstanding

(Shares)

Type of share	Number of shares as of April 1, 2011	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2012
Common stock	225,020	-	-	225,020

(2) Matters related to dividends from surplus

1) Dividend payment

a. Dividends resolved at the Board of Directors' meeting on May 10, 2011

- Total amount of dividends 77,007 thousand yen
- Dividend per share 350 yen
- Record date March 31, 2011
- Effective date June 24, 2011

b. Dividends resolved at the Board of Directors' meeting on November 8, 2011

- Total amount of dividends 77,007 thousand yen
- Dividend per share 350 yen
- Record date September 30, 2011
- Effective date December 5, 2011

Note: The amount above does not include 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of record date.

2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Dividends resolved at the Board of Directors meeting on May 10, 2012

- Total amount of dividends 76,573 thousand yen
- Dividend per share 350 yen
- Record date March 31, 2012
- Effective date June 27, 2012

Note: The amount above does not include 1,750 thousand yen of dividend for 5,000 shares of the Company's shares owned by the Trust as of March 31, 2012.

(3) Matters related to subscription rights to shares as of March 31, 2012

Classification	The Company and some subsidiaries
Breakdown of subscription rights to shares	Employee Stock Ownership Plan (J-ESOP)
Type of shares subject to subscription rights to shares	Common stock
Number of shares subject to subscription rights to shares (Shares)	564

**4. Notes Concerning Financial Instruments**

(1) Items concerning the situation of financial instruments

1) Policy for handling financial instruments

The Group acquires the capital necessary (mainly through bank loans) to carry out capital investment plans. Temporary surpluses are generally used as fluid financial assets, and short-term operating funds are acquired through bank loans. The group policy is not to engage in speculative trading for profit.

2) Contents of financial instruments, risks and risk management system

Of the accounts receivable-trade included in operating receivables, the majority is credit card accounts receivable along with the cash sales, and the accounts are settled the following month. Part of the trade amounts receivable for installment sales are exposed to the credit risk of the client. These risks are managed individually by client, with a system in place so the Company's Premium Service Department periodically checks that payments are being made.

Investment securities are mainly shares of companies with which we have business relations, and are exposed to risk from fluctuation in market prices.

When contracts are made, our company will pay a lease and guarantee deposits to the lessor. The credit risk for these payments are investigated and determined beforehand by a system to confirm credit risk before joining in lease contracts.

Of the accounts payable-trade and accounts payable-other included in operating payables, the majority of the unpaid amounts are due for payment within one year, so current liabilities like these operating payables are exposed to the risk of liquidity at the time of payment, but through methods such as revising the capital management plan monthly, such risks are avoided.

Of debts payable, the majority are short-term loans payable to acquire capital for operating transactions, and long-term loans payable (within five years as a rule) are mainly for acquiring funds for capital investment. Derivatives (interest rate swaps) are used to hedging instruments against the risk of interest rate variability in some long-term loans payable.

Derivative execution control is handled by the Accounting and Finance Division, in accordance with risk management regulations and others.

3) Additional explanation for items related to fair values of financial instruments

The fair values for financial instruments are based on market prices, or in the case there is no market price they can include prices calculated logically. Since these prices include various fluid factors in their calculations, by basing them on different conditions, the price in question may change.

(2) Items related to fair values of financial instruments

In regards to the March 31, 2012 balance sheet amount, its fair values and the deviations between them, the following applies. Also, those elements that determining the fair value is extremely difficult will not be included.

(Refer to Note 2)

(Thousands of yen)

	Amount stated on consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	2,083,068	2,083,068	-
(2) Accounts receivable-trade	3,619,741	3,619,741	-
Allowance for doubtful accounts *1	(46,145)	(46,145)	-
	3,573,596	3,573,596	-
(3) Investment securities			
Other securities	70,499	70,499	-
(4) Guarantee deposits *2	464,633	336,352	(128,281)
(5) Lease deposits *2	1,169,492	991,110	(178,381)
Total assets	7,361,289	7,054,626	(306,663)
(1) Accounts payable-trade	3,506,108	3,506,108	-
(2) Short-term loans payable	2,100,000	2,100,000	-
(3) Current portion of long-term loans payable	1,518,264	1,518,264	-
(4) Long-term loans payable	3,809,574	3,814,133	4,559
Total liabilities	10,933,946	10,938,505	4,559
Derivative transactions	-	-	-

\*1. Allowance for doubtful account on trade receivable is eliminated.

\*2. For guarantee deposits and lease deposits, the financial instrument equivalent is displayed.

Note 1: Items related to marketable securities and derivatives transactions as well as the method for calculating fair values for financial instruments

Assets

(1) Cash and deposits, (2) Accounts receivable-trade

Since these are mainly settled with a short period of time, their fair value is close to the book value, and thus the book value is used. As well, for accounts receivable-trade, it is extremely difficult to determine the credit risk individually, so the allowance for doubtful accounts is considered as the credit risk when calculating the fair value.

(3) Investment securities

The fair value for investment securities is based on the price of shares at exchanges.

(4) Guarantee deposits, (5) Lease deposits

The figures of these items are based on lease contracts, and periods for repayment are fixed for guarantee deposits and lease deposits. Fair values are calculated based on current price which is discounted by reasonable interest rate of guarantee deposits and lease deposits of each office.

## Liabilities

### (1) Accounts payable-trade, (2) Short-term loans payable, (3) Current portion of long-term loans payable

Since these will be settled within a short period of time, their fair value is almost identical to the book value, and so the book value is used.

### (4) Long-term loans payable

The fair value for long-term loans payable is calculated based on current price which discounted by the estimated interest rate for if the Company had taken out a similar loan. Long-term loans payable with floating interest rates are subject to the special treatment for interest rate swaps (refer to “Derivatives transactions” below). The combined value of principal and interest that were processed as a single unit with the applicable interest rate swaps is discounted using a reasonable estimate of the interest rate that would have been applied if the Company had taken out a similar loan.

## Derivatives transactions

Derivatives subject to the special treatment for interest rate swaps are processed as a single unit with the long-term loans payable hedged by these derivatives. As a result, fair values of these derivatives are included in the fair values of the long-term loans payable.

Note 2: Financial instruments for which it is deemed prohibitively difficult to evaluate fair value

(Thousands of yen)

Item	Amount stated on consolidated balance sheets
Investment securities: Non-listed stocks	212,594
Guarantee deposits	421,765

Because these have no fair value, and it is deemed prohibitively difficult to evaluate their fair value, they are not included the chart in preceding page.

## **5. Notes to Per Share Information**

- (1) Net assets per share                    43,231.08 yen
- (2) Net income per share                1,275.62 yen

## **6. Notes to Subsequent Events**

Not applicable.

## Non-consolidated Balance Sheets

(Thousands of yen)

	FY2011
	(As of Mar. 31, 2012)
<b>Assets</b>	
<b>Current assets</b>	<b>12,635,915</b>
Cash and deposits	824,606
Accounts receivable-trade	3,009,001
Merchandise	6,265,295
Prepaid expenses	216,572
Deferred tax assets	189,733
Short-term loans receivable	1,200,000
Accounts receivable-other	721,917
Other	250,018
Allowance for doubtful accounts	(41,229)
<b>Noncurrent assets</b>	<b>8,711,965</b>
<b>Property, plant and equipment</b>	<b>4,809,448</b>
Buildings and structures	4,060,958
Tools, furniture and fixtures	441,899
Vehicles	129
Land	263,011
Construction in progress	43,451
<b>Intangible assets</b>	<b>253,872</b>
Software	192,965
Goodwill	43,165
Other	17,742
<b>Investments and other assets</b>	<b>3,648,643</b>
Investment securities	206,171
Stocks of subsidiaries and affiliates	276,488
Long-term loans receivable from subsidiaries and affiliates	140,000
Long-term prepaid expenses	76,271
Deferred tax assets	151,193
Guarantee deposits	1,448,199
Lease deposits	1,221,996
Other	128,322
<b>Total assets</b>	<b>21,347,880</b>

(Thousands of yen)

FY2011

(As of Mar. 31, 2012)

<b>Liabilities</b>	
<b>Current liabilities</b>	<b>8,825,909</b>
Accounts payable-trade	2,982,872
Short-term loans payable	2,100,000
Current portion of long-term loans payable	1,470,192
Accounts payable-other	1,441,287
Accrued expenses	287,385
Income taxes payable	111,390
Accrued consumption taxes	13,718
Advances received	138,340
Deposits received	75,072
Provision for bonuses	134,796
Provision for merchandise warranties	70,854
<b>Noncurrent liabilities</b>	<b>4,421,994</b>
Long-term loans payable	3,761,862
Long-term guarantee deposited	196,760
Long-term accounts payable-other	121,954
Asset retirement obligations	341,417
<b>Total liabilities</b>	<b>13,247,903</b>
<b>Net assets</b>	
<b>Shareholders' equity</b>	<b>8,057,850</b>
<b>Capital stock</b>	<b>1,601,196</b>
<b>Capital surplus</b>	<b>1,868,598</b>
Legal capital surplus	1,868,598
<b>Retained earnings</b>	<b>4,739,352</b>
Legal retained earnings	12,000
Other retained earnings	4,727,352
Retained earnings brought forward	4,727,352
<b>Treasury stock</b>	<b>(151,298)</b>
<b>Valuation and translation adjustments</b>	<b>28,823</b>
<b>Valuation difference on available-for-sale securities</b>	<b>28,823</b>
<b>Subscription rights to shares</b>	<b>13,304</b>
<b>Total net assets</b>	<b>8,099,977</b>
<b>Total liabilities and net assets</b>	<b>21,347,880</b>

## Non-consolidated Statements of Income

(Thousands of yen)

	FY2011	
	(Apr. 1, 2011 – Mar. 31, 2012)	
<b>Net sales</b>		<b>44,397,616</b>
<b>Cost of sales</b>		<b>31,208,108</b>
<b>Gross profit</b>		<b>13,189,508</b>
Selling, general and administrative expenses		12,789,971
<b>Operating income</b>		<b>399,536</b>
<b>Non-operating income</b>		
Interest income	9,474	
Dividends income	71,605	
Sales incentives	115,816	
Rent income	186,287	
Commission fee	40,298	
Other	65,423	488,906
<b>Non-operating expenses</b>		
Interest expenses	69,146	
Rent expenses	152,415	
Other	1,176	222,738
<b>Ordinary income</b>		<b>665,704</b>
<b>Extraordinary income</b>		
Gain on extinguishment of tie-in shares	61,835	
Other	405	62,241
<b>Extraordinary loss</b>		
Loss on retirement of noncurrent assets	26,519	
Loss on sales of investment securities	1,540	28,060
<b>Income before income taxes</b>		<b>699,885</b>
Income taxes-current	296,164	
Income taxes for prior periods	34,904	
Income taxes-deferred	(41,074)	289,994
<b>Net income</b>		<b>409,890</b>

## Non-consolidated Statements of Changes in Net Assets

FY2011 (Apr. 1, 2011 – Mar. 31, 2012)

(Thousands of yen)

	Shareholders' equity							
	Capital stock	Capital surplus		Legal retained earnings	Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total capital surplus		Other retained earnings	Total retained earnings		
Balance as of Apr. 1, 2011	1,601,196	1,868,598	1,868,598	12,000	4,471,476	4,483,476	(125,595)	7,827,676
Changes of items during the period								
Dividends from surplus					(154,014)	(154,014)		(154,014)
Net income					409,890	409,890		409,890
Acquisition of treasury stock							(25,703)	(25,703)
Net changes of items other than shareholders' equity								
Total changes of items during the period	-	-	-	-	255,876	255,876	(25,703)	230,173
Balance as of Mar. 31, 2012	1,601,196	1,868,598	1,868,598	12,000	4,727,352	4,739,352	(151,298)	8,057,850

	Valuation and translation adjustments	Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities		
Balance as of Apr. 1, 2011	22,454	9,987	7,860,118
Changes of items during the period			
Dividends from surplus			(154,014)
Net income			409,890
Acquisition of treasury stock			(25,703)
Net changes of items other than shareholders' equity	6,369	3,316	9,685
Total changes of items during the period	6,369	3,316	239,858
Balance as of Mar. 31, 2012	28,823	13,304	8,099,977

## Notes to Non-consolidated Financial Statements

### 1. Significant Accounting Policies

#### (1) Valuation standards and methods for assets

##### 1) Valuation standards and methods for marketable securities

- Stocks of subsidiaries and affiliates                      Stated at cost determined by the moving-average method.
- Available-for-sale securities
  - Securities with market quotations                      Stated at fair value at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)
  - Securities without market quotations                      Stated at cost determined by the moving-average method.

##### 2) Valuation standards and methods for inventories

- Merchandise    Mainly stated at cost determined by the moving-average method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

#### (2) Depreciation and amortization of noncurrent assets

##### 1) Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is calculated using the declining-balance method, except for buildings (excluding attached structures) acquired on or after April 1, 1998, which are depreciated using the straight-line method.

##### 2) Intangible assets (excluding lease assets)

- Goodwill    Goodwill is amortized by the straight-line method over a period of five years.
- Software development costs                                      Software development costs are amortized over an expected useful life of five years by the straight-line method.

##### 3) Lease assets

Depreciation of lease assets is calculated using the straight-line method with no residual value, assuming the lease period to be the useful life of the assets.  
For finance lease transactions where there is no transfer of ownership beginning on or before March 31, 2008, depreciation is calculated using an accounting method that is based on the method used for ordinary lease transactions.

#### (3) Recognition of allowances

##### 1) Allowance for doubtful accounts

To prepare for credit losses on receivables, an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

##### 2) Provision for bonuses

To properly reserve for employee bonus obligations, an amount accrued for the fiscal year among the estimated future obligations is designated in the reserve amount.

##### 3) Provision for merchandise warranties

To provide for five-year after-sales service cost for merchandise, an estimated amount is reserved based on the historical performance.

(4) Other significant accounting policies in the preparation of financial statements

Hedging method	1) Hedging method Interest rate swap transactions qualifying for special treatment are accounted for by the special hedge accounting method.
	2) Hedging instruments and risks hedged Hedging instruments: Interest rate swap Risks hedged: Interest on borrowing
	3) Hedging policy Interest rate swap are used for the purpose of reducing exposure to risks associated with the effect of interest rates on long-term loans payable. Identification of the risk hedged is carried out for each hedge transaction.
	4) Evaluation of the effectiveness of a hedging The effectiveness of the hedge is not evaluated since the interest rate swap transaction qualifies for special treatment.
Accounting for consumption taxes	National and local consumption taxes are accounted by the tax-exclusion method.

(5) Additional information

(Application of Accounting Standard for Accounting Changes and Error Corrections)

The Company has adopted “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, December 4, 2009)” and “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, December 4, 2009) for accounting method revisions and for corrections to past errors from the beginning of the fiscal year under review.

(Effect of the change in corporate tax rate, etc.)

Following the promulgation on December 2, 2011 of the “Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures” (Act No.114 of 2011) and the “Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake” (Act No.117 of 2011), corporate tax rate will be reduced while special corporate tax for reconstruction will be imposed for the fiscal years beginning on or after April 1, 2012.

As a result, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 40.6% to 38.0% for temporary differences expected to be used for the fiscal year beginning from April 1, 2012 up to the fiscal year beginning from April 1, 2014, and to 35.6% for fiscal years beginning on or after April 1, 2015.

Due to these changes in tax rates, there was a decrease of 33,610 thousand yen in deferred tax assets (after deducting deferred tax liabilities), and increases in valuation difference on available-for-sale securities of 665 thousand yen and deferred income taxes of 34,275 thousand yen.

**2. Notes to Non-consolidated Balance Sheets**

(1) Accumulated depreciation on property, plant and equipment	2,490,744 thousand yen
(2) Monetary claims and liabilities applicable to subsidiaries and affiliates as follows.	
1) Short-term monetary claims	1,547,476 thousand yen
2) Long-term monetary claims	140,000 thousand yen
3) Short-term monetary liabilities	538,516 thousand yen
4) Long-term monetary liabilities	54,570 thousand yen

### 3. Notes to Non-consolidated Statements of Income

Transactions with subsidiaries and affiliates

1) Amount of business transactions	408,744 thousand yen
2) Amount of non-business transactions	202,363 thousand yen

### 4. Notes to Non-consolidated Statements of Changes in Net Assets

Treasury stock (Shares)

Type of share	Number of shares as of April 1, 2011	Increase during the current fiscal year	Decrease during the current fiscal year	Number of shares as of March 31, 2012
Common stock	5,000	1,238	-	6,238

Notes: 1. The number of treasury stock includes the Company's shares owned by the Trust as of March 31, 2012. The number of shares owned by the Trust as of March 31, 2012, is 5,000 shares.

2. The increasing number of treasury stock, 1,238 shares, is consisted by the acquisition of treasury stock based of the Board of directors' resolution.

### 5. Notes to Deferred Tax Accounting

Significant components of deferred tax assets include provision for merchandise warranties, provision for bonuses, and impairment loss on noncurrent assets.

### 6. Notes to Noncurrent Assets used in Leases

Main noncurrent assets used in lease transactions other than items presented in the balance sheets include store furniture.

### 7. Notes to Related Party Transactions

Not applicable.

### 8. Notes to Per Share Information

(1) Net assets per share	36,962.24 yen
(2) Net income per share	1,863.88 yen

### 9. Notes to Subsequent Events

Not applicable.

Accounting Audit Report on Consolidated Financial Statements

Report of Independent Auditors

May 29, 2012

The Board of Directors

PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC

Hiroyuki Yasuda  
Certified Public Accountant  
Designated and Engagement Partner

Takashi Tanemura  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Corporation Law, we have audited the consolidated balance sheets, the consolidated statements of income, the consolidated statements of changes in net assets and the notes to consolidated financial statements of PC DEPOT CORPORATION (the "Company") applicable to the fiscal year from April 1, 2011 through March 31, 2012.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit as independent auditor. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the PC DEPOT Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

Conflicts of interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

Accounting Audit Report on Non-consolidated Financial Statements

Report of Independent Auditors

May 29, 2012

The Board of Directors  
PC DEPOT CORPORATION

Ernst & Young ShinNihon LLC  
Hiroyuki Yasuda  
Certified Public Accountant  
Designated and Engagement Partner  
Takashi Tanemura  
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Corporation Law, we have audited the non-consolidated balance sheets, the non-consolidated statements of income, the non-consolidated statements of changes in net assets, the notes to non-consolidated financial statements and the related supplementary schedules of PC DEPOT CORPORATION applicable to the 18th fiscal year from April 1, 2011 through March 31, 2012.

Management's responsibility for the financial statements and the supplementary schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the supplementary schedules that are free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements and the supplementary schedules based on our audit as independent auditor. We conducted our audit 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 and the supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the supplementary schedules. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements and the supplementary schedules in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the supplementary schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's opinion

In our opinion, the non-consolidated financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company applicable to the fiscal year ended March 31, 2012 in conformity with accounting principles generally accepted in Japan.

Conflicts of interest

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Law.

## Audit Report of Board of Corporate Auditors

### Audit Report

Regarding the performance of duties by the Directors for the 18th fiscal year from April 1, 2011 through March 31, 2012, we have prepared this Audit Report upon deliberation based on the audit reports prepared by each corporate auditor and hereby report as follows:

#### 1. Auditing methods employed by corporate auditors and the Board of Corporate Auditors and details thereof

We established auditing policies, allocation of duties and other relevant matters, and received reports from each corporate auditor regarding their execution of audits and results thereof, as well as reports from directors, other relevant personnel, and the Accounting Auditor regarding performance of their duties, and sought explanations as necessary.

Each corporate auditor complied with the auditing standards of corporate auditors established by the Board of Corporate Auditors, followed the auditing policies, allocation of duties, and other relevant matters, communicated with such as directors, the internal audit department and other employees, and made efforts to establish the environment for collecting information and auditing, and participated in the meetings of the Board of Directors and other important meetings, received reports from such as directors and employees regarding performance of their duties, sought explanations as necessary, examined important authorized documents and associated information, and studied the operations and status of assets at the headquarters and principal offices. Regarding the system to ensure that the exercise of duties by the directors stated in the business report conforms to laws, regulations and the Articles of Incorporation, the resolution made at the Board of Directors to establish a system stipulated in Article 100, Paragraphs 1 and 3 of the Enforcement Regulations of the Corporation Law for securing appropriate business as a limited company, and the system (internal control system) established based on the resolution, we received construction and operation reports periodically from the Board of Directors and employees and asked for explanations and gave opinions as required. With respect to subsidiaries, we communicated and exchanged information with directors and corporate auditors of subsidiaries, and received business reports from subsidiaries as necessary. Based on the above methods, we examined the business report and the related supplementary schedules for this fiscal year.

Furthermore, we monitored and verified whether the Accounting Auditor maintained their independence and implemented appropriate audits, and we received reports from the Accounting Auditor regarding the performance of their duties and sought explanations as necessary. In addition, we received notice from the Accounting Auditor that "System for ensuring that duties are performed properly" (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the "Quality Management Standards Regarding Audits" (Business Accounting Council, October 28, 2005) and other relevant standards, and sought explanations as necessary. Based on the above methods, we examined the non-consolidated financial statements (non-consolidated balance sheets, non-consolidated statements of income, non-consolidated statements of changes in net assets, and notes to non-consolidated financial statements) and the related supplementary schedules, as well as the consolidated financial statements (consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and notes to consolidated financial statements), for this fiscal year.

## 2. Audit results

### (1) Results of audit of business report and other relevant documents

- 1) We confirm that the business report and the related supplementary schedules fairly represent the Company's conditions in accordance with the related laws, regulations and the Articles of Incorporation.
- 2) We have found no significant evidence of wrongful act or violation of related laws and regulations, nor the Articles of Incorporation with regard to the performance of duties by directors.
- 3) We confirm that the content of the resolution of the Board of Directors regarding the Internal Control System is proper. In addition, we have found no matters on which to remark in regard to the contents of the business report and the performance of duties by directors regarding the Internal Control System.

### (2) Results of audit of non-consolidated financial statements and the related supplementary schedules

We confirm that the methods and results of the audit employed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are proper.

### (3) Results of audit of consolidated financial statements

We confirm that the methods and results of the audit employed by the Accounting Auditor, Ernst & Young ShinNihon LLC, are proper.

June 5, 2012

Board of Corporate Auditors, PC DEPOT CORPORATION

Standing Corporate Auditor (external)	Eizo Akashi
Corporate Auditor (external)	Masao Onoda
Corporate Auditor (external)	Kunihiko Yamamoto

## Reference Materials for Shareholders' Meeting

### Proposal No.1: Election of Nine (9) Directors

The terms of office of all eight Directors will expire at the conclusion of this general shareholders' meeting. To strengthen our managerial foundation, we decided to add one Director. We are asking shareholders to elect the following candidates for Director.

The candidates for Director are as follows.

Candidate No.	Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of the Company's shares owned
1	Takahisa Nojima (August 20, 1959)	August 1994 President and Chief Executive Officer of PC DEPOT CORP (present) July 2009 President of PC DEPOT STORES CORP (former PC DEPOT KYUSYU CORP) (present)	93,315
2	Shigehiko Sakai (January 6, 1954)	October 2002 Executive Officer, General Manager of Sales Division, PC DEPOT CORP June 2003 Senior Managing Director, General Manager of Sales Division, PC DEPOT CORP September 2004 Director of PC DEPOT CORP February 2007 Senior Managing Director, General Manager of Development Department No.2, PC DEPOT CORP July 2008 Managing Director, General Manager of Administration and Personnel Division, PC DEPOT CORP May 2010 Managing Director in charge of Sales and Administration Headquarters, PC DEPOT CORP June 2010 Senior Managing Director in charge of Sales and Administration Headquarters, PC DEPOT CORP February 2011 Senior Managing Director, General Manager of Administration Headquarters, PC DEPOT CORP (present)	1,350
3	Kenshi Hamamatsu (April 18, 1963)	July 1997 Director, General Manager of Sales Department, PC DEPOT CORP June 2003 Executive Officer, General Manager of Partnership Sales Department, PC DEPOT CORP June 2006 Director, General Manager of Partnership Alliances Division, PC DEPOT CORP February 2007 Director, General Manager of External Affairs and Partnership Alliances Division, PC DEPOT CORP October 2007 Director, General Manager of Store Operations Department, PC DEPOT CORP May 2010 Director, General Manager of Store Operations Department, PC DEPOT CORP February 2011 Director, General Manager of Customer Service Division, PC DEPOT CORP February 2012 Director, General Manager of Operation Control Department, PC DEPOT CORP (present)	181

Candidate No.	Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of the Company's shares owned
4	Mitsuyoshi Hae (January 27, 1952)	<p>March 2006 Executive Officer, General Manager of Accounting Department, PC DEPOT CORP</p> <p>June 2006 Director, General Manager of Accounting Department, PC DEPOT CORP</p> <p>June 2007 Director, General Manager of Accounting and Finance Division, PC DEPOT CORP</p> <p>May 2010 Director in charge of Accounting and Finance, PC DEPOT CORP</p> <p>February 2011 Director, General Manager of Accounting and Finance Division, PC DEPOT CORP (present)</p>	200
5	Takayuki Shimano (November 26, 1972)	<p>April 2004 General Manager of Merchandise Department, PC DEPOT CORP</p> <p>March 2006 Executive Officer, General Manager of Merchandise Department, PC DEPOT CORP</p> <p>May 2007 Senior Executive Officer, General Manager of Merchandise Division, PC DEPOT CORP</p> <p>October 2007 Senior Executive Officer, General Manager of Sales Promotion Division, PC DEPOT CORP</p> <p>April 2008 Senior Executive Officer, General Manager of BBS Sales Division, PC DEPOT CORP</p> <p>January 2009 Senior Executive Officer, General Manager of Solutions Sales Division, General Manager of BBS Sales Division, PC DEPOT CORP</p> <p>April 2009 Senior Executive Officer, Senior Manager of Sayama Head Store, PC DEPOT CORP</p> <p>May 2010 Senior Executive Officer, General Manager of Saitama Region Sales Department, PC DEPOT CORP</p> <p>February 2011 Senior Executive Officer, General Manager of Sales Headquarters, PC DEPOT CORP</p> <p>June 2011 Director, General Manager of Sales Headquarters, PC DEPOT CORP (present)</p>	1,111
6	Hidehiro Takayama (January 20, 1947)	<p>September 1974 Registered as certified public accountant</p> <p>December 2008 Auditor of Konaka Co., Ltd. (present)</p> <p>June 2009 Director of PC DEPOT CORP (present)</p>	-
7	Hideaki Izawa (January 18, 1964)	<p>October 2002 Registered as attorney</p> <p>October 2002 Joined Nihon Odori Law Office (present)</p> <p>June 2009 Director of PC DEPOT CORP (present)</p>	-

Candidate No.	Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of the Company's shares owned
8	Atsuomi Obayashi (February 26, 1961)	<p>April 1983      Joined the Nippon Yusen Kabushiki Kaisha.</p> <p>April 1996      Full-time lecturer of Graduate School of Business Administration, Keio University</p> <p>April 1998      Deputy professor of Graduate School of Business Administration, Keio University</p> <p>April 2006      Professor of Graduate School of Business Administration, Keio University (present)</p> <p>June 2007      Member of Critical Infrastructure Advisory Committee, Conference on Information Security Policy Control (present)</p> <p>December 2008      Chairman of Study Group on Business Continuity Plan Promotion Measures, Cabinet Office (present)</p> <p>July 2009      Chairman of Study Group for Common Threat Analysis and Practice Across Fields, Information Security Center, Cabinet Office (present)</p> <p>June 2010      Director of PC DEPOT CORP (present)</p>	-
*9	Hideki Saito (April 12, 1973)	<p>June 2007      General Manager of Merchandising Department, Merchandise Division, PC DEPOT CORP</p> <p>October 2007      General Manager of Merchandise Sales Department, PC DEPOT CORP</p> <p>April 2008      Executive Officer, General Manager of Merchandise Sales Department, PC DEPOT CORP</p> <p>April 2009      Executive Officer, General Manager of Merchandise Sales Division, PC DEPOT CORP</p> <p>January 2011      Executive Officer, General Manager of Sales Department No.2, PC DEPOT CORP</p> <p>May 2011      Senior Executive Officer, Deputy General Manager of Sales Headquarters, PC DEPOT CORP (present)</p>	270

- Notes: 1. Candidates for the new director post are marked \*.
2. Mr. Hideaki Izawa is associated with the Nihon Odori Law Office, which has concluded a legal advisory contract with the Company.
3. No other candidate has a particular interest in the Company.
4. Mr. Hidehiro Takayama, Mr. Hideaki Izawa and Mr. Atsuomi Obayashi are candidates to become outside directors. The three members listed above have no experience in dealing with company management other than through becoming outside directors or outside auditors, but due to the following reasons listed were determined to be capable of carrying out the duties of an outside director. As specified by the Osaka Securities Exchange, the Company has appointed Mr. Hidehiro Takayama as an independent director, and the Exchange has been so notified. Mr. Atsuomi Obayashi satisfies the independent director requisites of the Osaka Securities Exchange, and conditional on approval of this proposal, will be reported to the Exchange as an independent director.
5. Mr. Hidehiro Takayama is an outside director candidate because he has qualifications as a certified public accountant, has many years of auditing experience, and is adjudged able to provide objective analyses and opinions about management soundness and work supervision.

6. Mr. Hideaki Izawa is an outside director candidate because he has qualifications as an attorney, and as such is adjudged able to provide specialized opinions on the suitability of management decision-making as an attorney.
7. Mr. Atsuomi Obayashi is an outside director candidate because he is adjudged able to provide specialized opinions on corporate management, in light of his knowledge of the research fields of risk management, innovation and competitive strategies as a Keio University professor, and his expertise in corporate business continuity and information security as a government commission specialist.  
  
Also, he was called upon as an intellectual from outside the Company who has no direct stake in the Company, and his independence from the administration is assured. Thereby, he will give advice from a position external to the Company as an outside director.
8. Mr. Hidehiro Takayama and Mr. Hideaki Izawa are currently outside directors of the Company, but their period of appointment as outside directors will be three years as of this general shareholders' meeting.
9. Mr. Atsuomi Obayashi is currently an outside director of the Company, but his period of appointment as an outside director will be two years as of this general shareholders' meeting.
10. If the appointments of Mr. Hidehiro Takayama, Mr. Hideaki Izawa and Mr. Atsuomi Obayashi are approved, the Company plans to continue limitation of liability contracts with them as prescribed in the Companies Act, Article 427, Paragraph 1. A summary of the contents of the limitation of liability contract with outside directors is as follows. While fulfilling their duty as outside directors, in good faith and without gross negligence, the maximum liability that can be sought is an amount of 1 million yen or an amount determined by the law, whichever is higher.

**Proposal No.2: Election of One (1) Corporate Auditor**

For the Corporate Auditor Mr. Masao Onoda, his term of office will expire at the conclusion of this general shareholders' meeting. The Company is asking shareholders to newly elect one candidate for Corporate Auditor.

This proposal has received the consent of the Board of Corporate Auditors.

The candidate for Corporate Auditor is as follows.

Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of the Company's shares owned
* Kazuo Yamamoto (March 11, 1948)	April 1971      Joined Shoichi Ikeda & Co. (currently Ernst & Young ShinNihon LLC) November 1975      Registered as certified public accountant March 1976      Registered as certified tax accountant October 1990      Representative Partner of Century Audit Corporation (currently Ernst & Young ShinNihon LLC) June 2009      Auditor of MORIDEN CO., LTD. (present) July 2010      President of Yamamoto Certified Public Accountant and Tax Accountant Office (present) September 2011      Auditor of Nippon Refine Co., Ltd. (present)	-

- Notes
1. Candidates for the new auditor post are marked \*.
  2. The candidate has no particular interest in the Company.
  3. Mr. Kazuo Yamamoto is a candidate to become an outside auditor.
  4. Although Mr. Kazuo Yamamoto has in the past had no experience in direct contributions to corporate management, Mr. Kazuo Yamamoto is an outside auditor candidate because he possesses qualifications as a certified public accountant and tax accountant, has many years of auditing experience giving rise to expectations for securing overall management suitability, and is adjudged able to execute suitably the duties of an outside auditor. Mr. Kazuo Yamamoto satisfies the independent director requisites of the Osaka Securities Exchange, and conditional on approval of this proposal, will be reported to the Exchange as an independent director.
  5. If the appointment of Mr. Kazuo Yamamoto is approved, the Company plans to enter into limitation of liability contracts with him as indicated in the Corporation Law, Article 427, Paragraph 1. A summary of the contents of the limitation of liability contract with an outside auditor is as follows. While fulfilling his duty as an outside auditor, in good faith and without gross negligence, the maximum liability that can be sought is an amount of 0.5 million yen or an amount determined by the law, whichever is higher.

**Proposal No.3: Election of one (1) Substitute Auditor**

To be prepared in the event that the number of Corporate Auditors falls below the number prescribed by laws and regulations, the Company asks shareholders to elect the following candidate for Substitute Corporate Auditor.

This proposal has received the consent of the Board of Corporate Auditors.

The candidate for Substitute Corporate Auditor is as follows.

Name (Date of birth)	Brief personal history, title, and representative status of other entities (Situation for important simultaneous positions)	Number of the Company's shares owned
Masayuki Ishii (July 2, 1959)	August 1994 Joined PC DEPOT CORP	1,223
	July 1997 Director, in charge of Administrative Department, PC DEPOT CORP	
	April 1998 Director, General Manager of Administrative Department, PC DEPOT CORP	
	May 2001 Director, General Manager of Accounting Department, PC DEPOT CORP	
	October 2002 Director, in charge of Finance, PC DEPOT CORP	
	November 2002 Auditor of Value Space Co., Ltd.	
	April 2003 Director of Internet Service Partners Corporation	
	April 2003 Auditor of BB Marketing Corp.	
	May 2003 Director, General Manager of Accounting Department, PC DEPOT CORP	
	January 2004 Director, General Manager of Administrative Division, PC DEPOT CORP	
	January 2006 Director, in charge of Administrative, PC DEPOT CORP	
	June 2006 Executive Officer, General Manager of Legal Affairs and Audit Department, PC DEPOT CORP	
	October 2006 Executive Officer, General Manager of Audit Operation Department, PC DEPOT CORP	
	January 2007 Executive Officer, Deputy Manager of Internal Audit Section, PC DEPOT CORP	
	April 2007 Executive Officer, Deputy Manager of Group Accounts Section, PC DEPOT CORP	
May 2007 Deputy Manager of Group Accounts Section, PC DEPOT CORP		
January 2011 In charge of Accounting Section, Accounting and Finance Department, PC DEPOT CORP (present)		

Note: The candidate has no particular interest in the Company.

## Procedure for voting via the Internet

When submitting voting instructions using the Internet, please vote after confirming the following items.

If you attend the shareholders' meeting, there is no need to perform the voting procedure by using postal mail (the Proxy Card) or the Internet.

### 1. The voting rights exercise Web site

- (1) Shareholders can vote using the Internet only by accessing the designated voting rights exercise Web site (<http://www.evotep.jp/>) from a computer, smartphone, or mobile phone (i-mode, EZweb or Yahoo! Keitai)\*. (However, this site is closed between 2:00 am and 5:00 am every day.)

\* i-mode is a registered trademark of NTT DOCOMO Inc., EZweb is a registered trademark of KDDI CORPORATION and Yahoo! is a registered trademark of Yahoo! Inc.

- (2) Submitting voting instructions from a computer or smartphone may not be possible depending on the use of an Internet firewall, anti-virus software, a proxy server and other items that affect how the Internet is accessed.
- (3) When submitting voting instructions from a mobile phone, please use i-mode, EZweb or Yahoo! Keitai. To ensure the security of these transmissions, voting is not possible with mobile phones that do not have encrypted transmissions (SSL transmission) and that are unable to transmit mobile phone data.
- (4) Voting instructions submitted using the Internet must be received no later than 6:00 pm on Monday, June 25, 2012. Please vote as soon as possible. Please contact the help desk if you have any questions.

### 2. Method for voting using the Internet

- (1) On the voting rights exercise Web site (<http://www.evotep.jp/>), enter the log-in ID and temporary password that is on your Proxy Card and then follow the instructions on the screen to submit your votes.
- (2) Shareholders will be asked to change the temporary password on the voting rights exercise Web site for the purpose of preventing unauthorized access by individuals other than the shareholder (identity theft) and the alteration of voting instructions.
- (3) Shareholders will receive a different log-in ID and temporary password every time a shareholders' meeting is held.

### 3. Treatment of submission of multiple sets of voting instructions

- (1) If a shareholder submits two sets of voting instructions, one in postal mail (Proxy Card) and the other using the Internet, only the instructions received via the Internet will be treated as valid.
- (2) If a shareholder submits two or more sets of voting instructions using the Internet, the instructions that were received last will be treated as valid. In addition, if two or more sets of voting instructions are submitted from a computer and mobile phone, the instructions that were received last will be treated as valid.

### 4. Expenses associated with accessing the voting rights exercise Web site

Shareholders are responsible for expenses (Internet access fee, etc.) associated with accessing the voting rights exercise Web site. When using a mobile phone, shareholders are also responsible for the packet transmission fee and other mobile phone expenses.

System or other inquiries:

Mitsubishi UFJ Trust and Banking Corporation, Securities Representative Division (Help Desk)

Telephone: 0120-173-027 (available 9:00 a.m. to 9:00 p.m., toll free)