



PC DEPOT CORPORATION

2-3-19 Shinyokohama, Kohoku-ku, Yokohama-shi, Kanagawa 222-0033, Japan

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Investors' Guide

Financial Results for Fiscal Year 2007
(April 1, 2007 to March 31, 2008)

The 14th business period



PC DEPOT CORPORATION

JASDAQ
Securities code: 7618



Consolidated net sales for Fiscal Year 2007 (the 14th business period)

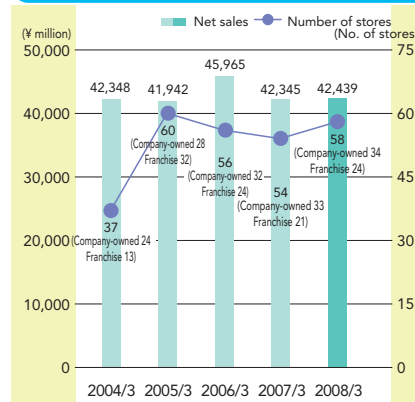
¥42,439 million

Consolidated operating income **¥1,229** million

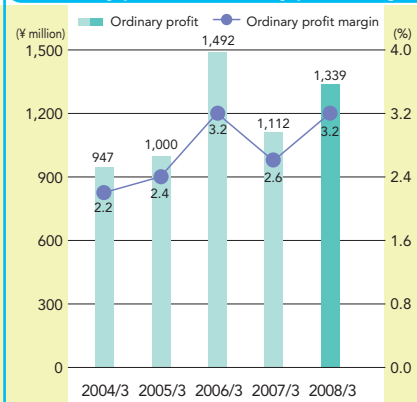
Consolidated ordinary profit **¥1,339** million

Consolidated net income **¥815** million

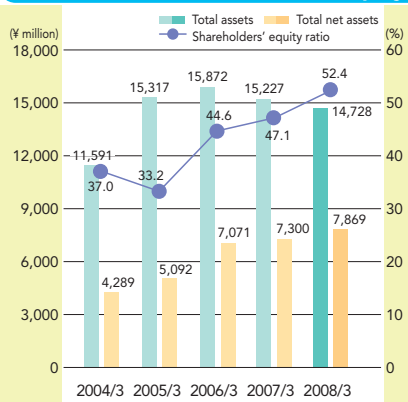
Net sales and number of stores



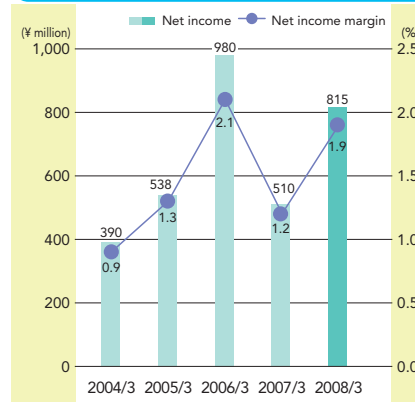
Ordinary profit and ordinary profit margin



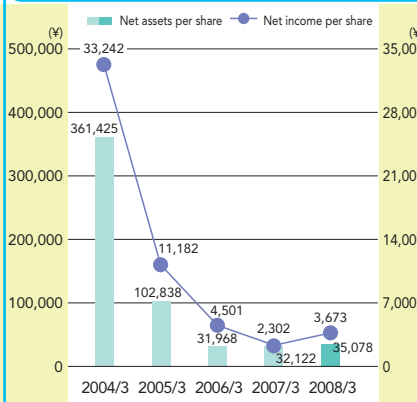
Total assets and shareholders' equity



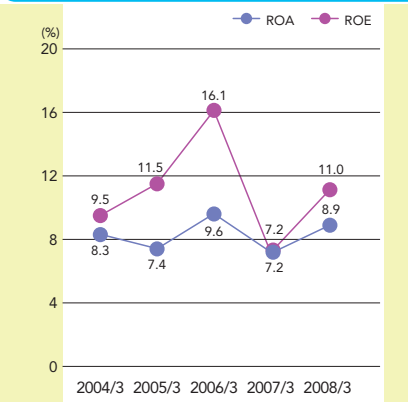
Net income and net income margin



Net assets per share and net income per share



ROA • ROE



(Disclaimer) Earnings forecasts and projections in these materials are based on currently available information and include various uncertainties. Actual results may differ from these forecasts and projections due to changes in the business climate and other factors.



Aiming to become an “indispensable” comprehensive PC retailer

I hope this greeting finds our shareholders in good health. First, I would like to offer my deepest gratitude for your continued support.

I would now like to discuss our business results for Fiscal 2007 (the 14th fiscal year that started April 1, 2007 and ended March 31, 2008).

Demand for Microsoft's new operating system “Windows Vista” was far more limited than we had anticipated, but sales of large LCD monitors, high-capacity hard disks and other peripherals were firm.

In this business environment, we implemented a sales strategy of launching television commercials in the Kanto area and placing large ad inserts in newspapers nationwide, to pro-actively raise public awareness of our brand and stimulate demand for our technical support and maintenance services. Customer numbers at existing stores increased 6.5% over the previous year as our stores maintained their competitiveness in the specialty field of peripherals relative to mainstay competitors—consumer electronics retailers—in suburban areas.

We opened two directly-managed stores, less than our target of five, as greater-than-expected competition for land in the Tokyo metropolitan area created unacceptable contract conditions.

On the profit side, the gross profit margin improved from 21.4% to 22.9% as service sales, particularly brokerage commissions and technical support and maintenance sales, increased 27.2% over the previous year.

Consolidated net sales increased 0.2% to ¥42,439 million, and operating income 46.5% to ¥1,229 million. Ordinary profit increased 20.5% to ¥1,339 million despite weak earnings at equity-method affiliates, and valuation losses on investment securities. Net income increased 59.7% to ¥815 million as we booked an extraordinary gain from the partial sale of stock in an equity-method affiliate.

In the new fiscal year, we plan to open four to five stores, and take over four stores from K'S Holdings Corp. to turn into directly-managed stores in line with a basic agreement signed in March 2008. We will move forward with plans to ensure the dominance of our store network in the Kanto area, and will scrap unprofitable stores.

In terms of sales development, we intend to strengthen advertising and employee education, focusing on technical support and maintenance, to differentiate ourselves from the competition in the field of PC replacement sales. We also intend to strengthen sales of technical support and maintenance, and efforts to capture new members for “Premium Service,” a proprietary membership that provides maintenance services for a monthly fee.

We opened “Clinic Academy” to educate employees regarding technical support and maintenance, and will aggressively move forward with efforts to ensure we have a quality workforce capable of meeting the increasingly diverse needs of customers.

We will also pro-actively move forward with the franchising of “PC Clinic” technical support and maintenance services, following a basic agreement reached with K'S Holdings Corp.

We will further enhance the environment for internal control, and bolster the monitoring of stores to promote their stable management.

In light of the household penetration rate for computers exceeding 80% and the increasing number of people using their PCs on a daily basis, we will work to “improve PC, Internet, and data security” to provide users with greater safety and assurance, thereby contributing to their communities.

I would finally like to ask our shareholders for their continued support and guidance.

June 2008

Takahisa Nojima
President and Chief Executive Officer



Business Highlights

Opened four new stores in Fiscal 2007

We also added new floor space to existing stores.

New stores and added floor space

May: Saga Store opened.
(operated by PC DEPOT Max Co., Ltd.)

September: Ichinomiya-Meigi By-Pass Store opened.
(operated by OA SYSTEM PLAZA COMPANY, LIMITED)

November: Center-Kita Store opened.
(directly operated by the Company)
Ota Store, Tomisato Interchange Store: new floor space added
Oyama Head Store: relocated and new floor space added

March: Ome Store opened.
(directly operated by the Company)



Center-Kita Store



Ome Store

"PC Clinic" franchising

To expand the number of PC Clinics, currently in our PC DEPOT stores, we decided to promote a strategy of franchising.



April

May

June

July

August

September

October

November

December

January

February

March

Pro-active advertising Broadcasting television commercials in the Kanto area

We conducted pro-active advertising and promotional activities: we broadcasted television commercials beginning in July 2007, and placed large ad inserts in newspapers from November.



July: Established a joint venture with KITAMURA CO., LTD.

August: Launched sales of flat-panel TVs with terrestrial digital and full-HD panels

Bought back shares of the Company

Implemented a share buyback program, purchasing 3,125 shares in September-December, and increasing treasury stock to 4,873 shares.

February: Strengthened sales and technical support for Apple products.

"Premium Service", a proprietary membership that provides maintenance services for a monthly fee, exceeded 70,000 members.

The service had over 70,000 members as of the end of March 2008, and we fully launched a data backup service from July.



Fiscal 2008 challenges

Store policy

1. Convert four franchise stores to directly-managed stores
2. Planning to open four new stores
3. Franchising PC Clinics

- We plan to convert four PC DEPOT franchises run by K'S Holdings Corp. to directly-managed stores.
- We plan to open stores with approximately 1,650m² of floor space in areas where are consumer electronics competitors are located.
- We plan to convert 14 directly-managed stores to franchises, and open 10 new stores.

Business policy

4. Differentiate ourselves from the competition in PC sales
5. Strengthen line-up of peripherals
6. Capture more members for "Premium Service," a proprietary membership system that provides maintenance services for a monthly fee.
7. Launch a new employee education institute

- We plan to differentiate ourselves from the competition by linking PC sales with our technical support and maintenance services, a major strength.
- We plan to strengthen our lineup of peripherals for terrestrial digital and Blu-ray Disc to meet the needs of PC upgraders.
- We intend to improve member satisfaction by strengthening our support menu.
- We will open "Clinic Academy" to educate employees regarding technical support and maintenance, and will move forward with efforts to ensure we have a quality workforce capable of meeting the increasingly diverse needs of customers.

Internal control

8. Strengthen store oversight

- We will promote greater store governance through remote monitoring of activities at stores via cameras and other measures, to enhance the stability of store management.

Plan for Fiscal 2008

(Consolidated)

Net sales **¥44,700** million
(¥42,439 million in the previous year)

Operating income **¥1,240** million
(¥1,229 million in the previous year)

Ordinary profit **¥1,350** million
(¥1,339 million in the previous year)

Fiscal 2008 store roll-out plan

(PC DEPOT)



Directly-managed 34 ▶ **42** stores
Franchise 24 ▶ **22** stores
Total 58 ▶ **64** stores

* We plan to take over four franchises run by K'S Holdings Corp., and turn them into directly-managed stores.

(PC Clinic)



14 ▶ **24** stores

* Convert 14 directly-managed stores to franchises, and open 10 new stores



We would like to introduce our PC DEPOT stores.

Large parking lots

We open roadside PC DEPOTs mostly in the Tokyo metropolitan area, and each store includes a large parking lot.



PC Clinic

Please feel free to drop by our PC Clinics where we will diagnose any PC problems you might have for free, and offer speedy repairs. The PC Clinic, located in all of our PC DEPOT stores, can solve all our customers' cries for "Help!"



Free space

Please feel free to use our relaxation space while shopping at our stores.



We have also begun to enlarge the size of our stores.

Answer Center

Technical staff are always available to answer your product questions at the Answer Center.



DIY

We have set aside space for customers who want to immediately try out their products, and will lend customers the necessary tools to assemble their products.



Store support operations

Monitoring functions

The PC DEPOT headquarters provides support to each store, via camera, so customers can feel reassured when shopping at our stores.



At-home diagnosis and call center

We will provide at-home diagnosis for customers without a store nearby and for customers who cannot bring their PCs to our stores. We also provide 24-hour telephone support.



(Figures in parentheses refer to sales floor space)



Ome Store
(approx. 1,500m²)



Ota Store
(approx. 2,000m²)



Tomisato Interchange
Store (approx. 2,500m²)

We continue to work to make our PC DEPOT stores as customer friendly as possible!



Consolidated Financial Statements

■ Consolidated balance sheets

(¥ million)

Item	Period	FY2006 (as of March 31, 2007)	FY2007 (as of March 31, 2008)	Change
Assets				
Current assets				
Cash and deposits		1,771	1,856	85
Accounts receivable—trade		1,750	1,575	(175)
Inventories		4,835	5,072	237
Accounts receivable—other		1,054	890	(164)
Other		515	471	(44)
Total current assets		9,925	9,864	(61)
Fixed assets				
Tangible fixed assets				
Buildings and structures		1,052	976	(76)
Tools, furniture and fixtures		367	330	(37)
Other		104	103	(1)
Total tangible fixed assets		1,524	1,410	(114)
Intangible fixed assets		615	663	48
Investment and other assets				
Investment securities		1,012	216	(796)
Deferred tax assets		85	68	(17)
Guarantee deposits		996	1,376	380
Lease deposits		967	1,046	79
Other		100	81	(19)
Total investment and other assets		3,161	2,790	(371)
Total fixed assets		5,301	4,864	(437)
Total assets		15,227	14,728	(499)

Total assets:
¥14,728 million

Total assets declined by ¥499 million: inventories increased due to an increase in the number of stores and other factors, while investment securities declined by ¥796 million due to the sale of stock holdings.

Note: Figures below ¥1 million are rounded down.



Consolidated Financial Statements

(¥ million)

Item	Period	FY2006 (as of March 31, 2007)	FY2007 (as of March 31, 2008)	Change
Liabilities				
Current liabilities				
Accounts payable—trade		3,460	2,719	(741)
Short-term borrowings		50	—	(50)
Current portion of long-term loans payable		473	162	(311)
Accounts payable—other		1,834	1,808	(26)
Other		818	1,045	227
Total current liabilities		6,635	5,734	(901)
Long-term liabilities				
Long-term loans payable		467	305	(162)
Guarantee deposits received		682	671	(11)
Other		142	149	7
Total long-term liabilities		1,291	1,125	(166)
Total liabilities		7,926	6,859	(1,067)
Net assets				
Shareholders' equity				
Common stock		1,601	1,601	—
Capital surplus		1,888	1,888	—
Retained earnings		3,724	4,414	690
Treasury stock		(68)	(186)	(118)
Total shareholders' equity		7,145	7,718	573
Valuation and translation adjustments				
Unrealized gains/losses on securities		26	4	(22)
Total valuation and translation adjustments		26	4	(22)
Minority interest		128	147	19
Total net assets		7,300	7,869	569
Total liabilities and net assets		15,227	14,728	(499)

Total liabilities:
¥6,859 million

Total liabilities declined by ¥1,067 million due to a decline in accounts payable-trade, and the repayment of loans.

Total net assets:
¥7,869 million

Net assets increased by ¥569 million due to an increase in retained earnings.



Consolidated Financial Statements

Consolidated statements of income

(¥ million, %)

Item	Period	FY2006 (ended March 31, 2007)		FY2007 (ended March 31, 2008)		Change	
		Amount	%	Amount	%	Amount	%
Net sales		42,345	100.0	42,439	100.0	94	0.2
Cost of sales		33,264	78.6	32,715	77.1	(549)	(1.7)
Gross profit		9,080	21.4	9,723	22.9	643	7.1
Selling, general and administrative expenses		8,241	19.4	8,493	20.0	252	3.1
Operating income		839	2.0	1,229	2.9	390	46.5
Non-operating income		357	0.8	261	0.6	(96)	(26.9)
Non-operating expenses		84	0.2	150	0.3	66	78.6
Ordinary profit		1,112	2.6	1,339	3.2	227	20.5
Extraordinary gains		101	0.2	363	0.8	262	259.4
Extraordinary losses		136	0.3	117	0.3	(19)	(14.0)
Net income before income taxes		1,077	2.5	1,586	3.7	509	47.3
Income taxes-deferred		547	1.3	747	1.8	200	36.6
Minority interests in income		19	0.0	22	0.0	3	15.8
Net income		510	1.2	815	1.9	305	59.7

Net sales:
¥42,439 million

Existing-store sales were flat year-on-year due to a decline in unit prices of PCs and peripherals. However, customer numbers increased 6.5% year-on-year.

Operating income:
¥1,229 million

Operating income increased 46.5% year-on-year due to an increase in profits from technical support and "Premium Service" (a proprietary membership that provides maintenance services for a monthly fee).

Ordinary profit:
¥1,339 million

We booked equity-method investment losses of ¥43 million.

Sales by product

(¥ million, %)

Item	Period	FY2006 (ended March 31, 2007)		FY2007 (ended March 31, 2008)		Change	
		Amount	%	Amount	%	Amount	%
PC		10,709	25.3	10,159	23.9	(550)	(5.1)
Monitor		924	2.2	1,300	3.1	376	40.7
Printer		1,423	3.3	1,158	2.7	(265)	(18.6)
Peripherals		9,116	21.5	11,358	26.8	2,242	24.6
Accessories and supplies		4,449	10.5	4,604	10.9	155	3.5
Software		1,893	4.5	1,811	4.3	(82)	(4.3)
Office automation equipment, used goods, and others		6,647	15.7	4,301	10.1	(2,346)	(35.3)
Total sales of products		35,165	83.0	34,694	81.8	(471)	(1.3)
Income from royalties		533	1.3	515	1.2	(18)	(3.4)
Income from technical service and commissions		3,062	7.2	4,130	9.7	1,068	34.9
Total PC sales business		38,761	91.5	39,340	92.7	579	1.5
Internet-related business		3,583	8.5	3,098	7.3	(485)	(13.5)
Total		42,345	100.0	42,439	100.0	94	0.2

PC

The number of PCs sold was roughly flat year-on-year (+0.3%), but the average price declined 5.3%.

Note: Figures below ¥1 million are rounded down, and percentages are rounded to one decimal place.



Consolidated Financial Statements

Consolidated statements of cash flows

(¥ million)

Item	Period	FY2006 (ended March 31, 2007)	FY2007 (ended March 31, 2008)	Change
Cash flows from operating activities		(95)	756	851
Cash flows from investing activities		(139)	87	226
Cash flows from financing activities		(511)	(756)	(244)
Effect of exchange rate changes on cash and cash equivalents		23	(1)	(24)
Net change in cash and cash equivalents		(723)	85	808
Cash and cash equivalents at beginning of year		2,494	1,771	(723)
Cash and cash equivalents at end of year		1,771	1,856	85

Cash flows from operating activities:
¥756 million

Operating cash flow increased ¥756 million: positive factors included net income before income taxes, and depreciation, while negative factors included income tax payments and a decline in accounts payable.

Cash flows from investing activities:
¥87 million

Investing cash flow increased ¥87 million: positive factors included proceeds from sales of investment securities, and proceeds from collection of lease and guarantee deposits, while negative factors included payments for purchase of fixed assets, and payments for lease and guarantee deposits.

Cash flows from financing activities:
– ¥756 million

Financing cash flow declined ¥756 million due to the decrease in loans, the acquisition of treasury stock, and the payment of dividends.

Consolidated statement of changes in shareholders' equity

(¥ million)

Fiscal Year 2007 (April 1, 2007 to March 31, 2008)	Shareholders' equity					Valuation and translation adjustments	Minority interest	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized gains/losses on securities		
Balance as of March 31, 2007	1,601	1,888	3,724	(68)	7,145	26	128	7,300
Changes of items during the period								
Dividends from surplus			(111)		(111)			(111)
Decrease in capital surplus due to decrease in the number of equity-method affiliates			(13)		(13)			(13)
Net income			815		815			815
Acquisition of treasury stock				(118)	(118)			(118)
Net change in items other than shareholders' equity						(21)	18	(3)
Total changes in items during the period	–	–	690	(118)	572	(21)	18	568
Balance as of March 31, 2008	1,601	1,888	4,414	(186)	7,718	4	147	7,869



Share Information

■ Status of shares (as of March 31, 2008)

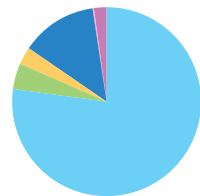
Total number of shares authorized to be issued	890,000 shares
Total number of shares outstanding	225,020 shares
Number of shareholders	3,604 persons

(decline of 273 shareholders from the end of the previous interim period)

■ Major shareholders

Name of shareholder	Number of shares held (shares)	Voting rights ratio (%)
Takahisa Nojima	105,216	47.80
Japan Trustee Services Bank, Ltd. (trust account)	8,237	3.74
The Nomura Trust and Banking Co., Ltd. (investment account)	5,844	2.65
PC DEPOT CORPORATION (treasury stock)	4,873	-
Kinuyo Nojima	4,845	2.20
The Master Trust Bank of Japan, Ltd. (trust account)	3,205	1.45
Trust & Custody Services Bank, Ltd. (investment trust account)	3,086	1.40
Mizuho Bank, Ltd.	2,880	1.30
PCM Employee Holding Company	2,460	1.11
Yoshiko Nojima	2,400	1.09

■ Composition of shareholders



Composition of shareholders
Total / 225,020 shares (100.00%)

■ Individuals and others	173,574 (77.14%)
■ Foreign investments	9,955 (4.42%)
■ Other corporations	6,767 (3.01%)
■ Financial institutions	29,329 (13.03%)
■ Securities companies	522 (0.23%)
■ Treasury stock	4,873 (2.17%)

■ Shareholder benefits

At March 31 annually, we present shareholders owning 4 and above shares with shareholder vouchers that can be used for purchases at our stores, according to the following standards. Shareholder vouchers can be used at all Company-owned stores, franchise stores, or our Internet shopping site.

Number of shares held	Benefits
4 shares or more	Shareholder voucher equivalent of ¥1,000
10 shares or more	Shareholder voucher equivalent of ¥2,000
50 shares or more	Shareholder voucher equivalent of ¥10,000
100 shares or more	Shareholder voucher equivalent of ¥20,000
400 shares or more	Shareholder voucher equivalent of ¥50,000
1,000 shares or more	Shareholder voucher equivalent of ¥70,000



Shareholder voucher

* Our shareholder vouchers may not be redeemed for cash.

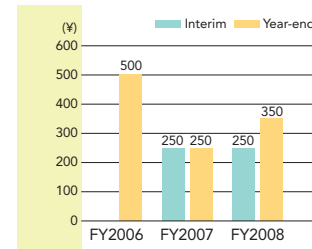
* These details are current as of March 31, 2008.

* Shareholders using shareholder vouchers for shopping on the Internet, are kindly requested to first contact us on the telephone number below for more information regarding how to make their purchases.

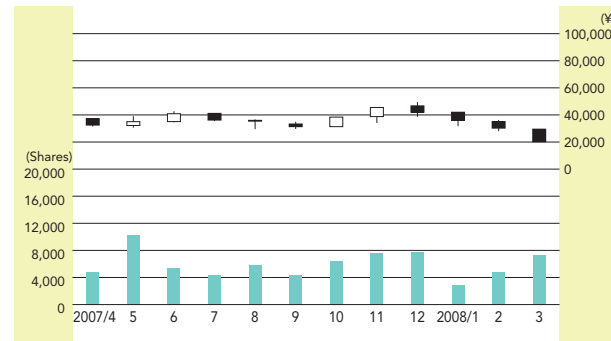
Phone number: 045-430-4615 (Japan) Contact hours: 11:00 to 20:00

■ Dividend performance

Dividend policy is a major priority for management and we aim for stable and consistent dividends. We paid annual dividends of ¥600 per share in Fiscal 2007 (ended March 31, 2008): an interim dividend of ¥250 per share, and a yearend dividend of ¥350.

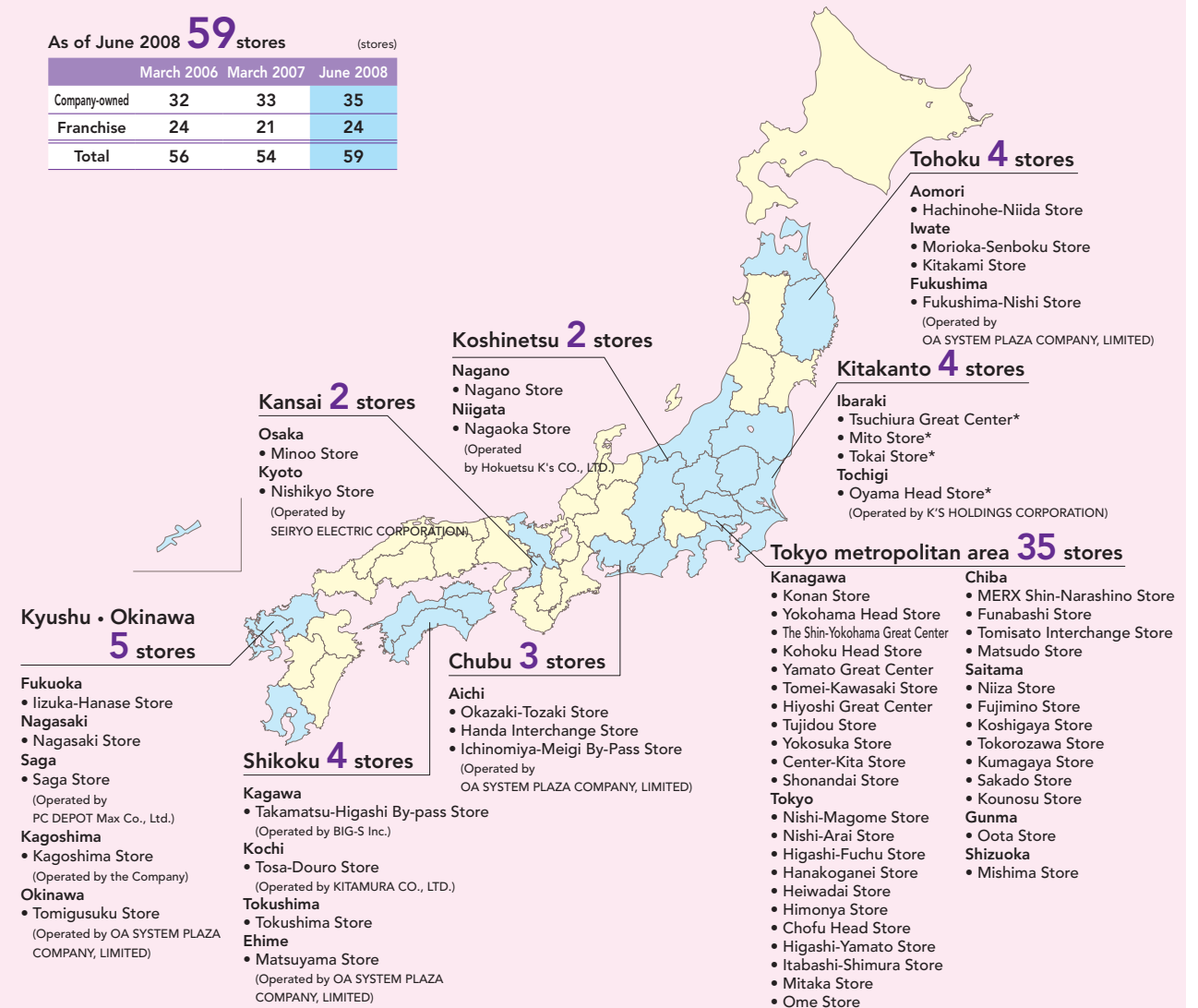


■ Share price and trade volume trends



Store List

As of June 2008		59	stores	(stores)
	March 2006	March 2007	June 2008	
Company-owned	32	33	35	
Franchise	24	21	24	
Total	56	54	59	



* We will take over four franchises in Fiscal 2008 in line with a basic agreement announced with K'S Holdings Corp. on March 27, 2008.



■ Company profile (as of March 31, 2008)

Corporate name	PC DEPOT CORPORATION
Business outline	Management of PC DEPOT headquarters and stores Sales of PCs, PC-related products, and digital home appliances
Head office	2-3-19, Shinyokohama Kohoku-ku, Yokohama-shi, Kanagawa 222-0033 Japan Phone number: 045-472-7795 (Japan)
Date of establishment	August 1994
Date of stock exchange listings	October 1999
Capital	¥1,601,190,000
Number of employees	335
Consolidated subsidiaries	ejworks Corporation BB Marketing Corp.

■ Board members (as of June 21, 2008)

President and Chief Executive Officer	Takahisa Nojima
Managing Director	Shigehiko Sakai
Director	Kenshi Hamamatsu
Director	Mitsushi Nishiyama
Director	Mitsuyoshi Hae
Director	Naohisa Sudo
Standing Corporate Auditor	Masao Onoda
Corporate Auditor	Hiroyuki Kubota
Corporate Auditor	Kunihiko Yamamoto
Corporate Auditor	Eizo Akashi



Visit our website

Please access our website for a rich source of information about our stores and our company, including information for investors on our IR page which we have upgraded in an easy-to-understand format.
We will continue to provide timely and useful information.

<http://www.pcdepot.co.jp>



Business Fiscal Year

From April 1 to March 31 of the following year

Ordinary General Shareholders' Meeting

June annually

Settlement Date of Shareholders to Whom Dividends of Retained Earnings Are Paid

September 30 and March 31
Record dates other than the above are determined through resolution of the Board of Directors.

Method of Public Notification

Public notifications are made by electronic means (URL: <http://pcdepot.co.jp>). However, in event of problems preventing electronic announcements by an accident or other unavoidable cause, details will be published in the Nikkei.

Administrator of Shareholder Registry

Mitsubishi UFJ Trust and Banking Corporation
1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Office of Administrating Shareholder Registry

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
1-4-5 Marunouchi, Chiyoda-ku, Tokyo 100-8212, Japan

Contact of Administration of Shareholder Registry

Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan
Tel: 0120-232-711 (toll free)

Contact Branches of Administration of Shareholder Registry

Mitsubishi UFJ Trust and Banking Corporation
All branches in Japan

IR Calendar

Fiscal Year 2008

May 13	Full-term financial results announcement
June 19	Ordinary General Shareholders' Meeting
End July	First quarter financial results announcement
End October	Second quarter financial results announcement
End January	Third quarter financial results announcement