

August 9, 2012

Summary of Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2013
[Japanese standards] (Consolidated)

Company name: PC DEPOT CORPORATION
 Securities code: 7618 URL: <http://www.pcdepot.co.jp>
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 Contact: Mitsuyoshi Hae, Managing Director, Accounting and Finance
 Scheduled date of filing of quarterly report: August 14, 2012
 Scheduled date of payment of dividend: –
 Preparation of supplementary references regarding quarterly results: Yes
 Holding the briefing of quarterly results: None

Stock Exchange listings:
 Osaka Securities Exchange [JASDAQ]

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(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2012 (April 1, 2012 – June 30, 2012)

(1) Consolidated results of operations (cumulative total)

(Percentages represent changes from previous year)

	Net Sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Jun. 30, 2012	12,224	8.9	78	142.2	116	38.9	44	41.9
Three months ended Jun. 30, 2011	11,228	0.2	32	(90.3)	83	(76.3)	31	(72.8)

(Note) Comprehensive income As of Jun. 30, 2012: 39 million yen (-24.1%)
 As of Jun. 30, 2011: 52 million yen (-51.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Jun. 30, 2012	202.47	201.70
Three months ended Jun. 30, 2011	141.93	141.56

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of Jun. 30, 2012	22,633	9,531	41.6
As of Mar. 31, 2012	23,238	9,563	40.7

Reference: Shareholders equity: As of Jun. 30, 2012: 9,420 million yen
 As of Mar. 31, 2012: 9,458 million yen

2. Dividends

(Record date)	Annual dividend				
	1Q-end	2Q-end	3Q-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Mar. 2012	–	350.00	–	350.00	700.00
Fiscal year ending Mar. 2013	–				
Fiscal year ending Mar. 2013 (forecasts)		350.00	–	350.00	700.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2013 (April 1, 2012 – March 31, 2013)

(Percentages represent changes from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	55,000	10.7	680	22.8	800	11.6	440	56.8	2,011.13

(Note) Revisions to dividend forecasts published most recently: No

The Company has not revised its first half consolidated forecast for the fiscal year ending March 31, 2013.

***Notes**

- (1) Changes in important subsidiaries during the current consolidated cumulative period (changes in specific subsidiaries resulting in modifications of the consolidation scope): No
- | | | |
|---------------------|---|----------------|
| New companies: | — | (Company name) |
| Excluded companies: | — | (Company name) |
- (2) Application of special accounting methods to the preparation of quarterly consolidated financial statement: No
- (3) Changes in accounting principles, changes and restatements of accounting estimates
- | | |
|---|-----|
| 1) Changes in accounting principles caused by revision of accounting standards: | Yes |
| 2) Changes other than 1): | No |
| 3) Changes in accounting estimates: | No |
| 4) Restatements: | No |

The Company has changed its depreciation method in the first quarter and this change is subject to the “Changes in accounting principles that are difficult to distinguish from changes in accounting estimates.” Please see the appendix page 3, “2. Matters regarding Summary Information (Notes), Changes in accounting principles, changes and restatements of accounting estimates.”

- (4) Number of outstanding shares (common shares)
- | | |
|---|----------------|
| 1) Number of shares outstanding at the end of the period (including treasury stock) | |
| As of Jun. 30, 2012: | 225,020 shares |
| As of Mar. 31, 2012: | 225,020 shares |
| 2) Number of treasury stock at the end of the period | |
| As of Jun. 30, 2012: | 6,238 shares |
| As of Mar. 31, 2012: | 6,238 shares |
| 3) Average number of shares outstanding during the period (cumulative for all quarters) | |
| Three months ended Jun. 30, 2012: | 218,782 shares |
| Three months ended Jun. 30, 2011: | 220,020 shares |

*** Presentation concerning implementation status of quarterly review procedures**

The quarter financial results are not the subject of a quarterly review procedure based on the Financial Instruments and Exchange Act, and at the time of disclosing these quarterly financial results, review procedures regarding the quarterly financial statements based on the Financial Instruments and Exchange Act had not ended.

***Explanation regarding appropriate use of the earnings forecast and other special notes**

Earnings forecasts and other descriptions concerning the future contained in this document are based on information currently available to the Company, and include largely uncertain elements. For details on matters regarding the earnings forecasts, please see the appendix page 3, “1. Qualitative Information regarding the Current Quarter, (3) Qualitative Information regarding Consolidated Forecast.”

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1. Qualitative Information regarding the Current Quarter

(1) Qualitative Information regarding Consolidated Results of Operations

In the first quarter of the current consolidated fiscal year (April 1, 2012 to June 30, 2012), the Japanese economy recovered gradually due to the support provided by post-quake reconstruction demand. Although consumer spending started to improve, the large degree of uncertainty caused by the European sovereign debt crisis meant that the global slowdown spread and resulted in the lack of clarity about the outlook for the future continuing.

In terms of merchandise sales, sales of TVs were weak as a result of last year's termination of analogue terrestrial broadcasting and, in reaction to the higher PC sales by growth in models equipped for digital terrestrial broadcasting capability last year, sales declined year-on-year in volume and value terms as average selling prices fell.

Faced with this environment, the Group opened PC Clinic stores equipped with PC repair and support counters and made a serious attempt to strengthen its smartphone (highly functional mobile phone) and tablet terminal (multifunctional portable terminal) related services. Moreover, we promoted service initiatives to help customers, not just when they are having problems with their PCs but also to use the Internet more conveniently. As a result, service sales posted firm year-on-year growth of 34.1%. The opening of 25 stores that have been in operation for less than one year (11 PC DEPOT^{*1} stores, and 14 PC DEPOT PC Clinics^{*2}) including those opened to cover the operations of former franchised stores, led to selling, general and administrative expenses that rose by 13.3% year-on-year due to the related increase in store opening costs but, with gross profit increasing by 14.5% in response to the increase in service sales, these additional store opening costs were absorbed, and income at both the operating and ordinary levels increased on the same period of the previous fiscal year.

As a result of the above, the Group's net sales increased by 8.9% year on year to 12,224 million yen. Operating income was 78 million yen (with an increase by 142.2% YoY), ordinary income was 116 million yen (with an increase by 38.9% YoY), and net income was 44 million yen (with an increase by 41.9% YoY).

*1... "PC DEPOT" is general PC and 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.

The operating results for each business segment are as follows.

1) PC sales business

We strengthened our coverage of tablet terminals (multifunctional portable terminals) and the range of services we offer to support our customers in creating and enjoying a pleasant, safe and stable internet environment through the introduction of setting service for the 'NHK On Demand' that allows viewers to watch satellite relays of the London Olympics and other programming and for 'Apple TV' which offers music and movies on large screens via connections to the popular iPhone and iPad products.

Consequently, we have increased our sales of technical services and support services, data communication services for personal computers by MVNO (Mobile Virtual Network Operator: virtual mobile phone service company), and premium services (monthly membership maintenance service).

In terms of store development, we opened new PC DEPOT stores, namely Takamatsu-Higashi By-Pass Store (Kagawa Prefecture, operated by a subsidiary) and Kannana Okudo Store (Tokyo, directly managed by the Company) in April, Tokaichiba Store (Kanagawa Prefecture, directly managed by the Company) in June. Moreover, we closed and merged Kitakami and Morioka-Senboku stores and in June we relocated and opened Morioka Flagship Store (Iwate Prefecture, operated by a subsidiary) which is the largest comprehensive PC network specialist store in the Tohoku region. At the end of the first quarter, "PC DEPOT" currently has 50 directly-managed stores, 11 subsidiary stores and 5 franchise stores, for a total of 66 stores.

The number of PC DEPOT PC Clinics is now 55 including 47 directly managed stores (including a newly opened directly managed store) 7 franchise stores and 1 independent store that is currently under trial management by a subsidiary. The total number of stores of PC DEPOT and PC DEPOT PC Clinic currently stands at 121.

As a result of the above, our PC sales business recorded sales of 11,773 million yen (increase by 9.4% YoY) and segment margin of 87 million yen (increase by 94.9% YoY).

2) Internet-related business

Despite the invigoration of our internet service provider operations and even though we have been strengthening our back-up and service structures for the premium services which the Group provides by promoting the level of intra-Group coordination and cooperation, it proved impossible to make up for the decrease in the number of provider subscribers and consequently overall net sales for the Internet-related business declined. As a result of the above, net sales in the Internet-related business were 450 million yen (decrease by 3.8% YoY) and segment margin was 37 million yen (decrease by 21.6% YoY).

(2) Qualitative Information regarding Consolidated Financial Position

Assets totaled 22,633 million yen at the end of the first quarter under review, a decrease by 604 million yen as compared to the end of the previous fiscal year. Liabilities totaled 13,102 million yen, a decrease by 572 million yen. Net working capital (calculated by subtracting current liabilities from current assets) totaled 4,289 million yen, a level that suggests sound finances.

The total value of capital investment carried out in the first quarter consolidated cumulative period was 502 million yen. Major investments included outlays for new store openings – Morioka Flagship Store, Tookaichiba Store and Kannana Okudo Store. These capital investments have been covered by internally-generated funds and loans.

(3) Qualitative Information regarding Consolidated Forecast

The Company maintains the full year consolidated forecasts for the current fiscal year that were announced on May 10, 2012 because net sales, operating income and ordinary income in the first quarter consolidated cumulative period are generally trending in line as planned.

The above earnings forecasts are based on currently available information. Actual earnings may differ from these forecasts due to various factors in the future.

2. Matters regarding Summary Information (Notes)**Changes in accounting principles, changes and restatements of accounting estimates**

(Change in depreciation method)

Following revisions to Corporation Tax Act, from the first quarter consolidated accounting period, the Company and its consolidated subsidiaries have changed the method of depreciation of tangible fixed assets acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Tax Act. The effect of this change on earnings for the first quarter is insignificant.

3. Summary of Important Information for Going Concern Assumption

Not applicable.

4. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousand yen)

	Previous consolidated accounting year (Mar. 31, 2012)	Current first quarter consolidated accounting year (Jun. 30, 2012)
Assets		
Current assets		
Cash and deposits	2,083,068	2,442,303
Accounts receivable-trade	3,619,741	3,536,494
Inventories	7,285,693	6,237,624
Accounts receivable-other	461,697	339,795
Deferred tax assets	192,112	243,711
Accrued consumption tax, etc.	30,185	30,185
Others	559,637	532,467
Allowance for doubtful accounts	(46,520)	(43,272)
Total current assets	14,185,616	13,319,309
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,479,496	5,981,981
Accumulated depreciation	(1,361,012)	(1,459,803)
Buildings and structures, net	4,118,484	4,522,178
Tools, furniture and fixtures	1,848,260	1,912,892
Accumulated depreciation	(1,356,991)	(1,405,862)
Tools, furniture and fixtures, net	491,269	507,029
Land	263,011	263,011
Construction in progress	68,667	25,216
Others	1,910	1,910
Accumulated depreciation	(1,780)	(1,790)
Others, net	129	119
Total tangible fixed assets	4,941,561	5,317,554
Intangible fixed assets		
Goodwill	406,648	343,821
Others	301,364	282,541
Total intangible fixed assets	708,013	626,362
Investment and other assets		
Investment securities	283,093	272,007
Deferred tax assets	169,627	177,415
Guarantee deposits	1,466,773	1,444,036
Lease deposits	1,272,342	1,275,976
Others	211,155	201,287
Total investments and other assets	3,402,993	3,370,722
Total fixed assets	9,052,567	9,314,640
Total assets	23,238,183	22,663,950

(Thousand yen)

	Previous consolidated accounting year (Mar. 31, 2012)	Current first quarter consolidated accounting year (Jun. 30, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	3,506,108	2,141,387
Short-term loans payable	2,100,000	3,100,000
Current portion of long-term loans payable	1,518,264	1,518,264
Accounts payable-other	1,084,150	930,482
Income taxes payable	129,439	129,835
Provision for bonuses	156,108	325,048
Provision for merchandise warranties	70,854	73,679
Others	660,221	810,909
Total current liabilities	9,225,147	9,029,606
Fixed liabilities		
Long-term loans payable	3,809,574	3,430,008
Long-term accounts payable	121,954	122,760
Provision for retirement benefits	5,706	5,706
Provision for directors' retirement benefits	28,284	—
Asset retirement obligations	341,417	374,306
Long-term guarantee deposited	142,190	139,650
Total fixed liabilities	4,449,126	4,072,432
Total liabilities	13,674,274	13,102,039
Net assets		
Shareholders' equity		
Capital stock	1,601,196	1,601,196
Capital surplus	1,868,598	1,868,598
Retained earnings	6,110,861	6,078,583
Treasury stock	(151,298)	(151,298)
Total shareholders' equity	9,429,358	9,397,080
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,823	22,967
Total accumulated other comprehensive income	28,823	22,967
Subscription rights to shares	13,304	18,650
Minority interests	92,423	93,211
Total net assets	9,563,909	9,531,911
Total liabilities and net assets	23,238,183	22,633,950

(2) Quarterly Consolidated Statements of Income and Statement of Comprehensive Income**Quarterly Consolidated Statements of Income****(For the first quarter consolidated cumulative period)**

(Thousand yen)

	Previous first quarter consolidated cumulative period (Apr.1, 2011 – Jun.30, 2011)	Current first quarter consolidated cumulative period (Apr.1, 2012 – Jun.30, 2012)
Net sales	11,228,204	12,224,110
Cost of sales	7,821,212	8,323,323
Gross profit	3,406,991	3,900,786
Selling, general and administrative expenses		
Advertising expenses	351,468	408,016
Sales commission	121,219	125,772
Directors' compensations	32,560	32,138
Salaries and allowances	997,544	1,186,625
Bonuses	164,470	168,940
Retirement benefit expenses	13,460	14,214
Provision for directors' retirement benefits	1,180	842
Supplies expenses	137,048	141,307
Depreciation	133,519	165,550
Amortization of goodwill	73,390	62,827
Rent expenses on real estates	501,056	556,788
Others	847,632	959,197
Total selling, general and administrative expenses	3,374,551	3,822,220
Operating income	32,440	78,565
Non-operating income		
Interest income	275	275
Dividends income	2,319	2,982
Sales incentives	37,862	22,823
Rent income	22,138	30,206
Commission fee	11,273	11,826
Others	14,719	18,981
Total non-operating income	88,588	87,096
Non-operating expenses		
Interest expenses	15,770	22,842
Rent expenses	20,239	24,127
Equity in losses of affiliates	179	1,996
Others	1,036	271
Total non-operation expenses	37,226	49,237
Ordinary income	83,802	116,424
Extraordinary income		
Others	253	40
Total extraordinary income	253	40

(Thousands of yen)

	Previous first quarter consolidated cumulative period (Apr. 1, 2011 – Jun.30, 2011)	Current first quarter consolidated cumulative period (Apr. 1, 2012 – Jun.30, 2012)
Extraordinary loss		
Loss on retirement of fixed assets	38	—
Casualty loss	2,418	—
Others	5,287	—
Total extraordinary losses	7,744	—
Income before income taxes and minority interests	76,311	116,464
Corporate tax, residence tax and business tax	89,080	127,035
Adjustment amounts such as for corporate taxes	(47,053)	(56,153)
Total corporate tax, etc.	42,026	70,882
Income before minority interest	34,285	45,582
Minority interest in income	3,058	1,285
Net income of the quarter	31,226	44,296

(Quarterly Consolidated Statement of Comprehensive Income)
(For the first quarter consolidated cumulative period)

	Previous first quarter consolidated cumulative period (Apr. 1, 2011 – Jun.30, 2011)	Current first quarter consolidated cumulative period (Apr. 1, 2012 – Jun.30, 2012)
Net income before minority interest	34,285	45,582
Other comprehensive income		
Valuation difference on available-for-sale securities	18,061	(5,855)
Accumulated other comprehensive income	18,061	(5,855)
Quarterly comprehensive income	52,347	39,726
(Breakdown)		
Quarterly comprehensive income attributable to shareholders of parent company	49,288	38,440
Quarterly comprehensive income attributable to minority interests	3,058	1,285

(3) Going Concern Assumption

Not applicable.

(4) Notes in Case of Significant Changes in the Amount of Shareholders' Equity

This information is omitted since there has been no remarkable change.

(5) Segment information, etc.

I. Previous first quarter consolidated cumulative period (Apr. 1, 2011 – Jun. 30, 2011)

1. Information regarding Sales and Income or Loss Amount for each Reportable Segment

(Thousand yen)

	Reportable Segment			Adjusted amount (Note.1)	Amount stated in quarterly consolidated statements of income (Note.2)
	PC sales business	Internet-related business	Total		
Net sales					
(1) External sales	10,759,348	468,855	11,228,204	–	11,228,204
(2) Inter-segment sales and transfers	9	34,542	34,551	(34,551)	–
Total	10,759,357	503,398	11,262,756	(34,551)	11,228,204
Segment income (loss)	44,750	47,746	92,496	(8,694)	83,802

(Notes)

- Adjusted amount of segment income is -8,694 thousand yen of elimination of dividend received between segments.
- Adjustment of segment income with ordinary income in the quarterly consolidated statements of income is performed.

2. Information on the impairment loss of fixed assets of each reportable segment, and on goodwill
(Significant impairment loss of fixed assets)

No applicable items.

(Significant changes in amount of goodwill)

No significant changes.

(Significant negative goodwill)

No significant negative goodwill.

II. Current first quarter consolidated cumulative period (Apr. 1, 2012 – Jun. 30, 2012)

1. Information regarding Sales and Income or Loss Amount for each Reportable Segment

(Thousand yen)

	Reportable Segment			Adjusted amount (Note.1)	Amount stated in quarterly consolidated statements of income (Note.2)
	PC sales business	Internet-related business	Total		
Net sales					
(1) External sales	11,773,244	450,865	12,224,110	–	12,224,110
(2) Inter-segment sales and transfers	664	48,145	48,809	(48,809)	–
Total	11,773,908	499,011	12,272,919	(48,809)	12,224,110
Segment income (loss)	87,229	37,443	124,672	(8,247)	116,424

(Notes)

- Adjusted amount of segment income includes -8,730 thousand yen of elimination of dividend received between segments.
- Adjustment of segment profits with ordinary income in the quarterly consolidated statements of income is performed.

2. Information on the impairment loss of fixed assets of each reportable segment, and on goodwill

(Significant impairment loss of fixed assets)

No applicable items.

(Significant changes in amount of goodwill)

No significant changes.

(Significant negative goodwill)

No significant negative goodwill.

(6) Important events that occurred after the balance sheet date

Not applicable.

5. Supplementary Information

[Situation of sales]
(Sales by Item)

[Segment name] Item	Current consolidated cumulative period (Apr.1,2012 – Jun.30, 2012)		Year-on-year Change (%)
	Amount (Thousand yen)	Constituent ratio (%)	
[PC sales business]			
PC	3,168,914	25.9	113.6
Peripherals	2,523,342	20.6	102.5
Accessories and supplies	1,169,556	9.6	101.8
Software	315,828	2.6	112.9
Used goods and others	1,152,501	9.4	79.8
Total sales of commodities	8,330,143	68.1	102.5
Royalties and other income	42,155	0.3	42.1
Income from technical service and commissions	3,400,944	27.8	134.1
Subtotal	11,773,244	96.3	109.4
[Internet-related business]	450,865	3.7	96.2
Total	12,224,110	100.0	108.9

(Notes)

1. The above amounts do not include consumption taxes.
2. Transactions between segments have been offset and eliminated.
3. Sales amount of franchise stores included in “Royalties and other income” is 693,927 thousand yen.