

February 7, 2012

Summary of Financial Results for the Third 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>
 Representative: Takahisa Nojima, President and Chief Executive Officer
 Contact: Mitsuyoshi Hae, Managing Director, Accounting and Finance
 Scheduled date of filing of quarterly report: February 14, 2012
 Scheduled date of payment of dividend: –
 Preparation of supplementary references regarding quarterly results: Yes
 Holding the briefing of quarterly results: No

Stock Exchange listings:
 Osaka Securities Exchange **[JASDAQ]**

Tel: +81-45-472-7795

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

1. Consolidated Financial Results for the Nine Months Ended December 31, 2012 (April 1, 2012 – December 31, 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	%
Nine months ended Dec. 31, 2012	37,917	4.3	485	(15.7)	573	(21.3)	281	(18.4)
Nine months ended Dec. 31, 2011	36,349	1.7	575	(49.3)	728	(39.4)	344	(41.7)

(Note) Comprehensive income As of Dec.31, 2012: 277 million yen (23.2%)
 As of Dec.31, 2011: 361 million yen (39.8%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Nine months ended Dec. 31, 2012	1,286.32		1,281.54	
Nine months ended Dec. 31, 2011	1,567.60		1,563.55	

(2) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Million yen	%	Million yen	%	%	
As of Dec. 31, 2012	26,374		9,649		36.3	
As of Mar. 31, 2012	23,238		9,563		40.7	

Reference: Shareholders equity: As of Dec. 31, 2012: 9,578 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	–	350.00			
Fiscal year ending Mar. 2013 (forecasts)			–	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	51,000	2.6	600	8.4	700	(2.4)	350	24.8	1,599.76	

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

***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: | Yes |
| 4) Restatements: | No |

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 Dec. 31, 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 Dec. 31, 2012: | 6,238 shares |
| As of Mar. 31, 2012: | 5,000 shares |
| 3) Average number of shares outstanding during the period (cumulative for all quarters) | |
| Nine months ended Dec. 31, 2012: | 218,782 shares |
| Nine months ended Dec. 31, 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 third quarter of the current consolidated fiscal year (April 1, 2012 to December 31, 2012), the Japanese economy has kept gradual recovery with various economic policies, e.g. public projects related to the post-quake reconstruction. Nevertheless, domestic economy including personal consumptions still remains in a sluggish climate, imposing a challenging condition.

In terms of PC sales at our stores, we could do healthy business where a number of new series of tablet devices (multifunctional portable devices) has been released. On the other hand, with respect to the release of Windows 8 by Microsoft last October, we could stimulate the demand only to a limited extent due to, for example, decline in prices of Windows 7 PCs before the release of Windows 8, and insufficiency of products utilizing the features of Windows 8 after its release.

Under such circumstances, our group has continued parallel operations of “PC DEPOT” (*1) stores (comprehensive stores specializing in PCs and networks) and “PC DEPOT PC Clinics” (*2) which provide PC repair and technical services/support operating in other companies’ mass retailing stores. Number of stores increased by 14 from the end of the previous year’s third consolidated accounting period, currently totaling 111. We could keep higher levels of service sales and gross profit, up 24.9% and 8.4% from the previous year, respectively, thanks to the expanded sales network further to Tohoku and Chubu regions, and the enhanced services to support dealing with new products released during this period. However, general and administrative expenses rose by 9.8% YoY due to having more stores, and accordingly ordinary income decreased, 78.7 % as compared to the same period of previous year.

As a result of the above, for the third quarter of current consolidated fiscal year, sales totaled 37,917 million yen (with an increase by 4.3% as compared with the corresponding period of last year) operating income totaled 485 million yen (with a decrease by 15.7% YoY) and ordinary income totaled 573 million yen (with a decrease by 21.3% YoY compared with the corresponding period of last year) net income totaled 281 million yen (with a decrease by 18.4% YoY compared with the corresponding period of last year).

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

*2...“PC DEPOT PC Clinics” 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

Number of PCs sold increased by 5.0% YoY.. Specifically, with respect to the release of Windows 8 by Microsoft last October, we could stimulate the demand only to a limited extent due to, for example, decline in prices of Windows 7 PCs before the release of Windows 8, and insufficiency of products utilizing the features of Windows 8 after its release.

However, we could do healthy business where a number of new series of tablet devices, notably “iPad mini” (Apple), “Kindle series” (Amazon) and “nexus 7” (Google). In such context, decline in unit prices and other factors had some impact on our existing stores, with net sales of 92.5% YoY and number of customers of 92.1% YoY.

In terms of services, we have made our efforts to provide new services such as those for accepting, as an agent, applications for the monthly paid services for movie-watching provided by Hulu and by NHK, and for distributing Digital Weekly Toyo Keizai which can be viewed on tablet devices, aiming to meet potential demands and to increase our premium service members.

At the end of the third quarter, “PC DEPOT” currently has 50 directly-managed stores, 11 subsidiary stores and 5 franchise stores, for a total of 66 stores. “PC DEPOT PC Clinics” currently have 49 directly-managed stores, one independent store that is currently under trial management by a subsidiary, and 7 franchise stores, for a total of 57 stores. Thus, “PC DEPOT” and “PC DEPOT PC Clinics” as a whole have 123 stores.

As a result of the above, our PC sales business recorded sales of 36,554 million yen (with an increase by 4.5% YoY) and segment margin of 397 million yen (with a decrease by 36.9% YoY).

2) Internet-related business

In terms of our internet-related business, net sales decreased from the previous year due to decreased subscriptions to our internet provider service. From the beginning of this period, we have strengthened the level of intra-group coordination in our back-up and service structures for the premium services provided by our group. As a part of such activities, business consignment among our group has increased from the second quarter, leading to increase in the segment margin.

As a result of the above, our Internet-related business recorded sales of 1,363 million yen (with a decrease by 1.1% YoY) and segment margin of 183 million yen (with an increase by 56.8% YoY).

(2) Qualitative Information regarding Consolidated Financial Position

Assets totaled 26,374 million yen at the end of the second quarter under review, an increase of 3,136 million yen from the end of the previous fiscal year. Liabilities totaled 16,725 million yen, an increase of 3,050 million yen. Net working capital (calculated by subtracting current liabilities from current assets) totaled 4,740 million yen, a level that suggests sound finances.

The total value of capital investment carried out in the third quarter consolidated cumulative period was 826 million yen. Major investments included outlays for new store openings – Morioka Honten, 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 has maintained its business performance in the third quarter largely as planned, and therefore the earnings forecast for the fiscal year ending March 31, 2013 will not be changed from the figures as described in the “Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2013” published on November 8, 2012.

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 tax law revisions, from the first quarter of the current fiscal year, the Company and its consolidated subsidiaries have changed the method of depreciation of property, plant and equipment acquired on or after April 1, 2012 in line with methods prescribed in the revised Corporation Tax Law.

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 third quarter consolidated accounting period (Dec. 31, 2012)
Assets		
Current assets		
Cash and deposits	2,083,068	2,894,267
Accounts receivable-trade	3,619,741	4,118,666
Inventories	7,285,693	8,987,017
Accounts receivable-other	461,697	504,886
Deferred tax assets	192,112	170,487
Accrued consumption tax, etc.	30,185	—
Others	559,637	633,347
Allowance for doubtful accounts	(46,520)	(41,148)
Total current assets	14,185,616	17,297,524
Fixed assets		
Tangible fixed assets		
Buildings and structures	5,479,496	6,021,113
Accumulated depreciation	(1,361,012)	(1,670,842)
Buildings and structures, net	4,118,484	4,350,270
Tools, furniture and fixtures	1,848,260	1,998,248
Accumulated depreciation	(1,356,991)	(1,497,071)
Tools, furniture and fixtures, net	491,269	501,176
Land	263,011	263,011
Construction in progress	68,667	97,711
Others	1,910	1,910
Accumulated depreciation	(1,780)	(1,811)
Others, net	129	98
Total tangible fixed assets	4,941,561	5,212,269
Intangible fixed assets		
Goodwill	406,648	222,145
Others	301,364	321,700
Total intangible fixed assets	708,013	543,845
Investment and other assets		
Investment securities	283,093	266,864
Deferred tax assets	169,627	198,335
Guarantee deposits	1,466,773	1,406,129
Lease deposits	1,272,342	1,272,276
Others	211,155	177,193
Total investments and other assets	3,402,993	3,320,800
Total fixed assets	9,052,567	9,076,915
Total assets	23,238,183	26,374,439

(Thousand yen)

	Previous consolidated accounting year (Mar. 31, 2012)	Current third quarter consolidated accounting year (Dec. 31, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	3,506,108	5,071,890
Short-term loans payable	2,100,000	3,600,000
Current portion of long-term loans payable	1,518,264	1,758,224
Accounts payable-other	1,084,150	1,016,041
Income taxes payable	129,439	92,346
Provision for bonuses	156,108	105,458
Provision for merchandise warranties	70,854	76,346
Others	660,221	836,547
Total current liabilities	9,225,147	12,556,854
Fixed liabilities		
Long-term loans payable	3,809,574	3,514,266
Long-term accounts payable	121,954	122,760
Provision for retirement benefits	5,706	6,994
Provision for directors' retirement benefits	28,284	—
Asset retirement obligations	341,417	377,645
Long-term guarantee deposited	142,190	146,571
Total fixed liabilities	4,449,126	4,168,237
Total liabilities	13,674,274	16,725,092
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	6,239,137
Treasury stock	(151,298)	(151,298)
Total shareholders' equity	9,429,358	9,557,634
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	28,823	20,822
Total accumulated other comprehensive income	28,823	20,882
Subscription rights to shares	13,304	18,015
Minority interests	92,423	52,873
Total net assets	9,563,909	9,649,346
Total liabilities and net assets	23,238,183	26,374,439

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

(Thousand yen)

	Previous third quarter consolidated cumulative period (Apr.1, 2011 – Dec.31, 2011)	Current third quarter consolidated cumulative period (Apr.1, 2012 – Dec.31, 2012)
Net sales	36,349,108	37,917,658
Cost of sales	25,380,049	26,024,222
Gross profit	10,969,058	11,893,436
Selling, general and administrative expenses		
Advertising expenses	1,197,895	1,247,327
Sales commission	386,659	397,952
Directors' compensations	101,172	95,096
Salaries and allowances	3,166,497	3,581,363
Bonuses	252,471	278,183
Provision for bonuses	95,773	105,458
Retirement benefit expenses	39,544	40,633
Provision for directors' retirement benefits	3,234	842
Supplies expenses	431,959	426,977
Depreciation	484,497	516,803
Amortization of goodwill	222,240	188,690
Rent expenses on real estates	1,522,157	1,663,618
Others	2,489,114	2,865,079
Total selling, general and administrative expenses	10,393,217	11,408,027
Operating income	575,841	485,408
Non-operating income		
Interest income	2,031	1,655
Dividends income	3,214	3,775
Sales incentives	119,036	54,121
Rent income	66,676	86,495
Commission fee	29,545	29,553
Others	46,808	58,953
Total non-operating income	267,312	234,555
Non-operating expenses		
Interest expenses	50,309	70,585
Rent expenses	60,687	72,381
Equity in losses of affiliates	1,556	3,809
Others	2,424	108
Total non-operation expenses	114,978	146,885
Ordinary income	728,175	573,078
Extraordinary income		
Others	405	675
Total extraordinary income	405	675

	Previous third quarter consolidated cumulative period (Apr.1, 2011 – Dec.31, 2011)	Current third quarter consolidated cumulative period (Apr.1, 2012 – Dec.31, 2012)
Extraordinary loss		
Loss on retirement of fixed assets	25,483	24,224
Impairment loss	—	5,775
Casualty loss	3,570	—
Others	5,287	5,904
Total extraordinary losses	34,341	35,883
Income before income taxes and minority interests	694,239	537,870
Corporate tax, residence tax and business tax	327,966	255,101
Adjustment amounts such as for corporate taxes	16,389	(2,664)
Total corporate tax, etc.	344,356	252,436
Income before minority interest	349,882	285,434
Minority interest in income	4,979	4,010
Net income of the quarter	344,903	281,423

Statement of Comprehensive Income
(For the third consolidated cumulative period)

	Previous third quarter consolidated cumulative period (Apr.1, 2011 – Dec.31, 2011)	Current third quarter consolidated cumulative period (Apr.1, 2012 – Dec.31, 2012)
Net income before minority interest	349,882	285,434
Other comprehensive income		
Valuation difference on available-for-sale securities	11,366	(8,000)
Accumulated other comprehensive income	11,366	(8,000)
Quarterly comprehensive income	361,249	277,433
(Breakdown)		
Quarterly comprehensive income attributable to shareholders of parent company	356,270	273,423
Quarterly comprehensive income attributable to minority interests	4,979	4,010

(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 third consolidated cumulative period (Apr. 1, 2011 – Dec. 31, 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	34,970,186	1,378,921	36,349,108	–	36,349,108
(2) Inter-segment sales and transfers	39	132,801	132,841	(132,841)	–
Total	34,970,226	1,511,723	36,481,949	(132,841)	36,349,108
Segment income (loss)	629,183	116,844	746,027	(17,852)	728,175

(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.

- 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 third consolidated cumulative period (Apr. 1, 2012 – Dec. 31, 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	36,554,046	1,363,612	37,917,658	–	37,917,658
(2) Inter-segment sales and transfers	1,005	249,863	250,868	(250,868)	–
Total	36,555,051	1,613,476	38,168,527	(250,868)	37,917,658
Segment income (loss)	397,138	183,224	580,362	(7,283)	573,078

(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 – Dec.31, 2012)		Year-on-year Change (%)
	Amount (Thousand yen)	Constituent ratio (%)	
[PC sales business]			
PC	9,255,093	24.4	105.1
Peripherals	8,061,799	21.3	104.1
Accessories and supplies	3,728,047	9.8	98.9
Software	998,380	2.6	111.9
Used goods and others	4,029,200	10.7	78.0
Total sales of commodities	26,027,519	68.8	98.8
Royalties and other income	127,013	0.3	41.9
Income from technical service and commissions	10,354,513	27.3	124.9
Subtotal	36,554,046	96.4	104.5
[Internet-related business]	1,363,612	3.6	98.9
Total	37,917,658	100.0	104.3

(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 2,201,594 thousand yen.