



Summary of Financial Results for the Three Months Ended June 30, 2014 [Japanese standards]
(Consolidated)

August 7, 2014

PC DEPOT CORPORATION

Securities code: 7618
 Representative: Takahisa Nojima, President and Chief Executive Officer
 Contact: Mitsuyoshi Hae, Managing Director
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 URL: <http://www.pcdpot.co.jp>
 Tel: +81-(0)45-472-7795
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 Yes
 Not scheduled

(All amounts have been rounded off to the nearest million yen.)

1. Consolidated Financial Results for the Three Months Ended June 30, 2014 (April 1, 2014 – June 30, 2014)

(1) Consolidated operating results (For the cumulative quarterly period)

(%: Change from the corresponding period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income	
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%
Three months ended June 30, 2014	12,448	2.1	810	63.3	839	58.9	523	43.5
Three months ended June 30, 2013	12,190	(0.3)	496	531.8	528	353.7	365	724.3

Note: Comprehensive income Three months ended June 30, 2014: 525 mil. yen (42.8%) Three months ended June 30, 2013: 367 mil. yen (825.3%)

	Net quarterly inc. per share	Diluted net quarterly inc. per share
	Yen	Yen
Three months ended June 30, 2014	20.68	20.58
Three months ended June 30, 2013	16.69	16.62

(Note) On October 1, 2013, the Company split its common shares at a rate of one to 100 shares. We calculated quarterly net income per share and quarterly income per share adjusted for latent shares on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Mil. yen	Mil. yen	%	Yen
As of June 30, 2014	24,325	13,874	56.9	546.57
As of March 31, 2014	27,138	13,464	49.5	530.84

Reference: Shareholder equity As of June 30, 2014: 13,843 mil. yen As of March 31, 2014: 13,445 mil. yen

Note: On October 1, 2013, the Company split its common shares at a rate of one to 100 shares. We calculated net assets per share on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

2. Dividends

	Annual dividend per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2014	—	350.00	—	5.00	—
Fiscal year ending March 31, 2015	—	—	—	—	—
Fiscal year ending March 31, 2015 (forecast)	—	5.00	—	5.00	10.00

Note: Recent announcement of revisions to forecasted amounts of dividends: No

Note: On October 1, 2013, the Company split its common shares at a rate of one to 100 shares. Therefore, the dividend per share (3.50 yen) after the stock split corresponds to one-hundredth of the dividend per share for the end of 2Q of the fiscal year ended March 31, 2014.

3. Consolidated Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 – March 31, 2015)

(% Figures indicate year-on-year increase/decrease.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Mil. yen	%	Mil. yen	%	Mil. yen	%	Mil. yen	%	Yen
First half (cumulative)	24,800	1.5	1,200	29.9	1,250	26.8	720	12.8	28.43
Full year	53,000	(1.5)	2,800	21.2	2,900	20.3	1,740	11.9	68.70

(Note) Recent announcement of revisions to earnings forecast: No

* Notes

- (1) Were there changes in important subsidiaries during the three months under review (changes in specific subsidiaries resulting in modifications of the scope of consolidation): No
 New companies - (Company name) Excluded companies (Company name)
- (2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting principles / Changes and restatements of accounting estimates
- 1) Were there changes in accounting principles caused by revisions to accounting standards: Yes
 - 2) Were there changes other than 1): No
 - 3) Were there changes in accounting estimates: No
 - 4) Were there any restatements: No

(4) Number of outstanding shares (common shares)

1) Number of shares issued and outstanding as of the end of the period (including treasury stock)	As of June 30, 2014	25,952,000 shares	As of March 31, 2014	25,952,000 shares
	As of June 30, 2014	623,800 shares	As of March 31, 2014	623,800 shares
2) Number of shares of treasury stock as of the end of the period	1Q of fiscal year ending March 31, 2015	25,328,200 shares	1Q of fiscal year ended March 31, 2014	21,878,200 shares
3) Average number of shares outstanding during the cumulative quarterly period				

(Note) On October 1, 2013, the Company split its common shares at a rate of one to 100 shares. We calculated the number of shares outstanding at the end of each period (including treasury stock), the number of our own shares at the end of each period, and the average number of shares during each period (quarterly cumulative total) on the assumption that the stock split took place at the beginning of the previous consolidated fiscal year.

* Presentation concerning the implementation status of quarterly review procedures

These consolidated financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. Quarterly review procedures have not been completed as of disclosure in these consolidated financial results.

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

Earnings forecasts and other statements on the future contained in this document are based on the information currently available to the Company as well as certain reasonable assumptions. Actual results may differ materially from the forecasts due to various factors. For details on matters regarding earnings forecasts, please see page 3 of the appendix, "1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2014: (3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2015."

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1. Qualitative Information on the Consolidated Financial Results for the Three Months Ended June 30, 2014

(1) Explanation of operating results

During the three months under review (April 1, 2014, to June 30, 2014), the Japanese economy witnessed a pullback following the demand surge prior to the consumption tax hike. Overall consumer spending is expected to remain uncertain.

In domestic over-the-counter sales of PCs, the unit price per customer rose due to a shift to high-grade models and there was a certain volume of replacement of PCs for private use with new models following the termination of support for Windows XP in April 2014. On the other hand, sales of smart devices such as smartphones and tablets were weak.

Against this backdrop, we in the PC DEPOT Group stepped up sales of Internet devices such as PCs, smartphones, and tablets and actively developed related services, continuing with our aim to become a smart life partner for customers, providing both products and services in a single outlet. In terms of store development, we accelerated the remodeling of existing PC DEPOT stores into PC DEPOT Smart Life Stores, our new type of outlet that focuses more on providing services, and reopened three other stores: PC DEPOT Smart Life Tomei Kawasaki in May and PC DEPOT Smart Life Minato-Mirai and PC DEPOT Smart Life Chofu in June. As a result, the number of PC DEPOT Smart Life Stores totaled seven as of the end of June 2014. In terms of service products, we strove to support latent demand and expand our customer base chiefly by offering solutions that combine content, cloud, and other services, substantially expanding our iPhone and Mac service product lineups.

As a result, sales for existing stores and those from services continued to be strong, registering year-on-year increases of 1.8% and 21.9%, respectively, while year-on-year gross profit rose by 13.6%. In terms of expenses, personnel expenses grew due to our active recruitment of additional personnel to strengthen our service sales with a wider lineup of service products, the most characteristic feature of our business. However, we worked to maintain other expenses at reasonable levels, resulting in selling, general and administrative expenses rising only 6.9% year-on-year.

As a result, we posted record-high operating income, ordinary income, and net income. On a consolidated basis, net sales were 12.448 billion yen (up 2.1% YoY), operating income was 810 million yen (up 63.3% YoY), and ordinary income was 839 million yen (up 58.9% YoY). Net income for the three months under review was 523 million yen (up 43.5% YoY).

Operating results per business segment are as follows:

1) PC Sales Business

In terms of product marketing, we continued to step up sales of smart devices and the provision of support by increasing the number of stores carrying Apple Macs to 50 and having all 61 PC DEPOT stores and PC DEPOT Smart Life Stores (both directly managed stores and subsidiaries) carry iPads. We also strove to increase PC sales and expand support services, as replacement demand for private-use PCs remained flat after the termination of Windows XP support in April 2014.

In terms of services, we stepped up our efforts to offer digital content distribution services such as digital magazines. As of June 30, the number of digital magazines we carry had increased to 50 as we expanded the range of services focusing on magazines specialized in health and hobby matters, Nikkei Business and other economics magazines, *Fujin Gaho* and other women's magazines, and sports magazines. For newspaper readers, we continue to offer PC DEPOT's original "iPad and Asahi Shimbun Digital's content" set, which we launched in the previous fiscal year. As part of our efforts to provide solutions, we substantially improved membership services for the iPhone. Moreover, in order to meet the latent need of customers wanting to use their PCs safely, we quickly moved to provide technical services and support for PCs, including those purchased at other stores. These services and support include a free diagnosis service for detecting illegal online money transfer viruses as well as emergency countermeasures. In addition, by actively providing services that met latent demand such as "Nuisance Call Checker," a device to notify our members of an incoming nuisance call to their home with warning light and voice, and "Apple Start Pack," a service which combines Apple's Mac, iPhone or iPad with our support service, we endeavored to acquire new users and increase the number of Premium Service members.

As a result of these efforts, sales from our Premium Service (maintenance services provided on a monthly membership fee basis); digital magazines and video-on-demand content services; cloud, IP phone, and other solutions services; and technical services and support for PCs and smart devices all continued to be strong.

At the end of the three months under review, there were 43 directly-managed PC DEPOT stores (located in Kanagawa, Tokyo, Chiba, Saitama, Shizuoka, Gunma, Tochigi, and Ibaraki prefectures) and 7 PC DEPOT Smart Life Stores (located in Tokyo and Kanagawa prefectures). In addition, PC DEPOT Stores Co., Ltd., a subsidiary, operates 11 PC DEPOT stores in the Kyushu, Chubu, Tohoku, and Shikoku regions. With five franchisees in the Kinki and Chugoku regions, we had a total of 66 PC DEPOT stores nationwide. PC DEPOT PC Clinics had 55 stores: 49 stores directly managed by the company and 6 franchise stores, giving us 121 PC DEPOT, PC DEPOT Smart Life Store, and PC DEPOT PC Clinic stores in total.

As a result, net sales for the PC sales business were 12.119 billion yen (up 2.5% YoY) and ordinary income for the segment was 927 million yen (up 51.2% YoY).

2) Internet-related Business

In our Internet-related business, we worked on stepping up outsourcing of business operations among group companies, but due to a decrease in the number of ISP members handled by subsidiaries, sales from the business fell, dropping below those for the previous year.

However, in terms of profitability, ordinary income for the segment grew due to decreases in the amortization of goodwill.

As a result, net sales for our Internet-related business were 329 million yen (down 11.3% YoY) and ordinary income for the segment was 90 million yen (up 31.3% YoY).

(2) Explanation of financial condition

Consolidated total assets, as of June 30, 2014, were 24.325 billion yen, which represents a decrease of 2.813 billion yen from March 31, 2014. Total liabilities were 10.450 billion yen, a decrease of 3.222 billion yen from March 31, 2014. Net working capital (the amount obtained by subtracting current liabilities from current assets) totaled 8.701 billion yen, indicating continued financial soundness.

Total capital investments made during the three months ended June 30, 2014, totaled 234 million yen. These investments were covered by our own funds and loans.

(3) Explanation of qualitative information concerning forecasts of consolidated financial results for the fiscal year ending March 31, 2015

Net sales, operating income, and ordinary income achieved during the three months ended June 30, 2014, were almost as planned and thus no revisions have been made to the consolidated earnings forecasts for the fiscal year ending March 31, 2015, announced in the Summary of Financial Results on May 12, 2014.

Any earnings forecasts are based on information available to the Company as of the date of the forecasts announced, and, depending on various factors, actual results may differ from the forecasts.

2. Information Concerning Summary (Notes)

(1) Changes in important subsidiaries during the three months under review

N/A

(2) Changes in accounting principles / Changes and restatements of accounting estimates

Changes in accounting principles

(Application of Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts)

Effective April 1, 2014, the Company applied "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (ASBJ Practical Issues Task Force (PITF) No. 30, issued on December 25, 2013). However, the same method as before was used for accounting.

3. Quarterly Consolidated Financial Statements

(1) Quarterly consolidated balance sheets

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 First Quarter (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	4,679,944	3,157,797
Accounts receivable- trade	6,939,300	6,186,035
Inventories	5,775,344	5,350,047
Accounts receivable- other	367,462	186,787
Deferred tax assets	359,612	386,249
Other	473,385	477,301
Allowance for doubtful accounts	(100,654)	(113,267)
Total current assets	18,494,396	15,630,952
Non-current assets		
Property, plants and equipment		
Buildings and structures	6,101,079	6,204,602
Accumulated depreciation	(2,069,865)	(2,146,750)
Buildings and structures- net	4,031,214	4,057,851
Tools, furniture and fixtures	1,951,425	1,974,322
Accumulated depreciation	(1,462,433)	(1,477,059)
Tools, furniture and fixtures- net	488,991	497,262
Land	263,011	263,011
Construction in progress	53,628	45,682
Total property, plants and equipment	4,836,845	4,863,807
Intangible assets		
Goodwill	10,299	8,279
Other	626,440	659,195
Total intangible assets	636,740	667,475
Investments and other assets		
Investment securities	162,114	165,896
Deferred tax assets	265,797	277,281
Guarantee deposits	1,349,135	1,329,706
Lease deposits	1,248,874	1,247,749
Other	147,642	145,080
Allowance for doubtful accounts	(2,945)	(2,900)
Total investments and other assets	3,170,618	3,162,814
Total non-current assets	8,644,204	8,694,096
Total assets	27,138,601	24,325,049

(Thousands of yen)

	FY2013 (As of March 31, 2014)	FY2014 First Quarter (As of June 30, 2014)
Liabilities		
Current liabilities		
Accounts payable- trade	3,506,024	1,701,854
Short-term loans payable	900,000	600,000
Current portion of long-term loans payable	1,727,399	1,622,350
Accounts payable- other	1,179,507	939,498
Income taxes payable	860,571	334,370
Provision for bonuses	158,980	349,372
Provision for merchandise warranties	159,903	195,758
Other	1,266,510	1,185,846
Total current liabilities	9,758,897	6,929,050
Non-current liabilities		
Long-term loans payable	3,244,261	2,861,770
Long-term accounts payable- other	122,760	112,700
Liabilities associated with retirement benefits	15,924	15,924
Asset retirement obligations	398,227	399,906
Long-term guarantee deposits	133,872	131,618
Total non-current liabilities	3,915,046	3,521,920
Total liabilities	13,673,944	10,450,971
Net assets		
Shareholder equity		
Capital stock	2,745,734	2,745,734
Capital surplus	3,013,136	3,013,136
Retained earnings	7,805,442	8,202,667
Treasury stock	(151,298)	(151,298)
Total shareholder equity	13,413,014	13,810,239
Other comprehensive income		
Valuation difference on available-for-sale securities	32,244	33,419
Total other comprehensive income	32,244	33,419
Subscription rights to shares	19,397	30,419
Total net assets	13,464,656	13,874,078
Total liabilities and net assets	27,138,601	24,325,049

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income
(Quarterly consolidated statement of income)
(First quarter of consolidated period)

(Thousands of yen)

	FY2013 First Quarter (Apr. 1, 2013 – Jun. 30, 2013)	FY2014 First Quarter (Apr. 1, 2014 – Jun. 30, 2014)
Net sales	12,190,597	12,448,934
Cost of sales	7,969,665	7,655,614
Gross profit	4,220,932	4,793,319
Selling, general and administrative expenses		
Advertising expenses	300,323	229,983
Sales commissions	133,018	149,394
Directors' compensation	31,580	37,000
Salaries and allowances	1,235,872	1,412,409
Provision for bonuses	169,081	190,392
Retirement benefit expenses	15,166	15,691
Supplier expenses	111,107	131,286
Depreciation	152,970	156,897
Amortization of goodwill	36,259	2,019
Rent expenses on real estate	554,834	555,166
Other	984,336	1,102,647
Total selling, general and administrative expenses	3,724,551	3,982,888
Operating income	496,380	810,431
Non-operating income		
Interest income	108	35
Dividends income	2,982	1,656
Sales incentives	11,664	7,687
Rent income	34,035	34,985
Commission fees	11,966	6,495
Equity in earnings of affiliates	1,048	1,959
Other	22,009	20,111
Total non-operating income	83,816	72,931
Non-operating expenses		
Interest expenses	21,241	15,483
Rent expenses	30,745	28,588
Other	-	171
Total non-operating expenses	51,987	44,243
Ordinary income	528,210	839,118
Extraordinary income		
Gains on sales of investment securities	63,600	-
Gains from business transfers	17,000	-
Gain on sales of non-current assets	-	14
Total extraordinary income	80,600	14

(Thousands of yen)

	FY2013 First Quarter (Apr. 1, 2013 – Jun. 30, 2013)	FY2014 First Quarter (Apr. 1, 2014 – Jun. 30, 2014)
Extraordinary losses		
Loss on sales of non-current assets	-	151
Loss on retirement of non-current assets	7,499	6,614
Total extraordinary losses	7,499	6,765
Income before income taxes and minority interests	601,310	832,367
Income taxes-current	307,603	347,271
Income taxes-deferred	(71,428)	(38,770)
Total income taxes	236,174	308,501
Income before minority interests	365,135	523,866
Minority interests in income	-	-
Net income	365,135	523,866

(Quarterly consolidated comprehensive statement of income)
(First quarter of consolidated period)

(Thousands of yen)

	FY2013 First Quarter (Apr. 1, 2013 – Jun. 30, 2013)	FY2014 First Quarter (Apr. 1, 2014 – Jun. 30, 2014)
Income before minority interests	365,135	523,866
Other comprehensive income		
Valuation difference on available-for-sale securities	2,468	1,174
Total other comprehensive income	2,468	1,174
Comprehensive income	367,603	525,040
(Breakdown)		
Comprehensive income related to parent company shareholders	367,603	525,040
Comprehensive income related to minority shareholders	-	-

(3) Notes on quarterly consolidated financial statements

(Notes on premise of going concern)

N/A

(Notes on significant changes in the amount of equity capital)

N/A

(Segment information)

[Segment information]

I. FY2013 first quarter (April 1, 2013 to June 30, 2013)

1. Information on net sales and income or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated statements of income (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
(1) External customers	11,819,011	371,585	12,190,597	—	12,190,597
(2) Inter-segment	108	109,606	109,714	(109,714)	—
Total	11,819,119	481,191	12,300,311	(109,714)	12,190,597
Segment income	613,021	69,211	682,232	(154,022)	528,210

(Note) 1. The negative 154,022 thousand yen adjustment in segment income includes a negative 154,504 thousand yen due to inter-segment eliminations of dividends received.

2. Segment income is reconciled to ordinary income in the quarterly consolidated income statements.

2. Information on impairment losses of fixed assets or goodwill, etc. by reportable segment

(Significant impairment losses related to fixed assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

II. FY2014 first quarter (April 1, 2014 to June 30, 2014)

1. Information on net sales and income or loss by reportable segment

(Thousands of yen)

	Reportable segment			Adjustment (Note 1)	Amount on consolidated statements of income (Note 2)
	PC Sales Business	Internet-related Business	Total		
Net sales					
(1) External customers	12,119,249	329,684	12,448,934	-	12,448,934
(2) Inter-segment	273	169,450	169,723	(169,723)	-
Total	12,119,522	499,134	12,618,657	(169,723)	12,448,934
Segment income	927,095	90,850	1,017,946	(178,827)	839,118

(Note) 1. The negative 178,827 thousand yen adjustment in segment income includes a negative 181,375 thousand yen due to inter-segment eliminations of dividends received.

2. Segment income is reconciled to ordinary income in the quarterly consolidated income statements.

2. Information on impairment losses of fixed assets or goodwill, etc. by reportable segment

(Significant impairment losses related to fixed assets)

N/A

(Significant changes in the amount of goodwill)

N/A

(Significant gains on negative goodwill)

N/A

4. Supplementary Information

Sales results

(Sales by product)

	FY2013 First Quarter (Apr. 1, 2013 – Jun. 30, 2013)		FY2014 First Quarter (Apr. 1, 2014 – Jun. 30, 2014)		YoY change (%)
	Amount (thousands of yen)	Pct. of sales (%)	Amount (thousands of yen)	Pct. of sales (%)	
(PC sales business)					
PCs	3,042,980	25.0	2,900,118	23.3	95.3
Peripherals	2,225,850	18.3	1,963,218	15.8	88.2
Accessories and supplies	987,374	8.1	788,839	6.4	79.9
Software	341,467	2.8	336,695	2.7	98.6
Previously owned products and other	1,491,937	12.2	1,593,981	12.8	106.8
Total product sales	8,089,610	66.4	7,582,852	61.0	93.7
Royalties and other revenue	40,191	0.3	40,804	0.3	101.5
Sales from technical services and commissions	3,689,209	30.3	4,495,591	36.1	121.9
Total	11,819,011	97.0	12,119,249	97.4	102.5
(Internet-related business)	371,585	3.0	329,684	2.6	88.7
Grand total	12,190,597	100.0	12,448,934	100.0	102.1

(Notes) 1. The above amounts do not include sales tax, etc.

2. Inter-segment transactions are written off by offsetting.

3. Sales of franchise stores from which royalties and other revenues are earned total 680,893,000 yen.